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Impacts of Immigration on the Economy

Case: Afghan immigrants in Finland

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| <p>Abstract This study assesses and evaluates the effects of Afghan immigrants on the Finland's economy.</p> <p>It is plausible that immigration may become highly significant for Finland's economy by resulting in stronger economic growth. Additionally, it is expected that Finland's economic characteristics are likely to change as its population ages, and immigration, therefore, can prove to be the solution to fill the vacuum instigated by this segment when they gradually head into retirement.</p> <p>Intrinsically, immigrants' economic performance and the outcome is one of the most significant determinants of the impact they will have on the economy of the receiving country. In Finland, concerns over immigration explosion are attributed to the mounting sense of social and economic crisis that has wreaked havoc on the political status quo. The hot debate on the economic impact of immigration has been polarized, and hence, there is a divergence in opinions. The naysayers or opponents cast doubt on the positive economic impact of immigration on the host society, especially when a large number of immigrants are less educated to be qualified for jobs. Contrarily, the proponents of immigration argue that smaller and geographically isolated nation like Finland may, in fact, benefit from immigration, and this can be particularly true when Finland population is projected to age fast and hastily in the forthcoming decades as compared to other Nordic countries, the OECD and the European Union.</p> <p>For the purposes of this study, the data was acquired from both secondary sources, such as literature reviews and primary sources like observation and semi-structure interviews. The research choice for this study was qualitative investigating to assess the economic impact of the Afghan immigrants on Finland and their contribution to the demographic changes. Moreover, there were some spaces for quantitative statements determining the number of Afghan immigrants who primarily rely on welfare services for meeting their basic needs.</p> <p>To conclude, the outcome of this study revealed that Afghan immigrants would have a positive impact on demographic changes in Finland, essentially in the long term. However, their economic impact tends to be negative due to their dependency ratio on the public purse. In other words, Afghan immigrants consume more in social and welfare services than their fiscal contribution. Hence, the positive economic impact can be achieved only under the condition of employment, which needs an effective assimilation strategy. This study proposes recommendations to improve assimilation of Afghan immigrants into the job market for relaxing the burden on the public finance. With effective management, immigrants can play a significant role in the economic growth, while addressing the demographic challenges.</p> | |
| <p>Key words Immigration, demographic changes, economic growth, assimilation, integration, employment subsidies</p> | |

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1. Introduction

This study aims to evaluate the effects of Afghan immigrants on the Finland's economy and ascertain whether immigration is an economic opportunity or threat for the host country. Furthermore, a review will be conducted to determine if immigrants can be a substitute for the ageing population for resolving fiscal imbalances caused by this segment.

For the purposes of this study, immigrants refer to the people who have already sought asylum and have been legally living in Finland, in addition to those who are still awaiting the decision on their asylum applications from the immigration authorities.

The problem is winter in Finland is usually longer, and the weather is not forgiving. In fact, it is one of the most ethnically, culturally and linguistically homogeneous countries of the Europe. Despite a profound crust of snow that usually lasts five to seven months, the crispy winter in Finland summons tourists, who visit to admire the striking frozen trees and landscape. However, the number of immigrants that have fled the unrest and seek asylum are much less as compared to the number of immigrants entering its counterparts like Germany and Sweden. For most Afghan immigrants, Finland is not the first choice, and this also tends to be true for immigrants from other countries like Iraq, Somalia and Syria, amongst others.

Additionally, Finland is rapidly approaching a dire challenge. The future looks grim for ageing nations, and this is particularly a pressing reality in the case of Finland. Once the baby boomers' generation retires, Finland will encounter a substantial labour shortage, and its own younger age bracket will not be competent to fill this gap. Hence, it is absolutely vital to recruit people from abroad in the coming years.

As regards to the elderly, Finland's population has topped the age profile in the Nordic countries. It is projected that in the forthcoming decades, the ratio of elderly in comparison to working population will increase twofold. These demographic variations may have several implications on the public purse, including but not limited to, social expenditure, spending on welfare services, pensions, health care, and economic growth, in particular. Therefore, an effective immigration policy and assimilation to the job market can help contribute to the economic growth (Maisonneuve, Andre, and Garcia et al., 2014, 7). Therefore, if ef-

fectively managed, immigration can be an economic blessing and not a burden, for the host countries.

Recently, many parts of Europe have been confronted with a climate of xenophobia, and Finland is not an exception, as it is also struggling to cope with the crisis and respond to the challenges of immigration.

In fact, the hot debate on immigration has been polarized between supporters and naysayers of immigrants. The former claim that immigration positively affects fiscal and public finances, while the latter argue that immigration has no worthwhile or substantial impact on the economy. Gurria (2016) states that in Finland the critics of immigration tend to focus solely on the upfront costs while discounting the economic dividend that will be generated by the aggregate demand in the host country.

Also, immigration rates are believed to be higher in OECD countries than other states throughout the world. This is because they have witnessed a massive flow of immigrants in the past two decades. Hence, the debate on such a large influx has been anchored around the economic impact of immigrants on the receiving societies.

Essentially, certain people are sarcastic about the positive economic impact of immigration on the host country. The oppositions evolve around the prevalent portrayal that massive flow of uneducated individuals from poor countries are largely driven by the generous welfare system. It is because of this observation that this fear is often manifested in rigorous immigration restrictions, particularly as regards to immigrants with limited educational credentials. This interpretation also asserts that immigrants reduce wages and crowd out job opportunities that may lead to job loss for the less educated native population (Docquier, Ozden & Peri 2013, 1106). Therefore, in order to coordinate EU migration policies and inform reforms, policies must emphasize on assessing the immigrants' skill levels and offer support to transfer these skills (Beenstock, Ramos & Surinach 2015, 434).

However, it has also been argued that immigrants tend to boost employment, especially when immigrants in OECD countries are more educated than the natives. Hence, foreign educated labour force may generate more opportunities and contribute to the economy in the host society (Docquier et al., 2013, 1142).

1.1 Needs and Objectives

The initial research problem of this thesis was, hence, inspired by the researcher's observation about the dependency ratio of Afghan immigrants on welfare services.

In Finland, immigrants have weaker labor force participation rates than their native counterparts. This is particularly applicable to the majority of Afghan immigrants, who are largely dependent on welfare and social benefits, as their primary source of income.

While some observers view immigration flow as a humanitarian crisis that can generate economic opportunities for host countries, others perceive it as a challenge and a threat. On the face of the perceived immigration challenges for the receiving societies, a lot of economists are inclined to see a massive influx of refugees as an opportunity, and not as an obligation or a threat.

Factually, immigrants will expand consumer demand for goods and services in addition to increasing labor supply, and these can be a contributing factor for the economic growth. Yet this can only be plausible under the condition of employment. Finland needs to create jobs for immigrants so that they pay more taxes as compared to the amount they receive in social benefits. This is because, currently, Afghan immigrants tend to represent an annual net cost to the Finland economy.

On living in Finland for several years, the researcher observed that the majority of Afghan immigrants, if not all, are essentially reliant on welfare services. The solutions and alternatives recommended by the Labor Office and other relevant authorities are imperative, but not adequate to address the challenges of immigrants and their assimilation journey to the job market. Therefore, this status quo needs to be challenged, or it will pinch the public purse for supporting immigrants in the long run.

However, as an Afghan immigrant, living for over seven years in Finland, the researcher's attempts to secure a job have proved unsuccessful. Although, the researcher holds two master degree from Finland and abroad, and perceived that these degrees would be the key to entering the job market, yet they have not been of any significant help, at least so far. There-

fore, this study attempts to investigate the impediments as regards to immigrants towards their labor market assimilation and subsequently offer solutions for facilitating them to withdraw from welfare dependency.

On effective management, immigration, particularly the immigrants' labor market assimilation and their net fiscal contribution would be substantial as compared to the welfare and other services they consume. Under the condition of employment, the immigrants would not only repay the hospitality and support they received from the host country but would also successfully integrate into their new home.

1.2 Research Problem and Questions

The primary challenge encountered by the immigrants is that they do not have equal access to the opportunities in the job market as Finnish citizens. The high unemployment rate among the immigrants in Finland prompted social tensions and has put an additional burden on public expenses.

The debate concerning immigration impact on the economy has been polarized between those who argue that immigration represents a net cost to the receiving society and those who advocate that it can generate profound positive impact on the economy.

It is widely assumed that the economic impact of immigrants largely depends on the skill composition of the immigrants' cohort and the characteristics of the labor market in the receiving countries along with the immigration policies. Therefore, it is uncertain what effect Afghan immigrants can have on the economy of Finland, and how the country can benefit from the cohort of the immigrants, as a way forward to economic growth and alleviating demographic challenges.

It is perceived that immigration is good for the economy, especially for demographic changes. Given the fact that Finland's population has outstripped age profiles as regards to the elderly in the Nordic countries, the growing rate of older citizens in the country will pinch the public purse.

Therefore, following is the research question for this study:

Is immigration good for Finland's economy? A perspective of Afghan immigrants.

Given the condition of the labor market in Finland, and the skills and experience required to get a job, the majority of Afghan immigrants rely on public purse and welfare services. In fact, there are several impediments on the part of the subjects, when it comes to employment and labor market.

1.3 Brief History of Afghanistan and Immigrants

The national identity of Afghan has been formed and defined by the resistance against foreign invasions, which predominantly transformed into a religious factor. This is because most of the major incursions in the history of Afghanistan were by non-Muslim powers like the Great Britain, the former Soviet Union and presently the Coalition forces under the lead command of the United States of America. Moreover, the velocity of war between 1992-2001, both in scale and scope of havoc and carnages, resulted in substantial migration.

The former Soviet occupation of Afghanistan, which lasted from 1979–89, drove massive migration to Pakistan and Iran, among others. Subsequent to the withdrawal of the Soviet Union in 1989, Afghan repatriation from Pakistan and Iran was deferred by the outset of the Afghanistan war in 1992, which is endured for over three decades and still in effect to this very day.

Furthermore, throughout its existence, Afghanistan has been essentially dependent on foreign financial aids. Also, the three decades of war, invasion, and civil conflict have further increased the country's vulnerability to rely on foreign grants. This is even more evident now as foreign aids are tremendously important and critical for Afghanistan. The country's experience and history indicates that immediate and abrupt cutoffs in aid may highly destabilize the country, not just from fiscal but also from the security and political perspective. This is predominantly the case with financial aid that funds the country's security forces, which may become futile or even turn against the government if they are not paid after the termination of funding.

Following the withdrawal of Soviet troops and ensuing fall of Kabul administration under Dr. Najeebullah, a political vacuum developed in the country. Consequently, the leaders of Mujahedin, warlords, and tribal elders, in violation of traditional boundaries and codes of conduct in the country, fought for power and roamed the country. As a result, chaos and disorder, insecurity and lack of jobs opportunities exhausted Afghan people, and they were desperate for peace and stability. In this scenario, Taliban propelled the messages of bring-

ing harmony, equality and ensuring a complete ban on bribery, corruption and opium cultivation. This instilled the hope for amity and prosperity in the minds of Afghan people, and thus, they extensively welcomed the Taliban Movement.

Intrinsically, many influential figures and former Mujahedin, announced their allegiance and heralded their alliances with the Taliban movement in an attempt to bring reforms on the light of Islamic law. However, shortly it was established that Taliban does not have autonomy over their decisions, and in fact, as a proxy, they take orders and implement foreign agendas, particularly of Pakistan. After capturing most parts of the country and establishing their emirate, Taliban implemented Islamic law and supported punishments like public executions of convicted adulterers and murderers. The amputations of those found guilty of armed robberies and thefts also came into existence.

However, following the NATO's involvement under the first command of the USA, the alliance forces toppled a hardline Taliban regime in 2001 and helped the government in Afghanistan, both in cash and kind, for rebuilding the weak and fragile infrastructure of the country. But even after, legitimately and democratically electing a president, leading political parties and officials in the country failed to form a unified government. This was primarily because they were largely fragmented and mostly determined by ethnicity, language, and tribal links. Consequently, this is one of the significant factors contributing to the disability and war in the country. Because of this, situations never become peaceful, and the Taliban and insurgents continue to reorganize and hit back, executing attacks throughout the country.

In spite of the presence of NATO troops and coalition forces in Afghanistan, the Taliban movement is till a daunting fighting force to be reckoned with, as they generate tremendous threat to the government and public order. Combined with war, civil conflict, violence and abduction, the present circumstances in Afghanistan have triggered the influx of emigrants. Besides the economic cost of the mentioned challenges, Afghanistan has witnessed widespread human suffering and population displacement, and the prevalent violence and security complications have left Afghanistan in the grip of one of the most serious and unpleasant humanitarian crisis in the world.

Consequently, many Afghan citizens are escaping insecurity and fleeing across international borders in quest of refuge and to seek asylum under international law. Therefore, unlike

most economic and high skilled voluntary migrants, most of Afghans are not migrating because of career opportunities.

According to Finnish immigration website, nearly 5,214 Afghan immigrants were seeking asylum in Finland in 2015. Whereas, the number of Afghan immigrants entering Finland in order to claim asylum from January to April 2016 was 84 or 14%.

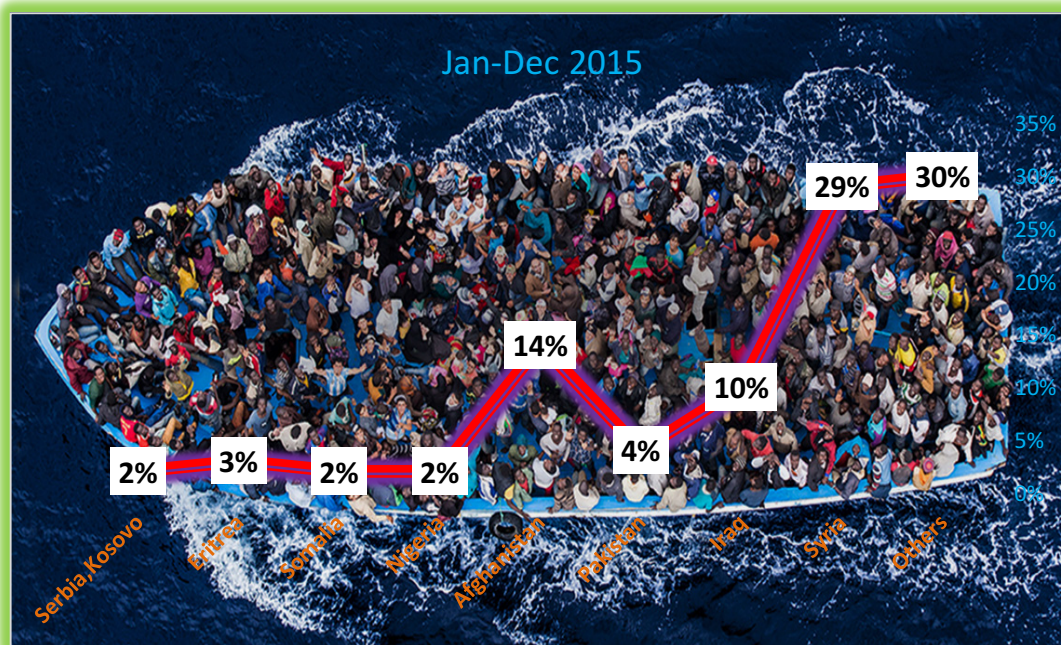


Figure 1. First-time asylum applicants in the EU by major countries of origin
(Source: Adapted from Konle-Seidl & Bolits, 2016, 16)

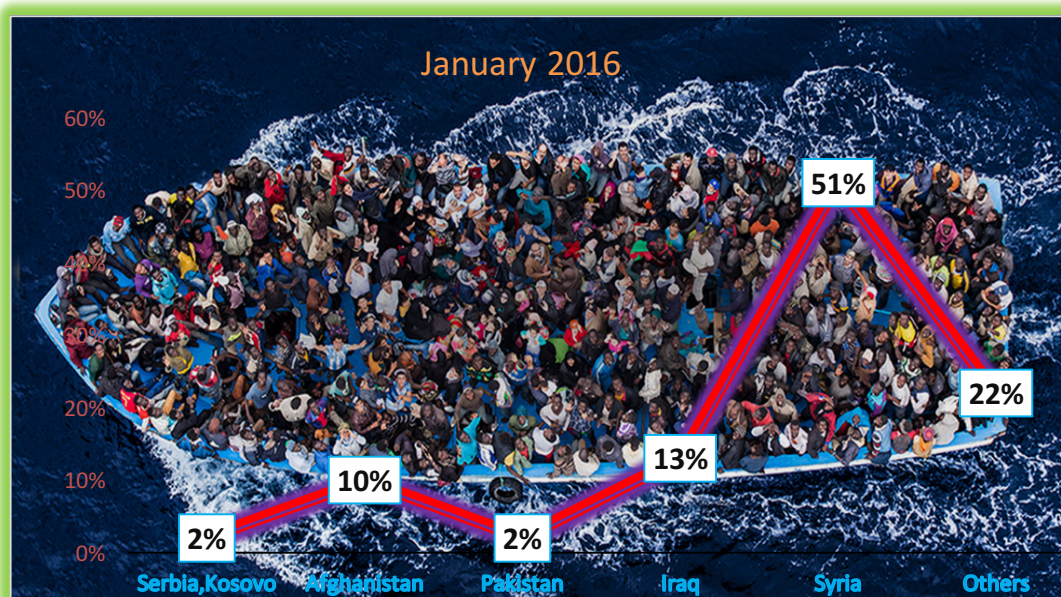


Figure 2. First-time asylum applicants in the EU by major countries of origin
(Source: Adapted from Konle-Seidl & Bolits, 2016, 16)

Figures 1 and 2 compare the number of Afghan asylum seekers in Finland during 2015 to 2016. As evident, there has been a significant increase in the number of asylum seekers in 2015, and the second largest number of migrants are from Afghanistan, next to Syria. However, the percentage of asylum seekers dropped down from 14 % in 2015 to 10% in January 2016.

