

Nordic Council
of Ministers

TOWARD A MORE INCLUSIVE LABOUR MARKET IN THE NORDICS 2

Barriers to employment for vulnerable groups in the Nordic countries

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1. Executive summary

The Nordic Council of Ministers aims to make the Nordic region the most socially sustainable and competitive region in the world by, among other things, improving the employment prospects of vulnerable groups in the entire region. This is essential for a well-functioning labour market and the socio-economic well-being of individuals (The Nordic Council of Ministers, 2022b). To achieve this goal, a stronger knowledge base is needed to understand the employment barriers faced by these vulnerable groups and how to overcome them.

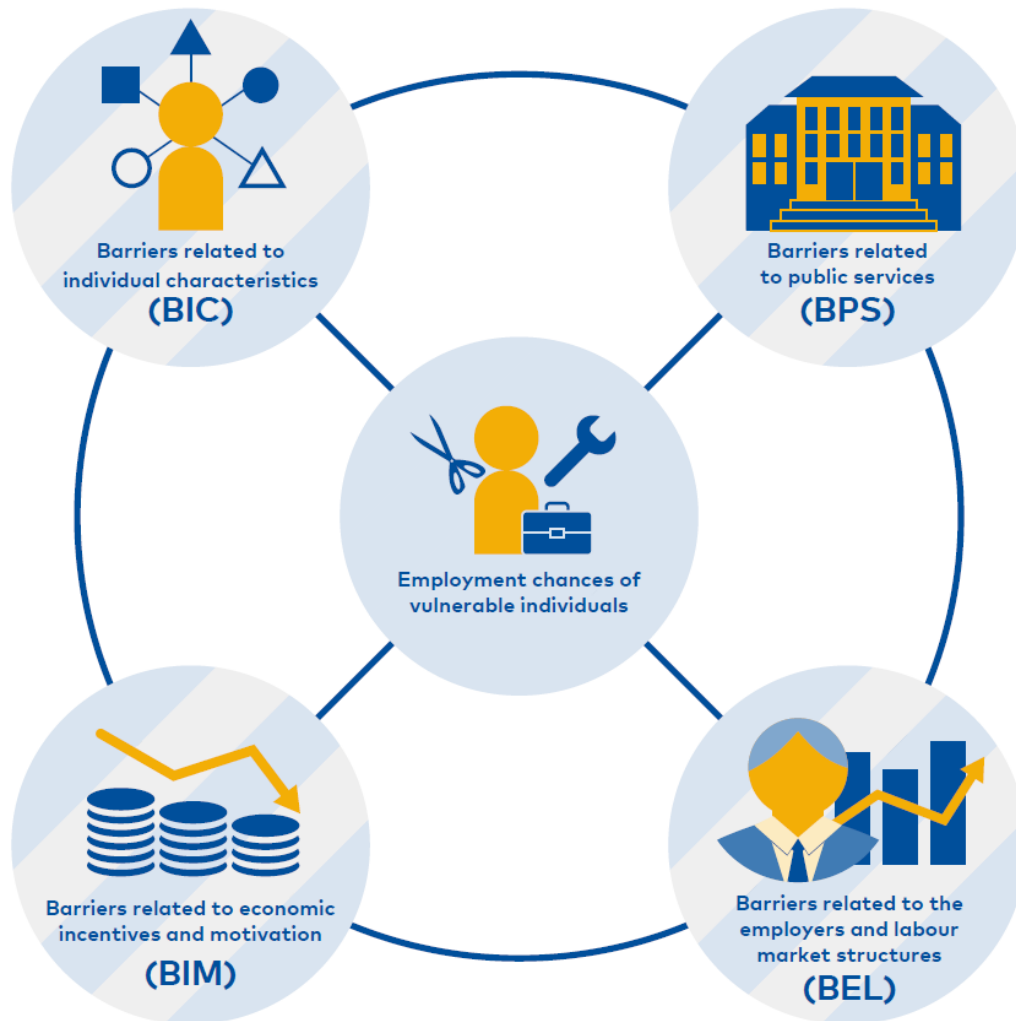
This report is the second report in a large research project examining *how to increase labour market participation among vulnerable groups in the Nordic countries*. In the series of reports issuing from this research project, we focus on four groups traditionally considered vulnerable in the Nordic labour markets, and therefore typically having been the target groups for work-oriented policy measures. These groups include young people, seniors, immigrants, and persons with disabilities.^[1] In the first report, we shed light on the labour force participation among these vulnerable groups in the Nordic countries. We showed that the Nordic countries in general perform well when it comes to inclusion of these groups in the Nordic labour markets. There is, however, still room for improvement.^[2]

In this second report, we dig deeper into this complex area related to the labour force participation among vulnerable groups in the Nordic countries. More specifically, we develop a framework over employment barriers that vulnerable groups face in the Nordic countries. In developing this framework, we have benefitted from our research network of Nordic experts, who possess extensive knowledge regarding the vulnerable groups and the barriers they face. Their work has resulted in a targeted literature review covering more than 80 papers, which all relate to barriers to employment for vulnerable groups. Drawing on this literature, we have developed a framework with 24 specific employment barriers relating to either individual characteristics (BIC), economic incentives and motivation (BIM), the employer and labour market structures (BEL), or public services (BPS). The framework is presented in the figure below.

1. These groups are also the prioritized vulnerable groups in The Nordic Council of Ministers' action plan for Vision 2030 (see <https://www.norden.org/en/information/action-plan-vision-2030>)
2. See <https://pub.norden.org/temanord2023-501/>

Framework over employment barriers for vulnerable groups in the Nordic countries

Note: This framework over employment barriers for vulnerable groups in the Nordic countries is based on an extensive literature review conducted by a panel of Nordic experts who all possess extensive knowledge on vulnerable groups and the barriers that these groups face.



BIC

- BIC₁: Mental health issues
- BIC₂: Physical health issues
- BIC₃: Lack of relevant education
- BIC₄: Joint retirement
- BIC₅: Lack of language skills
- BIC₆: Lack of knowledge about the labour market
- BIC₇: Lack of work experience and skills
- BIC₈: Care responsibilities

BPS

- BPS₁: Low effectiveness of public services
- BPS₂: Collision between public services
- BPS₃: Lack of participation in public employment services
- BPS₄: Insufficient support for groups to overcome other barriers
- BPS₅: Lack of resources
- BPS₆: Regional differences in service provision and access to services

BIM

BIM₁: Insufficient economic incentive to find education/ employment

BIM₂: Retirement and pension benefits, incl. early retirement and sick pay

BIM₃: Mismatch between job content and personal values

BIM₄: Lack of motivation

BEL

BEL₁: Costs associated with low productivity

BEL₂: Information gaps and risks related to hiring employees

BEL₃: Discrimination

BEL₄: Working econditions

BEL₅: Lack of local employment opportunitites

BEL₆: State of the economy

The framework provides an overview of the barriers that vulnerable groups in the Nordic countries face based on the most recent research on this topic. This comprehensive approach to employment barriers is, to our knowledge, the first of its kind in the Nordic countries. The purpose of the framework is twofold. First, we hope it can be a tool for practitioners to identify and address the broad range of barriers to employment that vulnerable groups potentially face. Second, the framework will be useful in future phases of this project, when we will operationalise and measure the prevalence of the barriers among vulnerable groups in the Nordic countries (depending on the possibilities in the available data) and analyse relevant and promising policies to help individuals with certain set of barriers.

In addition to conducting an extensive targeted literature review and developing a framework, we have also endeavoured to draw analytical conclusions based on the insights from our national experts and the developed framework. To achieve this, we have analysed the presence of the 24 unique barriers for each target group in the Nordic countries, resulting in a barrier matrix that generated several interesting findings. It should be noted, however, that these analytical results are constrained by the nature of the targeted literature review and, thus, should be regarded as indications rather than definitive conclusions.

Many barriers are not unique to one of the target groups

Several of the identified employment barriers are not unique to one of the traditional target groups but are shared among at least two of the traditional target groups. Specifically, 12 of the employment barriers are shared among at least two of the traditional target groups. For example, young people, immigrants, and persons with disabilities all face barriers related to lacking work experience and skills whereas discrimination and societal prejudice constitute an employment barrier for seniors, immigrants, and persons with disabilities. Moreover, among these 12 employment barriers, 4 are identified as a barrier for all the traditional target groups. These barriers pertain primarily to individual characteristics such as mental health issues, physical health issues, and a lack of relevant education, but also encompass one barrier related to economic incentives and motivation, namely the barrier 'insufficient economic incentive to find education or employment'.

