



WORKING PAPER

No 9

**Employment-related
mobility and migration,
and vocational education
and training**



Employment-related mobility and migration, and vocational education and training

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Luxembourg: Publications Office of the European Union, 2011

ISBN 978-92-896-0681-3

ISSN 1831-2403

doi:10.2801/38113

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Cedefop was established in 1975
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Foreword

The key resource that will help Europe to overcome the consequences of the recent crisis is its human capital. Investments in human resources, more and better education and training are crucial to smart, sustainable and inclusive growth, the objective of the Europe 2020 strategy.

Yet, history has taught us that recovery and economic development will not be smooth and will affect each Member State differently. The process of economic growth will improve economic conditions at different speeds, and lead to varying imbalances on local labour markets. Unbalanced growth processes will also play out at national level: some regions will be growing fast while others will be growing at a slower pace.

Mobility of workers from areas with high unemployment to growing areas is needed to redress imbalances. Worker mobility (within countries and across Member States) would help to ease the bottlenecks created by uneven growth.

This requires that migrant workers be well integrated in the host country and that their qualifications are visible and recognisable to potential employers. To this end, Cedefop has supported the development of an integrated toolkit to support worker mobility; the European Quality Framework and Europass contribute to skills recognition.

The cross-country review of research carried out on employment related mobility and migration in Europe collects recent evidence on the role of VET in promoting mobility and in facilitating the integration of foreign workers. The European research overview relies on national research reports prepared by ReferNet (a Cedefop network that provides information on national VET systems and policies in the Member States, Iceland and Norway). The evidence base is, however, very small and the lack of research in this area needs to be addressed. To this end, this overview organises the themes developed in the country reports into a coherent and accessible map to show researchers and policy-makers the areas where the body of evidence is particularly thin and to highlight promising research avenues.

This report is released as the crisis starts showing significant impact on worker mobility. Better economic perspectives elsewhere and high unemployment rates in some regions (Member States) spur migration flows. Misalignment between the views on worker migration in receiving and sending countries sometimes results in tensions that timely intervention by policy-makers could effectively assuage. In this respect, VET can be an important policy instrument. We hope that the research results covered in this report will contribute to informing policy-makers and stakeholders on the role of VET for better functioning of the European labour market.

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Acknowledgements

This report is the result of a team effort. Cedefop would like to acknowledge the contribution of Georgiana Paun, Pascaline Descy, Giovanni Russo and Jasper van Loo. The team analysed country reports supplied by ReferNet members and synthesised the material in this cross-country report. Also, Cedefop would like to thank Stephanie Oberheidt and Manuel Souto-Otero (GHK Consulting) for their initial summary and is indebted to ReferNet Members for their country reports.

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Executive summary

Many of the problems faced by migrant workers in the destination country labour market (in terms of enhanced employability and reduced unemployment spells) may be linked to their relatively scarce endowment in social capital (the network of contacts and trust that usually help individuals to move proficiently in a social environment).

This report maintains that participation in VET programmes characterised by active involvement of social partners and local communities – and, therefore, rich in social capital – could effectively improve migrants' labour market outcomes when the causes of these can be traced back to a less developed network of those social connections that help individuals to move in a social environment.

Of course, not all foreign workers are motivated to participate in VET programmes to the same extent. Motivation is high when migration is regarded as an investment and, probably, low when migration is understood in terms of immediate rewards (when the wage differential between the wage earned in the receiving country, however low, is still significantly higher than the wage that could be earned in the home country). Participation in a VET programme will not protect foreign workers from discriminating practices based on taste but will reduce the extent of statistical discrimination. VET institutions could offer only a partial solution to the difficulties foreign workers face in the labour market.

Finally, an international network of VET providing institutions could aid worker mobility in that national employers could extend their trust in qualifications issued by the home institutions to those issued by foreign VET providers belonging to the same network.

CHAPTER 1

Introduction

Employment related mobility is a vast subject. It encompasses occupational mobility (the process of changing profession), labour market and school-to-work transitions and geographic mobility. This last item is an important topic, and has always held a prominent place in European labour-market policies. Consequently, geographic mobility is the focus of this research report.

Geographic mobility has various dimensions. When it takes place internationally we speak of migration. When it takes place at a local level, people moving within local labour market, we speak of commuting, or of cross-border migration when the local labour market straddles the border between two countries. Further, geographic mobility can take place at regional level, when people move from a region to another within the same country; then we speak of internal migration. International mobility (migration) is by far the aspect of geographic mobility that has received most attention (Zimmerman, 2005).

Worker mobility is becoming increasingly important during the crisis as it contributes to the attainment of maximum growth potential. Economic growth is an uneven process. Some regions will experience slow growth that leaves production capacity unused while other regions will not grow as fast as they could for lack of production capacity. Under these circumstances the maximum growth potential will not be attained. To maximise growth potential, factors of productions must be free to flow to the regions/countries (but also sectors) where their returns are highest. In reality, we observe that some labour markets exhibit excess demand (vacancies difficult to fill) while others have excess supply (unemployment). If workers were able to move from high unemployment areas to high vacancy areas (and assuming that it is easier for capital than for labour to do this), this would support economic growth. VET could play a role in this process, which implies that some of this extra return in terms of economic growth should be ascribed to the presence of a well functioning VET system.

A Cedefop report on the benefits of VET (forthcoming), from which we borrow the classification of VET contained in Box 1, illustrates the other multifaceted ways in which VET can contribute to the establishment of a well functioning society. In our paper we restrict the attention to the role of VET in supporting worker mobility and, in particular, to the role of VET in aiding migration (including internal migration), and migrant worker integration in the host society.

Before proceeding it is worth signalling a recurrent problem in migration research: the definition of foreign worker is not as clear-cut as the subject may suggest. National statistical systems usually identify foreign workers on the basis of their nationality, a valid criterion for people who recently entered the host

country. However, as the immigration period lengthens, some of the foreign workers will acquire the host country's citizenship; this is particularly attractive for workers from non-EU Member States since it supports labour-market participation. The problem is even more complicated for children born in the host country to non native parents. These second generation migrants will acquire the host country's citizenship but their parents might be classified in the national statistics as foreign workers. To remedy this shortcoming in definition, the German statistical office has developed the concept of 'migration background' to denote children with German citizenship born to non-German parents.

Box 1. A classification of VET

From a theoretical perspective, VET can be classified in the following categories (Grubb and Ryan, 1999):

- pre-employment VET: prepares individuals for the initial entry into employment; in most countries these are traditional programmes of vocational and educational trainings in schools, and can be found both in schools and workplaces as dual systems, often operated by national ministries of education;
- upgrade training: provides additional training for individuals who are already employed, as their jobs change, as the technology and work environment become more complex, or as they advance within the company;
- retraining: provides training for individuals who have lost their jobs, so that they can find new ones, or to individuals who seek new careers to develop the necessary competences for employment; individuals in retraining programmes, by definition, have already had a labour-market experience; therefore, retraining may not have a direct connection with the occupation they already have;
- remedial VET: provides education and training for individuals who are in some way marginal or out of the mainstream labour force; typically those who have not been employed for a long period of time or who do not have any labour-market experience; usually people depending on the public income.