The thing is despite a generous welfare system in Finland, many asylum seekers would still like to work and be self-dependent, rather than rely on social benefits, especially in the long run. Therefore, it is suggested that the decrease in the number of Afghan asylum seekers can be attributed to low employment rate and lack of opportunities for immigrants in the labor market, as compared to countries like the UK, Germany, Norway, and Sweden.

1.4 Structure of this Study

This thesis has been segregated into following sections:

Chapter 1 outlines the introduction to the main topic, needs and objectives, along with the research problem and questions. It also highlights as to why this study is required in the first place and how it contributes to solving the current phenomenon.

Chapter 2 reviews and analyzes literature on different themes as regards to the economic and demographic impacts of immigration on receiving societies.

Chapter 3 explains the research methodology and elucidates the choice of the explanatory case study. It further describes the methods, strategy, techniques and employed procedures. Additionally, the chapter provides a discussion on the data collection method and data analysis.

Chapter 4 discusses the research findings derived from the interviews and observations in the light of the employed methodology in this study. First, the interviews findings are analyzed, followed by the presentation and explanation of the findings from the observations.

Chapter 5 provides recommendations and suggest possible action for improvement.

Finally, Chapter 6 concludes this study by offering a summary discussion and elaborating on the findings of the thesis.

2. Literature Review

Immigration is an extremely disruptive matter and has gradually evolved into a significant political issue in numerous countries, causing disagreement and even hostility between many people. Eurobarometer's opinion suggests that the majority of natives are resistant to additional immigration surge, and this view is even more prevalent in most nation-states who allow immigrations. This circumstance, therefore, compels policymakers to try and maintain a delicate balance between economic needs and political and electoral imperatives. While the former dictates a significant surge in the number of foreign workers, the latter results in substantial restriction on the path of immigration policies (Palo, Faini, & Venturini 2006, 2). With this consideration, the migration crisis has caused significant political rifts in Finland and has divided the officials into two groups — those for immigrants and those against them.

Immigration critics and advocates cast alternating fear and hope on the role of immigration. Fear is often attributed to the perceived fiscal and social pressures placed on the society. In contrast, a few observers claim that immigration can contribute to resolve fiscal imbalances caused by ageing populations, very true in the case of Finland. Besides demographics, immigration can also improve Finland's economic performance in the medium-to-long-term. Immigrants bring with them varied aptitudes and skills that can be transferred to native workers and vice versa. Foged and Peri (2015) argue that immigrants can increase competition in the job markets, which in turn, incentivizes non-immigrants to upgrade and acquire certain skills to perform more effectively in the labor market and even maintain their jobs.

Moreover, there are increasing evidence that suggests that immigration is beneficial for both economic growth and the society of its host countries. Immigration create stronger economic growth, as the immigrants being with them experiences and perspectives gained in their home country and contribute them to the job markets in the receiving countries. This can be particularly accurate for those nations with a large ageing population such as Finland. An ageing society is unlikely to be as creative and vibrant, which is plausible in a younger society.

Hence, to remain competitive in a global scenario, the EU needs to attract and retain foreign skilled workers (Beenstock, Ramos & Surinach 2015, 435). Additionally, Europe 2020

strategy predicts that EU will face a resilient demographic challenge in the forthcoming decades. Therefore, to fill in the gaps that will appear in the labor market in the context of retiring and ageing population, low birth rates and prospects of a failing social security system, the EU needs to attract, import and retain foreign skilled workers (ibid.).

Basically, Finland's population has outstripped age profiles in terms of elderly in the Nordic countries. Hence, in few decades, a dramatic change is projected — as the ratio of the elderly to those of working age will double, the share of social expenditure will have to rise to satisfy the greater requirements of people in need. Consequently, immigrants, in conjunction with feasible and effective policies could play a key role in moderating this phenomenon and its costs for everyone (Maisonneuve et al., 2014, 7).

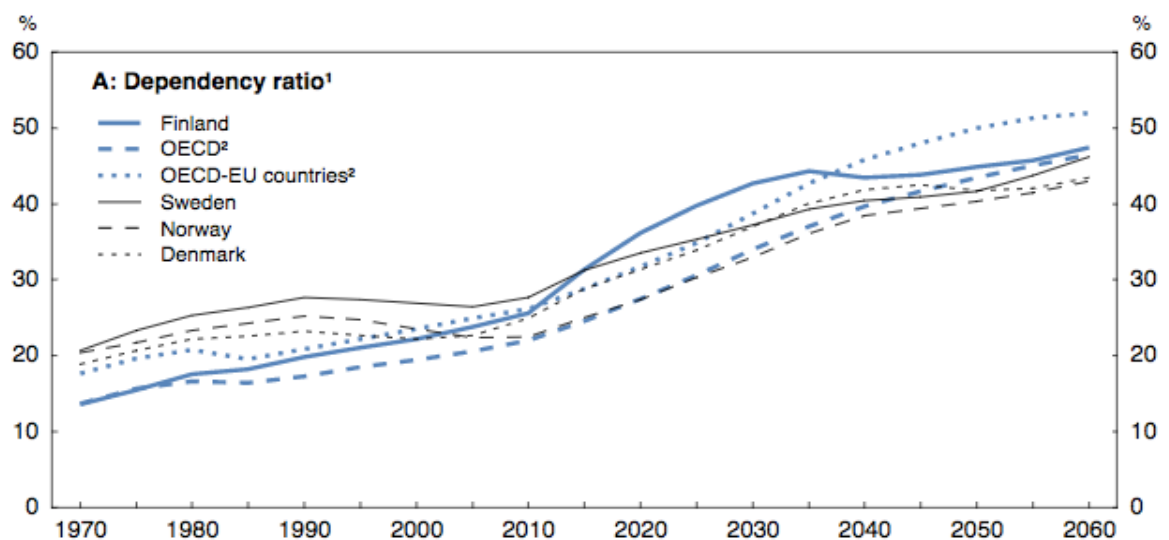


Figure 3. Population ageing (Source: Maisonneuve et al., 2014, 7)

Essentially, Figure 3 indicates that the population is rapidly ageing in Finland. This swift ageing of population is attributed to lower birth rates and higher longevity. The figure exhibits the share of population aged 65 and over as regards to the population aged 15-64; it has risen to 25% in 2010 from less than 15% in 1970, and the increase is projected to surpass 45% by 2060. Additionally, the share of population aged over 80 will go up to 12% by 2050 as compared to less than 5% in 2010.

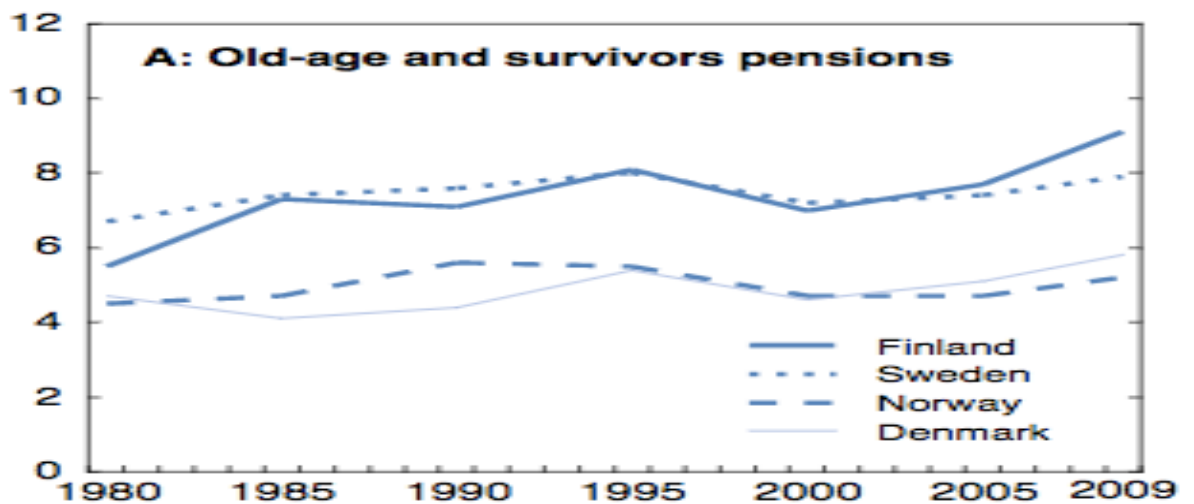


Figure 4. Growing old-age dependency and pension costs % GDP (Source: Maisonneuve et al., 2014, 8)

Also, Figure 4 depicts that Finland is on the top as regards to population ageing in Nordic countries, and therefore pressure on the pension system will significantly increase. This spending has nearly increased 3.5% between 1980 and 2009, which reflects a striking increase in the old-age dependency ratio.

This study aims at offering an insight into how immigration influences Finland's economy. The primary objective is to explore the following questions:

- 1) Whether and how Afghan immigrants can affect Finland's economy? Additionally, their role in alleviating demographic challenges will be reviewed.
- 2) Whether they have the skills, knowledge and tendency to become part of labor market assimilation.

The outcome of this study is of paramount significance for the labor office and immigration departments in Finland in order to have the better acumen of the challenges and opportunities that immigration holds, and how those challenges can be converted into opportunities. Currently, immigrants largely rely on social and welfare services, and till now the efforts on the part of labor office have proved unproductive to curb the growth of social and welfare expenditure on public finances.

Kerr, P. and Kerr, R. (2011, 18) argue that there is a negative correlation between immigration and aggregate impact on public finance. They further indicate that immigrants are more likely to rely on and consume social benefits than the natives in Northern European countries.

As regards to dealing with the immigration phenomena, some western economies and societies are more effective and efficacious than their counterparts for integrating immigrants into labor markets. For instance, in the U.K., there is a slight difference between the employment rate of immigrants and natives. In fact, there is a margin of 10 percent or even more between employment rate of natives and immigrants in countries like Spain, Belgium, Sweden and Greece. However, in some European economies, such as Finland, Germany and France, there are worrying gaps between the educational performance of immigrants' children and that of natives. Also, significant challenges are inherent in understanding and addressing the challenges of immigration. Their natures of deviations are multifaceted and diverse, ranging from the religious and cultural backgrounds of immigrants to religious and racial discrimination and exclusion and marginalization. In order to effectively gain out of the influx of immigration, the central part of attention needs to focus not only on where to put the newly arrived immigrants and how to cope with the resettlement process, but also how to ensure that they effectively and successfully integrated, both socially and economically (Portes, 2015).

During the late 1970s and early 1980s when nearly a million people emigrated from Vietnam and sought refuge in other countries, they were typically considered as a burden and were often turned away. However, many of them were welcomed and allowed to settle in the US. Most of these immigrants had limited or no English skills and were equipped only with few assets or relevant job skills. However, the challenges narrowed over time, as Vietnamese were more likely to get employed and have higher incomes than natives and the US born people (Legrain 2016, 14).

Furthermore, assimilation can be faster with greater education. When the migration is not motivated by employment reasons, assimilation tends to be sluggish and less successful. It is essentially accurate for the immigrants who are not eligible to work in the host country, at least not immediately upon arrival. A good example of this can be asylum seekers and the spouses of migrants. However, there are several obstacles that may hinder employment assimilation, such as recognition of education degrees obtained in the home countries, language skills, restricted networks and professional connections, as well as legal issues that prevent them from working (Kerr, P and Kerr, R. 2011, 9).

A key element and determinant of the economic impact of immigrants on the host country is the amount of benefit (such as welfare and social services) consumed by immigrants. The problem is immigrants will be reliant on social benefits more than natives when there is a

limited employment opportunity. Explicably, the social security services in host countries seem more promising and are often more generous than in the homelands of immigrants. Therefore, this may lead immigrants to be drawn to economies with higher and generous social benefits (ibid., 2011, 9).

Also, in order to evaluate and estimate the economic impact of immigration on public sectors and finances, two main techniques are primarily used. The first technique focuses on immigration surplus method, which estimates the percentage of GDP gain because of the increase in labor supply generated through immigration. The second tradition estimates the aggregate costs and benefits to the public finances caused by both natives and immigrants while considering the fact that these benefits and costs significantly alter at every stage of life. This calculation is essentially made on the basis of assumptions on the taxes that immigrants pay over their lifetime, the public services and goods they consume, and how long they plan to live in the host country (Kerr, P. & Kerr, R., 2011, 19).

Moreover, a few studies as regards to fiscal effects of immigration in the US conclude that immigrants paid more in taxes than the benefits they received from the US social and education systems (Kerr, P. & Kerr, R. 2011, 19).

In fact, many regard Finland as a solitary, remote, and introverted economy that exhibits a passive tendency and reluctant attitude towards immigration. This is true despite the recent efforts of the Finnish government to revive and maintain Finland's image as a prolific, innovative, and superior nation that is worthy of tourism and investment (Tanner, 2011).

Intrinsically, besides demographics, immigration may also improve Finland's economic performance over the medium-to-long-term. Immigrants bring with them different aptitudes and skills that are transferable to native workers and vice versa. Moreover, Foged and Peri (2015b) state that immigrants can increase competition in the job markets, which in turn incentivizes non-immigrants to upgrade and acquire certain skills for successfully and effectively performing their jobs.

2.1 The Determinants of Attitudes towards Immigrants

In Finland, concerns over immigration explosion are attributed to the growing sense of social and economic crisis that has wreaked havoc on the political status quo. Also, the increase in immigrants' flow to the EU, especially the recent influx has prompted growing

anti-immigrants' rhetoric and attitudes in several countries across the Europe. This is because the share of net immigration outstripped the natural population growth in the continent. However, the migration brought positive effects in terms of population growth in some countries, where it was negative. For instance, in Germany, the natural growth of population was negative since the 1970s and the population gap has only been filled by the net immigration. This is even more apt for countries like Greece, Italy, and Portugal, where the negative population growth, and net immigration play a dominant role (Gang, Rivera-Batiz & Yun 2013, 177)

However, the growth of immigration was not thoroughly cherished, as it prompted the emergence of anti-immigrant attitude in several countries across the Europe. In fact, in countries like Germany and the UK, the number of racially and ethnically motivated confrontations have been on the rise. A common cause for negative sentiments towards immigrants is the economic impact that they tend to make in the host countries, where the income is stagnant and employment opportunities are collapsing. Also, many natives fear that immigrants unfairly draw on social benefits and tend to be partly blamed for the economic stress. Consequently, this results in resentment of the native population (Gang, Rivera-Batiz & Yun 2013, 179).

In addition, researchers have not explicitly concluded that immigrants will cause lower wages and reduce employment opportunities for the native population. Therefore, the effects of immigrants on such issues still remain a matter of debate and it is perceived that their impact on the labor market and employment is insignificant.

According to the studies conducted in the USA, the immigrants have minimal effect on wage and employment. On the contrary, the economic theory states that inflow of immigrants will raise the unemployment opportunities, reducing the wages for native population. However, foreign labor inflow, in turn, raises the demand for natives and if immigrants complement the natives, they increase the employment opportunities, rather than reducing it. Hence, the debate on the economic effects of immigration on the host society and unemployment are based on the attitude and perception of the native population towards the immigrants and not on evidences and on-ground reality. Similarly, the emergence of negative attitudes and rhetoric towards immigrants can also be attributed to ethnic or racial prejudice within particular communities. For example, in the USA, racial prejudice was the significant contributing factor for restricting flow of immigrants from certain regions like China and Mexico. In fact, the USA is not alone, as in the past few years, racial prejudice has also been

documented across other countries in Europe. Moreover, it is indicated that attitudes towards ethnicity and race are more significant than economic factors to determine the attitudes towards immigrants and foreigners (Gang et al., 2013, 179). Also, educational achievement has been suggested to be the most potent antidote for altering anti-immigrant sentiments (ibid., 188).

