

UNIVERSITY OF LJUBLJANA  
SCHOOL OF ECONOMICS AND BUSINESS

**MASTER'S THESIS**

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**EMPLOYERS' WILLINGNESS TO HIRE SKILLED REFUGEES AND  
BARRIERS TO THEIR EMPLOYMENT IN TRANSITIONAL  
COUNTRIES – A CASE OF SERBIA AND NORTH MACEDONIA**

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## AUTHORSHIP STATEMENT

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## **LIST OF ABBREVIATIONS**

**ALMP** – Active Labor Market Policy Programs

**CEO** – Chief Executive Officer

**EU** – European Union

**Eurofound** – European Foundation for the Improvement of Living and Working Conditions

**Frontex**– The European Border and Coast Guard Agency

**HRM** – Human Resource Management

**IOM** – International Organization for Migration

**IPA** – Instrument for Pre-accession Assistance

**IT** – Information Technology

**Member States** – EU Member States

**NGO** – Non-Governmental Organization

**OECD** – Organization for Economic Co-operation and Development

**SME** – Small and Medium Enterprises

**UK** – United Kingdom

**UNHCR** – United Nations High Commissioner for Refugee

**U.S.** – United States



## INTRODUCTION

More than a million migrants and refugees mostly from Syria, Afghanistan, and Iraq have entered Europe since 2015 creating a crisis as the European Union (hereinafter EU) and non-EU countries struggled to cope with the influx and creating division over how to deal best with resettling people (Sunderland, 2016). The EU response to the refugee crisis has been disorganized and divisive, characterized by struggles on responsibility sharing and border closures. However, most academics and policy makers agree that sustainable integration of refugees is the best solution and that efforts should be made to give refugees a real opportunity in their new home, encouraging participation rather than exclusion. In the light of these events, majority of politicians and academics also agree that refugee crisis effect on the European countries' labor markets is inevitable (Sunderland, 2016; Konle-Seidl & Bolits, 2016; Lundborg & Skedinger, 2014; Eurofound [European Foundation for the Improvement of Living and Working Conditions], 2015).

On this note, this research will focus on theories and empirical findings on the role of human resource management (hereinafter HRM) in the process of integration of skilled refugees. Skilled refugees are refugees with at least a bachelor's degree or equivalent from their home country who are proficient in English language (Zikic, 2014). Although, there are no official statistics on the entire refugee population's education level, a United Nations High Commissioner for Refugees (hereinafter UNHCR) report suggests that Syrian refugees immigrating via Greece are highly educated (Murray & Clayton, 2015). The research will examine the willingness of local employers to hire skilled refugees, as one of the major factors in the long-term refugee integration is the labor market integration, besides the provision of housing and social and health services (Konle-Seidl & Bolits, 2016; Beyer, 2016; Ott, 2013). In addition, the research will explore the main obstacles encountered in the process of refugee employment in transitional countries, more specifically in Serbia and North Macedonia. The focus on small and medium enterprises (hereinafter SMEs) stems from the fact that SMEs are the major employers in these countries as the previous dominance of the state-owned companies diminished after the breakup of the former Socialist Federal Republic of Yugoslavia (Bartlett, 2012). Furthermore, the research will attempt to provide theoretical solutions for the reduction of barriers to skilled refugee employment.

The purpose of the thesis is to raise awareness of employers, general public, and country governments on the prevailing sentiment among the employers toward migrants and thus help in developing adequate responses to the current refugee crisis.

The goals of the thesis are to specify, investigate, and classify the main factors that influence the willingness of employers within the local SMEs to hire skilled refugees. As the number of refugees continues to grow, the solution should be found not only by the EU countries,

which are the refugees' final destination, but also by the transitional countries, in which refugees do not (intend to) stay long but nevertheless go through severe hardships. Based on the above idea, this research will focus on two transitional non-EU Balkan countries Serbia and North Macedonia. Even though these two countries are not the final destination of the refugees in the current migration wave (Lilyanova, 2016), as transitional countries they have the potential to contribute to the solution of what is becoming a global problem. If Serbia and North Macedonia could both find a solution to successfully integrate refugees and address their long-term needs such as educational and employment possibilities (Murray & Clayton, 2015), this could ease the strain on both the refugees and the EU countries, while enriching the labor markets of Serbia and North Macedonia. On one hand, the refugees' hardships could be mitigated by the reduction of their route and travel time. On the other hand, with fewer refugees coming in, the EU countries could provide better conditions and labor market integration for each refugee on their territory. As numerous scenarios are possible, this research aims to provide the basis for future solutions beneficial to all involved parties.

As one of the main components of successful integration of refugees is successful employment (Konle-Seidl & Bolits, 2016), the goal of this research is to examine the willingness of local employers to hire refugees, with the focus on skilled refugees who are proficient in English language. Although English is not the only globally spoken language, proficiency in English language is a prerequisite for most of the job positions for highly skilled job candidates in both Serbia and North Macedonia (Večernje Novosti, 2013). The focus of this research is on skilled refugees as both Serbia and North Macedonia are experiencing a shortage of skilled workers and high unemployment rates at the same time (Bartlett, 2012).

The factors that can apply to the willingness of employers to hire skilled refugees in Serbia and North Macedonia are obtained through research of scientific articles (Dustmann & Fabbri, 2003; Ott, 2013; Willott & Stevenson, 2013; Zikic, 2014; Konle-Seidl & Bolits, 2016; Hakak & Al Ariss, 2013) and reports by international and European institutions (UNHCR 2013; European Parliament 2016; Council of Europe 2014; Asylum Access 2014). They are selected and categorized into three main groups: institutional and legal barriers, barriers resulting from discrimination and employers' perception, and mimetic mechanisms that take place between the EU and Serbia and North Macedonia. The main institutional and legal barriers that will be examined in the case of Serbia and North Macedonia include qualification recognition, the lack of public awareness, and the lack of government support. Barriers resulting from discrimination and employers' perception of the employees include the employers' perception of the willingness of refugees to learn the local language, acquire proper communication skills, adapt to the local working culture, have sufficient social capital, as well as perceived reactions of their clients. Lastly, exploring mimetic mechanism includes examining whether the best practices of the EU SMEs (Börzel & Risse, 2009) have a positive effect on the local employers' attitudes towards hiring skilled refugees. All the

factors are examined further by a qualitative research and the following research questions will be explored:

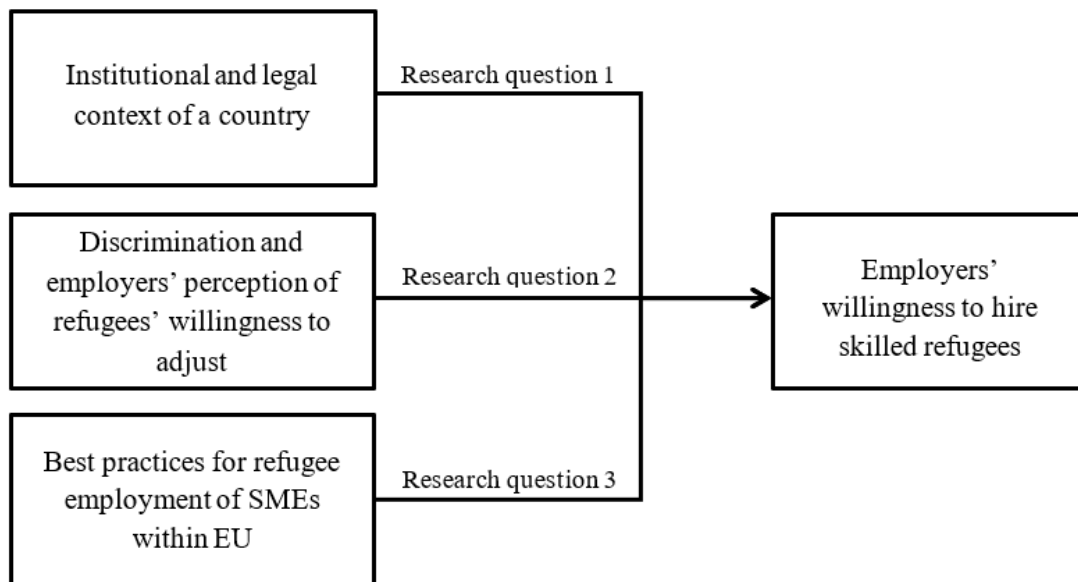
Research question 1: Does institutional and legal context of a country affect employers' willingness to hire skilled refugees?

Research question 2: Do discrimination and employers' perception affect employers' willingness to hire skilled refugees?

Research question 3: Do best practices of SMEs within the EU affect the local employers' willingness to hire skilled refugees?

The following Figure 1 illustrates a tentative framework of the research study including the three research questions.

*Figure 1: Tentative Framework of the Research Study*



*Source: Own work.*

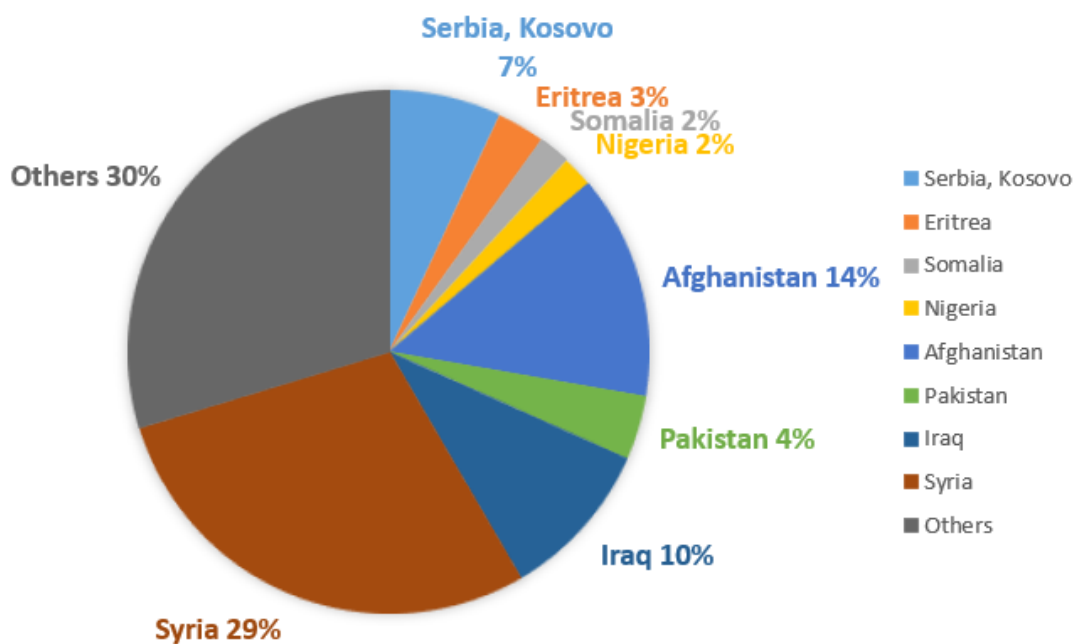
# 1 REFUGEE CRISIS IN EUROPE

## 1.1 General perspective

In 2015, Europe encountered a major increase in migration levels, as record-breaking and continuously increasing numbers of migrants tried to reach the EU fleeing from war and poverty mainly in the Middle East and Africa (Lilyanova, 2016; Eurofound, 2015; Konle-Seidl & Bolits, 2016; Sunderland, 2016; Greider, 2017; Šabić, 2017). Over the course of history, refugees from various countries have been trying to reach Europe via different routes such as the sub-Saharan African refugees in 2005 via the western Mediterranean and the Tunisian refugees in 2011 via the central Mediterranean (Lilyanova, 2016). However, in 2015, the number of individuals asking for asylum in the EU reached the highest level in the last 30 years.

As presented in Figure 2, in 2015, the majority of the asylum seekers fled from the Middle East.

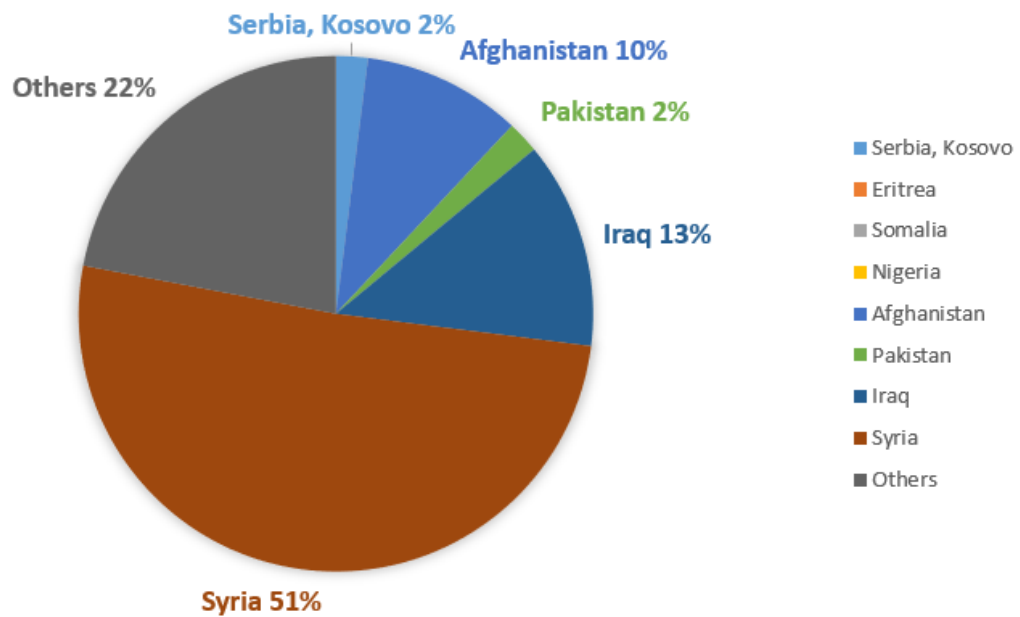
*Figure 2: First-time asylum applicants in the EU by major countries of origin, Jan – Dec 2015, in % of all applications*



*Source: Konle-Seidl & Bolits (2016).*

In January 2016, their numbers further increased, with 51% of asylum applicants from Syria, 13% from Iraq, and 10% from Afghanistan, as shown in Figure 3 (Konle-Seidl & Bolits, 2016).

Figure 3: First-time asylum applicants in the EU by major countries of origin, Jan 2016, in % of all applications



Source: Konle-Seidl & Bolits (2016).

Out of more than a million asylum applications made in 2015, approximately, 400,000 asylum seekers have been granted a refugee status. This is the highest number since World War II. A large number of asylum applications are still pending (Konle-Seidl & Bolits, 2016; Nowrasteh, 2016).

The refugees' main reasons for their fleeing are dysfunctional political systems, violence, and decreasing international aid in their home countries (Lilyanova, 2016; Murray & Clayton, 2015). In 2015, Syria, Afghanistan, South Sudan, Somalia, and the Central African Republic, were the top countries on the Fragile States Index as they suffered major humanitarian emergencies (Lilyanova, 2016). Syrians made the majority of asylum seekers due to the Syrian Civil War (Konle-Seidl & Bolits, 2016; Lilyanova, 2016). In 2011, a protest against the Syrian President Bashar al-Assad turned into the violent Syrian Civil War. Both the Syrian government and opposition militias entered the conflict. The war had a substantial human cost as the number of victims reached 150,000 by the end of 2013. The civil war also forced 9 million civilians to flee their home. The civil war triggered one of the greatest refugee crises and migration waves in recent history (Akgündüz, van den Berg & Hassink, 2015).

The main characteristic of the current migration wave is that refugees are fleeing to more developed countries with a different culture and language, where they are generally lacking the host-country related skills such as language proficiency (Akgündüz, van den Berg & Hassink, 2015). Compared to former refugee waves, such as the 1990s Yugoslav refugee

wave, the current migration wave is more diverse regarding countries of origin, motivation, and profile (Konle-Seidl & Bolits, 2016). The current migration wave has an unprecedented number of unaccompanied children. Over 70% of asylum seekers are male under the age of 35. According to early analyses, the majority of refugees intend to stay long-term in the European host countries (Konle-Seidl & Bolits, 2016).

Although no education-level statistics are available on the entire refugee population, a UNHCR study shows that Syrian refugees coming across Greece are skilled, as 86% say they have secondary school or university education (Murray & Clayton, 2015). Half of the analyzed group of 1,245 Syrians that were interviewed between April and September 2015 had studied at university. The majority of the group were students, while 9% stated they were merchants, 5% stated they were engineers and architects, and 4% stated they were doctors or pharmacists (Murray & Clayton, 2015). Some countries have also conducted a research with differing results. According to a study conducted in Sweden in 2014, over 40% of Syrians in Sweden had a minimum of upper secondary education while only 20% of Afghans and 10% of Eritreans had the same level of education. An Austrian study conducted in 2015 that covered 12,500 refugees, found that 10% had medium education and only 5% had tertiary education. A survey conducted in Germany in 2014, suggests that 8% of Syrians had tertiary education compared to 12% of Afghans and 6% of Iraqis (Konle-Seidl & Bolits, 2016). Although these studies show different results, they all confirm that there are skilled refugees in the current migration wave.

The integration of refugees, both skilled and unskilled, has been challenging for most EU Member States (hereinafter Member States), primarily refugees' destination countries, as no effective common solution to the refugee crisis has been established and implemented. The Member States mostly differ in the level of investment dedicated to solving the crisis and their willingness to take part in it.

Since the beginning of the crisis there have been attempts to stop the inflow of irregular migrants such as the agreement between the European Council and Turkey signed in March 2016 (Adam, 2017). According to the agreement, all irregular migrants and asylum seekers coming from Turkey to the Greek islands whose applications for asylum have been declared inadmissible are to be returned to Turkey. Although irregular arrivals decreased by 97%, there is still an estimated 8 million people displaced in Syria and 4 million Syrians in neighboring countries, and with continuation of conflicts in Syria, Iraq, Afghanistan, and Eritrea, it cannot be assumed the inflow of refugees will stop in the near future (Adam, 2017).

The current refugee crisis is characterized by unequal burden sharing between the Member States. Italy, Greece, and Hungary have been on the front line of the crisis, but Germany, Sweden, and Austria are the refugees' main destination in relation to their population. Together, Germany, Sweden, and Austria account for 75% of all asylum applicants, while some Eastern European countries have less than 100 asylum applications (Konle-Seidl &

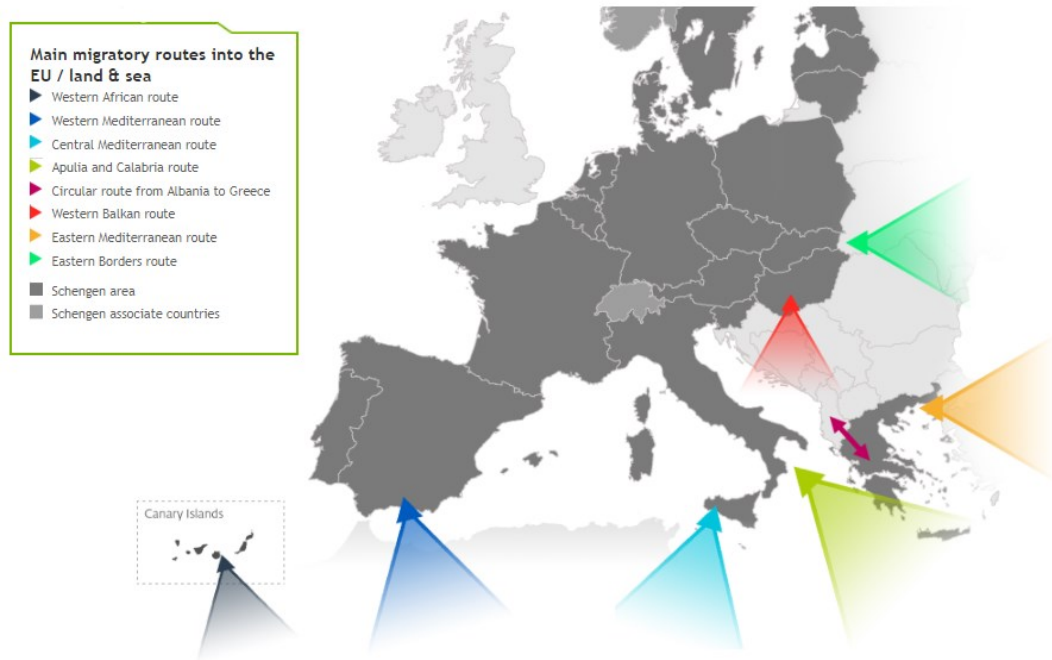
Bolits, 2016). Refugees want to live in these countries because of the assistance for refugees, employment possibilities, and educational opportunities (Murray & Clayton, 2015).

The refugee status grant rate also depends on the host country. While in Hungary in 2015, out of 177,000 asylum applications only 502 were granted, other countries like Sweden and Germany had refugee status grant rates of 80% and 50%, respectively. The approval rates are the highest for Syrians (96%), Iraqis (87%), Afghans (70%), and Eritreans (84%) (Konle-Seidl & Bolits, 2016). Approval rates are expected to increase as the number of asylum seekers increases. This implies that the host countries must pay much attention to refugee integration measures and strategies.

