

Labour Market Integration of Refugees in the EU

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ABSTRACT

We find that refugees face an array of serious challenges on the path to integration. They are likely to be less well educated, less economically active and less employed (especially if they are women). Even if the labour market integration of refugees progresses significantly over time, it takes them almost two decades to arrive at the same employment rates as the native born. Good education is a necessary condition for their successful labour market integration. It improves their prospects of gaining employment and the host-country's growth prospects. It will help them to earn decent wages and will facilitate their social integration.

However, the return on higher education in terms of better employment prospects is lower for refugees than for the rest of the population. Indeed, similar to previous research into EU mobile workers and non-EU migrants, we find that the impact of refugees' existing and newly acquired education remains muted unless combined with more comprehensive support and removal of integration obstacles. This concerns the fight against discrimination on the labour market. In addition, improved recognition of qualifications and access to comprehensive training and integration support are key to remove obstacles to labour market access. Indeed, knowledge of the host-country language is a very strong determinant of labour market outcomes as going from beginner to intermediate level of language knowledge doubles the employment rate of refugees.

While receiving refugees is often considered temporary, actually many of them obtain host country citizenship over time and stay. Their family members often face similar integration challenges (i.e. considerably lower employment rates than the native-born), but usually do not benefit from the same integration programmes. If the reception of refugees and their family members is properly coupled with integration, it will enable the EU to capitalise on the human potential of refugees and on their strong motivation to become active members of European society.

INTRODUCTION ⁽¹⁾

⁽¹⁾ This paper was written by Filip Tanay and Jörg Peschner, with contributions from Bettina Kromen, Balazs Palvolgyi, Laurent Aujean, Jörn Griesse, Jean-Christophe Dumont (OECD), Thomas Liebig (OECD) and Theodora Xenogiani (OECD).

Whether the EU can tackle poverty and increase prosperity for all will depend strongly on how well those who were not born in the EU can be integrated into the labour market and society. As the EU faces an unprecedented inflow of asylum seekers, many of whom may be granted protection

*** The content of this paper is the opinion of the authors and does not necessarily represent the official position of the European Commission.

status and stay, the question of the integration of refugees is gaining importance.

This paper analyses the available evidence on the labour market and social challenges that refugees face in the EU and the factors and policies that can help their integration in the economy and in society. It builds on and further develops the analysis of the labour market outcomes of refugees resident in the EU prior to 2014, notably the 2016 Employment and Social Developments in Europe chapter on refugee integration 2016 (European Commission 2016g) and the 2016 joint EC-OECD Working Paper (Dumont, Liebig, Peschner, Tanay and Xenogiani, 2016).

The paper uses a combination of descriptive and regression analyses to look at labour market and social outcomes of refugees using the most recent and the most detailed data available: the 2014 Labour Force Survey (LFS) Ad Hoc Module on Migration in combination with micro data from the standards LFS.

In the last seven years, the yearly number of first-time asylum seekers has increased from 153,000 in 2008 to 1.3 million in 2015 and close to 900,000 in the first nine months of 2016. These numbers remain relatively small, in comparison to the total population: 0.4% for asylum applications and 0.15% for positive first instance asylum decisions in 2015. However, the distribution of asylum seekers across the EU has not been uniform, with a few Member States receiving most of the recent asylum seekers and the speed of the inflow giving rise to the need to upgrade existing integration programmes and introduce new ones.

The topic has received high media attention and is expected to continue doing so for years to come. Even if the numbers of people arriving in the EU have stabilised or declined somewhat compared with 2015, the migration of people seeking protection in the EU is forecast to continue. With over 60 million people displaced worldwide and no end in sight for many of the conflicts causing this displacement, the number of people seeking protection in the EU is expected to continue to grow (UNHCR, 2016). This forms part of a general trend of increased migration across the globe. Since migration flows are predicted to double in the next 35 years, it has been said that "the age of migration is here to stay" (EPSC, 2015).

In the face of a sudden strong inflow of people seeking protection in the EU in 2015, the Commission and Member States took steps to prevent loss of life at sea, improve legal channels for migration and manage the reception of asylum seekers in the host countries. At the same time, efforts have been made to prepare effective integration programmes for those who have been granted protection status. In particular, the recently

adopted Commission Action Plan on Integration ⁽²⁾, the New Skills Agenda ⁽³⁾ and the proposed revision of the Common European Asylum System ⁽⁴⁾ demonstrate that the European Union is taking significant steps to improve the integration of refugees and other migrants and support their economic and social contribution to the EU.

1. PREVIOUS INFLOWS OF REFUGEES AND THEIR LABOUR MARKET INTEGRATION

This section looks at refugees who arrived in the EU up to 2014, examining their characteristics and exploring the factors which influence their labour market integration – with a view to drawing lessons for the future. It is based on Eurostat survey data, mainly on data gathered through the 2014 Labour Force Survey (LFS) Ad Hoc Module on the Labour market situation of migrants and their immediate descendants but also drawing on other sources where available.

The Ad Hoc Module provided detailed information on the labour market and social situation of various types of migrants which was not available for previous years through the regular LFS ⁽⁵⁾. It has thus become possible to identify for the year 2014 the main reason for having migrated to the current country of residence and therefore to distinguish refugees from other third-country migrants ⁽⁶⁾.

Even though the Ad Hoc Module only covers data up to 2014 - i.e. it came one year before the big 2015 wave of refugees - it provides important lessons from previous inflows of refugees. Notably, it gives a unique opportunity to shed light on how refugees are faring in Europe in the medium- and long-term and to inform policy-making in this area.

This section's focus is on refugees, defined as people born outside the EU who state that they came to the EU for reasons of international protection.

⁽²⁾ Action Plan on the Integration of Third Country Nationals, Commission Communication COM(2016) 377 final, Brussels, 7.6.2016.

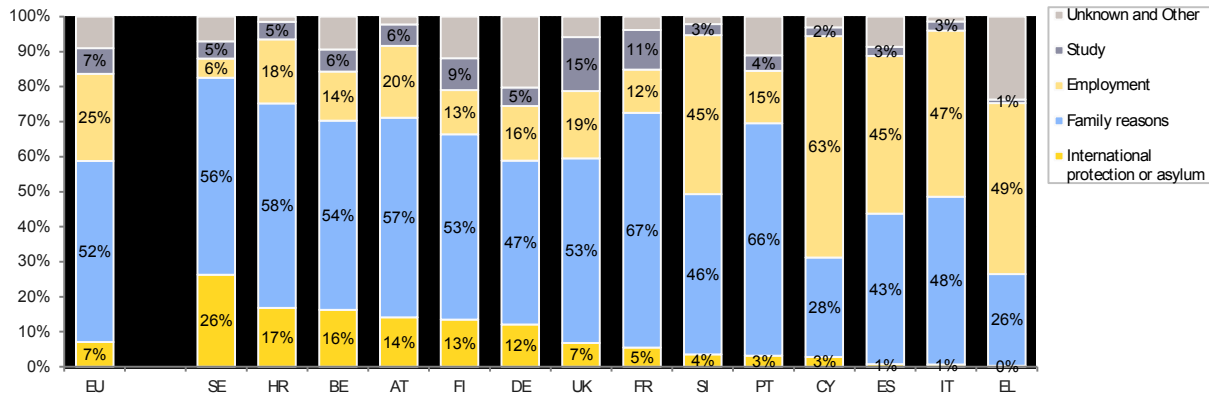
⁽³⁾ A New Skills Agenda for Europe, Commission Communication COM(2016) 381 final, Brussels, 10.6.2016.

⁽⁴⁾ See proposal for revised Reception Conditions Directive (Brussels, 13.7.2016 COM(2016) 465 final) and Qualifications Regulation (Brussels, 13.7.2016 COM(2016) 466 final).

⁽⁵⁾ The last LFS ad hoc module on this topic was in 2008; the next one is scheduled for 2021.

⁽⁶⁾ It is important to note that the dataset is not without its limitations. Unfortunately, the ad hoc module was not implemented in several Member States (DK, IE and NL).

Chart 3.1
Distribution of non-EU born migrants by reason for migration at EU level, 15-64, 2014



Note: Data cover 25 countries of the European Union. Limited reliability for data on some categories in Slovenia, Finland, Croatia and Greece.

Source: Own calculations based on EU LFS 2014 AHM.

[Click here to download chart.](#)

1.1. Patterns of refugee inflows up to 2014

1.1.1. Strong concentration of refugees in a few countries

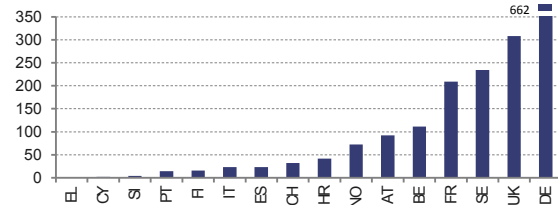
Non-EU born people are very unevenly distributed across Member States. According to the 2014 Module, five countries alone (Germany, the United Kingdom, France, Italy, and Spain) host 83% of all non-EU born migrants aged between 15 and 64 years in the 25 EU countries (EU-25) that took part in the Ad Hoc Module. Those included all current EU countries except the Netherlands, Denmark and Ireland. By contrast, the 13 countries included in the Ad Hoc module which joined the EU from 2004 onwards host less than 5% of non-EU born migrants in the EU-25.

Looking specifically at refugees in 2014, 81% of the 1.8 million refugees residing in the EU (and identified in the Ad Hoc Module) were living in just four EU Member States (Germany, the United Kingdom, Sweden and France: *Chart 3.2*)⁽⁷⁾. By contrast, Italy and Spain host more than 3 million non-EU born migrants each, but only few refugees: around 23,000 each in 2014⁽⁸⁾.

⁽⁷⁾ The top countries in terms of the number of refugees they host are similar to those identified in the UNHCR population statistics for 2014, albeit in a somewhat different order. In order of numbers, they are: France, Germany, Sweden, the United Kingdom, Italy, Netherlands (not included in our sample), Austria and Belgium. However, these include refugees of all ages, while our sample notes only those of working age (15-64).

⁽⁸⁾ Caution should be exercised, nevertheless, in terms of using absolute figures from the Labour Force survey. For reasons mentioned in the Data limitations and coverage section above, administrative data sources are better placed to estimate absolute numbers of refugees in each country. As such, the absolute numbers noted here provide a useful snapshot of the relative distribution among the countries included in the 2014 ad hoc module and provide a better idea of the relative distribution across countries of the refugee population.

