



<u>Labor Market Participation of Immigrants in the light of Active</u> <u>Labor Market Policies and Labor Market Mobility</u>



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I. Abstract

The underrepresentation of immigrants in employment is regarded as one of the most urgent problems facing European Union countries today. Active Labor Market Policies and Labor Market Mobility policies are used by countries to push employment. However the effectiveness of these policies was never evaluated for the migrants group specifically. Therefore this bachelor thesis will investigate whether Active Labor Market Policies (ALMPs) and Labor Market Mobility Policies (LMMPs) are able to increase employment of immigrants. The central research question is therefore the following: To what extent do Active Labor Market Policies and Labor Market Mobility Policies benefit labor market participation of immigrants? This thesis underlies the assumption that ALMPs as well as LMMPs have the ability to bring people into employment. The focus will thereby not be on the general concepts but on ALMP and LMMP subcategories.

The question is answered by means of a quantitative data analysis, which is based on data published by OECD and the Migration Integration Policy Index (MIPEX). As little research is available on the relationship of ALMPs /LMMPs and employment, the result of this research will be of relevance for national governments as well as EU policy makers as it attempts to widen the knowledge about integration tools and the effectiveness of ALMPs and LMMPs respectively.

The findings of this study are not of statistical significance for which reason we have to conclude that neither Active Labor Market Policies nor Labor Market Mobility Policies benefit labor market participation of immigrants, which points to the need of a reassessment of the usage of these policies in its entirety.

Key words: Employment, Active Labor Market Policy, Labor Market Mobility, Immigrant

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V. List of abbreviations

MIPEX Migration Integration Index

OECD Organization for Economic Cooperation and Development

ALMP Active Labor Market Policy LMMP Labor Market Mobility Policy LMM Labor Market Mobility

EU **European Union**

TFEU Treaty on the functioning of the European Union

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1. Introduction

Since many years, European Union Member States are confronted with increasing numbers of immigrants, making the topic of immigration to one of the most important ones for European policy makers today. Immigrants shape the hosting countries economy as well as its cultural, social and political life and can be of great value for the hosting country. However, the majority of the immigrant population suffers from poor labor market integration, including low labor market participation rates, long times of inactivity and being trapped in low-skilled jobs with low wages (Benton et al., 2014; Kogan, 2006; OECD/European Union, 2014). Statistics show that the average employment rate for immigrants (61%) in the EU is notably lower than the rate for natives (69%)(European Commission, 2014). Thus, the underrepresentation of immigrant in employment is regarded as 'one of the most urgent problems facing European Union countries today' (Kogan, 2006).

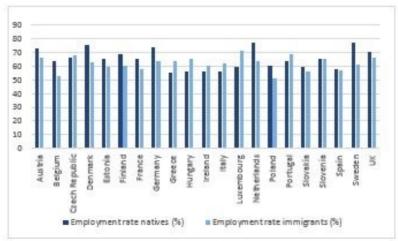


Figure 1: Comparison of employment rates of natives and immigrants in 2007, based on data from OECD

By not efficiently integrating immigrants into the labor market much of the potential of immigrants is wasted. Low employment rates mean high costs for the welfare states and on the individual level unemployment hampers immigrants in many regards as they are not able to fend for themselves. Therefore, the European Union and especially its Member States are in charge of investing in the labor market integration of immigrants. Thereby it is of central interest to figure out which strategy and policies are best suited to reach this goal, as this entails questions about the most cost-efficient allocation of money.

This paper focuses on two types of policies which may promote the integration of immigrants: Active Labor Market Policies (ALMPs) and Labor Market Mobility Policies (LMMPs). Active Labor Market Policies are policies which aim at the active (re)integration of unemployed people into the labor market, amongst others through the tools of e.g. trainings, direct job creation schemes or placement services. Labor Market Mobility policies are policies specifically designed for immigrants, which regulate the extent to which immigrants have access to the labor market and labor market support schemes provided by the government of the hosting country.

ALMPs and LMMPs are both intended to facilitate labor market integration of both immigrants and natives and theoretically are able to increase employment.

However, although the proportion of GDP invested in ALMPs overall increased and countries intensively work on the development and enhancement of LMMPs, 'massive cross national differences persist' (Bonoli, 2010). Moreover the effectiveness of ALMPs for the native population

was questioned in scientific literature, as ALMPs effectiveness is said to be limited to specific groups only.

Likewise countries are also criticized for granting immigrants a high degree of labor market mobility in some areas of the economic system, but restricting them from other sectors.

With the background of this criticism on ALMPs and LMMPs it is of great interest to investigate if these policies are actually useful to improve employment prospects for immigrants. As there is little research available, this paper will specifically look at labor market integration of immigrants in the light of Active Labor Market Policies and Labor Market Mobility Policies in 21 EU Member States. Therefore the main research question asked is:

To what extent do Active Labor Market Policies and Labor Market Mobility Policies benefit labor market participation of immigrants?

In order to answer this question the paper is structured as follows. The paper starts out with the presentation of some background knowledge about immigration in the European Union. Section two will then set out and discuss the theoretical framework and will lay down the benefits of ALMPs and LMMPs for migrants. In the following section, I will expose the research design, case selection method and operationalization of the variables. The results of this study are then presented in section four and the paper will end with a discussion of the results, a conclusion and implications for further research (section five).

1.1 Research question(s)

As can be seen in Figure 1, the gap between the native employment rates and immigrant employment rates ranges from -20% in Poland to +15% in Ireland in 2007. In 2010, the gap had narrowed but still there was a gap of +9% in Greece to -16% in Sweden. Interestingly at this point is also the differences found comparing EU countries with each other. So questionable is why there are these differences in labor market participation outcomes.

Therefore this paper investigates whether there is a relationship between these variations and the countries commitment to Active Labor Market Policies and Labor Market Mobility Policies.

Therefore the main explanatory research questions is as follows:

To what extent do Active Labor Market Policies and Labor Market Mobility Policies benefit labor market participation of immigrants?

To answer this question the investigation on which types of ALMPs are being used in the sample countries and to what extent immigrants enjoy freedom of mobility on the labor market in 2007 and 2010 is of great interest. To simplify the main research question I included two questions dealing with each policies influence on the employment rate of immigrants.

Therefore I will answer the four following questions in one chapter each:

- Q1: Which Active Labor Market Policies did countries in the European Union use in the years 2007 and 2010?
- Q2: To what extent do active labor market mobility policies benefit labor market participation of immigrants?

Q3: Which Labor Market Mobility Policies did countries in the European Union use in the years 2007 and 2010?

Q4: To what extent do Labor Market Mobility Policies benefit labor market participation of immigrants?

1.2 Background: Migration in the European Union

The overall good economic, legal and social performance is the reason why the 'European countries have increasingly become a destination for immigrants from all over the world' (Kogan, 2006) and in general immigration 'has been on the rise especially in Western Europe' since the 1960s (Kahanec & Zimmermann, 2010). Now Europe even 'matches North America in its significance as a region of immigration' (Boswell, 2005), as net immigration in Europe nearly equals the one of the US. Immigration to Europe started in mainly in the 19th century and especially countries that had many colonies, like Belgium, France and the UK, recorded the biggest number of immigrants in this time. After the end of the Second World War also the middle-European countries, like Germany and Austria, became important countries of immigration, which introduced us to a new model of immigration, called the 'Guest Worker Model' (Chin, 2007). As Germany and Austria suffered extreme labor shortage after WWII they invited people from other countries as guest workers in order to rebuild the countries. Actually these guest workers were invited only for a limited time period, but many of them stayed, leading to immigration because of family reunification reasons. Southern countries (Spain, Italy, Portugal and Greece) gained importance concerning immigration in the 1980s, but they served mainly as transit countries during this time. Since then the countries lying at the southern borders of the European Union (Spain and Italy) changed from transit countries to the ones experiencing the highest number of migrant inflows, which can be explained mainly by their favorable geographical position (near to Africa). Therefore compared to e.g. France and Germany, which look back at a long history of immigration, Spain and Italy 'just recently transformed from a sending [and transition] to a receiving country' (Helmes, Waechter & Leunig, 2010).

A second important date in European history, which changed the mode of immigration in Europe, was the fall of the Iron curtain in 1989. Many people coming from the eastern European countries moved westwards, which made them sending or transit countries. After the 2004 and 2007 enlargements many of these countries became member of the European Union which not only 'completed a geopolitical shift in post-1989 Europe' (Favell, 2008), but also slowly transformed them into receiving countries. Nevertheless, we still see more emigration than immigration in these countries. Of the about 502 Million inhabitants within the European Union 6,6% are immigrants, whereof 2,5% are immigrants coming from another EU member state and 4,1% fall upon 3rd country nationals (Eurostat, 2015). Looking at country specific data we see, that in all Member states except Estonia, Ireland, Luxembourg, Hungary and Slovakia, the majority of the foreign population is made up of non-EU citizens. Surprisingly the proportion of the foreign population in the EU member states differs greatly, as Slovakia's population is made up only by 1,3% by immigrants, whereas in Luxembourg nearly half of the population are immigrants (Eurostat, 2015).

As immigration and the effective integration of immigrants 'presents a major challenge for the European Union' (Zamfir, Mocanu, Maer-Matei & Lungu, 2014), 'migration has been one of the priorities of the EU in the last decades and will become even more throughout the 21st century'

(Helmes et al., 2010). It is predicted that 'Europe's importance as a region of destination will increase' (Boswell, 2005). Although performing quite well in general, the European nations face a 'demographic change and future changes in labor demand and skills (OECD/European Union, 2014). The 'working age population (15-64) is projected to decline by 2,2% between 2013 and 2020' (OECD/European Union, 2014). The importance of the EU as a country of immigration therefore will increase even more in the following years, as EU member states more and more invite migrants to Europe to counter fight labor, and skill shortages.

