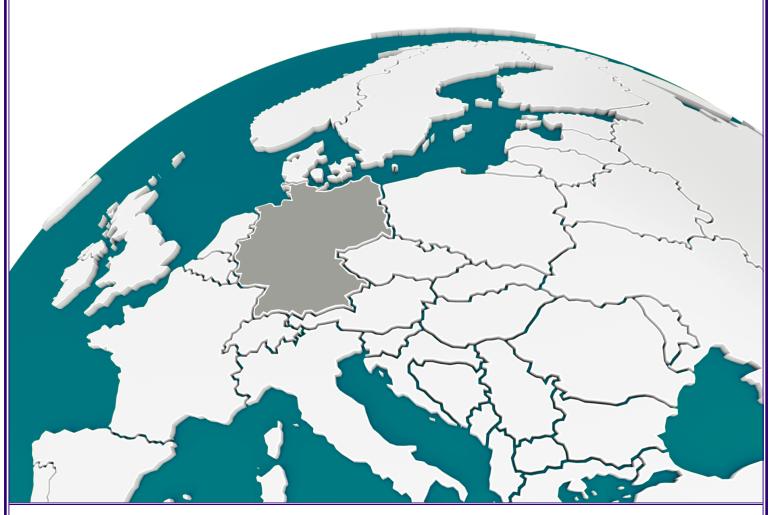
# INVESTING IN THE FUTURE LABOR MARKET INTEGRATION POLICIES FOR NEW IMMIGRANTS IN GERMANY

By Carola Burkert and Anette Haas



A Series on the Labor Market Integration of New Arrivals in Europe: Assessing Policy Effectiveness







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#### **Table of Contents**

Executive Summary	I
I. Introduction	2
II. A Country of Immigration	3
III. Overview of the German Labor Market	4
A. The German Labor Market "Miracle"	4
B. Mixed Prospects for Immigrants in the German Labor Market	5
C. Labor Market Access Rights Across Migrant Categories	6
IV. Policies to Support Labor Market Integration	8
A. An Introduction to the Structure of Service Provision in Germany	8
B. Employment Services	9
C. Language Training	13
D. Vocational Training	16
E. The Role of Employers and Social Partners	19
V. Conclusions and Recommendations	20
Works Cited	22
About the Authors	26



#### **Executive Summary**

Germany's labor force is shrinking and its population aging, provoking widespread fears that skills deficits will hold back economic growth. Against this backdrop, ensuring that the country's growing immigrant population has robust pathways into middle-skilled work has become a policy priority. Despite initial difficulties finding work, new immigrants to Germany enjoy considerable improvements in their access to the labor market during the first few years after arrival. However, immigrants still face considerable barriers working their way up into middle- or high-skilled jobs.

Principal among the barriers to upward job mobility are insufficient language skills and—in a country where skills and formal qualifications are crucial to finding stable, well-paying jobs—a lack of recognized qualifications. Federal, state, and local governments in Germany have introduced a wide array of services to improve the labor market integration of immigrants, including employment counseling, vocational training, and language instruction. These are delivered both through targeted interventions designed for immigrants, and through mainstream institutions such as the public employment service; several of the interventions have been designed in cooperation with employers, who play a particularly important role in skills development in Germany.

While notable progress has been made toward the goal of providing high-quality and widely accessible services to facilitate labor market integration, Germany still faces some significant challenges. Immigrants can receive employment counseling through public employment services, for example, but there is some evidence that job center staff do not always have sufficient capacity and knowledge to advise clients with poor language skills or foreign qualifications. Faced with this problem, one of the federal government's flagship integration policies—a network of service providers established to coordinate training and employment services at the regional level—has developed counseling services tailored to immigrants and training programs to improve employment advisors' intercultural competence. The government has also piloted specialized counseling services for refugees, who face particularly steep barriers to labor market integration.

Federal, state, and local governments in Germany have introduced a wide array of services to improve the labor market integration of immigrants.

Meanwhile, immigrant jobseekers without German qualifications have only limited access to skilled jobs, even if they have significant work experience or on-the-job training. Germany has a prestigious system of apprenticeships that provides the major pathway into middle-skilled jobs for the native-born population. But immigrants are under-represented in vocational apprenticeships, and those who do participate are more likely to be trained for occupations with limited career prospects. Among other factors, recent research has uncovered discrimination in apprenticeship placement processes.

For immigrants who already have qualifications from abroad, early evaluations suggest that a major piece of legislation in 2012 has helped to make the process of certifying skills in Germany more efficient. However, employers' involvement in recognition may need to be strengthened, and there are still relatively few training options for foreign-trained immigrants who have most, but not all, of the skills they need to be certified. In addition, immigrants and the employment agencies advising them are not always aware of the tailored programs that exist to improve access to apprenticeships or help the foreign trained fill skills deficits.



Language skills are another important prerequisite to upward mobility into middle-skilled jobs, and Germany has invested deeply in free or low-cost language instruction. But there are problems inherent in the main language program available to new immigrants, which provides generic instruction without any focus on job-related vocabulary. There are insufficient part-time courses for people in work, and courses may or may not be tailored to the needs of participants with different educational backgrounds (such as individuals who require more than the 600 hours on offer to develop intermediate language proficiency). Various workfocused language programs have been developed for both workers and jobseekers with secondary schooling and above, although a systematic assessment of their impacts is difficult.

Despite considerable investments in programs to assist immigrants, evaluation has often been too limited to draw strong policy conclusions and identify key successes or failures. A host of initiatives have been introduced and many are quite new, making evaluation difficult; many others received only temporary funding and were discontinued after an initial pilot. At the same time, responsibility for various pieces of the integration puzzle remains fragmented across different federal, state, and local governmental and nongovernmental actors. As a result, coordinating provision of services and ensuring that immigrants are referred to the most appropriate ones is challenging.

Immigration flows to Germany are enormously diverse, from highly skilled European Union (EU) citizens with unfamiliar qualifications to much more vulnerable and often socially isolated refugees or family migrants with basic education and literacy needs. As Germany's integration system continues to develop, it will need a flexible approach that both accommodates diversity—accounting for the particular needs of different groups—and provides systematic and well-coordinated assistance to newcomers across the board.

Coordinating provision of services and ensuring that immigrants are referred to the most appropriate ones is challenging.

#### I. Introduction

Labor market participation is a crucial component of full membership in German society: for immigrants, such participation not only provides economic independence, but also a way to take an active part in their new society. For the destination country, the benefits of migration depend on migrants' successful integration into the labor market—as well their pre-existing endowment of skills, knowledge, and capabilities. Policy shapes the process by which migrants integrate into the receiving labor market and thus helps determine the extent to which the potential benefits of mobility are captured.

During the coming decades the demand for skilled labor in Germany will increase across regions, occupations, and sectors. To attract and retain qualified immigrant workers, the labor market would do well to capitalize on their full potential. The supply is there: after a dip in the mid-2000s, immigration to Germany is again on the rise: 2013 saw the highest rate of new immigration since 1993.

This report analyzes how effectively workforce development and integration policies in Germany support immigrants' progress from unemployment or low-skilled work to middle-skilled jobs. The report begins with an overview of immigration trends and the labor market context in Germany. It then assesses recent efforts to make employment services and vocational training more open to workers with nontraditional and diverse needs, and explores several new initiatives to incorporate language education into work-focused

Statistisches Bundesamt, "2013: highest level of immigration to Germany for 20 years," (press release 179, May 22, 2014, Statistisches Bundesamt), www.destatis.de/EN/PressServices/Press/pr/2014/05/PE14 179 12711.html;jsessionid=63DC611A035B 317F08571F84CAF8516E.cae2.



or occupational training. Finally, it concludes by presenting a few recommendations for further policy development.

#### II. A Country of Immigration

Germany has a long tradition of immigration from a wide array of European countries. Recent immigration began during the 1960s and 1970s with guestworker recruitment from Italy, Spain, Greece, Turkey, Portugal, and Yugoslavia. Contrary to the expectations of the German government, a huge number of these guestworkers stayed permanently and were followed by spouses and family members. In the early 1990s reunited Germany received refugees from the former Yugoslavia, asylum seekers, as well as immigrants from Eastern Europe. The last group included ethnic German repatriates (*Spaetaussiedler*), most from Poland, Romania, and the former Soviet Union.<sup>2</sup>

Despite its long history of receiving immigrants, Germany first passed comprehensive migration and integration legislation in 2005. The aim of this legislation was to transform Germany into a country open and attractive to immigrants, particularly the highly qualified.

In 2013 the number of new arrivals in Germany exceeded 1 million, the highest inflow since 1995.<sup>3</sup> Some of the increase in immigration was driven by the accession of new Member States to the European Union in 2004 and 2007, extending freedom of movement to workers from these countries.<sup>4</sup> At the same time, Germany was among the existing Member States that set up transitional arrangements limiting the mobility of nationals from new Member States (due to fears of a mass influx of workers). Restrictions ended in May 2011 for nationals from those countries that joined in 2004, and in December 2013 for Romanian and Bulgarian nationals.

## Despite its long history of receiving immigrants, Germany first passed comprehensive migration and integration legislation in 2005.

Germany's recent economic success, despite the global recession, has made it an attractive destination for foreign-born workers. Countries of origin are primarily European, and most are in the European Union: the share of EU citizens coming to Germany amounted to 60 percent of all immigrants between 2007 and 2011. Particularly strong increases in net immigration between 2010 and 2014 were recorded from Poland,

<sup>2</sup> They have a special immigration status due to their German origin, which guarantees German nationality immediately upon arrival. In addition, ethnic Germans face no legal restrictions on labor market entry.

