Elli Heikkilä (Ed.)

IMMIGRANTS AND THE LABOUR MARKETS

Experiences from abroad and Finland

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The focus of this book is the position of immigrants in the labour markets, since this is a central indicator of the social status of immigrants and ethnic groups. Employment is one of the main foundations for the successful integration of immigrants. What has often been raised in research on and discussions of the issue in societies is the fact that it is more difficult for immigrants to find a job, especially a job that corresponds to their educational background, than it is for the native population. As a result, the former often have significantly higher unemployment rates than the latter. This is naturally connected to economic cycles, which affect the demands for labour during both boom times and recessions.

The purpose of this book is to broaden our understanding and to explore labour issues and immigration from different perspectives as well as other specific themes from a wide range of viewpoints, including theoretical and empirical analyses. The chapters highlight immigrant experiences both from abroad and Finland.

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Contents

Elli Heikkilä

Introduction

The international migrant stock in the world was approximately 244 million people in 2015, which accounts for three percent of the world's population (United Nations 2016). The migrant stock is increasing year by year, and each receiving country must also address the question of how to integrate all newcomers and those who are already living in the country the best possible way. In the European Union, the European Commission has put efforts into disseminating so-called immigrant integration practices among the various Member States, including issues connected to employment and labour markets. The Migration Policy Group in Brussels is currently coordinating a European Web Site on Integration (EWSI), which includes migrant integration information and good practices (European Web Site on Integration 2017).

The focus of this edited book on *Immigrants and the labour markets: Experiences from abroad and Finland* is the position of immigrants in the labour markets, since this is a central indicator of the social status of immigrants and ethnic groups. Employment is thus the foundation for the successful integration of both immigrants and natives. What has often been raised in research on and discussions of the issue in societies is the fact that it is more difficult for immigrants to find a job, especially a job that corresponds to their educational background, than it is for the native population. As a result, the former often have significantly higher unemployment rates than the latter. This is naturally connected to economic cycles, which affect the demands for labour during both boom times and recessions. It is also generally acknowledged that it is, for example, difficult for an employer to evaluate a person's qualifications when an accredited certification is not available or when the certificate is from a foreign country. Fortunately, it is increasingly possible to match the needs of various labour markets with an immigrant's educational background. Researchers have also found that there is strong competition for skilled labour between the different countries and for future labour pools, such as international degree students (see Laine 2016).

Aging populations is the main reason for the diminishing supply of labour in developed countries. For example, there will be a remarkable change in the population structure in Finland when the baby boomer generation born after World War II begins to retire in the next few years. The share of elderly people is

growing, increasing the dependency ratio both now and in the future. The dependency ratio is an age-population ratio measuring those typically not in the labour force and those typically in the labor force. Finland is not the only country to struggle with this development trend: populations throughout Europe and North America are ageing as well as in Japan (see Elliott & Kollewe 2011).

Canada, a country long considered an attractive place for immigrants, is just one example of a country that needs more immigrants for its labour markets. According to a new report (Canada immigration newsletter 2016), increasing the Canadian population will "cushion the impact" of the economic consequences of a large aging population and that inviting more immigrants to enter the workforce will boost Canada's labour force and generate stronger long-term economic growth. Economic growth may be strengthened in the long term because inviting qualified, working-age individuals to enter the country will provide a faster and effective solution to the shrinking pool of workers. With current demographic trends, many countries will come to increasingly rely on immigrants as a source of labour. Discussions focus mainly on the need for skilled workers; however, the future demand for labour will most likely relate to all skill categories (Heikkilä & Pikkarainen 2008; see also El-Cherkeh 2009).

The purpose of this edited book is to look at labour issues and immigration from different perspectives as well as other specific themes from a wide range of viewpoints, including theoretical and empirical analyses. The chapters highlight immigrant experiences both from abroad and from Finland. The book will refer to the various authors by their surnames and with capital letters, such as RAUHUT or STAMBØL. The following paragraphs briefly present the structure of the book and the different articles, mentioning some of the essential themes being addressed.

Chapter 2, written by MILAN PALÁT, provides a specific theoretical approach. It describes migration causes from different theoretical perspectives. This exploration of the theoretical links between migration and its causes and consequences can significantly facilitate an understanding of the issues and decision making affecting migration patterns and policies. However, none of the existing theories, as Palát states, can fully explain the complex issue of migration. He recommends instead focusing on the complementarity between already existing theories by conducting a critical empirical investigation of selected theoretical postulates.

Chapter 3, by DAOUDA CISSÉ, studies the growing relationship between China and African countries and his special analysis deals with African-Chinese traders in Senegal. The chapter thus shows the growing economic links in Africa-China relations, which also have an effect on international migration and globalisation. Cissé explores the growing presence of Chinese traders in Dakar, with a particular focus on their trade networks, business organisation

and contributions to socio-economic developments in Senegal and China as well as the difficulties and challenges they face in Senegal.

When the European Union added ten new countries in 2004 (the so-called EU10), Poland was one of those new member states. Subsequently, many Polish workers migrated to the UK for its labour markets. IAN FITZGERALD and RAFAL SMOCZYŃSKI highlight, in Chapter 4, the extent of Polish migration to the UK and its impact at a local level as well as the movement of workers through the Posting of Workers Directive (PWD). Their conclusions are that foreign workers have often been treated poorly both with regard to employment conditions and because of xenophobia. However, they conclude that Polish and other foreign workers are far from being just victims or a burden on society; they have in fact provided the UK with economic and social benefits.

When looking at the Nordic countries, Norway in particular has long attracted labour immigrants. In Chapter 5, LASSE SIGBJØRN STAMBØL shows how important labour pool immigrants have been for the Norwegian regional labour markets since the turn of the millennium. There has thus been a strong increase in the proportion of immigrants employed in the country, especially labour immigrants. Investigations indicate that labour immigrants have been an important resource for filling necessary labour demands at the regional level, especially in the western and south-western parts of Norway, but also in the north.

Sweden has been the most important destination for immigrants to the Nordic countries in the long term. Its historical approach to immigration and economic activity is taken into consideration in Chapter 6, written by DANIEL RAUHUT. He gives an economic and historical perspective to social assistance among immigrants and natives in Sweden in the period 1950–1968. Despite the economic boom at this time, high relative incomes and high employment rates for immigrants, the results show that immigrants, especially refugees, were more dependent on social assistance than labour immigrants and natives during the years under study. Refugees and labour immigrants picking up so-called 3D (dirty, dangerous and degrading) jobs at the bottom end of the labour market appeared to have had a greater need for social assistance as their only source of income, at a rate which was much higher than among natives. This historical analysis shows the trends we are facing even nowadays when immigrants with a refugee background do not have easy access to the labour markets and experience higher unemployment rates.

The next chapters focus on Finnish perspective in the analyses. The view on immigrants in the Finnish labour markets is studied in Chapter 7, written by ELLI HEIKKILÄ. This analysis assesses immigrants' employment situation by gender, ethnic background, economic sectors and professions, but it also addresses unemployment issues. There are signs that immigrants are in a dif-

ferent position in the labour market based on their ethnic background. There are also variations in the jobs where immigrants find employment based on gender. Finland is an aging society and complementing the supply of labour with immigrant workers has been considered as an option, since the demographic dependency ratio has now switched from a higher child dependency to a higher elderly dependency ratio.

Finland has immigrants from around the world, although the number of immigrants is not yet at the same level as in many other Western countries. Chapter 8, written by CHIA-CHIEN CHANG and GUNILLA HOLM, provides a case study on university-educated Taiwanese women in Finland and their perceived challenges and barriers to employment. The contributors take an intersectional approach to examine how these women, who are married to Finns and living in Finland, perceive the lack of recognition of their international educational credentials and work experience as well as their lack of job opportunities. The women also lack the social contacts, despite being married to Finnish men, for finding a job.

Social networks and social capital play a strong role in finding employment and being perceived as a member of the work community. In Chapter 9, AINI PEHKONEN analyses the role of social networks in diverse work communities. The chapter contributes to the discussion on *self-initiated expatriation* (SIE) and ethnically diverse work communities. Specifically, she looks at the types of social networks that SIE persons have access to as members of the working community and the extent to which social networks influence or contribute to the social inclusion of SIE persons. The knowing why, knowing how and knowing who competencies were found to affect social capital development. Binding networks and bonding networks are processes that play a role in social inclusion and exclusion.

There are regional variations in immigration and population development in Finland. NAFISA YEASMIN focuses in Chapter 10 on Northern Finland, and more closely on Lapland, and its local and regional employment barriers, which are hindering the opportunities of immigrants to gain access to the labour market. The main interest of the study is to explore the hopes and happiness of immigrants in a geographically isolated territory like Lapland, which is a sparsely populated territory and needs more manpower from outside of the region for regional development.

In Chapter 11, MARIA ELO focuses on contemporary labour diaspora and more closely on the Finnish challenges with respect to migration and human resource flows. The most recent labour diaspora includes low-skilled and particularly high-skilled workers; they are challenging the extant practices, systems and even legislation, making countries compete for them as resources. Brain drain, brain gain, brain circulation and brain waste are all concepts affecting the

flows and employment of migrants as economic resources. How is the Finnish situation in terms of the outward and inward flows of human resources? Moreover, how can a country like Finland govern its high-skilled migration flows? These are several of the main research questions she explores the in the chapter. The case of Finland illustrates well the nature of modern labour diaspora, which seeks to take advantage of highly skilled and mobile migrants who want to be part of a globalised labour force.

As editor for the book *Immigrants and the labour markets: Experiences from abroad and Finland*, I want to express my thanks to the chapter authors for your many-sided and valuable contributions. I also want to thank the Migration Institute of Finland, especially director Tuomas Martikainen, for his insightful comments for the manuscript, and information manager Jouni Korkiasaari who organised the layout of the book.

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Milan Palát

Impacts of immigration on labour markets: A theoretical appraisal

Abstract

International migration has significantly impacted the labour markets of receiving and sending countries and is becoming an increasingly important aspect of a globalised world. Given the importance of international migration on national economies, it is important to continuously study the factors that determine international migration flows. This chapter describes the causes of migration from different theoretical perspectives, including an assessment of the key factors that, according to economic theory, lead to the initiation and perpetuation of international migration, provide the motivational stimulus for a decision to migrate and determine the major impacts of migration on labour markets. An exploration of the theoretical links between migration and the causes and consequences of migration can significantly facilitate an understanding of the issues and decision making regarding migration policies. However, none of the existing theories can fully explain the complex issue of migration in its entirety; hence, this chapter will first focus on the complementarity between already existing theories and then conduct a critical empirical investigation of selected theoretical postulates. Complex solutions can be found by applying a multidisciplinary approach to migration by using the knowledge of coexisting theories and studying the realities of migration.

Keywords: Immigration, labour market, impact, theory, economic

International migration impacts the labour markets of receiving and sending countries in many significant ways and is becoming an increasingly important aspect of living in a globalised world. Given the importance of international migration to national economies, it is important to continuously study all the factors that determine international migration flows. This chapter describes

the causes of migration from different theoretical perspectives, including an assessment of the key factors that, according to economic theory, lead to the initiation or continuation of international migration with respect to the incentives impacting a decision to migrate and also the major impacts of migration on labour markets.

1. Theoretical causes of initiation and continuation of migration

This chapter presents different theoretical explanations for international migration and a critical evaluation of them based on economic theory. Let us now take a closer look at the direct causes of migration from various perspectives of economic thought. Massey et al. (1993) wrote a breakthrough article on the topic, which constituted the first attempt at providing a comprehensive assessment of existing theories of migration. But even this as well as further attempts to evaluate different approaches has not led to a full synthesis of knowledge or at least to greater unification of the fragmented approaches to migration, which is proving to be a very complex multidisciplinary phenomenon. Analyses of particular theoretical concepts, together with comparisons and critical evaluations of them, have been dealt with further in papers by, for instance, Massey et al. (1994), Boyle et al. (1998), Brettell & Hollifield (2000), Hagen-Zanker (2008), Palát (2014a), Palát (2014b), to name just a few.

1.1. Predecessors of modern migration theories

The first professional work focusing on international migration appeared in the last quarter of the 19th century. A pioneer in the field of migration theories was an English geographer and cartographer of German origin named Ernst Georg Ravenstein. His research significantly influenced further scholars dealing with the structure and processes of migration. In his two works from 1885 and 1889, he developed seven basic laws of migration, also known as "Ravenstein's laws of migration": 1) every migration flow generates a return or counter-migration; 2) the majority of migrants only move a short distance; 3) migrants who move longer distances tend to choose big-city destinations; 4) urban residents are often less migratory than people from rural areas; 5) families are less likely to make international moves than young adults; 6) most migrants are adults; and, 7) large towns grow because of migration rather than natural population growth. (Ravenstein 1885, 1889.)

We can agree with the statement that each migration flow also creates a certain flow in the opposite direction because net migration is part of gross migration between two places (or countries). Also, the next two laws explaining the distances travelled by migrants are generally valid to a large extent. Ravenstein revealed the existence of an inverse relationship between the volume of migration and distances across which people migrate. This is explained by the concept of "distance decay", which suggests that any interaction between subjects is dependent upon distance and that the links between places gradually diminish with increasing distance. This deduction could well imply that almost no one would then emigrate longer distances. But this was not a reality even in Ravenstein's times; thus, he adds to this point the idea that some migratory flows over long distances in fact represent a sequence of several shorter phases of migration termed "migration steps" (Ravenstein 1885). Most contemporary migrants also move shorter distances, but still the average distance of migration has increased significantly of late. Thus, the interpretation of what constitutes a "short distance" has changed, especially due to advances in transportation technologies, which allow for faster and cheaper travel. The willingness and ability to migrate over larger distances has also been promoted by other factors, such as developments in information and communication technologies, including the internet and mobile phones.

The attractiveness of large cities for migrants from distant areas is also evident in present times. Ravenstein's finding that rural populations migrates more than residents of urban areas can currently be applied to some migratory flows in developing countries, but one cannot generalise fully about the phenomenon as there are also many other contradictory results. Another of Ravenstein's laws is that most migrants are young adults, because the decision to migrate is easier due to an absence of various commitments. It is true that whole families were less active in migration in Ravenstein's time. The lower migratory activity of families is quite understandable given the many commitments that they might have had, but policies of family reunification currently facilitate this type of migration to a greater extent. The last Ravenstein's laws mentions the fact that urban populations grow mainly due to migration rather than through natural population growth. This short historical introduction indicates that the basic patterns of migration formulated by Ravenstein are still largely valid today (e.g. see Toušek et al. 2008). Although Ravenstein's work focused mainly on migratory trends from the perspective of his professional discipline, his research was also crucial for the study of migration across many other disciplines.

1.2. Push-pull theory

The scholarly literature provides many different explanations regarding the determinants of international migration, especially though the push-pull model. Its foundations were laid by Bogue (1963), and further developed by Lee and Jansen in the 1960s (Lee 1966; Jansen 1969). The authors divided the factors that cause migration into two groups: the so-called push and pull factors. According to the authors, the movement of people from one place to another results from forces that cause migrants to leave their country of origin (push factors) and forces that attract migrants to the destination country (pull factors). Push factors are unfavourable circumstances in the area where people live, whereas pull factors are the prospects attracting people to move to other destinations.

According to Lee (1966), the push factors that help persuade people to move from their current place of residence to another destination are the following: lack of jobs, few opportunities, poor health care, loss of wealth, discrimination, pollution, poor housing conditions, war, primitive conditions, natural disasters, desertification, famine, drought, lack of political or religious freedom, political concerns or persecution, death threats and intimidation.

The existence of the above-mentioned factors does not necessarily lead to migration. Positive factors are also required to attract migrants to move to new places or countries (pull factors). These factors include the following: employment opportunities, better living conditions, political and religious freedom, better health care, education, strong industry, attractive climate, security reasons and family ties.

It would be possible to add further push factors, such as, for instance, high unemployment, low wages or a poor schooling system in the source countries. Further pull factors might include political stability, economic prosperity or high wages in the destination countries. Push and pull factors can be classified into four main categories: economic, political, cultural and environmental.

Most people migrate for economic reasons mixed together with other (e.g. political) various reasons. Environmental factors also lead to growing flows of migration, although not as frequently as economic factors. If we look back to the 20th century in Europe, political factors were among the most important (due to political instability or persecution: refugees from World War I and World War II, migration waves during the communist era, after the collapse of the Soviet bloc, during periods of economic transition or as a result of growing nationalism in some post-communist countries, e.g. in the western Balkan states). The most recent example of the importance of political factors is the enormous, often unmanageable, migration wave to Europe that occurred after the outbreak of political unrest in many southern and eastern Mediterranean countries in 2011 and resulted in revolutions, civil war and the political collapse

of such states as Libya and Syria. But political conditions may also act as a pull factor, especially in democratic countries providing all kinds of political, civil and economic freedoms that keep attracting people from abroad. However, after the fall of communism and democratisation in Central and Eastern Europe during the 1990s, political pull factors for these countries suddenly disappeared. Since then, Western Europe began to attract migrants from Eastern European mainly for economic reasons. People also migrate for environmental reasons; they are pulled to attractive areas (e.g. from inland to the coast, from the Nordic countries to areas with warmer climates) and pushed out of dangerous or inhospitable areas with various risks or natural disasters (floods, droughts, water and soil contamination, air pollution, landslides).

The decision-making process as to whether or not to migrate to a new place is, in addition to existing push and pull factors, influenced also by intervening obstacles (long distance to the destination countries, language barriers, entry conditions (visa requirements), costs associated with relocation, separation from family, and so forth). Despite the fact that the push-pull theory had a certain explanatory potential at the time of its formulation, it is a rather mechanistic model that greatly reduces the complex nature of migration (see Henig 2007). While it might still be possible to add further up-to-date push or pull situations, this still would not solve the main problem of the model being limited by an overly simplistic cause-effect relationship. This can also lead to dangerous misinterpretations because the model does not provide us with explanations for migration processes, which would be based on a deeper understanding of migration patterns.

1.3. Labour migration in neoclassical theory

Neoclassical economics is one of the main explanatory theories of migration, which peaked in the 1960s. Massey et al. (1993) describes two approaches to migration within the framework of neoclassical economics. Migration is a consequence of an unequal distribution of labour and capital and can be explained either at the national level (macroeconomic approach) or at an individual level (microeconomic approach). According to the first approach, international migration is based on differences in wages and employment opportunities among areas or countries – the macroeconomic level (Harris & Todaro 1970). Migration is seen as resulting from existing inequalities in income and labour markets in particular countries. Many states have faced a shortage of skilled workers in the labour market during periods of economic growth. Labour becomes relatively scarce in relation to capital, and this imbalance in the distribution of production factors puts pressure on wage growth. An opposite situation can be seen in

countries with labour surpluses and low wages. Rationally behaving individuals will therefore attempt to maximise their wages internationally. According to this theory, the migration of workers into countries with labour shortages and high wages should gradually lead to an elimination of the differences in wages between countries. This would imply that when the differences between countries finally disappear, there would be no further motivation for migration and all migration flows would cease.

The second approach within neoclassical economics focuses on migration from a microeconomic perspective. The microeconomic approach emphasises the role of rationally behaving individuals. Potential migrants make their decisions based on a rational calculation of the potential costs and benefits linked to migration. Therefore, migrants always take into account the expected individual costs and benefits associated with migration. Migration is again seen as a consequence of existing inequalities in labour markets in the different countries. Migrants calculate their expected wages over a certain time period or expected length of stay in the destination country (Borjas 1990). As for the expected returns and costs, migration can be perceived as an investment strategy. According to Massey et al. (1998), migrants tend to both enhance their investment in human capital (better schooling and working opportunities in the receiving country) and increase the likely return on that investment. Human capital theories can thus explain why some developed countries keep attracting so many highly skilled migrants. In the initial phase, this kind of a migration investment brings higher expenses, and expected benefits start to appear on a step-by step basis only in the longer term. If the current value of expected benefits from migration exceeds the costs associated with migration, people decide to migrate. The individual costs of migration do not just include direct financial costs. It is also necessary to take into account social and psychological damage and many other related factors.

The present value of the benefits resulting from migration can be calculated by discounting the net utility from migration and job change for an expected number of years spent abroad working at a particular job. From this value, we need to subtract the estimated costs associated with emigration (direct and indirect costs). It is obvious that the larger the difference in utility in the receiving country and the country of origin, the higher the present value of the benefits of migration. An important role is also played by the expected length of stay in the destination country. The longer the working period spent abroad, the higher the expected utility. Conversely, the higher the costs associated with moving abroad, the smaller the overall payoff from migration. Such an approach can help to potentially identify the most mobile groups within a population and also other groups whose incentives to move abroad are low.

When assessing migration explanations based on neoclassical economic theory, it can be stated that this is in many respects similar to the simplistic principle of the push-pull approach. Low domestic wages and high wages abroad create an incentive for workers to move, thus wages act as a push factor. Similarly, the demand for labour in the receiving country can act as a pull factor. Based on this theory, people would migrate from poorer countries with lower wages to richer countries with higher wages until the wage differences disappear and migration flows between those countries stop altogether. This is, unfortunately, not a realistic conclusion and migration flows will continue due to other reasons.

This theory is limited to a few factors leading to a large simplification of the very complex phenomenon of migration. It is not able to explain many growing or declining migration flows among the poor countries or, vice versa, among developed countries. Moreover, a convergence (or divergence) of wage levels between countries does not have to necessarily lead to less (or more) migration. Another problem that it is not taken into account in this theory is that of labour market segmentation, where individual segments often evolve differently and the mobility between them is quite limited (Massey 2005). Some authors also emphasise that not just lower wages, but also other greater social and economic inequalities, are among factors that stimulate migration (e.g. see Taylor et al. 1987 for a study of Mexico-US migration). To summarise, neoclassical economics only takes into account one economic reason for migration and does not adequately acknowledge other substantial economic and non-economic aspects.

1.4. New economics of labour migration

According to the new economics of labour migration, the decision to migrate does not arise from individual isolated actors, but from larger groups of related people, and not only in order to maximise their incomes, but also to minimise their potential risks and limitations (Stark 1991). Unlike in neoclassical economics, the new economics of labour migration emphasises that decisions to migrate are not made by individual actors but by an entire household (family). The main reason for migration, therefore, does not have to do with a wage gap between countries, as it is presented in neoclassical theory, but with continued uncertainty, risk and relative poverty. This theory can be illustrated by an example of rural households that are facing the challenges of a changing economy, changes in agricultural markets in particular, and unforeseeable weather patterns. Households do not have enough capital for modernisation, but insurance and credit markets are not sufficiently developed or available in their country. The absence (or limited access) to insurance and credit may lead a family to

employ a strategy of sending one of its better educated members to the city (or abroad). This will provide an increase in total income for the family through regular remittances. Such a strategy can also help reduce risk due to a diversification of family income sources. Lozano-Ascencio et al. (1999) present an example of this research perspective by focusing on Mexican households that send family members to the United States to earn supplemental income, while other members remain in the home country and invest the received remittances.

Another difference from neoclassical economy is the relative perception of poverty (not just absolute poverty), which may lead to so-called relative deprivation. This is based on the fact that many households can see examples of other families around them whose members migrated to other destinations. Such families receive remittances sent by those migrants and are therefore able to achieve a higher standard of living than other local households. This permanent mutual comparing of standards of living (the relative poverty of a household with respect to other households) and an awareness that those income differences result from the decision to migrate presents an important motivating factor for migration.

The new economics of labour migration has a much more comprehensive explanatory capacity than the neoclassical economic model and represents a major step forward. It describes quite well the nature of certain types of migratory flows, e.g. migration from rural to urban areas in developing countries. However, this theory is less applicable to international migration and current trends in migration between developing and developed countries. From a more complex perspective, it could also be added that this theory deals with causes and the deeper context of migration from the sending countries, but it omits significant factors in the receiving countries, especially the potentially very strong effects of labour demand and the overall situation of labour markets in the receiving countries. These issues have been significantly analysed in further theoretical approaches.

1.5. Dual labour market

Unlike the new economics of labour migration approach described in the preceding paragraph, the theory of a dual labour market focuses on the demand side of migration in destination countries and the recruitment of workers from developing countries. Structural conditions in receiving countries are considered as a key factor for migration. According to this theory, migration does not arise from wage inequality, as it does in the neoclassical perspective, but from a structural shortage of workers in certain economic sectors in the receiving countries, and so migration is de facto a result of recruitment policies and deeper

hierarchical segmentation of the labour market. The duality of the labour market was described in the case of the economy of the United States already by Averitt (1968) nearly 50 years ago, and then further developed by Piore (1979), Tolbert et al. (1980) and others.

This theory asserts that people in developed countries face motivational problems to accept some positions in the labour market because of their low status in society and very few opportunities for further career advancement, e.g. physically demanding positions, "dirty" jobs, routine activities or stressful positions. Such vacancies then create a growing demand for foreign workers, who often do not have such motivational problems. That is why migration flows in developed countries tend to be initiated and driven by employers or governments as representatives of domestic employers (Massey et al. 1993). A lack of available workers in certain sectors of the economy in the receiving countries does not result just from economic growth, but primarily comes out from a general trend in the society, as described above. Henig (2007) adds to this topic the observation that populations in receiving countries have now switched to a post-industrial mode of production, which is creating a shortage of skilled workers in many occupations. This leads to an increase in demand beyond national borders.

The theory of a dual labour market also extended knowledge of migration processes with its ability to explain the existence of a certain (higher) rate of unemployment in the destination country together with the simultaneous existence of a high demand for foreign labour migrants. This paradox can be explained by the fact that some segments of the labour market become uninteresting for domestic workers or else they are "overqualified" for these positions. Therefore, despite higher overall unemployment in the main segment of the labour market, a relatively high labour demand may persist in this segment and can be saturated by migrants from abroad. This approach is based on an assumption that migrants are not that sensitive to the social status of a job in the destination country (compared to native workers). It is not just because of the fact that the difference in wages between the country of origin and the receiving country is high, but also due to considerations about the time spent in an unattractive position as being just a temporary transitional period of their life. During this time, labour migrants can maintain their high status in their country of origin due to still existing social ties. Migrants assume that after some time, they will be able to find a job in the main sector of the labour market, one that is better paid and also has better prospects and social status. This interpretation based on segmentation of the labour market represents one of the main contributions of this theory and helps explain real situations in labour markets that were neglected by previous theoretic approaches.

1.6. World systems theory

World systems theory explores the causes of migration based on changes in the historical organisation of market relations within the world system and its changing structure. It is based on a historical economic perspective formulated by Wallerstein (1974, 2011) and an assumption of the continued accumulation of capital, which puts the entire system in motion, including migration. The explanation is based on capital accumulation and the penetration of capitalist economic relations into peripheral societies, which in turn creates a mobile population that is, among other things, ready to migrate abroad (Massey 1993). The theory was further developed by other researchers, such as Morawska (1990) Sassen (1990).

Migration within the framework of this theory is related to inequalities between developed core areas and underdeveloped regions of the periphery. With the expansion of capitalist relations into peripheral areas, structural changes start to occur and a part of an originally agriculturally-oriented population changes into a source of cheap labour for the core areas. As a result of these changes, rural households lose their original self-sufficiency and their members go to cities (or abroad) in search of higher wages, to become paid labourers. According to this theory, international migration is especially likely between past colonial powers and former colonies due to their strong cultural, linguistic, investment, transport and communication links. These processes were deepened by globalisation trends in the last few decades. Massey et al. (1998) add that labour migration is one subsystem of the global market, which continues to develop thanks to globalisation. This is also linked to international trade growth, increased capital mobility, advances in transportation, information and communication technologies, and other factors that enhance new international divisions of labour in many places in the world.

All of the theories described above, attempt to explain the different causes of migration flows from different perspectives. But international migration cannot be perceived just as a one-off situation that occurred once as a result of certain factors. It is also necessary to study it as an ongoing process that gradually develops and causes further changes, which may result in the continuation of migration flows. Such an approach leads to a formulation of various theories described in the following paragraphs.

1.7. Network theory

The concept of social networks was originally created for the study of migration from rural to urban areas in Africa, but was later applied also to migration

research in developed countries in Europe and the United States. Network theory has been further developed in various directions and can currently be viewed in different ways. This may include the concept of social capital or the concept of strong and weak ties (Granovetter 1973). With these approaches, the role of social ties in migration decisions is emphasised (ethnic ties, ties with family, friends, former colleagues, and so forth).

Migration networks gradually emerge and connect existing (and potential) migrants with those who have already migrated in the past. They have generally been able to adapt to new conditions in the host country and are able to pass on acquired knowledge to their friends, colleagues and other people from their country of origin. The existence of social ties within network theory ultimately leads to a minimisation of the risks and threats associated with migration. Some authors describe it as a "safety net" for migrants. These linkages provide up-to-date information for new or potential migrants, but also create a certain economic and social background, one which makes it much easier for migrants to adapt to new conditions in the receiving country. Migration is therefore gradually changing from the level of individual acts to the level of emerging networks. Migration flows keep increasing due to lower risk and growing ties (e.g. see Massey et al. 1998).

Compared to previous theories, network theory makes it possible to explain one important aspect of the study of migration, namely why migration persists or increases over time, even if the push and pull factors from labour markets (that stimulated migration flows in the past) gradually diminish. Networks are formed as a result of migration; they develop over time and enhance further migration. The role of social networks in migration patterns is undisputable. These social contacts can help migrants with issues like employment, housing, administrative tasks, becoming oriented to the local culture and customs or with the very process of moving to a destination country. A significant role has been played also by psychological factors. For instance, an existing diaspora in a host country can reduce frequent feelings of loneliness and being uprooted among migrants, feelings that usually occur during the first contact of migrants with a foreign culture. To sum up, this theory gives important and profound explanations of migration at the micro level and can also explain some labour-related issues that are not adequately addressed in other theories.

1.8. Transnational space theory

The findings of network theory can be suitably supplemented by transnational space theory, which is one of promising theories extending our knowledge about new forms of human mobility. Its existence is mostly mentioned within

the context of globalisation and information society, where huge advances in information and communication technologies allow for the deepening of traditional ties within network theory and lead to the creation of entirely new types of links (e.g. new forms of information and communication offered by the internet). It is obvious that social networking nowadays occurs much faster than in the past due to globalisation (see Trček 2014). Also, migrants are relocated within a host country considerably more quickly, cheaply and easily thanks to advances in transportation. Migrants often work and live abroad but they do not lose their ties with their country of origin thanks to the internet, mobile phones and fast and inexpensive flights. Therefore, a specific category called transnational migrants and described by, e.g. Brettell (2016), has emerged in migrant literature. They are able to maintain strong social ties in two (or more) countries simultaneously and to alternately live and participate in civil life in those countries. Globalisation is therefore another significant factor that contributes nowadays to the continuation and repetition of migration flows and ties between migrants in sending and receiving countries as well as to the deepening of and changes in these migration flows and ties.

1.9. Institutional theory

Institutional theory is not a typical explanatory theory of migration. It rather focuses on migration-related processes of an institutional character by studying the role of institutions, which can be both formal and informal (Veblen 1899) and which are emerging and changing due to migration. The establishment and functioning of a variety of governmental and non-governmental institutions has led to the institutionalisation of migration, and thus also to a certain regulation of migration flows (e.g. see Massey et al. 1998). In response to changing migration flows, government agencies are tackling the situation by creating new (formal) institutions or by adjusting the activities of existing institutions. An important role is also played by informal institutions, which can include both legal activities (informal groups offering consultancy, job advice, intermediaries) and illegal activities (associated with illegal border crossing, falsification of documents, employing migrants without work permits). Those two groups of institutions interact with each other, and formal institutions need to respond to the activities of informal institutions, and vice versa. The institutional framework and changes made to it in the receiving and sending countries deeply impacts migration patterns and should always be among the considering factors in all types of analyses, including labour migration.

1.10. Cumulative causation

The theory of cumulative causation is based on the idea that a particular process can cause certain changes that will maintain or enforce the process that originally caused that change (Myrdal 1957). Migration leads to various changes that gradually grow and create the preconditions for further growth in migration (Baršová & Barša 2005). This approach can explain and extend patterns of social networking among migrants or the institutions supporting migrants. Even the existence of a dual labour market could be assessed in light of this cumulative logic. Some employment positions frequently accepted by immigrants could gradually sink in the social hierarchy and also become, after a certain period of time, totally unattractive for domestic workers in periods of generally higher unemployment rates (e.g. compare Massey et al. 1998). Certain occupations are then labelled as "immigrant jobs". To sum up, migration within the framework of cumulative causation is perceived as the result of a complex series of changes that were originally caused by migration itself. This theory partly covers and extends some of the previously mentioned explanatory concepts regarding the initiation, continuation and intensification of migration activities.

The above paragraphs contain various theoretical explanations for international migration with different research objectives, different orientations and different interests. But it is obvious that none of these theories can fully explain the complex and changing issues of migration. Based on particular aspects of migration, it is instead necessary to search for the mutual complementarity of existing theories rather than look for a new, more complex migration theory. Many aspects of existing theories also require continuing empirical research to prove or disprove their postulates in different countries, situations and time periods. Rabušic and Burjanek (2003) add that migration is a complex phenomenon, which combines micro-, meso- and macro-structural components, and therefore, it is not surprising that no coherent theory of migration has been provided thus far. Baršová and Barša (2005), for their part, recommend seeking complementarity between theories.

The explanations for migration indicate that migration has four fundamental aspects, which are dealt with in theories explaining migration, each with a different emphasis on its variations. These aspects are as follows: 1) structural forces that promote relocation from a certain area; 2) structural forces that attract migrants into new areas; 3) the motivations, goals and aspirations of people who respond to these structural factors and become migrants; and, 4) the social and economic structure, which is continuously evolving and connecting areas of emigration and immigration (Rabušic & Burjanek 2003). To summarise, migration is a complex phenomenon and, in order to get a coherent view of migration processes, it is necessary to apply a multidisciplinary approach using knowledge from coexist-

ing theories. Only then can a relevant study of migration patterns be developed that will prevent some negative migration-related phenomena and lead to a gradual improvement of other, already arising issues, such as the integration of migrants into labour markets and society, avoiding the marginalisation of lower skilled groups in the labour markets and in other spheres, social exclusion, racial segregation and the ghettoisation of immigrants, increased poverty, crime, new security risks, prejudice, discrimination, xenophobia or racial riots.

2. Impacts of migration on labour market according to economic theory

The neoclassical model of the labour market can be used to explain the basic economic context and impacts of immigration on labour markets. The demand for labour (D_L) depends on the wage rate (w) and available capital stock (K). Figure 1 presents the neoclassical model of the labour market. The arrival of migrant workers into a country (M – number of new labour migrants) causes a shift in the labour supply from S_L to S_L'. The impacts of this shift are as follows: a decrease in wage rates and a decline in the employment of local (native) workers amounting from L_N to L_N'. The triangle in Figure 1 (highlighted in bold) shows an increase in welfare resulting from migration.

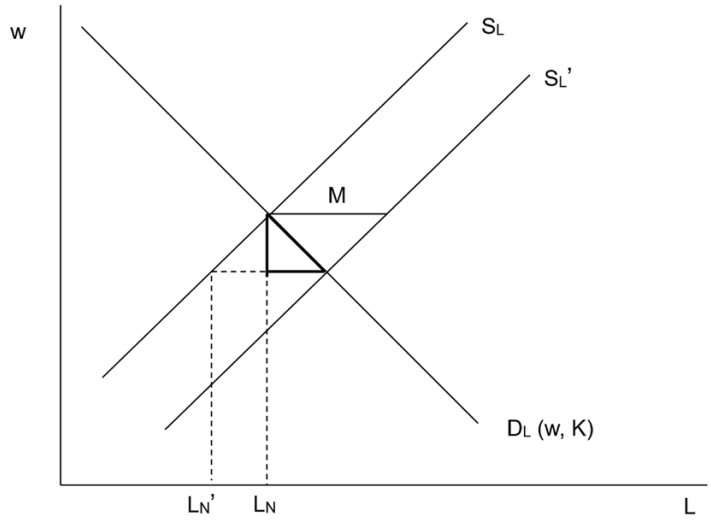

Figure 1. The neoclassical model and migrant workers in the labour market.

Note:

S_L	= labour supply	M	= number of new labour immigrants
D_L	= demand for labour	L_N	= employment of local (native) workers
w	= wage rate	K	= capital
L	= labour		

2.1. Dual labour market and immigration

However, closer to reality is a situation that takes into account two different labour markets, one for low-skilled workers and one for high-skilled workers (dual labour market). The labour market for low-skilled workers is shown in Figure 2. The demand for the labour of low-skilled workers is dependent upon the wage rate for such workers (w_L), but also on the number of high-qualified workers (L_H), because the labour market requires a certain proportion of low-skilled and high-skilled workers based on the structure of the economy. Therefore, the demand for low-skilled workers is dependent upon not just the wage rate, but also the number of high-skilled workers in the labour market. Figure 3 depicts the labour market for workers with high qualifications. The demand for the labour of high-skilled workers is dependent upon the wage rate for high-skilled workers (w_H) and their number (L_H). This duality in the labour market makes it possible to identify the separate effects of immigration on low-skilled workers in the labour market and then the impacts of immigration on high-skilled workers.

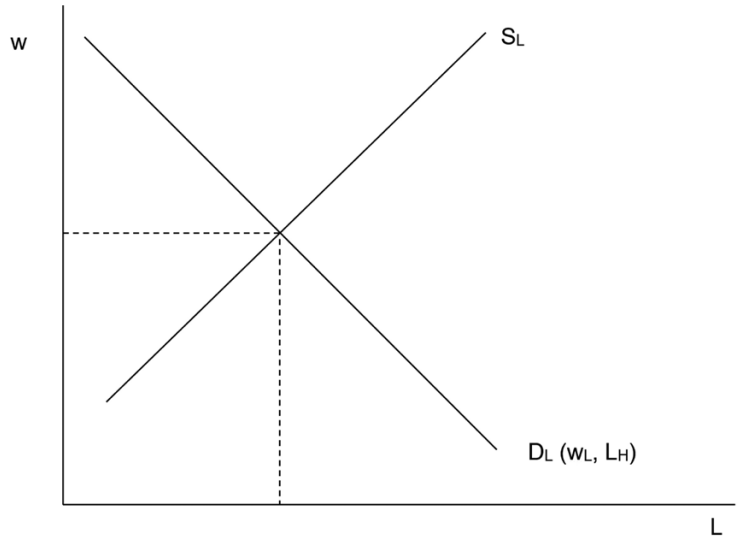

Figure 2. Labour market for low-qualified workers

Note: S_L = labour supply; L = labour; D_L = demand for labour; w_L = wage rate of low-qualified workers; w = wage rate; L_H = number of high-qualified workers

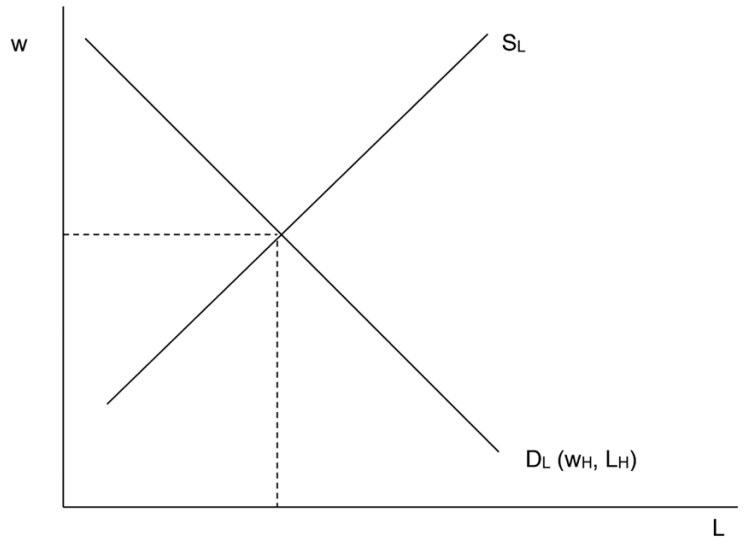

Figure 3. Labour market for high-qualified workers.

Note: S_L = labour supply; L = labour; D_L = demand for labour; w_L = wage rate of high-qualified workers; w = wage rate; L_H = number of high-qualified workers

2.1.1. Immigration of low-skilled workers

Immigration of low-skilled workers (M_L) increases the labour supply of low-skilled workers from S_L to S_L' (see Figure 4). At the same time, it leads to an increase in the demand for highly skilled workers from D_L to D_L', because more managers will, for instance, be needed for an increased number of low-skilled workers from abroad; thus, the proportion of high-skilled and low-skilled workers required by the labour market remains unchanged. This is shown in Figure 5. So what are the effects in this case of the immigration of low-skilled workers? It is obvious from Figure 4 and Figure 5 that the wage rate declines for low-skilled workers, while it increases for high-skilled workers.

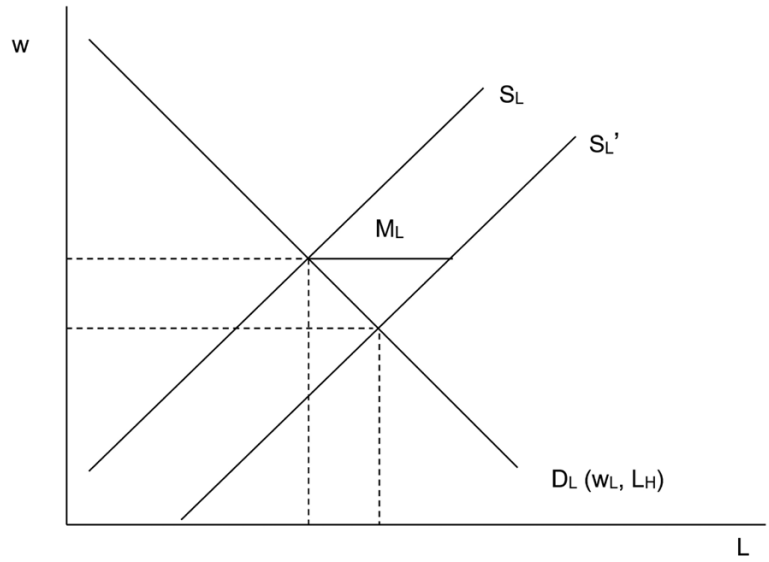

Figure 4. Impacts of immigration of low-skilled workers on the labour market for low-skilled workers.

Note: S_L = labour supply; D_L = demand for labour; w = wage rate; L = labour; w_L = wage rate of low-qualified workers; L_H = number of high-qualified workers; M_L = number of new low-qualified workers

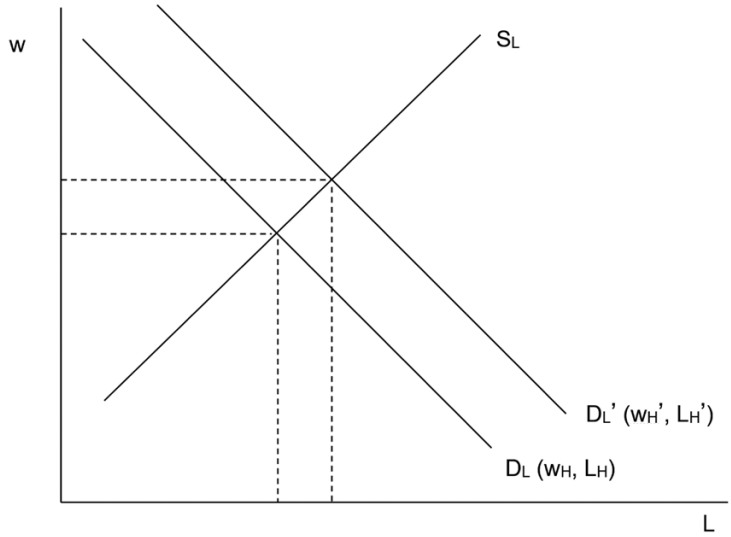

Figure 5. Impacts of immigration of low-skilled workers on the labour market for high-skilled workers.

Note: S_L = labour supply; L = labour; D_L = demand for labour; w_H = wage rate of high-qualified workers; w = wage rate; L_H = number of high-qualified workers

2.1.2. Immigration of high-skilled workers

Immigration of highly skilled workers (M_H) increases the labour supply of highly skilled workers from S_L to S_L' (see Figure 6). At the same time, it leads to an increase in the demand for low-skilled workers from D_L to D_L', so that the proportion of high-skilled and low-skilled workers required by the labour market remains unchanged. This is shown in Figure 7. The effects in this case of the immigration of high-skilled workers are as follows: the wage rate declines for high-skilled workers, while it increases for low-skilled workers.

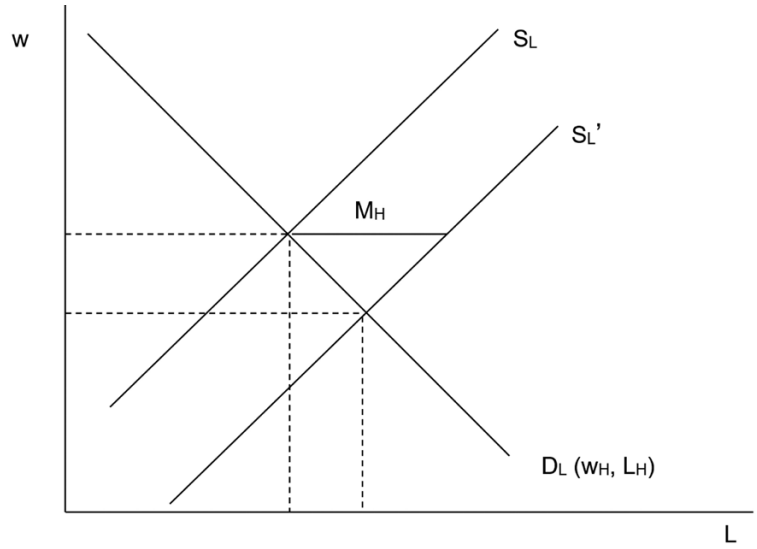

Figure 6. Impacts of immigration of high-skilled workers on the labour market for high-skilled workers.

Note: S_L = labour supply
D_L = demand for labour
w = wage rate
L = labour
w_H = wage rate of high-qualified workers
L_H = number of high-qualified workers
M_H = number of new high-qualified workers

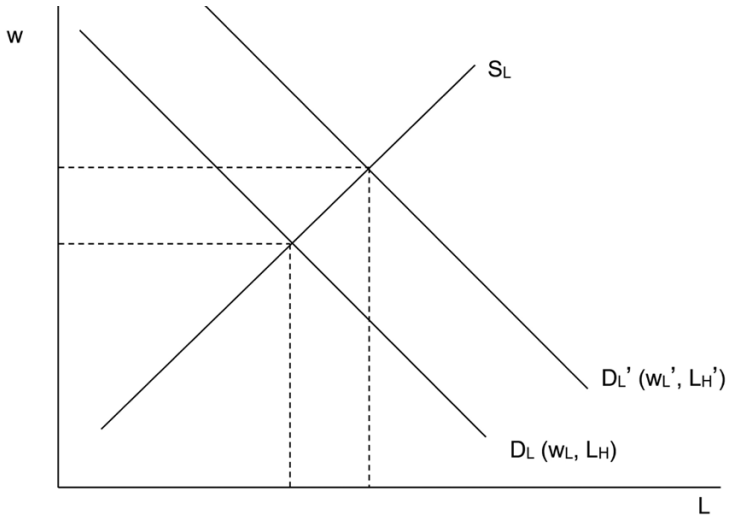

Figure 7. Impacts of immigration of high-skilled workers on the labour market for low-skilled workers.

Note: S_L = labour supply
D_L = demand for labour
w = wage rate
L = labour
w_L = wage rate of low-qualified workers
L_H = number of high-qualified workers

To sum up, taking into account labour market duality with respect to the immigration of low-skilled and high-skilled workers reveals contradictory effects for both groups of workers. Thus, it is very difficult to determine the wage effects of immigration without considering the above context. Migration does not influence just the group of workers where it occurs; it also indirectly affects the other group as well. This may likewise provide one of the reasons for existing (or growing) income inequalities in labour markets.

2.2. Labour supply and demand elasticity effects on the labour market

We can further expand the labour market model as it applies to immigration by considering various elasticities of supply and demand for labour. Empirical studies confirm the weak response of wage levels to a changing labour supply. Therefore, let us now consider the labour supply curve as completely inelastic, $S_{L(i)}$. The increasing impacts on the labour supply due to immigration are shown in Figure 8. Immigration leads to an increase in an inelastic labour supply from $S_{L(i)}$ to $S_{L(i)}'$, and this entails a decrease in the wage rate from w_0 to w_1. The same chart also includes an elastic labour supply curve, making possible a graphical comparison of changes for different elasticities. In the situation of an elastic labour supply, the wage rate decreases from w_0 to w_2. It is therefore evident that with an inelastic supply, the equilibrium wage changes much more than in a situation where the labour supply is elastic. The entire effect of an increase in an elastic labour supply is reflected in wages.

Up until now, we have only dealt with issues pertaining to the elasticity of the labour supply. Let us now shift our attention to the demand for labour in a situation where it is perfectly elastic. Let us consider the existence of one global wage rate, and thus, an increasing labour supply due to immigration would not lead to any change in the wage rates. The consequences of immigration in this case are illustrated graphically in Figure 9. The wage rate is fixed at its global level, and therefore immigration does not lead to a decline in the employment of local workers, but only to an increase in the amount that is produced by new migrants. Such a situation could be real, especially for small open economies with strong mutual economic links with other countries with similar taxation rates, a similar welfare system, and so forth.

Furthermore, the above model, with a perfectly elastic demand for labour, can be extended to different categories of workers based on their qualifications. Thus, let us divide again the labour market into two groups: a labour market for low-skilled workers and a labour market for high-skilled workers. Both models would graphically look like the labour market described in Figure 9. As a result of an influx of low-skilled migrants, production would increase

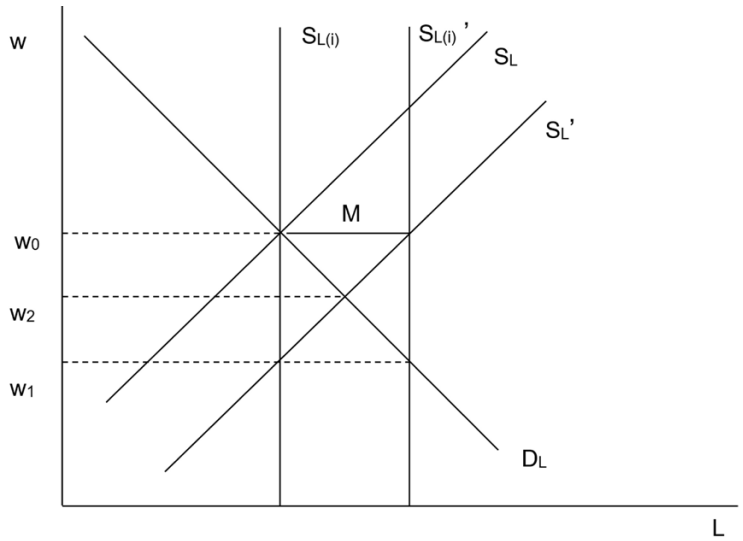

Figure 8. Impacts of labour supply increase due to immigration on various elasticities of the labour supply curve.

Note: S_L = labour supply; D_L = demand for labour; w = wage rate; L = labour; M = number of new labour immigrants; $S_{L(i)}$ = inelastic labour supply

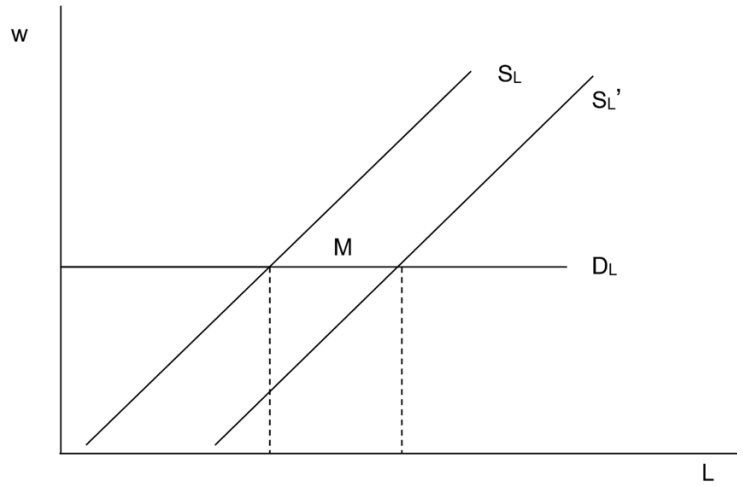

Figure 9. Impacts of labour supply increase due to immigration on a perfectly elastic labour demand curve.