Cedefop (2008) offered a distinction which encompasses the previous one: initial and continuous educational training (IVET and CVET)

- IVET refers to general or vocational education and training carried out in the initial education system, usually before entering working life. Some training undertaken after entry into working life may be considered as initial training (e.g. retraining). Initial education and training can be carried out at any level in general or vocational education (full-time school-based or alternate training) pathways or apprenticeship;
- CVET is defined by the area of education or training that comes in after entry into working life and aims to help people to (a) improve or update their knowledge and/or skills; (b) acquire new skills for a career move or retraining; (c) continue their personal or professional development (Cedefop, 2008); continuing education and training is part of lifelong learning and may encompass any kind of education, general, specialised or vocational, formal or non-formal, etc.

The second hurdle that renders migration research difficult is institutional. To be registered as foreign workers, migrants must have a regular work contract. To the extent that foreign workers are overrepresented in the black economy, official statistics will underestimate the extent of the phenomenon. While not all countries experience the same amount of irregular migration, the erosion of the complex body of labour relations in countries with a long tradition of immigration is a

recurring subject in national research reports (NRRs) delivered by the ReferNet (Box 2).

Box 2. Refernet

ReferNet is a network created by Cedefop in 2002 to provide information on national vocational education and training (VET) systems and policies in Member States, Iceland and Norway. This information is displayed in Cedefop databases and is used for comparative studies: it gives valuable insights into national VET systems. The network builds on national consortia in each partner country. Every consortium is led by a coordinating institution and consists of key organisations involved in VET activities, including social partners.

www.cedefop.europa.eu/refernet

The national research reports can be accessed online at the following URL:

http://libserver.cedefop.europa.eu/F/?func=find-c&ccl_term=%28wjr=national%20research%20reports%29%20and%20%28jnr=2009%29

Finally we will link the survey evidence to the experiences of European countries in the national research reports (NRRs). These can be used to show the concurrence of phenomena (like the incidence of unemployment among migrants) and they are informative on the varying importance of given phenomena across European countries. Further, information in the NRRs can be used to illustrate specific cases where knowledge is lacking and where additional research is warranted. We can illustrate this approach by one example: none of the NRRs surveying VET and employment related mobility shows a clear link between VET and emigration. This is clearly an area that needs attention and where additional research on how VET could support worker mobility across Europe is needed.

Despite the rather general information in the NRRs, it is possible to draw empirical regularities and to draw conclusions on the role of VET for mobility, especially for the integration of foreign workers in the host country.

Also, there is much heterogeneity as far as foreign workers' skills are concerned. There are at least two distinct groups of foreign workers: highly skilled migrants, for whom international mobility is part of their career; and low-skilled and skilled workers, who usually come from countries characterised by a large differential in average wages with the host countries.

The evidence surveyed in this report is not about the first group of migrants because they usually command the financial resources and the social capital (networks) to sustain them during their labour-market transition in the host country (De Paolo et al., 2006). Sometimes the rate of departure of (certain groups of) highly educated workers from a given country is so high that it becomes a brain drain. This is an interesting phenomenon because, to the extent that it is really taking place, it is a form of subsidy whereby the less developed countries subsidise economic growth in the developed countries.

This does not seem to be the case in Europe. Few countries discussed the brain drain in their NRRs (Czech Republic, Estonia, Italy, Latvia, Hungary, and Slovakia). All countries relate it to the high international mobility shown by highly educated workers. However, the Italian NRR reports the brain drain affecting the southern regions, whereby a large share of their educated workers migrate towards the northern regions, thus depriving the economy of southern regions of much needed qualified human capital.

In some countries the phenomenon of brain drain is linked to the behaviour of particular groups of workers: in Italy it is about the loss of academic personnel (researchers), in Hungary and Estonia it concerns the loss of medical doctors (midwives, nurses, and other medical professionals), while in Lithuania it concerns the loss of academic personnel and of highly skilled civil servants.

Other countries, while recognising that highly educated workers are more prone to migrate, downplay the brain drain phenomenon on the grounds that enough highly educated workers are still available in the national labour market (Czech Republic, Estonia and Slovakia).

Highly educated workers are more internationally mobile than other workers. In general in the NRRs it is not clear if the outflow is large enough to be considered an instance of brain drain (Clemens, 2009). This is an area where additional research is clearly needed.

In consequence, analysis focuses on the two remaining groups of workers: skilled and low-skilled. These tend to come from low income countries as wage differentials between sending and receiving countries are an important stimulus for migration.

The research summarised in the NRRs returns the following profile of the typical migrant worker: a young man in the prime age group (25-35), with a secondary educational level, and in a skilled or semi-skilled occupation tending to come from East European countries (Czech Republic, Estonia, Latvia, Hungary, and Poland). However, Polish migrants usually have only primary education and tend to be unskilled. All migrants move for economic reasons: research from all countries is unanimous about the importance of better wages, better jobs and better working conditions. However, there are nuances. Rising unemployment tends to increase migration readiness (the intention to migrate) across all education levels, but high unemployment is not the only incentive to migrate; high wage differentials seem to be the most important driver for semi-skilled and skilled workers (who are usually employed when they migrate).

Further, when employed workers migrate it is more often because of low wages and poor living conditions in their home countries rather than better prospective wages abroad. In Lithuania, low wages and poor economic conditions spurred a wave of migration just after accession; this migration flow is still large and it is slowly 'bleeding' the labour market, leading to incipient labour shortages in certain occupations (bricklayers and the construction sector in general).

Research shows systematic underutilisation of immigrant worker skills, who are mostly overqualified for the job they do in the host country (see the next section for further consideration). The Czech NRR suggests that the readiness to accept jobs below one's skill level is related to the workers' previous labour-market positions: migrant workers who were unemployed at the time of migration are much more likely to accept jobs for which they are overqualified than those previously employed. Similarly, Slovak migrants, coming from a high unemployment country, appear readily to accept jobs for which they are overqualified.

After having presented these, initial, empirical regularities, the report has the following structure. Section 2 presents a review of the most frequent problems immigrant workers face in the labour market of the host country. Section 3 depicts the role VET can have in reducing immigrants' difficulties in the labour market. Section 4 illustrates the circumstances under which VET systems have little impact on worker mobility and on labour-market outcomes for foreign workers. Section 5 offers concluding remarks.

CHAPTER 2

Problems faced by geographically mobile workers in the labour market

2.1. Information problems: search frictions and stereotypes

Information problems pervade the labour market. There are two broad classes of information problem workers (especially foreign ones) must face while looking for a job: (geographic) search frictions and selection frictions (and stereotyping).

The former is linked to the geographic dispersion of firms with job vacancies and job seekers. Firms do not exactly know how to locate prospect workers with desirable characteristics, and workers have difficulties in locating vacancies. Therefore, both workers and firm engage in costly activities: the former has to spread vacancy related information (through vacancy advertisements and through social networks), the latter has to collect it (reading newspaper ads, using their networks of contacts). In the economic jargon these are referred to as 'search frictions'. Search frictions reduce the efficiency of the labour market in matching unemployed workers to job vacancies and thus their presence increases the unemployment rate (Pissarides, 2000).

National governments have long recognised the negative impact of search frictions on unemployment and have put in place institutions – public employment services – which by gathering information about vacancies and unemployed workers and making them readily available to job seekers and hiring managers, reduce the extent of the information problem.

Networks are another important way for job-related information to travel in the labour market, through networks of workers (and job seekers) and also networks of employers (Montgomery, 1991; 1992).