According to Federal Office of Statistics figures 1,108,068 persons with foreign nationality moved to Germany, whereas 657,604 persons with foreign nationality moved out of Germany in 2013. Note that German immigration statistics capture all individuals entering the country who stayed for more than three months. Immigration numbers are therefore much larger than those recorded in Eurostat, which reflect only stays longer than ten months. See Bundesamt für Migration und Flüchtlinge (BAMF), *Migrationsbericht 2012* (Nürnberg: BAMF, 2014), <a href="https://www.bamf.de/SharedDocs/Anlagen/DE/Publikationen/Migrationsberichte/migrationsbericht-2012.pdf?">https://www.bamf.de/SharedDocs/Anlagen/DE/Publikationen/Migrationsberichte/migrationsbericht-2012.pdf?</a> blob=publicationFile.

The 2004 enlargement countries included Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. In 2007 Bulgaria and Romania also joined the European Union.

<sup>5</sup> Sachverständigenrat deutscher Stiftungen für Integration und Migration, "Erfolgsfall Europa? Folgen und Herausforderungen der EU-Freizügigkeit für Deutschland," *Jahresgutachten 2013 mit Migrationsbarometer* (Berlin: Sachverständigenrat deutscher Stiftungen für Integration und Migration, 2013), 54, <a href="https://www.svr-migration.de/content/?page\_id=4760">www.svr-migration.de/content/?page\_id=4760</a>.



Hungary, Czech Republic, Romania and Bulgaria. Immigration from Greece, and Spain increased significantly in reaction to the financial and economic crisis, however absolute numbers remain small compared to the new accession countries. Overall, the employment of new immigrants from Poland, Hungary, Italy, Greece, Spain, and Portugal has increased continually in the German labor market.

Several recent legislative reforms, including the introduction of the Blue Card<sup>9</sup> in 2012, have made labor market entry for (highly) qualified third-country nationals easier. Efforts to make procedures for recognizing qualifications more transparent and user-friendly also seek to make it easier for skilled immigrants to enter the labor market.

### The results of efforts to facilitate immigrants' labor market integration are rather mixed.

Overall, in contrast to previous immigration periods, new immigrants are younger and likely to stay a shorter time. However, the most striking fact is that new immigrants have higher levels of formal education, an important prerequisite for successful labor market integration.<sup>10</sup>

The results of efforts to facilitate immigrants' labor market integration are rather mixed. Educational levels and employment rates of new arrivals have increased, but the average unemployment rate of foreigners has been double the size of natives' for over 20 years. For most third-country nationals the possibility to move into higher-skilled work over time by gaining German labor market experience seems rather limited. Mobile EU citizens, in general, have employment rates similar to those of natives, although they tend to be employed in lower-skilled jobs.

The next section provides a brief introduction to recent labor market reforms in Germany, and explains the important role of occupational and vocational training and certification.

#### III. Overview of the German Labor Market

#### A. The German Labor Market "Miracle"

The 2000s were a decade of substantial change within the German labor market. Although Germany's labor market performed very well throughout the recent recession—in contrast to other Organization for

<sup>6</sup> Data from June.

Amelie F. Constant and Ulf Rinne, *Labour Market Information for Migrants and Employers: The Case of Germany*, Research Report no. 50 (Bonn and Washington, DC: Institute for the Study of Labor, 2013), 8, <a href="https://www.iza.org/en/webcontent/publications/reports/report\_pdfs/report\_pdfs/iza\_report\_50.pdf">www.iza.org/en/webcontent/publications/reports/report\_pdfs/iza\_report\_50.pdf</a>.

<sup>8</sup> Michael Hartmann and Kim Reimer, *Auswirkungen der Arbeitnehmerfreizügigkeit und der EU-Schuldenkrise auf den deutschen Arbeitsmarkt* (Nürnberg: Statistik der Bundesagentur für Arbeit, 2013), <a href="https://doku.iab.de/externe/2013/k131022r04.pdf">http://doku.iab.de/externe/2013/k131022r04.pdf</a>.

<sup>9</sup> The Blue Card is an EU-wide work permit, implemented by Germany in 2012, that allows highly skilled immigrants with a job offer to work in the European Union.

<sup>10</sup> Holger Seibert and Rüdiger Wapler, Zuwanderung nach Deutschland: Aus dem Ausland kommen immer mehr Akademiker (Nürnberg: Institut für Arbeitsmarkt- und Berufsforschung, 2012), http://doku.iab.de/kurzber/2012/kb2112.pdf.

<sup>11</sup> Nadia Granato, *A Work in Progress: Prospects for Upward Mobility Among New Immigrants in Germany* (Washington, DC: Migration Policy Institute, 2014), <a href="http://migrationpolicy.org/research/work-progress-prospects-upward-mobility-new-immigrants-germany">http://migrationpolicy.org/research/work-progress-prospects-upward-mobility-new-immigrants-germany</a>.



Economic Cooperation and Development (OECD) countries—unemployment rates fell among workers at all qualification levels between 2008 and 2011. Earlier in the decade, the German economy experienced a significant downturn that paved the way for a paradigm shift in labor market and social policies. Between 2003 and 2005 the government undertook extensive structural reforms to improve the functioning of the labor market by increasing the efficiency and flexibility of employment services and emphasizing individual responsibility. Most important, the reforms created a new, shorter unemployment insurance scheme with strong activation requirements (*Arbeitslosengeld*), and merged two earlier forms of unemployment and social support (*Arbeitslosenhilfe*) and (*Sozialhilfe*) to form a new, basic income support benefit (known as *Arbeitslosengeld II*).

The aim of the reforms was to incentivize employment by restricting access to unemployment benefits. The new regulations obligate jobseekers, particularly the long-term unemployed, to take any job within a reasonable commuting distance, including jobs at a lower skill level than their previous one. Moreover, the reforms introduced new support for jobseekers' participation in further vocational training in order to help them develop skills in demand in the local labor market. Although the reforms were aimed at activating underqualified or underutilized members of the labor force (of which foreign-born workers make up a high share) immigrants were not a specific target group.

On the employer side, the legislation cut social security contributions for employees who earn no more than 450 euros per month in an effort to encourage hiring. This change has, however, come under criticism for potentially creating incentives for employers not to increase working hours above the 450-euro threshold, thus potentially limiting upward mobility for workers in so-called "mini-jobs."

### The aim of the reforms was to incentivize employment by restricting access to unemployment benefits.

These structural reforms have changed the German labor market significantly, and recent successes in the labor market as well as the continuous decline in long-term unemployment can be at least partially traced back to the far-reaching reforms. While employment has risen and unemployment has shrunk, atypical work—such as hourly jobs and temporary agency work—has increased, potentially reducing wages and job duration.

#### B. Mixed Prospects for Immigrants in the German Labor Market

As of December 2012 foreign nationals represented 7.7 percent of the German labor force. Foreigners worked predominantly in the catering and hotel industry (24 percent), business services (*wirtschaftliche Dienstleistungen*) (11 percent), agriculture sector (11 percent), and transport and warehouse sector (10 percent).<sup>15</sup>

<sup>12</sup> Organization for Economic Cooperation and Development (OECD), *Education at a Glance 2013: Country Note Germany*, (Paris: OECD, 2013), www.oecd.org/edu/Germany\_EAG2013%20Country%20Note.pdf.

<sup>13</sup> Sabine Klinger, Thomas Rothe, and Enzo Weber, *Makroökonomische Perspektive auf die Hartz-Reformen: Die Vorteile überwiegen* (Nürnberg: Institut für Arbeitsmarkt- und Berufsforschung, 2013), <a href="http://doku.iab.de/kurzber/2013/kb1113.pdf">http://doku.iab.de/kurzber/2013/kb1113.pdf</a>.

<sup>14</sup> Lena Jacobi and Jochen Kluve, "Before and After the Hartz Reforms: The Performance of Active Labour Market Policy in Germany," Zeitschrift für Arbeitsmarktforschung 42 (2007): 45–64.

<sup>15</sup> Statistik der Bundesagentur für Arbeit, Analyse des Arbeitsmarktes für Ausländer, Analytikreport der Statistik (Nürnberg: Bundesagentur für Arbeit, October 2013), 16, <a href="https://statistik.arbeitsagentur.de/Statischer-Content/Statistische-Analysen/Analytikreports/Zentrale-Analytikreports/Monatliche-Analytikreports/Generische-Publikationen/Analyse-Arbeitsmarkt-Auslaender-201310.pdf">https://statistik.arbeitsagentur.de/Statischer-Content/Statistische-Analysen/Analytikreports/Jenerische-Publikationen/Analyse-Arbeitsmarkt-Auslaender-201310.pdf</a>.



On average, immigrants in Germany tend to have worse employment outcomes than do natives. As of June 2013 the unemployment rate of foreign nationals was registered at more than twice that of Germans (13.9 percent vs. 6.0 percent). Employment rates for the foreign born have tended to be similarly low at arrival, particularly for immigrants from non-EU countries. But after a few years in the German labor market, most groups have been able to substantially narrow their employment gap relative to the native-born.

### The heavy emphasis German employers place on formal qualifications may contribute to immigrants' difficulties in entering middle-skilled jobs.