Chart 3.2
Refugees by main host countries in selected European countries, 15-64, 2014, thousands



Source: Own calculations based on EU LFS 2014 AHM. Data cover 25 countries of the European Union plus Switzerland and Norway.

[Click here to download chart.](#)

1.1.2. Refugees a small group among non-EU migrants

Considering the total number of 24 million non-EU born migrants in the EU, the number of 1.8 million refugees is relatively limited (*Chart 3.1*). By far the biggest proportion of migrants came to the EU for family reasons (52% in 2014), followed by those that came for work (25%) and study (7%).

According to the previous 2008 LFS Ad Hoc Module on migration, after adjusting for differences between the two surveys⁽⁹⁾, the proportion of refugees among total non-EU born remained relatively stable between 2008 and 2014 (+1 percentage point (pp)). On the other hand, that of family migrants and migration for employment increased somewhat (+3 pps each), mainly reflected in increases in France, Sweden and the United Kingdom. Those who came for study reasons also increased in those 6 years (+2 pps). However, an unknown number of the family

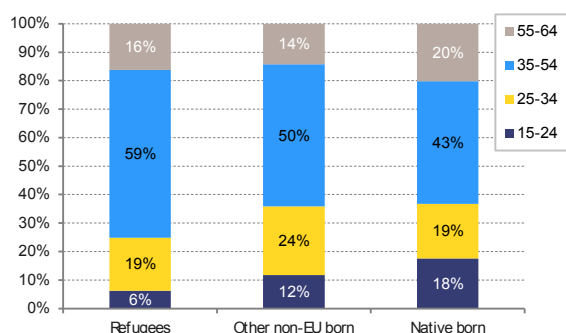
⁽⁹⁾ Unlike the 2008 survey, the migrants that were part of the 2014 survey also included those that were younger than 15 when they arrived. In order to compare the two years we thus had to remove from the 2014 sample these people who migrated as a child (but they are included in the rest of the analysis of 2014 data). This also means that the distribution of migrants by reason for migration changes in 2014 to the following: family reasons (39%), employment (33%), refugees (9%), study (10%), other (8%) and unknown (3%).

migrants, counted separately in the data, are directly linked to people seeking international protection. This is because, once settled, many refugees want their families to join them afterwards (see section 2.5 for further details).

1.1.3. More young refugees in the recent wave

Among the working-age non-EU born living in the EU-25 in 2014, refugees were on average older than other migrants (Chart 3.3). Some 25% of refugees were aged between 15 and 34 years, compared with 36% among other non-EU migrants. The most recent refugee inflow will have significantly changed the average age composition of refugees in the EU as more than half of working-age asylum seekers in 2015 were aged 15-34 (see section 1).

Chart 3.3 Working age (15-64) migrants by age and reason for migration at EU level, 2014



Source: Own calculations based on EU LFS 2014 AHM. [Click here to download chart.](#)

1.1.4. Mainly men amongst previous waves of refugees

In most countries, men were also overrepresented amongst refugees in previous flows as was observed in 2015. On average, about 59% of all refugees in the 25 EU Member States surveyed are men, broadly in line with the 58% share of other non-EU born – with some variation variations across EU countries, though (Dumont et al, 2016). The proportion of women in the Iberian Peninsula can be explained by the predominance of South American refugees⁽¹⁰⁾, among whom women are strongly represented, whereas in Italy and Greece, the majority of people who came in need of protection are men from the Middle East and North Africa.

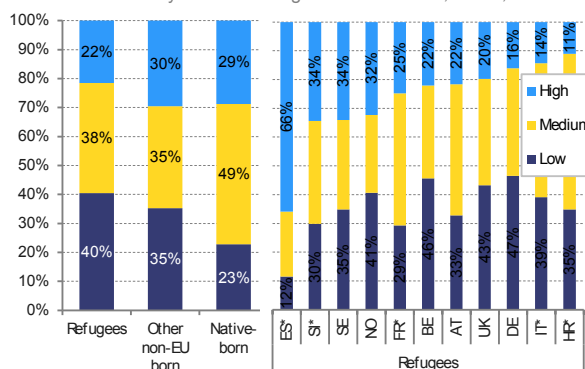
⁽¹⁰⁾ For further info see MPI article on Latin American Immigration to Southern Europe - <http://www.migrationpolicy.org/article/latin-american-immigration-southern-europe>.

1.2. Social characteristics and outcomes of refugees

1.2.1. Education levels and language skills

22% of the refugees aged between 25 and 64 years who resided in the EU by 2014 had a high level of education (tertiary or above). This compares with 30% of other non-EU born migrants and 29% of the native-born (Chart 3.4). However, refugees had a considerably higher proportion of those with a low level of education (up to lower secondary school level) compared with other non-EU born migrants (40% v.. 35%), especially when compared with the native-born (23%). The lower level of education is reflected in lower employment outcomes (see section 3.6).

Chart 3.4 Education levels by reason for migration at EU level, 25-64, 2014

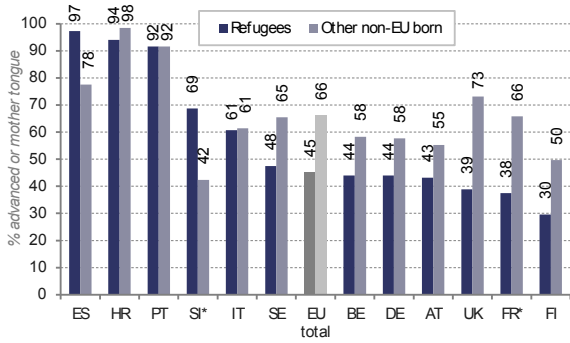


Note: highly educated people are defined as those having the highest level of qualification equal to or above tertiary education level (ISCED 5–8); medium educated are defined as those who have finished upper secondary and post-secondary non-tertiary education (ISCED 3 to 4) and low educated are defined as those who have finished up to lower secondary school level (ISCED 0-2). *Limited reliability of refugee data for Spain, Slovenia, France, Italy and Croatia

Source: Own calculations based on EU LFS 2014 AHM. [Click here to download chart.](#)

Knowledge of the host country's language is a key factor for integration. Although it is difficult to measure how well non-EU born migrants master their host-country language, one basic but widely used measure is the self-reported command of that language. The Ad Hoc Module includes such a question. In practice, migrants who report that they have lower language skills also score less favourably on other integration indicators. This supports the assumption that on average self-reported language knowledge provides a relatively good proxy for migrants' proficiency in the host-country language (Damas de Matos and Liebig, 2014).

Chart 3.5
 Percentages of refugees and other non-EU born who report having an advanced or mother tongue knowledge of the host-country language, 15-64, 2014



Note: Data cover 25 countries of the European Union.
Source: Own calculations based on EU LFS 2014 AHM.
[Click here to download chart.](#)

In total, less than half (45%) of refugees in the EU reported having at least an advanced knowledge of the host-country language, compared with two thirds of other non-EU born migrants. While the overwhelming majority of refugees in Spain and Portugal speak the host-country language well, this is the case for only about a third of refugees in France and the United Kingdom, reflecting the fact that their countries of origin are different from those of other non-EU born people (*Chart 3.5*). Large proportions of the refugees who report having an advanced knowledge of their host-country language are also found in Croatia and Slovenia, where many people have crossed borders from the neighbouring countries of former Yugoslavia.

Box 3.1: Data limitations and coverage

The analysis builds on the 2014 EU-Labour Force Survey Ad Hoc Module on the Labour Market Situation of Migrants and their immediate descendants. It covers 25 EU Member States (Ireland, Denmark and the Netherlands did not participate), but in 11 EU countries, no refugees or only insignificant numbers were identified (i.e. Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Luxembourg, Malta, Romania, Poland and the Slovak Republic). Data on Germany, which has been collected separately,¹ is excluded from some parts of the analysis due to the lack of detailed specific information. Data for Norway and Switzerland, which are covered by the 2014 LFS Ad Hoc Module, are presented separately whenever possible.

As for all surveys, the sample size may limit the level of detail that can be analysed. For reliability reasons, the publication of results is limited to cases where the sample is large enough to be representative of the population group. This threshold varies from 500 persons in Cyprus to 50,000 in Germany, France and the EU in total. The presentation of country-specific results is limited to cases where this condition is satisfied.

The Ad Hoc Module contains information on the **self-declared** reason for migration. People who declared that they came to Europe to seek international protection may or may not have obtained formal refugee status (according to the UNHCR Geneva convention or temporary/subsidiary protection status).² In this report, everyone who declared that they migrated for 'international protection purposes' is referred to as a refugee.

Data may include asylum seekers (i.e. people who have not yet completed the recognition process). However, as these are more likely to be hosted in collective accommodation (not usually covered by the LFS) numbers should be marginal. Data may also include people who have been denied the status of refugees and may be staying in the country with a tolerated status³ or irregularly. But the probability that these people will identify themselves as refugees in the survey is limited.

The borders between 'family-related reasons' and 'seeking international protection' may often be blurred: many people (often women) join family members who have filed an asylum application. They could therefore consider their main motivation either family-related or international protection. Other asylum applicants may have indicated 'employment' instead of 'international protection' as their main reason to migrate. Despite these possible limitations, the 2014 LFS Ad Hoc Module data remains the richest most recent pool of data available on refugees and their labour market and social situation across most EU Member States up to 2014.

In this paper, 'refugees' are restricted to those who were born outside the EU.⁴ They are systematically compared to 'other non-EU born migrants', that is those who declare they have come to Europe for reasons such as employment, study or family. **This definition draws on the country of birth rather than nationality.** This is to avoid statistical noise created by the fact that the take-up of citizenship varies significantly in the countries considered. The country-of-birth approach is also relevant because even migrants who become naturalised (i.e. obtain the nationality of their host country) have lower labour market and social outcomes than the native-born (OECD, 2011), as will be seen. Still, this does not invalidate the conclusion that citizenship is also a relevant variable, as it impacts on rights, including the right to reside, and in turn on the right to take up employment and social outcomes. This has implications for policy levers.

¹ The authors thank Eurostat and the German Federal Statistical Office for their support.

² Temporary protection is a precursor, not an alternative, to 1951 Geneva Convention protection. See Box 3.1 for definition of a beneficiary of subsidiary protection.

³ Temporary suspension of removal of a third-country national who has received a return decision but whose removal is not possible either for humanitarian reasons (as in their case removal would violate the principle of not forcing refugees or asylum seekers to return to a country in which they are liable to be subjected to persecution) or for technical reasons (such as lack of transport capacity or failure of the removal due to lack of identification or the country of origin's refusal to accept the person) and for as long as a suspensory effect is granted in accordance with Article 13(2) of Directive 2008/115/EC.

