Trends in labour immigration to the Netherlands

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Publication date
2011

Document Version
Final published version

Published in
Internationalisation monitor 2011

Internationalisation Monitor

2011

Explanation of symbols

.	data not available
*****	provisional figure
x	publication prohibited (confidential figure)
–	nil or less than half of unit concerned
–	(between two figures) inclusive
0 (0,0)	less than half of unit concerned
blank	not applicable
2010–2011	2010 to 2011 inclusief
2010/2011	average of 2010 up to and including 2011
2010/'11	crop year, financial year, school year etc. beginning in 2010 and ending in 2011
2008/'09	
-2010/'11	crop year, financial year, etc, 2008/'09 to 2010/'11 inclusive
	Due to rounding, some totals may not correspond wit the sum of the separate figures.

Colofon

Publisher
Statistics Netherlands
Henri Faasdreef 312
2492 JP Den Haag

Prepress
Statistics Netherlands
Grafimedia

Cover
Teldesign, Rotterdam

Price € 50,90 (excluding postage)
ISBN: 978-90-357-1623-0

Print run: 1200

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60192 201101 M-21

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Trends in labour immigration to the Netherlands

The process of internationalisation is not only reflected in increased international trade and investment flows, but also in the increased movement of people across borders, often to take on jobs abroad (labour migration). Between 2000 and 2008, labour immigration to the Netherlands displayed a v-shaped trend, decreasing to a low of 32 thousand in 2004, and rising to 59 thousand in 2008. This trend mirrors the development of Dutch unemployment rates in this period. Many labour immigrants are Dutch nationals, and most likely returning emigrants. Poles accounted for the second largest group of labour immigrants in 2008. Almost 20 percent of labour immigrants of non-Dutch nationality work for a foreign-owned enterprise. In particular, Japanese (54 percent), Chinese (26 percent) and American (21 percent) labour immigrants tend to work at enterprises from their respective countries of origin.

4.1 Introduction: labour migration in context

The process of internationalisation is not only reflected in increased international trade and investment flows, but also in increased movement of people across borders, often to take on jobs abroad (labour migration). The free flow of people has been in place in the European Union since 1992. Cross-border labour migration is expected to increase in the coming decades, as an aging population leads to an absolute decrease in the working population (15–64 years) by one million in the Netherlands (CBS, Bevolkingstrends 2011). Labour migration may help to alleviate labour shortages.

Labour immigration may result from a person's own initiative or is instigated when a company attracts foreign employees. In both cases, it has an effect on the national labour market and provides enterprises with a growing pool of potential employees. The goal of this article is to examine trends in labour immigration to the Netherlands, and the characteristics of labour immigrants.

Section 4.2 describes the Dutch labour immigration in relation to the main labour market developments. Subsequently, a breakdown of labour immigration by nationality can be found in section 4.3. Sections 4.4 and 4.5 detail labour migration inflow by economic sector and the demographic characteristics of labour migrants. A regional breakdown, by province, of labour immigration is given in section 4.6. Section 4.7 examines the characteristics – in particular foreign ownership – of enterprises for which labour migrants work and analyses the link between the nationality of the migrant and an enterprise's country of origin. Section 4.8 summarises the main findings .

labour immigration: definitions and methodology

The distinction between an immigrant and a visitor is defined according to the actual or intended duration of stay in the Netherlands, or by registering as a resident.
Labour immigration involves all immigrants who intend to stay in the Netherlands for more than 4 months, who register with the population register (GBA) and are employed within 12 months. Methodologically, defining a person as a labour migrant requires linking the population register (which includes information on migration status) with the Social Statistics Database, which includes the link between employees and their employers, to determine employment status. Self-employed migrants are excluded from the data.

4.2 Immigration developments and the labour market

The immigration trend to the Netherlands between 2000 and 2008 was v-shaped. Between 2000 and 2004 the number of immigrants decreased by 15 thousand from 47 thousand in 2000 to 32 thousand in 2004. In the subsequent four years the number of immigrants increased sharply to 59 thousand in 2008. Almost half were Dutch nationals returning to the Netherlands, and included people from the Netherlands Antilles and Aruba. The nationality of the immigrants also changed. Where in 2000 more labour migrants from non-EU countries moved to the Netherlands than migrants from EU countries, this later changed to a majority of EU migrants. The reason for this can be found in the enlargement of the EU which resulted in more migrants from new EU countries moving to the Netherlands.