Some barriers are only identified for specific target groups

While several employment barriers are shared among the traditional target groups, we identified 12 barriers that are only identified for specific target groups. Some of these barriers may also affect other groups but are only described in the included literature for a single group. Other barriers are unique to a particular group, highlighting the distinct challenges each group faces in securing and maintaining employment. For example, joint retirement decisions can pose a significant barrier for seniors, as they may need to coordinate their re-tirement plans with a spouse or partner (Nivalainen, 2022). For immigrants, research from several of the Nor-dic countries demonstrate that lacking skills in the host country's language can be a barrier to finding and re-taining employment (Eriksson & Rooth, 2022; Jakobsen et al., 2021; Kristjánsdóttir & Christiansen, 2019; Christiansen & Kristjánsdóttir, 2016).

Example of barrier that are shared between several target groups ...

Some barriers are shared among several of the traditional target groups. For instance, the Nordic literature to a large degree have documented discrimination against immigrants in the hiring process (Ahmad, 2020; Wollscheid et al., 2022; Dahl & Krog, 2018; Kristjánsson & Sigurðardóttir, 2019). Further, persons with some form of mobility disability are less likely to be hired compared to persons with the same qualifications but no disability (Bjørnshagen & Ugreninov, 2021; Bjørnshagan, 2022; Hardonk & Ingvarsdóttir, 2020). Lastly, there also exist examples of discrimination against seniors in the Nordic literature (Jensen, 2022).

... and an example of a barrier that are shared between all four target groups

Some of the identified barriers recur for all the traditional target groups. Lack of relevant education is one of these employment barriers. Young people who have no or little education have a higher risk of experiencing labour market exclusion (Engdahl & Forslund, 2015; Harkko et al., 2016). Whereas seniors' educational level are shown to affect their retirement decision in Finland (Nivalainen, 2022). Among immigrants, it can be difficult to utilize their educational qualifications acquired before immigration, i.e. lack of recognized education is also an employment barrier to this group (Arendt et al., 2016; Schultz-Nielsen & Skaksen, 2017). Lastly, lack of relevant education among persons with disabilities decrease their employment chances (Bredgaard & Shamshiri-Pedersen, 2018).

The target groups face complex sets of barriers

Beside these conclusions, our work also confirms existing knowledge about the complex and intertwined nature of the barriers that vulnerable groups face in entering employment. As Frøyland et al. (2022) demonstrate, vulnerable young people do not typically face a single barrier to employment, but rather a complex set of interrelated barriers that must be addressed to effectively support their employment outcomes.

Similarly, a wide range of factors influence seniors' decisions to stay in the labour market, all of which interact with each other in complex ways (see the box). These examples highlight that this is a highly complex policy area with no simple solutions.

These analytical results demonstrate that there is no free lunch when it comes to increasing the labour force participation among vulnerable groups in the Nordic

countries. Further, the many common barriers across several of the traditional target groups support the underlying hypothesis in this entire research project, which is that the traditional target groups to a large degree face similar employment barriers even though they seem heterogeneous at first sight. Hence, policymakers might benefit from shifting the focus away from the traditional vulnerable groups to a barrier-centric focus. This emphasizes the necessity of conducting more in-depth investigations into the issue to determine whether active labour market policies (ALMPs) can be designed more effectively to address the barriers faced by individuals, rather than primarily relying on readily observable characteristics such as age or immigration status.

In future phases of this project, inspired by OECD's Faces of Joblessness-project, we will further investigate the potential of shifting the focus away from the traditional vulnerable groups to a more barrier-centric focus. We will do so by using the developed framework, large quantitative survey data from Eurostat, and unsupervised machine learning techniques. Our objective is to identify and group individuals according to the barriers they face rather than solely on their observable characteristics. Subsequently, we will assess how current activation and labour support policies in the Nordic countries suit the identified groups of individuals. This evaluation will be achieved through a combination of extensive literature reviews and qualitative research, including interviews with relevant practitioners, with the ultimate aim of presenting concrete evidence-based policy recommendations to enhance labour force participation among vulnerable groups in the Nordic countries.

Example of literature covering the complexity in the set of barriers

Senior citizens' decisions about retirement exemplify how barriers may interact since such decisions are often influenced by both individual characteristics (e.g. education, health, etc.), familial situation (partners job situations and retirement wishes) and characteristics pertaining to workplaces and the labour market (demands in current job and unemployment rate). The factors influencing the retirement decision is typically divided into push (factors that push individuals out of the labour market) and pull factors (factors outside the labour market that make it more attractive to retire). Not all pull factors can be considered as a barrier (e.g. being able to retire because having reached the pension age is not in itself a barrier). The literature show that both pull and push factors influence the retirement age (Larsen & Amilon, 2019; Andersen et al., 2019; Meng et al., 2020; Qvist, 2021).

2. Methodology

In this chapter we describe the concepts and definitions we use in our research on barriers to employment. Specifically we develop four categories of barriers to employment, which are used as a basis for describing the barriers and for further categorisation of the identified barriers to employment.

In this chapter, we first describe how we understand barriers to employment and how these can be grouped into different categories. Specifically, inspired by OECD (2016), we develop four categories of barriers to employment, which are used as a framework in the Nordic literature reviews. Second, we describe how the literature review has been conducted. Lastly, we explain how we systematically processed the literature reviews provided by our Nordic experts into an overarching framework over employment barriers for vulnerable groups in the Nordic countries, which among other things allows us to draw conclusions across the Nordic countries.

Groups of barriers

Working-age individuals may face various barriers to employment that prevent them from fully participating in labour market activities. These barriers can be categorised in several ways. We draw on the categorisation developed in the OECD project *Faces of Joblessness* and to some degree adopt their categorisation.^[3] Therefore, we use the following four categories of barriers: barriers related to individual characteristics (BIC), barriers related to economic incentives and motivation (BIM), barriers related to the employer and labour market structures (BEL), and barriers related to public services (BPS). The four categories of barriers are further described in Box 1.

3. See <https://www.oecd.org/social/faces-of-joblessness.htm>. OECD mainly focuses on the first three of these barriers, but they still mention (in passing) the fourth in their 2016 report. "Frictions in the labour market (e.g., due to poorly functioning public employment services) can have similar effects" (Fernandez et al. 2016, p. 27). We choose to treat poorly functioning public employment services as a separate category of barrier.

BOX 1: CATEGORISATION OF BARRIERS

Barriers related to individual characteristics (BIC) comprise a broad range of different factors that may limit the individual's capacity for performing specific tasks. Examples are lack of working experience, education, and skills. Further, it involves barriers such as care responsibilities or health conditions that limit the individual in daily activities.

Barriers related to economic incentives and motivation (BIM) refer to obstacles that prevent individuals from entering the workforce due to factors such as generous welfare benefits, which is a common feature of the Nordic welfare systems. Further, this category contains barriers related to the motivation of the individual.

Barriers related to the employer and labour market structures (BEL) refer to a small number of vacancies in the relevant labour market segment or discrimination in the workplace or in the hiring process. It also refers to information asymmetries that may arise due to lack of mutual information between the employer and the employee.

Barriers related to public services (BPS) refer to various barriers related to the service provision of the public authorities, especially public employment services. For example, limited resources in the public employment services may result in 'cream skimming' (i.e., services prioritising clients with the best employment prospects) or 'parking' (i.e., clients with the worst employment prospects being left behind with no actual support in finding a job).

A targeted Literature review

The literature reviews (see Chapter 4 and Appendix A) focus on the four traditional target groups (young people, immigrants, seniors, and persons with disabilities) and the four categories of barriers. The aim of the literature reviews is to find references relating to all the 16 potential combinations of these target groups and barriers. For example, we have looked for literature relating to young people and individual barriers, literature on young people and barriers related to economic incentives and motivation, etc. We have relied on this approach in an attempt to cover the entire spectrum of barriers for the traditional target groups. Therefore, the literature reviews should be seen as targeted rather than systematic. In an ideal world, this approach results in literature covering all 16 combinations of target groups and employment barriers. However, as expected, it has not been possible for our national experts to find literature covering all 16 combinations in all five Nordic

countries (see Chapter 4 and Appendix A). Further, it should be mentioned that some barriers are better described and examined in the academic literature than others, which naturally will bias our literature review towards the barriers that have attracted most attention and hence are better described in Nordic scientific literature and other reports.

Our panel of national experts have conducted the literature reviews. They all possess detailed, extensive, and wide-ranging knowledge regarding the traditional target groups and the barriers they face. To standardise the inputs generated by the literature reviews as much as possible, we have developed a template that contains items such as specific reference, target group, data source and empirical methods, country, and specific barrier(s). In the instructions for completing the template, we emphasised that the national experts focus on newer studies of high quality and with a high validity for the target group. Where available, quantitative studies based on population data or other types of administrative data would be preferable, but good qualitative studies that identify important barriers (especially if no quantitative studies focus on the same topic) were also relevant. Further, we asked our national experts to provide us with a short summary regarding their findings for each traditional target group that we present in chapter 4 focussing across the Nordic countries on each target group and the different types of identified barriers specific to this group.