⁴ For various reasons, the 2014 European Labour Force Survey Ad Hoc Module identifies 128,000 people who were born in one EU-28 country and migrated to another Member State as 'refugees'.

Knowledge of the host-country language tends to improve with length of residence in the host country. More than half of those who live in their host country for more than 10 years have at least advanced language skills. Amongst more recent arrivals the share is below a quarter (*Table 3.1*). The improvement over time is particularly strong in Germany and Austria. In addition, the language gap between refugees and other migrants is significantly smaller for those who have been in the country for longer. It seems, therefore, that,

although refugees start from a lower level, there is convergence in language skills over time ⁽¹¹⁾.

⁽¹¹⁾ Note, however, that these are not longitudinal data – that is, following the same migrants over time – but cross-sectional data looking at migrants with different durations of residence at a given time. This means that there may be so-called cohort effects, for example that refugees who have arrived many years ago may come from different countries and have different characteristics. In particular, many refugees with more than ten years of residence in countries like Austria, Germany and Switzerland have come from the successor countries of the former Yugoslavia.

Table 3.1

Share of refugees and other non-EU born who have an advanced or mother tongue host-country language knowledge, by duration of stay, 2014

	up to ten years		more than ten years	
	Refugees	Other	Refugees	Other
Spain	98	76	97	79
Italy	39	46	73	70
Belgium	33	45	57	70
UK	29	66	42	78
Sweden	29	37	57	83
EU total (25)	24	54	49	69
Austria	15	40	54	61
France	14	46	45	71
Finland	9	26	30	70
Germany	9	29	50	64
Switzerland	61	30	66	58
Norway	22	30	53	61

Note: Data cover 25 countries of the European Union.

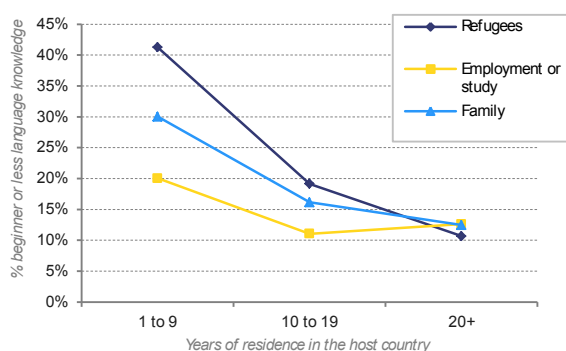
Source: Own calculations based on EU LFS 2014 AHM.

[Click here to download table.](#)

Indeed, the proportion of those who have a beginner-level or less knowledge of their host country language by years of residence in the host country indicates that refugees are the quickest to start to learn the language (*Chart 3.6*). In the first 10 years, the proportion of refugees whose language knowledge is beginner-level or less is considerably higher (41%) than the proportions of both family migrants (30%) and employment or study migrants (20%). In the next 10 years of residence this drops considerably for family and employment or study migrants (-9 pps and -14 pps respectively) but the biggest drop is for refugees (-22 pps). This demonstrates refugees' unfavourable linguistic starting position, but also that refugees who stay tend to make good learning progress over time.

Chart 3.6

Share of each migrant group that has a beginner-level or less knowledge of their host country language by years of residence, EU total, 2014



Note: Data cover 25 countries of the European Union.

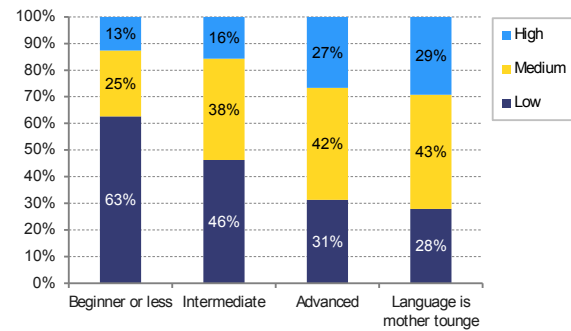
Source: Own calculations based on EU LFS 2014 AHM.

[Click here to download chart.](#)

Refugees' language skills are positively correlated with education (*Chart 3.7*). Almost two thirds of those who have at most beginner-level knowledge of their host country language also have a low level of education (63%). On the other hand, more than two thirds of those with at least 'advanced' skills are highly educated.

Chart 3.7

Working age (15-64) refugees by language proficiency and education level in the EU, 2014



Note: Data cover 25 countries of the European Union.

Source: Own calculations based on EU LFS 2014 AHM.

[Click here to download chart.](#)

1.2.2. Citizenship acquisition and social integration

Gaining host-country citizenship is an important step in the integration process. Naturalised migrants tend to have better employment and social outcomes than their peers who do not obtain host-country citizenship, even after allowing for observable factors such as education, country of origin and length of stay (OECD 2011)⁽¹²⁾. Hainmueller et al. (2015) show that in the case of Switzerland, even when controlling for personal characteristics, migrants who obtained Swiss citizenship experienced higher political integration including increased political participation and knowledge, which points to better social integration overall⁽¹³⁾.

However, citizenship take-up is generally not possible for recent arrivals and is subject to a minimum number of years of residence in addition to other requirements. In virtually all EU and OECD countries the minimum residency requirement is ten years at most. In the EU overall, 61% of refugees with more than ten years of residence have acquired their host-country's citizenship, compared with 57% of other non-EU born migrants. However, *Chart 3.8* shows that the naturalisation rate varies greatly amongst typical receiving countries.

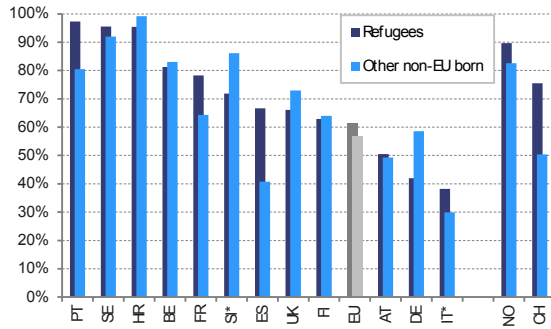
Refugees tend to have a higher likelihood of acquiring host-country citizenship in most EU countries⁽¹⁴⁾.

⁽¹²⁾ Nevertheless, selection may also contribute to this effect to some degree; accession to citizenship may be conditional on factors that reflect success or are drivers of success in integration.

⁽¹³⁾ Note though that awarding citizenship may in some cases exacerbate social exclusion if it is awarded without a sufficient level of integration, and policy support instruments available to refugees are reduced.

⁽¹⁴⁾ The only major exception among the main recipient countries is Germany, where refugees are less often

Chart 3.8
Share of nationals among non-EU born who have been in the country at least 10 years



Note: "EU" includes 25 countries of the European Union. *Limited reliability of data for refugees in Italy and Slovenia.

Source: Own calculations based on EU LFS 2014 AHM.

[Click here to download chart.](#)

This is linked to two reasons. First, refugees – as a group who are vulnerable in the labour market – tend to benefit more from acquiring citizenship, in terms of employment outcomes, than those who came for employment reasons (see *Chart 3.13* below for details). Second, refugees may seek host-country citizenship because return migration is not an option. Several countries acknowledge this and provide facilitated access to citizenship for refugees.

1.3. Labour Market Outcomes of Refugees

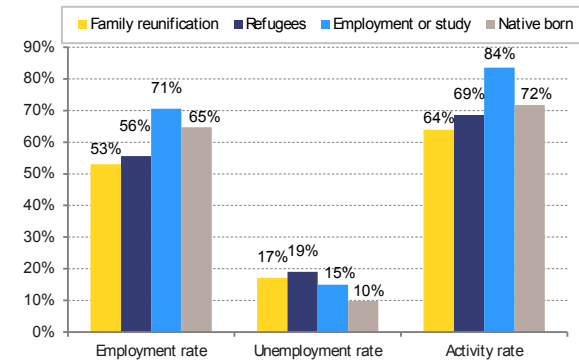
1.3.1. Lower employment rates than most other migrant groups

Refugees represent one of the most vulnerable groups of non-EU migrants on the labour market (*Chart 3.9*). They have lower employment rates than the native-born (56% v. 65% as an EU-average) and much lower rates than those migrants who come for employment and study (71%). The employment rate those who migrated for family reunification is even lower and stands at only 53%. This indicates that it is important to address challenges associated with not only the first arrived family member but also the rest of his/her family when they join him/her. Investing in the family members who reunite with the principal migrant, as well as the latter, may prove especially important when developing integration policies for the recent inflows of refugees as family migrants are expected to follow the refugees who came initially (see section 2.5 on family migrants for more detailed analysis). The activity rate gap between refugees and the native-born is much smaller than the employment gap (3 pps v. 9 pps),

naturalised than other non-EU born. This might in part be due to the fact that many refugees from the former Yugoslavia initially had an unstable residence status and were not eligible for naturalisation.

indicating that refugees are highly motivated to work but face obstacles to obtaining employment.

Chart 3.9
Employment, unemployment and activity rates by reason for migration of working age people (15-64), EU total*, 2014



Note: Data cover 25 countries of the European Union.

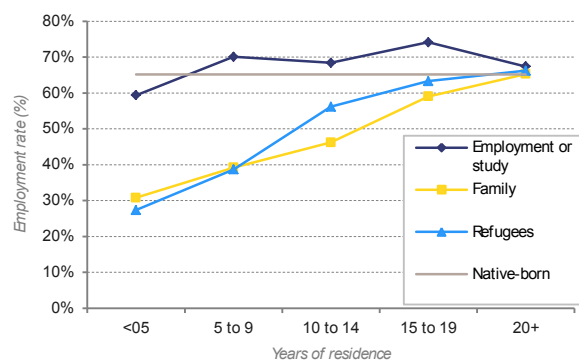
Source: Own calculations based on EU LFS 2014 AHM.

[Click here to download chart.](#)

1.3.2. Employment rate of refugees catching up over time

While the overall employment situation of refugees is an ongoing challenge, developments over time suggest that labour market integration is more achievable as people reside in the host country for a longer period (*Chart 3.10*). Family-related and refugee migrants see their employment rates increase strongly as they gain experience in the host country and, most importantly, get acquainted with the language (see also *Chart 3.6* and *Chart 3.12*). Nevertheless, it takes refugees between 15 and 19 years to catch up with the EU average (¹⁵) – a finding also confirmed by studies based on panel data in Germany (IAB, 2015b).

Chart 3.10
Employment rate by reason for migration and years of residence, EU total*, 15-64, 2014



Note: Data cover 25 countries of the European Union.

Source: Own calculations based on EU LFS 2014 AHM.

