POLICY BRIEF no. 3

Is discrimination an issue?

Young adults with immigration background in the labour market

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Executive summary

EUMARGINS third policy brief looks at discrimination as a factor of exclusion for young adults with immigration background in the labour markets of seven European countries: Estonia, Spain, France, Italy, Sweden, the United Kingdom and Norway. Several observations emerge from this analysis. First, access to the labour market is generally difficult for young people, but often more so for immigrant youth, especially for so-called visible minority youth. Second, although labour market access is better for young descendants it still lags behind that of nationals and they fare worse in competition for higher-level jobs. Third, there are various sources of poor labour market integration for first generation immigrants, such as low portability of human capital, language problems and a lack of relevant social networks. Some of these issues frequently also affect descendants. Both demographics face the additional challenge of ethnic penalties and discrimination. This is a problem not only for them but equally so for the societies they inhabit, which should make it a key concern for policy-makers.

Introduction

Access to education and labour market are the most important arenas in which young adults have to establish themselves as active social actors in society. As the United Nations Department for Economic and Social Affairs (2002) noted:

Young men and women warrant special attention because jobs provide not only a source of income, but also of dignity and self-respect. Sustained unemployment can make youth vulnerable to social exclusion, as youth who enter the workforce with limited job prospects, underdeveloped skills, and inadequate education are most at risk for long-term unemployment, intermittent spells of unemployment and low-wage employment throughout their lives.

For young adult immigrants and descendants in Europe these risks are amplified, making their labour market integration an issue of some urgency for policy-makers. For any state, young immigrants’ participation in the labour market is one of the most important indicators of success or failure of its integration policy, and the lack thereof constitutes a wasteful under-utilization of labour and skills. The European youth unemployment rate is twice as high as the rate for the total population throughout the
last decade,¹ and the unemployment rates of both immigrant youth and descendant youth tend to be higher than that of national peers, with some notable exceptions. Unemployment rates for immigrants are also rising faster than for native-born workers in many of the countries of our study, in part because immigrants tend to gravitate to industries, such as construction, that are hard-hit by the downturn and require less formal education. Immigrants also are more apt to fill temporary or part-time positions that are easy to cut when times are bad.

This policy brief seeks to outline some of the factors that obstruct access to the labour market for youth with immigration background, such as ethnic penalties and discrimination, in seven European countries: Norway, Sweden, Estonia, UK, France, Italy and Spain. It also presents a critique of existing policies targeting discrimination and identifies some of their strengths and weaknesses.

For the purpose of this study, a young person with immigrant background is defined as being between 15 and 25 years old, and being either first generation immigrant (i.e. ‘young immigrants’) or descendants of immigrants.

**Difficulties in cross-national comparative analysis**

Comparison of labour market integration in these seven countries is made difficult by their structural differences. For example, in the Southern European countries of Italy and Spain there are high levels of illegal and undocumented immigration, while in Sweden immigration since the early 1970s has consisted mainly of refugee migration and family reunification.² A related challenge facing the Southern European countries has been the number of immigrants employed in informal employment (OECD 2006). In terms of political context Estonia stands out from the other countries, as people categorised as immigrants by the state (Soviet-time settlers) resist this categorization. Estonia additionally has no sizeable visible minorities among its immigrants. In terms of immigration policy, Italian legislation stands out by creating an implicit obligation upon young non-Italian adults to achieve economic

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self-sufficiency as quickly as possible, in effect to opt for a job rather than pursue further education.

**Employment of youth with immigrant background**

There is little comparable statistics on the unemployment of young immigrants, descendants and natives, but an OECD report covers four of our seven countries (Liebig and Widmaier 2009: 24). In 2007, the unemployment rates of young adults between the ages of 20-29, regardless of education, were as follows:

<table>
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<tr>
<th></th>
<th>France</th>
<th>Norway</th>
<th>Spain</th>
<th>UK</th>
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<tbody>
<tr>
<td><strong>Young natives</strong></td>
<td>13</td>
<td>3</td>
<td>13</td>
<td>8</td>
<td>9</td>
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<tr>
<td><strong>Young descendants</strong></td>
<td>21</td>
<td>4</td>
<td>…</td>
<td>12</td>
<td>16</td>
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<tr>
<td><strong>Young immigrants</strong></td>
<td>23</td>
<td>8</td>
<td>22</td>
<td>12</td>
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These aggregate numbers mask the difference between the labour market integration of women and men with immigrant background. The gaps in unemployment rates between young adult immigrants with those of natives in all the OECD countries on average was about 8 percentage points for men and about 13 percentage points for women (ibid: 6).

