A WORK IN PROGRESS
PROSPECTS FOR UPWARD MOBILITY AMONG NEW IMMIGRANTS IN GERMANY

By Nadia Granato

A Series on The Labor Market Integration of New Arrivals in Europe: Employment Trajectories

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This report is part of a project conducted by the Migration Policy Institute and the International Labour Office called “The Labor Market Integration of New Arrivals in Europe.” The project examines immigrants’ trajectories into skilled employment in the initial years after arrival, as well as the policy interventions that seek to support their economic integration. The project includes case studies of the Czech Republic, France, Germany, Spain, Sweden, and the United Kingdom. This research was undertaken for the European Commission’s Directorate-General for Employment, Social Affairs, and Inclusion.

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Executive Summary

Over the past decade, Germany experienced significant changes in immigration, including the volume and composition of new flows. Despite entering the decade with record low immigration rates, by the late 2000s Germany had once again become a country of net immigration. Recent immigrant flows into Germany look significantly different than their earlier counterparts: not only are newer immigrants more highly educated, they increasingly come from Eastern European countries rather than traditional sending countries like Turkey and the former Soviet states.

These new immigrants have entered the German labor market with varying degrees of success. A cohort analysis of German Microcensus data from 2000 through 2009 shows that while immigrants had lower average employment rates at arrival than native workers, most immigrants had better chances of finding work the longer they stayed in Germany—although they never entirely caught up with natives. Immigrants’ employment rates largely depended on where they came from: citizens from European Union-15 countries consistently had the highest employment rates (almost as high as those of native workers), followed by Eastern Europeans. Meanwhile, immigrants from Turkey and the former Commonwealth of Independent States (CIS) had the lowest rates of employment. However, these groups also had the largest improvement over time.

Most immigrants had better chances of finding work the longer they stayed in Germany—although they never entirely caught up with natives.

Immigrants who entered employment did not always find their way into high-quality jobs. On average, immigrant workers in Germany were between two and three times more likely than natives to occupy the lowest-skilled positions. However, the risks of working in low-skilled occupations declined considerably with higher levels of education.

Some immigrant groups experienced limited movement out of the lowest-skilled work over time, although progress depended on several factors, including:

- **Origin country.** Immigrants’ concentration in low-skilled jobs and their ability to move into more skilled work over time varied considerably by origin country. EU-15 mobile citizens were the least likely to be in elementary work both at arrival and after ten years in the labor market. CIS-origin immigrants and those from Turkey had the largest share of lowest-skilled jobs, but these groups were also the ones—along with immigrants from other European countries—to have substantial movement out of low-skilled work. In contrast, Eastern Europeans from EU Member States and non-Europeans were just as likely to be employed in elementary jobs after ten years in Germany as they were at arrival.

- **Sector of employment.** While no sector appeared to offer immigrants an easier route out of elementary positions, immigrants in certain sectors did appear to have more difficulty than others in moving out of low-skilled work. For those with jobs in the business activities sector—which includes low-skilled jobs such as building maintenance and cleaning—transitioning to higher-skilled employment was particularly difficult.

While only some groups moved out of low-skilled occupations with time spent in Germany, successive cohorts of newly arriving immigrants during the 2000s became less likely to be employed in low-skilled occupations—a trend that may be explained by later arrivals’ higher levels of education, as well as improving labor market conditions at the time of arrival.
Although immigrants remained in the lowest-skilled jobs at higher rates than natives, most were successful at finding their way into permanent work. Among the cohort that arrived from 1998 to 2000, for example, the share of workers in temporary employment fell considerably over time—despite a broader trend toward more temporary work in the German labor market. Even though immigrants in the manufacturing sector and the business activities sector did not appear to move out of the lowest-skilled jobs with time, those who worked in these sectors were particularly successful at transitioning into permanent employment.

Owing to demographic aging, Germany anticipates labor and skill shortages in the future—and newcomers may increasingly fill the demand for new workers. The successes and challenges of past immigrant groups offer important lessons for future integration and workforce development policymaking. Education is clearly a key factor in ensuring immigrants’ successful integration into the labor market. Increasing access to training opportunities and credential recognition is therefore a crucial strategy for improving the chances that lower-skilled immigrant workers can move into middle-skilled work over time.

I.  Introduction

Germany has a long history of immigration, dating back to the recruitment of foreign guestworkers mainly from southern Europe and Turkey in the 1960s and early 1970s. Guestworker recruitment ended in 1973 when labor demand dropped during the oil crisis, but immigrants continued to arrive in subsequent years, first through family reunification and then by asylum and ethnic German return-migration channels. In the early 1990s, the civil war in Yugoslavia, the conflicts in Kurdish territories of Turkey and northern Iraq, as well as the fall of the Iron Curtain in Europe caused a significant increase in asylum migration to Germany. However, two major legislative reforms of immigration and citizenship policies in 1993 were followed by a steady decline in asylum and ethnic return migration.