Note: S_L = labour supply; D_L = demand for labour; w = wage rate; L = labour; M = number of new labour immigrants

due to an increase in the labour supply. But such a situation would have no impact on the labour market for high-skilled workers because the output produced by high-skilled workers would not have changed. The same principle would apply for the reverse situation, an influx of high-skilled workers into the economy.

In this debate about elasticities, we can conclude that it is necessary to take into account different elasticities of supply and demand in the labour market, which reflects the different views of economists regarding labour markets. For instance, trade theories (see the labour market model in Figure 9) assert that immigration would only impact production (increased goods and services produced by new immigrant labour). Basic labour economics (see the model in Figure 1) presents a traditional view of the labour market, which often becomes the source of numerous deeply rooted clichés in society. One frequent cliché is, for instance, a statement that immigration inevitably leads to a decline in wages for native workers. Although this fact has been disproved by the vast majority of empirical studies (e.g. Card 1990; Bodvarsson & Van den Berg 2009; Borjas 2012), this cliché still remains the most common prejudice against immigrants.

2.3. Other effects of immigration and externalities in labour markets

Statements that immigrants are worsening the situation of domestic workers are often based on an isolated view of the labour market, as was suggested in previous paragraphs of this chapter. If we look at the situation from the perspective of a single labour market, certain effects might possibly support such a belief. Immigrants increase the supply of labour and wages, and the employment of native workers then, according to this simplistic model, begins to decline. This is graphically illustrated for instance in Figure 10, which shows a labour market where the supply of labour is divided into two parts: the labour supply of natives without immigrants, $S_{L(D)}$, and the total labour supply with both natives and immigrants, $S_{L(T)}$. Both legal and illegal immigrant workers could be considered in this aggregate labour supply, which would then shift its curve even further to the right. It may be noted that the total labour supply curve that includes immigrants is more elastic than the labour supply curve just for natives. Its higher rate of elasticity is based on the premise that immigrants can be more sensitive to changes in wage rates than native workers. This is even more likely in the case of a labour market for low-skilled workers, where incentives for domestic workers and low-skilled jobs are quite low.

The initial equilibrium situation before the start of immigration (Figure 10) shows the wage rate, w_1, and level of employment, L_1. Immigration increases the supply of labour in the labour market from $S_{L(D)}$ to $S_{L(T)}$ and the curve becomes

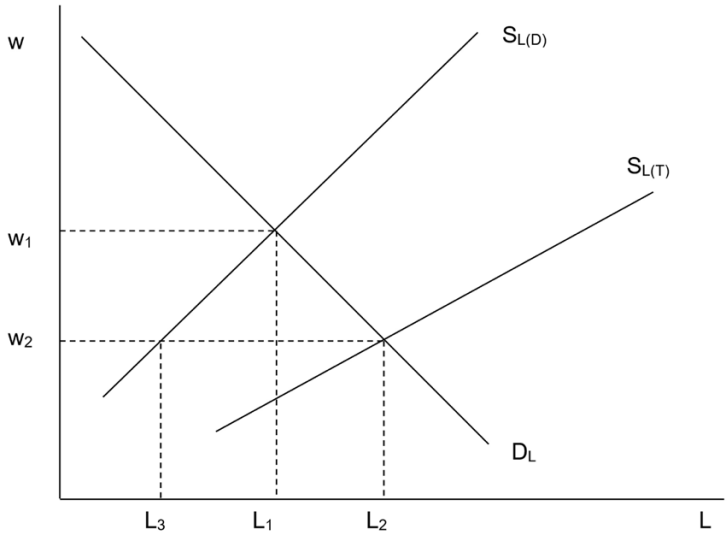

Figure 10. Labour market with different elasticities for the labour supply of domestic workers and the overall labour supply (incl. immigration).

Note: $S_{L(D)}$ = domestic labour supply (without immigrants); $S_{L(T)}$ = labour supply total (domestic workers and immigrants); D_L = demand for labour; w = wage rate; L = labour

more elastic. The wage rate falls to w_2 and the amount of labour supplied by native workers is sharply reduced to L_3. Thus, in this case some natives leave the labour market, while those who remain will work for lower wages. The final amount of labour supplied by immigrants is defined as the distance between L_3 and L_2.

But even if we would accept the idea that immigration might in some cases adversely affect native workers (disproved by most empirical studies, e.g. Longhi, Nijkamp & Poot 2006), it does not automatically follow that it counts against the citizens of the receiving country as a whole. For example, consumers can benefit from the output of this labour by paying lower prices for products and services in the market place. Overall then, lower wages positively affect employment in the country lead to an increase in the amount of produced goods and services and can lead to a decline in prices. Likewise, firms can benefit from this situation, where lower wages are reflected in lower costs and in increasing capital returns. This gives a positive signal for investors to increase investment in production and machinery. Higher profits in such a country also attract more potential employers. However, these described results do not have to be permanent. A growth in capital and in the number of employers can push profits downwards towards their normal levels in the longer term. But even after this

period, the capital stock remains at an increased level, as does at least part of the newly created jobs or business opportunities.

Another factor that could be taken into consideration is increased consumer demand in the destination country due to immigrants. This factor is often neglected because the expected contribution of migrants to the total demand is considered to be rather small. This is based on the assumption that the purchasing power of immigrants, who often come from poorer countries and work in lower skilled positions, is generally lower than the purchasing power of natives. But this is not always true and, with an increasing number of immigrants, the impact of immigrants on consumer demand also needs to be taken into account. Another effect of an increasing population (due to immigration) could also be greater demand in the labour market – an increased demand for teachers, physicians, civil servants, construction workers, bus drivers, security guards, and so forth. Based on these examples, it is quite obvious that various groups of workers with higher or lower qualification in the labour market can also indirectly benefit from immigration in many different ways. One of the previously mentioned theoretical findings assumes also that a higher amount of unskilled labour increases the need for more skilled labour (workers and foremen, employees and managers). It means that people (usually natives) working in jobs that are complementary to low-skilled positions (often accepted by migrants) will benefit from further immigration, as it creates new job opportunities for them.

Let us now mention some other aspects of immigration and related externalities that may occur in the labour markets. The need to attract more high-skilled workers to a country has been emphasised quite often in many developed countries (see Boeri et al. 2012). The immigration of high-skilled workers, however, makes it easier to fill such jobs, which might be reflected in the wages. Narrowing the gap between high-skilled and low-skilled wages might lead in extreme cases to a decline in motivation for education. However, the real effect in this direction is probably very small. Further externalities are already much more realistic, for example those related to labour productivity. The work of one highly skilled and very productive person (an immigrant) can positively affect the other employees. One good employee improves the results of the whole team, which learns to work more efficiently, and this results in higher wage for all. Finally, it is also possible to mention new jobs created due to the economic activity of (not just) highly skilled migrants because certain groups of immigrants engage in entrepreneurial activities much more frequently than do natives (e.g. see CZSO 2012; OECD 2011). Previous examples of the other effects of immigration and externalities show that the range of impacts from immigration can be very wide and it is necessary take them into account in the empirical analyses of labour markets.

3. Summary of the theoretical explanations of the impacts of immigration on labour markets

It is necessary to continue studying and evaluating the theoretical aspects of international migration in an increasingly globalised world. Already the predecessors of modern migration theories, such as that provided by Ravenstein (1885, 1889), identified certain typical migration features and his "migration laws" are largely valid even today. Another attempt to identify the causes of migration was the push-pull principle, which unfortunately greatly reduced the nature of migration processes to an overly simplistic cause-effect relationship, and its separate application might lead to dangerous mis-interpretations. Neoclassical theory (Harris & Todaro 1970; Borjas 1990) considers important economic reasons for migration, but it does not emphasise enough the many substantial economic and non-economic aspects that are described in further theories: the new economics of labour migration (Stark 1991), labour market duality (Piore 1979; Tolbert et al. 1980), world systems theory (Wallerstein 1974, 201; Morawska 1990; Sassen 1990), migrant networks (Granovetter 1973), transnationalism (Brettell 2016), the role of institutions and cumulative causality (Myrdal 1957), to name a few.

Different models for evaluating and explaining the impacts of immigration often give conflicting results and thus overlook many opportunities for conducting further empirical research on these issues. The second part of the chapter focused on providing a theoretical explanation for how immigrants impact wages. The results when viewed through a simple neoclassical model of the labour market show a reduction in wage rates and a decline in employment of natives. However, empirical studies do not confirm such findings with respect to immigration in most cases. A situation that is much closer to reality emerges when considering two segments of the labour market: low-skilled and high-skilled workers. Taking into account this labour market duality, the immigration of low-skilled and high-skilled workers gives contradictory implications for both groups of workers. Thus, it is difficult to determine the impacts of immigrant on real wages; it depends greatly on the qualification structure of immigrants. It is also complicated by the fact that immigration does not just affect the qualified group of workers immigrating to a new place; it also indirectly affects other groups as well. Therefore, the immigration of low-skilled workers also affects high-skilled workers, and vice versa. This may account for one of the causes of existing (or growing) income inequalities in labour markets.

Further expanding the labour market model also allows us to consider various elasticities of supply or demand with respect to labour and to study the impacts of labour migration. Empirical studies confirm the weak response of

wage levels due to changes in the amount of supplied labour (e.g. Dustmann, Glitz & Frattini 2008), and therefore it is possible to assume that the labour supply curve is very inelastic. Regarding the other side of the model, in the case of the existence of one global wage rate, the demand for labour could also become inelastic. In such a situation, an increase in the labour supply due to immigration would not lead to any changes in the wage rate or employment of natives. It would result in an increase in production due to the presence of the new labour migrants. Further important implications of immigration described in this chapter are related to capital returns, increased consumer demand, growing demand for certain professions or emerging externalities in labour markets.

These attempts at exploring the theoretical links between migration and the causes and consequences of migration can significantly facilitate an understanding of the issues and decision making affecting migration patterns and policies. However, none of the existing theories can fully explain the complex issue of migration, and a recommended way for doing so is rather to search for the complementarity in already existing theories by conducting a critical empirical investigation of select theoretical postulates. Complex solutions in migration research can be found by applying a multidisciplinary approach, using the knowledge of coexisting theories and studying the on-the-ground realities of migration.

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I

Expericences from abroad

Daouda Cissé

Chinese traders in Senegal: trade networks and business organisation

Abstract

While the number of Chinese migrants in South-East Asia, East Asia, Europe, North America and Australia remains very important, the growing relationship between China and African countries has contributed to increasing flows of Chinese nationals into Africa. With the growing influx of Chinese migrants seeking economic opportunities in African countries, the topic of migration has become central in Africa-China relations. Increasingly, private Chinese entrepreneurs, traders and businessmen are seeking trade and business opportunities across the continent.

Although Senegal has had relations with China on and off since 1971, the year 2000 saw a new turn in Sino-Senegalese relations. To boost local investment and trade, the government at that time, headed by the newly-elected President Abdoulaye Wade, sought more diversified political and economic cooperation with emerging partners – China, India and Turkey in particular. In 2005, the agreement signed by then Presidents Wade of Senegal and Hu Jintao of China secured a new economic, political and diplomatic partnership, thus putting aside past differences over Taiwan (which today has diplomatic ties in Africa with Burkina Faso and Swaziland, with Taipei liaison offices in South Africa and Nigeria as well).

Based on qualitative interviews conducted in October 2012 with Chinese traders (shop owners and shopkeepers), Senegalese shopkeepers, retailers and nationals, this chapter explores the growing presence of Chinese traders in Dakar, with a particular focus on their trade networks, their business organisations and their contribution to socio-economic development in Senegal and China as well as the difficulties and challenges stemming from their presence in Senegal.

Keywords: Africa-China, Senegal, migration, trade, Chinese traders, trade networks, business organisation

1. Introduction

The Chinese presence in Africa is subject to important migration flows, with individual migrants (entrepreneurs or traders) looking for business opportunities in Africa. Since implementing its "open door" policy in the late 1970s and its "go out" strategy in the late 1990s, China has increased its trade and investment cooperation with the rest of the world in general and in particular with Africa. Its accession to the World Trade Organisation (WTO) in December 2001 has changed global trade and investment patterns, including the movement of social and human capital. Therefore, from being a major beneficiary of Foreign Direct Investment (FDI) in the past – even though it is still aiming to attract more foreign investments in the service sector to sustain its economy – China has gone on to become an important emerging investor in Africa.

However, aside from the macro trade and investments that mostly involve the business of state-run companies, individual traders and entrepreneurs contribute to increasing trade volumes between China and Africa. Following Beijing's political economy strategy to increase China's contribution to Overseas Foreign Direct Investment (OFDI), Chinese companies, mainly state-owned enterprises, have moved into African countries in order to secure resources and seek markets in which to sell goods manufactured in China. Such ventures have been followed by the movement of social and human capital from China to Africa. Such a trend has led to the presence of Chinese employees and workers, first in state projects run by Chinese multinational companies in Africa and later as individual entrepreneurs, small traders and businessmen who willingly travel beyond the Chinese borders for economic opportunities. In Africa-China relations, south-south migration across borders has led to south-south trade mainly in the informal trade sector with shops and stores established by Chinese traders in African countries. Chinese traders are mobilising forces that are not only self-interested but also symbolically an aspect of grassroots globalisation (Yang Yang 2010). In an era of economic globalisation, the movement of people across continents for economic purposes has increased. The openness of markets for trade has increasingly enabled world traders to seek more opportunities beyond their respective borders.

In the current global economic structure, industrialisation entails economic globalisation and complete economic globalisation is premised on four basic principles: trade, investment, technology and migration (Marafa 2010). The lack of industrialisation policies that enable the manufacturing sector in Africa to take off and satisfy Africans' needs for consumer goods, the fierce competition faced by Chinese entrepreneurs and traders, and the desire to provide them with loans and credit to develop their activities to the detriment of state-owned enterprises have all been push factors causing Chinese small traders to eye African markets.

This chapter explores Chinese traders in Senegal. It focuses on Chinese traders' trade networks, their business organisations and their contributions to the socio-economic development of Senegal as well as on the difficulties and challenges caused by their presence in the country. The study is mainly based on empirical research, consisting of qualitative interviews conducted by the author in Dakar in October 2012 with Chinese traders (shop owners and shopkeepers), Senegalese shopkeepers, retailers and nationals who operate or/and live in the areas where the Chinese shops have been established and operate.

Fifty semi-structured and group interviews were conducted with the different groups involved in the study in the Centenaire and Petersen areas of the city. Diverse representative samples (in terms of occupation in the market space, gender and nationality) of different groups were considered in order to add variety to the responses given to the author's questions and the issues raised in the study. The interviews were conducted in Wolof, French and Mandarin.

2. Chinese migration to Africa

Changes in China's emigration policies (issuance of passports, openness of borders and freedom for Chinese people to travel beyond their borders) have enabled Chinese citizens to travel to other regions of the world for various reasons: tourism, education, employment, trade, business, and so forth. The "open door" policy begun in 1978 and the industrial and entrepreneurial reforms begun in the 1980s to replace the "work unit"[1] resulted in millions of Chinese people choosing to go abroad (mainly to Southeast Asian countries: Malaysia, Singapore, Indonesia, and so forth). While the number of Chinese migrants in South-East Asia, East Asia, Europe, North America and Australia remains very important, the growing relationship between China and African countries has contributed to increasing flows of Chinese nationals to Africa. With the reforms undertaken in China in 1985 regarding migration policies and China's "go out" policy in the late 1990s, state-owned enterprises took the lead in hiring Chinese workers for state project ventures in Africa. These initial numbers were quite limited, however, when compared to the current trend. Through globalisation, China's rise as an economic power, its willingness to modernise and develop, its economic interests linked to market openness and its accession to the World Trade Organisation have strengthened Sino-African relations (PALÁT 2017).

In order to promote its foreign direct investment policy and aid programme towards developing countries, including African countries, Chinese companies have exported labour to work on various projects. Even though such projects

have contributed to infrastructure development in Africa, they have also significantly contributed to increasing migration rates from China to Africa.

Today, the Chinese presence in Africa is also subject to important migration flows with respect to individual migrants (entrepreneurs or traders) who decide to look for business opportunities in Africa. The Chinese presence in Africa was affected by the presence of Chinese companies in Africa, which brought along Chinese workers on short-term labour contracts (two or three years, sometimes renewable) to engage in state-run projects in construction, infrastructure building, mining, drilling for oil, and so forth. Although the majority of Chinese workers in Africa return to China at the end of their contract, some decide to stay in Africa for business purposes. Those who remain in Africa often aspire to develop social and business networks in the host country and open small- and medium-sized businesses involved in trade, catering, construction, hostelry, and so forth; they do so by using the capital they acquired while working in China and Africa for larger state enterprises.

Thus, besides the Chinese state-owned enterprises and multinational corporations, China's investment in Africa has been augmented by private entrepreneurs, traders and businessmen seeking markets as well as by new migrants without much capital from various regions and provinces and with different backgrounds. Tan-Mullins and Mohan (2009, 588) argue that, "economically, many large-scale Chinese firms operate in key resource sectors, but for most Africans, the Chinese presence is marked by traders in the markets".

According to estimates the number of Chinese migrants in Africa ranges up to or more than 750,000 (Park 2009; Skeldon 2011). But with difficulties in obtaining exact figures on the amount of Chinese migration to Africa, cautious assessments have set the number of Chinese migrants on the continent at between 270,000 and 510,000, with South Africa hosting the largest Chinese community (Skeldon 2011). These figures look small compared to the overall population of China, but if we look at the expansion of Chinese migrants across Africa they become important and merit attention.

In different cities, Chinese migrants or newcomers are mainly dedicated to trade and business (restaurants, small- and medium-sized enterprises, and so forth). Since 2000, the increasing number of Chinese migrant traders in major African cities has created competition among them. Therefore, many have decided to explore other business sectors and geographical areas by settling in rural and small African towns (Cissé 2013; Kale & Mohan 2007; Carling & Haugen 2005). Due to Chinese economic migration to Africa, at least one "China shop" can be found in every larger African town and Chinese shops are on the forefront of new south-south trade relations (Dobler 2005).

3. Chinese traders in Senegal: composition, profile and background

During the 1980s, China contributed to the development of infrastructure in Senegal mainly through the Chinese construction company Henan Construction. In the 1990s, Senegalese traders who were then going to Dubai, Bangkok and Hong Kong discovered the Chinese markets, which offered competitive prices for them to buy "made in China" consumer goods and resell them in Senegal with high profit margins. The Chinese workers at Henan Construction therefore saw opportunities to tap into the Senegalese trade sector. With their strong connections back in China and ability to order Chinese products directly from the factories or wholesalers in China's city markets at lower prices and offer competitive prices compared to the Senegalese merchants, the Chinese workers began to explore business possibilities. This in turn encouraged them to bring their family members to Senegal.

At the end of the 1990s, Chinese people started to explore the Senegalese informal trade sector. The first traders were Chinese workers who remained in the Senegalese capital city after their contract came to an end with Henan Construction Company.

The establishment of the first Chinese shops in Centenaire took place in the early 2000s. The majority of the Chinese traders in Centenaire and Petersen (Allées Papa Guèye Fall) interviewed by the author come from Henan province in central China, more precisely Kaifeng (a prefectural-level city). A very few come from Sichuan, Fujian and Shanghai (interviews by the author, October 2012). Even though Henan province is the 5th largest provincial economy in China, its GDP remains low compared to coastal Chinese cities and it is seen as one of the most backward areas in China. The main economic activities in the province are mining and agriculture. This fact was borne out in the answers of many Chinese traders in Dakar in reference to their previous activities back in China. Most of them had been factory workers or farmers in China (interviews by the author, October 2012). Very few of them had run a business in China. A young Chinese shopkeeper in Centenaire, also from Henan, stated that his father was a truck driver and his mother owned a restaurant. Friends told them about the opportunities in Senegal and they decided to move there (interview by the author, October 2012). However, one Shanghainese shop owner's decision to travel to Senegal and open up a shop was different. In 2004, he travelled to Dakar for the first time as a tourist and had realised that the trade opportunities and business environment were good. He returned to China, but ultimately decided to move to Senegal and settle in Dakar. In Shanghai, he had run a business in the machinery and technology sector (interview by the author, October 2012).

With savings from his years working in China, and with a family member already established in Dakar, the family arranged for the trip to the Senegalese capital to join their relatives' businesses. Well-established Chinese traders in Dakar use their connections with Senegalese agents/brokers to organise the arrival of their wives, children, cousins, nephews and friends.

Chinese traders who arrived in Dakar in the early 2000s own many shops in Centenaire and Petersen. For instance, a well-known Chinese woman from Kaifeng (Henan) owns seven shops in Centenaire and they are all run by her family members (interview by the author, October 2012). Additionally, almost every Chinese shop owner on the boulevard Général De Gaulle in Centenaire also owns a shop in Petersen. Growing migration flows from China to Senegal occurred between the years 2005 and 2009, thus changing the urban environment in Centenaire. Chinese traders have opened shops on both sides of the road. More rural men than women, mainly single men but sometimes followed by their wives, if married, in their late 20s or early 30s, with a low amount of education, or in many cases without any education or work experience at all, comprise the population of Chinese traders in Senegal.

It is important to mention that even though their presence in the informal Senegalese trade sector is growing, Chinese traders who came to Senegal in the early 2000s have either developed other businesses (catering, agriculture, and so forth) or have returned to China after bringing their family members to Dakar to run the shops. Many Chinese people working in shops in the Centenaire reported that they are shopkeepers rather than shop owners. They were originally brought to Dakar by relatives or friends to work in the shops. The shop owners arranged and paid for their trip. They live on the shop's premises or in the neighbourhood of Centenaire or Petersen. Their accommodation and food are provided by the shop owner and their salary is only paid to them or to their family once back to China, as they must first reimburse the fees related to their travel from China to Senegal (interview by the author, October 2012).

Even though the Chinese traders are generally viewed as a homogeneous group coming from the same country, province or village and speaking the same dialect, there are many disparities between the different migrants and their stories. In fact, Chinese migrant traders do not have close relations with one another (except for those with family ties) and do not interact with one another. As Niang (2007, 69) states: "Chinese people are very particular, here is a community in which people come across without greeting each other mainly if they don't originate from the same province or village, I think they only get along with each other based on their geographical origins and family ties."

As to the question of whether or not they want to stay in Senegal or move to other countries later, many Chinese traders responded: "If the situation is ok here, we will stay. Otherwise, we will explore other countries with less competi-

tion and better business opportunities. My aunt was in Dakar before, but now she is in Morocco with her husband, where it [sic] seems to be less Chinese traders" (interview by the author, October 2012). It is worth mentioning that if some Chinese traders choose to leave Senegal and settle in other countries, there are also those who come from different countries to open up businesses in Dakar. However, the Chinese shopkeepers who work for the Chinese shop owners do not have clear ideas about their future plans to move to other countries. Most of them more or less said, "We will stay for 2 or 3 years and return to China" (interview by the author, October 2012). Most likely there is a tacit contract between the shop owners, who in many cases arranged the trips of the other Chinese shopkeepers to Senegal, regarding the details of their "temporary stay."

4. Chinese traders' business networks

Chinese trade activities in Africa are based on business and social networks. Chinese traders in African cities have business connections in China that they use to order "made in China" products from factories or wholesale suppliers in Yiwu or Guangzhou, where the largest amount of Chinese products sent to Africa and the world markets come from. Trust based on long-term business relationships and family connections play an important role in the Chinese business environment. Chinese people living overseas, but also many other ethnic groups living outside of their countries of origin, create formal or informal associations and networks. Co-ethnic business people from both the host countries and the mother country have access to such associations and networks (Rauch & Trindade 2002; PALÁT 2017). However, when it comes to Chinese traders in Africa, information about the suppliers in China and the prices of products is only shared among family members or business partners.

While very often the formation of trade and business networks is mainly based on ethnicity, religion or/and country of origin, the Chinese trade networks are different. They are instead based on kinship and particularly related to the traders' family ties, ethnic minority groups or provinces and villages of origin. Network members have a thorough knowledge of each other's characteristics, which helps them connect with one another or refer each other for outside business opportunities (Rauch 2001). With their strong production and supply networks in China, Chinese traders in Africa help Chinese manufacturing industries to find distributors or buyers in order to help boost the export of Chinese consumer goods to African countries. Low production costs in China, direct imports leading to lower trading margins and the low opportunity costs for the

traders themselves make Chinese commodities more accessible for customers than many goods traded in more conventional supply chains (Dobler 2005).

The connection between the factories, the wholesalers in China and the Chinese petty traders in Africa has implications with respect to market trends and the production of new products particularly tailored for African consumers. Information about new fashions and styles is shared across continents to tap into a new range of products and secure high profit margins. For instance, one the author's interviewees in Centenaire specialises in selling frames of Senegalese religious personalities made in China, which constitute good deals for his business if one considers the importance of religious brotherhoods in Senegal.

Chinese traders transmit information to their networks about current possibilities for trade or investment. Transnational networks can facilitate the provision of market information, letting suppliers know that consumers in a particular country will be receptive to their products or enlightening suppliers on how to adapt their products to match consumer preferences in a given country (Rauch 2001). As opposed to the conventional way of studying customer behavior in matters of international trade, Chinese traders in Africa attempt to ascertain in an informal manner the tastes and the characteristics of domestic buyers and sellers in African markets and to report the results to manufacturers in China.

While many overseas networks make use of intermediaries (agents, brokers, traders), the Chinese trade networks in Africa operate directly with their suppliers or at least with the family members who are in charge of their business in China. To maximise their profits and reduce transaction costs, Chinese traders in Africa avoid intermediaries. Business networks can make markets work better by providing information, lowering risks and easing the transaction costs that accompany the transitions from trade to industry and from production for the local market to production for export (Brautigam 2003). All transactions are done via the internet, cell phones and fax machines, and payments are made in cash by a family member of the trader who is in charge of the business in China.

5. How Chinese traders organise their business

Chinese traders in Senegal pay close attention to the fashions worn by Senegalese citizens and to customers' needs in order to better supply the market with desirable Chinese consumer goods. They send samples of products to family members or to suppliers in China, who are then in charge of placing the orders with Chinese factories in and around Yiwu or Guangzhou, which are impor-

tant trade and manufacturing hubs in China. All of the products are specifically tailored to meet customer demand and target Senegalese with low purchasing power able to buy cheaply manufactured Chinese goods. The cities of Yiwu and Guangzhou play an important role in Chinese foreign trade and the exports shipped to the rest of the world. Within China itself, they remain the distribution hubs of Chinese products to the inland provincial markets. If African traders who travel to and settle in China buy their products from these Chinese cities as well, then their Chinese counterparts in major African cities will also obtain their supplies from there. But the Chinese have a comparative advantage over the African traders who order their merchandise from China. They have long-term relationships with the Chinese factories or wholesalers and know which supplier will offer them competitive prices in order to maximise their profit margins when the products are sold in Senegal or elsewhere in Africa.

Chinese traders maintain regular communication via phone calls or internet with suppliers or family members in China to obtain the best "made in China" products. Chinese traders want to be sure that they have sufficient stock to sell. The products are shipped by Chinese logistics companies, who in turn use the MAERSK shipping company, which offers reliable services in Senegal. It takes 45 days for the containers to arrive in Dakar. Once the containers arrive there, Chinese traders arrange for administrative and customs clearance through a Senegalese agent who studied in China in the 1990s, who runs a logistics business and who is well known in the Chinese community. He contacts MAERSK and the customs officers to secure the release of the containers from customs. After they are released at the port of Dakar, the containers are transported to warehouses (often shared) that Chinese traders have rented in the neighbourhood of Centenaire or Petersen, where the goods are stocked. From the warehouses, goods are directly conveyed to the shops by Guinean workers using rickshaws, who receive between 3,000 and 5,000 CFA francs (US$ 6–10) for such service. Chinese traders with more space stock their products at the back of their shops. Sometimes Chinese shop owners take a trip to China and go directly to the factories to order their products. A Chinese shopkeeper in Petersen mentioned that his father (the shop owner) regularly travels to China twice or three times a year to visit the factories, places orders and arrange for the products to be shipped to Dakar (interview by the author, October 2012).

A variety of products are sold by Chinese traders in Dakar: footwear, clothing, textile products, decorative items, jewellery (bracelets, necklaces, rings), leather products, accessories (sunglasses, watches, belts, bags, wallets), toys, glassware, cups, plates, kitchenware, bedding, and so forth. Footwear and clothing are the most traded products at the Chinese shops in Dakar. Amidst fierce and increasing competition among the traders, some shopkeepers have decided to look at how to provide other niche products (leather products, cooking utensils, hair

products, and so forth) and diversify their trade activities. Compared to other countries (South Africa and Namibia), where there are only a few Chinese wholesalers who supply Chinese retail traders with Chinese consumer goods, all Chinese traders in Centenaire and Petersen operate as wholesalers and retailers, selling products to Senegalese retailers or customers.

Often one or two Chinese people work in the shops together with a Senegalese shopkeeper who mainly talks to the customers. Chinese traders' language skills are quite limited; they do not speak French or Wolof at all, or even if they do speak them, it is in a very broken language. The Senegalese shopkeepers bargain with the customers and fix the prices accordingly with the Chinese shop owner or shopkeeper, who collects the money. No contract is signed between Chinese shop owners and their Senegalese shopkeepers. Shopkeepers' salaries are paid either daily (between 1,500 and 2,000 CFA francs; US$ 3–4) or weekly. Such an arrangement is made on purpose by the Chinese shop owners so that they can retain the option of quickly dismissing their Senegalese employees in cases when they are not satisfied with their services. Shops are open from 7:30 AM to 6:00 PM from Monday to Saturday and sometimes on Sunday, when only Chinese shop owners and shopkeepers come to work.

6. Chinese traders' contribution to socio-economic development in Senegal and China

Economic migration plays a role in contributing to socio-economic development in the migrants' home country and in host countries. Chinese migrant traders in Dakar fall into this pattern. With savings from home or money made while working on state projects across Africa, many Chinese have decided to settle in a number of African countries, including Senegal, which have rapidly expanded their economic cooperation with China in recent years.

Chinese shop owners hire Senegalese shopkeepers to help with the trade activities. Every Chinese shop in Centenaire and Petersen has at least one Senegalese employee. Chinese traders therefore help provide employment at the local level if one considers the difficult situation of the Senegalese job market and lack of job creation not only for people with low levels of education but also for graduates. The Senegalese employees at the Chinese shops receive between 1,500 and 1,750 CFA francs as a daily wage, which is higher than the average minimum wage per month in Senegal: 40,000 CFA francs (US$ 80).

In addition, with the important flows of Chinese consumer goods exports to Senegal, many Senegalese young people, particularly vendors, have found

opportunities to receive more of an income and better support themselves and families. "I manage to pay for my children's school fees, ensure the household expenses and even save" (interview by the author, October 2012). It is worth mentioning that in Centenaire, aside from the Dakarian retail traders, there are many other Senegalese traders who periodically come from other regions to buy Chinese consumer goods and resell them in their own neighbourhoods back home. For instance, a Senegalese retail trader from Mbour mentioned: "With the establishment of the Chinese shops in Dakar, I come once a week to buy Chinese products. For instance, I can buy shirts for 900 CFA francs a unit at a Chinese shop and resell them for 1,300–1,500 CFA francs" (interview by the author, October 2012). One representative of a Senegalese retail traders mentioned in particular that the Chinese traders' presence in Dakar is positive. He argues: "The arrival of Chinese traders in the Senegalese informal trade sector contributes to create [sic] economic activities for many jobless people in Dakar. Our relationship with the Chinese traders is mutually beneficial" (interview by the author, October 2012). Furthermore, a female Senegalese retail trader in Petersen stated the following: "For me, the arrival of Chinese traders in Dakar has reduced business costs (transport and customs fees), as I used to go to Gambia and Mauritania to get merchandise to place among [sic] Senegalese customers, [only] to get paid one or two months later. By buying and reselling the Chinese products, I can directly get my money" (interview by the author, October 2012).

All of the Chinese shop owners in Dakar pay taxes and customs fees, thereby contributing to the Senegalese economy. Thanks to the Chinese traders, the Senegalese retail traders also pay monthly taxes of 3,000–4,500 CFA francs. Due to the Chinese presence in the trade sector in Dakar, some Senegalese retail traders who used to buy and resell Chinese products now own shops or stores in and around Centenaire and travel to China themselves to secure Chinese consumer goods to sell in the Senegalese market. Their success motivates more small traders in Senegal. The Chinese traders pay rent (more than the normal rent price) for their shops, warehouses and houses in Centenaire and around Petersen, which in turn helps some Senegalese households whose parents have retired or do not have sufficient means to support and satisfy their families' needs.

Whereas during the Cultural Revolution, Chinese migrants or overseas Chinese were dismissed as capitalists or "enemies of the state", today they contribute to China's economic integration and growth through the accumulation of social capital that they reinvest in their home country or regions. China's new policy of facilitating open markets has enabled Chinese traders to expand their operations and cooperate with overseas markets, thus increasing China's global exports.

The role played by migrants in the development of their home countries or regions in many cases contributes to economic development based on human capital movement across borders. In China, diaspora migrants are involved in the country's economic, political and social transformation. The connection that Chinese migrants have with their provinces and villages has implications for local economies. By venturing to Africa in search of economic opportunities through trade and business, many Chinese migrants have changed their previous social status (from factory workers, construction workers, rural peasants, and so forth) to becoming traders and entrepreneurs. Most of the early immigrants were from Guangdong and Fujian provinces, and they were illiterate or poorly educated peasants who intended to earn income abroad and even send any extra income to feed their families at home (Li Xing & Opoku-Mensah 2008). The earnings made my Chinese migrant traders in Africa, including Senegal, help their family members at home start or expand businesses and have also helped finance projects.

In China, emigration has always been seen as a success factor. Provinces in southern and eastern China, particularly Guangdong, Fujian and Zhejiang, have experienced important waves of migration, with many people moving to other countries around the world. Such migration has enabled socio-economic changes in the different Chinese regions. Chinese traders in Senegal contribute to the development of their provinces or villages. While generally maintaining a very low standard of living in their host country when doing business or working there, the money they make is always sent to China via informal networks (no remittances through Western Union or Money Gram) to support the rest of their family members: paying for their children's education, food, medical care, and so forth. A Chinese trader in Petersen mentioned: "I am here to make money for my family, particularly for my children, at least to change their situation, not to be in the same difficulties I went through and enable them to be educated in renowned universities overseas" (interview by the author, October 2012).

Chinese traders who brought their children with them contribute to knowledge transfer in the business sector. Once the business is well established, the children can take over. Such a decision enables their children to get to know the business environment and establish good contacts and long-term business opportunities in Senegal and China. For instance, this has been the case with Lebanese and Guinean traders in Senegal, whose children own shops or manage the family businesses. Almost all the Chinese traders in Centenaire have plans to reinvest their income in China, start other businesses or develop businesses they already own. The products they order from China helps increase China's foreign trade and exports and it helps boost the overall trade sector by involving manufacturers, factories, wholesalers, logistics companies and so on, thus creating income for every segment of the trade sector.

7. Difficulties and challenges linked to the presence of Chinese traders in Senegal

7.1. Difficulties and challenges on the Chinese side

The Chinese traders' presence in the trade sector in Senegal is seen as a source of competition for the local Senegalese traders, businessmen and entrepreneurs, even though the majority of Senegalese people with low purchasing power have an interest in acquiring cheap Chinese consumer goods at affordable prices. The competition between Chinese and Senegalese traders at times has led to tensions and protests. Trade unions (UNACOIS and ASCOSEN) often became involved in the protests by either defending the rights of the traders and manufacturers or representing the Senegalese consumers (Dittgen 2010a, 2010b; Moumouni 2006).

Cultural differences and communication issues continue to present difficulties for Chinese traders, even for those who first moved to Senegal in the early 2000s. The reticence of the Chinese traders to integrate with Senegalese society has caused many to feel lonely. A young Chinese shopkeeper who dropped out of middle school and was brought to Senegal by his father stated the following: "I really miss home, but I need to make money; therefore, I have to stay here and [will] probably later take over the business" (interview by the author, October 2012). The more recent arrival of traders from China introduced additional problems, such as fierce competition among the Chinese themselves, who mentioned that the business is not as lucrative as it was before. The prices of the products are constantly decreasing because of some Chinese traders who benefit from price competitiveness through strong networks in China and can thus order manufactured goods at a very low price (interview by the author, October 2012).

Some Chinese decided to move to Senegal without any clear ideas about what to do. Sometimes they may have done so because they were forced to relocate by family members already established in Dakar. This situation has led to prostitution, drugs and crime within the Chinese community, all of which have at times affected Senegalese society as well. A Chinese shop owner in Centenaire reported the following: "Some Chinese have died here. Some have lost important sums of money. Last year, a Chinese woman has died in her house while her son went to China. During the 2012 Senegalese presidential elections period, three Chinese shops have been burnt due to political protests" (interview by the author, October 2012).

The lack of safety among Chinese traders was emphasised in the interviews, even though the Chinese interviewees mentioned they face safety issues mainly

with Guineans from Conakry, who own shops and informal small businesses and are quite present in the Senegalese informal trade. Perhaps due to the rivalry in the Senegalese trade sector, which involves Senegalese, Lebanese, Guineans and now Chinese, relations between the different trade communities have become complicated. Furthermore, the Chinese traders in Dakar have complained about not receiving any support from their embassy in solving the different problems they face while living and operating in Senegal. The Chinese embassy is not involved in their business (interview by the author, October 2012). The absence of a Chinese traders' organisation or association to at least help solve some of these issues remains a concern among the Chinese trading community. According to Chinese traders, taxes and customs fees have increased with the new Senegalese government, thus complicating their businesses (interview by the author, October 2012). While China is the largest source of emigration, it faces challenges related to its large and diverse overseas migrant population.

7.2. Difficulties and challenges on the Senegalese side

While in the common debates the main issue faced by Senegalese, mainly the traders, is that of Chinese competition, several other critical problems have arisen with the presence of Chinese traders operating in the Senegalese business environment. Home owners in Centenaire who rented their garages or houses to Chinese migrant traders have complained about them not respecting the terms of the contract: "Chinese [people] have rented my garage and divided it into two small shops and sublease[d] one part without consulting me" (interview by the author, October 2012). They do not keep the rented house or garage in good condition, complain many Senegalese. Instead of depositing the rent money into the lessor's bank account, they pay in cash due to the fact that most Chinese traders do not have bank accounts in Senegal. Instead of having bank accounts in Senegalese banks, Chinese workers keep the money they make through trade in their houses and sometimes transfer it to China via illegal and informal means, often helped by Senegalese business agents/brokers in collaboration with the Senegalese police and customs officers at Dakar airport, who are paid or receive bribes by doing so. A Senegalese Western Union agent in Centenaire reported that the Chinese never came to his office for money transfers or collection (interview by the author, October 2012). This shows that all the cash used by Chinese traders in Dakar moves from hand to hand.

While Chinese traders state that they have a good relationship with their Senegalese employees, the latter have mentioned the complicated situations they face. A female Senegalese shopkeeper complained: "While working with the Chinese traders, we have a language barrier; the communication is based

on simple words in broken French or English. There is a culture difference and the working conditions are difficult. I was working in another Chinese shop before this one, but because of strict rules from my boss (not to answer my phone) I resigned. If you miss a working day, you are not paid. But because of the difficult job market in Senegal, I found an opportunity with the arrival of Chinese traders" (interview by the author, October 2012).

The informal trade sector in Senegal is one of the most active economic sectors in the country. Since the renewal of diplomatic ties between Senegal and China in 2005 under Abdoulaye Wade's presidency, the Senegalese trade sector has seen increasing numbers of Chinese traders settle in Centenaire and Petersen, thus changing the business environment in Dakar. With the increasing wave of Chinese migrant traders in Senegal, changes occurred in these areas. With more and more Chinese shops along the boulevard Général De Gaulle and Petersen and Senegalese retailers also wanting to operate in these areas, the Senegalese government faces critical challenges in addressing the problems related to migration and issues arising in the Senegalese informal business sector. "The situation at Centenaire has changed and the Chinese presence is not positive at all", one interviewee reported (interview by the author, October 2012).

The Senegalese government has not fully done its job in regulating the growing informal trade first with the Senegalese retail traders and now with the Chinese traders, more particularly since 2005. Senegalese traders in Centenaire and Petersen state that there were no regulations against setting up stalls in front of Chinese shops and selling their products to customers (interview by the author, October 2012). Senegalese traders randomly came and occupied the sidewalks reserved for pedestrians and sometimes made the traffic difficult, thus creating problems for pedestrians and cars alike. The large majority of Senegalese retail traders come from Dakar's suburbs (Guédiawaye, Pikine, Thiaroye or Diamaguène) in search of economic profits.

Since 1994, the devaluation of the CFA franc and the structural adjustment programme (a series of economic reforms or policies that the International Monetary Fund (IMF) or the World Bank implemented in developing countries through loans or credits to help them recover from critical economic difficulties or crisis) led Senegal into a complex and difficult economic and financial situation. The Senegalese government could have avoided the deteriorating situation in Centenaire, which in the past was a peaceful and "bourgeois" district, by protecting the informal trade sector and preventing the petty Chinese traders from operating in the area and its surroundings. The government should build markets (to host not only Chinese and Senegalese traders, but all other people who run businesses in the informal trade sector) where traders can rent space, regularly pay taxes and enjoy the facilities that come with operating in such a market place (cleaning service, security, parking, toilets, food court). In its plans

to regulate the informal trade sector, the Senegalese government has several times promised to build markets and create appropriate spaces for retail traders. To avoid problems between traders, unions, tax officers and the town council, the Senegalese government should stick to its promises to build market spaces.

8. Conclusion

International trade and migration patterns have changed since the rise of emerging powers (India, China and Brazil) and their growing economic and political cooperation with African countries. These new developments among south-south countries come along with new economic partners for investment and trade. The movement of social capital between these emerging economies and African economies drive the movement of human capital through economic migration. The growing Sino-African cooperation, mainly in the form of investments and trade, has seen a growing movement of Chinese nationals to African countries for trade and business purposes.

Chinese traders maintain business and family networks and have contacts with manufacturers and wholesalers in China's supply channels, which they take advantage of when setting up shops in major African cities as well as rural areas. This allows them to better meet the needs of customers, but also helps create competition not only with local African traders but also among themselves.

Chinese traders have changed the urban space and the informal business environment in Senegal. They have helped boost China's exports, which during the past three decades have been the main drivers of China's economic growth. In Africa-China relations, south-south trade and migration facilitated by the globalisation of markets has helped shape new arenas of engagement between China and African governments, arenas that include policymakers. Yet various issues and challenges are awaiting decision makers both in China and Africa in terms of dealing with such important migration waves.

Although the presence of Chinese traders in Dakar is controversial among the Senegalese population, local traders and at times trade unions and government officials, they contribute to socio-economic development in Senegal and their home provinces and regions. Yet the recent economic reforms in put place in China, allowing it to shift from an export-driven to a consumption-driven economy, the measures taken in some African countries (Malawi, Nigeria and Botswana) to prevent Chinese traders from operating in the informal trade sector as well as the economic downturns in many African countries all give rise to an important question: Will Chinese shops and businesses continue to flourish in African countries in the long run?

Notes

1 Work unit is the name given to a place of employment during the period when the Chinese economy was more socialist. Before the reforms, workers were bound to their work units for life.

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Ian Fitzgerald and Rafał Smoczyński

The UK labour market and immigration: What a difference ten years makes

Abstract

The UK has an infamous history of colonialism, which to some extent had begun to recede into the distant past as a multi-racial society was established. We argue that even as neo-liberalism has become more dominant in Europe, so too has the UK seemingly begun to retreat into its shameful past history. Our discussion is based on 10 years of continuing research into the area of Polish and European Union (EU) mobility. We detail the extent of Polish migration to the UK and its impact at a local level, as well as the movement of workers through the Posting of Workers Directive (PWD). Our conclusions from this long-term study are that foreign workers have often been treated poorly both with regard to employment conditions and because of xenophobia. However, we conclude that Polish and other foreign workers are far from being just victims or a burden to society and have in fact provided the UK with economic and social benefits. This, we detail, stands in stark contrast with the UK banking sector, which has borrowed and still owes billions of pounds to UK taxpayers and is still a burden on our future economic prosperity.

Keywords: Free movement, exploitation, economic crisis, Polish migrants

1. Defining the problem

When the UK Conservative politician Enoch Powell made his now infamous "rivers of blood" speech in 1968, in many ways this marked a watershed moment for racist Britain.[1] The years following this speech witnessed a growing number of laws and policy interventions that moved the UK towards supporting a

multi-racial society. However, if the current political narrative is to be believed, we are moving back to the mentality of the late 1960s just at the point when the UK is suffering an immigration crisis. According to this newly re-emerged anti-migrant narrative, Britain can no longer freely accept migration to the UK. It is allegedly a drain on the UK's financial resources and the government needs to take extreme care in the acceptance of asylum seekers as well as European migrants. The facts on migration numbers as well as the ongoing need to fill job/skill gaps and the actual financial contribution of immigrants to the public purse are irrelevant compared to the fear that asylum seekers may be terrorists or indeed that European migrants are only seeking social welfare benefits. This political narrative feeds into a developing policy regime that is very different to that which existed some ten years ago.

This chapter is based on our research since 2005 into the "free movement of persons" into the UK.[2] The current piece provides two examples of this free movement of European workers and services into the UK labour market since May 2004. It discusses first the free movement of Poles into the north of England,[3] and secondly it provides an account of the free movement of services through the Posting of Workers Directive (Directive 96/71/EC) into engineering construction. These very distinct means of entry into the UK have now combined in popular thought and political debate and have provided the basis for much of the fear and anti-migrant rumours prevalent in UK society. We argue that "British jobs for British workers", a small part of a speech made by the then Prime Minister Gordon Brown,[4] and subsequently used for a short period by engineering construction workers, has become a "le motif" for much of the anti-migrant xenophobia that we see in the UK today.

2. The free movement of European labour into the UK

The UK's EU immigration policy is based on the main Principles of the Union, and therefore we do not intend to give a full account of the transposition of EU immigration policy into UK law. Instead, we wish to reflect on the free movement of persons at a local level and some of the challenges this has posed. Prior to May 2004 and the accession of the Central and Eastern European (CEE) countries to the EU, it was generally argued that the UK would not be subject to large numbers of these workers (see, e.g. Dustmann et al. 2003). A scheme, though, was set-up for all CEE workers seeking employment in the UK. But the Workers Registration Scheme (WRS) only applied to those employed, it had a cost for those registering and in reality it was not enforced. To support free movement, the European Commission also had in place an EU job mobility portal called

EURES (European Employment Services). Created in 1993, the central strategy of EURES was to support people with cross-border job searches and applications prior to emigration. It supported and networked with Public Employment Service representatives in each EU country to facilitate the free movement of persons. Both the WRS and EURES did not meet expectations; for example, they were not well known and CEE workers could be employed by the WRS without registering at all. Though it is worth noting that those who had not registered and were "employed", could lose any claims to social benefits and employment protection under the law. The WRS is no longer in operation, while the Commission has recently stated that the EURES will be reformed due to, amongst others things, new mobility patterns.[5]

The actual number of CEE workers who entered the UK labour market after 2004 is now well documented as well as the dominance of Poles in the labour force. One of the potential reasons for such a large number of Poles coming to the UK is of course related to the relatively poor state of the Polish economy at that time. For example, a number of people had two jobs, were employed in the informal economy and experienced poor employment conditions (World Bank 2008; Hardy 2007; Jasieck 2013; PALÁT 2017). For instance, Eurostat estimated in 2005 that 25 percent of Poles were on "temporary contracts" (Eurostat 2005), and unemployment in Poland at the time stood at 17.8 per cent. However, there were also other reasons that prompted Poles to migrate to the UK. The literature highlighted lifestyle choices, a desire to improve their education and language skills, and other non-material considerations (see e.g. Eade et al. 2007). As an initial response to this new migration, the UK government and NGOs facilitated a range of "impact" studies. These studies were concerned with the geographic location and extent of new migrants, their employment conditions and their overall skill levels (see TUC 2004, 2005, 2007; Fitzgerald 2005; Slim 2005; McKay & Winklemann-Gleed 2005; IPPR 2006; LSC 2007).[6] Labour market studies by Dench et al. (2006) and Gilpin et al. (2006) for the government also noted the importance of new CEE workers for employers and that this new labour supply was having little or no impact with regard to indigenous worker displacement and wages.

There was, though, a growing tension between national and local levels of government, mainly having to do with the mismatch between new migration to certain localities and state funding for local government services. Therefore, we see from 2007 onwards the focus being placed very much on how local authorities could and were coping with increased demands. Thus, the government publication I&DEA (2007) provided a general good practice guideline for local authorities, while CRC (2007) identified specific case studies of good practice. Further, a number of initiatives were passed to facilitate the integration of new CEE workers by local authorities; for example, "information packs" were provided in differing languages explaining how to obtain a driving licence and the

requisite main UK laws and other initial local information. These information packs were often supported by the provision of multi-agency events for particular groups, such as the Poles.

Two main arguments now underpin our discussion. The first is that the size of the CEE migration took everyone by surprise. This then leads to our second main argument, that, as local authorities, agencies and NGOs were most prominent at the local level, they had to respond first to this situation. The following sections provide two examples that go directly to the heart of this discussion.

3. Polish entry into the UK labour market

Following May 2004, the "free movement" of Polish workers was immediate, as noted by Anderson et al. (2006), who identified a situation of illegal CEE workers becoming "legal" overnight. However, the vast majority of people moved to the UK following this date. When interviewed in 2007, a NSZZ Solidarność national official spoke of the migration being like a "gold rush". Our work in late 2007 found that Poles were using three main routes to secure employment in the UK. These were first an "on-spec" route, second via direct company employment and third through recruitment agency employment.

The term "on spec" related to Polish workers who had made the decision to migrate to the UK to work without being offered a particular job. Evidence of this was provided in interviews and could be seen in the rise in the number of transport links between the two countries (see Stenning et al. 2006, 110–111). Even still, in interviews conducted in Poland at the time, a British Polish Chamber of Commerce (BPCC) spokesperson and the NSZZ Solidarność national official both spoke about the early return of disillusioned Poles. Several other interviewees reported people travelled over with only enough money to last for several weeks, as Carby-Hall (2007) notes, giving rise to the very real option of becoming destitute on the streets. It is also evident that rather than using official means of entry, such as EURES or job fairs held in Poland, people were passing on information through family, kin, friends and social media networks. In time, as Garapich (2008) notes, a specific "migration industry" developed, which, besides its commercial aspects, also facilitated "on spec" through extended social networks that contributed to a migrant's social empowerment.

The most obvious signs of direct company recruitment from the UK could be found on company advertisements placed on Polish language websites, and the BPCC also identified a newspaper with around a hundred pages of jobs (including six pages of UK jobs). Some employers also chose to move away from just using the Polish media and the Polish language and instead began to only

use the English language. There are numerous examples of direct company recruitment in Poland. For example Tesco for one, at its Kraków recruitment centre, had a standard recruitment process where someone was selected in Poland and then placed in a UK store or distribution centre. UK Bus companies also provide an interesting example: Arriva Buses and Go Ahead Buses had hard-to-fill vacancies and therefore adopted many of the same procedures as Tesco. As both companies had a recognised trade union, they consulted with union representatives prior to employing Polish workers. Thus, all Polish workers in theory received the same terms and conditions as UK workers. The challenge though for both companies was that they had underestimated the language issue, and the employment of Polish workers led many in the companies to question the cost of employing these workers. It is interesting that in both cases, integration issues were not considered at all. For example, for the bus companies the issue mainly had to do with local dialects and forms of speech used in, for example, the north and east of England. Since UK bus drivers need to directly communicate with many passengers, and likewise the passengers with him, understanding the basics of a local dialect is crucial. With Tesco, the impression was given that they sent Polish workers to a location with accommodation only being provided on a short-term basis.