Until the end of the 1990s the power of decision on migration issues was solely in the hands of the member states itself and intergovernmental decision-making processes were dominant. Cooperation concerning migration is seeded in the first Schengen Agreement (1985), which set aside border controls between the member states that signed the Agreement. Since then 'Immigration has become a highly controversial topic' (Koopmans, 2010) and is also a very important topic currently on the agenda of European policy makers. The increasing pressure of migration towards the European Union and the current sea accidents, where hundreds of migrants died on the Mediterranean Sea on their way to Europe, demand a lot of attention and especially more cooperation between the EU member states concerning a common immigration policy for the EU. As Federica Mogherini, being the High Representative of the EU for Foreign Affairs and Security Policy, said on a conference in New York in the beginning of 2015, 'What we need today is shared solidarity, long term vision and immediate action, in full partnership at regional and global level' (Mogherini, 2015). But as immigration is a very complex topic and 'prompts questions of a political, economic, social, cultural and ethical nature' (Helmes et al., 2010), there are many different opinions among EU politicians, which makes it difficult to reach consensus and develop an effective common policy. Especially the Southern European countries favor more cooperation with other EU member states and a more even distribution of the financial costs connected to the admission of immigrants.

1.3 Social and Scientific Relevance

Article 10 of the Treaty on the functioning of the European Union says that 'in defining and implementing its policies and activities, the Union shall aim to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation (TFEU, Article 10). Nondiscrimination is one of the basic principles of the European Union, which should also be applied by its member states. However, we find discrimination against immigrants in many areas and especially on the labor market. Policies restricting immigrants Labor Market Mobility by excluding them from work in some sectors or by not recognizing skills and qualifications, are problems of discrimination that need to be tackled and solved by the responsible governments. Policies able to minimize discrimination on the labor market and facilitating integration of immigrants, such as ALMPs and LMMPs, should thus be of central interest for governments and should be evaluated with carefulness. Discrimination, low levels of integration and having no job furthermore entail different kind of problems that need to be prevented.

Nannestad (2004) found that due to their unfavorable economic position, immigrants are more likely of being dependent on welfare state benefits and therefore use statistically social welfare more often than natives. Thereby immigrants 'become a financial liability on the welfare state' (Nannestad, 2004), which needs to be prevented to maintain sustainability and efficiency. The welfare state was moreover criticized to weaken 'economic incentives for labor market participation, especially for

low-skilled, low-paid individuals' (Nannestad, 2004). Low-paid jobs typically do not pay wages sufficient to cover monthly expenses, therefore workers in these jobs may decide to live on costs of the welfare state instead of working. The immigrant population suffering from underrepresentation in employment and overrepresentation in low-paid jobs is therefore vulnerable to live on welfare state benefits. Additionally living on benefits weakens 'immigrant's incentive to invest in acquiring the necessary preconditions for labor market participation' (Nannestad, 2004), such as language skills, which then results in a low integration process. ALMPs, if carried out effectively, are able to obviate and solve these problems. Time limits of recipiency and benefit reductions in case of nonsatisfying job search behavior of immigrants, encourages people already living on benefit to keep on searching for jobs. Support in terms of placement services, job searching programs, counselling or trainings however try to integrate immigrants into the labor market once they entered the labor market and prevent them from claiming welfare benefits.

Other researcher found that unemployed immigrants are more likely to commit crimes than unemployed non-immigrants, which might be explained by 'more severe and more persistent economic circumstances' of the immigrant and their expectation to be unemployed in the future as well (Aoki & Todo, 2006). In means of crime prevention it is hence worth studying policies being able to ease the situation and improve the economic situation of immigrants.

It is highly important to evaluate ALMPs and LMMPs in regard to the extent to which they are able to increase employment of immigrants, as this could be a part of the solution to minimize discrimination against them, to prevent them from getting dependent on welfare benefits or committing crimes, to lower the pressure on the welfare state and to give migrants in general a better start. To tie to the economic aspects, evaluations on policy effectiveness are highly important for the governments, as they are otherwise not able to allocate financial resources in the most cost efficient way. If a policy is not working out as it was supposed to do or if it only works out for specific groups of the population, than a reassessment and reorganization of these policies is highly recommended in order to save money from being wasted and to improve the functioning of the state.

In regards to the scientific relevance of this study I would like to stress that an extensive body of literature is available on the effectiveness of ALMPs for natives, but very little research specifically look at ALMP's effectiveness for the migrant population or on the role of Labor Market Mobility policies in this regard. The effectiveness of ALMPs for natives was evaluated in very different contexts and thus resulted in diverse outcomes and conclusions.

Whereas some researcher evaluated training programs as 'the most effective ALMP approach to bring down unemployment' (Boone & van Ours, 2004), which reveal significant positive effects as to regular employment six month after participation, others came to the conclusion that training programs did not 'enhance employment probabilities of participants' (Calmfors, Forslund & Hemström, 2002), 'show [only] modestly positive effects (Kluve, 2010) or in the long term perspective have a significant negative effect. Results for employment assistance measures are also very different, as 'subsidized employment seems to cause displacement of regular employment' (Calmfors, Forslund & Hemström, 2002), but can, regarding to Kluve (2010) still be 'effective in increasing participants employment probability'. Even if effective, researchers have difficulties to say 'if job search assistance is more effective by itself or when offered in conjunction with other interventions' (Fay, 1996) and what longer-term impacts can be expected. For direct job creation schemes (occupation approach) research are relatively clear that 'direct employment programs in the public sectors frequently appear detrimental' (Kluve, 2010), providing least long-term benefits and

are 'a last resort option for individuals who face significant barriers to labor market entry' (Fay, 1996).

From the findings described above we can see that several puzzles remain with regard to ALMPs effectiveness. Furthermore little research is available investigating immigrant's benefits from ALMPs and LMMPs. Therefore the question remains, if and to what extent these policies can help to foster labor market participation of immigrants. The following study attempts to widen the knowledge about ALMPS and Labor Market Mobility and furthermore will contribute and expand the scientific discussion.

2. Theoretical framework

This second part of the paper will construct the theoretical foundation on which the whole following thesis is based, by clarifying the three concepts that will be used most often in the following chapters, namely Immigrant, Active Labor Market Policy and Labor Market Mobility. Additionally the inherent positive and negative implications of Active Labor Market Policies and Labor Market Mobility for immigrants are added. The chapter will finish with the formulation of three theory based hypotheses.

2.1 Definition of 'Immigrant'

The definition of the term 'Immigrant' is a complicated undertaking, as many different approaches exist. A general definition by UNESCO specifies immigrants as 'any person who lives temporarily or permanently in a country where he or she was not born' (UNESCO, 2015). As this is a rather wide description of the concept, they added the condition that an immigrant is someone that has taken the decision to immigrate freely 'for reasons of personal convenience and without intervention of an external compelling factor' (UNESCO, 2015). Therefore refugees, asylum seekers, displaced or others forced or compelled to leave their homes, are not included in the definition of the immigrant. OECD furthermore makes a distinction between long-term immigrants and short-term immigrants and between residents returning or leaving for a period working abroad (OECD, 2015).

2.2 Active Labor Market Policies

Labor market policies commonly aim at preventing and reducing unemployment (particularly longterm unemployment), maintaining a high level of employment, increasing the employability of disadvantaged groups and giving them equal opportunities on the labor market and promoting prosperity (Biehl, 2012). Labor market policies can be subdivided into two separate groups, namely passive measures and active measure. Whereas the passive approach primarily deals with the compensation of loss of income, through e.g. 'unemployment benefits and early retirement pensions' (Martin & Grubb, 2001; Biehl, 2012), Active Labor Market Policies are difficult to specify, as they go beyond basic compensation payments but rather try to solve problems jeopardizing employment entry at its roots. According to OECD, there is 'no common definition of activation, however, core objectives are to bring more people into the effective labor force, to counteract the potentially negative effects of unemployment and related benefits on work incentives by enforcing their conditionality on active job search and participation in measures to improve employability and to manage employment services and other labor market measures so that they effectively promote and assist the return to work' (OECD, 2013c). So in general Active Labor Market Policies try to keep people away from being unemployed and being dependent on unemployment benefits by actively working on their re-integration.

Over the years different active approaches to get people back into work were developed. Within scientific literature many researchers (Boeri & Van Ours, 2013; Bonoli, 2010; Kluve, 2006) came up with a description of various approaches of Active Labor Market Policies and although these types were labeled or named very differently across academics, four main types crystallized throughout the literature. In the following I will therefore focus on this four types, which were best described by Bonoli in 2010. He came up with a typology of four ideal-types of ALMPs (see Table 1 below).

investment

Objective Tools Type Incentive Strengthen positive and negative Tax credits, in work benefits reinforcement work incentives for people on benefit time limits on recipiency benefit reductions - benefit conditionality sanctions Employment Remove obstacle to employment and - placement services assistance facilitate (re-)entry into the labour job subsidies market counselling - job search programmes Occupation Keep jobless people occupied; limit - job creation schemes in the human capital depletion during public sector unemployment. - non employment-related training programmes Improve the chances of finding - basic education Human capital

employment by upskilling jobless

people

Table 1: Four ideal types of Active Labor Market Policies, based on Bonoli (2010)

Countries using the <u>incentive reinforcement</u> approach try to strengthen positive and negative work incentives for people currently living on benefit, by tax credits, time limits of recipiency, benefit reduction and conditionality and also sanctions (Bonoli, 2010). Benefit sanctions or reductions can be found in every system and 'are imposed [...] if the monitored job search behavior of an unemployed is not sufficient or if he refuses an acceptable job offer' (Kluve, 2006). All these measures are 'aimed at enhancing job search efficiency' (Kluve, 2006).

vocational training

The <u>employment assistance</u> approach, called e.g. private sector incentive programs by Kluve and public employment services and administration by John Martin (Kluve, 2006; Martin & Grubb, 2001), works through the tools of placement services, counselling, job or wage subsidies, job searching programs and vocational guidance and thereby removes obstacles to employment and facilitates the (re-)entry into the labor market (Bonoli, 2010; Martin & Grubb, 2001). Generally there are public as well as private service providers, but public ones are more frequent and more important, as their main target group are unprivileged people, whereas private services focus especially on skilled people and white collar workers (Kluve, 2006). A positive point about this type of ALMP is its great cost efficiency, as it is the least expensive approach but at the same time 'can be an effective means to reduce unemployment' (Kluve, 2006).

