

## EU REFUGEE CRISIS IMPACT ON THE EUROPEAN LABOR MARKET

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***Abstract:** The advent and increasing wave of refugees arrived through various channels in Europe last year produce anxiety both in the EU leadership and in the management and organization of European states. Assessing the impact on the local labor market, on the human resources available and on the cost of insertion on the labor market in the EU it is difficult to quantify at present as long as it is not known what will be the final number of these refugees, the level of training them, and not the least the desire for integration into the European system of life and work. Prospects for reducing the number of active population in the EU in the coming years and increasing the lifetime rate require management organizations to carry out careful studies and to analyze and find solutions to integrate the active refugees in the domestic workforce, to assess the increased level training costs and integration in the local organizational culture and, not the least, the impact on the effectiveness of performed activities.*

**Keywords:** refugee crisis, European labor market

### 1. Introduction

Refugee crisis starts to increasingly mark its stamp more on future strategies and development policies of the EU and European companies. Assessing the information and data provided by the organizations and bodies of the EU Member States shows that during 2015, one million refugees, immigrants came over the European territory. We can talk about the largest population crisis facing Europe after the Second World War, in terms of its number. The data presented by the UN refugee agency, UNHCR (UN High Commissioner for Refugees) more refugees than in the first four months of 2015 came in Europe in the first six weeks of 2016. Also, 2000 people risk their own life in an attempt to reach Europe by any channel and by any means every day [1].

### 2. Impact refugee crisis on the labor market

Current refugee crisis overlaps with the so-called crisis of the EU population and migrants non UE. Migration is not a

new phenomenon that emerged in Europe. From a historical perspective, it is considered that the relative economic prosperity and political stability in the EU have exerted a considerable pull effect on immigrants. Analysis of this type of international mobility has showed and shows that it generates both challenges and opportunities that Europe has to consider in developing a strategy for solving migration. In destination countries, international migration can be an instrument to remedy specific shortages of labor market. Thus, the demographic situation in the EU suggests that, due to an aging population and an increasingly declining birth rate, the labor markets are going to need a large number of migrant workers. According to the latest Eurostat demographic forecasts, the working age population will decrease, stressing and including the assumption of immigration flows of 1.5 million people per

year in this decade. As a result, over the next decade, the population of working age will fall by 14 million without migration flows increase [2]. However, migration is not sufficient to reverse the current trend of an aging population in many parts of the EU.

UN High Commissioner for Refugees is mandated to provide international protection to refugees and to seek, together with other institutions, permanent solutions for the challenges faced by refugees. According to UNHCR, refugee integration is a dynamic, multifaceted and bidirectional process which requires efforts from all stakeholders, including a certain level of preparation on the part of refugees to adapt to the receiving society without having to give up their cultural identity and proper preparation of welcoming communities and public institutions to receive refugees and meet the needs of diverse communities [3]. In promoting refugees' integration, UNHCR advocates the development of legislation and relevant policies on education, health, social welfare and employment and also lobbies for the creation of services that enable asylum seekers to obtain independence in order to facilitate their integration, if recognized as refugees. Also, the UN Refugee Agency seeks to facilitate family reunification, partly through identifying cases that have already set a precedent. It can thus say that the integration of refugees into communities across EU member states, including the labor market can create conditions for a sustainable development of their economies.

However, since the beginning of 2016, a number of European countries have tightened border control measures and introduced or announced the introduction of restrictive measures on family reunification immigrants and refugees. This happened both due to acts of violence that appeared on the territory of states, acts of terrorism and not the least the citizens' protests,

employees' unions who see this as a threat to their jobs, culture and community stability.

According to a report issued by the IMF, "in Europe, where the tide of refugees presents major challenges for the absorptive capacity of the labor markets of the EU and testing the politics, policy actions to support the integration of immigrants in the workforce are critical to remove concerns about social exclusion and long-term fiscal costs and unlock the potential long-term economic benefits of the influx of refugees"[4].

Attitudes of Europeans and especially against immigrants in Germany will serve to shape the future of Europe and the euro zone default. Europe's big challenge will be to turn in its favor a humanitarian crisis - unwanted by anyone - and turn it into an opportunity both for immigrants and for Europeans, something which seems very difficult at the moment, but not impossible, for several reasons.