[Click here to download chart.](#)

1.3.3. The role of education

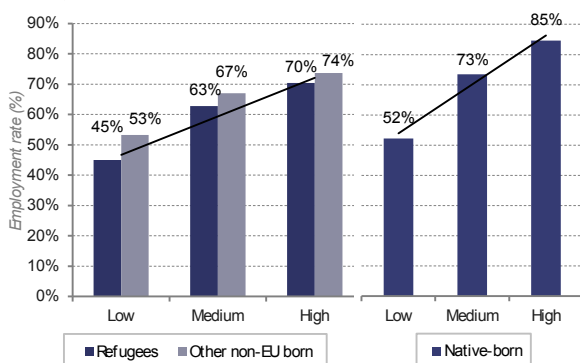
As with the population in general, the educational attainment level of refugees has a significant impact on their employment rates (*Chart 3.11*).

(¹⁵) On the time it takes refugees to integrate see also IMF (2016)

Highly educated refugees aged between 25 and 64 years have a much higher employment rate than their low-educated peers (70% v. 45%). As is perhaps to be expected, higher levels of education are associated with higher employment rates (see section 3.6). This is particularly true of refugees who progress from the low-education segment to attain upper secondary (medium) qualifications i.e. those who go from having at most a lower secondary school education level to having an upper secondary or post-secondary non-tertiary education level: doing so raises refugees' employment rate to 63%.

However, when it comes to acquiring tertiary (higher) education, as was shown in the 2015 ESDE chapter (European Commission 2016a), there is a positive return for all groups involved, but compared with native-born people, the return in terms of employment gains is modest for migrants, and for refugees in particular. This is also confirmed by the regression analysis in this paper⁽¹⁶⁾. The return on investment in migrants' education at the lower end of the qualification scale (those who did not finish upper secondary school) therefore seems to be greater than the return on investment in migrants' tertiary education, even when controlling for demographic characteristics and knowledge of the host country language. Reasons for this may include specific barriers such as non-recognition of their previous formal education, legal obstacles to accessing the labour market (for non-refugee migrants) and discrimination.

Chart 3.11
Employment rate and education level (25-64), EU total*, 2014



Note: Data cover 25 countries of the European Union.
Source: Own calculations based on EU LFS 2014 AHM.
[Click here to download chart.](#)

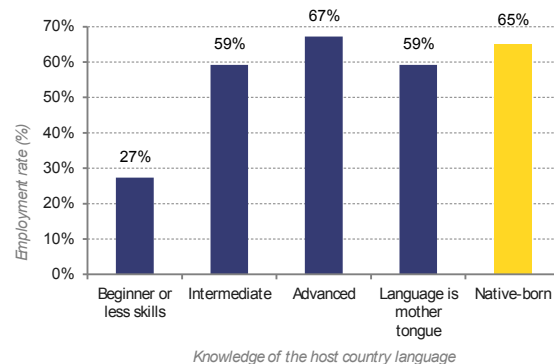
1.3.4. The importance of language skills for securing employment

A similar finding is evident for the return on language skills. Overall, the level of knowledge of the host country language has a clearly positive impact on the employment outcomes of refugees (Chart 3.12). The employment rate of refugees

rises almost in parallel with the level of their knowledge of their host country's language. Most importantly, the highest jump in the employment rate is between refugees with beginner-level or no language skills and those with an intermediate level of host country language knowledge. Refugees with an intermediate language level have an employment rate of 59%, more than twice that of those with a lower level (27%). This seems to hold true across education levels. These findings suggest that raising refugees' knowledge of their host country's language to even just an intermediate level could bring significant employment gains.

The only exception to this relationship between language and employment is that refugees with an advanced level of language knowledge have a higher employment rate than those whose mother tongue is that of the host country (67% v. 59%). However, this finding is sensitive to the inclusion of France in the sample. France has many migrants from French-speaking areas in Northern Africa who face particular problems in the labour market. In-depth regression analyses find evidence that those problems are related to other, non-measured factors such as discrimination, legal obstacles to work and the inability of migrants to capitalise on their education and skills (European Commission, 2016a; see also regression results referred to in section 2.6)⁽¹⁷⁾.

Chart 3.12
Employment rate of refugees, depending on knowledge of the host country language, EU total*, 15-64, 2014



Note: Data cover 25 countries of the European Union except for "Language is mother tongue" where data from Germany was excluded due to lack of reliable data.

Source: Own calculations based on EU LFS 2014 AHM.

[Click here to download chart.](#)

1.3.5. Citizenship and employment of refugees

Acquiring citizenship tends to improve refugees' labour market outcomes. Of those who arrived in the host country 10 years or more ago, refugees who acquired host country citizenship had significantly higher employment rates than those

⁽¹⁶⁾ See also the forthcoming analytical DG Employment Working Paper "Labour market performance of refugees in the EU".

⁽¹⁷⁾ This analysis will be presented in detail in the forthcoming analytical DG Employment Working Paper "Labour market performance of refugees in the EU".

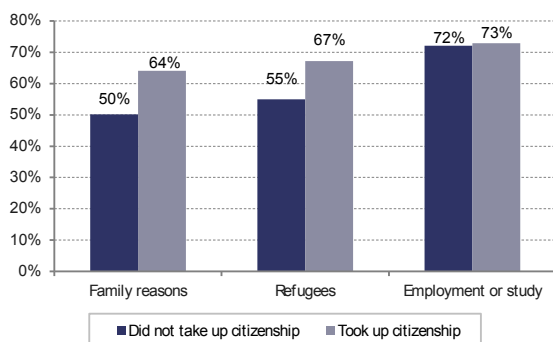
who did not (67% v. 55%; *Chart 3.13*). The same is true of family migrants (64% v. 50%). Interestingly, taking up citizenship only slightly improves employment rates for those who came for reasons of employment or study (73% v. 72%); their employment rates are already very high.

This can be seen as an indication that better social integration and greater security to remain in the host country improve the labour market outcomes of refugees. Nevertheless, it is also possible that it is mainly those with good labour market outcomes who obtain the host country citizenship and that a share of them already had host country citizenship even before arrival.

1.3.6. Employment patterns of refugees

Finding employment is crucial for the labour market and social integration of refugees and other migrants. Nevertheless, the level of security and rights that come with employment, i.e. whether it is on a temporary or permanent contract, is also an important factor. Moreover, looking at the type of contract obtained over years of residence provides an indication of whether temporary contracts are functioning as a "stepping stone" in the labour market, enabling migrants to move to more permanent and stable employment in time.

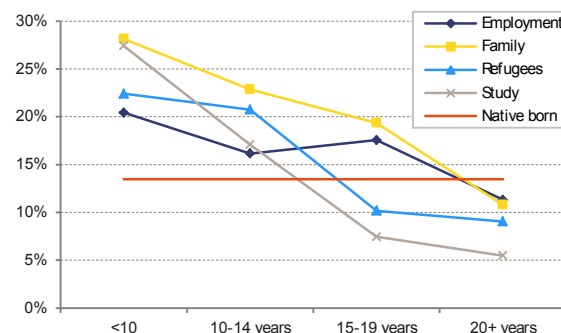
Chart 3.13
Employment rate of those residing in the host country 10 years or longer by citizenship take up and reason for migration, EU total, 2014



Note: Data cover 25 countries of the European Union.
Source: Own calculations based on EU LFS 2014 AHM.
[Click here to download chart.](#)

Considering the non-EU migrants who reside in the country for less than 10 years: Their share of temporary in total employment is not much higher than for migrants who came for employment: 22% v. 20% (*Chart 3.14*). The proportion of refugees and other non-EU migrants on temporary contracts appears to decline with years of residence, giving some support to the "stepping stone" hypothesis. However, further research is required to confirm that this is not just due to the increasing incidence of temporary rather than permanent forms of employment more generally.

Chart 3.14
Share of employed migrants in temporary employment by reason for migration and years of residence, 2014



Note: Data cover 25 countries of the European Union. Only persons on temporary and permanent contracts included in the calculation. Limited reliability for figures for refugees

Source: Own calculations based on EU LFS 2014 AHM.

[Click here to download chart.](#)

Refugees are more often employed full-time than part-time but, compared with other non-EU migrants and the native-born, they have a somewhat higher share of those working part-time. They have a greater likelihood of being in part-time employment than other non-EU migrants (30% v. 25%) and considerably more than their native-born peers (30% v. 17%). This holds true even when allowance is made for education differences: in all groups the proportion of those working part-time drops as the education level rises but the proportion of refugees working part-time remains higher than that of other groups (¹⁸).

Across the EU, refugees tend to be overqualified for the jobs they do (57%) in comparison with both other non-EU born persons (36%) and their native-born peers (23%: Dumont et al. 2016) (¹⁹). This is a situation that can represent a waste of migrants' skills. Research suggests that such overqualification is in part due to lower skills in the host-country language and in part due lack of official or employers' recognition of refugees' qualifications. Qualifications are obtained in education systems that are very different from those in their host countries and employers may have difficulties in evaluating them. This is often coupled with lack of related documentation

1.3.7. Chances of escaping unemployment

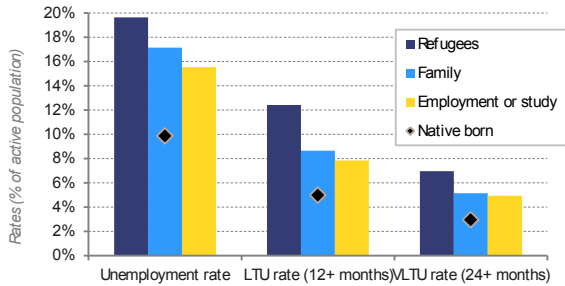
In-depth regression analysis reveals that refugees have lower chances of finding a job if unemployed or inactive than other non-EU born migrants and

(¹⁸) Source: Own calculations based on EU LFS 2014 AHM. Data cover 25 countries of the European Union. Limited reliability of data on highly educated refugees working part-time.

(¹⁹) Estimates suggest that between one-third and one-half of the observed high level of overqualification of migrants compared with the native-born is associated with lower skills at given qualification levels (Bonfanti and Xenogiani, 2014; OECD, 2008; Dumont and Monso, 2007).

the native-born population⁽²⁰⁾. As a result, their unemployment rate is higher, as is their average duration of unemployment. *Chart 3.15* shows that among economically active refugees in 2014, one in five was unemployed, one in eight was unemployed for 12 months or longer (long-term unemployed – LTU) and one in fourteen was unemployed for two years or longer (very long-term unemployed – VLTU).