In comparison to other EU countries, Germany has a relatively low share of unskilled jobs, but foreign-born workers are more likely to be employed in these positions than native-born workers (22 percent vs. 10 percent in 2010). A previous analysis of microcensus data suggests that concentration in lower-skilled occupations is highest at arrival for citizens from the former Soviet Union and Turkey, but evidence of these groups' upward mobility is also significant. Workers with lower levels of education are the most likely to get stuck in part-time work that tends to be low paid.

As noted earlier, the heavy emphasis German employers place on formal qualifications may contribute to immigrants' difficulties in entering middle-skilled jobs. Career prospects are best for people who completed a vocational or professional certification or obtained an academic degree. The certification of vocational training allows individuals access to skilled job opportunities and a smooth transition into the labor market. But for those who lack certification or vocational qualifications, access to skilled jobs is limited, even for those who have received training on the job or have significant work experience. Although certificates are not compulsory in many cases, they may act as a de facto restriction because job experience alone—even if significant—is generally not sufficient to move into more-skilled work.<sup>20</sup> Meanwhile, it is difficult to gain recognition for foreign credentials—especially from non-OECD countries—creating a barrier even for foreign-born workers who have higher education levels.

#### C. Labor Market Access Rights Across Migrant Categories

The right to access work or services can also highly influence immigrants' chances of successful labor market integration. These rights differ significantly by migrant category (see Table 1).

<sup>16</sup> Ibid.

<sup>17</sup> See Granato, A Work in Progress.

<sup>18</sup> OECD, Recruiting Immigrant Workers: Germany (Paris: OECD, 2013), <a href="www.oecd-ilibrary.org/social-issues-migration-health/recruiting-immigrant-workers-germany">www.oecd-ilibrary.org/social-issues-migration-health/recruiting-immigrant-workers-germany</a> 9789264189034-en.

<sup>19</sup> See Granato, A Work in Progress, for more details on immigrants' countries of origin, educational levels, and employment sectors.

<sup>20</sup> See the subsection "Vocational Training."



Table 1. Access to the German Labor Market, by Migrant Category

Category by Citizenship	Labor Market Access	
EU-15 and EEA nationals	Free access	
EU-8 nationals (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia)	Free access (Access limited* until May 1, 2011)	
EU-2 (Bulgaria and Romania)	Free access (Access limited* until January 1, 2014)	
EU-1 (Croatia)	Limited access*	
Third-country nationals		
Labor migrants	Require a residence title to take up employment; they get the title if they do not have a labor contract	
Family members of German nationals	Free access	
Family members of Blue Card or residence permit holders	Access depends on the kind of residence permit of the visa holder	
Humanitarian migrants		
Asylum seekers	Limited access** after nine months (since summer 2013; planned end of 2014: after three months), no limitation after four years of residence in Germany	
Persons with suspension of deportation (Duldung)	Limited access** ( planned end of 2014: after three months)	
Recognized refugees	Free access	

<sup>\*</sup> Limited access: To get a work permit, employers must first demonstrate that another worker with preferential status is not available for the job in question and must provide the foreign worker with comparable working conditions with those of national workers.

Note: EU-15: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom; EEA; Iceland, Liechtenstein, Norway Source: Authors' compilation.

In principle, all categories have access to employment services (although asylum seekers must wait to receive work authorization), but these services are often not prepared for the special needs of immigrants. To be eligible for unemployment benefits, a person must have been employed for at least 12 months<sup>21</sup> within the past two years and must register in person for benefits.

<sup>\*\*</sup>Limited access: Nationals of countries outside the European Union or the European Economic Area require a residence title for entry. The German Residence Act (AufenthG), as well as the German Regulation on the Employment of Foreigners (German Employment Regulation – BeschV) regulate admission to the German labor market. Section 18 AufenthG regulates residence for the purpose of economic activity. It requires the Federal Employment Agency to first assess whether another worker with preferential status is available for the job in question and whether an employer will provide comparable working conditions with those of national workers.

<sup>21</sup> Employment must have been in an occupation that was subject to social insurance contributions. In Germany, most employers must pay contributions to the social insurance system, but those who are self-employed or employed by the public sector are exempt.



#### IV. Policies to Support Labor Market Integration

This section begins with an overall introduction to German integration policy. It then considers the specific provisions of employment services, language training, and vocational training in greater detail.

#### A. An Introduction to the Structure of Service Provision in Germany

There are several different actors managing services, training, and support in the German labor market. The Federal Employment Agency (Bundesagentur für Arbeit, BA) cooperates with local employment services to provide vocational guidance, support to jobseekers, job placement, payments of benefits, and further training for the unemployed. The Chambers of Commerce and Industry (Industrie- und Handelskammern, IHK), as well as the Chambers of Skilled Crafts (Handwerkskammern, HWK) represent the interests of all businesses and skilled trades based in a particular district. All private businesses are required to be members of the relevant chamber, <sup>22</sup> and, in turn, businesses receive a guarantee that their interests will be represented through the activities of the chambers. The chambers, in cooperation with the Federal Ministry of Education and Research (Bundesministerium für Bildung und Forschung, BMBF) and Federal Institute for Vocational Education and Training (Bundesinstitut für Berufsbildung, BIBB), coordinate training and credentialing for occupations within their sectors.

Governance of integration policies has changed substantially in Germany over the past decade. In recent years the federal government has tried to establish cross-cutting initiatives that aim to pool integration activities across government levels (federal, state, local) and also to involve nongovernmental organizations (NGOs).<sup>23</sup> The *Immigration Act of 2005* (*Zuwanderungsgesetz*) for the first time established the promotion of integration as a goal of federal law. The central component of German integration policy has been the integration course, mainly for newly arrived third-country nationals,<sup>24</sup> which consists of language instruction and cultural orientation. As part of the reform, the Federal Office for Migration and Refugees (Bundesamt für Migration und Flüchtlinge, BAMF) was commissioned to map the existing integration programs of the government (federal, state, local) as well as of NGOs, and to recommend how to further develop integration policy. The primary recommendations of the review were to promote immigrants' German-language skills and educational opportunities, and to improve cooperation with migrant organizations.<sup>25</sup>

Following the completion of the review, the government, with input from migrant organizations, developed a National Action Plan on Integration (NAP) to establish concrete and binding goals for integration. Through the NAP, 11 forums have been convened on various topics key to integration, including education, training, and labor market entry and advancement. The plan sets out measures to be adopted by the federal

<sup>22</sup> Chambers or *Kammern* represent all craftsmen in a region, and membership is compulsory. They are divided into IHKs (Industrie- und Handelskammern) and HWKs (Handwerkskammern), depending on the industry and occupational groups. All German companies registered in Germany, with the exception of handicraft businesses, professions outside the vocational credentialing system, and farms, are required by law to join their regional IHK. Membership of a skilled craft in Germany is regulated by law—the Crafts Code determines which occupations are part of the crafts sector (more than 100 occupations in the following areas: building and interior finishes trades, electrical and metalworking trades, woodcrafts and plastic trades, clothing/textiles/leather crafts and trades, food rafts and trades, health- and body-care trades, graphic design).

<sup>23</sup> Sachverständigenrat deutscher Stiftungen für Integration und Migration, *Integration im Föderalen System: Bund, Länder und die Rolle der Kommunen, Jahresgutachten 2012 mit Migrationsbarometer* (Berlin: Sachverständigenrat deutscher Stiftungen für Integration und Migration, 2012), 66, <a href="https://www.svr-migration.de/content/?page\_id=4291">www.svr-migration.de/content/?page\_id=4291</a>.

<sup>24</sup> Ethnic German repatriates and migrants (as an employee, for the purpose of subsequent immigration of dependant family members, for humanitarian reasons, and as someone entitled to long-term residence) who have received a residence title on or after January 1, 2005, have a legal entitlement to attend the integration course. Foreign nationals with a residence title issued before 2005 must attend the course if they receive unemployment benefit II—and the office (which pays this unemployment benefit II) requires the migrant to attend, or the local immigration office (Ausländerbehörde) requires the migrant to attend the course because of his/her special integration needs.

<sup>25</sup> BAMF, Bundesweites Integrationsprogramm (Nürnberg: BAMF, 2010), <a href="www.bamf.de/SharedDocs/Anlagen/DE/Downloads/Infothek/Integrationsprogramm/bundesweitesintegrationsprogramm.pdf?">www.bamf.de/SharedDocs/Anlagen/DE/Downloads/Infothek/Integrationsprogramm/bundesweitesintegrationsprogramm.pdf?</a> blob=publicationFile.



government and recommendations for action by the states, communities, and NGOs.<sup>26</sup>

Despite these efforts to create a more coordinated and centralized integration policy, responsibility for various pieces of the integration puzzle remains dispersed across different federal, state, and local governmental and nongovernmental actors.<sup>27</sup> Legal and political responsibilities for integration policies are defined differently at the federal, state, and local levels, which is a key challenge.

#### B. Employment Services

Employment services in Germany are primarily provided by the Federal Employment Agency (BA), which is comprised of a head office, ten regional directorates, and 176 local employment agencies. BA provides vocational guidance, job and training placement, and career counseling. It also delivers benefits to those receiving work-based unemployment insurance (*Arbeitslosengeld II*). Services for the long-term unemployed and those receiving social assistance benefits (*Arbeitslosengeld II*) are handled separately either through Jobcenters (consortia formed by municipalities with federal employment services) or *Optionskommunen* (services managed by independent local authorities.

