



THE 6TH EDITION OF THE INTERNATIONAL CONFERENCE
**EUROPEAN INTEGRATION
REALITIES AND PERSPECTIVES**

Migration and Economic Integration.

Romanian Immigrant Workers in Germany

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Abstract: Migration as factor mobility and migrants as a factor of production are of paramount importance in economics. Scientists, politicians and the general public are dealing with the issue of how immigrants fare in the host country especially in terms of their labor force participation and remuneration. This article describes recent economic and ethnic diversity caused by international labor migration and their economic integration possibilities. It provides an analysis in understanding the ethnic identities, interaction, attitudes towards immigrants and the natives. While some immigrant groups are economically assimilated, most do not. In this paper I explore how immigrants identify with the culture of their home and received countries and if they have the right attitudes about natives. This article aims at drawing conclusions about implications of ethnic identity and multicultural attitudes for economic performance. Finally, the paper deals with economical and social-cultural integration of Romanian immigrant workers in Germany.

Keywords: cultural economics; ethnic identity; migrant integration; work

1. Introduction

Recent developments moved the issue of international migration into the policy agenda in many countries. There is a need for more in-depth consideration of integration policies and outcomes at national level. Migration can nevertheless play an important role in alleviating the adverse consequences of ageing populations together with other policies. Migrants are an integral part of the human development in a country and migration seen as factor of mobility and migrants as a factor of production is of paramount importance. The growth of the immigrant population in many countries and resistance of natives to their concerns lead to many problems in their integration process. So the process of integration has to face problems in the economic, social, cultural and political sphere not only at national level but also international. Policymakers are deeply interested in finding the best concept for solving the problems of international migration.

The subject how immigrants progress in the host countries in terms of their work and remuneration is significant because immigrants are always compared to natives. They are considered economically assimilated when they fare as well as natives. Interesting to notice is the fact if immigrants socialize and mix with the native or they create parallel societies. This paper deals with the issue of how immigrants fare in the host country in terms of economic integration possibilities. This is of paramount importance today in the European Union, where free movement of workers is a fundamental right in the EU (for Romania and Bulgaria in 2014). Even if Germany has insisted on continuing restrictions on workers, Romanians are on the second place in statistics on seasonal work after Polish workers.

2. Economic Integration of Migrants

The concept of "integration" is on one side the notion of economic and social convergence between the immigrant and native population regarding a number of statistical indicators such as unemployment rate, average earnings, educational achievement, participation in community organisations that implies any abandonment of home culture and beliefs, and on the other side the notion of integration as assimilation, that is acceptance of/ or behaviour in accordance with host country values and beliefs, including similarity of economic and social outcomes (OECD, 2007). Integration into the labour market means that overtime, step by step, immigrants tend to show the same range of labour market outcomes as the natives. Economic migrants are individuals who leave their country and in many cases family to go to a new country for a job and other economic opportunities to better lives and their family lives (also known as foreign-born population). Economic integration into the labour market is not social integration, but is considered to be an important step for immigrants as citizens in the host country and sustain the migration policy over the long term. Moreover, labour market integration is probably the most important thing that can be done to contribute to the integration of immigrants. The economic framework for analysing labour market integration issues was formulated by Chiswick. According to Chiswick hypothesis the earnings of immigrants are significantly lower than those of natives with the same economic and social characteristics. Most obvious element of country-specific human capital is knowledge of the natives language, but also includes knowledge of cultural norms and behaviours, organisational structure and function. According to Chiswick theory, as immigrants gain information about the functioning of the new labour market and invest in human capital in the new country, can be seen an increase of their earnings so that they can reach the earnings of natives. The economic assimilation is achieved when the catching up of earnings occurs, meaning that immigrants and natives are identical in terms of their wages. But in practice, this model of human capital acquisition and reward for immigrants may not operate as in theory, because a number of factors affect labour market performance, such as age, educational attainment, labour force experience, sector and occupation, but also the economic downturn.