Scholars and experts agree that refugee integration is an expensive strategy but that it pays off in the long term (Konle-Seidl & Bolits, 2016). Public spending on refugee integration should be perceived as an investment into the future. However, for this investment to pay off in the long term, efforts need to be made in terms of integration, education, and skills acquisition. Even though the EU countries have different integration strategies and different levels of willingness to integrate refugees, as the numbers of asylum seekers and asylum approvals increase so does the need for efficient integration and effective integration measures (Konle-Seidl & Bolits, 2016).

Before reaching the EU, refugees go through different migratory routes, as presented in Figure 4. (Frontex [The European Border and Coast Guard Agency], 2017).

*Figure 4: Main Migratory Routes into the EU / Land and Sea*



*Source: Migratory map, Frontex (2017).*

In 2015, a significant number of refugees tried to enter Europe across the Western Balkan and the Eastern Mediterranean route.

Although dangerous and characterized by fenced borders and unpredictable reactions of the transit countries, the Western Balkan route is considered the safest migratory route. The Mediterranean routes are more dangerous as the risk of drowning is constant (Lilyanova, 2016; Murray & Clayton, 2015; Esipova, Ray, Pugliese & Tsabutashvili, 2015).

As presented in Figure 5, the Western Balkan route goes across Turkey, Greece, North Macedonia, and Serbia.

Figure 5: The Western Balkan Migration Route to EU in 2015



Source: Lilyanova (2016).

The Member States shared the burden of refugee influx with other Member States and non-EU countries of the Western Balkan, especially former Yugoslav countries Serbia and North Macedonia. During 1990s, ex-Yugoslav countries were the source of a great number of refugees. These countries are still a significant source of migrants to Europe. However, in the current context Serbia and North Macedonia are transit countries. Unlike the bordering Member States, these countries have developing economies and limited institutional capacity to deal with a significant number of refugees from the Middle East (Lilyanova, 2016; Sardelic, 2017; Šabić, 2017).

As it is expected that the Western Balkan will remain a busy migrant route, there is an evident need for strong cooperation between the EU and the Western Balkan enlargement countries in a situation of mutual dependence. Since the beginning of the crisis, the EU has been providing humanitarian, financial, and technical assistance to Serbia and North Macedonia.



However, the EU and Serbia and North Macedonia need to create a coordinated long-term approach to dealing with the crisis. The current relations and scenario between Serbia and North Macedonia can lead to a common solution as the countries are interdependent (Lilyanova, 2016; Sardelic, 2017; Šabić, 2017).

## **1.2 Socio-political and legal perspective**

The EU is facing the largest refugee inflow in recent history and has been looking for solutions for this complex situation (Eurofound, 2015; OECD/EU, 2015). Experts and officials agree that a comprehensive and coordinated response is needed to address both the immediate needs of asylum seekers and their longer-term integration. They also agree that many social partners have a significant role in the crisis resolution. The EU policymakers are looking for a sustainable solution with the goal to protect human rights and prevent exploitation (Eurofound, 2015; OECD/EU, 2015).

In addition, the EU experts agree that although the integration strategy is generally expensive, a failure to integrate refugees can cause a wide-spread political polarization and the rise of partially integrated, post-migratory underclass (Konle-Seidl & Bolits, 2016; OECD/EU, 2015). Over the recent years, the Member States have started to realize the need for consistency between measures to attract migrants and immigrant integration policies. However, many Member States are still struggling on how to deal with this situation, although most of them agree that a coordinated and a comprehensive solution is needed to successfully address the crisis (Eurofound, 2015).

The complete integration of refugees includes the provision of housing, training, education, social and health benefits, and access to the local labor market. Refugees must be allowed to function as autonomous, productive, and self-realized citizens (Konle-Seidl & Bolits, 2016; OECD/EU, 2015).

The term refugee often implies a dependency on humanitarian intervention and a breakdown of usual social, economic, and cultural relations (Black, 2006). While an economic migrant is someone who is considered to have moved voluntarily and whose primary motivation is an economic gain, a refugee is someone who was forced to migrate. Therefore, refugees have particular needs and experiences and require special policies. According to the 1951 Geneva Convention and as amended by the New York Protocol of 1969, a refugee is someone who is outside their own country due to a “well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group, or political opinion” (Black, 2006, p. 63; Konle-Seidl & Bolits, 2016; Lilyanova, 2016, p. 2; Willott & Stevenson, 2013, p. 123). According to the Convention, refugees with a recognized protection status are distinguished from asylum-seekers who have officially applied for asylum, but whose claim is pending. Refugees are asylum seekers with a granted asylum. Only once their refugee status is granted, they have full rights to undertake paid employment.

The terms humanitarian migrant, refugee, and beneficiaries of international protection are often considered synonyms in the literature. Refugees differ in several ways from other migrant groups such as EU free-mobility zone, family, and labor migrants. They can differ in terms of demographics, skills, motivations for departing their homes, and probability of establishing long-term integration in the destination country. Refugees are an exceptionally vulnerable group that requires comprehensive and coordinated policies (Konle-Seidl & Bolits, 2016; Lilyanova, 2016; Verkuyten & Nekuee, 2001).

Among the general public there is uncertainty about the costs and benefits of allowing immigrants to obtain residence in one's country, and about the obligation of host countries to provide protection for those seeking asylum (Esses, Medinau & Lawson, 2013). There is also an ongoing debate in Europe whether it is an "economic migrant" or a "refugee" crisis. Although economic migrants and refugees are often included under the same term migrants, they are subject to distinct laws and levels of protection. The term mixed migration was also brought to use due to a problematic distinction between the economic migrants and refugees in the current migration wave (Lilyanova, 2016).

Generally, in the Western Balkan countries there are no strong anti-immigration sentiments (Šabić, 2017). Even during the migration crisis, they did not grow because migrants do not consider these countries attractive as final destinations for settlement. The Western Balkan countries relied on underdevelopment and poverty as an insurance against immigration (Šabić, 2017).

### 1.2.1 Tensions across the EU and Serbia and North Macedonia

The EU had no common strategic approach to the crisis. Even though the Schengen area allowed unrestricted travel, some states reestablished internal EU borders, erected fences, and increased controls even further after the Paris terrorist attacks and New Year's Eve assaults in Cologne in 2015 and 2016 (Lilyanova, 2016). In order to increase the levels of security, the individual acting of Member States impeded a common EU solution and approach causing a threat to the Schengen area of free movement. These occurrences had important implications for the entire EU by putting financial and political stress on Member States, challenging their ability to cooperate, and putting the EU core values to the test (Lilyanova, 2016).

The Member States have been overwhelmed with tension building up across Europe. Some governments resorted to individual, ad hoc policies (Greider, 2017). From August to November 2015, Germany exempted Syrian citizens from the rules of the Dublin Regulation, according to which asylum seekers are required to claim refuge in the first Member State they arrive in. After receiving hundreds of thousands of migrants in a few days, Germany reinstated border controls on its border with Austria in September 2015. Austria considered building a fence on its border with Slovenia. Other Member States have also introduced border controls in spite of the Schengen agreement (Greider, 2017).

The latest migration wave also had a great impact on the countries of the Western Balkan (Greider, 2017). Even though they have relevant laws and migration management systems in place, the high influx of refugees has put a strain on their legislation, migration policies, and asylum systems. These countries had challenges with restricted capacity for receiving migrants, consistent implementation of the relevant legislation, and compliance with international standards. Due to the past conflicts, the countries in the Western Balkan have fragile relations that can be easily re-ignited by other tensions (Greider, 2017).

Although Western Balkan countries saw millions of arrivals, the great majority of refugees spend a limited time in these countries rarely submitting requests for asylum. As presented in the Table 1, a limited number of asylum claims were approved in each country (Greider, 2017).

*Table 1: Asylum Applications and Positive Decisions by Country, 2014 - 2016*

Country	2014		2015		2016	
	Asylum Applications	Positive Decisions	Asylum Applications	Positive Decisions	Asylum Applications	Positive Decisions
North Macedonia	1,289	13	435,907	3	89,152	6
Serbia	16,490	11	577,995	30	12,821	42
Croatia	450	25	140	40	2,150	100
Slovenia	385	45	260	50	1,265	170

*Source: Greider (2017).*

The relations of all transit countries, both EU and non-EU, have suffered due to different responses to the crisis. The most drastic response was made by the Hungarian government. Hungary changed its asylum legislation to restrict the access for refugees and opposed compulsory EU quotas for asylum-seekers' relocation (Lilyanova, 2016; Greider, 2017; Šabić, 2017; Sardelic, 2017).

In reaction to this, in December 2015, the European Commission started infringement proceedings against Hungary over a new law which allegedly prevented failed asylum-seekers from winning appeals to stay. Hungary also erected fences with Serbia and Croatia, and considered building a fence on its border with Romania. On September 16, 2015, Hungarian police clashed with refugees at the border crossing Horgoš using teargas and water cannon against them while they were on the Serbian territory. This worsened its relations with Serbia. The entire border was closed for five days. Once Hungary's relations with Serbia improved, they worsened with Croatia. The closing of the Serbian-Hungarian border redirected the migrant flows to Croatia, which reciprocated by transporting people to Hungary. Hungary responded by sending armed forces to the Croatian border, authorizing them to use non-lethal force against migrants. Croatian relations with Serbia worsened and further escalated into a trade war. After a high number of arrivals from Serbia in September

2015, Croatia closed all of its crossings with Serbia, stopping all cargo traffic. All trade was halted for several days. Serbia closed its borders to all Croatian goods, and Croatia responded by closing its borders to all passengers from Serbia. As Hungary, Croatia considered building a fence along its border with Serbia. The Serbian Prime Minister sent a protest letter to the EU officials, asking for mediation and adherence to the Stabilization and Association Agreement with the EU. In November 2015, the bilateral crisis eased and a mutual dedication for more structured cooperation followed. Serbia and Croatia agreed to provide train services across their borders to allow easier travel through the region (Lilyanova, 2016; Greider, 2017; Šabić, 2017; Sardelic, 2017).

North Macedonia has also been receiving a large number of refugees. In October 2015, approximately 10,000 refugees were entering North Macedonia on a daily basis. The country declared an official crisis at its borders with Greece and Serbia calling in the army's support. At its border with Greece, the tensions turned into violence and the crossings were closed because of the lack of human resources that could register refugees and make their transport to the next border. This action led to increased tensions in the region with thousands of refugees stranded at the border but also to the realization that cooperation between the EU and the Western Balkan countries was crucial (Lilyanova, 2016; Greider, 2017; Šabić, 2017).

### 1.2.2 Cooperation and the search for solutions

All countries in the region agreed that dialogue and efficient cooperation are necessary for solving the crisis. For this purpose, they were also supported by International Organization for Migration (hereinafter IOM), UNHCR, and numerous non-governmental organizations (hereinafter NGOs) (Lilyanova, 2016; Greider, 2017).

Along Serbia's borders refugees can get assistance at several aid points. Due to the large number of refugees in 2015, a One Stop Center was created in Preševo (Lilyanova, 2016). Numerous projects were developed to increase the awareness and involvement of the civil society such as Group 484's "Improving migration policy in Serbia and countries of the Western Balkan" and "Networking and capacity-building for a more effective migration policy in Serbia". Group 484 is a Serbian NGO established in 1995 with the goal of supporting refugees (Lilyanova, 2016). With the funds provided by the EU, Serbia has built additional refugee centers. The country has shown willingness to be a part of the EU's quota system for refugees and to implement the common EU approach. Serbia's actions including open border policy, public attitudes, and political discourse were seen as refugee-friendly and commended by the European Commission. Throughout the crisis, Serbia has been stressing the importance of a joint EU response and a common regional solution (Lilyanova, 2016; Greider, 2017; Šabić, 2017).

North Macedonia has also made progress in aligning the legal framework with the EU acquis (Lilyanova, 2016; Greider, 2017; Šabić, 2017). However, as reported by UNHCR there were many shortcomings in the implementation of the legal framework. North Macedonia has also

established cooperation with the European Commission, UNHCR, European Asylum Support Office, and The European Border and Coast Guard Agency (hereinafter Frontex) and civil society organizations such as Macedonian Young Lawyers Association, IOM, Help the Refugees, Legis, Humanities in the European Research Area, and La Strada Open Gate. The ongoing projects funded by the EU were created to upgrade border police stations, fight against human trafficking, and enforce police capacities for border management (Lilyanova, 2016; Greider, 2017; Šabić, 2017).

As a short-term solution, the EU provided financial support to the countries of the Western Balkan for taking measures to stem the migrant influx to the EU, securing the borders with the third countries, more efficient management of arriving refugees, and ensuring efficient information exchange between all countries. It was also noted that the EU cannot solve such complex issue by itself, as refugees are arriving via Turkey, entering the EU then crossing the non-EU countries and then reentering the EU to reach the Schengen area (Lilyanova, 2016; Greider, 2017; Šabić, 2017).

A number of high-level meetings and conferences took place across the EU in 2015 as a way of addressing the migration crises (Lilyanova, 2016). In developing solutions, the EU has established high priority to collaborating with the non-EU countries, namely Turkey and the Western Balkan countries. In a debate during European Parliament's October 2015 plenary session, concerns were raised that the migration crisis, apart from undermining the EU, might turn into a geopolitical crisis that could destabilize the Western Balkan countries which have been exceeding their capacities to respond to the crisis. It was decided at the debate that stronger cooperation with the Western Balkans was necessary in order to prevent further crisis in the region (Lilyanova, 2016).

As it was concluded at the European Commission meetings that the refugee influx is not likely to stop in the near future, a reform of EU asylum policies has become “the next major European project”. The Member States’ representatives raised concerns over the crisis’ potential effect on divisions within the EU, national politics, and public attitudes (Lilyanova, 2016; Greider, 2017; Šabić, 2017).

In order to prevent the refugee hold-up in the Western Balkans, the EU organized two special meetings: a conference on the Western Balkans on October 8 and a Balkan 'mini summit' on October 25, 2015 (Lilyanova, 2016). At the events, representatives from the Western Balkans, Turkey, Lebanon, and Jordan agreed that they face a common challenge and that collective responsibility implies collective action. A declaration with practical steps for more effective cooperation was adopted.

Some of the joint short-term actions included (Lilyanova, 2016):

- Securing the external borders of the EU
- Increasing Frontex support at the border between Turkey and Bulgaria

- Expanding the Poseidon Joint Sea Operation in Greece
- Increasing control over the external land borders of Greece with North Macedonia and Albania
- Monitoring the Croatian-Serbian border crossings
- Deploying increased numbers of police officers in Slovenia

The countries of the Western Balkan were in the spotlight due to their vulnerable position, especially Serbia and North Macedonia as the most affected transit countries (Lilyanova, 2016). All parties agreed to assist Serbia and North Macedonia by enhancing their capacity to register and process asylum applications as well as by increasing regional cooperation and information exchange. It was also agreed that all transitory states would discourage further movement of refugees to the borders of a neighboring country without previous notification (Lilyanova, 2016).

To support the new measures, the EU has committed to providing financial assistance to Serbia and North Macedonia through the Instrument for Pre-accession Assistance (hereinafter IPA) and its 2014 successor, IPA II, as well as through additional funds. The financial assistance was dedicated for (Lilyanova, 2016):

- Establishing integrated border controlling
- Increasing efficiency of reception centers
- Eliminating the traffic of human beings
- Strengthening institutions that allow effective migration management and
- Reforming national asylum systems

The EU approved €17 million to assist Serbia and North Macedonia in October 2015 (Lilyanova, 2016). As a part of the IPA II program, 'Regional support to protection-sensitive migration management in the Western Balkans and Turkey', €8 million of funding was dedicated for a three-year period in November 2015 for increasing information exchange and establishing migrant identification systems. The measures are to be implemented with the assistance of the European Commission, IOM, Frontex, and UNHCR (Lilyanova, 2016).

The EU also donated €1.74 million of humanitarian aid to Serbia and North Macedonia. Approximately, €1.5 million is used for providing basic emergency services during the winter months. The Disaster Relief Emergency Fund of the International Federation of Red Cross and Red Crescent Societies also allocated €150,000 to Serbia and €90,000 to North Macedonia for humanitarian support (Lilyanova, 2016).

### 1.3 Refugee influx effects on labor markets

According to the EU experts, the most important factor of successful long-term integration of refugees is the labor market integration (Konle-Seidl & Bolits, 2016; Akgündüz, van den Berg & Hassink, 2015; Willott & Stevenson, 2013; Hurstfield, Pearson, Hooker, Ritchie & Sinclair, 2004; Beyer, 2016). Only in that way can a positive long-term economic impact be achieved. By making fiscal contributions, the refugees can contribute to their host countries. The EU experts also agree that the integration of refugees can have a positive impact on labor supply gaps in aging European societies (Konle-Seidl & Bolits, 2016; Akgündüz, van den Berg & Hassink, 2015; Willott & Stevenson, 2013; Hurstfield, Pearson, Hooker, Ritchie & Sinclair, 2004; Beyer, 2016). On the other hand, the refugees' loss of occupational status and the wasted human capital have a negative effect on the refugees, the labor market of the host country, and a society in general (Colic-Peisker & Tilbury, 2007).

It has been difficult for economists to precisely evaluate the effect of immigration on the labor market of a host country (Akgündüz, van den Berg & Hassink, 2015). According to the standard static models, migration increases labor supply, increasing the competition in the labor market which leads to lower employment and wages for host country nationals. However, the majority of studies found little or no effect of immigration on the labor market position of natives (Akgündüz, van den Berg & Hassink, 2015).

The study on the impact of the Syrian refugee influx on the Turkish labor market showed that the crisis had no impact on the employment rates of natives. The only significant effect was the inflation of food and to a lesser extent housing prices. The results were in line with previous studies suggesting that immigration has insignificant effect on employment rates of host country nationals (Akgündüz, van den Berg & Hassink, 2015). Furthermore, numerous scholars agree that immigration overall can lead to an economic success (Roshid & Chowdhury, 2013).

In the EU, migration inflows have been a major source of the population growth over the last 20 years. The inflows had a positive effect on employment and economic growth and a limited impact on domestic wages and employment (Peschner & Fotakis, 2013).

The effect of migration on unemployment and GDP of a host country depends on migrants' skills and their complementarity and compatibility to the labor supply at the host country's labor market (Peschner & Fotakis, 2013). The better skills migrants have the more positive is their effect on the economic and labor market development. If refugees are highly skilled, they can increase both the productivity and employment at the local economy over the long term. If they are low skilled, they can actually cause an investment shrink by 3% and a decrease of productivity. These effects could be combined with a moderate employment growth of 4% and a moderate growth of GDP of 2% (Peschner & Fotakis, 2013).

In the EU, the demand for high-skilled labor has been increasing and is expected to increase. On the other hand, the demand for low-skilled labor is expected to decline further (Peschner

& Fotakis, 2013). As estimated by the European Centre for the Development of Vocational Training, job openings in the EU will almost stagnate over the current decade. However, the demand for high-skilled workers will increase, while the demand for low-skill labor will continue to decline by more than 20%. An influx of high-skilled migrants would have a positive effect on their integration and on the host country labor market effects of aging population (Peschner & Fotakis, 2013).

The positive long-term economic effect also depends on the speed of refugee integration in the labor market which further depends on refugees' individual characteristics such as age, education, work ethics, and motivation as well as on the state of the business cycle and institutional and legal barriers of the host labor market. The faster the refugees gain access to labor markets and start earning wages, the faster they will add to the public finances through payments of social security contributions and income taxes (Konle-Seidl & Bolits, 2016).

The refugee labor market integration will also improve fiscal effects caused by the aging population. If refugees are younger than the native citizens, they can become substantial contributors to national welfare programs especially in the short and medium term (Konle-Seidl & Bolits, 2016).

The aging population and low fertility rates in most Member States are likely to cause welfare state financing. The inflow of young refugees with high fertility rates can be seen as a solution to the aging population and labor shortages in some Member States (Konle-Seidl & Bolits, 2016).

However, many Member States are concerned that the inflow of low-skilled refugees might negatively affect long-term unemployed or lower-wage natives. Refugees can create competition for host-country nationals with similar skills and training. Recently, Austria had a strong debate regarding the labor market integration of refugees (Konle-Seidl & Bolits, 2016).

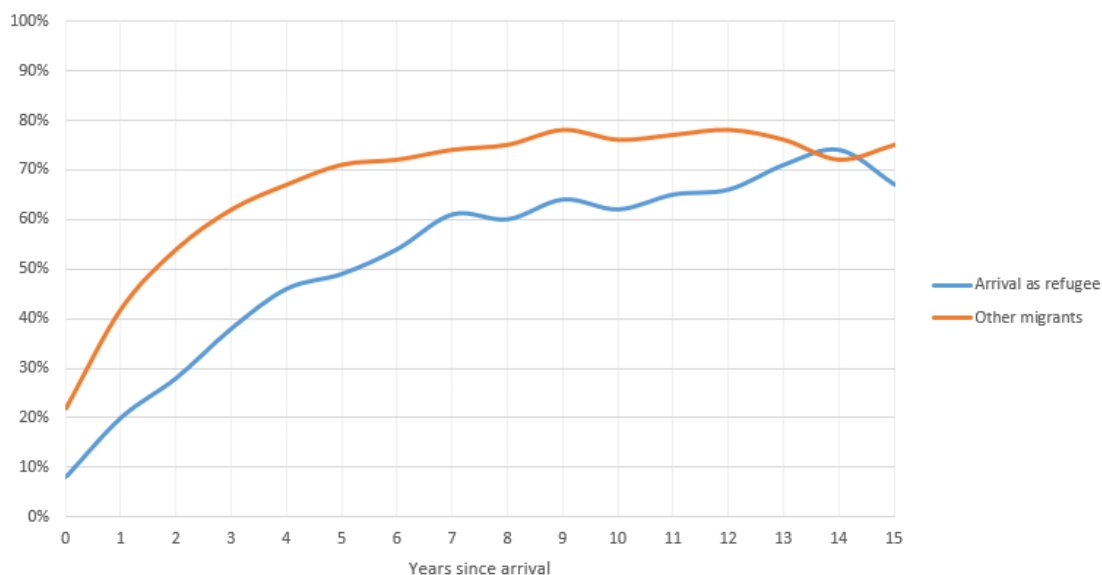
As a number of studies show that immigrant inflows can negatively affect native low-wage workers, the fear of states with high unemployment rates might be justified. However, asylum applications in these countries such as Spain and Portugal have been low. For example, in the United Kingdom (hereinafter UK), the immigration decreased the wages of natives in the lowest quintile while it contributed to a small wage increase for high-wage earners (Konle-Seidl & Bolits, 2016).