#### Employment services in Germany use a holistic approach.

Jobseekers who would like assistance from an employment agency must report their intention of finding a job to the responsible agency (either via an online service, such as JOBBÖRSE, or in person). Individuals wishing to receive unemployment benefits must register in person. Job advisors conduct counseling interviews with registrants, and provide information on topics such as job search services, the length of unemployment benefits available, and the possibility of receiving additional financial assistance.

Employment services in Germany use a holistic approach. Thus, they do not cater specifically to immigrants, for example, through specially trained caseworkers or translation and interpretation services.<sup>29</sup> Agencies use the "4-Phase Model" (profiling, goal setting, strategy selection, and implementation) to provide services and promote integration into the labor market for all clients. The model may, however, identify problems that are migration specific (for example, a lack of language skills or unrecognized qualifications).

Employment services offer a variety of interventions to overcome problems that may be migrant specific. Examples include:

- recommending participation in a special language course;
- counseling opportunities for the recognition of foreign qualifications;
- multilingual information brochures;
- presentations by advisors at migrant organizations about useful services (for instance, advisors

<sup>26</sup> Sachverständigenrat deutscher Stiftungen für Integration und Migration, Integration im föderalen System, 66.

<sup>27</sup> Ibid, 17.

<sup>28</sup> The Federal Employment Service (BA) also provides job search assistance to workers abroad looking to move to Germany for employment. The BA's International Placement Service (Zentrale Auslands- und Fachvermittlung, ZAV) is a member of the European Employment Services (EURES) network, which supports immigrants from Europe as they seek a job in Germany. ZAV holds special events in other European countries to inform jobseekers about job possibilities and working conditions in Germany. Sometimes the events are held in conjunction with German employers who interview applicants for jobs.

<sup>29</sup> Only two BA regional offices (Regionaldirektionen in Baden Wuerttemberg and Nordrhine Westfalia) have "migration experts" (that is, commissioners for migration. Their main tasks are networking and introducing new ways to ease the integration of migrants together with network partners. In the head office of the employment services a special department, Koordinier-ungsstelle Migration, coordinates existing activities.



may work with a local mosque to present information about the importance of vocational training to parents or younger adults without qualifications);

- information on career counseling for consulate offices, which in turn forward this information to their nationals who are residing in Germany;
- job fairs that target immigrant workers and aim to provide easier access to employers;
- job application counseling; and
- the facilitation of networks among relevant actors (federal, state, and local authorities; employer associations; unions; and so on) in order to help them understand the special problems and needs of immigrants.

Employment services, Jobcenters, and *Optionskommunen* do not differentiate between immigrants (or different immigrant categories) and natives, or men and women, in the services they offer. Some evaluations have therefore suggested that these agencies are not well equipped to serve diverse populations, who may have unique needs distinct from those of native-born jobseekers.<sup>30</sup>

In particular, the practices of Jobcenters have been found to reinforce existing inequalities in three key ways: (1) the staff of job centers may treat unaccredited qualifications as nonexistent, and jobseekers with foreign qualifications may therefore be characterized as "unqualified"; (2) the staff of job centers do not always consider the special needs of immigrants, such as for language training; and (3) sanctions are applied to all jobseekers who refuse to take a job that is available, even if family circumstances or cultural traditions preclude them from taking it.<sup>31</sup> Meanwhile, another study found that immigrants were more likely to be placed in a job at the appropriate skill level through a Jobcenter than through an *Optionskommunen*.<sup>32</sup>

#### I. Making Employment Services More Responsive to Needs

One of the federal government's key initiatives to improve how employment services respond to the needs of diverse populations is the Integration through Qualification (IQ) program. This was launched by the Federal Ministry of Labor and Social Affairs (Bundesministerium für Arbeit und Soziales, BMAS) in 2005 as a nationwide network to develop and test recommendations for improving counseling and training for foreign-born workers. Recommendations included establishing regional networks to deliver support services, and providing training to improve the intercultural competence of professionals (such as those in employment services).

In 2011 the IQ program was funded for a second five-year round and relaunched as the Förderprogramm Integration durch Qualifizierung IQ (coordinated by BMAS, BMBF, and BA). The updated network is intended to provide training and research support to employment services nationwide. The IQ program is connected to the aims and measures of the Nationaler Aktionsplan Integration via collaboration agreements with regional networks.

The IQ program has three main parts. First, 16 regional networks have been active since mid-2011. They put instruments, recommendations, and concepts into practice and collaborate with local actors, such as employment agencies and Jobcenters. Each regional network is led by a primary organization and many partner organizations that provide language training, counseling for recognition services, and employment services.<sup>33</sup> Regional networks aim to develop closer relationships with relevant partners in the field of labor

<sup>30</sup> Martin Brussig and Matthias Knuth, "Good Intentions and Institutional Blindness: Migrant Populations and the Implementation of German Activation Policy" in *Work and the Welfare State*, eds. Evelyn Z. Brodkin and Gregory Marston (Copenhagen: Djof Publishing, 2013): 185-208.

<sup>31</sup> lbid, 185-208.

<sup>32</sup> Sachverständigenrat deutscher Stiftungen für Integration und Migration, *Integration im föderalen System*, 97f. The study does not differentiate between different categories of migrants.

<sup>33</sup> Partner organizations include local IHKs and HWKs, employment services, training centers, and nonprofits.



market integration and to provide labor market institutions (such as employment agencies) with training on how to cater to the specific concerns of immigrants.

Second, the work of these 16 networks is supported by five IQ competence centers (Fachstellen) that each specialize on one IQ topic (recognition, qualification, job-related German, entrepreneurship, and diversity) and provide policy advice and research on innovative approaches to service delivery. Finally, the lead center that coordinates the structure is responsible for communication between the Federal Ministry of Labor and Social Affairs, the BA, and the regional level. The IQ program has so far delivered on 90 percent of its 240 planned projects, although the effectiveness of many of these activities, however, remains to be seen as formal evaluations are still underway. Early assessments point to the need for long-lasting networks of all relevant partners.<sup>34</sup> There is also a risk that these activities fail to move beyond the pilot stage, and only survive as long as the IQ program funds them.

While the IQ network seeks to improve providers' ability to service diverse populations broadly, other initiatives serve more targeted populations. One pilot program, supported by the European Social Fund (ESF), targets refugees. The program Arbeitsmarktlichen Unterstützung für Bleibeberechtigte und Flüchtlinge mit Zugang zum Arbeitsmarkt aims to create networks between local and regional actors (such as employment services or job centers) that help refugees gain stable long-term employment through counseling (including on the job application process) and short training sessions in collaboration with employers. This support is more tailored than assistance provided through mainstream services. While the training sessions do not lead to formal certification, they are intended to help refugees become more familiar with the German labor market and to improve their prospects. The project also provides counseling for employers—with the aim to encourage them to hire refugees—and to inform employment agencies and job centers about the needs of this special group.

This pilot program (first round) reached a total of 11,400 participants (from September 2008 until October 2010). Around 54 percent were employed and an additional 35 percent participated in education and qualification measures during the program, including training to receive school leaving certificates or vocational preparation courses. Participants reported an increase in their self-perceived employability and motivation to work.<sup>35</sup> As a part of the second round a new initiative jointly supported by the BA and the BAMF has been introduced. It has a special focus on counseling (in topics relevant to the job search process) asylum applicants through specially trained service providers in employment agencies. The aim is to integrate asylum seekers into the labor market at an early stage.<sup>36</sup> Evaluation results of the second round (November 2010 until December 2014) are yet not available.

Considering the position in which refugees start their employment career in Germany, the program can be regarded as a success. At arrival, most have limited German-language proficiency no recognized educational or occupational qualifications. A high percentage suffers from mental health problems. The program fills a gap by supporting special needs that regular employment services are not prepared to accommodate. However, ESF funding for this program expired at the end of 2013. In the future, it will be important to enable regular institutions to undertake some of these specific tasks, with the support of civil-society actors such as refugee organizations.

<sup>34</sup> Koordinierungsprojekt Integration durch Qualifizierung, "Förderprogramm 'Integration durch Qualifizierung," <a href="www.netzwerk-iq.de/netzwerk-iq.html">www.netzwerk-iq.de/netzwerk-iq.html</a>. Conversations with IQ representatives. The program is being evaluated, but results had not been published as of this writing.

<sup>35</sup> Thomas Mirbach and Berthold Schobert, Evaluation des ESF-Bundesprogramms zur arbeitsmarktlichen Unterstützung für Bleibeberechtigte und Flüchtlinge mit Zugang zum Arbeitsmarkt, Abschlußbericht (Hamburg, Köln, and Kerpen: Lawaetz-Stiftung, Univation, Wirtschafts- und Sozialforschung Werner Friedrich, 2011), <a href="https://www.esf.de/portal/generator/15724/">www.esf.de/portal/generator/15724/</a> property=data/2011 02 23 evaluationsbericht.pdf.

<sup>36</sup> Federal Office for Migration and Refugees, "Jeder Mensch hat Potenzial," April 7, 2014, <a href="www.bamf.de/SharedDocs/Meldungen/DE/2014/20140403-mensch-potenzial.html?nn=1367522">www.bamf.de/SharedDocs/Meldungen/DE/2014/20140403-mensch-potenzial.html?nn=1367522</a>.



