

In 2015, the number of refugees and asylum-seekers entering Europe reached record levels. In just a few months, more than a million people, the majority fleeing war, violence and persecution, made the perilous journey across the Mediterranean into Europe. As these trends continue in 2016, it is imperative that all actors – public and private – recognise and adjust to this new reality and contribute to making integration work.

Recognising the challenges of integration, and building on their collective experience in this area, UNHCR and the OECD wish to jointly support the successful labour market integration of refugees. While public policies play a key role in facilitating the integration process, the private sector can make a critical contribution by training and employing refugees. Therefore, it is essential to engage the business community, learn from its experiences and hear its concerns.

*This edition of **Migration Policy Debates** presents the first findings of a joint consultation process with employers started by the OECD and UNHCR, in order to: enhance understanding of the challenges faced by employers when employing refugees; identify good practices in overcoming them; and provide inputs into strategies and approaches being developed by participating businesses and organisations.*

Hiring refugees - What are the opportunities and challenges for employers?

Unprecedented numbers of asylum seekers came to the OECD in 2015, and many of them will be recognised as refugees or receive complementary protection. Their labour market integration, however, will take time and to a large extent depends on employers being able to recruit and integrate them in their workforces. In order to better understand the challenges employers face in hiring asylum seekers and refugees and to design appropriate policy responses, UNHCR and the OECD co-organised a series of dialogues with employers and employer associations.

Key findings include:

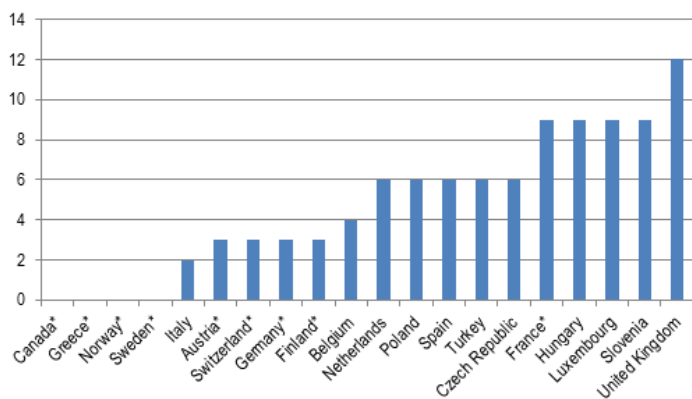
- Many employers do not see an immediate business case for hiring refugees or asylum seekers.
- Particularly among larger employers, the main motivation for employing refugees is currently corporate social responsibility, rather than meeting labour needs. While many employers are willing to support refugees through training and internships, hiring – especially into more skilled occupations – has so far been limited.
- Employers cite several reasons for the slow up-take of employment of refugees and asylum seekers, ranging from; uncertainty about the rules governing the refugees and asylum seekers' rights to labour market access, and uncertainty about their skills and qualifications, to lower productivity due to a lack of host-country language skills, at least initially, and a public opinion that is sceptical about hiring refugees or asylum seekers.
- In order to overcome these challenges, employers would benefit from:
 - Assessment of asylum seekers' and refugees' skills, ideally in co-operation between employers and the public employment service, with subsequent upskilling provided where needed, and with a specific focus on shortage occupations,
 - More transparent and more accessible information on refugees' right to work, the recognition of foreign qualifications and the availability of training support for refugees, including through one-stop shops and hotlines,
 - Stronger co-operation between public employment services and social partners, to facilitate the matching process between refugees' skills and local demand, and
 - Ongoing support after initial work placements to ensure long-term employability.

Introduction

Since mid-2015, Europe has seen the arrival of a record number of asylum seekers. Although not all asylum seekers will be recognised as refugees, host countries will have to find ways to integrate an unprecedented number of refugees into their societies and labour markets.