We recognize that our approach has some limitations. First, the literature reviews rely on the knowledge of the national experts and not on a systematic literature search. Thus, we cannot rule out the possibility that we have overlooked relevant barriers to the participation of the vulnerable groups in the labour market. Second, since we have asked the national experts to focus on newer studies, we may have overlooked relevant barriers only described in older studies. However, we are confident that the national experts would have detected if a central barrier is missing. They have all reviewed the total list of barriers resulting from their collective endeavours and been able to comment on this list.

Development of framework

In the five literature reviews – i.e., from Sweden, Denmark, Finland, Norway, and Iceland – our panel of national experts have identified more than 100 concrete examples of employment barriers. Many of these are, however, examples of (almost/largely) the same barriers. In other words, multiple studies identify many of the same types of barriers. Therefore, we have developed a framework to categorise the different examples of barriers into 24 specific and unique types of barriers, which we subsume under one of the four main categories of barriers (i.e., barriers relating to either individual characteristics (BIC), economic incentives and motivation (BIM), the employer and labour market structures (BEL), or public services (BPS)). The next section presents this framework.

3. A framework to understand barriers to employment

The aim of this chapter is to identify important barriers to employment for vulnerable groups in the Nordic countries, including common barriers across the traditional target groups, and to establish a framework of barriers that will provide a useful grid for understanding different types of barriers and their potential interaction.

3.1 Overview of identified barriers

In the previous chapter, we described how we have defined barriers to employment and how we have identified these barriers in the Nordic literature. In this section, we try to draw conclusions across the Nordic literature reviews.

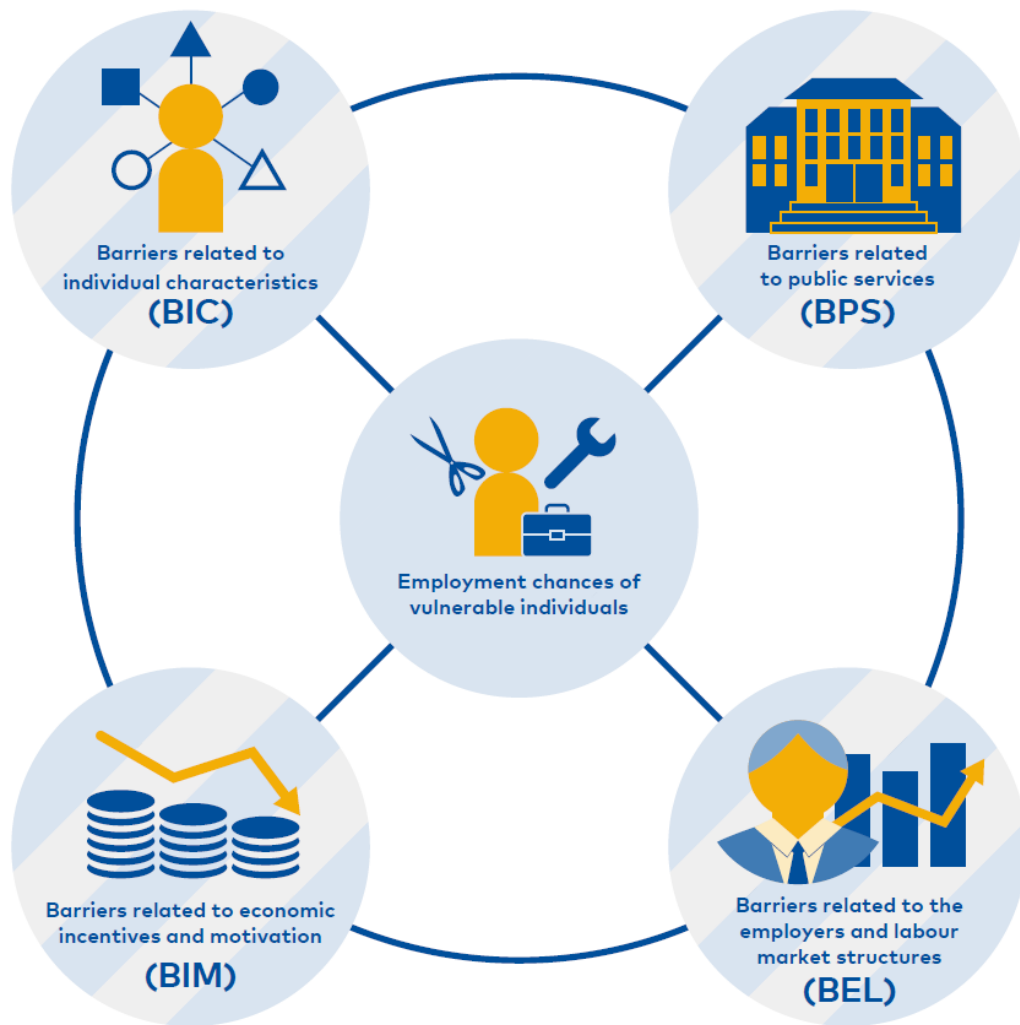
As mentioned in the previous section, we have identified more than 100 employment barriers, which we have categorised into 24 distinct barriers related to either individual characteristics (BIC), economic incentives and motivation (BIM), the employer and labour market structures (BEL), or public services (BPS). This framework gives an extensive overview of the employment barriers faced by vulnerable groups in the Nordic countries.

Framework over employment barriers for vulnerable groups

In this section, we will briefly present the framework over employment barriers for vulnerable groups in the Nordic countries. The framework is presented in figure 3.1 and shows the 4 categories of barriers and the 24 unique employment barriers that have been identified in the extensive Nordic literature review. The framework illustrates that we have identified 8 barriers related to individual characteristics, 4 barriers related to economic incentives and motivation, 6 barriers related to the employers and the labour market structures and 6 barriers related to public services. The framework is based on more than 80 academic references, in which more than 100 employment barriers have been identified. It provides an extensive overview over employment barriers vulnerable groups in the Nordic countries face based on the most recent research.

Figure 3.1 Framework over employment barriers for vulnerable groups in the Nordic countries

Note: This framework over employment barriers for vulnerable groups in the Nordic countries is based on an extensive literature review conducted by a panel of Nordic experts who all possess extensive knowledge on vulnerable groups and the barriers that these groups face.



BIC

- BIC₁: Mental health issues
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BPS

- BPS₁: Low effectiveness of public services
- BPS₂: Collision between public services
- BPS₃: Lack of participation in public employment services
- BPS₄: Insufficient support for groups to overcome other barriers
- BPS₅: Lack of resources

BIC₇: Lack of work experience and skills
BIC₈: Care responsibilities

BPS₆: Regional differences in service provision
and access to services

BIM

BIM₁: Insufficient economic incentive to find education/ employment

BIM₂: Retirement and pension benefits, incl. early retirement and sick pay

BIM₃: Mismatch between job content and personal values

BIM₄: Lack of motivation

BEL

BEL₁: Costs associated with low productivity

BEL₂: Information gaps and risks related to hiring employees

BEL₃: Discrimination

BEL₄: Working econditions

BEL₅: Lack of local employment opportunitites

BEL₆: State of the economy

Relevant barriers for each target group

In this subsection, we will highlight relevant barriers found in our literature review for the four traditional target groups. Table 3.1 shows the prevalence of each of the 24 barriers from the Nordic literature review. An X indicates that the barrier was identified for the target group in one of the Nordic countries.

For **young people**, we have identified 10 specific employment barriers. For instance, mental health issues (BIC1), either minor emotional barriers (e.g., mild anxiety) or major mental illnesses (e.g., schizophrenia or severe depression), which must be handled in order to find and fulfil employment are identified as a barrier. Vulnerable young individuals typically also lack relevant education (BIC3), while the social security systems in the Nordic countries can also cause the group to have insufficient economic incentives to find education/employment (BIM1) due to high outside options. Finally, low effectiveness of public employment services (BPS1) due to e.g., a lack of integration between education and employment services is also a prevalent barrier for the group.

Barriers to employment for **seniors** not only prevent unemployed seniors from finding employment but also potentially push some employed seniors into retirement. In this targeted literature review we have identified 12 barriers to employment relating to seniors (covering both barriers/factors affecting entry into the labour market and exit from the labour market). For example, physical health issues (BIC2) such as disease and pain, low work ability, and general poor health are all examples of an important employment barrier among seniors. This barrier is a push factor for retirement. Another push factor for retirement is a poor/unhealthy working environment (BEL4). Besides push factors, there are also pull factors, which are conditions outside the labour market that make it more attractive to retire than to stay in the labour market. One pull factor we have identified consists in economic factors such as retirement and pension benefits (BIM2) since these, in some instances, decrease seniors' economic incentive to stay on the labour market before the official retirement age.