The number of new arrivals started to increase again after 2006, reaching more than 1 million immigrants in 2012, the highest inflow since 1995.1 These changes marked the beginning of a new phase of migration, composed predominantly of new labor flows from Poland, the Czech Republic, and other Eastern European countries. Although many of these new migrants intended to reside permanently in Germany, temporary

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1 These data refer to individuals staying more than three months in Germany. Bundesamt für Migration und Flüchtlinge, Migrationsbericht 2012 (Nürnberg, Germany: Bundesamt für Migration und Flüchtlinge, 2014), www.bamf.de/SharedDocs/Anlagen/DE/Publikationen/Migrationsberichte/migrationsbericht-2012.html?__sessionid=EA9E01BD5423A8F96B31691017FA FE6F1_cid392?nn=1663558.
forms of migration—such as seasonal workers or new guestworkers with time-limited working contracts—also became increasingly important.

This study assesses the success with which newly arrived immigrants were able to enter employment and make their way into skilled work in Germany during the 2000s. This was a period of significant change in the German labor market. Faced with persistent unemployment, the government undertook a series of major labor market and welfare reforms. Known as the Hartz reforms, these measures were intended to raise work incentives, improve job matching, and increase working-hour flexibility. While unemployment has fallen since 2005, challenges remain—including the need for further structural reforms to encourage labor market participation among women and older workers.

Methodology

The report tracks the progress of three immigrant cohorts over their first ten years in the German labor market. The first cohort is immigrants who arrived between 1998 and 2000, the second cohort arrived between 2003 and 2005, and the third between 2007 and 2009. The study tracks outcomes for these cohorts along three intervals of time: 0 to two years after arrival, five to seven years after arrival, and nine to 11 years after arrival. The analysis relies on data from the German Microcensus Scientific Use Files of 2000, 2005, and 2009. For the sake of comparison, the study also includes outcomes for the native-born population over all three time periods.

The report investigates immigrants’ employment rates, the quality of the jobs they held (for example, whether newcomers were working in low-skilled “elementary” occupations or if they held a temporary contract), and the sectors of the economy where they are concentrated. Because outcomes are likely to vary signifi-

Box 2. Definitions and Data

Newly arrived immigrants are defined as foreign-born individuals who have been in Germany for less than two years. The term ‘immigrants’ refers to both mobile citizens from other EU Member States and newcomers from outside the European Union. This report specifically considers immigrants who arrived in Germany between 1998 and 2009 and were of working age at the time of the survey (between ages 18 and 64). The study divides immigrants into three arrival cohorts: those who arrived in Germany from 1998-2000, 2003-05, and 2007-09.

This report analyzes three datasets from the 2000, 2005, and 2009 Scientific Use Files of the German Microcensus (GMC). The GMC is based on a representative sample of German households. The sample is comprised of 1 percent of all households in Germany (covering approximately 370,000 households, or 820,000 persons). This study uses anonymized data files of the GMC (Scientific Use Files). At the time of this analysis, only data through 2009 were available as Scientific Use Files.

For each cohort of immigrants, the report presents data (such as employment rates, education levels, sector of employment, and more) taken at the last arrival year for the cohort in question. For example, it reports the employment rates of the 1998-2000 cohort for the year 2000.


2 The approach used here is a synthetic cohort analysis. This approach uses immigrants’ reported year of arrival to group immigrants into cohorts and track the labor market outcomes of each cohort in the data sets for each year considered. While this approach is preferable to a strictly cross-sectional analysis and is generally considered to be the best tool available to track integration over time, the results are susceptible to bias due to return migration.

3 Due to limitations on the available data, only the first arrival cohort was observed over all three time periods. For the second cohort, observations were made at 0 to two years and five to seven years after arrival; and the third cohort was only observed at arrival.
cantly based on immigrants’ origin countries, the study separates each cohort by region of origin. It divides new arrivals into the following six subgroups: EU-15 countries, the Commonwealth of Independent States (CIS), Turkey, EU Eastern European countries, other European countries, and finally, other non-European countries. Other relevant individual characteristics such as the time of arrival, duration of stay, and education level—one of the most important indicators of success—are also considered.

The report begins with a review of immigrants’ individual characteristics in each cohort. Section III then examines the employment rate of newly arrived immigrants and how it evolves over time, paying particular attention to differences between immigrant groups based on origin country. After that, the report turns to immigrants’ employment by skill level, asking whether lower educational groups are able to move up into middle- or high-skilled occupations over time. The report then outlines immigrants’ major sectors of employment and considers the chances of holding a low-skilled job within each sector. The final section discusses the implications of the findings for integration and labor market policymaking.

II. Characteristics of Newly Arrived Immigrants

The differing composition of the three arrival cohorts reflects the changing nature of immigration to Germany over the 1998 to 2009 period. With respect to country of origin, other non-European immigrants are the largest group among those who arrived between 1998 and 2000, making up approximately one-quarter of this cohort. EU-15 citizens are the second-largest group, comprising approximately one-fifth of the 1998-2000 cohort.

Over time, the origin of Germany’s migrants changed considerably.

Over time, the origin of Germany's migrants changed considerably (see Figure 1). The share of Eastern European immigrants from EU Member States rose in the next two cohorts, equaling the EU-15 proportion by 2009. Together, these two groups represented almost 50 percent of all immigrants in the 2007 to 2009 cohort. Correspondingly, the proportions of immigrants from Turkey, the CIS countries, and other European countries declined over time.