Data on labor market outcomes of persons eligible for asylum is very limited. Because of the lack of information, little empirical research on the labor market integration of refugees has been conducted. The scarce available data suggests that, in the past, refugees had difficulties entering the host labor market and their success rate was significantly lower than success rates of other migrant groups (Konle-Seidl & Bolits, 2016).



In the EU, on average, six years is needed to integrate over 50% of refugees into the labor market. It takes refugees 15 years to reach other migrant groups at a 70% employment rate (Konle-Seidl & Bolits, 2016), as presented in Figure 6.

*Figure 6: Employment rates of refugees and other migrants in the EU (in %)*



*Source: Konle-Seidl & Bolits (2016).*

Refugees generally perform worse in the host labor market, than any other migrant group that has similar attributes (Konle-Seidl & Bolits, 2016). However, they show the largest gains in employment over time. The main reason behind this is that among all migrant groups, refugees are least inclined to return to their home countries after obtaining permanent residence at the host country. Such permanent immigration offers a stronger reason to invest in their human capital (Konle-Seidl & Bolits, 2016).

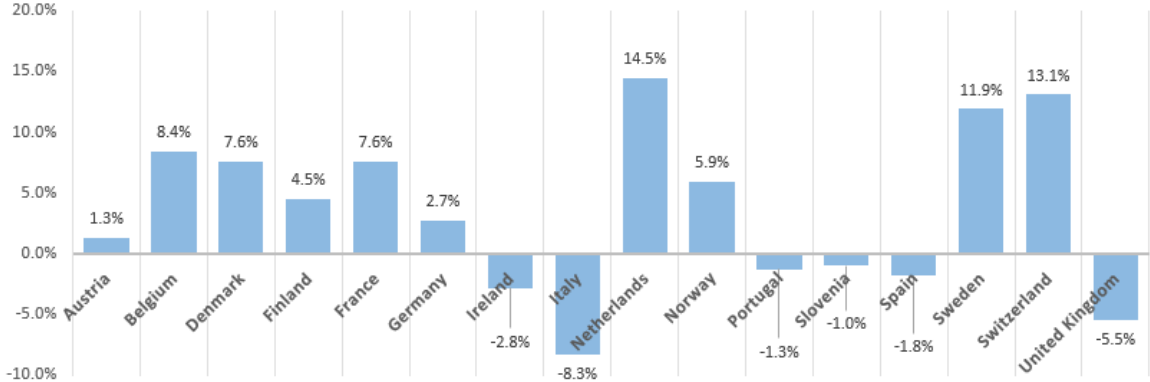
The speed of the refugees' labor market integration also depends on the host labor market conditions at the time of their entry. Data suggests that refugees integrate quicker when host country labor market is performing well. On the other hand, their integration can extend to many years, if they enter a labor market with a high unemployment rate (Konle-Seidl & Bolits, 2016).

According to optimistic projections, refugees will have a labor force participation rate 5% lower than similarly skilled natives. Currently, the average refugee unemployment rate is 30% in Germany, France, and Great Britain. For asylum seekers the unemployment rate is over 50%. The unemployment rates of refugees and asylum seekers are even higher in non-EU European countries (Nowrasteh, 2016; Bergeman, Caliendo & Zimmerman, 2011).

Long-term gaps in immigrant versus native employment are very different across Europe. The positive numbers in Figure 7, represent a gap where immigrant unemployment is higher

than the native unemployment. The negative numbers show when immigrant unemployment is lower than it is for natives (Nowrasteh, 2016).

Figure 7: Long-term unemployment rate gap between natives and immigrants, aged 15-64 in 2012-2013



Source: Nowrasteh (2016).

Some authors suggest that, the negative labor market outcomes of immigrants are directly related to the European labor market regulations that prevent non-EU immigrants from economically integrating. They further suggest that the fear of immigrant labor market competition is not justified as the majority of them would occupy complementary jobs and would not substitute native workers (Nowrasteh, 2016).

In addition to facing higher unemployment rates, refugees also earn lower wages. According to a survey presented in the study (Beyer, 2016), in Germany, new immigrant workers earn on average 20% less than native workers with other identical characteristics. The wage gap is less wide for immigrants from developed countries with good German language skills, and with a German degree, but wider for others (Beyer, 2016).

The initial wage gap of 20% decreases over time and immigrant wages catch up by 1 percentage point a year (Beyer, 2016). However, the catching up slows down and the wages never converge completely. For immigrants with no German degree or German writing skills the wage gap can be even 30%. The acquisition of German writing skills closes the gap by 10 percentage points and a German degree by additional 5 percentage points (Beyer, 2016).

The initial wage gap is often interpreted as devaluation of human capital obtained in the country of origin (Beyer, 2016). The initial wage gap and catching up over time has been confirmed for 15 other European states. Over time, immigrants’ wages converge to the wages of natives as immigrants invest in their human capital and find jobs that pay higher wages, a better fit, or in higher-paying industries and occupations. Some evidence in Canada and the United States (hereinafter U.S.) shows that immigrants even overtake natives after 10 to 15 years. Furthermore, employers over time understand the true productivity of the immigrants (Beyer, 2016).

Employers have a substantial role in the refugee integration process so it is highly important to understand the behavior of companies in the local labor markets (Lundborg & Skedinger, 2014). Analyzing how new arrivals are actually recruited highlights the role of employers in shaping and even creating migration (Moriarty, Wickham, Krings, Salamonska & Bobek, 2012). In some cases, employers prefer hiring immigrants due to their cost and obedience as well as new and soft skills that are otherwise difficult to find. Employers realize that hiring immigrants allows them to access new sources of knowledge and skills (Moriarty, Wickham, Krings, Salamonska & Bobek, 2012).

## **2 STRATEGIES FOR LABOR MARKET INTEGRATION OF SKILLED REFUGEES IN THE EU**

Labor market integration and satisfactory employment are key to settlement of migrants, especially refugees. Compared to other immigrant groups refugees are more disadvantaged (Colic-Peisker & Tilbury, 2007; Bergeman, Caliendo & Zimmerman, 2011). Their labor market integration is significantly slower and less successful than for other immigrant categories. Successful labor market integration is generally defined as securing a job appropriate to one's skills, qualifications, and experience. For migrants, in general, employment outcomes can be unsatisfactory in three ways. They can be unemployed, underemployed, or have a job that does not fit their qualifications and skills. Underemployment refers to working fewer hours than desired, being partly welfare dependent, or being occupationally downgraded, that is, having a job of significantly lower status than before migration (Colic-Peisker & Tilbury, 2007; Zikic, 2014).

Active labor market policy programs (hereinafter ALMP) are the most used tools for improving the labor market outcomes of unemployed individuals. These programs have a significant potential to help immigrants in the host country. Migrants generally lack skills specific to a host country labor market. These skills can be transferred through ALMPs such as training programs. A significant percentage of migrants are not even aware of the existence of ALMPs (Bergeman, Caliendo & Zimmerman, 2011; Parodi & Pastore, 2012).

There is a European and international consensus on what are the key elements necessary for successful labor market integration of refugees. Generally, recommended policies for their labor market integration include an early provision of skill assessment and language tuition, recognition of foreign credentials including work experiences and informal learning, creation of an individualized integration plan, and job search assistance (Konle-Seidl & Bolits, 2016).

European Council on Refugees and Exiles, UNHCR, and Organization for Economic Cooperation and Development (hereinafter OECD) advocate that refugees should receive timely and tailored support that is, as soon as they enter a given Member State. For example,

Germany and Finland have established programs for early intervention (Konle-Seidl & Bolits, 2016).

Table 2 represents recommendations of different supra- and international organizations for supporting refugee labor market integration. Their policies are similar in goals and content (Konle-Seidl & Bolits, 2016).

*Table 2: Recommended strategies for successful integration of refugees into a local labor market*

European Commission	<ul style="list-style-type: none"> <li>- Language training should commence three months upon asylum seekers' arrival</li> <li>- Refugees with skills that are highly beneficial to the host country should be the first to receive language training</li> <li>- Language training should be tailored in line with refugees' competency levels and goals</li> <li>- Minimum requirements for language proficiency should be established based on the Common European Framework of Reference</li> <li>- A center dedicated to skills acknowledgement should be opened</li> <li>- Refugee's foreign credentials and skills should be assessed through tests and interviews</li> <li>- Assessing which are the most common occupations of migrants in a specific country</li> <li>- Mentoring should be provided through collaboration with public services and NGOs</li> <li>- Refugees should constantly receive information on education opportunities</li> </ul>
European Council on Refugees and Exiles	<ul style="list-style-type: none"> <li>- Language courses should be directly related to employment</li> <li>- All refugee integration programs should take into consideration cultural diversity, age, gender, and refugees' specific needs</li> <li>- All foreign skills and credentials must be fairly determined and accredited</li> <li>- Refugees' goals and aspirations should be taken into consideration</li> </ul>
UNHCR	<ul style="list-style-type: none"> <li>- Skills assessment and language training should be provided as soon as possible</li> <li>- Language courses should be combined with work through volunteering, internships, work experience, or apprenticeships</li> <li>- Refugees should receive language training after an assessment of their levels of competency</li> <li>- Assistance should be provided to employment agencies in assessing refugee skills in directing them to appropriate employment</li> <li>- Higher education scholarship, grant, or grant programs should be developed and made available to refugees</li> </ul>
OECD	<ul style="list-style-type: none"> <li>- Language training should be developed and provided in line with the refugees' different educational levels</li> <li>- Language courses should be accompanied with on-the-job training</li> <li>- Refugees' skills should be determined in the beginning of the integration process by test and interviews</li> <li>- Refugees' foreign qualifications should be recognized</li> <li>- Methods for assessing the qualifications of refugees without credentials documentation should be implemented</li> <li>- Refugees should receive job search assistance</li> <li>- On-the-job training should be provided to high-skilled refugees</li> <li>- All integration programs should be tailored in line with refugees' qualifications and needs; low-skilled refugees should receive extensive long-term vocational training while high-skilled refugees should receive specialization or improvement training</li> </ul>

*(Table Continues)*

(Continued)

International Monetary Fund	<ul style="list-style-type: none"><li>– Language courses and job search assistance should be provided as soon as possible</li><li>– Housing and financial assistance should be combined with language training and job search assistance</li><li>– Temporary exemptions from the minimum wage rules should be made when high entry wages cause significant problems</li><li>– Wage subsidies should be provided to local employers</li><li>– Marginal taxes on low wage workers should be reduced in order to prevent refugees' inactivity</li></ul>
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*Source: Konle-Seidl & Bolits (2016).*

Integration policies are supposed to remove legal barriers to integration and have a positive effect on refugees' labor market integration. However, there is limited evidence what kind of integration policies have positive effects and which ones are cost effective for boosting results. In-depth impact evaluations are available only for Germany and the Scandinavian countries (Konle-Seidl & Bolits, 2016).

In an ideal scenario, refugee support policies would include a comprehensive and timely managed individual integration package that starts with a recognition of foreign qualifications and skills assessments. This would be followed by a language support program and provision of any further vocational training through internships or other employment measures. Long-term vocational programs would be provided to very low-skilled refugees. All these measures imply long-term involvement and investment that could pay off only in the long-run (Konle-Seidl & Bolits, 2016).

Member States with extensive experience in integrating refugees, have created numerous good practices. The implementation of individualized integration plans has been successful in some Member States such as Germany and Sweden (Konle-Seidl & Bolits, 2016). Currently, the main debate is on who should be responsible for integration of such plans. Germany has developed early evaluation of refugees' competences at the reception centers. Sweden has developed dispersal policies in order to match job availability across the country and refugees' competences (Konle-Seidl & Bolits, 2016).

Assessing refugees' qualifications is very difficult and costly as they arrive to the EU without much or any evidence of their education or work experience (Konle-Seidl & Bolits, 2016). The available tools for qualifications assessment are scarcely developed and ineffective when evaluating refugees' experiences. Currently, some Member States are implementing professional skills and work experiences assessment tools but they are yet to be evaluated on their practical usage. The transferability of the tools across the EU is still unknown. For example, Norway developed an efficient refugee national credentials recognition scheme that is likely to be used as a good practice example. The Recognition Procedure for Persons without Verifiable Documentation is performed by expert committees commissioned and

appointed by the Norwegian Agency for Quality Assurance in Education. The procedure combines academic assessments, home assignments, and a mapping of work history (Konle-Seidl & Bolits, 2016).

Various research data strongly suggest that the early provision of language training is one of the most important factors in successful refugee integration (Konle-Seidl & Bolits, 2016). The harmful effect of a delayed start to language tuition due to the insecure legal status is confirmed by research data. After a basic course, the language training should be combined with work experience, apprenticeships, or internships. Sweden and Denmark have developed good practice examples on combining language training and subsidized employment. Sweden introduced a labor market scheme called “Step-in” in 2007. This program allows refugees to combine part-time employment and language training. Refugees must participate in Swedish Tuition for Immigrants in specific municipalities. For being part of this program local employers receive 80% subsidy for salary costs during a period from 6 to 24 months. As a result, almost half of the cases the scheme has resulted in regular employment (Konle-Seidl & Bolits, 2016).

Denmark has a similar program, named staircase, which introduces refugees to the local labor market through a defined and structured process (Konle-Seidl & Bolits, 2016). The steps in the process include determining the competencies of the individual refugee, provision of language courses, placement of qualified refugees in a company without expenses to the employer, provision of a job with a wage subsidy, and additional work-related training. Denmark has been implementing various refugee integration programs such as direct public sector employment, counselling, education provision, training, and private sector wage subsidies. According to their findings, the most effective strategy for increasing the probability of refugee employment were subsidy programs for private employers. Portugal and Slovenia created coordinated integration infrastructure by developing one-stop shops for refugees. The UK has implemented a training system where former refugees provide mentorship to new refugees (Konle-Seidl & Bolits, 2016). The UK government has introduced legislation for preventing discrimination and endorsed campaigns that encourage employers to promote equal opportunities for refugee employment. However, the UK government’s focus so far has mostly been on policies for controlling illegal immigration, instead of prompting employment opportunities (Hurstfield, Pearson, Hooker, Ritchie & Sinclair, 2004).

Member States have very different experience and therefore different level of readiness to support refugees in their territories. They also have different infrastructure, financial resources, and willingness to successfully integrate refugees into their societies and labor markets (Konle-Seidl & Bolits, 2016). Some Member States, such as Germany, Sweden, Denmark, Norway, France, and the UK have extensive experience integrating refugees and developed integration policies. This allows them to measure the effectiveness of various policies. On the other hand, for Central and Eastern European countries the integration of refugees is new and challenging which makes them resort to ad hoc policies. Regardless of

their previous experience, most Member States have been struggling with the latest high refugee influx and integration. The latest refugee wave has shown defects in the common EU asylum policy and challenged the EU's ability to efficiently integrate refugees both into the society and economy (Konle-Seidl & Bolits, 2016).

As refugee integration strategies remain under a national competence of each Member State, the role of the EU is to provide soft coordination between Member States by offering analyses, direction, information exchange, and mutual learning opportunities to all Member States (Konle-Seidl & Bolits, 2016). Yet, there is a lack of comparative information on Member States' policies and practice for refugee labor market integration. This in itself hampers the role of the EU. Practical problems of labor market integration of refugees have only recently come on the EU agenda. Therefore, there are no common guidelines for assessing refugee-specific integration policies (Konle-Seidl & Bolits, 2016).

In most Member States, multiple stakeholders such as employers, the government, and trade unions collaborate to determine labor shortages and provide information to broader third country migration legislation, mainly that relevant to the labor market. Policy development happens within different frameworks. The most frequently it happens through analysis of employer needs (Eurofound, 2015). Civic inclusion can be increased through various integration courses, as a part of language tuition or through participation in sport and other civil society activities. For example, in Sweden, the public employment service has the responsibility for organizing the integration process, while in Germany there is an ongoing debate if public employment service jobcentres should take the full responsibility. For this kind of integration intercultural trained caseworkers are very important to provide refugees general guidance and employment support and counseling. On field guidance services are often irregular and not fully coordinated or adjusted to the local environment. The role of the EU is to find out who should be assigned with the responsibility for development and implementation of such a plan (Konle-Seidl & Bolits, 2016).

### **3 RECENT THEORIES ON REFUGEE EMPLOYMENT AND THE EFFECTS ON HRM**

Differences in the national business systems are caused by specific societal institutions and their cross-national variations. As companies are tied to specific institutional arrangements that vary by country, aligning organizational structures and practices with these national institutional arrangements allows companies to establish and maintain legitimacy (Brewster, 2007).

HRM is one of the managerial functions that strongly depends on the respective country's institutional arrangements and related legal frameworks (Brewster, 2007). Other production factors, such as finance, depend on national legislative and other institutional influences. However, they are more open to global developments when compared to human resources.

The management of human resources is influenced by both soft and hard factors. Soft factors include societal values, national cultures, and local traditions, while hard factors include legal regulations, labor market regimes, and demographic patterns (Brewster, 2007).

Strategic HRM is a dominant approach that explicitly links people management practices and policies and the achievement of organizational outcomes and performance, mostly market and financial outcomes (Kramar, 2014). Recently emerged, sustainable HRM explicitly recognizes the impact people management policies have on financial and human outcomes. Unlike strategic HRM, sustainable human resource management emphasizes the impact the HRM has on individuals or groups within an organization (human outcomes) and on groups of people and the relationships between people (social outcomes) (Kramar, 2014; Voegtlin & Greenwood, 2016; Mariappanadar, 2003).

In order to increase their sustainability, companies should engage a variety of stakeholders with different values and perspectives (Kramar, 2014). Engagement in these processes implies an acceptance of ambiguity, uncertainty, and the development of skills required to understand different perspectives or mental models. According to sustainable HRM, HRM practices help develop human and social capital within a company. Numerous terms link sustainability and HRM practices such as sustainable work systems, sustainable management of HRs, sustainable leadership, sustainable organization, HR sustainability, and sustainable HRM. All these terms recognize the effects of human and social outcomes of a company by combining the goals of economic competitiveness and positive human/social outcomes. They all acknowledge the effect HR outcomes have on the survival and success of a company (Kramar, 2014).

Research suggests that companies that have good social/human practices see a positive impact on their financial performance (Kramar, 2014). Implementing social/human practices represents a form of strategic investment and is a way of satisfying expectations of various stakeholders. Within a company, a chief executive officer (CEO) provides legitimacy to HRM practices and policies, commits resources, and influences within-group agreement within the organizational hierarchy (Kramar, 2014). The implementation of HRM policies can be enhanced with the support of and the receipt of consistent messages by middle managers and employees. These messages should indicate desired employee behavior, the link between HRM and performance, and the relevance of the policies. In order to be effective, the HR policies should be perceived as fair and be understood throughout a company (Kramar, 2014).

While sustainable HRM gained its importance, international skilled migrants, including skilled refugees, became an important part of the global talent pool, both at the organizational and national levels (Guo & Al Ariss, 2015). They are increasingly becoming a very important source of labor force growth in the knowledge economy across the globe (Zikic, 2014). Skilled migrants bring various skills and capacities presenting a significant resource to the host country labor market (Ott, 2013). Economists expect greater reliance on



internationally mobile and experienced professionals because of the evident labor shortages in developed countries and the general increase in globalization (Zikic, 2014).

Skilled migrants help enhance competitive advantages of international companies and help countries be the key bidders in the global war for talent (Guo & Al Ariss, 2015). However, HRM on skilled migrants is still under-researched. In the HRM literature, there is no clear definition of the term migrant. However, skilled migrants are defined as highly educated and experienced professionals. In the literature, all migrants have a common factor of international mobility but they remain a heterogeneous group with different ethnic, cultural, and educational characteristics (Guo & Al Ariss, 2015).

There is also insufficient research on how companies recognize and understand specific differences of international migrants and how they establish HRM policies and strategies for utilizing international migrants' skills for enhancing their competitive advantages (Guo & Al Ariss, 2015).

Migrant employment discrimination is common and can be both subtle and blatant and does not affect all migrants in the same way. HRM studies suggest that companies can have an important role in helping migrants against discrimination and other barriers to employment (Guo & Al Ariss, 2015). By developing proactive, comprehensive, and differentiated selection and recruiting strategies, companies can reach qualified international migrants and create a solution for skilled labor shortage. Without these strategies, companies can block the labor market entry of international migrants or cause international migrants' skills discounting or underemployment (Guo & Al Ariss, 2015).