While access to the labour market may be restricted by administrative (e.g. work permits) and practical barriers (e.g. language), refugees have the legal right to work in all OECD countries. For asylum seekers, the rights and obligations differ significantly from one country to another. Most countries, however, grant access to the labour market to some groups of applicants on certain conditions, including a prior waiting period, ranging between 2 months in Italy to 12 months in the United Kingdom. Exceptions include Australia, Canada, Chile, Greece, Mexico, Norway and Sweden, where some groups of asylum seekers have the right to work as soon as they have filed their asylum claims, but may face other obstacles to access work, such as a labour market tests.

Most favourable waiting periods for labour market access for asylum seekers, selected OECD countries, 2016 (in months)



Source: Update of OECD questionnaire on the integration of humanitarian migrants 2015. Note: * Under certain conditions (see OECD 2016a for further details).

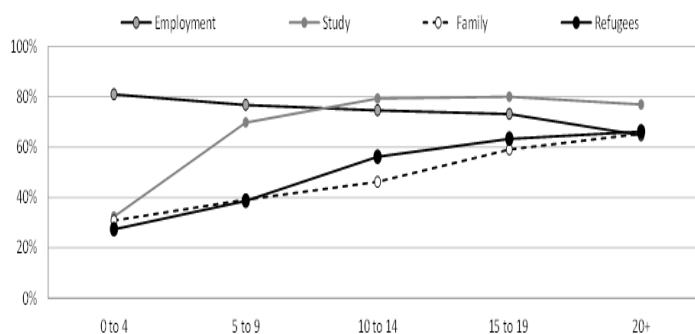
Other beneficiaries of international protection, notably those with temporary or subsidiary status, may face some restrictions in accessing the labour market. However, in the European Union, these are limited by the qualification Directive.

Access to the EU labour market is generally possible for beneficiaries of international protection, at least under certain conditions. Evidence from a special module in the 2014 European Union Labour Force Survey and other sources suggests, nevertheless, that it takes refugees and other beneficiaries of

international protection an average of 20 years to reach similar employment rate as the native-born.

Labour market integration, however, differs significantly between countries and by year of arrival. Some beneficiaries of international protection tend to take much longer to integrate into the labour market, such as the very low-skilled, older refugees or those traumatised by war. At the same time, evidence from countries with longstanding experience in hosting refugees, such as Norway, suggests that most refugees enter into employment faster when labour market conditions are good and strong support policies for labour market integration are in place. Not surprisingly, this also applies to those OECD countries in which most refugees arrived through resettlement programmes (e.g. Australia, Canada, and the United States).

Employment rate by immigrant category and duration of stay in European OECD countries, 2014



Source: EU-OECD (2016); European Union Labour Force Survey Ad-Hoc Module on the Labour Market Situation of Migrants and their Immediate Descendants, 2014.

Reducing the time it takes for refugees and others in need of international protection to integrate into the labour market and achieve self-reliance in their host country is one of the key challenges for OECD countries in the context of the unfolding refugee crisis. It is therefore critical to assess the challenges and opportunities for the business community in employing refugees and asylum seekers, and to determine what type of support employers need in this process.

UNHCR and the OECD have joined forces to set-up a series of dialogues with employers. The first dialogue took place in Brussels in June 2016, with the support of the OECD Business Advisory committee (BIAC). The second dialogue took place in Copenhagen in September 2016 in cooperation with the employer associations from Northern Europe. Further regional meetings are scheduled in the coming months.

Building on these shared experiences and knowledge, this brief takes stock of the opportunities and challenges for employers when hiring refugees. It also outlines possible solutions, providing input into the strategies, approaches and mechanisms being developed at the national and international level to better support businesses in employing refugees in OECD countries.

The business case

Companies interested in employing refugees cite numerous motivations, ranging from corporate social responsibility (CSR) to a desire to benefit from the new pool of labour available. While many companies are motivated and see the business case, practical obstacles such as language skills, cultural differences and issues related to the experience of forced displacement often stand in the way of employing refugees. These barriers seem to frequently override the benefits of having an enlarged work force, as perceived by companies.