Although such statistics are useful, they fail to reveal the full picture of the processes of inclusion and exclusion among youth with immigration background unless they are contextualized nationally. In Spain, complementing the above study, Aparicio and Tornos (2006: 82) have found that unemployment rates are lower for young descendants than for young natives. In both Italy and Spain, however, immigrants often work in the informal sector where they have fewer rights and are thus excluded legally. In Italy, young immigrants have higher employment rates than young natives. This reflects the Bossi Fini law that obliges immigrants to work in order to

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3 Or what OECD terms ‘native-born children of immigrants’. See the report for the OECD definition.

4 The report which the table is taken from also presents disaggregate numbers for men and women. Gender issues are not well covered here, as they fall beyond the main analytical focus of this policy brief.
get to stay in the country. This shows that low unemployment rates do not always indicate inclusion because either the young immigrant is being forced to work due to specific laws or that they are working in sectors that offer minimal rights.

The unemployment situation for young people ages 15-24 in Europe has worsened considerably over the past year. Their unemployment rate is rising, and the countries of our study are no exception: towering above all is Spain (36.3 per cent), followed by Italy (24.8 per cent), Estonia (24.5 per cent), France (23.4 per cent), Sweden (22.3 per cent), and the UK (18.6 per cent).\textsuperscript{5} Norway is a deviant case at this point: the current unemployment rate for the population ages 15-24 is 8.8 per cent (ibid.), reflecting a comparatively low general current unemployment rate (2.5 per cent) (Statistics Norway 2010). Remarkably, the largest differences between youth unemployment and general joblessness rates in the entire EU-27 were found in three countries among our selection: Italy, Spain and Sweden (Eurostat 2009).

The unemployment situation for immigrants specifically (by the OECD’s definition, ‘foreign-born’) is lowest in France (19.1 per cent), Spain (16.7 per cent) and Italy (13.1 per cent), followed by the UK (8.2 per cent), Norway (8 per cent) and Sweden (7.9 per cent) (OECD 2008: 123). The level of unemployment among non-Estonians reached 17.6 per cent in the second quarter of 2009 (Ministry of Social Affairs of the Republic of Estonia 2010: 53). Although it is not very sensible to compare the unemployment rates of immigrants with those of young people (regardless of background), it is interesting to note that the unemployment rates of immigrants are lower than the unemployment rates of young adults.

\textbf{National contexts matter}

The national context seems to matter a great deal. In France, descendants are paradoxically often worse off than their parents, in spite of their French education. While descendants have made considerable absolute gains in educational and occupational level, in relative terms they remain just as disadvantaged as their parents. The disadvantage they suffer is not just at the entrance of the labour market but also in the competition for higher-level occupational positions (Silberman and Fournier 2007). In Sweden, the high unemployment rates of immigrant youth can be

partly explained by the fact that there is very little labour migration to the country. Humanitarian migration and its associated family migration have accounted for 60 to 80 per cent of all foreign migration to Sweden during the period 1992-2007 (Lemaitre 2007). Additionally, large number of immigrants arrived in Sweden in the 1990s, a time of adverse economic conditions, and this can be expected to have had a significant impact on their labour market performance.

In the UK, ethnic minority men tend to have rates of unemployment that are often twice those of comparable men of British ancestry. Visible minorities, especially for the second generation, tend to have much higher rates of unemployment, reaching 25 per cent and above for Caribbean and Pakistanis/Bangladeshis. First- and second-generation Caribbean and Pakistani/Bangladeshi men, together with first-generation African and Indian men have higher rates both of unemployment and of semi- and unskilled-manual work than those of British ancestry (Cheung and Heath 2007). Other groups have had seemingly better fortune in the UK, though. On the aggregate, labour market outcomes for the children of immigrants in the country are roughly at par with those of the children of natives. According to the OECD this is “attributable to the higher educational attainment of the children of immigrants relative to the children of natives in that country” (Liebig and Widmaier 2009: 30). Furthermore, while they are all visible minorities, Indian Hindus in the UK are four times less likely to be unemployed than Pakistani and Bangladeshi Muslims (Back and Sinha 2010). In Norway, OECD research has shown that although foreign-born unemployment rates are quite favorable in international comparison, in 2007/2008 the incidence of foreigners’ unemployment was nevertheless almost three times as high as among the native-born (6.2 per cent and 2.2 per cent respectively) (Liebig 2009). Liebig points out that the labor market integration of immigrants and their children has to be seen in the context of Norway’s high GDP per capita (second highest in the OECD), low unemployment and high labor market participation of both genders. It also has to be viewed against the backdrop of a Nordic-type welfare state (Liebig 2009). Also noteworthy is the finding that descendants in Norway fare considerably better than young immigrants, as they are close to their national peers in terms of their activity in the education system and at the labour market (Olsen 2008).