#### 2. Recognizing Education Obtained Abroad

Those without qualifications accredited in Germany are at greater risk of working in low-skilled jobs,<sup>37</sup> resulting in a waste of skilled labor for the entire economy and underemployment and lower wages for immigrants.

In order to improve access to skilled work for immigrants with foreign qualifications, the federal government introduced the *Recognition Act* in 2012. IQ network offices have taken on a primary role in implementing the law by providing counseling and guidance on recognition. They refer applicants to the competent authority responsible for their case. BAMF also offers a telephone hotline and online resources with information on the recognition process. Employment agencies and Jobcenters also provide information but continue to seek support (such as information, advice, and training) from their contacts within the IQ network.

Depending on the occupation, recognition is managed by IHK's central recognition office (IHK-FOSA), the local offices of the HWKs, and state-level centers.<sup>38</sup> The decentralization of recognition procedures is an important feature of German law and distinguishes it from other countries. While the substantial involvement of employers in the recognition process is a strength of the law, the number of authorities involved in the process can confuse applicants and make it more difficult to access recognition procedures.<sup>39</sup>

## In order to improve access to skilled work for immigrants with foreign qualifications, the federal government introduced the Recognition Act in 2012.

Once an application is submitted, authorities examine whether there is any essential difference between the qualification obtained abroad and the German reference occupation, and issue an assessment. At the end of the procedure, applicants receive a certificate of equivalence, rather than a German qualification. Applicants may fill any gaps by completing additional training or testing. In regulated occupations (master craftsmen, doctors, lawyers, and so on)<sup>40</sup> testing or adaptation periods may be mandatory.<sup>41</sup>

The 11,000 requests received in 2012 (at the federal level) were far below the expected number of 300,000. Of these requests, 7,548 received a positive decision, 522 a negative, and 3,009 are still under consideration. On the other hand, the interest in recognition appears to be increasing: the website "Anerkennung in Deutschland" received about half a million visits, and telephone advice had been provided for around 11,000 as of June 2013. 43

In 2012 the Federal Institute for Vocational Training and Education began monitoring the implementation of the *Recognition Act*, with the aim of improving transparency and quality assurance.<sup>44</sup> Its first report,

<sup>37</sup> Granato, A Work in Progress.

<sup>38</sup> In Germany some credentials are certified at the federal level and some at the state level. The competent authority varies by occupation.

<sup>39</sup> Interview with Office of Continuing Training Policy, Deutscher Industrie- und Handelskammertag, e.V. and the Training Office, Berlin Industrie- und Handelskammertag, June 2014.

<sup>40</sup> In regulated occupations, the recognition procedure is based on the law governing the respective occupation. Regulated occupations are those of master craftsman, doctors of medicine, dentists, psychotherapists, veterinary surgeons, nurses (including geriatric and obstetric nurses), lawyers, notary publics, teachers, engineers, and medical specialists.

<sup>41</sup> Federal Ministry of Education and Research, "Recognition in Germany," <a href="https://www.anerkennung-in-deutschland.de/html/en/index.php">www.anerkennung-in-deutschland.de/html/en/index.php</a>.

<sup>42</sup> Ibid.

<sup>43</sup> Ralf Meier, "Ein Jahr Anerkennungsgesetz Bund" (presentation at the meeting "Nürnberger Dialog zur Berufsbildung" Industrie- und Handelskammer, Nürnberg, July 11, 2013), <a href="https://www.ihk-aka.de/sites/default/files/pdf/pr7-2013.pdf">www.ihk-aka.de/sites/default/files/pdf/pr7-2013.pdf</a>.

<sup>44</sup> Federal Institute for Vocational Training and Education, "Monitoring der Umsetzung des Anerkennungsgesetzes des Bundes als



released in April 2014, concluded that the act has made progress in helping employers meet skills needs despite the complexity of the system and the number of players involved. However, it found some variation by sector, and suggested that the process of recognition in some areas (like health occupations) needs to be more standardized, while others (especially regulated occupations) attracted high fees. The report called for standardized fees (within certain groups of occupations) and more financial support for applicants in financing the recognition process. <sup>45</sup> Moreover, it concluded that new training measures could be improved and better tailored to the needs of individual jobseekers (see below).

There are still several issues that will need to be addressed before the law can be deemed a full success. First, there is a need for a transparent market with affordable training measures that allow immigrants to compensate for missing skills. While the *Recognition Act* created clear procedures for accessing and certifying credentials, it did not identify (or more importantly create) funding mechanisms for paths to fill identified gaps. In cases where theoretical training is needed, vocational schools may not be willing to allow a student to join just one class, rather than an entire training program, and employers are sometimes skeptical of taking on a trainee for an apprenticeship who hasn't come through the traditional vocational system. There has been discussion of creating "modularized" qualifications—that is, special short courses that are designed for trainees that only need to complete part of the traditional training program. But some have suggested that, because gaps are highly unique to each person, individual training plans would be better—although very resource intensive. 47

Second, it will be necessary to agree upon criteria on which to evaluate the success of the law; as currently formulated, the act does not define any benchmarks for measuring its progress. It is therefore difficult to collect evidence on the effectiveness of initial skills recognition services or on whether successful labor market integration (adequate to qualification) has been achieved or not. No representative feedback from employers on these topics is readily available.

There is a need for a transparent market with affordable training measures that allow immigrants to compensate for missing skills.

Third, employers play a substantial role in the application process. For qualifications recognition processes to reduce barriers to hiring foreign workers, employers must genuinely value and recognize these certificates as equivalent to German qualifications. But little is known about employer attitudes toward recognition certificates. It is thought that many companies, especially small and medium-sized ones, have little awareness of the act. Providing firms with information about how they can benefit from the act is therefore an important next step.

#### C. Language Training

There is broad agreement in both the research and policy communities that basic knowledge of the host

Beitrag zur Qualitätssicherung (AnMo)."

<sup>45</sup> Bundesministerium für Bildung und Forschung (BMBF), "Bericht zum Anerkennungsgesetz, 2014, Berlin: BMBF, <a href="https://www.bmbf.de/pub/bericht anerkennungsgesetz">www.bmbf.de/pub/bericht anerkennungsgesetz</a> 2014, Berlin: BMBF, <a href="https://www.bmbf.de/pub/bericht anerkennungsgesetz">www.bmbf.de/pub/bericht anerkennungsgesetz</a> 2014, Berlin: BMBF, <a href="https://www.bmbf.de/pub/bericht anerkennungsgesetz">www.bmbf.de/pub/bericht anerkennungsgesetz</a> 2014, Berlin: BMBF, <a href="https://www.bmbf.de/pub/bericht">www.bmbf.de/pub/bericht</a> anerkennungsgesetz</a> 2014, pdf.

<sup>46</sup> Interview with the Coordinator's Office for the Berlin IQ Network, Senatsverwaltung für Arbeit Integration und Frauen, Berlin, June 2014.

<sup>47</sup> June 2014 interviews with Office of Continuing Training Policy, Deutscher Industrie- und Handelskammertag, e.V.; the Training Office, Berlin Industrie- und Handelskammertag; and the Coordinator's Office for the Berlin IQ Network, Senatsverwaltung für Arbeit Integration und Frauen, Berlin.



country's language, culture, and norms is a crucial requirement for successful integration. Further, today's jobs require more complex and abstract skills, and correspondingly complex technical language abilities. In Germany the language barrier appears to be one of the most important obstacles to skilled labor migration.

Especially for the interactive tasks required in many occupations, German language proficiency— and behavior in accordance with social and cultural norms—is highly relevant. Previous studies indicate that the importance of language varies by occupation and task level. For example, many immigrants face obstacles to performing interactive and analytical tasks requiring medium-level formal qualifications. Surprisingly, in jobs that require a university degree, dealing with interactive language tasks seems, in general, not to be a specific hurdle for immigrants. A possible explanation is that such immigrants predominantly work in very specialized occupations in international firms where the working language is mainly English—or that high-skilled immigrants' German language skills are quite substantial.<sup>49</sup>

### In Germany the language barrier appears to be one of the most important obstacles to skilled labor migration.

While language barriers do not impede international migration flows, they can hamper integration by contributing to labor market discrimination and segregation. The federal government therefore provides language training as a part of both general and specific integration courses. General integration courses have a broad range of content, and the previous knowledge and educational levels of participants vary. Language courses that focus on job-specific language needs help fill individual gaps.

#### 1. Integration Courses (Including German Language Basics)

Integration courses aim to qualitatively improve the integration process.<sup>50</sup> The courses are offered by BAMF, which belongs to the Ministry of Internal Affairs. Most are full-time and consist of two parts: language instruction, with the goal of helping participants achieve a sufficient command of the German language (the equivalent of upper intermediate proficiency or a B1 level in the Common European Framework of Reference for Languages; 600 lessons of 45 minutes each); and a course on German culture, history, and the political and legal system (60 lessons). Participants have to pass two tests to receive the "integration course certificate." Additionally, there are specialized courses for illiterate individuals, women, parents, and young people, offered part- or full time and most often in cities. For third-country nationals receiving unemployment benefits, courses are obligatory and free of charge. For those without access to social benefits or other funding, an integration course costs about 790 euros. Currently, only third-country nationals with permanent right of residence in Germany are entitled to participate in integration courses. EU citizens are allowed to attend if they do not have sufficient knowledge of the German language provided that spots are available. In some regions demand is very high and there exist waiting lists for EU nationals. Recently the Federal Council (Bundesrat) issued a recommendation to open the courses to all asylum seekers, even before they are granted legal status in Germany.