CSR-related motivations feature prominently in many larger companies as reasons for their engagement. Several companies referred to the importance of contributing to the efforts of governments and local communities to receive and integrate the large number of refugees arriving to Europe. This engagement may be further supported by their employees, who may find it motivating or who have, in some cases, even requested that management engage in these issues. Motivations related to assuming social responsibility are visible both in companies' communication and in the type of engagement shown. Several internship/mentorship programmes have been created to support refugees' employability and to contribute to the successful integration of new community members, rather than seeking immediate benefits for the company.

While the business case for CSR in general is obvious, the political sensitivity around refugee and migration issues in many countries makes CSR projects targeted at refugees more difficult given the risk of politicising the workplace. This argument can limit the buy-in from companies, particularly, in SMEs.

Employers refer less frequently to motivation related to a perceived business case, such as the need for certain employee profiles and skill sets that are not available in the existing workforce (especially in regions with labour shortages) or creating a diverse labour force. Developing a

business case for hiring refugees may require tailored incentives (e.g. direct employment subsidies) and/or specific support to ensure skills development (e.g. language and training support).

Challenges in hiring asylum seekers and refugees

Although legal frameworks differ across countries, employers referred to similar obstacles during the consultations: uncertainty regarding rights and length of stay, the need for information on skills and matching, training and hiring costs and lack of business incentives, and problems with attitudes and expectations.



Uncertainties regarding the legislative framework and applicants' length of stay

Even when legal access to the labour market is granted, a number of factors may stand in the way of employing refugees and asylum seekers.

One key issue that may affect all people in need of protection is access to information about the legal framework and conditions for employment. Although in some countries employer associations and public agencies have made substantial efforts to provide guidance on how to hire refugees and asylum seekers, in many other countries employers lack support in navigating rules and regulations. As a result, employers may over-estimate any restrictions and disregard applications by refugees or asylum seekers when they have alternative candidates. Access to information is particularly challenging for SMEs without large human resources departments.

Uncertainty regarding the length of stay also limits employability of refugees and asylum-seekers and makes companies more hesitant to hire them or invest in their training. Such uncertainty may arise for instance because applicants are still in the asylum procedure, or because they have only been granted temporary protection, or because their intention is to eventually return to the country of origin. It may also discourage refugees and asylum-seekers from investing into building their human capital, notably regarding language skills. However, surveys suggest that, independently of their legal status, refugees are generally eager to integrate quickly. As such, this issue may in reality be less of an obstacle.

In addition, specific administrative requirements, for example when a work permit is required, may put refugees and asylum seekers at a disadvantage on the labour market.

In the specific case of asylum seekers, sector-based restrictions (e.g. in Austria) or restricted access to job offers by temporary work placement agencies (e.g. in Germany) remain a significant barrier to hiring.

Likewise, some countries restrict access of asylum seekers to internship programmes as well as to apprenticeship and vocational education systems. Major receiving countries such as Austria and Germany, however, consider the early inclusion of people in need of protection in apprenticeship and training systems as crucial for successful integration. Anecdotal evidence suggests that asylum seekers who participate in these programmes are highly motivated and quite successful.

For asylum seekers participating in training programmes, the work authorisation at the end of the training period will usually be dependent on the positive resolution of their case, which increases uncertainty about the return on investment made by both the firm and the asylum-seeker. In Germany, however, some rejected asylum seekers in apprenticeships may now stay under certain conditions to complete their training and may even at times be authorised to remain beyond this training period when the employer wishes to keep them in the job for which they have been trained.

Difficulties in matching skills, formal qualifications and host country labour market requirements

Refugees and asylum seekers have varied skills profiles. Those who do have formal qualifications often lack documentation of these or their diplomas are not recognised in the host country.

Currently, little information is available on the professional skills of asylum seekers and refugees. This partly reflects the fact that in most countries there is no systematic and comprehensive skills assessment for this group. Employers emphasised in particular the need for more transparency and better information about how the refugees' skills relate to local labour shortages.

