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# **A policy agenda for diversity and minority integration**

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## **ABSTRACT**

The social and labor market integration of ethnic minorities in the EU is still a major political, societal and economic challenge. Based on evidence presented in Kahanec and Zimmermann (2011), this policy paper proposes an agenda for diversity and minority integration in the European labor markets. Policies to foster the labor market and social integration of ethnic majorities can work. But they need to involve all stakeholders, including all levels of government, public and private sectors, as well as civil society organizations, combine general and targeted action in a balanced, complementary and reinforcing way, respond to the needs of the affected groups and provide open access to people from diverse ethnic backgrounds, and be persistent and allow for time to become effective. Identification and transfer of good practices is essential.

**JEL Classification:** J15, J71, J78

**Keywords:** immigrants, ethnic minority, integration, diversity, labor market, diversity management, integration policy

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As well-documented in Kahanec and Zimmermann (2011) using empirical evidence from a variety of sources, the social and labor market integration of ethnic minorities in the EU is still a major political, societal and economic challenge. The available data indicate considerable ethnic gaps in the employment and the labor market attachment of ethnic minorities compared to the majority populations. Ethnic gaps vary not only within the groups concerned but also across countries. Some ethnic groups however are more at risk of social and labor market exclusion than others; and in some cases there is no clear trend towards improvement. Roma and Africans, but perhaps also Muslims and people with darker skin, are the most vulnerable ethnic minorities in the EU.

The analysis presented in Kahanec and Zimmermann (2011) emphasizes that there is no single explanation for the lack of social and labor market integration of ethnic minorities in the EU. The situation is far more complex and has many intricate interrelated components. To begin with, observable characteristics of ethnic minorities, such as deficits in education and training as well as knowledge of the main language, hamper their access to the labor market and their ability to find steady employment. Furthermore, attitudes and perceptions held by both the minority and the majority population matter: the role of self-perception and labor market orientation of minorities as well as the actual discrimination by the majority population – cultural differences and prejudices notwithstanding – can negatively interact and produce insidious pressures. Finally, institutional provisions of the labor market and the welfare state are instrumental in facilitating or restricting both access to employment and the social integration of diverse minority groups. These factors can explain differences in the labor market integration of various ethnic minorities and across different EU member states.

Policies and programs for the assimilation and integration of immigrants and ethnic minorities also differ markedly across Europe. There are significant differences in the experiences with integration efforts targeting various ethnic minorities, whether they are immigrants or native-born and indigenous ethnic minorities. The heterogeneity across the countries and minorities is indicative of the nature of the ethnic minority groups and the underlying political, social, educational and economic conditions within the host countries. Amidst all these differences there is one parallel that can be drawn – integration of ethnic minorities is a major social challenge and a most desirable goal in all of them.

Improvements in the situation facing ethnic minorities can be initiated by governmental and non-governmental action to change the institutional and societal factors found to have a strong impact on the social and economic well-being of ethnic minorities. Above all, the analysis presented in Kahanec and Zimmermann (2011) shows that policies which are successful take the unique situation of the respective local ethnic minority into account. While this implies a general need for custom-made policies, we are able to identify some comprehensive and general principles which should be used in designing effective policies.

Effective policies require the right combination of general and targeted integration policies which are balanced, complementary and reinforcing. The general policies must create an institutional and social environment which discourages discrimination and encourages targeted action. The labor market and social integration of ethnic minorities

goes hand in hand with smoother integration into general education, health and employment, thereby lowering the risk of marginalization. Once inclusion in the labor market has been achieved, the most important principle is one of equal, fair and sensitive treatment. In some cases however equal treatment is not enough. Specific integration policies and positive action are necessary if institutional conditions, including discrimination, exclude ethnic minorities from participating in the labor market or other spheres of social and economic life to a degree that is beyond the capacity of policies based on the principle of equal treatment. In other words should ethnic groups remain marginalized or excluded from employment and barriers to integration persist despite genuine equal-treatment efforts to overcome them, transitory targeted positive action is needed. However policy makers should be aware that a measure with too narrow a focus runs the risk of stigmatizing those it is intended to help. It is especially this factor, but also the necessity to provide the parties involved with proper incentives, which makes a strong case for specific integration policies and positive action to involve a credible, transparent and well-communicated transition path toward equal treatment after a pre-announced period of time.

With the recent proliferation of various integration initiatives, it is essential that the integration action is a concerted effort in which governmental and private initiatives work together and complement each other. There seem to be inherent complementarities between public and private action that imply that the private sector and non-governmental organizations cannot just rely on governmental initiatives; nor can the government simply withdraw and let the private sector solve these problems alone.

With regard to public policies, a core area which requires action in overcoming deficits in participation is the whole spectrum of education: ranging from early childhood education to elementary and secondary schooling, tertiary and vocational education. Sufficient linguistic skills are an essential prerequisite: not only for successful participation in education and training but also for robust labor market integration. Moreover this may well require targeted action to bring children and adult members of ethnic minorities in contact with education and training. Any formal, legal barriers or other obstacles which hinder access to education and training need to be dismantled.