Networks of friends and relatives and labour-market institutions are embedded in a broader concept that includes the understanding of how society works: social capital (Putnam, 2007). Workers with high social capital tend to find work more quickly because they have better contacts, they know how labour-market institutions work (they understand how the public employment services may help or not help in the job hunt), and know in which newspaper (or specialised magazines) job advertisements they are looking for will be more likely to appear. Immigrants are at a disadvantage in the labour market because they have less social capital than natives: fewer contacts, predominantly in their own ethnic group, lack of knowledge and information on the labour market of the host country (Granovetter, 1973; 1974). Language barriers penalise foreign workers because they have less access to job-related information; they are not able to

read the newspapers. Moreover, immigrants are not always able to use public services that could assist them in improving the effectiveness (in terms of generation of job offers or job contacts) of their job search activity.

Research using the European community household panel (ECHP) finds that foreign workers – particularly from non-EU origins – are at a disadvantage in social relations. Even after controlling for their individual characteristics, such as age, education, family size, and employment status, they tend to socialise less than natives (De Paolo et al., 2006).

The lack of social capital is relevant to the integration of immigrant workers in the host society. Upon arrival, immigrant workers sometimes lack the social capital that would support their integration in the host country's society. As workers become progressively integrated into the host society, their level of social capital increases (De Paolo et al., 2006).

Selection frictions, the second information problem faced by immigrant workers (and also by internal migrants from different regions in the same country in presence of salient cultural differences), lie in the fact that prospective employers may lack the cultural categories needed to assess worker productivity. When information about workers' educational titles or past employment records are difficult to evaluate, hiring managers may end up relying on stereotypes to assess productivity (Heilman, 1984). Foreign workers are perceived as different; as such they are considered out-groups and in-groups may feel permitted to treat them differently. This type of discrimination, a form of statistical discrimination (Cain, 1986), is sensitive to the provision of additional (and reliable) information on a candidate's productivity. Whenever this is present, discriminatory practices disappear (Kaas and Manger, 2010).

2.2. Impact of foreign workers in the host country labour market

Despite the information problem they have to overcome when arriving in the host country, foreign workers appear to have an impact (albeit a small one) on the labour market of that country.

There is a significant amount of research into the effects of immigration on the labour-market outcomes for native workers. A meta analytical study of this body of research, with the focus on the impact of migration on wages and employment in the host countries, has shown minor negative impact on the wages and employment of native workers but a larger one on the wages and employment rates of older waves of immigrants, suggesting that new and old waves of migrants could be substitutes. However, they also show that the absorption of immigrant workers needs to be matched by an influx of capital (Longhi et al., 2008). Absorption of foreign workers seems to be demand driven: labour demand

is derived demand, which is a form of demand that arises only because there is demand for consumption goods. In other words, foreign workers tend to be absorbed in the labour market when final demand (consumption, investment, net trade balance and public expenditures) are strong.

Further, immigrants and native workers of equal skills tend to be substitutes, so low-skilled immigration will harm employment opportunities and wage growth for low-skilled native workers. This impact tends to contribute to wage inequality (Borjas et al., 2008; Borjas, 2009; Chiswick, 2009) though it is mitigated by strong labour demand for the skill level under consideration.

This evidence squares well with the analysis contained in the NRRs of the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) where the economic impact of migration is largely positive. Migration flows have sustained internal demand (foreign workers are also consumers) thus contributing to economic growth, and the willingness of migrants to take up low qualified jobs has slowed down wage dynamics at the low end of the wage distribution. The downward pressure on wages has, in turn, contributed to low inflation, even in the face of a strong aggregate demand.

Migrants' lack of language skills is a powerful barrier to integration and to labour-market success across Europe. It limits access to job related information and is an obstacle to the accumulation of social capital. In this respect, the UK NRR stresses how migrants who have a functional use of English language do better than those who do not. The importance of language is well understood in Europe and all countries offer some basic language course; however, many of them do so without a clear integration strategy (Czech Republic, Italy, Cyprus, Hungary and Slovakia). In Hungary language is such a problem that most migrants come from Hungarian speaking regions in neighbouring countries. Slovakia is another country where language problems characterise lack of a structured integration policy: language courses are expensive and they are not offered for free to foreign workers. Language courses for foreigners are sometimes provided without being embedded in integration programmes. For example, in Italy and Austria foreign workers must mobilise their own resources to integrate. This process is slow and costly (in terms of time). As a consequence, the spell of time in a country becomes a good measure of the degree of integration.

Integration is faster when host countries deploy policies to foster it and it is slower when immigrants are perceived as competitors. Many of the NRRs from countries with highly developed welfare states (so called welfare magnets) reported widespread fear among citizens that migrants will arrive to enjoy the benefits of the welfare regime without contributing much to it. However, the fear of 'welfare tourism' seems unjustified. Employment rates among foreign workers are usually higher than in the host country's population, consistent with the view that information problems particularly affect foreign workers, who tend to rely

more often on the host country's welfare state because they are more sensitive to economic fluctuations. Foreign workers tend to lose their jobs more easily than their native colleagues and, once unemployed, have more difficulty in finding a new job. The Danish NRR stresses that migrant dependency on the welfare state is reduced when integration programmes explicitly aim at helping foreign workers to find their way in the labour market. The Swedish NRR provides a reverse perspective, to the extent that foreign workers are characterised by high employment rates and are net contributors to the welfare state ⁽¹⁾.

⁽¹⁾ Integration of foreign workers is aided where the social role of migrants is recognised: the Slovenian and Swedish NRRs reported positive attitudes towards migrants in that they stressed the importance of the inflow of foreign workers for countries with a rapidly ageing population (and low fertility rates). In contrast the Slovak NRR signalled a negative attitude towards migrants because of a widespread fear of job loss.

CHAPTER 3

VET contribution to labour-market integration of mobile workers

3.1. VET and information shortcomings

The increased likelihood of unemployment and occupational/skill mismatch for foreign workers are the labour-market consequences of information shortcomings. This underuse of human capital is a cost to society because full potential growth will not be achieved.

This is an important topic, as one of the much prized benefits of geographic mobility arises from the following positive externality: larger labour markets lead to better skill matches. In turn, improved skill match translates into increased productivity. Greater geographic mobility will lead to regional labour-market adjustment and a better match between the demand and supply of skills. If geographic mobility improves the quality of job matches, individuals can make a higher return on their human capital. This increases incentives to invest in education.

Foreign workers generally tend to end up in low skill/low pay job, and there is ample evidence that this is taking place in European countries. The NRRs from the Nordic countries signalled the slow down of wage inflation at the bottom of the wage distributions and an erosion of collective agreement. The Spanish NRR reported that migrants were hired in place of skilled personnel for a substantially lower wage. And all reports stressed that immigrants ended up in elementary occupations. The same pattern of employment is evident in an analysis of the employment experiences of migrants from the new Member States (European Integration Consortium, 2009; Münz, 2008).

Integration is intertwined with recognition of foreign workers' skills (to avoid stereotyping). All NRRs agree on this point: most foreign workers (the focus here is not on high qualified professional) are overqualified for the job they do. They have skills but these tend not to be recognised in the host country. They tend to end up in elementary occupations, in low quality jobs. If anything they tend to compete for jobs with young low-qualified workers (NRR Cyprus). The Estonian NRR describes how non-Estonian workers are more likely to be overqualified for the job they hold, are more at risk of unemployment and less upwardly mobile than their Estonian colleagues. The German NRR highlights that the generally high education level of foreign workers is a recent phenomenon due to the general increase in education levels, and that the education level in the older (first) migration waves were generally lower than the average in the host country. Since migrants tend to be younger and receiving countries tend to be mature societies with an ageing population, and since old generations tend to have low

education levels, the education level in the relatively young group of migrants is higher than the average in the host country (which is affected by the relatively low level of education of older workers).