Limited language skills are a major obstacle to employment, especially in occupations for which qualifications are needed, yet in many countries language courses are over-subscribed and waiting lists are long. Employers have emphasised, however, that on-the-job language learning is highly effective and that – for jobs where this is possible – initially limited language skills should not be a reason to avoid hiring asylum seekers and refugees.

Companies' usual strategies, such as posting jobs online or recruitment through networks, generally do not reach refugees and asylum-seekers. Especially in Northern Europe, initiatives to link businesses with local employment services and civil society in collaboration around refugee employment are seeing small, but growing momentum. Generally, co-operation with local employment services, NGOs and reception centres is limited. It is recognised that the earlier integration into the labour market can take place, the higher the likelihood of successful integration in the longer run, and hence the business communities urge that such cooperation is strengthened. Currently, most recruitment seems to happen through personal contacts. Female asylum seekers and refugees are often particularly hard to reach.

Additional costs incurred by hiring asylum seekers and refugees

The labour market integration of people who are seeking or who have obtained international protection is often complicated by the experiences of forced displacement. Refugees and asylum seekers may have suffered trauma, perhaps further complicated by the fact that most had little time to prepare their departure. Poor language skills and a lack of documents certifying their level of

competencies further complicates the situation. Substantial early investment is needed to allow refugees to settle and develop their skills. Part of this investment will have to be made by employers. A business case would, however, need to be made for investing in the employment of refugees, as the return on investment will often not be immediately visible and may sometimes take years to materialise.

Government support, particularly in terms of skills development and workforce integration-related costs, can make a significant difference.

Negative attitudes among fellow employees and the broader public

Employees' perceptions regarding refugees often mirror public opinion at large and employers reported mixed reactions, ranging from enthusiasm to outright disapproval. At times, employees were reluctant to have refugees as co-workers; this was often related to fears about job loss and envy about supposed "special treatment", but also to generalised suspicion of or hostility towards foreigners.

Refugees may also themselves have different cultural attitudes, expectations and experiences (e.g. such as not having had female co-workers before). Even though companies report that this is much less the case than commonly thought, there is clearly a lot of uncertainty about working together across cultures. Attitudes and expectations will need to be managed through cultural orientation of both receiving workplaces and of the newly employed refugees, anti-discrimination and diversity policies.

Moreover, companies may also need to develop communication strategies targeted at their clients and shareholders, who may or may not understand the benefits of employing people in need of international protection.

Emerging findings

At the first UNHCR-OECD consultation with employers and their representatives, six main areas emerged as central to supporting businesses in employing refugees and asylum-seekers.

Addressing information needs

Many employers reported the lack of easily accessible and practical information on: the

business case for employing refugees and asylum seekers, how to employ refugees and asylum seekers within the existing legal and administrative frameworks, how to identify profiles and skill matching needs, and guidance on different support initiatives, including on what challenges to expect on the work floor and how to address them.

Part of the solution will thus be **getting the right information disseminated in the right format to all relevant actors**. For employers, information needs will differ depending on the size of the potential employer, the sector in which the employer operates, and the geographical location. Standardised options (websites/brochures) may provide some answers, but will likely not be able to address the often highly individualised and specialised legal and administrative questions that employers would like to see answered. **Services also need to reach out to employers more directly.**

"One-stop shops" or hotlines are an option. One example is the Danish hotline for employers to help them find employees/refugees with the right skills. This would be particularly advantageous for smaller businesses, which tend to account for the bulk of new hiring but have little experience with refugee recruitment. Innovative partnerships involving governmental organisations, businesses, immigration lawyers and civil society can help unpack the informational needs and design appropriate tools. These tools should preferably also generate information about possible legal obstacles that law-making bodies may subsequently wish to address.