2.2 Demographic Challenges

Significant demographic challenges are anticipated on the part of developed nations, and the role or contribution of net migration in the context of population growth will diminish the importance of natural increase.

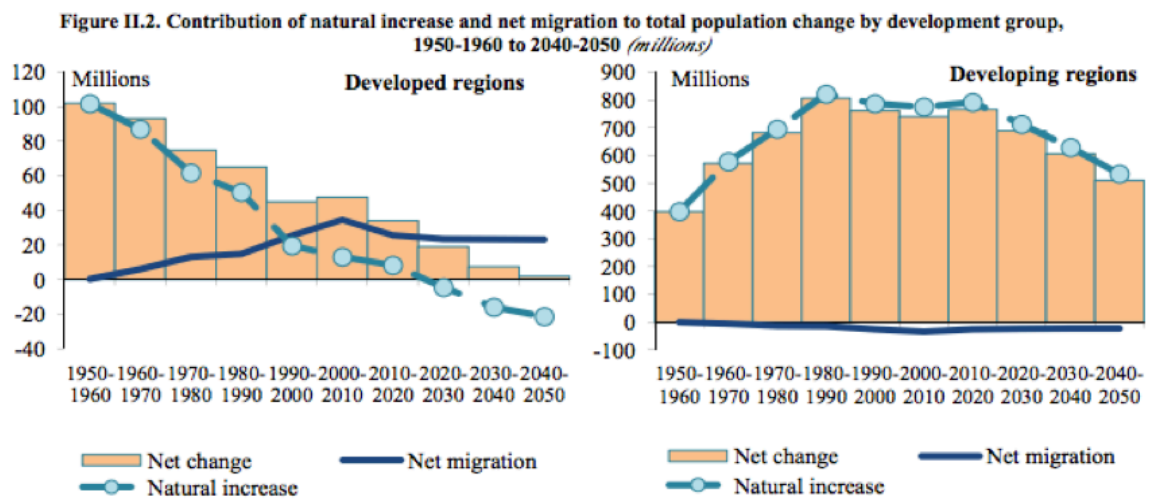


Figure 5. Contribution of natural increase and net migration to total population change by development group.

Source: United Nations, Department of Economic and Social Affairs, Population Division (2013). *World Population Prospects: The 2012 Revision*, DVD Edition

Figure 5 indicates that the developed countries will witness a significant change in population growth, and a decline will be seen after 2020. Therefore, migration plays a momentous role in offsetting the decline. However, despite a declining rate, developing nations will still remain the main driver of population growth, and the natural increase will be significantly important.

Furthermore, the EU has a clear demographic challenge ahead of them for the next decades. It needs to import foreign labor in response to gloomy demographic forecasts, in the context of ageing populations, low birth rates and prospects of a collapsing social security system. Nonetheless, it is also vital to remain competitive in a global scenario and this means that

states would have to attract and retain more skilled migrants (Beenstock, Ramos & Surinach 2015, 434-435). Furthermore, Gheasi, Nijkamp & Rietveld (2014, 104) assert that from a demographic perspective, Europe is growing as there is an escalation in the number of older people who are living on their own. Other contributing factors, such as separation and divorce combined with the increase in the number of single people and parents further added to the growth.

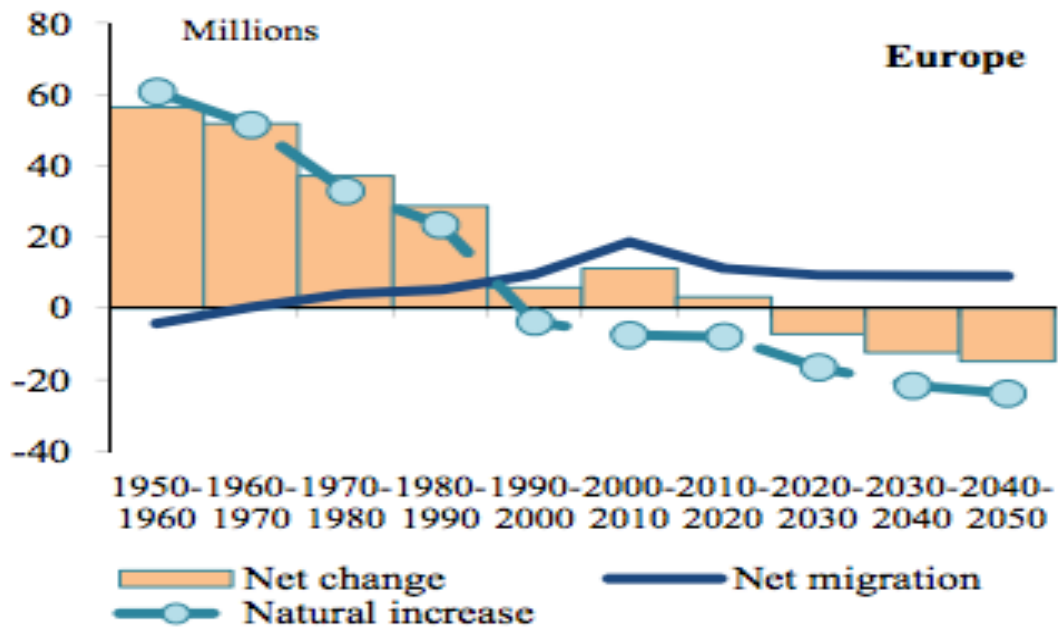


Figure 6. Status of natural increase

Source: United Nations, Department of Economic and Social Affairs, Population Division, 2013). *World Population Prospects: The 2012 Revision*, DVD Edition.

Figure 6 indicates that in Europe, the natural increase became negative in 1990 and continues to decrease further. In this context, it is essential to attract immigrants to Finland, which is a critical phenomenon that will shape the growth rate of the Finnish population and its demographic composition.

Moreover, Finland faces another demographic challenge, as its population is ageing and subsequently shrinking. The problem is that proportion of the population aged 65 and over is projected to grow at a faster pace than most other OECD countries. In fact, it is projected to increase from 15% in 2000 to 25% by 2025. Furthermore, by 2050, the ageing population is likely to increase by 28% (Duell, Grubb and Singh 2009, 28).

Such modifications in population dynamics intensify pressure on social welfare costs and therefore harm economic competitiveness (Portes, 2015). It is projected that Finland will top among the OECD and would be higher than in any other Nordic country. This is because its population may age fast and hastily in the coming decades, even more so than other Nordic

countries, the OECD and the European Union at large (Maisonneuve et al., 2014, 6). Hence, the pressure on public finances may escalate with the increase in public expenditure for looking after the health and long-term care expenditure of the growing share of older people. Ageing will further pose a substantial threat to the labor supply, leading to a potential labor shortage in the market.

According to population projection of Finland (2015), it is predicted that by 2030 there will be a reduction of nearly 75000 working age population, and this indicates that the working-age population would shrink by 300000 people in absence of migration.

Lobodzinska (2011, 1) argues that almost 40% of the present labor force in Finland will withdraw from the labor market by the year 2020. Therefore, immigrants can be a remedy for the emerging labor shortage and shrinking labor force. Essentially, immigrants can economically contribute to the host countries in a variety of ways, be it becoming workers, innovators, entrepreneurs, taxpayers, consumers or investors. Intrinsicly, their efforts can help create jobs, raise wages of local workers and productivity and boost innovation and growth (Legrain 2016, 7).

Additionally, immigration affects both the size and the age structure of the working-age population. This can also be true for Afghan immigrants, as the majority of them are predominantly in the workforce age group, and their migration contributes to the growth of workforce in the country. In fact, immigrants' ability to support and contribute to the economy partially depends on their characteristics. Nonetheless, policies and institutions in receiving country play a significant role (ibid., 8). Also, to reduce the reliance of immigrants on social benefits and public finances, it is vital to ensure that they get a job and are quickly employed. This will further ensure that immigrants are contributing their labor and taxes to the host economy, which will help them adapt faster to the life in the new society (ibid., 48).

2.3 Assimilation

The assimilation and integration process of immigrants into receiving countries has given rise to intense debate in European countries. Basically, assimilation is defined as a step-by-step progress and modification from a highly diverse form of behaviors to less diverse ones (Palo et al., 2006, 3). It is argued that labor market performance of immigrants will be adjusted towards those of native workers, and this is often called the assimilation hypothesis, an issue that has recently attracted considerable attention from economists (Clark & Lindley

2006, 3).

However, assimilation is multidimensional and not a single and coherent process, encompassing several different pillars like cultural, social, political and economic. Yet, human capital enhancement is the single most significant factor for successful assimilation. However, more effective assimilation is possible after immigrants develop and attain language and skills that are specific to the host country. This is because it enables them to enhance their labor market outcomes, similar to the native population.

Also, time spent in the host country has a significant impact on the assimilation process. In other words, the longer the assimilation process takes, the less successful the cohort of immigrants will be since arrival. Early unemployment experiences can substantially increase an individual worker's risk of unemployment and lower their future incomes. Basically, providing training and language opportunities to the immigrants right after their arrival will boost their chances of successful assimilation (Clark & Lindley 2006, 4).

As the immigrants arriving at the foreign countries are distinct from the natives in numerous ways — the context of religion, language, culture, trust, occupations, income and perceived biases. Nonetheless, these differences are no longer similar for the second-generation immigrants as vivid progress is witnessed between immigrant generations as regards to language and citizenship, and occupation and income. However, it has been observed that religion still remains relatively constant (Aleksynska & Algan 2010, 3).

Inversely, it is indicated that unemployment and the perceived discrimination tends to exacerbate for second-generation immigrants, and trust also shrinks in comparison to first-generation immigrants and native population. Essentially, cultural and economic performances of immigrants tend to be correlated and therefore, they can determine the assimilation process on the whole. For instance, one will perceive that learning the language of the host community will help foreigners to find promising jobs, but no consistent pattern or significant association are documented between mastering the language of the host society and finding jobs.

Moreover, for second-generation immigrants, there is a resilient association between possessing citizenship and financial performance, language and citizenship, language and perceived biases as well as between trust and perceived biases. Therefore, assimilation is reli-

ant on the attitudes and acceptance of immigrants by the native population and how natives treat and approach foreigners in the receiving societies.

In addition, there has been a positive correlation between assimilation and employment, therefore policies that favor access of immigrants to the labor market tend to help the assimilation process (Aleksynska & Algan 2010, 3). As previously indicated, assimilation is a multifaceted and complex phenomenon, hence it takes place only along certain dimensions and not essentially all. In this case, assimilation may take place after acquiring foreign language skills, citizenship and employment, but not necessary religiosity. Furthermore, it tends to be diverse across destinations, origin groups or both the elements. Therefore, there has been no consensus and general conclusion on the overall assimilation process (ibid., 2010, 4). Nonetheless, it is a process through which the behavioral and preferential outcomes of immigrants are converged with the outcomes of the native population, and through successful assimilation, the characteristics of immigrant population and those of the host societies eventually begin to resemble one another.

In simple terms, gradually over time, the immigrants or minority group become similar to the native population in the context of characteristics, values, norms, and behaviors. This is typically a one-way process that aims at absorbing foreigners into the host society. For the sake of employment outcome, it is vital and desirable that an immigrant with comparable education to a native-born is assimilated into the host society in order to occupy a high-skilled position. However, assimilation for other outcomes may not be necessarily beneficial, and integration in such circumstances may be more desirable (ibid., 2010, 5).

2.4 Integration

The economic impact of immigrants' integration has been the focus of numerous debates and literature. It is widely agreed that economic integration is the most significant element for social integration (Palo et al., 2006, 5). Therefore, employment can be a vital contributing factor through which immigrants can successfully embrace integration. Essentially, obtaining a job, not only helps the immigrants earn, but also improves their knowledge about language, culture, and the function of the labor market, and these are all essential attributes that relieve the challenges in the host country for immigrants and ease their integration process (Lundborg 2013, 219).

Also, integration is referred to the process or a convergence through which the status of be-

havior and preferential outcomes of immigrants approaches that of the hosting society, and immigrants are provided with equal access to opportunities that are available for the native population. It is argued that integration of migrants into the host society is a long process and therefore there will be a constant trade-off between economic and political considerations. For example, the unemployment rate in Europe is usually higher for immigrants, which indicates that natives tend to be skeptical that they tend to ride on the social benefits (Palo et al., 2006, 2).

Basically, immigrants are almost equivalent to natives in all dimensions, yet the labor market opportunity is the only obstacle that limits them from enjoying equal employment prospects in the job market. This mindset is because of the fact that companies and government are overlooking this challenge and not intervening to address it.

Hence, it can be said that it is the process that determines the level and extent to which host societies are willing to accept immigrants, and offer them equal rights to express their ideas and behaviors along with the natives, while potentially preserving their differences (Aleksynska & Algan, 2010, 5).

Also, duration and generation of immigrants can further determine the type of differences on the immigrants' path as compared to the natives. For instance, for the first-generation immigrants, there will be substantial differences and gaps in dimensions like religiosity, language, civic involvement, trust, perceived biases, occupations and income as regards to the native population. However, these gaps in citizenship and languages will remarkably fade between the first and second-generation immigrants. The most persistent gap that would still remain considerably unfilled would be religiosity, while the gaps in perceived discrimination and employment will escalate even further when immigrants move from first to the second generation in a majority of countries, including France (ibid., 2010, 5).

Contrary to the US, the significant part of the debate in Europe is concerned with distinctive policies that have been adapted in relation to immigrants. The integration process in France was considered as an approach through which migrants would assimilate into the French values, ways of living and culture. This was partially due to the fact that majority of immigrants were from countries that were former French colonies and already had the conversational knowledge of French language.

However, in Germany, which hosts immigrants from different cultures, languages, and reli-

gions, a distinct approach was employed — immigrants were not required to assimilate into the host society and were free to pursue their typical behavior pattern and way of life within the host society. This model echoed the creed that immigration was an impermanent phenomenon and soon they would return to their countries of origin (Palo et al., 2006, 4). Contrary to the integration approaches adopted by France and Germany, a third model, called the Dutch model of integration stressed on the need for a multicultural approach. This approach renounces the separation approach, which is contrary to the integration model of Germany and cultural assimilation and is in contradiction with the France's integrating approach (ibid).

In Finland, the state has introduced a program for helping the immigrants to integrate successfully. This program is based on a customized sequence of training and subsidized employment scheme. Moreover, to persuade active participation, non-compliance is endorsed by cutbacks in welfare benefits. This scheme proved considerably successful for raising employment and earnings of immigrants while diminishing their welfare dependency ratio (Sarvimäki & Hämäläinen 2010, 2).

The problem is most of the immigrants have fallen well behind their potential to perform at the level of native-born in the labor market. Hence, they are more dependent on social benefits in comparison to natives. This is the reason why immigration has become an extremely divisive matter and hot topic of debate in elections, coercing governments to reform their immigration policies. Essentially, integration plans introduced by the state greatly improve the performance of immigrants in the labor market as they exhibit less dependency on social benefits (ibid., 2010, pp. 2). Yet, unemployed immigrants and low-wage foreign labor force represent a burden on the public finance. Hence, in order to enable immigrants to contribute to the economy of the host society and relieve the fiscal burden, effective integration policies are the plausible solution (Palo et al., 2006, 5).

Access to and use of leisure can also be relevant and paramount dimension of an effective integration process, as vigorous social life will have constructive spillovers on people's performance in the labor market (ibid., 6). According to Lundborg (2013, 219), a few inferences derived from a registered database indicate that there is a major employment gap between refugees from countries like Iran, Iraq, as well as countries from the Horn of Africa to those of Europe and America. Immigrants from the former countries are unemployed for a longer period of time in comparison to refugees from Latin America or the Eastern Europe-

an countries. This registered data indicates that the unemployment gap is huge during the initial twenty years in Sweden, however gradually it merges to a certain extent. It is also established that unemployment rate in refugees is half of the unemployment rate of the natives. Furthermore, it has been suggested that the unemployment rate is high amongst refugees over the age of 30.

Furthermore, employment for immigrants serves as a focal point for integration into the new culture and provides them with not only the opportunities to gain more knowledge about their new society, culture and language but also to extend their contacts, and have a source of income. It was established that the unemployment gap between the immigrants and natives disappears within 2-3 years of the immigrant's residence in the US, however, a massive gap still remains between the wages. On the contrary, although the wages are more similar for immigrants and natives in Sweden, yet the unemployment gap is huge (Lundborg 2013, 219).