A company's organizational factors such as management style and organizational type can affect employer's comfort levels, tolerance, and stereotypes towards hiring international immigrants (Guo & Al Ariss, 2015). They also affect competency frameworks, design and development of job specifications, personnel profiles, and selection methods. All these factors finally affect the international migrants' selection or rejection in the employment process (Guo & Al Ariss, 2015).

By establishing and enforcing appropriate HRM strategies, companies can attract high-skilled international migrants, address the skilled labor shortage, and create competitive advantages with diversified workforce. Companies can assist international migrants in work adjustment by providing mentoring, co-working, on-site intercultural training, and assistance with legal issues (Guo & Al Ariss, 2015).

In addition, HR managers increasingly deal with the challenges of implementing HRM diversity programs on a global level (Hakak & Al Ariss, 2013). Workplace diversity implies understanding, accepting, and valuing differences between colleagues related to different races, ethnicities, ages, genders, disabilities, religions, and sexual orientations with differences in education, personalities, skill sets, experiences, and knowledge bases. Many

programs and policies are targeted specifically at ethnic minorities including migrant groups (Hakak & Al Ariss, 2013).

As mentioned above, skilled immigrants frequently encounter discrimination in the job selection process (Guo & Al Ariss, 2015). They face further discrimination, the more skilled they are. This phenomenon is known as the “skill paradox” (Guo & Al Ariss, 2015). Based on the common ingroup identity model, it is proposed that the solution to this paradox can be found in the HRM strategies that endorse exclusive recruitment processes that focus more on fit with a diverse group of clients. In a laboratory experiment, it was confirmed that employers prefer local skilled workers to immigrant workers if local workers are specifically qualified for the job. The bias against highly-skilled immigrants was reduced when the fit with a diverse clientele was emphasized. When the fit with homogeneous clientele was emphasized the bias was not reduced (Guo & Al Ariss, 2015).

So far, not enough research was dedicated to analyzing the strategic value of skilled migrants’ career capital and successful methods for their integration into local companies. Skilled migrants are migrants with at least a bachelor’s degree or equivalent from their home country (Zikic, 2014). The failure to successfully integrate skilled migrants into the host country labor market leads to underemployment and brain waste. This represents a loss for the host country economy and skilled migrants (Zikic, 2014).

Zikic (2014) explores the role of HRM in successful integration of skilled migrants through development of appropriate people management systems and processes. According to the research, HRM can help companies leverage on diversity of skilled migrants.

### **3.1 Defining skilled migrant population**

Skilled migrants vary in terms age, race, gender, nationality, disability, and sexual orientation. However, what is common for all skilled migrants is the diversity of their human, social, and motivational capital (Zikic, 2014). Their human, social, and motivational capital constitute their career capital. The human capital includes skilled migrants’ skills and experiences. Their social capital includes their relationships and network of connections mostly in their country of origin. In addition, skilled migrants’ motivational capital includes their motivation for migration and integration into the host country (Zikic, 2014).

Skilled migrants’ career capital diversity has a key role in their labor market integration (Zikic, 2014). Skilled migrants are different from other international workers such as expatriates and self-initiated expatriates in that their migration is independent from specific organizations. Therefore, their initial migrant status often includes various structural barriers that prevent them from accessing the local labor market (Zikic, 2014). In addition, migrants make a separate group in that their duration of stay is permanent and the focus of their move is migration. Migration represents a major transition caused by unique combination of push

and pull factors for motivation. Motives for their migration may or may not be related directly to career (Zikic, 2014).

In her research, Zikic (2014) tries to explain the role of HRM in integrating skilled migrants. Figure 8 presents employers' role as a key step in the process that can lead to a competitive advantage for host country companies.

*Figure 8: Skilled migrants as a source of competitive advantage*



*Source: Zikic (2014).*

Zikic (2014) combines intelligent career theory (Arthur, Claman & DeFillippi, 1995; DeFillippi & Arthur, 1994) and resource-based view of the company that connects the role of internal firm resource and firm outcomes. Zikic (2014) creates a new framework that links individual-level, the skilled migrants' career capital, with firm-level competences. Her study also links the macro-organizational level diversity-performance issues with the micro-individual-level career specific competencies.

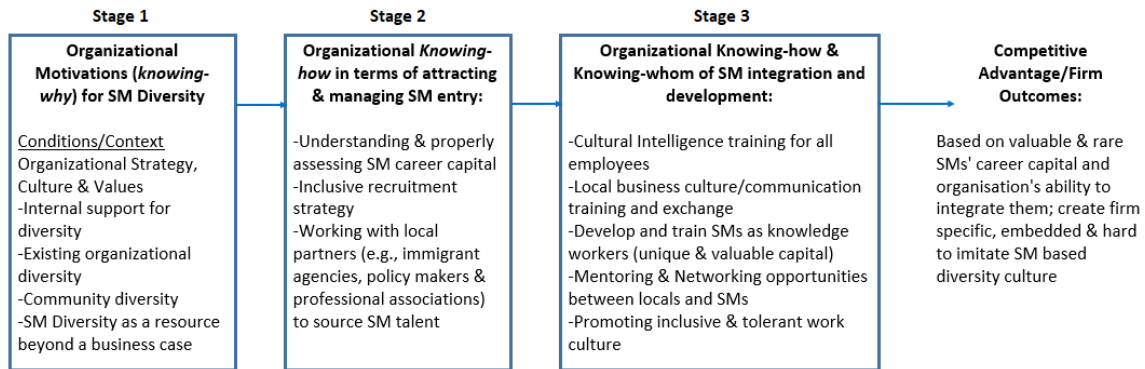
### **3.2 Intelligent career theory**

According to the intelligent career theory, there are three main competencies of a company including company culture, company know-how, and company's networks (Arthur, Claman & DeFillippi, 1995; DeFillippi & Arthur, 1994). A company's culture includes the company's values and beliefs and their potential impact on employee well-being, identification, and behaviour inside the company. Company know-how refers to the company's pooled performance capabilities embodied in the skills and knowledge of employees. A company's networks include interpersonal relationships through which firms acquire resources for value-creating operations (Arthur, Claman & DeFillippi, 1995; DeFillippi & Arthur, 1994).

These three main competences help companies deal with competition. So, in addition to managing physical assets, companies need to focus on deployment and development of intellectual resources. The collective intelligence of the employee base forms the foundation for evolving firm's competencies (Arthur, Claman & DeFillippi, 1995). Therefore, a

company's human capital is a source of competitive advantage. As presented in Figure 9, skilled migrants can enhance such advantage as they have accumulated career capital from companies outside of the local labor market (Zikic, 2014).

*Figure 9: Skilled migrant-employer relationship – strategic management of skilled migrant's career capital*



Source: Zikic (2014).

### 3.3 Skilled migrants' motivation – Knowing why

Skilled migrants' motivation (knowing-why) should always be examined in the context of their migration. Their motivations for migration and reasons for leaving their home country can impact how they manage their careers in the host country. The reasons are generally a combination of push and pull factors (King, 2012). The push factors may include the lack of employment opportunities or societal or civil unrest in their home country. The pull factors may include better employment opportunities, financial reward, or better overall living standards in a host country (King, 2012). Skilled migrants' integration efforts are affected by their initial perceptions of migration in terms of expected gains versus losses. If migrants believe they can lose a lot by coming to a specific host country, they have the lowest motivation to integrate. On the other hand, if they believe they have a lot to gain by migrating to the host country, they have very high motivation. Furthermore, migrants' initial expectations can even determine the effectiveness of organizational integration policies (Zikic, 2014).

### 3.4 Skilled migrants' knowing-how - Knowledge and experience

Skilled migrants' knowledge and experience (knowing-how) includes their unique knowledge and experience they acquired in their home countries. However, their knowledge and experience may not have the same meaning in the host country and it may not even be recognized (Zikic, 2014).

Instead of perceiving skilled migrants' foreign education and experience as a potential source of value, majority of companies perceive it as a liability, as it lacks legitimacy in the local labor market (Zikic, 2014). In some cases, foreign credentials may serve as signals to local employers that migrants are not to be considered for a specific job.

There are significant structural and professional barriers related to unrecognized foreign credentials (Zikic, 2014). These barriers often cause migrants to accept jobs they are overqualified for, which in the long run can cause a downward career spiral (Zikic, 2014).

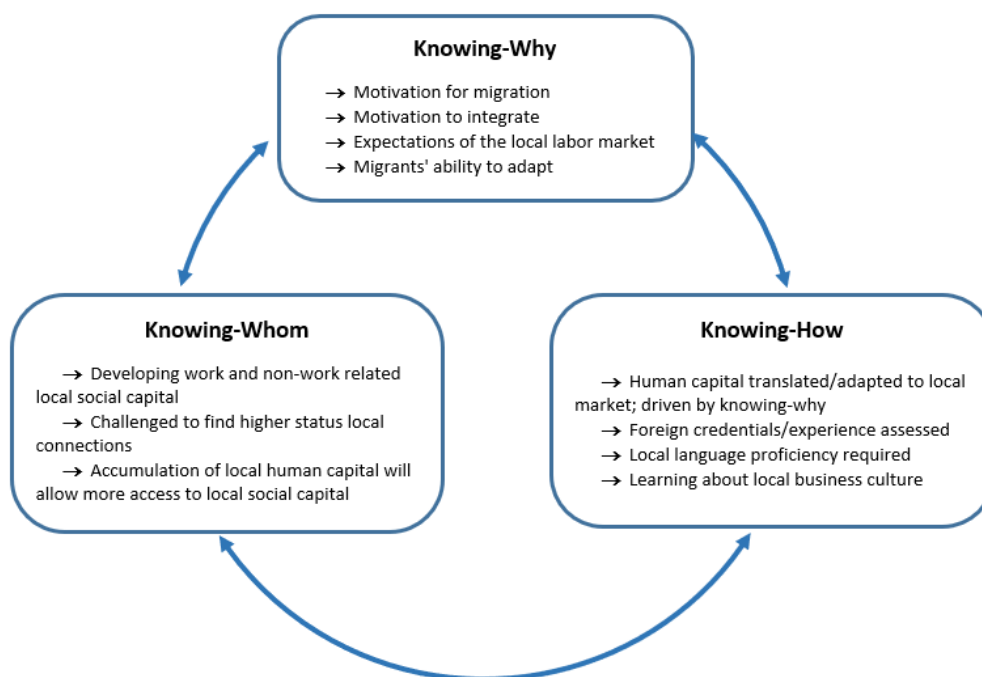
A key component of skilled migrants' knowing-how is the knowledge of the local language and understanding of local communication and interpersonal skills, specifically those relevant at the workplace (Zikic, 2014). Fluency in English further increases their job finding success. Most of employers agree that poor language skills represent the most important barriers for hiring skilled migrants. In addition to qualifications and language proficiency, skilled migrants should also have the knowledge of socially valued norms, beliefs, and behaviors in a host country. Successful acculturation can significantly help migrants expand their social networks within the host country (Zikic, 2014).

### **3.5 Skilled migrants' knowing-whom - social capital**

Most of skilled migrants have relationships and social networks in their home countries (Zikic, 2014). Even though these contacts can be beneficial in their job search especially if they are business contacts, skilled migrants are generally in need of new local contacts. They tend to establish contacts with similar others, usually individuals from the same country. Although these contacts can be helpful during the settlement and adjustment stage, they are not very helpful for the success in the local labor market. Skilled migrants are less likely to establish relationships with high-status locals, as minorities generally have lower status and less useful networks in the local business culture. Their foreign contacts, can be helpful if they are looking to work for local employers with a global focus. Skilled migrants may help connect host country companies to new or existing customer markets abroad (Zikic, 2014).

As described in Figure 10, skilled migrants' three forms of career capital are interrelated and should be considered jointly when analyzing the potential benefit for a local employer (Zikic, 2014).

Figure 10: Individual level – Skilled migrant’s career capital



Source: Zikic (2014).

For example, while accumulating local knowing-how and adapting to the local business norms, skilled migrants are likely to make new contacts, meet local professionals, and increase their local knowing-whom. The more a migrant is motivated to adapt and integrate, the more likely he or she is to invest time and energy to learn about the local business culture and the more motivated they will be to search for ways to adapt their foreign human capital to the local labor market requirements. In order to allow skilled migrants to contribute to the company’s competitive advantages, the HRM has to allow more efficient entry of skilled migrants (Zikic, 2014).

### 3.6 Resource-based view and skilled migrants

Companies develop and implement strategies based on their tangible and intangible assets. Therefore, in addition to physical capital, financial capital, and corporate capital resources, human capital is one of the major company’s resources (Barney & Clark, 2007). For the HRM, human capital is an important resource that can significantly improve implementation of various strategies and improve company effectiveness. According to the resource-based view, if a company has rare and valuable resources, they can become a source of competitive advantage (Barney, 1991).

Diverse workforce brings diverse experience and knowledge to companies (Zikic, 2014). In this way, companies benefit from new ways of thinking about problems, finding new and unique solutions, and in general, having more innovative ideas for more competitive

products and services. Different companies have different needs and motivation for hiring a diverse labor force. Each employer should clearly understand its strategic direction and desired type of capital uniqueness that can lead to competitive advantage in a specific industry and in specific economic environment. They should consider both internal (such as strategy and support for diversity) and external factors (such as diversity context and community) (Zikic, 2014). The success of the implementation of skilled migrant diversity practices, will depend on the support and cultural values related to this type of diversity. The implementation of skilled migrant diversity as a strategy takes time and requires strong managerial commitment and support (Zikic, 2014). So, it is difficult for competitors to imitate a successful diversity strategy.

When considering employing skilled migrants, employers should also have a deep understanding of diversity of the local community and customers. Companies should match their organizational diversity with diversity in communities in which they are located. By doing so, the companies positively influence their organizational performance (Zikic, 2014).

When developing appropriate HR policies, human resource managers and recruiters are often affected by specific organization-based factors such as a type of business, management style, or client ethnicity (Zikic, 2014). This can affect their level of tolerance and stereotypes in selection of candidates. Rather than considering a wider pool of candidates including skilled migrants, employers tend to rely on well-known networks and sources that lead to hiring from a narrow source of candidates with qualifications, work experiences, and attributes similar to already existing employee base (Zikic, 2014).

Because HRM does not have procedures designed to specifically deal with skilled migrant diversity, skilled migrants are prevented from entering the workforce. Successful diversity management should not be dealt with only the employing organizations but also by related to multi-level structural and institutional support for the inclusion (Zikic, 2014).

#### **4 BARRIERS TO REFUGEE EMPLOYMENT**

Once refugees arrive in their destination country, they face significant barriers to employment, even though they have full employment rights (Konle-Seidl & Bolits, 2016; Hurstfield, Pearson, Hooker, Ritchie & Sinclair, 2004; Verkuyten & Nekuee, 2001). The indicators of the barriers include disproportionately high levels of unemployment and underemployment (Hurstfield, Pearson, Hooker, Ritchie & Sinclair, 2004).

Multiple factors cause barriers to refugee employment, such as (Colic-Peisker & Tilbury, 2007; McHugh & Challinor 2011):

- Their lack of communication skills
- Their lack of local work experience

- Their lack of cultural understanding, including job search and interview processes
- Their lack of social interaction with the locals
- Their unrecognized foreign qualifications and work experience
- Prejudice of local individuals and employers.

In some studies refugee employment barriers are categorized as internal and external (Willott & Stevenson, 2013). Where internal barriers include the lack of English/local-language proficiency, the lack of soft skills such as interpersonal, communication, and teamwork skills, as well as the lack of job search skills. On the other hand, external barriers are the ones that are not under the influence of refugees themselves and include their status and legal recognition, licensing and registration requirements for specific professions, the lack of accessible information, and discrimination and racism (Willott & Stevenson, 2013).

For the purposes of this research and based on the analyzed literature, the barriers to refugee employment are categorized into three general groups, including:

- Barriers resulting from institutional and legal context of a country
- Barriers resulting from discrimination and employers' perceptions of refugees' willingness to adjust
- Barriers resulting from refugees' lack of language skills

#### **4.1 Barriers resulting from institutional and legal context of a country**

Each country has a distinctive environment created by different institutions (Brewster, 2007). The institutions typically refer to the legal system, the industrial relations system, the systems of financial exchange, and the general and vocational education system. These systems indirectly affect the position and integration of refugees within a host country (Brewster, 2007).

Their labor market integration process is affected by the national context of a host country, specific government policies towards them, different levels of protectionist stance of governments, professional associations, and employers, as well as the activities of various NGOs (Hakak & Al Ariss, 2013).

Firstly, the national context of a host country, that includes the local culture and history, develops individuals' worldview and has an important role in determining society's perspective on diversity and inclusion (Hakak & Al Ariss, 2013). The extent to which immigration and multiculturalism are culturally and historically accepted and valued in a



host country greatly affects the refugee integration and barriers to employment (Hakak & Al Ariss, 2013).

Secondly, the specific government policies towards refugees are developed in line with labor-market needs, specific demographic objectives, and general public attitudes (Esipova, Ray, Pugliese & Tsabutashvili, 2015). According to the United Nations, there are four different types of government policies towards immigration: no intervention, lower, maintain, and raise (Esipova, Ray, Pugliese & Tsabutashvili, 2015). Immigration policies and general public attitudes align for the majority of world regions, except Europe. In Europe, most of the general public supports a decrease in immigration even though there are pro-immigration policies (Esipova, Ray, Pugliese & Tsabutashvili, 2015). However, there is a large difference in public opinion in the North and South, where people in the South fear more that immigrants will decrease their job prospects. While, in Germany, for example, five of the six policy areas are pro-immigration and the public sentiment is also positive, with 49% of Germans saying immigration should be kept at present levels and 14% saying it should be increased (Esipova, Ray, Pugliese & Tsabutashvili, 2015).

Thirdly, the levels of protectionist stance of governments, professional associations, and employers greatly affect the refugee employment. This is reflected in their willingness to recognize refugees' foreign qualifications and work experiences (Almeida, Fernando & Sheridan, 2012). Governments can enhance or inhibit the recognition of refugees' foreign credentials (Colic-Peisker & Tilbury, 2007). For example, the Australian government helps refugees recognize foreign qualifications through the national system. The Australian government also enhances better cooperation between professional associations and employment agencies in developing professional training for refugees. Members of professional associations tend to prevent others from obtaining similar prestige and power. They maintain high entry barriers by demanding country-specific credentials (Colic-Peisker & Tilbury, 2007). Furthermore, recruitment agencies can be hesitant to refer refugees to local employers. The hesitation is related to employers' inability to recognize foreign credentials as well as the prejudice against foreign credentials (Hakak & Al Ariss, 2013). Qualifications recognition has both formal and informal aspects. For example, in Australia, refugees' foreign credentials are formally recognized, but the local employers still do not consider them equal to local qualifications (Colic-Peisker & Tilbury, 2007).

When their credentials are not recognized, refugees' integration process suffers and they can become a part of an underprivileged segment in the host country labor market and might in time become a disadvantaged minority (Ott, 2013; Colic-Peisker & Tilbury, 2007). Refugees with recognized foreign credentials have a higher probability of working, on average 23 percentage points compared to refugees without foreign credentials recognition. The full recognition leads to 28% higher earnings for refugees. Furthermore, the probability of being over-qualified for the current job is 32 percentage points lower (Konle-Seidl & Bolits, 2016). To overcome these institutional barriers, refugees can go through a recertification process or acquire further education in the host country, which is often timely and complicated. The

success of the recertification process is highly dependent on the host country's regulations (Ott, 2013; Konle-Seidl & Bolits, 2016). Even though efficient overseas qualifications recognition systems cannot guarantee equal employment success of refugees, they are essential for providing stable foundations for successful refugee integration (Colic-Peisker & Tilbury, 2007).

Finally, another important actor within a country's institutional framework that can reduce refugee employment barriers are NGOs. With targeted programs and activities, NGOs can increase promotion of refugees in a society and the media (Pupavac, 2008). They have an important role in fighting discrimination and promoting diversity and equality for refugees by collaborating with the governments, recruitment agencies, and local employers. NGOs also have the power to raise awareness about the benefits of inclusion and diversity at the workplace and encouraging the development of a receptive culture (Alberti, Holgate & Tapia, 2013).

#### **4.2 Barriers resulting from discrimination and employers' perceptions of refugees' willingness to adjust**

Stereotypes come from phenomena inherent to all humans "the basic survival need to identify friends or foes and the ubiquity of hierarchical status differences and competition for resources" (Cuddy and others, 2009, p. 2). The derogation of out-groups does not necessarily come from favoritism of a reference group relative to other societal groups (Cuddy and others, 2009).

People attribute human essence to their ingroups and see outgroups as less human. This phenomenon is known as infra-humanization and happens outside people's awareness (Leyens and others, 2003, p. 705). Generally, people ascribe secondary emotions such as love, hope, and resentment to their ingroups more than to outgroups. In many cases, they do not ascribe any secondary emotions to outgroups (Leyens and others, 2003). Furthermore, people act less cooperatively in terms of imitation, altruism, and approach with an outgroup member who expresses himself through secondary emotions. Bias and discrimination towards an outgroup may develop because positive emotions such as admiration, trust, and sympathy are reserved for the ingroup. They are withheld from outgroups not directly because of the hatred ingroups feel towards outgroups (Leyens and others, 2003).