Our findings relating to seniors highlight that often it is relevant to distinguish between barriers (factors) affecting *entry* into the labour market and barriers (factors) affecting *exit* from the labour market. Often studies pertaining to senior's employment barriers focus on the latter type, while many studies relevant to the other three target groups focus on barriers to labour market entry.

Table 3.1 Overview of barriers related to employment across target groups

	BARRIER	YOUNG PEOPLE	SENIORS	IMMI-GRANTS	PERSONS WITH DISABILITIES	
Barriers related to individual characteristics (BIC)	BIC1	Mental health issues	X	X	X	X
	BIC2	Physical health issues	X	X	X	X
	BIC3	Lack of relevant education	X	X	X	X
	BIC4	Joint retirement	-	X	-	-
	BIC5	Lack of language skills	-	-	X	-
	BIC6	Lack of knowledge about the labour market	-	-	X	-
	BIC7	Lack of work experience and skills	X	-	X	X
	BIC8	Care responsibilities	-	-	X	-
Barriers related to economic incentives and motivation (BIM)	BIM1	Insufficient economic incentive to find education/employment	X	X	X	X
	BIM2	Retirement and pension benefits incl. early retirement and disability benefits	-	X	-	X
	BIM3	Mismatch between labour market and personal values	X	-	-	-
	BIM4	Lack of motivation	-	X	X	X

Barriers related to the employer and labour market structures (BEL)	BEL1	Costs associated with low productivity	X	-	X	X
	BEL2	Information gaps and risks related to hiring employees	-	X	-	X
	BEL3	Discrimination	-	X	X	X
	BEL4	Working conditions	-	X	-	-
	BEL5	Lack of local employment opportunities	-	-	-	X
	BEL6	State of the economy	-	-	X	-
Barriers related to public services (BPS)	BPS1	Low effectiveness of public services	X	X	-	X
	BPS2	Collision between public services	X	-	-	-
	BPS3	Lack of participation in public employment services	-	X	-	-
	BPS4	Insufficient support for groups to overcome other barriers	X	-	X	X
	BPS5	Lack of resources	-	-	-	X
	BPS6	Regional Differences in service provision and access to services	-	-	-	X

Note: An X means that the barrier was identified for the target group in at least one of the Nordic countries. The final framework of 24 barriers is based on a categorisation of more than 100 employment barriers found in literature reviews across the Nordic countries.

Table 3.1 also illustrates that for **immigrants** 13 employment barriers exist on the Nordic labour markets. For instance, lack of proficiency in the host country language (BIC5) is an employment barrier. Not being able to speak the common language in a country can exclude immigrants from certain types of jobs. Another barrier among immigrants is lack of working experience and skills (BIC7) demanded on the labour market in the host country. Moreover, immigrants face barriers related to discrimination (BEL3), e.g., experienced in relation to job applications, where individuals with foreign-sounding names have a lower probability of receiving an invitation for a job interview.

Among **persons with disabilities**, we have identified 15 employment barriers. For example, poor physical health (BIC2) may hinder them from participating in the labour market. However, the gravity of this barrier can vary depending on the type and severity of health problem. Another example of an employment barrier faced by persons with disabilities is retirement and pension benefits, including early retirement and disability benefits (BIM2). This can constitute a barrier to employment due to, for example, earning limits when receiving these benefits. Further, another example of an employment barrier among persons with disabilities in the Nordic countries is information gaps and risks related to hiring employees (BEL2), i.e. employers being risk averse in relation to hiring persons whom they fear will have long sickness absence periods resulting in discrimination against persons with disabilities.

Common barriers across target groups

In this subsection, based on Table 3.1, we will identify barriers that are common across the traditional target groups. We do so to demonstrate that it might be more relevant and effective to target policies towards individuals who face the same barriers than focus on their group affiliation (i.e., young people, seniors, immigrants, or persons with disabilities). To that aim, identifying barriers to employment that are relevant across target groups is important.

Table 3.1 shows that all the traditional target groups face barriers related to **individual characteristics**. For example, mental and physical health problems (BIC1 and BIC2) are barriers that are prevalent across the traditional target groups. All the four traditional target groups potentially experience barriers related to such conditions. Mental health barriers correlate with, e.g., poor well-being and difficult life situations that must be handled before participation in the job market becomes a possibility. Other common individual barriers are lack of relevant education (BIC3) and lack of work experience and skills (BIC7), which is a barrier shared among young people, immigrants, and persons with disabilities (and potentially some seniors who have been laid off and have difficulties finding a new job due to an obsolete skill set).

All the traditional target groups face barriers related to **economic incentives and motivation**. For example, all the groups face barriers related to insufficient economic incentives to find education/employment (BIM1). This is partially due to generous social welfare programmes and benefits, which provide a (relatively) attractive option for a non-work related income for individuals across all target groups in the Nordic countries. Besides the general social security benefits such as cash benefits, economic incentives from retirement and pension benefits (BIM2) constitute an important barrier to employment, though only for seniors and disabled individuals. Retirement benefits constitute a barrier that relates to leaving employment (before the retirement age) rather than entering employment. Further, several of the traditional target groups may lack motivation (BIM3) to enter employment, for example due to social norms among certain type of immigrants.

Table 3.1 also shows that several of the traditional target groups face barriers related to **the employer and labour market structures**. For example, young people, immigrants, and persons with disabilities all face barriers related to costs associated with low productivity (BEL1) from the employer's perspective. Further, discrimination (BEL3) is also a specific barrier common across several target groups in the Nordic countries.

Lastly, Table 3.1 shows that **public services** offered in the Nordic countries also potentially harbour a number of barriers prevalent among the traditional target groups. For example, young people, immigrants, and persons with disabilities may face barriers related to insufficient support to overcome other barriers (BPS4). This, among other things, includes establishment support and coaching provided to newly arrived refugees as well as early detection and interventions regarding young people (especially school dropouts) who need support. Further, the effectiveness of the public services (BPS1) is another identified barrier, which is prevalent among young people, seniors, and persons with disabilities. It includes barriers such as poor collaboration between different public services and lack of common targets and approaches regarding the target group.

To sum up, table 3.1. shows that 12 of the 24 identified employment barriers are identified for at least two of the traditional target groups and among these 12, four are identified among all four traditional target groups. This highlights the potential of targeting policies towards individuals who face the same barriers, rather than focusing on their group affiliation. On the other hand, 12 barriers are only identified for one target group. Some of these 12 barriers may be prevalent for more than one target group, but only described in the included literature for one of the target groups. Other of these 12 barriers may be unique to one target group (for instance lack of language skills and joint retirement) demonstrating that policies tailored to address the specific challenges faced by each traditional target group are still relevant.

Concluding remarks

Based on the targeted literature review, we have identified 24 barriers. The literature review reveals that numerous barriers exist for each of the four vulnerable groups. For each of these groups, we have identified barriers related to all the four main categories of barriers, that is, barriers related to individual characteristics (BIC), economic incentives and motivation (BIM), the employer and labour market structures (BEL), and public services (BPS). The focus of the literature review was to obtain an overview of existing employment barriers for vulnerable groups, not to look at the coincidence and interaction between these barriers for the individual. However, the numerous barriers that each group of vulnerable persons potentially face indicate that often the barriers intertwine and may be mutually reinforcing. These indications are consistent with previous research (Benjaminsen et al., 2018; Frøyland, 2022; Andersen, 2017).

Moreover, the literature review shows that the barriers, typically, are not unique to one of the vulnerable groups but common across several groups. Some of the barriers identified in the literature for all four vulnerable groups are the following: mental health issues (BIC1), physical health issues (BIC2), lack of relevant education (BIC3), and insufficient economic incentive to find education/employment (BIM1).

Furthermore, the barriers do not seem to be unique for any Nordic country. Around two-thirds of the barriers listed in the previous section have been identified for at least two Nordic countries, and most or all of the described barriers probably do exist in all five countries. For instance, lack of employment opportunities (BEL5) only emerged in the included literature from Finland but is presumably also a barrier in the other Nordic countries – perhaps with differences in prevalence and underlying causes.

3.2 Description of the identified barriers

In this section, we describe the 24 identified barriers and use literature from one or several Nordic countries to explain each one. Note that the literature highlighted in this section should illustrate and provide an idea of what each barrier entails. Hence, the references presented are not authoritative research findings in terms of how we should understand each of the presented barriers.

Barriers related to individual characteristics (BIC)

Individual barriers are characterised as relating to personal decisions, health, skills, or qualifications. This can be lack of relevant human capital or barriers related to health issues. Moreover, this category covers behavioural barriers such as joint retirement. Below, we present the specific individual barriers we have identified in the literature reviews.