Job fairs were held in some of the main Polish cities and towns. The former President of the Federation of Poles in Great Britain (ZPWB) noted at the time that some UK employers were going to Poland "organising a job fair by hiring a room at a hotel and advertising in the local media..." Interestingly, at the time EURES and the BPCC worked together and supported recruitment fairs. Thus, a UK company would approach a local UK-based EURES representative, who would then establish contact with a Polish-based EURES adviser. Details of the company requirements were given and job advertisements were placed locally in Poland, with the Polish branch of EURES then using the company's criteria to shortlist applicants. The Polish EURES stated in its 2005–2006 annual report that their 2,000 recruitment projects were mainly undertaken for British and Irish employers (EURES 2006, 14). They also highlight a joint Polish-British job fair in the town of Piła, in north-western Poland, in which UK employers received 2,000 visitors. 100 of whom were ultimately employed (ibid. 17). However, representatives from the UK EURES acknowledged in interviews that they had received only minor input regarding the free movement of CEE workers. So it is likely that many job fairs operated without EURES engagement at a time when the WRS indicated that at least 134,000 Polish workers were registered as having been employed in the UK (Home Office 2006). This of course does not include self-employed workers or those who failed to register. EURES Poland reported low overall numbers for the number of people employed and the amount of employer engagement (ibid. 2006.)

At the time a number of interviewees (trade union, employer and Polish community activists) from our projects highlighted that the recruitment agency was one of the most prevalent means of obtaining employment in the UK. Even though at the time we only investigated two sectors in the north of England (construction and food processing), other researchers have identified the growing importance of this means of finding employment for CEE workers (see e.g. Coe et al. 2008 for a discussion of the Czech Republic and Poland). Coe et al. (2008) refer to estimates by the International Confederation of Private Employment Services that Poland had 138 agencies in 2004. The BPCC representative also highlighted the importance of such agencies. He noted that 38 of its member organisations were recruitment agencies, making them the largest source of employer. The then President of the ZPWB agreed that agencies were important for providing employment opportunities, but he added a word of caution concerning the "sizable minority who advertise in Poland, get money from people and then either leave people high and dry without a job or treat them badly…" This comment pointed to a now well-known situation involving illegal and often criminal activities where Poles either initially had money taken away from them or were never paid wages in the first place for the work they had done (see also Carby-Hall 2007). In fact, Ward et al. (2005) discuss the "subterranean nature" of temporary staffing, and even though they were discussing an earlier period of time, legislation and the registration of recruitment agencies was not introduced into Poland until 2004.

4. The Posting of Workers Directive, UK policy and adhering to the minimum terms of employment

In the previous section, we discussed the free movement of Polish workers. We now turn our attention to the free movement of services. In particular, we discuss an EU Directive that allows services to move freely throughout Europe via the direct movement of employed labour. The Posting of Workers Directive (Directive 96/71/EC) and the 2014 Enforcement Directive (2014/67/EU)[7] are significant especially for the construction sector. Construction is one of the most mobile of employment sectors, as it is geographically anchored with contractors and workers moving onto and off sites as they are developed. With regard to the Directive in the UK, this is most noticeable in the Engineering & Construction industry, which is dominated by multinationals (MNC), had an estimated 55,500 employees and "designs, engineers, constructs and maintains process plant across the oil and gas, water, environmental, steel and metal, ce-

ment, glass, paper, brewing and distillation, food, power generation, nuclear waste reprocessing, pharmaceuticals production, petrochemical and chemical sectors" (Gibson 2009, 8).

There has been a growing amount of discussion in Europe and the UK about the Directive in recent years (see Bernaciak 2011; Berntsen & Lillie 2014; Cremers 2010; 2013; Dølvik & Eldring 2006). Essentially, the discussions have to do with trade union regulations regarding employment relationships in a European context. Without going too much into detail on the nature of these discussions, it is important to note that a central aim of the Directive is to maintain national regulations so that "social dumping" is avoided. This is maintained by making sure that when a worker enters a foreign labour market for short periods, they are afforded at least the minimum national terms and conditions of employment. This policy, though, is flexible and employers can certainly provide higher wages and better conditions.

If we now turn to UK regulations, it is worth highlighting that the UK opposed the Directive on the grounds that it would prove costly for business. However, despite continued UK and Portuguese opposition, the Directive was adopted on 24 September 1996. Thus, it is not surprising that the effect of its transposition into UK law and the proposed transposition of the 2014 Enforcement Directive can best be described as "minimum". Certain laws were changed, but voluntarily agreed upon collectively employment regulations were not considered. This is a challenge for the construction sector especially, as it has 12 collective agreements that regulate employment. With respect to engineering construction, the UK has one long-standing collective agreement: the National Agreement for the Engineering Construction Industry (NAECI). In 2008, approximately 37,000 of the estimated 55,500 employees were covered by this agreement (Gibson 2009). NAECI has changed little since its implementation in 1981, and it has remained the central means of regulating the employment relationship. It deals not only with payments to workers, but also provides each major construction project with a Project Joint Council (PJC), consisting of the employer and union members, who maintain the agreement. An important part of this is the provision of an external auditor, which is normally paid for by the main contractor or client. The auditor reviews the terms and conditions of each group of workers on site and reports back on any deviations from the NAECI to the PJC. There are also Special Project Agreements, which can detail an enhancement of the NAECI wages and conditions, for large projects. In theory, regulations are maintained not only via workplace representatives, but also via the PJC and a national engineering construction industry joint council.

Turning briefly to our evidence, the pressure on this NAECI regulation has come from two main areas. The first area is internal and involves work-

ers covered by the agreement seeking to improve conditions on an ad hoc, short-term basis through direct industrial action (Gall 2012 provides an initial discussion of the disputes). The second and growing area of pressure is through the introduction of foreign workers via the PWD, which has been evident since 2000. The response of "native workers" to this second incursion has not, on the whole, been against fellow workers, as many argued following the Lindsey oil refinery disputes (see Meardi 2012 for a further discussion of this situation). Instead, it has been directed against foreign MNC employers, who were believed to be introducing foreign workers to wages and conditions lower than those detailed in the NAECI agreement. In fact, there has been support for foreign workers: for example, at the Cottam Power Station in 2005 a Hungarian worker, who had previously joined the union in the UK, reported to local workers that he had received very poor treatment by his foreign employer in the UK. Forty-six native workers went on strike for five weeks in a show of support until the Hungarian was awarded back pay and equal employment conditions. Some two years later, Polish workers were supported by native workers when they worked at the Ferrybridge Power Station. In this instance, it was found that 160 workers were receiving less than the NAECI. This led to an enhancement of the auditing process, which meant that workers successfully negotiated for greater "wage transparency". The need for greater wage transparency was introduced because the foreign employer was paying the agreed upon collective rates to an Austrian bank account that was not accessible to Polish workers. Polish workers were then being charged for a number of erroneous employer services before the balance was paid into their personal Polish bank accounts. The outcome was that new Yorkshire Bank accounts were set up for Polish workers in the UK town of Knottingley, near Ferrybridge Power Station.

The overall conclusion here is that even though workers initially used placards calling for "British jobs for British workers", these placards soon gave way to union signs stating "equal opportunities for workers to work". So while the British Prime Minister was promising improved high-level skills, long-standing local skills were being undermined in engineering construction. Anger then was directed at an increasing number of employers, who it was believed were undermining the NAECI regulation, not at the actual foreign workers due to xenophobia. What is interesting here is that, unlike in other sectors of the UK economy, there is extensive trade union involvement in policies and procedures that govern working arrangements. However, as shown, joint regulations can be difficult to maintain at a time when neo-liberal conceptions of the world reign supreme. Thus, the free movement of labour is protected by a directive that seeks to ensure the primacy of the free provision of services, which has led to a disastrous situation for both foreign and UK workers.

5. The Quick March back to a 1960s UK

We have argued in this chapter that an important incentive that drove CEE migration was a need to improve living standards. The British government had not expected such large numbers of migrants and provided few resources to initially support either communities or, indeed new CEE immigrants. This early phase of migration into the UK had to be "crisis managed" by NGOs, such as Citizens Advice, with migrants also supported by churches, trade unions and many swiftly arranged local initiatives. Government policy at an early stage sought to identify the facts around entry and what this meant for local employers and communities. Some funding was then provided to support local government and local initiatives, although tensions existed with regard to sustainable funding to support local authorities. Generally though, the government was welcoming and adopted a policy "attitude" that filtered all the way down to local authorities. Sporadic xenophobic incidents towards CEE migrants did arise (see Carby-Hall 2007), but prior to late 2007 and early 2008 local authorities, NGOs and trade unions undertook initiatives to dispel negative anti-migrant rumours and lies. At the level of policy implementation, the first real challenge to this supportive national approach emanated from the House of Lords Economic Affairs Committee, which was on the whole critical of much that government argued was positive about immigration (House of Lords). Thus, the report was consistent in identifying the fact that more evidence was needed and offering a series of critical conclusions, including the point that there was little economic benefit to the UK as a result of large-scale immigration. It further noted that recent immigration was likely to have had a negative effect on low-paid workers and young people as well as having resulted in important economic impacts on public services.

A second challenge to positive and sustainable societal reactions towards CEE migrants was the related significant pressure on public finances posed by the private sector financial crisis. Public finances themselves began to become a "scarcer" resource as of the summer of 2007, and in September 2007 the then Labour Government Chancellor, Alistair Darling, made a statement to Parliament guaranteeing the Northern Rock Bank and its deposits. Following this speech, the government instituted a series of financial capital and investment measures for banks. In fact, the UK government National Audit Office (NAO) has detailed that "banks" were loaned £1,162 billion by the UK government between 2008 and March 2014 (NAO 2016).[8] This show of support for the financial sector of course meant considerably less funding for local authorities and local NGOs as well as measures to reduce welfare funding. Given these reductions in funding, one of the earliest victims of the financial crisis was support for migrant workers, as well as general wage reductions and redundancies for those in low-paying

industries with migrant workers being disproportionately affected (Anderson & Clark 2009). This then, not surprisingly, morphed into what we have argued elsewhere was routine anti-CEE migrant moral panic (Fitzgerald & Smoczyński 2015). Migrants were blamed for taking the jobs of native workers and abusing social benefits as well as for the worsening economic situation in the UK, all of which led to tangible governmental reactions. For instance, in 2013 Prime Minister David Cameron announced a policy to limit the access of post-2004 CEE migrants to certain types of social benefits. Interestingly, in the wider society a number of other groups have also been targeted as a result of this policy, including the disabled and those receiving social benefits. However, it is migrants who have routinely and consistently been targeted and indeed suffered the consequences of the financial crisis.

Since 2008, this anti-migrant moral panic has been a regular feature in the mass media and has been reproduced by differing UK politicians, who have emphasised the heavy burden that migrants allegedly pose for the UK's economy, including its labour market. We now turn to two main themes that were evident in our opening discussion. The first is how much EU migrants actually cost the UK, and we concentrate here on social benefits. The second has to do with how much migrants contribute to the UK's economy. When considering these themes, let us consult eminent sources of information. With regard to social benefits, we have consulted the Office for Budget Responsibility (OBR), an independent but government-constituted body that considers UK public finances. As part of its remit, the UK Chancellor of the Exchequer asked the OBR to broadly consider welfare spending in the UK. In doing so, it recently produced a *Welfare Trends Report* (OBR 2015), which considers UK social protection (welfare spending). The report notes that:

> Since last year, we have changed the migration assumption underpinning our medium-term forecasts and long-term projections from the ONS [Office of National Statistics] low migration variant to its principal projections. This change raises population growth and reduces the old-age dependency ratio, since migrants to the UK are more likely to be of working age than the native population. ... Due to the age structure of migrants to the UK, higher migration over a 50-year horizon boosts GDP by more than it increases spending on pensions, reducing spending as a share of GDP. ... The projected rise in spending on disability benefits is smaller than in last year's projections, largely due to the lower old-age dependency ratio associated with higher migration... (ibid. 44, our emphasis; HEIKKILÄ 2017)

With respect to our second theme, we take two pieces of recent research. Initially, in 2005 the Institute for Public Policy Research (Sriskandarajah et al. 2005)

used a combination of reports from the HM Treasury, the Labour Force Survey and its own calculations to estimate the net annual fiscal contribution of immigrants. It concluded that:

> ...the contribution of immigrants to public finances is growing ... In 1999–2000 immigrants accounted for 8.8 percent of government tax receipts (and 8.4 percent of government spending). By 2003–04 immigrants accounted for 10.0 percent of government tax receipts (and 9.1 percent of government spending). Total revenue from immigrants grew from £33.8 billion in 1999-2000 to £41.2 billion in 2003–04. This 22 percent increase compares favourably to the six percent increase for the UK-born. Our analysis also suggests that the relative net fiscal contribution of immigrants is stronger than that of the UK-born, and has been getting even stronger in recent years (ibid. 12, our emphasis).

In 2014, the economists Dustmann and Frattini (2014) calculated that in the period 1995–2011, immigrants from the European Economic Area contributed 10 per cent more to the public purse in relative terms than did British residents. In fact, persons from CEE countries made a net annual fiscal contribution amounting to £4.9 billion between the years 2001 and 2011, with persons from other areas of Europe making a £15.3 billion net annual contribution. Finally, they found that workers from outside Europe have made a £5.2 billion net annual fiscal contribution.

Therefore, our overall conclusion is that there is little evidence to support the current trajectory of UK migration policy and the anti-immigrant "posturing" that has currently been evident prior to the UK European Referendum. In fact, it could be argued that politicians are seeking to divert attention away from the large-scale injection of guarantees and cash into "banks". Unfortunately, the consequences of this current policy narrative have been an escalation in often "hidden" UK xenophobia (see Fitzgerald & Smoczyński 2015) and the potential for a re-emergence of an Enoch Powell-like divided society.

Notes

1 https://www.youtube.com/watch?v=mw4vMZDItQo

2 The European Union Constitution enshrined the free movement of persons, goods, services and capital within the Union, and sequent Charters and Treaties have supported these freedoms.

3 We focus on Polish labour migrants because they constituted the largest ethnic group that arrived in the UK after the 2004 enlargement of the EU. More than 700 000 Polish migrants registered with the Workers' Registration Scheme (WRS Home Office 2011).

4 His first speech to the Labour conference as party leader and Prime Minister http://news.bbc.co.uk/1/hi/uk_politics/7010664.stm

5 See http://epthinktank.eu/2014/09/03/reform-of-the-european-network-of-employment-services-eures-initial-appraisal-of-a-european-commission-impact-assessment/.

6 There is a growing body of literature on the poor treatment of Polish and other foreign workers in the UK since May 2004 (for more on the early stages of the migration process, see e.g. Anderson et al. 2006; Fitzgerald 2006; Craig et al. 2007).

7 This second Enforcement Directive was introduced following widespread campaigning by trade unions following the ECJ PWD decisions. It has, though, received heavy criticism from both trade unions and Labour MEPs, who believed a full revision of the PWD was necessary (see Novitz 2010 for a discussion of the UK and the ECJ PWD decisions).

8 As of March 2015, £115 billion of this was still outstanding. https://www.nao.org.uk/highlights/taxpayer-support-for-uk-banks-faqs/

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Lasse Sigbjørn Stambøl

Immigrants' settlement and participation in the Norwegian labour markets since the turn of the millennium

Abstract

There has been a strong increase in the number of immigrants and children born to immigrant parents in Norway since the turn of the millennium, and especially since the eastward EU enlargements. There has likewise been a strong increase in the proportion of immigrants seeking employment, especially labour immigrants. Investigations indicate that labour immigrants have been an important resource for filling the necessary demand for labour in the regional labour markets, especially in the western and south-western parts of Norway, but also in the north. Immigrants also account for a growing proportion of the gross flows of people in the labour market, especially with respect to employment, but gradually also in transitioning out of employment. Immigrants who have immigrated in search of jobs together with Nordic immigrants in general generally have the highest labour participation rates among immigrants, while the lowest rates of labour participation can be found among family immigrants and refugees.

Keywords: Immigration, immigrants, reason for immigration, domestic migration, regional labour markets, labour participation, duration of residence

1. Background

Immigration to Norway has increased strongly since the turn of the millennium and especially since the eastward EU enlargements in 2004 and 2007. Immigrants and persons born in Norway to immigrant parents make up an increasing proportion of the population. This has raised questions as to how

long immigrants will remain in the country and if their settlement and migration patterns differ from those of the general population. Scholars have previously demonstrated the extent to which refugees are residing in and moving between regions in Norway through a process of secondary migration (see e.g. Høydahl 2011; Andreassen 2013; Thorsdalen 2014), while settlement and the migration patterns of the other immigrant groups and children born in Norway to immigrant parents have been less studied.

An important objective of the government is to include immigrants as much as possible in Norwegian social and professional life, while simultaneously maintaining the regional settlement pattern of the country. Against this background, we recently published a report outlining the developments in regional settlement and migration patterns among immigrants and persons with an immigrant background in Norway since the turn of the millennium (see Stambøl 2013, 2014). More recently, we also published a report looking at employment and migration among immigrants in the Norwegian labour markets (see Stambøl 2015; 2016a, b). This chapter reproduces and describes some of the results from these reports.

The analyses are mainly based on longitudinal data from the individual-based population and migration and employment registers at Statistics Norway. Immigrants to Norway are defined as persons born abroad with two foreign-born parents and with four foreign-born grandparents who have subsequently immigrated to Norway. When referring to the immigrant's Norwegian-born children, we mean children born in Norway of two immigrant parents, both of whom immigrated to the country. These two groups are also referred to as "the population with immigrant origins" or "the population with an immigrant background". For individuals who are not defined as immigrants or immigrants' children born in Norway, we operate here using such concepts as "the remaining population", "the majority population", "the population without immigrant backgrounds" and, in some places, "natives".

We have further divided the immigrants into groups based on their registered reason for immigration. The four main reasons for immigrating to Norway are as follows: immigration due to work, immigration following escape from their home country (refugees), family reunion or formation, and immigration for educational reasons. When the reason for immigration applies only to immigrants who are not from another Nordic country, we have then treated immigrants born in other Nordic countries as a separate group called "Nordic immigrants". In addition, we have identified a relatively large immigrant group with unspecified reasons for immigration. The term "reason for immigration" was first introduced in the statistics in 1990; thus, anyone who immigrated to Norway before 1990 and is still registered as a resident in the country can be found in this group.

2. Increased number of immigrants and persons born in Norway to immigrant parents

There has been a strong increase in the number of immigrants and Norwegian-born children of immigrants since the turn of the millennium, and especially after the eastward enlargement of the EU in 2004 (see Figure 1). Registered, settled immigrants in Norway increased from approximately 240,000 persons in the year 2000 to approximately 530,000 persons in 2013, and to almost 700,000 by the beginning of 2016. In comparison, the number of natives increased during the same period from 4.2 to approximately 4.3 million persons. The number of children born in Norway to immigrant parents also increased strongly from approximately 44,000 persons in 2000 to approximately 117,000 persons in 2013, and to almost 150,000 by the beginning of 2016, representing an even higher percentage growth than that of first-generation immigrants.

At the beginning of 2016, immigrants constituted 13.4 per cent of the total population in Norway, while the number of immigrants and persons born in Norway to immigrant parents constituted as much as 16.3 per cent of the total population.

Figure 2 presents an overview of the annual changes in net immigration and the number of Norwegian–born children of immigrants for each of the

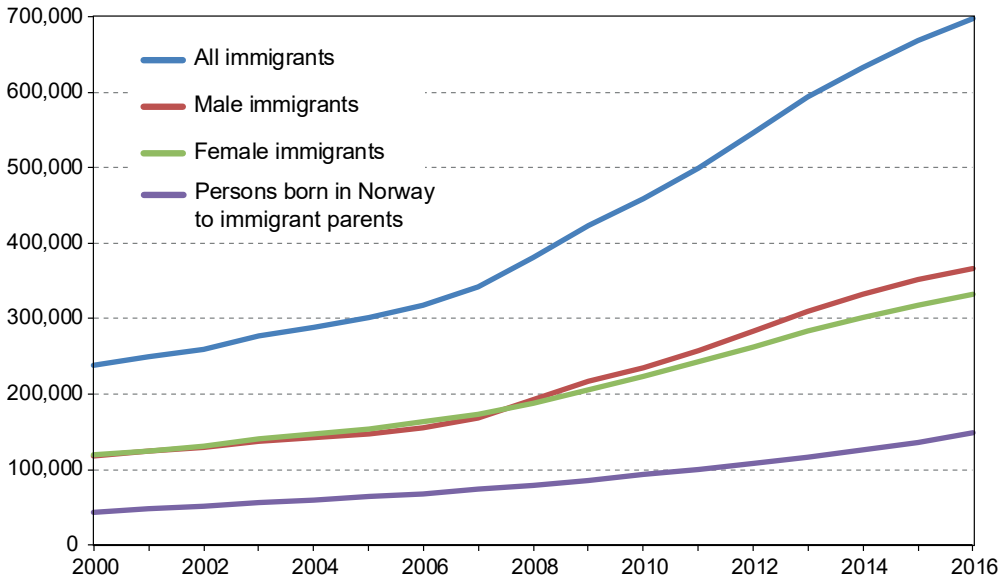

Figure 1. Registered, settled immigrants in total and by gender, and number of persons born in Norway to immigrant parents, 2000–2016. Source: Statistics Norway.

years after the change of the millennium until the year 2015. The figure clearly illustrates the tremendous increase in the number of immigrants after the years 2004 and 2005 and throughout the subsequent years. The strongest net increase in total immigration was observed in the years 2008, 2011 and 2012, with 2012 in fact being a record year in terms of net immigration to Norway. The net increases in immigration fell slightly during the financial crisis of 2009. When immigration is considered by gender, the gender differences become even clearer in the annual changes shown in Figure 2 than in the rounded figures shown in Figure 1. After a somewhat stronger net immigration for men than for women in 2000, women experienced a stronger net immigration in 2001–2004, before the numbers levelled out to close to a gender balance in 2005. In subsequent years, though, there has clearly been a stronger net immigration of men than of women, especially in the years of 2007, 2008, 2011 and 2012, while the dominance of males in net immigration was somewhat less pronounced in the financial crisis of 2009 and in recent years. The annual increase in the number of persons born in Norway with two immigrant parents was relatively stable during the first years of the new millennium, up until 2005, and then it increased steadily until 2014, before experiencing a stronger increase in 2015.

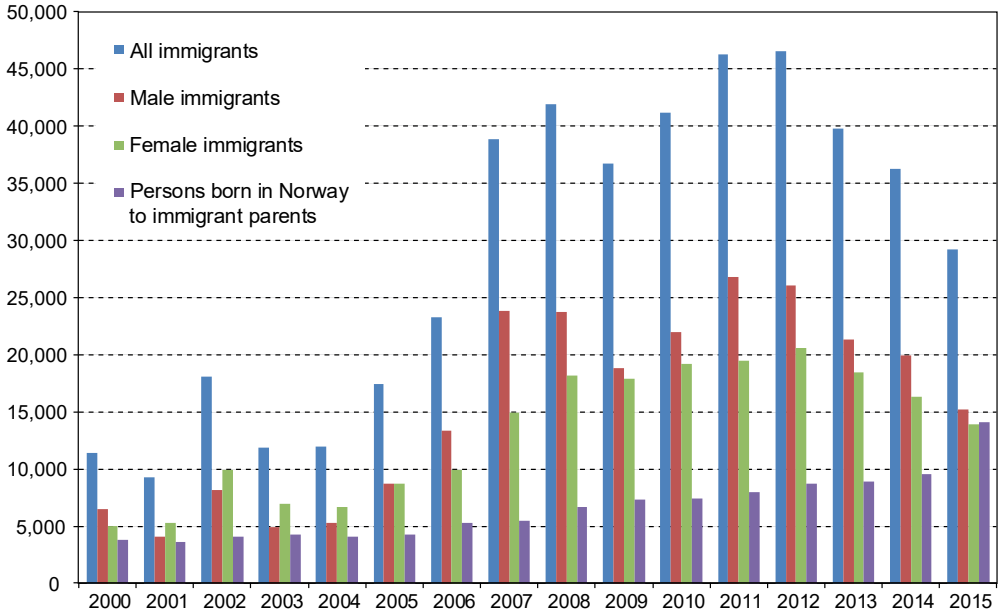

Figure 2. Annual net change in the number of immigrants in total and by gender, and in the number of persons born in Norway to immigrant parents, 2000–2015. Source: Statistics Norway.

3. Immigrants and Norwegian-born children of immigrants by country of origin

Table 1 shows the number of immigrants and Norwegian-born children of immigrants at the beginning of 2016 for Norway as a whole. It includes figures for each immigrant group by country of birth and the children of immigrants born in Norway to immigrant parents, where at least the mother's country of birth is indicated in the table. The section specifies the country of origin of the twenty most numerous groups at the beginning of 2016. In addition, we have included figures for all other immigrants and Norwegian-born children of immigrants. We have also included two columns showing the gender distribution of the number of immigrants from each of these groups.

As Table 1 shows, immigrants with a Polish background clearly are most numerous. This group makes up much more than twice as many persons as the next country on the list, Lithuania, both when we look at the number of immigrants (roughly 96,000 persons) and the sum of the number of immigrants and children born in Norway to immigrant parents (roughly 106,000 persons). Immigration from Poland is also clearly dominated by men, with almost twice as many male immigrants as female immigrants. Approximately the same distribution can be found among the Lithuanians, with almost 60 per cent of immigrants being male. Lithuania and Sweden differ slightly from the other major immigrant countries, with there being a relatively small number of children born in Norway to immigrant parents from these two countries. Somalia and Pakistan rank third and fifth, respectively, when we add up the number of immigrants and children born in Norway to immigrant parents.

Pakistanis have a background as immigrants dating back to the 1970s, which is also evident from the figures for the number of children born in Norway to immigrant parents. This group is clearly dominant, with a figure of approximately 16,500, which does not lie too far below the total number of Pakistani immigrants, a scant 19,500 persons. The two top countries on the list (Poland and Lithuania) and Sweden reflect the fact that immigrants largely have come to Norway as labour immigrants and through family reunion or formation policies.

The other two countries on the top list, Somalia and Iraq, consist primarily of immigrants who list escape as the reason for immigration, which is followed by reasons of family reunion and a growing number of children born in Norway to parents from these two countries. Immigrants from countries further down on the list alternate between labour immigrants (Germany), refugees (Vietnam) and family reunions as typical reasons for immigration.

Immigrants from Denmark, the second largest immigration country among the Nordic nations, like those from Sweden, tend to have relatively low numbers

Table 1. Registered number of immigrants in Norway and persons born in Norway to immigrant parents, 1.1.2016; number of immigrants by country of birth; percentage of immigrants by gender. Source: Statistics Norway

Country	Immigrants	Percentage of male immigrants	Percentage of female immigrants	Born in Norway to immigrant parents	Persons with immigrant background
Poland	95,724	65	35	10,001	105,725
Lithuania	37,376	59	41	4,250	41,626
Somalia	28,300	53	47	11,800	40,100
Sweden	37,134	51	49	2,821	39,955
Pakistan	19,571	52	48	16,455	36,026
Iraq	22,154	56	44	9,336	31,490
Germany	24,909	53	47	2,861	27,770
Vietnam	13,608	45	55	8,755	22,363
Philippines	19,776	20	80	2,169	21,945
Denmark	19,827	53	47	1,935	21,762
Eritrea	17,592	60	40	3,109	20,701
Iran	16,462	53	47	3,999	20,461
Russia	17,058	33	67	2,954	20,012
Thailand	17,518	16	84	806	18,324
Turkey	11,142	56	44	6,728	17,870
Afghanistan	14,233	62	38	3,286	17,519
Bosnia-Hercegovina	13,474	49	51	3,928	17,402
Great Britain	14,475	65	35	972	15,447
Sri Lanka	9,092	52	48	6,111	15,203
Kosovo	9,896	53	47	5,063	14,959
Other countries	239,228	52	48	42,318	281,546
Total	698,549	53	47	149,657	848,206
Percentage of total population in Norway	13.4			2.9	16.3

of children born in Norway in relation to the number of children born to other immigrant groups. Immigrants from Iran, Turkey, Bosnia and Herzegovina, and Sri Lanka for the most part list escape and family reunion as reasons for immigration. Immigrants from Russia have historically mainly been women, where Russian women form families in Norway with persons without an immigrant background. More recent immigration from Russia is somewhat more complex, with many immigrants describing themselves as escaped refugees, particularly in relation to the developments in the Caucasus. Women make up by far the dominant share of immigrants from the Philippines and Thailand.

They have largely moved to Norway in connection with family formation with persons without an immigrant background, which is also clearly evident from the relatively low number of children born in Norway with two immigrant parents from one of these countries. Other countries on the list include Kosovo, which has been considered a separate immigrant country since 2008. The proportion of children born in Norway to immigrant parents from Kosovo is relatively high, which partly reflects the fact that some of the immigrants from that country moved to Norway before 2008, when immigrants from this region previously listed their country of origin as Yugoslavia and later Serbia and Montenegro.

Strong gender differences also emerge when the immigrants are grouped based on their reason for immigration. Those who immigrated to obtain a job are mainly men. This is also the main reason as to why immigration overall has been dominated by men in this period of investigation. Immigrants who immigrate for educational reasons tend to be women, partly due to the fact that "au pairs" are classified under education. Men represent a clear majority of refugees, while females constitute a clear majority among immigrants that come for reasons of family reunion or formation. Among Nordic immigrants, however, there is for most part a gender balance.

Immigration to Norway in the new millennium has so far changed from being dominated by refugees and their families more towards labour immigrants and their families, where family reunions among labour immigrants has exceeded the number of family reunions among refugees since 2007.

Weaker economic growth in the wake of lower oil prices and a weaker Norwegian currency (krone), combined with large waves of new asylum seekers from regions at war, may again alter this balance between the number of labour immigrants and refugees and subsequent family reunions among those in both groups. But this theme is beyond the time frame of the current investigation.

4. How many immigrants stay in Norway in the years following their immigration?

Questions are often asked regarding the duration of time immigrants are likely to stay in the country of destination. In this section, we present an investigation showing how long immigrants stay in Norway, mainly aggregated based on their stated reason for immigration. We operate with a variable showing the year each immigrant immigrated to Norway for the very first time as a means of

accounting for any deviations between it and their following numbers of years of settlement in Norway. All immigrants who immigrated in the same year represent the *immigration cohort* for that particular year. Each immigrant retains their immigration cohort for as long as they are registered as being settled in Norway. Furthermore, the variable, *duration of residence*, is defined by their first year of immigration and the number of years they have been registered as settled since their very first year of immigration.

In the current example, we take as our point of departure all immigrants who immigrated to Norway in 2001, recognised by their immigration cohort for that particular year, but measured as the stock of that particular immigrant cohort settled in the country at the beginning of 2002. After that, we examine the total share of each immigrant group that is still registered as being settled in Norway at the beginning of each following year up to the year 2011. We show the remaining percentage of those persons who immigrated for reasons of employment, education and family reunion/formation and those who arrived as refugees. In addition, and for comparison purposes, we also include other Nordic immigrants and those with unspecified reason for immigration.

There are strong disparities between different immigrant groups with regard to how long they have been registered as settled in Norway. The immigration cohort for the year 2001 included very few refugees that registered as emigrants during this period (Figure 3). At the beginning of 2011, 95 per cent of all refugees that immigrated in 2001 were still registered as settled in Norway. The percentage of emigration is somewhat higher for immigrants who immigrated for reasons of family reunion or formation. Approximately one fifth of those who immigrated in 2001 gradually moved away from Norway during the first five years after immigration, but the majority of the remaining part of this group stayed settled in the destination country. Of the small group of immigrants with unspecified reason for immigration, approximately 40 per cent had emigrated before 2008 and another five per cent by the year 2011. For this immigration cohort, emigration was relatively strong among labour immigrants during the first five years following their immigration, after which it almost stopped for those exceeding five years of residence.

Immigrants who immigrated for educational reasons and immigrants from other Nordic countries are the groups showing less of an ability to stay in Norway. With respect to the 2001 immigrant cohort of Nordic immigrants, 60 per cent of them had emigrated during the first four years following their immigration. Furthermore, the settlement pattern shows an increasing level of stabilisation also for this group, although no more than a third of all Nordic immigrants in 2001 were still registered as residents in Norway in 2011. Immigrants from other Nordic countries obviously have the shortest migration distance to Norway, thus migration theories that expect an inverse relationship

between migration intensity and distance might be suitable as an explanation here. Those persons less able to stay in Norway are those who immigrated for reasons of education: 70 per cent of the 2001 cohort had already emigrated by 2007. It is, however, important to keep in mind that those who travel to Norway as au pairs are placed in this category of immigrants and that many education immigrants initially receive temporary residence permits in Norway.

Corresponding analyses of the immigrant cohorts of 2004 and 2006 show similar differences between the immigrant groups' ability to stay in Norway (see Stambøl 2013, 2014).

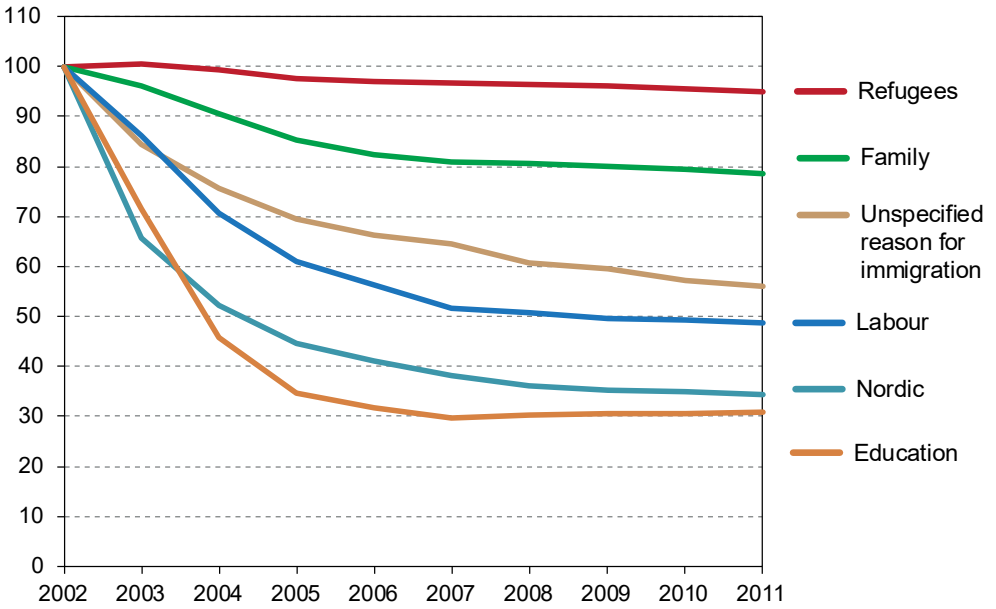

Figure 3. The percentage of immigrant cohorts from 2001 (=100) that were still registered as settled in Norway in the period 2002–2011; immigrant cohorts are shown based on reason for immigration or whether they are Nordic immigrants. Source: Statistics Norway.

5. Net and gross changes in employment among immigrants, Norwegian-born persons to immigrant parents and the native population

In this section, we examine how employment has evolved in Norway among immigrants, Norwegian-born persons to immigrant parents and the remaining population in the period after the change of the millennium. We first give an overview of developments in the period 2000–2013. Then, we analyse in more detail how gross flows into and out of employment have changed for the same groups throughout the period in question using mobility based on micro-panel data. We use data from the employment records coupled with information from population registers to distinguish between these three groups. The figures are derived from each annual data set for the period 2000–2013, and they are grouped so that we can investigate the annual changes.

5.1. Net employment growth

Figure 4 illuminates the net change in employment for each of the three groups since the previous year for the country as a whole. It shows large changes and huge differences in the changes, especially for persons without an immigrant background, but also for immigrants. The figure largely reflects economic developments, in which the new millennium started with some weak economic years in the labour market before the economic situation turned clearly upwards from 2004 until the peak in 2007. The financial crisis of 2008 and 2009 adversely affected employment numbers. Unlike in many other countries, the Norwegian economy started to grow again already in 2010, while the years 2011 and 2012 witnessed a strong upswing, mainly due to large and growing investments in the petroleum industry. Simultaneously, this also contributed to changes in the geographic image of Norway, with a certain displacement of the centre of gravity of the economy from the eastern regions, namely the capital region of Oslo, to the west coast. In 2013, the last year examined in this analysis, economic growth became slightly muted towards the end of the year, so the annual average for 2013 recorded slightly lower growth than during the peak years of 2011 and 2012.

For the majority population without an immigrant background, employment numbers decreased in 2002 and 2003, before barely shifting to the plus side in 2004 and then increasing sharply until the peak years of 2006 and 2007, with an annual growth in employment of approximately 60,000 persons. This was followed by a strong fall in employment growth among the majority population

in 2008, before employment numbers fell again by almost 40,000 persons in the financial crisis year of 2009. The employment situation edged up again in 2010, but there was still a small net decline in employment for persons without an immigrant background in that year as well, before the majority population again witnessed a net growth in employment numbers in 2011, but not by more than about 10,000 persons. In 2012, there was again a tiny drop in employment numbers for persons without an immigrant background, while it barely edged onto the positive side in 2013.

When we turn to immigrants, there was a net increase in employment in all years after the change of the millennium. Even the years of very weak economic growth in the early 2000s saw a small net increase in employment for immigrants, when employment numbers for persons without an immigrant background showed a clear decline. As we know, the EU expanded eastwards to include eight new countries in Eastern Europe in 2004, before another two new countries, Romania and Bulgaria, were incorporated into the EU in 2007. This contributed strongly to increasing labour immigration from the new member states in Eastern Europe, especially from Poland, but later also from Lithuania and, after 2007, also from Romania.

Employment numbers clearly increased for immigrants from 2004, before reaching a peak in the economic upswing year of 2007. However, the increase in the number of employees was still somewhat lower among immigrants than among natives until 2006; only in 2007 did the numbers increase slightly more for immigrants than for native Norwegians. A lower growth in net employment among immigrants than the remaining population was, however, clearly expected, as the majority population at that time amounted to more than 90 per cent of the total population.

When we turn to the nascent stage of the financial crisis of 2008, employment growth fell clearly more among the population without an immigrant background than among immigrants, who experienced only a moderate fall in the net increase of employment in 2008 compared to the peak year of 2007. When we proceed to the actual financial crisis year of 2009, employment growth clearly fell among immigrants, but not as much as it did among natives. In that particular year, when employment among natives fell by approximately 40,000 persons, the net employment among immigrants increased by approximately 10,000 persons. This represents a marked distinction between the two groups, especially when we take into account the fact that immigrants still only accounted for no more than ten per cent of the total population at that time.

The last group under study consisted of persons born in Norway with two immigrant parents. It is clearly a smaller group than the immigrant group, and it contributes less to changes in the overall employment numbers. However, as the chart shows, the group for the most part accounted for a net increase in

employment numbers throughout the period. Like the immigrant group, but unlike the rest of the population, persons born in Norway to immigrant parents also accounted for a slight increase in employment numbers in the financial crisis year of 2009.

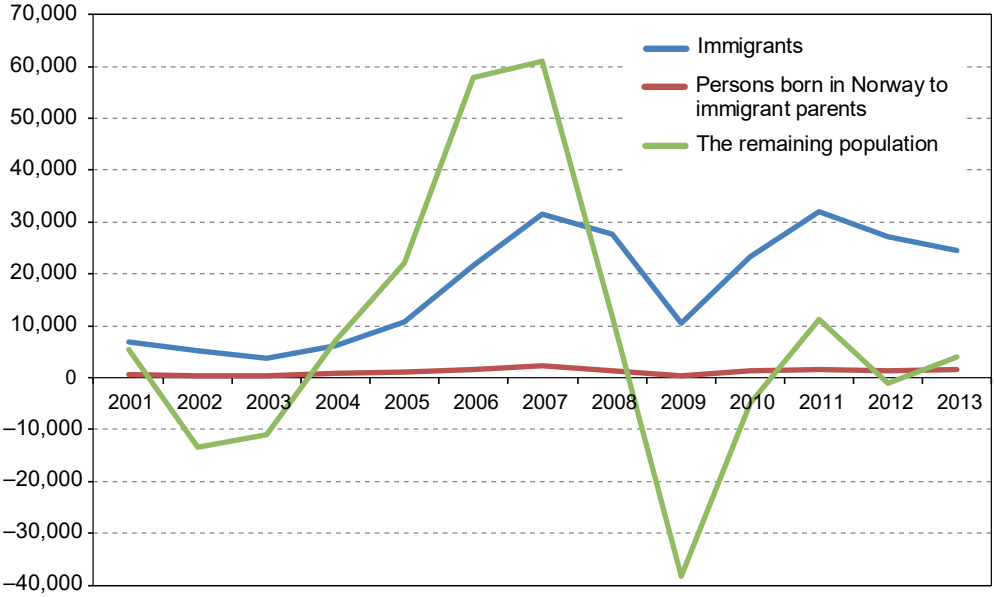

Figure 4. Net change in employment, 2001–2013, for immigrants, persons born in Norway to immigrant parents and the remaining population, 15–74 years in Norway. Source: Statistics Norway.

5.2. Immigrants make up an increasing proportion of the "flows" in the labour market

The proportion that immigrants' make up of transitions in the labour market has increased appreciably since the beginning of the 2000s. A large proportion of access to employment among immigrants originated from direct immigration, with strong growth in the years after 2004, interrupted by a decline in growth during the financial crisis of 2009, and followed again by an increase until a peak in supply was registered in 2011. After that, the supply of workers decreased slightly, but remained at a high level. As we can see from Figure 5, direct immigration contributed by approximately 42 per cent of all access to employment among immigrants in 2013.

The second largest flow of immigrants into specific jobs by various status groups originated from those that in the previous year had been registered as residents in Norway with a status outside of the labour force. As shown in Figure 5, this amounted to approximately 28 per cent of immigrant recruitment in 2013.

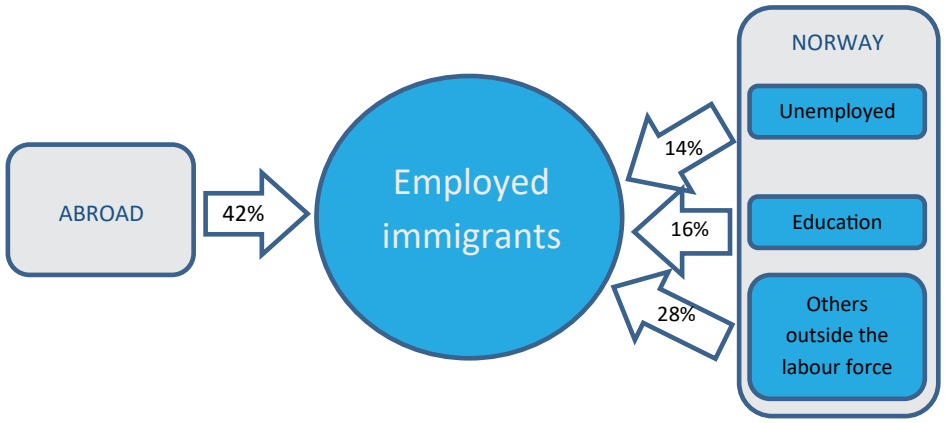

Figure 5. Distribution of gross flows into employment among immigrants in 2013. Source: Statistics Norway.

The number of immigrants that make the transition from education to job and from unemployment to registered employment is somewhat lower, however. This trend increased throughout the period in question, except for a brief drop in the financial crisis year of 2009. As the figure shows, 16 per cent of new employed immigrants in 2013 had received an education and 14 per cent were formerly unemployed immigrants the previous year.

When calculating the number of immigrants who found work after receiving an education and those who had formerly been outside the labour force or unemployed, it becomes evident that the labour flows of immigrants already registered as resident in Norway accounts for the largest gross flow of immigrants into work, except for the years 2008 and 2009, when the direct flow of migrant workers from abroad was just as high (see Stambøl 2016a). As we can see from Figure 5, the domestic recruitment of immigrants for work accounts for nearly 60 per cent of all new accesses to jobs among immigrants in 2013.

5.3. Many employed immigrants leave the workforce

While immigrants from different status groups have taken many jobs in the labour market, including immigrants obtaining employment from abroad, there was likewise a flow of many immigrants out of jobs and back into the same status groups from which the new influx of immigrants were being recruited.

The outflow of immigrants from the field of domestic employment has been almost as high as the access flows into jobs by immigrants that are already registered as residents in the country and new immigrants. For the financial crisis year of 2009, the outflow group was even higher than each of the two access flow groups. After a decrease in 2010 and 2011, the exit flows increased again in 2012 and 2013 (see Stambøl 2016a).

There is a growing tendency for registered, settled immigrants who leave a registered employment relationship also exit the labour force the following year. This is also the status group where most immigrants who leave a registered employment relationship end up. As we can see from Figure 6, this group comprised 37 per cent of all immigrants who left a job in 2013. This percentage is somewhat surprising given the fact that they come from a registered employment relationship and thus have the opportunity to register as unemployed, where some must also presumably be entitled to some unemployment benefits.

A question one may ask is, whether several of the immigrants who leave a job in a particular year and assume a status outside the labour force the following year are still real residents in the country? Some experts suggest that

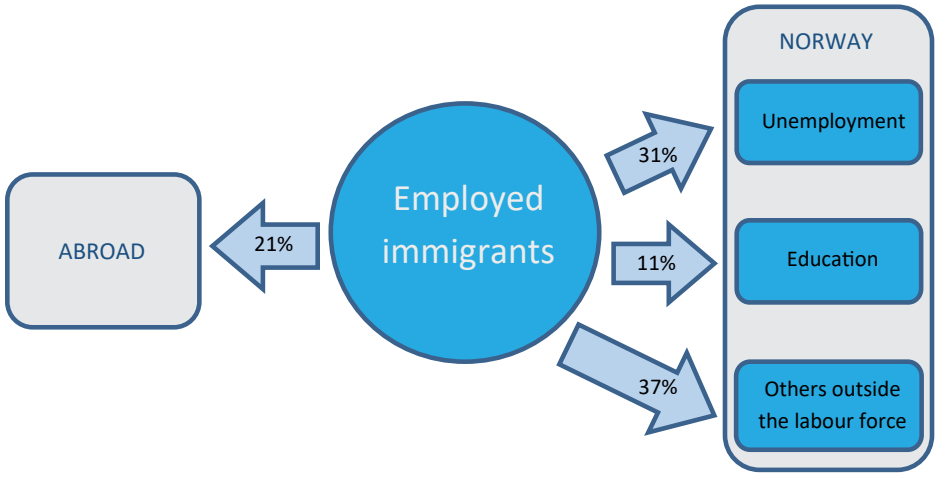

Figure 6. Distribution of gross flows out of employment among immigrants in 2013. Source: Statistics Norway.

many immigrants do not report their emigration status when they first emigrate, and this emigration report must be made administratively some time after the exodus has taken place, usually at least two years later. Another possibility for why this group is so numerous is that many can "move" temporarily out of the country and then return to Norway after a certain period to seek a new job. The supply of registered, settled immigrants seeking employment from the status group outside the labour force is quite large; it is larger than those making the transition from registered employment to a status outside the labour force would suggest.

There are also many employed immigrants who enter into unemployment relationships the following year. This accounted for roughly 30 per cent of immigrants who left a job from 2012 to 2013. The same finding applies to those making the transition from registered employment to registering for education, but this group is the smallest of the transitional groups and accounted for only 11 per cent of immigrants leaving an employment relationship in 2013. Immigrants who left a registered employment relationship to go abroad consisted of those persons who had registered as emigrated in the normal way. This group has always been moderately large, but it slightly increased in the years after 2007, albeit without showing any visible increase during the financial crisis year of 2009, in contrast to the other transition groups, especially with respect to unemployment (see Stambøl 2016a). As we can see from Figure 6, this group accounted for roughly one fifth of all immigrants who left registered employment in 2012 and 2013.

6. Some regional aspects regarding immigrants in the Norwegian labour markets

There are some regional variations in the patterns described above, but not so many. Many of the same trends can be found in both central and less central regions of the country. A change of job, however, draws immigrants towards central labour markets during economic upswings, whereas the financial crisis had the strongest negative impact on immigrants' employment prospects in the central regions.

Refugees and family immigrants largely move in accordance with general developments in employment. Labour immigrants, Nordic immigrants and, more recently, also the population without an immigrant background show a weaker correlation between trends in regional labour markets and net relocation within the country.

Gross immigration, however, is most pronounced in parts of the country where there is the highest demand for labour. Before the financial crisis, domestic movements also went towards the regions with the most vacant jobs, but this has changed after the financial crisis. Immigration has in many ways compensated for the fact that domestic population movements have followed more traditional paths, with net out-migration from several regions where employment has increased due to high petroleum investments, especially in the western and south-western parts of Norway, but partly also in northern Norway. This is also one of the main reasons why the capital region of Oslo has received less new immigrants of late, with the number declining from about a third to nearly a quarter during this investigation period.

Refugees and family immigrants move domestically to regions where such groups previously constituted the highest share of those engaged in registered employment, while labour immigrants and Nordic immigrants show the opposite pattern — they increasingly move to areas with fewer labour immigrants and other Nordic immigrants.

When the supply of migrant labour is measured as a share of total employment in each of the levels of regional centrality, it is the "least central" municipalities at the lowest centrality level and the "most central" municipalities that show the highest supply of immigrants seeking employment, while the supply is slightly lower in "less central" and in "somewhat central" municipalities. Unlike with the national average and municipalities at the highest levels of centrality, the access of immigrants to municipalities with lower centralities did not appreciably decline during the financial crisis period, but continued to grow in 2009 and 2010, albeit at lower levels than before the financial crisis. This is consistent with assessments made by Stambøl (2009), where it was estimated that the financial crisis would have the strongest negative impact on employment in the most central regions, while the more peripheral labour markets would be somewhat less affected.

The structure of the supply of immigrants seeking employment is relatively consistent for the different centrality levels given the immigrants' previous employment status. The supply of registered immigrants moving into employment relationships from education increases, however, with centrality, which is to be expected based on the location of most educational institutions.

Gross flows out of registered employment among immigrants is slightly stronger for the higher centrality than the lower centrality, and flows from employment to registered emigration are somewhat stronger from higher centrality towards the end of the investigation period.

Immigrants show at all centrality levels that the access of employees seeking to join already established businesses is generally higher than their flows out of such companies, and that their access to the newly established companies is

generally higher than the decline in employment experienced by immigrants due to business closures.

Labour immigrants contribute most to the supply of labour at all regional levels, with there being a somewhat larger supply of immigrants at both a lower and higher centrality than the national average, but slightly less than the national average in the middle centralised municipalities. On the other hand, labour immigrants also account for the highest departure rates from registered employment relationships at all levels of centrality.

While labour and family immigrants and refugees account for the largest access to the three lowest centrality levels, Nordic immigrants contribute more than refugees to recruitment in the most central regions. Education immigrants contribute above all to increases in the supply of those seeking employment, but, measured in numbers, they are by far the most in the most central regions of the country.

The net addition of labour immigrants and Nordic immigrants to the labour market declined at the end of the period under study at all levels of centrality, while family and education immigrants, and partly also refugees, still increased their net contribution to the employment.

A change of job, however, draws immigrants somewhat closer to the central labour markets during economic upswings, while recessions seem to have a stronger negative effect on immigrants' employment prospects in the central regions than in less central regions.