Chart 3.15
Unemployment by duration and reason for migration, 15-64, and 2014



Note: Data cover 25 countries of the European Union.
Source: Own calculations based on EU LFS 2014 AHM.
[Click here to download chart.](#)

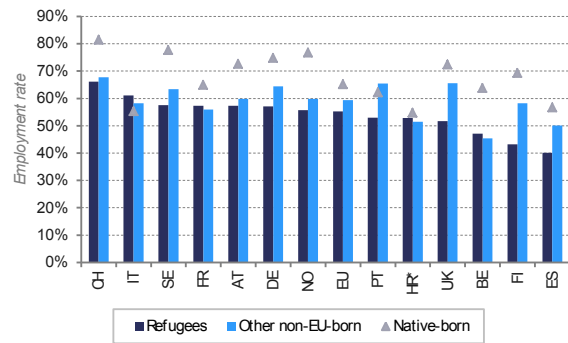
Refugees in 2014 had more than double the long-term unemployment rate of the native-born (12% v. 5%) and twice the very long-term unemployment rate (7% v. 3%). Other migrants too were in a worse unemployment situation than their native-born peers, but somewhat less so than refugees.

1.3.8. Cross-country differences in refugee employment

The employment rate of refugees varied significantly between Member States (*Chart 3.16*). Refugees in Spain and Finland had an employment rate of 40% and 43% respectively, whereas their employment rate was considerably higher in Germany, France and Austria (57% in each), Sweden (58%) and Italy (61%).

⁽²⁰⁾ This holds even after controlling for important socio-demographic variables such as education or age. This is detailed in a forthcoming analytical DG Employment Working Paper "Labour market performance of refugees in the EU".

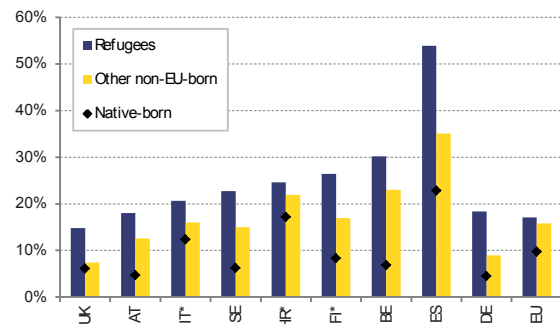
Chart 3.16
Employment rate by reason for migration (15-64), EU total*, 2014



Note: Data for other Member States missing due to lack of availability or low sample sizes. *Limited reliability of data for Croatia and Slovenia.
Source: Own calculations based on EU LFS 2014 AHM.
[Click here to download chart.](#)

The biggest gaps between the refugees and the native-born population could be observed in Finland (26 pps), United Kingdom (21 pps) and Sweden (20 pps), in part owing to the above-EU-average employment rate of the native-born population. Conversely, the lower gaps observed in some countries such as Spain, Croatia and Portugal are in part due to their overall difficult national labour market situations. On the other hand, refugees in Italy had even higher employment rates than the native-born (+6 pps).

Chart 3.17
Unemployment rates by reason for migration and by country, 15-64, and 2014



Note: Data for other Member States missing due to lack of availability or low sample sizes. *Limited data reliability of data for Italy, Croatia and Finland.
Source: Own calculations based on EU LFS 2014 AHM.
[Click here to download chart.](#)

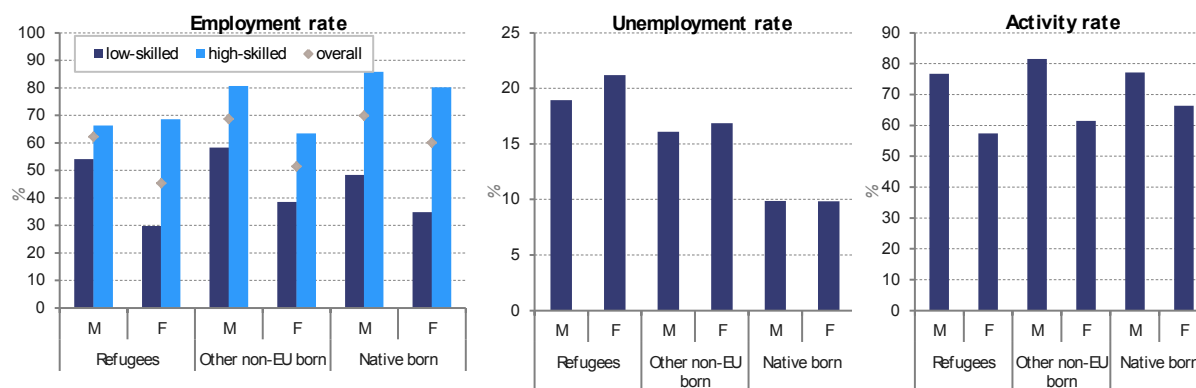
The unemployment rate of refugees is above average in all countries, reaching 50% in Spain and more than 60% in Cyprus (*Chart 3.17*).

1.4. Refugee women

Refugee women face more serious challenges securing employment than their male peers but also than all other groups of migrant women. The employment rate for refugee women is on average 45%. It is lower than for other female non-EU born and native-born women and 17pp lower than that of refugee men (*Chart 3.18*). Refugee women also have the highest rate of unemployment of all groups: 21%, compared with 19% for refugee men and 17% for non-refugee migrant women from outside the EU.

Chart 3.18

Labour market outcomes of refugees and other non-EU born by gender and level of education, 15-64, 2014



Note: Data cover 25 countries of the European Union. Education is defined as in Figure 7. F stands for female and M for male.
Source: Own calculations based on EU LFS 2014 AHM.
[Click here to download chart.](#)

This is to some extent the result of marked differences in education. Nearly half of refugee women have a low level of education, compared with 40% of refugee men and 37% of non-refugee women from outside the EU (Table 3.2). The employment rates of refugee women vary sharply with their level of education. Highly-educated refugee women have an employment rate close to 69%. This is three percentage points higher than that of similarly highly qualified refugee men and that of other non-EU born women. In contrast, refugee women with only a low level of education have by far the lowest employment rates of all groups, with less than one in three in employment (30%). In addition, they face the highest unemployment rate (34%).

Another factor explaining the low employment rate of refugee women compared with their male counterparts is their relatively low activity rate: 57% compared with 77% for refugee men. Refugee women are also somewhat less economically active than other non-EU born migrant women (61%) and the native-born women (66%). This is further accentuated by the fact that women refugees have a somewhat lower level of host country language proficiency than their male peers (76% intermediate or above knowledge v. 83%).

Table 3.2
Education level distribution by gender and duration of residence, 2014

Duration of stay	Education level	Refugees			Difference in pps with other non-EU born		
		Male	Female	Total	Male	Female	Total
0 to 14	Low	45%	44%	44%	6.6	6.1	6.5
	Medium	33%	30%	32%	0.4	-2.2	-0.7
	High	22%	26%	24%	-7.0	-3.8	-5.8
15+	Low	37%	47%	41%	-1.5	9.7	3.2
	Medium	47%	36%	42%	6.6	-6.0	1.3
	High	16%	17%	17%	-5.2	-3.7	-4.5
Total	Low	40%	45%	42%	3.8	7.1	5.0
	Medium	40%	33%	37%	2.6	-3.2	0.4
	High	19%	22%	20%	-6.4	-4.0	-5.4

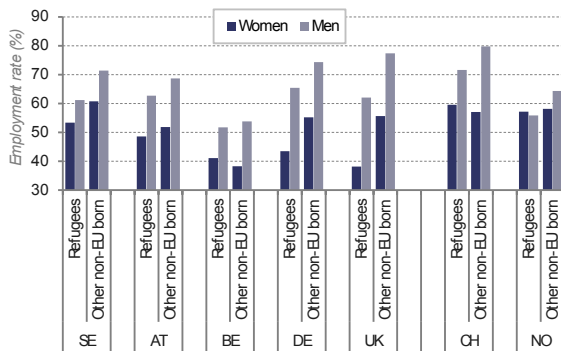
Notes: Data cover 25 countries of the European Union. Notes: Education is defined as in Figure 7.

Source: Own calculations based on EU LFS 2014 AHM.

[Click here to download table.](#)

The employment rates of refugee women, but also the gap between them and their male peers, vary sharply across European countries, according to available data (Chart 3.19). Their employment rate is 38% in the United Kingdom and 43% in Germany, whereas it reaches 53% in Sweden and 49% in Austria. What is of more concern in Sweden and Austria is the gender employment gap, which is 22 percentage points or more in these two countries. Furthermore, the employment rates of refugee women in Sweden and Austria lag significantly behind those of non-refugee migrant women from outside the EU. In contrast, refugee women enjoy the highest employment rates in two non-EU countries, Switzerland (60%) and Norway (57%).

Chart 3.19
Employment rates by gender and reason for migration, 15-64, and 2014



Note: Data cover 25 countries of the European Union.
Source: Own calculations based on EU LFS 2014 AHM.
[Click here to download chart.](#)

Gender roles in some origin countries clearly act as a barrier to skills use and labour market participation. In 2010, before the crisis, the activity rate of Syrian men was 72.7%, but only 13.2% for women. The situation has been similar in other countries in the Middle East and Northern Africa and non-EU countries in the Balkans: see *Table 3.3* ⁽²¹⁾. Some countries in Sub-Saharan Africa, on the other hand, had relatively high female activity rates, although the labour market integration difficulties of women from Africa indicate that a high activity rate in the country of origin may not be enough in itself to ensure successful labour market performance in the EU.

Table 3.3
Female employment by some major countries of origin

	Syria	Iraq	Afghanistan	Eritrea	Kosovo
Asylum seekers employed before arrival [BAMF survey]	29.5%	17.1%	20.3%	41.5%	17.0%
Activity rates (UN)	13.2% [2010]	15.0% [2014]	18.9% [2014]	77.6% [2014]	18.1% [2015]

Source: Germany: BAMF (2016), 'Sozialstruktur, Qualifikationsniveau und Berufstätigkeit von Asylantragstellenden', United Nations, World Bank: Kosovo 2015 Labour Force Survey

[Click here to download table.](#)

1.5. Family migrants joining their refugee family member(s)

Family migrants constitute more than half (52%) of the total working age (15-64) non-EU born migrant population (*Chart 3.1*). Moreover, successful asylum seekers from the most recent humanitarian migration inflow starting in 2014 are forecast to be joined later by their families. The integration pathways and outcomes of existing family migrants are therefore of great importance for current and future migrant integration efforts.