Martin (1998) evaluated ALMP programs based on their effectiveness and came to the conclusion that job search assistance indeed is helpful for most unemployed people, but especially for women and sole parents. Furthermore job and wage subsidies that are mainly focused on long-term unemployed and the most disadvantaged people on the labor market (Bonoli, 2010; Kluve, 2006) were found to be effective as well. Through the tool of subsidies employers are encouraged to hire new or to maintain 'jobs that would otherwise be broken up' (Bonoli, 2010).

The third group of Bonoli's typology is the one called <u>occupation</u>, labeled as direct employment programs by Kluve and subsidized employment by Martin, which is targeted at 'particular groups of

workers or potential workers who suffer from relatively high rates of unemployment and underemployment even during times of relatively full employment (Palmer, 1978), therefore this approach aims at 'reducing the overall unemployment in a way that will have a smaller inflationary impact than will conventional macroeconomic policies' (Palmer, 1978).

The government tries to limit human capital depletion during unemployment by giving unemployed people something to do, which does not necessarily need to be connected with their proficiency, but preserves the contact with the labor market. This is done by direct job creation schemes in the public sector or non-job related training programs. According to OECD, direct job creation is 'temporary work and, in some cases, regular jobs in the public sector or in non-profit organizations, offered to unemployed people' (OECD, 2001). These jobs are rather artificially created by the government instead of being created due to an economic upturn, thus Martin (1998) criticized and classified this measure as providing few long-run benefits. Moreover his evaluations indicated no effectiveness for most adult and youth unemployed people.

Finally, countries falling in the last category human capital investment use governmental money to invest it in human capital, meaning the upskilling of unemployed people. Thereby a distinction needs to be made between unemployed participants that receive a rather general education such as language courses or basic computer courses (typically immigrants) and employed participants that already have some kind of education and skills (Kluve, 2006), but which want to or need to obtain more skills in order to match labor market needs or to increase their monthly earnings (Martin & Grubb, 2001). Thereby overall productivity, employability and competitiveness of the participant is enhanced (Kluve, 2006), which increases the chance of finding a new job (Bonoli, 2010). Following Martin (1998) training programs have therefore a 'strong labor market relevance' and 'signal high quality to employers'.

Training programs represent the classical measure of Active Labor Market Policies and they are considered, compared to employment assistance measures, to be the most expensive ones. Therefore looking at expenditure data, states usually spend most for this type of ALMP (Kluve, 2006).

Next to developing these ideal types, Bonoli investigated the changes in the type of ALMPs used over time. He discovered that the ALMP type occupation was used mostly in times of mass unemployment, whereas the human capital investment approach was more popular in times of labor shortage. Lastly it is more likely that a country will use the employment assistance approach, when there is an oversupply of low-skilled work. Although these findings give us some information on the timeframe when certain types of ALMPs are more likely of being used, it is not possible or feasible to carry out a strict grouping of countries based on type of ALMP, as 'national programs frequently combine two or more of these categories' (Kluve, 2006). However some researchers made an attempt to group countries based on their handling of Active Labor Market Policies. Dean (2007) took a closer look at the setup of welfare-to-work regimes and differentiated countries on the basis of being egalitarian (countries believing in the equality of all people in economic, social and political life) or authoritarian (obeying to rules of government highest priority) and competitive or inclusive. Denmark and the Netherlands were said to be a combination of egalitarian and competitive and would therefore most likely promote the 'human capital investment' approach. Egalitarian and inclusive countries, like the Nordic countries, are defined by Dean as being focused on 'active job creation' and therefore the ALMP type of occupation (Dean, 2007). Bonoli (2010) follows a similar idea, but focuses on 'the extent to which different approaches exhibit a pro-market orientation, and the extent to which regimes invest in human capital' (Berry, 2014; Bonoli, 2010; Bonoli & Mouline,

2012). He stresses that strong market orientation and high investment means being focused on 'upskilling' (human capital investment), whereas countries with weak market orientation and low investment rather put an emphasis on 'occupation' (Berry, 2014). Nevertheless Bonoli agreed with Kluve (2006) that a grouping of countries is not possible or feasible as countries mostly work with a combination of the types of ALMP's.

2.2.1 Immigrants and Natives benefits from ALMPs

Unemployed immigrants are very different compared to the average native unemployed in terms of their characteristics and the treatment and support they deserve. Immigrants have several disadvantages as they typically do not speak the language of the host country, are not socially, economically, politically or culturally integrated and do not have any orientation on the labor market, as the host countries system might work completely different than the immigrant is used to.

Moreover the immigrants' right to stay in one of the EU Member States is often conditioned by the fulfillment of certain conditions. At this point a differentiation between EU-migrants and Non-EUmigrants is necessary. EU citizens moving to another EU Member State are allowed to search work and stay in the host country for this purpose for up to six month. In case the immigrant did not find employment and the period of six month has expired, national authorities will assess the right to stay and will check if the migrant is actively looking for a job and has good chances of finding one. Even if the migrant already worked in the host country the right to stay depends on the time period the employment lasted and the type of contract. For Non-EU Migrants conditions are even more though and often the right of residence is dependent on being employed. Although the European Union set some general guidelines for the integration of Non-EU migrants, the exposure to non-EU migrants is regulated by national law.

Moreover, if a native person gets unemployed the loss of income will be covered by the state's welfare system in form of different kind of benefits (e.g. unemployment benefits, housing benefits etc.). Migrants, however, ones they get unemployed do not have access to the same range of benefits and are thus more vulnerable when losing employment. Getting into employment as soon as possible is therefore of great importance for migrants.

Active Labor Market Policies and a high degree of Labor Market Mobility have the ability to facilitate the migrant's entry to work and are thus of great significance in the field of labor market integration of migrants.

Measures falling into the ALMP approach 'employment assistance' can be of great value for migrants, as it provides them with a central contact point where they can inform themselves about all labor market connected circumstances and the legal framework. Furthermore they can search for job vacancies. Especially job and wage subsidies are presumed to have a very positive effect. Employers might be concerned about the migrant's qualifications and productivity and thus are reluctant to employ migrants. Governmental wage subsidies may ease employers doubt and give them an incentive to hire migrants. While working in subsidized jobs the migrant can show his qualifications, may even improve skills, get in contact with natives and thereby can improve his linguistic proficiency. Taking into account the problem of non-recognition of qualifications and diplomas, low levels of language skills and high costs for labor market trainings, job and wage subsidies have the potential to solve part of these problems as well.

The occupation approach with its direct job creation measures was in general regarded as not being sustainable and effective for the native unemployed. However, I assume that direct job creation schemes can have positive effects for immigrants similar to the ones described above for job and wage subsidies. Migrants have the chance to enter into employment quite easily and can profit from knowledge gained and experiences made during employment providing a good basis for further integration. Nevertheless these kind of jobs are characterized by terminability and low wages, which might lead to a frequent changing of jobs for immigrants and the dependence on other sources of capital. Compared to this, subsidized jobs potentially lead to more independence of the immigrant.

Lastly, training programs can be as well of great value for migrants. As the majority of immigrants coming to the European Union have low levels of education, training programs giving them basic education and the possibility to learn the language can be an effective tool to prepare them for the labor market of the hosting country, as it increases labor productivity and competitiveness. Especially language courses account for a large part of training programs for migrants, as language proficiency is a key condition for integration.

Taking into account that the right of residence is often assessed on basis of the employment situation and the fact that migrants do not have the same rights to benefits as natives, migrants might be more short-term oriented. Therefore I suggest that although job and wage subsidies as well as direct job creation schemes are a rather short-term approach focusing on contemporary employment, whereas training programs follow a long-term perspective aiming at sustainability and getting unemployed people on a continuing basis into employment, they are potentially the best suited approaches to increase employment of migrants and to foster their labor market integration.

In line with the theoretical framework and suggestions made about the benefits of ALMPs for migrants I hypothesize the following:

- H1: In European Union countries spending more on Active Labor Market Policies immigrants' employment rates are higher compared to European countries spending less on Active Labor Market Policies.
- **H2**: The ALMP approaches Employment assistance and Occupation are to a greater extent able to increase employment of migrants than the Human capital investment approach.

2.3 Labor Market Mobility Policies

Labor Market Mobility generally is about the degree to which 'workers are able to move around within an economy and between different economies' (Radcliffe, 2014).

A high degree of Labor Market Mobility brings some important economic benefits not only for the individual itself, but also for the overall economy. 'Those whose skills or aspirations are a poor match for the job or location in which they find themselves' (Long & Ferrie, 2006) can raise their standard of living by moving to different locations where their skills match more with labor market needs and are therefore of higher value. Furthermore a 'high degree of Labor Market Mobility is desirable to help employment adjust favorably to changing demand conditions' (Heinz & Ward-Warmedinger, 2006). For the overall economy a 'reallocation of workers across regions permits the exploitation of complementary resources, as they are discovered in new places' and furthermore the 'reallocation

across sectors makes possible the use of new technologies and the growth of new industries' (Long & Ferrie, 2006).

The concept of Labor Market Mobility includes two dimensions, which are geographical and occupational mobility (Radcliffe, 2014). The former one commonly means the ability of workers to work in another country, so to move across borders without restrictions. Furthermore it can be divided in some subcategories which make a difference between short distance moves and long distance moves and between voluntary migration and coerced migration. Occupational mobility refers to the capability to change jobs. Lateral occupational mobility in this regard means changing jobs 'within a broad class of jobs similar in socioeconomic status', whereas vertical occupational mobility means the transition from one job to a better or worse one, so from a low-skilled job into a middle,-or high-skilled job and vis versa (Long & Ferrie, 2006).

The four freedoms, including the free movement of people and labor, is one of the key guiding principles of the European Union and nearly fully guarantees geographical Labor Market Mobility for EU citizens within European Union borders and between its member states. Enshrined in Art. 45 TFEU, EU citizens are entitled to: 'look for a job in another EU country, work there without needing a work permit, reside there for that purpose, stay there even after the employment has finished and enjoy equal treatment with nationals in access to employment, working conditions and all other social and tax advantages' (European Union, 2012). These freedoms in general terms also apply to countries being member of the European Economic area, namely Iceland, Liechtenstein and Norway.