General criteria used to determine the individual unemployed immigrant's situation includes the educational background, gender, and age. The number of years the immigrant has resided in the country can also influence the duration of finding a job. Therefore, the length of stay in the host country drastically affects immigrants, as it is believed to be a key element for integration of immigrants (Palo et al., 2006, 8).

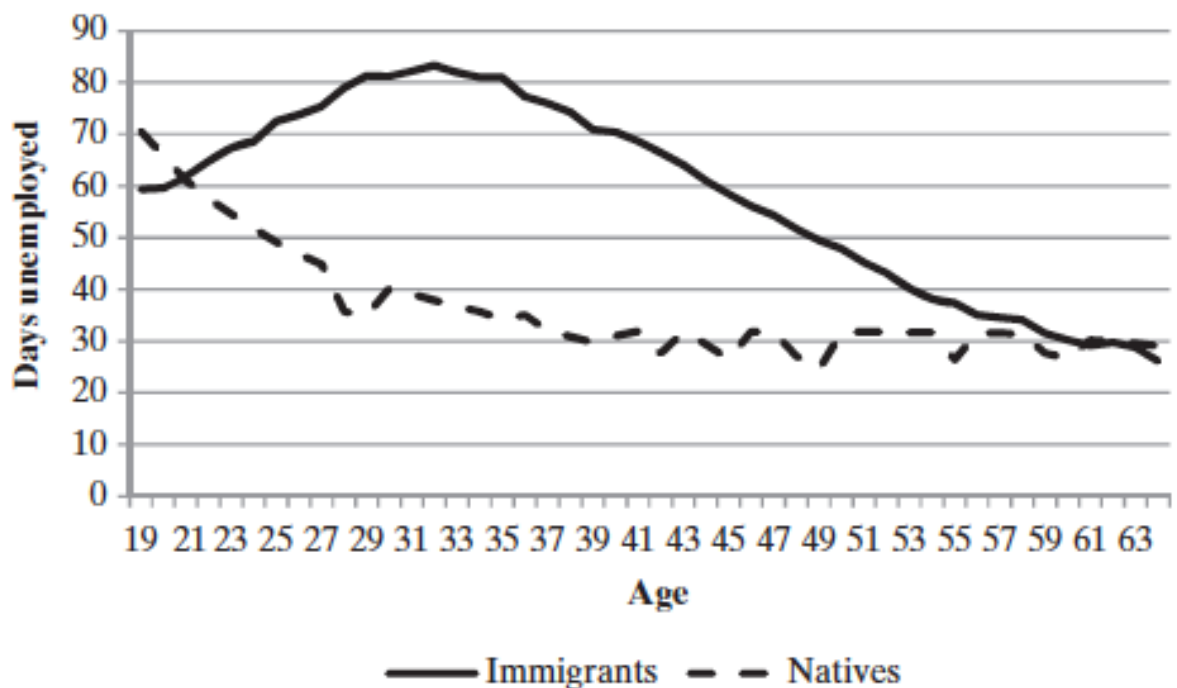


Figure 7. Days in unemployment for refugees, immigrants and natives aged 19-64 (Source: Lundborg 2013, 225)

As Figure 7 indicates, days in unemployment are higher for immigrants as compared to the natives. However, the difference between days unemployed between immigrants and natives dramatically inclines and equals after a longer period of time. A factor contributing to why natives do not experience longer unemployment period is the fact that they enter the labor market between the ages of 19 and 25, whereas immigrant workers, who experience a longer unemployment period are usually in their early thirties. Unlike the natives, refugees tend to encounter discrimination along with the language barrier that always acts as an obstacle (Lundborg 2013, 225). In addition, time spent in the host country directly affects the level of immigrants' earnings. Studies have shown that immigrants' *earnings* and employment grow *rapidly* over time in the host society (Sarvimäki & Hämäläinen 2010, 3).

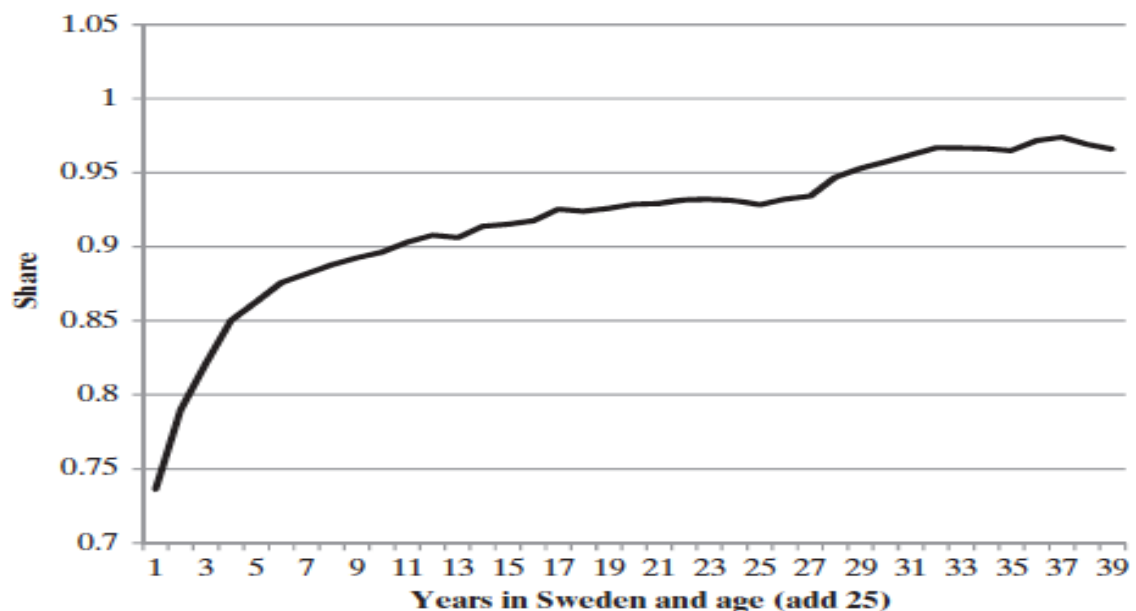


Figure 8. Earnings and employment growth over time in the receiving society (Source: Lundborg 2013, 226)

Figure 8 illustrates that the time spent in Sweden surprisingly inclines the share of refugees in the labor market and economy. Also, integration differs for people of different nationalities and a few observations are worth mentioning.

- 1) Immigrants from Latin American and East European countries generally perform better in the context of employment, as compared to immigrants from Iran, Iraq or from African countries. These differences cannot be explained on the basis of results of registered data, as it does not extend to cover various factors. For instance, refugees from Iraq, Iran, and African countries have fled war, prosecution, oppression, etc. and such factors may affect the immigrant's mental and physical state of mind more than refugees from Latin American and Eastern European countries.

- 2) There is an immense cultural gap for immigrants from Iraq, Iran, or African countries, whereas, culturally it is not as difficult to adjust for the immigrants from Eastern European or Latin American countries.
- 3) As studies have confirmed, immigrants from Muslim countries experience discrimination. However, such discrimination decreases after approximately 20 years. This may be because as the immigrants become accustomed to the Swedish culture and way of life, the prejudice diminishes (Lundborg 2013, 229).

Statistics indicate that in 10 years, the Swedish labor market transformed from having less than 70 percent of native employees to nearly 90 percent. In fact, even the immigrants with long residency in Sweden are encountering difficulties getting employed. However, on the contrary, it was found that immigrated women, who choose to enter the labor market tend to do better than native women. The education level of the immigrants also plays a significant role when integrating into the Swedish society. Generally, immigrants with a higher level of education tend to assimilate better than the ones with lower education qualifications (ibid. 230).

Also, success of immigrants in the job market is usually determined by comparing their wages with that of native workers in the context of education, age and other related dimensions. The findings of studies conducted in the USA establish that immigrants earn less than native workers upon their entry to the new country, and reach to the native level in nearly 15 years. However, when age and education is equal, not only the gap completely diminishes in 30 years but immigrants also make 11% more than native workers. It is therefore assumed that immigrants have positive impact on and contribute to the economy of the host country. Nonetheless, some contemporary findings indicate otherwise and state that recent cohorts of immigrants are not equipped with education and job experience, which is essential for the labor market. Consequently, immigrants will fall short of their potential to catch up with the native wage level. Still, no such evidence of diminishing cohort quality of immigrants was established by other researchers like LaLonde and Topel (1991) (cited in Kerr, P. & Kerr, R. 2011, 7).

Moreover, it is widely perceived that immigrants make less than the native population both at the entry level and over time in the host countries. However, the contrary can also be true for highly educated immigrants, who will earn more than the natives, while undergoing faster assimilation in the host society. This is because the success of assimilation and

earning gaps are mostly determined by the differences in the level of educational credentials (ibid., 8). The earning gaps, which is the phenomenon of assimilation, reduce with the time spent in the receiving country. In other words, the earnings gap of immigrants as regards to the native decreases as their stay in the new country is prolonged. Also, there is a general consensus that supports this statement. Immigrants effectively experience assimilation when their language skills improve or they acquire better education in the host country. However, given the recent cohorts of immigrants in most receiving countries, it is believed that immigrants are unlikely to catch up to wage level of natives, irrespective of the time spent in the host society.

Moreover, immigrants are most likely to participate less than the natives in the labor market and therefore, their employment rate is also less in comparison to their native counterparts. This variance is even more prominent for female immigrants, partly due to the cultural settings. Also, variability in the prevalence of earnings and employment levels among immigrant groups can be attributed to their country of origin in the context of education and work experience. Nevertheless, earnings and employment rates of immigrants will improve with the time spent in the receiving country. The stats indicate that male immigrants, who had spent less than five years in the host society were 44 percent less likely to be employed in comparison to their female counterparts (48 percent). However, after 20 years of living in the receiving country, the differences lessened to less than 15 percent for both male and female immigrants (ibid.,8-10).

In addition, the amount of welfare and other social benefits is believed to be the most significant determinant of the economic impact of immigrants on the receiving country. Given the employment and participation rate of immigrants in the labor market, it is identified that they use more welfare and social benefits than natives. Moreover, it is claimed that immigrants move to the countries with generous social and welfare services partly due to the differences in these services between the host and their country of origin. Therefore, they are largely dependent on public finance and contribute less to taxes than the benefits they obtain from such services.

Furthermore, immigrants are more often not a component of the labor force, and hence, unemployment benefits and social security largely becomes the primary source of income for immigrants in most countries of the EU. Thus, they use more such services as compared to the native population (ibid., 11-14).

Also, the employment and earning gaps between immigrant and native population reduce over the duration of stay. However, given the recent immigration cohorts, it is suggested that they will confront indefinite weaker labor market success (*ibid.*, 24) as immigrants are usually susceptible to fill in a weaker socioeconomic position than their native counterparts (Buchel & Frick 2003, 4).

2.5 The Portability of Human Capital

It is widely perceived that there is a strong pattern between immigrant assimilation and human capital portability. Research and literature on immigrant assimilation asserts that there is limited transferability of human capital attained by immigrants in their home country. For instance, insufficient command of the language in the country of final destination is one of the imperative contributing factors that cause low valuation of immigrant human capital. Additionally, inadequate command of the language in the host society translates into low productivity and efficiency in an organization (Sanroma, Ramos & Simon 2008, 2).

Furthermore, one of the reasons for low valuation of an immigrant's endowment of ability, particularly work experience is being country-specific and therefore not effectively applicable across other cultures and work environment. Therefore, adapting work experience gained in the country of origin in the context of different social, cultural, economic, technological and organizational environment is usually distinctive from that of the host society. Hence, the imported human capital or skills endowment of immigrants is relatively less productive and, as such, less rewarding than the native workers (*ibid.*, 2).

Therefore, there can be a significant difference in the income level between native workers and immigrants upon arrival to a new country. Also, as previously indicated, the wage gap between native population and immigrants reduces as their stay in the country of final destination is prolonged as the immigrants acquire skills and knowledge suited to the labor market of the host country (Sanroma et al., 2008, 3).

In comparisons to the natives, immigrants tend to be more skill mismatched, and this can be particularly true for the vertical mismatch. In other words, skill mismatches can be significantly higher for individuals who are coming from outside the EU as regards to those coming from within the EU countries. Also, the educational credentials and skills of immigrants from non-EU countries are less respected in EU labor markets than of native-born popula-

tions with comparable characteristics (Beenstock, Ramos & Surinach 2015, 437).

Furthermore, to mitigate skills mismatch of immigrant's human capital attained in their countries of origin, specific programs are required in the receiving societies to enable the immigrant workers to successfully enter the EU job markets (Nieto, Matano & Ramos, 2015, 540). Due to the imperfect transferability of human capital acquired in their home countries, immigrants are prone to accept jobs that require lower qualifications than what they have already obtained. This leads to the legally overeducated labor force of immigrants and is primarily the reason why there is a greater rate of over-educated workers among immigrants than the natives.

In addition, cultural distance between countries plays a significant role in the portability of human capital. It is believed that human capital imported from culturally distant societies attains lower earnings than human capital obtained from the host countries. Hence, it is argued that the greater the distance in the context of language, culture and economic development, the less transferable is the human capital obtained from origin countries (*ibid.*, pp. 542). However, the gap created by education between immigrants and the native population will alleviate with their prolonged stay in the host society. In simple words, the extent of stay in the new country and the decline in the over-education gap are mutually dependent (*ibid.*).

Moreover, the interfaces between years of residence and over-education suggest that an additional year of residence diminishes the prospect of over-education among non-EU immigrants in comparison to immigrants from EU countries. The plausibility of overeducated immigrants from EU shrinks by two percentage points against each year of stay in the receiving society, while this figure is 2.8 percentage points for non-EU immigrants. Therefore, it is safe to argue that despite being overeducated, immigrants from outside EU can assimilate faster than the immigrants from the EU (*ibid.*, 551).

Extensive research supports the belief that a significant positive correlation exists between an individual's endowment of ability and achieved skills, and social and economic outcomes as regards to earnings, work effort and assimilation to name a few. Therefore, the way immigrants' skills composition is valued in the labor market or how their skills are compared to the natives govern the social and economic effects of immigrants in the receiving societies (Lin 2013, 251).

In fact, to enable immigrants to effectively use their skills and qualification, policies need to focus on assessing their skills levels and provide them with the assistance to transfer their skills to the labor market in the receiving society. (ibid., 439). It is generally believed that due to differences in human capital, productivity and bargaining power, the benefits generated by immigrants for the receiving societies also differ significantly (Tubadji & Nijkamp 2014, 11).

It is widely perceived that the proportion of economic migrants is high in Finland, and this can be attributed to the poor economic performance of immigrants in the labor market. After arrival in Finland, the employment rates for the immigrant population are considerably low and therefore their earnings are substantially less as compared to natives. However, intrinsically, the gap diminishes over time, and the earning of men from OECD states can converge the level of comparable natives within twenty years after arrival to the host society.

Also, the immigrants in Finland have largely been return migrants and their family members, and the influx of asylum seekers and genuine immigrants only instigated in the early 1990s. However, the share of immigrants is relatively low in Finland in comparison to most other countries of the Europe. Moreover, the majority of the immigrants make their way into Finland from Asia and the former Soviet Union, while the latter constitutes a higher share of immigrants in the country. In addition, immigrants from Iraq, Somalia, Iran, and former Yugoslavia only represent nearly one-sixth of the immigrant population.

In order to help immigrants search for jobs and put their potential into use, the state offers language courses. Yet, given the demand, the supply falls short of its potential to address the challenges of an overwhelming number of immigrants. Consequently, only limited numbers of people get enrolled in the language courses, and many others wait for years. (Sarvimäki & Hämäläinen 2010, 7).

2.6 Employment subsidies

In order to help immigrants in their job search in the host society, the state is required to provide financial assistance to the companies for hiring foreign-trained people. When employers receive a subsidy to cover additional expenses, including but not limited to salary of a support person and the training cost, firms get more optimistic and supportive of hiring immigrants. Hence, employment subsidy can be an effective tool to improve human capital

and labor market opportunities for immigrants and other sections of disadvantaged population. This can be helpful for boosting human capital and labor market advancement opportunities. Dutta-Gupta, Grant & Eckel et al. (2016, 1) argue that subsidized employment is an effective strategy for improving earnings and boosting labor market outcomes and well-being. This can be particularly appealing to disadvantaged individuals or those with significant impediments to employment. Job programs help people in income support while offering a platform for networking, and connecting people to other needed services and resources.