Many researchers explain the wage gap between immigrants and natives by considering labor market performance as a function of when an individual came, and not a function of the duration of residence. So in Germany, immigrants who arrived during the mid 1960s until the first economic recession should fare better than more recent immigrants, this shows that the business cycle of the host country plays an important role in the assimilation process. Moreover, the earnings of the self-employed immigrants are higher than those of immigrants in the paid employment sector. However, immigrants suffer a strong earnings penalty if they feel discriminated against (discrimination is not an insignificant impediment to employment in Germany) while they receive a premium if they are German educated. Employers do not seem to trust much in foreign educational qualifications and work experience, but the recognition of qualifications as equivalent to German ones appears to convey benefits.

3. Immigration in Germany

It is important to stress the German immigration history in order to understand the current situation of the labour market integration. After the Second World War until 1973 Germany recruited low-skilled foreign labour. It was the time of the so-called "Gastarbeiter" (en. guestworker) when many immigrants were joined by their families. After fall of the Iron Curtain in 1989 Germany received massive

immigrants from Eastern Europe, which was not only legal, fact that made Germany a country which has received the largest inflows of immigrants in Europe (until 2009 Spain was the first one). German statistic distinguish along nationality lines, but there is a clear need of assessment based on country of birth¹.

A large number of governmental and non-governmental actors are involved from the EU to the Federal and local level to find solutions on integration issue. Under the new Immigration Act from 2005 there is in force an uniform programme for all immigrants that focuses on language training. Reserchears fear that language training in Germany may not be effective as a means of labour market integration. In addition to language training, a multitude of projects are developed in order to succeed in the integration process.

In an European comparison Germany remains an inportant destination country for immigrants. Migration situation in Germany has been marked for years by immigration from other European countries. In 2009 came almost 3/4 of immigrants (71,6%) from Europe, 20,4% from the old European Union member states (EU 14) and 36,4% from the 12 neu EU states.

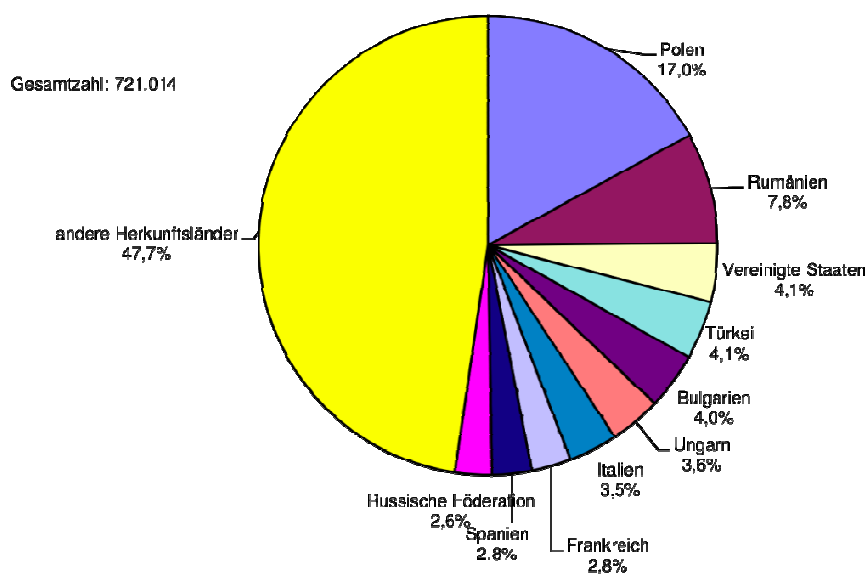


Figure 1. Immigrants in Germany by origin in 2009

Source: Statistisches Bundesamt

As it we can see in the picture above, quantitativ is Romania the second most important country of origin, in 2009 with 7,8% of migration (2008: 7,0%) with about 56.000 registered inflows to Germany. It was the third year after accession to EU a further rise in inflows from Romania reported (+ 18,4 % compared to last year). Other main countries were Bulgaria (4,0%) and Hungary (3,6%).

4. Romanian Workers in Germany

It is often said that immigrants are needed to do jobs natives will not do, native workers will not do the

¹ the new migration Law moves away from the distinction between ethnic migrants and foreigners. In a recent study, the Federal Office for Migration and Refugees calls for more statistics on foreign-born (OECD)

three "D" jobs - the dirty, dangerous and difficult jobs (Chiswick, 2006).