Infra-humanization is a form of a defense mechanism for those who want to live in a quiet environment (Leyens and others, 2003). It can include delegitimization, moral exclusion, and lesser-perceived humanity. Even though people might not be aware of their prejudices, this does not mean that their prejudices have no consequences. Infra-humanization can co-exist with the idea that one is a sensitive person and not a racist (Leyens and others, 2003).

Individuals generally agree on stereotypes of different nationalities which are based on specific features of a nation such as economics, politics, religion, geography, and relational

status (Lee & Fiske, 2006). Different combinations of these features construct images of that nation's people. This image is usually based on two dimensions of competence and morality (Lee & Fiske, 2006).

Stereotype research generally focuses on national, ethnic, and racial stereotypes of various groups but there are also studies focusing on stereotyping immigrants specifically. These studies concluded that people perceive immigrants as low in competence and low in warmth (namely trustworthiness) (Lee & Fiske, 2006). Therefore, stereotypes of different immigrant nationalities vary mostly in competence and warmth. However, for all immigrant groups there is a common stereotype that people perceive undocumented migrants as low in competence and warmth, while documented immigrants are perceived better on both dimensions. Therefore, the immigrants' legal status significantly affects the way they are perceived (Lee & Fiske, 2006).

Perceptions of refugees are very volatile and easily influenced by a perceived threat, causing their dehumanization (Esses, Medinaw & Lawson, 2013). The most frequently debated questions are whether they present a threat to the host countries' population, whether they make legitimate claims for asylum, and what kind of assistance they should be provided (Esses, Medinaw & Lawson, 2013).

The uncertainty regarding immigration can be easily perceived as a threat when host country nationals feel that they do not have sufficient resources to deal with it. The perceived threats can include tangible threats to physical and economic well-being as well as potential cultural threats to society. The perceived threat may cause negative reactions towards refugees and even their dehumanization (Esses, Medinaw & Lawson, 2013). In light of this, they are often related to hostile media coverage that presents them as fake asylum seekers that scrounge welfare benefits (Pupavac, 2008).

Even though they can be portrayed negatively, refugees are commonly sympathetically described as traumatized, hopeful, needy, and powerless (Pupavac, 2008). Putting refugees in the sick role can entice solidarity. However, unlike political solidarity, solidarity based on permissive empathy is not based on a relationship between equals, but one of dependency, in which those with impaired capacity are released from normal responsibilities. Under permissive empathy, individuals give up their autonomy and allow professionals institutional access over their lives and relationships (Pupavac, 2008). By adopting a sick role, refugees accept that their capacity to function is damaged and their ability to exercise individual autonomy is considerably impaired. The sick role protects refugees from social obligations and at the same time closes them from the wider society and the local labor markets (Pupavac, 2008). Various reports suggest that NGOs could increase promotion of refugee voices in society and the media. Generally, refugee advocacy is focused on middle-class asylum seekers who are underemployed or forced to live off benefits (Pupavac, 2008).

#### 4.2.1 Refugee employment discrimination

Even though discrimination against other groups is considered unacceptable in most parts of the modern world, discrimination against immigrants, including refugees, is very much present but in a hidden form. Refugees are often faced with discrimination within companies especially through HRM practices including recruitment, selection, and career development (Hakak & Al Ariss, 2013). Employment discrimination is the unfair different treatment of prospective or current employees based on their demographic or social group memberships (Dietz, Joshi, Esses, Hamilton & Gabarrot, 2015). Research conducted in France, shows that migrants feel discriminated against during both the recruitment process and after obtaining a job (Hakak & Al Ariss, 2013).

Refugee employment discrimination can be subtle or blatant and does not affect all refugees equally (Guo & Al Ariss, 2015). Majority of employers deny personal or company discrimination and refuse to take responsibility for refugees' negative employment outcomes. Employers also indicate that if there is any discrimination that it is only in the interest of their clients and customers to whom they are ultimately responsible. These formulations just further strengthen the unfavorable stereotypes of refugees, even though the majority of employers is generally sympathetic towards them (Colic-Peisker & Tilbury, 2007).

Numerous factors can influence the employers' discrimination against refugees including ethnicity, religion, and cultural background, or more directly their appearance – visible racial features, accents, names, linguistic familiarity, social skills, social capital, and foreign qualifications (Hakak & Al Ariss, 2013; Almeida, Fernando & Sheridan, 2012; Arai, Bursell & Nekby, 2015; Ott, 2013; Moriarty, Wickham, Krings, Salamonska & Bobek, 2012; Colic-Peisker & Tilbury, 2007).

One of the subtle ways in which local employers discriminate against refugees is when they search for local qualifications and experience (Hakak & Al Ariss, 2013). This form of discrimination is also shown when local employers search for employees with “the right looks” for the job and not precisely stating what such looks entail in terms of race or ethnicity. All refugees who are visibly different from the host country population face further discrimination (Hakak & Al Ariss, 2013).

In Canada, for example, foreign qualifications of migrants with visible differences are significantly less recognized compared to migrants who have similar looks to the host country population. This discrimination leads to lower salaries and underemployment. According to a research conducted in Canada in 2004, the difference in salary was 16% for men and 25% for women who were not visibly different, compared to 29% for men and 45% for women who were visibly different (Hakak & Al Ariss, 2013).

The vulnerability of migrants in the workplace is also affected by the country context that among other factors includes cultural differences (Hakak & Al Ariss, 2013). Culture and the

historical background of a host country affects managers' views and approaches to diversity management and their beliefs in the value of diversity. Although across numerous countries the discourse on the value of diversity in companies is similar, the actual attitudes and policies towards specific marginalized groups vary significantly. Even when refugees are fluent in the local language, they may not be entirely familiar with values, meanings, and behaviors expressed within a local language (Hakak & Al Ariss, 2013). If this is the actual reason for their rejection, they are not given the actual reason but their refusal is related to covert discrimination (Hakak & Al Ariss, 2013; Colic-Peisker & Tilbury, 2007). In Germany, for example, employers tend to hesitate on hiring refugees, but the government introduced programs for improving migrant's skills such as the language learning programs. In this way, the German government chose not to provide a direct solution to the employer's discrimination toward refugees (Hakak & Al Ariss, 2013).

Generally, Muslim diaspora faces high unemployment rates and discrimination in the West. Some of the observable features that define Muslims are hijab, beard, or skin color. Although Muslim diasporic communities come from countries dominated by Islamic religious laws and practices, they are very different in terms of gender, ethnicity, class and sect, and sociocultural effects of their local adopted homes (Syed & Pio, 2014; Colic-Peisker & Tilbury, 2007; Ely & Thomas, 2001). There is evidence in the UK, that Muslims integrate more slowly compared to other immigrant groups and religious and ethnic minorities (Bisin, Patacchini, Verdier & Zenou, 2007). They also have different integration patterns compared to other groups. The increase in income and on-the-job qualifications also increases the Muslims' sense of identity. A Muslim individual born in the UK and having spent there more than 50 years, demonstrates a comparable level of probability of having a strong religious identity than a non-Muslim individual just arrived in the country (Bisin, Patacchini, Verdier & Zenou, 2007).

There is also discrimination related to a Middle Eastern sounding name (Arai, Bursell & Nekby, 2015). Due to this, many immigrants from the Middle East change their name as a form of an antidiscrimination strategy. In Sweden, for example, a callback gap between job applicants with Swedish and applicants with Arabic names is present for both men and women. Job candidates with Arabic names incur approximately 20 percentage point lower probability of contact. Compared to the native-born, individuals from the Middle East, Africa, and Asia encounter the largest gaps in employment (Arai, Bursell & Nekby, 2015). There is also evidence in the U.S. that foreign sounding names or physical characteristics of migrants can negatively impact their wages (Zikic, 2014).

A great intellectual and political debate is taking place across Europe on migration issues. Instead of mostly focusing on economic benefits and costs of migrant inflows, the debate focuses on the perceived benefits and costs of cultural diversity. The debate intensifies when focused on Muslim immigrants. The average Muslim individual seems to be more attached to her/his culture of origin compared to any other migrant groups. There is significant level of doubt that Muslim are able and willing to assimilate to the European society (Bisin,

Patacchini, Verdier & Zenou, 2007). This doubt is related to various events in the 21<sup>st</sup> century such as the terrorist attacks in Madrid in March 2004 and London in July 2005, the killing of the author of a documentary about Muslim immigrants by a Dutch-Moroccan in Amsterdam in November 2004, the riots in numerous Muslim communities after the publications of vignettes representing the prophet Mohammed in a Danish newspaper in February 2006, the Paris attacks in November 2015, the Cologne 2016 New Year incidents, the Brussels airport attack in April 2016, the July 2016 attack in Nice, and the Manchester attack in May 2017 (Bisin, Patacchini, Verdier & Zenou, 2007; Šabić, 2017).

Skilled immigrants can face even further discrimination, as the more skilled they are the more discriminated they are in the recruitment process in the host labor market. This is referred to as the skill paradox (Guo & Al Ariss, 2015; Dietz, Joshi, Esses, Hamilton & Gabarrot, 2015). The researchers analyzed the skill paradox in a laboratory experiment and the results implied that the local employers preferred high-skilled local applicants over high-skilled immigrant applicants when they applied for the same job (Guo & Al Ariss, 2015). In Canada, for example, the financial value of foreign work experience is approximately 30% of that of Canadian work experience, and foreign education is valued at approximately 70% of Canadian education. The employment rate of locals that do not have a higher education is 61.3% while for the same education level immigrants it is 61.9%. However, locals with a university degree have an employment rate of 90.9% while high-skilled immigrants have an employment rate of 79.8%. There is an evident employment gap between high-skilled locals and high-skilled immigrants of 11.1%. As immigrants' skills are not utilized effectively, the Canadian economy loses more than \$11 billion annually which negatively affects both immigrants and local employers (Dietz, Joshi, Esses, Hamilton & Gabarrot, 2015).

Skill-related discrimination against immigrants has two aspects. On one hand, their skills such as degrees or work experience might be devalued. On the other hand, their skills might be valued but are perceived as a threat to the locals. The first is referred to as skill discounting and the devaluation-based skill paradox, while the second is referred to as the threat-based skill paradox (Dietz, Joshi, Esses, Hamilton & Gabarrot, 2015).

Skill discounting is both individual and institutional form of prejudicial bias against prospective and potential immigrant employees (Dietz, Joshi, Esses, Hamilton & Gabarrot, 2015). The threat-based skill paradox explains how skilled immigrants are less likely to be employed even when their skills are recognized as equivalent to those of locals. In this case, their skills are fully recognized but their employability remains low as locals perceive them as a threat. This threat causes the anti-immigrant biases. Some of the reasons for discrimination include status protection and general high competition for high-skilled jobs. High degrees such as doctoral degrees are generally associated with high social status (Dietz, Joshi, Esses, Hamilton & Gabarrot, 2015).

The skill paradox may be solved through HRM strategies that promote inclusive hiring practices such as emphasizing fit with a diverse clientele (Dietz, Joshi, Esses, Hamilton &

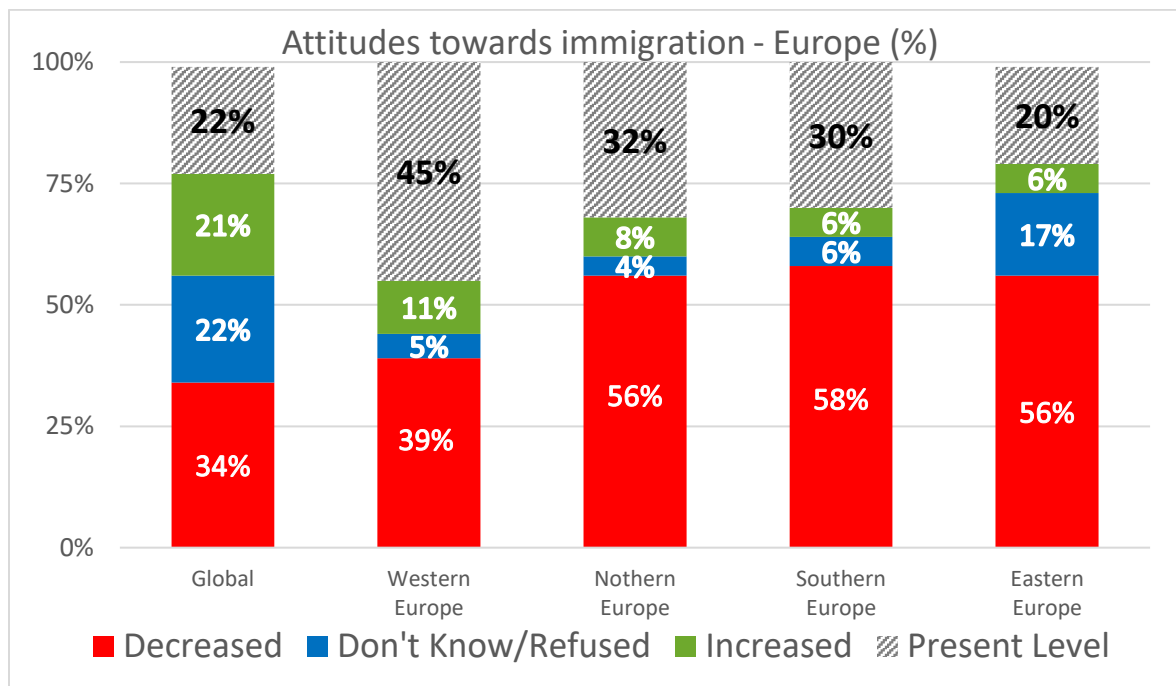
Gabarrot, 2015). The bias against high-skilled migrants decreased when fit with a diverse clientele was pointed out. The bias remained when fit with a homogeneous clientele was pointed out and when there was no a specific hiring strategy. As skilled immigrants are becoming a significant part of the labor force in the Western countries, numerous companies started developing and implementing strategic HRM practices in order to target this group (Dietz, Joshi, Esses, Hamilton & Gabarrot, 2015).

#### 4.2.2 Discrimination against refugees at a national level

Stereotypes and discrimination against immigrants are also present on the national levels (Esipova, Ray, Pugliese & Tsubutashvili, 2015). On the global average, Europeans have the most negative attitudes toward immigrants and majority (52%) of them believes immigration levels should be decreased. However, there is some difference in attitudes across European regions, as presented in Figure 11.

Figure 11: Attitudes towards immigration – Europe (%)

*In your view, should immigration in this country be kept at its present level, increased, or decreased?*



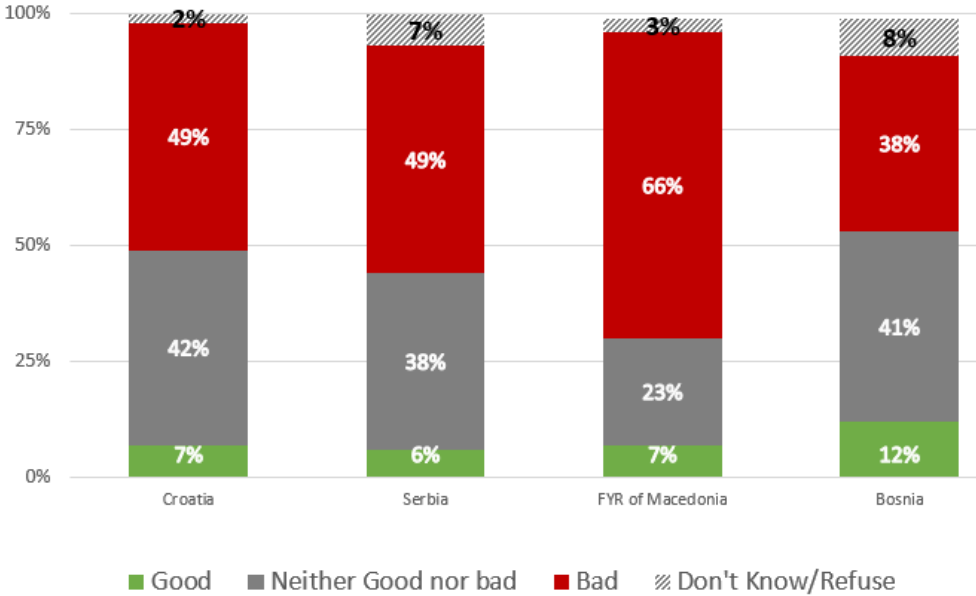
Source: Esipova, Ray, Pugliese & Tsubutashvili (2015).

On average, respondents from the Southern Europe have the most negative views on migration. The main reason behind this is that the Mediterranean countries are the entry points to the continent for numerous migrants. In Greece, for example, 84% of residents want to see immigration levels decreased (Esipova, Ray, Pugliese & Tsubutashvili, 2015) as

Greeks feel economically and culturally threatened by the large number of migrants (Markaki & Longhi, 2013).

Figure 12 presents the attitudes of the locals in some Balkan countries (Greider, 2017).

Figure 12: Responses to the Questions “What Do You Think about Refugees Coming to Live and Work in Your City? Is it Good or Bad for Your Economy? By Nationality, 2016



Source: Greider (2017).

In North Macedonia, Serbia, and Croatia, the majority of interviewed individuals believe that refugees coming to live and work in their city is bad for the economy. Only in Bosnia, the majority believes that it would not have neither good nor bad effect on the economy and the labor market (Greider, 2017).

Opinions on immigration vary across countries, regions, and cities (Esipova, Ray, Pugliese & Tsabutashvili, 2015). However, factors such as sociodemographic characteristics of locals, individual views on personal and country economic situations, unemployment rates, income, and outlooks of the economic future, can predict the general public opinion within a country.

Firstly, sociodemographic characteristics such as age and education, are related to attitudes on immigration. Younger people and adults with a university degree are more likely to support increased or the same levels of immigration. While low-skilled and unemployed individuals are more likely to have negative attitudes towards immigration (Esipova, Ray, Pugliese & Tsabutashvili, 2015).

Secondly, individual views on personal and country economic situations are one of the strongest predictors of an individual’s views of immigration. People who perceive economic



situations as poor or worsening are more likely to favor lower immigration levels in their countries. Also, people who perceive their individual or their countries' economic situations as good or improving are more likely to favor higher levels of immigration (Esipova, Ray, Pugliese & Tsubutashvili, 2015).

Thirdly, residents of countries with high unemployment rates are more likely to have negative attitudes towards immigration. Almost half of individuals in countries with unemployment rates higher than 15% agree that immigration levels should decrease (Esipova, Ray, Pugliese & Tsubutashvili, 2015).

Fourthly, residents of high-income countries are on average much more likely to agree that immigrants take jobs citizens do not want (58%) than that they take jobs that citizens want (17%). In all other countries, residents are more likely to say that immigrants take the jobs that citizens want (Esipova, Ray, Pugliese & Tsubutashvili, 2015).

Finally, the similar relation is observed when analyzing people's outlooks for their countries' economic future. People who perceive that conditions are getting worse are almost twice as likely to agree that immigration should decrease as those who say conditions are getting better, 48% and 25%, respectively (Esipova, Ray, Pugliese & Tsubutashvili, 2015).

### **4.3 Language barriers**

Language acquisition, employment probabilities, and earnings vary greatly among non-white immigrants with regards to their ethnic origin (Dustmann & Fabbri, 2003). Proficiency in the dominant host-country language is one of the key factors behind immigrants' labor market integration success. Language proficiency, including fluency and literacy, increases employment probabilities and earnings, while the lack of proficiency leads to earnings losses and lower employment probabilities. As one of the key human capital factors, proficiency in the host-country language is necessary for migrants' economic assimilation and social integration. Research conducted in Germany, the U.S., Canada, Australia, and Israel shows that proficiency in the dominant host-country language is crucial for immigrants' labor market success (Dustmann & Fabbri, 2003).

It has been found in Germany that the language skills of the host country significantly decrease the wage penalty of immigrants (Konle-Seidl & Bolits, 2016). Once they overcome language barriers, refugees can benefit from various support programs dedicated to all unemployed individuals such as specific job training. A migration survey conducted in Germany, indicates that migrants proficient in German language have 9 percentage points higher probability of employment compared to migrants who do not have knowledge of the German language. The benefit of language proficiency extends also to higher earnings upon finding a job (Konle-Seidl & Bolits, 2016). Refugees proficient in German earn 12% more and those very proficient, up to 22%. In addition, proficiency in German decreases the risk of being overqualified for the job held by 20 percentage points (Konle-Seidl & Bolits, 2016).

In addition to knowing the host-country language, skilled migrants increase their employment probability by being proficient in the English language as well (Roshid & Chowdhury, 2013). The correlation between the English language and globalization affects the employability in the labor market. The effect is growing on a global level even though it is not the same for different industries and in different countries. English as a key communication skill plays a central role in employment across the world. It is one of the decisive factors in getting a job with higher earnings and in companies aiming at higher productivity (Roshid & Chowdhury, 2013). Therefore, job candidates looking for well-paid jobs encounter difficulties if they do not speak English. Fluency in English is also required for employees to advance in local and international companies. English proficiency is even more important as process skills such as critical thinking and problem solving are directly related of language proficiency (Roshid & Chowdhury, 2013).

Globalization has led to increasing flows of skilled labor across the globe. Globalization of human capital takes the form of migration of highly skilled individuals from developing countries to developed countries. English language and globalization have allowed local companies to become part of a global network (Roshid & Chowdhury, 2013; Luring & Selmer, 2013; Zikic, 2014).