An initial hypothesis is that the major obstacles faced by foreign workers are the lack of information on job vacancies, and on the use of institutions that could help them in locating job vacancies. There is also the fact that employers do not know how to link their titles and characteristics to skills and so rely on stereotypes to make up for the lack of information. Then there is the question of whether VET providers can contribute to improving labour-market prospects for foreign workers and, if so, how?

VET can generally aid foreign worker integration in the host country's labour market, especially as far as the lack of social capital is concerned. This is because successful VET programmes must be strongly tied to firms' skill needs and so contact with the business community are a vital part of the programme. Successful VET programmes are those that activate a substantial amount of social capital in the form of unions, employer federations and communities. Foreign workers enrolling in successful VET programmes could tap into their rich social capital for job contacts.

Further, VET institutions could also raise awareness of the presence of other labour-market intermediaries among the foreign workers enrolling in their courses (for example, by requiring formal proof of a contact with the public employment system that certifies the status of unemployed worker).

Foreign workers may also benefit from networking contacts with native workers they may encounter during their course of study.

VET programmes encompassing generic skills, such as language courses, could be useful. Not only might they help migrants by improving their language skills but could, in turn, enable them to acquire contacts with the host society and have better access to job related information contained in newspaper advertisements. Also, participation in VET programmes would put foreign workers in contact with employers belonging to the VET provider network of business contacts, partially compensating for foreign workers' lack of social capital: contacts established with fellow workers in the same course would contribute to this end.

VET programmes could also improve the information frictions during the selection process (selection frictions and stereotyping) if they functioned as screening devices. Here VET providers could play an important role in observing the candidate's behaviour during training (or let the prospect employers do that) leading to a 'local' VET certificate. The candidate's skills and ability can then be made apparent. To the extent that VET institutions play a significant screening role, they could improve the quality of the match between vacancies and worker skills, reducing overqualification among foreign workers).

VET providers could also have a generally positive impact on labour-market efficiency, as described in the next section.

3.2. The case for a new form of governance: the network of VET providing institutions

Various instruments have already been developed to aid skill recognition across countries and yet there is considerable heterogeneity in the quality of the training offered. It is still difficult for employers to assess the quality of the skills certified when they are not acquainted with the VET provider issuing the certification. Consequently, foreign workers' chances of overqualification are increased even if their skills are certified by home VET providing institutions.

An international network of VET providers could partly ease these problems. Contact between VET providers in the network could also lead to standardisation of programmes and to common qualification recognition.

The few examples where networks of educational institutions have been established resulted in increased student mobility. A few NRRs (Austria, Denmark, Hungary, Iceland, Italy) highlighted the added value of EU mobility programmes (Erasmus and Leonardo da Vinci). In this generally positive landscape, research in Austria showed a decline in the number of work placements under Leonardo da Vinci projects. The main constraints are the major organisational efforts required and lack of company interest. Firms involved in dual systems tend to regard the period their trainees spend abroad as a lost production period. In contrast, the Danish NRR stresses how students and pupils in VET regard the possibility to spend some time abroad as an enriching experience from a pure professional point of view ⁽²⁾.

The Italian and the Polish NRRs noted the increase in the use of Erasmus programme by university students. These also recognise that to spend some time abroad can be important for their future career.

Once VET providers are organised in an international network they could improve European labour market efficiency and actively support worker mobility. VET institutions do not appear to prepare workers specifically for international experiences. Foreign languages are seldom part of the curricula, and skills targeted to specific technologies adopted abroad are not part of the offer. While broadening the offer could indeed better prepare pupils for working experience

⁽²⁾ Student mobility is encouraged by the Slovenian VET system to the extent that many VET institutions engage in international competitions. The Slovenian NRR also points out that further efforts to increase VET teacher mobility would be needed.

abroad, the aspect that allows VET institutions truly to support migration lies in their ability to match skills demand and supply.

The involvement of the social partners in successful VET programmes means that VET institutions have ready access to firms' skills needs and to the supply of skills. If VET institutions were organised in transnational networks, VET institutions in regions of skills shortages (excess demand for certain skills) could quickly relay this information to the network, which could then provide the skills needed from regions with excess supply. VET institutions could perform this arbitrating role (aimed at reducing the impact of geographical search frictions) because when endowed by a standard qualification framework, such as those recently investigated in Cedefop (2010), they could also function as screening devices, thus easing employer doubts about the productivity level of prospective foreign workers.

Organising a network of VET institutions is not an easy task because of their heterogeneity. However, to the extent that VET provision becomes progressively standardised and subject to certification, the heterogeneity in the typology of VET institutions could be decreasing.

VET providers could play this role at many different geographic levels (locally, commuting and cross-border; regionally and internationally) depending on the organisation of the network.

3.2.1. Internal migration and commuting

A regional network of VET providers could effectively play a national arbitrating role by relaying information about employment opportunities for workers with certain skills in the regions where these skills are lacking.

The role of VET in regulating internal mobility could be a prominent one in Italy and Spain. In Italy, the southern regions (Calabria, Puglia, Campania and Sicily) experience high interregional emigration of nearly one out of five individuals. In 2008, the south of Italy lost more than 122 000 residents to the central and northern regions, while approximately 60 000 returned. The number of higher education graduates who left rose particularly sharply: in 2004, 25% of graduates with the highest grades left the south; three years later, the percentage jumped to almost 38%. In Spain, the population and economic map of the country has been historically structured by moving between the more and less developed provinces.

Much of the mobility is 'people-following-jobs': young individuals aged around 30 years old, having completed secondary education and carrying out jobs in construction, agriculture or hotels are those who tend to move more. Their preferred destination is Madrid, Toledo, Barcelona or the Mediterranean coast.

The role of VET institutions in matching jobs and workers geographically would be less important in countries with a uniformly low level of unemployment: the Norwegian NRR stresses that the low level of regional mobility characterising

the country is due to a uniformly low unemployment rate across the country. Similarly, VET institutions could do very little to improve the conditions of workers moving because of changing conditions in the housing market. For example, internal (regional) migration and commuting are linked in the, Danish, Polish and Slovenian NRRs. The connection lies in the fact that mobility and commuting are often the results of people moving not in search of better jobs but better housing at affordable prices.

3.2.2. Cross-border migration

In legal terms, cross-border commuting is international migration, but it takes place in a local setting. Its main characteristic is that it differs from working abroad, given the employees' permanent residence in one country while they work in another.

When commuting takes place across borders, the issue of qualification recognition becomes prominent. Could VET smooth the integration of two labour markets that are part of the same local labour market straddling the border of adjacent countries? Certainly bilateral agreement on qualification recognition would help. However, even more important would be a form of cooperation between VET providers in designing comparable curricula and including language courses. In addition, organising VET providers in the form of a network would be beneficial in handling the high degree of heterogeneity that characterise them.

Since small countries tend to be more sensitive to cross-border migration, the topic would cover the the Baltic States, which show patterns of cross-border migration (Latvia with both Estonia and Lithuania).