BIC1. Mental health issues: Mental problems can be related to personal issues, such as minor emotional barriers (e.g., mild anxiety) or major mental illnesses (e.g., schizophrenia or severe depression), and these conditions must be handled before it is possible to search for work or fulfil a job. For example, researchers from Denmark have found that mental health issues correlate with unemployment for young people (Andersen, 2017). Further, researchers from Finland have found that persons with a mental disorder followed less favourable work participation trajectories around vocational rehabilitation compared to individuals with other diagnoses (Leinonen et al., 2019). In a research report from Denmark, ill health and insufficient coping with ill health (e.g., mental health issues) are also shown to constitute a potential barrier for unemployed non-Western immigrants; however, according to the report, this barrier is not the most important one for this target group. Among other things, the report uses survey data on case workers who work professionally with this group. Therefore, the barrier is not observed directly for this target group (Jakobsen et al., 2021). For seniors, Swedish research points to personal factors related to health (such as psychological health disabilities) as potentially pushing some seniors into retirement (Jonsson, 2021).

BIC2. Physical health issues: Physical limitations can be a barrier to participating in the labour market. A large literature review conducted by Danish researchers on Nordic literature and to some extent literature from other Western countries shows that the severity of a disability is a crucial factor affecting labour force participation. This is based on several studies finding that persons with minor (self-rated) disabilities have an employment rate that is almost on the same level as persons with no disabilities, while persons with major (self-rated) disabilities experience much lower employment rates compared to persons with no disabilities (Bredgaard & Shamshiri-Pedersen, 2018). Another Danish study, based on a representative survey of Danish individuals older than 51 years, demonstrates that poor health was an important determinant for retirement among seniors (Larsen & Amilon, 2019). Swedish research on school-to-work transition among young people shows that young people with health problems or some type of disability have lower employment rates compared to young people without any health issues or disabilities (Engdahl & Forslund, 2015). Lastly, research from Denmark (also referred to above) demonstrates that ill health and insufficient coping with ill health – mental as well as physical health issues – can potentially be an employment barrier for unemployed non-Western immigrants (Jakobsen et al., 2021).

BIC3. Lack of relevant education: Lack of education can cause difficulty with finding employment in different ways and for different target groups. In this targeted literature review, lack of relevant education has been found to be a barrier for all the traditional target groups. For example, a study from Norway uses administrative data from 2002 to 2017 on disabled young individuals (i.e., persons below 29 years who have been granted disability benefits) to show that fewer

disabled young people complete compulsory education compared to earlier, highlighting a potential barrier to employment for this group (Bråten & Sten-Gahmberg, 2022). Research from Finland shows that seniors with higher education retired later than individuals with lower education, which among other things could indicate that seniors with lower education risk early retirement due to a lack of relevant education (Nivalainen, 2022). A descriptive analysis from Norway, based on administrative data and extrapolations, points to the fact that Norway will experience an increased number of older immigrants over the coming two decades. These immigrants are expected to lack higher education and hence are likely to experience lower labour force participation rates (Tønnessen & Syse, 2021). Moreover, immigrants may have education from their country of origin that is useless or not recognised in the new host country's labour market (Schultz-Nielsen & Skaksen, 2017). Finally, an extensive literature review from Denmark shows that the level of education has gone up during the latest ten years among persons with disabilities. Still, persisting low levels of education among some persons with disabilities constitute a barrier to increasing their employment chances (Bredgaard & Shamshiri-Pedersen, 2018).

BIC4. Joint retirement: A study from Finland finds that married persons are less likely to retire early in general. However, having a recently retired spouse can advance the retirement decision for the individual, the motivation being a wish to retire simultaneously as a couple. Similarly, having a non-retired spouse can postpone retirement (Nivalainen, 2022).

BIC5. Lack of language skills: Lack of proficiency in the host country language can prevent individuals from getting jobs. According to Swedish research, poor language skills decrease the likelihood of receiving an invitation for a job interview (Eriksson & Rooth, 2022). Further, Danish research uses an internet-based survey among managers and employees in Danish job centres to show that lack of language skills is a relatively important employment barrier (according to the survey respondents) for unemployed non-Western immigrants (Jakobsen et al., 2021).

BIC6. Lack of knowledge about the labour market: For unemployed citizens, lack of knowledge about the labour market can be barrier to employment. Danish research on non-Western immigrants in Danish municipalities shows that lack of knowledge about the Danish labour market is an important barrier to employment among newly arrived female immigrants, typically refugees and persons reunited with their families (Jakobsen et al., 2021).

BIC7. Lack of working experience and skills: Having little or no working experience and/or a lack of skills can be a barrier to employment. Among immigrants in Finland, lacking work experience is a hindrance to employment. Therefore, the period immediately after immigration seems crucial for accumulating work experience in the host country (Busk & Jauhiainen, 2021). Further, Norwegian researchers have used administrative data and a quasi-experimental design to show that lack of qualifications and skills negatively affect the employment opportunities among young people with mental health problems (Markussen & Røed, 2020).

BIC8. Care responsibilities: Some individuals face difficulties in participating in the labour market due to their responsibilities for taking care of children or elderly relatives. Most likely, this is a smaller barrier to employment in the Nordic countries today compared to e.g., Southern Europe, due to the fact that responsibilities formerly considered to be familial are now managed, to a relatively large extent, by the Nordic welfare states. Nevertheless, research conducted in Finland has indicated that such responsibilities do pose an employment barrier, particularly for immigrant women, who are more likely to stay home for longer periods following childbirth (Tervola, 2020; Busk & Jauhiainen, 2021). Moreover, the persisting gender employment rate differences in all the Nordic countries (i.e., men being employed to a higher extent than women are) might also be due to, inter alia, gendered differences in societal expectations to care responsibilities.

Barriers related to incentives and motivation (BIM)

Barriers related to incentives and motivation cover, among other things, systems or benefits that provide an alternative to employment and affect the economic incentives to work. This can be through social security benefits or retirement and disability benefits as alternatives to work. This category further contains barriers related to the motivation of the individual, which can be governed by general or group-specific social norms.

BIM1. Insufficient economic incentive to find education/employment: Outside options, such as cash benefits systems, can prevent people from entering employment or push individuals out of employment. Based on the literature review, this seems to be an employment barrier for each of the four traditional target groups. First, research from Finland based on administrative data demonstrates that seniors increased their employment when extended unemployment benefits offered to seniors until retirement were postponed by two years from age 55 to age 57 (Kyvrä & Pesola, 2020). Second, researchers from Sweden use register data to show that large alternative income sources (such as unemployment benefits) decrease the likelihood of employment among immigrants in Sweden (Friedrich, Laun & Meghir, 2021). Third, in an analysis from the Danish Ministry of Children and Social Affairs on vulnerable young people, it is shown that decreasing the cash

benefits for this group increases their employment (Børne- og Socialministeriet, 2016). Lastly, in an extensive but unsystematic international literature review from Norway, the authors hypothesised that generous health-related benefits combined with less generous unemployment benefits potentially lead to an increased number of persons on health-related benefits (Fevang, 2020).

BIM2. Retirement and pension benefits, incl. early retirement and disability

benefits: Retirement and pension benefits provide an alternative way of generating income relatively to employment in a salaried job. This includes the lack of economic incentive to work due to receiving retirement benefits and alternative sources of pension benefits, such as early-retirement benefits. Research from Finland on persons with disabilities finds no relationship between the amount of disability pension and the probability of working among full-disability pensioners. However, partial-disability pensioners with average disability pension seemed to work more than comparable groups, which can be explained by the existing earnings limit affecting the probability of working while on a disability pension (Polvinen et al., 2018). Research from Norway on seniors provides another example of how economic incentives related to retirement benefits can be an employment barrier. This study shows that the effect of a retention bonus of 20,000 NOK reduced the probability of early retirement by 5.7 pct. (Hermansen & Midtsundstad, 2018).

BIM3. Mismatch between labour market and personal values: Differences between expectations in the labour market and personal values may constitute a barrier for some types of individuals. A study from Finland based on 28 interviews in one region in Finland examines why long-term unemployed young people give up their search for work. The researchers show that wage employment is not necessarily an important value for young people, and other aspects of life – such as leisure or other activities – may dominate in a period of a young person's life (Ylisto, 2018).

BIM4. Lack of motivation: Lack of motivation constitutes a barrier since it may hinder individuals from entering employment, but it can also push people out of employment. Research from Finland shows that several key factors affect the retirement decisions of seniors, one of them being motivation (Nivalainen, 2022). Research from Denmark shows that older persons with disabilities have lower work motivation and lower employment rates than younger persons with disabilities (Bredgaard & Shamshiri-Pedersen, 2018). This is confirmed in research from Iceland, where persons with disabilities fear that they will not live up to the expectations and demands of the workplace, which discourages these individuals from searching for a job. This phenomenon is called internalised ableism (Júlíusdóttir et al., 2022).

Further, research from Denmark shows that lack of motivation may be a barrier for some immigrants, especially some newly arrived immigrant women. For these women, a low level of job motivation may stem from their origin in a different

culture with different gender roles, where working outside one's home and supporting oneself financially is perceived neither as women's role nor as their responsibility (Jakobsen et al., 2021).