In this respect, the German example is worth considering. German authorities, specialised agencies and employer associations have played an active role to close the information gap (e.g. DIHK, 2015; Bundesagentur für Arbeit, 2016). More recently, the summit organised by Chancellor Merkel on 14 September 2016 with employers has also opened a dialogue at the highest political level regarding challenges and opportunities for employing refugees.

Another example is the brochure developed by Virksomhedsforum for Socialt Ansvar (VFSA), a network of Danish corporate leaders. The brochure, *Virksomheder integrerer flygtninge (Companies Integrate Refugees)*, explains the legal frameworks and offers concrete experience from participating companies to give practical guidance to companies considering hiring refugees and asylum seekers.

The business case

More evidence on the benefits of employing refugees must be provided to employers so that they can make a strong business case to their senior management/shareholders, and to the general public. They need **documentation on how employing refugees and asylum seekers can potentially increase the profitability of the individual company, can provide a positive impact on the broader economy, and about the real versus the assumed costs compared to the benefits.**

This could include studies of the potential and actual impact of employed refugees and asylum seekers over time across companies of different sizes and in different sectors and on the surrounding environments. This could also include examining potential linkages to new markets and identifying economic opportunities stemming from the ethnic and cultural diversification of the labour force. In addition, it could include, for example, updated projections of labour market needs, and an analysis of the size and potential of the refugee and asylum seeker consumer base. Further, albeit less quantifiable benefits of investment in employing, training and mentoring of refugees include a more culturally aware workforce that allows for more creativity and possibly increases a business' capacity for innovation. It also helps refugees to develop cross-cultural awareness that increases their capacity to integrate into their new communities, including as a consumer, and makes them more employable generally. These benefits should be explored further.

Profiles and skills

In order for employers to make contact with potential employees, **information about refugees and asylum-seekers' profiles and their skills should be readily accessible**, bearing in mind appropriate data-protection measures. Preferably **in the form of a database**, such information needs to be managed or at least accessible locally so as to be as useful as possible in linking employers and potential employees. Such a resource could also allow refugees and asylum-seekers to assess their own skills set vis-à-vis the potential needs of employers, identify qualification gaps, and access information on available upskilling support services in order to increase their marketability.

In order to respond to this need, the European Commission recently announced the development of a "Skills Profile Tool for Third Country Nationals" to support early identification and profiling of skills and qualifications of asylum seekers, refugees and migrants.¹

In the meantime, some countries have already taken measures for better identification of refugee skills and matching with training programs and job offers. Norway, for example, introduced an **early assessment of the practical skills** during the asylum process. Likewise, Finland's New Action Plan foresees the assessment of skills in reception centres. The assessed skills are then **taken into account when deciding on the future settlement area, to ensure a better match with local labour needs.**

To make services for the recognition of foreign qualifications more accessible, the German government has launched **an online portal to guide migrants through the first steps of getting foreign credentials recognised.** This tool is available in nine languages, including Arabic. A growing number of countries, including Germany, the Netherlands, Norway and Sweden, also have **specific procedures for refugees who do not have the documentation of their qualifications with them.**

To ensure that the outcomes of such assessments meet the needs and are accepted by employers, they have to be part of the process. Sweden's new "Fast Track" initiative is a good example (OECD, 2016b). **Promoting the entry of skilled refugees into a number of shortage occupations**, the initiative maps, validates and supports the skills of those identified as eligible for the programme in his or her mother-tongue. Language tuition is offered throughout the process. The list of eligible occupations is defined jointly by social partners and the government.

Concrete guidance on different initiatives

Concrete guidance and lessons learned from different forms of employer engagement should be available to support the design and implementation of new initiatives. Moreover, **the workplace and the associated workforce need to be well prepared.** Management needs to provide

¹ http://europa.eu/rapid/press-release_IP-16-2039_en.htm

systematic communication targeted appropriately at all levels in the company. **Information on how to manage potentially difficult situations arising from cultural differences may be useful** for companies considering employing refugees and asylum seekers. While research results are not yet available for the more recent arrivals, there is plenty of evidence on diversity management in different contexts that can be drawn upon.