First, the opening of the German labor market (the immigrants' main target) could bring a boost to German economy and indirectly to Europe. More workforce could lead to an increase in investments (for example, in construction because housing for immigrants will be needed), which will be reflected in an economic growth. Additional investments in the economy, in the context of low rates of saving immigrants could stimulate German aggregate demand. Stimulating aggregate demand may lead to a reduction in the chronic current account surplus of Germany, which favors other European countries. All these effects are as many opportunities which could result in the medium term imbalances accumulated reduction in the European Monetary Union economy in the last years.

Secondly, because Europe faces major demographic challenges - an aging population, immigrants could be an opportunity for both Germans and for all Europeans. According to statistics, more

than half of immigrants aged between 16 and 30 years. In addition, many of them highly sought specializations in the labor market in Germany, and this motivates them to achieve a better life, which brought many advantages to German productivity in the past. There are also some concerns that the labor market integration of immigrants in Germany will have the effect of lowering wages and therefore additional loss of competitiveness of other countries in the Eurozone relative to Germany [5].

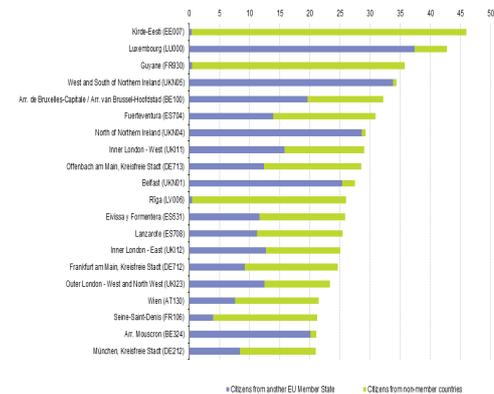
Also, according to IAB Institute, a think-tank of the Federal Employment Agency (BA) in Germany, the number of refugees remaining in Germany in 2015 would be roughly 800,000 out of about 1.1 million refugees registered initially. Also, the number of workforce from among these refugees is but small [6]. The demographic evolution of the EU population have manifested quite early compared to the current refugee crisis and consequently the workforce. Since 2000, the makers of policy in the EU have addressed a number of issues concerning the demographic development and the implications for the workforce.

Thus, in 2006 the European Commission adopted a paper called "The demographic future of Europe - from challenge to opportunity" material which highlighted five key policy responses on the evolution of the population of Europe [7]:

- promoting demographic renewal through better conditions for families and improving the reconciliation of work and family;
- promoting employment, through numerous jobs and prolong and increase the quality of life;
- a more productive and dynamic European Union, which increases productivity and economic performance through investing in education and research;
- receiving and integrating migrants in the EU;
- ensuring the sustainability of public finances to guarantee adequate

pensions, welfare, healthcare and long-term care.

According to data published by Eurostat in March 2015, the share of the total population of foreign citizens in different EU regions, the situation presented in 2011 as shown in Figure 1:



(\*) The figure shows the 20 NUTS level 3 regions with the highest proportion of foreign citizens within their respective populations. Source: Eurostat, <http://ec.europa.eu/eurostat>

Figure 1: Analysis of foreign citizens, by NUTS level 3 region, 2011 (% of the population) [8]

The condition for the inclusion of European refugees acquisition represents a State that is legally issued by an EU Member State that has legal status. In this issue, Member States have different views on both the number of people who transit through their territory and those that may remain in the future.

Employment represents a key of the EU integration of refugees in the population. The main obstacles are related to their inability to obtain recognition from organizations, professional associations and even governments of the host countries of professional qualifications and/or academic expertise gained in the home. It is most often caused by the absence or loss of relevant documents, the lack of access to formal certification and accreditation procedures, of not knowing the host language, the ignorance of the legislation in force, the rights and obligations incumbent on them as residents, unawareness of customs, traditions and social norms of the inhabitants of the host country etc. Also,

refugees do not know which services are available in training, recruitment and placement workforce. As a result, most of them have the problem of integration in the host group, remain unemployed or employed in jobs requiring low skill training and hence lower income. Most often, the result of all these factors is the increasing cases of exploitation and abuse by employers, discrimination in the labor market, the emergence of the phenomenon of racial discrimination, increasing xenophobia and racism among citizens, etc.