Barriers related to the employer and labour market structures (BEL)

Barriers related to the employer and labour market structures relate to issues such as the hiring process, working environment, and work tasks, as well as (macro)-economic factors/business cycles and demand for labour that can affect the employment of the target groups.

BEL1. Costs associated with low productivity: Employers might experience high costs (wage, sick pay, annual leave, etc.) relative to the productivity that employees bring to a job. A Swedish study using combined register and survey data has found this to be a barrier for young individuals in Sweden (Saez, Schoefer & Seim, 2019). Further, another study from Sweden shows that persons with disabilities may experience difficulties finding employment due to the employer's perception of their low work capacity relative to their relatively higher labour costs (due to, for example, needs for special adaptations of the work environment, instruments, etc.) (Angelov & Eliasson, 2018).

BEL2. Information gaps and risks related to hiring employees: It is important for employers to have access to realistic information about characteristics, productivity, and health restrictions of potential employees, such as those of people with minor disabilities, in order to make informed hiring decisions. Information gaps between employers and employees may lead to failed recruitments. In research from Finland, an electronic survey among employers is used to understand the recruitment of individuals with partial disabilities. The Finnish researchers identified the following barriers. 1) It is important for the employer to be provided with realistic information about the characteristics, productivity, and restrictions of people with partial work ability to support the recruitment process. 2) For employers in small companies, financial risks are a potential barrier due to the cost of absence, including sick pay and substitute personnel (Ala-Kauhaluoma et al., 2017). Another Finnish study, using survey data answered by employers, demonstrates that some employers are worried about several risks when considering hiring seniors (i.e., individuals older than 55 years). Some employers are concerned about the risk of sickness absence or the risk of a short remaining working life (Järnefelt et al., 2022).

BEL3. Discrimination: Several studies also demonstrate discrimination towards several of the traditional target groups (e.g., in the hiring process). For example, research from Denmark shows that individuals with a Middle Eastern-sounding name are less likely to be invited for a job interview (Dahl & Krog, 2018). Research from Finland and Iceland finds similar results, i.e., that job applicants with migrant background are less likely to receive a response from employers compared to

applicants with ethnic majority names (Ahmad, 2020; Kristjánsson & Sigurðardóttir, 2019). In Finland, some persons with disabilities experience often being offered employment primarily through special arrangements, involving only a symbolic wage on top of their disability pension something these individuals experience as discrimination (Hästbacka & Nygård, 2019). Discrimination against persons with disabilities is also identified as an employment barrier in Iceland. In this study, HR managers received CVs of individuals with the same qualifications but with different levels of mobility disabilities. Applicants with no disabilities were more likely to be hired than applicants with identical qualifications and some minor mobility disability (Júlíusdóttir et al., 2022).

BEL4. Working conditions: Having a stressful and physically demanding job can decrease the satisfaction of working and thus push people into unemployment. For example, research from Sweden has found an association between working time, dissatisfaction with working hours, challenging job requirements, and retirement age for seniors (Nilsson, 2020). Further, Danish researchers have shown that several work-related factors influence the planned retirement age. These factors include dissatisfaction with working hours, stressful work, and (lack of) influence on one's own work situation (Amilon & Larsen, 2019).

BEL5. Lack of local employment opportunities: Geographical place of residence can affect employment through, e.g., fewer local employment opportunities. A study from Finland finds disabled individuals living in rural areas to have less work participation after vocational rehabilitation (Leinonen et al., 2019). Researchers have also found that lack of suitable work for people with minor disabilities and a reduced work capacity is a problem in large companies (Ala-Kauhaluoma et al., 2017).

BEL6. State of the economy: The state of the economy can be a barrier for a number of different reasons. For example, research from Finland demonstrates that the social and economic conditions during the year of immigration have a lasting impact on future working years for the immigrating individuals (Busk & Jauhiainen, 2021).

Barriers relating to public services (BPS)

This group of barriers relates to the effectiveness of the public employment services and other relevant services at state, regional, and municipal level. Moreover, we include barriers related to the use of the public employment services in this category.

BPS1. Low effectiveness of public services: Lack of collaboration between systems within the public employment services can pose a barrier to employment for certain groups. For example, Danish research points to problems in the municipal youth services relating to a lack of coherence and coordination among the many different

institutions and actors involved in assisting vulnerable young people, even though these institutions (e.g., job centres and youth guidance departments) in many Danish municipalities are located in the same building. Further, this research highlights lack of common targets and approaches, lack of integrated IT systems, and lack of sufficiently early interventions as potential employment barriers that all result in low effectiveness of the public employment system (Bolvig et al., 2019). Cross-Nordic research underlines that insufficient coordination and integration across public authorities aiming at assisting vulnerable youth is a problem that exists in several Nordic countries (Frøyland et al., 2022). Moreover, Finnish research takes a qualitative approach to demonstrate that low effectiveness of the public services also constitutes an employment barrier for disabled persons in Finland. The interviewed individuals expressed that they, among other things, lacked knowledge regarding rights about services and that this was often further complicated by extensive bureaucracy (Hästbacka & Nygård, 2019). Another paper from Finland uses administrative data to show that seniors to a larger degree participated in services that have a low impact on later employment (Aho et al., 2018).

BPS2. Collision between public services: For young people specifically, research from Denmark finds that there can be a collision between the health professionals prioritising psychiatric treatment above employment and caseworkers in the job centre prioritising either education or employment over treatment related goal (Bolvig et al., 2019). A qualitative study covering Iceland, Faroe Islands, and the northern part of Norway confirms this finding. Hence, interviews with practitioners within the relevant welfare authorities in services for young people show, among other things, that the services typically exist in specialised silo organisations, something that limits their ability to attend to the complexity of problems characterizing this group (Anvik & Waldahl, 2017).

BPS3. Lack of participation in public employment systems: For the public services to make a difference and move people into employment, it is important that people use them. Research from Finland found that unemployed seniors (i.e., individuals older than 55 years) participated less in services and activation measures than younger individuals (Aho et al., 2018). The same pattern is found in Denmark. *Seniortænk tanken* (2018) shows that the participation in active labour market programmes is slightly lower for seniors than for other age groups among unemployment benefit recipients. One explanation is that some groups, here seniors, get fewer offers from the public employment services. Another explanation is that some groups are not willing to participate in the activities offered by the public employment services (and succeed in avoiding participation) (Aho et al., 2018).

BPS4. Insufficient support for groups to overcome other barriers: In some instances, the public services offer insufficient support to some vulnerable groups to overcome barriers. For example, a Swedish discussion paper uses a Swedish reform as a natural experiment to demonstrate that establishment talks, individual plans, and coaching for newly arrived refugees increased the probability of employment. This highlights the fact that insufficient support can be an employment barrier for newly arrived refugees (Andersson Joona, Lanninger & Sundström, 2016). Further, a Swedish study on school-to-work transition for young people demonstrates that some young people (especially school dropouts at risk of ending up in the NEET group) require early detection if an offer of the support they need is to be successful. For example, according to the authors, this group could benefit from more employer-based, on-site training (Engdahl & Forslund, 2015). Further, research from Finland finds that lack of sensibility, understanding, and flexibility in disability services might be a potential employment barrier since such lack of understanding for an individual's life situation may give rise to inadequate or insufficient help (Hästbacka & Nygård, 2019). Two other studies from Finland show that the lack of early identification of health and work ability problems can create a barrier to employment. Therefore, treatment of such problems among unemployed people would benefit from earlier detection in the public employment and health service systems (Laaksonen & Blomgren, 2020; Nurmela et al., 2020).

BPS5. Lack of resources: A study from Finland using qualitative interview data on persons with disabilities found that the Finnish disability services were seen as vulnerable by some of the interviewed individuals. This was due to the services constantly being managed with minimum staff and resources, which leads to outdrawn decision-making processes. Insufficient funding leads to insufficient service provision (Hästbacka & Nygård, 2019).

BPS6. Regional differences in service provision and access to services: Regional differences regarding both practices and the resources available can be an employment barrier for the individuals in the regions where the resources are low. This is found to be the case in a study from Finland regarding disabled individuals (Hästbacka & Nygård, 2019).

4. Barriers to employment for the traditional target groups across the Nordic countries

In this chapter we describe the literature from across the Nordic countries for each of the four traditional target groups.

This chapter summarises the findings of the targeted literature reviews for each traditional target group. Each section summarizes the identified literature for each of the four target groups and, for each of the overall groups of barriers (i.e., barriers related to individual characteristics, economic incentives and motivation, employers and labour market structures and public services). In relation to each barrier, we list the country-specific description of the barrier provided to us by our country-experts.^[4] In appendix A, each of the studies included in the review are described further.