Several of the regional labour markets in Norway, however, have changed considerably during the last decade, largely due to the very strong increase in petroleum investments, while traditional domestic migration patterns largely have remained unchanged. An immediate conclusion that can be drawn is that a deterioration in the explanatory power between regional employment trends and regional net migration was a result of changes in the regional labour markets, whereas domestic movements have not changed significantly. To solve this inexplicable "dilemma", the very strong net immigration has satisfied part of the demand for labour that domestic migration patterns have not been able to cover.

Moreover, it can thus be argued that the domestic population movements that have taken place in the last decade have increased the demand for immigrant labour more than they otherwise would have, and in this respect the demand has contributed to an increase in labour immigration to Norway more than it otherwise would have.

To further emphasise this relationship, we have investigated this development within the context of the low birth rates Norway experienced during much of the 1970s and 1980s. Those persons born in these years represented an important recruitment pool to education and labour markets in the years after the change of the millennium. By looking at the evolution of the ten small-

est cohorts, those who were born in the years 1977–1986, we discerned a clear regional redistribution in that the capital region of Oslo received a significant number of members of these cohorts through domestic relocation, whereas other regions experienced a further reduction in their already small cohorts, particularly the south-eastern regions of Norway outside of the capital region and western and northern Norway.

The investigations have shown that net immigration to Norway has compensated for the sharp decline in recruitment of members of these cohorts represented by low birth rates in the 1970s and 1980s. Immigration has thus been of immense importance as a source of recruitment for members of these small cohorts at a time when the cohorts were constantly viewed as being more important for meeting the high demand for labour that took place both before and after the financial crisis. As we have seen, the supply of these cohorts through immigration has largely followed the regional need for recruitment, as the reduction in the numbers of these small cohorts has been augmented by domestic out–migration. Immigrants have also helped satisfy the increasing regional demand for job recruitment that occurred in the wake of the strong increase in petroleum investments in the western Norway and even in northern Norway. When we also account for the fact that persons without an immigrant background have been most likely to move away from these growth areas through domestic relocation, the need for recruitment to these cohorts through immigration has increased even more.

7. Labour participation among immigrants in Norway

As already described, immigrants have thus accounted for a very large share of the strong employment growth that has taken place in Norway during the 2000s. Immigrants have managed better than expected when we compare their contribution to the labour market with that of the native population. Since immigrants are not a homogeneous group, but vary greatly in terms of their country of origin and reasons for immigrating to Norway, we have therefore in this last section put a bit more emphasis on how different groups of immigrants participate in the labour market, and not to mention how the participation rates have changed over time since the turn of the millennium.

In this section, we first provide an overview of the development of labour participation for all groups of persons of working age, which is here defined as persons aged 15–74 years. We have included Nordic immigrants with immigrants from other parts of Europe and the world, as compared to persons born in Norway to immigrant parents and the remaining population, or the popula-

tion without an immigrant background. As shown in Figure 7, immigrants who immigrated because of work show the highest labour participation rate, with a tendency towards increasing participation rates later in the period: nearly 80 per cent participation in the peak years of 2007 and 2008 and in the period of 2011–2014. Nordic immigrants, who also largely immigrate to Norway because of work, also show relatively high levels of employment throughout the period: like other labour immigrants, the participation rate was highest during the economic upswing years of 2007 and 2008 and in the last four years of the period under study. Labour participation among the majority population also showed a rising trend until the financial crisis occurred in late 2008 and 2009, but there has since been a slightly declining tendency, with the labour participation rate down to below 70 per cent.

Immigrants with an unspecified reason for immigration follow then with an employment participation rate moving somewhat above, but mostly below, 60 per cent. This immigrant group consists of many persons who immigrated to Norway before 1990, and thus they have a longer duration of residence in Norway and a higher average age than other immigrant groups. Persons born in Norway to immigrant parents show a labour participation rate that varies between 50 per cent and nearly 60 per cent, but clearly it has been below more than above 55 per cent during the period as a whole. Thus, they show a labour participation rate that is far below that of the natives, but, unlike the majority population, they have a slightly increasing employment rate towards the end of the period. Education immigrants show a clear upward trend in labour participation throughout the period, with a particularly marked period of growth in recent years. The reason for a somewhat lower participation rate by this group compared to several other groups is linked to this group's participation in the education system more than in employment for longer periods of time, and as we have seen in Figure 3, they also have a high tendency to emigrate.

The lowest labour participation rates can be found among immigrants with family as the reason for immigrating and among refugees. Refugees show a clear downward trend in their participation rate after the peak years of 2007 and 2008, while immigrants with family as the reason for immigrating experienced a weak increase in their labour participation rate during the same period. The latter finding is somewhat related to the fact that immigrants who moved to Norway to reunite with labour immigrants accounted for a larger group than family immigrants who were reuniting with refugees since 2007. The strong fall in the labour participation rates among refugees may also partly be due to high immigration rates among labour immigrants and Nordic immigrants and the fact that these groups seem to be favoured in the labour market during this period.

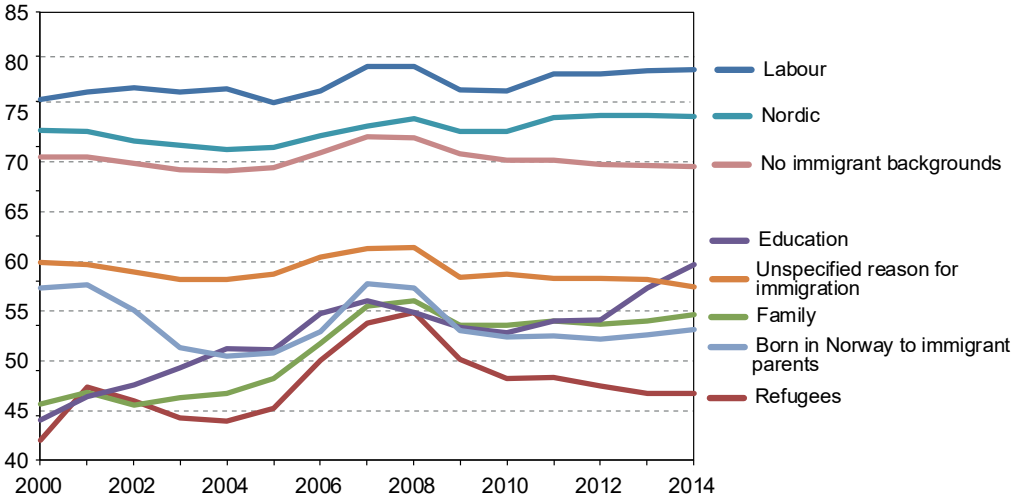

Figure 7. Employed persons as a percentage of the population, 2000–2014. Immigrants based on reason for immigration, Nordic immigrants, persons born in Norway to immigrant parents and the remaining population; persons 15–74 years of age. Source: Statistics Norway.

The high rate of immigration has also been a topic of discussion with regard to young people's entries into the workforce. Despite strong overall growth in employment during several years of the period under study, labour participation among young people has tended to decrease during the same period. Some of this can be explained by increased participation in higher education, but the reason must also be seen within the context of increased competition from immigrants. In Figure 8, we have included similar occupation rates for the younger people of working age, defined as the group of persons aged 15–24 years.

Labour immigrants and Nordic immigrants also show the highest labour participation rates among young persons, even with a slightly increasing trend in the last part of the period, particularly among labour immigrants. Young persons without an immigrant background then follow, but with a clear downward trend in their labour participation rate at the end of the period. Young immigrants with an unspecified reason for immigrating experienced a clear increase in employment rates towards the peak year of 2007, followed by a sharp decline in the labour participation rate. This group now consists of very few persons. Young persons born in Norway to immigrant parents show a moderate labour participation rate, but the rates were lower than among young persons without an immigrant background which are comparable groups because all of them were born in Norway. The lowest participation rate can also here be found among immigrants with family as the reason for immigration, refugees and education immigrants. Whereas those persons who moved to Norway for

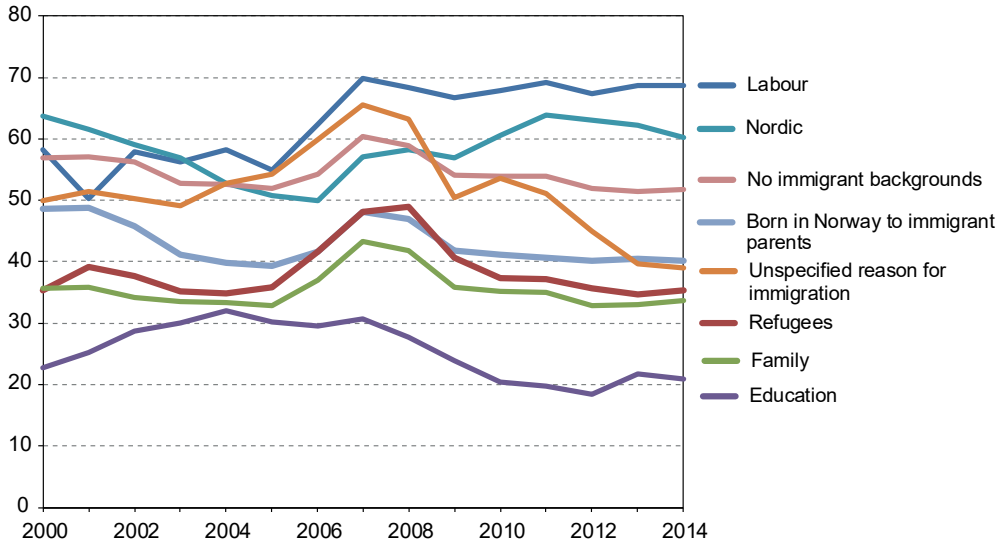

Figure 8. Employed persons as a percentage of the population, 2000–2014. Immigrants based on reason for immigration, Nordic immigrants, persons born in Norway to immigrant parents and the remaining population; persons 15–24 years of age. Source: Statistics Norway.

educational reasons may not have been trying to join the labour force at the time, because of high participation in education, the labour participation rates of young family immigrants and refugees showed a clear tendency to decline in the aftermath of the financial crisis.

We also include a list showing the participation rates after the population has passed 62 years of age. Although the normal retirement age in Norway is still 67 years, special arrangements in the labour market since the introduction of a new pension reform of 2011, including the ability to receive a full pension from the age of 62, have led to a situation where the transition from work to something else has become much more flexible than before. It should, however, be noted that the opportunity to receive a full pension, even if such persons are still fully employed, reduces the amount of the annual pension in that the pension is calculated based on the expected number of remaining years that a person has to live.

Immigrants are less represented among those above 62 years of age compared with all younger age groups, but the proportion of immigrants is also clearly rising here as well, as many of those who immigrated to Norway in the decades before the change of the millennium are now reaching the age of retirement.

Figure 9, in contrast to Figure 8, shows a tendency for increased labour activity among older persons throughout the period under consideration. Labour immigrants are also here the group with the highest labour participation rate; their level of employment increased right up until the financial crisis of 2009, before stabilising at just below 60 per cent. Education immigrants also exhibit a rather high labour participation rate towards the end of the period, but this group is relatively small, partly due to high levels of emigration before reaching the retirement age. Persons born in Norway to immigrant parents also constitute a very small group among those above 62 years of age. Even still, though, we see that the labour participation rate for this group has gradually risen to about the same level as among education immigrants. Nordic immigrants consistently have a slightly higher labour participation rate in this age group than persons without an immigrant background. The latter group has slightly higher employment rates than immigrants with an unspecified reason for immigration. This last group, however, consists of a relatively large number of immigrants, including immigrants who immigrated before 1990. Finally, the figure shows immigrants listing family as the reason for immigration and refugees, which are the two groups of immigrants with the lowest labour participation rates among persons aged 62 years and older. At the same time, these two groups show the strongest increase in labour participation rates through the period in question.

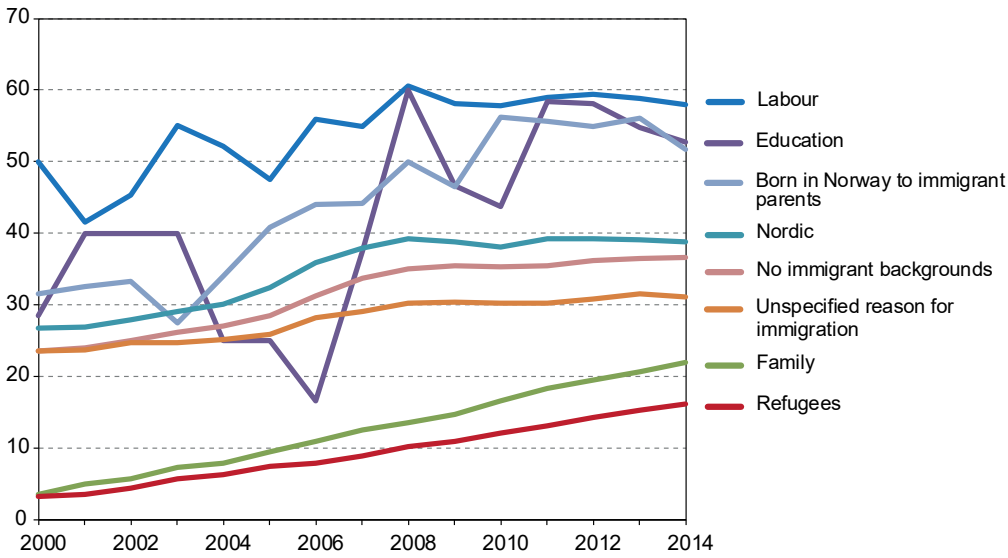

Figure 9. Employed persons as a percentage of the population, 2000–2014. Immigrants based on reason for immigration, Nordic immigrants, persons born in Norway to immigrant parents and the remaining population; persons 62–74 years of age. Source: Statistics Norway.

We also investigated how the labour participation rates of immigrants varied based on their annual age groups. We used a cross-sectional analysis derived from the year 2014, which shows how the labour participation rate varied for one year age groups within the age range of 20–60 years for each of the six immigrant groups. As we notice from Figure 10, the Nordic immigrants consistently have the highest participation rate, where the highest employment percentages are found among people in the age range of 30–45 years. Labour immigrants also have high employment participation rates, as do education immigrants, but only after passing the age of 30 years. Education immigrants have the lowest labour participation rate while in their twenties, which reflects the fact that this group invests substantially in education during those years, and thus actively seeks employment less than the other immigrant groups. Immigrants with an unspecified reason for immigration mostly have an average labour participation rate, while family immigrants and refugees have the lowest labour participation rate. Family immigrants can be distinguished by a clear increase in their labour participation rate from around thirty years of age into their forties; thereafter, the rate clearly declines. Refugees also show a slight increase in their labour participation rate in this age range, with employment ratios above 50 per cent, and for some age groups even above 55 per cent. However, their labour participation rate clearly declines throughout their forties and into their fifties in particular.

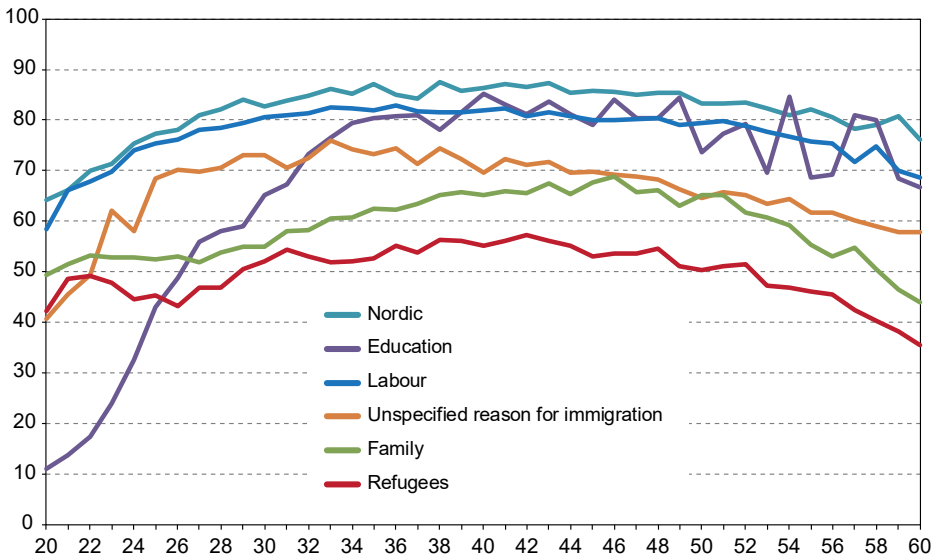

Figure 10. Labour participation rate among groups of immigrants in Norway, 2014. Employed persons as a percentage of the population by one year age groups within the age range of 20–60 years. Source: Statistics Norway.

We also noticed a certain gender gap in labour participation rates for each of the immigrant groups. Figure 11 shows in the same way the variations in labour participation rates among male and female immigrants in 2014 as a cross-sectional analysis. As we can note, there is a large difference in employment rates between men and women in certain immigrant groups, whereas in other groups the difference between men and women is not so striking. There are small gender differences in labour participation rates among labour immigrants. Men have a slightly higher participation rate than women while in their twenties and thirties, while women have a slightly higher participation rate than men in subsequent years. There are likewise quite large differences in employment rates between men and women among refugees, with men having a significantly higher participation rate, especially in the age range of 25–40 years. Family immigrants show much of the same patterns as refugees, with a consistently higher participation rate among men (HEIKKILÄ 2017), where the differences are also quite large throughout their twenties and thirties. Among education immigrants and Nordic immigrants, there are again small differences in male and female employment rates, while among immigrants with an unspecified reason for immigration there are small gender differences in labour participation rates for those in their twenties, but where the male participation rates clearly dominate after persons are more than 30 years of age.

Finally, several theories indicate that immigrants' labour participation rates depend on their duration of residence in the host country (see e.g. OECD/European Commission 2015; PALÁT 2017). There may be many reasons to expect a higher participation rate with increasing length of residence, partly because immigrants will have had an opportunity to improve their knowledge of the language, obtain better qualifications and make use of other facilities that are necessary in order to take part in working life in the destination country. We, therefore, in Figure 12 show how the labour participation rates vary among the six immigrant groups depending on their duration of residence in Norway. As in Figures 10 and 11, the results are based on a cross-sectional analysis of their situation in the labour market in 2014, but they include in addition their time of residence as immigrants in Norway in 2014.

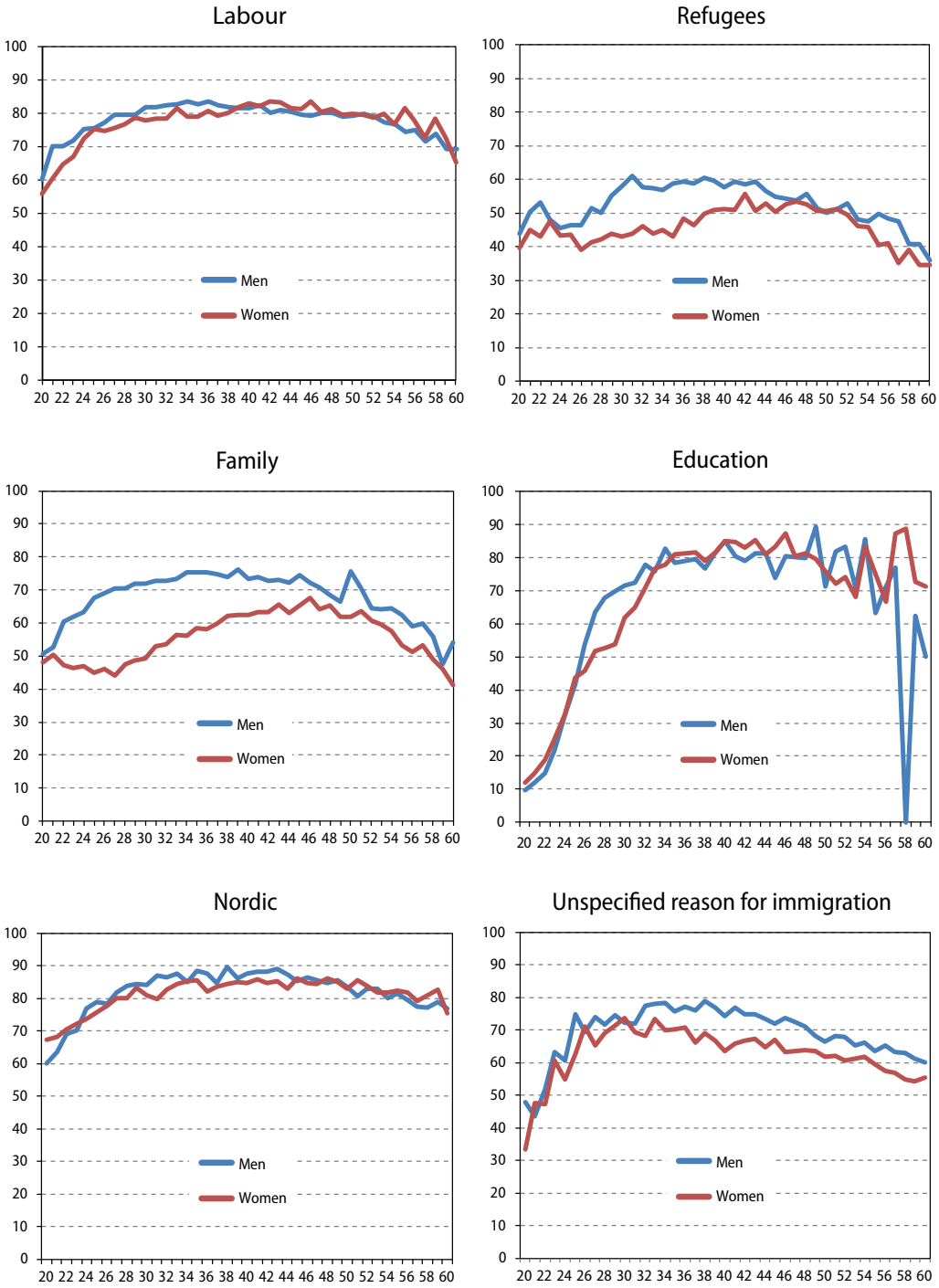

Figure 11. Labour participation rate among groups of immigrants in Norway, 2014. Employed persons as a percentage of the population by gender and one year age groups within the age range of 20–60 years. Source: Statistics Norway.

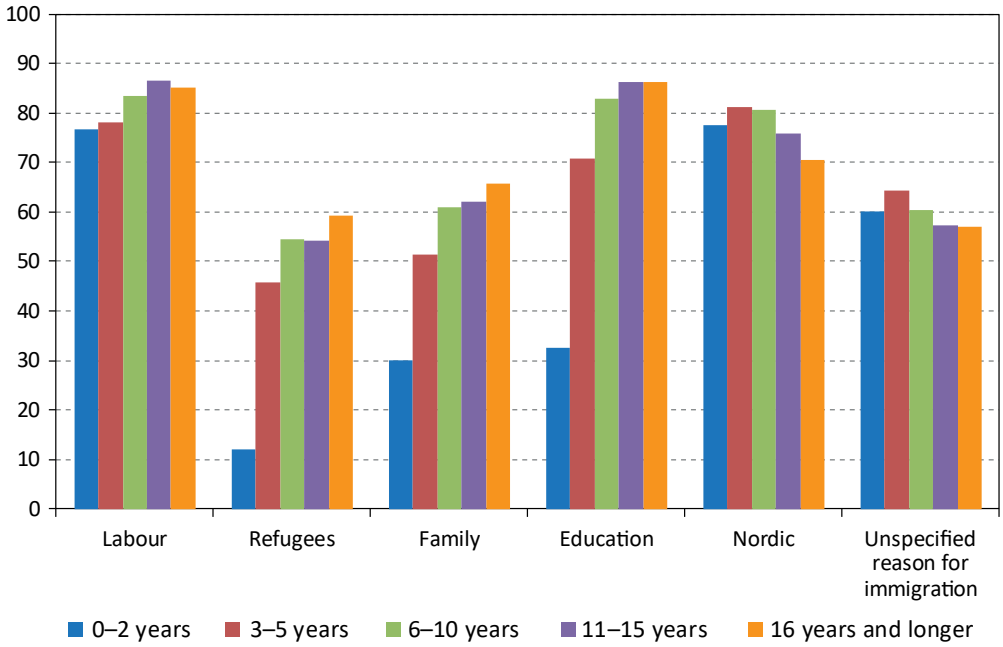

Figure 12. Labour participation rates among immigrants based on duration of residence in Norway in 2014; immigrants 15–74 years based on reason for immigration and Nordic immigrants. Source: Statistics Norway.

The main trend shows a clearly increasing participation rate after immigrants have resided in the country for a longer period of time, albeit with some variations in this pattern. Labour immigrants for the most part already have a relatively high labour participation rate in their first years of residence, which is obviously due to the fact that they immigrated because of work. However, their labour participation rate generally increases until 11–15 years of residence, after which it decreases slightly. Among refugees, there is a very low labour participation rate in the first three years after immigration, but then it increases sharply over the next three years. The labour participation rates stagnate somewhat among those who have resided in the country for 6–10 years of residence and 11–15 years. Unlike labour immigrants, refugees have a high labour participation rate in the group with 16 years or more of residence, which is because of increasing participation rates with increasing duration of residence among female refugees. Family immigrants show much of the same pattern as refugees, with a relatively low labour participation rate in the first three years after immigration, but with a clear increase over the next three years. The labour participation rate of family immigrants also continues to increase with a longer time of residence, peaking in the group with 16 years or more as residents in the country. Immigrants with education as their reason for immigration also

have a low labour participation rate in the first three years after immigration, which, as mentioned, is because they then mainly are engaged in learning. Afterwards, the labour participation rate increases quite strongly for this group throughout the residence period, reaching its highest point for those residing in the country for 11 years or more.

Among Nordic immigrants and immigrants with an unspecified reason for immigration, the pattern of labour participation is somewhat different than for other immigrant groups, with a slightly falling labour participation rate after their residence period has passed ten years. This is partly because these immigrant groups have a slightly higher average age than other immigrant groups, and that age will gradually contribute to reductions in their participation rate relative to other immigrant groups.

8. Summary

Immigration to Norway has increased strongly since the turn of the millennium, and especially since the eastward EU enlargements. Whereas there was more gender balance during the first years of the 2000s, immigrants have been predominantly male since 2005, mostly due to increased labour immigration. Likewise, immigration has changed from being dominated by refugees and their families to including more labour immigrants and their families, where family reunions with labour immigrants have exceeded family reunions among refugees since 2007. Immigrants with a Polish background account for many of the immigrants. This group includes more than twice as many persons as the next country on the list, Lithuania.

Refugees and their families show the strongest tendency to stay in Norway after immigration, while immigrants from other Nordic countries and immigrants that immigrate for educational reasons are less likely to stay in Norway; thus, they account for higher emigration numbers.

There has been a strong increase in the proportion of immigrants in employment, especially labour immigrants. Simultaneously, more recent immigrants have to some extent replaced non-immigrants in certain jobs, but also previously employed immigrants.

The results indicate that labour immigrants have been an important resource for filling the necessary demand for labour in the regional labour markets, especially in the western and south-western parts of Norway, but also in the north. The net supply of labour immigrants, however, did decline towards the end of the period under study, 2000–2013, but it increased slightly among family and education immigrants and refugees.

Immigrants also account for a growing proportion of the gross flows of persons into the labour market, but gradually also out of employment, especially among labour immigrants. The highest net flow of immigrants into registered employment comes directly from abroad, while immigrants that are already registered as residents in Norway primarily account for the gross recruitment for particular jobs. Their main flow out of jobs leads most immigrants to a position outside the labour force. This is somewhat surprising considering their option to register as unemployed, where some persons are entitled to receive unemployment benefits.

We also observed some regional variations in these patterns, but not so many. Many of the same trends can be found among immigrants in both central and less central regions. A change of job, however, draws immigrants towards central labour markets during economic upswings, while the financial crisis had the strongest negative impact on immigrants' employment in the central regions of the country.

Several of the regional labour markets in Norway, however, have changed considerably during the last decade, largely due to the very strong increase in petroleum investments, while traditional domestic migration patterns have largely remained unchanged. One immediate conclusion that can be drawn has to do with a deterioration in the explanatory power between regional employment trends and regional net migration as a result of changes in the regional labour markets, while the domestic movements have not changed significantly. To solve this inexplicable "dilemma", the very strong net immigration phenomenon has filled in part of the demand for labour that the domestic migration patterns have not been able to cover.

To further emphasise this relationship, there has been a strong domestic relocation of the already small birth cohorts of the 1970s and 1980s away from the petrol investment areas in the western and northern parts of Norway, which has increased the regional demand for labour even more. This is also one of the main reasons why the capital region of Oslo has experienced a reduction in its share of new immigrants to Norway from about a third to nearly a quarter during this investigation period.

Immigrants that have moved to Norway for a job and education and Nordic immigrants generally have had the highest labour participation rate, especially in the economic upswing years of 2007 and 2008 and in the last four years of the investigation period. Labour participation among the majority population also showed a rising trend until the financial crisis late 2008 and 2009, but it has since then declined slightly, with a labour participation rate that has dropped below 70 per cent. The lowest labour participation rate is found among immigrants with family as a reason for immigration and among refugees, where

refugees have experienced a clear downward trend in their participation rate after the peak years of 2007 and 2008.

Despite a strong growth in employment during several years of the period under study, labour participation among the youngest has tended to decrease during the same period. Some of this can be seen in the context of increased participation in higher education, but it must also be seen in the context of increased competition from other immigrants.

There is a large difference in employment rates between men and women in certain immigrant groups, whereas in other groups the employment rates for men and women are for the most part the same. Among labour and education immigrants and Nordic immigrants, there are small gender differences in labour participation rates, while refugees and family immigrants show very large differences in employment rates between men and women, with a significantly higher participation rate among men, especially in the age range of 25–40 years.

Finally, we can see that the main trend is an increasing participation rate among immigrants who have resided in Norway for longer periods of time. Labour immigrants and Nordic immigrants basically have a relatively high labour participation rate already in their first years as residents, while refugees and family immigrants have a very low labour participation rate during the first three years after immigration. The same can be said for education immigrants, since they are mainly engaged in their studies at the time. However, refugees, family and education immigrants increase their labour participation sharply over the next three years of residence, but male refugees have a slightly decreasing participation rate after 7–8 years of residence in Norway.

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Daniel Rauhut

Social assistance among immigrants and natives in Sweden, 1950–1968

Abstract

The general perception of the post-WWII immigration period until the end of the 1960s is that immigrants were well-integrated into Swedish society. The relative incomes of the labour immigrants were higher than those of many natives, as were the relative employment rates. The immigrants enjoyed the same – and expanding – welfare rights as the natives.

This chapter discusses the need for social assistance among immigrants and natives in Sweden for the years 1950, 1959, 1964 and 1968. The empirical material consists of the official statistics published annually, two special examinations on social assistance and one special examination for the year 1950 by the Royal Board of Social Welfare. A theoretical framework based on the new economics of migration and dual labour market theory is used to analyse the studied years.

Despite an economic boom at this time, high relative incomes and relative employment rates for immigrants, the results suggest that immigrants, especially refugees, were more dependent on social assistance than labour immigrants and natives during the analysed years.

Keywords: Poverty, Sweden, immigrants, refugees, social assistance

1. Introduction

The general perception of immigration to Sweden from the end of World War II until the late 1960s is that immigrants were well-integrated into Swedish society (Norborg 1988, 273). Many immigrants of various nationalities, however, found it increasingly difficult to "enter" into Swedish society during the 1960s (Arnstberg

& Ehn 1976, 134). Perhaps in response to the changing nature of Swedish society at this time, refugees, especially those from the Baltic countries and Poland, thus increasingly began to isolate themselves from the mainstream (Svanberg & Tydén 1992, 326). Despite the positive economic situation, it has been noted that immigrants were more likely to be unemployed than natives during the 1960s (Wadensjö 1972, 187). While immigrants in 1950 generally enjoyed an employment rate 20 per cent higher than that for natives (Ekberg 2006, 148), the employment rate for refugees was only 75 per cent that of the employment rate for natives (Rauhut 2014, 80–81). It appears then that, at around 1950, the strong performance of labour immigrants in the Swedish labour market effectively disguised the relatively bad level of performance of refugees in that same labour market (Rauhut 2012, 15; HEIKKILÄ 2017; STAMBØL 2017).

The Ministry of Social Affairs (1969) noted that nearly twice as many foreign citizens as natives in Sweden were living on social assistance in 1967. Non-Nordic citizens in Sweden displayed an ever higher need for social assistance. The higher incidence of unemployment and sickness in these populations, combined with their generally larger family size, were viewed as the main factors behind the relatively higher share of foreigner dependence on social assistance. It should, however, be noted that about one-third of Swedish municipalities did not have any foreigners on their social assistance register. Moreover, foreigners on average received less in social assistance and the duration of support was shorter (Socialdepartementet 1969, 82–91). Similar findings were recorded in the 1968 social assistance report (SCB 1974, 118, 120). The problem of unemployed or sick immigrants receiving insufficient coverage by social assistance insurance has been noted for decades (Nasenius 1974, 24; Rauhut 2010, 108–109). Recent research indicates that this has actually been the case since 1956 (Broström 2015, 178–182).

A report from the Ministry of Labour at the time showed that the number of foreign citizens on social assistance exceeded the number of foreign citizens in the population and that many of the foreign citizens receiving social assistance in Sweden between 1968 and 1972 were not even residents of Sweden. While waiting for work and/or residence permits, many foreigners had to depend on social assistance. In many cases, they received enough economic support to return back home. Furthermore, the share of foreign citizens was overrepresented among those receiving social assistance (Arbetsmarknadsdepartementet 1974, 153–156). Contemporary sources from the 1960s complained about the fact that the municipalities had to support unemployed and sick immigrants and that these immigrants were clustered around the metropolitan areas of Stockholm, Göteborg and Malmö (Rauhut 2014, 52, 90–92).

The share of foreigners dependent on social assistance increased in Sweden from the mid-1960s up until the early 1980s. The increasing incidence

of unemployment appeared to be the primary cause for other Nordic citizens to seek such assistance. For non-Nordic immigrants without residency rights, unemployment and non-entitlement to pension payments in Sweden increased the demand for social assistance (Gustafsson 1986, 468). Later studies suggest that refugees are more exposed to poverty and that they are poor for longer periods of time than other immigrants and natives (Hansen & Wahlberg 2009; Hammarstedt 2009; Hansen & Löfström 2009; Mood 2011; Gustafsson 2013).

This chapter aims to discuss poverty among immigrants and natives in Sweden for the years 1950, 1959, 1964 and 1968. These particular years were selected because of current accessibility to the relevant data. This chapter, in relation to the available data, proposes to answer four questions: (1) Are immigrants over-represented among those receiving social assistance? (2) Is there a difference in the duration of dependence on social assistance for immigrants and natives? (3) Is the need for social assistance as the only source of income higher among immigrants than natives? (4) Can a difference in the average expenditure on social assistance paid out to immigrants and natives be observed?

From a theoretical perspective, the theories of the New Economics of Migration and Dual Labour Market Theory both argue that immigrants will work in low-paid and insecure jobs, have lower wages than natives and face higher unemployment rates than natives. This weak attachment to the labour market will, according to both theories, lead to greater dependency on welfare benefits (Stark 1991; Piore 1979; cf PALÁT 2017). Hence, it can be assumed that immigrants will be over-represented among those receiving social assistance.

2. Legal aspects

While the right of Swedish citizens to receive social assistance was laid out in the 1956 Social Help Act (Socialhjälpslagen), § 12 and § 13, social assistance to refugees and foreigners was only specified in § 23. If the municipality providing the social assistance was unable to reclaim the amount paid out from relatives or organisations,[1] it could apply for compensation from the Swedish government (Arbetsmarknadsdepartementet 1974, 148–150). This compensation was, however, only available for a maximum period of one year (Bergström & Öberg 1971, 385, 391).

If a foreign citizen, refugee or otherwise became dependent on social assistance in Sweden, § 61 of the 1956 Social Help Act stated that such persons should be deported to their country of origin (Bååth 1960, 185–186). Similar regulations existed in the 1918 Poor Relief Act (Kungliga Socialstyrelsen 1945, 32–33).

In reality, very few refugees were deported (Bååth 1953, 103). As such paying social assistance to foreigners who were looking for work in Sweden, or when such persons were sick or unemployed and had insufficient social insurance coverage, became a rather costly burden for most Swedish municipalities. No support from the central government was provided (Kungliga Socialstyrelsen 1967, 114–117). The Ministry of Labour has noted that the municipalities did not fully comply with the existing legal framework on these matters, but were often more generous (Arbetsmarknadsdepartementet 1974, 157–158).

3. A theoretical framework

The *New Economic of Migration* argues that with the exception of refugees, it is the least educated who are the most likely to emigrate (Stark 1991, 180). Due to a lack of competitiveness in the host country, this labour segment will work fewer hours per year and have longer spells of unemployment relative to the native population (Stark 1991, 393). Furthermore, immigrants will typically only find low-paid jobs as a consequence of asymmetrical information regarding their productivity provided by employers (Stark 1991, 190–193). Immigrants use little of their income for consumption in the host country; the money is either saved and used when returning home or else sent home immediately as remittances (Stark & Taylor 1989, 1–4).

Given these theoretical conditions, it can be assumed that if immigrants work in the informal sector, then the social security coverage offered will be at a very low level. Yet, even if they work in the formal economy, the low salaries and social security schemes offered to them will provide only weak protection against unemployment and sickness. Discussions and analyses relating to the various employment sectors, incomes levels and standards of living in the host country have been provided by Katz and Stark (1986; 1987; 1989) and Stark and Yitzhaki (1988.) Although the social security offered to immigrants in the host country is never explicitly discussed in the above-mentioned studies, it is clear that such social insurance protection offers only a very poor level of protection for immigrants.

According to the *dual labour market theory*, immigrants will pick up work in the lower segment of the labour market, and this segment is characterised by low incomes and job insecurity (Piore 1979, 93–95, 105; Massey et al. 1993, 40, 42). Migrant labours will return to their native country when unemployed and then return to a more industrialised country when the job market opens up again (Piore 1979, 102–108). However, this may not however be a realistic option for long-distance labour migrants and refugees. As such, low wages and

job insecurity will likely generate a need for public allowances and subsidies when such immigrants become sick or unemployed.

The dual labour market theory views immigrants as target earners, seeking to save money to improve their status in their home country (Massey et al. 1993, 40, 42). The intrinsic demand for unskilled labour in the capitalist economy generates a never-ending demand for labour, which is met by immigrant labour (Schoorl 1995, 4). As the number of low-paid, low-status jobs are numerous, such immigrants can get a job if they want one. It can, hence, be assumed that the need for social assistance is not an income supplement, but rather the only source of income for a number of immigrants; unemployment or sickness generates no fixed income to live on. Consequently, living off welfare will not enable the immigrants to save money, so it can be assumed that the duration of support will be shorter. Moreover, since immigrants are relatively more numerous in the lower labour market segment, it can be assumed that the share of immigrants will be relatively more numerous among the recipients of social assistance.

Both theories argue that immigrants are generally found in low-income jobs and in casual, informal or non-secure positions. In cases of unemployment or sickness, the level of social security offered to them will therefore be low. In most cases, social assistance will be the only form of social security available to them. Hence, it can be assumed that immigrants are overrepresented among the recipients of social assistance.

As immigrants find employment in low-income jobs and in casual or informal positions, it can be assumed that the duration of dependence on social assistance will be relatively short. If one is prepared to take on any form of employment, there are then plenty of jobs available.

The theories discussed here focus primarily on labour immigrants. It can be assumed that refugees will have an even more insecure situation than labour immigrants, and hence, they will be overrepresented in the lower segment since they have not moved voluntarily and their labour is generally not in demand on the Swedish labour market. Consequently, the duration of dependence on social assistance can be expected to be longer for refugees than for labour immigrants.

A person with insufficient coverage in the social insurance system might well slip into poverty when unemployed or sick. Hence, it can be assumed that those with insufficient coverage in relation to the social security system will have a much greater need for full support when claiming social assistance, i.e. the need for social assistance as the only source of income will be higher where social insurance coverage is insufficient or non-existent. Moreover, as refugees do not qualify for any social insurance schemes, their dependence on social assistance is likely to be higher than average.

Based on the New Economics of Migration and Dual Labour Market theories, a postulate can be proposed regarding expenditures. The expenditures per re-

cipient will be lower for labour immigrants than for natives; labour immigrants come to work and earn money. Refugees experience a different situation, as they have not come voluntarily and their labour is not in demand. Refugees are more likely to need social assistance, and it may will be their only source of income. As such, it can be assumed that the expenditure per recipient will be higher for refugees than for natives and labour immigrants. The empirical material for Sweden during the analysed period offers a good opportunity to test this theoretical synthesis.

4. Method and data

The available empirical data is fragmented and allows for only a qualitative analysis. The empirical material consists of the annual reports on poverty and social assistance (SOS Fattigvård; SOS Socialvård; SOS Socialhjälpen), a special examination from 1950 on poverty and social assistance by the Royal Board of Social Welfare (Kungliga Socialstyrelsen 1952, 260), and by two major investigations on social help undertaken by the Royal Board of Social Welfare in 1959 (Kungliga Socialstyrelsen 1961) and by Statistics Sweden in 1968 (SCB 1974). The empirical material contains information on the number of recipients, the duration of social assistance dependency and social assistance expenditures. Information on the poverty norm during the investigated period is given in a PhD thesis by Daniel Rauhut (2002). The extent to which recipients required social assistance merely as an income supplement or because it was their only source of income can then be estimated (Rauhut 2002, 30–34).[2]

Following Hansen and Wahlberg (2009), the immigrants will be analysed in two groups: Nordic citizens, who were labour immigrants, and non-Nordic citizens, in which the share of refugees was significant. The results for these two groups will be compared to the results for all recipients of social assistance in Sweden during the same period. Not only the duration of dependence, but also the extent to which the social assistance could be seen either as an income supplement or as the only source of income will be analysed.

Some approximations have been necessary with respect to the data. There is no published information on the number of Swedish citizens among the recipients of social assistance. Information is, however, available on the total number of Swedish citizens and the number foreign citizens. An approximation of the number of Swedish citizens receiving assistance can be made by subtracting the number of foreign citizens from the total number of recipients.

A second approximation has been made regarding the number of those receiving social assistance. Official statistics contain information on the share

of foreign *households*, not on the share of individual recipients. Given the assumption that the household structure of various immigrant sis similar to that of native Swedes, an approximation for individuals based on households can be made.[3]

The official statistics for 1959 and 1964 do not contain any information on the number of immigrants to Sweden by citizenship. Approximations for 1959 and 1964 have been made based on the 1960 census. As a consequence, the share of those receiving social assistance by nationality is an estimation based upon approximations.

Information on the three groups of recipients (Nordic citizens, non-Nordic citizens and the total number of recipients) is available not only for the number of recipients but also for the duration of dependency on social assistance and the extent to which support was required as an income supplement or because it was the only source of income. The native population can be estimated for each variable as the total number minus foreign nationals.

During the period 1945–1970, approximately 450,000 persons immigrated to Sweden. A majority of them came from the Nordic countries (Statistics Sweden 2015). The majority of labour immigrants to Sweden were women in 1950; up until 1960, women accounted for 48–49 per cent of all labour immigrants (Rauhut 2011, 105). Contemporary sources claim that approximately 43,000 refugees moved to Sweden in the period 1945–1949 (Olsson 1952); later estimations point to approximately 45,000 refugees for the same period (SIV 1997, 11; Svanberg & Tydén 1992, 330). The refugees came from the Baltic countries, the Soviet Union, Poland, the Czech Republic, Germany and Austria. Other scholars argue that only about 30,000 refugees came to Sweden during this time (see Table 1; Lundh & Ohlsson 1994, 34).

One reason for this numerical discrepancy relates to the fact that the latter figure does not include the Sudeten Germans as refugees, although they were transferred to Sweden via refugee camps in Germany and Austria (Tempsch 1997; Rauhut 2014; Olsson 2003; Olsson 1952; 1957). The number of refugees to Sweden during the period analysed in this chapter will follow the estimations by Rauhut (2014), i.e. refugees transferred to Sweden through refugee camps are considered as refugees.

On average, 60 per cent of the immigrants to Sweden during the 1950s and 1960s came from the Nordic countries and can be classified as labour immigrants. An overwhelming majority of these Nordic immigrants came from Finland (Lundh & Ohlsson 1994, 25–27).[4] This leads to the conclusion that the share of refugees among non-Nordics in 1950 and 1959 was relatively high, while labour immigrants dominated the group of non-Nordics in 1968. In 1964, the share of former refugees was still notable, but the share of refugees was definitely smaller in relative terms than for 1950 or 1959.

Table 1. The number of refugees to Sweden, 1945–1970.

	1945–1949	1945–1955	1950–1965	1965–1970	In total
Statens Invandrarverk 1997	ca 45,000				
Hadenius 1987	35,000				
Lundh & Ohlsson 1994	30,000		24,000	ca 7,000	61,000
Norborg 1988	30,000				
Olsson 1952; 1957	ca 43,000	ca 70,000			
Svanberg & Tydén 1992	45,000		ca 22,000		
SOS Befolkningsrörelsen	ca 55,000				
Rauhut 2014	ca 55,000		ca 50,000	ca 7,000	110,000–120,000

Source: Rauhut (2014)

5. Social assistance among foreign and Swedish citizens

5.1. The number of recipients

The number of persons receiving assistance is complete for the national level for the years under study (Table 2). No direct information on citizenship is given in the official statistics on poor relief and social assistance. It is, however, possible to estimate the citizenship of the recipients.

Table 2. The number those receiving economic assistance, 1950–1968.

	1950	1959	1964	1968
Total number of recipients	293,239	283,200	266,783	358,321

Source: SOS Fattigvård 1950; SOS Socialhjälpen 1959; SOS Socialvården 1964, 1968.

A special survey on social assistance in 1950 shows that a total of 5,274 households headed by a foreign citizen received social assistance in 1950. Households headed by a non-Nordic citizen accounted for 3,560 of the total number of households on social assistance, with those headed by a Nordic citizen accounting for the remaining 1,714 households (Kungliga Socialstyrelsen 1952, 260). According to the official statistics, 106,700 households received social assistance in 1950 (see Table 3; SOS Fattigvård 1950, 31).

Table 3. The households receiving social assistance based on the citizenship of the head of household: 1950, 1959, 1964 and 1968.

	Total number of supported households	Household headed by a Swedish citizen	Household headed by a Nordic citizen	Household headed by a non-Nordic citizen	Household headed by a non-Swedish citizen
1950	106,700	101,426 [b]	1,714	3,560	--
1959	127,580	122,349 [b]	n/a	n/a	5,231[a]
1964	129,907	123,552 [b]	4,148	2,207	--
1968	152,728	137,152 [b]	9,563	6,013	--

a) SCB 1974, 154.
b) The number of households headed by a Swedish citizen is a residual of the total number of supported households minus all households headed by a foreign citizen.
Source: SOS Fattigvård 1950; SOS Socialhjälpen 1959; SOS Socialvården 1964, 1968.

The number of households receiving social assistance can be used as a proxy variable. Households headed by foreign citizens receiving social assistance accounted for 4.9 per cent of all households receiving social assistance. Based on the assumption that the foreign households are similar to native households in terms of size, an approximation of the number of foreign citizens receiving social assistance can be made by multiplying their share of the households receiving support by the number of supported persons. The number of foreign citizens receiving social assistance in 1950 would then be 14,369, of which 4,670 were Nordic citizens and 9,699 were non-Nordic citizens. The remaining 278,870 then were Swedish citizens.

The share of foreign heads of household among those receiving social assistance in 1959 was 4.1 per cent (SCB 1974, 154). Hence, it can be estimated that 4.1 per cent of the total number of recipients in 1959 would be equivalent to 11,611 persons. The available statistics on those receiving social assistance in 1959 do not, however, allow for a more detailed breakdown of the citizenship of the recipients. The remaining 271,589 persons are thus assumed to be Swedish citizens.

For both 1964 and 1968, the share of households headed by a foreign citizen who received social assistance has been used to estimate the number of foreign citizens receiving social assistance. Approximately 3.2 per cent of the households receiving social assistance in 1964 were headed by a Nordic citizen, whereas 1.7 per cent of the households were headed by a non-Nordic citizen. Consequently, the remaining 95.1 per cent of households receiving social assistance were headed by a Swedish citizen (SOS Socialvård 1964, 47). Given this distribution by citizenship, the total number of persons receiving social

assistance with Nordic citizenship can be assumed to be 8,519 persons, while those with non-Nordic citizenship totalled 4,532 persons. The remaining 253,711 persons are assumed to be Swedish citizens.

In 1968, 6.2 per cent of the households receiving social assistance were headed by a Nordic citizen and 3.9 per cent by a non-Nordic citizen (SOS Socialvård 1968, 40). The number of Nordic citizens receiving social assistance can thus be estimated as 22,241 persons and the number of non-Nordic citizens as 14,107 persons. The number of Swedish citizens is thus assumed to be 322,380.

5.2. The number of foreigners in Sweden

The number of foreign citizens in Sweden in 1959 and 1964 is not listed in the official statistics. The 1965 census does not contain any information on the population in Sweden by citizenship (Folk- och Bostadsräkningen 1965, 7). For 1959 and 1964, the number of foreign citizens in Sweden can be estimated by using the relative share of different nationalities in the Swedish population in 1960. The 1960 census does contain this kind of information (Table 4).

Table 4. Total population and population by citizenship in Sweden, 1950–1968.

	Total population	Swedish citizens	Nordic citizens	Non-Nordic citizens
1950	6,986,181	6,862,461	57,287	66,433
1959	7,436,066	7,245,445	125,337[a]	65,284[a]
1964	7,695,200	7,464,344	151,811[a]	79,045[a]
1968	7,931,659	7,611,079	208,933	111,647

a) Based on the relative share of Nordic and non-Nordic citizens in the Swedish population according to the 1960 census (SOS Folkräkningen 1960, 106). The share of Swedish citizens is a residual of the total population minus all foreign citizens.
Source. SOS Folkräkningen 1950, 106; Statistisk Årsbok 1960, 35; Statistisk Årsbok 1965, 5; SM Be 1969-8, 22–23, 40.

5.3. The share of the population on social assistance by citizenship

As the official statistics at this time only cover households, the share of foreign citizens is significantly lower than that given in terms of the estimated values for foreign individuals (Table 5). The share of foreign households receiving social assistance in 1950 was 5.2 per cent; it was 2.1 per cent for Danish households,

Table 5. The share of the population (per cent) on social assistance by citizenship, 1950–1968.

	All	Swedish	Foreign	Nordic	Non-Nordic
1950	4.19	4.06	--	8.15	14.60
1959	3.81	3.75	6.09	n/a	n/a
1964	3.47	3.39	--	5.61	5.74
1968	4.52	4.24	--	10.64	12.64

Source: Tables 2, 3 and 4.

4.4 per cent for Norwegian households and 5.5 per cent for Finnish households and 6.3 per cent for other nationalities (Kungliga Socialstyrelsen 1952, 260).

This indirect method of estimating the number of foreign citizens among those receiving social assistance also generates a higher share of individuals who were foreign citizens – 6.1 per cent (Table 5) – than the share of foreign households – 4.1 per cent (SCB 1974, 154).

One possible explanation for the higher share of foreign individuals than foreign households may be that the official statistics only cover foreigners with jobs in 1950 ("arbetsanmälda utlänningar"). The higher share of foreign individuals in 1959 may be related to the fact that the share of foreigners in the 1960 census has been used, as there is no data for 1959. If the share of foreign citizens was lower in 1960 than in 1959, then the lower figures for 1960 would make the share of foreigners receiving social assistance in 1960 higher. Again, there is no data to support this reasoning.

No official statistics are available for 1964 with which to compare the estimations made here. The 1968 Social Survey notes that 8.5 per cent of the households receiving social assistance were headed by a foreign citizen, which is slightly lower than the estimations at an individual level made here.