In Britain, where English is both the host-country language and a major language of international communication, there are observable earning gaps between fluent and non-fluent minorities (Roshid & Chowdhury, 2013). The lack of English proficiency represents a barrier to the employment market and leads to economic cost in jobs and occupations as well as a loss in earnings and occupational mobility. It also hampers the opportunities for getting jobs that fully recognize one's qualifications and limits occupational advantages. The lower the level of English language skills the higher are barriers to immigrants' labor market achievement and success (Roshid & Chowdhury, 2013).

With regards to HRM issues, language is of substantial importance. Even slight variations in language or speech style can potentially lead to problems for a company (Luring & Selmer, 2013). Language differences can generally cause two types of problems. The first type is related to comprehension reduction between individuals who speak in different accents or in different languages. The second type of problems come from the fact that language dissimilarities can often cause the formation of social categories and group membership based on a language spoken. Both types of problems can decrease the effectiveness of a company (Luring & Selmer, 2013).

Global, multicultural companies do not expect their employees to strictly speak one common language as this would reduce the potential impact of international talent and decrease the company's ability to effectively compete on the global market. In an increasingly global economy, companies perform better by hiring skilled bilingual or multilingual employees (Rubin, 2011).

According to a survey conducted by Forbes Insights, over 100 executives at large U.S.-based companies, with revenues of over \$500 million, agree that language barriers have significant effect on business operations (Rubin, 2011). The survey results also show that foreign language skills will be even more important in the future. In addition, the executives agreed that speaking at least one foreign language can significantly advance careers, enhance international expansion, and generally increase the success of the company and the individual employee (Rubin, 2011). Companies that have a high level of multilingualism and understanding of other cultures do international business more efficiently and increase general operational efficiency, productivity, and quality (Rubin, 2011).

Bilingualism and multilingualism allow employees to be more efficient in communication with international clients which is increasingly important for companies operating in various industry sectors (Rubin, 2011). Companies are operating in an increasingly international and competitive environment. According to research conducted in the EU, an increasing number of SMEs believe their companies should export more than they presently do. Bilingualism and multilingualism can assist in achieving this (Rubin, 2011).

The most common programs for labor market integration of refugees are related to general and work-specific language tuition (Eurofound, 2015). Some countries combine language tuition with work-oriented activities for a greater success in refugee integration (Konle-Seidl & Bolits, 2016). Local institutions' decision to invest in migrants' language capital should depend on potential future benefits, migrants' efficiency in producing it, and on the cost of acquisition (Dustmann & Fabbri, 2003). However, the harmful effect of a delayed start to language tuition due to their insecure legal status is confirmed by research data. Therefore, the early provision of language training is one of the most important factors in successful refugee integration (Konle-Seidl & Bolits, 2016).

## **5 BEST PRACTICES FOR INTEGRATION OF SKILLED REFUGEES IN A LOCAL LABOR MARKET**

The Member States took different actions with the goal of helping refugees successfully integrate into the local labor markets. Their governments, NGOs, and employers developed various programs in order to enhance refugees' language and employability skills, increase their visibility in the local labor market, as well as reduce employer discrimination and motivate employers to hire them.

### **5.1 Government, NGO, and other social partners' best practices**

Employers and governments in the Northern Europe are aware of the skills shortage and that immigrant labor can help solve this issue (Eurofound, 2015). In Sweden, the Ministry of Employment and various social partners worked together to decrease the amount of time from refugees' arrival to employment as well as to connect the labor market skill gaps with

the refugees' skills. As Germany is facing a problem of the ageing working population and shortages of skilled labor, its social partners and trade unions worked together to decrease the restrictions on work permits and training of all migrants (Eurofound, 2015).

In order to support early assessment of refugees' skills and qualifications, the European Commission created a "Skills Profile Tool Kit for Third Country Nationals" (Directorate-General for Employment, Social Affairs and Inclusion, 2017). This is an online tool that helps identify refugees' qualifications, non-formal and informal learning, and future plans such as improving their local language skills or finding a job in a field of their choice. The tool is developed to propose the next steps for support measures based on the provided information. The tool is to be used by national authorities responsible for reception and integration of refugees, public employment services, education and training advisers, social services and NGOs (Directorate-General for Employment, Social Affairs and Inclusion, 2017).

In order to reduce employer discrimination, in France, the Association Francaise des Managers de la Diversite' had an influential role in instituting good HR practices for empowering and successful management of a culturally diverse workforce within companies. The Association promotes workforce diversity by organizing seminars, collaborating with influential employers, and networking among HR professionals (Hakak & Al Ariss, 2013).

A research conducted in the UK in 2005, suggested that skilled refugees with sufficient English language skills should be provided with courses that help them develop personal and employability skills (Willott & Stevenson, 2013). Therefore, two accredited courses were created by the Leeds Metropolitan University. The goal of the courses was to help refugees build the appropriate skills and attitudes necessary for successful employment, the confidence and motivation to look for work, and the relevant personal skills and social competencies required to maintain employment (Willott & Stevenson, 2013).

Also, in the UK, the Department for Work and Pensions acknowledged that in addition to access to services of Jobcentre Plus, a state agency for job search, refugees should also receive help from the volunteer sector in finding jobs that match the skills they acquired in their country of origin (Willott & Stevenson, 2013). Jobcentre Plus Refugee Operational Framework is to advise staff about sources of specialist support across Great Britain in the voluntary sector for refugee professionals (Willott & Stevenson, 2013).

There is an example of a good practice in Netherlands on the cooperation of NGOs and employers in helping refugees find suitable employment (European Council on Refugees and Exiles, 1999). The initiative was based on a newsletter that highlighted the detailed profiles of high-skilled refugees and contact numbers of their Dutch advisors provided to them through NGOs. The newsletter had a wide circulation and helped numerous employers

reach skilled refugees through trusted intermediaries (European Council on Refugees and Exiles, 1999).

There is also a positive example in Netherlands on how work subsidies can successfully help integrate refugees into a local labor market. A program was organized by an independent foundation EMPLOOI and the Dutch Ministry of Social Affairs (European Council on Refugees and Exiles, 1999). The program included the provision of work subsidies and exemption from certain national insurance contributions to employers willing to hire refugees in a subsidized job for a period between six months and two years. EMPLOOI was locating jobs for refugees. Dutch employers had no specific need to hire refugees with whom they were unfamiliar and unaware of their potential or capacity. As a result of the program, more than two thirds of participating refugees found regular jobs (European Council on Refugees and Exiles, 1999). The program is a good example because it had positive results for all parties. Good partnering between the government and the NGO sector, successfully exposed refugees to employers. Furthermore, the program can be easily transferred to other developed countries (European Council on Refugees and Exiles, 1999).

## **5.2 Employers' best practices and attitudes**

In addition to governments and NGOs, some employers in Europe have taken direct actions in integrating refugees into the local labor market. The following examples include actions of German-based companies as Germany is the main destination of skilled refugees in the current migration wave and it takes the leading role in finding a solution for the migration crisis (Alderman, 2015; Rayasam, 2016).

- Deutsche Post and the automaker Daimler called for a change of German labor laws to ease the employment of refugees (Alderman, 2015).
- Siemens started a pilot internship project by taking 10 migrants mostly from Syria as interns. Their goal is to take on a total of up to 100 interns and offer the new employees German lessons and accommodation facilities (Siemens, 2015).
- South Berlin employment agency organized a job fair in Berlin with 200 companies, from small family businesses to large corporations like Bayer, connecting with around 4,000 refugees from Syria, Iran, Afghanistan, and Eritrea (Petzinger, 2016).
- According to research conducted in April 2016 by a German news magazine Report Mainz, 200 migrants have found work at Germany's top 30 companies, including Adidas, BMW, and Deutsche Lufthansa (Beaty & Surana, 2016).
- Continental, a major auto parts and tire supplier, opened up already existing training programs to refugees (Danhong, 2015).
- Daimler is training refugees in four factories where they have taken on Syrians and Iraqis with work permits in their machining and tooling facilities (Danhong, 2015).
- A high-tech company Trumpf in collaboration with its hometown of Ditzingen agreed to offer German language courses for refugees (Danhong, 2015).

The success of refugee integration is highly dependent on local employers (Lundborg & Skedinger, 2014). In a research conducted in the UK, on employers' attitudes toward hiring refugees, employers provided two main reasons for hiring refugees: labor shortages and their commitment to promoting workforce diversity (Hurstfield, Pearson, Hooker, Ritchie & Sinclair, 2004).

In the EU, SMEs are highly important for the European economy as they account for more than two-thirds of the total EU workforce. In Germany, they are considered the backbone of the economy (Festing, Schäfer & Scullion, 2013). Therefore, it is very important to analyze their attitudes towards hiring refugees (Lundborg & Skedinger, 2014). According to the Ernst&Young survey results obtained in January 2016, 55% of German SMEs expected that refugees coming into Germany would contribute to alleviate the shortage of skilled workers. Approximately 85% said they were ready to hire refugees. (Ernst&Young, 2016). German SMEs find it increasingly more challenging to locate and retain high-skilled employees. They also lack the resources and professional expertise to effectively manage within the environment of labor shortage (Festing, Schäfer & Scullion, 2013).

In 2014, Lundborg and Skedinger (2014) analyzed the Swedish employers' attitudes towards refugees. The research included employers hiring both low- and high-skilled refugees. Generally, employers had a favorable opinion on having refugees as employees. They were also generally satisfied with their language skills and productivity. However, their favorable opinions were correlated to the time and funds invested in screening of refugee candidates. Employers operating in skill-intensive industries spent significantly more on refugee screening compared to companies operating in industries that employ low-skilled workers. On average the companies reported having 7 employed refugees on average, which represents 3.5% of all employees. The employers who reported negative experience, emphasize that they were not satisfied with refugees' language skills but that refugees had no issues with co-operation with other employees or with customers (Lundborg & Skedinger, 2014).

## **6 RESEARCH METHODOLOGY**

The exploratory research is based on both primary and secondary data. Primary data was collected through qualitative semi-structured interviews, as such interviews include open-ended questions and provide a more flexible approach, giving freedom to the interviewer to depart from the considered schedule depending on interviewees' replies. The semi-structured interviews also encourage the interviewees to freely discuss their own opinion (Bryman & Bell, 2011, p. 467).

The research is based on a deductive research approach as data was collected in order to work out hypotheses and test them by collecting data (Ghauri & Grønhaug, 2005). It was

started by collecting and studying secondary data on barriers to refugee employment. Upon this and based on the initial findings, the research and interview questions were created.

## **6.1 Interviewing frame and process**

In order to test the interview questions and interviewing style and approach, three pilot tests were conducted. Upon the testing, the interview was adjusted to allow more open-ended questions. After the revisions, the interview schedule proved appropriate and feasible.

Secondary data is evaluated and collected from books, scientific articles, government and NGO reports, and internet sources in order to support and explain the methodological part of the thesis. Based on the secondary data, as presented in the Appendix 2, the semi-structured interviews include questions regarding the major factors that influence the employment of skilled refugees in Serbia and North Macedonia. The questions are designed to investigate and classify the factors contained in three broad groups - institutional and legal context of a country, discrimination and employers' perceptions of refugees' willingness to adjust, and mimetic mechanisms between the EU and non-EU Balkan countries and companies. The questionnaire also includes introductory and highly open-ended final thoughts questions to allow interviewees to further express their attitudes on the refugee integration within their respective countries and provide suggestions for reducing refugee employment barriers.

The sample is comprised of representatives of employers from service-oriented SMEs in Serbia and North Macedonia that can hire skilled refugees who are proficient in English language. The SMEs operate in various service-oriented industries including information technology (hereinafter IT), real estate appraisal, financial and business consulting, and import and distribution of consumer electronics. In total, 14 qualitative interviews were conducted with the CEOs within the SMEs, seven with Serbian (Belgrade-based) and seven with Macedonian (Skopje-based).

All interviewed CEOs were from the age 26 to age 40. Out of the total, twelve were men and two were women and all held a minimum of bachelor's degree in their relevant fields including economics and business, computer science, and civil engineering. Out of the total, eight interviewees studied and three worked abroad.

The 14 semi-structured interviews were conducted from July 2017 to February 2019 both in-person and through online video calls depending on the interviewees' availability and preferences. On average, the interviews lasted an hour and a half and were recorded with an audio digital recording software. Unstructured follow-up questions were used to address additional points as they arose during the interview. All interviews were conducted in an emphatic and conversational style (Ashworth & Lucas, 2000).

All data collected from the empirical analysis was gathered, analyzed, compared, and discussed in order to identify the most important results, that is, to find the common and unique views of employers. Furthermore, as the research questions require a deeper and more qualitative understanding of employers' attitudes, the results of the empirical research are examined in relation to the secondary data. In addition, in order to increase the reliability of the answers, all interviews were recorded and the following transcribed material was sent to the respondents for approval. Due to the sensitive nature of the information provided, the research participants wished to stay anonymous.

## **6.2 The context of participating companies**

The interviewed representatives of employers occupy the CEO position within their companies. As CEOs, they provide legitimacy to HRM practices and policies, commit resources, and influence within-group agreement within the organizational hierarchy (Kramar, 2014).

The research focuses on SMEs, as they represent a major component of the labor market and a job engine of the entire Europe. According to the European Commission, SMEs are companies with up to 250 employees, a balance sheet total of up to €43 million, and a turnover of up to €50 million (Mandl, 2015; Festing, Schäfer & Scullion, 2013). On average, the sample SMEs have 40 employees, out of which the largest hires 95 employees and the smallest hires 25 employees. The focus on SMEs also comes from the fact that they are the major employers in Serbia and North Macedonia as the previous dominance of the state-owned companies diminished after the breakup of the former Socialist Federal Republic of Yugoslavia (Bartlett, 2012).

The sectors in which SMEs account for the largest share of employment have continuous employment growth. Generally, SMEs create jobs if they are innovative, young, hire skilled managers, profitable, competitive, flexible, operate internationally, and are located in urban areas (Mandl, 2015; Festing, Schäfer & Scullion, 2013). Among SMEs, the ones operating in the service sector create more jobs than the ones operating in construction or manufacturing (Mandl, 2015). Therefore, the research focuses on Belgrade- and Skopje-based SMEs operating in IT, real estate appraisal, financial and business consulting, and import and distribution of consumer electronics. The majority of sample SMEs have international clients.

The majority of interviewees state that running a company in Serbia or North Macedonia is not too difficult, mostly due to the industries they operate in because they mostly have international clients and are not directly impacted by the local market and the economy. However, they agree on key disadvantages of running a business in Serbia/North Macedonia, including poor economic situation, high levels of corruption, bureaucracy, and high payroll and net income taxes. However, some positive examples were provided by a Macedonian



CEO who claims that in the recent years start-up administrative costs have significantly decreased.

Most of the interviewees claim that finding appropriate candidates is difficult. They either seem to find it difficult to find highly-skilled, motivated, or candidates with preferred soft skills who can fit in their team. The majority agrees that there is a shortage of highly-skilled and motivated candidates within their companies. They also believe that there are highly-skilled candidates on the job market but with insufficient levels of motivation.

All companies in the sample look for candidates through internal recommendations and referrals, as the CEOs believe that this strategy saves them time and resources. They also have higher levels of trust towards referred candidates. The SMEs also post job ads on online job search platforms and social media.

When asked what is the biggest barrier for skilled candidates to get a job, interviewees provided a wide array of answers related to candidates, employers, and the institutional framework. According to them, the candidate-related barriers include the lack of job-finding skills, the lack of motivation coming from big expectations, the lack of appropriate practical experience and modern expertise, the lack of appropriate communication and soft skills, candidate attitudes, unrealistic salary expectations, difficult personalities, and insufficient knowledge of the English language. The employer-related barrier includes overly-demanding employers with unrealistic expectations. The barriers related to the institutional framework include inappropriate personnel policies, inefficient and unskilled work of HR agencies, and generally the lack of know-how in the HR departments and agencies.

The most common traits the employers look for in a candidate, in addition to industry expertise and analytical skills, are motivation, dedication, proactivity, accountability, persistence, cultural fit, and the ability to work under pressure and be a fully functional member of a team.

The majority of interviewees claim that their attitude towards hiring international candidates is positive. Their views are positive as long as the international candidates satisfy all the requirements demanded from the local candidates. For all of them, speaking the local language is either a requirement or a very positive signal when evaluating candidates. CEOs from the import and distribution of consumer electronics SMEs, are not willing to hire international candidates with the exception of local expatriates with international experience.

## **7 RESULTS AND INTERPRETATION**

During the interview, the research participants were informed that the term skilled refugee refers to skilled refugees from Syria, Iran, and Afghanistan who have at least a bachelor's degree or equivalent from their home country (Zikic, 2014) and are proficient in English language.

Most of the interviewees claim that their attitude towards hiring skilled refugees is the same as towards hiring skilled international candidates. However, the ones with a positive attitude are not willing to change the job requirements that hold for the locals and would give them equal chances as they give to the local candidates. One exception is a CEO from a Serbian business consulting company who is willing to hire international candidates but not refugee candidates. The main reason is his belief that refugees have a hard life situation and due to this they would not be able to fully dedicate themselves to performing the job at top quality. The two interviewees from the import and distribution of consumer electronics SMEs, who are not willing to hire international candidates are also not willing to hire refugees. Their reasons include high unemployment rates in the local labor market, general unfamiliarity with the refugees' skills, and questionable motivation as Serbia/North Macedonia are not their destination of choice.

According to the opinions provided by the research participants, the skill-paradox seems to not be valid in Serbia and North Macedonia for most of them. The skill-paradox implies that the local employers prefer high-skilled local applicants over high-skilled immigrant applicants when they applied for the same job. However, based on the skill-paradox theory, the skill-paradox diminishes when companies have a diverse clientele (Dietz, Joshi, Esses, Hamilton & Gabarrot, 2015). As most of the interviewed companies have a diverse clientele, the employers do not have a bias against high-skilled migrants. The only exception are two companies operating in the import and distribution of consumer electronics industry who have a homogeneous clientele and they prefer hiring skilled locals.

## **7.1 Institutional and legal context of a country (qualifications recognition, NGO, and government involvement)**

### **7.1.1 The effect of foreign qualifications recognition by the national system**

All respondents claimed that refugees' qualifications recognition by the local institutions would not have any effect on their attitude, negative or positive. Their reasons mostly match and include a high level of distrust in the local institutions and the government and multiple cases of falsified diplomas even among the state officials. A CEO of a Serbian business consulting company states: "I do not respect public institutions in Serbia, as upon graduating I could not recognize my U.S. diploma without paying a lot of money". He further adds: "Now, I do not even care about having it recognized by the Serbian public institutions".

Most of the interviewees would be satisfied with refugees demonstrating job-related knowledge during the job interview. A CEO within a Serbian IT company claims that completing the company's test would be sufficient in order to gain insights into the candidate's IT skills. For some, recognized qualifications would be a positive signal but it would not directly affect their hiring decision. Another IT CEO states: "It is just an additional

layer of validation that lends credibility to a candidate's skills and makes it easier to filter potential candidates, however, the job interviews and tests are what matters".

The obtained results are not in line with the theory. According to secondary research, refugees face employment barriers in a host country when their credentials are not recognized in the host country labor market (Colic-Peisker & Tilbury, 2007; Hakak & Al Ariss, 2013; Zikic, 2014). Due to this, refugees become a part of an underprivileged segment in the host country labor market and might in time become a disadvantaged minority. Employers are either unable to recognize foreign credentials or have prejudice against foreign credentials (Colic-Peisker & Tilbury, 2007; Hakak & Al Ariss, 2013; Zikic, 2014).

However, the results are in line with findings by Šabić (2017) that the countries of the Western Balkan have low trust in public institutions due to weak democracy, corruption, and nepotism. Furthermore, with regards to qualifications, the Serbian and Macedonian SMEs are similar to the EU SMEs as they pay less attention to specific diplomas but more on specific skills and competences (Mandl, 2015).

#### 7.1.2 The effect of NGO public awareness campaigns

Some of the respondents claim that their attitudes, positive or negative, would not be affected by NGO awareness campaigns. For example, a Macedonian CEO from a business consulting company states: "Without public awareness campaigns I am aware of all the benefits of diversity for our work environment, as I was employed for almost six years in an international company in the U.S. where more than 20 different nationalities were employed". While some interviewees are aware of the benefits of workplace diversity, some are not interested. "I am against any public campaigns as they just talk about the problem instead of solving it" says also a Macedonian interviewee from a company in import and distribution of consumer electronics.

There are also research participants who believe that the campaigns would have a positive effect on their attitude and awareness about skilled refugees within their respective countries. A CEO from a Serbian real estate appraisal company states: "It could only have a positive effect, as right now I am not even aware that there are skilled refugees looking for employment in Serbia". Therefore, if the campaigns helped increase the refugees' visibility on the job market and if they would emphasize the benefits of hiring refugees previously unknown to employers they would positively affect some interviewees' attitudes.

According to the theory, such campaigns are possible as NGOs can increase promotion of refugee voices in society and the media (Pupavac, 2008). NGOs also have an important role in fighting discrimination and promoting diversity and equality for refugees. They do this by raising awareness about the benefits of inclusion and diversity at the workplace and encouraging the development of a receptive culture (Alberti, Holgate & Tapia, 2013; Hurstfield, Pearson, Hooker, Ritchie & Sinclair, 2004). NGO mentorship programs and

networking events have been known to help refugees establish effective social networks, including connections with similar others in high-status positions (Hakak & Al Ariss, 2013). Furthermore, refugee advocacy is already focused on middle-class asylum seekers who are underemployed or forced to live off benefits (Pupavac, 2008).

