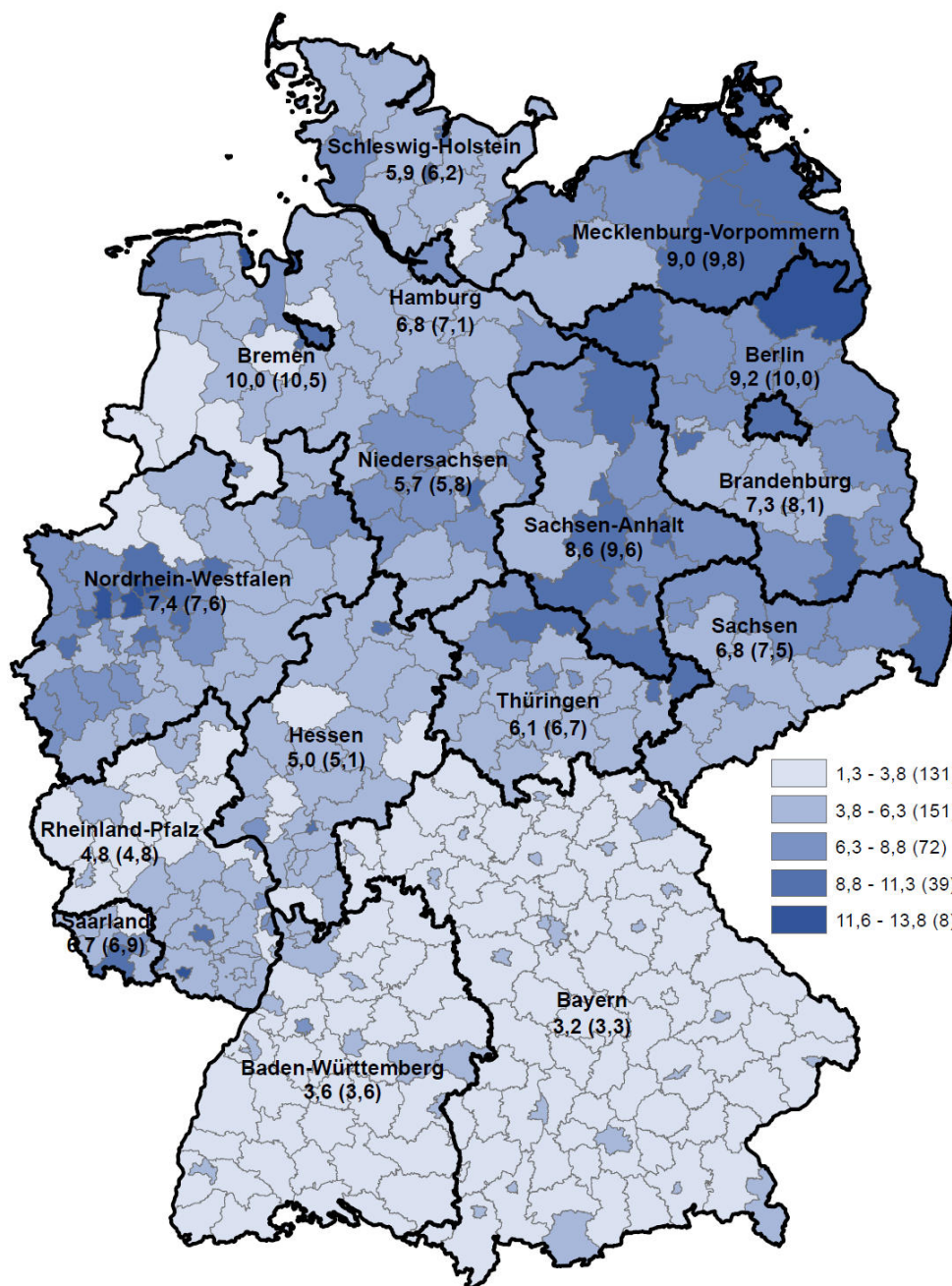


# Current Status and Development of Labour Market Integration of Immigrants in Germany

## The Labour Market Integration of Immigrants in Germany: Present Situation and Prospects

Berlin, 6th December 2016

Dr. Carola Burkert  
IAB



## Regional Disparities in the German Labour Market (November 2016)

Germany: 5.7%

East Germany 7.8%

West Germany 5.3%

**Lowest Unemployment Rate**

**Eichstätt: 1.3%**

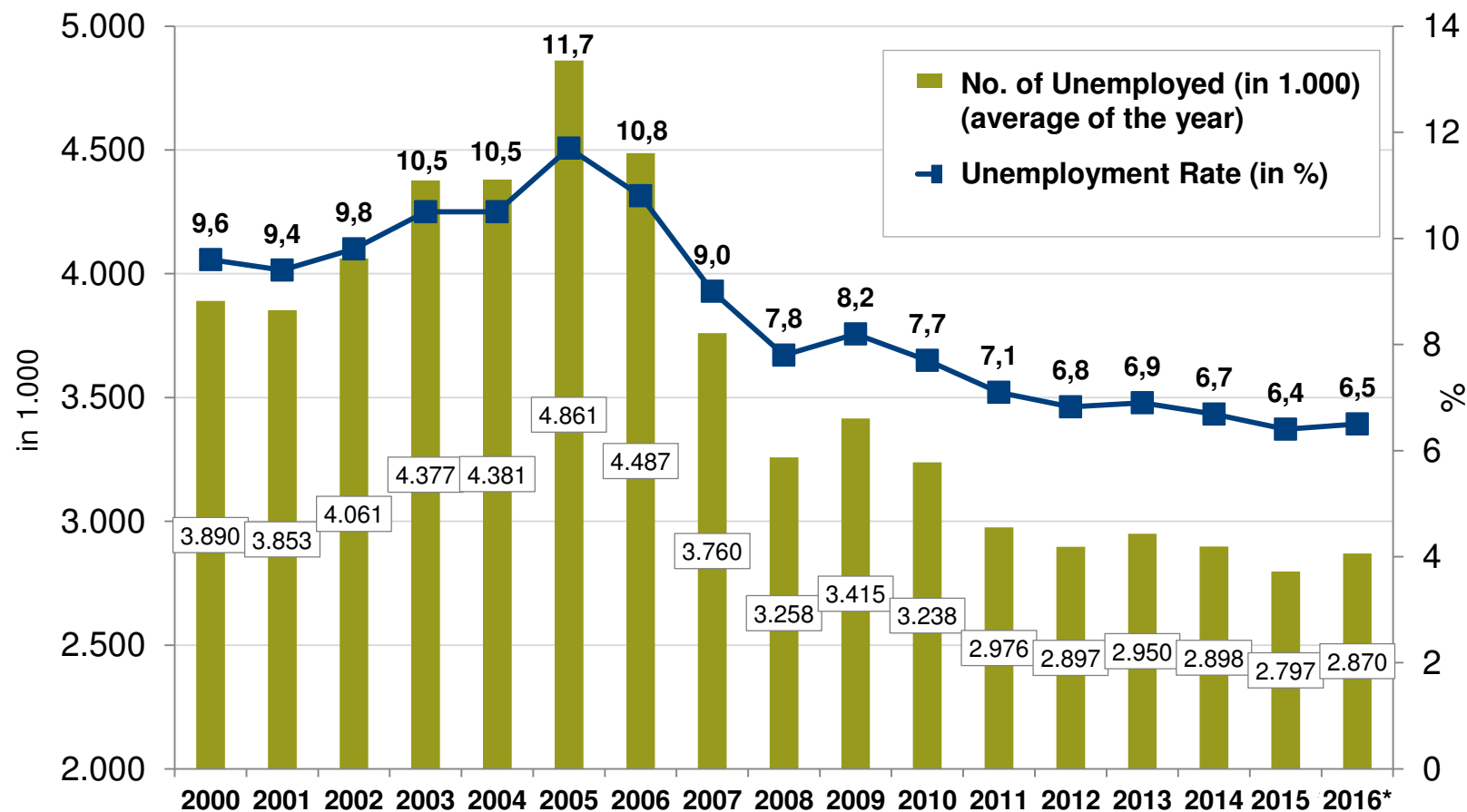
**Highest Unemployment Rate**

**Gelsenkirchen: 13.8%**

Arbeitslosenquoten bezogen auf alle zivilen Erwerbspersonen in % (Vorjahreswerte in Klammern).

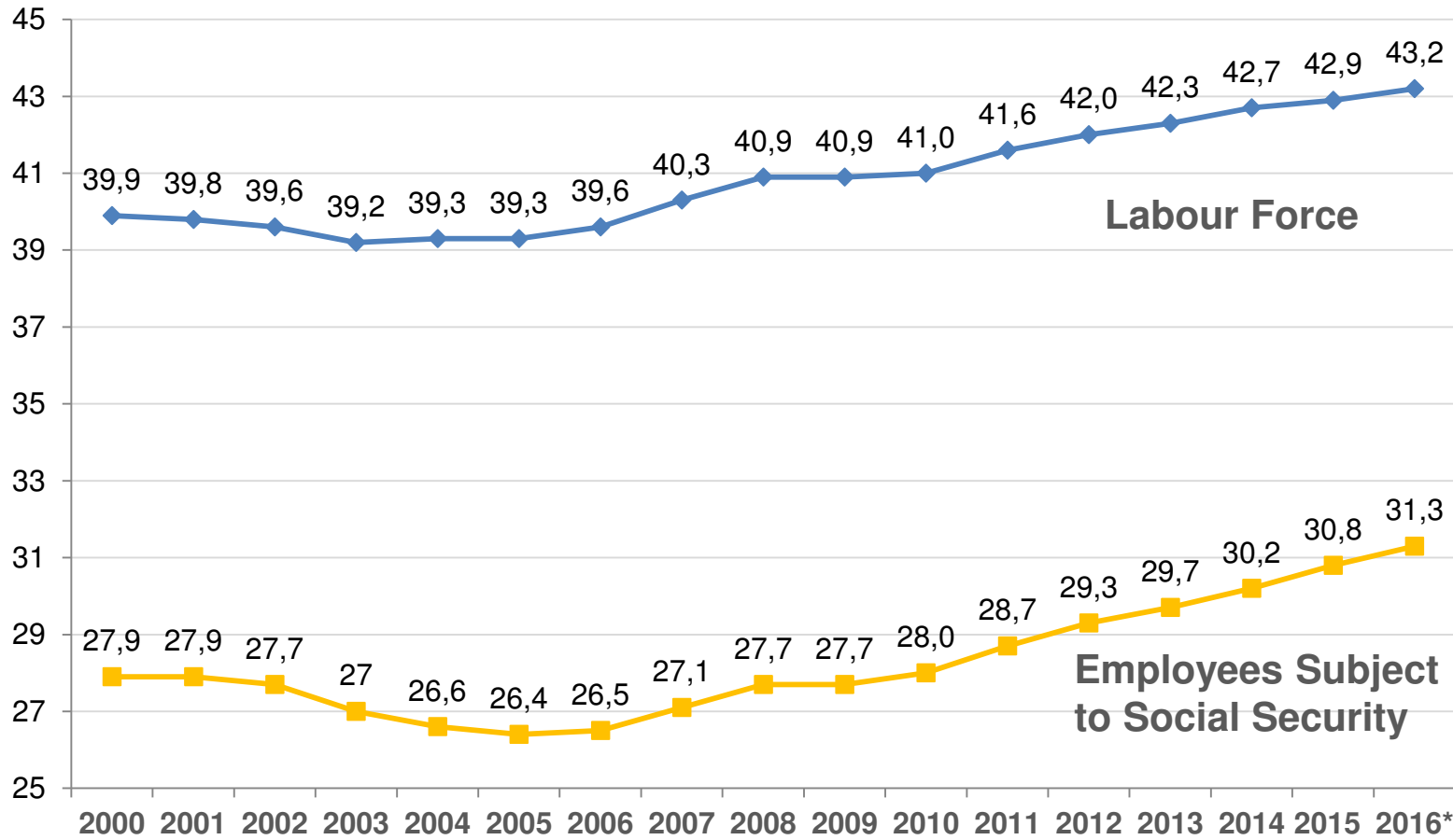
# Unemployment and Unemployment Rate 2000 – 2016