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4 The German Microcensus data does not include a variable indicating an individual’s country of birth; it is only possible to identify individuals based on whether or not they were born in Germany. Therefore, actual nationality is used as a proxy for country of birth for the foreign born.

5 Includes Austria, Belgium, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and United Kingdom. Due to specific data coding in 2005, this category can only be computed without Belgium, Ireland, and Luxembourg.

6 Includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. In 2009, the Commonwealth of Independent States (CIS) group can only be computed without Belarus and Moldova.

7 Given the large Turkish population and the importance of this group in the German migration context, immigrants from Turkey are considered as a separate group.

8 Combines immigrants from Bulgaria, the Czech Republic, Hungary, Poland, Romania, and the Slovak Republic (in 2000 without Bulgaria).

9 This category includes Albania, Bosnia and Herzegovina, Croatia, Cyprus, Estonia, Iceland, Kosovo, Latvia, Liechtenstein, Lithuania, Macedonia, Malta, Norway, Switzerland, Serbia and Montenegro, Slovenia, and all other European countries not mentioned above.

10 In 2000, Bulgaria was not included in the category of Eastern European EU Member States.
In education level too, the nature of Germany’s immigration flows has changed over time (see Figure 2). On the whole, educational levels tended to rise for all immigrant groups. For most groups, the share of highly educated immigrants increased in more recent cohorts, while the share of low-skilled immigrants decreased. Comparing educational levels by country of origin, new arrivals from EU-15 countries had the highest levels of education in all three cohorts. By contrast, immigrants from Turkey had the highest share of lower-educated workers, although this proportion decreased in later cohorts. Finally, most immigrant groups’ educational profiles differed markedly from native Germans, who tended to have higher proportions of medium education levels.

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Figure 2. Education Levels by Nativity and Arrival Cohort, 2000-09

Notes: Education levels are defined according to the 1997 International Standard Classification of Education (ISCED) definitions as follows: High (ISCED 5, 6); Medium (ISCED 3, 4); Low (ISCED 1, 2). These data reflect the education levels of new immigrant cohorts, measured at arrival for each cohort. For example, the data show the education level of immigrants in the 1998-2000 cohort for the year 2000; and the education level of immigrants in the 2003-05 cohort for the year 2005. Source: Author’s analysis of German Microcensus, Scientific Use Files 2000, 2005, and 2009. See also United Nations Educational, Scientific and Cultural Organization (UNESCO), “International Standard Classification of Education: ISCED 1997,” accessed December 3, 2013, www.unesco.org/education/information/nessunesco/doc/isced_1997.htm.

III. Employment Rates

While some immigrant groups showed no difficulties entering employment immediately, others struggled to find work. The variations between cohorts’ employment rates at arrival may be the result of changing labor market conditions or differences in the composition of the cohorts themselves.

Immigrants who arrived between 2007 and 2009 appear to have had the highest employment rates upon arrival; whereas those who arrived between 2003 and 2005 had worse outcomes (see Figure 3). While the relatively high employment rate of the 2007-09 cohort may seem surprising given the onset of the global recession in 2008, the changes in employment rates among new immigrants between 2000 and 2009 reflect the particular labor market conditions in Germany at the time. From 2000 to 2005, the unemployment rate in Germany rose almost constantly from 9.6 percent to 11.7 percent, but then fell to 8.1 percent in 2009.

11 In the German Microcensus, persons older than age 14 who worked at least one hour in the reference period for pay or other profit are defined as employed. See Statistisches Bundesamt, Ergebnisse des Mikrozensus 2005, Fachserie 1 Bevölkerung und Erwerbstätigkeit, Reihe 4.1.1 Stand und Entwicklung der Erwerbstätigkeit, Band 1: Allgemeine und methodische Erläuterungen (Wiesbaden, Germany: Statistisches Bundesamt, 2006).

Unlike many other European countries, Germany did not see a significant decrease in employment following the onset of the 2008 recession.

The low employment rates of newly arrived immigrants in 2005 coincided with the peak of unemployment in the German labor market during the 2000s, while the high employment rate of the third cohort paralleled the slight rise in employment of the native born in later years.

**Figure 3. Employment Rates in Germany by Nativity and Arrival Cohort, 2000-09**

![Graph showing employment rates](image)

*Source: Author’s analysis of German Microcensus, Scientific Use Files 2000, 2005, and 2009.*

Only one national-origin group deviated from this pattern of employment. Within the first cohort, the employment rate of newcomers from EU-15 countries at arrival was comparable to that of the native-born population, but then fell slightly over successive cohorts. Despite their declining employment rates, EU-15 mobile citizens consistently maintained the highest employment at arrival in all three cohorts.

EU Eastern Europeans also did well, holding the second highest employment rates in all three arrival cohorts. Both EU Eastern European and other European citizens made particularly large employment gains over cohorts, with newcomers from EU Eastern European countries catching up with the EU-15 citizens in the third cohort.

