

# Summary<sup>1</sup>

Integration is an area of hot political debate in Sweden today. How to improve integration is one of the key political issues. The area embodies a whole range of values, feelings and preconceived ideas that risk obscuring the fact-based conclusions concerning problems and opportunities. For the same reason, it is particularly important to seek solutions to integration problems that build on a body of knowledge and evaluations of what works and what does not. The purpose of this report is to draw conclusions about initiatives and measures to improve integration in the Swedish labour market based on a review of the policies pursued and existing research. This report contributes to the literature in the field by placing integration policy in a context of both general and targeted policies in relation to barriers to labour market entry for foreign-born people. Particular attention is paid to the interplay between the public initiatives aimed at the entire population and the targeted measures that are only available for foreign-born people, and how they complement and overlap each other.

## **Work – a necessary but insufficient prerequisite**

Having a job does not mean that integration has been achieved. But for most people, being able to support themselves and their families is a prerequisite for feeling that they are part of the community, and thus is a necessary prerequisite for integration. Improved labour market integration in this context refers to how the employment rate and incomes for foreign-born people in the

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labour market can be improved and approach the levels for people born in Sweden.

The labour market outcome for foreign-born people in Sweden differs significantly from that of Swedish-born people: the employment rates are 64 per cent and 82 per cent respectively.<sup>2</sup> Moreover, unemployment is considerably higher among foreign-born people. But the picture is heterogeneous; the differences between different groups of foreign-born people are considerable. For example, the unemployment rate is higher among people born outside Europe, refugees and their families than among others. Labour market difficulties are obviously a problem for the individual and their family but also costly for society as a whole.

### **Sweden is not so divergent**

Immigration to Sweden has increased in recent years but no more so than to other similar countries. In Denmark and Norway, for example, the increase has been significantly larger. Neither is immigration to Sweden markedly higher than immigration to other comparable European countries. However, what distinguishes Sweden is a relatively large proportion, among the immigrant population, of people in need of protection and their family members, a type of immigration that does not match an immediate labour market demand but that stems from the desire to help people who need a place of refuge. Sweden also has an overall larger proportion of foreign-born people in relation to the total population than most other OECD countries. If we take into account these differences in the level and composition of immigration, the differences between countries in terms of the employment rate for foreign-born people are remarkably small.

### **Building up and tearing down – human capital, thresholds and networks**

To understand why the integration of foreign-born people in the labour market may be problematic, three main reasons can be identified. The first group of factors involves the immigrants' *human capital*, and influences which qualifications employers

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<sup>2</sup> Statistics Sweden, 2010 Labour Force Surveys of the 20–64 age group.

perceive the person as having. Uncertainty about qualifications may result in potential employers rejecting certain people. When people move to another country, it may also be difficult for them to fully use all the knowledge and skills they possess. Knowledge, for example, may be country- or language-specific and hence of less or no value in another country. It is therefore important that existing human capital is assessed and translated as soon as possible after immigration so as to maintain the value that has already been built, and at the same time facilitate the building of new human capital to complement and update knowledge and skills to enable them to be matched in the Swedish labour market. The second factor is related to *labour market thresholds*. These thresholds, which may include different types of discrimination or high pay levels even for simple jobs, make it difficult for foreign-born people to gain a foothold in the labour market. The third factor is *networks*. Information about job vacancies and recommendations is often obtained through personal contacts. For obvious reasons, newly arrived immigrants often have extremely limited networks, and for people living in highly segregated housing areas with high levels of unemployment it can be difficult to build up a network that is effective from a labour market perspective.

A very important aspect of the integration process is how the receiving society receives immigrants. Regardless of how well equipped immigrants are to meet the Swedish labour market, how they are received is of crucial importance. The integration process involves the whole of society and all actors in the labour market and other arenas of society must contribute to integration. In no way is it only an issue for the foreign-born.