Number of Unemployed in 1.000 and %



\* IAB-Forecast

# Labour Force and No. of Employees Subject to Social Security, in Mio., 2000 – 2016



\* IAB-Forecast

- 1. Importance of Labour Market for Integration**
- 2. Also Important in the Future:  
Labour Market Integration of Migrants**
- 3. Indicators of Labour Market Integrations**
- 4. Instead of a Summary**

## 1. Importance of the Labour Market for Integration

The Success or Failure of the Integration is Determined on the Labour Market and in the Host Society

## 2. Also Important in the Future: Labour Market Integration of Migrants

## 3. Indicators of Labour Market Integration

## 4. Instead of a Summary

# Importance of the Labour Market



The Success or Failure of the Integration is Determined on the Labour Market and in the Host Society

➡ Importance of Access to Labour Market for Solidarity and the Future of Society

- Sufficient Income: Independent Life Planning and Social Participation Instead of Welfare Recipient
- Contacts at the Workplace to People from the Receiving Society – as a Place where One is Accepted and not Rejected
- Successful Integration Rather than Waste of Potential
- Benefit and Acceptance of the Host Society

## 1. The Importance of Labour Market for Integration

## 2. Also Important in the Future:

### **Labour Market Integration of Migrants**

Increasing Immigration in the Last Years, Increasing Heterogeneity,  
Lessons from the Past

## 3. Indicators of Labour Market Integration

## 4. Instead of a Summary



# Challenge: Heterogeneity Requires Appropriate Adaptation



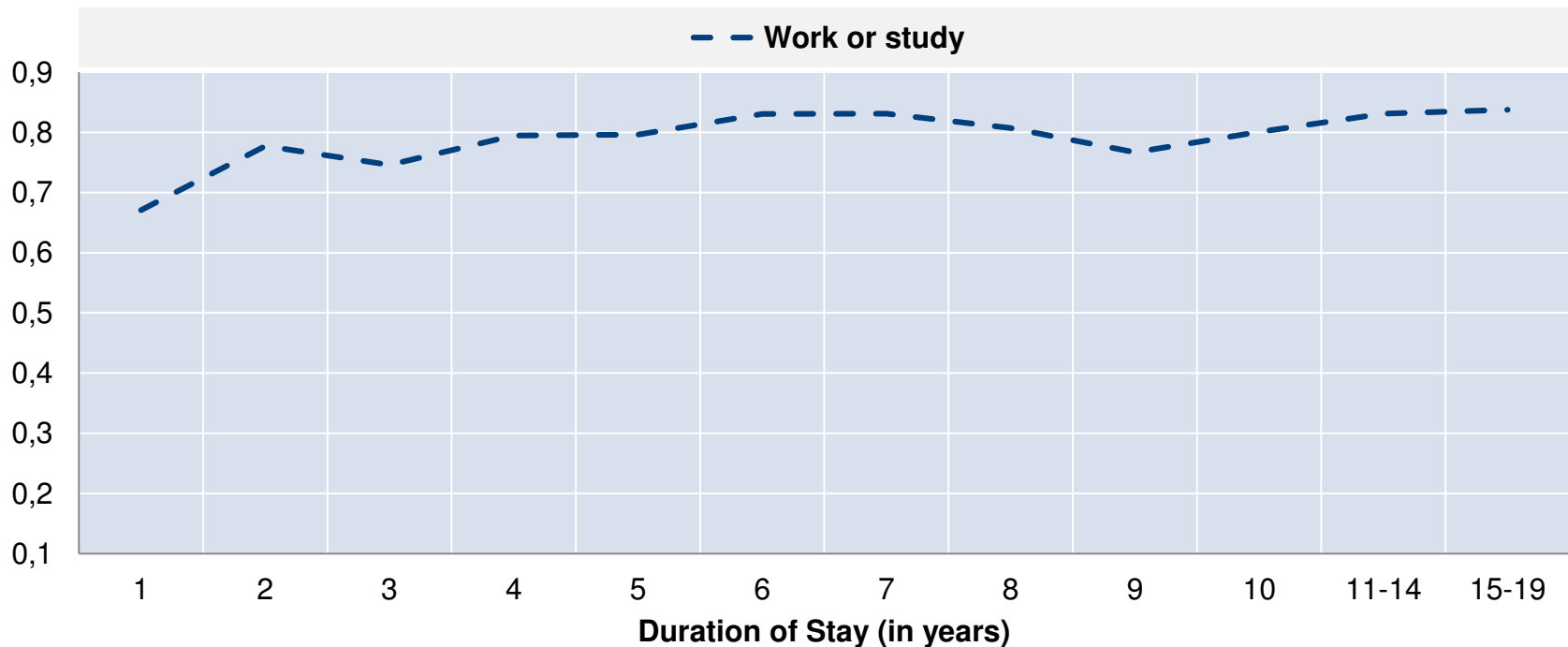
## Challenge :

The Increasing Heterogeneity of Migrants Requires an Increasing Adaptation of the Integration Offers According to the Respective Requirements:

1. Heterogeneity of Migration Motives
2. Heterogeneity of Countries of Origin
3. Heterogeneity of Education Level (School/Occupation)
4. Heterogeneity of Financial Resources
5. Heterogeneity of Family Situations

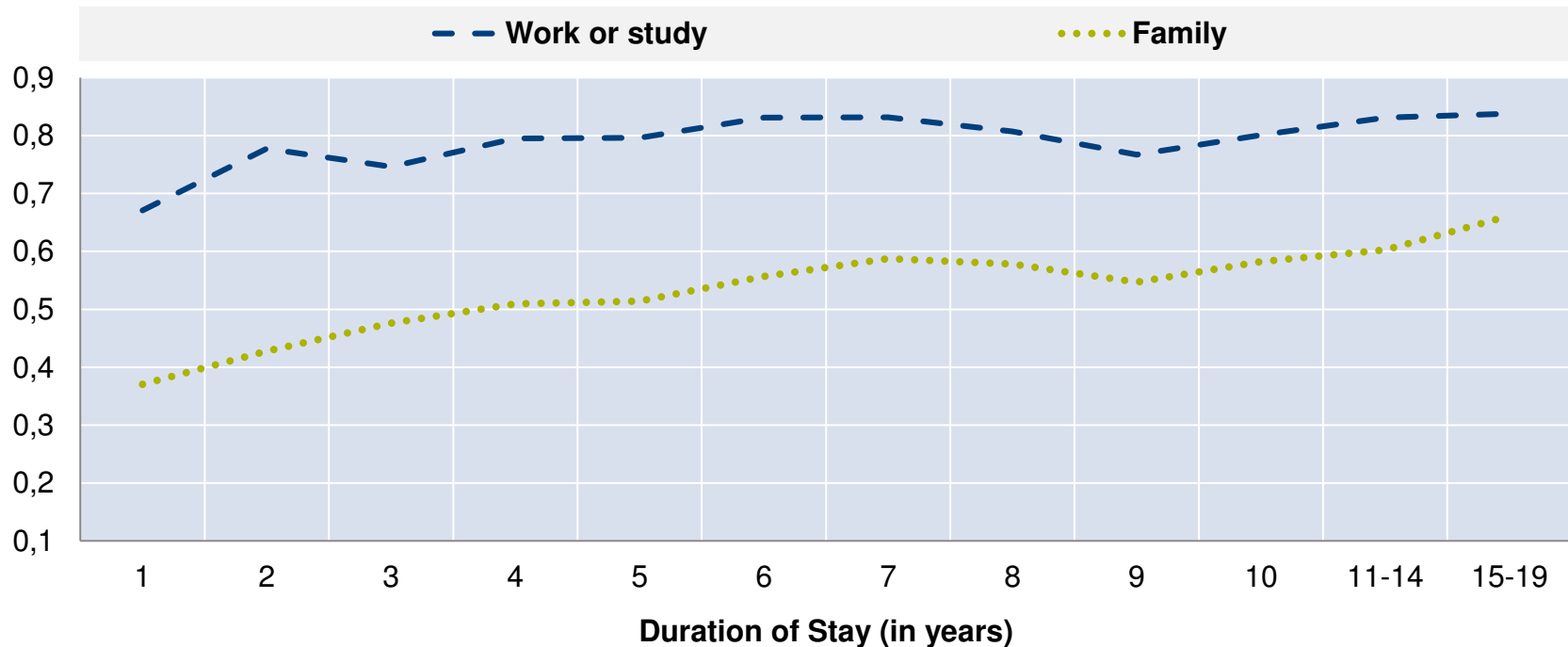
# Lessons from the Past: Labour Market Integration – Migration Category Determines the Speed

Employment Rate by Migration Category and Duration of Stay in European OECD Countries, 2008



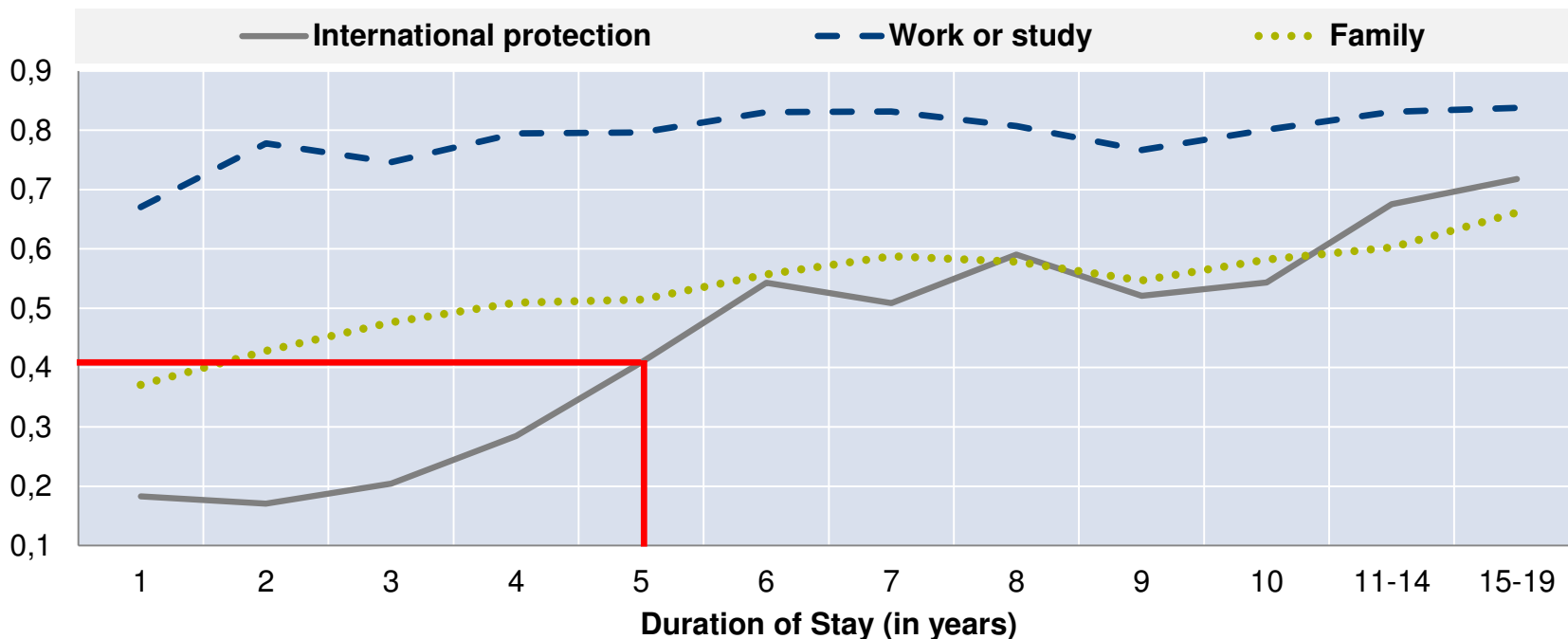
# Lessons from the Past: Labour Market Integration – Migration Category Determines the Speed