4.1 Young people

Barriers based on individual characteristics

Sweden: In terms of individual characteristics, a central barrier for young people in Sweden is lack of educational qualifications. Youth with incomplete compulsory education or without an upper-secondary school degree have difficulties finding employment. Engdahl and Forslund (2015) find this group to have markedly greater difficulties than youth who have completed upper-secondary school, something tied to both the characteristics of the group and the fact that they lack a degree. Regarding their characteristics, Engdahl and Forslund find that youth with disabilities and other health issues are overrepresented among those without an upper-secondary degree, as are youth who recently immigrated to Sweden.

Denmark: Concerning barriers relating to individual characteristics, a large quantitative Danish study by Andersen (2017) focused on young people aged 18-29 years who have neither been in education nor had a job for two consecutive years during the period 2000-2013 (in the study termed "disconnected youth"). Andersen

4. It is important to note that this chapter is not and cannot be an exhaustive study of all barriers potentially confronting each target group in each country; something that would require a lengthy comparative study surpassing the aims of this report.

finds that these young people engage in different types of risk behaviour (criminal activities, drug abuse, and early parenthood) to various degrees, and some have mental health problems. The study finds that the largest group of vulnerable male youth engage in one or several of these three types of risk behaviour, while a number of even more vulnerable male young persons also have mental health problems. Concerning females aged 18-29 years, one group of vulnerable youth are primarily characterised by mental health problems, while another group struggle with drug addiction in particular (while also having some of the other problems). Other risk factors identified by other Danish research (Bolvig et al., 2019) include a high absence rate from primary or secondary school, bad test results, early sexual debut, and being placed in out-of-home foster care.

Finland: Concerning individual characteristics, studies identify some groups as having a higher risk of being excluded from the labour market. Specifically, Harkko et al. (2016) find that youth with low educational attainment who take psychotropic medication, who receive work incapacity benefits, or who have a history of foster care had a lower labour market attachment compared to other young people. In addition, Ylistö (2018) finds that young people who are long-term unemployed face several barriers when seeking employment. These include lack of knowledge, job content vs. own values, and emotional barriers (e.g., search for employment may involve mental stress or arouse intense negative emotions). Emotional barriers are connected with experiences of disappointment as well as difficult life situations that must be overcome before it is possible for them to engage in job search.

In looking at a cohort from age 18 to age 26, Saloniemi et al. (2020) also identify some individual barriers in a study focusing on diverse trajectories among young people's transition to early adulthood. They find that 11% of young women and men follow one of three "straying paths": Unemployed (predominantly unemployed), Outsiders (hardly appearing in any of the statuses indicating educational or labour market attachment) and Disabled (depending on social security due to permanent work disability). Among the paths of disabled, the nature of their health problems excluded them from the "ordinary labour market logic". For outsiders, the main barrier among women relates to care responsibilities, while the barriers among men are a low educational level and an overall weak connection to the educational system. As discussed by Saloniemi et al., the yoyo logic in transitions was formerly more tolerated in Nordic societies, while employment and education standards strongly emphasise a direct and linear transition to the labour market nowadays. Thus, the policies are aimed at "speeding up" the labour market entry of young people.

Norway: At the individual level, a low education level is an important risk factor for NEET status. In Norway, more than half of all NEETs have not completed upper-secondary education. Dropout from upper secondary education relates to low grades from compulsory school and for those in the vocational track also to lack of

apprenticeships (OECD, 2018a). Other important risk factors are foreign background and poor mental health (OECD, 2018a; Frøyland et al., 2022). Norway as well as the other Nordic countries have seen an increase in poor well-being and mental health among young people (Frøyland et al., 2022). More specifically, the number of young disabled has more than doubled over the last two decades.

Iceland: At the level of individual characteristics, primarily mental health issues appear to hinder the labour market participation of uneducated young people in Iceland (Anvik & Waldahl, 2017; Eydal & Vilhelmsdóttir, 2019). Thus, there is evidence of young people in the country being out of work and education and developing serious mental health issues before these issues are recognised and treated by the social/health care system (Anvik & Waldahl, 2017). There is also evidence of young Icelanders in the NEET category themselves perceiving mental health issues (including ADHD) as a hindrance to their entrance into the labour market (Eydal & Vilhelmsdóttir, 2019). Lack of financial support to enhance their labour market possibilities (e.g., by education) is another labour market barrier for young people in the NEET category that has been identified in Iceland (Eydal & Vilhelmsdóttir, 2019).

Barriers related to economic incentives and motivation

Sweden: In Sweden barriers related to economic incentives and motivation has not been a major topic in the literature on youth labour market marginalisation. Incentives are usually of the financial kind, and – if anything – the relative wages of youth (e.g., minimum wages) have been rising (see the section about barriers related to the employer and labour market structure below). Nor have there been changes to other incentives (e.g., study allowances or sick pay) that could have tempted youth to avoid entering the labour market.

Denmark: Concerning economic incentives and motivation as barriers, Danish research does not indicate the existence of major barriers to vulnerable young people's employment or enrolment in education. Still, a ministerial report analysing the effects from a reform in 2013 of the Danish cash benefits system finds that economic incentives matter - also to the behaviour of vulnerable youth (Børne- og Socialministeriet, 2016). The reform lowered the cash benefits for all young people aged 25-29 years who earlier received such benefits (apart from the most vulnerable group, categorised as "activity-ready"). The findings indicate that, even among vulnerable youth, more persons chose to exit from the cash benefits system in favour of either enrolment in education or employment. Still, our knowledge on exactly which types of young people in the category 'vulnerable youth' respond to economic incentives is limited.

Finland: The role of economic incentives and motivation in young people's employment situations has not been considered a major question in the literature. However, van Gerven et al. (2022) find that, compared to other groups considered vulnerable in the labour market (such as long-term unemployed individuals and single parents), NEET youth had relatively high incentives to work considering the eligibility for social benefits and working hours. The study was based on micro-simulation models.

Norway: Moral hazard related to economic incentives and motivation in the benefit system has been a topic for research in the Norwegian context. Some evidence points to increased use of activation and work requirements – which the young welfare recipients have to comply with to receive benefits – seemingly having some effect, especially for women and those in the lower part of the income distribution (Hernaes, 2020).

Another study using newer data and a reform in 2017, where activation of welfare recipients below 30 became mandatory by law, do not find any effect of increased use of activation. However, the authors point out that the zero effect may be due to the new law only impacting the participation of recipients with low expected gain from activation (Dahl & Hernaes, 2022).

Iceland: No literature related to young people and economic incentives and motivation has been found.

Barriers related to the employers and labour market structures

Sweden: Regarding the employer and labour market structures, wages (or employer contributions) which are too high relative to the expected level of production reduce the likelihood of employment. However, Swedish research conclude that, although this effect has been relatively well established, there is little evidence indicating that this is a very important factor (Engdahl & Forslund, 2015). This finding basically corresponds to the results in Saez et al. (2019), in which a 16% payroll tax cut led to a 2-3% employment increase, i.e., a large tax cut leads merely to a limited rise in employment. In contrast, the overall business cycle, as well as regional and local differences in industrial structures, very clearly affects the employment rates of youth. Employment rates among different youth cohorts vary systematically with the business cycle at the time of graduation, and youth employment is lower in regions characterised by relatively few jobs in industries traditionally employing young people, e.g., hotels and restaurants, wholesale and retail trade, and business services, including temporary employment agencies (Engdahl & Forslund, 2015).

Denmark: We have not found Danish research on barriers related to the employer or labour market structures, but a Danish intervention project aims at making Danish workplaces more inclusive to vulnerable youth.^[5]

Finland: As regards the employer and labour market structures, young people tend to be disproportionately harmed during an economic downturn. This was particularly the case during the Covid-19 crisis, when employment dropped more steeply among young people than among other age groups (Statistics Finland, 2021).

Norway: Changes in the demand side of the labour market affects young people in Norway in different ways. Bensnes and Strøm (2019) show (using a demand shift for retail workers due to changes in allowed openings hour) that an increase in the demand for unskilled workers has a negative effect on the probability that young people complete an upper secondary education and thereby may have negative effects on these young people's future labour market prospect. Furthermore, individual-level characteristics interact with long-term changes in labour market structures. Thus, a changing labour market requiring more formal qualifications combined with access to generous health related benefits, has led to challenging labour market prospects for those lacking formal educational qualifications. Accordingly, Vogt, Lorentzen, and Hansen (2020) show that there has been an increased labour market exclusion for recent cohorts of early school leavers.

Iceland: No literature related to the employers and labour market structures has been found.

5. The project named NExTWORK is funded by the Danish Rockwool Foundation (see <https://www.rockwoolfonden.dk/en/projects/nextwork/>).