NRRs suggest that a network of VET providers could be particularly important for Hungary, Slovenia and Slovakia. In Hungary, cross-border migration is gradually increasing: Hungarian workers began to commute to Austria and more recently to Slovakia, thus contributing to the alleviation of a shortage of skilled labour force in those countries. However, this outward flow of workers creates labour shortages in the border areas which are filled by Croatian workers. This is a case of interaction between migration flows: outward migration induced local labour shortages that, in turn, attract an inward migration. Another new phenomenon highlighted in the reports is that of Slovakian citizens acquiring property in Hungary and commuting to work or to study in Bratislava, thus expanding the labour force but also the agglomeration of the Slovakian capital. This has implications in terms of skills demand, in particular in those services required for the expansion of the city. The Slovenian NRR highlighted the sectoral pattern in cross-border commuting flows; Slovenian workers commuting to Austria and Italy tend to work in just three industries: construction, agriculture and tourism.

The Lithuanian VET system has now developed trajectories to train workers in specific occupations for which there is shortage of labour. However, the VET system is not flexible enough for timely response to labour shortages. While the

responsiveness of the whole system to skill shortages could be slow, the VET system could quickly spread the information about excess demand for a given set of skills through the country so that workers with the right skill set but employed elsewhere (or unemployed) could be redirected toward the region in excess demand.

3.3. VET and students with migration background

Education is an important vehicle for transmitting societal values to youngsters (Bourdieu, 1990), and therefore is a powerful instrument of assimilation (and integration). VET is no different in this respect because it transmits work-related values to new generations. However, to accomplish this task successfully with foreign pupils, national VET systems should have the means to train and educate foreign workers. This is not always so, and the effectiveness of VET in integration changes accordingly.

The research gathered in the NRRs shows that there are two distinct groups of countries as far as the presence of foreign young men in the school system is concerned: countries with or without a long history of immigration. This distinction is important for the way VET has been deployed to favour integration of second generation students and of foreign students.

Spanish, Italian, Hungarian and Slovak education systems are not ready to take in children with a migration background. In some cases the main barrier is the language: foreign pupils do not command the language of the host country. In other cases it is the rigidity of the teaching methods that renders the transfer of knowledge to pupils with migration background difficult. The Italian NRR reports high drop out rates and lower attainment level for pupils with a migration background. Since migration tends to be concentrated in a few regions the difficulties are acutely felt in these areas only. The local dimension of the crisis has spurred local answers: in Hungary some schools have started to offer a bilingual Hungarian-mandarin programme for Chinese students, while in Spain some communities have invited Romanian teachers to hold courses in Romanian language and culture. Similarly, small scale VET projects have been developed for drop-outs from the general education trajectory. Since VET providing institutions have an important regional dimension (also noted in Italy), their curricula are more easily adapted to local labour-market conditions, so they could be successfully deployed to integrate foreign students when the national educational system has not responded to the wave(s) of immigration.

Austria, Denmark, Finland, Germany, Iceland, The Netherlands, Norway, and Sweden have long experience with children of migrant background.

Despite this, research in Denmark shows that immigrant pupils are characterised by a high drop-out rate. In addition, the habit of describing pupils

with a migration background by means of the skills they lack tend to stigmatise them and any remedial education offered in these areas tends to produce poor results. A more fruitful approach would be to mobilise students' learning resources; to do this requires an increase in the number of stakeholders in the education process and local communities and families must support pupils' learning. The German NRRs signals how the parents of pupils with an immigration background often do not understand or underestimate the importance of IVET for their children. As a consequence, young men with an immigration background are more often found in the less prestigious tier of the German dual system (the so-called transition system).

Norwegian students born from immigrant families have the same education pattern as their Norwegian peers, though children of immigrants not born in Norway have much lower attendance rate and a higher drop-out rate. Norwegian children born in immigrant families are different from Norwegians with Norwegian parents. They have more difficulty in finding good apprenticeships and have lower wages in their first job out of VET education than their Norwegian colleagues. Similarly, the Austrian NRRs note that the social mobility of second generation immigrants is rather small even if their level of schooling has increased.

The Dutch NRR deals extensively with the differences between the choices of Dutch students and their peers with a migration background. The latter leave school earlier and choose economics more often (and technical subject less often) than Dutch pupils. When in vocational education, they are found to be less inclined to try new things and less independent in the completion of projects. The report traces the causes back to the home environment where in families with migration background the importance of education is sometimes underestimated. In some cases parents lack the knowledge and the experience to help their children to make education choices. There is also an indication that, in some homes, values conflict with those of education programmes. Generally, the reports argue for the importance of the home environment for education and career choices: the home environment should be mobilised by projects aiming at supporting students with a migration background throughout their educational career.

CHAPTER 4

An important caveat: VET providing institutions cannot offer a global solution

VET providing institutions have, independently from how they are organised, the potential to improve labour-market outcomes for foreign workers but they do not offer a global solution because:

- (a) pure discrimination does not originate from an information problem (though statistical discrimination does);
- (b) not all foreign workers are interested in enrolling in VET courses;
- (c) foreign workers are structurally captured by jobs offering little job security and poor working conditions (labour-market segmentation).

In the following sections each of these topics is tackled in turn.

4.1. Pure, taste-based, discrimination

VET providers could improve labour-market outcomes for migrants only by providing additional reliable information on workers. Improvement is possible only if discrimination takes place for lack of information (statistical discrimination; Cain, 1986). Statistical discrimination generally refers to the phenomenon of a decision-maker using observable characteristics of individuals as a proxy for unobservable, but outcome-relevant characteristics. This is a form of discrimination very common in the labour market (Tomaskovic-Devey and Skaggs, 1999). In contrast, the additional information on worker skills provided by VET providers does not improve labour-market situation of foreign workers when they face pure (taste-based) forms of discrimination such as those described in Becker (1957). When discrimination is based on tastes, people often mentally increase the cost of a transaction if this involves contact with a minority they discriminate against. In this case, no amount of extra information would decrease the extent of the discrimination because information cannot decrease the (mental) cost of the transaction. So, to the extent that discrimination in the labour market follows from pure discrimination, the importance of VET to improving labour market outcomes for foreign workers is reduced. In some cases, NRRs report that migrant workers enrolling in CVET meet resistance sometimes for language barriers and often for open discrimination. Further, being overqualified for their jobs reduces their interest in building additional skills (Austria).

4.2. Limited attractiveness of VET for migrants

VET effectiveness in improving foreign worker labour-market outcomes is also limited when foreign workers refuse to enrol in VET or to get in contact with VET providers. This negative attitude towards VET could be linked to the motives that ultimately led to the migration decision.

Usually migration is undertaken for economic reasons: higher wages or better employment opportunities, as confirmed in all NRRs. However, none of the NRRs elaborate on this issue any further. The theories of migration summarised in Box 3 show that economic motives can have different connotations depending on the level at which the decision to migrate is made: individual or family level. To be more specific, from the NRRs it is not clear who will benefit from the improved economic conditions: individuals themselves or the wider family group? Knowledge of the deeper motives that triggered migration is crucial in assessing the importance of VET for migrants. For example, let us assume that a given worker has decided to migrate on the basis of a personal career plan. In this context the costs of migration can be equated to an investment in one's own career, the worker will reap the yields of this investment in the form of a higher wage, better career opportunities and/or better working conditions. This view would correspond to the economic approach to migration (Box 3). Under these circumstances, finding a job at the right skill level would be instrumental in ensuring the desired return on the investment in human capital. To the extent that qualifications gained in the home country are not recognised in the host country, VET would be an attractive way of having the level of skills recognised. This line of reasoning would apply also to asylum seekers and refugees, for whom migration is a long-term project. Since residence in the host country is likely to be long, these migrants will be interested in having their skill recognised by the national VET system, especially if the VET system could also retrain them in skills in demand.