Language and cultural awareness

One of the big challenges towards successful integration into the labour market remains language. This relates both to speaking the national language and knowing the terminology used in the sector, the job and the role the refugee or asylum seeker is expected to fill. Furthermore, cultural norms in relation to gaining access to the labour market (e.g. job application, the interview process, etc.) and maintaining work relationships more broadly are critical and need to be addressed. Hence, **a comprehensive approach is required to ensure that appropriate language and cultural orientation is provided from the outset.** Integration courses need to focus more on clearly communicating the workplace practices and ethics of the host country to new arrivals. This includes gender aspects, where the host-country norms need to be fully understood and respected, while respecting the diversity in the workplace.

Such training may involve a number of stakeholders. **Government initiatives may be complemented by communities of experts such as retired professionals or teachers in training, as well as community and faith-based organisations,** among others. Companies and refugees and asylum seekers themselves may also invest, be it in the form of funding or human resources for language training or in the form of time dedicated to language learning.

Public opinion

Having an honest dialogue on issues related to employing refugees and asylum seekers is critical. This recommendation points first and foremost to the need to have nuanced data and evidence (as set out above), **as well as a cohesive communication strategy.** All relevant actors in society should be part of this dialogue, and both the positive contributions of refugees and asylum seekers and the challenges experienced on both

sides should be openly discussed. Central to this is countering any xenophobic concerns. As a key guiding principle in the dialogue, **management and political leadership should jointly reinforce the value of an open and diverse workforce that provides opportunities for all members of society.**

Co-operation

Co-operation between the government and the social partners is essential for sustainable labour market integration. Northern Europe, but also Austria, with their strong tradition of tripartite co-operation, have longstanding experience in this respect. Sweden's "Fast Track" initiative described above is a good example for co-operation between the government and employers in relation to refugee integration. Denmark recently reached a tripartite agreement between employers, labour unions and the government, in order to improve the labour market integration of new arrivals. In Sweden, social partners may apply for funds to develop initiatives such as the translation of validation models in other languages. In Germany, employers and government agencies cooperate in a number of joint programmes. For instance, the Confederation of Skilled Crafts, the Ministry of Education and the Public Employment Services launched an initiative for up to 10 000 young asylum seekers and refugees. In close co-operation with local businesses, the initiative seeks to prepare them for vocational training in the skilled crafts sector through specific counselling, language training and internships.

Legal and administrative framework

Legal frameworks and administrative structures for the implementation of employment initiatives for refugees and asylum seekers are often complex, can suffer from internal contradiction or uneven application. Companies and refugees seeking early integration into the labour market need to have an easy access to support in navigating legal requirements. To this end, coordination among integration services and employment services to enable efficient, stream-lined support for refugees and their potential employers was recommended by companies.

The legal and administrative framework may, in some instances, need to be adjusted. For instance, **support structures available to refugees and**

employers are crucial for successful labour market integration, but they may also create tensions between disadvantaged members of host communities, refugees and asylum seekers, arising from differences in access to certain support and benefits. Likewise, the obligation to participate in integration-related activities may pose practical barriers to engaging in employment. These de facto obstacles need to be looked at more carefully and, where possible, interim solutions and exemptions may need to be developed in order to provide adequate incentives and make the most of opportunities for the benefit of employers, refugees and asylum-seekers alike. However, **it is also crucial to ensure refugees acquire new skills required to be employable in the long term** – even if this comes at the detriment of early employment.

To this end, **integration support needs to go beyond the initial placement, especially if the placement was for low-skilled employment**. Providing opportunities to combine education and work, as well as strengthened continuous training and education, are essential to support access to skilled work / avoid that refugees are left with only unskilled job opportunities. This also implies making part-time low-skilled jobs more attractive for instance through continuous training. At the moment, for those refugees receiving benefits the pay from a part-time job is often fully deducted from their support.

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Useful links

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