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**Integration Through Incentives
Securing Participation and Inclusion of Newly Arrived
Third Country Nationals**

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Integration and participation of immigrants is in the interest both of the individuals and their host societies. There is a constant search among politicians, bureaucrats and researchers for finding the optimal way of securing inclusion. One way of guiding behavior in direction of integration is to create incentives. Lately there has been an increased focus on policies that direct both individuals and systems towards the goal of equal opportunity, equal participation and loyalty. Several EU Member States have come to see integration and the failure of such as caused by systematic encouragement and discouragement of behavior. In this paper the concept of incentive and its relevance is discussed.

This paper is based on a preliminary study on incentives and integration in the EU. It is meant to give a basis for designing a full scale comparative study of the role of incentives in national integration policies in all Member States will be described, analysed and confronted with indicators of participation and inclusion.

In the current study, the concept and relevance of incentives in the four Member States is discussed. Informants include civil servants and academic experts with knowledge of the national integration regimes.

The questions I seek to answer in this paper include: How is the concept understood and used in relation to integration in the Member States? If incentives are set to spur activity and participation of third country nationals, how are we to understand passivity and non-participation? What is the potential and limitations to the use of incentives?

The paper is divided into four sections. First the variety of meanings of “incentives” and some theoretical inputs are discussed. This is followed by a presentation of the methodological design and data. Next the situation in four Member States is briefly discussed. In the final section the findings of this preliminary study are presented and some hints are given regarding the design of a future full fledged study on the role of incentives in European integration policies.

1. Background

Although the concept “incentives” is widely used in everyday speech and public debate, the content of the term seems to vary. In this section several historical and disciplinary roots are pointed out.

In the social sciences, the term incentive appeared in the 1940s. The concept was then used for measures that were taken to make the American war industry more efficient. By making it more attractive for individuals to behave in a certain way, employers could improve output from their factories.

The concept of incentive has since been deeply embedded in the field of economy. This discipline’s model of action focuses on the individual as a rational actor. Two premises constitute the base for this model: The actor is an individual (and not groups) and she/he acts rationally. Both inside and outside the ranks of economists these and other premises within the field have been criticized (Stark 1995, Mjøset 2001). Among the strong

sides of the economists' view, is the ability to understand and even predict certain types of action given a stable environment.

In the current study of incentives and integration, both the critique and the potential of the rational actor model are relevant. While the national governments' ambitions regarding integration reach past the welfare of the single person, incentive policies puts the individual in a pivotal role. The aim is to construct an environment (incentives) that will lead an ideal individual to act in a certain way. Examples here would be to encourage participation over non-participation in the labour market or in education.

When incentives do not work as intended, there are several places to look for causes. One is in the construction of the incentive-environment, another is the model of action itself. On this last point, critics from other academic fields would hold that the individual rational actor used within economics has severe limitations when confronted with a complex social reality (Mjøset 2001).

Let us look at a few academic disciplines that have treated similar topics and concepts that are relevant for our understanding of incentives in the context of immigrant integration.

In psychology, the concept of incentives has been closely linked to motivation and rewards. Here the incentives can be found both outside and inside the individual. While some psychologists held that we had to limit our understanding of behaviour to outer reinforcements (Skinner 1953), others pointed to the existence of intrinsic motivation (Deci 1975). This last type was said to be self-rewarding and thus not needing outside rewards. The distinction between outside and inside motivation is relevant to the study of the strategic use of incentives to achieve integration.

Whether the concept of incentives can be used for both outside and inside motivation is a topic for discussion. Some have argued that incentives can be financial, but also of a moral or even emotional character. If we accept this, one could argue that certain types of behaviour will give the individual a positive experience of having behaved morally correct or a pleasant emotional feedback. The question is whether it is meaningful to use "incentives" to describe this type of "reward".

In ethics the division between outside and inside motivation can perhaps be translated into a division between consequentialism and deontology. In the first strand of theory, action is determined by whether the consequences are good or bad. In the second, it is the plight and duties that lies behind the action that determines its quality. In our present study, this is relevant for the discussion on whether societies can appeal to a moral obligation in the efforts to secure participation. This could take the shape of an appeal to every man's plight to work. The alternative, if we stick to the inside – outside dichotomy, is that the system has to rely on incentives, i.e. making the consequences of the prescribed action more favourable.

In the Scandinavian countries and elsewhere, there is a tradition for state leaders to appeal to the individuals' obligation to work, to "get up early in the morning" or to "contribute to the common good". This connection of morality and work has in the social sciences been associated with the protestant Christian work ethic (Weber 1958). At the same time there has been a continued collective struggle from workers in the same countries to optimize the rewards from working, the outer incentives if you will. In other words, when

looking at the role of incentives with regard to labour market integration, one should be open for the importance of both these factors; the inner motivation, possibly connected to moral obligations, and outer incentives.