Now, let us assume that workers decide to migrate (for economic reasons) because there is need for additional income. This is a more likely scenario when the decision-making unit is the family rather than the individual. The income flow to be generated could be needed to support the rest of the family at home for various causes: because other family members are unemployed, or because the pensions of retired family members are way too low (or because one of the family members need medical assistance), because crops yields are not sufficient to support the whole family or a need to finance small scale investment in the family business (see Box 3 for theories that embed the migration decision into a broader view of household management). In this case, migration is not seen as an investment that will bear fruit in a not so distant future, but as a strategy to generate an immediate cash flow. This is not an unlikely scenario given the large

amounts of remittances that migrant workers send home across the world (De Hass, 2005).

For migrant workers in this frame of mind, the acceptance of a job for which they are overqualified is not a problem as long as the job is able to generate the much needed cashflow. On the contrary, an investment in VET will not be an attractive option (unless some form of cash subsidy is attached to VET enrolment), because of the disruption of the cashflow it entails.

The economic motives that trigger migration are not only important in assessing the attractiveness of investment in VET for migrants but also in understanding the type of institutions that would be most effective in certifying migrants' skills. For example, when migration corresponds to an individual investment in human capital, it is of paramount importance that skills be recognisable by potential employers: in this way skills can be rewarded in terms of higher wages. To this end, procedure for the recognition of foreign qualifications and validation of learning experiences in assessment centres may support acknowledgement by employers of the full range of knowledge, skills and competences possessed by individual migrants. Use of 'translation devices' between national qualification systems and frameworks, as in the European qualification framework (EQF), is a step in this direction (Cedefop, 2009).

However, the use of qualifications is feasible only if employers believe they offer reliable signals on worker productivity. Consequently, it is plausible that the introduction of an EQF (and of a system aimed at validating informal learning) will not achieve immediate effects because employers will need time to learn the real skill content of the qualifications issued (Cedefop, 2009). So, until this happens, it is in the migrant's interest that the process of skill recognition is carried out within the VET system of the receiving country, as employers are familiar with the skill content of the qualification issued by national VET institutions. In such cases, time spent in the VET system to have one's skills recognised and certified could be equated to an investment in human capital.

This will be different when the economic reason to migrate is the generation of cashflow for the benefit of a larger family unit. For such migrants, skills ought to be certified quickly. Since migrants tend to end up in the informal sector, where much of the activity is on an on-call basis, they cannot commit themselves to a regular course of study or regular training activity. Consequently, such migrants could be interested in having their skills certified in apposite, possible onsite, certification centres aimed at verifying that they possess the technical quality they claim to have, rather than providing workers with new skills (Cedefop, 2008).

The general lack of information on the motives that ultimately lead to migration decisions is not only a characteristic of the NRRs; the recent issue of the Eurobarometer on mobility has this problem (European Commission, 2010). The data show that economic reasons (finding a job, better career prospect, and earning higher wages) are important for considering work in another country, but

family ties are a strong disincentive to migrate (for about 40% of the respondents). If family reasons are so important in discouraging migration, they could also be powerful triggers for migration. However, questions on the deeper economic motives that ultimately lead to migration are usually not included in questionnaires. This information is not crucial to computing the wage and unemployment impact of migration (usually very small in the short run) but it is important in understanding the availability of foreign workers to enrol in VET courses or other courses aimed at improving their labour-market position.

Box 3. Theories of migration

All theories acknowledge that internal mobility (migration from regions of one country) and international migration flows are triggered by push-pull mechanisms. Each theory is characterised by specific definitions of push and pull factors. For example, from a purely economic point of view, push mechanisms are those that lower the returns on one's human capital investment in the home country (such as high unemployment or low wages). Pull mechanisms are factors that increase the returns on investments in human capital in the receiving country (such as high labour demand, high wages, better working conditions). The first two theories we present are skewed in the direction of push factors, while the third one is skewed in the direction of pull factors.

Neoclassical economic theory

- macro level

Migration occurs due to the differences in labour supply and demand. Countries with a large volume of labour relative to capital have a low equilibrium market wage, while countries with limited volume of labour relative to capital are characterised by high market wage. As a result, people from low-wage countries move to high-wage countries. Capital (including human capital) flows in the opposite direction

- micro Level

Considering the process of decision-taking, the emigrant is described as a calculated and rational actor who will choose to migrate to the place which will offer the maximum benefit. Migration is formalised as an investment in human capital. Against higher expected returns on own skills, workers bear migration costs in the form of the material cost of travelling, the cost of maintenance in the host country while looking for a job, the (psychological) costs of cutting ties with the social network in the home country, the cost (effort) in learning a new language (and culture), the (psychological) costs of creating a new social network, and the difficulties experienced in adapting to the new situation. If the expected benefits from migration (higher expected wage multiplied by the expected probability of being employed, discounted over the temporal horizon of the migration) are larger than the expected costs, the individual migrates.

New economics of migration

Since the 1980s, a new theory completed the neoclassical perspective: migration decisions are not taken by isolated individuals, but by larger units, such as households or families, in which people act collectively not only to maximise potential income but also to minimise the risks associated with labour-market failure and other market imperfections. In this broader view, migration serves to generate cashflow to finance small investments in family operations (like a small shop) where underdeveloped credit markets cause credit constraints, or to serve as insurance for bad crops, where insurance markets are not well developed. Household members can diversify the source of wages by sending one family member abroad while the rest can be engaged in local economic activities. However, if we consider that income is a positional good ^(a) and that individual decision-making is embedded in a family unit, and that families are usually embedded in villages and villages in regions, we obtain interesting results. In this perspective, a major role is played by remittances ^(b) which are invested locally. As remittances begin to flow, local income rankings are altered; to regain lost status, other families may begin to send family members aboard. As a village gets richer, other villages will notice that and will begin to send members aboard to regain lost status. As a result, in opposition to neoclassical perspective, as remittances begins to spur local economic growth, international migration flow, instead of reducing, might intensify (Sana, 2005; Durand et al., 1996).

Dual segmented labour force theory

This suggests that migration stems from an intrinsic demand of modern societies, which need foreign labour because of an economic dualism created by labour and capital. Hence, the main drive for migration is a pull factor. Capital is expensive to idle so capitalists will employ a stable and skilled quantity of labour to run the capital at normal capacity: the primary sector. When the economy expands and additional demand materialises, capitalists use additional labour: the secondary sector. The secondary sector is represented by unstable jobs which do not require a high stock of educational capital. The salary level is low and it does not offer the opportunity of promotion. This is the hypothesised structure of production. Two important factors explain the reason why secondary sector is occupied by the immigrants: structural inflation and motivational constraints.

Structural inflation is linked to the concept that jobs represent one's position in society and one's personal value; jobs confer status and prestige on the holder. There is a well defined notion of the correlation between wages, occupational status, and jobs. There is a hierarchy of jobs and wages, which constrains employers' ability to manipulate wages in response to changes in labour demand and supply. Wages adhere to the hierarchy of prestige by formal and informal institutional arrangements: collective agreements, bureaucratic career rules, company job classifications, years of service rules are among the former while social expectations and social norms can be found among the latter. Hence, employers facing a shortage of labour at the low end of the wage distribution cannot simply raise wages to attract workers because this move would put the relative position of jobs and pay in disarray. If wages are to be raised at the bottom of the hierarchy of jobs, then they must be increased throughout the hierarchy to maintain the relative position of jobs unchanged.