Although the freedom of movement of people and labor exists, immigrants, especially those from the new EU member states of the 2004 and 2007 enlargement, suffered from limited geographical mobility due to transitional periods of labor market access restrictions of the old EU member states (Kahanec & Zimmermann, 2010). The other member states were allowed to restrict access of workers from the EU8 and EU2 countries for up to seven years. Boeri and Brücker (2005) identified four different types of transitional regimes that have been implemented in the EU. Some countries blocked access completely (restrictive), others blocked access but allowed for a quota of migrants (quota), some allowed entrance under the condition of the fulfillment of certain requirements (requirement) and some did not block the access of migrants from EU8 and EU2 countries at all (free) (Boeri & Van Ours, 2013). This transitional periods of limited Labor Market Mobility led again to the problem that 'EU8 migrants overwhelmingly work in low-paid low-skilled jobs' (Drinkwater et al., 2009). Although these restrictions on geographical mobility seem to have been a big deal within the European Union and especially for citizens of the new member states that wanted to migrate to another country, it plays no significant role within this study. There are two reasons for this. Due to the fact, that 13 of the today 28 member states just recently joined the European Union (2004, 2007 and 2013 enlargements), some data availability problems occurred and some countries had to be excluded from the sample. As the majority of the countries, where restrictions were put on, are excluded from the sample, the importance of geographical mobility restrictions are minimized. The second reason is that the policy situation of each country as such is investigated and compared with the other countries' and not cross-border policies that only restrict the access for some countries citizens. Nevertheless it is important to keep these restrictions in mind, as they might help explain outcomes in section five

2.3.1 Immigrants benefits from Labor Market Mobility

In advance it needs to be mentioned that Labor Market Mobility is fully ensured and guaranteed for the native population, therefore Labor Market Mobility Policies only refer to migrants.

As described in previous sections, European Union countries face a demographic change which will cause severe labor,-and skill-shortages and the need to rethink the current handling of the migration topic. A high degree of Labor Market Mobility is crucial for the accomplishment of the demographic challenge. Countries suffering from shortages can gain from immigrants, as they can be used to fill up the gaps. Immigrants often leave their country due to unfavorable labor market conditions and the fact of being unable to find work, thus, moving to a country with labor shortages offers a great chance to find employment. With no Labor Market Mobility restrictions the immigrant could go where his skills are needed urgently and are of greatest value. By going abroad the immigrant can furthermore gain international work experience which can be a great benefit for future jobs, as well as for the home country if the migrant decides to go back some day.

Especially the improvement of Labor Market Mobility in terms of recognition of qualifications and skills is of great importance for the hosting country as well as for the migrant. As already described, immigrants are overrepresented in low-skilled jobs and are often overqualified for these job. More access to general and targeted support schemes (e.g. state facilitation of recognition of skills and qualifications and national guidelines on fair procedure, timelines and fees for assessment of skills) could prevent migrants from being trapped in low-skilled work, facilitate job entry and generally gives migrants better employment prospects on the labor market.

Based on the theory and these findings and next to the two hypothesis for ALMPs, I developed an additional hypothesis, which is the following:

H3: In European Union countries granting immigrants a higher degree of Labor Market Mobility the employment rate is higher compared to EU countries granting less Labor Market Mobility to immigrants.

3. Research Methodology

This chapter includes a section on the research design which will describe the statistical methods used to answer the research questions. Furthermore a section on how the sample cases were chosen, the data for the measurement collected and the three main concepts operationalized is included. Finally the chapter will end with a section clarifying limitation problems that manipulate cross-national comparisons of labor market participation outcomes.

3.1 Research Design

'The function of a research design is to ensure that the evidence obtained enables us to answer the initial question as unambiguously as possible' (de Vaus, 2001).

The central question of this paper will be answered by means of a quantitative data analysis. According to Babbie (2007), quantitative data analysis refers to the 'numerical examination and interpretation of observations, for the purpose of discovering underlying meanings and patterns of relationships' (Babbie, 2007, p. G9). Quantitative research in general aims at explanation of a phenomenon, in this study cross-national variations in employment rates of immigrants. The research design used in this paper can best be described as a cross-country non-experimental one that is based on correlation statistics. Although two different points in time (2007 and 2010) will be examined within the framework of this study, I will not carry out a longitudinal approach. The units of analysis are countries and thus the main interest corresponds to cross-national differences and not changes over time. Two years were included to enlarge the sample size and thereby to make the study more reliable. However, the changes of 2007 and 2010 make it possible to grasp arguments in regard to the timespan policies need to become effective.

According to Babbie (2007), correlation is 'an empirical relationship between two variables such that (1) changes in one are associated with changes in the other or (2) particular attributes of one variable are associated with particular attributes of the other'. Furthermore he states that 'correlation in and of itself does not constitute a causal relationship between the two variables, but it is one criterion of causality' (Babbie, 2007, p.95). Generally speaking, correlation research aims to determine 'whether, and to what degree, a relationship exists between two or more quantifiable variables' (Gay & Airasian, 2000). Within this paper the aim is the clarification of the extent to which Active Labor Market Policies and Labor Market Mobility Policies are able to increase employment of immigrants. Thus, correlation designs are the best suitable research design in this context as it gives the possibility to conduct a convincing and informative research.

However, as with all research designs, non-experimental correlation designs bring about certain weak points. In non-experimental methods the manipulation of the independent variables, random assignment of participants and the control group is missing (Gay & Airasian, 2000), which makes this type of research design less reliable and representative compared to experiments. Nevertheless the sample of countries used is representative with regard to the presence of Member States with different degrees of economic development, different amounts spent for ALMPs and different degrees of Labor Market Mobility granted to immigrants. Next to reliability problems an 'omnipresent problem in non-experimental research is that an observed relationship between an independent variable and a dependent variable may be partially or fully spurious' (Davis, 1985, Johnson, 2001), meaning that additional variables influencing the relationship are omitted (Leightner

& Inoue, 2012). If an unemployed immigrant gets into employment is potentially influenced by an infinite number of factors, which are hardly measurable at once. Individual characteristics of immigrants such as sex, race or the level of education may influence the employment perspective of the individual, however, in this study the focus will be on country level only, implying the exclusion of individual level characteristics.

Before analyzing the extent to which ALMPs and LMMPs and their corresponding subcategories benefit labor market participation of migrants, a systematic examination of the policy situation within EU member states will be provided in order to set the framework for further analysis. It will be examined which of the four ALMP ideal types and which Labor Market Mobility Policies are being used by the sample countries.

Following the evaluation of the policy situation, the interest will then be to find out if these policies can exert a significant influence on the employment rate of immigrants. This will be done by means of correlation analyses.

As I have access to data on each variables subcategories, it is of supplementary interest to investigate each subcategories influence on employment. This 'approach can help to understand how different types of [...] programs contribute to the attainment of particular welfare state goals' (Castles, 2008), if some programs are more suitable and if the governments allocate the available money wisely. Breaking down each concept into subcategories and analyzing them separately furthermore enables us to paint a more differentiated picture' (Castles, 2008).

3.2 Data collection method and case selection

The two main data sources used in this paper are on the one hand secondary data from the Migration Integration Index (MIPEX) providing data on Labor Market Mobility and on the other hand OECD datasets supplying data on labor market participation and Active Labor Market Policies. MIPEX describes a country index and the corresponding study, which assesses integration policies for migrants in all EU Member States and three other countries on basis of predefined criteria. MIPEX serves as a useful tool to 'evaluate and compare what governments are doing to promote integration of migrants'. OECD is the Organization for Economic Cooperation and Development which 'provides a forum in which governments can work together to share experiences and seek solutions to common problems'(OECD, 2015a). Furthermore OECD 'analyses and compares data to predict future change' (OECD, 2015a).

During the data gathering process some data limitations occurred in both data sets. Since seven countries just recently joined the European Union (2004/2007/2013 enlargements) there are several data shortfalls for this countries. No data was available for the spending's on ALMPs and the employment rate of immigrants. Therefore data can only be retrieved for 21 of the 28 EU member states, which are:

Austria	Germany	Poland
Belgium	Greece	Portugal
Czech Republic	Hungary	Slovakia
Denmark	Ireland	Slovenia
stonia	Italy	Spain
inland	Luxembourg	Sweden
rance	The Netherlands	UK

Figure 2: EU Member States being included in the sample

This means that Bulgaria, Cyprus, Croatia, Latvia, Lithuania, Malta and Romania are excluded from the sample of this study. The remaining sample of 21 member states displays a representative sample, as it comprises not only many countries from different entry years, but also countries of different economic development.

Additionally data on Labor Market Mobility can only be retrieved for 2007 and 2010, therefore a comparison is limited to these years only.

3.3 Operationalization of the dependent and independent variables

The research question consists of three variables/concepts: labor market participation, Active Labor Market Policies and Labor Market Mobility policies. For each concept it is important to report on the dimensions, indicators and measurement method. This will be done in the following section (for an overview see Table 2).

3.3.1 Labor market participation

Employment will serve as dimension of the concept of labor market participation, thus the corresponding indicator is the employment rate of immigrants in each country of the sample, which will be retrieved from OECD databases. Following the OECD definition, the 'foreign-born employment rate is calculated as the share of employed foreign-born persons aged 15-64 in the total foreign-born population (active and inactive persons) of the same age' (OECD, 2013a). 'Employed people are those who worked at least one hour or who had a job but were absent from work during the reference week (OECD, 2013a).

3.3.2 Active Labor Market Policies

The dimensions for Active Labor Market Policies are described in the article of Bonoli (2010), who defined four ideal types of Active Labor Market Policies, namely: Incentive reinforcement, employment assistance, occupation and human capital investment. OECD subdivided Active Labor Market Policies among others into several subprograms, such as direct job creation, placement and related services, start-up incentives, job rotation and job sharing.