### 7.1.3 The effect of employment subsidies for hiring skilled refugees

Nine out of 14 research participants state that government subsidies would positively affect their decision to hire refugees. A CEO from a Serbian financial consulting company claims: “Subsidies would have a very positive effect”. She further claims: ”If two candidates had the exactly same profiles, one local and one refugee, I would hire the one that entitles me a state subsidy”. Another interviewee from a business consulting company states: “If I could help someone in need and save while doing it, then it sounds like a great deal to me”.

However, some research participants express a concern regarding the reaction of the general public on wage subsidies for refugees “I would actually consider hiring them, but if this was to happen on a large scale it could cause a social disturbance due to high unemployment rates in Serbia”.

The interviewees who have negative attitudes towards hiring refugees claim that the subsidies would not change their opinion, “It could save me some money in the short-term, but since I do not believe they can be as productive as the skilled locals, hiring a refugee would not be cost-effective over the long run”.

The results are supported by the outcomes of subsidy programs conducted in Sweden and Denmark. In 2007, Sweden introduced a labor market scheme called “Step-in”. This program allows refugees to combine part-time employment and language training (Konle-Seidl & Bolits, 2016). For being part of the program, local employers receive 80% subsidy for salary costs during a period from 6 to 24 months. As a result, almost half of the cases in the scheme have resulted in regular employment. Denmark has been implementing various refugee integration programs such as direct public sector employment, counselling, education provision, training, and private sector wage subsidies. According to their findings, the most effective strategy for increasing the probability of refugee employment were subsidy programs for private employers (Konle-Seidl & Bolits, 2016), In addition, one of the International Monetary Fund’s recommendations for labor market integration of refugees into a local labor market is the provision of wage subsidies to local employers (Konle-Seidl & Bolits, 2016).

## 7.2 Discrimination and employers’ perceptions of refugees’ willingness to adjust

According to literature, even though discrimination against other groups is considered unacceptable in most parts of the modern world, discrimination against immigrants including

refugees is very much present but in a hidden form. Refugees are often faced with discrimination within companies especially through HRM practices including recruitment, selection, and career development (Hakak & Al Ariss, 2013). Numerous factors can influence the employers' discrimination against migrants including ethnicity, religion, and cultural background, or more directly their appearance – visible racial features, accents, names, linguistic familiarity, social skills, and foreign qualifications (Hakak & Al Ariss, 2013; Almeida, Fernando & Sheridan, 2012; Arai, Bursell & Nekby, 2015; Ott, 2013; Moriarty, Wickham, Krings, Salamonska & Bobek, 2012; Colic-Peisker & Tilbury, 2007).

Identifying and analyzing discrimination is very difficult. The negative employment outcomes can come from institutional discrimination and individual employer's prejudices (Colic-Peisker & Tilbury, 2007). A company's organizational factors such as management style and organizational type can also affect employer's comfort levels, tolerance, and stereotypes towards hiring refugees (Al Ariss, 2015).

Majority of research participants deny personal or company discrimination and refuse to take responsibility for refugees' negative employment outcomes. They also indicate that if there is any discrimination that it is only in the interest of their clients and customers to whom they are ultimately responsible (Colic-Peisker & Tilbury, 2007).

Generally, in the Western Balkan countries there are no strong anti-immigration sentiments (Šabić, 2017). Even during the migration crisis, they did not grow because migrants do not consider these countries attractive as final destinations for settlement. The Western Balkan countries relied on underdevelopment and poverty as an insurance against immigration. However, the latest migration wave raised two types of fear among the people in the Balkans, the fear of new conflicts among neighbors and the fear of uncontrolled immigration (Šabić, 2017).

#### 7.2.1 Perceived willingness of refugees to adjust to the cultural environment at the work place

As suggested by the secondary research, refugees have difficulties finding work due to a lack cultural understanding of interview processes and social interaction generally (Colic-Peisker & Tilbury, 2007). Their employment success depends on their ability to exercise cultural intelligence. Cultural intelligence is the capability to effectively adapt to new cultural contexts (Zikic, 2014). In addition, refugees should have the knowledge of socially valued norms, beliefs, and behaviors in a host country. Successful acculturation can significantly help them expand their social networks within the host country (Zikic, 2014). The vulnerability of migrants in the workplace is also affected by cultural differences (Hakak & Al Ariss, 2013). Culture and the historical background of a host country affects employers' views and approaches to diversity management and their beliefs in the value of diversity. Although across numerous countries the discourse on the value of diversity in companies is similar, the actual attitudes and policies towards specific marginalized groups

vary significantly. Even when refugees are fluent in the local language, they may not be entirely familiar with values, meanings, and behaviors expressed within a local language (Hakak & Al Ariss, 2013). It is also important to take into consideration that refugees in the current migration wave are Muslims. There is evidence in the UK, that Muslims integrate more slowly compared to other immigrant groups and religious and ethnic minorities (Bisin, Patacchini, Verdier & Zenou, 2007).

Within the sample, three research participants strongly believe that skilled refugees are willing to adjust to the cultural environment at the work place. A Macedonian interviewee from a financial consulting company states: “I believe that any young and highly skilled professional can adjust to new conditions in the work place; as with the local candidates, the individuals with a “bad” attitude toward work would be eliminated during the interview process and/or the probation period”.

Others did not have a clear attitude and preferred not to generalize, mostly stating that the employment outcome would depend on each individual regardless of their nationality. Additionally, three research participants believe that skilled refugees are not willing to adjust to the cultural environment at the work place. One of them claims: “I do not think they would bother to adjust as Serbia is not their final destination”. Another CEO states that he does not like their behavior in the streets and therefore does not believe they could adjust properly to the working environment in his company.

#### 7.2.2 Perceived willingness of refugees to learn the local language

For all the interviewed CEOs speaking the local language is not a decisive factor as long as the refugees have the related industry knowledge and skills and fluently speak English. This is in line with theory that due to globalization, fluency in English is crucial for job finding success especially among skilled individuals (Roshid & Chowdhury, 2013; Lauring & Selmer, 2013; Zikic, 2014; Rubin, 2011). Although the theory stresses the importance of fluency in the local language (Dustmann & Fabbri, 2003; Zikic, 2014), the same does not hold in Serbia/North Macedonia according to interviewees. However, they consider at least the basic knowledge of Serbian/Macedonian as a very positive signal of refugees’ willingness to commit to a job in Serbia/North Macedonia over the long-term. A Macedonian CEO states: “If they are willing to learn Macedonian, that would help them integrate easily in the environment and mix with the local people inside and outside the company”. A Serbian CEO replies: “If they had at least a basic knowledge of Serbian, that would be a very positive signal about their motivation to work and integrate into society”.

The research participants show a reasonable doubt toward refugees’ motivation to stay and work in Serbia/North Macedonia and learn the local language. As suggested by theory, skilled migrants’ motivation should always be examined in the context of their migration (Zikic, 2014). Their motivations for migration can impact how they manage their careers in the host country and how much effort they give. If migrants believe they can lose a lot by

coming to a specific host country, they have the lowest motivation to integrate, and vice versa. The more they are motivated to adapt and integrate, the more likely they are to invest time and energy to learn about the local business culture and search for ways to adapt their foreign human capital to the local labor market requirements (Zikic, 2014).

The refugees in the current migration wave have the preference to enter the countries with good labor market conditions such as Sweden and Germany (Konle-Seidl & Bolits, 2016). They want to live in these countries because of the assistance for refugees, employment possibilities, and educational opportunities (Murray & Clayton, 2015). Unlike the Member States, Serbia and North Macedonia have developing economies, limited institutional capacity to deal with a significant number of refugees, and no good integration programs and financial benefits for refugees (Lilyanova, 2016; Sardelic, 2017; Šabić, 2017). That is why a great majority of refugees spend only a limited time in the Western Balkans rarely submitting requests for asylum (Greider, 2017).

### 7.2.3 Perceived communication skills of refugees and their ability to acquire them

According to literature, understanding of local communication and interpersonal skills is one of the key factors in refugees' labor market integration (Zikic, 2014; Colic-Peisker & Tilbury, 2007; McHugh & Challinor, 2011).

All research participants believe that refugees lack the appropriate communication skills to perform tasks proficiently. However, some interviewees think that refugees can acquire such skills. One of them claims: "I believe that with some training they would be able to learn the cultural finesses and perform at the same level as local employees". This CEO also adds: "Potentially, they can also apply some aspects of their culture that are preferable to the local culture."

Other interviewees are less positive on the issue. For example, a Serbian CEO from the import and distribution of consumer electronics company states: "I think that appropriate business communication is very complex, as I have seen communication problems even between people who speak the same native language". This interview further claims: "The misunderstandings are even more possible when people speak in foreign languages". Similarly found in the literature, even slight variations in language or speech style can potentially lead to problems for a company (Lauring & Selmer, 2013).

### 7.2.4 Perceived attitude of clients towards Muslim names

As noted in literature, there is discrimination related to a Middle Eastern sounding name. Due to this, many immigrants from the Middle East change their name as a form of antidiscrimination strategy (Arai, Bursell & Nekby, 2015). The average Muslim individual seems to be more attached to her/his culture of origin compared to any other migrant groups

(Bisin, Patacchini, Verdier & Zenou, 2007). Generally, Muslim diaspora and refugees from the Middle East, Africa, and Asia face discrimination in the West (Syed & Pio, 2014; Colic-Peisker & Tilbury, 2007; Arai, Bursell & Nekby, 2015; Zikic, 2014).

The research participants provided various answers which mostly depended on their company's target clients. However, there is an interesting answer from a Macedonian CEO from a real estate company who states: "We have been living in a multiethnic environment for centuries and I personally believe that none of my clients would reject someone because of their Muslim name". The interviewees whose companies target international clients stated that their clients "would not care". Interestingly, in one of these companies, employees are assigned fake American names in order to prevent discrimination towards their Slavic names.

The research participants within SMEs that target local clients state otherwise. Due to this, some of them would not even consider hiring refugees while some would hire them but give them a "back office" position that does not include any direct contact with clients.

#### 7.2.5 Perceived refugees' social capital

As pointed out in the secondary research, the refugees' negative employment outcomes are caused by social capital factors, among others. Refugees have significantly fewer social network connections which can assist in the employment process (Colic-Peisker & Tilbury, 2007; Zikic, 2014).

In line with the theory, all interviewees agreed that refugees lack the relevant social capital. However, most of them do not consider it a relevant trait with the exception of the companies operating in the import and distribution of consumer electronics. A CEO from this industry states: "Having the right contacts at a specific moment is very important for my business and refugees' lack of contacts could be damaging for the company's sales operations". Interviewees from IT companies are least concerned with this issue, "I do believe that the refugees lack social capital, but I feel the same way about some of the locals working in my company, so it really does not matter".

A Serbian CEO from a real estate company notices that because his company usually hires through internal referrals, without the social capital the refugees cannot even know about a job opening at their company.

### 7.3 The effect of best practices within the EU

This research tries to analyze whether the attitudes of German SME employers and actions of successful German companies have an effect on Serbian/Macedonian employers. German SMEs find it increasingly more challenging to locate and retain high-skilled employees. They recognize that demographic changes can have a substantial influence on them and have



taken actions towards hiring refugees (Festing, Schäfer & Scullion, 2013). According to the Ernst&Young survey results obtained in January 2016, 55% of German SMEs expected that refugees coming into Germany would contribute to alleviate the shortage of skilled workers. Approximately 85% said they were ready to hire refugees. (Ernst&Young, 2016).

The interviewees were provided with examples of integration of refugees into the German labor market, presented in Appendix 2 (VI Research question 3 – Best practices within EU). The example of Germany was taken as Germany is the main destination of skilled refugees in the EU (Beyer, 2016) and because Germany takes the leading role in finding a solution for the migration crisis (Alderman, 2015; Rayasam, 2016).

Many EU practices are emulated by Member States and non-Member States through mimicry and lesson-drawing (Börzel & Risse, 2009). This is also the case with Serbia and North Macedonia as they are EU pre-accession countries. For example, Serbia has shown willingness to be a part of the EU's quota system for refugees and to implement the common EU approach (Lilyanova, 2016).

In addition, various mechanisms for sharing good HRM practices are constantly created and upgraded at international, regional, national, and local levels (Ott, 2013). Companies tend to resort to mimetic isomorphism when in uncertain situations. They tend to model themselves on other companies when they face ambiguous goals, uncertain environments, or they are faced with new technologies, laws, or rules. They tend to model themselves on companies they perceive as legitimate and successful (Najeeb, 2014). Companies may do this even when they are not certain why companies they imitate have implemented certain processes in the first place. One of the examples of mimetic isomorphism in human resource operations is when HR managers imitate HRM practices of a successful competitor in order to remain competitive even in cases when they are not fully aware of the benefits of such strategy (Najeeb, 2014).

### 7.3.1 The effect of German SMEs' readiness to hire skilled refugees

Three research participants stated that their attitudes were positively affected by the actions and attitudes of German companies. One of them running an IT company in Belgrade states: "Although I was expecting more positive examples from Germany, this confirms that there are good potential employees among refugees". In a similar tone a Macedonian real estate CEO claims: "I am even more motivated because of these practices in Germany and I strongly believe there are many benefits when hiring refugees, especially when there is shortage of skilled workers on the labor market".

None of the interviewees' attitudes were negatively affected, however the other nine stated that the provided examples had no effect on their opinion. For example, a Serbian CEO from a financial consulting company states: "I believe that the Serbian and German economies

and labor markets have nothing in common, as Germany needs to import skilled workforce, while Serbia has a big problem with high unemployment rates among skilled workers”.

When asked if any similar practices could work in Serbia/North Macedonia, the research participants provided various but mostly negative answers. Mainly because they believe that there is no need to import the workforce in Serbia/North Macedonia, the public would not tolerate benefits for refugees due to high unemployment rates, that the locals would feel threatened, and that the immediate public response would be negative. However, some CEOs in IT and real estate sectors suggest that such practices are possible but on a small scale due to similar reasons, mostly the expected negative reaction from the general public.

#### **7.4 Employers’ systematic overview of refugee employment barriers**

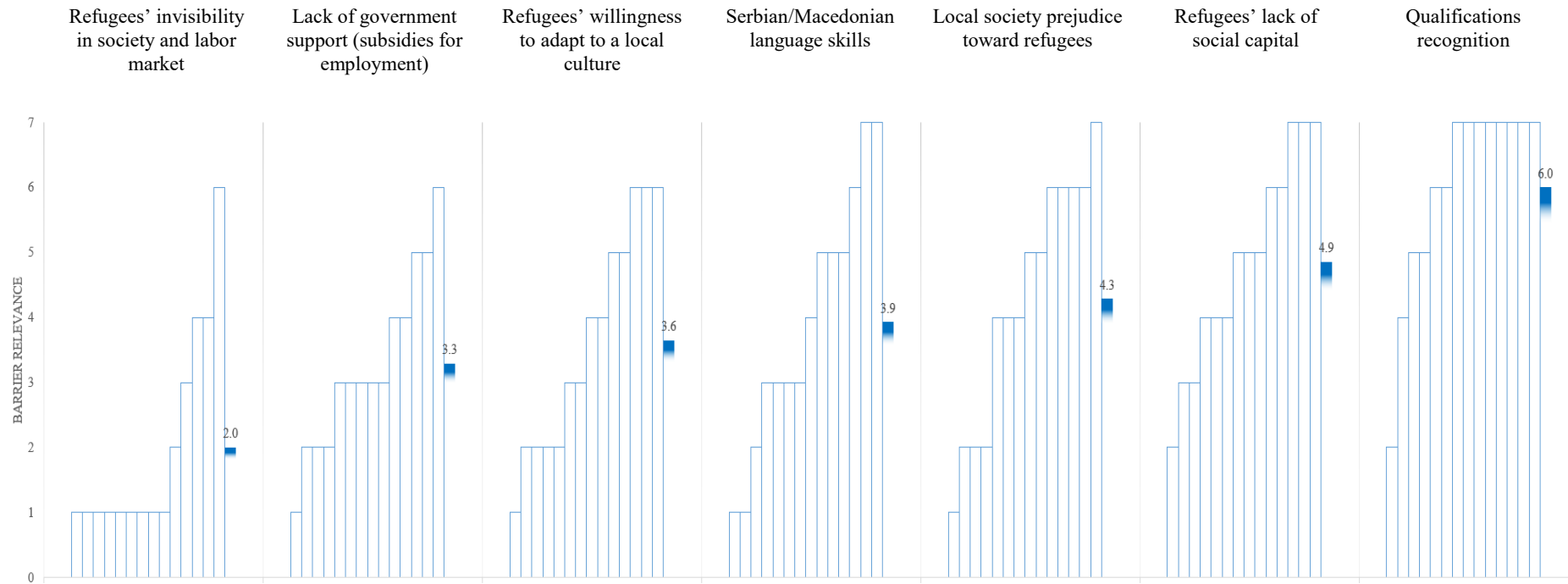
The research participants were presented with a list of seven potential refugee employment barriers and asked to appoint numbers representing the relevance of a specific barrier in line with their personal opinions and attitudes. The list included the following barriers:

- Qualifications recognition
- Lack of government support (subsidies for employment)
- Refugees’ invisibility in society and labor market
- Serbian/Macedonian language skills (assuming they are proficient in English language)
- Refugees’ willingness to adapt to a local culture
- Refugees’ lack of social capital
- Local society prejudice toward refugees

To each barrier they assigned a number from 1 to 7, with 1 being the most relevant and 7 the least relevant. The interviewees’ classification of refugee employment barriers is presented graphically in Figure 13. The figure presents an overview of the interviewees’ barrier classification ordered by relevance for each category.

The sorted results are also presented in Table 3 in Appendix 3 and they are in line with the overall attitudes employers expressed throughout the interview.

Figure 13: Sorted Labor Market Barriers According to Interviewees' Relevance (1 – the most important, 7 – the least important)



Source: Own work.

During the interview, all interviewees stated that the recognition of refugees' foreign qualifications would not affect their opinion towards hiring them, mostly because they do not trust the local institutions. They also classified this barrier as the least important, with 57% of them stating that it is the least important and none of them classifying it as the most important barrier.

According to the researched sample, the most important barrier to refugee employment is their invisibility in the society and the local job market. When ordering barriers, the majority of research participants (64%) classified refugees' invisibility in the local market as the most relevant barrier. Regardless of their attitude, none of the interviewees know if there are skilled refugees in Serbia/North Macedonia looking for employment.

According to interviewees' classification, the second most relevant barrier is the lack of government support. During the interview, only two out of 14 interviewees said that government subsidies would not affect their opinion, while 12 stated that the subsidies would make them reconsider hiring skilled refugees.

As classified, the third most relevant barrier is the knowledge of the local language or the absence of it. Even the CEOs who do not require refugees to speak the local language to perform their job efficiently suggest that proficiency in the local language would be considered an advantage and ultimately affect their visibility in the local job market as a great majority of employers tend to find skilled employees through internal referrals and recommendations.

The interviewees' responses are not in line with findings that the key employment barriers in Serbia and North Macedonia are the lack of host-country language skills and professional credentials recognition (Greider, 2017).

## **7.5 Interviewees' general thoughts and suggestions on refugee integration**

The majority of respondents believes that refugees are generally not welcome in Serbia nor North Macedonia. They believe that the locals have high levels of prejudice and that they already have enough problems and do not want to deal with refugees from the Middle East. However, they believe that on a small scale there would be no negative reaction from the public but that people would be unhappy to welcome a large number of refugees.

When asked how they think the integration of skilled refugees would affect the labor market of their country, the research participants generally agreed that on a relatively small scale it would have no negative effects on the labor market. It could even help plug in the labor gap in the IT and outsourcing industries. However, if refugees came in large numbers, they could have a negative effect on the labor market by increasing the competition and reducing the wages of high-skilled locals.

The literature affirms that meeting the needs of the refugees and improving job prospects for disaffected local youth would be very challenging for the countries of the Western Balkan (Greider, 2017). Refugees can integrate more successfully when host country labor market is performing well. Their integration can extend to many years, if they enter a labor market with a high unemployment rate (Konle-Seidl & Bolits, 2016).

Generally, interviewees believe that the successful integration of refugees is possible on a small scale with integration programs that include all involved parties including refugees, governments, companies, and NGOs. They do not believe that refugees can integrate in large numbers with the main reasons being the expected negative public opinion and the fact that neither Serbia nor North Macedonia are the refugees' destination of choice.

The interviewees' attitudes are in line with findings that residents of countries with unfavorable economic situation, high unemployment rates, and low income, do not have positive views on immigrants (Esipova, Ray, Pugliese & Tsabutashvili, 2015). The expected negative public attitudes are also in line with theory. The uncertainty regarding immigration can be easily perceived as a threat when host country nationals feel that they do not have sufficient resources to deal with it (Esses, Medinau & Lawson, 2013). The negative views of interviewees towards the success of refugee integration are in line with the literature as both Serbia and North Macedonia are developing economies. The possibility of refugees taking jobs from locals was not seriously discussed in Serbia nor North Macedonia, because most refugees only passed through the Western Balkan route. A debate was raised on many questions such importing workforce and potential effects. Some economic experts and business persons saw and advocated a potential for economic growth through well-designed migration policies (Šabić, 2017).

