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A review of Migration and Irregular Work in Austria: A Case Study of the Structure and Dynamics of Irregular Foreign Employment in Europe at the Beginning of the 21st Century by Michael Jandl, Christina Hollomey, Sandra Gendera, Anna Stepien and Veronika Bilger.

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Abstract:

The research report presents results from a qualitative study on irregular employment of migrants in Austria. It argues that, in addition to the work already done on the supply of irregular migrant workers, there is a need for more research on the demand side of this phenomenon.

This research report by a group of Austrian researchers associated with the International Centre for Migration Policy Development is one of the very first publications specifically looking at irregular employment among migrants in Austria. The book aims to provide “a better theoretical understanding of the phenomenon of irregular migrant work in Austria through, mainly, qualitative research.”

Published in 2009 by Amsterdam University Press as the IMISCOE Report (Network on Excellence in International Migration, Integration and Social Cohesion), the study came out of a larger European Collaborative Research Project on Migration and Irregular Work in Europe (MIGIWE) implemented between 2005 and 2008. The book is directed at an expert audience, but is also accessible to readers less familiar with the topic.

The opening chapter, dealing with the topic’s theoretical background, begins with a useful and detailed introduction to the book’s main issues, as well as a clarification of key definitions. It goes on to discuss methodology, research questions and hypotheses, and important theory

relating to irregular migration and the labour market. The study defines its principal subject, irregular migrant work, as “all paid work of foreigners (non-citizens), that conflicts with one or more of the following laws and regulations: foreign employment law (including residence law), social insurance laws, tax laws, labour legislation and trade regulations” (p. 12). Based on a preliminary literature review, the authors identify the key hypotheses “to guide our theoretical interest and to be tested against empirical evidence” (p. 18). The succinct but comprehensive review of theories on migration and the labour market (p. 19 – 44) provides a good introduction into the topic and a useful basis for its research.

The second part of the book opens with the detailed description of a multi-round Delphi study carried out among policy experts between 2005 and 2006. It offers an innovative and interesting application of the Delphi method, a qualitative research method that seeks to foster convergence and consensus. The experts identified various distinct forms of irregular migrant work: working without work or residence permits; nonreporting or underreporting of work to social insurance and tax institutions; bogus self-employment or violations of self-employment trade regulations (registering to practise one trade and practising another, possibly restricted, one); the use of pseudo-companies, set up with the specific intention of committing tax and social security fraud (p. 73). Some forms of irregular migrant work seem to be characteristic of particular sectors: for example, in the care sector, where the experts claim that membership associations, ostensibly set up to provide a simple referral mechanism for ‘neighbourhood help’, have, in reality, been specifically engineered to circumvent employment regulations.

The section proceeds to outline the experts’ assessment of the impact of irregular migrant work, noting the negative effect on public finance due to tax and social insurance fraud, as well as the positive effects for rogue employers due to higher untaxed profits, and the concomitant distortion of trade conditions for those who employ workers through official channels. This section then considers the reasons and motives that lead employers to taking on migrants irregularly. The experts note the principal motive as the savings that can be made on indirect wage costs such as social contributions and taxes. The chapter then surveys recruitment mechanisms and the social characteristics of irregularly working migrants, before looking at quantitative developments over time.

Perhaps the most interesting results of the Delphi study are the expert assessments of the legal and political measures taken against irregular migrant work, as well as their prognoses on future developments. Informed by the experts’ comments and suggestions in the first round of the study, the authors enumerate a list of 24 measures “that go beyond simple short-term control measures” and ask the experts to assess these on their ‘desirability’ and ‘feasibility’ (p. 95 – 101). When asked about future developments (p. 101 – 107), a majority of experts

predicted a growth in irregular migrant work. Overall, the Delphi method produces some interesting insights, while the diversity of expert opinion highlights the fact that evidence-based knowledge about the phenomenon of irregular migrant work remains very partial, even in these circles.

The book's introduction states that the third part of the study will “collect qualitative empirical data and (...) obtain an inside perspective on migration and irregular work” (p. 17) in Austria. However, as the chapter's opening pages (p. 111 – 117) make clear, the actual focus of the research was narrowed down to the impact of EU enlargement on irregular foreign employment in Austria. To this end, the team has conducted problem-centred interviews with 50 migrants primarily from new EU Member States. Not surprisingly it was difficult to gain access to potential interviewees, which also accounts for a certain bias in the report's sample (for example, in favour of Polish nationals, who comprised almost 50 per cent of the sample, and younger migrants and students).