4.2.1 Dutch labour immigration by nationality, 2000–2008

	Labour immigration by nationality of the employee			
	Netherlands	EU 26	Non-EU	Total
	x 1 000			
2000	18	14	15	47
2002	14	13	15	42
2004	12	11	9	32
2006	17	16	11	44
2008	27	17	15	59

Source: CBS, Demographic statistics.

Table 4.2.2 displays the immigration flows in relation to Dutch labour market developments over the same period. The trend for labour market developments is similar to that for immigration. Unemployment increased strongly between 2000 and 2004 and immigration declined. In the next four years immigration increased while unemployment fell and the employed labour force increased in size. This indicates that enterprises in the Netherlands meet their labour requirements to some extent with people from abroad.

4.2.2 Dutch labour force and labour immigration, 2000-2008

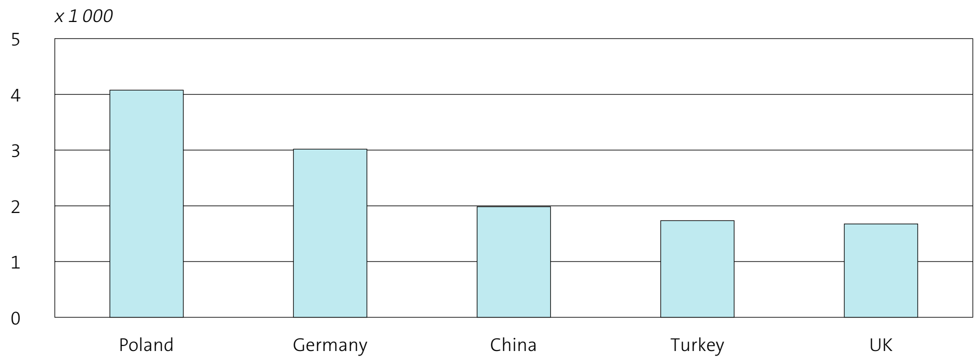
	Labour force		Vacancies	Employment growth	Labour immigration
	Employed	Unemployed			
	x 1 000				
2000	6 917	270	203	330	47
2002	7 010	302	150	93	42
2004	6 941	476	118	–69	32
2006	7 097	410	206	156	44
2008	7 501	300	240	404	59

Source: CBS, Labour Accounts.

4.3 Dutch labour immigration: a breakdown by nationality

Not only the number of immigrants changed over time, but also their country of origin. Where in the 2000 – 2006 period most labour immigrants were from neighbouring countries such as Germany, the UK and Belgium, Poland took the lead in 2008 with a share of 7 percent. As of 2007, changed legislation made it easier for Polish people to work abroad in the EU. The actual number of Polish workers is probably much higher, but most come for seasonal work and return home within a couple of months. As such they are not registered in the population register, and are not classified as labour migrants according to the definition. Moreover, the Polish labour immigrants who do stay, are not expected to stay here permanently. It is believed that almost 60 percent will return to their home country within the next ten years. The reason for this high percentage is because the economic situation in Eastern Europe is developing positively, and because of the free flow of employees within the EU, which means that labour migrants do not lose their right to migrate again when they re-migrate (Nicolaas, 2011).

4.3.1 Dutch labour immigration 2008: top 5 countries of origin



Source: CBS, Demographic statistics.

4.4 Immigrant distribution by sector

In addition to tracing the labour migration flows to the Dutch economy, we now look at the sectors and compare the figures with the overall Dutch labour force in 2008. It seems to be difficult for labour immigrants to find a steady job. More than a quarter of labour immigrants work in the *temporary employment agencies* sector, which is the largest sector and well above the Dutch labour force share of 7 percent of jobs in this sector. The second largest economic activity is *other business activities* and third is *trade and repair*. These figures are almost the same as in previous years.