5.4. Duration of social assistance

The official statistics on social assistance present information on the duration of social assistance for the whole country as well as, specifically, for urban and rural areas (see Table 6). It is, however, important to bear in mind the limitations of this data. If a person received social assistance during a two-month period during year 1, November and December, and then for a three-month period in year 2, January to March, then the official statistics will report two separate three-month periods of social assistance for the two years, whereas, in reality, the person actually received social assistance for five months without interruption.

Table 6. The average number of months with social assistance, 1950–1968.

	1950	1959	1964	1968
Countryside	6.9	5.5	5.1	4.7
Cities and towns	5.1	4.8	4.1	4.1
Total	5.9	5.0	4.3	4.3

Source: SOS Fattigvård 1950, 35; SOS Socialhjälpen 1959, 32; SOS Socialvården 1964, 45; SOS Socialvården 1968, 38.

No official statistics are available on the duration of social assistance by citizenship. It is, however, possible to estimate the number of months on social assistance by citizenship. The 1968 Social Survey discusses the increasing need for social assistance by foreign citizens in Swedish cities and towns. In 1964, only 31.1 per cent of foreign citizens receiving social assistance lived in the countryside; the rest lived in cities and towns. Moreover, by 1968 the share of foreign citizens supported by social assistance in the countryside had declined to 22.2 per cent (SCB 1974, 113).

More than 60 per cent of the foreign citizens receiving social assistance in 1950 lived in the four counties of Stockholm, Göteborg and Bohuslän, Malmöhus län and Älvsborgs län (Kungliga Socialstyrelsen 1952, 260). All of Sweden's major industrial cities and towns (except two) were located in these four counties. There is no information for 1959 on where foreign citizens receiving economic support resided in Sweden.

Both the flow and stock of immigrants have historically headed for the three metropolitan areas around Stockholm, Gothenburg and Malmö. A disproportionally large number of immigrants thus reside in and around these three areas in Sweden (Johansson & Rauhut 2008, 47–49). It is, therefore, assumed here that the overwhelming majority of immigrants have lived in cities and towns and, consequently, that official statistics on the duration of social assistance for cities and towns can be used as a proxy for the duration of social assistance provided to foreign citizens in Sweden during the analysed period. The national average will be used for both "Swedish citizens" and "all recipients".

5.5. Expenditures on social assistance

The total cost of social assistance in Sweden in 1950 was SEK 89 million (in 1950 prices), of which SEK 277,000 was paid out to Nordic citizens and SEK 2,673,000 to non-Nordic citizens (Kungliga Socialstyrelsen 1952, 260). The amount of social assistance paid to foreigners in 1959 is not accounted for. Lundh and Ohlsson

(1994, 65) claim that the value of the social assistance paid out to foreign citizens in 1958 was approximately three per cent of the total cost of social assistance. Given the fact that the value of the support to foreign citizens receiving social assistance in 1959 was also approximately three per cent of the total cost of the social assistance programme as a whole, the value of the support given to foreign citizens would then have been SEK 3,378,000.

In 1964, the social assistance distributed to Nordic citizens was SEK 2,756,977 and to non-Nordic citizens SEK 3,073,731 (SOS Socialvården 1964, 47). In 1968, Nordic citizens received social assistance worth SEK 9,892,133 and non-Nordic citizens SEK 8,549,596.

Table 7 shows that the estimated average expenditure was significantly higher for non-Swedish nationals per recipient than the average expenditure per recipient in 1950 and 1959. The figures for 1964 and 1968 are from the official statistics. While the annual average expenditure per recipient was SEK 1,001, foreign nationals received, on average, SEK 917. Labour immigrants from Finland received, on average, SEK 616, while other Nordic labour immigrants received, on average, SEK 793. Non-Nordic citizens, a group that contained both labour immigrants and refugees, received, on average, SEK 1,393. The same pattern, but at a higher level, is found for 1968.

Table 7. The average expenditure per recipients by nationality in SEK: 1950, 1959, 1964 and 1968.

	All recipients	Foreign	Finnish	Other Nordic	Non-Nordic
1950	86	n/a	n/a	154.60[a]	275.60[b]
1959	176	290.93[c]	n/a	n/a	n/a
1964	1,001	917	616	793	1,393
1968	1,420	1,184	999	1,156	1,422

a) Including Finnish, Danish and Norwegian citizens (no Icelanders). Data on expenditure by nationality, from Kungl. Socialstyrelsen (1952, 260), is divided by the estimated number of Nordic citizens receiving economic assistance.

b) Data on expenditure by nationality, from Kungl. Socialstyrelsen (1952, 260), is divided by the estimated number of non-Nordic citizens receiving economic assistance.

c) The estimated total expenditure of SEK 3,378,000 for economic assistance to foreign citizens divided by the estimated number of foreign nationals receiving economic assistance.

Source: SOS Fattigvård 1950, 36; SOS Socialhjälpen 1959, 33; SOS Socialvården 1964, 47; SOS Socialvården 1968, 40.

5.6. The poverty norm

During the period analysed in this study, *the inter-municipal compensation rate* ("den inter-kommunala ersättningstaxan") was used as the poverty norm in Sweden. The municipalities were not allowed to offer residents from other municipalities in economic need a lower level of social assistance than that given to its own residents. A municipality that paid social assistance to a non-resident could claim the same amount back from the municipality in which the recipient resided. This compensation was regulated by the inter-municipal compensation rate. In the 1950s and 1960s, this compensation rate functioned as a *de facto* poverty norm in Sweden. Between 1934 and 1960, the compensation rate was divided into different groups of municipalities where, for instance, rural municipalities with the lowest living costs had the lowest compensation rate, while the municipalities around the three metropolitan areas had the highest compensation rate due to their higher living costs. After 1960, the compensation system was simplified into one national inter-municipal rate (Rauhut 2002, 39–40, 163).

In this study, the mid-level group of the five cost of living groups has been chosen as the norm setter for 1950 and 1959. In 1950, the inter-municipal compensation rate for group 3 was SEK 140, while in 1959 it was SEK 225. Since a disproportionally high share of foreign citizens resided in the metropolitan areas, the highest inter-municipal compensation rate will be used to estimate the poverty norm for foreign citizens. In 1950, the highest inter-municipal compensation rate was SEK 165, while in 1959 it was SEK 240 (Table 8).

Table 8. The inter-municipal compensation rate in SEK: 1950, 1959, 1964 and 1968.

	1950	1959	1964	1968
Poverty norm for single adults without children	115–165	215–240	365	475

Source: Rauhut (2002, 163)

5.7. Social assistance as an income supplement or as the only source of income

Social assistance can be used as an income supplement or it may be the only source of income. The official statistics do not include this information, but an attempt to estimate this was made by Rauhut (2002, 30–34).

Table 9 shows the estimated need for full support from the social assistance programme, by nationality, for the years 1950, 1959, 1964 and 1968. In 1950, approximately 37 per cent of all recipients of social assistance needed full support, but only about 18 per cent of Nordic citizens and 33 per cent of non-Nordic citizens required social assistance as their only source of income. For Swedish citizens, approximately 37 per cent used social assistance as their only source of income.

In 1959, approximately 36 per cent of Swedish citizen recipients depended on social assistance as their only source of income, while approximately 35 per cent of all recipients required the full support of this programme. The share of foreign citizens who required social assistance as their only source of income was approximately 20 per cent in the same year.

Table 9. The share of the population in need of full economic assistance, by nationality, 1950, 1959, 1964 and 1968 (shown as a percentage).

	All	Swedish	Foreign	Nordic	Non-Nordic
1950	36.74	37.16	--	18.37	32.75
1959	35.34	35.75	20.62	n/a	n/a
1964	22.21	21.98	--	20.61	43.21
1968	27.20	27.44	--	22.84	31.12

Source: Own estimations

In 1964, the difference between the average for all recipients, Swedish citizens and Nordic citizens was marginal: all three categories required social assistance as their only source of income in approximately 21–22 per cent of cases. The need for social assistance as the only source of income for non-Nordic citizens, however, differed significantly – more than 43 per cent required social assistance as their only source of income in 1964.

The groups "all recipients in Sweden" and "Swedish citizens" required similar levels of social assistance as the only source of income in 1968, with roughly 27 per cent of these groups falling into this category. The "Nordic citizens" and "non-Nordic citizens" groups also displayed a similar need for social assistance as their only source of income, scoring approximately 23 per cent and 31 per cent, respectively.

6. Discussion and conclusion

The theoretical framework predicts that immigrants are overrepresented among those receiving social assistance, which appears to be the case here. For all analysed years, the share of foreign, Nordic and non-Nordic citizens receiving social assistance was higher than for the total share of the population and the share of Swedish citizens receiving social assistance.

It must, however, be noted that there was a significant difference between labour immigrants from the Nordic countries and immigrants from the non-Nordic countries, with the latter group accounting for a large number of refugees. The years 1950 and 1968 show significant differences between these two groups (see Table 5). While 8.15 per cent of the Nordic citizens in Sweden received social assistance in 1950, the share of non-Nordic citizens in Sweden receiving social assistance was 14.6 per cent. This should be compared to 4.06 per cent for Swedish citizens. While 4.24 per cent of Swedish citizens received social assistance in 1968, 10.64 per cent of the Nordic citizens in Sweden and 12.64 per cent of the non-Nordic citizens in Sweden were receiving social assistance. This finding indicates that the immigrant group is not homogeneous.

According to the theoretical framework, the duration of dependence on social assistance is assumed to be shorter for immigrants than for natives. At first glance, the information given in Table 6 supports this assumption: immigrants typically received social assistance for a shorter amount of time than natives. We should, however, note that for three of the four years analysed (1959, 1964 and 1968), the differences were quite small – 0.2 months per year, on average. Furthermore, a proxy variable was used since no direct information regarding the duration of time on social assistance is available by nationality in the official statistics. For 1959, 1964 and 1968, the results must therefore be considered inconclusive. For 1950, however, immigrants depended on social assistance for shorter periods of time than did natives, which is in line with the theoretical prediction.

The information regarding the duration of time on social assistance does not allow for any breakdown by nationality or even based on Nordic and non-Nordic citizenship. Consequently, it is not possible to say anything conclusive about differences in performance between labour immigrants and refugees.

The theoretical framework predicts that the need for social assistance as the only source of income will be higher among immigrants due to the insufficient nature of their social insurance coverage. The empirical material for this part of the analysis is found in Table 8. The two groups of Nordic and non-Nordic citizens behave differently. Nordic citizens in Sweden, who were primarily labour migrants, did not score higher than Swedish citizens in claiming social

assistance in terms of the percentage in need of full social assistance support or indeed the percentage of the total population for the years 1950, 1964 and 1968. In fact, Nordic citizens in Sweden accounted for only half of the share of assistance compared to natives in 1950, and they received a slightly lower share of assistance than natives in both 1964 and 1968. As such, the Nordics clearly performed better than natives during these years. The theoretical framework has little explanatory power regarding this aspect.

The result is, however, somewhat different for the non-Nordic citizens group in Sweden. In 1950, non-Nordic citizens also represented a lower share of population in need of social assistance as their only source of income. Here, the theoretical framework fails to predict the demand for social assistance. It is thus worth remembering that the refugees coming to Sweden at that time were assigned to jobs. These jobs were generally found in agriculture and heavy industry for men and in light industry and domestic work for women (Byström 2012, 57, 67–70; Olsson 1995, 158–159; Ohlsson 1978, 182–184). Although refugees were generally assigned to low-paid jobs, these jobs did though provide a source of income, thus reducing their need to list social assistance as their only source of income.

In the 1960s, the share of refugees among Non-Nordics in Sweden was smaller. The share of unqualified labour immigrants, however, was higher. During the 1960s, the (non-Nordic) imported labour came from Yugoslavia, Greece and Turkey (Lundh & Ohlsson 1994, 33, 36; Svanberg & Tydén 1992, 330). They did the so-called "3D"-jobs (dirty, dangerous and degrading) that natives were now refusing to do. For the analysed years in the 1960s, the share of the non-Nordic population in need of social assistance as their only source of income was, roughly, up to 50 per cent higher than for Swedish citizens. This is in line with the theoretical predictions.

The empirical material for 1959 only allows for an analysis of Swedish and foreign citizens. For 1959, the number of foreign citizens in Sweden in need of social assistance as their only source of income was lower than the number of Swedish citizens. So, the theoretical framework cannot explain the demand for social assistance by foreign citizens.

The general conclusion, with one exception, is that immigrants in general do not, relative to the native population, appear to be in greater need of social assistance as their only source of income. On the contrary, they appear to display a lesser need in this regard. For the two years 1964 and 1968, the data for non-Nordic citizens shows a rather different result. In 1964, the need for social assistance was approximately 50 per cent higher among non-Nordics than among Swedish citizens, whereas in 1968 it was only ten per cent higher. One explanation for this discrepancy may be that the labour immigrants from Yugoslavia, Greece and Turkey had taken the jobs no one else wanted, and these

jobs were firmly situated in the lower segment of the labour market, i.e. they were insecure and dangerous. When faced with unemployment or sickness, these immigrants had little or no access to security from within the social insurance system (Nasenius 1970, 24; SCB 1974, 154).

The theoretical discussion concluded that on theoretical grounds, labour migrants and refugees would perform differently with regard to the average expenditure on social assistance. Labour migrants move to Sweden for work, as their labour is specifically required, while the refugees' labour is not. This will clearly have an impact on average levels of expenditure on the social assistance paid out to labour migrants and refugees. The empirical data does not cover information on the average expenditure on social assistance for Swedish citizens, so the average expenditure on social assistance per recipient in general will be used in the analysis.

In 1950, the average expenditure on social assistance for Nordic citizens, i.e. labour migrants, was approximately twice as high as the average expenditure on social assistance per recipient in general in Sweden, whereas the average expenditure on social assistance for non-Nordic citizens was approximately three times as high. For Nordic citizens, the theoretical framework appears unable to explain the higher demand for social assistance in 1950, while it can explain the demand for social assistance by non-Nordic citizens.

As noted previously, the data for 1959 does not allow for a differentiation to be made between different nationalities. The available data only contains information on foreign citizens in general. Table 7 shows that the average expenditure on social assistance for foreign citizens is significantly higher than the average expenditure on social assistance per recipient in general. Unfortunately, it is not possible to discuss the extent to which the theoretical framework can explain this finding for the year 1959, as the group designated as "foreigners" contains both labour migrants and refugees.

In 1964, the average expenditure on social assistance for foreign citizens in Sweden was well below the average expenditure on social assistance per recipient in general. The average expenditure on social assistance per recipient for labour migrants from Finland and the other Nordic countries was also significantly below the overall average expenditure on social assistance per recipient. This finding is in line with the theoretical prediction. The average expenditure on social assistance per recipient with a non-Nordic citizenship was approximately 40 per cent higher than the average expenditure on social assistance per recipient in general in 1964. Again, this finding is in line with the theoretical prediction.

The pattern was the same in 1968 for labour migrants from the Nordic countries and foreigners in general, which means that the theoretical framework can explain why this is the case. The average expenditure on social assistance for non-Nordics was SEK 1,422, while the average expenditure on social assistance

per recipient in general was SEK 1,420. The difference between these two figures is marginal, and therefore the result is inconclusive. The group of non-Nordic citizens was dominated by labour migrants from southern Europe at this time, with only a few refugee groups included.

The results obtained here suggest a differentiation depending on national origin among those foreigners in need of social assistance for the years 1950 to 1968. While this finding is not surprising, it is an important one as it confirms the results reported by Gustafsson (1986) for the period 1967–1983, namely that immigrants were in greater relative need of social assistance than natives during the period 1950–1968. Furthermore, the finding suggests that labour immigrants and refugees had a differing need for social assistance during the analysed period. This finding is similar to the results for the 1990s and onwards reported by Hansen and Wahlberg (2009), Hammarstedt (2009), Hansen and Löfström (2009), Mood (2011) and Gustafsson (2013): refugees have a greater need for social assistance than labour immigrants and natives.

Some general conclusions can be drawn regarding immigrants' dependence on social assistance in Sweden for the years 1950, 1959, 1964 and 1968. First, immigrants are overrepresented among the recipients of social assistance. The current overrepresentation of immigrants among the recipients of social assistance – an increasingly politicised issue that is causing much concern and debate – is, somewhat surprisingly, not really a novel development at all. Second, refugees and labour immigrants who take 3D-jobs at the bottom or lower end of the labour market appear to have had a greater need for social assistance as their only source of income, at a rate that was higher than for natives, in both 1964 and 1968. These groups of immigrants also, in general, account for a higher average expenditure on social assistance than natives. This is in line with previous findings for the period after 1967 (Gustafsson 1986; Hansen & Wahlberg 2009; Hammarstedt 2009; Hansen & Löfström 2009; Mood 2011; Gustafsson 2013). Third, a marginal position in the labour market resulted in a marginal position in the social insurance system when unemployed or sick. For immigrants in general, and refugees in particular, social assistance was – and still is – the only safety net. Fourth, a theoretical framework, based upon the *New Economics of Migration* and *Dual Labour Market Theory*, can provide an explanation regarding the need for social assistance of both labour migrants and refugees.

Simply because immigrants in general displayed a higher average employment rate and higher relative incomes than natives during the studied period, we can easily be misled and form the conclusion that this finding is also valid for refugees. The findings here suggest that labour migrants and refugees performed rather differently when it comes to social assistance. The results of this study on social assistance therefore indicate that immigrants

in general and refugees in particular face similar problems today as they did during the period 1950–1968. Little has really changed then in terms of the institutional barriers to entry into mainstream Swedish society through the normal working-life route.

Notes

1 Refugees to Sweden formed legations during WWII with the explicit aim of helping fellow countrymen in need, both economically and socially. After WWII, the Polish "community" in Sweden continued to support new refugees, but without any support from the new Polish regime (Byström 2012, 226–236; Wimiarski 1966, 269–70).

2 The share of recipients in need of social assistance as their only source of income, k, can be estimated by dividing the expenditures for social assistance, E, by the multiplied number of recipients, N, the poverty norm, P, and months of duration, V. The model is formalised in equation 1:

$$\hat{k} = \frac{E}{(N \cdot P \cdot V)} \qquad (1)$$

3 The rise in the share of single men without children who were among those receiving social assistance after 1968 is related to an increase in the number of immigrant men working in Sweden (Broström 2015, 163–167; Gustafsson 1986, 467–469). This may generate a bias in the analysis for 1968 in this chapter.

4 For an overview of refugees and labour immigrants to Sweden during the period analysed in this chapter, see Svanberg & Tydén (1992) and Lundh & Ohlsson (1994.)

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II

Experiences from Finland

Elli Heikkilä

Immigrants in the Finnish labour market and future needs in an ageing society

Abstract

The number of immigrants in Finland is low compared to many other European countries, but it is nevertheless increasing year by year. This chapter focuses on the position of immigrants in the Finnish labour markets in the 2010s. The analysis provides information about their employment situation by gender, ethnic background, economic sectors and professions; it also assesses unemployment. There are signs that immigrants are in a different position in the labour markets according to their ethnic background. There are also variations in terms of the economic sectors that immigrants enter based on gender.
In aging societies, increased immigration as a means of compensating for low reproduction rates among the native population has been considered as an option for countering the impending labour shortage. This chapter also highlights the role of immigration in shaping the regional population distribution and thus the labour supply in different parts of the country. The study data consists of official statistics from Statistics Finland.

Keywords: Immigrants, labour market status, employment sectors, population ageing, regional development

1. Introduction

Population ageing is adversely affecting the supply of labour in many developed countries. For example, in Finland there will be a remarkable change in the population structure as the baby boomer generation, i.e. so-called

aged boomers, continues to retire throughout the current decade. The share of elderly people is growing in the dependency ratio. Finland is not the only country to struggle with this development trend, since quite generally it is said that Europe as a whole is ageing. Likewise Canada, well-known as an attractive country for immigrants, needs more immigrants for its labour markets (Heikkilä 2007). It is also said that there is increasing competition for skilled labour between different countries. With current demographic trends, many countries will start to increasingly rely on the immigration of foreign labour. Discussions focus mainly on the need for skilled workers; however, the future demand for labour will most likely relate to all skill categories (Heikkilä & Pikkarainen 2008; see also El-Cherkeh 2009). The "Labour 2025" report (Työministeriö 2007) recommends employing more elderly, unemployed and disabled people as well as immigrants. The labour reserve of persons with an immigrant background persons primarily consists of foreign citizens living in Finland, naturalized immigrants and second generation and new potential immigrants.

This chapter focuses on the employment of immigrants in the Finnish labour markets. First, it focuses on the stock of immigrants and immigration flows to Finland. It also analyses the demographic characteristics of immigrants. Then, it concentrates on the employment of immigrants with respect to different background variables, such as primary activity, employment sector, profession, gender and ethnic background. Comparisons are also made to the overall population to account for variations in the economic sectors in which both immigrants and the overall population are employed. Finally, the chapter discusses the challenges to the future population and regional developments. The primary data consists of official statistics from Statistics Finland (2016).

2. Immigration to Finland and immigrant stock

Finland has traditionally been a country of emigration. People have left for other Western countries to find better job opportunities, preferring especially Sweden. Finland became a country of immigration at the beginning of the 1980s when the balance of international migration to Finland became greater than the number of people leaving the country. The most noticeable wave of immigration occurred in the 1990s, when Ingrian Finns received a returnee status (Figure 1). The reception of refugees, for example that of Somalis during the first half of the 1990s, has further increased the flow of immigration to Finland. Finland joined the European Union at the beginning of 1995, which also affected immigration flows. Finland also takes in a yearly quota of refugees: 750 people a

year since 2001. The quota number has been raised to 1,050 for the years 2014 and 2015 because of the difficult situation in Syria.

Finland received a remarkable number of asylum seekers in 2015, a total of 32,476 persons. The number was ten times higher than the previous year: 3,651 asylum seekers in total. Reception centres have been established all over the country for these newly arrived asylum seekers. Whereas the country had 28 refugee reception centres in 2014, the number increased to 212 centres in 2015.

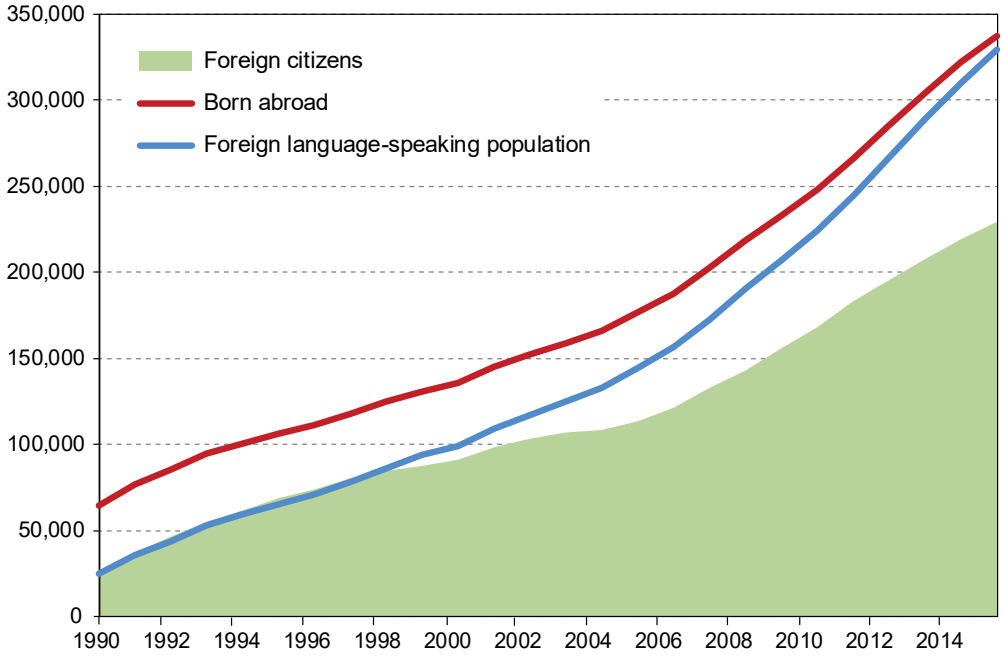

Figure 1. The number of foreign citizens, persons born abroad and people speaking a foreign language as their first language in the period 1990–2015 in Finland. Source: Statistics Finland.

Foreign citizens in Finland numbered 229,765 persons in 2015, representing 4.2 per cent of the total population. In total, there were 337,162 persons living in Finland who were born abroad: 85 per cent of them had a foreign origin (286,803 persons), while the rest consisted of Finns born abroad. Overall, those born abroad represent 6.1 per cent of Finland's population. The largest groups of those born abroad in 2015 were persons born in Russia and the former Soviet Union (68,318), Estonia (44,481), Sweden (31,994), Iraq (10,723) and Somalia (10,570) (Statistics Finland 2016).

Finland has received the highest immigration flows, 13,095 persons, from other EU countries, which alone accounted for 46 per cent of the total immigra-

tion flow in 2015. The second highest flow was from Asia, which accounted for almost a quarter of all immigrants. The third largest flow was from European countries that are not a part of the EU, which accounted for approximately 15 per cent of all immigrants.

Overall, 21,414 foreign citizens immigrated to Finland in 2015 (Table 1). Estonia has been the most important country of origin, with 3,413 immigrants in 2015, followed by Russia, India, China, Iraq, Vietnam and Sweden. Most of the top ten countries are countries that are geographically distant from Finland: only two EU member states were among the top ten countries, Estonia and Sweden.

The number of foreign immigrants moving to Finland increased from 9,102 persons in 2000 to 21,414 persons in 2015 (Table 1). The number thus more than doubled during this period. One important point to consider is that most of the immigration of foreign citizens to Finland has been from the so-called top ten countries during the first decades of the twenty-first century: 64 per cent of them moved from these countries in 2000, whereas the share was a bit lower in 2010, around 60 per cent, and almost 50 percent in 2015. In total, foreign citizens moved to Finland from 159 different countries in 2015. Only one foreign citizen has moved to Finland from 13 different countries. Thus, the variety in the countries of origin has been high.

Table 1. Immigration flows of foreign citizens to Finland in 2000, 2010 and 2015 based on the top ten countries. Source: Statistics Finland.

2000	abs.	%	2010	abs.	%	2015	abs.	%
Russia	2,500	27,5	Estonia	3,858	21,2	Estonia	3,413	15,9
Estonia	745	8,2	Russia	2,225	12,2	Russia	2,058	9,6
Sweden	722	7,9	Somalia	888	4,9	India	754	3,5
Former Serbia & Montenegro	369	4,1	Iraq	821	4,5	China	676	3,2
Turkey	298	3,3	Thailand	712	3,9	Iraq	660	3,1
Great Britain	257	2,8	Sweden	708	3,9	Vietnam	657	3,1
United States	254	2,8	China	554	3,0	Sweden	612	2,9
Thailand	233	2,6	India	452	2,5	Thailand	574	2,7
China	226	2,5	Germany	340	1,9	Ukraine	486	2,3
Germany	224	2,5	United States	331	1,8	Somalia	449	2,1
Total, top ten countries	5,828	64,0	Total, top ten countries	10,889	59,8	Total, top ten countries	10,339	48,3
Immigration total	9,102	100,0	Immigration total	18,212	100,0	Immigration total	21,414	100,0

There were remarkable differences in the gender structure by country of birth in 2015 (Figure 2). Immigrants from Estonia had the most balanced gender structure. The highest share of males can be found among immigrants from Great Britain (72%) and Turkey (70%). Likewise, a clear majority of males (60% and over) can be found among those immigrants born in Iraq and India. The share of females was highest for those born in Thailand (79%) as well as in Russia and former Soviet Union (61%).

The variation of gender structure can clearly be seen, for example, in the case of multicultural marriages, where a Finnish spouse has a foreign citizen as a partner. Finnish men most often married women from Thailand, Russia, Estonia, China and the Philippines in 2015. When looking at Finnish women, the spouses most often came from Turkey, Russia, the United States, Great Britain and Sweden (see Heikkilä 2015).

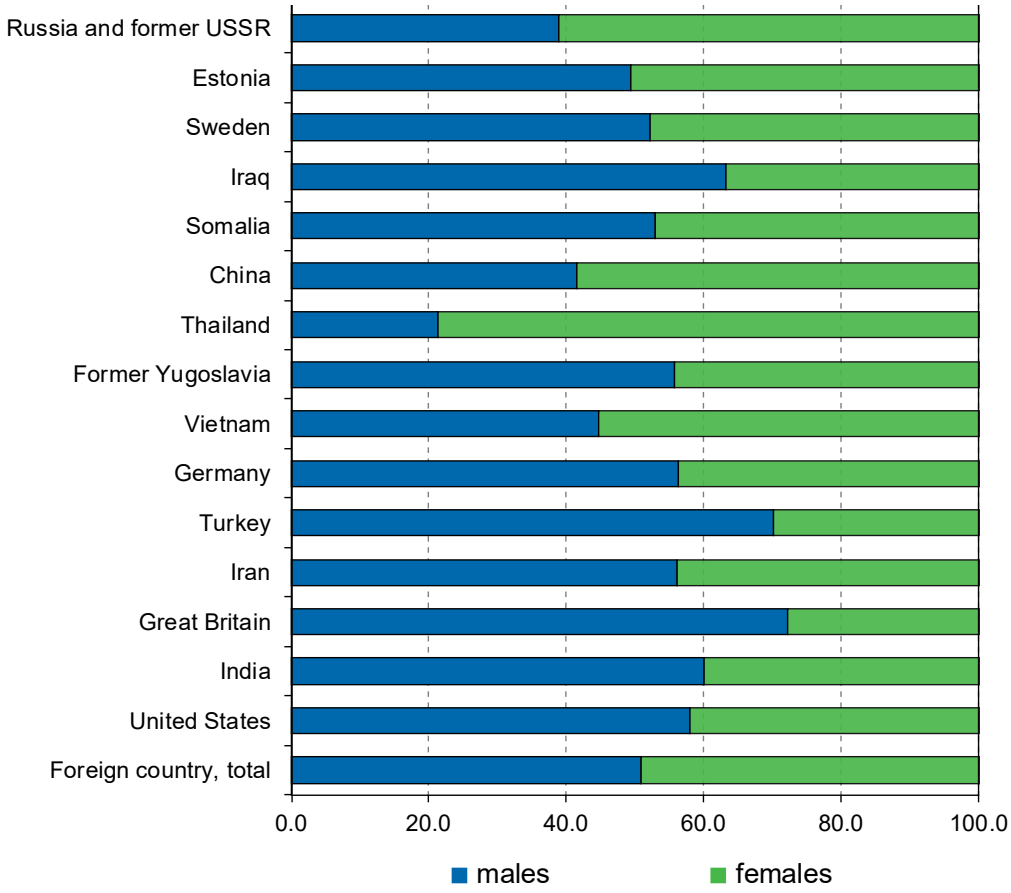

Figure 2. Gender structure of immigrants in 2015 by country of birth (%). Source: Statistics Finland.

The age structure of the immigrant population is favourable from the standpoint of labour markets: there are more 20–44 year olds among foreign citizens living in Finland than among Finnish citizens (Figure 3). The percentage of people older than this age group, and especially of pensioners, is noticeably lower for foreign citizens than for Finns. The age structure of immigrants from Estonia and Russia is quite similar to the age structure of foreigners in general. Immigrants from Somalia are remarkably younger, with the highest share of children 0–4 years of age of any shown immigrant group in 2015. The age structure of Swedes is most similar to that of the Finns when looking the share of the elderly people. One reason for this is that those Finns who immigrated to Sweden during the boom years of the 1960s and the 1970s are now in retirement age and willing to return to Finland. Some of them have taken Swedish citizenship. Overall, 81 per cent of foreign citizens living in Finland in 2015 were of working age, i.e. 15–64 years of age, compared to 62 per cent of Finnish citizens.

The educational structure of immigrants is shown in Figures 4 and 5. It can be seen that many immigrants fall into the various educational categories, i.e. ranging from lower secondary education to tertiary education in 2014. The share of those pursuing a tertiary education is still higher among the total population compared to immigrants (Figure 4). When analysing the level of education of first-generation immigrants from select countries, it can be noticed that a larger

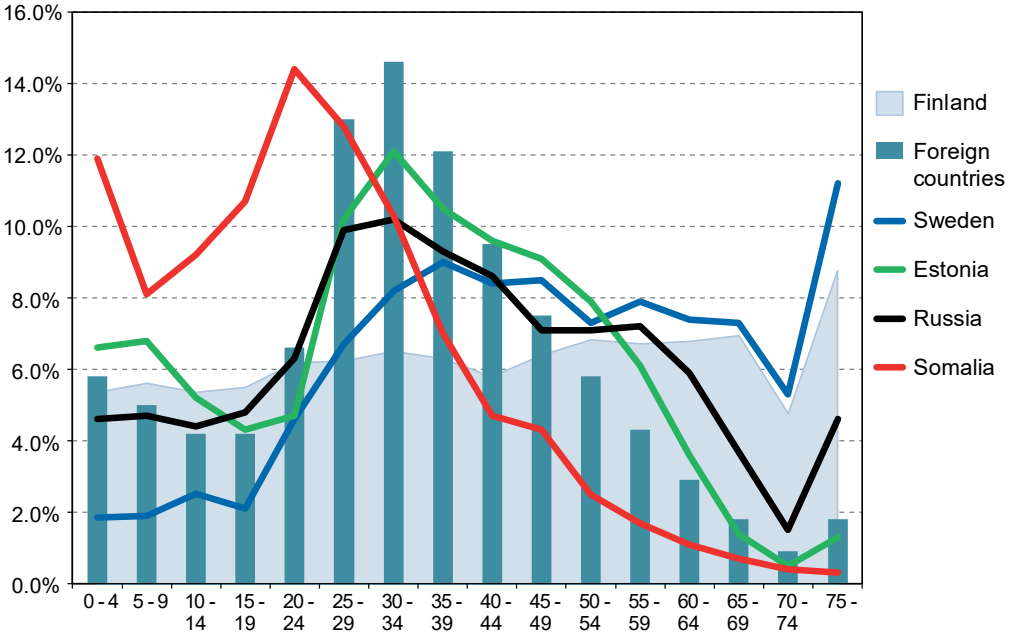

Figure 3. Age structure of persons residing in Finland by country of citizenship in 2015. Source: Statistics Finland.

share of immigrants fall into the category of lower secondary education, which also includes those persons whose level of education was unknown compared to the native Finnish population in 2012 (Figure 5). When looking at the share of those who have upper secondary education, the level of education is quite high among those who immigrated from the former Yugoslavia, Morocco, Russia and the former Soviet Union, and Iran. When taking into account all first-generation immigrants, the share of those who completed upper secondary education is 24 per cent, whereas it is 46 per cent for native Finns. The share of immigrants who completed tertiary education is highest for those from China, Germany, Russia and the former Soviet Union, and the United States. The share of those completing tertiary education is clearly higher among native Finns (32%) than among immigrants (21%).

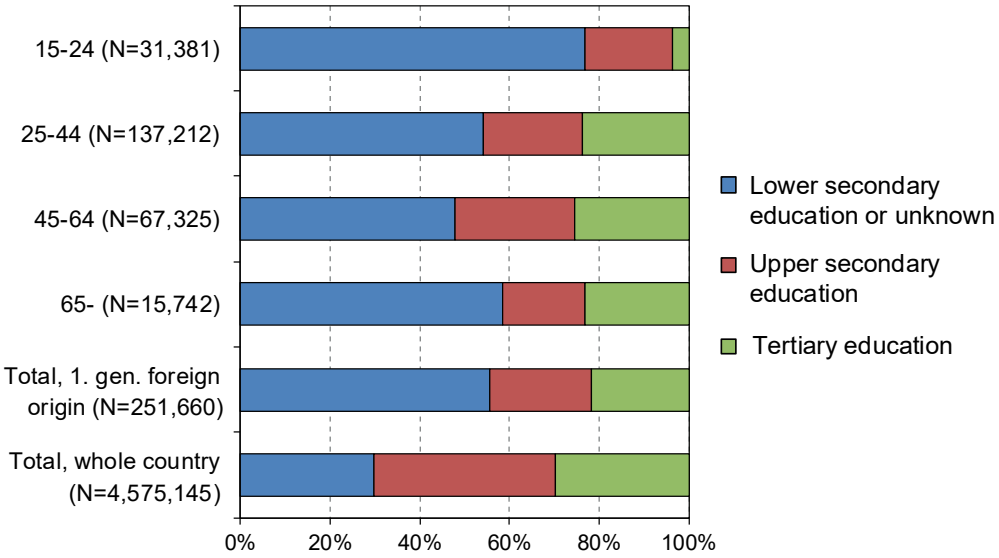

Figure 4. Level of education of first-generation immigrants with a foreign background in 2014 (aged 15+). Source: Statistics Finland.

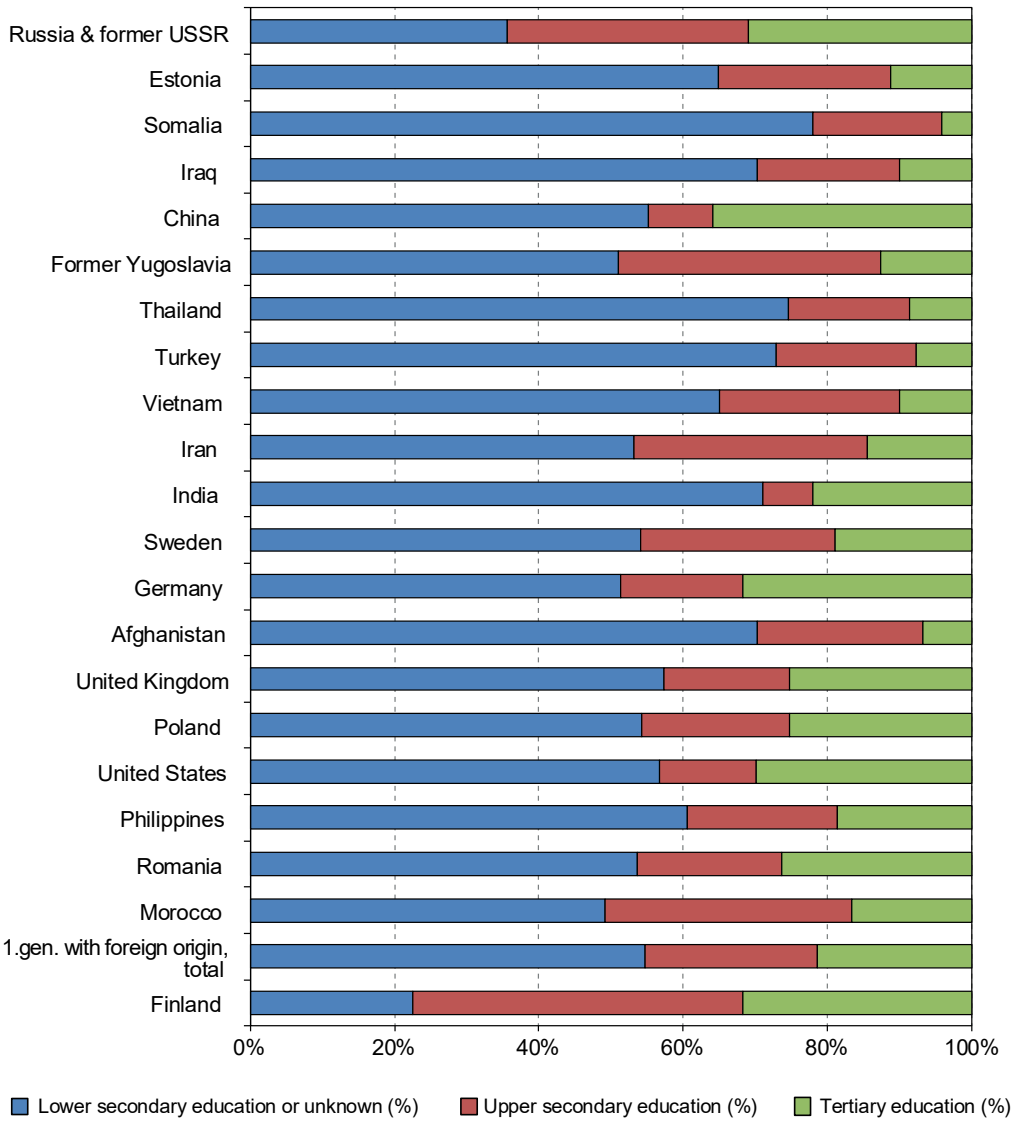

Figure 5. Level of education of first-generation immigrants with a foreign background from select countries compared to native Finns in 2012 (aged 15–64). Source: Statistics Finland.

There were remarkable differences in the level of primary activity among the largest immigrant groups by country of citizenship in Finland in 2015 (Table 2). The largest number of immigrants come from Estonia and Russia. Half of all Estonians are employed. Unemployment is the highest among Iraqis, most of whom are refugees. Children make up nearly 30 per cent of all Somali immigrants, whereas nearly a quarter of all Vietnamese immigrants are students. The Swedes have the highest share of retired people (see Figure 3).

In general, motives for moving to Finland have been very much connected to family reasons. Fifty-four per cent of persons with foreign origins listed these reasons as the most important in 2014. One-fourth of those moving to Finland were under 15 years of age and had moved with their family. Among adults, the share was 47 per cent. Nowadays, for example, more than 3,800 multicultural marriages take place every year in which one of the spouses is a Finnish citizen and the partner is a foreign citizen. Furthermore, one-fifth of immigrants have moved to Finland especially because of work-related reasons, whereas one in ten gave studying as the most important reason. An additional one out of every tenth persons immigrated to Finland as a refugee, an asylum seeker or because of international protection (Heikkilä 2015; Sutela & Larja 2015).

3. Immigrants in the Finnish labour market

The position of immigrants in the labour market is a central indicator of their social status: employment thus constitutes the foundation for successful integration for immigrants. Both in Finland and in other industrialised countries, it is more difficult for immigrants to find work than for the native population. The result is that the former often have much higher unemployment rates than the latter.

The employment rate for immigrants has improved with the economic cycles in Finland. For example, during the deep economic downturn in 1994 the unemployment rate was 53 per cent for foreign citizens compared to 17 per cent for the total population, i.e. three times higher rate for immigrants. The unemployment rate in 2014 was 27 per cent for foreign citizens compared to 13 per cent for Finnish citizens. There are huge differences in the unemployment rates by citizenship: it was 41 per cent for Russians, 73 per cent for Somalis and 75 per cent for Iraqis in 2014 (Figure 6). The total number of unemployed foreign citizens was 30,341 persons in 2014.

In general, the employment rate is higher for those immigrants born especially in Western countries. Immigrants from Nepal, Germany, France, Canada, Denmark, Kenya, Norway and the Philippines have the highest employment

Table 2. Primary activity of the largest immigrant groups in 2015, by country of citizenship. Source: Statistics Finland.

Country of citizenship	Employed		Unemployed		0-14 years old		Students		Retired		Others outside labour		Total	
	abs.	%	abs.	%	abs.	%	abs.	%	abs.	%	abs.	%	abs.	%
Estonia	24,697	49.0	5,352	10.6	9,413	18.7	2,988	5.9	1,875	3.7	6,042	12.0	50,367	100.0
Russia	8,095	26.3	5,888	19.1	4,240	13.8	3,994	13.0	3,102	10.1	5,494	17.8	30,813	100.0
Sweden	3,168	38.8	809	9.9	511	6.3	350	4.3	2,043	25.0	1,293	15.8	8,174	100.0
China	2,891	35.9	650	8.1	938	11.7	1,181	14.7	57	0.7	2,325	28.9	8,042	100.0
Somalia	497	6.8	1,333	18.4	2,121	29.2	1,095	15.1	159	2.2	2,056	28.3	7,261	100.0
Thailand	2,498	34.6	1,399	19.4	616	8.5	1,108	15.3	57	0.8	1,551	21.5	7,229	100.0
Iraq	651	9.2	1,851	26.2	1,472	20.8	1,069	15.1	257	3.6	1,773	25.1	7,073	100.0
India	1,771	35.5	398	8.0	951	19.1	425	8.5	38	0.8	1,409	28.2	4,992	100.0
Turkey	1,511	32.9	841	18.3	674	14.7	444	9.7	55	1.2	1,070	23.3	4,595	100.0
Vietnam	1,656	36.4	537	11.8	570	12.5	1,057	23.2	83	1.8	649	14.3	4,552	100.0
All foreign citizens	84,100	36.6	31,741	13.8	34,521	15.0	24,520	10.7	11,203	4.9	43,680	19.0	229,765	100.0

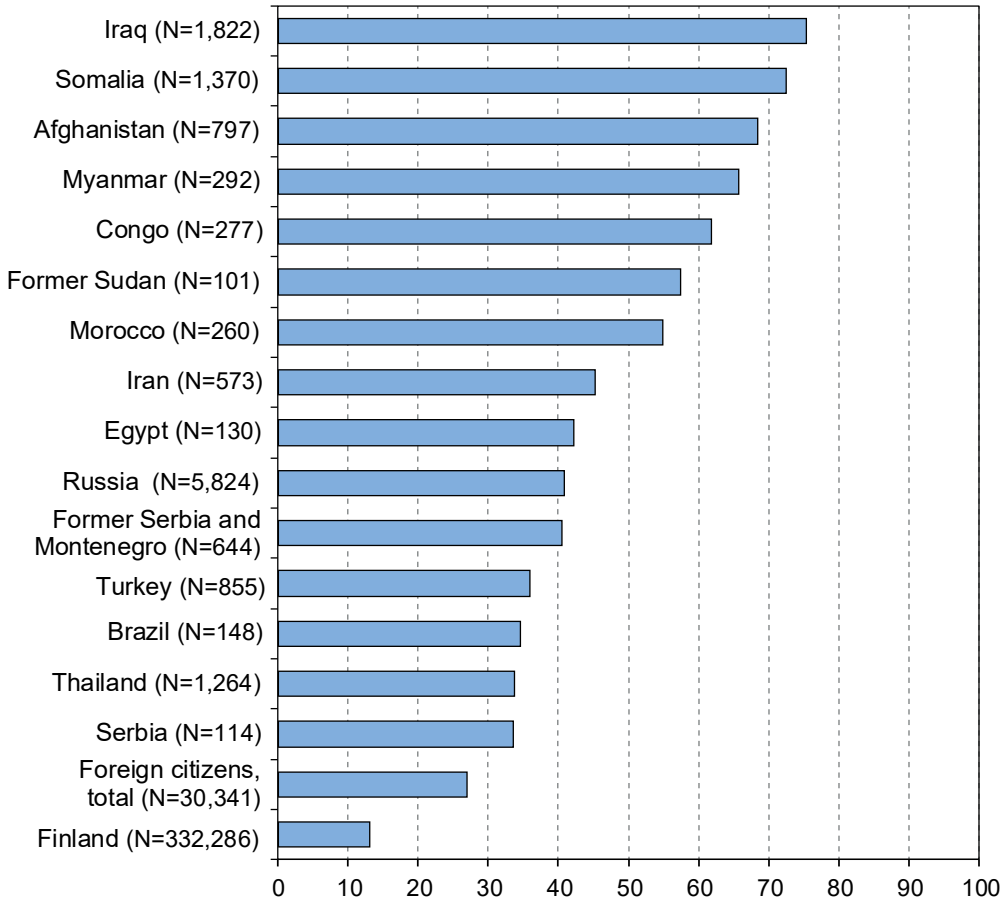

Figure 6. Highest unemployment rates in the labour force for those from the top fifteen countries by citizenship in 2014. Source: Statistics Finland.

rates, 85 per cent or more in 2014. When looking at the number of employed persons, it is clearly highest among Estonians followed by Russians. The number is much smaller for the other immigrant groups. It is important to notice that although the share of those employed is highest among Nepalese, the absolute number is, however, quite low, just 1,521 employed persons (Table 3). Immigrants with higher levels of education have the highest employment rates (Heikkilä & Pikkarainen 2008; Busk et al. 2016).

Table 3. Highest employment rates and numbers of employed persons from the top twenty countries by citizenship in 2014. Source: Statistics Finland.

Citizenship	abs.	%	Citizenship	abs.	%
Nepal	1,521	92.0	Estonia	24,029	83.4
Germany	1,923	87.0	Russia	8,420	59.1
France	921	86.7	Sweden	3,448	81.4
Canada	297	85.6	China	2,731	82.6
Denmark	364	85.4	Thailand	2,477	66.2
Kenya	521	85.4	Great Britain	2,206	81.4
Norway	349	85.3	Germany	1,923	87.0
Philippines	1,337	84.6	India	1,727	83.3
Spain	1,110	84.0	Poland	1,665	80.9
Netherlands	689	83.9	Turkey	1,525	64.1
Australia	237	83.7	Nepal	1,521	92.0
Bangladesh	753	83.6	Vietnam	1,426	74.3
Ireland	292	83.4	Philippines	1,337	84.6
Estonia	24,029	83.4	Ukraine	1,305	77.0
India	1,727	83.3	Spain	1,110	84.0
China	2,731	82.6	Italy	1,093	81.2
Hungary	866	81.9	United States	1,032	76.8
Latvia	766	81.9	Romania	1,008	79.8
Ghana	609	81.6	Former Serbia and Montenegro	946	59.5
Britain	2,206	81.4	France	921	86.7

4. Employment of immigrants in different economic sectors

There was a total of 82,188 employed foreign citizens in Finland in 2014. Their share of all employed persons was 3.6 per cent. The immigrant professions show some differences in terms of the jobs done by foreigners and those done by native Finns. It is also evident that there are gender differences (Figures 7 and 8).

Both foreign men and native Finnish men were most often employed as craft workers and related trade workers in 2014 (19.4% vs. 18.4%). This group of professions includes, for example, building and related trade workers as well as metal, machinery and related trade workers. The percentages were almost the same for those employed in white-collar jobs as well: science and engineering professionals, teachers and health-care professionals, such as medical doctors, and business and administration workers. The greatest difference can be found in elementary occupations, i.e. a far higher percentage of foreign men work in these jobs than Finnish men: 13.2 per cent of foreign men compared to only 5 per cent of Finnish men in 2014. Elementary occupations consist of, for example, cleaners and helpers and labourers working in mining, construction, manufacturing and transport. The next highest difference can be found among service and sales workers, jobs that also employ a much higher percentage of foreign men. Service and sales workers include, for example, personal care workers, such as health care assistants, sales workers and personal service workers, such as waiters. Finnish men are more often employed as technicians and associate professionals compared to foreign men (15.2 vs. 7.8%). This profession group includes, for example, business and administration associate professionals and health associate professionals, including nurses (Figure 7).

When looking at female employment patterns, the share of those working as service and sales workers is highest, 29 per cent, for both foreign and Finnish women (Figure 8). This profession clearly has a higher share of females than males. Finnish women more commonly work as professionals, technicians and associate professionals (21.7%) than do foreign women (11.4%). Technicians and associate professionals include, for example, business and administration associate professionals and health associate professionals. Foreign women are quite often employed in elementary occupations, and the share is much higher for them (21.9%) than for Finnish women (7.2%), and even higher than for foreign males. Further, the gender differences can be seen among craft workers and related trade workers, with males comprising the majority of plant and machine operators and assemblers. Plant and machine operators and assemblers include, for example, drivers and mobile plant operators and stationary plant and machine operators. Some, regardless of gender, fall into the "profession unknown" category.