The accession of several new Eastern European Member States to the European Union in 2004 and the further addition of Romania and Bulgaria in 2007 may explain some of the gains among those who arrived between 2007 and 2009. Nevertheless, in Germany transitional arrangements restricting the free movement of workers from 2004 accession countries remained in place until April 2011. For Bulgaria and Romania, free movement of workers was restricted until December 2013. In view of these restrictions, it may seem problematic to attribute the positive trend in employment shares of this group to a change in EU membership status. An analysis of immigration data from this time period suggests that workers from the new Member States display a high rate of self-employment—a category that was not restricted by the transitional arrangements.13

Other national-origin groups followed the pattern observed for immigrants as a whole: a decrease in employment between the first and second cohorts and an increase with the third cohort. Employment rates on

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arrival remained particularly low for both Turkish and CIS immigrants across all three cohorts.

**Changes in Employment Outcomes Over Time**

Looking at the development in the first cohort, immigrants showed a distinct improvement in their employment rates over the observed time period. But despite making consistent progress, employment within this cohort remained significantly below that of the native-born population, even after nine to 11 years in the German labor market (see Figure 4).

**Figure 4. Employment Rates of Natives and the 1998-2000 Arrival Cohort by Country of Origin, 2000-09**

![Figure 4](image_url)

*Source: Author’s analysis based on the German Microcensus, Scientific Use Files 2000, 2005, and 2009.*

As might be expected, workers from EU-15 countries had considerably higher employment rates than all others during the whole period under consideration, and their employment rates remained similar to those of the native-born population. Newcomers from EU Eastern European countries made significant improvement, closing most of the gap with both EU-15 workers and natives by 2009.

But it is immigrants from the CIS countries in the 1998-2000 cohort who experienced the largest gains. Their employment rates more than doubled, from 28 percent in 2000 to 62 percent in 2009. By contrast, immigrants from Turkey had below-average employment rates during the whole period. Moreover, even though Turkish migrants’ employment rates rose during the initial five to seven years after arrival, they stagnated after that; whereas the employment outcomes of CIS migrants continued to improve. Table A-1 in the Appendix offers further details on these outcomes by gender.
Employment rates among individuals with a secondary-level education or below tended to be slightly lower than the average for all education levels for most countries of origin. Otherwise, the evolution of lower-educated workers’ employment rates over time is similar to the pattern observed for all skill groups.

Overall, immigrants’ employment rates do appear to improve with time spent in the German labor market. No group reached parity with natives, even after ten years in the country—although EU-15 nationals come close.

IV. Lowest-Skilled Occupations

This section asks to what extent foreign-born workers are concentrated in the lowest-skilled occupations and explores their level of mobility into higher-skilled jobs. It also investigates the likelihood of migrants with lower levels of education attaining medium- or high-skilled jobs over time.

With a share of approximately 7 percent of all jobs, occupations that require the lowest skills were one of the smallest sectors in the German labor market during the 2000s (see Figure 6). Around 50 percent of all jobs required medium-level skills. And occupations classified as highly skilled comprised the remainder,

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Figure 5. Employment Rates of Lower-Educated Natives and Immigrants in the 1998-2000 Arrival Cohort, 2000-09

![Employment Rates of Lower-Educated Natives and Immigrants by Origin (%)](chart)

Note: Lower-educated natives and immigrants are defined as individuals with a secondary-level education or below.

Source: Author’s analysis based on the German Microcensus, Scientific Use Files 2000, 2005, and 2009.

Lowest-skilled occupations are defined as International Standard Classification of Occupations (ISCO) code 9, Medium-skilled as ISCO codes 4-8, High-skilled as ISCO codes 1-3. ISCO codes used for this analysis are available from International Labour Organization, “ISCO: Major, Sub-Major, Minor and Unit Group Titles,” updated September 18, 2004, [www.ilo.org/public/english/bureau/stat/isco/isco88/major.htm](http://www.ilo.org/public/english/bureau/stat/isco/isco88/major.htm).
including approximately 22 percent of jobs as technicians and associate professionals, 14 to 16 percent high-skilled professionals, and 5 to 6 percent managers.

Starting with the first cohort that arrived between 1998 and 2000 the picture is clear: all newcomers arriving at this time were more likely to be employed in elementary occupations upon their arrival in Germany than natives (see Figure 6). The share of workers in the lowest-skilled jobs was smallest among EU-15 citizens (12 percent) and immigrants from non-European countries (17 percent), and was highest for immigrants from CIS countries and Turkey (37 percent and 40 percent, respectively). Almost all origin groups—with the exception of EU Eastern Europeans—saw their rates of employment in elementary occupations drop for later arrival cohorts, even though the rate among natives remained constant over the same period of time. Specifically, EU-15 workers in later arrival cohorts were employed in the lowest-skilled occupations at similar rates as natives.

**Figure 6. Occupational Skill Level of Natives and New Arrivals by Cohort, 2000-09**

As a matter of fact, the higher a newcomer’s level of education, the smaller the chances of being employed in a low-skilled position on arrival. Depending on the arrival cohort, the share of employment in elementary occupations was approximately 20 percent among immigrant workers with a medium education level, compared to approximately 30 percent among the least skilled workers (see table A-2 in the Appendix). Meanwhile, significantly fewer than 10 percent of high-educated immigrants were employed in elementary occupations.

To what extent did workers move out of the least-skilled occupations over time? Upward mobility varied considerably by country of origin (see Figure 7). During the first ten years after arrival EU-15 workers were the least likely to be employed in low-skilled jobs. Meanwhile, this group’s share of workers in elementary occupations slightly increased over their first decade in the German labor market. Workers from EU East-
ern European and other non-European countries had somewhat higher rates of employment in the lowest-skilled occupations than those of EU-15 mobile citizens—and also did not have a clear trend of improvement over time.