⁽²¹⁾ The relevance of general employment statistics of countries of origins is confirmed by assessments in receiving countries. Out of 220,000 adult asylum seekers surveyed in Germany in 2015, 74.8% of men had previously been employed, compared to only 32.7% of women.

Table 3.4
Asylum seekers, asylum acceptance rates and asylum seekers likely to stay, EU-28

	2014	2015	2016 Q1-3	TOTAL
1st time asylum seekers	562 680	1 255 695	932 020	2 750 395
% of positive decisions	46%	52%	60%	
Asylum seekers likely to stay	256 738	651 417	563 784	1 471 939

Source: Own calculations based on Eurostat [migr_asyappctzm], [migr_asydcfsta] and [migr_asydcfstq].

[Click here to download table.](#)

In 2014, according to the Ad Hoc Module, there were 13 million family migrants living in the EU-25 ⁽²²⁾. Of these, 268,000 (2.1%) were born in the main countries of origin of asylum seekers today, namely Syria, Iraq, Afghanistan and Eritrea. In the past each refugee was on average accompanied or joined by around one family member ⁽²³⁾. This was also confirmed for Germany by a forecast done in June 2016 ⁽²⁴⁾. It is therefore reasonable to assume that the 1.5 million asylum seekers who arrived between January 2014 and September 2016 who are likely to stay in the EU (*Table 3.4*) may be joined in due time by an additional 1.5 million family migrants. However this forecast should be considered with caution given the variety of uncertain factors influencing the phenomenon of family reunification with refugees, in particular the legal rights attached to certain statuses (Geneva convention refugees versus beneficiaries of subsidiary protection) as well as the composition of asylum seekers (many young men may mean less potential family reunification compared to past waves).

1.5.1. Characteristics of family migrants

In terms of their demographic characteristics, family migrants in general were on average younger than refugees, predominantly women and are slightly better educated than refugees (*Table 3.5*). They have also been living in the EU for somewhat longer than refugees.

Family migrants who joined a relative who has come to the EU as a refugee are considerably younger than other family migrants (67% aged 15-34 v. 40%). This is partly explained by the fact that family migrants joining refugees have arrived more

⁽²²⁾ EU-28 without Denmark, Ireland and the Netherlands.

⁽²³⁾ The first estimate is calculated assuming that the 268 thousand family migrants from Syria, Iraq, Afghanistan and Eritrea accompanied the 355 thousand refugees born in the same countries (in the 2014 ad hoc module), giving a ratio of 0.75 family migrants to refugees. Another estimate was calculated by taking the household level data from the 2014 EU LFS ad hoc module, which finds that on average 1.05 non-EU persons live in each household where a refugee lives.

⁽²⁴⁾ The DE migration agency BAMF calculated in June with 0.9 to 1.2 reunited family members per recognised Syrian refugee – <https://www.bamf.de/SharedDocs/Meldungen/DE/2016/20160608-familiennachzug-syrischer-gefuechteter.html>

recently than other family migrants joining their relatives. Moreover, like other family migrants, family migrants joining refugees are predominantly women (60%). The majority of them have a medium or high level of education (54%), which is lower than that of refugees (57%) or of other family migrants (62%) and the native-born (73%). Three quarters of the 212,000 family migrants joining refugees identified in the Ad Hoc Module survey live in just two EU countries: Sweden and the United Kingdom.

Table 3.5

Age, gender and educational distribution of family migrants by country of birth, EU total, 2014

	Age		Gender		Education level		Years of residence	
	15-34	35-64	M	W	Low	Medium + High	0-9	10+
Family migrants (EU24)	41%	59%	39%	61%	38%	62%	27%	73%
SY,ER,IQ,AF	67%	33%	40%	60%	46%	54%	50%	50%
other non-EU	40%	60%	39%	61%	38%	62%	27%	73%
Refugees (EU25)	25%	75%	59%	41%	43%	57%	24%	76%

Note: Data in italics are of limited reliability. Country of birth acronyms used in table: SY stands for Syria, ER for Eritrea, IQ for Iraq and AF for Afghanistan.

Source: Own calculations based on EU LFS 2014 AHM. Data cover 25 countries of the European Union.

[Click here to download table.](#)

1.5.2. Integration challenges of family migrants

Family migrants are a vulnerable group in the labour market with similar labour market outcomes to those already observed for refugees. Family migrants have the lowest employment rate among all the non-EU born (53%), which in turn reflects their low activity rate of 64% (Table 3.6). Family migrants also have the most pronounced gender employment gap of all the non-EU born (almost 20pp).

Table 3.6

Employment rate of non-EU born (aged 15-64) by main reason for migration, 2014, EU total*

Main reason	Employment rate (Total)	Women	Men	Unemployment rate	Activity rate
Family	53%	45%	65%	17%	64%
Refugees	56%	45%	62%	19%	69%
Employment	73%	71%	74%	16%	87%
Study	62%	57%	66%	12%	71%
TOTAL non-EU bor	59%	51%	68%	17%	71%
Native-born	65%	60%	70%	10%	72%

Source: Own calculations based on Eurostat 2014 ad hoc module. *EU total covers 25 countries (no data available for Ireland, Denmark and the Netherlands).

[Click here to download table.](#)

Considerable gains could be made by increasing the activity rate of family migrants, given that they, like refugees, have almost the same ratio of employed to active persons as those migrants who came for employment. A total of 83% of all economically active family migrants are employed compared with 84% of labour migrants and 81% of refugees. If the activity rate of family migrants were the same as that of labour migrants, family migrants would have almost the same employment rate as employment migrants (72% v. 73%) and a higher rate than the native-born (72% v. 65%).

1.6. Regression analysis: determinants of labour market integration

An econometric analysis carried out for this report analyses the individual factors which explain why refugees and family face lower employment rates. The analysis is presented here in brief⁽²⁵⁾. Based on the 2014 ad hoc LFS module which included a sample of 26 countries⁽²⁶⁾, the core results are shown in Box 3.2.

Most importantly, the impact of refugees' education is modest. The higher proportion of refugees and family migrants who have only low-level education means that they are in a less favourable position than the native-born. However, controlling for this difference would lead to a surprisingly modest increase in their employment rate. Likewise, the analysis shows that refugees' education seems to make little difference when it comes to entering (or re-entering) the labour market, starting from either unemployment or inactivity. These findings support evidence that the return on refugees' existing formal qualifications is low.

Being young helps in finding a job – but less so for refugees. A strong age effect becomes most evident when analysing labour market transitions, i.e. refugees' chances of moving from unemployment or inactivity into employment. Generally, age is an asset in job search: the younger one is, the better the chance of finding a job. However, in the case of migrants from typical refugee regions, their chances improve by less than is the case for the population as a whole.

How well refugees do depends very much on the host country. Migrants, especially refugees, are distributed very unevenly across Member States. They tend to be overrepresented in countries where the labour market is relatively stable and unemployment is low. This increases their chances of being in employment significantly.

Having spent time in the host country is a major advantage. A strong positive residence effect is closely intertwined with language. The employment rates of refugees and family migrants strongly increase with the number of years they live in their host country.

Knowing the language strongly improves labour market performance. The very strong role of host-country language skills, as outlined in this paper, is confirmed when controlling for other potential influences⁽²⁷⁾. In other words, even for a given age or level of education, the better refugees'

⁽²⁵⁾ It is detailed in a forthcoming analytical DG Employment Working Paper "Labour market performance of refugees in the EU".

⁽²⁶⁾ There is data for 24 EU member states, but no data for Germany, the Netherlands, Ireland and Denmark).

⁽²⁷⁾ Namely: differences, in sex, age, and education.

command of their host country language, the brighter are their employment prospects.

Refugees find it difficult to make the most of their existing human capital but well-chosen policies can help them to do so. The findings confirm that youth and education are normally strong assets for people seeking employment. This is also true for refugees, but the positive effects are much less pronounced. Educational attainments have less of an impact in giving them a good chance of finding a job compared with their native-born peers. This is particularly true for people acquiring higher (tertiary) level qualifications. It takes supplementary policy initiatives for refugees and family migrants to capitalise fully on qualifications – whether existing qualifications or those acquired after arrival. Obtaining language skills improves labour market prospects significantly, especially if language skills are low on arrival⁽²⁸⁾. In the same way, spending time in the host country improves employment chances.

The fact that refugees are not evenly distributed across the EU can pose a significant budgetary challenge to a number of Member States, especially in the first years when investment in them is needed⁽²⁹⁾. However, refugees, by choosing to settle in countries with a relatively stable labour market, have lower chances of being unemployed or inactive. This, in turn, reduces unemployment in the EU.

2. POLICIES TO HELP REFUGEES INTEGRATE

This section considers which policy measures appear to help refugees and other migrant groups to obtain employment. It combines key analytical results from EU-wide survey data on previous inflows of refugees with insights from administrative data on relevant policies in place.

2.1. Early labour market access helps

Early and comprehensive efforts at integration can help to make better use of the time needed for the (often lengthy) asylum procedure. At the beginning of 2016, the time between making an asylum request and a first instance decision was at least 6 months in Germany, Austria, Sweden and Italy. In addition, weeks or months may have passed between arrival and submitting an asylum request, sometimes due to administrative bottlenecks. Acting early may render this waiting time more useful to all and make a difference. This is further supported by evidence from Switzerland that longer asylum procedure durations have a negative impact on the refugees' subsequent employment rate, with each additional year of

waiting being estimated to reduce the subsequent employment of refugees by 20% (Heinmueller et al. 2016).

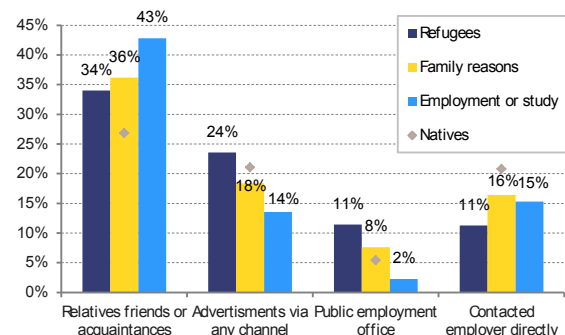
One possibility is to focus policy efforts and resources on those more likely to succeed in being granted refugee status and therefore to remain, since not all asylum seekers have the same chance of being granted asylum.

2.2. The role of networks and Public Employment Services (PES) in finding a job

All groups, including the native-born, rely mainly on their local networks to get a job (*Chart 3.20*). More than a third of refugees (34%) and family migrants (36%) who obtained a job in the last 5 years did so thanks to relatives, friends or acquaintances. For those who came for employment or study reasons this proportion was even higher and stood at 43%, while for the native-born it represented more than a quarter of those successfully employed (27%). This indicates the critical importance of local networks and successful social integration of refugees and other migrants for their labour market success. Policies such as mentoring and establishing contacts with local communities and private sponsors could be a powerful means of aiding refugees and other migrants in their job search efforts.