In 2008, around 16 percent of the Dutch labour force was employed in *healthcare, social work and other services*. The share of labour immigrants in this sector is relatively low, which might be linked to language barriers or cultural differences. What is remarkable is the relatively high share of non-EU labour immigrants working in the *hotels and restaurants* sector compared with other labour immigrants, and with the Dutch labour market in general.

More than a quarter of the labour immigrants work at 'temporary employment agencies' sector

4.4.1 Dutch labour immigration in 2008 by economic activity and nationality

	Nationality				Dutch labour market 2008 breakdown by sector
	Netherlands	EU 26	Non-EU	Total	
	%				
Economic activity					
Agriculture, forestry, and fishing	1	3	2	2	2
Manufacturing	7	7	4	6	11
Construction	3	2	1	3	5
Trade and repair	12	11	9	11	16
Hotels and restaurants	6	7	12	8	4
Transport, storage and communications	6	4	2	4	6
Financial intermediation	3	2	3	3	4
Temporary employment agency	26	27	26	26	7
Cleaning service	3	3	7	4	2
Other business activities	14	18	20	17	10
Public administration	4	0	1	2	6
Education	3	6	5	4	7
Healthcare, social work and other services	7	3	2	5	16
Environment, culture and other services	4	3	3	3	4
Unknown	2	3	3	2	
Total 2000–2006	100	100	100	100	100

Source: CBS, Demographic statistics and Labour Accounts.

4.5 Labour immigrants: characteristics

Looking at the characteristics of labour immigrants – in particular at variables such as age and gender – compared with the overall Dutch labour force, we observe that immigrant employees tend to be relatively much younger than the overall Dutch labour force. For instance, half immigrant employees are under 30 years of age, compared with 26 percent of the overall Dutch labour force. The share of male immigrants is 22 percentage points higher than female immigrants, while this difference is only 10 percent for the Dutch labour force. The greatest difference between immigrant gender is to be found among non-EU migrants where two thirds are male.

4.5.1 Dutch international labour migration by age and gender 2008

	Labour immigration by nationality				Dutch labour market 2008 breakdown by sector
	Netherlands	EU 26	Non-EU	Total	
	%				
Under 20	5	3	2	4	7
20–30	40	51	51	46	19
30–40	28	29	33	30	24
40–50	18	12	11	14	26
50 and over	9	5	3	6	24
Male	63	54	67	61	55
Female	37	46	33	39	45
Total	100	100	100	100	100
Average age (in years)	33	31	31	32	

Source: CBS, Demographic statistics and labour statistics.

Table 4.5.2 gives a breakdown of labour contracts among immigrant employees compared with the overall Dutch labour force. Twenty percent of immigrant employees had a flexible contract as opposed to only 11 percent for the overall labour market. This is in line with the large number of immigrants who work through temporary employment agencies.

Part-time work is much less common among labour immigrants (30 percent compared with 40 percent for Dutch employees in general) although this is somewhat higher for labour immigrants of Dutch nationality.

4.5.2 Dutch international labour migration by labour contract, 2008

	Labour immigration by nationality				Dutch labour market 2008 Employee contracts
	Netherlands	EU 26	Non-EU	Total	
	%				
Full-time job	48	52	52	50	49
Part-time job	33	27	28	30	40
Flexible duration / hours [1]	19	21	20	20	11
Total	100	100	100	100	100

Source: CBS, Demographic Statistics, Labour Accounts.

[1] Mainly employees working through temporary employment agencies.

How labour markets adjust to fluctuations in the business cycle is reflected in the different kinds of labour contracts, and act as potential shock absorbers in monetary union. Labour market adjustment comprises wage flexibility and labour mobility. There are, in turn, several dimensions to labour mobility: geographic (or spatial) and non-spatial, proxied by job turnover, tenure and occupational mobility, which do not necessarily imply changing location. The flows into and out of the *other business activities* and *temporary employment agency* sectors are dynamic because they can be combined with all the other sectors in the Dutch economy, providing, in the process, flexibility, knowledge diffusion, and international orientation.