Labour market policies would be easy if the government could rely on everyone being highly motivated to work. It has been argued that the work ethic has deteriorated in Europe over the past fifty years. Although unsupported by research, such claims are regularly made by aging native populations against newcomers in the labour market, be they young native born or foreign born. There has been a movement from an inner motivated work force to one motivated by incentives, according to this line of thought. A more neutral position on this issue would be to say that people are motivated to work by a combination of plights to contribute to society and the benefits that comes from this participation.

This review of the concept of “incentives” in economy, sociology, psychology and ethics do not seem to bring us past the initial threshold of deciding whether incentives should be reserved for outside reinforcements of behaviour. The discussion appears to point to the larger topic of “what drives people” to one action instead of another. If we stick to incentives as outer stimulus for action, then the wider discussion can be kept somewhat at bay.

What then about the other key concept in the title of this paper, integration? That term is perhaps even harder to pinpoint than incentives. In the context of this paper, it may suffice to refer to the general goals for integration, as formulated by a Canadian scholar. In sociology it has been suggested that a host society’s goals for integration of immigrants can be divided into two elements (Banting 2002): Participation and identity. For this paper, this distinction is relevant because the second goal appears to be harder to attain through the use of incentives than the first. Yet a well functioning coexistence and blending of majority and minorities also need some sort of common values and coherence. An interesting document that takes into account this dual task of a national integration regime is found in the newly proposed Swedish integration reform (Ministry of Integration and Equality 2009) Here various measures against exclusion of newly arrived are listed. After a series of measures to secure labour market participation and a short introduction period, the need for a “reinforced basis of common values” is stated. As such, the ambitions of this government stretch beyond attaining participation of the newly arrived. They are also expected to adhere, relate and help establish common values in the host society.

2. Methodology, design and data

This paper is based on a field work consisting of interviews with experts in four EU Member States; Spain, Sweden, Poland and Germany. In these countries the so-called National Contact Points of Integration (NCPI), persons appointed by the European Commission, were interviewed. They were presented with a short questionnaire before the interview took place. In some cases, the NCPI redirected me to other experts in the field, often within the same institution.

The questionnaire was designed as an open structured qualitative interview. This gave the necessary flexibility to deal with the national differences in awareness of and use of incentives, but also to adjust to the individual informant’s specific field of competence.

A set of criteria were used in the selection of countries. The main ambition was to secure a variety in the views on incentives and integration. A parallel study on indicators of integration was also consulted in the selection process. In addition to geographical variety (East, West, North, South), we landed on countries that had a certain level of immigration, some active governments and others more passive, where numbers were available (OECD, EUROSTAT), that had expansive vs. more limited welfare states (Esping Andersen 1998). These selection criteria are mentioned here because they can be useful also in a later study including more or all Member States. In such a study researchers should be aware of the differences in the existence of elaborate introduction schemes in some countries contrasted to the “sink or swim” mentality used in others.

Who are included in the group newly arrived immigrants in this paper? The main focus of the Malmø Conference is on the integration of forced migrants and their families. In the discussions on incentives and entry into the labour market, all groups of migrants will be of relevance to this paper. A distinction must be drawn between measures and incentive structures aimed at securing the first entry into employment, and later measures to maintain people within the work force. Those that drop out should be encouraged to quickly find employment.

One comment has to be made regarding the incentives perspective. It puts the focus on the will and engagement among individual immigrants to find employment, while toning down challenges pertaining to the employers side, such as discrimination and lack of validation efforts.

3. Examples from Member States

The design of this preliminary study does not include thorough descriptions of the labour market integration schemes in the four Member States. Neither is there room for creating an understanding of the alternatives to work for newly arrived immigrants. Instead the input from the national experts comes in the form of statements and short descriptions of introduction programmes. Some also comment on the presence and absence of incentives and sanctions in connection with the entry into the labour market.

Germany

In Germany newly arrived immigrants have an obligation to enter an integration course. This encompasses 900 hours of language training and learning about traditions, legislation and the functioning of German society. After this compulsory course, immigrants are transferred to the labour market authorities. Here their qualifications and their possibilities in the labour market are mapped. At this stage they are treated in the same way as job seekers born in Germany. If they are considered to need additional training, they are offered courses that will increase their chances for getting employment. If they refuse or do not show up, their social benefits are reduced. Here immigrants and nationals are on an equal footing. When claiming benefits, both groups have to show that they have done everything to get employment.

After the integration course, there are no special measures tending to the immigrant population alone. Three years ago special measures for immigrants in this second phase were stopped, according to the national expert. Labour market integration is mainstreamed and participation is stimulated through general programs.