More than one of the subprograms could have been used as indicator of the four dimensions, but I decided to use the one that fits best for each dimension. Following this the subprogram 'placement and related services' serves as the indicator for the dimension of employment assistance. For occupation the subprogram 'direct job creation' will be used and for human capital investment the focus is on the expenditure data for 'training' (OECD, 2013b). According to Bonoli (2010), elements of the incentive reinforcement approach exist in all countries, therefore there is no appropriate ALMP subprogram within the OECD database, which could serve for clarification. Due to data availability problems here, I will focus my research on the three previously mentioned dimensions only. For the measurement of these subprograms yearly public expenditure data will be used, meaning the overall amount of money spent on these programs expressed as percentage of GDP. Castles (2009) said that the usage of aggregate 'expenditure is not enough' in measuring what welfare states do, as we then would assume 'that all spending counts equally' (Esping-Andersen, 1990; Bonoli & Natali, 2012). Therefore I will disaggregate the expenditure data 'to such a level that we can ask meaningful questions about the consequences of spending on particular types' (Castles, 2009). This means that I am less interested in the influence of the total expenditure on ALMPs but much more on how countries allocated the money towards the subprograms. Therefore the proportion of total ALMP expenditure spent for each ALMP type will be calculated.

3.3.3 Labor Market Mobility Policies

For the measurement of the second independent variable I will look into the Migration Integration Policy Index (MIPEX), which measures the degree of Labor Market Mobility for migrants by assessing integration policies, as they want to create a 'multi-dimensional picture of migrants' opportunities to participate in society by assessing governments' commitment to integration' (MIPEX, 2015). This assessment is done by measuring different policies and whether or not they can be found in the specific country. Through this tool of measurement MIPEX 'reveals whether all residents are guaranteed equal rights, responsibilities and opportunities' (MIPEX, 2015). MIPEX in total conducts research on 7 policy areas and one of it is Labor Market Mobility for immigrants, which is further subdivided into data on: labor market access policies, access to general support policies, access to targeted support policies and workers' rights (MIPEX, 2015). These four subcategories will serve as indicators of the concept. Although not clearly stated, these subcategories indirectly measure the two dimensions of Labor Market Mobility, namely geographical and occupational Labor Market Mobility. Labor market access policies would fall into the geographical mobility category, as it deals with whether or not immigrants in general are allowed to enter the labor market of another country (private sector, public sector or self-employment). The remaining three subcategories access to general support, access to targeted support and workers' rights belong into the occupational mobility dimension, as they deal e.g. with the equality of access to education and vocational training, recognition of academic and professional qualifications obtained outside the EU or the equal access to social security. For an overview on how MIPEX measured each subcategory please have a look at the Appendix (see Appendix Table 5).

Dependent on how good the countries perform in the policy area, MIPEX assigns a score to each country, ranging from 0 (worst) to 100 (best). Thus, the indicators are measured through the corresponding scores of countries on these policies.

As with Active Labor Market Policies, the subcategories specific performance of countries and the extent to which they are able to increase employment among migrants is of greater importance than the influence of the overall LMMP scores.

Concept	Dimension	Indicator	Measurement	Data Source	
Labor Market Participation	Employment	Employment rate	% share of employed foreign-born people in the foreign-born labor force	Organization for Economic Cooperation and Development (OECD)	
	Incentive reinforcement	N/A		Organization for Economic Cooperation and Development (OECD)	
Active Labor Market	Employment assistance	placement & related services	Proportion of total ALMP expenditure spent for		
Policies	Occupation	direct job creation	each indicator (in %)		
	Human capital investment	training			
	Geographical Labor Market Mobility	Access to the labor market		Migration Integration Policy Index (MIPEX)	
Labor Market Mobility Policies		Access to general support	Countries' score on		
rolicies	Occupational Labor Market Mobility	Access to targeted support	each molestor		
		Worker's rights			

Table 2: Operationalization of the dependent and independent variables

3.4 Data limitations

There are two main data limitation problems that distort cross-national analyses of labor market integration of immigrants. The first one deals with the composition of the migrant population in the sample countries. As there was no possibility to separate data for EU-migrants and Non-EU migrants, this paper makes no distinction between them. However, if we assume that the migrant population in some countries is made up mainly by EU-migrants and in other countries more by Non-EU migrants and that immigrants from different countries of origin face differences in the degree of integration (van Tubergen, 2004), we can expect data on ALMP expenditure and on Labor Market Mobility to be influenced by 'composition effects' (Koopmans, 2010). Furthermore the status of EU migrants compared to Non-EU migrants under EU law is important to mention. EU legislations, such as the free movement of people and labor, give EU-migrants nearly the same Labor Market Mobility rights than natives. Third country national however are disadvantaged in this regards as they do not fall under EU law and their Labor Market Mobility and access to ALMPs is mainly regulated by the hosting countries legal framework. This limitation will attract special attention during the analysis of Labor Market Mobility, as these policies actually refer to Non-EU migrants but the employment data covers immigrants in general. I am aware that this limitations makes argumentation more complicated, nevertheless, there is no chance to control for these effects within the setup of this study.

A second problem deals with 'national-specific definitions and classifications of the immigrant population' (Koopmans, 2010). A general definition of the immigrant concept, developed by OECD and UNESCO, was introduced in the theoretical part of this paper, but although the used data sets come from OECD and MIPEX and not from each country separately, we might find definition problems as well. Bonoli (2010) in this regard makes use of a countries naturalization regimes and whether they are restrictive or more open. He argues that 'due to the restrictive naturalization

regimes in the German-speaking countries, the nationality criterion captures a relatively large proportion of the immigrant population'. Following this countries sometimes use 'alternative statistical categories in addition to the nationality criterion', which hampers a cross-national comparison.

4. Statistical Results

This chapter is the core piece of this bachelor thesis as it presents the statistical results and brings everything mentioned in previous chapters together, which then is used to give a clear answer to the main research question and the corresponding sub-questions. Section 4.1 and 4.2 display the policy situation within the sample countries with regard to ALMPs and LMMPs respectively by looking at the proportion of total ALMP spending invested in ALMP subprograms and scores obtained in LMMP subcategories. In section 4.1.1 and 4.2.1 scatterplots and correlation outputs are interpreted so that H1-H3 can be confirmed or rejected. Chapter 5 discusses the revealed findings, formulates a clear conclusion and answers the main research question. The last section (5.1) then describes the implications of this research paper for further studies.

4.1 Active Labor Market policies in the European Union

The first part of the analysis is a diagram that provides an overview of the percentaged expenditure of the total GDP that was invested into the three ALMP types employment assistance, occupation and human capital investment. Since the analysis concentrates mainly on ALMP types and not the overall concept of Active Labor Market Policies and the total expenditure on active measures, this section will essentially concentrate on the expenditure distribution of the different ALMP approaches across the EU and within each country.

On average 0,28% in total were spent for active measures in 2007 (includes only expenditures on placement and related services, direct job creation and training), whereas in 2010 there was a small increase in spending's to 0,38% of GDP. All countries of the sample were able to increase their total spending on ALMP's besides Greece, Italy and Luxembourg. Denmark, Ireland and Slovenia, however, were even able to nearly double the amount of money invested in active labor market measures.

As can be seen in the diagram below, the amount of money spent for ALMPs in total differs greatly between the 21 EU Member States investigated. In the category of countries spending most on ALMP's in 2010 belong Belgium, Denmark, Finland, France, Ireland, the Netherlands and Sweden with all of them spending more than 1% of their GDP for ALMP's. ALMPs are said to have been invented in Scandinavia, therefore it is not surprising that countries like Sweden, Denmark and Finland (although DK and FI officially do not belong to Scandinavia, they are often counted as being Scandinavian) are amongst the countries spending most. The ones spending least in 2010 are: Czech Republic, Estonia, Italy, Luxembourg, Slovakia and the United Kingdom, with expenditure below 0,5% of GDP. The remaining countries are seeded in the center (0,5%-1% expenditure of GDP for active measures) (OECD, 2013). I would like to add, that total expenditure is influenced by the overall economic situation within the country. Countries suffering from low employment rates might want to invest in Active Labor Market Policies, but simply do not have the financial resources to do so. Therefore the distribution of total expenditure is not as informative as for ALMP types.

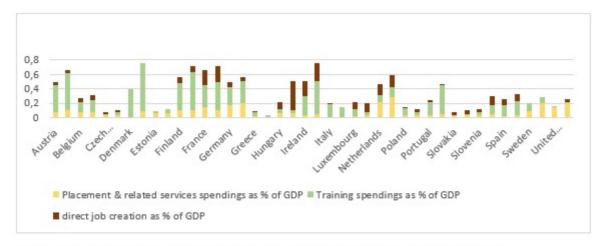


Figure 3: Expenditure on ALMP subprograms (% of GDP), based on data from OECD

On average most of the money was paid for training programs in 2007, which means in terms of Bonoli's typology of ALMP's, that the majority of countries follow the human capital investment approach. However this statement is limited as it needs to be stressed that training programs were considered to be the most expensive ones among the three ALMP types described here. On the second and third place follows the occupation approach (average spending in 2007 on direct job creation was 0,08 % of GDP) and the employment assistance approach (average spending in 2007 on placement and related services was 0,06 % of GDP). This distribution did not change for 2010.

Of note is furthermore the allocation of expenditure within the countries. Whereas the majority of countries spent a proportion of GDP for all ALMP types, some countries seem to have a clear preference in which ALMP type they favor in order to raise employment. Denmark, Estonia and Sweden for example did not spent anything on direct job creation measures in 2007 and 2010, whereas Hungary and Luxembourg spend most on direct job creation. Surprising is also the United Kingdom's nearly zero expenditure on training programs, although the upskilling of the unemployed through trainings is favored by most countries and is said to offer the greatest long-term benefits. The question is now, if the proportion of money invested in placement and related services, direct job creation or training matters in regard to employment prospects for migrants. If the approach used matters it should be visible in the employment rates of migrants.