Employment Rate by Migration Category and Duration of Stay in European OECD Countries, 2008



# Lessons from the Past: Labour Market Integration – Migration Category Determines the Speed

Employment Rate by Migration Category and Duration of Stay in European OECD Countries, 2008



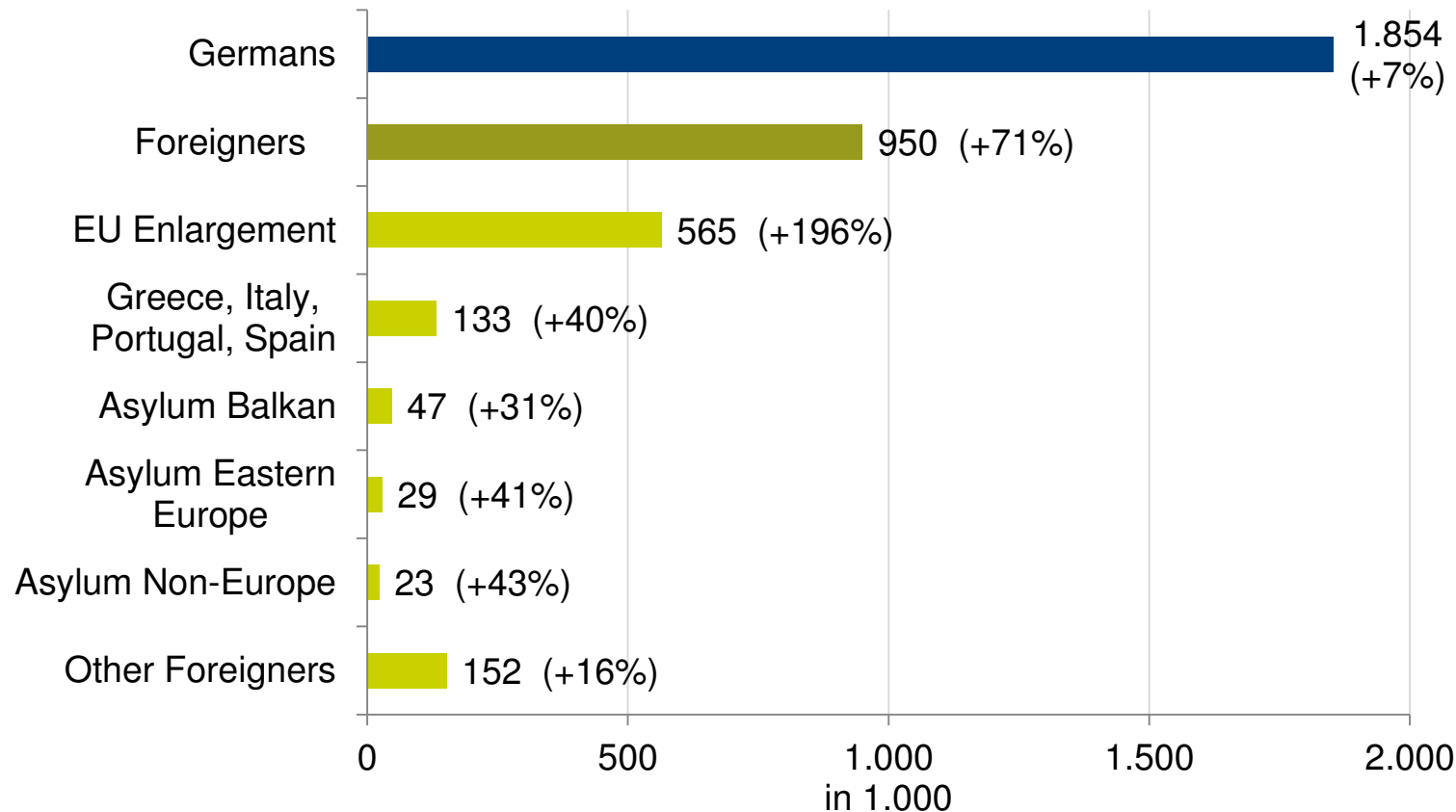
# AGENDA



1. The Importance of Labour Market for Integration
2. Also Important in the Future:  
Labour Market Integration of Migrants
3. Indicators of Labour Market Integration
4. Instead of a Summary

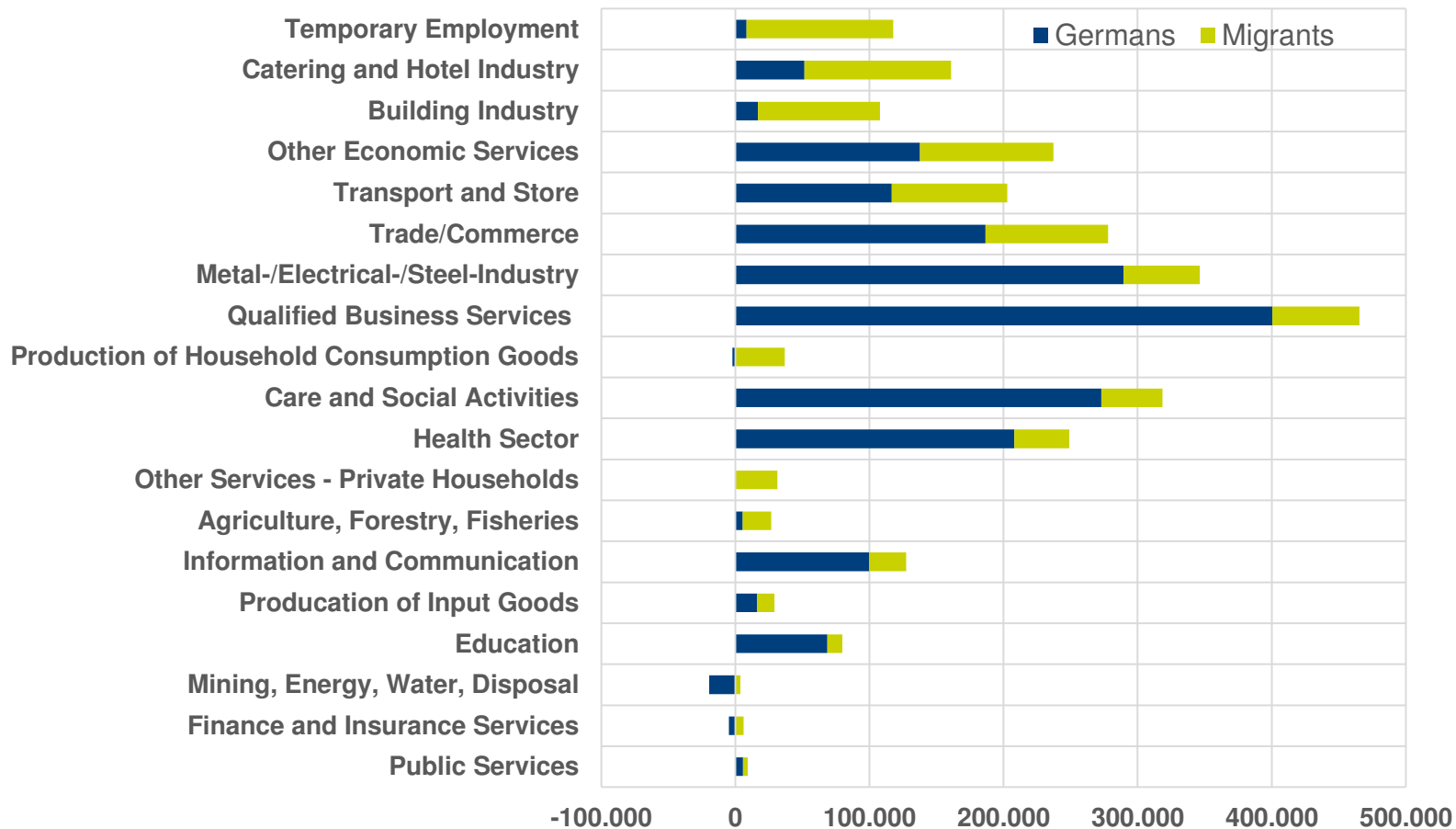
# Different Increase of No. of Employees Subject to Social Security by Nationalities

Employees Subject to Social Security by Nationalities, Change June 2010 to June 2015, Germany, in 1.000 and in %



# Increase of Labour Force in Economic Activities: Quite Different for Migrants and Germans

Employees Subject to Social Security by Migrant Categories, Change June 2010 to June 2015, Germany