**Figure 7. Natives and Immigrant Workers in the 1998-2000 Cohort in the Lowest-Skilled Occupations, 2000-09**

Immigrants from Turkey and the CIS countries were the most likely to enter the labor market in low-skilled positions, but these groups also showed the clearest evidence of upward mobility over time. At 39 percent, newly arrived immigrants from Turkey had the highest share in elementary occupations; after their first decade in the German labor market this share had declined to just one-quarter.

Overall, the national-origin groups who entered the labor market with the highest concentrations in lowest-skilled occupations were most likely to see this share decline over time. By the end of their first decade in the German labor market in 2009, all immigrant groups—with the exception of EU-15 immigrants—had similar rates of employment in elementary occupations, ranging from 21 percent to 26 percent. Even though some groups experienced upward mobility during the first decade, all immigrant workers were still more likely than natives to be employed in the lowest-skilled positions.

**Upward Mobility Among Lower-Skilled Workers**

Upward mobility can be highly dependent on workers’ opportunities to gain skills while in the German labor market—especially for workers who arrive in Germany with lower levels of qualifications and human capital.
Figure 8 shows the progress of lower-educated workers\textsuperscript{15} into higher-skilled occupations over time. Within the first cohort, only migrants from Turkey with (post)secondary education or below had clearly improved chances of working in higher-skilled jobs as the duration of their stay increased. Compared to their initial rates of high-skilled employment in 2000 shortly after arrival, workers from other European and CIS countries experienced at least a slight increase by 2009. For immigrants from other non-European countries the chances of entering higher-skilled work did not vary much throughout their first decade in the German labor market.

No clear trend of improvement emerged for the other countries of origin. Actually, lower-educated EU-15 mobile citizens experienced a peak in higher-skilled employment five years after arrival and had the same chances of holding a higher-skilled position as native-born workers at that point in time. However, by 2009 the share of workers from EU-15 countries in medium- or high-skilled occupations was lower than shortly after arrival. Although EU-15 workers saw a small decline, they maintained very high shares in these occupations. Lower-educated newcomers from EU Eastern European countries displayed a similar pattern as EU-15 workers, although with lower shares of employment at a medium or high skill level.

Overall, upward movement seemed to be strongest where the concentration of workers in low-skilled jobs was initially the highest. This suggests that the likelihood of leaving a low-skilled occupation improved with the duration of stay and—presumably—an increased level of country-specific human capital for Germany's labor market.

Figure 8. Share of Lower-Educated Immigrants in the 1998-2000 Cohort in Medium- or High-Skilled Occupations, 2000-09

\begin{figure} 
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\includegraphics[width=\textwidth]{figure8.png} 
\caption{Share of Lower-Educated Immigrants in the 1998-2000 Cohort in Medium- or High-Skilled Occupations, 2000-09} 
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\textit{Note:} Lower-educated immigrants are defined as individuals with a (post)secondary-level education or below (meaning those who may have a secondary or some postsecondary education, but do not have a tertiary-level education). 

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\textsuperscript{15} In this context lower-educated workers are defined as individuals with a (post)secondary-level education or below, meaning those who have attained secondary or some postsecondary educational levels, but do not have a tertiary education. See United Nations Educational, Scientific and Cultural Organization (UNESCO), “International Standard Classification of Education: ISCED 1997,” accessed December 3, 2013, \url{www.unesco.org/education/information/ifsunesco/doc/isced_1997.htm}. 

Figure 8. Share of Lower-Educated Immigrants in the 1998-2000 Cohort in Medium- or High-Skilled Occupations, 2000-09

\begin{figure} 
\centering 
\includegraphics[width=\textwidth]{figure8.png} 
\caption{Share of Lower-Educated Immigrants in the 1998-2000 Cohort in Medium- or High-Skilled Occupations, 2000-09} 
\end{figure}

\textit{Note:} Lower-educated immigrants are defined as individuals with a (post)secondary-level education or below (meaning those who may have a secondary or some postsecondary education, but do not have a tertiary-level education). 
V. Employment by Sectors

Before turning to the question of the sectors in which immigrants are more or less likely to be employed than native-born workers, this section discusses structural features of the German labor market and their development during the 2000s.

Germany’s largest sector is manufacturing, which employed approximately one-fifth of the workforce in 2009. This share fell slightly over the course of the 2000s, from almost 23 percent in 2000 to 21 percent in 2009.

Wholesale and retail trade is the second-largest sector, with approximately 14 percent of all available jobs. Like manufacturing, the share of employment in this sector has decreased slightly (falling from 14.8 percent in 2000 to 13.4 percent in 2009). The third-largest provider of jobs is the health and social work sector, and in contrast to manufacturing and wholesale and retail trade, its share of employment increased from under 11 percent in 2000 to 13 percent in 2009. Finally, real estate, renting, and business activities; public administration; construction; and education each employed 6 percent or more of the labor force in 2000. Since then, only the business activities and education sectors have grown, while the others have stagnated or declined in importance.