In Estonia, there has been no significant immigration during the last 20 years and thus the majority of young people with immigration background are second
generation immigrants. During times of high economic growth (2001-2008), unemployment for immigrant youth was actually lower than that of native born and they were largely employed in the construction sector. With the onset of the economic recession, however, the unemployment rate of immigrant youth grew more rapidly than that of native-born. In 2009, unemployment of immigrant youth was 6 percentage points higher than that of native Estonian youth (32.8 per cent and 26.7 per cent respectively) (Eesti Statistikaamet 2010). Compared to 2008 the unemployment rate of immigrant youth had tripled (from 11.1 per cent to 32.8 per cent) while for Estonian youth it doubled (from 12.2 per cent to 26.7 per cent) (Ibid). At the same time, the economic activity rate of non-Estonians in general has seemingly increased with the economic recession. The Estonian Ministry of Social Affairs states that immigrant youth have “increased their participation in the labour market [relative to Estonians] to cope with economic difficulties” (2010: 53-54).

Is discrimination an issue?

As mentioned previously, a combination of unfavourable factors, human and social capital, affecting immigrant youth hinder their access to the labour market. Still, in France for instance, research converges on the finding that differences in diploma levels or social capital fail to entirely explain the obstacles facing immigrant youth in the job market (Silberman and Fournier 2007). Similarly, the analysis in Estonia shows that even though education has a positive influence on the occupational attainment in the first job for youth, there is also an ethnic penalty for immigrant youth. With similar educational levels, young non-Estonians achieve significantly lower occupational status in their first job than Estonians (Lindemann 2009). This is partially explained by the importance of country-specific human capital, including language skills. Yet, non-Estonians who are proficient in the language also achieve a significantly lower occupational status in their first job compared with Estonians (ibid). Lindemann concludes that the potential explanation for ethnic penalties toward non-Estonians is discrimination by employers (ibid). While there can be plausible explanations to labour market exclusion for first generation immigrants, it is less straightforward to explain why descendants still face those disadvantages. Thus, while the ethnic penalties calculated from statistical
models of unemployment, occupation and earnings must not be equated directly with
discrimination; there is considerable evidence from field experiments and surveys
that unequal treatment on grounds of race or color is likely to be a major factor
underlying the pattern of ethnic penalties.

Country background and ethnicity vary widely for youth with immigration
background, conditioning their participation at the labour market in very different
ways. In France, it is much more difficult for young people from African countries,
whether first or second generation, to enter the labour market than it is for
immigrants from European or Asian countries, with the North African countries
having the highest unemployment rate (twice the average level) (OECD 2009). In the
UK, Cheung and Heath have observed that visible minorities tend to have significant
ethnic penalties while white minorities do not. They argue that “at all levels of
education the visible minorities had much higher probabilities of being unemployed
than the charter population” (2007), however, some minorities also perform better
than the majority population (Fry et al.). In the UK, the ‘war on terror’ has
heightened the suspicion directed towards Muslims.

Similarly, in France several studies have shown that some immigrant groups suffer
from discrimination based on their ethnic or immigrant background, which partly
explains their difficulty in finding employment (OECD 2009). In Italy, Allasino et al.
have found situations of objective discrimination against young semi-skilled
Moroccan men in recruitment procedures (2004). In Spain, through conducting field
experiments de Prada et al. note that the total net discrimination rate of young
immigrant male applicants (after all three stages of application procedures had been
completed) was 36 per cent (2000). In Sweden, Jonsson’s data suggests that there
exists visible minority discrimination in the labour market. From among the five
minority categories constructed by Jonsson based on their visibility, estimates of the
likelihood of procuring employment become more negative as minorities become
more visible (2007). After controlling for variables as family origin, resources and
personal educational attainment, he concludes that “visible minority status is a
disadvantage in the job-search process” (ibid).