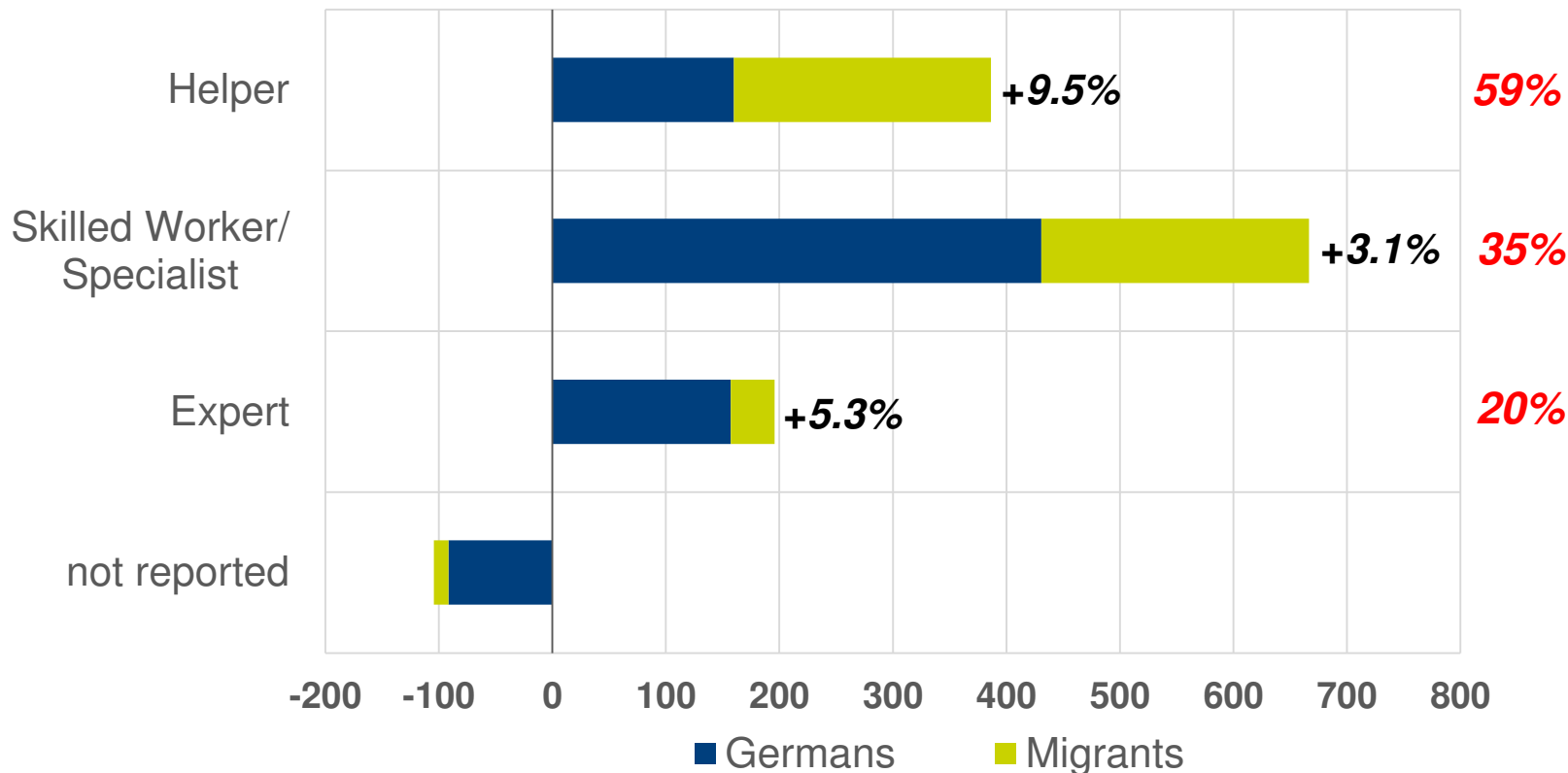


# Increase of Labour Force by Qualification: Quite Different for Migrants and Germans

Employees Subject to Social Security by Migrant Categories and Qualification, Change June 2013 to June 2015, Germany, in 1.000

**Total increase**

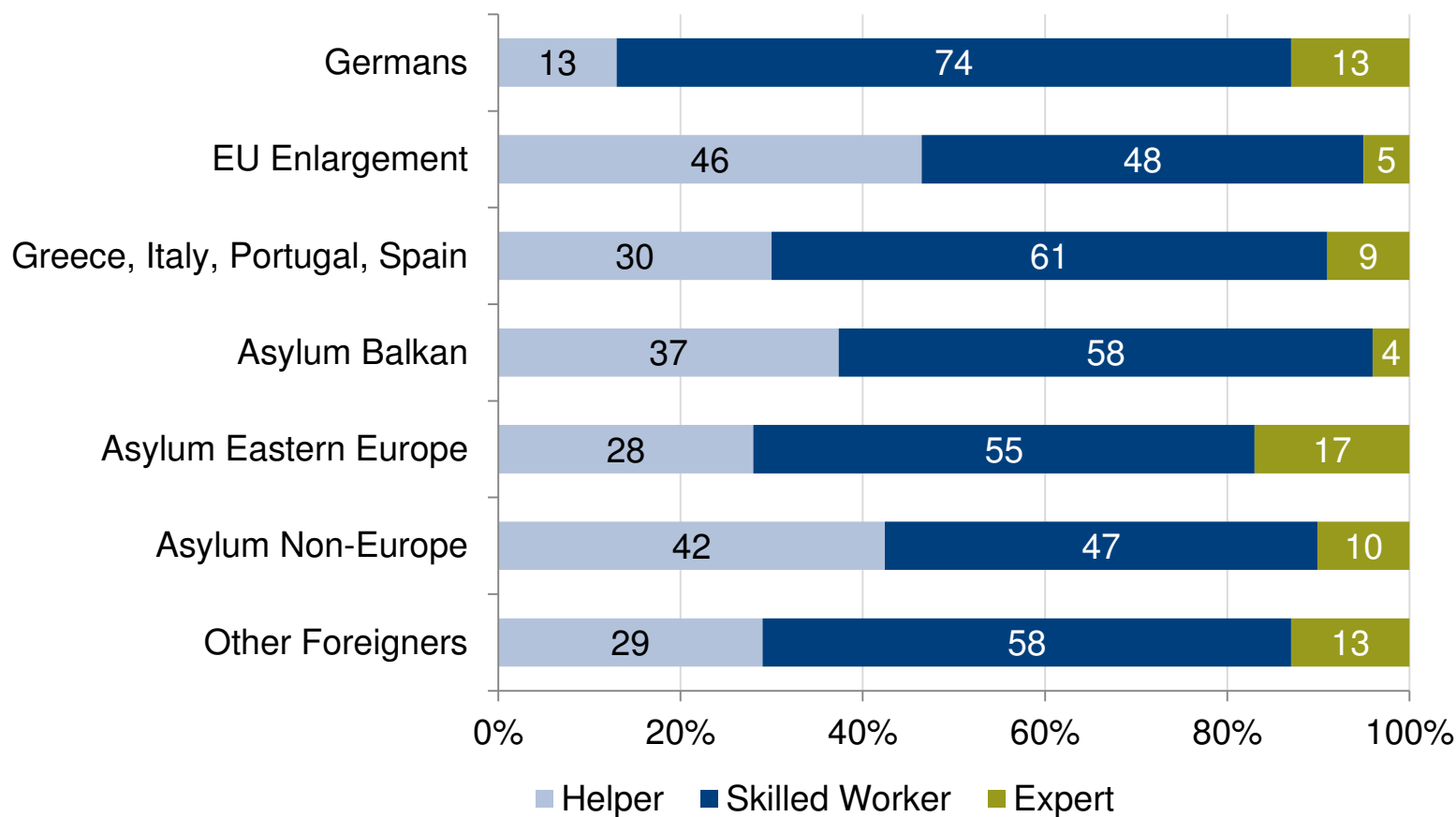
**Share of Migrants  
of the increase**





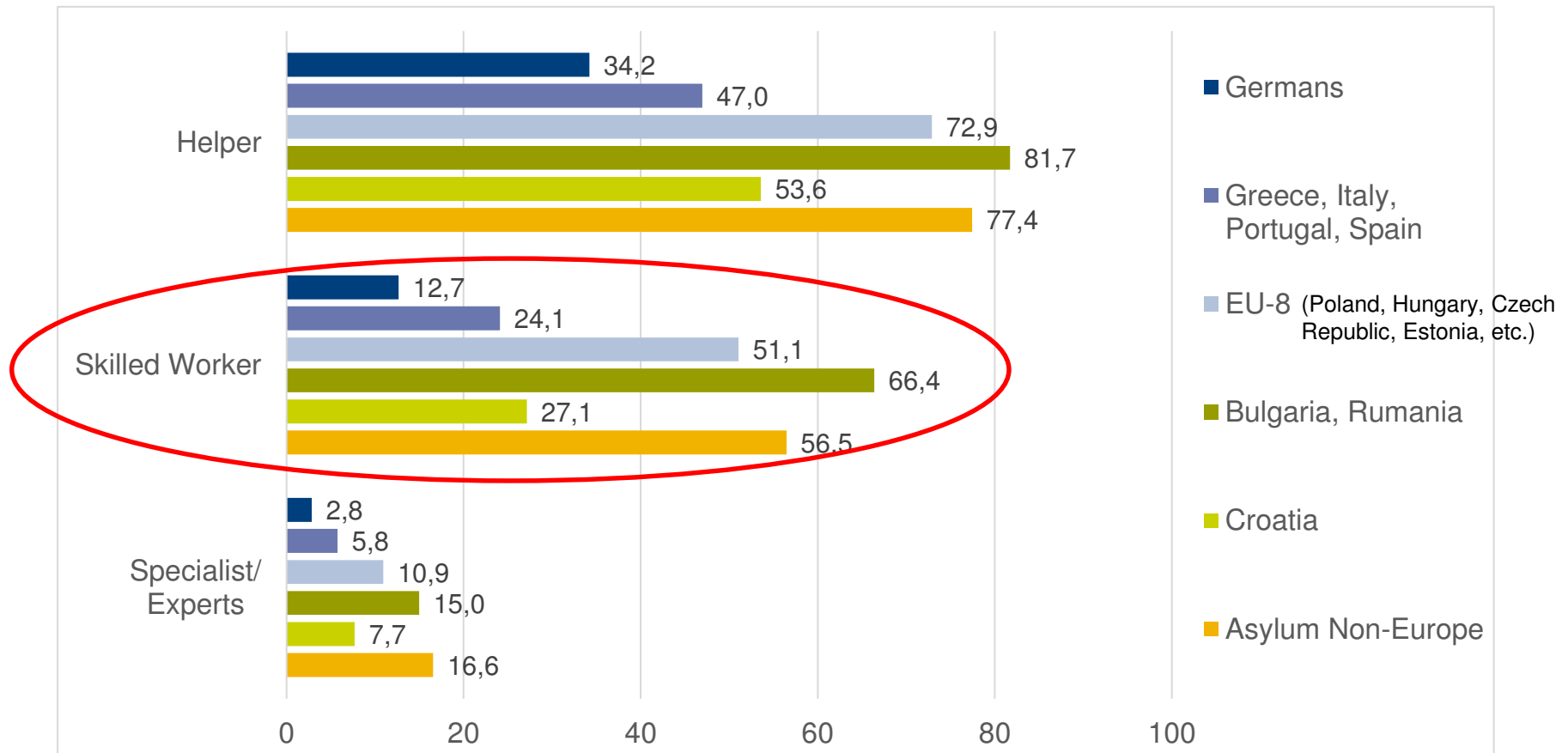
# Fairly Different Structure: Qualification Levels of Jobs

Structure of the Qualification Levels of Employees Subject to Social Security by Groups of Nationalities, Germany, June 2015, in %