The focus on migrants from new EU Member States and the low number of interviewees reflect a major shortcoming of this section. As Ruhs and Anderson (2008) have argued, there is a difference between non-compliance with employment and labour regulations and noncompliance with regulations on residence.¹ The irregular employment of migrants from non-EU Member States and from more distant countries is different from that of citizens of new EU Member States.

In the concluding section, the authors readdress the hypotheses with which they began in light of the results of the research work. The conclusion neatly summarizes these results, but, perhaps unsurprisingly, the discussion stops short of testing the hypotheses, as promised in the introduction. In order to do this, the authors would require a substantially larger quantity of primary data, especially on irregularly working migrants. They would also need a broader

¹ According to Ruhs and Anderson (2008) “semi-compliance – which we define as the employment of migrants who are legally resident but working in violation of the employment restrictions attached to their immigration status – is a distinct and contested space of (il)legality that serves important functions. It allows employers and migrants to maximize economic benefits from employment while minimizing the threat of state sanctions for violations of immigration law. Semi-compliance exists, and is likely to persist, because it constitutes an equilibrium which, we show, serves the interests of migrants and employers and in practice is difficult for the state to control. We expect these findings for the UK to be of relevance to many other high income countries that, like the UK, consider migrants both as an important source of flexible labour and yet as subjects of immigration control whose employment needs to be closely controlled.”

sample, including migrants from various backgrounds, of different legal statuses and working situations.

This is by no means an easy endeavor, as the population of irregularly working migrants is, in many ways, hidden. However, it seems that research teams in other countries (Czech Republic, UK) have been more successful in contacting potential interviewees. They have done so in a variety of ways: through trusted ‘gate-keepers’ from ethnic communities; through contact with migrants awaiting deportation in detention centers; through trade unions familiar with cases and practices in certain sectors; through religious and cultural centres, and migrant rights NGOs. Despite attempting some of these methods, the authors faced greater distrust from ‘gate-keepers’ who were reluctant to provide contacts.

In their conclusions, the authors echo the opinion of experts that the “single most important reason for [the] demand [for irregular migrant work] is the high level of taxes and social security contributions associated with regular employment and, thus, the cost savings associated with irregular migrant work (p, 214). While they “recognise that to a certain extent non-wage costs are a necessary contribution to the maintenance of the social system in our market economy” (p. 226), it is unclear whether they are suggesting that the state should consider lowering the level of taxes and social security contributions associated with regular employment in order to address irregular employment. We must ask the question: Would a decrease in the ‘tax-wedge’ translate into a corresponding decrease in irregular employment? That seems unlikely: as ongoing discussions about lowering corporate tax rates show (these used to be 50 per cent a couple of years ago and are 10 per cent now), there will always be arguments that corporate taxes are too high (unless they reach zero). Similarly, employers will always argue that labour costs are too high. It would have been interesting to have the authors' opinion of the principal alternative to lowering indirect wage costs: that is, leveling the playing field upwards through improved employment and labour legislation enforcement. This scenario would, in turn, enable the state to keep the social system intact.

The authors caution against “extreme policy measures” (p. 228), but fail to specify which measures are to be considered extreme: Would the opening of the Austrian labour market to workers from new EU Member States, or the increase of controls on workplaces and tax fraud be considered ‘extreme’? The report calls for a “comprehensive approach towards irregular migrant work as an integral part of the informal economy” (p. 229) and departure from “isolated and one-sided” policies focused on repression and control. At the same time, the contours of this ‘comprehensive approach’, which should address the underlying structural reasons for irregular migrant work, remain uncertain.

Overall, Migration and Irregular Work in Austria is a welcome addition to the range of available case studies on irregular migrant work, its importance heightened by the fact that it is one of few reports dealing specifically with the Austrian case.²

Bibliography:

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² The second report on irregular employment of migrants is FORBA (2007). Austria Country Report. Deliverable of the project ‘Undocumented Worker Transitions’. Available at http://www.undocumentedmigrants.eu/londonmet/library/x81059_3.pdf, accessed on 24 January 2010.