In the field of labor migration in Germany has been recorded a slight decline of skilled workers from third countries due to economic crisis. The number of foreign IT Romanian workers who came to Germany has declined. Contrary to this trend was the group of seasonal workers that reported a continuous rise. It should be noted that Polish seasonal workers still make the largest group but their number decline since 2004. In contrast to this, the number of Romanian seasonal workers has almost tenfold in the last 10 years.

Regarding EU internal migration was noticed that Romanian and Bulgarian workers continue to be a significant group of immigrants, in many cases, officially this is the case of a temporary stay. In the case of Romania, the number of inflows since joining the EU in 2007 has more than doubled, it was recorded a clear migration, fact that can be seen in the picture below.

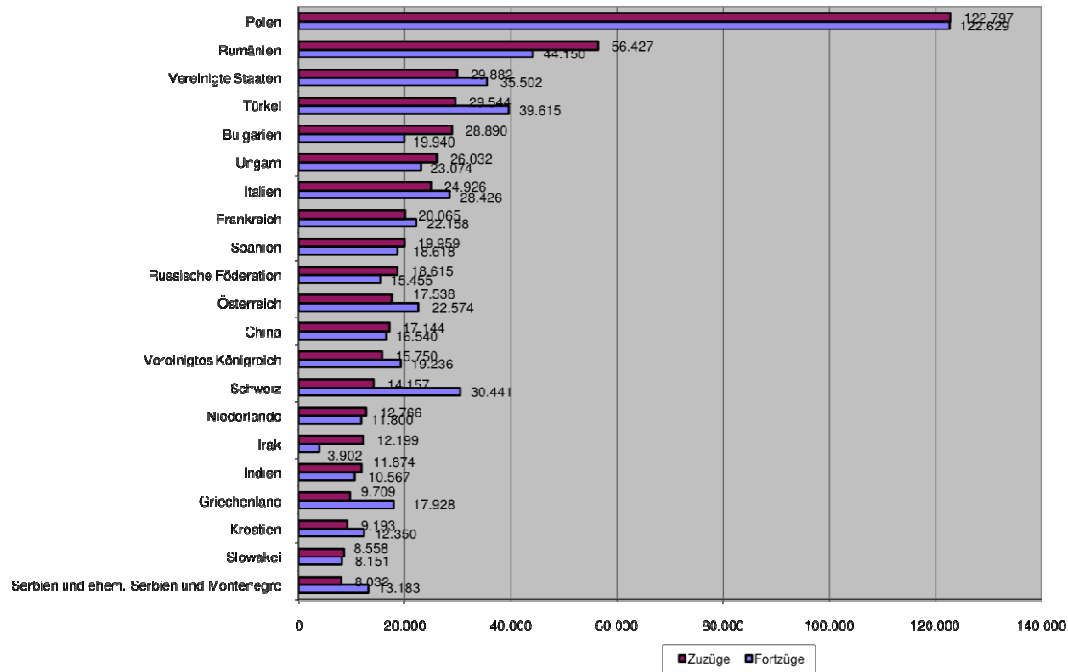


Figure 2. Migration flow by country of origin (2009)

Source: Statistisches Bundesamt

Important migration inflow in 2009 from Romania and Bulgaria increased strongly since EU enlargement (+12,277 registered in 2009 compared to +2989 in 2006, the year before accession).