In Germany, the efforts to get immigrants employed by local civil servants at the unemployment offices have been criticized. It has been stated that these employees lack the competence needed to sufficiently value the education and work experience of newly arrived immigrants. This results in misguidance and in suboptimal matching with potential employers.

“We have measured the willingness to work among the immigrant population. The results were positive. I would seem that the problem is that opportunities are lacking”

“Germany: Incentives? Like for example free access to kindergarden for newly arrived immigrants, or giving them 2000 Euro if they do this or that, we don’t have that in Germany”

“With low unemployment rate, then it is ok with incentives. But in Germany we have high unemployment” (Civil servant Bundesministerium für Arbeit und Soziales, Germany)

Spain

According to the Spanish expert, immigration to Spain was dominated by labour immigration. That distinguished the Southern European country from countries, like the Nordic, where asylum arrivals and family reunification dominates the immigration scene.

Those that do come as asylum seekers to Spain are put through an initial screening that last for up to 60 days. If they are found to qualify for a full asylum procedure, they are referred to government run reception centres. Here they are given food and board and are obligated to follow courses. These consist of Spanish classes, computer lessons, and general information on Spain and on how to relate to relevant Spanish institutions. In addition they are informed about introductory and integration courses administered by specialized NGOs, municipalities and regional governments, and are financed by the federal government. When asylum seekers leave the reception centres they are given some financial assistance to cover transportation costs and initial accommodation expenses. The national expert stated that “We do so by sponsoring local NGOs, municipalities and autonomous regional governments to give them language training and education. They are not obliged to take them”.

So apart from an initial course given to asylum seekers with a probable cause to stay and follow up courses provided by local actors, there is no incentive system in place in Spain. The national expert expressed a clear opinion that no incentives to work were needed in addition to work itself. According to the expert this was what everyone that did not have employment was striving for.

“We have a lot of unemployment among immigrants in Spain, but we also have high unemployment among Spaniards”

“The alternative to work in Spain is not attractive. Getting work is what everyone wants”

“Our and their main concern is to get them into the labour market” (Civil servant, Ministerio de Trabajo e Inmigración, Spain)

Sweden

In Sweden the topics of work and incentives are on top of the national agenda. In the area of immigrant integration, discussions and a newly proposed introductory regime are dominated by this line of thought. Here the focus is on the individual immigrant and setting up an environment that makes him/her make choices that increase participation and integration. The national expert put it this way: “The very core of this policy is to empower the individual to shape his/her future”. And this was to be done by making choices that quickly gives the immigrants a position in the labour market and in the society.

In order to secure this transition from dependence on financial support to self sufficiency in the labour market, incentives are seen as one key element. For the time being thirteen municipalities are testing a system where newly arrived immigrants are given monetary bonuses if they finish their language courses on time.

In the proposed plan for a new introduction scheme private actors, such as individuals and organisations are to be stimulated by incentives. According to the new scheme, these are to be paid by the government to help the newly arrived immigrants finding employment. One suggestion is that after six months, they are to be given their first payment regardless of their success. The second payment, after having been at it for twelve months, they are only to be paid if their protégé has been employed or has entered the education system.

This incentive system is contrasted to the practice in other countries where the lack of success is punished. In Sweden the belief in the effect of the carrot is stronger than in the stick.

The current centre-right government in Sweden is up for election next year. Over the last three years, the focus on making work pay off has been intense. The alternative to work, unemployment or social benefits, have been made less attractive. The efforts have been consciously mainstreamed. It is not easy to measure the success of the focus on employment and promotion of labour over welfare. Although indicators of integration are suggested by the government, the recession has hit the Swedish labour market hard and unemployment numbers are up in all groups, also immigrants.

“Since 2006 our integration policy has been focused on incentives. We want the individual to have more freedom of choice and to use this to quickly find employment” (Civil servant Ministry of Integration and Equality, Sweden).

Poland

The national expert in Poland made clear that the country was in a position where more people emigrated than immigrated. The presence of migrants in the Polish society was therefore limited and the absence of a obligatory integration program reflected this. Despite this clear message, the situation in Poland is a bit more complex. Asylum seekers that are found to be in need of protection are offered an integration program. For these individuals living costs are covered and they are given access to the labour market. Specific incentives for finding employment are not provided. However, their situation without work is not seen as an alternative.

A second source of support for migrants is integration programs set up by projects financed by the European Integration Fund. These vary in size and target groups.

The Polish national expert reflected an understanding of the concept of incentives as “measures conducted by the state with the aim to provide migrants with tools facilitating the integration process”.