Motivational constraints

Job hierarchies are important for worker motivation: workers do not work only for pay, but also to accumulate status through better jobs. Motivational problems arise at the bottom of the job hierarchy because of the low status of the job and of the minimal upward mobility that characterises the secondary segment. This motivational problem is structural, as every hierarchy must have a bottom. So employers need workers for whom the only important aspect of the job is the wage, and who view bottom-level jobs just as a mean to earn money. Migrants, especially in the early phase of their experience, fit this description because they concentrate only on the financial gain which will confer a new status in the home country but not in the destination land.

^(a) Positional goods are products and services whose value is mostly (if not exclusively) a function of their ranking in desirability, compared to substitutes. The extent to which value of good depends on such a ranking is referred to as its positionality. Positional goods create 'externalities' or a so-called 'arms race' for goods that might boost one's social status relative to others. In this context, the remittances received by a family who has sent one of its members abroad increase the family's wealth. The other families in the village see themselves as poorer and decide to send one of their members away to regain the status (an instance of relative deprivation: the perception that one's position in a stratification system is worse than the position of others with whom one compares oneself). The phenomenon can also play out its effect at regional level too.

^(b) 'Remittances' or 'migradollars' represent the monetary transfer made by immigrants from destination countries to their homeland.

Source: Massey et al., 1993.

In practice, the NRRs stress that foreign worker attendance in VET programmes is a subject deserving additional attention from the research community. The incidence of foreign workers in training activities is low and they seem to be uninterested in training (Czech Republic). The experiences of countries with an established dual education system (Austria, Germany, Denmark and Norway), and for those that rely on training as form of active labour-market policy (Sweden and the UK) is different, however. Foreign workers attend these education programmes, but there are differences in participation with respect to national workers. Foreign workers are underrepresented in CVET (Germany). They often enrol in apprenticeship-like programmes but only because they are a compulsory part of active labour-market programmes (Sweden). It appears that

foreign workers are interested in VET but they often lack information about which programmes are available and which institutions offer them (UK).

4.3. VET and migrant integration reconsidered

Integration of foreign workers in the host labour market may suggest that, given equivalent skills and equivalent labour-market information, foreign and native workers will have equal access to employment opportunities (there is also the unwritten assumption that integrated workers are not seen as different from native workers and so they do not suffer from discrimination). When this is the case, VET may dramatically improve foreign workers' labour-market outcomes (provided they are interested in participation).

However, there are many different connotations to the word integration. Box 4 presents a short, and by no means complete, overview of the different concepts that fall under the common heading of integration. Despite all NRRs using the term integration, none explain what 'integration' means in their different particular contexts.

Definitions of integration endorsed by countries are important in understanding the importance of VET in the process of integration. To the extent that the structural margin of integration is important, VET will be an effective vehicle of integration for, by its nature, VET aids labour-market participation. To the extent that VET includes general education modules, it may also favour cultural integration and can have some impact on the legal and political integration of migrants.

However, VET could be unsuccessful in improving labour-market outcomes for foreign workers, even when countries focus on the structural integration of foreign workers, if – as posited by the dual theory of migration (Box 3) – the labour market is segmented in such a way that foreign workers end up in the secondary, less protected, segment of the labour market. Typically the secondary segment is not unionised and jobs within it enjoy lower labour-market protection (not covered by employment protection legislation). The secondary segment of the labour market will consist of low skill/low pay jobs, elementary occupations, temporary and/or part-time jobs.

Box 4. Integration

Three distinct spheres of integration can be identified (Entzinger and Biezeveld, 2003): cultural integration; structural, institutional or socioeconomical integration; legal and political integration.

From a cultural perspective (migrants' cultural orientation and identification), integration refers to the extent to which individuals experience a sense of belonging to a community by virtue of sharing its norms, beliefs and values (social identity). It can also describe as the extent to which the activities or functions of social institutions and societal sub-systems complement rather than clash with each other (Bruce and Yearley, 2006). Integration was initially understood as the process of assimilation of newcomers in the following dimensions: cultural, structural, marital, identity, prejudice, discrimination and civic. The first step in the process of integration was acculturation, defined as the minority group's adoption of the host society cultural patterns (Alba and Nee 2007). This process involves renunciation of the immigrants' native cultural values and norms before they adopt the new ones (Knoll and Hinzen, 2007). This is the 'melting pot' theory. The assimilation process spans several generations (Gans 1992). The assimilation perspective was later criticised because it neglects the dynamic interplay between the sociocultural entity represented by migrants (immigrants' identity and background do not vanish) and the sociocultural characteristics of the new country (Anghel et al., 2008; Brejen, 1997; Faist, 2008; Lachenmann, 2008).

The multicultural society perspective stresses the importance of diversity for society itself (Kymlicka, 2002). Two forms of multiculturalism can be identified: descriptive and normative (Heywood, 2007). Descriptive multiculturalism refers to cultural diversity, while normative multiculturalism implies an endorsement of cultural diversity, based on the immigrants' right of recognition.

The transnationalism paradigm stresses that while immigrants are being incorporated into the host society, their strong bonds with their home countries can induce 'transformations' in the host (Vertovec, 2004). Immigrants are thus active agents of development (Glick-Schiller and Caglar, 2009), while codevelopment theories look at transnational migration ties as transmission belts for cooperation and development.

Cultural integration (acculturation) is based on the principles of cultural maintenance and contact-participation (Berry, 2002) as follows:

	Society favours maintenance of own cultural identity	Society does not favour maintenance of own cultural identity
Maintaining relationship with other group is valued (and possible)	Multiculturalism	Melting pot (pressure cooker)
Maintaining relationship with other group is not valued (or not possible)	Segregation	Exclusion

When assimilation was sought by the non dominant group the resulting mode of integration was termed 'melting pot' but when it was demanded by the dominant group it was termed 'pressure cooker'.

If the focus is on the individual migrants, the model can be adapted as follows: cultural maintenance (the extent individuals value and wish to maintain their cultural identity), and contact-participation (the extent individuals value and seek out contact with those outside their own group, and wish to participate in the daily life of the larger society).

	Whish to maintain own cultural identity	Does not wish to maintain own cultural identity
Maintaining relationship with other group is valued (and possible)	Integration	Assimilation
Maintaining relationship with other group is not valued (or not possible)	Separation	Marginalisation

Individuals can be

- integrated if they want to maintain their identity with home culture, but also want to take on some characteristics of the new culture;
- assimilated if they do not want to keep their identity from their home culture, but would rather take on all of the characteristics of the new culture;
- separated if they want to separate themselves from the dominant culture (segregation if it is forced separation);

- marginalised if they do not want anything to do with either the new or the old culture.
- From a structural point of view, integration refers to the participation of migrants in the host country institutions: labour market, education, health care. In this context public policy attitudes are fundamental in shaping the degree of migrant participation in the host country institutions. Again, three main modes can be identified (Entzinger and Biezeveld, 2003):
- the guest-worker model, for which Germany is the prototype: immigration is determined by a conjectural need for foreign labour and the immigrants' presence is only temporary; as a result, there is no specific need to reinforce their status and to create paths of incorporation;
 - the assimilation model: immigration is seen as a permanent process and the immigrants are welcomed, on condition they are able to adopt all the cultural values of the new society;
 - the ethnic minorities' model: immigrants are defined in terms of their ethnic or national origin, they constitute new communities, culturally different from the natives and from each other; the challenge is to make these communities live together harmoniously in a multicultural society.