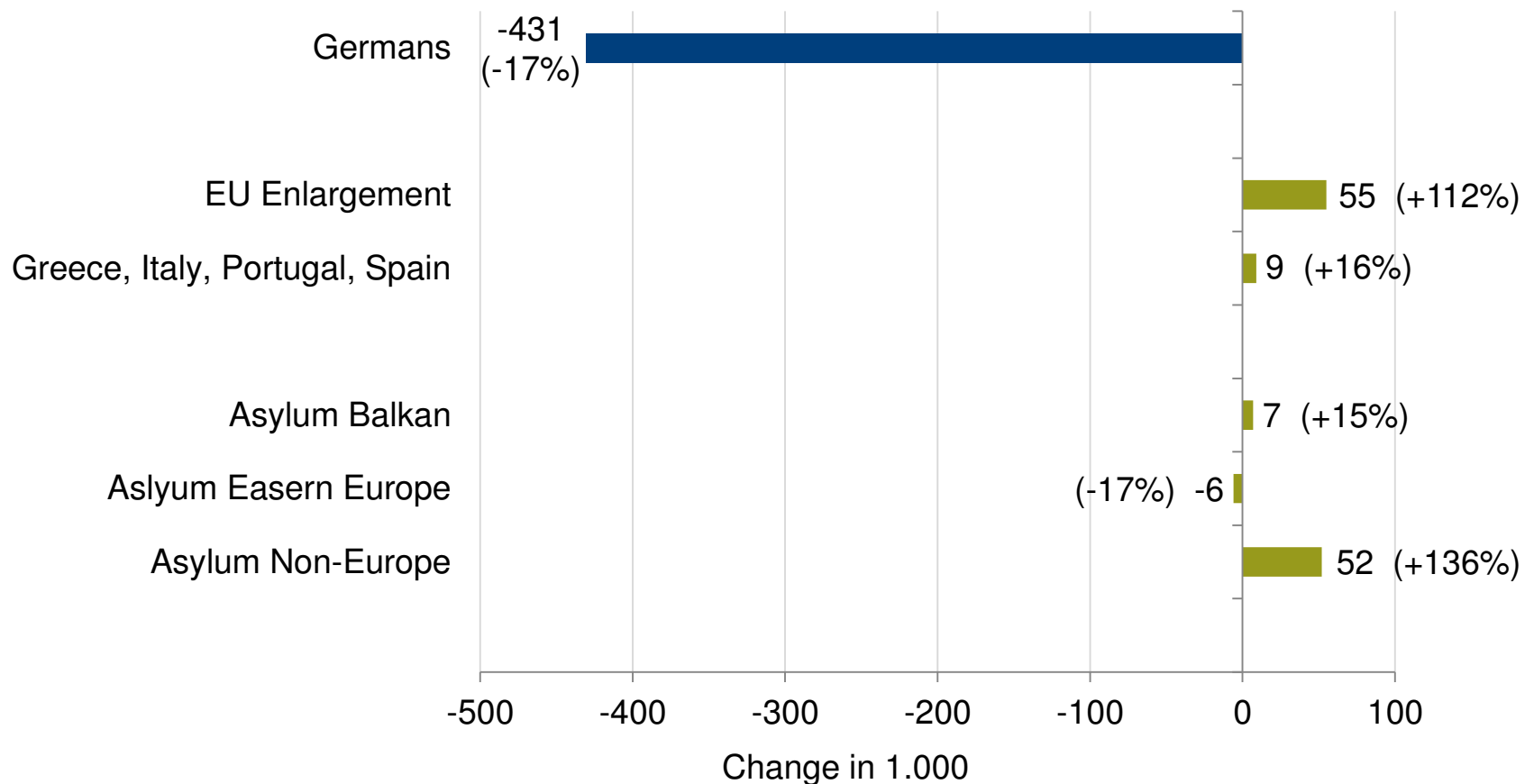
# Within the Same Qualification Level: More EU-8 and Bulgarians/Romanians with Low Wages

**Male** Employees Subject to Social Security, Fulltime, (without Apprentices), West Germany\* with Low Wages (2/3 of Median Wage: 2.146 €), Qualification Level, Selected Nationalities, December 2015, in %



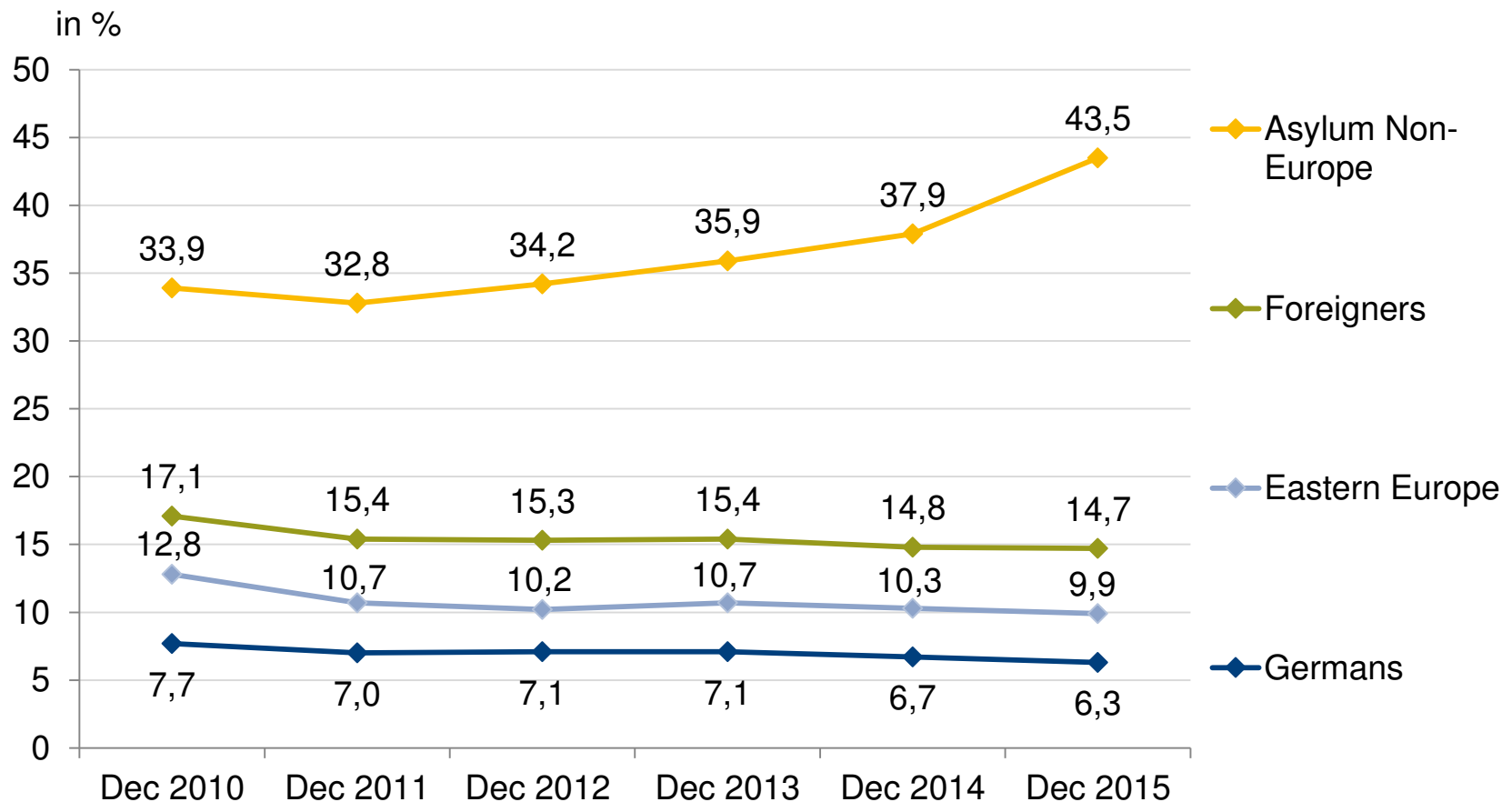
# Unemployment: Decrease for Germans, Increase for Migrants

Change in Unemployment, December 2010 till December 2015 by Nationality, Germany, in 1.000 and in %

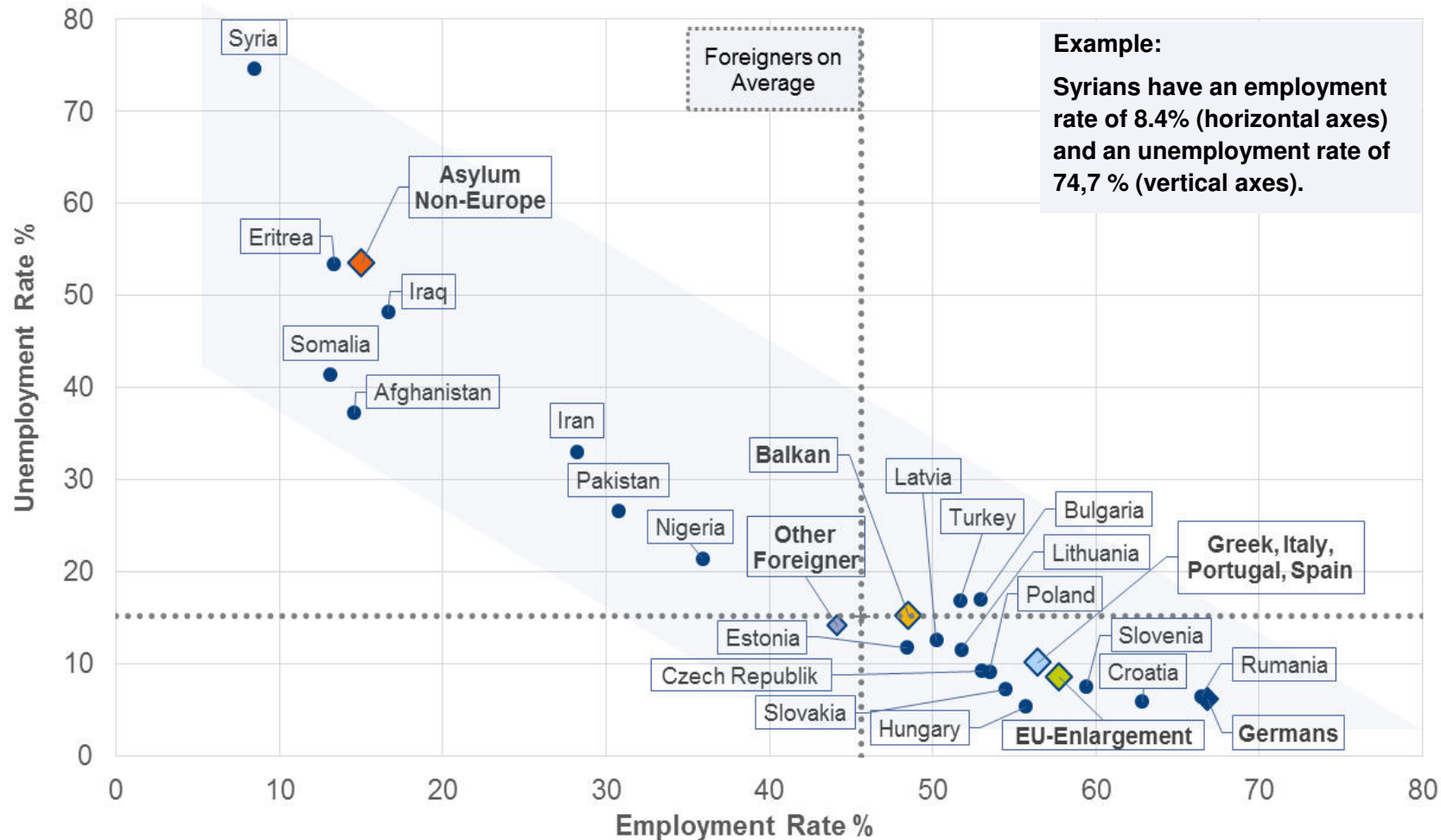


# Development of Unemployment Rate: Noticeably Higher Level for Migrants

Development of Unemployment Rate by Migrant Categories, Germany, 2010 till 2015, Dec, in %