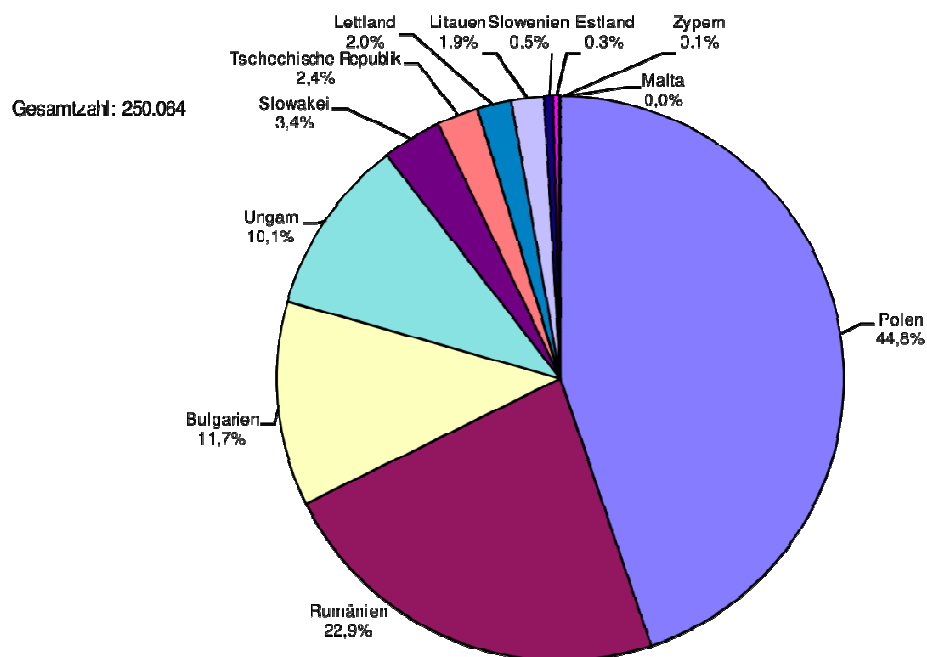


Figure 3. Immigrants in Germany from new EU members (EU-12) in 2009

Source: Statistisches Bundesamt

In 2009, according to the Federal Employment Agency around 90.000 work permits were issued to workers from new EU countries (excluding seasonal workers, assistants, helpers and contract workers), mainly to Polish EU citizens (45%) and Romanian citizens (23,5%). While the number of Polish workers since 2007 is declining, the number of Romanian ones increases (2008:21,3%). Also, the number of Romanian seasonal workers increases significant, it has almost sevenfold (about 31,7% from all seasonal workers in Germany).

Even if quantitative the number of seasonal workers continuously increase, their work conditions became worse. In the study on Romanian workers in agriculture I recorded an overworking of them, a clear exploitation. Even if they have work contracts with the German employers, the contracts are not respected. A simple example: in contract is 5Euro/hour set, but in fact that receive in the best case 3 Euro. Also the living conditions and food are far from the lowest sanitary standards. They sleep on dirty beds (if you can all this bed), a lot of people in one room with one shower for 100 people and receive a clear food for more than 7 hours work in agriculture. There is no Sunday, no Holiday, and the only rule is "if you don't subdue, you go". The seasonal workers must do this because they have a place to work, what they don't have in Romania. This is their point of view, better a place to work than no place to work.

5. Conclusions

This paper outlines the importance of economic integration of labor migrants in time of global economic crisis, and the case of Romanian workers in Germany, one of the most important group of seasonal workers. Migration is considered one of the defining global issues of the early twenty-first century, about 3% of the global population lives outside their place of birth. Research is needed to better understand and empirically validate potential use of human capital in the economy.

Globalization and demographic changes leads to a higher level of permanent and temporary migration around the world, the movement of people will become more significant. Germany (and many other countries) is faced with an increasing lack of skilled workers and a growing tendency of unemployment among the low-skilled. Educational policy will not be the central political objective for the future, but recruitment of high-skilled workers from international but especially European labor market, being known the fact that skilled labor increase well-being and reduce inequality. Germany has gone from neglecting the need for an integration policy to admit the beneficial contribution of immigrants to the economy and the society.

To avoid further economic decline, risk aversion and from this the negative attitudes toward immigration, European labor market require development of projects on this issue.

The case of Romanian seasonal workers in Germany point out how strong the migration flow can be in case of weak economies in Eastern states of the European Union. The question is, what can be done to minimize the economic disparities between developing and developed countries inside the EU and so to manage better the transnational migration.

Practitioners and policy makers need to develop a comprehensive understanding of the multi-dimensional phenomenon of migration in order to manage it effectively. Also a comprehensive approach is required to deal with the migration pressure and this includes projects and programmes, more than this cooperation between governments to success in management of international migration.

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