Using public employment services (PES) helped one in ten refugees find a job. Other migrant groups, as well as the native-born, use the PES much less than other methods such as direct employer contact. Refugees rely more than other migrants on the PES to find a job, placing the PES in a key position to help with their labour market integration.

Chart 3.20
Methods used most to successfully find a job, by reason for migration, EU total, 2014



Note: Data cover 25 countries of the European Union

Source: Own calculations based on EU LFS 2014 AHM.

[Click here to download chart.](#)

⁽²⁸⁾ See also IMF (2016)

⁽²⁹⁾ See European Commission (2016d) for Germany.

2.3. Substantial registration with the PES and good unemployment benefit coverage

Refugees seem to be as much in contact with the PES as other groups, judging by their PES registration. They seem on average to be better covered by unemployment benefits than other

migrant groups (71% v. 67%) and the native-born (67%)⁽³⁰⁾. However, a third of unemployed refugees are not registered with PES services and three out of five do not receive unemployment benefits during their job search. This, combined with the fact that refugees rely on the PES for

⁽³⁰⁾ Source: Own calculations based on EU LFS 2014 AHM. Data cover 24 countries of the European Union (data for Germany is missing).

Box 3.4: Drivers of refugees' labour market performance – core results of a regression analysis

Previous sections have noted that refugees and family migrants have much lower employment rates than the native-born population. To what extent do their individual characteristics explain these results? To find out, one must control them for a series of other variables which are expected also to have an important impact on someone's employment outcomes. The regression takes on board a series of control variables and is split into two parts. A basic model looks at the association between the employment performance of individuals and their standard socio-demographic characteristics: a person's sex, age, education level, and the host country into which the person has migrated (country effect). Supplementary models then also include other important variables: language skills, the parents' level of education, whether or not the parents were born outside the country or even outside the EU (a person's migratory background) and the number of years a person has already spent in the host country.

The core results are as follows ⁽¹⁾.

Country effect: refugees have the best chance of finding employment in Sweden, Norway, Switzerland and the UK. Those four countries account for more than half of all refugees resident in 26 countries included in the analysis. Migrants, especially refugees, tend to be overrepresented in countries where the labour market is relatively stable and unemployment is low. This improves the refugees' own labour-market performance, i.e. increases their chances of being in employment. For refugees, the choice of country can lead to a 9pp increase in their employment rate; for family migrants the increase is estimated to be around 4pp.

Education effect: The chances of gaining employment increase strongly with education. The proportion of highly educated people in the age group 25-64 amongst refugees and family migrants (both around 30%) is comparable to the proportion of native-born people. However, the proportion of low-educated people amongst refugees and family migrants compared with the native-born is considerably higher (around 33% v. 25%). This less favourable educational composition lowers the employment chances of refugees by -3pp and of family migrants by -1pp. A supplementary regression on labour market transitions confirms evidence that the return on higher education is indeed low for refugees and family migrants alike: attaining high (tertiary) education improves refugees' chances of finding a job. But the improvement is much less significant than it is for the general population.

Language effect: The better refugees' command of their host country language, the brighter are their employment prospects. Statistically, the chance of being in employment for those who have at best beginner-level knowledge is less than 40% of the native born population's chance. Controlling for the language effect assumes that there is no difference in terms of language command compared with that of the native population. As a consequence, if refugees had a command of the host country language comparable to that of the native-born, it would improve their employment rate by 9pp. Command of host-country language would increase the employment rate of family migrants by some 6pp.

Long-term residency effect: The employment rates of refugees and family migrants strongly increase with the number of years they live in their host country. If they had the same residential history in the host-country as native-born people - i.e. if they had spent their entire life (or at least a major part) in the host country - the employment rate of all migrant categories would be considerably higher: for refugees and family migrants, the employment rate would increase by 8pp and 6pp, respectively. Getting acquainted with the host country, especially its language, is a very powerful lever for participating in its labour market.

Parents' origin when outside EU: Parents can be born either in the host country, in an EU country, or outside the EU. If parents are from outside the EU there is a significantly higher risk that their offspring will have much lower labour market prospects than the native population of the same sex, age, and education. This finding has a general implication: a third-country origin lowers employment prospects significantly. This problem has already been highlighted in the 2015 Employment and Social Developments in Europe Review. It implies that non-observable factors such as discrimination, low recognition of skills and education or cultural differences damage the employment prospects of refugees to such an extent that they reduce the value to refugees of acquiring better skills and education.

⁽¹⁾ Details of the regression analyses will be presented in a forthcoming analytical DG Employment Working Paper "Labour market performance of refugees in the EU".

obtaining employment much more than other migrant groups (*Chart 3.20*) indicates the PES as a possible area for action.

Member States offer a wide range of policy measures to aid the labour market integration of refugees and asylum seekers. These range from civic integration courses designed to help people better to understand the practicalities of life in the host country to early skills assessments and alternative measures for recognising foreign qualifications, available in large part due to the

Qualifications Directive ⁽³¹⁾. Labour market integration measures also include support for enhancing employability such as vocational education and training (VET), on-the-job training and general education for low-educated learners, which is of particular importance given the education profile of refugees.

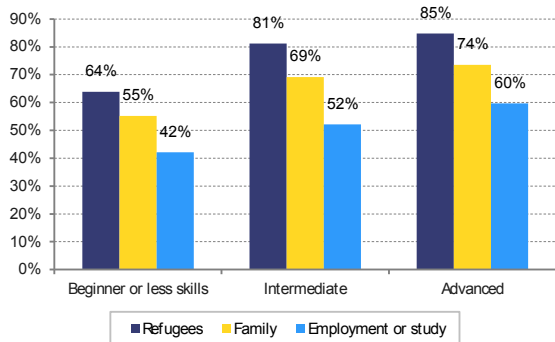
⁽³¹⁾ Directive 2011/95/EU

2.4. Language courses widely available but not always systematically or to a sufficient level

Knowledge of their host country language is one of the strongest determinants of the labour market outcomes of refugees (as shown in Section 1.3.4), but the extent to which the level of host country language knowledge is fostered by language courses has not yet been explored.

Judging from the proportion of migrants who have attended a language course since arriving in their host country, refugees take part in language courses more than other migrant groups, irrespective of the level of their linguistic proficiency (Chart 3.21). This makes sense since refugees on average also appear to have lower levels of host country language knowledge (Chart 3.5 and Chart 3.6).

Chart 3.21
Proportion of migrants who attended a language course since arriving in the host country by level of host country language knowledge, 2014

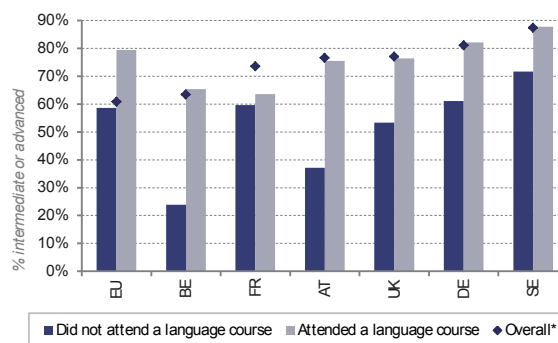


Note: Data cover 25 countries of the European Union. Migrants who claimed to have the host country language as their mother tongue were not included in the calculation. Those that stated they did not attend a language course because it was not needed or did not answer were not included in the "Did not attend a language course" category above as these were mainly often advanced and mother tongue speakers, which would skew the results.

Source: Own calculations based on EU LFS 2014 AHM.
[Click here to download chart.](#)

Language courses are efficient, but overall less so in the case of refugees than for other migrants. Why might this be? First, the courses that the refugees attended may not have been very good at equipping them with language skills. Secondly, refugees may have had higher dropout rates from language courses because of their vulnerable socio-economic situation. Thirdly, their personal situation (including stress leading to trauma and depression) may make learning new skills more challenging for refugees than for other migrants. Finally, the relatively lower level of education of refugees compared with other migrant groups (Chart 3.4) may mean that it is more difficult for them to benefit from attendance on a language course. Attendance on language courses is, however, positively correlated with higher levels of host country language knowledge *within each migrant group* (Chart 3.22).

Chart 3.22
Proportion of refugees with an intermediate or advanced knowledge of the host country language overall and by language course attendance, 15-64, 2014



Note: Data presented for countries with data that was of sufficient reliability. *Refugees that stated they did not attend a language course because it was not needed were not included in the "Did not attend a language course" category above as these were mainly often advanced and mother tongue speakers, which would skew the results, but were included in the "Overall" category.

Source: Own calculations based on EU LFS 2014 AHM.
[Click here to download chart.](#)

Refugees who attend a language course have a better command of the host country language than those who do not; those who follow language courses have a much higher share of intermediate and advanced levels of language knowledge than those who do not (20 pps: 79% v. 59%). This is a consistent observation across Member States. In other words, even though higher language course attendance among refugees does not necessarily result in their gaining higher language knowledge than other migrant groups, language courses do nevertheless improve their overall language knowledge.

Table 3.8
Highest level of language training provided to refugees (A1-C2)

Language level (CEFR)	Country
A1	HR
A2	BG, FR, IE and IT
B1	ES, PT, SE, SK and UK
B2	AT, EE and PL
C1	BE, DE, DK and LU
C2	CY

Note: For further details see Mapping table of integration measures available to asylum seekers and refugees across the EU - www.ec.europa.eu/social/refugeesintegration

Source: OECD (2016a) and EEPO (2016a);
[Click here to download table.](#)

Interestingly, in France the language knowledge gain among refugees from course attendance is only 4 percentage points. This could be linked to the intensity of the language tuition provided as France is the only Member State of the six presented that provides language tuition only to level A2 (Table 3.8), a level judged to be "not sufficient for accessing the labour market" (EEPO France, 2016a).

Regression analysis results reveal that those refugees who attended a language course stand a 50% higher chance of improving their host-country language command than those refugees who did not attend such course. This is true even assuming

the same age and education. The analysis also confirms that refugees' chances improve by less than is the case for family migrants (+70%) or those who came for employment or study reasons (+80%)⁽³²⁾. This may indicate a lower efficiency of language courses in the case of refugees.