An opportunity of finding jobs and thus of income sources is the refugees' practice of activities such as specific regions-itinerant trade, repair, transport etc. Therefore, the lack of information and knowledge required for services available to start a small business, even the lack of the right to practice employment on the basis of regulated professions, to acquire citizenship, lead to a non-integration of refugees in the community and, finally, even to exclude them.

To remove these obstacles, governments of the EU countries and other factors should take, among other things, a series of measures on [9]:

a) Developing partnerships and capacity building for actors in the employment process

- partnership development and implementation of promotional activities together with important partners in the public and private sectors, including employment agencies, individual employers, employer associations, training providers and local networks with possible implications for employment opportunities;

- the commitment of awareness of employers about the validity of the certification processes/accreditation of refugees carried out at the national level and any qualifications earned by refugees participating in vocational training courses and acquiring basic skills or any

other courses created exclusively to refugees;

- implementation of measures to facilitate the recruitment of refugees by organizing language courses or providing other assistance, including the initiation and preparation of potential employers or the use of economic incentives that promote the employment of refugees as vulnerable people with special needs.

b) Capacity Building refugees

- introduction of flexible and effective measures to identify, assess and validate the early stages of skills, competencies and qualifications of refugees;

- inclusion of individual integration programs or orientation courses, skills and qualifications-held assessments, orientation exercises in employment and vocational training opportunities and the skill of skills to search for a job; part of these programs may involve counseling and support for accessing and using schemes to set up small businesses;

- inclusion as part of the language courses, the development of communication skills that correspond to individual aspirations for employment of refugees or their previous work experience;

- devising schemes for volunteering and mentoring the connection between refugees and local counterparts in their professions to help them in the process of orientation in specific professional areas, the support in seeking employment and skills development and establishing links with employers and other professionals in the field;

- devising schemes to enable refugees to gain experience and training in the workplace and benefit from job-related skills validation and certification by local employers;

- support the development of community services to provide, among other things, continuous counseling for employment, information and support for specific cases, including contracts or

other matters related to employment or self-employment once the refugees have left the integration centers or when they are looking for a new job. Such services may be provided by the NGOs supplying integration services or as part of the basic services created for people who are affected by disadvantages in the labor market;

- implementation of a start-up business schemes to promote self-employment for refugees, including art and traditional crafts.

c) Other measures

- adopting measures to help build professional profiles of refugees, monitoring the participation of refugees on the labor market and overcoming barriers to obtain employment or an independent activity associated with the lack of access to childcare prices, affordable preschool education, "livelihood" adequate transport services or banking and credit;

- monitoring the implementation of legal provisions aimed at preventing discrimination and racism, tackling structural barriers encountered by refugees seeking work and promoting equal opportunities for all in the workplace;

- reviewing government recruitment policies and practices in order to remove barriers to employment in the public sector, coming from nationality or residence requirements and to ensure full compliance with requirements related to equality and non-discrimination;

- reviewing legal provisions in order to eliminate restrictions on nationality, residence or other requirements affecting the right to obtain employment or self-employment in some areas-regulated professions;

- reviewing legal provisions in order to remove restrictions on the right to obtain employment or self-employment that affects people with a subsidiary protection status, including those limitations arising from the short duration of the validity of residence permissions or failure criteria to benefit from services/integration support.

### 3. Conclusions

Economic and social consequences associated with the aging of the population will be strong in all Europe, both nationally and regionally. For example, the low levels of fertility will lead to a decrease in the number of students in the education system; there will be fewer people of working age to support the rest of the population and a higher proportion of older people (some of them will need additional infrastructure, health services and adapted housing).

These structural demographic changes could impact on the ability of governments to raise revenue from taxes, to balance their own finances or provide pensions and adequate healthcare. It is expected that the regions will experience the greatest demographic challenges including outlying rural and post-industrial regions, the population appears to be declining.

Therefore, with the EU institutions and member governments, private companies should also play a more active role in having a greater involvement, both from an organizational perspective and allocated financial, informational, human, or material resources. This is necessary given the fact that in the medium and long term, companies will be the main beneficiaries of the current masses of refugees form the workforce.

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