In addition to information on the type of labour contracts entered into by immigrant employees, Table 4.5.3 presents more details about their daily wage. There are differences in average daily wage among immigrant employees broken down by nationality in line with type of contract, sector, age, gender, or occupation, or all together. As a group, Japanese and American immigrants earn the highest average daily wage, and Japanese immigrants as a group earn by far the highest median daily wage. In particular, immigrant employees from the US and Japan tend to have full-time contracts. This and having the kind of occupation that generally requires high standards of education and skill, together with age, might explain this high average daily wage. Indian immigrants as a group also earn a relatively high average daily wage. This could be explained by their level of skills which are in demand. By comparison, Chinese immigrants earn on average half this amount, i.e. 81 euros per day. It seems that labour immigration from BRIC countries mainly involves highly skilled and high paid Indian workers, and less skilled and lower paid Chinese immigrants.

The lowest average daily wage is earned by labour immigrants from Morocco and the former Dutch colonies Surinam and Indonesia.

4.5.3 Dutch international labour migration by nationality and average daily wage, 2008

Nationality	Labour immigration by nationality of the worker		
	average daily wage	median	employees
	x 1 euro		
Japan	425	428	274
USA	334	184	740
Australia	268	139	204
UK	226	148	1,675
France	179	129	1,067
India	178	147	891
Ireland	176	133	190
Belgium	152	103	673
Spain	150	111	678
Italy	132	110	1,007
Netherlands	128	100	26,773
Germany	118	97	3,017
Portugal	100	90	947
Turkey	97	88	1,734
Greece	89	82	475
Poland	85	81	4,076
China	81	84	1,984
Indonesia	72	48	311
Morocco	64	60	814
Surinam	63	61	622
Other nationalities	.	.	10,373
Total	129	96	58,525
Dutch labour market	114		7,969,000
of which full-time contracts	152		3,928,000

Source: CBS, Demographic Statistics and Labour Statistics.

4.6 Migrant employees: origin and destination

Table 4.6.1 shows the regional destination of labour migrants. The Randstad provinces of North and South Holland and Utrecht, the economic heart of the Netherlands, seem to be the most attractive, with almost two thirds having settled there. This figure is much higher than the 47 percent of Dutch employees found there. The four large cities in particular are the destination for non-Dutch immigrant employees with over 30 percent settling in these areas in 2008. This share is over 70 percent for immigrant employees from the US and the UK, while 85 percent of Japanese immigrant employees live in or close to Amsterdam.

4.6.1 Dutch labour immigration by regional destination over 2008

	Nationality				Dutch regional labour market Breakdown
	Netherlands	EU 26	Non-EU	Total	
	%				
Province					
Groningen	2	2	1	2	3
Friesland	1	1	1	1	3
Drenthe	1	1	0	1	2
Overijssel	3	3	3	3	7
Flevoland	4	4	3	4	2
Gelderland	7	6	5	6	12
Utrecht	8	7	8	8	8
Noord-Holland	30	31	36	32	18
Zuid-Holland	25	24	26	25	21
Zeeland	1	1	1	1	2
Noord-Brabant	11	13	10	11	15
Limburg	4	5	3	4	6
Total 2008	100	100	100	100	100
Of which					
Amsterdam, Rotterdam, The Hague and Utrecht city	30	30	35	31	

Source: CBS, Demographic statistics and Regional Accounts.

4.7 Migrant employees and enterprises

The Netherlands hosts many migrants from both EU countries and non-EU countries. Migration flows are nothing new, e.g. decolonisation and ‘guest workers’ in previous centuries, but today the driving force behind international migrations flows is changing. As stated in the introduction, the EU intends to become the most competitive and dynamic knowledge-based economy in the world and consequently member countries are looking for ‘brains rather than brawn’. There may be personal reasons for labour migration, but it can also be driven by enterprise decisions when parent companies abroad transfer employees to their Dutch subsidiary. Table 4.7.1 shows the extent to which labour immigrants work at foreign controlled firms rather than at Dutch owned firms after settling in the Netherlands. Non-Dutch employees tend to work at foreign owned enterprises more than Dutch employees. Almost 20 percent of European and non-European labour immigrants work for a foreign owned enterprise compared with 14 percent of immigrant Dutch nationals. In general, 11 percent of employees in the Dutch labour market were employed in a foreign controlled firm in 2008. In most cases, these were in firms with over 250 employees.

