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Leschke, Janine; Seeleib-Kaiser, Martin; Spreckelsen, Thees

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What happens to young people moving to Germany, Norway and the UK to find work?

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Janine Leschke, Martin Seeleib-Kaiser and Thees Spreckelsen

Key words: atypical employment, economic and financial crisis, employment, EU, migration, working conditions, youth

Research questions

One of the most distinctive characteristics of youth employment in recent years has been the large proportion of young people who move abroad to find work (O'Reilly et al. 2015). But how well integrated are these young EU migrants? Are they offered new opportunities by these jobs or are they part of an increasingly marginalised and precarious labour force?

Research design

To examine these questions, we set about comparing the different circumstances of young people who had moved to work in Germany, Norway and the UK. These three countries have very different ways of including young people in the labour market (Hadjivassiliou et al. *forthcoming*). We were interested in finding out if the country they moved to made much difference to their outcomes. We focused on young people who had come from Central and Eastern Europe (CEE; EU8), Bulgaria and Romania (EU2) and Southern Europe, compared to young people from Western and Northern EU countries (EU15 without EU-South), as well as third-country nationals, i.e., people who had come from outside the EU.

We use national Labour Force Survey data for the pre-crisis and crisis period and for the most part show simple proportions and means across the different migration groups, not controlling for additional characteristics such as skills level so as to reflect the public debates (for the full analysis including tables and figures, see Leschke et al. 2016, and for a more integrated analysis on the British and German case, only see Spreckelsen, Leschke and Seeleib-Kaiser 2016).

We examine the labour market integration of young EU migrant workers in both its quantitative (employment, unemployment and inactivity rates) and qualitative aspects. We measured qualitative labour market integration by capturing several dimensions of working

conditions: the prevalence of atypical employment (e.g., non-permanent employment and solo self-employment); working hours and earnings; and occupation-skills mismatch. To capture wider social integration, we also consider social benefit receipt.

Our analysis is novel in three ways:

1. its comparative perspective among the destination countries,
2. its focus on recent EU youth migrants (those who moved country in the previous five years), as well as
3. its distinction of migrants by regions of origin.

Does it make a difference which country they moved to?

Regarding the destination countries, we compared the UK (with its open general skills labour market) with Norway and Germany (which have more closed labour markets focused on specific skills). The three destination countries differed considerably in their economic trajectories in the post-2008 economic crisis, with the UK experiencing (relatively) higher levels of unemployment than Norway and Germany.

After the 2004 and 2007 EU enlargements, the countries differed in the way they allowed workers from the accession countries to move and work within their borders; these restrictions were called 'transitional arrangements'. The UK's initial openness to Central and Eastern European citizens compared to Germany's restrictiveness and Norway's gradual opening of its labour market provide a good test case for investigating the importance of region-of-origin and economic crisis effects.

Previous research was largely focused on assessing the labour market integration of *all* migrants, thereby ignoring the potential double disadvantage of young migrants as being migrants *and* in transition from education into the labour market. Our focus is very policy relevant given the youth unemployment crisis of, particularly, the Southern European countries.

Third, and crucially, this study is original in investigating how well EU youth migrants do in the labour market given their region of origin. Usually, EU migrant citizens' labour market situation is assessed by comparing migrants from EU15 with those from EU8 and EU2 countries of Central and Eastern Europe. However, the labour market situation and institutions of the Southern EU countries are very different, even more so after the recent economic and debt crisis, particularly for young people. This potentially influences the labour market outcomes of young migrants by region of origin, which is a new form of stratification.

How well did they do?

Two positive findings of the study are that *young EU migrant citizens are rather well integrated quantitatively in the respective labour markets when it comes to employment*. This is not the case for third-country youth nationals.

The second positive observation is that the *economic crisis does not seem negatively related to young EU migrant citizens' labour market integration in the respective destination*

countries. In the German case, the post-2008 period even saw an improvement of the situation for youth from Central and Eastern Europe with respect to some of the indicators.

Our most important finding is that there is a surprising similarity in the qualitative labour market integration (working conditions) of young EU migrant citizens across Germany, Norway and the UK.

Does it matter where you come from?

For migrants who arrived in the last five years, their region of origin mattered more in determining labour market success than institutional differences between their new host countries.

Young people from Central Eastern Europe (EU8) and from Bulgaria and Romania (EU2) were the least successful. Youth from the EU-South were moderately successful, and those from Northern and Western EU (+EFTA) countries in some cases even did better than their native peers. This ranking or stratification of labour market outcomes was consistent across Germany, (Norway) and the UK; it was not possible to include Norwegian data on Southern European youth migrants in the analysis.

This raises the question as to how stratification of labour market integration by region of origin can be explained. A possible explanation is the *wage differentials* between the country of origin and the destination country, whereby migrants from countries with low wages are willing to accept less well-paid and poorer quality jobs. Likewise, social benefits can be exported from the country of origin for a transition period, and this *transportability of benefits* provides EU migrants from high-benefit countries with an opportunity to look for better jobs in the destination countries. Both explanations relate to the idea of a reservation wage, that is, the minimum wage at which a worker is willing to take a job.

Our results hint at the fact that recent youth migrants from a *higher-paying, mature welfare state (Western and Northern EU countries and EFTA)* have qualitatively better jobs than those from emerging welfare states.

In addition, our results suggest that intra-EU migration of youth should not only be seen as a Western EU (EU15) versus Central and Eastern EU issue. Rather than this dichotomy, young EU migrant citizens form distinct groups according to their regions of origin. Future official statistics and academic research should take this more detailed view into account.

In conclusion, the question arises from our research whether migrating within the EU actually improves young EU citizens' labour market position and thereby contributes to an economically closer European Union – an often-propagated aim of the European Commission. Future analyses of trends over time will give a more definitive answer to this question.

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