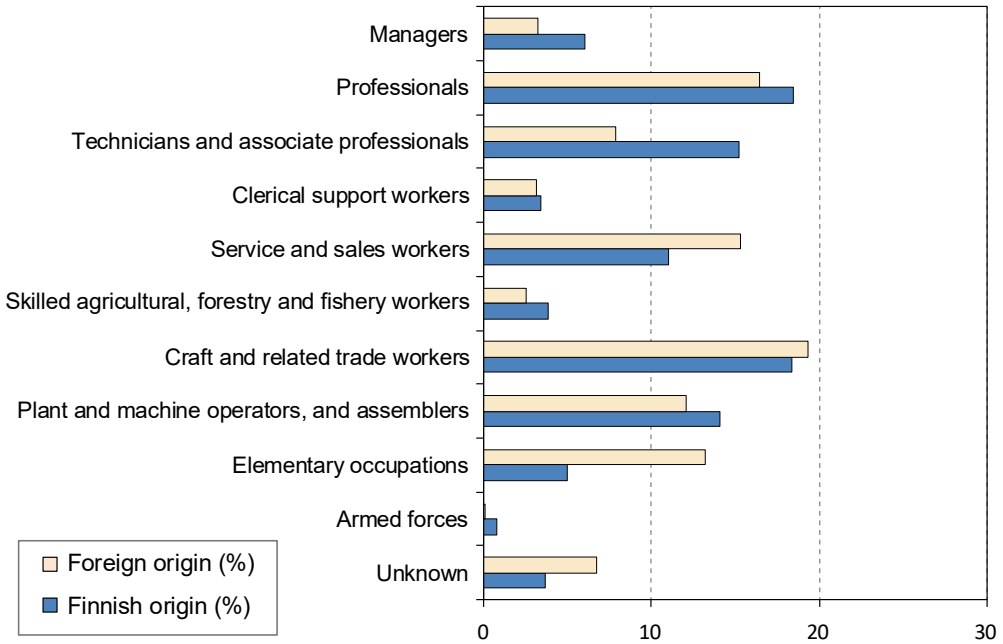

Figure 7. Number of employed Finnish men (n=1,059,118) and foreign men (n=65,667) by profession group in 2014. Source: Statistics Finland.

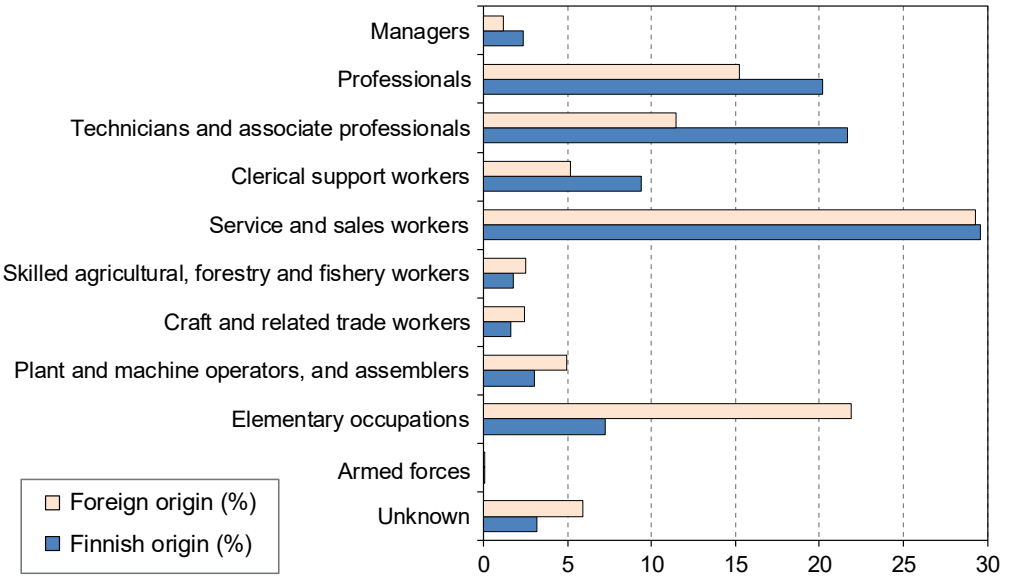

Figure 8. Number of employed Finnish women (n=1,095,910) and foreign women (n=53,381) by profession group in 2014. Source: Statistics Finland.

Data for the year of 2014 (Figure 9) shows that foreign men were mostly employed as building and related trade workers, excluding electricians (7,436 persons, a share of 11%), followed by personal service workers (9%), drivers and mobile plant operators (7%), cleaners and their assistants (7%), metal, machinery and related trade workers (6%), science and engineering professionals (5%), labourers in mining, construction, manufacturing and transport (4%), sales workers (4%), teaching professionals (4%) and stationary plant and machine operators (3%). The share of professions falling into the category of unknown was 7 per cent.

In the same year, the top ten professions among employed foreign women were cleaners and their assistants (9,796 people, a share of 18%), personal care workers (12%), sales workers (10%), personal service workers (8%), teaching professionals (5%), business and administration associate professionals (5%), health associate professionals (4%), stationary plant and machine operators (4%), health professionals (3%) and market-oriented skilled agricultural workers (2%). Surprisingly, 6 per cent of the professions were listed as unknown. It is important to mention that the share of top ten professions among all professions is 60 per cent for males and 71 per cent for females, i.e. showing a concentrated structure for certain professions.

When looking at select employment sectors with a minimum of 400 immigrant male workers in 2014, those persons who were employed as personal service workers were most often from Turkey (1,108 persons), China (490), Russia and the former Soviet Union (469), and Estonia (400). Science and engineering professionals were mostly from Russia and the former Soviet Union (545), whereas drivers and mobile plant operators were from Estonia (1,524) and Russia and the former Soviet Union (1,243). Cleaners and their assistants were mostly from Nepal (492).

When looking at select employment sectors with a minimum of 400 immigrant female workers in 2014, personal care workers were often from Russia and the former Soviet Union (1,800 employed) and Estonia (884). Health professionals were also most often from Russia and the former Soviet Union (588 employed), as were health associate professionals (606), but many also were from Estonia (500). Teaching professionals were mostly from Russia and the former Soviet Union (924). Cleaners and their assistants were usually from Estonia (3,592), Russia and the former Soviet Union (2,081), Thailand (700) and the Philippines (444).

The development of foreign employed persons in select groups of professions from 2010 to 2014 shows that the number of cleaners and their assistants grew by 43 per cent during those years, reaching a total of 14,222 workers in 2014. This also constituted the highest number of employed persons among any single group of professions. Personal service workers are another important

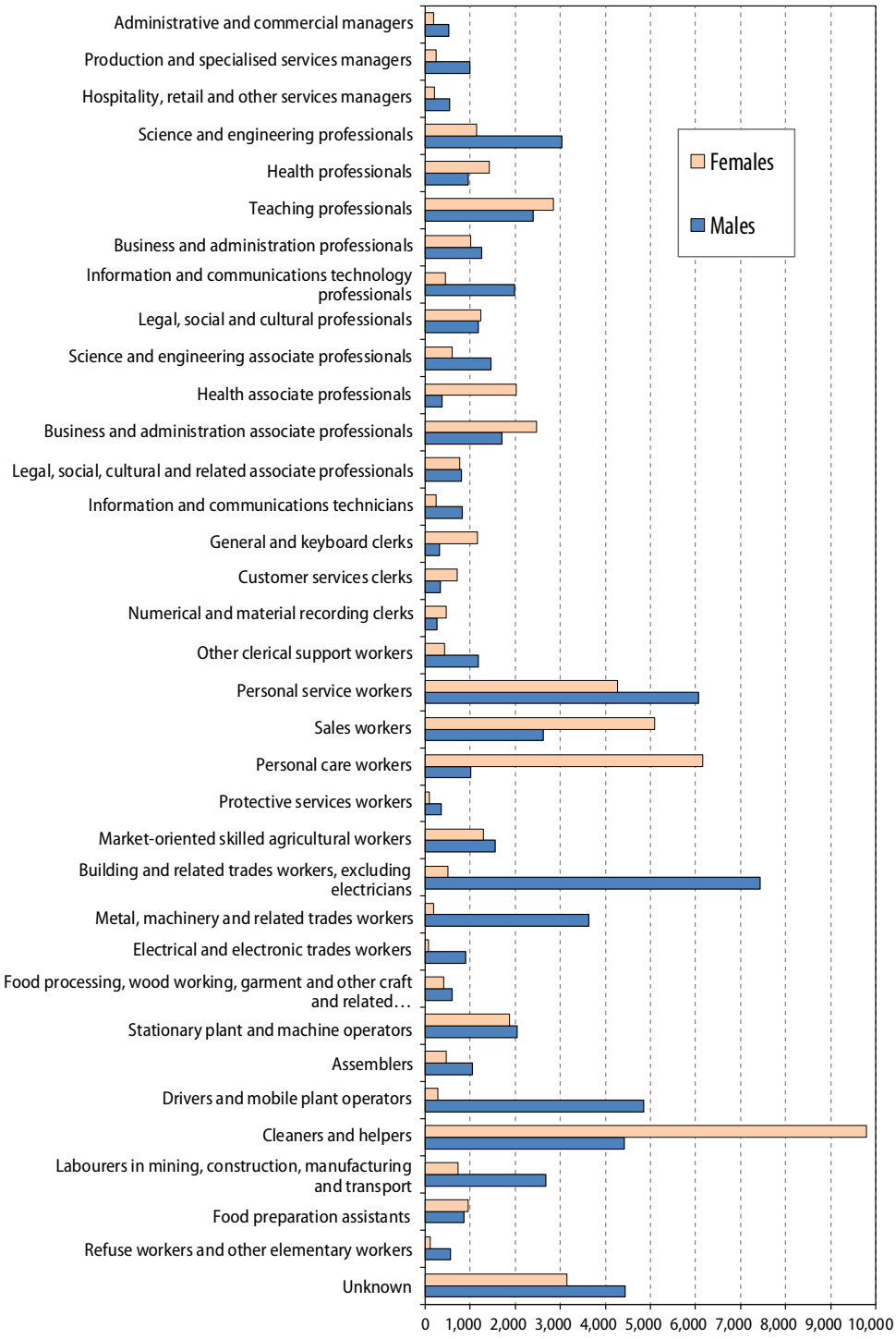

Figure 9. Foreign employed workers by main professional groups and gender in 2014. Source: Statistics Finland.

profession group, employing 10,342 persons. This group accounted for the second highest number of employed foreign persons. In the case of building and related trade workers, excluding electricians, the number of employed foreign persons increased by 62 per cent from 2010 to 2014 (Figure 10).

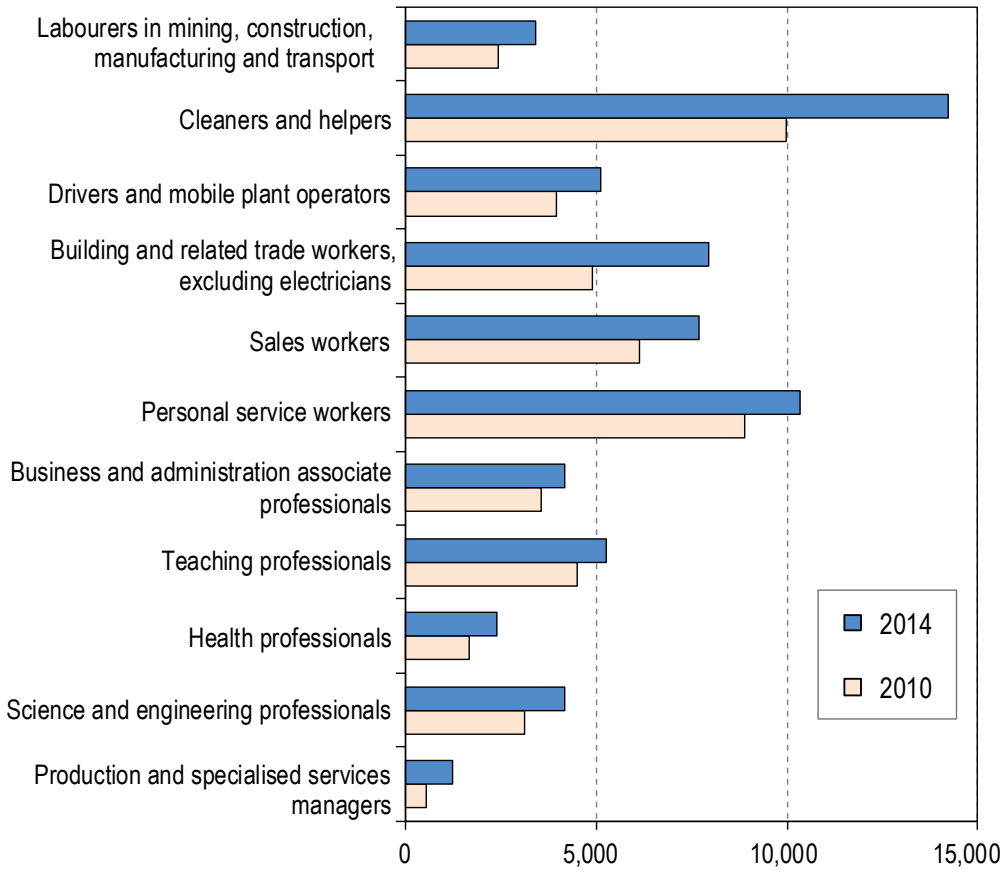

Figure 10. Number of foreign workers employed in select profession groups in 2010 and 2014. Source: Statistics Finland.

When analysing entrepreneurship, 8,671 foreign citizens worked as entrepreneurs in 2015. This accounts for nearly four per cent of all Finland's entrepreneurs. The number of employed entrepreneurs was highest among Estonians (2,043 entrepreneurs), Russians (1,110), Turks (551), Chinese (536) and Thais (436) in 2015.

When looking at entrepreneurship as a share of those employed by citizenship, there is tremendous variety: for example, 37 per cent of all Turks have worked as entrepreneurs compared to 19 per cent of Chinese and Iraqis; in contrast, less than one per cent of Somali worked as entrepreneurs in 2015. For comparison, the share of Finnish entrepreneurs out of all employed Finns was nearly 11 per cent.

Sjöblom-Immala (2006) has observed that it is typical, especially at the beginning of a career in entrepreneurship, to make use of ethnic resources for business purposes. An immigrant who does not find a job will consider the possibility of becoming self-employed. Joronen (2012) has raised the issue of so-called forced entrepreneurship. Important reasons for this phenomenon have been problems in finding a job corresponding to one's educational background, i.e. transferring human capital to a new setting, and language problems. In Sweden, entrepreneurship is noticeably more common among immigrants than among the native population (Najib 2000), and the same phenomenon can be seen in Finland among some ethnic groups, such as Turks, Chinese and Iraqis.

5. Explanations for challenges in entering and staying in the labour markets

Decisions for engaging in international migration often stem from a number of reasons. Labour migrants move to the host country because they want to improve their own opportunities. It can be target-oriented, to advance in a career or if a family member has the possibility to do so. There can also be a strong push element in home country as a motivating factor, such as high unemployment levels or having no opportunities for advancement in a career (PALÁT 2017). Labour immigrants often have an advantage in the labour market since they can apply for jobs suitable to their educational background and economic status. Non-labour migrants are those who immigrate because of other reasons: marriage migration, to study, return migration and as refugees. International workers and students have contributed significantly to the internationalisation of the growth company sector in Finland. There are examples of innovation policy instruments helping migrants from various backgrounds

find employment or become self-employed, build up international relations and boost export and, thus, promote well-being (Raunio 2015).

Although the employment rate is highest for those with a higher education level (e.g. Heikkilä & Pikkarainen 2008), there are also those who face unemployment and difficulties in entering the Finnish labour market even though they have certificates from higher educational institutions. One well-known development project targeting this immigrant group has been SPECIMA (Huttunen & Kupari 2007; Huttunen 2009). Its main objectives were to promote the employment of highly educated immigrants in their own field of work, to better utilise their skills in the labour market and, as a result, help combat social exclusion. Specima proved to be a success. It organised supplementary training for doctors, dentists, engineers and professionals, among others, in the field of arts and culture, after which the employment rate of the participants in that specific field of work was typically between 70 per cent and 100 per cent. Training also proved to be financially sustainable: whereas training a dentist in Finland costs nearly 100,000 € and lasts for five years, supplementary training costs approximately 18,000 € and the person can be working and paying taxes after only ten months.

Immigrants are sometimes ready to take a job that does not correspond to their level of education, i.e. facing brain waste and over-education, just to take the first step in the labour market and, through it, to integrate into the society. Another problem for immigrant job-seekers is that foreign degrees are not valued by employers, despite the fact that they are officially recognised (see Kyhä 2011). According to Forsander (2003), most employers tend to devalue education received abroad, especially in countries considered to be less important in the global hierarchy. This devaluation by employers can be a result of mistrust (see Ferm 2017). Employers know the content of education received in Finland, but they have difficulty in evaluating the content of foreign degrees. This is because the content of education and degrees differ to a significant extent between countries around the world.

Nowadays, some officials have begun discussing a so-called demonstration of skills, which is a tool for demonstrating a person's talent in a specific job. This method is potentially of great importance, since Finland received more humanitarian migrants in 2015 than ever before, many of whom do not have any official certificates that show their education and work experience. There is also a specific mapping of knowledge and getting to know working life in Finland (TET) model for asylum seekers developed by Finland Red Cross. This is an example of the actions taken to facilitate a quicker entry into the labour markets (Punainen Risti 2017). Internships have proved to also be a good way to find work, for example for international students (Laine 2016).

Cultural theories describe an immigrant's success in the labour market in terms of whether his or her ethnic background is evaluated in a positive or a negative way. A positive evaluation would be inspired by theories of diversity management, i.e. that a multicultural work force contributes directly and indirectly to the success of a company. A negative evaluation is often evoked by ethnocentrism, i.e. the upgrading of natives' merits at the expense of foreign qualifications, which could lead to incidents of discrimination (Spence 1974; Ryding Zink 2001).

According to labelling theory, there is a tendency among certain employers to label a person from a different culture as "deviant" (Bustamante 2002). In the labour market, the recruiter can feel more close to those immigrants who have cultural proximity to the native culture. Those immigrants who come from more distant cultures face difficulties in finding a job, and thus they are more vulnerable than those with cultural proximity.

Learning and having a command of the Finnish or Swedish language is an essential key factor for successfully entering the labour market. Of course, certain international companies may have English or another language as the working language, and thus skills in one of Finland's official languages are not necessary in working life. It has been observed that proficiency in Finnish is taken as a sign of reliability by employers. It also indicates a willingness to adopt local working customs (Paananen 1999; Heikkilä & Pikkarainen 2008; Larja & Sutela 2015). Discrimination reportedly occurs indirectly when employers demand excessive language competence, even though performance of the job tasks in practice may not require full command of the language (see Ahmad 2005; Aaltonen, Joronen & Villa 2009).

According to employment authorities, prejudices among employers are the major barriers to the recruitment of immigrants. The prejudices are caused by fears, language problems and different customs, whereas the attitudes are not affected by religion, colour of skin or the need for supervision. The employment authorities highlight the fact that immigrants are recruited for their professional know-how. Their recruitment is facilitated by language skills and cultural factors (Jaakkola 2000; Eronen et al. 2014). According to Kyhä (2011), immigrants' employment status is usually explained by their resources, such as language skills, education, work experience and the quality and number of social relationships and networks. Additionally, attitudes of discrimination and prejudice directed at immigrants have a central influence on employment.

The careers of more highly educated immigrants have been divided by Kyhä (2011) into six types of career starts: stable and stabilising career corresponding to education, mixed career and declining career partially corresponding to education, entry career not corresponding to education, and unemployment. Forsander (2003) has distinguished between stable and unstable labour market careers, being on the margins of the labour market and being outside labour market.

According to segment theory, there is the dualism in the labour market, but also an ethno-stratification of jobs. Within the secondary labour market, scholars have argued that there are employment sectors entirely occupied by foreign workers and also sectors in which certain ethnic groups are over-represented and natives avoid. It has been pointed out that a process of hierarchisation exists with respect to occupational integration on the basis of an immigrant's nationality, i.e. this applies especially between Western countries and so-called third-world countries. For the latter, the main problem is not in achieving stability in employment but in first getting a job (Ouali & Rea 1999). The same structure has been noticed in the other Nordic countries: higher employment participation rates exist among native and other Nordic and Western immigrants compared to non-Western immigrants. Non-Western immigrants do, however, increase their labour market participation after several years of living in the Nordic countries, but their employment rates are still far below those of natives (Edvardsson et al. 2007).

Sector participation varies significantly across different nationality groups, but also among males and females in Finland. There are also variations when comparing immigrants and the native population. There are successful examples of matching in the labour market: immigrants can be found among a wide range of employed experts and professionals participating actively in working life (see Figures 7–9). Unfortunately, many immigrants are also unemployed and outside the labour force (Table 2). Immigrants coming from outside Europe are more likely to be unemployed, and certain ethnic groups experience an unemployment rate of more than 70 per cent, such as Iraqis and Somalis (Figure 6). Their legal status has mostly been that of refugees. Those who have moved from Western countries have faced almost the same level of unemployment as native Finns.

The unstable labour market position of immigrants means that they are more vulnerable to shifting economic trends and to structural changes in production (STAMBØL 2017). Immigrants are overrepresented among the segment of people who are the last to be hired and the first to be fired during economic booms and depressions (Forsander 2002). They are also employed more often in part-time and fixed-term jobs than the native population (Sutela 2015).

Ahmad (2005; 2015) has pointed out that despite a nationwide, well-established system of public employment agencies in Finland, and the relatively easy access this formal channel offers to job seekers regarding information about new vacancies, social networks still represent a substantial source of job information and employment opportunities for immigrants in the Finnish labour market. In particular, their ethnic friends and kin often help transmit job information. The findings also stress the dual role that social networks can potentially play in the occupational attainment process. On the one hand, they serve as a crucial resource opportunity structure in providing employment opportunities for immigrants,

while on the other they operate as constraining factors by channelling them into low-prestige sectors of the labour market (PEHKONEN 2017).

In the Finnish labour market, the number of unfilled vacancies is approximately 360,000, of which 270,000 are so-called hidden working places (Kesä 2016). Find these types of vacancies means having active contact with employers, since the positions are not advertised in the papers (see Työministeriö 2004). The networks are useful because they give person's possibilities to find such hidden working places. Social capital is thus crucial in gaining access to labour markets for both immigrants and natives in Finland.

6. Need for immigrants in an ageing society

The changing age structure of the population will strongly affect the supply of labour in the long run. There is already a situation in which the number of those entering the labour market in age group of 20–24 years is smaller than the number of persons 60–64 years of age exiting labour market (Figure 11). The proportion of people of working age in the population will diminish from the present 64 per cent to 59 per cent by 2030, and to 57 per cent by 2060 (Statistics Finland 2015). The supply of labour leaving the labour market is not a problem if there is enough of a compensating work force entering the labour market. In aging societies, complementing the existing population by immigration has been considered as an option.

Finland will need immigrants to compensate for the labour deficit due to the baby boomers retiring. Many of these so-called aged boomers have been leaving the workforce, and many others will do so in the next few years. Finland needs immigrants for a variety of sectors, and it must compete for them with other ageing societies. In terms of its population age structure, the share of persons aged 20–44 is clearly greater among foreign citizens than among Finnish citizens (see Figure 3). Immigrants are thus at a favourable age with respect to work and forming families.

The demographic dependency ratio has switched from a higher child dependency ratio to a higher elderly dependency ratio in Finland (Figure 12). At the end of 2014, the demographic dependency ratio was 57.1. According to projections, the limit of 60 dependents will be reached in 2017, and that of 70 dependents by 2032. In 2060, the demographic dependency ratio will be 76 (Statistics Finland 2015).

Finland's demographic development is heterogeneous in all regions (Table 4). There are municipalities in which natural population change, net migration in terms of country-internal migration and net international migration are all positive. The best situation can be found in Helsinki, the capital of Finland, and

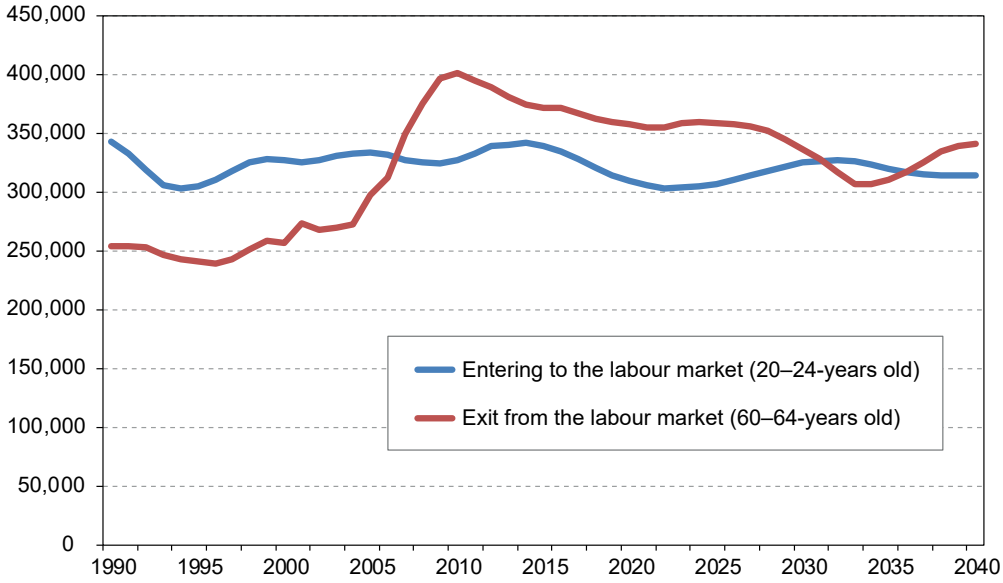

Figure 11. The number of 20–24 years olds entering the labour market compared to 60–64 years olds exiting the labour market in 1990–2040. Source: Statistics Finland.

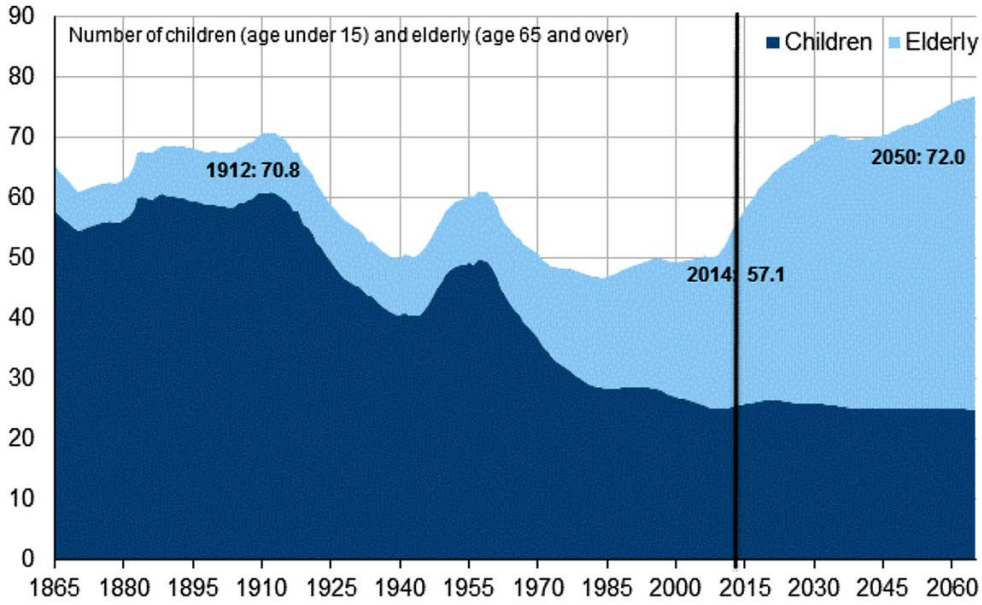

Figure 12. Demographic depedency ratio in Finland for the years 1865–2065 (Statistics Finland 2015).

in other growth centres. At the other extreme, there are municipalities for which these indicators are negative. These development trends have led to a high number of elderly people in the population structures of certain municipalities, resulting in a high medium age for the population and a high demographic dependency ratio. The areas having negative development trends, according to many population indicators, can be said to have multiple and thus multidimensional vulnerabilities. One dimension of vulnerability increases the likelihood for others. In other words, various indicators may lead to an accumulation of vulnerabilities (Findlay 2005; Hynynen 2017). When looking at the share of persons with a for-

Table 4. Demographic dependency ratio based on the lowest and highest shares of population in the top ten municipalities, in relation to other demographic indicators, in 2014. Source: Statistics Finland.

Municipalities	Demographic dependency ratio	65+, %	Medium age of population	Natural population change	Net migration in country-internal migration	Net international migration	Foreign background persons, %
Helsinki	44	16.6	40.5	1,881	3,564	1,983	14.3
Tampere	47.2	18.4	40.7	623	938	563	6.9
Vantaa	49	14.8	39	1,208	1,417	1,303	15.8
Turku	49.2	20.1	41.7	193	1,137	687	10.4
Jyväskylä	49.7	17	39.4	595	723	292	4.5
Espoo	50.2	13.9	38	1,853	1,238	1,175	14.3
Oulu	50.6	14.4	37.6	1,294	506	456	3.6
Järvenpää	50.8	16.1	40	208	265	50	4.6
Joensuu	51.8	19.8	41.7	–5	343	174	4.3
Kuopio	52.1	19	41.4	42	591	192	3.5
Perho	88.9	20.8	38.8	22	17	2	0.7
Hailuoto	89.1	34.3	50.6	0	–1	–1	1.1
Kivijärvi	89.6	34.3	50.1	–14	–30	–1	0.9
Sysmä	89.7	37.2	53.2	–47	–22	6	1.8
Pielavesi	90.4	32.8	49.5	–55	3	9	1.7
Vesanto	90.9	36.7	52.6	–25	–25	–1	1.5
Savitaipale	91.1	35.7	51.6	–34	–21	0	1.1
Enonkoski	91.3	35	51	–15	–9	–1	2.1
Luhanka	100.3	39.4	54.2	–11	11	0	0.4
Kuhmoinen	102.8	41.6	55.1	–40	6	-3	1.2
Total,Finland	58.2	20.5	42.3	2,980	0	12,441	6.2

eign background in the total population, it is the highest in growth centres and lowest in the rural municipalities. It can be said that the Finnish municipalities have differential population development trends and future prospects.

Immigrants have preferred to settle in cities: 85 per cent of those who immigrated to Finland in 2015 settled in urban municipalities. The country-internal migration flows of immigrants have been directed towards southern Finland and especially the growth areas (Sjöblom-Immala 2012). The main destinations of immigrants, in this sense, does not differ from that of the native population. Urbanised areas not only offer more employment opportunities and better educational opportunities for children, but immigrants can also form their own communities, which operate more easily in larger areas. Under these circumstances, international migration has not, according to the current situation, been a means for restoring any trend of positive population development in vulnerable areas, as can clearly be seen in Table 4.

The availability of an educated labour force is a very important factor for all countries and their regional development. From the standpoint of regional development, how regions attract human capital and keep hold of their own human capital will be of great significance in the next years. It requires dynamism from the areas and also contacts with international networks. The competitive ability of a region will be defined in the future more and more according to the region's ability to attract people with special skill and competence, but also obtain labour for economic sectors that require less education.

7. Conclusion

Immigration can be seen as the movement of human capital from one country to another and, at the same time, as part of the growth process of human capital. From an innovation standpoint, immigration is seen as the effect of bringing new skills and abilities to the labour force, i.e. job skills, language proficiency, foreign contacts and modernisation. At the individual level, this means an ability to take risks and be courageous and free from prejudice, all of which influence development trends in economic life and internationalisation.

In terms of obtaining more population through migration and economic development, Finland's competitive abilities vary substantially depending on region. According to Kitson et al. (2004), competitive regions are able to a) attract skilled, creative and innovative people; b) provide high-quality cultural facilities; and c) encourage the development of social networks and institutional arrangements that share a common commitment to regional prosperity. These sorts of multiple factors accumulate and, in terms of regional development, show themselves as

positive impulses. Raunio (2005) has noted that top expertise has the tendency to attract more knowledge, whether it is about companies or individuals. The successes of top experts bring credibility to the competence of immigrants already living in the country and decrease the obstacles to recruiting caused by prejudices.

It was noted already in the early 1990s that immigrants bring significant human capital to Finland. A person who is 20 years old brings approximately 117,000 € to Finland in terms of the education paid for in his/her own country prior to arrival in Finland. If the immigrant has been trained as an engineer or a doctor, then the gain for Finland is 3 to 4 times greater (Laakkonen 1992). According to Söderling (Turun Sanomat 2014), ten thousand persons with a basic education bring 600 million € of worth educational capital to Finland.

The proportion of immigrants is still small in Finland compared to other European countries (STAMBØL 2017), but it is expected to grow further in the future. The competition with other European countries for well-educated migrants is strong. Finland needs immigrants with different educational backgrounds: professionals to work as experts and less-educated persons to fill less-demanding positions. Likewise, with respect to the welfare sector in an ageing society, more labour will be needed in social and health care. Routine work will decrease with automation robotics (see Heikkilä & Pikkarainen 2008). The demand for immigrant labour in this sector can be seen, for example, when looking at the number of international degree students who graduated from Finnish universities in 2009. The highest employment rate for international students in Finland has been for those who have studied social and health care: 72 per cent of graduates were working after one year, 70 per cent after three years and 68 per cent after five years (CIMO 2016).

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Chia-Chien Chang and Gunilla Holm

Perceived challenges and barriers to employment: The experiences of university-educated Taiwanese women in Finland

Abstract

Non-OECD immigrants are unable to achieve earnings parity with low-skilled Finns, even 20 years after arriving in Finland. The earnings gap between non-OECD immigrant women and native-born Finnish women is particularly large over the long run (Sarvimäki 2011). In this study, we take an intersectional approach to examine how ten university-educated Taiwanese migrant women, who are married to Finns and living in Finland, perceive the lack of recognition of their international educational credentials and work experience as well as their lack of job opportunities. A life story approach is used and data was primarily collected through in-depth interviews. We used a thematic analysis to analyse the data. The study shows that despite having studied Finnish for two years, the women's language skills are considered deficient for obtaining stable employment in Finnish work settings. The women also lack the social contacts, despite being married to Finnish men, for finding a job. Underemployment as opposed to unemployment helps these women retain the sense of a "being-a-good-immigrant" identity and gain respectability in the host society, but it provides few possibilities for them to expand their social networks beyond their current positions and find opportunities for upward mobility. For a few women, the private sphere, home and family, provide more egalitarian relations and, more important, functions as a site for resistance against structural inequality. This study shows that there is a disjuncture between Finland being portrayed as an egalitarian country and the experiences of these Taiwanese women at finding a job.

Keywords: Taiwanese women, higher education, life story, underemployment, language barriers

1. Introduction

Immigrants are often socioeconomically underprivileged and disadvantaged in the host society. Non-OECD immigrants are unable to achieve earnings parity with low-skilled Finns, even 20 years after arriving in Finland. The earnings gap between non-OECD immigrant women and native-born Finnish women is particularly large over the long run (Sarvimäki 2011). The barriers to immigrants' integration into the Finnish labour market have been identified as insufficient Finnish language skills, a lack of local working experience and unrecognised foreign educational qualifications (Pehkonen 2006; Tiilikainen 2008). However, Western immigrants are more likely to find jobs commensurate with their foreign educational credentials because Western European and North American qualifications are more likely to be acknowledged by Finnish employers and facilitate the integration process into the Finnish labour market (Jaakkola & Reuter 2007; Leinonen 2012; Tiilikainen 2008). Forsander et al. (2008) argue that globalisation has obvious implications for migration by reproducing economic, ethnic and national hierarchies of power. While Western immigrants fare better in terms of integration outcomes, there is a possible mechanism linking racial/ethnic segregation to integration outcomes for non-Western immigrants in Finland. Immigrant women are one of the most vulnerable and fragile groups in the host country's labour market. Thus, the reality of immigrant integration into the Finnish labour market must take into account social differences with respect to race/ethnicity and gender.

2. Conceptual framework

Social inequality can take place on individual, interpersonal, intergroup, institutional, structural and cultural levels that may be interrelated and interactive simultaneously (Acker 2006; Sidanius et al. 2004). An intersectional analysis can do justice to the complexity of structural power relations and social inequality by revealing how individuals are empowered and disempowered in different structural locations (Ferree 2011). According to Crenshaw's analogy of intersectionality, each road or street is a part of social divisions. The intersection as a concurrence of several "roads" (Crenshaw 1997) stands for accumulating features of discrimination and social exclusion as experienced by individuals and groups. Intersectionality posits that each social division intersects with the others. Crossing one social division with another alters the meaning of each division. Intersectionality highlights the significance of the interconnections and interdependence of all aspects of the human experience in all places within

and across socially constructed categories (Adib & Guerrier 2003). As Crenshaw points out (2011, 232), "Intersectionality does not anticipate or call forth a listing of all differences nor does it offer a one-frame-fits-all theorization of how power is dynamically constituted through structures and categories, either separately or constitutively". The main strength of an intersectionality approach is the acknowledgment that power is embedded and intertwined in any socially defined category. Migration may result in silencing and further marginalisation; immigrant women of colour in particular often remain invisible, forgotten and trapped in limited opportunities. The economic integration outcomes of immigrants fundamentally reflect immigrants' social positions in the host society. The simultaneity of social differences come together at varying intersections to construct a Taiwanese woman's experience in Finnish society. Thus, intersectionality is a useful conceptual lens for looking at each immigrant's experience in broader contexts. This study applies the concept of intersectionality to further research that fully appreciates and acknowledges diversity with respect to the category of immigrant.

3. Methodology

A life story approach is used as a methodological tool to explore in detail the perspectives of a specific group – university-educated Taiwanese migrant women who are married to Finns and live in Finland. A life story approach offers an opportunity to investigate alternative views on the ways in which migration is enacted and lived out by these Taiwanese women (see Atkinson 2007). Data was primarily collected through in-depth interviews in 2006. Data collection in this study is focused on the ten participants' experiences. This study relies on obtaining rich textual accounts that significantly reflect the research participants' perceptions and opinions. All interviews were conducted in the participants' first language, Mandarin Chinese, since the use of their mother tongue maximised the subtlety of the women's narratives and statements. We utilised thematic analysis, a qualitative analytic method, to analyse the data. Thematic analysis suits questions related to individuals' experiences, perceptions and views (Riessman 2008). A thematic analysis highlights the commonalities in and the uniqueness of the data by examining patterns and, simultaneously, it keeps the story intact in the coding and interpretation process. These Taiwanese women had all obtained a university education before immigrating to Finland. They all had white-collar professional jobs in Taiwan, except for one participant, who had been a homemaker for more than ten years in different countries straight after she completed her university studies. A wide range of

occupations was represented among the participants, including two schoolteachers, a customer services manager, a restaurant owner/manager, a junior marketing manager, an ICT engineer, a missionary, an accountant and a sales representative. A number of verbatim quotes from the data have been selected and presented to illustrate the key findings. All of the names in this study are pseudonyms in order to protect the women's privacy and confidentiality.

4. Overcoming the language barrier

According to the Act of the Promotion of Integration (1386/2010), the Finnish government has recognised the importance of Finnish language competence. Newcomers/newly arrived immigrants who are registered as unemployed job seekers are entitled to the integration plan, which must be drawn up within three years after their arrival. In so doing, immigrants have the right to apply, through the local authorities, for language courses based on their integration plans. Some of the women were able to enrol in the free Finnish courses provided by the municipal employment office. Some women paid themselves for the Finnish courses instead of being on a waiting list. All of the women in this study had taken Finnish courses for approximately two years. However, the standard written Finnish that they have learned inside the classroom is fairly different from the colloquial Finnish used by most Finns in everyday life and in most informal situations.

> My mother-in-law was curious about my Finnish textbook and skimmed through it. There was only a small table on a page about "puhekieli" in the book. You know, it's about Minä/Mä, Sinä/Sä, and so on. She said, "oh, no. They shouldn't teach immigrants bad Finnish". What's so wrong with learning the way they speak every day? Without colloquial Finnish skills, I was just like the deaf in the first few years. Those slang and colloquial terms that Finns use in everyday speech almost disappear in the language courses. I seldom had problem understanding my Finnish language teachers' talking, but out of the classroom, I just couldn't follow those "real conversations" among Finns. (Wang, age 35, in Finland for five years.)

Many of the women recalled that they had difficulty responding appropriately in the unfamiliar situations that took place outside of the classroom in the first few years. They learn Finnish grammar in isolation and words, phrases and sentences in a more formal and polite way. However, face-to-face verbal communication in real time with a real listener rarely follows formal written Finnish

rules. As a result, they have difficulties understanding natives' "bad Finnish/colloquial Finnish", while they only learn "good Finnish/standard Finnish" in the early period after their migration. Colloquial language is an important part of everyday communication, although it is not always the appropriate style for writing. In many facets of daily life, adult immigrants need to cope with both colloquial and written Finnish simultaneously. The lack of colloquial Finnish language skills hinders these women's progress in learning the Finnish language. The knowledge of colloquial Finnish should be taken into account when providing work-focused language training for adult immigrants.

Moreover, some women also told of instances when they could not understand right away what was being said because they were not yet accustomed to the Finnish way of speaking and particularly to colloquial language. They usually immediately switch to the English language because they are alarmed that Finns would attribute this difficulty to the incorrect perception that they might be incompetent. Through the public discourse, the visible immigrant identifications most readily attributed to these Taiwanese women would be poor or lower educated. These Taiwanese women perceive immigrants as having a lower social status than visitors in Finnish society. In the Finnish context, "foreigners" are usually referred to as Westerners (see Haikkola 2011). Likewise, Leinonen's (2012) research confirms the fact that Americans in Finland resist being categorised as "immigrant" by identifying themselves as expatriates or Americans living in Finland, since their perceptions of "immigrant" in a Finnish context refers to lower class, inferior and racialised/ethnicized immigrant groups. In other words, the term "immigrant" carries relatively negative connotations in Finnish society (Huttunen 2009), which may further reinforce power differentials along racial/ethnic and gender lines. For these Taiwanese women, the racial/ethnic boundaries between visible immigrants and Finns are unlikely to be blurred. Using English makes it possible for these Taiwanese women in daily life to pretend to be visiting foreigners in an effort to hide their immigrant background.

In addition, English provides an alternative solution for overcoming language barriers in Finland. In this study, only two women, Yang and Lim, successfully have integrated into the mainstream economy; however, English is the working language at their places of employment. Yang had worked as an ICT engineer in a Finnish branch company in Taiwan before her migration. She actually transferred to her company's headquarters in Finland and has been able to continue her career as an ICT engineer in Finland without any Finnish language skills.

> From the branch company in Taiwan to the headquarters in Finland, my career path hasn't changed. I'm lucky. However, in my case, I would say

> having "Finnish experience" is much more important than having local education. Although my career is not downward, I don't think I have a chance to move into the management level. Maybe someday I would become senior in my current company. That's all. There is no more career advancement for me in Finland. (Yang, age 35, in Finland for five years.)

Yang's professional skills and work experience are fully recognised in Finland. Having "Finnish experience" may denote a cultural fit for the job or possession in terms of specific knowledge. However, Yang's rich "Finnish experience" was actually obtained in Taiwan. Her job as an ICT engineer is in a male-dominated profession. Working in a male-dominated field presents particular challenges for immigrant women's career advancement. She thinks that she has less career development opportunities than equally qualified native-born counterparts, whether men or women. Although Yang has never experienced downward mobility in terms of occupational status and wage level, she still faces a "glass ceiling", which prevents her from moving vertically to reach an advanced position at her current job. Her narrative echoes Jaakkola's (2005) findings that Finns are more ready to accept immigrants as co-workers than supervisors. The intersection of gender and race/ethnicity compounds Yang's marginality, since she is a marked outsider in a Finnish, male-dominated field.

In the other case of successful employment, Lim managed to get a hard-earned substitute position and later was able to successfully turn it into a permanent position. Lim spoke of how her fruitless job search made her choose a substitute position over MBA studies.

> After two years of Finnish language courses, I sent out almost around 70 copies of my CV per week and got ZERO calls back. Few weeks later, I realised that this (sending job applications) would never work. I immediately started contacting all Finnish friends I met in the past 10 years. Luckily, a friend of mine knew someone, an influential person. I contacted him and he said there was no vacancy. I even offered myself without any payment. Although he said no, I still called him, almost weekly, to see if he could meet me just for a few minutes. Of course, sometimes he neither answered the phone nor called me back. Anyway, he was my ONLY hope. A few months later, he finally offered me a 10-minute interview because someone was going to take maternity leave. I was so lucky. Of course, I got the substitute position. (...) I was offered a 3-month substitute job and got a place for MBA studies at the same time. The helpless and hopeless job search experiences made me immediately take the substitute position, though I always feel I should advance my education. I'm glad I made the right decision. Now it's a permanent position. I think this company is the only and best chance I

> have because the working language is English. I am sure that even a local MBA degree wouldn't promise me a better position than the current one. (...) I know many of you (Taiwanese) consider me a legend since I didn't have any real work experience. Well, I would say my persistent attitude is the key factor in my case. Just trust in yourself. I know it's difficult for immigrants like us. During the job search, when I had desperate moments, I started thinking about racial/ethnic discrimination. However, I had to push myself to see the brighter side of things. I said to myself that this kind of negative attitude would NEVER HELP or make anything better. POSITIVE attitude is everything. (Lim, age 40, in Finland for five years.)

Among these Taiwanese women, Lim is the only one who had never had a paid position of employment before, i.e. she had no work experience at all, before immigrating to Finland. She married a Finn and became an expatriate wife/mother straight after university graduation. The case of Lim's experience should not be seen as a "legend"; rather, it exemplifies an educated immigrant's capability for finding employment even without a local degree or any paid work experience, not to mention local experience/Finnish experience. Moreover, Lim highlights her "persistent attitude" with respect to her employment success, which romanticises the job seeker's attitude and overlooks the existing structural and institutional barriers that immigrants face in the Finnish labour market. Not surprisingly, after Lim succeeded in finding a job at an international company, she saw the outcome of her job search through positive lenses and continued to exhibit characteristics of success, such as motivation and perseverance. One should not lose sight of the fact that what ultimately played a significant role in determining her employment opportunity is a social contact.

Moreover, Lim rested all her hopes on a single company using English as the corporate language rather than on the whole Finnish labour market, which requires local language proficiency, even if she has made an effort to learn Finnish since arriving in Finland. Correspondingly, research has confirmed that Finnish language proficiency does not guarantee immigrants' future employment or career development, although Finnish language proficiency undoubtedly impacts immigrants' employability in the Finnish labour market (Joronen, 2005). Likewise, another Taiwanese woman, Ho, is a qualified priest in Finland, but she could only find a part-time job at a Chinese-speaking church in the metropolitan area, since the church cannot afford to hire a full-time priest. As she said in the interview, "people often think I have advantages of getting jobs since I speak both Swedish and Finnish fluently thanks to my Swedish-speaking husband. In fact, my Swedish and Finnish language skills have not privileged my job search so far." Her Taiwanese background and mother tongue, rather than her fluency in both the Swedish and Finnish languages, have facilitated her path

to working in a Chinese ethnic community. She, however, had to sacrifice part of her family life because of the 400-kilometre distance between her work place and residence. Newly arrived immigrants usually have limited access to useful connections that are able to offer any especially new or significant employment information. Ethnic affiliation can be an asset in providing employment information and job opportunities for people from a minority ethnic background (see also Ahmad 2011; PALÁT 2017). On the other hand, immigrants may be trapped in a vicious circle of ghettoising racial/ethnic labour when immigrants are not included in the mainstream labour market and thereby become marginalised from mainstream society.

5. Choosing underemployment over unemployment

Although these Taiwanese women have Finnish husbands, the initial arrival to a new country still brings difficult experiences. Particularly, their family-, professional- and friend-based social networks or circles, which they had previously surrounded themselves with in their everyday lives, no longer exist in the new country. They are disadvantaged in the host country's labour market since they have no influential networks that could link them to useful information about job opportunities. None of their native-born Finnish family members, according to the women, utilised their social and affiliation networks in an effort to widen the women's employment opportunities. Many told of how they had sent countless job applications, but only a few were acknowledged as having been received and reviewed. The acknowledgement they usually received was a one-sentence statement of rejection via email. They surmised that their job applications were being rejected as soon as those in charge of the hiring process saw their Asian-sounding names on the CV. A study conducted by Larja et al. (2012) has confirmed what these Taiwanese women have long thought – job applicants with ethnic-sounding names are less likely to get callbacks for job interviews from recruiters in Finland compared to either their native-born counterparts or immigrants with Western European or Anglo-Saxon sounding names, despite having the same qualifications and merits. Moreover, nearly half of the job opportunities and vacancies in the Finnish labour market are not openly and publicly announced (see Tuomaala 2010). The most common way of recruiting creates a relatively non-transparent or unadvertised job market in which immigrants are further limited due to a lack of social networks and contacts. The host country's labour market actually plays a key role in creating a racial/ethnic categorisation process and in reproducing power relations in society.

The importance of language skills and host country-specific human capital are significantly taken into account in the implementation of the Act of the Promotion of Integration (1386/2010) in Finland (Sarvimäki & Hämäläinen 2010). However, according to most of the participants, the services provided by the municipal employment office are not useful in helping them find jobs commensurate with their qualifications and work experience. In other words, the municipal employment office tends to steer immigrants into the lower echelons of the Finnish labour market by depicting immigrants as lacking in qualifications and skills (see also Antikainen 2010). Thus, the municipal employment office, as a public-sector organisation representing the interests of the general public and Finnish government's agenda, may serve the state's interests rather than immigrants' interests in light of helping maintain the existing social order.

Although integration plans significantly improve immigrant employment outcomes and, hence, decrease welfare dependence (Sarvimäki & Hämäläinen 2010), they only focus on a binary employment status (employed or unemployed) and completely fail to address the institutional and structural problems of underemployment, precarious employment and the deskilling of highly educated and skilled immigrants. These realities are often masked or underplayed in quantitative studies. There is an on-going need to attract skilled workers from abroad in order to cope with the impact of a rapidly ageing population, the decline of the working age population and the retirement wave of the post-war baby boomer generation in Finland (see Koskela 2010; Łobodzińska 2011; HEIKKILÄ 2017). The public discourse on attracting highly skilled foreign workers has been receiving increasing attention of late. However, there are a lack of strategic policy initiatives regarding highly educated immigrants moving from a skills mismatch position to a skills commensurate position in Finland, since the issue of immigrant underemployment has not yet received substantial public attention in Finnish society. There is a need to bring the discourse of deskilling into migration policy and social equality discussions.

Half of Taiwanese women are channelled into direct-care work in long-term care facilities. They obtained full-time or part-time jobs as practical nurses, which only require vocational education/training at the upper secondary level rather than tertiary/higher education. They redesign their career path in order to make their social status as acceptable as possible. They are aware of the fact that anti-immigrant advocates have attempted to frame the migration debate by stereotyping immigrants as welfare recipients. Kyhä (2011) found in her study of immigrants with higher education degrees similar patterns of few finding jobs commensurate with their degrees, while others had to obtain local degrees. Koikkalainen et al. (2011, 154) highlight a dilemma that immigrants face in Finland: "If you work, you take our jobs; if you do not work, you take advantage of our generous welfare system."

Notions regarding Finnish gender roles as well as the public migration discourse have influenced these Taiwanese women's choices and attempts to behave as a "good immigrant". As Chang said, "in this country, as an immigrant you get respect when you are a tax-paying worker. You should forget your pride and career ambition! There is no difference between being a janitor and a President in Finland". Many of these highly educated women who encounter occupational downgrading from their previous positions in Taiwan are relegated to lower-paying jobs in Finland. However, taking deskilled jobs instead of having a career does not give them a sense of fulfilment and empowerment at the individual level. Their vulnerabilities may in fact serve to entrench traditional gender roles. For instance, Chen, who works as a practical nurse in a nursing home, explained her strategy for balancing the disempowerment inherent in her immigrant status after losing the motivation to fully stay in the labour market.

> We Asian women are usually stereotyped as being submissive, unassertive and dependent, unlike so-called tough and independent Finnish women. Unfortunately, I am kind of going to end up fitting the stereotype because I chose to have a better quality of life by relying more on my husband. Nowadays I only take part-time jobs. I don't need to please anyone! You know, I have no expectations and won't get disappointed. I don't need to deal with any annoying co-workers. I am much happier. Since my husband has a secure income, it doesn't change my life whether I have an income or not. Migration life has shaped me from a modern career, Taiwanese woman into a dependant Asian woman. I know, some might think I just try to rationalise my laziness and weakness. Well, whatever, I don't care. Being a practical nurse is a dead-end job anyway. I was so tired of receiving little recognition. At least, my husband really appreciates how I take care of our household work. I always get positive feedback from him, although I make little economic contribution. (Chen, age 35, in Finland for five years.)