However, the majority of labour immigrants, and the Dutch labour force as a whole, are employed by a Dutch owned firm. Particularly immigrants of Dutch nationality work at rather large Dutch firms.

4.7.1 Dutch labour migration in 2008, by country of origin and size of enterprise

	Nationality				Dutch labour labour market Breakdown
	Netherlands	EU 26	Non-EU	Total	
	%				
Ownership and firm size					
Dutch-controlled firms	86	81	80	83	89
Small (<50 employees)	34	38	41	37	41
Medium (50-249 employees)	13	15	11	13	13
Large (>249 employees)	37	27	26	32	35
unknown size	1	1	2	1	.
Foreign-controlled firms	14	19	20	17	11
Small (<50 employees)	1	3	2	2	1
Medium (50-249 employees)	3	5	8	5	2
Large (>249 employees)	10	11	10	10	7
unknown size	0	0	0	0	.
Total 2008	100	100	100	100	100

Source: Statistics Netherlands, Demographic statistics and Labour Accounts.

54% of the Japanese immigrants start to work for a company of their mother country origin

Table 4.7.2 shows that over 21 percent of American, 26 percent of Chinese, and even 54 percent of Japanese immigrants work for a company from their country origin. This indicates perhaps that immigrants from those countries try to avoid cultural or language barriers, or they are expatriates. As an expatriate wage is usually higher than average, Table 4.5.3 indicates that Chinese immigrants are not expats but try to avoid cultural or language barriers.

4.7.2 Absorbtion of Dutch labour immigration by country of origin of enterprise[1], and nationality of migrant

	Total migrants		By nationality of migrant							
			Dutch	American	German	British	French	Chinese	Japanese	Other nationalities
	n	*%*								
Country of origin of enterprise ultimate controlling institute										
Netherlands	47,842	82	**85**	65	82	67	68	67	39	86
USA	2,832	5	4	**21**	6	12	12	1	3	5
Germany	1,214	2	2	3	**4**	3	1	0	1	2
UK	936	2	2	2	2	**5**	4	0	1	1
France	833	1	2	0	1	1	**6**	0	0	1
China	546	1	0	0	0	0	0	**26**	0	0
Japan	412	1	0	1	1	1	1	0	**54**	0
Other countries	3,004	5	5	4	4	6	5	2	1	6
Unknown	906	2	1	2	1	4	2	3	1	2
Total	58,525	100	100	100	100	100	100	100	100	100

[1] Country of origin of enterprise is defined as the country of the Ultimate Controlling Institute (UCI).

4.8 Main findings and conclusions

The aim of this chapter was to provide more information about labour immigration in the Netherlands and relate it to the size and structure of the labour force. In addition to information on the flows of employee migrants, more information is given about the characteristics of migrants: including age, gender, type of labour contract, wage and region, and the characteristics of the enterprises that hire labour migrants, including industry, size and extent of foreign ownership.

A likely result of the enlarged EU is that the number of labour migrants from EU countries has increased rapidly in recent years. For example, the number of migrants from Poland is increasing rapidly. This supply of labour meets the demand for low and intermediate educated personnel in health, horticulture, construction and several manufacturing branches (Corvers, Mysken, Neubourg and Schliwen, 2009).

Over the last decade, the inflow of labour migration mirrored developments on the Dutch labour market. Labour migration also appears to contribute to the dynamics and flexibility of the Dutch labour market in other ways. Firstly, 26 percent of immigrant employees find work through a temporary employment agency, and work in a variety of sectors in the Dutch economy. Secondly, labour immigrants are younger than the average Dutch employee. Thirdly, the share of flexible labour contracts is relatively high among labour migrants.

Many immigrant employees are relatively low-paid: on average, labour migrants earn wages that are below the Dutch average. However, important exceptions are employees from developed countries such as the US, Japan or the UK who earn relatively high average wages. Labour migrants from India also earn high salaries. Immigrant employees are mainly concentrated in the four large cities where 31 percent of all labour migrants live.

Many labour immigrants work for a company from their home country. This applies to more than half the Japanese immigrants and a quarter of Chinese immigrants indicating that cultural or language barriers may play a role.

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