Essentially, welfare recipients and ex-offenders have largely been linked with subsidized employment program (Pavetti, Schott & Basch 2011, 5). Wide range of potential advantages can be achieved through these programs, and the benefits can be included, but not limited to providing significant source of income to participants, raising their earnings and employment opportunities, mitigating criminal justice system involvement among both workers and their children, enhancing psychological well-being and alleviating depressive symptoms, while diminishing long-term poverty. However, subsidized employment is not the most appropriate initial approach for individuals with highly limited education or skills, as they require other interventions for gaining knowledge and skills that are needed for the potential jobs before the subsidized employment placement (Eckel et al., 2016, 3).

On the basis of forty years of experience and successful track record of subsidized programs, it is evident that subsidized employment deserves substantial attention from practitioners and policy makers, yet only limited funds are being allocated to such programs considering the potential effectiveness and need for such programs. Moreover, placement in subdivided jobs helps participants to take on more challenging jobs in the competitive labor market after gradually developing skills through education and training opportunities (Eckel et al., 2016, 4-5).

In addition, the absence of formal work experience, which tends to be a common phenomenon among young individuals, undermine their chances of employment. This can also prove to be a barrier to the entry of older workers into the labor market, as they may need additional training for building skills and adapting to new technological and industrial changes. In order to address employers' reservations and mitigate the financial risk of hiring immigrants and inexperienced people, subsidized employment may be an effective tool through which participants will build skills to effectively participate in the labor market (ibid.,11).

To summarize, there can be two broad categories of factors that hinder immigrants and other disadvantaged individuals' ability for participating in the labor market. First, limitations in individuals' overall productivity due to human capital, and second, systemic discrimination by employers (ibid.,14). In order to help immigrants overcome the former barrier, subsidized employment programs have been recommended for raising income and employment opportunities. However, the positive effect is not universally applicable or apt for all target population, yet several evaluated interventions suggested that subsidized employment can accomplish promising labor market outcomes (Eckel et al., 2016, 22).

Moreover, subsidized employment programs not only benefit income limit but also offer work experience to the participants. The latter is one of the most significant tools for accessing labor market opportunities, as lack of work experience can significantly undermine the employment ability of even highly educated immigrants (Eckel et al., 2016, 22).

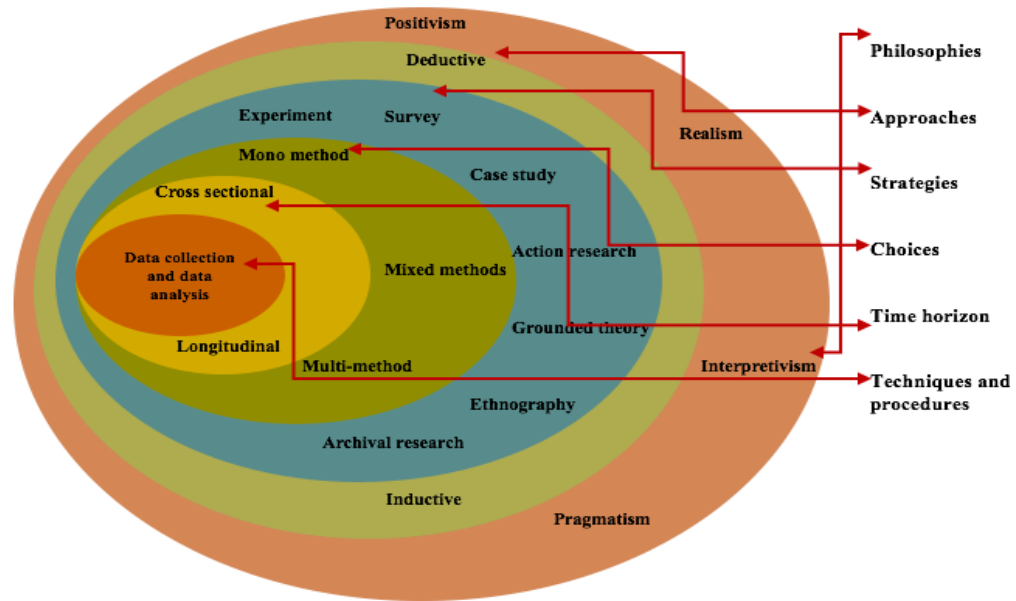
Hence, some programs use subsidies to influence employers' hiring decisions and offer businesses incentives to hire individuals with the least favorable employment prospects in order to prevent loss from extended unemployment. As the programs are aimed at targeting low-income families and youth, many with lower level of education and more limited job histories, the subsidies offered an incentive for businesses to hire individuals they might not otherwise hire, especially when they have a large pool of applicants to choose from. (Pavetti, Schott & Basch 2011, 10). For example, Maryland introduced a career development program through wage subsidies in order to inspire businesses to hire low-income individuals as trainees at entry-level jobs, which was a potential step forward for career advancement and gradual growth (Pavetti, Schott & Basch, 2011, 10).

3. Research Methodology

This chapter outlines the methodological framework used for this study and offers justification for conducting it, followed by a discussion on the objectives of the investigation and the research design, as a whole. Subsequently, the research approach, strategies and data collection along with the analysis are assessed and evaluated.

According to Crotty (1998, 2), it is vital to determine what methodologies and methods are used in the research and consequently support or justify the choice. As there are varied topics that determine different data collection techniques and analysis procedures, yet the empirical research is essentially grounded on Saunders et al. (2009), 108 methodologies, par-

ticularly employing the “Research Onion” (Figure 9). It is peeled away layer by layer in order to reach into the core for resolving which form of methodology to use.



The research onion Saunders et al. 2009, 108

Figure 9. Research Onion

Figure 9 depicts the various layers of the research onion — research philosophy, approach, methodological choice, strategies, time horizon, and techniques and procedures.

3.1 Research Philosophy

Research philosophy is essentially concerned with the development of knowledge and nature of that knowledge. Also, it entails vital assumptions about the way the surrounding world is perceived. The assumptions play a significant role in justifying and forming the basis of the research strategy and ascertaining the methods of choice, as part of the strategy (Saunders & Lewis 2012, 104). Simply expressed, philosophy appeals to human reason that guides researchers to form a particular perspective or position.

Basically, researchers can choose from the different research philosophies like positivism, realism, interpretivism, and pragmatism and the selection depends on the nature of research question and the ontological and epistemological stance of the researcher. As a researcher, understanding personal assumptions or view of the world is essential for conducting research.

This is because personal assumptions inform the actions of the researcher in the context of research philosophy, strategy, and approach (Sanders et al., 2009, 110).

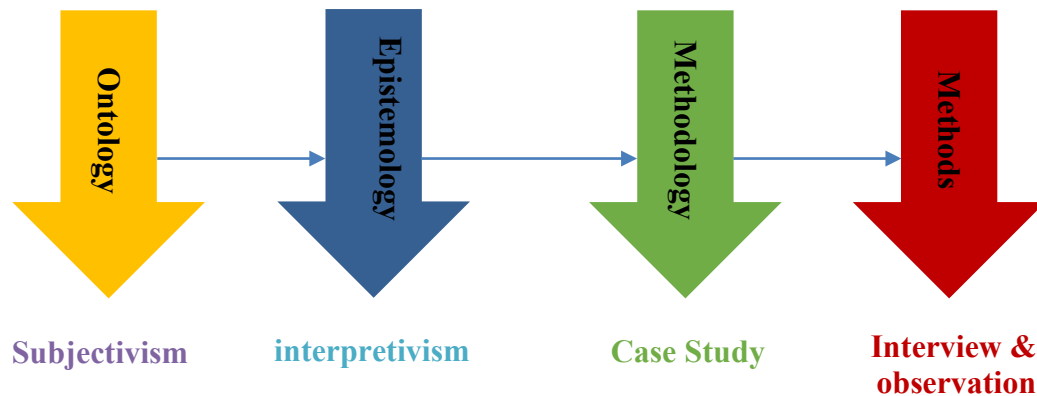


Figure 10. The research's Ontological and Epistemological position (Source: Adapted from Crotty, 1998, 4-5)

As illustrated in Figure 10, corresponding to the researcher's assumptions, subjectivism, and interpretivism conforms to the ontological and epistemological position, respectively. It entails that the world is only socially constructed and all realities or knowledge that are acquired are subject to interpretation. Therefore, in the context of this study, interpretivism can be a particularly useful approach at bringing to the fore the perceptions, motives, and intentions of the subjects from their perspectives.

Furthermore, subjectivism as the researcher's ontological position is driven by the fact that the experience, beliefs, perceptions, and assumption of immigrants are distinct in numerous ways, and especially for Afghan immigrants in Finland. This is because their situations as regards to assumption, beliefs, experience and actions about a phenomenon can be modified over time. Therefore, holding a subjectivist ontological stance is fundamentally significant, as it is not plausible to make time and context-free generalizations. In this case, the social actors are the Afghan immigrants, and therefore it is essential to comprehend their subjective reality for understanding their actions, perceptions, and motives.

3.2 Ontology, Epistemology and Research Approach

Ontology: The study adopts the subjectivism aspect of ontology, and argues that social phenomena are created from the perceptions and consequent actions of the actors. In fact, Ontology is one of the primary and traditional ways of viewing the research philosophy dealing with the nature of reality (Saunders et al., 2009, pp.110). It is related to the researchers' assumptions and their view about the functioning of the world and the commitment to embrace a particular perspective. Therefore, in this study, it is vital to understand the researcher's assumption regarding the world as it will inform the following actions in this study for answering the research question.

Moreover, two important aspects of ontology are objectivism and subjectivism. Objectivism asserts that social entities exist independently of the role of social actor. In other words, objectivism advocates that social entities exist external to the social actor, and therefore, a social actor's assumption, belief, and idea do not alter or affect the nature of reality when investigating it (Saunders et al., 2009, 110).

Contrarily, subjectivism asserts that truth is subjective and is in a constant state of revision and change. Intrinsically, the nature of reality utterly depends on the subjective or individual awareness of the social actor, while the perceptions and consequent actions of social actors are the sources of creating social phenomena. In other words, the reality is socially constructed and therefore different interpretations emerge from the same situation to which social actors are exposed (Saunders et al., 2009, 111).

Also, it is observed that reality is distinct for each individual and there are multiple realities, which are not objectively determined, but socially constructed. Hence, in order to understand a social phenomenon, it is essential to investigate and grasp the subjective meanings, which influence the actions of social actors.

In this study, the effects of immigrants on the Finland economy are evaluated. To understand the social world of the research subjects from their perspectives, the views of the immigrants on their contribution to the economy of the host society must be evaluated. Moreover, the opportunities and challenges encountered by the Afghan immigrants must also be analyzed as regards to the job opportunities and their ability to enter the labor market.

Epistemology

Epistemology questions what is the acceptable or adequate knowledge in the field of study, and how it can be deciphered (Saunders et al., 2009, 112). In other words, epistemology is concerned about the information the researcher considers to be relevant and valuable for addressing the research problem.

Additionally, Collis and Hussey (2003, 48) state that epistemology emphasizes on evaluating the relationship between the researcher and the phenomenon being investigated. In fact, in interpretive research, facts are determined by beliefs, which is contrary to positivism or quantitative research, where facts serve to constrain the beliefs.

Also, it is plausible to hold the epistemological position and select between realism, pragmatism, positivism, and interpretivism. However, the latter two are among the most popular, yet each of them is elucidated to clarify their position in research.

Positivism as a research philosophy asserts that reality is singular, objective, and independent of social actors. It focuses on causality, and here, the researcher's primary aim is to study observable and measurable variables in specific controllable conditions. On the contrary, realism argues that the world is the way it is, and what our senses show us as reality is, in fact, the truth. Therefore, realists assert that objects have an existence independent of the human mind, and observable reality generates credible data and facts. Similarly, interpretivism holds that social reality is subjective, and focuses on the details of the situation, while the value of interpretation is believed to be instrumental for acquiring knowledge. Furthermore, interpretivists argue that it is significantly important for a researcher to understand the differences between humans as social actors. Pragmatism, on the other hand, states that the most important determinant of the research philosophy is the research question, as one approach tends to be better than the other for addressing a particular problem. Hence, pragmatism may entail both qualitative and quantitative methods within a single study (Saunders & Lewis 2012, 104-107).

Thus, adequate knowledge can be acquired from either or both subjective meanings and observable phenomena dependent on the research question (Dudovskiy 2016, 33). For the purposes of this research, epistemological position as a research draws substantially from interpretivism. It is, hence, believed that this is the most compatible stance given the nature of research question and the researcher's ontological position. Interpretivism is the belief

that social reality is in our minds and is shaped by our perceptions. It is subjective, and no reality is independent of the mind (Collis and Hussey 2009, 57). Therefore, it is an inductive approach to research for providing an interpretive understanding of social phenomena within a particular context.

Furthermore, this decision was made on the basis of the fact that interpretivism research enables the researcher to stress on an empathic understanding of the subjects' world from their point of views, and comprehend the meaning the subjects assign to their actions. Intrinsicly, researcher's assumption guides their belief that social entities can only be understood through perceptions of people, and it is not possible to make an objective statement about the real world when the world is socially constructed as social phenomena. As per the researcher's assumption, there is no single reality, and all human beings create their own view on the basis of individual perception. The research interprets everyday social roles in accordance with the meaning the researcher assigns to these functions. Similarly, the social roles of others are also interpreted following the personal set of meanings.

For the purposes of this study, the selected research strategy is Case Study. This choice is advocated by the type of research question and the fact that the researcher cannot manipulate the subjects. The explanatory case study allows the researcher to connect ideas and ascertain the reasons behind a phenomenon. Therefore, in this study, the reasons behind the poor economic performance of the subjects will be identified (Saunders et al., 2009, 140).

Ghauri and Gronhaug (2002,172) further state that explanatory case study is a preferred method when "how" or "why" questions need to be answered. To understand the how and why dynamics and grasp a deeper concern of the meanings, beliefs, and experiences of the human subjects, the explanatory case study with a qualitative method was employed. In other words, the researcher attempts varied interpretive techniques for describing, interpreting, accepting or coming to terms with meaning. Also, given the nature of this investigation, the emphasis is on the frequency of certain more or less occurring natural phenomena in the social world (Maanen 1983, 9 cited in Collis and Hussey 2009, 57).

Hence, the Afghan immigrants' net fiscal contribution is discussed on the basis of the welfare services they consume. Additionally, it is recommended how Afghan immigrants can contribute to the demographic changes, as Finland's population is projected to age fast, in comparison to other Nordic countries and the European Union.

Research Approach

The research approach that is believed to best answer the research question of this study is the inductive approach. Given the fact that this study is encouraged by the observation of a social phenomenon within a particular context, inductive approach is most suitable to meet the needs of the study. Therefore, through collecting, analyzing and interpreting the data, the research initially needs to generate meanings for identifying patterns and relationships, and subsequently formulate a theory for addressing the problem.

3.3 Data Collection

The processes used for the purposes of data collection are elucidated in detail in this section. Data was acquired from both secondary and primary sources. While the review of collections, journals, books, publications and articles served to be the source of secondary data, observation and qualitative research interviews with a focus on semi-structured methods were utilized as primary research instruments.

The interviews were conducted with ten participants, out of which eight were Afghans immigrants and two were natives. The data collected for this study was qualitative for determining the challenges and opportunities for Afghan immigrants in order to successfully assimilate into the job market. Additionally, some spaces for quantitative statements to conclude the number of Afghan immigrants that are dependent on social benefits as their only source of income.

Wimmer and Dominick (2013, 117) assert that “the aim of the interpretive paradigm is to understand how people in everyday natural settings create meaning and interpret the events in their world”. In order to elicit rich accounts of experiences and phenomena under investigation, and better understand the complex reality of a given situation, semi-structured interviews were selected for the purposes of this study.

The participants were not only Afghan immigrants who are still awaiting a decision on their asylum applications but also included those who have been legally living in Finland for years. Moreover, non-probability sampling technique was used in this study with a focus on purposive sampling. This sampling technique requisites selecting the samples on the basis of subjective judgment (Saunders et al., 2009, 233). In order to gain greater insight and capture a wide range of perspectives as regards to the phenomena under study, the prospect

sample group is highly significant. The reason for selecting a diverse group of participants for the interviews was not merely convenience, but also to include distinct socioeconomic classes in an attempt to obtain detailed and rich information from different perspectives. Data collection through semi-structured interviews was executed in person with the participants from Helsinki and Espoo. Interviews were conducted in a setting of their choice to ensure that participants felt comfortable while discussing their perceptions and experiences. On an average, each interview lasted one hour.