In order to get a clue on the answer to this question I developed a grouping of countries based on the proportion of the total ALMP expenditure spent for each type in each country. Countries will be assigned to the approach or group for which they spent proportionally most. Additionally the employment rates of migrants for 2007 and 2010 are included in the figure, out of which the average employment rate for all countries in the specific group was calculated (see figure below). Grouping countries based on ALMP types was criticized by Bonoli, however this grouping mainly serves as a visual illustration of the interaction of ALMP type and employment and not as ultimate tool to answer the main research question.

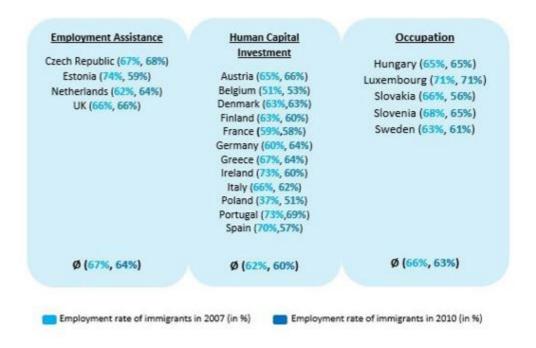


Figure 4: Grouping of countries based on proportion spent for ALMP subcategories, based on data from OECD

From the figure we see that the majority of countries (n=13) was assigned into the human capital investment group. The remaining eight countries were equally distributed across the employment assistance and occupation group. The calculation of the average employment rate in each group shows that countries in the human capital investment group have on average the lowest employment rate (62% in 2007) compared to countries in the employment assistance group (67% in 2007) and countries in the occupation group (66%). This points at the confirmation of hypothesis two, which states that the employment assistance and occupation approach are to a greater extent able to increase employment of migrants. These findings would imply that countries governments need to reconsider and reassess their allocation of money as to strengthen those policies working with greatest efficiency. If the hypothesis can indeed be confirmed will be further tested by a correlation analysis in the following section.

4.1.1 Active Labor Market Policies and employment of immigrants

This chapter will give an answer to the first and second hypothesis, which assume that (1) in European Union countries spending more on Active Labor Market Policies the immigrants' employment rates are higher compared to countries spending less on Active Labor Market Policies and (2) that the ALMP approaches employment assistance and occupation are to a greater extent able to get unemployed migrants into employment. As employment rates are expected to increase when the proportion of money invested in ALMP's increases, the scatterplot for the first hypothesis should show a statistically significant positive correlation. For the second hypothesis the underlying question was if it matters what type of ALMP is used to get people employment. If it matters it should be visible in a positive development of the employment rate of immigrants from 2007 to 2010. Therefore for each subcategories' influence the correlation is as well expected to be positive.

What we can already see in the scatterplot (see Appendix Figure 5), is verified in the correlation output as well. Against the backdrop of the theoretical framework and the predicted positive

correlation of overall expenditure and employment, there is no significant correlation at all. Different combinations of e.g. low levels of expenditure on ALMP's and high employment rates as well as high levels of expenditure and low employment rates can be extinguished in the scatterplot. The correlation coefficient (r) computed by SPSS is positive and amounts to 0,091, which is not significant. This finding corroborate expectations, thus the first hypothesis needs to be rejected.

Table 3: Correlation ALMPs and the employment rate of immigrants, based on OECD data

Correlations Proportion of Development total ALMP Proportion of spending of the total ALMP Proportion of employment spent for spending total ALMP rate of Total ALMP placement & spent for spending immigrants spending in related direct job spent for from 2007 to 2007 (% of services in creation in training in 2007 (%) 2007 (%) 2007 (%) 2010 (in %) GDP) Development of the Pearson Correlation .091 -.034 .126 -,146 employment rate of Sig. (2-tailed) .694 ,884 .586 ,526 immigrants from 2007 to N 2010 (in %) 21 21 21 21 21 Total ALMP spending in Pearson Correlation .091 -.367 .312 .018 2007 (% of GDP) Sig. (2-tailed) ,694 ,101 ,169 ,937 N 21 21 21 21 21 Proportion of total ALMP Pearson Correlation -,763 -.034 -.367 1 -.181 spending spent for Sig. (2-tailed) .884 .101 .000 .433 placement & related services in 2007 (%) N 21 21 21 21 21 Proportion of total ALMP Pearson Correlation ,126 ,312 -.763 1 -,498 spending spent for direct Sig. (2-tailed) .586 ,169 ,000 .021 job creation in 2007 (%) N 21 21 21 21 21

-.146

526

21

.018

937

21

-,181

433

21

-.498

.021

21

1

21

N

Pearson Correlation

Sig. (2-tailed)

Proportion of total ALMP

spending spent for

training in 2007 (%)

Looking more specifically at the correlation outputs and the corresponding scatterplots for each ALMP's approach influence on the development of the employment rate (see Appendix Figure 6-8) there are as well no significant positive correlations apparent. The correlation coefficients indicate a positive correlations for employment rate and direct job creation, but a negative correlation for placement and related services and training. As these outcomes are not significant and meaningful, I will not go deeper into this.

Based on these findings, the second hypothesis, assuming that the ALMP approaches employment assistance and occupation are to a greater extent able to increase employment than training programs, has to be rejected as well. This furthermore implies that although the grouping of countries in the previous section indicated a confirmation of the second hypothesis it seems that it does not matter which ALMP approach is used, as they are all not efficient in getting migrants into employment. For the responsible governments this implies that they do not have to reassess the allocation of money within ALMP types, but much more have to rethink the usage of Active Labor Market Policies for migrants in its entirety.

^{**.} Correlation is significant at the 0.01 level (2-tailed).

^{*.} Correlation is significant at the 0.05 level (2-tailed).

4.2 Labor Market Mobility in the European Union

This first part of the Labor Market Mobility analysis starts out with a diagram providing an overview of the scores countries received with regard to the overall degree of Labor Market Mobility for immigrants as well as the scores obtained for each of the subcategories of Labor Market Mobility. As with ALMPs the analysis will only briefly cover the overall situation, but will then concentrate on the subcategories more specifically.

On average the countries of the sample scored 58 points in 2007 for their degree of Labor Market Mobility, which slightly increased to 60 points in 2010. All countries of the sample, besides Ireland, improved mobility of migrants on the labor market, which is represented by an overall increase of scores. The diagram shows that in Sweden, Portugal, the Netherlands, Spain and Germany performed best, as all scored higher than 75. Compared to this France, Luxembourg, Poland, Slovenia, Hungary, Ireland and Slovakia scored least, with all of them having scores below 50. The remaining countries are seeded in the center, with scores ranging between 50 and 75.

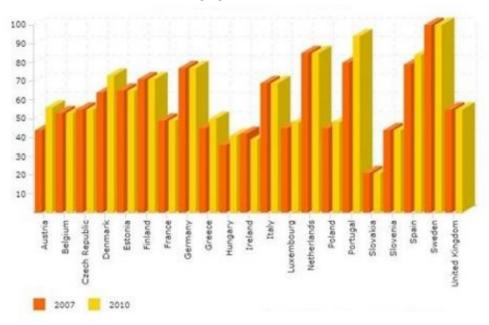


Figure 9: Comparison of Labor Market Mobility scores of 2007 and 2010, based on MIPEX data

The subcategories of Labor Market Mobility, meaning the general access to the labor market and workers' rights or the access to general and targeted support, give a more meaningful explanation on the mobility situation in the European Union member states. As introduced in the operationalization paragraph, this four subcategories indirectly measure the two dimensions of LMM. Thereby geographical LMM is measured through the category 'access' whereas the categories access to general and targeted support and workers' rights measure the degree of occupational LMM of an immigrant. The highest average score was achieved in the category of worker's rights (73) whereas access to targeted support is the major area of weakness in most countries with an average score of 36 points. The remaining categories access and access to general support scored moderate with scores of 58 for access and 65 for access to general support.

Looking at how MIPEX measured each of the subcategories offers the chance to investigate in detail why countries scored differently. Countries scored moderate 58 points in the category access, which is mainly due to the need of migrants to fulfill additional conditions before being allowed to access public or private sector employment as well as self-employment. These conditions are mostly language tests. With 100 points in this category the Netherlands, Portugal and Sweden give immigrants full access to employment in all sectors of the labor market. In Estonia, France and Luxembourg however migrant's face serious entry barriers.

With regard to access to general support, countries on average scored as well quite moderate. The problems here are that migrants again suffer from additional conditions if they want to use public employment services. With regard to the recognition of professional qualifications the problem is that different procedures for recognition are in place and in general the criteria for evaluating skills and qualifications are not well developed. This can furthermore be explained by looking at the access to targeted support category, which scored lowest overall compared with the other three categories. State agencies and information centers promoting the recognition of skills and qualifications are in the majority of countries not existent. Moreover there is a general lack of information concerning conversion courses, profession based language courses and procedures for assessment of qualifications. The category of equality of workers' rights is the one in which countries perform best, as immigrants enjoy nearly equal treatment at work.

The overall pattern we can observe is that countries not only score very differently in comparison with each other but also within the country itself in regards to the four subcategories. Moreover there are many policies in place that could potentially facilitate the entry of immigrants into the labor market and thereby improve their employment prospects, but come with strings attached or are badly implemented, which complicates the situation for immigrants even more.

4.3.1 Labor Market Mobility policies and employment of immigrants

To tie up to the observations made in the previous section it will now be tested if Labor Market Mobility Policies are able to increase employment among immigrants. Thereby special attention lies on the extent to which the LMMP subcategories benefit employment of immigrants. The hypotheses was that in European Union countries granting immigrants a higher degree of Labor Market Mobility the employment rate of immigrants is higher compared to EU countries granting less Labor Market Mobility. By means of scatterplots and a correlation analysis, this section will lead to the approval or rejection of the third hypothesis.