Another important feature of the German labor market is the trajectory of full-time employment during the course of the 2000s. The share of all workers in full-time employment came up to 81 percent in 2000 and declined by almost 6 percentage points between 2000 and 2009. There are two possible explanations for this trend. First, the decline in full-time employment could reflect increased participation by women in the labor market, with their traditionally higher share in part-time positions. Secondly, so-called mini-jobs (employment with compensation up to 400 euros a month), which generally have fewer working hours, have become more prevalent.

A. Distribution of Immigrant Workers upon Arrival, by Sector

Analyzing immigrant employment patterns by sector may offer a clearer picture of which sectors and jobs provided immigrants with the best opportunities for upward mobility over time. Immigrants from almost all national-origin groups and cohorts had high participation in the manufacturing sector (close to 20 percent) during their first two years in Germany (see Figure 9). But as manufacturing is also an important sector of employment for the native-born population, immigrants were not overrepresented. There is a trend of declining participation in the manufacturing sector across cohorts for all groups, which is also similar to the trend among the native-born population and may thus indicate a shift away from the manufacturing sector within the German labor market broadly. The declining participation in manufacturing was strongest among the other European group.

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16 This sector will be called the “business activities sector” in the remainder of the report.
17 Due to sample size constraints, immigrants must be regrouped into three larger categories (EU-15, other European countries, and non-European countries) in order to draw a finely grained picture of employment patterns by sectors. The category “other European countries” now combines immigrants from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Iceland, Kosovo, Latvia, Liechtenstein, Lithuania, Macedonia, Malta, Norway, Poland, Romania, Serbia and Montenegro, Slovak Republic, Slovenia, Switzerland, and Turkey; as well as countries of the Commonwealth of Independent States (CIS; most of these immigrants are from Russia), and all other European countries not included in the EU-15 category.
Compared to both natives and other immigrant groups, immigrants from other European countries were much more likely to be employed in the construction sector upon entering the labor market, a trend that held true across all three cohorts.

Figure 9 also shows that all cohorts and origin groups had a higher concentration in the hotel/restaurant and the business activities sector upon arrival than native workers. Among EU-15 new arrivals, the high share in the hotel and restaurant sector decreased in successive cohorts, whereas the other two immigrant groups saw higher participation in this sector among later cohorts. Meanwhile, other non-European immigrant groups as well as natives showed an increasing rate of participation in the business activities sector across cohorts. Independent of different cross-cohort developments, in the 2007-09 cohort, however, employment in this sector was substantially more important for all immigrant groups than for native workers.

**Figure 9. Distribution of New Arrivals Across Sectors by Cohort and Origin, 2000-09**

*Notes: Although the compound category “other sectors” comprises between 40 percent and 50 percent of all employed immigrants, each of the included categories represents less than 5 percent of immigrants. Hence, it is not possible to break this sector down further due to the small number of cases in each category. The “business activities” sector includes business services like renting and real estate activities, computer and related activities, research and development and other business activities. These data reflect the sectoral distribution of the three arrival cohorts (2000, 2005, and 2009), measured at arrival for each.*

*Source: Author’s analysis based on German Microcensus, Scientific Use Files 2000, 2005, 2009.*

**B. Assimilation by Sector Over Time**

Figure 10 examines changes in the sectoral employment patterns of immigrants from the first cohort over time. EU-15 mobile citizens moved out of jobs in the hotel and restaurant sector, and into jobs in the business activities sector. By contrast, immigrants from other non-European countries actually saw their participation in the hotel and restaurant sector rise to 22 percent after the first decade in the German labor market—the highest share in this sector among all immigrant groups. Another particularity of the non-European group was their decreased participation in the manufacturing sector over time. After approximately ten years they were half as likely as natives or other immigrant groups to be employed in this sector.

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18 This sector includes business services like renting and real estate activities, computer and related activities, research and development, and other business activities.
Although workers from other European countries were initially concentrated in the construction sector, their share in this sector diminished over time and they were equally likely as the native born population to be employed in construction after their first decade in the country.

At the end of their first ten years in the German labor market, all three immigrant groups remained overrepresented in the hotel/restaurant sector in comparison with native workers. Their participation in the business activities sector was also somewhat higher than among natives.

Considering the four sectors with high concentrations of immigrants, there was no substantial overall assimilation trend toward a sectorial distribution that resembled that of native workers over the course of the first decade in the German labor market.

Figure 10. Share of Immigrant Workers in the 1998-2000 Cohort Across Sectors, 2000-09

Source: Author’s analysis based on German Microcensus, Scientific Use Files 2000, 2005, and 2009.

C. Key Characteristics of Sectors

Notably, the skill structure of occupations within sectors is rather stable over the 2000s (see Figure 11). On average, the share of unskilled positions varied between 7.1 percent in 2000 and 6.9 percent in 2009. Moreover, the sectors employing the largest share of immigrant workers do not rely heavily on low-skilled work. Within manufacturing, an important sector for both native and immigrant workers, a little more than 7 percent of all workers were employed in the least-skilled jobs between 2000 and 2009. Similarly, the hotel and restaurant sector is comprised of almost 8 percent unskilled jobs. In the construction sector however, where immigrants from other European countries were concentrated at arrival, only 4 percent of workers are employed in these occupations.