The various integration policy measures aim to reduce the problems outlined above and to offer foreign-born people better labour market opportunities. The objective of integration policy is equal rights, obligations and opportunities for all, regardless of ethnic or cultural background. Major differences between Swedish- and foreign-born people as regards employment and unemployment indicate that the objective of equal opportunities has not been achieved, at least not in the labour market. To have an influence on integration, measures can either target foreign-born people only, or groups of foreign-born people (targeted measures), or the population as a whole without distinction of origin (general policies). Targeted measures, such as basic language training, may be appropriate especially in the initial period in the country when

the differences are greatest. General policies targeting people, regardless of their background, who need particular types of support – such as housing, labour market and education policies – are the main integration policy instruments after the initial period. The report analyses the policy pursued in Sweden with the aim of identifying possible gaps and shortcomings that reduce its effectiveness. The measures proposed in the report are based on this analysis.

### **Integration policy is not an overall failure but has the potential for improvement**

To meet the needs that have been identified, the general and targeted measures need to complement each other while being appropriate and effective individually. We also find that this is often the case – integration policy is not the failure that generalisations sometimes make it out to be. Overall, the direction and methods of integration policy are, by and large, in line with the knowledge base that is available in the form of research, evaluations and international experience. However, the scope for improving processes is great. The report points to a number of measures that, in our assessment, can enhance labour market integration. We would like to especially highlight five proposals we believe are particularly important to enhance the effectiveness and appropriateness of the policy and to improve labour market outcomes and performance.

1. Validation of foreign studies and vocational skills is a reliable means of verifying existing know-how so that employers can compare it with that of applicants with a Swedish education or experience. Today, information on validation and recognition of professional expertise and foreign studies is difficult to understand. Various functions are delegated to local higher education institutions and trade organisations. This produces a fragmented information structure that is hard to grasp and makes validation difficult. This means that validation is often delayed or does not occur, and that the matching of the actual skills with employer demand is less effective. We propose, for example, the establishment of a single point of entry, i.e. a clear entry point for information

- on validation and supplementary education opportunities, regardless of the level or purpose of the validation.
2. Ideally, the right to special labour market measures in connection with immigration should be based on an individual assessment rather than on the grounds for a residence permit. At present, the state has taken a special responsibility for measures for people in need of protection and some of their relatives. Many other close relative immigrants, however, have the same characteristics and similar labour market outcomes.<sup>3</sup> In an international comparison, the target group for special introduction activities is defined relatively narrowly in Sweden. *Against this background, we propose that other close relative immigrants should also be offered support such as establishment dialogues and introduction plans conducted by the Swedish Public Employment Service.*
  3. The reception of newly arrived children and young people in schools plays a crucial role in their future education and employment prospects. At the same time, the growing proportion of newly arrived pupils in compulsory school who fail to qualify for entry into upper secondary school is cause for concern. Many schools and education authorities find it difficult to follow the current requirements of the education statutes for equal quality education also for newly arrived pupils. *We propose that the statutory regulations in this area be reviewed in order to achieve improved educational outcomes and greater equivalence between different schools and municipalities. The National Agency for Education should produce an additional practical manual of effective methods for the reception of foreign born children and young people in schools, based on both Swedish and international experiences. Moreover, we propose that the National Agency for Education be allocated resources for targeted support to municipalities receiving a large number of school-age children to help them to adjust and enhance the quality of reception.*
  4. The design of parental insurance reduces the incentives to work and creates lock-in effects. Despite good intentions, parental benefits are often a poverty trap and a trap for women born abroad who are out of work and have not

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<sup>3</sup> Large proportion of low-educated people, high degree of human capital depreciation, high proportion of outsiders.

qualified for means-tested insurance systems. *We propose that the possibilities and appropriateness of relating the number of parental benefit days to the child's age on arrival in Sweden be examined. Furthermore, we propose that the child-raising allowance be abolished.*

5. The employer has the main responsibility for occupational rehabilitation in Sweden. The rehabilitation measures offered by the Swedish Social Insurance Agency are primarily for people receiving sickness benefit. For people without an employer or who have not accrued entitlement to sickness benefit, responsibility for occupational rehabilitation is unclear. *We propose that occupational rehabilitation entitlements for people without work or a sickness benefit qualifying income be reviewed.*