Table 4: Correlation of Labor Market Mobility scores and employment rates of immigrants, based on OECD and MIPEX data

Correlations

			Correlations				
		Development of the employment rate of immigrants from 2007 to 2010 (in %)	Average total score on Labor Market Mobility	Average Score on Access Policies	Average Score on Access to General Support Policies	Average Score on Access to Targeted Support Policies	Average Score on Worker's Rights
Development of the	Pearson Correlation	1	,003	,118	-,004	-,009	-,156
employment rate of immigrants from 2007 to	Sig. (2-tailed)		,990	,611	,985	,969	,501
2010 (in %)	N	21	21	21	21	21	21
Average total score on	Pearson Correlation	,003	1	,827**	,640	,824"	,724
Labor Market Mobility	Sig. (2-tailed)	,990		,000	,002	.000	,000
	N	21	21	21	21	21	21
Average Score on Access	Pearson Correlation	,118	,827**	1	,410	,549	,504
Policies	Sig. (2-tailed)	.611	,000		,065	.010	,020
	N	21	21	21	21	21	21
Average Score on Access	Pearson Correlation	-,004	,640	,410	1	,283	,253
to General Support Policies	Sig. (2-tailed)	,985	,002	,065		,213	,268
Tollclas	N	21	21	21	21	21	21
Average Score on Access	Pearson Correlation	-,009	,824**	,549	,283	1	,593
to Targeted Support Policies	Sig. (2-tailed)	,969	,000	,010	,213		,005
r oneres	N	21	21	21	21	21	21
Average Score on	Pearson Correlation	-,156	,724	,504	,253	,593	1
Worker's Rights	Sig. (2-tailed)	,501	,000	,020	,268	.005	
	N	21	21	21	21	21	21

^{**.} Correlation is significant at the 0.01 level (2-tailed).

What we see in the correlation output is that none of the subcategories is significantly positive correlated with the employment rate of migrants. This implies that a high employment rate of migrants cannot be explained by the degree of Labor Market Mobility in that country. Opening up the labor market for migrants, facilitating labor market entry by improving legislation and policies and generally will not necessarily help migrants to get into employment. Therefore the third hypothesis needs to be rejected. On basis of this meaningless findings no statement is possible about the two dimensions geographical and occupational Labor Market Mobility.

^{*.} Correlation is significant at the 0.05 level (2-tailed).

5. Discussion and Conclusion

This study was conducted to find out 'To what extent do Active Labor Market Policies and Labor Market Mobility Policies benefit labor market participation of immigrants? Thus, at first it was investigated which ALMPs and which LMMPs countries used in the years 2007 and 2010 and if there are any trends visible. Following this each variable and each subcategory was checked for its influence on the employment rate of immigrants.

Against the theoretical framework and the assumptions made, it was found that neither ALMPs nor LMMPs have significant correlations with the employment rate of immigrants. This outcome can be used to discuss limitations of this study and possible explanations. Non-significant outcomes moreover offer diverse study opportunities for further researcher.

Within the research design I introduced the problem of non-experimental correlation designs to be distracted by omitted variables. This seems to be the case in this paper. Nannestad (2004) introduced the influence of different welfare state regulations. He indicated that the welfare state creates barriers into the labor market, especially for low skilled immigrants. He argues that 'high levels of social transfer payments exert upward pressures on minimum wages'. High minimum wages in turn reduce the number of available low-skilled jobs which then 'price low-skilled, low-productive immigrants out of the labor market' (Nannestad, 2004). From this we can conclude, that although countries give immigrants access to all sectors of the labor market and ensure a high degree of Labor Market Mobility and support them through the tools of ALMPs, the possible positive effects can be manipulated by other economic policies, such as minimum wage policies.

In the same manner, Dar and Tzannatos (1999) argued that policies should 'not be examined in isolation, but in the context of the overall macro-framework as well as the institutional labor market framework' (Dar & Tzannatos, 1999). They furthermore concluded that 'it is extremely difficult to address problems of [low employment] through Active Labor Market Policies', as they may work for specific groups under specific circumstances only and hence 'have to be targeted carefully on the basis of evaluative evidence' (Dar & Tzannatos, 1999). Active Labor Market Policies are only one element in a wide range of factors that have an impact on whether or not people get into employment, as governments have many possibilities to influence the labor market through macroeconomic and fiscal policies (Fay, 1996).

It seems that the examined years (2007 and 2010) also play a great role in explaining the unexpected outcomes. The economic crisis hit its peak in 2008 causing a decrease in employment in nearly all EU Member States. The effect that ALMPs or LMMPs might have had in this period were therefore potentially overshadowed by the economic crisis.

The short time period investigated can also be criticized on grounds of the duration of policy effectiveness. According to Fay (1996), 'most evaluations cover only a short period, [therefore] they may miss outcomes that only become positive and significant in the long-term', as programs may work better after they have been running for a while (Card, Kluve & Weber, 2010). Countries might start the promotion and implementation of active labor market measures for migrants, but due to several reasons such as e.g. lack of information, these measures do not reach the targeted group and are therefore not effective.

The argument of duration of policy effectiveness might especially apply to training programs. Depending on the previous knowledge and skills of the participant, training programs can last quite a long time, as immigrants first have to attend language courses before being trained more specifically. Thus trainings are a rather long-term solution and need additional time until paying off, which could be an answer why I couldn't find a significant statistical relation.

Compared to training programs, direct job creation schemes however are a short-term solution which I hypothesized to be effective for immigrants, as their main concern is to get into employment as soon as possible. This assumption was wrong and thereby confirms what was already found for the native population, namely that jobs created under the direct job creation approach are 'a last resort' (Fay, 1996) and do not provide any long term benefits. I would like to add, that even if the government creates jobs and deploys immigrants, but after that do not care about them anymore, the migrant will potentially soon get unemployed again.

The task of counselling that falls into the employment assistance approach can be taken as another example why ALMPs are not effective for migrants. To give a good advice to the unemployed the counselor needs to be well grounded about the specific needs of the client. If we now imagine that immigrants are very different in what kind of support they deserve and the counselor did not get special training for unemployed immigrants, than counselling might be not helpful and effective and will thus not lead to employment. ALMPs were generally developed for the average native unemployed, therefore in case of the prescribed situation this points at a poor implementation of ALMPs and the general need for more targeted measures, as 'careful targeting is an important determinant of success for ALMPs' (Fay, 1996).

Let us think now about Labor Market Mobility. Even if immigrants have access to public and private sector employment as well as self-employment, state agencies and information centers promoting recognition of qualification are existent and equality of worker's rights is ensured, this may not lead directly to employment, as other mechanisms intervene ones the immigrant entered the labor market. Having a good qualification will not automatically lead to employment if e.g. there is no need in the hosting country for this type of qualifications at that time.

The conclusion out of all the reasons just explained, is that ALMPs need to be more targeted on immigrants and that ALMPs and LMMPs need to be investigated in a broader context, taking into account other macroeconomic variables.

5.1 Answer to the Research question

Taking into account the less meaningful outcomes, the rejection of all hypothesis, data limitations and possible factors that distort the outcome this paper comes to the conclusion that although countries overall increased their spending on Active Labor Market policies, these policies do not work out for immigrants. Moreover, neither the tools falling under the Employment assistance approach nor the ones falling under the occupation or human capital investment approach are able to bring migrants into employment or can explain cross-national differences in employment rates. These findings contradict with the assumptions of the theoretical framework and the findings of several academics that ALMPs in general are capable to increase employment. Secondly, Labor Market Mobility Policies as well are not able to increase employment. Therefore the answer to the research question is that neither ALMPs nor LMMPs benefit labor market participation of immigrants.

5.2 Implications for further research

This study runs counter expectations and findings are not meaningful. The research field discussed in this paper is not much developed in scientific literature and therefore leaves a lot of room for further investigations. As just discussed, there seem to be a large number of influential variables that need further study. In order to get a more comprehensive and meaningful picture of all factors influencing employment of immigrants within the European Union, it is recommended to conduct an analysis which investigates ALMPs and LMMPs in context of the overall macro-framework as well as the institutional framework. Literature introduced that ALMPs are mostly combined and used in a package, thus, it would be of great value to investigate different combinations of ALMPs and whether these can help unemployed migrants into employment. Additionally a clear cut needs to be made between EU-migrants and Non-EU migrants to cancel out interpretation difficulties that result from the EU-law/national-law dimension. The years 2007 and 2010 were chosen due to data availability problems for other years, but unfortunately these years capture the problems caused by the economic crisis and thereby distract the analysis to a great extent. A research including a greater range of years could therefore help to limit these shortcomings. Extending the research as just described would enrich this research field greatly.

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Appendix

Figure 5: Scatterplot total ALMP expenditure and development of employment rates from 2007 to 2010, based on data from OECD

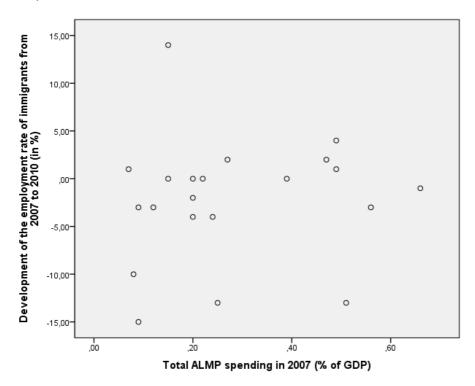


Figure 6: Scatterplot proportion of total ALMP expenditure spent on placement and related services and development of employment rates from 2007 to 2010, based on data from OECD

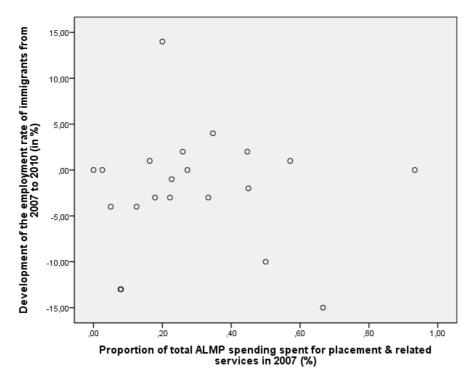


Figure 7: Scatterplot proportion of total ALMP expenditure spent on direct job creation and development of employment rates from 2007 to 2010, based on data from OECD