Chen had been moving further away from her original field of employment when faced with scant prospects for upward mobility out of a dead-end job. She believes that the private sphere, home/family, provides more egalitarian relations and can function as a shelter and site for resistance against inequality in the Finnish labour market. Nevertheless, she is also aware of the ways in which her choices reinforce the racialised/ethnicized gender stereotypes. Consequently, she may be subsumed under a category that would not accurately reflect her perspective and experience. As Riaño (2011, 280) argues, "we need to question the problematic idea, often contended in European integration debates, that sees unequal gender relations among migrant families as

supposedly resulting from their 'backward' ethnic values", which misleads or detracts from the actual issues.

Likewise, Chang who used to be a schoolteacher in Taiwan, has eventually learned to see how the system works and sees no choice but to adjust her job expectations accordingly. As she said:

> At the moment, I'm attending a practical nursing training programme. Currently, Finland needs a lot of practical nurses; otherwise, they wouldn't have welcomed immigrants to join if there had been enough Finnish practical nurses. So you know what, you have to find the RIGHT market for immigrants when you want to have a stable job here (Finland). The staff in the municipal employment office also suggested that I could take Hotel and Restaurant training since there are more job vacancies in restaurants and hotels. See, they decide the types of jobs for immigrants. (...) You know, in order to better your odds, you have to acquire Finnish experience, and if you don't compromise, you'll never have local experience and you'll have nothing to put on your CV. I used to believe that "mighty oaks grow from little acorns", that's why I must be proactive and took whatever work I can get. See my employment history in Finland (Chang showing her CV to the researcher), quite rich, isn't it? Well, let's face it, all of them are just relevant experience for a blue-collar job that offers little advancement opportunities. (Chang, age 45, in Finland for sixteen years.)

If no local employer in a relevant occupational field is willing to hire immigrants in the first place, how can immigrants acquire local experience relevant to their academic qualifications and existing expertise? Although it is hard to distinguish genuine work requirements from inequality in employment, "Finnish experience" needs to be challenged and questioned since there may be social bias in how the host society evaluates immigrants' employability. Moreover, Chang's prospects for occupational mobility over time seem rather limited, since she is aware of the low returns for acquiring work experience in low-skilled jobs at the bottom of the occupational structure in the Finnish labour market. In other words, an inconsistent low-skilled employment history does not make Chang more "experienced" or employable outside of the blue-collar labour market in spite of her diligence and a willingness to work hard. Furthermore, many of these Taiwanese women encounter a "sticky floor" (Laabs 1993) rather than a "glass ceiling". Because the "sticky floor" prevents them from moving up from the bottom of the occupational ladder, they never have a chance to experience a "glass ceiling". During their job searches, these women struggle to either wait as unemployed persons for ideal jobs or accept any available offer, including

vocational and pre-employment training. For instance, Wu recalled her unfruitful experience with pre-employment training:

> It was a two-person company. When they interviewed me, I felt that they needed me. They only accepted me as a pre-employment trainee, but I was really happy. You know, we signed the contract through the employment office; it meant that I only got a training allowance from the employment office. During the training, they didn't need to pay me anything. I really didn't care how much I got back then. Anyway, a few days later, after I started working, they both were gone for a month-long vacation. They left me alone in the office to answer the phone calls and e-mails. According to the contract we signed, this is totally illegal. I was really angry and sad. Huh, I even suffered from insomnia for a week. You know, the whole week, I had been thinking how they would react if their own daughters were treated in the same sick way they treated me. Well, I couldn't prove that they were just taking advantage of me in order to have a long vacation. But I was so sure they dared to do it only because I am an immigrant. I just kept counting down the days. When the contract ended, they still suggested that I should extend the contract as their free labourer. I was so desperate for a job, but I couldn't lose my dignity. Well, luckily my husband could afford for me to keep my dignity (laughing). Anyway, I left, of course. And by the way, I was so sure they couldn't afford to hire anyone based on those bookkeeping and accounting records I read. You know, although in this country nobody values my professional knowledge and skills, I am still a national certified accountant in Taiwan. (Wu, age 40, in Finland for eight years.)

These Taiwanese women have been marginalised in the host country's labour market by their immigrant status. Participation in pre-employment training can meet the requirements for Finnish work experience and ideally further create new employment opportunities. However, migration status vulnerabilities weaken immigrants' bargaining power and make them more vulnerable and prone to exploitation.

6. Conclusions

Being highly educated appears to offer these university-educated Taiwanese women little protection against deskilling in the Finnish labour market. Having a native-born spouse offers little benefit in the job search, despite the fact that the spouses provide a direct connection to Finnish society. Because of the job

availability and gender stereotypes, half of these university-educated women are employed as practical nurses in long-term care facilities. Clearly, they have acquired a sense of and adjusted themselves to the informal rules governing the labour market. Underemployment helps these women retain the sense of a "being-a-good-immigrant" identity and gain respectability in the host society, but it provides few possibilities for them to expand their social networks beyond their current positions and find opportunities for upward mobility. For a few women, the private sphere, home and family, provides more egalitarian relations and, more importantly, functions as a site for resistance against structural inequality. Their process of integration, bound up as it is with gender and race/ethnicity, is concerned with the power struggle they confront daily in the Finnish context. The difficulty for highly educated immigrants to transition into the labour market may be but one aspect of multiple intersectionalities of unequal powers embedded in society. These Taiwanese women face the double challenge of being a non-Western immigrant woman at the intersection of race/ethnicity and gender. There is a disjuncture between beliefs that Finland is portrayed as an egalitarian country and the everyday practices that are experienced by these Taiwanese women. Power differentials based on race/ethnicity remain largely hidden and unaddressed in Finnish society. Equity and gender equality have been a long-touted trademark of Finnish society, with low levels of socioeconomic inequality and high levels of social mobility; however, many of the women in this study are marginalised and benefit little from the ethos of equality in Finnish society.

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Aini Pehkonen

The role of social networks in diverse work communities[1]

Abstract

The aim of this chapter is to contribute to the discussion on self-initiated expatriates (SIEs) and ethnically diverse work communities. The two specific research questions in this study are as follows: 1) What types of social networks do SIEs, as members of the working community, have access to? 2) To what extent do social networks influence or contribute to the social inclusion of SIEs? The qualitative research material for this study consists of thirty (30) interviews with SIEs and fifteen (15) with line managers. All of the interviews were conducted in Finland. Acceptance into a particular work community was affected by a SIE´s formal and informal networks, professional skills and knowledge of the work culture. The knowing why, knowing how and knowing who competencies all affect the development of social capital. Binding networks and bonding networks are processes that play a role in social inclusion and exclusion. Social inclusion and social exclusion were further found to be a matter of an interactive process between members of the work community and the operating culture that prevails therein.

Keywords: Social networks, ethnically diverse work communities, highly qualified expatriates

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1. Introduction

Globalization and the development of multinational organizations have led to an increase in the number of people working in foreign countries. The literature on self-initiated expatriates (SIEs) addresses the fact that individuals are self-starting, they initiate their move abroad themselves and they are generally well educated (Tharenou & Caulfield 2010; Suutari & Brewster 2000; Inkson & Mayers 2003). SIEs are motivated to move for personal reasons. Frequently, working abroad is considered helpful for developing work-related skills, personal skills and careers in general (Tharenou 2009; Richardson 2009; Al Ariss 2010). Furthermore, the professional experience acquired abroad contributes to an individual´s human capital and social capital. Known as SIEs, they will continue to be perceived as important international human resources with social capital by organisations for various reasons (e.g. Clark & Drinkwater 2009; Crowley-Henry 2010; Devine et al. 2007).

Social networks emphasise interactions between individuals and communities. Given that an individual is considered an interactive and active person who is attached to a working community via his/her social bonds, he/she actively in turn shapes the working community. Furthermore, because social networks are hierarchically organised, social cooperation among members of the networks may at times be tense (Granovetter 1983, 1992; Lin 2000; Serrat 2010; PALÁT 2017). According to Burt (1992; 2000), social relationships are, with respect to social capital, the most essential of all network relationships. Accordingly, this begs an important question: With whom does a network member interact and what is the degree of the individual´s level of importance within the network?

Social inclusion is based on the belief that we all fare better when there is a social support network that prevents people from falling too far behind; in this sense, the economy then works for everyone (Phillips 2008). The existing literature focuses on SIEs that accumulate and use social capital to promote career success (Inkson 2008; Tharenou 2010). The concept of career capital offers a connection with three forms of knowledge competencies: knowing why, knowing how and knowing who. The knowing why competency is related to personal motivations to pursue a particular career path (Inkson 2003), and it is linked to what motivates an SIE's decisions regarding whether to transfer and change locations, and if so, where to relocate. The knowing how competency, which is often presented as human capital, consists of an individual´s knowledge, education, skills and work experience. The knowing who competency includes both relational and professional networks, as networks provide opportunities to use and develop social capital (Bourdieu 1979, 1985, 1986).

The purpose of this chapter is to contribute to the discussions on SIEs and diverse work communities. This study addresses the types of social networks and social capital that SIEs have access to as members of the working community and how it affects their level of social inclusion or social exclusion. As a theoretical background, I use Bourdieu's (1985, 1986) theory of social capital. The chapter begins with a review of the concepts of social capital and social inclusion as they are discussed in the existing literature. The empirical data is then introduced, followed by the methods of analysis and the research findings. The chapter concludes with a summary and a discussion of the findings.

2. Concept of social capital and social inclusion

Social capital focuses on the importance of social relationships, norms and values as well as networks of individuals and groups. It can be argued that social capital increases the well-being of individuals and communities because reliable and credible social networks and social support facilitate people's activities. Social networks and social support at work play a special role in active organisations. SIEs represent a potential source of participation in international networks and possess strong intercultural interaction skills.

Pierre Bourdieu (1979, 1985, 1986) uses the term social capital to refer to one dimension of the social class status of human beings. Bourdieu defines class status based on three types of capital: financial capital (stocks, land and possessions), cultural capital (acquired cultural skills, knowledge and qualifications) and social capital. In addition, each of these components of social capital is comprised of a symbolic form of capital, which comes into play when people use certain perceptual categories that acknowledge the intrinsic logic of a specific type of social capital. Social capital presupposes cooperation between people acting together to create opportunities for well-being; it leads to positive economic effects at both the individual and the social or communal levels. Bourdieu considers social capital not as a public good, but as an asset of the individual/group that participates in social networks, as such networks could be used to obtain various types of necessary information and assistance. Bourdieu analyses the conditions for generating and renewing social solidarity by means of social capital and the symbolic use of power.

Bourdieu emphasises the historically bound and contextually bound natures of values and universal truths. Behind the values presented as universally valid, Bourdieu recognises the special advantages of certain groups, such that even when different groups are participating in an action on the same "field" of play, they are in fact playing different games.

Social capital refers to the capacity of individuals to acquire benefits through investing their memberships in social networks (Portes 1998). Individual investment is the result of the strengthening of a social network´s internal relationship with the collective identity of the members and the ability of the network to mobilize and take action. Investment also occurs via the strengthening of a social network´s external relationships, which includes the network and its members´ access to information, power and identity (Adler & Kwon 2000; Goodson & Phillimore 2008). The SIE group is quite diverse, and this diversity can also have an impact on working life and networks. While social capital has generally been recognised for its positive benefits, Portes (1998) addresses some of negative effects associated with the accumulation of social capital and social networks. For example, 1) closed networks with strong ties may exclude external relationships, 2) the closure of a community may prevent the success of personal or business initiatives proposed by its members, 3) solidarity in a closed network or community may restrict individual freedom because of its social control over individuals, and 4) in networks that are in opposition to mainstream society, members are joined by downward levelling norms.

Accordingly, it may be best to first explore and understand why people have different positions and highlight the networks of power that are in operation and that may result in either social inclusion or social exclusion. The concepts of social exclusion and social inclusion describe, to some extent, the acceptance of an individual into the work community and/or into the active community. While inclusion is indicative of social integration and acceptance, exclusion refers to isolation and separation (Atkinson et al. 2002; Vedsred-Hansen 1997).

3. The research focus

Two questions guide this study. What types of social networks do SIEs, as members of the working community, have access to? To what extent do social networks influence or contribute to the social inclusion of SIEs?

Following Bourdieu (1985, 1986), social capital is regarded as an individual resource that is, in part, developed by an individual's own past and present activities. Thus, it is also contingent upon the attitudes of others, given the fact that people can choose with whom to associate, but they cannot choose how helpful their associates will be when help or information is needed. Hence, even if social capital is regarded as an individual resource, the support available for individuals depends partly on social capital as a collective resource. In addition, following Bourdieu, social capital refers to the trust networks that individuals

can draw upon for social support, as social support is influenced by such social networks. Since social capital and its outcomes form dynamic relationships, a feedback loop regarding social support either increases or decreases social capital. My point here is that SIEs also build up social capital.

4. Sample and data analysis

The interviews for the study were conducted in Finland. The qualitative research material for this study consists of thirty (30) interviews with SIEs and fifteen (15) interviews with line managers. The interviewees work in the retail trade sector, as teachers and researchers, or in health care, social care and facilities management. All of the immigrants included in the study had entered Finland as SIEs, and they had lived for about three years in Finland. They had moved to Finland for work on their own initiative. They expressed the hope that the professional experience they acquire abroad will prove beneficial for their career development.

The contact information for the respondents was obtained by contacting such places as employment offices and large companies. Immigrants also provided contact information for their friends and acquaintances. Thus, the social network channel worked well in this case because confidence regarding the interview process had already been established beforehand. The interviews were conducted either at the person's home, in a public area, at the worksite, in an employment office or at a multicultural centre. The interviewees chose the location for the interview.

The interviews were semi-structured thematic interviews, with the subject matter of the interviews planned in advance. The themes addressed in the main body of the interview included background information (age, gender, language skills, home country, education, employment), social networks and participation (how the respondents found employment in Finland, what factors helped with finding work, social relationships), and their trust and confidence levels (confidence in the future and in their integration into Finland).

The recorded material was transcribed for analysis, and the interviews were manually divided into passages related to the specific research questions. After creating a thematic card index, the answers were categorised based on identified similarities and exceptions. Nineteen (19) of the SIE interviewees were women and eleven (11) were men. The age distribution ranged from 27 to 59 years. The average age for the men was 36 years, whereas it was 33 years for the women. The interviewees represented twelve immigrant groups: Russian (6), Turkish (4), Chinese (3), Estonian (3), Iranian (3) Thai (3), Moroccan (2), Iraqi (2), Eritrean

(1), Tadzhik (1), Italian (1) and Ethiopian (1). Eleven (11) of the line manager interviewees were men, and they ranged from 32 to 64 years.

In general, a critical stance can certainly be taken regarding the reliability of the research on working life. The responses may be the result of how the questions were formulated and the general manner in which the questions were posed. People have a tendency to respond to general questions on a general level, according to their ideologies, and to concrete questions on the basis of routine experiences (Svalfors 1996). Line managers may, moreover, have responded according to what they perceived as socially desirable. The research findings reported in this chapter are context bound and, thus, tied to time and place. In Finland, immigrants account for three per cent of the total population, which is low compared to many European countries. It has been predicted, however, that more people will immigrate for work purposes in the coming years because of globalisation. Thus, there is reason to research diverse work communities.

4.1. Ethical considerations

With respect to ethical considerations, such issues as privacy, anonymity and confidentiality were very much taken into account. In addition, respondents were informed that their responses and comments were confidential and that the findings would be reported in such a way that anonymity would be ensured. Accordingly, the names of people have been changed and the locations of the fieldwork are presented at a general level without any specific names being given.

5. Results

5.1. Bridging networks

The majority of the line managers (four out of five) believed that it was easy for people with a foreign background to enter the Finnish work community. However, one out of six respondents felt that gaining acceptance into a work community was challenging. The line managers in the social and health care sectors and in the retail trade sector stated that gaining acceptance into a work community was difficult for workers with an immigrant background. According to the respondents, those people most able to exert a positive influence were

accepted more quickly by their Finnish co-workers, the line managers and other workers with an immigrant background in the work community. There were no differences found based on field of operation/employment sector.

One nurse stated that in addition to motivation, an immigrant worker must have professional, reliable networks. The knowing why competency is related to personal motivation, whereas the knowing how competency is related more to skills and work experience. Professional networks provide opportunities for using and developing social capital.

> ...the new employer telephoned my former employer and asked what kind of an employee I was. With respect to [that], one must have confidence. I do not believe that [it] matters what country you come from. (Natalia, Russia)

The line managers stated that those people who trained the SIE workers, "showing them the ropes", made significant comments at formal and informal forums regarding SIE workers. One SIE cook stated that the first few weeks were stressful.

> ...it was very, very difficult to understand what I must do, how I must do it, where some place is, names, language, and humour, and so on. I didn't remember and understand. It was terrible! (Mustafa, Turkish)

It is important that SIEs know the person(s) from whom they should seek information and advice in order to enhance their effectiveness on the job. Familiarising new workers with the work that needs to be done is a crucial stage in settling into a new work culture and in ascertaining and acknowledging what the new worker can do. Therefore, it is important to determine what manner of systematic introduction to the workplace is available, whether there is a person who has been designated in advance to help new workers become acclimated to the work environment and what dimensions of work operations and the work community will be addressed in the first days and weeks.

5.2. Bonding networks

Bonding networks refer to knowing who affects how one acts as a member of a group and the effects various interactions have on members of the group. Flexibility, independent problem solving, proficiency in Finnish and a tolerance of differences are all dimensions of relationship skills (knowing whom) that the line managers deemed to be significant indicators of functional social relationships within the work community. The ability to solve problems independently

was a dominant focus with respect to human relationships and the ability to resolve human relationship problems rather than independent problems in matters pertaining to work.

A worker may gain acceptance or be excluded from social relationships within the work community in different ways, for different reasons and in different situations. The line managers reported that to the individual, the co-workers' message of rejection from social relationships may be discreet, indirect and even unclear. Appropriate actions in the formal and informal networks of the work community are a precondition, or at least aid, in receiving information in a timely manner as such actions and behaviors make possible to be included in the daily flow of information. The integration of information coming from various sources is a crucial resource in work communities, as it makes it possible for the worker to successfully accomplish tasks. An interview with an SIE cleaner shows how important it is to have fellow workers with whom a person can discuss his/her concerns:

> ... I´m not sure, but I assumed. At first, I didn´t know the same information at the right time, e.g. shifts and job opportunities. ... But then Maija, a friend at work, told me about coffee and lunch breaks. And also shared some gossip... (Lisa, Thai)

Professional skills, personal initiative, meticulousness, knowledge of the administrative culture, knowledge of the work culture, readiness for change, motivation and a proper attitude towards customer service are all factors that affect the knowing how competency. In the estimation of the line managers, a worker is assessed within the work community not only on the basis of his/her relationship skills, but also based on his/her ability to satisfactorily perform the assigned tasks. She/he may gain acceptance in the work community as "a good worker" or else be excluded from the group of those who are accomplished in their profession. Meticulousness, motivation, professional skills, a proper attitude regarding work, a proper attitude towards customer service, knowledge of the work culture, knowledge of the administrative culture, personal initiative and readiness for change are the principal, task-centred skills being assessed in the work community with respect to the ability of individual workers to satisfactorily perform their tasks.

In the opinion of the line managers, the conscientiousness of the Finnish work culture and the ability of a worker to function in the physical operating environment are also discernible characteristics affecting one´s acceptance into the work community. The way in which an SIE internalises and comprehends the administrative culture, the work safety regulations and the operating culture affects his/her ability to successfully perform the assigned tasks and it also affects the overall well-being of the entire work community. In the opinion of the line managers, conscientiousness and diligence are two highly

appreciated worker characteristics in Finland. Workers are required to adhere to agreed upon working hours, which means that breaks for coffee and meals are to be no longer than those specified in contracts, and working hours are not "something like", but rather, they are "precise"; indeed, the workers should preferably show some flexibility in favour of the employer.

Those individuals who, in the estimation of the line managers, choose to remain outside the work community are perceived to have problems or deficiencies in several task-related and relationship-related skills. For example, they may have difficulties with language, which in turn, affects their ability to accomplish tasks, or they may have difficulties related to professional skills and problems in their personal relationships with the line managers, their co-workers and the customers.

One-fifth of the line managers were of the opinion that it is not easy for a person with an immigrant background to gain acceptance in the work community had personally experienced problems with such workers. The line managers in this group were aware of an immigrant that had or had had problems with co-workers.

Interviews with the SIEs support the finding that there are different types of problems in the work place. However, the interviewees also emphasised the way in which the problems were resolved, who the SIEs regard as sources of social support and who they feel comfortable talking to regarding sensitive work-related issues.

5.3. Linking social inclusion

> ...I studied to become a teacher in China. I love children. Then, I realised that it is not possible to be a teacher in Finland. My exam is not relevant in Finland, and I must study education more at the university. I was shocked. Then, I studied social care in Finland. At first, my studies were very challenging. But most other students were very nice. After my studies, I worked [for] some months in one organisation. I didn´t like it. There was a lot of work, I didn´t have friends at work — only clients — and the atmosphere was poor. I was concerned about what others said or thought. I resigned and I was criticised. I succeeded to get [sic] a new job. Now, I´m happy. I have made good friends at work, and we work together. I get good advice from them, and they ask my opinion. We do lot of work, but we also have humour. We discuss [things] and so on. (Li, Chinese)

In the experience of the line managers, SIEs are assessed collectively in the work community. In other words, SIEs are judged based on how they behave

in social situations in the work community, how well they perform their tasks and how well they cooperate in the physical environment. Furthermore, it is worth considering what and how the people who introduce and train these new workers feel about the SIEs and what the trainers convey to various forums in the work community, such as with respect to Li´s comments.

SIEs not only have the opportunity to gain acceptance in the work community in all three arenas mentioned here; they can also be excluded from one or more of these arenas. Acceptance, like exclusion, is gradual. While an SIE may be diligent and conscientious in performing his/her tasks, his/her social integration into the work community may not be as successful if certain characteristics, such as trust, appreciation, respect and autonomy, are not fully realised. Social exclusion and inclusion are not holistic, and they do not involve all levels simultaneously. Given the fact that the mechanism entails numerous layers, the core question is, what level is sufficient for a SIE´s acceptance into the work community? It is also worth contemplating whether the work community accepts the role change of its members, as a change in the role of one member significantly affects the other members of the work community (Figure 1). These examples demonstrate that bridging and bonding

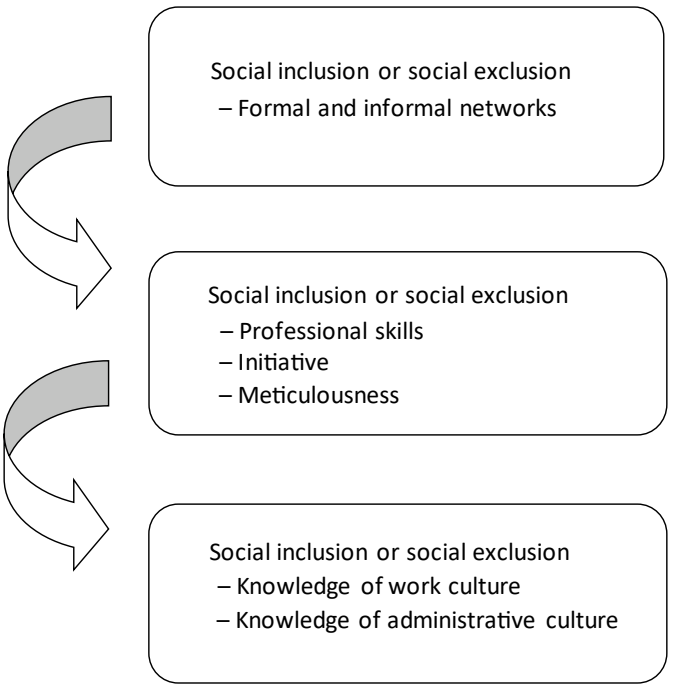

Figure 1. Factors affecting inclusion in or exclusion from the work community.

networks are important aspects of social inclusion and that social inclusion is an important factor in obtaining social capital. Social capital is developed as an iterative process.

6. Discussion

This study's results demonstrate that social inclusion and social exclusion are interactive processes among the members of a particular work community and the operating culture prevailing therein. The partial or complete social exclusion of a worker or, conversely, the social inclusion of said worker, are multi-layer processes that involve the entire work community, and the actions of every member of the community exert an influence. Inclusion allows for the creation of social capital, a finding that is consistent with existing research results (Bourdieu 1986; Burt 2000; Inkson 2008; Phillips 2008; Tharenou 2010).

My data indicates that a SIE´s bridging networks and bonding networks provide the knowing who, knowing why and knowing how competencies. The knowing who competency includes such skills as listening and observing, receiving and delivering speeches, sustaining discussions, demonstrating support and communicating successfully through non-verbal means (e.g. Canney & Byrne 2006). The knowing why competency is related to personal motivations, whereas the knowing how competency is related to work skills and experience (Carr, Hirschi & Deller 2005; Inkson & Arthur 2001). The results of this study indicate that SIEs prefer a work community whereby the new employee is properly introduced by a person who is duly designated, capable and trained to act as a mentor for the new hire. If the introduction is systematic, such mentoring connections are discernible. A mentor helps a new employee become acclimated to the work environment by conveying and sharing "tacit knowledge", work skills and knowledge based on experience. Furthermore, the mentor promotes motivation and facilitates acceptance into social networks (Juusela, Lillia & Rinne 2000; Miller 2002).

In the existing literature (e.g. Russell & Adams 1997), mentoring is defined as the immediate and instructive interaction between a senior employee (the mentor) and a less experienced junior colleague (the actor). The general task of the mentor is to provide the actor with guidance, support and feedback. The basic task of mentoring with respect to a person's work career is defined by Kram and Hall (1996) as the desire to aid in the advancement the actor's career. In this study, mentoring entails the training, supporting, protecting, bringing forward and profile raising of the actor, while also providing him/her with challenging tasks. Kram and Hall correspondingly include psychosocial mentoring

as important for promoting the actor's feelings of competence, self-esteem and identity in the work environment.

In this study, social networks play an important role in facilitating the social inclusion of SIEs (Beirnes et al. 2007; Roberts & Harris 2002). Social networks can be based on formal and/or informal ties. The task-related information that is provided and that SIEs need is largely determined by someone in a formal position, and this person is also the one best situated to provide an SIE with advice regarding assigned roles and tasks in the work place. In addition, informal ties of friendship and social support are most likely to be discretionary, thus reflecting interpersonal attraction, and they are therefore less rigidly circumscribed by formal positions (Podolny & Baron 1997). Information is power, and accordingly, a SIE´s social network and ability to operate in social relations are of great importance, as revealed in Lisa´s interview and in the existing academic literature (Cross, Bogatti & Parker 2001; McLure & Faraj 2000). From the perspective of the line managers, groups based on nationality and cultural backgrounds are formed within the work communities, and the members of these groups want to work together and socialise together during breaks. In such cases, national and cultural backgrounds serve as a social category that influences the process of social inclusion and exclusion (e.g. Trevithick 2005).

Relationship skills contribute to and influence the atmosphere of a work group, the creation of relationships and the maintenance of such relationships (Ardichivili, Page & Wentling 2003; Canney & Byrne 2006). The research literature (Zetter & Pearl 2000; Griffiths, Sigonda & Zetter 2006) suggests four types of networks. The first network provides cultural and emotional support as well as opportunities for self-determination and opportunities for the development of a common identity (Salinas, Pritchard & Kibedi 1987). The second network provides and delivers practical assistance, while the third network promotes awareness and understanding. The final network provides expert knowledge so that workers will be informed regarding policy developments. The ability to function in social relationships, as addressed in this study, refers to the ability to function in the formal and informal networks of the work community. Flexibility, an independent problem-solving ability, proficiency in the Finnish language and a tolerance for differences are regarded as important dimensions of the social relations necessary for workers to gain acceptance in the work community.

Meticulousness, motivation, professional skills, a proper attitude towards work, a proper attitude towards customer service and a readiness for change are correspondingly the main dimensions of the task-centred skills since affect a worker's ability to perform tasks and influence her/his acceptance into the work community. The familiarity of an SIE with the work culture and the administrative culture of the work community further affects the SIE´s ability

to function in the physical environment, which, in turn, affects his/her acceptance into the work community. While motivation may be perceived as an outcome of rewarding work (Canney & Byrne 2006), a key question is how to make the work rewarding for the worker. A final consideration is that the work community must be convinced of the worker's ability to manage tasks and perform them to a sufficient standard (McLure & Faraj 2000).

There are numerous additional concerns and questions that still need to be investigated. For example, are the abilities to function in social relationships, to successfully perform work tasks and to function in the physical environment independent of one another, or do they interact closely with one another — even so closely as to be indistinguishable from one another? Are the various dimensions related either hierarchically or linearly to one another? What level of social inclusion constitutes the minimum level expected in a particular work community, and should a maximum or optimal level be pursued? What types of tools exist to measure social inclusion and social exclusion? Are such measures bound by time and place? Does the individual remaining outside a work community have sufficient resources of his/her own, and does he/she have opportunities to build trusting relationships with members of the work community? What is the responsibility of each member of the work community for the well-being of his/her colleagues? Such questions challenge members of various communities to reflect on their own actions. From experience, we know that positive social relations make life and work more worthwhile. However, according to Podolny and Baron (1997), it is not clear why or if social support and friendships are relevant to task performance.

Positive social relations are a matter of the dynamics between the individual and the community, and it is the flexibility of those dynamics that enables change and promotes the well-being of the members of the community. On the one hand, the dynamics focus on the ability of an SIE to function in social relations and the physical work environment and to adequately perform the assigned tasks (Thomas 1999). On the other hand, social relations are part of an interactive exchange between the work community and its members. People are social beings who seeks contact with others, and an SIE is introduced to a variety of relationships with other people and with the work environment. However, each individual is responsible for and shapes his/her own social environment. For example, a shy person avoids others, while a more social person actively seeks interactions with others. To what extent do SIEs direct their actions through their own choices, and to what extent are their actions governed by the structure and the various levels of regulation? The analysis of the data identifies individual and communal (micro-meso) levels in the processes of social inclusion and social exclusion of workers with an immigrant background. On the individual level, it is a matter of self-esteem, the ability to function and the

desire to access knowledge and develop one's skills. On the communal level, power structures and relations exert an external influence. Accordingly, there should be a focus on balancing the resources available to SIEs and the demands of the environment that are placed on SIEs.

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Nafisa Yeasmin

Understanding economic integration and the belongingness of immigrants in Lapland: An analysis of hope and happiness

Abstract

Positive discourses regarding immigrants are potentially important for fostering the economic integration of immigrants so that they can contribute to Lapland's labour market. The social interaction of all groups of people is a great source of social happiness, since the host society needs to interact with various actors in different sectors. Increased interaction between immigrants and natives can lessen the prejudice among natives, which will in turn ease the access of immigrants to the labour market. A large gap between hope and happiness can diminish the feeling of belongingness. Therefore, this chapter focuses on the local and regional employment barriers hindering the opportunities of immigrants for gaining access to the labour market. The main interest of the research is to explore the hope and happiness of immigrants living in a geographically isolated territory, like Finnish Lapland, which is sparsely populated, and the need for more manpower from outside of the region for regional development. The research is a combination of in-depth interviews with immigrant jobseekers and ethnographic observational analysis.

Keywords: Belongingness, happiness, hope, immigrant, economic integration

1. Introduction

Migration and mobility are increasingly integral to the trajectory of Lapland's political economy. Immigration to the north of Finland can facilitate building a more sustained society. The power of geography and human territoriality shape social life (Klauser 2011). The geography of territoriality (Raffestin 1977) has a value with respect to differing approaches, power and socio-capital relations (Klauser 2011). From a local perspective, communities in Lapland are marginalised, although not yet completely omitted, from other parts of the world. Given the recent focus on European immigration, this is the perfect time to focus on the role of immigrants in reshaping northern society, a space in which rational individuals and nuclear families may belong to different religions and communities. The territorial re-arrangement of the particular geographical spaces highlights such issues as social embeddedness and the relationships of individuals and communities to exteriority and alterity (Raffestin 1977, 130; 1980, 146). The development of a particular space with respect to territoriality entails paying close attention to the socio-spatial power relations that can shape everyday life (Murphy 2012). The development of Lapland as an Arctic territory likewise paying entails close attention to the capital of immigrants and their skill sets. This assessment will provide a suitable conceptual framework for exploring the different ways in which social structure can effect economic action.

In terms of recent demographic and population changes throughout the Arctic region, migration topics become important as an alternative to demographic decline. However, the migration debate remains ambiguous as whether or not most people are happy or stressed by the demands to integrate outsiders into Arctic society. There are different factors that negatively impact immigration in the north. The challenges often cause many immigrants to move to the southern parts of the country.

Immigrants feel that they are socially excluded from mainstream Lappish society: research results suggest that immigrants from the Middle East and Africa are more vulnerable to being excluded than other immigrants (Yeasmin 2012). Local people's attitudes towards immigrants vary on the basis of the situations in which they encounter immigrants, the immigrants' country of origin and educational background, the views of the respective groups, and so forth. The cultural and national identity of an immigrant also plays an important role in how he or she is treated by local residents. Another factor that may figure significantly in this regard is how ambitious immigrants are economically, and this varies from locality to locality. Native Finns' attitudes towards immigrants fluctuate depending on the immigrant's religious beliefs, practices and level of commitment to integrate. The majority of immigrants move to Lapland's regional centre, Rovaniemi, most of whom are unemployed refugees, whereas

the remaining immigrants include students, asylum-seekers or the spouse of a Finn. According to the Finnish statistical survey, more than 183,488 people live in Lapland, a number that includes over 3,000 immigrants. Rovaniemi has a population of more than 60,000 people, of which 1,305 persons, i.e. 2.1 per cent, are immigrants. Different discourses and anti-immigrant rhetoric make this immigration question a big issue on the political agenda in Finland, even though, at the end of the day, the overall number of immigrants remains quite small (Yeasmin 2016).

With respect to the economic development of this region, positive discourses regarding immigrants are potentially important for fostering the economic integration of immigrants so that they can contribute to Lapland's labour market. Therefore, this chapter focuses on the local and regional employment barriers hindering the opportunities of immigrants to gain access to the labour market. The main interest of the study is to explore the hope and happiness of immigrants living in a geographically isolated territory, likely Finnish Lapland, which is sparsely populated, and the need for more manpower from outside the region for regional development. The research is a combination of in-depth interviews with immigrant jobseekers and ethnographic observational analysis.

2. Data and methods of the study

The study is based on conclusions drawn from ten in-depth (ID) interviews, with seven male (M) and three female (F) immigrant jobseekers, in Rovaniemi. This study is also part ethnographic observation (EO), in which the author has collected some materials and data from direct engagement with various immigrants, i.e. different informal conversations, attending their community meetings, asking about individual family histories, family visits and being involved with their daily activities to some extent. The ethnographic observations began in 2015. The immigrants who were interviewed are from Iran, Bangladesh, Pakistan, Somalia, Myanmar, Afghanistan and Palestine. The number of immigrants who were observed during the ethnographic observation phase is 50. In the analysis section, the study emphasises and categorises themes and key issues. The main themes are discussed in accordance with some theoretical explanations based on empirical insights. The immigrants who were interviewed are mostly refugees, with one being a student. The research consisted of three different phases: factual analysis, a thematic analysis of the barriers to integration, and finally, an analysis of hope and happiness.

3. Empirical analysis

In Lapland, there are 1,350 immigrants who are unemployed (The Centre for Economic Development, Transportation and Environment 2017). The number of unemployed jobseekers is 574, whereas other jobseekers who are in training or who are involved with some services promoting employment account for the remaining 776 persons (Table 1). Integration training gives immigrants a better possibility for integration. However, continuous training, labor market training and training trials (Table 2), all of which are counted as participating in services (in total 653 persons), often hinder the self-motivation of immigrants, even though they receive unemployment benefits during this time. There is a need for more awareness about the process of incorporating immigrants into labor market; this can be done by engaging people more in the potentially cumulative and path-dependent aspects of such an integration process (Fuller 2014). It is important to assess the employment process of new arrivals, as many of them possibly could be employed after only a short integration period.

Table 1. Configuration of unemployment in Lapland (The Centre for Economic Development, Transportation and Environment 2017)

Gender and age	Number of foreigners
Unemployed women	212
Unemployed men	220
Under 25 years	37
Over 50 Years	134
Long-term employed	101

Table 2. Number of persons participating in various employment services (The Centre for Economic Development, Transportation and Environment 2017)

Services	Numbers of foreigners
Labour market training	396
Training	0
Training trials	34
Rehabilitative work	23
Self-motivated studies	200

Long-term unemployment can cause an economic burden for the receiving countries (RAUHUT 2017). There is evidence that the burden can be alleviated by improving the means for integrating immigrants into the labor market through best practices (Swedish National Audit Office 2013).

Immigrants can play an enormous role in Lapland's economy if they have the right opportunities, since they have different occupational skills (HEIKKILÄ 2017) and socio-cultural skills. They are absorbing new ideas and ways of doing new things. On the other hand, Lapland along with the whole of Finland is currently confronted with an ageing population. Declining population hinders economic growth. In this situation, the free movement of people towards Lapland is a means for creating future prospects and establishing a strong and balanced labour market, which would adjust to an increasingly rapid pace of change in economic opportunities among workers, employers and taxpayers. Finland needs to reform its labor market systems because the nature of work is changing (Yeasmin 2016).

From a development ecosystem standpoint, when assessing the overall investment in integrating immigrants, the net gain is much stronger than the net loss for Finland (Figure 1; Yeasmin 2016).

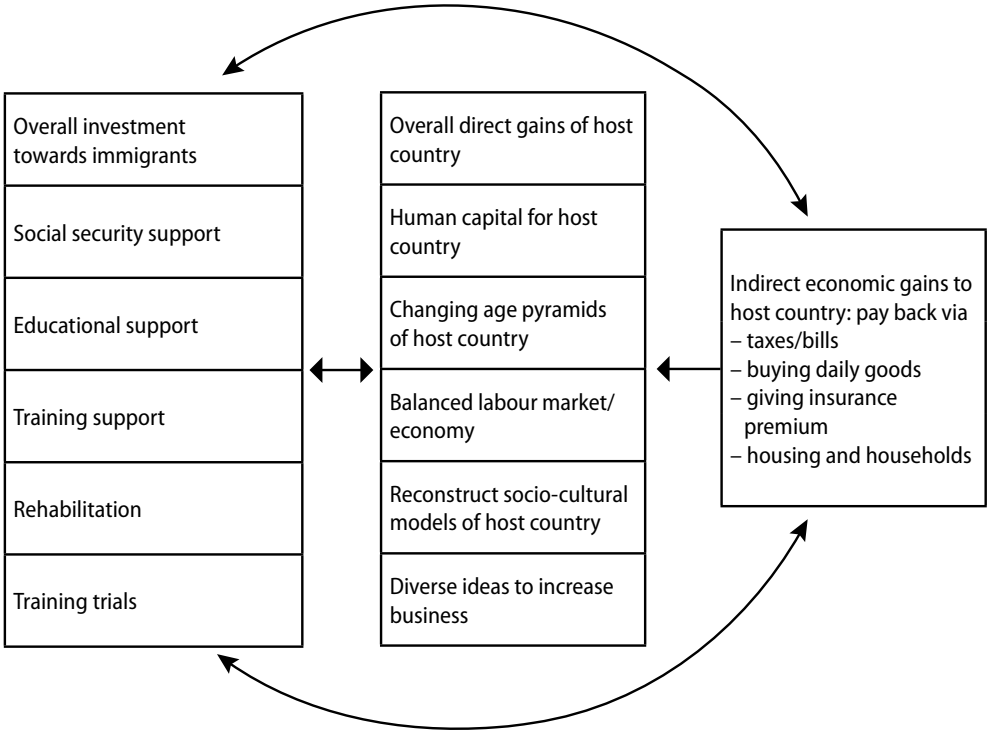

Figure 1. Net gains from immigration to Lapland (author's elaboration).

4. Analysis of barriers to employment

4.1. Individual barriers

The challenges that immigrants face in finding jobs vary from immigrant to immigrant. All immigrants capitalise on their opportunities differently in terms of their skills and approaches to work, which are critical factors in finding a job (PEHKONEN 2017). The educational levels, professional experiences, age, gender and socio-cultural backgrounds of immigrants are distinctive (EO–2015). Their self-esteem and motivations are important with respect to gaining access to the labour market (Jamil et al. 2012). According to the ethnographic observations made in Lapland, the challenges immigrants face are similar to those faced by immigrants in many welfare countries: despite having academic and professional achievements, they experience difficulties in finding matching jobs (EO–2016). Sometimes, immigrants reported that the inability to find a job results in them becoming discouraged with the labor market and contributes to long-term unemployment problems. Recognising the special skills that immigrants have to offer and devising an effective employment and training strategy for each immigrant jobseeker on the basis of her/his area of expertise (EO–2016) is a challenging task, one which may also diminish the opportunity for getting jobs (EO 2015–2016) (see Figure 2).

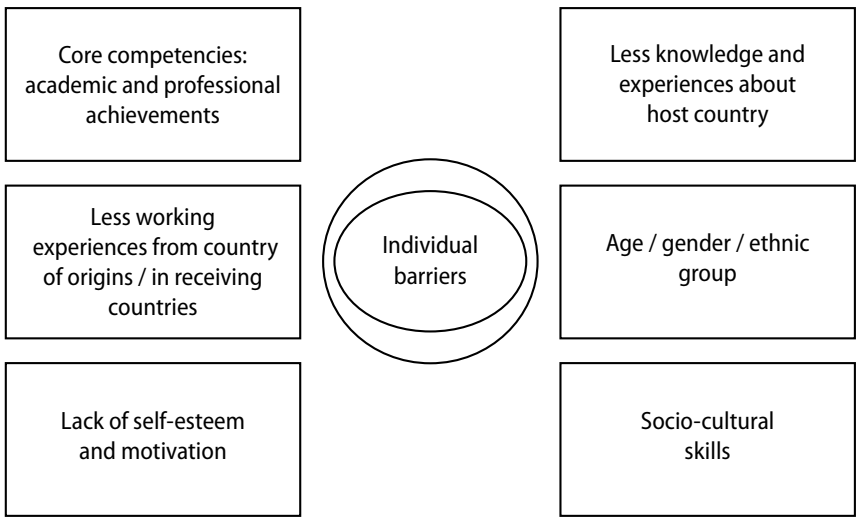

Figure 2. Individual barriers to employment (author's elaboration from EO 2015–2016).

A job applicant may well become a "developer" for a certain period of time in particular companies or organisations. Jobseekers can demonstrate their ability to the employer by anticipating customers' demands and changing the service needs of organisations. Through the model, certain jobseekers can easily achieve a competitive advantage over other job seekers and strengthen their expertise in a select developmental task. The most challenging part for immigrant jobseekers is to find a job that best matches their professional area of specialisation (EO 2015–2016). Such an operational model has received positive feedback from employers. The obstacles that jobseekers most often face are language barriers and local employers' lack of knowledge about immigrants´ skills (EO 2015–2016). It is difficult for employers to assess the academic credentials of immigrant jobseekers. Sometimes employers lack resources for recruitment outreach and rely on informal networks, which is also a barrier for immigrant jobseekers, since immigrant jobseekers lack such networks (EO 2015; ID-M). It is easier for immigrant applicants to gain access to the labour market as trainees or volunteers than as employees, which may also have positive results in terms of building networks and giving immigrants the opportunity to demonstrate their skills and knowledge to potential employers.

4.2. Functionalism of attitudes as a barrier

The fact that there is significant heterogeneity in employers' attitudes towards minorities and immigrants has been studied previously (Yeasmin 2012; Jamil et al. 2012; Sarjas 2010; Tiilikainen 2010). Social media discourses, along with national and international political discussions, have had an impact on the labour market (Figure 3). Such discourses emerge when one´s identity is viewed as differing from that of the mainstream, leading to the construction of boundaries between the majority and minority (Markaki & Longhi 2012). The race, language and religion of immigrants often make them out-groups or minorities in the host society. Theories regarding the functionalism of attitudes towards a particular minority help explain the attitudes of certain employers from an ideological standpoint (Duckitt & Sibley 2010) and the way such attitudes in turn affect labour market competition theories (Schneider 2007). In-group favouritism comes with a sense of group superiority, a superiority borne out the perception of negative group traits among others, often referred to as stereotypes (Markaki & Longhi 2012). A defensive reaction to a perceived threat is transformed into an irrational antipathy, which creates prejudice and, in turn, has negative consequences for immigrants and immigration. Socio-media discourses, international and national political aspects and prejudices on required skills and competencies of individual could be the reason for the changing functionalism of attitudes of employers (see Figure 3).

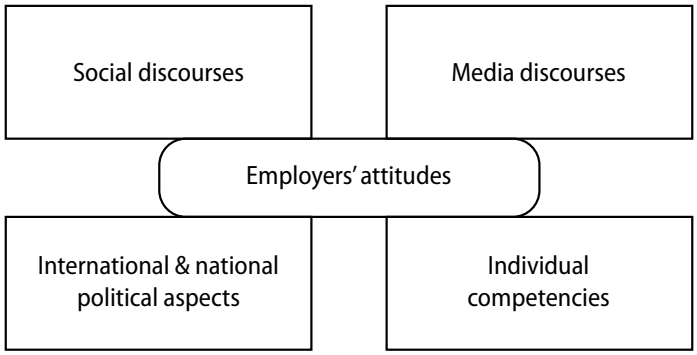

Figure 3. The factors impacting employers' attitudes towards immigrant jobseekers (author's elaboration).

Jaakkola (2009) has discussed how to predict employers' attitudes towards immigrants. He calls attention to the fact that immigrants from other Nordic countries are culturally closer to Finns and that their standard of living is closer to that of Finns. Moreover, Finns' attitudes towards immigrants from Anglo-Saxon countries are more favourable than towards immigrants who are culturally different or who come from countries that have a low standard of living or are far away, since less prior interaction between employers and immigrants often gives rise to a certain amount of prejudice.

On the other hand, majority attitudes depend on how theincreasingly politicised immigration issues affecting much of Europe are treated by the media, which certainly impacts employer attitudes. The mediating effect of anti-immigrant rhetoric impacts the employment status of immigrants (Gang et al. 2013): employers prefer to pay a salary to a Finn than to someone else (ID-M). Anti-immigration attitudes vary depending on religious contexts. Strongly religious people in the host country are less likely to oppose immigration than non- religious people (Bohman & Hjerm 2014). Having a Muslim name and wearing traditional Muslim clothing can sometimes hinder a person's prospects of finding a job in Lapland's labor market (ID-F). For instance, Muslim women from Africa have trouble finding training trial places in Lapland (ID-F). Characteristics such as belonging to an ethnic minority religious group reduce opportunity in the host country (ID-M). However, such attitudes towards a particular religious group vary regionally. Since the issue has been highly politicised and viewed negatively all across Europe, it has had a negative impact on getting a job in Lapland too (ID-M).

In the empirical research, all of the interviewees reported that they face difficulties in finding job and have experienced negative attitudes as a result of their immigrant status especially when it is a question of finding employment (ID-M). However, doing an internship, training trials and low-skilled jobs, e.g.

delivering newspapers, cleaning and working as a kitchen assistant, are easy jobs to get to some extent. A job that matches a person's educational status is more difficult to find. Some employers do not recognise the credentials and education of immigrants. The situation is even worse in the case of credentials from outside the EU, specifically from African and Middle Eastern countries, which obviously relates to particular stereotypes (ID-M).

In other regions where different religious groups have already been living side by side for many decades, the situation is more tolerant (Crawley et al. 2013). Several previous studies have also identified both anti-Muslim and anti-immigrant sentiments among ethnic Swedes and Norwegians (Bevelander & Otterbeck 2012; Strabac & Valenta 2012). Finland, Sweden and Norway have not experienced any terrorist attacks or massive acts of violence by immigrants/Muslims, even though international media discourses speculate that anti-immigrant and anti-Muslim attitudes among all societies in northern Europe and the Arctic region are not immune to such incidents.

In contrast, highly-educated immigrants who have good language skills and other competencies that are required by employers can more easily gain access to Lapland's labour market, e.g. in tourism sectors (ID-M). Some other interviewees stated that language is a barrier to them finding a job in Lapland's labour market, although they feel that they have good language skills (ID-M). Assisting an immigrant employee from the starting of the job to during the transition period of new working community is time consuming for an employer (ID- F+M) which they try to avoid by not recruiting immigrant in their enterprise. According to one interviewee:

> Sometimes I have heard from employers that my language skills are good enough for getting a training trial, but when I requested a job from the employer after successfully ending the training, they answered that my language skills are not really good enough for getting a job.

5. Analysis of hope and happiness

Hope and happiness both correlate with psychological well-being. Informants in the study have put a lot of thought into attaining their goals and dreams. This gives rise to an important question: How successfully will immigrants assimilate into Lappish society? Immigrants reported a large gap between their hopes and happiness in Lapland (ID-M+F). Hope is a powerful motivator, however; at least it is for a certain amount of time. Uncertainty can cause dissatisfaction, and dissatisfaction in turn can create unhappiness. This dissatisfaction often

leads to depression among immigrants in the age group of 49–55 (EO), as older working immigrants are more aware and burdened by the differences between the employment culture and educational culture in their country of origin and in the host country. After a certain age and amount of education, their aspiration is purely to find a job; life-long learning and changing professional fields at the age of 49 or older is not a common trend in their country of origin (ID-M+F). Therefore, they need to change their professional field to some extent in Lapland because their credentials and skills are not easily recognised, but even more frustrating is waiting for an uncertain period of time for job even after obtaining a local degree (ID-M). There are some factors related to their pre-immigration and post-immigration expectations for happiness, which represents a combination of subjective well-being and hope. Satisfaction does not always mean economic solvency; however, it is a substantially important factor in terms of livelihood and social status. Many of the interviewees reported having non-economic goals, such as the positive feeling of being a member of the host society. However, they reportedly expect a favourable experience from society in return for having such feelings of belonging as a whole (ID-M+F) (Figure 4).

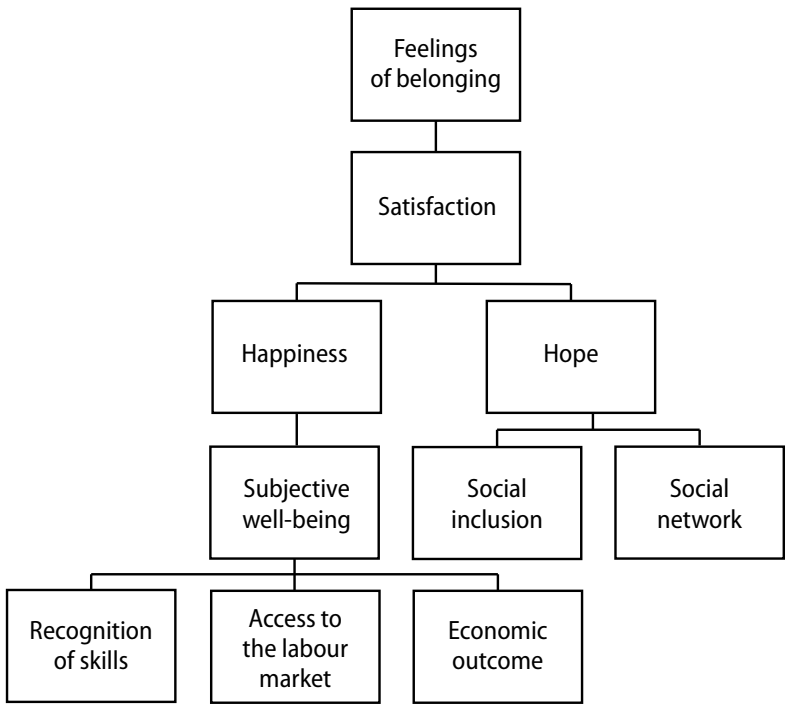

Figure 4. Determining factors for having a positive feeling of belonging (author's elaboration from ID and EO).