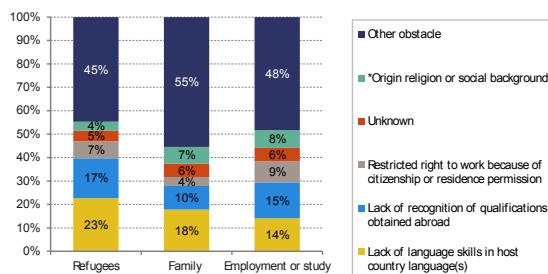
Courses are most effective for refugees if they start at the lowest language proficiency level (beginner level or below). In that case, attending a language course improves refugees' chances of attaining one of the higher levels by 130%, whereas the language skills gain is less pronounced for family migrants (+80%) and migrants who came for employment or to study (+90%)⁽³³⁾.

These findings suggest that offering language courses are a very effective tool across the board. For refugees this is true especially in those cases where they come without any knowledge of the host-country language.

2.5. Main obstacles to obtaining a job suited to their qualifications

Among the non-EU born who were either jobless or who identified themselves as being over-qualified for their job, 40% indicated that they had encountered no particular obstacle in either getting a job or obtaining a job that matched their skills. The remaining 60%, however, said that they had encountered such obstacles (*Chart 3.23*).

Chart 3.23
Main obstacles preventing people gaining a job corresponding with their qualifications or having a job at all, 2014



Note: Data cover 25 countries of the European Union. *Low reliability for answer category of origin, religion or social background.

Source: Own calculations based on EU LFS 2014 AHM.

[Click here to download chart.](#)

Refugees, family migrants and labour and student migrants identified the lack of host country language skills, recognition of qualifications and legal restrictions as the three main barriers to their getting a job or a job that matched their skills. The language barrier to suitable employment was more pronounced for refugees (23%) than for family migrants (18%) or for those who came for employment or study (14%). One in six refugees (17%) highlighted recognition of their qualifications as the main obstacle. Origin, religion or social background was the main obstacle for only a smaller proportion of refugees (7%) but a

⁽³²⁾ See Chart A1 in Annex

⁽³³⁾ See Chart A2 in Annex

somewhat bigger issue for employment or study migrants (9%), indicating that discrimination, while a notable obstacle, may be less of an issue than skills and administrative or legal barriers.

Clearly, refugees' education and previously acquired qualifications are assets which will be devalued if those qualifications are not recognised in their host country or if refugees encounter discrimination in one form or another. In other words, education and qualifications alone are not enough to ensure that refugees will be able to get jobs for which they are qualified by skill and ability.

3. CONCLUSIONS

In the last few years, the EU has experienced an unprecedented inflow of asylum seekers and other migrants from outside Europe. Over 1.8 million asylum applications were filed in 2015 and the first half of 2016.

The evidence presented in this paper confirms that refugees are one of the most vulnerable groups in terms of labour market integration. On average, in the European Union, the employment rate of refugees currently lags behind that of other migrants and natives by about 10 percentage points.

There are, however, significant differences across member countries, partly due to differences in the composition of refugee flows and in the point in time when different refugee waves arrived. The integration of refugees improves with their length of residence in their host country but it takes more than 15 to 19 years in the host country for refugees to reach parity with the native-born in terms of employment rates.

Reducing the time that it takes for refugees to integrate into the labour market should remain a priority for policy makers, notably in the current context of large inflows of asylum seekers. The same holds true for family migrants who account for the bulk of migration from third countries to the EU and who on average have similar outcomes to refugees.

Refugee women, although better qualified than their male counterparts among the arrivals in the last 10 years, face specific and persistent difficulties integrating in the labour market. The employment rate of refugee women with only a low level of education is particularly small (30%) and this group therefore merits special attention.

As with other migrants, most refugees work full-time and they obtain more stable employment in time, but are also more likely to accept jobs below their qualification level.

Many refugees from pre-2014 inflows have qualifications and skills on which host countries can build. On average, one refugee in every five in

the European Union is educated to tertiary level. However, nearly half of all refugees have not progressed beyond lower secondary education and this can be a significant obstacle to their labour market integration.

The analysis shows that higher formal education leads to higher employment rates and an easier transition from unemployment or inactivity into employment. It improves productivity growth and leads to higher average wages and higher economic growth. These findings have important implications. Given that many refugees have low qualifications, but are young and keen to climb the qualification ladder, it is worth investing in improving their qualifications. In addition, it is important to improve the employment outcomes of those with higher levels of education, whose returns on education remain lower than for the native population.

Formal education alone, while important, is not a sufficient condition for refugees to integrate successfully into the labour market. It takes several 'levers' to activate their existing formal qualification for the labour market. The analysis provides strong evidence that language skills and/or host-country experience are also very important. Those refugees whose language skills are low or non-existent on arrival improve their employment chances significantly by acquiring more solid host-country language skills. Early investment in the language skills of refugees may actually be one of the most cost-effective instruments to enable them to capitalise fully on their existing formal qualifications. While language tuition is provided to refugees in most countries, in several countries the level of tuition remains too low for practical use and for obtaining employment.

Knowledge of the host-country language is a very strong determinant of labour market outcomes. The highest gain in employment (+28 percentage points) is for those refugees who have between an intermediate level of host country knowledge and the level of beginner or less. An early investment in the language skills of refugees may be one of the most cost-effective ways to integrate them and enable them to capitalise fully on their formal qualification and thus contribute to society. In a context of continuous inflows of refugees, most of whom are forecast to stay, this finding should be considered closely. Language tuition is provided to refugees in most countries.

In general, training measures offered to refugees are very effective and these are available in almost all Member States. However, the contribution of refugees' skills and education remains limited unless combined with more comprehensive support and removal of integration obstacles such as discrimination and lack of recognition of qualifications.

The recently adopted Action Plan on Integration⁽³⁴⁾, the New Skills Agenda⁽³⁵⁾ and the proposed revision Common European Asylum System⁽³⁶⁾ all demonstrate that the European Union is taking active steps to improve the integration of refugees and other migrants and support their economic and social contribution to the EU. Collecting more, better and timelier data will be of great importance to integration policy efforts, both now and in the years to come, since the refugee flows are forecast to continue.

Receiving refugees is not an economically motivated decision, but a humanitarian one that results in helping people in need. While it is often considered temporary, this is not always the case. If the reception of refugees and their family members is properly combined with integration, it will enable the EU to benefit from the human potential of refugees and their strong motivation to become active members of European society. Creating better labour market and social integration systems will not only help refugees and those who were not born in the EU, but will also ensure all vulnerable groups are better supported. It will ensure that the EU can better tackle poverty and increase prosperity for all in order to ensure social cohesion.

⁽³⁴⁾ Action Plan on the Integration of Third Country Nationals, Commission Communication COM(2016) 377 final, Brussels, 7.6.2016.

⁽³⁵⁾ A New Skills Agenda for Europe, Commission Communication COM(2016) 381 final, Brussels, 10.6.2016.

⁽³⁶⁾ See proposal for revised Reception Conditions Directive (Brussels, 13.7.2016 COM(2016) 465 final) and Qualifications Regulation (Brussels, 13.7.2016 COM(2016) 466 final).

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Annex

Chart A1: Odds of a shift in language proficiency from ANY level to any higher level

		Category of migrants for which regression is done:		
		Employment or study	Family reunif.	Refugees
LANGCOUR	No, was not necessary	9.17	21.44	15.46
	No, for other reason	0.57	0.58	0.65
	Yes	1.00	1.00	1.00
YES, relative to No (for other reas.)		1.76	1.71	1.53
control variables:				
EDUC	Low education	0.55	0.57	0.36
	High education	1.62	1.23	1.11
	Medium Education - Reference	1.00	1.00	1.00
AGE	15-34	0.90	1.09	0.69
	55-64	1.20	1.47	0.67
	35-54 - Reference	1.00	1.00	1.00
COUNTRY	AT	1.45	1.24	1.26
	BE	1.00	1.09	1.08
	BG	0.67	0.63	0.52
	CH	1.71	2.00	4.05
	CY	0.35	1.37	0.24
	CZ	1.23	2.13	0.69
	EE	0.03	0.12	0.03
	ES	.	.	.
	FI	0.67	2.08	1.75
	FR	0.73	0.60	0.66
	GR	1.69	1.75	1.81
	HR	.	.	.
	HU	7.88	6.15	1.75
	IT	1.37	1.31	2.63
	LT	0.13	0.48	0.13
	LU	.	.	.
	LV	0.19	0.18	0.49
	MT	0.09	0.02	0.22
	NO	0.39	0.88	1.52
	PL	0.97	1.17	0.52
PT	5.75	5.87	47.65	
RO	0.60	2.18	0.60	
SE	1.76	2.25	2.82	
SI	0.81	0.59	3.25	
SK	1.52	1.31	0.67	
UK	1.00	1.00	1.00	

Source: Own calculations based on EU LFS, ad-hoc module 2014; no data for Germany

Chart A2: Odds of a shift in language skills from LOWEST level to any higher level

		Category of migrants for which regression is done:		
		Employment or study	Family reunif.	Refugees
LANGCOUR	No, was not necessary	6.20	11.93	16.77
	No, for other reason	0.52	0.56	0.43
	Yes	1.00	1.00	1.00
YES, relative to No (for other reas.)		1.92	1.79	2.31
control variables:				
EDUC	Low education	0.5	0.5	0.3
	High education	1.6	1.4	1.0
	Medium Education - Reference	1.0	1.0	1.0
AGE	15-34	0.9	1.2	0.4
	55-64	1.2	1.0	0.5
	35-54 - Reference	1.0	1.0	1.0
COUNTRY	AT	0.8	0.9	0.9
	BE	0.5	0.7	0.5
	BG	0.9	0.9	0.1
	CH	0.8	1.6	3.3
	CY	0.3	0.5	0.2
	CZ	1.4	2.0	0.6
	EE	0.0	0.1	0.0
	ES	3.4	2.9	0.6
	FI	.	.	.
	FR	1.5	1.2	0.7
	GR	9.8	6.5	1.9
	HR	7.0	6.0	0.6
	HU	0.8	2.6	0.6
	IT	2.0	1.0	2.9
	LT	0.1	1.5	0.1
	LU	13.3	21.4	0.6
	LV	0.5	0.5	0.5
	MT	0.0	0.0	0.1
	NO	0.3	1.3	1.9
	PL	1.6	3.2	0.6
PT	3.6	4.7	1.7	
RO	0.4	16.1	0.6	
SE	0.8	2.3	2.8	
SI	6.4	2.1	4.8	
SK	0.5	0.9	0.6	
UK	1.0	1.0	1.0	

Source: Own calculations based on EU LFS, ad-hoc module 2014; no data for German