# At a Glance: Employment and Unemployment Rate by Nationalities, Germany, August 2016



1. The Importance of Labour Market for Integration
2. Also Important in the Future:  
Labour Market Integration of Migrants
3. Indicators of Labour Market Integration
4. **Instead of a Summary: What Helps Labour Market Integration to be Successful?**

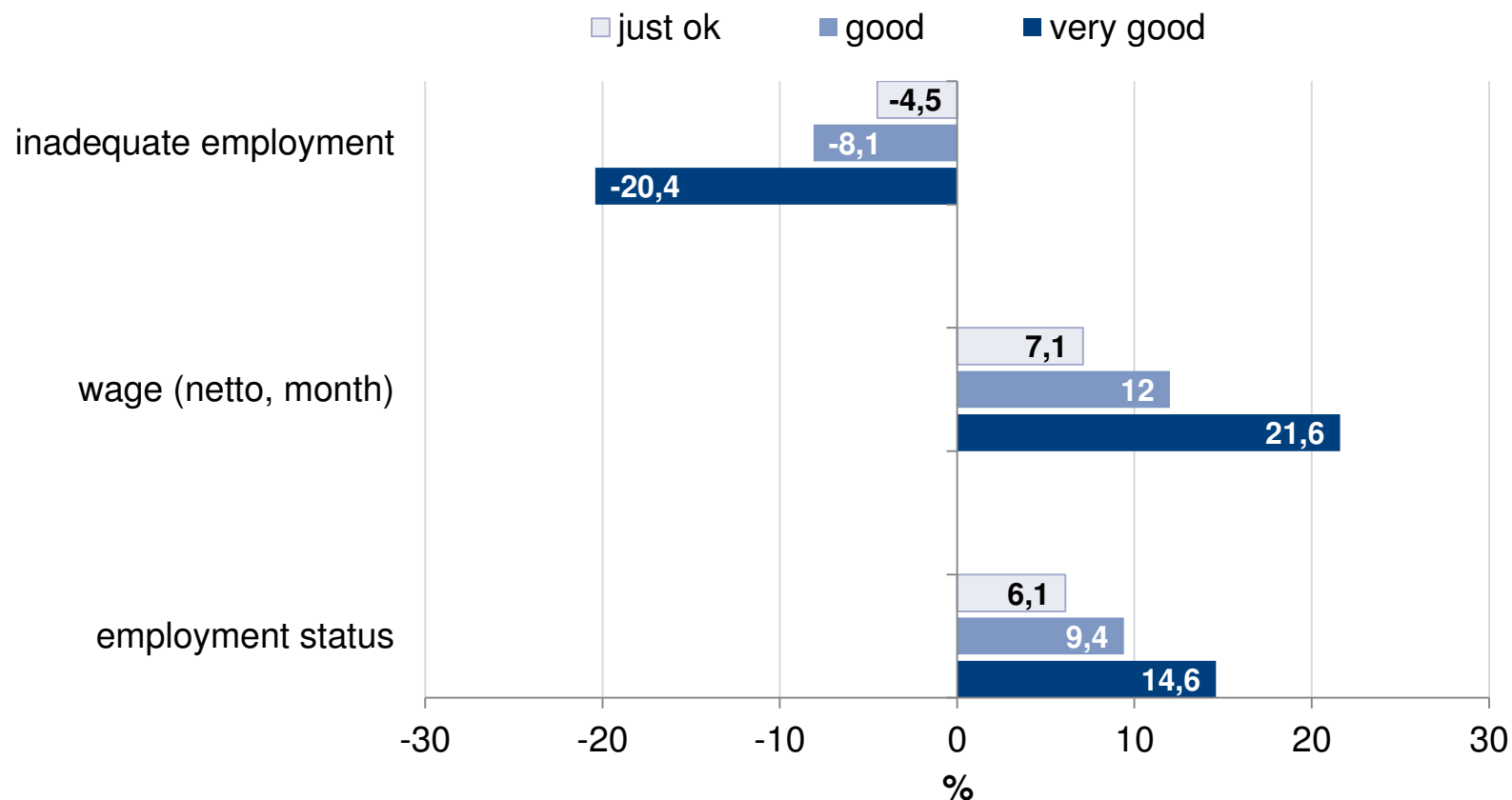
# Labour Market Effects of German Language Skills and Recognition of Foreign Qualifications



- German Language Skills (writing, speaking, reading)
  - increase the probability to get a job
  - decrease the probability for an inadequate employment
  - increase the probability of a higher wage
  
- Recognition of Foreign Qualifications
  - increase the probability to get a job
  - decrease the probability for an inadequate employment
  - increase the probability of a higher wage

# German Language Skills Increase the Probability for an Employment and for Higher Wage

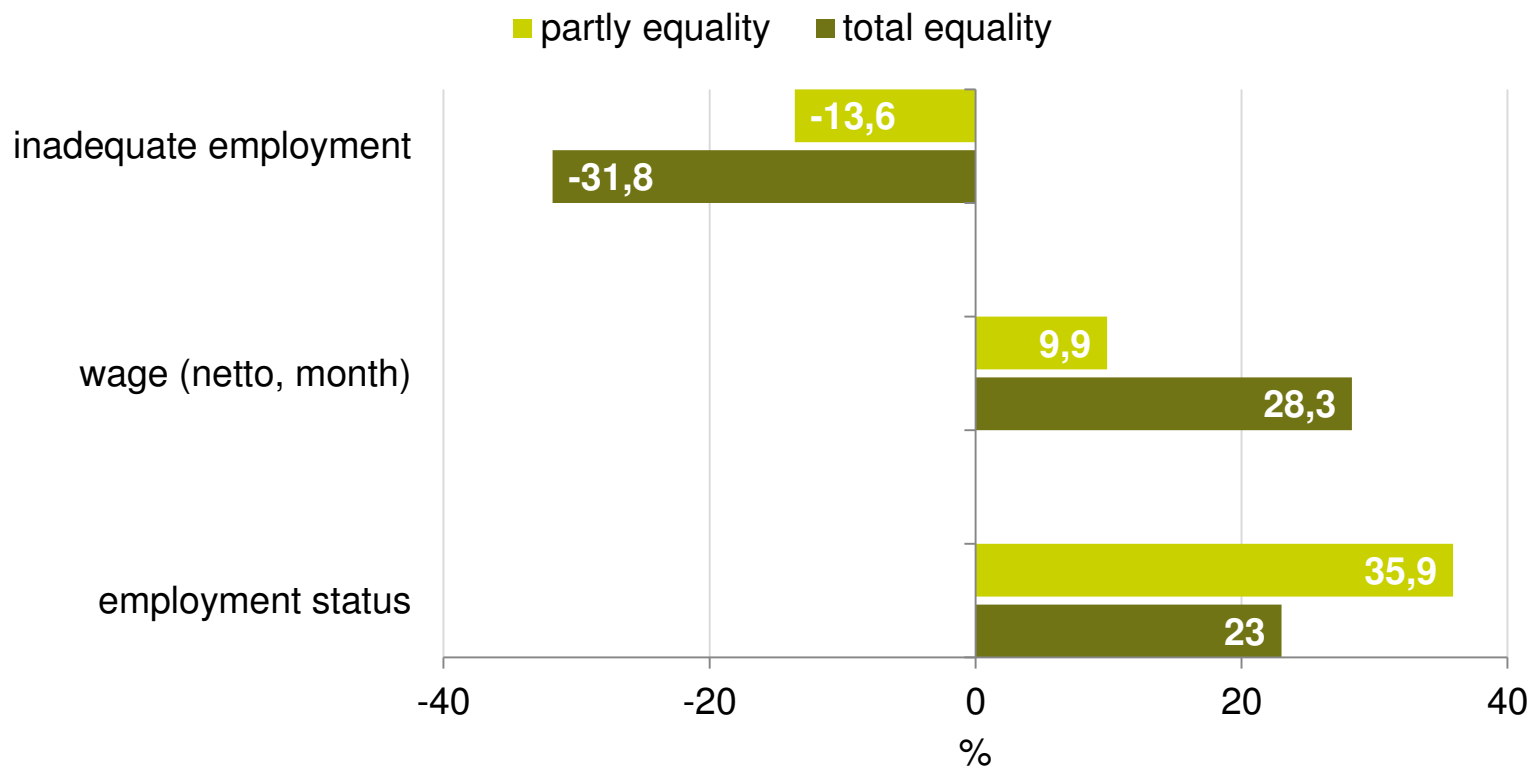
Labour Market Effects of German Language Skills (Skills in Reading, Writing, Speaking) – Compared to People with „very Bad German Language Skills“





# Labour Market Effects of Recognition

Labour Market Effects of the Recognition of Foreign Qualifications – Compared to a Person Who Did not Apply for Recognition



*Employment Status sign. 1 percent level*

*Wage: sign. 5 percent level – total equality;*

*Employment: sign. 1 percent level – total equality - sign. 5 percent level – partly equality*

# Catalyser for Successful Labour Market Integration



- Create Legal Conditions and Make them Transparent
- Increase Access and Quality of Language Courses
- Ease Labour Market Access and Investment in Education, Training and Employment
- Counselling and Qualification incl. Recognition of Foreign Qualification
- Increase Capacity and Acceptance of Employers

Contact:  
[carola.burkert@iab.de](mailto:carola.burkert@iab.de)

- Brücker, Herbert; Liebau, Elisabeth; Romiti, Agnese; Vallizadeh, Ehsan (2014): Arbeitsmarktintegration von Migranten in Deutschland: Anerkannte Abschlüsse und Deutschkenntnisse lohnen sich. In: Die IAB-SOEP-Migrationsstichprobe: Leben, lernen, arbeiten - wie es Migranten in Deutschland geht, (IAB-Kurzbericht, 21.3/2014), Nürnberg, S. 21-28 ([http://doku.iab.de/kurzber/2014/kb2114\\_3.pdf](http://doku.iab.de/kurzber/2014/kb2114_3.pdf); Abruf 13.10.2016)
- Hartmann, Michael (2016): Auswirkungen der Migration auf den deutschen Arbeitsmarkt. Statistisches Bundesamt (Hrsg.): WISTA – Sonderheft Arbeitsmarkt und Migration. Wiesbaden, S. 69-82
- Hüther, Michael; Geis, Wido (2016): Zu den gesamtwirtschaftlichen Auswirkungen der aktuellen Flüchtlingsmigration. Köln: Institut der deutschen Wirtschaft
- OECD (2016): Erfolgreiche Integration. Flüchtlinge und sonstige Schutzbedürftige. Paris: OECD
- Seibert, Holger; Wapler, Rüdiger (2014): Qualifikationsprofile und Arbeitsmarktchancen von Neuzuwanderern in Deutschland. In: Migration und Soziale Arbeit, Jg. 36, H.1, S. 10-18
- Statistik der Bundesagentur für Arbeit (2016): Migrations-Monitor. Nürnberg: Statistik der Bundesagentur für Arbeit



# Economic and Fiscal Impacts of Refugees in Germany

**Dr. Ulf Rinne**

IZA – Institute of Labor Economics

Berlin: December 6, 2016

**IZA** Institute  
of Labor Economics  
Initiated by Deutsche Post Foundation

# Challenges and Chances of the Labor Market Integration of Refugees

## Core Domains of Integration:



### Main Reference:

Holger Bonin (2016):

#### Gewinne der Integration:

**Berufliche Qualifikation und Integrationstempo entscheiden über die langfristigen fiskalischen Kosten der Aufnahme Geflüchteter.**

Source: Ager and Stang (2008).