Surveys carried out in the seven countries dealt with here, have correspondingly
found the practice of discrimination against immigrant population in labour market to
be quite prevalent. The first EU-wide survey of how respondents with immigrant and
ethnic minority background experience discrimination and victimisation in everyday life, the EU-MIDIS survey, warrants particular attention in this regard as it involved face-to-face interviews with 23,500 immigrants and members of ethnic minorities.⁶ The results are interesting, though not directly comparable across states. Less visible immigrant groups such as Russians and Central and Eastern Europeans declared less discrimination in work related domains. Albanians and Romanians in Italy reported rather high discrimination incidence when looking for work or at work (25 per cent and 20 per cent respectively) (EU-MIDIS 2009: 117). Moreover, the survey reveals that the two most common domains in which respondents in most member states experienced discrimination in the past 12 months were work related: when looking for work or while at work. As much as 37 per cent of North Africans in Italy declared being discriminated against within the past 12 months when looking for work and 30 per cent of the respondents declared being discriminated against at work (ibid.: 43). Similarly, in France, discrimination of Sub-Saharan African respondents in work-related circumstances was relatively frequent: 39 per cent respondents declared being discriminated while looking for work and 22 per cent at work within the past five years (ibid.: 91). In Sweden, 41 per cent of Somalis reported being discriminated against when looking for work and 32 per cent at work within the same period (ibid). Less numerous, 13 per cent of Russians in Estonia also felt they were subjected to unequal treatment at the workplace in the last five years (ibid: 182). While these numbers do not specify the share of young people among respondents, it can be argued that young members of visible minorities are among those who fare the worst when it comes to direct or indirect discrimination.

Discrimination seems to limit the career opportunities of immigrants. Thus, among all Central and Eastern European immigrant interviewees in the EU-MIDIS study, with the exception of the Romanian community in Spain, the dominant opinion was that a non-majority ethnic background is a barrier to workplace advancement (ibid: 113). Silberman and Fournier report that second generation immigrant youth in France are similarly at a disadvantage in the competition for higher-level occupational positions (2007). For Britain as well as for Sweden, on the other hand,

⁶ The EU-MIDIS survey sampled individuals aged 16 years and older who identified themselves as belonging to one of the one-to-three immigrant, national minority or ethnic minority groups selected for sampling in each state. The groups were, among other criteria, selected on the basis of being vulnerable to or at risk of discrimination, and varied from one country to the next. Hence the results are not comparable across the seven states of our study.
data analysis has indeed found that descendants experience difficulties in entering the job market, but once they are on the market they hardly experience any ethnic penalty in occupational attainment (Cheung and Heath 2007; Jonsson 2007). In Norway, descendants under 25 years perform almost at the same level as young people without immigrant background in the labour market (Olsen 2008).

Financial crises and immigrant youth unemployment

One issue that has sometimes been raised by researchers is that ethnic minority unemployment is hyper-cyclical, i.e. that when unemployment rates increase generally, those for immigrants increase even more rapidly (Cheung and Heath 2007). Some studies indicate that in difficult economic situations employers are more likely to discriminate and ethnic differences probably become more significant. Evidence from many OECD countries shows that immigrants, in particular recent arrivals, tend to be especially affected by economic downturns. In the UK, analysis of data over time has shown that through two major economic recessions and subsequent recoveries, employment rates for non-white immigrants have displayed more volatility than those of UK-born whites or white immigrants. In poor economic times, employment rates of non-white male immigrants in the UK fall further, but recovery is also faster (Dustmann et al. 2003). Moreover, in most OECD countries, immigrants are over-represented in temporary jobs. Among our seven countries, this is notably the case in Norway, Spain and the United Kingdom, where the proportion of immigrants in temporary employment exceeds that of the native-born by at least 50 per cent (Fangen et al. 2010: 259). In Spain, for instance, the building sector – one of the pillars of earlier economic growth – employed a high proportion of migrant men until the economic crisis struck and the building sector stagnated, leaving foreigners especially vulnerable to losing their jobs (cited in Feixa et al. 2010).
Critique of policy options

There are several reasons why labour market discrimination should be tackled by policy makers. Zegers de Beijl offers three main ones: economic, social and moral (Zegers de Beijl 2000). Economically speaking, employers who discriminate fail to make full use of resources made available to them in the market. Additionally, a diverse workforce with a large pool of skills and experience is more likely to be creative and open to new ideas than a homogeneous one. In the new globalised economy, immigrants’ insights about foreign markets, transnational networks and language skills can bring added value to employers. As for the social aspect, discrimination may result in the disintegration of society, as shown by race riots in several European countries. Violent backlashes against inequality are also most likely to occur in the absence of adequate policies to fight discrimination. Thus, governments’ reluctance to address discrimination in society can in the long-term undermine notions of social cohesion. Morally speaking, discrimination violates the basic human rights premise that all human beings are equal and deserve to be treated as such.