3.4 Data Analysis

As the nature of the data collected to answer the research question was qualitative, a thematic scheme was employed. Essentially, qualitative data analysis does not yield statistical significance and figures, rather its emphasis is on revealing themes and categories as regards to the research question. Therefore, the reason for employing qualitative research was the fact that it helped the researcher obtain a rich description of the subjects' experience, belief and the meanings that shape their behavior. Therefore, investigating this phenomenon was not plausible through quantitative method.

Also, interpretation is usually central to the qualitative data. For studies that seek to discover using interpretations, thematic analysis is believed to be the most appropriate technique. This is because it can identify and detect variables that guide opinions or issues spawned by the participants. Hence, the subjects' interpretations are significant for offering the most appropriate justification of their perceptions, behaviors and meaning that they assign to their actions (Alhojailan 2012, 39-40).

Also, the face-to-face interviews with Afghan immigrants were meticulously recorded and transcribed. Bernard (2003, 89) asserted that transcribing the tape is the starting point for ascertaining themes, and repetitions can be one of the most effective ways to locate themes. In fact, re-reading the text at least twice is a preferred way to identify themes (Bogdan & Biklen 1982, 165 cited in Bernard 2003, 89). During transcribing, the themes were identified, along with the patterned meaning across the data and topics that occurred and reoccurred in the corpus of the data collected in the interview. All the data was read and analyzed line by line in order to identify similarities and differences across the preceding or following transcripts. This helped the researcher to remain unbiased and focus on the data rather than his own judgment.

3.5 Research Ethics

“In the context of research, ethics refers to the appropriateness of your behavior in relation to the rights of those who become the subject of your work or are affected by it” (Saunders et al., 2009, 183). They further state that ethical issues will become a matter of concern right after the research is planned and organizations and individuals are connected for the purpose of collecting, analyzing and reporting the data in an ethical and responsible manner.

Basically, ethics denote to the conduct that distinguishes between acceptable and unacceptable or between right and wrong behavior while approaching and contacting people and organization. During this study, the researcher adhered to all ethical norms, and violated no established research practices during the data analysis, drawing conclusions and the research project as a whole. The participants were offered the opportunity to remain anonymous if they wished so. Additionally, to make an informed decision about their participation, the participants were briefed about the purpose of the research, and subsequently, their consent was attained. All attempts were made to ensure that no participant is subjected to embarrassment or is harmed due to their participation in this project. Correspondingly, the findings of this research caused no harm to the community or those who have not been a part of this project.

3.6 Validity and Reliability

Validity

The terms validity and reliability in research are equally important in qualitative research method as they are in quantitative. However, they are treated with a marginal difference. The structures and data collection methods are well-defined in quantitative research, and the concepts of validity and reliability are also developed well. Whereas, in qualitative research, these concepts are implausible to apply in a similar manner considering the freedom, flexibility and spontaneity available to the researcher in the data collection procedure (Kumar 2014, 212-213).

Remarkably, most of the quantitative criteria have been translated, discussed and adapted to the qualitative realm under terms like "transferability", "dependability" and "credibility"

among others. Numerous investigators have preferred to espouse distinctive terminology for staying away from the positivist paradigm. For instance, Shenton (2004, 63-64) cites that Guba proposes four criteria that must be embraced by researchers in pursuit of trustworthy qualitative research. Also, these constructs are used in preferences to the criteria employed by the positivist investigator, such as: a) credibility corresponds to internal validity; b) transferability corresponds to external validity/generalizability; c) dependability corresponds to reliability; d) and conformability in preference to objectivity.

Internal Validity: Credibility/trustworthiness

Credibility in research relates to producing believable results. Positivist researchers essentially stress on the internal validity as one of the important criteria for ensuring that the investigation evaluates what is intended. What it means is that the credibility in qualitative research relates to establishing that the result of the research is believable from the perspective of the participants. This is because the purpose of the qualitative research is to understand the topic under study from their perspectives, and they can be one of the primary and critical sources to judge the credibility of the results. Roberts et al. (2006, 44) assert that a potential challenge for ensuring validity in a qualitative research is researcher bias, which may arise out of selective data collection and recording, or through interpretation based on personal perspectives. Therefore, in interviews, a widely used method of data collection is used to establish the validity of the interview data.

Moreover, to maximize the validity of this research and improve the accuracy of the results, more than one method of data collection was used. Therefore, triangulation generated a comprehensive picture of the situations and the researcher could crosscheck the findings under investigation. In fact, it is significantly important in case study method to validate information from multiple sources focusing on the researcher's findings or claims versus evidence.

Intrinsically, validity in qualitative research means credibility, and credibility can be achieved only when researchers use appropriate tools, processes, and data. In this study, the choice of methodology is suitable for answering the research question, and the conclusions and results are valid for the sample and context. Hence, the findings of this research accurately reflect the situations on the ground.

External validity: Transferability

External validity accentuates on the extent to which the findings of the study in question can be applied to other situations (Shenton 2004, 69).

Reliability: Dependability

To ensure reliability in qualitative research, evaluating trustworthiness is crucial (Golafshani 2003, 601). Basically, in qualitative research, reliability can correspond to the trustworthiness of the procedures and the data collection (Roberts 2006, 43). The result of qualitative research is thereby concerned with the extent to which the generated result can be reiterated in different circumstances.

In other words, dependability is concerned with the consistency of the demonstrated result. So, if the study is repeated in the same context and with same methods, one should obtain the same result.

The findings strongly support the research questions on the basis of data and procedure employed in this study. The statistical figure provides a detailed and deeper image of the immigrants' effects on the economy. Additionally, the reasons were offered on how immigrants perform in the job market and the results are interpreted according to the approved procedures, and interpretation was done focusing on the data rather than the researcher's perspective.

Furthermore, as regards to the research question for this study, appropriate sampling was used, and data collection and data analysis supported the claim of this study with on-ground evidence. Additionally, there was sound coherence between the data, interpretation and derived conclusion.

Therefore, this study and its result offer a valuable source of information that can make a major contribution towards immigration policy. The policy makers may, further, find it useful for managing immigrants in a win-win solution approach that both immigrants and the state can benefit.

Objectivity

Objectivity is a complex term, and ensuring genuine objectivity is challenging. This is because tests and questionnaires are designed by humans and the intervention of the researcher's biases is therefore inevitable. Yet, in practice, it involves restricting any prejudices or intrusion of a researcher's preconceptions or value judgments (Shenton 2004, 64-72). Intrinsically, the maintenance of our objectivity is crucial in order to ensure that researchers remain distant and balanced with the collected data and do not misrepresent the data, particularly in the analyzing phase, and avoid being selective on which data to share or misrepresent its statistical accuracy.

To summarise, the findings strongly support the research questions on the basis of data and procedure employed in this study. The statistical figure provides a detailed and deeper image of the immigrants' effects on the economy. Additionally, the reasons were offered on how immigrants perform in the job market and the results are interpreted according to the approved procedures, and interpretation was done focusing on the data rather than the researcher's perspective.

Furthermore, as regards to the research question for this study, appropriate sampling was used, and data collection and data analysis supported the claim of this study with on-ground evidence. Additionally, there was sound coherence between the data, interpretation and derived conclusion. Therefore, this study and its results offer a valuable source of information that can make a major contribution towards developing an effective and holistic strategy for supporting integration and labor market assimilation of the immigrants in a conscious fashion.

Time Horizon: Cross-Sectional

Under cross-sectional studies, a particular topic is assessed at a particular time. These studies are based on observations that need solutions in order to ensure that the community can enjoy an improvement in their life. In this case, the study attempts to determine if the Afghan immigrants pose opportunities for economic growth or are a burden on public finances.

Research Limitations

However, there are two primary limitations of this research study. First, this study deals with the impact of Afghan immigrants on the economy in Finland, rather than the impact of immigrants in general. Second, the participants were Afghan immigrants and ordinary natives and not the employees of the labor office.

It took nearly six months to execute this research project. The research intended to interview both Afghan immigrants and labor office employees regarding the impact of immigrants on the economy and their role in addressing the demographic changes. Unfortunately, only the interviews with the former group were plausible as the latter group was not optimistic to offer interviews on this topic. Consequently, this project was delayed for several months, and the development work did not proceed as planned. However, following several failed attempts to conduct an interview with the labor office's employees, the researcher interviewed some native population as a substitute, and this drawback was therefore counterbalanced or offset. Due to this reason, interviewing the labor office employees and the subsequent findings of the interviews would have led to a different conclusion.

4. Presentation of the Findings and Results

This chapter summarizes the findings regarding the impact of immigrants on the economy of the host country- Finland. The results of this study entail some important implications.

This study had two major purposes: (a) to review the impact of immigrants on the economy of the host society in order to determine their net fiscal contribution and concluding if immigrants pay more tax than the amount of welfare services they consume; and (b) to discuss the role of immigrants in addressing demographic changes — determining if they can substitute the ageing population to resolve fiscal imbalances.

4.1 Findings from the Interviews

In order to evaluate the impact of immigration on the economy, and the role of immigrants on addressing demographic challenges, the study aimed to understand the viewpoints of

both immigrants' and the native population. Therefore, interviews were divided into two segments — immigrants and native population.

The Interviews' Findings (Natives)

The findings revealed that the effects of Afghan immigrants on the economy critically depend on their skills and aptitudes in comparison with the skills of native workers and the characteristics of the economy in the receiving country.

According to the findings of the interviews, native Finns believe that the labor market performance of Afghan immigrants is the most significant factor that shapes political and public discourse on immigration phenomenon in Finland. In other words, the native population asserted that addressing the perceived public concerns in Finland regarding the immigration scale and immigrants' fiscal contribution and performance in the labor market has been singled out as a crucial determinant. It was argued that the Afghan immigrants need to create their own means of living, and they must not be contingent upon welfare services, which is mostly the case at present. However, in the long run, the impact tends to become positive as the immigrants learn the language, new skills and knowledge by working and studying. Therefore, the economy and labor demands adjust to the increase in labor supply. It was asserted that the state needs a more comprehensive labor market assimilation strategy so that immigrants can be placed on the job, otherwise, they will seek welfare services irrespective of the length of their stay in the host society, their skills or education.

Nevertheless, a participant was skeptical of skills and experiences of the immigrants and believed that immigrants will not be substituted to the native population. It was concluded that to enable immigrants to act to their full potential and become a match for the jobs in the Finnish market, subsidized employment would prove beneficial. It would help immigrants to gain skills and work experience, which is required to successfully enter the job market. However, these gains come at the expense of short-term losses from funding such training programs. Yet, in the long run, it will pay off as immigrants will be able to successfully find jobs and pay taxes while relaxing burden from the state's welfare services.

The findings of the interview concluded that immigration can be an economic opportunity provided certain challenges are addressed. For instance, teaching the Finnish people, the cultures of the immigrants and vice versa, as this lack of understanding can significantly affect the trust between these groups and therefore people will not embrace change, particu-

larly immigrants who are coming to a new society. Similarly, education is one of the substantial milestones for both natives and immigrants. This is because the latter group can be at a disadvantage due to deficient of credentials or absence of recognition of their qualification obtained in their home country.

If the phenomenon of immigration is effectively managed, there could be imperative advances for companies and the host society in general. Correspondingly, people of different backgrounds and perspectives could bring new insights to the table. Differences can be key assets of a business provided they are positively viewed and differences like race, ethnicity, gender, religious affiliation and culture are considered as potential liabilities. Therefore, inclusion can be a key component of the immigration assimilation strategy, as it will increase the number of employees with immigration background when they are supported to have a say in decision-making processes. Moreover, this will not only enable the immigrants to reduce the dependence on welfare services, but they will also create a sense of belonging to the community.

Also, to boost innovation, it is essential to form efficient groups between people of different skills, backgrounds, cultures and beliefs, as diversity unleashes innovation. However, this is only possible when immigrants unlock their potential and are empowered to gain the skills and experiences for becoming a perfect substitute or even outperform the native workers. Currently, immigrants are largely underrepresented in companies or job market in Finland, and this is particularly true in the case of Afghan immigrants.

Remarkably, subsidized program also help immigrants acquire the ability to meet the needs of the job market. To persuade companies to hire immigrants, especially those who have no job experience (or in a different field than what is available in Finland), the government needs to spend. For example, tax reduction, as a way to minimize the financial risk that the company may endure due to hiring such people. Subsidized program, in addition to the income, can help immigrants in acquiring necessary experience and skills, which are the most important assets for finding jobs.

As far as the demographic changes in Finland are concerned, native born explicitly voiced their support in favor of immigration as an effective fix to the problem. It was widely believed that immigrants can play a vital role in tackling skill shortages caused by an ageing population.

On the face of anticipated national demographic trends in Finland combined with an in-

creasingly ageing population and decreasing birthrates, a sustainable economic growth and well-being can only be ensured through effective immigration policy. Immigration can contribute to the economic growth and relax the burden that ageing population poses for the welfare of Finland. However, the conditions under which immigrants can contribute to addressing the lack of labor supply caused by an ageing population require increasing the rate of labor force participation of immigrants. Therefore, the government must be willing to make some financial sacrifices in the short term for equipping immigrants with the skills and experiences required in the job market in order to enjoy the benefits in the long run. While there already exists an increasing number of aged people, who are dependent on the social benefits in Finland, immigrants will also seek welfare services if they are not helped with their entry in the job market.

To conclude, considering their present labor market performance, the Afghan immigrants can tend to be an economic drain and not an opportunity. However, they can positively contribute by tackling demographic challenges at the cost of some short-term losses as a way to attain long-term economic growth and sustainability.

The interviews' Findings (immigrants)

The findings of the interviews indicated that the target populations have serious and multiple barriers to employment in Finland. While this is partially due to the lack of relevant work experience and the challenge of transferability of Afghan immigrant's human capital, there is still concern that it may partially be because of the inefficiency of the assimilation strategy of the policy makers in Finland.

Inadequate or inappropriate work experiences put Afghan population at a clear disadvantage. This is because most Afghans bring with them experiences acquired through working with relief organizations, mostly UN, USAID and other international non-governmental organizations. Additionally, communication barriers and employers' favoring policy, which giving more priority to Finnish market experiences are all factors contributing to this disconnect. Basically, companies in Finland value experience acquired in Finland or other EU states much more than what acquired in developing countries. Consequently, Afghan immigrants tend to experience high rates of underemployment and unemployment in Finland. It is argued that they experience occupational segmentation and are working in areas where there are limited opportunities for professional growth, simply because of their background, race and immigration status.

Moreover, it was widely debated that immigrants should actively seek employment, like the native population. The TE Office help people in the job search but cannot offer them a job due to the lack of effective coordination between companies and the labor office.

Technically, the asylum seekers who are awaiting the decision on their applications are however legally allowed to work, yet major companies do not hire them in absence of social security numbers, a phenomenon that can only be addressed when immigrants receive a positive decision on their asylum application.

Due to the long period of unemployment, Afghan immigrants even accept the jobs that they are overqualified for and perform the work that native-born refuse to stoop to. Despite this, most of the Afghan population in Finland cannot secure such jobs, and therefore get frustrated and tend to remain idle. Moreover, the generous social and welfare system gives them a reason to stay unemployed.

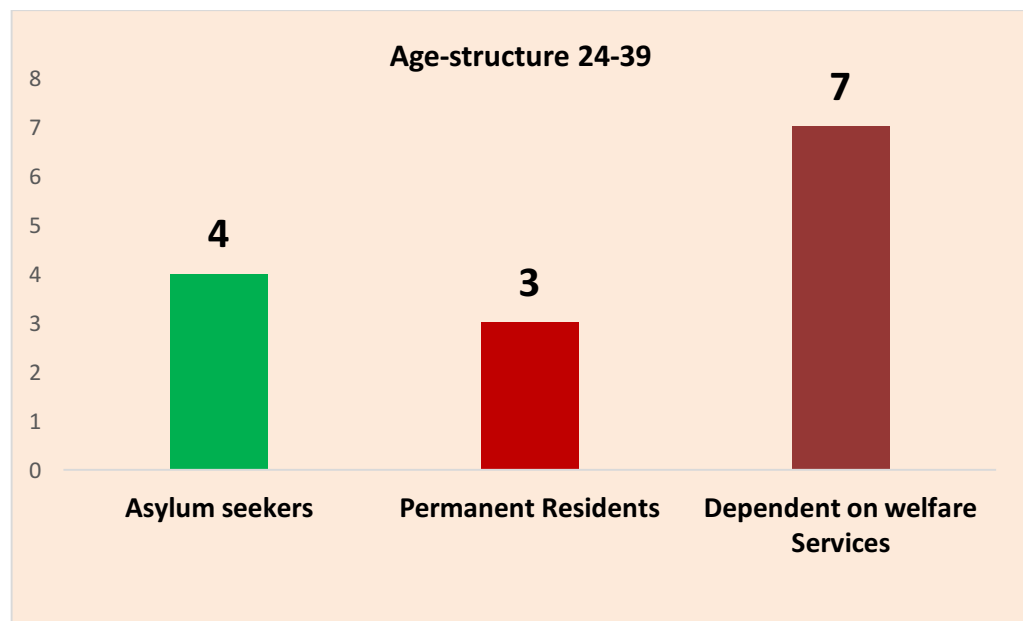


Figure 11. Afghan immigrant population welfare-dependency ratio

Figure 11 clearly indicates that Afghans are heavily dependent on welfare services. The majority of Afghan immigrants feel cast out by the austere climate of the labor market. Two of the participants, who studied in Finland, assert that entering the job market is quite daunting, and their attempt has so far remained unsuccessful.