# Development of the Public Budget in a Scenario without Refugees since 2014 (Benchmark)

## Demographic Change

**2014:**

Population: 82,2 millions



**2030:**

Population: 77,7 millions



**2060:**

78 elderly citizens per  
100 prime-aged workers (2014: 35)



## Public Budget

**2014:**

Total public budget surplus: 19 billion €  
Primary surplus (w/o interests): 70 billion €



Assumption:  
Annual discount rate 3%

Assumption:  
Annual growth rate 1,5%

**Until 2200:**

Sum of primary deficit: 2.100 billion €  
(Present Value)

Additional burden to due population aging:  
**1.154 Euro** per citizen per year

# Development of the Public Budget in a Scenario with 1 Million Refugees in 2015 (Stylized Scenario)

## Mitigation of the demographic change

- 70% of the refugees are younger than 30 years\*
- Until 2020 the inflow will compensate natural demographic decline
- A rise of 3% of the population in the long-term (fertility included)

## Increase of government spending

- Costs of the reception and the integration of refugees (language courses, vocational training)
- 13.000 € to 20.000 € per refugee per year
- Increase of government spending in 2015: 19 billion € to 21 billion €

**Long-term fiscal deficit is distributed on more people**



**Short-term increase in the government spending**

\* Based on initial applications for asylum in 2015.



# Potential Rise or Decrease of the Burden of the German Taxpayer?

## Factors influencing the Public Budget

### Average Fiscal Performance

Employment rate and income  
of refugees after integration



#### **Assumptions:**

Scenario 1: Low average qualification  
(natives w/o vocational training)

Scenario 2: Medium average qualification  
(natives w/ vocational training)

### Duration of the Integration Process

Duration until refugees achieve  
local average fiscal performance



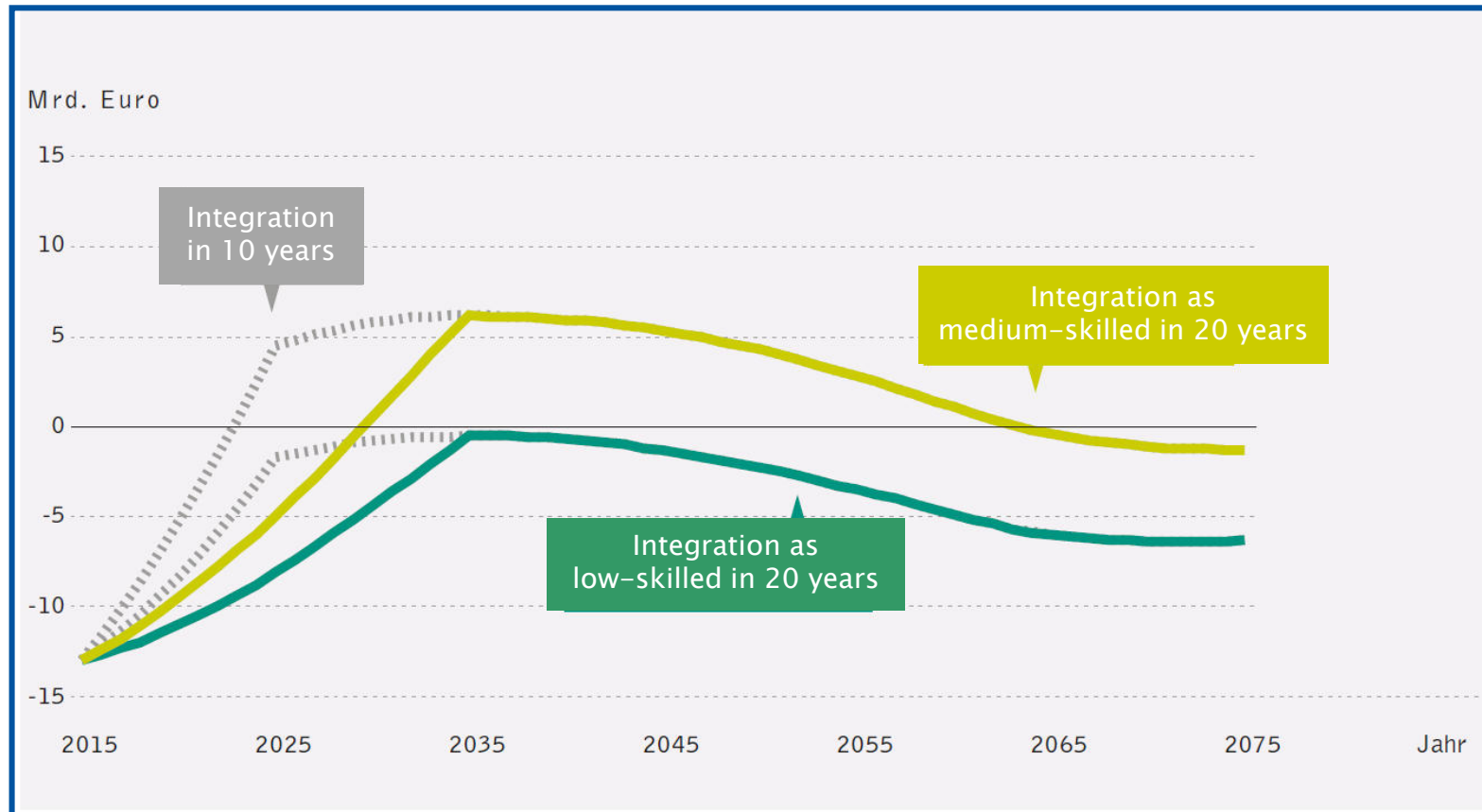
#### **Assumptions:**

Scenario 1: 10 years of integration

Scenario 2: 20 years of integration

# Potential Rise or Decrease of the Burden of the German Taxpayer?

## The Effects of Different Scenarios on Public Budget



Source: „Gewinne der Integration: Berufliche Qualifikation und Integrationstempo entscheiden über langfristige Kosten der Aufnahme Geflüchteter“, Prof. Dr. Holger Bonin, 2016

# Potential Rise or Decrease of the Burden of the German Taxpayer?

## Long-term Conclusions: Sustainability Gap (% of GDP)

### Sustainability gap without refugees:

Fiscal compensation of the long-term governmental deficit today:

→ **142,5% of the GDP** in 2014

→ **1.154 Euro per citizen per year**  
(additional burden due to population aging)

### Sustainability gap with 1 million refugees:

#### “Bad Case”:

- High integration costs
- Average low qualification
- Duration of the integration of 20 years

→ Fiscal compensation: **+ 86 Euro per capita per year**  
(+7% of 1.154 €)

#### “Good case”:

- Average high qualification
- Duration of the integration of 10 years

→ Fiscal relief: **- 20 Euro per capita per year**  
(-1.7% of 1.154 €)

# Latest Migration and Integration Results:

## The IAB–BAMF–SOEP Survey

Refugees in 2015 and 2016: 1.100.000 persons



Fresh results based on a survey among ~2.300 refugees (later: ~4.500 refugees)

### Employment Perspectives

- **14 %** of the refugees are on average **employed**  
... of which:
  - Cohort **2015/16**: **13%** employed
  - Cohort **2014**: **22%** employed
  - Cohort **2013 and earlier**: **31%** employed
- Education level:
  - **55 %** 10+ years of schooling
  - **19%** university degree or vocational training
- **2/3** strive for a vocational training in Germany
- **1/3** participation in **integration courses**
- **2/3** participation in **language courses**

*Integration process requires **COORDINATION, MONITORING and EVALUATION.***

# Summary and Conclusions

1. The labor market integration of refugees is one important domain of integration – but not the only domain.
2. Qualification and the speed of integration are important determinants of the fiscal impacts of refugees.
3. Compared to the effects of population aging, the fiscal effects of refugees are relatively small.
4. It could nevertheless be beneficial to invest today in the integration process of incoming refugees.
5. Based on available data, the labor market integration of recent refugees appears similar to that of past cohorts.
6. What is the (causal) effect of the various programs, initiatives etc. on this integration process?



# Dr. Ulf Rinne

IZA – Institute of Labor Economics

[rinne@iza.org](mailto:rinne@iza.org)

[www.iza.org](http://www.iza.org)

## Main References:

1. Bonin, H. (2016), Gewinne der Integration, Berufliche Qualifikation und Integrationstempo entscheiden über die langfristigen fiskalischen Kosten der Aufnahme Geflüchteter, böll.brief 1, Heinrich Böll-Stiftung: Berlin.
2. BAMF-Kurzanalyse (2016): "Flucht, Ankunft in Deutschland und erste Schritte der Integration", Ausgabe 5|2016 des Forschungszentrums Migration, Integration und Asyl des Bundesamtes für Migration und Flüchtlinge.

# **Make Labour Market Integration Work - Specialist Counselling as Requirement**

Ines Weihing

Tür an Tür Integrationsprojekte gGmbH

IQ-Kongress

Berlin, 6th December 2016

## Questions to be answered:



- What kind of information do immigrants need, regarding their professional future in Germany?
- How can immigrants profit from the support of a specialist counselling?
  - An example
- What is specialist counselling and why is it needed?



## Required information

Immigrants need detailed and sufficient information about all the different aspects of labour market integration.

### Such aspects are:

- information about
  - the German educational system
  - German language courses
  - recognition of foreign qualifications
  - qualification options and adaptation measures
  - financial assistance
  - how to develop strategic and formal networks
  - possibilities to gain work experience in Germany