Simultaneously the institutional structure of the labor market should offer open access to people from diverse ethnic backgrounds. This also includes employment in the public sector. For this to function there must be sufficient flexibility with regard to employment protection and wages. The risk of social inclusion can be reduced by active labor market policies: in particular through employment incentives and training schemes. However they should not be designed exclusively for ethnic minorities unless they face severe disadvantages or exclusion. Generally speaking, government actions have to be taken at all levels: the local, regional and in particular the national level.

Besides public policies, private and business initiatives also matter, as well as public-private partnerships, at all levels of implementation. One of the valuable insights is that most initiatives, and perhaps all of the successful ones, involve partnerships between business, non-governmental and public organizations. Good practice requires that the specific local context and the particular challenges faced by particular ethnic minorities are taken into account. One of the most important features successful initiatives have in

common is that they establish networks which bring together public and non-governmental actors as well as stakeholders from both the majority and the minority population. Encouraging interaction between the groups can trigger positive dynamics to help overcome existing societal and cultural barriers and social exclusion.

The situation of ethnic minorities will only improve once negative attitudes and outright discrimination can be overcome. This requires coordination with other changes in a comprehensive plan covering all critical aspects. This is not primarily an issue of institutional reform, although anti-discrimination legislation needs to be passed and enforced. It is very important to gather clear empirical evidence on the feasibility and benefits of better integration and to publicize examples of successful integration. Here the media can play a particular role in raising awareness by circulating unbiased information on ethnic minorities, good practices and individual success stories. In this way these projects and personal experiences can act as role models for others and encourage further initiatives.

A comparative evaluation of the experience of EU member states indicates that the relative standing of ethnic minorities is sensitive to the business cycle. While this means that economic booms go hand in hand with improving conditions of ethnic minorities, it also means that the negative consequences of economic troughs fall on ethnic minorities disproportionately. This pro-cyclical behavior of the relative social and labor market outcomes of ethnic minorities makes a strong case for policies aimed at cushioning the negative impacts of economic downturns on ethnic minorities.

Another important point is that immigration policy interacts with minority integration. There are substantial differences with regard to the kinds of immigrants who settle in different EU countries. In contrast to countries like Canada or Australia, and also some European countries such as the UK, which encourage immigration based on an explicit point system heavily geared towards skills and youth, certain European countries have focused their efforts on entirely different groups. This may explain the differential rates of self-employment, unemployment and labor force participation observed across EU member states. As immigration policy affects immigrants' prospects in the labor market and other spheres of life, it is of key importance that integration and immigration policies are harmonized in view of the common objective of minority integration.

Regarding action at the European level, Kahanec and Zimmermann (2011) identify a crucial role for EU institutions and the European Commission in particular: the role of raising broad awareness of the situation of ethnic minorities, in particular with respect to the most disadvantaged groups such as Roma. To accomplish this, EU institutions should stimulate Europe-wide public discourse and societal dialogue on the situation of ethnic minorities in European countries. They should intensify: (i) the comparative analysis of the social and economic situation of ethnic minorities with particular attention being paid to minorities at the greatest risk of exclusion; (ii) the identification of good practices in public policies and combined public-private initiatives detected through peer review procedures; and (iii) reporting on progress regarding the situation of ethnic minorities and disseminate information on effective public policies and mixed initiatives.

The role of EU institutions is also in being an initiator of targeted integration initiatives and a role model for governmental, non-governmental and business organizations. In particular this would promote network creation and the empowerment of actors where severe problems persist, where there is no clear tendency towards improvement and where alternative actors take no responsibility for triggering action aimed at improving the situation of ethnic minorities.

The approaches taken by EU member states to tackle the integration challenges being faced all differ; however one fact remains true – one of the primary challenges in all these efforts is monitoring and evaluating the integration policy programs. In this regard data and measurement are crucial. Yet the analysis of the social and labor market integration of ethnic minorities is hampered by the lack of systematically comparative empirical data. EU institutions and national governments should take a leading role in addressing this issue by incorporating information on the social and economic situation of ethnic minorities in the EU and national systems of statistics. An aggregate indicator which summarized the many aspects of social and labor market integration or exclusion could enable comparisons to be made over time as well as across EU member states and minorities. This would greatly help the identification and measuring of any progress made in the social and economic integration of ethnic minorities – an important part of any feedback and accountability program.

A related aspect is that EU institutions, national governments and other grant-giving institutions should provide funding only to projects based on good practice and involving mechanisms enabling evaluation using appropriate methods and peer review.

This will facilitate good governance at all levels in the medium and longer run, whereby only projects featuring practices that have been shown to have a consistently positive impact on the labor market integration of ethnic minorities will be promoted.

The research presented in Kahanec and Zimmermann (2011) shows that policies to foster the labor market and social integration of ethnic majorities can work. But they need to be persistent and allow for time to become effective. Policy makers ought to be aware that not all of the changes can be made within a short time horizon. This is particularly true when tackling cultural issues such as perceptions and attitudes. Hence a long-term commitment of stakeholders, policy makers, non-government actors and the business community, together with a synergy among them, is essential. Overcoming deficits in the social and labor market integration of ethnic minorities is a dynamic process involving both the majority and the minority population – and it is well overdue. The analysis and practical examples of integration efforts collected in Kahanec and Zimmermann (2011) make a strong case that integration efforts are not only most desirable on moral and ethical grounds, but also that they can work to the social and economic benefit of all parties involved.

## References

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