However, considering the speed and degree of the Finnish system's immigration handling, the social and economic costs of Afghan immigrants in the context of their assimilation

seems to be higher than their net benefits to the host society. Additionally, given the current rate of Afghan labor participation and their dependency on the welfare services, it is prudent to argue that Afghan immigrants are an economic burden rather than an opportunity in the short term. Upon arrival, Afghan immigrants can have a much lower probability of improving their place on the job market, and this put the subjects at a clear competitive *disadvantage* in comparison to those who have stayed for a longer duration or are native population. However, in the long run, immigration and second generation, in particular, can be a valuable source of the better-educated workforce, greater occupational specialization, better skills suitable for the jobs in the market, and overall higher economic growth and productivity.

Furthermore, Afghan immigrants' entry to the labor market is restricted both by administrative barriers like permission to work and practical barriers like language, lack of EU or Finland job experience, and transferability of human capital, among others. Moreover, hidden or indirect discrimination combined with the lack of networking are the major employment impediments for the immigrants.

The participants asserted that they could withdraw from social and welfare dependency and contribute to the economic growth in Finland provided the government supports them in learning the Finnish language and their job search and employment. The problem is that though, the government offers language-training programs, but Finnish courses are limited, and therefore, most immigrants tend to queue for several months or even a year before they can start a language course. In addition, language acquisition has a tremendous impact on immigrant employment, as employers expect foreigners to speak exceptionally good Finnish. Therefore, lack of Finnish language skills significantly compromises the immigrants' efforts to secure a job.

Certain participants also expressed their concern with regards to the structure of Finnish language courses. These courses mostly revolve around extensive grammar lessons that make it difficult for immigrants to equip themselves with intermediate level in such a short time span. They argued that courses need to focus on offering conversational lessons, as it will enable them to successfully master the language level required for effectively integrating into the society and labor market. This is because immigrants are unlikely to work in positions that require producing highly sensitive, academic or business reports in the Finnish Language.

Some of the participants asserted that learning the Finnish language is essential, but not sufficient to secure a job. After participation and completing the designed Finnish language courses, people can successfully carry out their day-to-day activities, however, getting a job is still challenging. For instance, among the participants, two individuals had already obtained their master degrees in Finland but could not get jobs as they did not possess the required work experience for the Finnish labor market. Therefore, driven by several failed attempts to get a job, even highly educated people try to pursue a career in the cleaning sector or settle for becoming a bus driver. Areas with high potential of generating jobs for immigrants include security, personal care, cleaning and construction. The latter being one of the major industries where an overwhelming number of non-Finnish labors are employed, and most of them from the neighboring Estonia. In order to help the immigrants in their job search, the government needs to form a network and connect employers with the immigrants, especially internationally trained professionals with work experiences that do not correspond to the requirements of the locally available positions.

To summarize, though immigrants' economic impact partially depends on their characteristics, still policies and institutions in receiving country play a significant role. Moreover, to reduce the welfare dependency ratio of immigrants, the policy makers need to ensure that immigrants are equipped with the skills and experience that will ensure their entry to the job market. The problem is that the existent policy and assimilation strategy is not fully effective for addressing the challenges of immigration and in the absence of a holistic immigration policy, immigrants may represent the net cost for the economy in the host society.

4.2 Findings from the Observation

On the basis of the researcher's observation, it can be stated that most Afghan immigrants rely on social assistance. Observation enabled the research to acquire an evident and insightful way of analyzing the subjects' behavior in their natural settings, and this further informed the contents of the consequent semi-structured interviews (Saunders et al., 2007, pp.306).

In addition, to observe the ongoing behavior and situations of the subjects (in this case, the Afghan immigrants), direct observation allows the researcher to remain inconspicuous so that his presence does not affect the behavior of the subjects under investigation. Therefore,

the subjects in their normal environment are unaware of the purpose of the observation and researcher can effectively observe what the subjects normally do and how they behave (Collis and Hussey 2003, 171).

Basically, the researcher has sound and prolonged contact with Afghan community in Finland and this helped him to obtain a more thorough view of the subject's overall situations and participation, especially in the labor market. This facilitated the comprehension of concerns encountered by the involved population, from their own perspectives.

The data acquired from observation suggests that the prevalent challenge not only involves language skills but also a lack of a mechanism on the part of the labor office to help immigrant's entry into the labor market. In fact, the latter plays an even more substantial role in determining the efforts of immigrants to successfully assimilate.

According to the Finnish immigration service, asylum seekers can start working three months after lodging their asylum application, provided they produce an authentic ID or travel documents to the relevant authorities. However, the asylum seekers who cannot produce such documents must wait six months before they start working. Yet, even after six months, major companies in Finland will not hire immigrants in absence of a social security number. Therefore, the status quo needs amendments from two perspectives. First, the asylum seekers must be allowed to look for jobs right after putting their applications. Second and most important, labor office needs to establish an effective coordinating mechanism with the companies in order to introduce unemployed asylum seekers and immigrants to the employers. Moreover, employers need to be persuaded to hire people from outside Finland if the sought skills and capabilities cannot be offered locally.

Hence, a stronger co-operation between labor office and employers is significant to facilitate the connection between refugees' skills and local demand.

The problem is most of the Afghan immigrants rely on welfare services as their only source of income. In addition, Afghan women represent a big share of the welfare beneficiaries as compared to their male counterparts. One of the major reasons for this is that they are largely at home for looking after their young children.

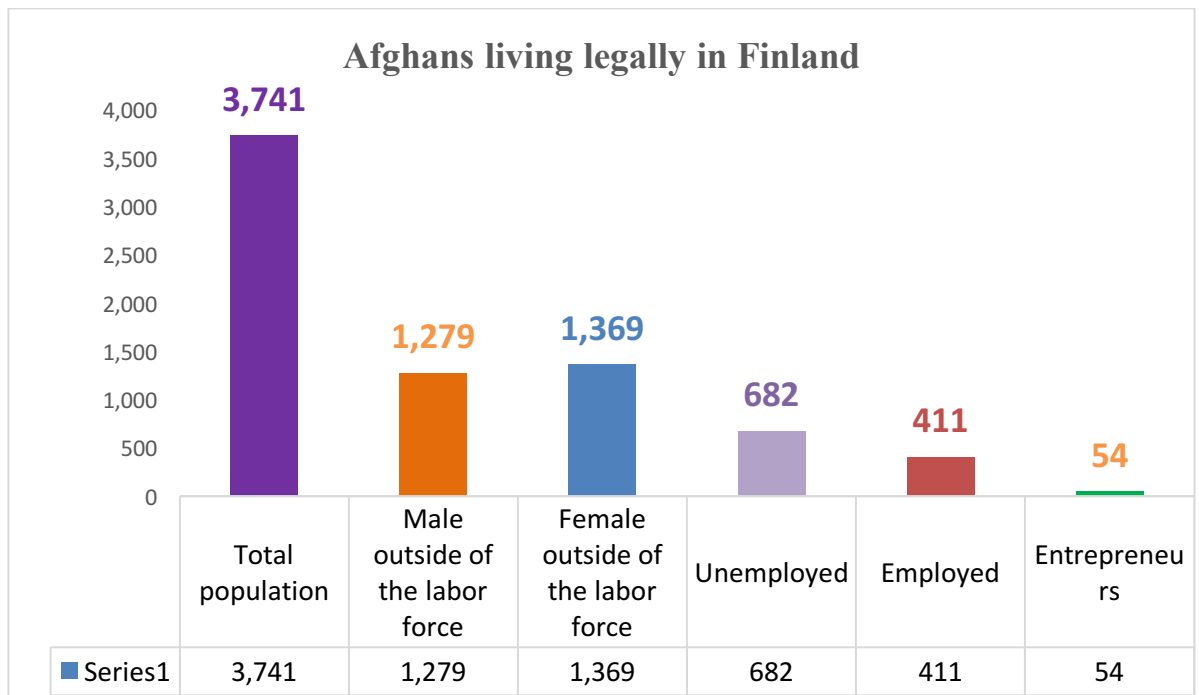


Figure 12. Afghan population in Finland (Source: Adapted from Statistics Finland, 2017).

As illustrated in Figure 12, the welfare participation rates among Afghan immigrants are still high and a greater part of this population in Finland is either unemployed or stays outside of the labor force. This is even more evident in the case of Afghan women, who are employed less in comparison to their male counterparts. For instance, from the total 3741 individuals, nearly 3276 avail benefits and welfare services.

In the context of this study, outside of the labor force refers to the people who are neither employed nor unemployed. For example, students, individuals taking care of children at home, retired people, and particularly those, who are neither working nor seeking work. These people are largely dependent on welfare services among other benefits. Whereas, unemployed insinuates individuals who are available for work and are actively searching for jobs, but have not been able to get one. The latter receive unemployment benefits from the labor office.

The reason for their dependency on public and welfare services can be multifaceted, initiating from lack of credentials required for the job market, poor or nil Finnish language skills, the absence of previous experience and the paucity of an effective mechanism or support system through which they can enter the labor market. The latter two factors play a significant role in hampering immigrants' attempt in their entry to the job market.

Given the status quo, predominantly it is the absence of an effective strategy for persuading and enabling immigrants to successfully enter the labor market that tends to produce a net cost for the Finnish economy.

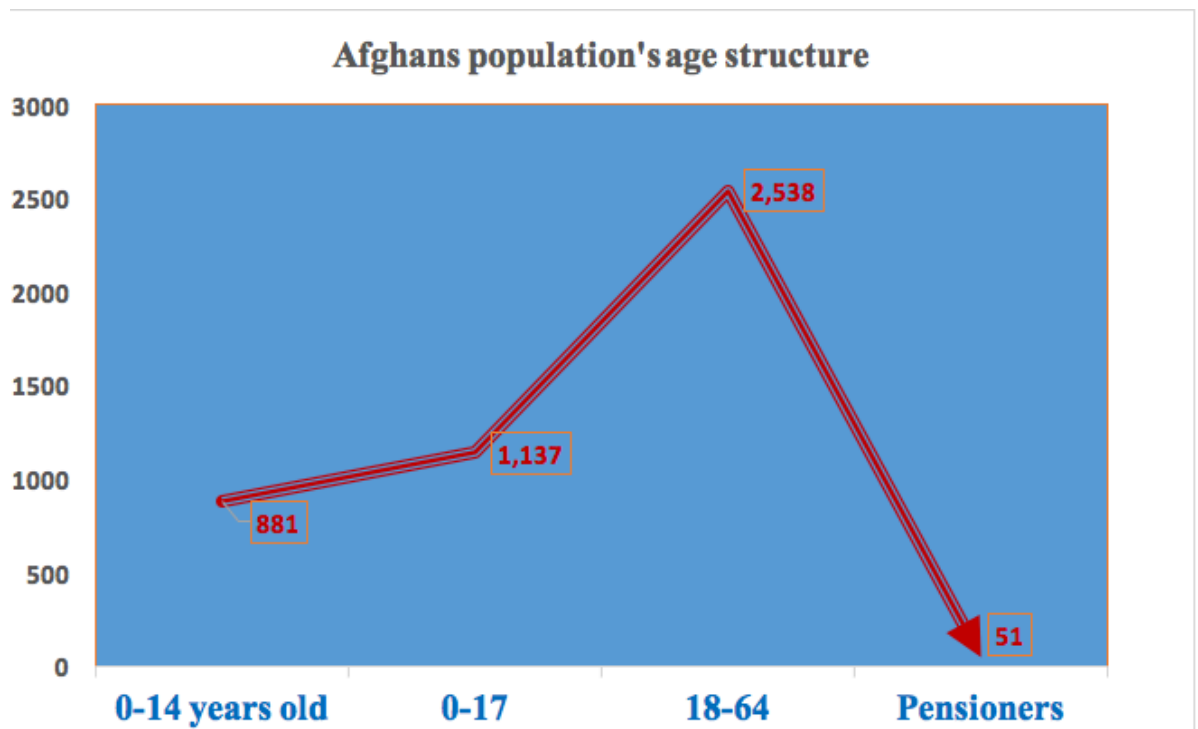


Figure 13. Afghan population age structure (Source: Statistics Finland, 2017)

Understanding the age structure of immigrants is vital as they can have a host of economic and social implications on the receiving society. Figure 13 indicates that most of the Afghan population in Finland comprise of young individuals and hence, the young age cohort can be a substitute to bridge the labor gap in the job market. Additionally, the younger generation can work and pay pension contributions, whereas the older generation will need to rely on and live from pension, savings and benefits.

However, age has substantial negative effect on immigrants' earnings upon arrival to Finland. Therefore, Afghan immigrants will be at earning disadvantage in comparison to Finns. This is because of the absence of certain Finns-specific skills and knowledge. However, this difference will diminish with the increased time spend in the country, especially for the second generation as they will acquire the abilities to fully participate in the economic, social and political spheres of the country.

Impact of Immigration on the Demographic

Immigration can be a substantial solution to alleviating population decline and ageing population.

Given the striking and critical population trends in Finland, immigration can be an effective tool to offset population decline and population ageing resulting from longevity and low fertility rates.

With the current rate of fertility, Finland will experience shortage of labor and skill due to the ageing population in the coming years. Therefore, in order to offset the estimated or projected negative macroeconomic impact of population ageing, immigration is the utmost fix.



Figure 14. Birth and Death Rates (Source: Statistics Finland, 2017)

Figure 14 compares the number of births and deaths in Finland. For instance, in 2016, a total number of 52,815 children were born, whereas in the same year 53,923 persons has died. As evident, there has been an incline in the death rate as the number of deaths grew by 2216 as compared to 51,707 in 2012.

The Statistics Finland's population projection suggests that due to a low birth rate, the number of people aged under 15 would fall to 882,000 by 2030, and a further decline of 14 percent is projected by 2060.

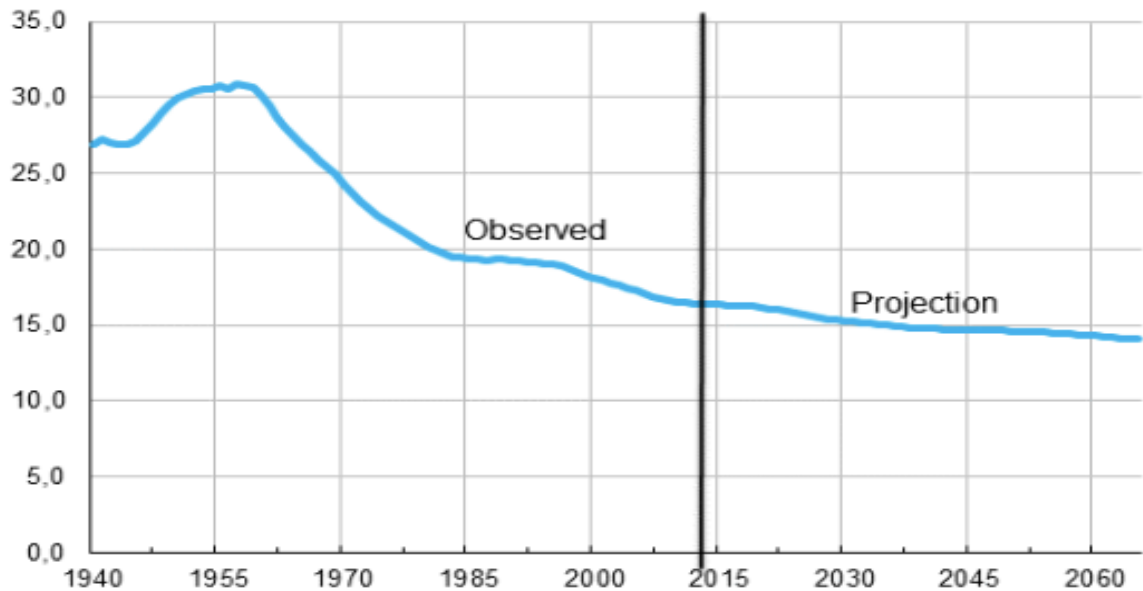


Figure 15. Share of people aged under 15 in 1940-2065 (Source: Statics Finland 2015 projection)

Figure 15 indicates that by 2060 the number of individuals aged under 15 would significantly fall and this can be an indication for Finland to bridge this gap through immigrants. Hence, immigrants can be a substantial opportunity and not a burden in the case of Finland.