## **Certain remaining obstacles concerning the process of labour market integration**

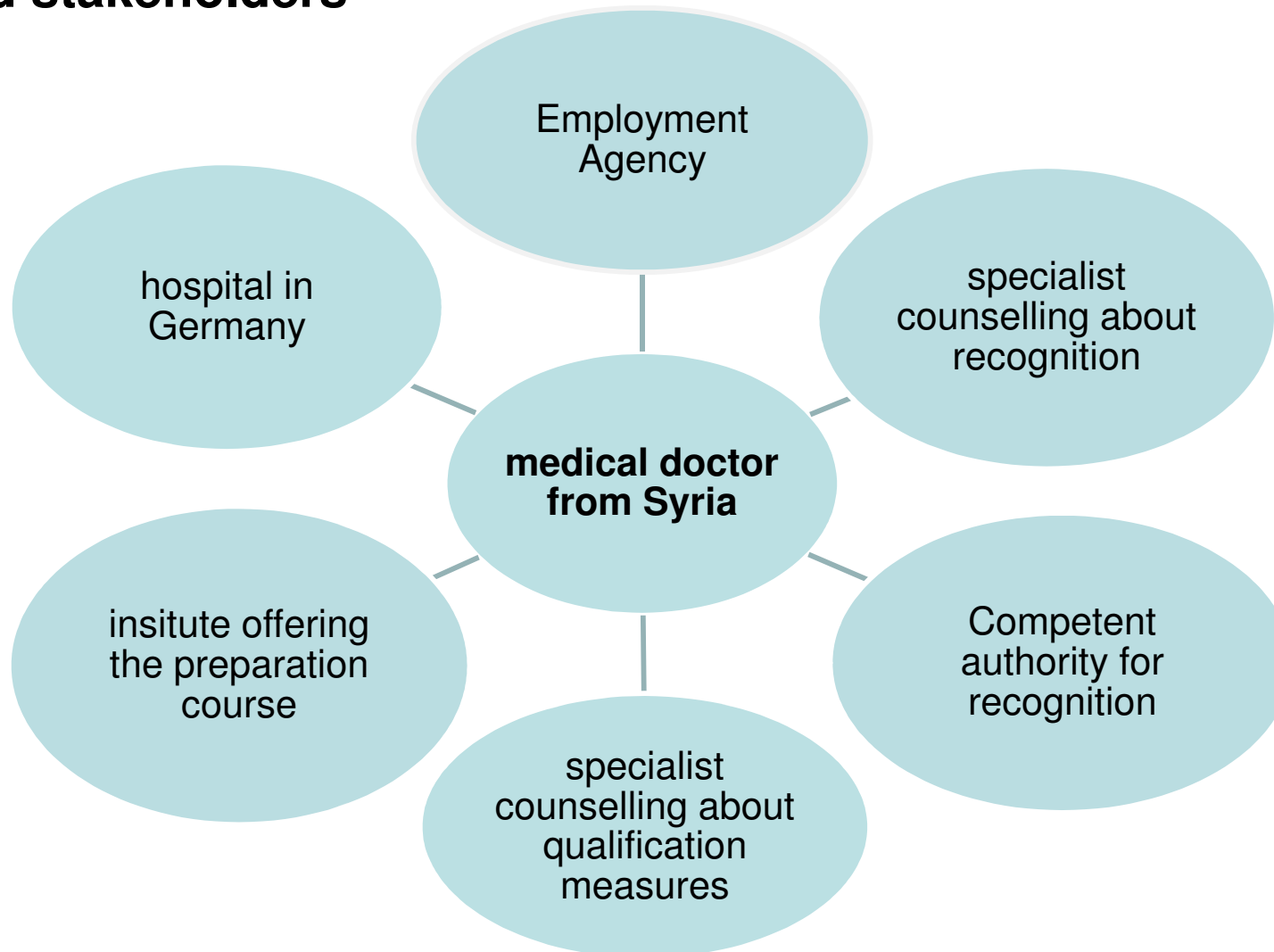
- missing information about the German education system and the different options and requirements
  - immigrants need an overview to be able to make a decision for their professional future
- the procedure of recognition of foreign qualifications differs depending on the kind of qualification and can be very complex
  - immigrants need guidance and support in the process
- the validation of non-formal and informal qualifications is not yet established and accepted everywhere
- complexity of the legal basis
  - immigrants can't know all the different laws and regulations

## Mr. Al Sayed – Doctor from Syria

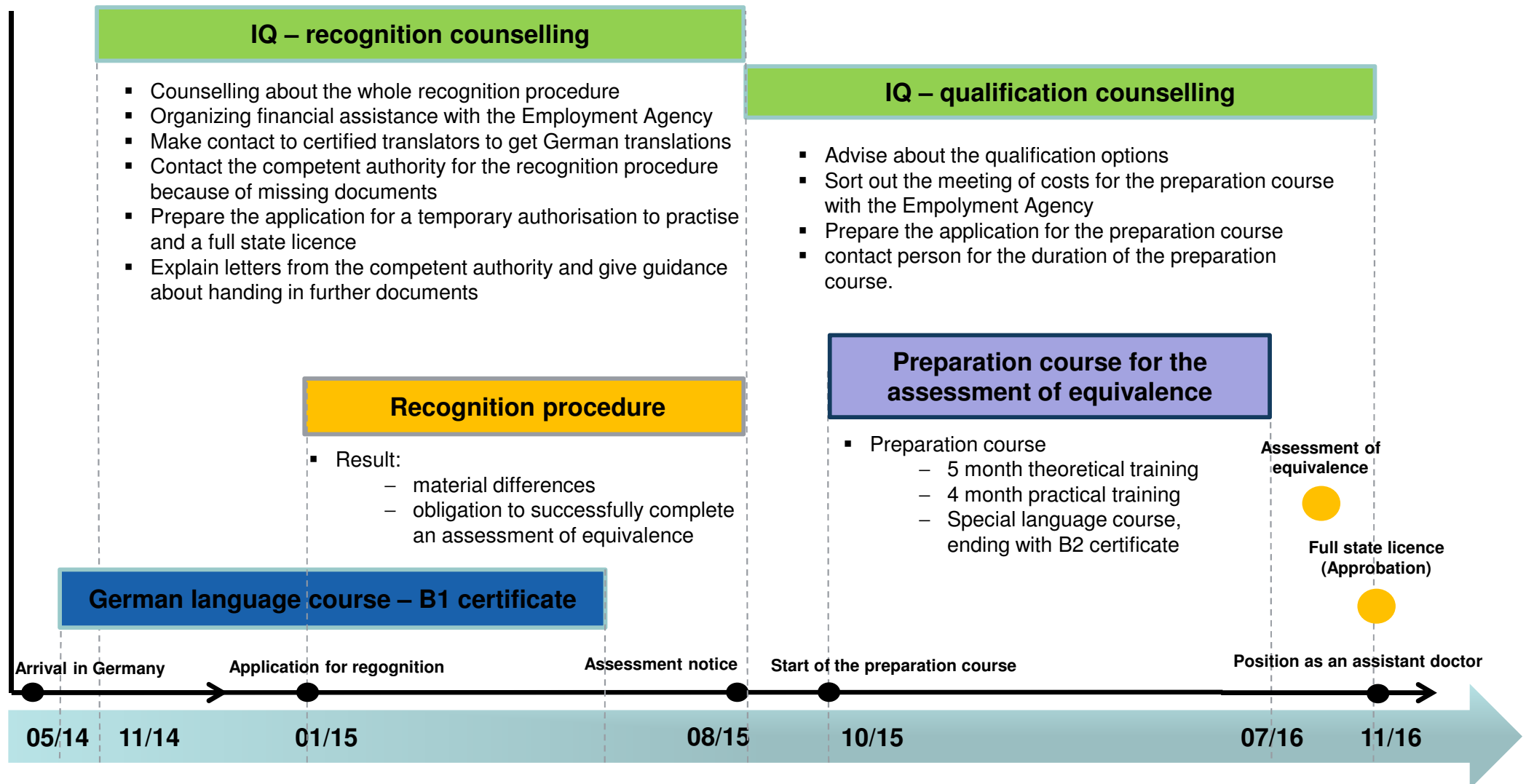
### Personal situation (when contacting the recognition counselling service):

Qualification:	Medical degree
Gender	Male
Age:	29
Place of residence:	Augsburg
Country of origin:	Syria
In Germany since:	May 2014
Residence permit status:	Residence permit for two years
Profession:	Medical practitioner
Work experience:	3 years as a doctor in an hospital in Syria

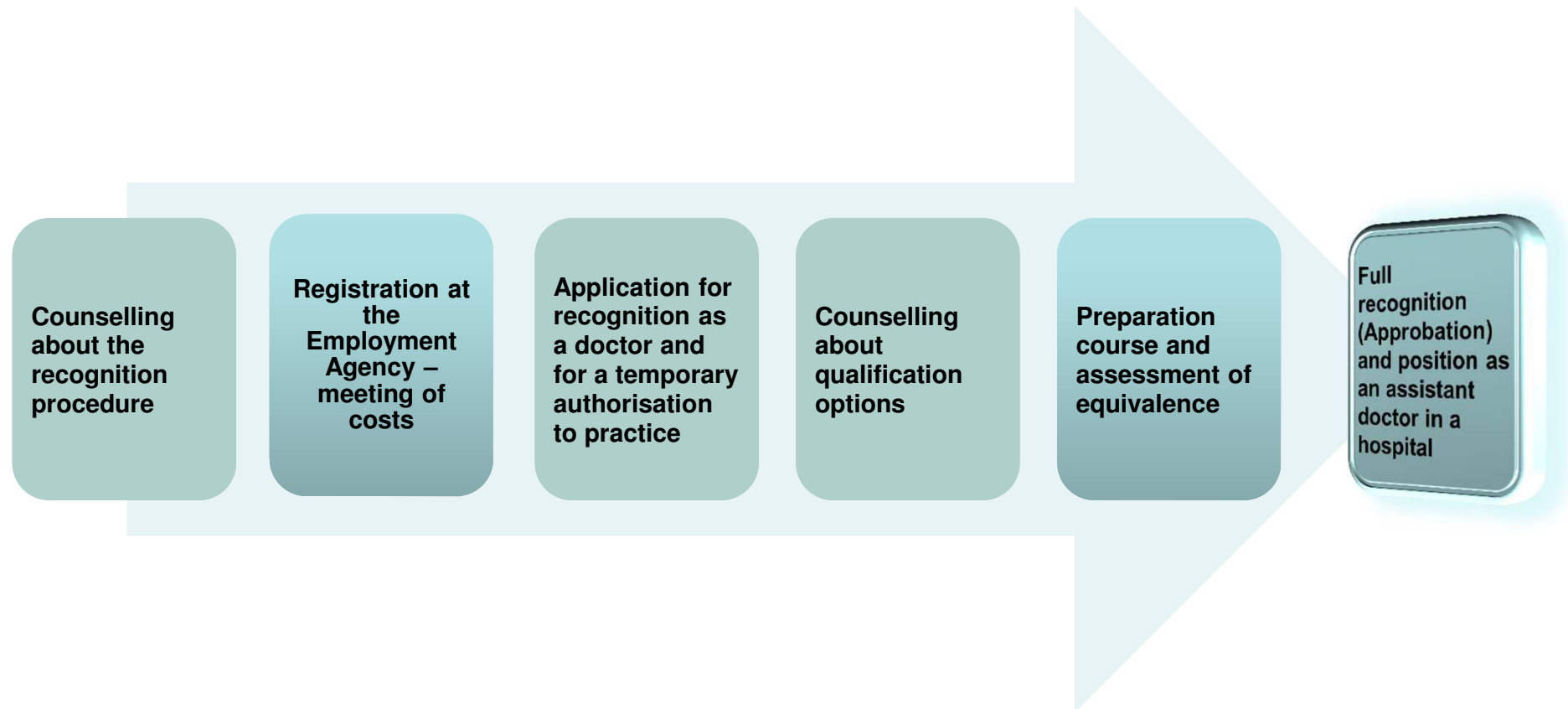
## Involved stakeholders



## Example – procedure of recognition and labour market integration



## Short summary of the procedure of recognition and labour market integration



## Why specialist counselling?

- specialist counselling as an essential offer during the procedure of labour market integration
- individual and comprehensive information about possibilities of education, recognition of qualifications, further training, job options etc.
- link to responsible authorities
- counselling and steering tailored to the particular needs in the procedure of labour market integration
- creates transparency to be able to develop a vocational perspective

## Counsellors should be real experts in their field of counselling!

### The greater mission of specialist counselling:

- identifying structures that enable or interfere with the process of labour market integration and transfer the knowledge to political decision-makers
- experts in their field of counselling who maintain a constructive dialogue with the authorities to create a win-win situation for all parties
- » **The overriding objective is to bring about structural changes that will improve and accelerate the labour market integration of immigrants in Germany**



[www.migranet.org](http://www.migranet.org)



**Zusammen. Zukunft. Gestalten.**

 **Bundesagentur  
für Arbeit**