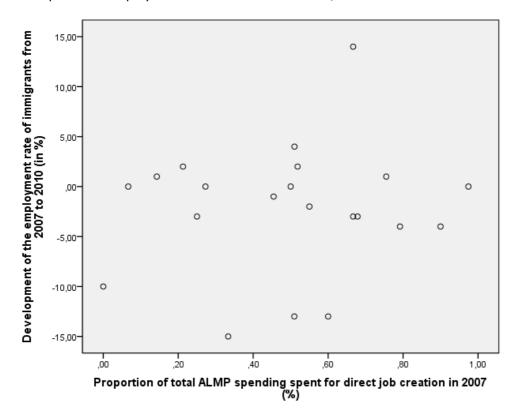


Figure 8: Scatterplot proportion of total ALMP expenditure spent for training and development of employment rates from 2007 to 2010, based on data from OECD

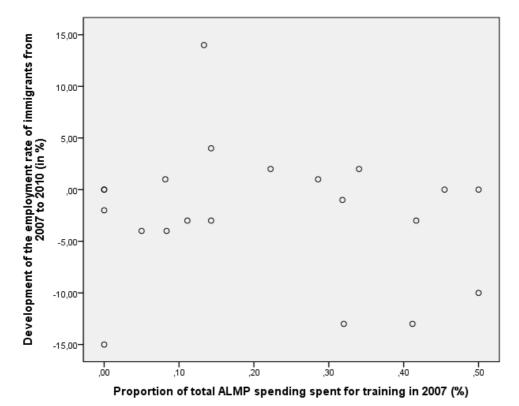


Figure 10: Scatterplot total score on Labor Market Mobility and development of employment rates from 2007 to 2010, based on data from OECD and MIPEX

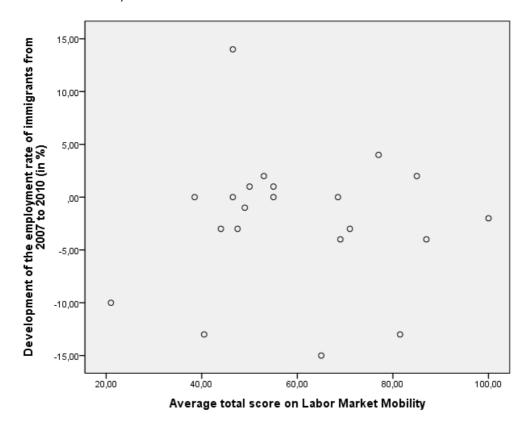


Figure 11: Scatterplot score on access and development of employment rates from 2007 to 2010, based on data from OECD and MIPEX

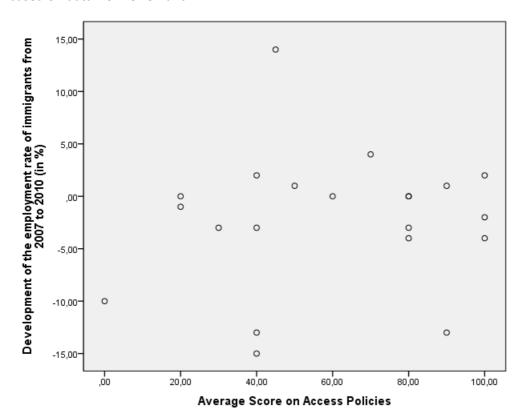


Figure 12: Scatterplot score on access to general support and development of employment rates from 2007 to 2010, based on data from OECD and MIPEX

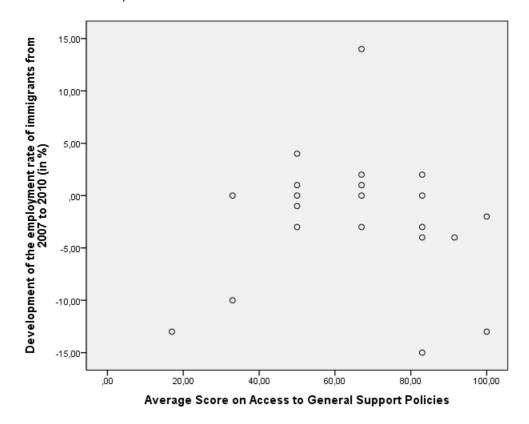


Figure 13: Scatterplot score on access to targeted support and development of employment rates from 2007 to 2010, based on data from OECD and MIPEX

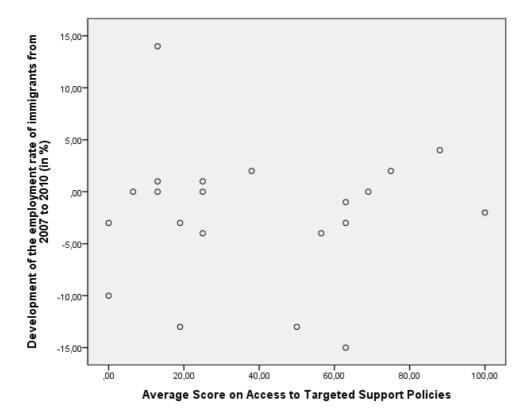


Figure 14: Scatterplot score on worker's rights and development of employment rates from 2007 to 2010, based on data from OECD and MIPEX

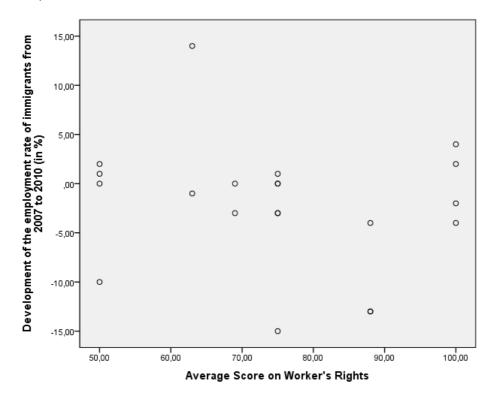


Table 5: MIPEX Indicators for Labor Market Mobility

MIPEX 2010 INDICATORS						
LABOUR MARKET MOBILITY						
	ACCESS	100	50			
1	Immediate access to employment What categories of third country national residents have equal access to employment as nationals? a. Long-term residents b. Residents on temporary work permits (excluding seasonal) c. Residents on family reunion permits (same as sponsor)	All of them	Not c or certain categories of b	Only a		
2	Access to private sector: Are TCN residents able to accept any private-sector employment under equal conditions as EU nationals?	Yes. There are no additional restrictions than those based on type of permit mentioned in 1	Other limiting conditions that apply to all TCN residents, e.g. linguistic testing	Certain sectors and activities solely for nationals/EU nationals		
3	Access to public sector (activities serving the needs of the public. Not restricted to certain types of employment or private or public law): Are TCN residents able to accept any public-sector employment (excluding exercise of public authority) under equal conditions as EU nationals?	Yes. Only restriction is exercise of public authority and safeguard general state interest	Other restrictions	Only for nationals/EU nationals		
4	Immediate access to self-employment What categories of third country national residents have equal access to self-employment as nationals? a. Long-term residents b. Residents on temporary work permits (excluding seasonal) c. Residents on family reunion permits (same as sponsor)	All of them	Not c or certain categories of b	Only a		
5	Access to self-employment Are TCN residents able to take up self-employed activity under equal conditions as EU nationals?	Yes. There are no additional restrictions than those based on type of permit mentioned in 4	Other limiting conditions (such as linguistic testing)	Certain sectors and activities solely for nationals/EU nationals		
n	ACCESS TO GENERAL SUPPORT	100	50			
6	Access to public employment services Do TCN residents have access to placement and public employment services, under equal conditions as EU nationals?	Equal treatment with nationals	Certain restrictions	No equal treatment		
7	Equality of access to education and vocational training, including study grants What categories of TCN residents have equal access? a. Long-term residents b. Residents on temporary work permits (excluding seasonal) c. Residents on family reunion permits (same as sponsor)	All of them	Not c or certain categories of b	Only a		
8	Recognition of academic and professional qualifications acquired outside the EU	Same procedures as for EU/EEA nationals	Different procedure as for EU/EEA nationals	No recognition of titles possible down-grading qualifications		

	Access to Targeted Support			
9	State facilitation of recognition of skills and qualifications obtained outside the EU: a) existence of state agencies/information centres that promote the recognition of skills and qualifications b) national guidelines on fair procedures, trinelines and fees for assessments by professional, governmental, and non-governmental organisations () provision of information on conversion courses/profession-based language courses and on procedures for assessment of skills and qualifications (regardless of whether assessments are conducted by governmental or non-governmental organisations)	b and (a or c)	a or c	None
10	Measures to further the integration of third-country nationals into the labour market a. National policy targets to reduce unemployment of third country nationals b. National policy targets to promote vocational training for third country nationals; c. National policy targets to improve employability through language acquisition programmes	All elements	Any of these elements (or other) but not all	No elements
11	Measures to further the integration of third-country nationals into the labour market a. National policy targets to address labour market situation of migrant youth b. National policy targets to address labour market situation of migrant women	Both	One of these	Neither of these
12	Support to access public employment services a) Right to resource person, mentor, coach linked to public employment service is part of integration policy for newcomers b) Training required of public employment service staff on specific needs of migrants	Both	One	None. Only through voluntary initiatives or projects.
200	WORKERS RIGHTS	100	50	* 1810×2004 (STEELS CO.)*
13	Membership of and participation in trade union associations and work-related negotiation bodies	Equal access with nationals	Restricted access to elected positions	Other restrictions apply
14	Equal access to social security Do TCNs have equal access to social security in the following areas? (unemployment benefits, old age pension, invalidity benefits, maternity leave, family benefits, social assistance)	Equal treatment with nationals in all areas	No equal treatment in at least one area	No equal treatment in more than one area
15	Equal working conditions Do TDRs have guaranteed equal working conditions? (safe and healthy working conditions, treatment in case of job termination or dismissal, payment/wages, taustion)	Equal treatment with nationals in all areas	No equal treatment in at least one area	No equal treatment in more than one area
16	Active policy of information on rights of migrant workers by national level (or regional in federal states)	Policy of information by state targeted at migrant workers and/or employers on individual basis	Ad hoc information campaigns towards migrant workers and/or employers (or only individual campaigns in certain regions)	No active policy of information