Results of a nationwide evaluation indicate some success; integration courses strengthen labor-market orientation and emotional attachment to Germany, and promote contact with Germans.<sup>51</sup> The courses

<sup>48</sup> Thomas Liebig, *The Labour Market Integration of Immigrants in Germany* (Paris: OECD, 2007), <a href="www.oecd.org/social/soc/38163889.pdf">www.oecd.org/social/soc/38163889.pdf</a>.

<sup>49</sup> Anette Haas, Michael Lucht, and Norbert Schanne, "Why to Employ Both Migrants and Natives? A Study on Task-Specific Substitutability," *Journal for Labour Market Research* 46, no. 3 (2013): 201–14.

<sup>50</sup> Bundesministerium des Inneren, "Nationaler Integrationsplan, Abschlussbericht der Arbeitsgruppe 1, 'Integrationskurse Verbessern,'" 2007, Bundesministerium des Inneren, Berlin, <a href="www.bmi.bund.de/SharedDocs/Downloads/DE/Themen/MigrationIntegration/AsylZuwanderung/Nationaler\_Integratiosplan\_Integrationskurse.pdf?">www.bmi.bund.de/SharedDocs/Downloads/DE/Themen/MigrationIntegration/AsylZuwanderung/Nationaler\_Integratiosplan\_Integrationskurse.pdf?</a> <a href="blob=publicationFile">blob=publicationFile</a>.

<sup>51</sup> Christoph Emminghaus et al., Evaluation der Integrationskurse nach dem Zuwanderungsgesetz-Abschlussbericht und Gutachten über Verbesserungspotenziale bei der Umsetzung der Integrationskurse (Berlin: Ramboll Management, 2006), <a href="https://www.60-jahre-nach.nlm.nih.gov/">www.60-jahre-nach.nih.gov/</a>



have also helped to create more centralized competences and responsibilities for integration. As a result the evaluation concluded that all groups of immigrants—including new arrivals—receive more systematic support. Access to the courses, especially for women, functions well. Exam results and the estimates of course providers indicate that more than half of participants reached level B1<sup>52</sup> after 600 hours of language instruction.

However, there are some opportunities to improve the effectiveness and efficiency of language courses. First of all, more offerings are needed for participants with different educational backgrounds and different learning speeds: the fact that 40 of participants are able to reach an intermediate level of language knowledge after 600 hours of instruction is evidence of this. Course teachers find it difficult to teach classes of mixed ability, and would prefer that learners were sorted by education levels and prior learning. More part-time offerings and child care facilities would facilitate access to immigrants in part-time work. Further, the attendance of unemployed immigrants could be increased in many regions, and more could be done to facilitate their job search attempts.

Finally, integration courses aim to provide primarily basic and general German language skills for everyday life that are unlikely to prepare learners adequately for working life. Integration courses might in the future serve as a stepping stone to advanced language instruction or subsequent integration programs that better serve the needs of particular groups.

Results of a nationwide evaluation indicate some success; integration courses strengthen labor-market orientation and emotional attachment to Germany, and promote contact with Germans.

#### 2. Work-Focused Language Instruction

Integration courses are just a first step toward labor market orientation, but more work-relevant vocabulary may be necessary even for lower skill level jobs. The federal government has recently undertaken several new programs to provide more work-focused language training.

The initiative "German in the Workplace"<sup>53</sup> includes a full range of support for language teachers, companies, and labor unions interested in enhancing the workplace communication skills of (migrant) workers.<sup>54</sup> Such skills include reading and writing, digital competence, proficiency in information and communication technology (ICT), and study skills. No formal evaluations of the program are available, but the support it provides for the networking of various actors is a positive step.

BAMF also offers free "German for Professional Purposes" (*Deutsch für den Beruf*) courses for people with an immigrant background, in collaboration with a network of recognized educational institutions across Germany. The providers are part of the ESF-BAMF program and combine German language lessons, workplace-related communication components, vocational qualifications, and the chance to learn more about a particular profession by completing an internship in a company (730 lessons, up to 12 months). These special courses are designed for all levels and are flexible. Only a lower secondary-level qualification is

 $<sup>\</sup>underline{bamf.de/SharedDocs/Anlagen/DE/Downloads/Infothek/Integrationskurse/Kurstraeger/Sonstiges/abschlussbericht-evaluation.pdf.}$ 

<sup>52</sup> According to the Common European Framework of Reference for Languages.

<sup>53</sup> Netzwerk Integration durch Qualifizierung IQ, "Deutsch am Arbeitsplatz," www.deutsch-am-arbeitsplatz.de/aktuelles.html.

<sup>54</sup> The site is part of the project *Fachstelle Berufsbezogenes Deutsch* (the Specialist Department on Work-Related German as a Second Language), which is funded by the German Federal Ministry of Labor and Social Affairs and belongs to a wider federal network (IQ, Integration through Qualification).



required and there are no language requirements. Participants are referred to the courses by Jobcentres and employment agencies.

Courses are offered in all relevant occupational fields (for example, health care, engineering, natural science, and primary education). Additional courses that provide information about alternative career paths are offered, including some that target groups with specific needs (including new immigrants, and skilled and highly skilled workers), those already in employment, and the unemployed. For employed immigrants, their employer cooperates with the local language course provider and releases the person for the time of the language course. The employer does not bear any additional costs of the training beside the wage costs. Courses are provided at the workplace or at a language school to ensure easy access. A certificate of participation, but no formal qualification, is granted.

Between 2009 and August 2012, 65,020 people participated in 3,420 ESF-BAMF programs. Initial results of the evaluation study, conducted by ZEW (Centre for European Economic Research) and INFAS (Institute for Applied Social Sciences), indicate that nearly half of the participants (46 percent) found a regular job or mainstream vocational training placement, or participate in a mainstream active labor market program. The program has received additional funding for 2014-20.

#### D. Vocational Training

In Germany the dual system of school education and in-firm vocational training is an important contributor to the labor market, especially for jobs with medium-skill requirements.<sup>56</sup> But the highly formalized structure of the training system can make training and qualifications difficult to access for individuals with nontraditional educational backgrounds, including those who seek training later in life.

#### **Box I.The Dual System**

In Germany the dual system is a key facilitator of labor market entry. Almost two-thirds of people who leave school before graduation start their careers with in-company vocational training. Combining theoretical and firm-based instruction, the dual system is unique to German-speaking countries (Germany, Switzerland, and Austria). Vocational training enables the apprentice to gain broad, basic knowledge and acquire qualified skills.

The approximately 340 training schemes within the dual system in Germany vary greatly, but training programs are highly regulated, standardized, and binding for participating firms. Actors from the federal government, the German states (Länder), employers' associations, and unions cooperate to run, supervise, and develop the dual system. At the end of the training period, the apprentice has to pass an examination to gain an occupation-specific vocational qualification. In Germany certification of vocational training allows individuals access to skilled job opportunities and expands job prospects. Since certificates are highly standardized, they indicate clearly to employers what skills and abilities applicants have achieved. Without certification of vocational training, job applicants are unlikely to find skilled work.

Sources: Karl Ulrich Mayer, "Das duale System der beruflichen Ausbildung—Ultrastabilität oder Auflösung?" in Verantwortung im Arbeitsleben, eds. Ernst-H. Hoff and Lothar Lappe (Heidelberg: Asanger, 1995); Dirk Konietzka, "Die Verberuflichung von Marktchancen: Die Bedeutung des Ausbildungsberufs für die Platzierung im Arbeitsmarkt," Zeitschrift für Soziologie 28 (1999): 379-400; Jutta Allmendinger, "Educational Systems and Labor Market Outcomes," European Sociological Review 5, no. 3 (1989): 231-50; Walter Müller and Yossi Shavit, "The Institutional Embeddedness of the Stratification Process: A Comparative Study of Qualifications and Occupations in Thirteen Countries," in From School to Work: A Comparative Study of Educational Qualifications and Occupational Destinations, eds. Yossi Shavit and Walter Müller (Oxford: Clarendon Press, 1998).

<sup>55</sup> BAMF, Berufsbezogene Deutschförderung, Das ESF-BAMF-Programm (Nürnberg: BAMF, 2013), www.bamf.de/SharedDocs/Anlagen/DE/Publikationen/Broschuere-esf-bamf-programm.pdf?\_blob=publicationFile.

<sup>56</sup> Here, in-firm (vocational) training and the dual system are used as synonyms.



The participation of young people with an immigrant background in the German dual system is lower than that of their native-born counterparts, and those who do participate are over-represented in lessprestigious and lesser-paid occupations.<sup>57</sup> More than half of all young female foreign nationals who took part in training in 2005 were concentrated in five occupations (2011), some of which have poor pay and career progression prospects (e.g. clerks, hairdressers, or doctor's assistants). German women have a broader spectrum of opportunities—just around 30 percent are concentrated in the same five occupations as female immigrants.<sup>58</sup> For foreign-national men, the spectrum is wider and the difference compared with German men is smaller. The top five training occupations involved just 29 percent of foreign nationals (and one-fifth of native men). However, the occupations in which immigrant men are over-represented are highly affected by structural and cyclical change. Both earning possibilities and opportunities for advancement are much lower. In contrast, immigrants are under-represented in modern IT, media, and service occupations. After finishing the dual system most of them integrate successfully into employment, but compared to Germans. foreign nationals—and foreign women in particular—continue to show a higher risk of unemployment and occupational mismatch.<sup>59</sup> Employers' perceptions about the work-related behavior of different ethnic groups (punctuality, loyalty, and so on) may alter productivity expectations as well, even for workers with vocational qualifications. 60 Some of the disparities between native-born and immigrant trainees may be due to discrimination. In addition to discrimination based on migration history, other forms of discrimination (for example, age and gender) might play a role in vocational training placement. Besides well-investigated existing wage gaps, novel empirical studies document substantial discrimination in hiring decisions.<sup>61</sup>

## Compared to Germans, foreign nationals—and foreign women in particular—continue to show a higher risk of unemployment and occupational mismatch.