Compared to the situation a few years back, current anti-discrimination policies in the seven countries of our study have expanded significantly. Among these countries, the UK has the most extensive anti-racism policy in place. The Race Relations Act that was first adopted in 1965 was among the first such laws enacted in Europe, and the Commission for Racial Equality, that monitors discrimination, has been in work since 1976. Sweden followed suit in 1986 by establishing a position of Ombudsman to protect the rights of those who were subject to ethnic discrimination, and in 1999 a new law against discrimination in the labour market put the burden of proof on employers. Likewise, in Norway, the Centre against Ethnic Discrimination was opened in 1998, and since 2006, it was merged with the Ombud of gender equality (Likestillingsombudet), which works against both gender discrimination and ethnic discrimination. With the transposition of European Council’s anti-discrimination
all seven countries have a legal framework in place addressing labour market discrimination.

However, significant problems remain. In Sweden, despite the long-term experience with anti-discrimination policy, a common view is that actions so far have had limited effect. There seems, for example, to be limited chances of succeeding in a legal case against an employer who is accused of discrimination, and penalties for violating discrimination laws are not severe (Jonsson 2007). Similarly, in Estonia the number of complaints to the Chancellor of Justice, who has recently been made responsible for monitoring discrimination issues, has been close to zero. Together with the studies and surveys documenting discrimination practices (see Kallas 2008; EU-MIDIS 2009; Lindemann 2009), this is clearly an indicator of either low target group awareness of their rights, or a prevailing view that filing a complaint is useless.

French authorities are not only reluctant to intervene against racial and ethnic discrimination, but to set up indicators that would measure the extent of such discrimination in the first place. While some legal improvements have been made regarding the burden of proof, the number of complaints on file remains low. Any policy that makes a move towards affirmative action is considered an unconstitutional violation of the right to equality, and only recently has the government started to track hiring discrimination with testing methods and carried out discrimination awareness campaigns for employers (Silberman and Fournier 2007).

\footnotesize{The European Council Directive 2000/43/EC implements the principle of equal treatment between persons irrespective of racial or ethnic origin; Directive 2000/78/EC prohibits employment discrimination on the grounds of religion or belief, disability, age or sexual orientation}
**Policy recommendations**

The ethnic inequality in the labour market that is created by discrimination practices is a major policy challenge to European governments, which needs to both pay closer attention to the occurrence of discrimination and invest more in fighting discriminative practices.

Based on the above analysis, a set of general recommendations can be made:

- Firstly, governments in all seven countries need to improve the monitoring of discrimination by employers through field experiments and annual surveys.\(^8\) Immigrant organisations and NGO’s could also be involved in order to provide specific data.

- This especially concerns second generation immigrant youth that face ethnic penalties in the labour market in spite of being educated and socialised in the country.

- Secondly, the anti-discrimination policy framework that is already in place needs to be made more visible to immigrant youth, who also need to be more informed about their rights. Studies have shown that although anti-discrimination bodies are formally in place, they receive very few complaints of racial or ethnic discrimination. Trade unions can be involved in order to bridge the gap between employers and immigrants.

- Thirdly, the EU should encourage benchmarking and best practice exchange among national agents in the field of labour market discrimination, with a special focus on young descendants. Countries can learn a lot from each other’s experiences in tackling racial and ethnic discrimination. This can be achieved through the European Network of Equality Bodies (EQUINET) and programme financing.

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\(^8\) With field experiments we refer to studies where the researcher sends out fictive job applications, some where the alleged applicant has a foreign name and some where the applicant has a name which is common in this country. In both cases, the applicant has identical qualifications. Such studies give a clear picture of how much discrimination affects the job seeking process.
References


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New scientific knowledge produced by EUMARGINS will be published in the form of journal articles, reports, policy briefs and a final book. For the dissemination of policy recommendations, policy workshops will be organised in each participating country at the final stage of the project. An international scientific conference on the research findings will be organised in cooperation with the EU in 2011.

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