

Active labour-market policies and newly arrived immigrants

This policy brief is an excerpt from the report
Integrating Immigrants into the Nordic Labour Markets



Summary

All of the Nordic countries have similar introduction programmes for newly arrived refugees and family migrants. Greater attention is now being paid to the question of which type of activities works best for this group. The programmes typically include language training, courses in civic orientation and activities related to the labour market. Previous research indicates that subsidised private-sector employment is the most effective form of labour-market programme, and that there is potential for increasing its use among immigrants.

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What do we know about the effectiveness of active labour-market policies for immigrants?

One common feature of the Nordic countries is that measures targeted at newly arrived refugees and family migrants are organised within introduction programmes, which include language training, courses in civic orientation and various activities related to the labour market. Almost all eligible immigrants participate in these programmes.

Evaluations of existing programmes in Finland, Norway and Sweden indicate that they appear to produce (slightly) better results for participants than earlier programmes. There is reason to believe that it is beneficial to organise measures for this group within coherent programmes of the current type, with a relatively strong focus on activities related to the labour market.

Language training

Being able to speak the language of the host country is important for many reasons. However, it has proven difficult to evaluate the effects of participating in language training. Existing studies of their labour-market effects produce mixed results. For example, a Swedish study finds that language training has positive long-run employment effects (but a negative effect in the short-run). A Norwegian study finds no effect on earnings, while a Danish study finds a moderately positive effect of mandatory language training on employment in the long term, but no effect on labour-market participation.

Regular education

Previous studies have found that education in general is positively correlated with labour market outcomes. At the same time, a large proportion of re-



cently arrived refugees and family migrants have low levels of education. In the relatively advanced Nordic labour markets, this implies that many immigrants will need additional education in order to find employment. Regular education is included in the introduction programmes to a rather small extent (especially in Denmark) and there is probably a need for increasing its use.

Labour market training and work practice

The use of *labour market training* is rather limited within the introduction programmes. The evidence for the effectiveness of such training is inconclusive, although some studies have identified positive long-run effects (including for non-Nordic immigrants in particular). It can therefore be argued that increasing the use of such training could be beneficial. *Work practice* appears to be used more extensively in Denmark and Norway than in Sweden, but there is little support for increasing its use, as the studies conducted in Norway do not report positive employment effects.

Subsidised employment

Subsidised employment is only used to a relatively limited extent in the introduction programmes, especially in Denmark and Norway, and there are far fewer female recipients than male ones. Research from the Nordic countries and elsewhere finds that subsidised private-sector employment is the most effective labour-market programme for promoting regular employment, at least in the short run. However, subsidised *public-sector* employment does not appear to be effective.

As such, greater use of subsidised *private-sector* employment is likely to improve immigrants' labour-market outcomes. This may require, for example, better information for employers, many of

whom appear to be unaware of the existing subsidies. In all of the Nordic countries, it is important to address the gender gap in those who are offered subsidised employment.

Job search assistance

Almost all unemployed receive job search assistance during their unemployment spells. There can be variation not only in the extent of this support, but also the type of provider (public or private). A study of a Danish programme for long-term unemployed welfare recipients has found no effects of intensified *job search assistance* on economic self-sufficiency. By contrast, Swedish studies find that such measures can have positive effects on employment among immigrants, which offers some (weak) support for increasing their use. The existing evidence does not suggest that the *private provision* of employment services is more efficient than public provision.

Conclusions

There is probably no single measure that will speed up labour-market integration among newly arrived refugees and family migrants. However, previous research indicates that subsidised private-sector employment is effective and that there is scope for increasing its use among immigrants. This especially appears to be the case in Denmark and Norway, where this measure is used to a lesser extent than in Sweden. It should also be more frequently offered to women, since a gender gap exists in all three countries. There may also be a need to increase the share of immigrants who participate in adult education, in particular among those with a low level of education. Without additional investment in education, they will probably encounter difficulties in finding employment, in both the short and long run.

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