Anonymous job applications have been suggested as one way to counter discrimination, and the Federal Anti-Discrimination Agency recently initiated a field experiment to investigate their potential. While anonymous applications were found to have benefits—standardized application forms seemed to raise the chances of female and immigrant-background candidates getting an interview—the advantages depended substantially on the setting of the experiment, the selection and size of firms, specific sectors, and the specialization and kind of job offers. The variability of these results may make it difficult to get widespread buy-in for changing application procedures.

There have been some targeted efforts to improve foreign-born school leavers' access to training. Another program co-funded by ESF supports refugee youth whose deportation has been suspended for humanitarian

<sup>57</sup> Occupations that require training are not equal in terms of their prestige and chances of promotion. Differences in vocational training opportunities also affect the transition from school to work and labor market outcomes—including salaries and career options. See Mona Granato, "Bildungsbeteiligung junger Menschen mit Migrationshintergrund an beruflicher Ausbildung," in Soziale Ungleichheit in der Einwanderungsgesellschaft, Kategorien, Konzepte, Einflussfaktoren, eds. Patrica Pielage, Ludger Pries, and Guenther Schultze (Bonn: Friedrich-Ebert-Stiftung, 2012), <a href="https://library.fes.de/pdf-files/wiso/09198.pdf">https://library.fes.de/pdf-files/wiso/09198.pdf</a>.

<sup>58</sup> Nearly 340 training courses are available.

This is the case even after controlling for relevant variables that determine transition chances. Carola Burkert and Holger Seibert, "Labour market outcomes after vocational training in Germany: equal opportunities for migrants and natives?" (IAB Discussion Paper 31/2007, Institute of Employment Research, 2007), <a href="https://doku.iab.de/discussionpapers/2007/dp3107.pdf">https://doku.iab.de/discussionpapers/2007/dp3107.pdf</a>.

<sup>60</sup> George Borjas and Matthew S. Goldberg, "Biased Screening and Discrimination in the Labor Market," *American Economic Review* 68 (1978): 918–22.

<sup>61</sup> A survey of the Federal Anti-Discrimination Agency reported that persons with an immigrant background experienced discrimination almost twice as often as members of the majority population. Of the respondents with a migrant background 10 percent indicated discrimination during a job search. Both ethnic German immigrants and Muslims reported discrimination experiences more often compared to other immigrants. See Antidiskriminierungsstelle des Bundes, "Diskriminierung," <a href="www.antidiskriminierungsstelle.de/SharedDocs/Downloads/DE/publikationen/factsheet\_engl\_Diskriminierungserfahrungen\_Migrant\_innen\_Ost\_West\_Vergleich.pdf">www.antidiskriminierungsstelle.de/SharedDocs/Downloads/DE/publikationen/factsheet\_engl\_Diskriminierungserfahrungen\_Migrant\_innen\_Ost\_West\_Vergleich.pdf</a>. The Federal Anti-Discrimination Agency arranged a special initiative against racial discrimination in 2014.

<sup>62</sup> Annabelle Krause, Ulf Rinne, Klaus F. Zimmermann, Ines Böschen, and Ramona Alt, *Pilotprojekt "Anonymisierte Bewerbungsverfahren"* (Bonn and Washington, DC: Institute for the Study of Labor, 2012), <a href="https://www.iza.org/link/report44.pdf">www.iza.org/link/report44.pdf</a>.



reasons (granting them "tolerated status")<sup>63</sup> in accessing apprenticeships.<sup>64</sup> Some projects of the ESF program *Bleibeberechtigte und Flüchtlinge* ("refugees and refugees with suspension of deportation") provide counseling, job application assistance, and short training sessions to refugee youth. These youth may face additional barriers to accessing training due to their legal status. In particular, the mobility of tolerated refugees is restricted by law, which poses an additional obstacle if an apprenticeship offer is outside the applicant's region.<sup>65</sup> Funding for the ESF program is scheduled to end in 2014, and evaluation results are not available yet.

Immigration registration offices (Ausländerbehörden) are the first contact point for new arrivals in Germany and can play a large role in facilitating access to training. An ongoing research project at the Institute for Employment Research (IAB) investigates the involvement of immigration registration authorities in integration measures, e.g. authorities' willingness to grant residence permits that provide access to training courses. Initial findings indicate that implementation across immigration authorities and employment agencies is inconsistent across regions. In other words, access to the dual system of vocational training is more open in some areas than others.

Another new initiative has sought to match would-be immigrants with training opportunities before they move to Germany. The program Job of My Life (2013-16) (MobiPro) aims to facilitate the placement of EU citizens into vocational training or directly into jobs in Germany, and is run by the Federal Ministry for Labor and Social Affairs and BA. The program promotes the mobility of young people from European countries to mitigate high youth unemployment rates in these countries and guard against shortages of skilled labor in Germany. Young people ages 18 to 35 who emigrate to Germany from another EU Member State to participate in vocational training are eligible for support. By September 2014, 42,070 applicants had already registered for the program, and around 58 percent had been accepted. The program started with financial problems, as the budget was too small for the number of accepted applicants, creating problems for both participants and providers. The budget has been increased for the next grant year to solve these problems.

#### I. Entering the Vocational Training System from the Outside

For individuals without occupational qualifications (or foreign qualifications that haven't been recognized), there are several paths to acquiring a professional qualification.

An external examination (*Externenprüfung*) is an opportunity to take a qualifying exam without going through the traditional training system. People without qualifications who have acquired vocational competence in an occupation through their professional activities or skills training may apply. In practice, however, in can be difficult for people (particularly those with lower levels of formal education) to perform well on these exams, as many test theoretical knowledge that can't be learned on the job.<sup>67</sup>

There are some opportunities for external candidates to fill gaps in their knowledge in preparation for exams (*Nachqualifizierung*). A program run by the Federal Education Ministry, *Perspektive Berufsabschluss* (Perspective Occupational Degree), aims to support unskilled young adults with and without a job. The

<sup>63</sup> Section 60 of the *Residence Act* states that in application of the Convention of 28 July 1951 relating to the Status of Refugees (*Federal Law Gazette* 1953 II, p. 559), a foreigner may not be deported to a state in which his or her life or liberty is under threat on account of his or her race, religion, nationality, membership in a certain social group or political convictions (Duldung). There are some special regulations for young refugees whose deportation has been suspended ("tolerated status"). Under special preconditions they can get a residence permit. One precondition is that they or their parents have to be mainly self-supporting. But gaining access to education and employment, especially for this group, is challenging.

<sup>64</sup> A regularization program beginning in 2008 opened up labor market access to people in Germany with "tolerated status." Around 85,000 refugees whose deportation had been suspended lived in Germany in 2012 and around 54 percent of them were younger than 30.

<sup>65</sup> Institute for Employment Research, "Vocational Training of Young Tolerated Refugees in Germany: An Implementation Study," accessed October 28, 2014, <a href="https://www.iab.de/962/section.aspx/Projektdetails/k110928701">www.iab.de/962/section.aspx/Projektdetails/k110928701</a>.

<sup>66</sup> Support includes a preparatory German course in the home country, an allowance for travel and moving expenses, a language course in Germany in preparation for an internship, financial support in addition to training pay, and guidance in schooling, work, and daily life; see BA, "The Job of My Life," accessed October 28, 2014, <a href="https://www.thejobofmylife.de/en/home.html">www.thejobofmylife.de/en/home.html</a>.

<sup>67</sup> Interview with Office for Vocational Training, Handwerkskammer Berlin, June 2014.



program includes intra- or company-operated training opportunities that allow trainees to acquire competences step by step and acquire certification necessary for a successful final examination. The BA has started another initiative, *Spätstarter*, to help young adults (ages 25 to 35) start vocational training in the dual system. It provides financial support in several ways, e.g. costs of qualifications for a successful final examination (if the vocational training is not within a company), costs of children care during the qualification phase. In the first year (2013), 32,000 individuals in this target group had already started vocational training.

## Little has been done so far to target interventions as early as possible in the migration process, where they would be most effective.

Acquiring professional qualifications is often the only way for the marginally employed to secure a place in the labor market. Individuals with qualifications are less susceptible to unemployment. This trend will only become more apparent as demand for higher qualifications increases. But interventions to support training for workers from nontraditional backgrounds can be expensive, and service providers (employment agencies and Jobcenters) are not always aware of targeted programs or prepared to provide adequate counseling to nontraditional learners on their options. In addition, many programs are implemented on a pilot basis and are not continued past a specific funding period, whether successful or not. Finally, little has been done so far to target interventions as early as possible in the migration process, where they would be most effective. New arrivals would be better served if they received adequate support as early as possible to improve their careers. In an ideal case this would happen in school, as a part of a preintegration process in the sending country, or a first-integration measure upon entry to Germany.