The business activities sector is somewhat of an exception to this pattern. While a significant share of jobs in this sector were unskilled (approximately 12 percent), the sector also included a disproportionately large share of high-skilled occupations, whereas medium-skilled positions were substantially underrepresented. In contrast to the other immigrant-heavy industries, this sector combined high shares of the lowest- and
highest-skilled jobs. Within the business activities sector, low-skilled occupations such as domestic helpers, cleaners, launderers, and building caretakers had substantial shares. Among the high-skilled jobs in this sector, computing professionals, engineers, and business and legal professionals were the most frequent occupations.

Figure 11. Distribution of Occupational Skill Levels for all Workers Across Sectors, 2000-09

Notes: Managers correspond to International Standard Classification of Occupations (ISCO) code 1; high-skilled professionals to ISCO code 2; technicians and associate professionals to ISCO code 3; medium-skilled workers to ISCO codes 4 to 8; and unskilled workers to ISCO code 9.

Stability of employment is also an important indicator of job quality within the German labor market. On average, approximately 12 percent of workers in Germany were employed on temporary contracts in 2009 (see Figure 12). The share of temporary contracts rose slightly across all sectors between 2000 and 2009. Among the sectors with a large share of immigrants, however, only the hotel and restaurant sector had a disproportionately high share of temporary contracts.

Stability of employment is also an important indicator of job quality within the German labor market.
Overall, immigrants who arrived between 1998 and 2000 were concentrated—upon arrival and after ten years in the German labor market—in a few sectors of the economy. Only one of these sectors had relatively high proportions of lower-qualified jobs. Moreover, the industries with a high concentration of immigrant workers, with the exception of the hotel and restaurant sector, did not display a disproportionately high share of temporary contracts.

**D. Sector-Specific Chances to Improve Employment Conditions**

While there is evidence that in some sectors, immigrants may move out of unskilled work after several years in Germany—in construction and some other sectors in particular—in the remaining sectors, prospects for moving out of unskilled positions over time are lower (see Figure 13). In the business activities sector especially, the share of immigrant workers in elementary occupations remained far above the average for immigrants, even nine to 11 years after arrival.

It is also worth noting that even after a decade in the German labor market, immigrant workers were over-represented in elementary occupations across all sectors when compared to the overall share of lowest-skilled jobs in a specific industry—in other words, the share that includes both native and foreign-born workers. Even though the gap between the overall and the immigrant share in the other sectors—where the majority of immigrant and native workers were employed—declined with the time spent in Germany, it was still substantial at the end of the first decade. With respect to the immigrant-heavy industries, the gaps in the share of lowest-skilled employment between all workers and immigrant workers stagnated or even increased.

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19 This conclusion is based on a comparison of the distributions in Figure 11 and Figure 13.
The share of immigrants with temporary contracts, however, does appear to have declined with the time spent in the German labor market (see Figure 14), despite a broader trend toward more temporary employment within the same period. As Figure 12 illustrates, there was a slight overall increase in temporary employment if all workers in all industries are considered. As a consequence of these opposing developments the gap in the share of temporary employment between native- and foreign-born workers diminished considerably. With respect to specific industries, the decrease for foreign-born workers was particularly significant in the manufacturing and the business activities sectors. The construction industry was the exception to this trend.
Figure 14. Share of Immigrant Workers in the 1998-2000 Cohort with Temporary Contracts by Sector, 2000-09

![Graph showing share of immigrant workers in sectors over time](image)

Source: Author’s analysis based on German Microcensus, Scientific Use Files 2000, 2005, and 2009.

In summary, the share of immigrants employed in elementary occupations decreased only in some sectors over the duration of stay. Two out of the five observed industries offered a better chance than others for immigrants to progress into higher-skilled jobs. Even though foreign-born workers across all cohorts were not particularly concentrated in sectors with high shares of the lowest-skilled positions, they were substantially overrepresented in unskilled jobs within sectors—even 10 years after arrival. Certain sectors did, however, allow immigrants to enter more stable jobs after several years in the country. In the business activities and manufacturing sectors in particular, immigrants’ likelihood of working in temporary jobs decreased to a level comparable to that of natives after approximately ten years in the German labor market.

### VI. Conclusions

The analysis of newly arrived immigrants over the 2000s in Germany shows that, the origin countries of newcomers changed considerably over time. By 2009, mobile citizens from EU Eastern European and EU-15 countries together represented almost 50 percent of new arrivals.

On the whole, education levels tended to rise for all origin groups over time, with increasing shares of highly educated immigrants arriving in the more recent cohorts. New arrivals from EU-15 countries had the highest levels of education in all three cohorts. All in all, most immigrant groups’ educational profiles differed markedly from native Germans, who have high proportions of medium education levels.

Immigrants who arrived between 2007 and 2009 had the highest employment rates upon arrival. During their first decade in Germany, immigrants’ ability to find employment increased substantially, especially among national-origin groups that entered with initially low labor force participation rates—such as migrants from Commonwealth of Independent States (CIS) countries. No group reached parity with natives in their employment rates, however—although EU-15 nationals came close. Shortly after arrival, foreign-born workers were more likely to be employed in the lowest-skilled occupations than natives. When also considering education, immigrant workers with higher educational levels
had a smaller risk of being employed in low-quality jobs than the lower educated. Moreover, most origin groups—especially EU-15 workers—saw their rates in elementary occupations decline across arrival cohorts. Meanwhile, upward mobility out of the lowest-skilled positions with time spent in the German labor market varied considerably by country of origin. Although some groups experienced upward movement, all immigrant workers were still more likely than natives to be employed in elementary occupations ten years after arrival.