All informants agree that many factors are potentially important for having a positive feeling of belongings; however, the findings were strikingly different for the male and female informants (Table 3). Males expressed more frustration with not having a job than did females in Lapland. For male informants, recognition and accreditation of their skills have a great impact on their happiness. Access to the labour market is quite important for life satisfaction for male informants. Economic outcomes are quite important with respect to livelihoods in Lapland: the cost of living is higher and the opportunity gap between immigrants and non-immigrants hinders community attachments. Participation in leisure-time activities encourages socialising, which demands economic soundness. Social inclusion and more interaction between locals and immigrants could broaden the knowledge of immigrants about social life in the host society, which would generate greater feelings of belonging. For male informants, social networks are substantially important in terms of gaining access to the labour market; immigrants usually lack such networks in the host country. According to the results of the interviews, greater economic stability among immigrants could change their social status in the host country, and socio-economic status facilitates social inclusion.

Table 3. Differing results for males and females (5-high, 0-low).

Themes	Male	Female	Differentiation
Recognition of skills	4	3	1
Access to the labour market	5	3,5	1,5
Economic outcome	4	4	0
Social inclusion	5	4	1
Social network	5	3	2

The results of the study also show that family background, family history, beliefs and gender norms are different between their country of origin and the host society are different. Females usually lead busy lives working the homes, routines with which they are familiar from their pre-immigration lives (Priyanka 2013). Males had the responsibility of finding work in their home countries, therefore they are more dissatisfied without paid employment in the host society. The loss of traditional values results in disintegrating communal ties among immigrants as a whole.

6. Conclusion

Theories regarding happiness form an extensive component of territorial development policies. Lapland is a remote region with extreme Arctic weather. To better develop the region and use the resources of the region properly, Lapland needs manpower and codes of civility for empowering immigrants, which will in turn lead to greater levels of happiness among immigrants. The number of long-term unemployed immigrants is increasing in the region. The impact of long-term unemployment is extremely negative. It causes high levels of stress and serious illnesses. Long-term unemployed people also have high suicide rates (Shephard 2012). The physical and psychological consequences of unemployment affect families and society as a whole, which causes social exclusion and increases the number of criminal offences to some extent (Verbruggeen et al. 2012). Therefore, tackling long-term unemployment by promoting active participation in the labor market and developing other rapid integration programmes is the recommendation of this study. The anti-immigrant discourses merely politicise an economic problem for the host society; therefore, every native, regardless of whether or not they are anti-immigrant, should know the real facts and long-term impacts of immigration. In fact, immigration is not just about the economy and innovation: it is about finding new ways to re-organise the socio-economic structures of a territory like Lapland. All residents have similar social rights, which need to be ensured for future happiness.

Immigrants could generate diverse job opportunities for natives and encourage Lappish people to concentrate on different kinds of jobs, which might generate positive prospects for long-term career structures in Lapland. Immigrants can play a significant role in innovation because of their diverse perspectives and skills.

Geographically marginalised, Lapland needs a regional strategy that can analyse and consider immigration as the greatest resource for the future economy, which can be beneficial for the region. Every geographical territory has the possibility to make such territorial re-arrangements. According to the present strategy, immigrants are not contributing fully in the host community, potentially constituting a burden for society at all. Therefore, separate integration measures for highly skilled and low-skilled immigrants may facilitate the integration of immigrants and make them happier. Social interaction between all groups of people is a great source of social happiness, since the host society needs interaction with various actors in different sectors. Increased interaction between immigrants and natives can lessen the prejudice among natives, which in turn will ease the access of immigrants to the labour market. The large gap between hope and happiness can lessen feelings of belongingness.

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Maria Elo

Contemporary labour diaspora: The Finnish challenges for migration and human resource flows

Abstract

The unprecedented level of migration of human resources influences companies, markets and countries. The wave of migrants from crisis areas is attracting great attention, but, at the same time, mobility within the industrial world is quietly increasing. This contemporary mobility is radically altering the nature of the labour diaspora concept, previously seen mainly as a transferrable work force. The contemporary labour diaspora includes low and, in particular, high-skilled workers who are challenging the extant practices, systems and even legislation, making countries compete for their resources. Brain drain, brain gain, brain circulation and brain waste are concepts addressing the flows and employment of migrant resources. These influence competitiveness and policies at the national level as well as individual lives and career strategies. Yet, there is very little research exploring the dynamics of the contemporary labour diaspora. How is the Finnish situation regarding its outward and inward flows of human resources? How can a country like Finland govern its high-skilled migration flows? It is important to re-conceptualise, analyse and discuss the characteristics of the contemporary labour diaspora, its dynamics and its stickiness. This study approaches the Finnish case of labour diaspora from multiple perspectives, exploring the extant research literature, statistics and empirical data. It contributes to the development of the concept of labour and talent in diaspora, the governance of labour diaspora and related policies.

Keywords: Labour diaspora, self-initiated migration, highly skilled migrants, brain drain, governance, Finland

1. Introduction

The era of modern migration is influencing companies, markets and countries. Europe is facing a situation where the EU member states are following divergent migration policies as their response to the waves of migrants. Other geographic areas have tackled the challenges regarding talent and labour in multiple ways. Countries like Canada are actively managing and addressing the highly skilled labour diaspora as part of its general strategy and planning. In the European context, for example, German industry is openly asking for better management of the incoming labour diaspora, while Hungary's government is pursuing the opposite stance. The Central-Asian labour migrants in Russia, the Mexicans in the US and the Asian migrant workers in the Gulf region are all examples of labour diaspora (see Safran, 1991; Cohen 2008). However, contemporary mobility and the era of digital diaspora are radically altering the nature and dynamics of the labour diaspora concept. Labour diaspora is no longer a transferrable work force governed by certain colonial systems or bilateral state agreements (see PALÁT 2017). Its level of agency has changed, and relevant information has become accessible; the dynamism has shifted towards the individual level.

The contemporary labour diaspora naturally includes low-skilled workers as well, but it also includes highly skilled workers with international experience, high education levels, multilingualism and special talents (e.g. Straubhaar 2000; Tung 2008). This shift in mobility challenges the extant practices, systems and even legislation, making countries compete for their resources. Mobility within the EU has created vast flows of young people who migrate for career reasons, for example from Lithuania and Hungary, while the nation state possesses very few governance tools pertaining to outgoing migration.

In diaspora research, brain drain, brain gain, brain circulation and brain waste are all concepts that address such flows and the employment of migrant resources. The central aspect – in comparison to the research on self-initiated expatriation (SIE) – is the context of the state, region and organisational environment in which the talent is employed and may flourish, without neglecting the agency of the migrant (cf. Tung 2008; Selmer & Lauring 2010). Research on the talents and resources of diaspora migrants not only looks at individual careers nor just at migration figures, but adopts a more holistic approach embracing the role of the individual embedded within a home/host country context and overall development. The talent of highly skilled people generates positive effects for the economy and society (Florida 2005; Rita Cruz 2016; Lassila 2015); furthermore, diasporas shape the geopolitical landscape (de Lange 2013). Therefore, the broader diaspora approach is suitable and relevant in examining the interplay between these multiple levels of analysis and processes.

The study is constructed as a review of the current literature with an overview on the case of Finland. It is a case study that focuses on the Finnish context and situation, in particular on the dynamics between outflow and inflow and the explanatory factors. The chapter is organised as follows. First, the theories and models explaining the dynamics of highly skilled migration and diaspora are reviewed. Second, the Finnish case of contemporary migration flows is presented. Third, the findings are discussed and the concepts are reflected upon within the Finnish context, and finally, the conclusion briefly discusses the numerous implications.

2. The concept of labour diaspora

Cohen discusses the concept of labour diaspora in his book chapter, "Labour and Imperial Diasporas", specifically the nature of emigration in search of work, i.e. the purpose of emigration (Cohen 2008). Moreover, he presents historical labour diasporas and refers to their degree of freedom and agency as "a new system of slavery"; for example, the limited freedom and rights of indentured labour diasporas remain a challenge and demand a strong role by nation states. Dugan and Edelstein have illustrated problematic aspects stemming from the illicit side of labour diasporas and their exploitation, but their examples are taken from low-skilled, less-educated and irregular labour diaspora (Dugan & Edelstein 2013). A diasporic consciousness evolves over time, and as Cohen (2008, 61) points out, labour diasporas can be characterised by the following:

1. a strong retention of group ties sustained over an extended period of time (with respect to language, religion, endogamy and cultural norms);
2. a myth of and connection to a homeland;
3. significant levels of social exclusion in the destination societies.

Similar to the concept of labour, the concept of diaspora in the modern context is constantly evolving and changing its nature from a bounded entity towards more of an idiom, stance and claim (Brubaker 2005, see also Safran, 1991). Intra-diaspora ties are changing; they are partly becoming digital and partly losing their intensity (cf. Granovetter 1973; Harvey 2008; Brinkerhoff 2009; Hepp et al. 2011).

Despite the fact that contemporary labour diasporas are no longer treated as the subjects of state-level acts, the importance of the macro level remains crucial. The roles of state and regime have been and are still central in crafting the policies that regulate migration; thus, the governance level plays a major

role in shaping the potential for labour flows. For example, Kultalahti, Karppi and Rantala (2006) have provided a thorough discussion on the transitions and pressures related to the dynamics of migration in the European context and show how labour migration evolves. They have provided insights into the implications of the Eastern European regime changes and illustrate the connection between regulation, opportunity and migration.

However, the content of the flows is changing (see PALÁT 2017). The people taking part in labour diasporas are no longer embedded as members of a community, with communities per se being transplanted to a new location, but comprise more a selection of individuals aggregated by some criteria set by migration policies. Therefore, the character of labour diaspora is rapidly changing from collective co-ethnic groups to aggregated and more mixed groups with a particular talent. This change is taking place particularly among migrants from more individualistic countries, while countries like Portugal may experience more collectiveness in their outward flows (Pereira et al. 2015). Thus, the contemporary types of labour diaspora have been transformed from so-called low-skilled workers to highly skilled and educated workers who migrate for specific work reasons (cf. Cohen 2008; Al Ariss & Syed 2011; Selmer & Lauring 2010). The dynamism on the individual level, following the lure of a career, is thus ontologically different, but still part of the same phenomenon. Individual migration for reasons of employment, career and self-development has been examined in studies on expatriation and self-initiated expatriation within the context of a new organisation and host country. Self-initiated expatriation research builds strongly on the aspects of agency and self-initiation in international work life (e.g. Al Ariss & Özbilgin 2010; see also Diener et al. 1985). Self-initiated expatriates (SIE) may also strive for boundaryless careers that stretch across countries and focus on career building (cf. Selmer & Lauring 2010; Al Ariss 2014; Tung 2008). SIE motives are more individually generated since corporate incentives do not influence their motivation likewise state-level strategies do not play any significant role here either (cf. Ali et al. 1997). In general, the dynamics affecting the outward and inward migration of highly skilled individuals have remained underexplored starting from their studies and the paths thereafter (Statistics Finland 2014).

Another significant difference in the labour diaspora concept is the time dimension. Expatriates are considered to be temporally more limited concerning the duration of their stay and more task-focused (Inkson et al. 1998; see also Firth et al. 2014); thus, their migratory behaviour and paths are dissimilar from historical labour diasporas. On the other hand, the concept of temporal labour diaspora is still most relevant for seasonal industries and in the agricultural sector (McLoughlin et al. 2011). Furthermore, self-initiated expatriation can be linked to a cosmopolitan or transnational lifestyle, or it can be part of a certain

diaspora group's tradition (Elo & Volovelsky 2016; Elo & Jokela 2014). Migration and expatriation may also take place for work purposes as an entrepreneur or as a self-employed person (e.g. Elo 2016; Elo et al. 2015; Harima 2015). Temporal and circular labour diasporas that cover specific or local needs are particularly important for seasonal businesses, such as agriculture (see Al Ariss & Syed 2011), and therefore they represent a significant type of labour diaspora. As the history of labour diasporas illustrates, diasporans are also welcome to fill in jobs that are either not wanted or cannot be filled by the native population due to resource shortages (e.g. Cohen 2008; Kero 1997). Moreover, irregular labour diasporas serve shadow markets, such as agricultural workers lowering the cost structure (e.g. Dugan & Edelstein 2013), and they assist in running illicit business models such as smuggling (Gillespie & McBride 2013).

Recently, with the impressive changes in the world economy, especially those generated by the emerging markets of China and India, the role of highly skilled diasporas as a strategic talent pool has received global research attention (e.g. Tung 2008). Another ontological change concerning the concept of labour is the transformation of its value. The idea of labour being only physical or just an economic input, i.e. one of the three basic factors of production together with land and capital, has shifted towards its content and quality, i.e. its value creation potential. Talent, competence, knowledge and innovation are all factors that are difficult to measure or asses. Still, the contemporary discussion on labour diaspora is trying to incorporate such dimensions by taking the concept to a new level and shifting the context away from the "Gastarbeiter" and towards the "New Argonauts" (see Saxenian 2007). Although the labour diaspora criteria provided of Cohen (2008) does not apply per se for the modern type of mobility, it does not mean that there are no cohesive features relating the new groups of migrants. For example, the growth in the number of SIEs preferring to migrate to the same host country has given rise to contemporary labour diasporas and "talent clusters" (e.g. Saxenian 2007; Fang-zheng 2011; Kuznetsov & Sabel 2006). Numerous factors influence these preferences, many of which are culturally related to such non-economic factors as language or religion (Marschan-Piekkari et al. 1999; Elo & Volovelsky 2016).

Interest in the employment of diasporic talent has evolved into a stream of research focusing on the flows, the locations and the respective impacts of such migration. This theoretical discussion is strongly linked to development economics and to the extent to which the host and home countries have taken the phenomenon and concepts into account in policies, not to mention the interfaces and directions of the flows (e.g. Wescott & Brinkerhoff 2006). Inherently, the analysis includes a nation state–location viewpoint. Interestingly, this economic analysis underscores the often neglected aspect of the ownership of this talent as well as its costs and benefits. Labour and talent are labelled as the

"brain" in this research domain, illustrating the ontological difference between high skills and low skills, i.e. the "hands" of the historical labour diaspora.

The brain drain concept refers to the emigration of highly skilled labour that takes its human capital, e.g. knowledge, skills and competencies, to another host country and thus reduces the "brain" power available in the home country. Brain drain is considered to be caused by host-country pull factors, such as higher economic benefits/salaries and better working conditions, and by home-country push factors, such as underutilisation of talent/lack of perspective, political instability, poverty, discrimination and other issues reducing the home country's attractiveness (e.g. Özden & Schiff 2005; Wescott & Brinkerhoff 2006). Although remittances are seen as a counter-effect of the brain drain phenomenon in the home country setting, Wescott and Brinkerhoff (2006, 4) have discussed the dilemma and highlighted the weaknesses of this type of compensation in relation to the loss of the "best and brightest". According to Meyer and Brown (1999), the migration of scientists and engineers between countries with different levels of development is a critical issue and remains an unsolved problem.

Brain waste is a phenomenon linked to brain drain. It addresses the post-migration waste of human resources through the underutilisation of immigrant skills in the host country's labour market (Mattoo et al. 2008). This takes place via problems with occupation placement, the transferability of skills, discriminatory recruitment and lack of educational acknowledgement (e.g. Mattoo et al. 2008; Englmann & Müller 2007). Mattoo et al. (2008, 3) have pointed out one of the structural problems that creates brain waste: "Qualification and licensing requirements imposed on foreigners should reflect legitimate regulatory objectives, rather than protectionist interests of domestic interest groups." Brain waste in the host country context explicates the danger of the unproductive use of human resources both for the receiving and the sending country, which again supports the criticism provided by Wescott and Brinkerhoff (2006).

Brain gain illustrates the positive effects of migrants' incoming resources, especially with respect to a highly skilled and educated labour force. The gain has two economic dimensions; first, the host country receives this labour without the costs of the respective education; and second, the host country may tap into these resources, which benefit its economy, provide solutions to occupational gaps and increase its competitiveness (see Chung & Tung 2013). Brain gain is regulated by international migration policies, which are often biased towards highly skilled labour (Mahrum 2005); thus, the host country may cherry pick the incoming talent according to its demand situation.

Brain circulation refers to the global circulation of highly skilled labour from poor economies to rich ones and back again, which opens up new possibilities for economic development and positive feedback dynamics (Kuznetsov 2008).

The discussion on brain circulation, also referred to as exchange, emphasises the policy aspect of migration and the need to regulate its directions and dynamics, especially in terms of luring human resources to a particular country (e.g. Kuznetsov 2008; Mahrum 2005). In a similar way, Tung (2008) has explicated the logic of a nation state to increase its attractiveness for migrants as part of the "war for talent" that determines a country's competitiveness. Wescott and Brinkerhoff (2006) have discussed the use of brain power, not just its flows and directions, and illustrate the benefits generated by brain drain (i.e. beneficial brain drain) as well as the importance of its contextualisation (e.g. country setting and sector). They highlight the significance of the costs and benefits and the relative balance in this interchange.

Tung (2008) has examined the interrelationships of brain circulation, ethnic diasporas and a country's international competitiveness and found that globalisation, the lowering of immigration and emigration barriers to the moment of people, and the generation of boundaryless careers contribute to brain circulation. Kuznetsov's study (2008, 264) illustrates how the one-way migration of highly skilled labour is becoming "a back and forth movement, or diaspora network, in which talented students still go abroad to continue their studies and work in the developed economics but then use their own global networks, and especially those of their diasporas, to help build new establishments in their home countries". Dutia (2012) has highlighted the aggregated potential of diaspora networks for innovation, the economy and development, while Gill and Bialski (2011) have emphasised the ways in which co-ethnic social networks in a particular place influence mobility. Brain circulation has been particularly influential in the cases of Taiwan, China and India, which are also well documented (cf. Kuznetsov 2008; Brinkerhoff & Wescott 2006; Saxenian 2006). The cohesive ethnic element of diaspora as one explanatory element of brain mobility has also been acknowledged, as it provides an important network context and facilitates motivational drivers (e.g. Vertovec 2002; Wescott & Brinkerhoff 2006).

The dynamics generating the flows and direction of diaspora talent require several levels of analysis ranging from the macro to the micro level. While migration and labour policies at the national level are fundamental, meso-level industry and sectoral policies influence the employment of diasporic human resources and their benefit creation (Kuznetsov & Charles 2006). The interplay of industry and governance may generate and boost novel directions of labour migration, and as Kuznetsov (2008, 2006) has illustrated, brain drain may be turned into a virtuous circle, or what Tung (2008) calls "triangular human talent flow", which allows all participating countries to benefit from the diaspora talent (see Schiff 2005). McLaughlin et al. (2011, 54) have pointed out the positive effects of a "triple win scenario" where all stakeholders benefit. In this scenario

circularity of these resources plays a particular role (migrant resources crossing borders multiple times vs. one-time migration) both in terms of temporal and more permanent resources, in contrast to one-directional migration. In sum, the human talent brought in via a highly skilled labour diaspora may consist of various types of input. The research literature on global talent and brain power is not limited to employees, but also includes self-employed migrants and diaspora entrepreneurs. With respect to the category of transnational diaspora entrepreneurs, the economic effects are even more significant than for employees, as entrepreneurial pioneering and cluster-creating behaviour illustrates (e.g. Saxenian 2007; Elo et al. 2015; Sonderegger & Täube 2010).

There is a complex interplay between migration policies, pull and push forces, countries, directions and also the socio-cultural effects and individual behaviour that constitute the dynamics of mobility for highly skilled labour. As Schiff (2005) has observed, the brain drain and gain effects can be exaggerated, but the importance of net migration and especially of net brain gain remain relevant for a nation state. It is not only net migration as the difference between outward and inward migration, but also the content of these flows, that makes a difference. Based on discussions by many prominent scholars (Wescott & Brinkerhoff 2006; Tung 2008; Kusnetzov 2008; McLaughlin et al. 2011), the focal point of interest has shifted from a singular flow to a balance that enables macro- and micro-level competitiveness, progress and prosperity. Therefore, the aspect of returnees (i.e. repatriation) becomes of central importance in the migration situation, as its role is relevant in maintaining a healthy level of balance.

3. The research approach

Due to the nature of this study, examining the complex phenomenon of contemporary migration and work, a case study forms a suitable approach for assessing the migration flows and dynamics in a specific setting (Eisenhardt 1989; Ghauri 2004). A single country case study provides clarity (see Stake 1995) and is adequate in terms of case focus. Moreover, a single country focus may assist in delimiting research questions within a particular context and provide sufficient data, both quantitative and qualitative (e.g. Stake 1995; Denzin 1978; see also Piekkari & Welch 2004).

A combination of quantitative and qualitative approaches supports the creation of a "big picture" on the level of Finland (Jick 1979). The data collection and analysis process follow a mixed method logic that first applies a statistical approach, providing an overview of the numbers that explicate the flows and their directions, and second, that allows for a follow-up analysis of extant qualitative

data, presenting more in-depth explanations of the dynamics (Denzin 1978). The study employs secondary data and reviews the extant research findings as well as the qualitative findings. The mixing of these two types of data allows for a cross-examination of the extant findings, and thus, a synthesis of the outcomes as propositions that can assist future research (Golafshani 2003). The follow-up analysis focuses on the empirical findings for 15 highly skilled migrants of both Finnish and non-Finnish origin, including returnees, whose career is linked to Finland through their studies, work and/or family. This primary data consists of in-depth discussions with five cases (PhDs) and survey data collected from graduates and employees of the University of Turku, the members of the Society for the Study of Ethnic Relations and International Migration (ETMU), and members of the Diaspora Networks in International Business research platform using SurveyMonkey. The survey includes a qualitative data collection with open-ended questions generated based on in-depth discussions. The first 15 respondents have been selected here and the responses are presented in random order to safeguard their anonymity (Kuula 2006). The follow-up part of the study addresses their views on Finland as a place that attracts "talent" and how such a situation can be improved through respective policies.

4. The case of Finland

4.1. Outward migration

Finland has a long history as a country of emigration (e.g. Koivukangas & Toivonen 1978; Björklund & Koivukangas 2008; Beaulieu et al. 2011; Heikkilä & Koikkalainen 2011). There have been historical waves of Finns emigrating to Sweden, Australia, Canada, the USA and other countries (e.g. Koivukangas & Toivonen 1978). These waves have followed both socio-economic situations in Finland (famine, unemployment, politics, and so forth) and various windows of opportunities in potential host countries (employment opportunities in the USA and Canada, Nordic freedom of mobility and Swedish industrial development, the opening of the EU market, among others). Historically, the majority of the outward migration waves were to certain extent borne out of necessity. The push away from Finland played a major role due to a lack of perspectives, poverty and unemployment. As the dynamics have evolved, modern migration flows are more influenced by the pull effects resulting from various immigration policy changes and opportunities.

These historical waves did not consist of highly skilled diasporans, but rather of ordinary labour diasporans (cf. PALÁT 2017), people searching for work in mines, agriculture, the forest industry, household jobs and other lower paid occupations (e.g. Beaulieu et al. 2011). However, Finland joined the EU in 1995 and student and highly skilled-labour diasporans began taking advantage of new opportunities for free mobility within Europe. Of the European countries, Finland is the country with the fourth highest proportion of its citizens living abroad (after Ireland, Portugal and Greece); 5.7 per cent of the population currently lives abroad, with one-fourth of them being highly educated (Taloussanomat 2016). This mobility was further fostered by the effect of multinational companies like Nokia dispersing highly skilled employees throughout its global network as well as the ERASMUS programme. A survey examining graduates from the University of Oulu found that almost two-thirds of the respondents were interested in working abroad in the future, while men were more interested than women, with 76 per cent of them expressing interest in working abroad, while only a little more than half of women expressed the same interest (Heikkilä & Pikkarainen 2008). The pull factors in this study were valuable experience, promoting one's career and increasing one's professional skills, while the push factors were high taxes and low wages. Only ten per cent of the respondents expressed a preference for alternating between work in Finland and abroad (i.e. circulating) (Heikkilä & Pikkarainen 2008). The number of Finnish students currently living abroad has exceeded 10,000 and is continually increasing despite the fact that the majority of them do not receive KELA support for their study expenses. Additionally, the statistics illustrate that very few of them choose to study in China or Russia, which are considered important for the future (Alanen 2006).

As Koikkalainen (2013) has noted, the outgoing Finns consists of highly skilled professionals, well-earning retirees, exchange students and other students, and marriage migrants. She analysed the reasons behind the contemporary Finnish outmigration by employing a meta-theoretical model and discovered several factors triggering this mobility, including globalisation, Europeanisation and the pull of the migration industry. These highly skilled Finns wanted to encounter new things, get a better quality of life or live in the home country of their spouse, but some migrated in order to accept a job offer or by accident, while all of the respondents possessed mobility capital that will increase the likelihood of further transnational mobility (Koikkalainen 2013; Findlay et al. 2006). Interestingly, her respondents did not suffer from problems related to diploma recognition (Koikkalainen 2013). Still, there are problems in organising mobility. Foulkes Savinetti (2015) studied highly skilled Nordic citizens in India and found that many had difficulties in adapting to the differences, but she also found that corporate expatriates experienced different

problems in returning to Finland than their spouses due to the regulations on social security. These regulations also influence a spouse's employment alternatives abroad.

Heikkilä (2011) has discussed the profile of Finnish emigrants and examined their potential return. She points out the fact that although Finland's international net migration has been positive since the beginning of the 1980s, there is an ongoing trend of net loss of Finns that began in the first half of the 1990s. There was a short positive net balance in 2008–2009, but the trend became negative again soon thereafter (Heikkilä 2011). The net loss of Finns migrating abroad means that Finnish emigrants are not returning (e.g. Korkiasaari 2016).Thus, there are two domains of migration that are relevant to the Finnish state: 1) emigration of highly skilled Finns and 2) the non-return of highly skilled Finns. The recent economic downturn, rising unemployment and the lack of career prospects all influence modern mobility among highly skilled people, often triggering their migration. This migration may be career-based expatriation or self-initiated expatriation (e.g. Heikkilä & Koikkalainen 2011; Al Ariss 2014; Al Ariss & Syed 2011). Similarly, highly skilled Finnish students often search for better opportunities abroad, both in terms of their studies and future employment. There is a lack of research on the reasons and dynamics of this development.

Nawara (2014) has noted a similar phenomenon regarding foreign students in Finland: "According to the statistics provided by the Ministry of Education in Finland, the government spends over €12 million euros each year to provide free education to foreign students to study in Finland. However, majority of them leave the country right after the graduation. Young foreign students warn the government of systematic brain drain". There are three reasons for such concern: first, for non-EU citizens there are several impediments in the immigration policy that do not allow them to stay; second, the Finnish labour market is not inclusive and the unemployment rate of foreigners (24%) remains considerably higher than that of Finns (9%); third, the language policy in employment severely restricts the inclusion of all non-Finnish speaking applicants (Maahanmuuton vuosikatsaus 2011). Laine (2016) also found similar impediments. On the other hand, Eskelä (2013) challenges the dichotomy and conceptual separation of students and labour migration; she illustrates life planning and motivational aspects as important for people's migration decisions and the fact that such decisions are based on far more than just career-related issues.

In addition, Tessieri (2016) has noted concerns regarding the public atmosphere and anti-immigration sentiments. He links such a negative development to the brain drain phenomenon: "Think tank Research Institute of the Finnish Economy (ETLA) states in a report that Finland already suffers from brain drain "to some extent". With the backdrop of the April 17 election and a more negative atmosphere towards immigrants, coupled with the cooling of the economy",

Tessieri suggests that the brain drain will continue to get worse. The nationalistic and anti-immigrant sentiments influence not only foreign-origin students and highly skilled foreign expatriates in Finland, they also influence Finns abroad who might otherwise consider returning. Such issues as the local atmosphere, climate and taxation may influence several cohorts of people contemplating other possible country choices, not just outward-migrating pensioners seeking warmer alternatives like Portugal (e.g. Kause 2016). The atmosphere at the national level, also referred to as hospitality vs. hostility, affects expatriates and their families, especially families that are the result of mixed marriages and consist of more than one ethnicity. For example, Rückenstein (2004) has addressed the complexity of the global economic landscape from the perspective of an expatriate worker, which highlights the challenges of the new type of labour mobility.

4.2. Inward migration

Throughout its history, Finland has had its share of incoming migrants, but immigration into Finland has always been rather limited in number and fragmented in terms of the migrant cohorts. There has not been any massive wave of Nordic or European labour migrants moving to Finland, despite the respective policies making it possible. Only in recent history has Finland become a country of immigration, a contemporary receiving country with a positive net migration rate (Heikkilä 2011). Migration flows reflect economic fluctuations and employment opportunities (see Figure 1).

The character of Finland as a receiving country is strongly related to the effects of EU membership and the era of globalisation. Mattila and Björklund (2013) have highlighted the fact that there, for example, has been a labour-driven, inward migration on a small scale in Närpiö, which has successfully overcome local problems using diasporic labour resources. As Eskelä (2013) has noted, there is very little research on the motivations of highly skilled migrants for moving to Finland. Many of these migrants are foreign students and spouses of Finns. Some studies have focused on foreign students, their mobility and dynamics, linking the phenomenon to the new European identity (King & Ruiz-Gelices 2003). Laine (2016) has examined incoming migrants by focusing in particular on foreign students in Turku and found that two-thirds of the respondents would prefer to stay in Finland after graduating if work opportunities were available, while two-thirds of the respondents were also interested or possibly interested in becoming self-employed in Turku.

Leinonen (2012) studied highly skilled migrants in the host context of Finland and provided evidence on the impact of social and family ties in their

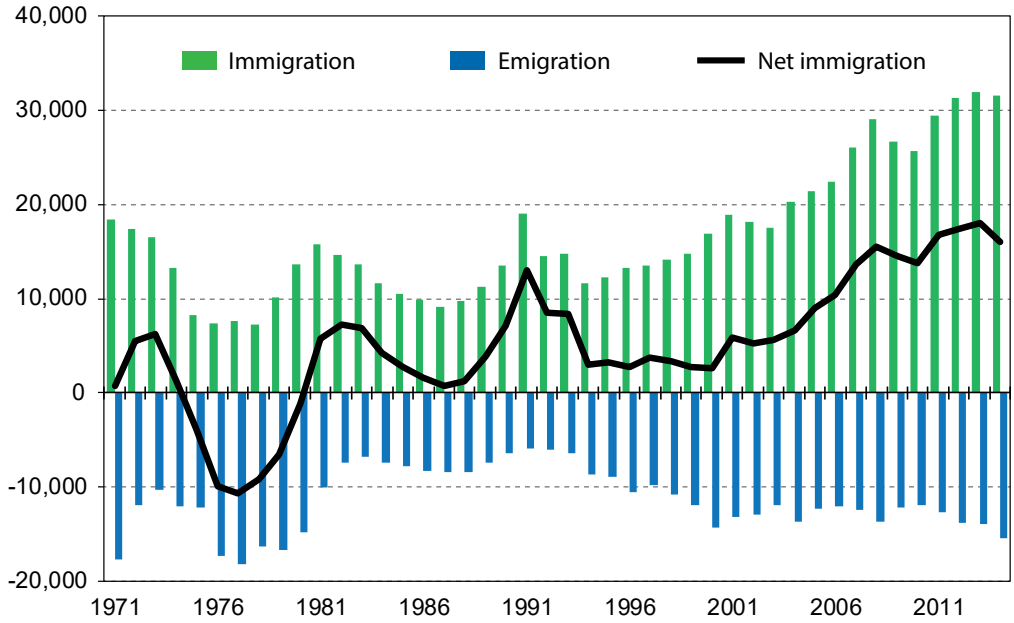

Figure 1. Immigration, emigration and net immigration in the years 1971–2014 (Source: Population and Justice Statistics).

migration behaviour. Her study of this "global elite" provides insights into the decision-making processes regarding international mobility and its dynamics, while also highlighting the aspect of how mixed marriages influence decision making. In 2013, there were 27,441 foreign-born women married to a Finnish man and 21,112 foreign-born men married to a Finnish woman (Heikkilä 2015, 106). However, as Heikkilä (2015) points out, there are notable differences in their level of education and skills, meaning that not all were highly skilled. The marriage migration that triggers incoming talent for the labour market is potentially less mobile and transnational than that of foreign students, for whom the period of study is not necessarily linked to a life strategy for settling down, but more towards gaining competences and foreign work experience.

Inward migration also includes people of Finnish origin and citizenship returning to Finland and repatriating themselves. Paganus (2005) has emphasised the need to understand the interactional relationships between the work community and the returnees, which poses several challenges. She also highlighted the character of modern mobility among highly skilled diasporans, who may not return but continue on their migratory paths in other attractive environments. Heikkilä and Pikkarainen (2008) obtained similar results illustrating the impediments to returning to Finland, as many highly skilled Finnish origin diasporans abroad had a foreign spouse and they did not expect him/her to integrate and find work in Finland. Moreover, due to greater career opportuni-

ties abroad, they were not so inclined to return. A potential return intension was grounded mainly in work, but also had to do with retirement and, in a few cases, with studies (Heikkilä & Pikkarainen 2008).

One of the concerns for returnees is the potential attitude of employers. In many sectors, employers do not appreciate the foreign diplomas held by foreigners or Finns who have studied abroad, which further increases the probability of staying abroad for a longer period of time or else permanently (Statistics Finland 2014). A study by Heikkilä and Pikkarainen (2008) pointed out that the work environment, the work itself, tools and work resources as well as the colleagues in Finland were appreciated by contemporary foreign labour diasporans, but language and communication problems were identified: the language is difficult and the Finns are considered non-talkative. This indicates that not only foreign students and diasporic employees, but also potential returnee Finns, face non-inclusive policies or practices in working life.

Heikkilä (2015) has noted that many diasporans in Finland prefer to settle in urban areas, partly because of language and other lifestyle opportunities. The key difference to classic labour diaspora is that these highly skilled global "elite" migrants are not really influenced by their diasporas or any such gravity effects of ethnic enclaves (Leinonen 2012; see also Karppi 2006; Kultalahti et al. 2006). One simple reason is that there is not enough critical mass for such a diasporic gravity effect in Finland (see Karppi 2006); there is very little of a Silicon Valley or Bangalore effect pulling highly skilled migrants into the country (cf. Saxenian 2007; Sonderegger & Täube 2010). The pull is more from private life than from career opportunities. Heikkilä (2011) and Leinonen (2012) have provided evidence from the family context as a trigger, i.e. elite migrants with Finnish spouses are more inclined to consider migrating to Finland (e.g. Elo & Leinonen 2014). A global career is also linked to mobility issues in the family context (Mäkelä & Suutari 2011), and it occurs in more than one direction, being boundaryless (Tung 2008).

4.3. Net migration and net brain gain

If internal mobility between the EU countries is taken into account, then the EU itself is the region that serves as the central source or target of migration flows in the case of Finland with respect to brain drain and gain. According to Statistics Finland, 15,490 persons emigrated from Finland to foreign countries in 2014. This figure is 1,590 higher than for 2013. Respectively, immigration from abroad to Finland decreased by 430 persons and amounted to 31,510. In 2014, net immigration totalled 16,020 persons, which was 2,030 less than the

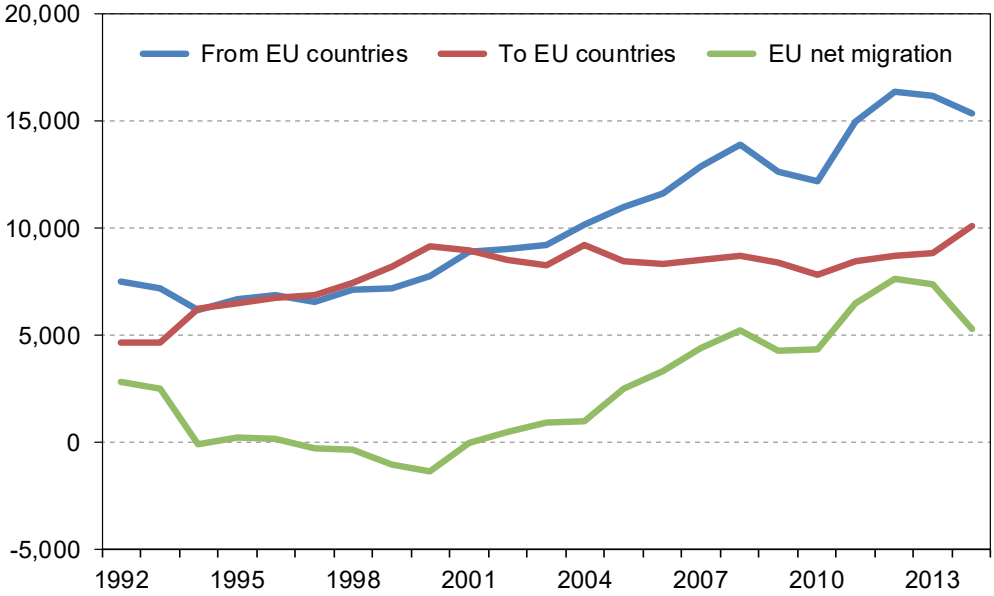

Figure 2. Migration between Finland and other EU countries, 1992–2014 (Source: Official Statistics of Finland (OSF): Migration [e-publication] 2014).

year before. Net immigration by foreign citizens also decreased somewhat, by 1,480 persons (see Figure 2.)

In 2014, 10,110 persons moved from Finland to other EU countries (see Figure 2). Emigration to EU countries consisted of 1,290 persons, an increase from the year before. Immigration from other EU countries to Finland decreased by 820 persons and amounted to 15,380 people. In 2014, Finland had a migration gain of 5,270 persons from other EU countries. Finland's migration gain from other EU countries was clearly lower than in the previous year.

In 2014, internal migration also decreased, which indicates the diminishing mobility of the labour force. When looking at the country's internal migration, the counties of Uusimaa and Pirkanmaa had the largest total internal migration gains in the country. The region that suffered the largest population loss was Kymenlaakso, whereas Kainuu had the largest relative migration loss. No region suffered a migration loss due to migration to foreign countries. The number of regions with a migration loss clearly drops when net international migration is taken into consideration. The sum of net immigration and net emigration was negative in only six regions. Thus, there are indications of balancing effects between different types of migration (Statistics Finland 2014).

As the statistics indicate, Finland as a country does not have a problem with its total negative net migration, but still, it has a problem due to the content of migration and the overall dynamics, as Heikkilä's study (2011) has underlined. The

turning point in 2009 illustrates a negative net migration of Finns (Korkiasaari 2016). There is a Finnish brain drain. Since the economic crises of the early 1990s, the number of Finns leaving Finland per year increased from approximately 5,000 to 11,000 by the change of the millennium, and it has remained at approximately 9,000 Finns leaving the country per year since then (Korkiasaari 2016). Finns who leave the country are mainly young people, often highly educated young people. This is exactly the category of people that the country needs as future talent (see Sitra). First, it needs more children and young people for a healthy population pyramid, and now it is losing them. This category also has a high risk of non-return, as the people are at such an age that they are able to settle down, establish families and start careers in a new place. Once some of these processes have been established, it becomes less probable that many of them will return. Second, the highly skilled labour leaving Finland includes many academics, i.e. researchers, professors, university teachers and also savvy entrepreneurial talents. The academics take their knowledge to foreign context, which is linked in respective research projects to highly specialised knowledge, potential innovations and patents, and also to expensive education. The entrepreneurs who search for new opportunities in entrepreneurial hot spots and global incubators (e.g. Berlin, Silicon Valley, and so forth) quite often are more successful in their ventures in the foreign context and not in their country of origin. This represents a loss of future-oriented firms, new jobs, innovation and internationalisation potential for the country of origin. Despite the notable interest in entrepreneurship (Laine 2016) this potential remains underdeveloped due to various impediments and career-building alternatives.

Moreover, the reasons for why highly skilled Finnish diasporans prefer to venture abroad are yet to be examined. There is so far no evidence of any altruistic behaviour or sentiments for homeland development, as in the diaspora research investigating diaspora entrepreneurs from a developing country context (e.g. Brinkerhoff 2009; Riddle 2008). Therefore, there is a serious research gap in understanding the dynamics of the Finnish brain drain and the reasons for the lack of brain circulation. In current research, there are no indications of efforts or outcomes regarding any triangular human talent flows or triple win scenarios from the Finnish perspective, although such effects may be found among those countries where the incoming talent is originating.

4.4. Attractiveness of Finland as the place to be

A country like Finland can govern its high-skilled migration flows by increasing its attractiveness as a place to study, live, work and venture. The findings from the empirical part of the study are in line with the extant research findings;

they also highlight the fact that many positive aspects (e.g. safety, life-work balance) counterbalance the negative aspects (e.g. weather, career impediments) (see Table 1). These highly skilled respondents are particularly interesting as their transnational mobility and alternative career opportunities elsewhere are greater than those for less-skilled labour diasporans. Due to their migratory background, their ability to compare and reflect on their choices is relevant and trustworthy and their individual experiences further increase the quality of the data on Finland as the receiving country for their talent. Still, despite the level of respondents that can be considered "elite migrants" (Leinonen 2012), there

Table 1. Emic views (responses) on Finland as the receiving country.

Could you propose some improvements that the Finnish system should do to assist skilled migrants to establish a life in Finland?
– Remove article in the law, which says that, theoretically, migrant that has study visa cannot establish a company without being married to someone with a Finnish passport.
– Provide long stay opportunity to skilled students who have graduated who can prove their financial solvency
– Make residence permit consideration process faster for skilled employees (now it might takes up to 9 months).
– To me, it seems that many migrants lack an understanding of the investments they need to make in order to be welcome (institutionally), in the first place. For example, they need to develop a track record so that a bank can formally trust you for a mortgage – which subsequently means that you can buy and own a home, which is a major step in integration and personal investment in building up the society. It seems like a small detail, but it is a considerable step towards integration. It would be very important for new entrants to get such a clear picture – an introduction phase into life in Finland and how to really establish oneself.
– Currently, many immigrants have the feeling that they are just temporally tolerated; I don't think this is true but some effort could go in that direction to accommodating them (e.g. in country X, we got a three-day introduction seminar about life and work in country X, and such important details were discussed up front — speeding up the learning curve dramatically; this may happen for some migrants in Finland, but I don't think this is really done for skilled migrants).

- Finnish language courses, some relocation help maybe in terms of a starting package, including money, and an introduction to the Finnish system. Help to get children in childcare and advice on how to get set up as a self-employed/freelancer in case it takes longer to find a proper job.
- Decrease the various barriers to accepting a job (e.g. labour unions should step back and let skilled migrants work and also simultaneously force local Finnish unemployed people to join the workforce).
- Increase language training, which should be relevant for work/profession.
- Support them in integrating into Finnish society.
- Make it easier to integrate into working life, be more active in terms of integration activities.
- Faster issuance of temporary working permits, too much time is wasted, for example, in the immigrant centres.
- Fast start with the language courses.
- Fast immigration track for highly educated immigrants or asylum seekers.
- But also a lot of changes have to happen in the attitudes of Finns who will be employing immigrant workers. Discrimination is a vast phenomenon and is doing a lot of harm to integration as a whole.

What makes Finland an unattractive place to live, work and venture in your opinion?

- Finland is relatively far from the middle of Europe. It is hard and expensive to travel/explore Europe. Many products are expensive. High mailing costs make it impossible to use the European and/or the internet marked to export Finnish products. Taxation, especially inheritance tax, is relatively high.
- Taxes, bureaucracy, negative and inflexible mindset, lack of ambition and so on.
- Governments constantly decrease money from education; this decreases our chances in international competition.
- See my previous answer: economic downturn, difficult to find work as a foreigner.
- Bureaucracy, Finnish nationalism/parochalism.
- Finland has less leisure activities compared with big cities and other European countries.

- Finnish winters are long and dark, summers short and still a little snowy. Public places are often stark, without any decoration like flowers, and roadsides are not neat. These are maybe secondary things, but they create public opinion and a beautiful environment would increases happiness.
- Language, somehow weather, lack of proper regulations for skilled migrants and entrepreneurs from abroad
- Language and climate (winter).
- Climate.
- November – you get the idea.

What makes Finland an attractive place to live, work and venture in your opinion?

- Finland is a highly developed society with good social cohesion and institutions that work better than in most countries in the world.
- Safety, economic stability in comparison with other countries, predictability.
- High standard of living, relatively equal society, fair social welfare system, young-minded society.
- Friendly environment, the value placed on of people's private life, convenient life, social security.
- Finns, their mindset and friendliness.
- It is a place where most people will be given a chance if they also invest in understanding how Finland works. It is a place where one can let children walk to school without fearing for their safety. It is a place where achievement generally is valued more than ascription; hierarchies are flat and work places often very collegial and professional; even if it seems at times challenging, it is also a place where work and life are not necessarily seen as two different categories; rather, they are part of the overall picture, and enough freedom and support is given to have the potential for a fulfilling existence.
- Way of life, family and friends, work-life balance.
- Good work/life balance.
- Safe, clean, family.
- Finland is a safe country to live.
- Family is here.

are concerns about discrimination, intolerance and lack of career development as well as an inability for societal integration.

5. Conclusion and discussion

The case of Finland illustrates quite well the nature of modern labour diasporas, which capitalise on the skills of highly skilled migrants searching for global and boundaryless careers. The individual and core family context matters most. The idea of co-ethnic cohesion and sentiment seems to be diminishing (see Cohen 2008), partly because cultural heritage is being lived differently as professional consciousness becomes more important. In addition, the findings reflect a different motivational context for highly skilled workers to be involved in home-country affairs than the findings pertaining to development economics and diaspora research within the context of developing countries. This may be caused by the more short-lived and business-related nature of the contemporary highly skilled diaspora, which is more individualistic and potentially lacks the dimensions of an ethnic diaspora group and the aspects of long-term settlement. Especially in the case of Finland, there are very few large-scale diasporas generating gravity effects or ethnic markets. The corporate relationships are also changing towards more fast-moving careers and growth maximisation (e.g. Riaz, Rowe & Beamish 2014).

There is no longer a of necessity a poverty push trigger in Finnish outward migration (Korkiasaari 2016); instead, modern mobility is more individually oriented and generated more by pull factors (cf. Table 1 and Koikkalainen 2013). Thus, the meaning of ethnicity in the diaspora context is potentially sub-ordinated to career, economic prosperity or entrepreneurial venturing. Simultaneously, there are no current findings illustrating any assumptions regarding home-country sentiments in terms of investments or return to the homeland as a driving force for life strategies when it comes to the Finnish diaspora. The internationalisation and globalisation of the labour force, particularly of highly skilled diasporans with a Finnish origin, suggests a less ethnic and emotional approach to mobility and a more pragmatic approach to boundaryless careers.

This finding implies that more theory development is required, and that a greater understanding of the developed economy context and contextual asymmetry is needed. An improved contextualisation of migration dynamics is required, one that takes into consideration the career options and economic settings of the home and host countries (see Elo 2016). The individualistic implications of modern labour mobility create a challenge with respect to the role of the nation state, as its degree of ownership of its human resources is becom-

ing diluted and the place (i.e. country) of work is losing importance. This is both a challenge and an opportunity for talent management on a geographical scale and with regards to regional development. This study implies that some occupations (e.g. academia) and socio-cultural settings (e.g. mixed-marriage family, bi-culturalism and multilingualism) may be particularly sensitive to modern mobility (cf. Baruch & Hall 2004; Tung 2008; Heikkilä, Oksi-Walter & Säävälä 2014; Heikkilä & Rauhut 2015), which underscores the idea of cohorts and portfolios when assessing "brain" power and its mobility.

The propositions developed are as follows:

Proposition 1. The mobility of modern highly skilled migrants is more individually constructed and more digital/virtual and less ethnic or collective than previously, altering the gravity effects.

Proposition 2. The ownership of talent is individual and nation state-level policy making (in democratic, Western-style countries) cannot assume that workers will automatically employ home country sentiments, but together with the industry and business, they can influence the attractiveness of the home country as a place to work and venture via targeted policies.

Proposition 3. The different cohorts constituting "brain" power (inside and outside the country) act and react differently. Therefore, their characteristics and dynamics need explicit and tailored solutions for how best to employ their talent.

The managerial implications on the level of corporate recruitment are multiple. Since Finland is a small and peripheral nation state without Silicon Valley-like hot spots, human resource managers need to consider carefully how to maintain and obtain highly skilled talent in Finland. There are systemic advantages on the macro level, such as the school system, but these criteria are not enough for a positive talent balance. Importantly, as many of the outward migrants are young talents, they are not necessarily considering these positive features or, due to their age, they have no problems with establishing families abroad (cf. Heikkilä, Oksi-Walter & Säävälä 2014; Heikkilä & Pikkarainen 2006). The ethnicity of the talent requires reconsideration since companies are less actively employing Finnish-educated talents. Since Finnish-origin human resources are currently contributing to a brain drain, firms need to consider alternatives and assess their competence expectations differently, for example regarding their requirements for Finnish language competence. In addition, the potential employment of returnee/circular diaspora workers represents underexploited human resources that, for some reason, are often neglected in the corporate context (e.g. Paganus 2005).

Policy making is among the key issues in managing contemporary mobility. Smart and portfolio-style policies are needed to capture the heterogeneous needs of highly skilled migrants interested in working and investing in Finland. The interests of the Finnish Ministry of the Interior in attracting foreign entrepreneurs, investors and top talent is significant, as the majority of new employment opportunities are to found in small and medium-sized technology/innovation-based enterprises, which emerge in particular environments implanted with capital and talent. Thus, as Minister of Interior Petteri Orpo notes: "We cannot stay behind from other countries. This is also a question of competitiveness" (Orpo 2016).

The implications deduced from the analysis on policy making are numerous: first, the policies regulating the outflow, i.e. already extant talent in Finland, need to be updated. Currently, the majority of foreign students must leave the country after completing their studies, as the requirements for residence/work permits exceed the realistic possibilities available to recently graduated young talent (e.g. Laine 2016). Second, keeping highly skilled Finnish workers in Finland requires particular policies and incentives as part of the global competition for talent, since their Finnishness is no longer a criterion for them staying in the country and the diminishing future prospects become push factors. Third, the circulation of talent requires novel policies, as highly skilled Finns who work and venture abroad need to have realistic chances for a successful return and for transnational economic and social activity.

The current discussion delimiting the possibility of return based on income criteria negatively affects young talent and mixed-marriage families. Discriminatory policies based on income, foreign diplomas or nationality reduce the incoming migration of "brain" power, thus impeding triple win scenarios. Fourth, the inflow to fill systemic talent gaps is most relevant for industry (see Al Ariss 2014). The objectives of policy making, together with industry and business, may assist in redesigning tools and incentives that allow a better inward flow and net balance of talent, thereby increasing the competitiveness and attractiveness of Finland as a place to live, do business and build careers (see Mattila & Björklund 2013).

Small countries are subject to various dangers related to their international competitiveness, thus they cannot afford to take a passive approach. For example, Finland may learn from the significant outward migration problems of Lithuania and Portugal (e.g. Amaral & Marques 2014; Portuguese Emigration Factbook 2014), the aggressive inward talent management of Estonia and the returnee/diaspora resource management of Ireland with ConnectIreland. The economic downturn has put additional pressure on successfully managing brain drain in Finland, and its situation shows the volatility of the highly skilled resources contributing to modern labour diasporas, with workers moving to places with greater opportunities. The example of Greece points out that once

the home country setting becomes unbearable, highly skilled people, like doctors, nurses, scientists and start-up entrepreneurs, will find other solutions and places to employ their resources. The idea of return to a country of origin is no longer automatically valid for many highly skilled migrants, who often are also the first to leave (e.g. Abdelhady 2008; Kuznetsov 2008). This suggests that policies also have certain time frames in terms of their application.

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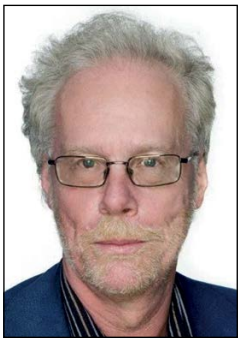

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