The research participants were also asked to provide suggestions for removing the barriers to employment of skilled refugees. Their suggestions included the following:

- NGO campaigns that increase refugees' visibility in the job market
- NGO-provided or subsidized language and other training programs
- NGO initiatives that help refugees find appropriate jobs
- NGO training programs on employability skills and employment processes and work culture
- NGO campaigns that reduce the general public's fear of refugees
- Cultural awareness TV programs for locals
- Online campaigns with a specific goal for hiring refugees
- Government subsidies
- Government funded degree recognition and ability to continue their education
- The government should decide on the limited number of refugees to take in and really dedicate to integrating this limited number

The interviewees' suggestions are generally in line with the recommendations obtained during the secondary research. According to literature, recommended policies for refugee labor market integration include an early provision of skill assessment and language tuition, recognition of foreign credentials including work experiences and informal learning, creation of an individualized integration plan, and job search assistance (Konle-Seidl & Bolits, 2016).

The interesting findings are that many representatives of employers suggest actions of NGOs and the government. However, none of them came up with an idea to take any action themselves. Their attitudes are also in line with findings that, most employers are generally sympathetic and agree that refugees should have access to training and employment assistance, but most private companies do not feel they are in position to provide training nor assistance (Colic-Peisker & Tilbury, 2007).

## **8 DISCUSSION**

### **8.1 Main Findings**

The goals of the thesis are to specify, investigate, and classify the main factors that influence the willingness of employers within the local SMEs to hire skilled refugees. The main factors have been obtained through the secondary research and investigated through primary research. The factors have been classified into three main categories: institutional and legal context of a country, discrimination and employers' perception of refugees' willingness to adjust, and mimetic mechanisms that take place between the EU and Serbia and North Macedonia. The research questions stem from the three key categories of factors that affect the willingness of local employers to hire skilled refugees which also present the key barriers to their employment.

Research question 1: Does institutional and legal context of a country affect employers' willingness to hire skilled refugees?

It can be concluded that SME employers' willingness to hire skilled refugees is moderately affected by the institutional framework. This conclusion is based on the fact that Serbian and Macedonian employers have no interest in refugees' recognition of foreign qualifications, are ambivalent towards NGO campaigns, and would be positively affected by the provision of work subsidies only on a small scale due to the expected negative public attitudes if subsidies are to be provided on a large scale.

Research question 2: Do discrimination and employers' perception affect employers' willingness to hire skilled refugees?

By examining attitudes of representatives of employers, it can be concluded that discrimination and employers' perception significantly affect their willingness to hire skilled

refugees. CEOs themselves do not have strong anti-immigrant sentiments or discriminate against skilled refugees. However, they do believe that the general public attitude would be negative if relatively large numbers of employees were to enter the local labor market. Even though the majority considers that skilled refugees generally lack workplace culture, local language skills, communication skills, and social capital, they would consider hiring them, mostly, because of their companies' specific industries, business operations, and international target clients. Another perception that depletes their willingness to hire skilled refugees is their doubt towards refugees' motivation to look for long-term employment in Serbia/North Macedonia.

Research question 3: Do best practices and attitudes of SMEs within the EU affect the local employers' willingness to hire skilled refugees?

According to the research, mimetic mechanisms between the EU and Serbian/Macedonian SMEs in the context of HRM strategies and the current refugee wave are not present. Even though Serbia and North Macedonia generally look up to the EU companies as pre-accession countries, interviewees' attitudes are generally not affected when presented with positive German SME employer attitudes and the best practices of German companies.

Generally, it can be concluded that the research participants have positive attitudes towards hiring refugees. However, their positive attitudes are constrained by the expected negative public attitude and a doubt towards the refugees' motivation to look for long-term employment in Serbia/North Macedonia. There are also two interesting findings that are not in line with the literature. The interviewees' willingness to hire skilled refugees is not affected by their lack of local language skills and recognized foreign qualifications. As a final remark, it might be argued that successful integration of refugees in Serbia and North Macedonia is possible if the refugee numbers are relatively low. These points can provide a good basis for future research and development of adequate response to the current refugee crisis.

## **8.2 Theoretical and Practical Implications**

The purpose of this research is to raise awareness of employers, general public, and country governments on the prevailing sentiment among the employers towards refugees and thus help in developing an adequate response to the current refugee crisis. The research findings can serve as a basis for the development of refugee employment assistance programs in Serbia and North Macedonia.

Regarding the institutional barriers, the research finds that the attitudes of representatives of employers are not affected by foreign qualifications recognition, which is in contrast with the literature (Konle-Seidl & Bolits, 2016). However, in line with theory (Konle-Seidl & Bolits, 2016), the interviewees would react best to government subsidies for refugee employment. Therefore, when considering taking actions, the local institutions should look

at different forms of employment subsidies rather than investing funds in the recognition of the refugees' foreign qualifications.

As some CEOs would react well to NGO campaigns, investment in such can be effective. It is worth noting that they would react best to campaigns that increase refugees' visibility in the labor market and connect refugees with those employers, rather than in campaigns that promote work diversity, as suggested by theory (Alberti, Holgate & Tapia, 2013).

According to theory, the skill-paradox diminishes when companies have a diverse clientele (Dietz, Joshi, Esses, Hamilton & Gabarrot, 2015). As most of the sample companies have a diverse clientele, the interviewees do not have a bias against high-skilled migrants. The only exception are two companies operating in the import and distribution of consumer electronics industry who have a homogeneous clientele and prefer hiring skilled locals. Therefore, in order to successfully integrate skilled refugees, they should be introduced to international SMEs such as outsourcing companies that specialize in the provision of highly-skilled services to international clients.

Regarding the employers' perception and discrimination, the representatives of employers believe that refugees lack workplace culture, local language skills, communication skills, and social capital, however their attitudes towards hiring them are not substantially affected by this. What significantly affects their attitudes, are their perceptions of the negative public opinion towards large numbers of hired refugees, and belief that refugees lack motivation to stay and look for long-term employment in Serbia/North Macedonia. Therefore, two extensive studies should be conducted. The first one analyzing the refugees' willingness to look for long-term employment in Serbia/North Macedonia with the effects of various support mechanisms on their attitudes. The second one should focus on examining the attitude of the Serbian and Macedonian general public towards the employment of refugees within their countries and various mechanisms of achieving that.

### **8.3 Limitations and recommendations for future research**

Future research could focus on finding appropriate actions and campaigns that could connect the local SME employers and skilled refugees. In addition, it could focus on finding appropriate refugee employment subsidy programs, as this research found that representatives of employers would react positively to government employment subsidies.

The thesis research covered a small sample of SME employers' representatives. Further research on a larger sample could provide additional and more in-depth insights that could contribute to the optimal solution of the refugee crisis. As this thesis focuses on skilled refugees and SMEs, it would also be interesting to see the results of a similar research that analyzes large companies and low-skilled refugees. In addition, future research could focus on other countries, for example other Balkan countries, in order to provide a better overview of the employer attitudes in the entire region.



Addressing this topic is important in order to raise awareness of all involved parties and potentially find innovative solutions that are beneficial to refugees, governments, local employers, and the general public.

## **CONCLUSION**

Europe has been facing great challenges since the beginning of the refugee crisis in 2015 as an unprecedented number of refugees from the Middle East mainly from Syria, Iraq, and Afghanistan started entering the territories of both the EU and non-EU countries. In search of refugee assistance, employment possibilities, and educational opportunities, most refugees tried to reach Germany, Sweden, and Austria. Among different migratory routes, the Western Balkan route was the busiest as it was considered least dangerous. The refugee inflow caused tensions across the EU and Serbia and North Macedonia, the two key transit countries on the Western Balkan route. However, the crisis also led to increased cooperation and realization that a common solution must be found.

In order to contribute to the solution beneficial to all parties involved, this research examines the willingness of Serbian and Macedonian SME employers to hire skilled refugees. While there is evidence that German SMEs are willing to hire skilled refugees, there is no data on the attitudes of Serbian and Macedonian employers. Therefore, the purpose of the thesis is to raise awareness of employers, general public, and country governments on the prevailing sentiment among the employers toward refugees and thus help in developing adequate responses to the current refugee crisis.

Through the analysis of the relevant literature, the research assesses the strategies for labor market integration of skilled refugees in the EU in order to investigate whether these could be implemented in Serbia and North Macedonia. The strategies include an early provision of skill assessment and language tuition, recognition of foreign credentials including work experiences and informal learning, creation of an individualized integration plan, and job search assistance.

The thesis further analyzes recent theories on refugee employment and the effects on HRM, finding evidence that skilled refugees can become a source of competitive advantage for companies willing to hire them and invest in their career capital.

In addition, the research specifies three key categories of barriers to refugee employment including barriers resulting from institutional and legal context of a country, barriers resulting from discrimination and employers' perceptions of refugees' willingness to adjust, and language barriers.

Based on these findings, the research analyzes how attitudes of Serbian and Macedonian representatives of employers toward hiring refugees are affected by the institutional and legal context of their country and discrimination and their own perceptions of refugees.

Additionally, as Serbia and North Macedonia are EU pre-accession countries it was considered appropriate to investigate whether the employers' attitudes are affected by the best practices of SMEs within the EU.

In the empirical part of the thesis, the attitudes of 14 Serbian and Macedonian SME employer representatives were assessed by conducting qualitative research using semi-structured interviews. The research data was gathered, analyzed, compared, and discussed and the results of the empirical research were examined in relation to the secondary data.

The research concludes that the institutional and legal context of a country moderately affects the employers' willingness to hire skilled refugees as Serbian and Macedonian employer representatives have no interest in refugees' recognition of foreign qualifications, are ambivalent towards NGO campaigns, and would be positively affected by the provision of employment subsidies. Furthermore, employer representatives have preconceived perceptions about refugees and believe they lack workplace culture, local language skills, communication skills, and social capital. However, their willingness to hire skilled refugees is mostly hindered by their belief that the general public would have a negative attitude if refugees were to be hired in relatively large numbers and that refugees lack motivation to stay long-term in Serbia/North Macedonia. In addition, best practices and attitudes of SMEs within the EU have no strong effect on the Serbian and Macedonian SME employer representatives.

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## **APPENDICES**



## **Appendix 1: Povzetek (Summary in Slovene language)**

Evropa se sooča z velikimi izzivi od začetka begunske krize leta 2015, ko je do tedaj neprimerljivo število beguncev z Bližnjega vzhoda, v glavnem iz Sirije, Iraka in Afganistana začelo vstopati na ozemlje držav EU in držav, ki niso članice EU. V iskanju zaposlitvenih priložnosti in možnosti za izobraževanje je večina beguncev poskušala priti v Nemčijo, Švedsko in Avstrijo. Med različnimi migracijskimi potmi je bila pot Zahodnega Balkana najbolj prometna, ker je veljala za najmanj nevarno. Priliv beguncev je sprožil napetosti v EU, Srbiji in Severni Makedoniji, dveh ključnih tranzitnih državah na poti Zahodnega Balkana. Toda kriza je privedla tudi do večjega sodelovanja in spoznanja, da je treba najti skupno rešitev.

Da bi prispevala k rešitvi, ki bo koristna za vse vpletene strani, ta raziskava proučuje pripravljenost srbskih in makedonskih delodajalcev v malih in srednje velikih podjetjih (eng. abbr. SME), da zaposlijo kvalificirane begunce. Čeprav obstajajo dokazi, da so nemška SME pripravljena zaposliti kvalificirane begunce, ni podatkov o stališčih srbskih in makedonskih delodajalcev. Namen te teze je torej dvigniti ozaveščenost delodajalcev, javnosti in vlad držav o prevladujočem stališču srbskih in makedonskih delodajalcev do beguncev in s tem pomagati pri oblikovanju ustreznih odzivov na sedanjo begunsko krizo.

Skozi analizo ustrezne literature ta raziskava ocenjuje strategije za vključevanje kvalificiranih beguncev na trg dela EU, da bi raziskali, ali jih je mogoče izvajati v Srbiji in Severni Makedoniji. Strategije vključujejo zgodnje ocenjevanje spretnosti in poučevanje jezikov, priznavanje tujih akreditivov, vključno z delovnimi izkušnjami in neformalnim učenjem, oblikovanje individualiziranega integracijskega načrta in pomoč pri iskanju zaposlitve.

Ta teza nadalje analizira nedavne teorije o zaposlovanju beguncev in vplivih na upravljanje človeških virov (eng. abbr. HRM), pri čemer so našli dokaze, da lahko kvalificirani begunci postanejo vir konkurenčne prednosti za trg dela države gostiteljice in za podjetja, ki so jih pripravljena zaposliti in vlagati v njihov karierni kapital.

Zatem to raziskovanje navaja tri ključne kategorije ovir za zaposlitev beguncev, kar vključuje ovire, ki izhajajo iz institucionalnega in pravnega konteksta države, ovire, ki izhajata iz diskriminacije in percepcije delodajalcev o pripravljenosti beguncev, da se prilagodijo in jezične ovire. Glavne institucionalne in pravne prepreke vključujejo priznavanje tujih kvalifikacij, pomanjkanje javne zavesti in pomanjkanje vladine podpore. Ovire pri zaposlovanju, zasnovane na diskriminaciji, vključujejo percepcijo delodajalcev o pripravljenosti beguncev, da se naučijo lokalnega jezika, pridobijo ustrezne komunikacijske spretnosti, se prilagodijo lokalni delovni kulturi, imajo zadosten družbeni kapital kot tudi opažene reakcije strank njihovega podjetja.

Na podlagi teh ugotovitev ta študija analizira, kako so stališča srbskega in makedonskega delodajalca o zaposlovanju kvalificiranih beguncev odvisna od institucionalnega in

pravnega konteksta njihove države ter diskriminacije in lastnega dojetanja beguncev. Poleg tega, ker sta Srbija in Severna Makedonija predpristopni državi EU, se štelo je za primerno, da se preuči, ali so stališča delodajalcev odvisna od najboljših praks SME v EU.

V empiričnem delu te teze so ocenjena stališča 14 srbskih in makedonskih predstavnikov delodajalcev v SME z izvedbo kvalitativne raziskave z uporabo polstrukturiranih intervjujev. Podatki te študije so bili zbrani, analizirani, primerjani in obravnavani, rezultati tega empiričnega raziskovanja pa so bili preučeni v zvezi s sekundarnimi podatki.

Ta raziskava ugotavlja, da institucionalni in pravni kontekst države zmerno vpliva na pripravljenost delodajalcev, da zaposlijo kvalificirane begunce, ker predstavniki srbskih in makedonskih delodajalcev ne želijo priznati tujih kvalifikacij za begunce, so ambivalentni glede kampanj nevladnih organizacij (eng. abbr. NGO), toda zagotavljanje subvencija za zaposlovanje bi na njih imelo pozitiven vpliv. Poleg tega imajo predstavniki delodajalcev predsodke o beguncih in verjamejo, da nimajo delovne kulture, lokalnih jezikovnih spretnosti, komunikacijskih veščin in socialnega kapitala. Toda njihovo pripravljenost, da zaposlijo kvalificirane begunce, v veliki meri ovira njihovo prepričanje, da bo javnost imela negativen odnos, če bodo begunci zaposleni v sorazmerno velikem številu, in da beguncem primanjkuje motivacije za dolgoročno bivanje v Srbiji / Severni Makedoniji. Poleg tega najboljše prakse in stališča SME v EU nimajo močnega vpliva na srbske in makedonske delodajalce.

## **Appendix 2: Employer Representative Interviews**

### **I Company (SME) data (pre-acquired data)**

1. *Industry*
2. *Number of employees*

### **II Labor market and hiring**

3. How difficult is it to run a company in Serbia/North Macedonia?
4. Is it difficult to find suitable candidates on the labor market?
5. Is there a shortage of skilled workers?
6. How do you find suitable candidates?
7. In your opinion, what is the biggest barrier for skilled candidates to get a job? Could you name a few?
8. What are the main characteristics you look for in a candidate?
9. What is your view on hiring international candidates who have the required characteristics?

### **III Skilled refugees are refugees with at least a bachelor's degree or equivalent from their home country who are proficient in English language (Zikic, 2014).**

10. Would it make a difference if the international candidate was a skilled refugee?
11. What is your view on hiring skilled refugees who meet the required criteria and why?

### **IV Research question 1 – Institutional and legal context of a country (qualifications recognition, NGO, and government involvement)**

12. How would public awareness campaigns developed to inform you about the benefits of diversity for your work environment affect your attitude towards hiring refugees?
13. Would you be more willing to hire skilled refugees if their qualifications were recognized by the national system of your country?
14. Could you explain why?
15. How would government subsidies for hiring skilled refugees affect your attitude towards hiring refugees?

### **V Research question 2 – Discrimination and employers' perceptions of refugees' willingness to adjust**

16. Do you believe that skilled refugees are willing to adjust to the cultural environment at the work place?
17. How does your opinion on this affect your willingness to hire skilled refugees?

18. Do you believe that skilled refugees are willing to learn the local language and does this influence your decision on hiring them?
19. Do you think that refugees lack appropriate communication skills to perform proficiently and if not, do you think that they could acquire them?
20. Do you believe that your clients prefer working with the locals than with refugees with Muslim names?
21. How does your opinion on this affect your willingness to hire skilled refugees?
22. Do you consider that refugees lack the relevant social capital i.e. social networks and do you consider it a necessary characteristic in a job candidate?

### **VI Research question 3 – Best practices within EU**

**Please consider some of the examples of integration of refugees into the labor market in Germany. The example of Germany is taken as Germany is the main destination of skilled refugees in the EU (Beyer, 2016) and because Germany takes the leading role in finding a solution for the migration crisis (Alderman, 2015; Rayasam, 2016).**

- **According to the Ernst&Young survey results obtained in January 2016, 55 percent of German SMEs expected that refugees coming into Germany would contribute to alleviate the shortage of skilled workers. Approximately 85 percent said they were ready to hire refugees (Ernst&Young, 2016).**
- **Deutsche Post and the automaker Daimler called for a change of German labor laws to ease the employment of refugees (Alderman, 2015).**
- **Siemens started a pilot internship project by taking 10 migrants mostly from Syria as interns. Their goal is to take on a total of up to 100 interns and offer the new employees German lessons and accommodation facilities (Siemens, 2015).**
- **South Berlin employment agency organized a job fair in Berlin with 200 companies, from small family businesses to large corporations like Bayer, connecting with around 4,000 refugees from Syria, Iran, Afghanistan, and Eritrea (Petzinger, 2016).**
- **According to research conducted in April 2016 by a German news magazine Report Mainz, 200 migrants have found work at Germany's top 30 companies, including Adidas, BMW, and Deutsche Lufthansa (Beaty & Surana, 2016).**
- **Continental, a major auto parts and tire supplier, opened up already existing training programs to refugees (Danhong, 2015).**
- **Daimler is training refugees in four factories where they have taken on Syrians and Iraqis with work permits in their machining and tooling facilities (Danhong, 2015).**
- **A high-tech company Trumpf in collaboration with its hometown of Ditzingen agreed to offer German courses for refugees (Danhong, 2015).**

23. How does the fact that German SMEs are willing to hire skilled refugees affect your attitude towards hiring skilled refugees?
24. Do you think some of these practices could work in Serbia/North Macedonia?
25. Could you explain why?

## **VII Conclusion**

26. Could you order the barriers for hiring skilled refugees in terms of relevance (from 1 to 7)?
  - \_ Qualifications recognition
  - \_ Lack of government support (subsidies for employment)
  - \_ Refugees' invisibility in society and labor market
  - \_ Serbian/Macedonian language skills (assuming they are proficient in English language)
  - \_ Refugees' willingness to adapt to a local culture
  - \_ Refugees' lack of social capital
  - \_ Local society prejudice toward refugees
27. Could you explain why you chose the following order?
28. Do you believe that refugees are generally welcome in Serbia/North Macedonia?
29. How do you think that the integration of the skilled refugees would affect the labor market of your country?
30. Do you believe that successful integration of refugees is possible?

## **VIII Final thoughts**

31. Do you have any suggestions for removing the barriers to employment of skilled refugees?

### Appendix 3: Employer representatives' classification of refugee employment barriers

Table 3: Employer representatives' classification of refugee employment barriers (1 – the most important, 7 – the least important)

	R1*	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	Average	Standard deviation
Refugees' invisibility in society and labor market	1	4	3	1	6	1	2	4	1	1	1	1	1	1	2.0	1.6
Lack of government support (subsidies)	3	1	2	3	3	4	6	5	2	3	5	2	4	3	3.3	1.4
Refugees' willingness to adapt to a local culture	5	6	4	6	5	2	1	2	6	2	4	3	3	2	3.6	1.7
Serbian/Macedonian language skills	2	3	5	7	1	3	3	1	5	5	3	4	6	7	3.9	2.0
Local society prejudice toward refugees	6	2	1	4	4	6	5	6	7	6	2	5	2	4	4.3	1.9
Refugees' lack of social capital	4	7	6	2	7	5	4	3	3	4	7	6	5	5	4.9	1.6
Qualifications recognition	7	5	7	5	2	7	7	7	4	7	6	7	7	6	6.0	1.5

Source: Own work.

Note: \*R – respondent