Both upon arrival and after ten years in the German labor market, only a few sectors of the economy had high concentrations of foreign-born workers. Most of these sectors offered average proportions of lower-qualified positions and relatively stable jobs. Considering the immigrant-heavy sectors, movement out of unskilled positions over time was more limited, and within sectors immigrant workers were still substantially overrepresented in elementary occupations ten years after arrival.

Although some groups experienced upward movement, all immigrant workers were still more likely than natives to be employed in elementary occupations ten years after arrival.

The findings of this report are consistent with previous studies showing that qualifications and country-specific human capital are indispensable factors for occupational success in Germany. In this context, increased efforts to recognize foreign educational certificates might be a promising strategy. Policymakers could also consider strategies to promote immigrants’ acquisition of language skills and develop other country-specific knowledge by supporting access to and participation in the German educational system.
Appendix

Table A-1. Employment Rates of Natives and Immigrants in the 1998-2000 Arrival Cohort by Gender and Origin, 2000-09 (%)

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th></th>
<th></th>
<th>Female</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-15</td>
<td>82.0</td>
<td>80.7</td>
<td>82.6</td>
<td>53.5</td>
<td>54.4</td>
<td>61.1</td>
</tr>
<tr>
<td>Commonwealth of Independent States</td>
<td>35.4</td>
<td>61.6</td>
<td>67.2</td>
<td>22.8</td>
<td>47.5</td>
<td>58.6</td>
</tr>
<tr>
<td>Turkey</td>
<td>47.0</td>
<td>67.6</td>
<td>70.0</td>
<td>12.8</td>
<td>28.0</td>
<td>28.8</td>
</tr>
<tr>
<td>EU Eastern Europe</td>
<td>72.2</td>
<td>72.0</td>
<td>85.7</td>
<td>35.8</td>
<td>46.1</td>
<td>60.4</td>
</tr>
<tr>
<td>Other European Countries</td>
<td>37.8</td>
<td>62.3</td>
<td>73.5</td>
<td>20.9</td>
<td>35.6</td>
<td>48.8</td>
</tr>
<tr>
<td>Non-European Countries</td>
<td>43.4</td>
<td>56.6</td>
<td>73.2</td>
<td>19.5</td>
<td>34.1</td>
<td>45.3</td>
</tr>
<tr>
<td>All Immigrants</td>
<td>52.8</td>
<td>64.7</td>
<td>73.8</td>
<td>26.9</td>
<td>40.3</td>
<td>51.3</td>
</tr>
<tr>
<td>Natives</td>
<td>76.3</td>
<td>75.3</td>
<td>79.2</td>
<td>61.5</td>
<td>63.8</td>
<td>69.3</td>
</tr>
</tbody>
</table>

Source: Author’s analysis based on German Microcensus, Scientific Use Files 2000, 2005, and 2009.

Table A-2. Occupational and Educational Level of New Arrivals by Cohort, 1998-2009 (%)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Elementary Occupations</td>
<td>Other Occupations</td>
<td>Elementary Occupations</td>
<td>Other Occupations</td>
<td>Elementary Occupations</td>
<td>Other Occupations</td>
</tr>
<tr>
<td>Low Education</td>
<td>33.6</td>
<td>66.4</td>
<td>30.5</td>
<td>69.5</td>
<td>29.8</td>
<td>70.2</td>
</tr>
<tr>
<td>Medium Education</td>
<td>21.4</td>
<td>78.7</td>
<td>21.4</td>
<td>78.6</td>
<td>20.3</td>
<td>79.7</td>
</tr>
<tr>
<td>High Education</td>
<td>8.2</td>
<td>91.8</td>
<td>6.2</td>
<td>93.8</td>
<td>4.6</td>
<td>95.4</td>
</tr>
</tbody>
</table>

Note: Education levels are defined according to the 1997 International Standard Classification of Education (ISCED) definitions as follows: High (ISCED 5, 6; tertiary level); Medium (ISCED 3, 4; upper and post-secondary level); Low (ISCED 1, 2). Lowest-skilled occupations are defined as ISCO code 9.

Works Cited


About the Author

Nadia Granato is a researcher at the Mannheim Centre for European Social Research at the University of Mannheim. Her work addresses migration and integration of ethnic minorities with an emphasis on labor market participation. Her latest research project investigates whether the slow pace of educational integration of second generation migrants in Germany has been induced by a widening gap in class origin. Dr. Granato has published several articles in national and international journals.
The Migration Policy Institute is a nonprofit, nonpartisan think tank dedicated to the study of the movement of people worldwide. MPI provides analysis, development, and evaluation of migration and refugee policies at the local, national, and international levels. It aims to meet the rising demand for pragmatic and thoughtful responses to the challenges and opportunities that large-scale migration, whether voluntary or forced, presents to communities and institutions in an increasingly integrated world.

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