According to Statistics Finland's, there were 3.55 million working age people in Finland in 2009, which dropped down by 69000 people between 2010 and 2014. According to population projection of 2015, the number of working-age people would further drop by 75,000 people or from the current 3.48 million to 3.41 million people by 2030, and 3.40 million by 2060. In other words, the proportion of working-age people will shrink from the current 64 per cent to 59 per cent by 2030, and to 57 percent by 2060.

Hence, due to declining fertility rates and rising life expectancy, Finland will undergo substantial demographic changes and economic crisis. In fact, this can be even more apt when Finland induces minimal immigration as compared to its Nordic counterparts. Immigration is therefore critical for the country's long-term economic growth, while substituting the ageing population and resolving fiscal imbalances. The importance of immigration can be significantly felt when some Finns are leaving Finland to pursue better opportunities in other countries.

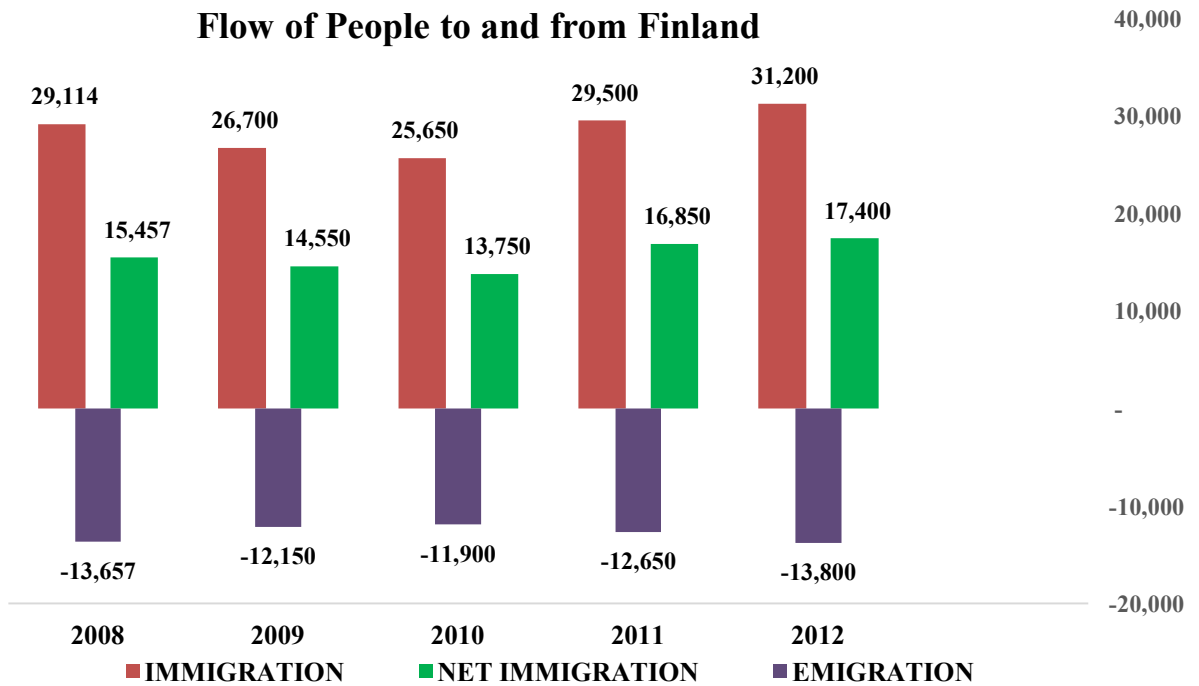


Figure 16. Flow of People (Source: migri.fi, 2012)

In the context of this study, immigration represents the number of people who entered Finland, whereas emigration includes the number of Finnish citizens who left Finland, and correspondingly, net immigration signifies the difference between incoming and outgoing migrants.

As evident from Figure 16, Finnish people are leaving Finland, and the migration is most probably incited by promising job opportunities and better living conditions in the overseas markets. However, the number of people leaving Finland is approximately half of the inflow or those entering Finland. For instance, in 2012, 31200 people entered Finland, whereas 13800 people left it in the same year in order to search of better job opportunities and living conditions.

In addition, Finland's population is ageing faster, even more than the Nordic countries, therefore, this corresponds to the conventional understandings that there will be negative financial repercussions on the wider community, especially meeting the basic needs of growing proportion of aged citizens. The ratio of working age people to those over 65 is projected to climb from 15% in 2000 to 25% by 2025, and 28% by 2050. This indicates a tremendous increase in the dependency ratio and imposes a greater burden on the shrinking working population and the economy in general due to the increased government spending

on healthcare and pensions. In fact, more people will have to claim pension benefits, while only limited number of people will be working and paying taxes.

To summarise, Finland tends to witness an increase in the dependency ratio because of the ageing population. This high ratio indicates that the working age and the overall economy would face a greater burden in supporting the ageing population. Therefore, immigrants can help reduce the dependency ratio, as the majority of Afghan immigrants are of workforce age and can alleviate the economically-inactive/retired to working people ratio. Nonetheless, this only can plausible only if immigrants are placed in jobs, otherwise, they would also have to claim social and welfare benefits.

4.3 Summary of the Findings

Essentially, Afghan immigrants represent negative implication on the Finland's economy. Immigration can generally contribute to the economic growth and address demographic challenges in the receiving societies, yet this does not appear to be apt in the case of Finland. This is because the former tends to produce net cost as immigrants consume more in welfare than their fiscal contributions.

Moreover, the economic potential of the Afghan immigrants is not fully utilized in Finland's labor market. Immigrants encounter impediments like labor market rigidities along with the fact that the recognition of acquired skills and credential is informed of the deficiency with respect to access to the labor market. This indicates that it deters and holds back big opportunities for companies to benefit their business and the society.

Hence, the longer these people stay unemployed, the more will be the loss of occupation-specific human capital and workers' specific skills because of the technical and technological changes. Essentially, challenges tend to influence immigrants to stay idle longer than they would otherwise prefer, and this can be especially be true for people who avail welfare services and live with large families. The latter will be dissuaded to work not only because of the generous social system and culture of welfare dependency, but primarily also because of the ineffective labor market assimilation strategy. Hence, it can be reiterated that immigrants' ability to support and contribute to the economy partially depends on their characteristics, yet policies and institutions in receiving country still play a significant role.

Moreover, to reduce the immigrants' welfare dependency ratio, policy makers need to ensure that they are empowered with the proper tools for active participation in the job market. The current labor market assimilation strategy is reassuring, but not adequate, as it has fallen short of its potential to address the labor market challenges on the part of the immigrants. The current strategy regarding the immigration assimilation and integration may work for some immigrants and may fall short for others, especially for the cohort of immigrants, whose inclination to live and stay in Finland is not motivated by economic reasons. Therefore, informing a comprehensive assimilation and integration strategies that could be contextual in their application are of significant importance.

Also, due to the current assimilation strategy, Afghan immigrants are disproportionately represented in the labor market and therefore they represent a net cost to the host society. Consequently, if the immigration phenomenon is properly managed, the cost of immigration will be more confined in comparison to the benefits immigration entails for the receiving society. With the prospect of the demographic changes, the number of the population of working age will diminish in Finland, and, hence, there will be a need to import people from outside in order to resolve the fiscal imbalances caused by ageing people. With this consideration, immigrants will assume a critical role in sustaining Finland's economic growth and productivity. Therefore, immigration is an effective fix that can offset or alleviate population ageing and population decline.

5. Recommendations

The existent unidirectional immigration strategy orchestrated by the policy makers in the host society has not been able to effectively ensure fast and successful integration of the immigrants into the labor market. This chapter offers recommendation in order to inform win-win solutions for both the immigrants and the host society.

Currently, the welfare dependency ratio is high for Afghan immigrants in Finland, and this implies (among other steps) increasing the number of courses, subsidized programs, networking, eliminating companies' monopoly, reducing discrimination, curtailing administrative barriers and offering generous social benefits.

I. Finnish Language Skills: Language courses are limited and immigrants have to wait for months and even years. As applicants are enrolled in the language courses on the first come,

first served basis, they need to wait in the queue, which is already highly backlogged. Hence, it is vital to increase the number of Finnish language courses, and even more critical that the focus shifts from first come, first served basis to prioritizing the highly educated immigrants whose entry to the labor market is exclusively compromised by the language deficiency and work experience.

II. Work Experience: In order to reduce the welfare dependency ratio of Afghan immigrants, it is essential to support a capacity building scheme for offering right training to build up the host-society specific human capital. Training the immigrants for the kind of jobs and skills required in the market, followed by an effective employment scheme can not only divert immigrants from pinching the public purse, but also make them self-sufficient to contribute to the public finance and net fiscal. However, this can be expensive, especially in the short term as it will offset the costs through net fiscal contribution in the long run. Additionally, most of the Afghan immigrants are not equipped with the skills and work experiences desired by companies in Finland. The latter tends to be one of the major impediments even for highly educated Afghan immigrants with work experiences in a different field, obtained through working with relief organizations.

To persuade companies for hiring workers with the least favorable employment prospects, subsidies will play a vital role. The subsidies and rebates will help incline their decisions in favor of immigrants and incite them to hire individuals with limited and no prior work experience or those with lower levels of education. In addition, the subsidy will lure businesses to employ individuals they might not otherwise hire, and this can be especially true when firms have access to a large pool of applicants.

To summarize, subsidized employment overcomes barriers pertaining to previous work experience and therefore alleviate immigrants' dependency on the welfare system. Subsidized program can offer social and economic benefits on a scale that could outweigh the cost of the subsidies in the long run.

III. Companies' monopoly: Driven by low labor cost and profit maximization, some companies, particularly in the construction industry import both skilled and unskilled labors from other European members. Companies are required to import labors from outside Finland merely when the given skills and expertise could not be locally sought. In such cases, Afghans can be a substitute for skilled labor. As far as unskilled labor is concerned, immi-

grants can be perfect and therefore importing such labors can have negative economic implication for Finland. Therefore, a strong association between companies and employment office is central for the employment of immigration population.

IV. Networking and inclusion: Afghan immigrants do not have access to a network that not just helps them with their job search but also ensures that their rights are protected in the labor market, especially when applying for a job. Therefore, immigrants miss many job opportunities due to the absence of an effective coordination and cooperation mechanism between the labor office and companies in Finland. Thus, in order to increase the employment rate of the immigrants, a representative from the labor office must be present when companies hire new people. Therefore, forming networks can not only help immigrants in their job search but also ensure that they are selected in the positions for which they are qualified and have the necessary ability to meet the job requirements.

V. Indirect discrimination: Indirect discrimination is one of the primary reasons that tends to put immigrants, particularly Muslim immigration population at a competitive disadvantage against the native born or EU citizens, when it comes to employment. It has been indicated that some companies, if not all, prefer to hire native applicants irrespective of their suitability against the candidates of immigrant background. Hence, the attendance of a labor office's representative in the selection process can promote and ensure equal treatment.

VI. Administrative Barrier: Afghan immigrants' entry to the labor market is restricted both by administrative barriers like permission to work and practical barriers like language, lack of EU or Finland job experience, and transferability of human capital, etc. Also, immigrants must wait for three to six months after their asylum applications before searching for work. Although, after the due time, asylum seekers are legally allowed to work, yet major companies do not hire them till they get social security numbers; a phenomenon that can only be addressed when immigrants receive a positive decision on their asylum application. Hence, government intervention is essential so that the immigrants can work immediately after lodging their asylum applications, and if qualified for the concerned job, they must be hired by companies regardless of the social security number.

VII. Generous benefit: Even though the majority of Afghan immigrants are willing to work and actively seek jobs, it cannot be ruled out that some people would voluntarily like to remain unemployed. In order to persuade the unemployed population, the government

must introduce strict benefit requirements or a scheme that rolls back benefits for those who are not willing to accept job offers. This will reduce welfare dependency ratio of Afghan immigrants on public finance.

6. Discussion and Conclusion

Immigration has been the focal point and has become a prominent feature in Finland's economic, social and political landscape. The initial research problem of this thesis was inspired by the researcher's observation regarding the Afghan immigrants' dependency ratio on welfare services.

The primary concerns of this research were to assess the economic impact of the immigrants and their role in overcoming the demographic challenges in Finland. The study produced sufficient data for effectively answering the research questions. In addition, it attained the pre-ascertained objectives and generated further insights into the concerned topic.

The findings revealed that barriers on the part of Afghan immigrants' assimilation process are multifaceted and largely driven by the limited portability of human capital acquired by immigrant population in their country of origin. Insufficient command of the Finnish language is likely to be one of the primary reasons for low valuation of Afghans immigrants' human capital. For instance, while some new Afghan immigrants may know several languages, but if their command of Finnish is not up to the job entry standard, this is a major disadvantage. Furthermore, the work experience acquired by the Afghan immigrants in their country of origin supports the fact that human capital assimilated by this group is specific to Afghanistan. This seems to be one of the primary and most significant reasons that indicate that the attempts of Afghan population are less effective in the labor market, and this is also applicable to the educated and experienced Afghans.

It is argued that the economic impact of immigrants primarily depends on the characteristics of the immigrant population as compared to the native population, immigration policies and the intention of welfare systems and social services. In other words, a key element and determinant of the economic impact of immigrants on the host country is the extent of benefits like welfare and social services that immigrants avail against their fiscal contribution.

Afghan immigrants are highly reliant on welfare services due to the limited employment opportunities. Therefore, it is argued that Afghan immigrants' assimilation is not very

effective as it can be faster with education and employment. In fact, the employment is one of the major obstacles in their assimilation process.

Additionally, unlike most economic immigrants, Afghans are not migrating to Europe, and particularly to Finland, because of job or career opportunities. When the migration is not motivated by employment reasons, assimilation tends to be inactive and less successful, especially when the majority of the Afghan immigrants are not well educated or highly experienced for active participation in the labor market. Therefore, the Afghan immigrants have weaker labor force and participation rates than natives. Thus, this leads to the belief that the contribution of Afghan immigrants to public finances is negative as they use more in services than their fiscal contribution. Therefore, on an average, Afghan immigrants represent a fiscal burden and would transform to financial gain only under the condition of employment.

Remarkably, the impact of Afghan immigrants on demographic changes cannot be left unnoticed, especially when population profile of Finland is projected to undergo immense changes in the size and age-structure. It is predicted that nearly 40 percent of the present labor force in Finland will withdraw from the labor market by the year 2020. Hence, the change in population dynamics will intensify the pressure on social welfare costs for the dwindling working-age group. This will harm the public finances and economic competitiveness, and subsequently, will deteriorate the economic fabric of the society.

Therefore, the demographic changes and particularly, the ageing population will lead to a number of implications on the public purse. Most of the anticipated increase in public spending will be informed by pensions, social expenditure, welfare services and health care, and this, in turn, will result in exceeding cost for the country.

Furthermore, immigrants will play a considerable role in rejuvenating native population and offsetting the decline, while resolving fiscal imbalances in the context of retiring and ageing population, increase in mortality, low birth rates and longevity.

Therefore, it can be said that from a demographic perspective, immigration can be of significant importance for Finland, particularly when its ageing population is growing faster than its Nordic counterparts and many other states in the Europe. Consequently, immigration can help overcome the challenges of labor supply, especially when the government seeks to fill the vacuum in the labor market instigated by this segment.

Additionally, in order to benefit from the immigration, both from the economic and demographic perspectives, the government needs to challenge the status quo. If the Finnish government continues to manifest the prevailing integration strategy, Afghan immigrants will produce a net cost for the economy, specifically in the short term. Also, the impact of immigration on demographic phenomena tends to be positive, especially in the long term as immigrants and particularly, young generation acquire the skills and knowledge, while mastering the language to comprehensively and effectively participate in the labor market.

Nonetheless, unless the policymakers voice their discontent with the existing state of affairs, the total economic impact of Afghan immigrants will be negative as they would continue to consume more social and welfare services than their positive net fiscal contribution. On the contrary, the impact of immigration on demographic challenges would plausibly be positive if immigrants counterbalance or mitigate the anticipated negative macroeconomic impact of population ageing.

To conclude, the findings of this study indicate that the impact of Afghan immigration can be assessed from two perspectives -- the economic, which suggests that Afghan immigration produces net cost, and the demographic that asserts that they are likely to be an opportunity to alleviate the population decline.

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