From a legal and political point of view, integration means equal rights for all citizens (rights conferred by citizenship). Citizenship can be obtained on the principles of *jus sanguinis* and *jus soli*. The legal and political status of the immigrants can affect their socioeconomical and cultural integration. The *jus soli* system is based on the principle of territoriality: all people residing in one territory have the same rights, irrespective of their ethnic affiliation or nationality; for newcomers, there is a period of transition and these rights might be acquired gradually. The *jus sanguinis* is based on the descendants' principle: citizenship and all the rights are passed down from one generation to another along the 'bloodlines'; as a result, not all the residents in a given territory have the same rights as the native population.

To the extent that this theory is endorsed by empirical regularities, there are practical consequences for the ability of VET to improve the labour-market position of migrant workers. Firms will not be interested in providing VET to workers in the secondary segment of the labour market characterised by high turnover rates. Unions also, will not be too keen on VET provision to workers in the secondary segment because union interest lies in the defence of primary segment worker rights. However, the increase in the supply of labour in elementary (low-skilled) occupations will affect the technology adopted for these tasks (delaying the adoption of less labour-intensive technologies), and the wages of workers in this skill group (Borjas, 2009; Steinhardt, 2009).

So, to the extent that foreign workers must fill jobs on the lowest job ladder rung, employers might also not be interested in their skills. To recognise their qualification implies that they should be allocated to higher level jobs or that the wage level attached to the lowest jobs should be increased (thus generating a wave of adjustments throughout the job ladder).

The NRRs contain elements suggesting that the dual theory of migration may contain a kernel of truth; it should not be discounted as a theoretical particularity.

Most of the NRRs stress that a large proportion of foreign workers have a secondary level of education but still tend to end up in elementary occupations and in the grey economy. This applies even to the Nordic countries where foreign workers have been treated differently and where norms of collective agreement have often been disregarded when foreign workers were hired (this might also be consistent with a form of discrimination, though it is not possible to tell whether pure or statistical). This differential treatment of foreign workers has led to an erosion of labour standards as far as safety is concerned, and also to an ethic debate on the acceptability of this behaviour. The problem is somewhat larger in

countries where the enforcement of collective agreement norms is left to the unions (Denmark, Iceland and Sweden) than in countries where the enforcement is managed by the government (Norway and Finland). The Norwegian NRR suggests that the institutional arrangements for enforcement of the norms contained in the collective agreement are relevant.

The Spanish NRR underlines the importance of employment patterns for the lack of training among foreign workers. These are usually employed in short-term contracts and are often regarded as attractive replacements for skilled workers for the low wage they are ready to accept. Under these circumstances employers do not see the importance of offering them training. Compounding the problem is the fact that most of the training activities are overseen by unions, directly or indirectly, and foreign workers often end up in the grey economy outside the reach of unions.

Some of the NRRs from the Nordic countries suggest that migrant workers might function as a buffer isolating the native labour forces from economic fluctuations (Denmark, Finland and Sweden).

CHAPTER 5

Conclusions

The analysis of the NRRs has shown that foreign workers tend to end up in elementary occupations or in occupations for which they are overqualified; highly educated migrants were not included in the analysis. Worker mobility is an important mechanism contributing to growth potential but will not bring about all the potential benefits where there is skill mismatch.

Such mismatch may arise because foreign workers are particularly vulnerable to information problems: firms and job seekers have difficulty finding each other, and employers do not know how to evaluate candidates' ability and productivity level.

VET can improve the quality of the match of foreign workers in three ways:

- (a) VET providing institutions could contribute to strengthening foreign worker social capital;
- (b) VET providing institutions could function as screening agencies for prospective employers;
- (c) a network of VET providing agencies could improve labour-market efficiency in general by relaying information about scarcity of skills in some regions to regions where those skills abound.

VET providers could perform these roles because they are rich in social capital: they have good connections with employers (so that qualifications issued are trusted) and with unions. Therefore, VET providers could also aid foreign worker integration into the host society, especially if integration is understood in terms of labour-market participation.

Governance, in the form of a network, could support qualification recognition in that workers coming from different regions/countries, but from VET providing institutions affiliated to the same network to which local VET providing institutions belong, could benefit from the trust local employers put in qualifications. The trust local employers put in the qualifications issued by local VET provider could be extended to qualifications issued by providers located in other countries or regions but affiliated to the same network.

However, VET effectiveness in improving foreign worker progress in the host country labour market may be limited when:

- (a) foreign workers are confronted with pure forms of discrimination;
- (b) foreign workers systematically end up in the secondary segment of the labour market.

Foreign worker progress in the labour market is also limited when workers are not interested in VET.

There is very little information on which specific case applies, resulting in a need for additional research, especially on:

- (a) the potential migrants' interest in VET. If migration corresponds to an investment in human capital, then VET is attractive. If migration is linked to the need to generate cashflow, then migrant worker interest may be low. This strand of research will also be linked to the analysis of the economic causes that led to migration and to their background, including personal and socioeconomic characteristics. Similarly, there is little information on migration planning, whether it has a long-term (an investment in human capital) or a short-term (cashflow) perspective;
- (b) the role of migrant workers in host countries and the factors that lead foreign workers into the less appealing sector of the labour market. If the cause lies in the fact that their skills are not recognised in the host countries (but apart from this they stand on equal footing with native workers as far as labour market opportunities are concerned) then international qualification frameworks certifying migrant workers' skills could help them to improve their position in the labour market. If, instead, foreign workers end up in the secondary segment of the labour market for lack of social capital, then participation in VET could compensate;
- (c) the roots of the difficulties faced by foreign workers in the host country's labour market. In particular, whether they can be linked to the lack of social capital (information problems). VET provision could be effective in this case but not in other cases, and, in general, different causes need different cures;
- (d) the if, how, and why of social partner participation in the organisation and administration of VET programmes all impact on participants' labour-market outcomes in terms of speed of transition toward the new job and quality of employment.

Although we have treated all these topics as separate items, they are connected and interrelated. Ultimately, the ability of VET system to integrate migrants in the host society, independent from the form of integration sought, depends on the role migrants play in the host country's labour market and on the willingness of migrant workers to enrol in the VET system of the host county.

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European Centre for the Development
of Vocational Training

Employment-related mobility and migration, and vocational education and training

Luxembourg:
Publications Office of the European Union

2011 – VI, 36 p. – 21 x 29.7 cm

ISBN 978-92-896-0681-3

ISSN 1831-2403

Cat. No: TI-BA-10-004-EN-N

doi:10.2801/38113

Free download at:
http://www.cedefop.europa.eu/EN/Files/6109_en.pdf

Free of charge – 6109 EN –

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TI-BA-10-004-EN-N

Following the public attention received by regional imbalances in the European labour market in these times of crisis, and the importance of labour mobility in redressing them, this report focuses on the difficulties migrant workers face in making their way in the destination country labour market. Reviewing the ReferNet research reports from various European countries on the problems migrant workers face, this report reflects on whether VET provision could offer a viable solution to them and, if so, how. The answer offered here is a tentative 'yes'. When difficulties in the labour market can be traced back to a shortage of social capital (the network of contacts that usually help individuals to move proficiently in a social environment) VET providing institutions – involving social partners and local communities in the design of their educational offer – can effectively fill the gap for foreign workers.



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