#### E. The Role of Employers and Social Partners

Employers are highly involved in the training and credentialing process in Germany, and have been active in implementing the new credential law and other integration measures.

The German Employer Association (Bundesvereinigung der deutschen Arbeitgeberverbände) has supported measures to create a more open and welcoming work environment for immigrant workers. The association has highlighted good practices by its members, such as paying for the language courses of immigrant employees, promoting intercultural exchange within the company, strengthening intercultural competencies, and setting up mentoring programs.<sup>68</sup>

Trade unions that have been particularly active in ensuring immigrants' legal rights are respected in the workplace. Like many other European countries, Germany has a sizeable illegally resident immigrant population, many of whom work in the informal economy.<sup>69</sup> Informal work can put immigrants at risk of exploitation by employers, and those in illegal work are often exposed to poor working conditions and

<sup>68</sup> Anna Robra and Alexander Böhne, *Willkommenskultur—ein Leitfaden für Unternehmen* (Berlin: Bundesvereinigung der Deutscher Arbeitsgeberverbände, 2013), <a href="https://www.arbeitgeber.de/www/arbeitgeber.nsf/res/200DFA1EA7BAF2BEC1257A3E00336A5F/\$file/BDA\_Willkommenskultur.pdf">https://www.arbeitgeber.de/www/arbeitgeber.nsf/res/200DFA1EA7BAF2BEC1257A3E00336A5F/\$file/BDA\_Willkommenskultur.pdf</a>.

<sup>69</sup> The total number of migrants without legal resident status in Germany was estimated to be between 183,000 and 425,000 in 2008. See Dita Vogel and Manuel Aßner, *Kinder ohne Aufenthaltsstatus—Illegal im Land, legal in der Schule*, Studie für den Sachverständigenrat deutscher Stiftungen für *Integration und Migration* (Berlin: Sachverständigenrat deutscher Stiftungen für Integration und Migration, 2010), 15, <a href="https://www.svr-migration.de/content/wp-content/uploads/2010/04/svr\_info\_schulzu-gang\_von\_kindern\_irregulaerer\_zuwanderer\_neu1.pdf">https://www.svr-migration.de/content/wp-content/uploads/2010/04/svr\_info\_schulzu-gang\_von\_kindern\_irregulaerer\_zuwanderer\_neu1.pdf</a>. To measure the extent and development of illegal employment is still not possible. See Deutscher Bundestag, *Zwölfter Bericht der Bundesregierung über die Auswirkungen des Gesetzes zur Bekämpfung der illegalen Beschäftigung*, Drucksache 17/14800 (Berlin: Deutscher Bundestag, 2013), <a href="https://dip21.bundestag.de/dip21/btd/17/148/1714800.pdf">https://dip21.bundestag.de/dip21/btd/17/148/1714800.pdf</a>.



receive little pay.<sup>70</sup> In an effort to make foreign-born workers more aware of their legal rights, the German Federation of Trade Unions (Deutscher Gewerkschaftsbund, DGB) has established six local advisory centers where mobile workers receive information in their native language on labor and social laws in Germany. The centers collaborate with organizations such as immigrant organizations at the local level and are part of a nationally active network. In addition, they offer training to members of the work council who are in charge of answering questions on wages and working conditions and are often the first point of contact within a company.

#### V. Conclusions and Recommendations

Migrants' participation in the labor market is a key indicator of their overall integration. Because the German labor market has been very stable during the past decade and recent economic growth has been robust, new immigrants ought to face relatively good economic prospects compared to former periods. At the same time, changing immigration trends should facilitate integration: new immigrants are younger, more educated, and more likely to come from another European country than in earlier immigration periods in Germany. Recent cohorts have therefore had more success entering higher-level jobs compared with earlier immigrant waves.

But integration challenges remain. Immigrants' education and qualifications are often not accredited in Germany, and access to occupations that match immigrants' skills is by no means guaranteed, especially for immigrants from developing countries. Equally, language barriers can also prevent movement into middle-skilled work.

The integration support infrastructure will need to be adapted to address immigrants' specific needs within the nationwide framework of mainstream services.

The 2005 Immigration Act marked a shift in the alignment of integration policy, leading to new efforts to address some of these challenges. Federal, state, and local governments have introduced a wide range of initiatives to support labor-market integration, including both generic and work-focused language programs, vocational training pathways, and advisory services designed to meet immigrants' needs. Flagship policies include the IQ Network to coordinate services and tailor them more effectively to immigrants' needs, and new procedures to certify foreign skills more efficiently.

Further steps could be taken, however, to broaden the impact of these new measures and bring them up to scale. Most importantly, the integration support infrastructure will need to be adapted to address

<sup>70</sup> See Ulrike Hoffmann, *Identification of Victims of Trafficking in Human Beings in International Protection and Forced Return Procedures* (Nuremberg: Federal Office for Migration and Refugees, 2013), <a href="www.bamf.de/SharedDocs/Anlagen/EN/Publikationen/EMN/Nationale-Studien-WorkingPaper/emn-wp56-menschenhandel.pdf?">www.bamf.de/SharedDocs/Anlagen/EN/Publikationen/EMN/Nationale-Studien-WorkingPaper/emn-wp56-menschenhandel.pdf?</a> <a href="blob=publicationFile">blob=publicationFile</a>. This study focuses on the identification of victims of human trafficking from third countries in the asylum process and in the event of forced return, including general conditions under criminal, asylum, and residence law. Also, a recent study by the German Federation of Trade Unions (Deutscher Gewerkschaftsbund, DGB) evaluated the working conditions of immigrant workers from Central and Eastern European countries in Germany. The study concluded that while most workers from these countries pursue work through legal channels, those working in the construction, cleaning, care, meat processing, and hospitality industries were particularly at risk for exploitation and illegal employment. Workers from Eastern European countries who are employed through cross-border temporary agencies or self-employed were particularly likely to be employed illegally. See Michaela Daelken, *Study: Fair Mobility Without Borders?* Abstract (Berlin: DGB, 2012), <a href="www.mwsfaire-mobilitaet.de/en/ueber-uns/++co++6d8280bc-6f02-11e2-8a3d-00188b4dc422">www.faire-mobilitaet.de/en/ueber-uns/++co++6d8280bc-6f02-11e2-8a3d-00188b4dc422</a>; also Katrin Distler and Ger Essers, <a href="www.mwsfaire-mobilitaet.de/en/ueber-uns/++co++6d8280bc-6f02-11e2-8a3d-00188b4dc422">www.mwsfaire-mobilitaet.de/en/ueber-uns/++co++6d8280bc-6f02-11e2-8a3d-00188b4dc422</a>; also Katrin Distler and Ger Essers, <a href="www.mwsfaire-mobilitaet.de/en/ueber-uns/++co++6d8280bc-6f02-11e2-8a3d-00188b4dc422">www.mwsfaire-mobilitaet.de/en/ueber-uns/++co++6d8280bc-6f02-11e2-8a3d-00188



immigrants' specific needs within the nationwide framework of mainstream services like employment agencies and Jobcenters, ensuring that individual immigration-specific needs for information and immigrant-sensitive counseling are taken into account. The basic approach of IQ seems adequate to fulfill these goals, but in the future, the activities and pilot projects currently administered and funded by IQ should be transferred into permanent activities of the relevant partners.

Better evaluation of existing programs is also needed. Until now the government has not established a systematic evaluation of the implementation of the National Action Plan on Integration or the federal *Recognition Act.* Implementation is monitored internally, but this is not sufficient. An external evaluation based on reliable data sources should include all stakeholders at the federal, state, and local levels. More broadly, there is little concrete empirical guidance for policymakers on which policies significantly contribute to immigrants' success, although the impact of migrant-specific interventions such as language courses seems to be substantial. Beyond learning German, integration courses strengthen labor-market orientation, emotional attachment to Germany and promote contacts with Germans. New media might be used more intensive in the form of further teaching materials to strengthen, refresh and improve the existing knowledge of German. However, further research in this area and on more established measures is needed to avoid undesirable developments and unintended results—and build on those interventions that are most successful.

### As immigration flows to Germany become more diverse... integration policy approaches will need to remain flexible in order to meet future challenges.

One positive development has been the increased interest among actors at all levels of German integration policy in developing a comprehensive "welcome culture" (Willkommenskultur)—an idea that implies Germany should provide a more welcoming and attractive environment, institutionally and culturally, to immigrants. While the concept of a "welcome culture" represents a positive opening to immigration, it often suffers from a lack of conceptual clarity over how to implement it at different regional levels and organizations; responsibilities are therefore not always clear concerning welcome activities at federal, state and local community level. Leadership by policymakers is needed to clarify the concept and identify where institutional changes are needed to address gaps in integration and make services more open. This challenge calls for a coordinated policy that combines assistance and integration measures as a comprehensive strategy for all aspects of life including the labor market.

At the same time, as immigration flows to Germany become more diverse—with temporary, circular, short-term, and permanent labor migration patterns overlapping with migration for family reunification, education, and retirement—integration policy approaches will need to remain flexible in order to meet future challenges and changes of migration flows, which are difficult to predict. Furthermore, the regional diversity of both labor markets and immigrant populations within Germany calls for an integration approach that takes into account regional and individual differences in needs.



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