“There are more people emigrating from Poland than immigrating. The result is that the percentage of migrants in the country is limited. We have no obligatory integration programs for them” (Civil servant, Poland)

4. Discussion

By using such a wide approach in the interviews with the informants in this study, the amount of comparative material is limited. However, a few points for discussion have been introduced. I will briefly present them here.

The concept

Delimiting the concept of incentives is not a straight forward matter, as we have seen. It was understood differently by the four national experts quoted in this paper. A helpful tool can be to relate a particular use of the term to the following dichotomies:

Pull	–	Push
External	–	Internal
Government involvement	–	No government involvement
Targeted	–	Mainstreamed

Several combinations are theoretically possible. However, if we combine the characteristics on the left hand side, we end up close to the Swedish model. The monetary reward-system at the end of language courses for newly arrived immigrants satisfied all these criteria. It was put up as a carrot to pull the individuals towards a certain result, the reward was external and not internal, and the government was involved in setting up this strategy to achieve faster

integration. Although many of the reforms in the Swedish labour market policies since 2006 have been mainstreamed, the proposed use of incentives in the introduction programmes will be targeted if introduced.

Alternatives to work

The need for explicit incentives in order to secure labour market participation from newly arrived immigrants appears to vary across the Union. In Spain the unemployment is considerable for both natives and immigrants. The social welfare system does not encourage a life in unemployment. The benefits related to having a job seems to suffice to motivate people to eagerly seek employment.

In Sweden this is perceived by the civil servants to be different. Although benefits have been lowered over the past three years, a fair existence is still possible outside the labour market. In the Swedish debate on welfare vs. work, the concept *excessive care* is frequently used to describe how public benefits may result in disempowered individuals. Incentives are seen by the current government as the opposite strategy. An environment is constructed wherein actions that stimulate integration are encouraged.

Critics of incentives systems would argue that those that do not reach the predefined goals of action, despite perhaps putting in their best efforts, are worse off. Incentives will have an effect of a certain percentage of a targeted group. For the rest they will either be cashed in by people that would for example have finished their courses on time anyway, or they will not be the right tool to make those worst off reach the goals. A middle portion of the target group would perhaps be stronger motivated. The critics would however argue that if combined with a lower level of benefits, the total result of such programmes risk being negative both for individuals and society. From a neutral standpoint one could point out that the size of a target group that will change behaviour because of the incentives alone will vary.

Different arenas of integration

In this paper the focus has been on integration into the labour market. Integration does however pertain to all areas of life, such as housing, social activities, religious activities, voluntary organisations, political participation and others. The question is whether participation in these arenas can also be encouraged by the use of incentives. In most Member States, NGOs engaged in integration of migrants are supported by local and federal government. Some of these are native driven NGOs while others represent migrant communities or activities.

Integration can take place within minority communities, in arenas dominated by the majority, or in both. If individuals or groups systematically seek company, employment and activities within their minority community, one could perhaps ask what sort of incentives that bend their actions in that direction.

Participation vs. values

Attached to these different areas of integration are the dual aim of reception countries to promote both participation and some degree of loyalty to their basic values. Questions could be raised whether it can be useful to think in terms of incentives also in this second meaning of integration; to promote the development of and adherence to common values.

A current fear among state leaders in Europe is the emergence of parallel societies. Although integrated, immigrants living under such conditions may participate and be loyal, but not in and to their host society.

Long vs. short term

Questions could be raised regarding the time scope of incentives systems. Are they meant to be stable and static, or rather promote behaviour for a limited time until a pattern is established? Politicians and other decision makers may have a long term perspective, but their also have to produce results on the short term. This may have some unwanted consequences. Using the Swedish employment-guides example, one could argue that getting into any employment is promoted, while not encouraging people being properly qualified. Since the individual's engagement in the labour market is long term, this may result in a long career in a marginal position in the labour market.

Integration may also be said to entail a process where immigrants over time catch up with the native born with regard to participation and income. If prematurely pushed into a marginal position, out of short term objectives, these secondary integration goals may not be reached.

5. Lessons learned

A full scale study of incentives and integration can find several useful hints on design from this preliminary project. First delimitations regarding what should qualify as incentives have to be made. Next one or more distinct areas of integration must be isolated (such as housing, labour market, political participation or others).

Researchers conducting a full scale study would also have to be keenly aware of the challenges connected with coupling integration indicators to a study of incentive-systems. Finding truly comparable data to set up reliable indicators is no easy task. Neither is explaining and arguing the link between incentive-systems and outcomes.

Looking at more limited comparative evaluation studies, for example of introduction programs for forced migrants, may help researchers see the force of simple design and the complexity that arises when outputs are to be included.

In order to get national reporters in a broader comparative study in the Member States to look for the same phenomenon, common understandings of what incentives are have to be secured. The current study has shown that the presence and awareness of incentives vary greatly across the Union.

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