Barriers related to public services

Sweden: With respect to young people and barriers related to public services in Sweden, this primarily involves insufficient support to youth to help them attain a degree. The crucial importance of completed education implies that youth who fail to attain a degree for some reason run high risks of labour market marginalisation. Engdahl and Forslund (2015) point out that early intervention during primary school and lower-secondary school aiming to prevent school dropout will likely have high rewards. Once dropout has taken place, other measures may be needed, such as internships, intensified job search assistance, or wage subsidies.

Denmark: Concerning barriers in public services, a study by researchers from VIVE identifies a number of challenges pertaining to the municipal youth services department and the job centres which are the two main institutions in Denmark responsible for counselling and guiding vulnerable youth aged 18-29 years towards either education or a job (Bolvig et al., 2019). Overall, the study identifies problems in the municipal youth services relating to a lack of coherence and coordination among the many different institutions and actors involved in assisting vulnerable youth. A second problem is that different IT systems pertaining to different parts of the municipal administration are insufficiently integrated, implying that caseworkers find it difficult to achieve sufficient oversight of the life situation of vulnerable young citizens as well as to coordinate efficiently. Concerning timely interventions, a third problem consists in the need among youth guidance caseworkers for early warnings from the schools if a pupil risks dropout. Nonetheless, the school typically does not advise the caseworkers before the young person has already dropped out. Lastly, a fourth problem concerning youth above 18 years relates to an often-occurring collision between the health professionals prioritising psychiatric treatment above employment and caseworkers in the job centre prioritising either education or employment.

Finland: Some Finnish studies focus on the public services targeting young people. Following the ideas of activation, several policies and programmes have been put in place (such as the Youth Guarantee programme) to offer young people outside employment and education training and services with the aim of either preventing social exclusion or of integrating young people in education and work. As demonstrated in the study by Haikkola (2019), the complexity of the benefit and service system acts as a barrier itself for many young people when seeking education or looking for employment. Haikkola shows how the services provided by the public employment system or the tools that the frontline workers have to help the young people often do not respond to the needs of the young people seeking the services.

Norway: Bråten and Sten-Gahmberg (2022) identify at least three possible explanations for the increase in youth disability, where the first explanation is related to increased morbidity in the population. The second explanation is related to lowered threshold for becoming disabled. This is in line with explanations emphasizing increased requirements for efficiency and productivity in the workforce (Fevang, 2020). Thus, along these lines, an increasing number of young disabled can be seen as a medicalization process. The third explanation is related to a transfer of family responsibilities to the state and to public employment services (Bråten & Sten-Gahmberg, 2022). Thus, persons that previously would have been provided for by the family are now provided for by state-subsidized disability pension. Still, given that the sharp increase in young disability beneficiaries has taken place over a relatively short time, the latter explanation is not very plausible.

Iceland: Research from Iceland regarding barriers related to public services and young people shows that a lack of overall organisation of and cooperation between the services that hold the obligations to support young people in the NEET group hinders the improvement of their situation. The services exist in specialised and isolated organisations, and the collaboration between them is limited. Such silo organisations have restricted ability to attend to the complexity of the problems characterising young people out of work and education (Anvik & Waldahl, 2017).

4.2 Seniors

Our findings relating to seniors highlight that often it is relevant to distinguish between barriers (factors) affecting *entry* into the labour market and barriers (factors) affecting *exit* from the labour market. Often studies pertaining to senior's employment barriers focus on the latter type, while many studies relevant to the other three target groups focus on barriers to labour market entry.

Notice that no literature related to barriers for seniors in the Icelandic labour market has been found. Iceland has a strong culture of work, and the country has the highest employment rates among older workers of any OECD country (Martin, 2018). This may explain the paucity of research on barriers to their labour market participation.

Barriers related to individual characteristics

Sweden: Individual characteristics working as barriers to employment among senior workers are largely related to health issues. Jonsson (2021) finds that a host of indicators related to physical ill-health increase the risk of exiting employment, as these make continued employment more difficult. Psychological ill-health does not seem to be related to employment exit to the same extent as physical ill-health, although it may be of importance in certain occupations (e.g., burnout).

Denmark: Larsen & Amilon (2019) find that poor health is an important push factor for seniors in Denmark. Thus, poor health is an important barrier restraining employment among seniors. Note that most of the studies we have found that examine barriers for seniors' participation in the labour market focus on retirement and not unemployment. This may be due to the fact that retirement from the labour market is the main explanation for relatively low employment rates for seniors. Seniors do not have a higher unemployment rate than other groups in the labour market, but the share of long-term unemployed among the unemployed is higher for seniors than for the total labour force (Seniortænketanken, 2018, 2019). Still, Epinion and DISCUS (2021) have studied the barriers confronting unemployed seniors. They find that unemployed seniors often experience their own age as a barrier for obtaining employment, and that these negative expectations may lower the intensity of the job search. Furthermore, many of the unemployed seniors have been in the same job for several years and may find it difficult to express in writing in a job application their informal and personal competencies. They may also have very job-specific qualifications, which will make a change of occupation/industry difficult. For some unemployed seniors, a change of occupation/industry is important for their chances of finding a job, because of their previous job are phased out or because of health problems (Epinion & Discus 2021).

Finland: Research from Finland demonstrates that for seniors, individual characteristics such as health, work ability, employment situation, educational level, and family relations all potentially influence senior workers' actual retirement age (Nivalainen, 2022). According to the study, those who plan to retire early also tend to retire early, and intended retirement age is the strongest predictor of actual retirement age. Good health and better work ability both relate to late retirement, while poor health (sickness absence) is conducive to early retirement. A high education relates to actual late retirement, while unemployment relates to early exit from work. In addition, married persons are less likely to retire early, and they end up retiring later than they intended.

Norway: In the Norwegian setting, and related to individual level barriers, seniors are considered less adaptable to restructuring processes than younger workers (Underthun, 2021). This is a push mechanism, but there also seems to be pull mechanisms at play when it comes to keeping seniors in the workforce.

Iceland: No literature related to individual characteristics has been found among seniors in Iceland.

Barriers related to economic incentives and motivation

Sweden: Economic incentives and motivation have been discussed extensively in relation to seniors. These discussions have centred around the different social insurance schemes, such as disability pensions, sick pay, early retirement benefits, and pensions. Reforms have here been introduced to limit the use of benefits and extend the working life of senior employees, with mixed effects. Nilsson et al. (2016), for instance, find that the curtailment of possibilities of receiving sick pay and disability pensions led to a reduced take-up of these benefits, but this was to some extent counteracted by an increased take-up of early retirement benefits and pensions.

Denmark: Concerning economic incentives and motivation, research from Denmark shows that such incentives are important for seniors' retirement decisions. A study by Larsen and Amilon (2019), examining push and pull factors and based on self-reported reasons for retirement, finds that the possibilities of receiving early retirement benefits or pension increase the probability of retirement from the labour market. Bingley et al. (2021) corroborate this finding in a study using register data by showing a strong relationship between simulated economic incentives and employment. Furthermore, a literature review focusing on empirical studies that quantify the effects of the organisation of the retirement and pension system on the retirement decision also finds that economic incentives are important for the retirement decisions (Højbjerg Brauer Schultz, 2019).

Finland: Economic incentives and motivation may also be important for the retirement decisions. Kyyrä and Pensola (2020) argue that the incentives for senior workers to continue work are low when they are eligible for an extension of unemployment benefits until the earliest age for drawing old-age pension.^[6] The age at which an individual becomes eligible for extended unemployment benefits has a substantial impact on labour market outcomes over the last years of the working career. According to the results of the study, a two-year rise in eligibility age increased employment by seven months without significant effects on mortality or disability and sickness benefits within 10 years.

Norway: In Norway, some companies utilize financial incentives to prevent early retirement by offering 20,000 NOK retaining bonuses. Thus, economic compensation, however modest, is used to motivate workers to stay longer in work. Such bonuses are found to have a significant but modest effect on postponing retirement decisions (Hermansen & Midtsundstad, 2018). Companies offering such bonuses reduce the probability of early retirement by an average of 5.7%. They do, however, seem to be more efficient for men than for women (Hermansen & Midtsundstad, 2018). The results of Vigtel (2018) indicate that decreasing the minimum legal retirement age (LRA) (among other things) may have a positive effect on the firm's propensity to hire senior workers. The analyses support that risk-averse firms become more inclined to hire "risky" senior workers when the potential risk of doing so decline (and it declines when LRA decreases).

Iceland: No literature related to the employers and labour market structures has been found among seniors in Iceland.

Barriers related to the employers and labour market structures

Sweden: Regarding the employers and labour market structures among seniors in Sweden, discussions have revolved around, among other things, work organisation and task characteristics as barriers to work. Nilsson (2020) reports that characteristics of the work environment (being in a physically or mentally demanding work environment) increased the risk of workforce exit. The same held for low work satisfaction, all pointing to the importance of work design and work organisation for the prolongation of working lives.

Denmark: Concerning barriers related to employers and labour market structures, Amilon and Larsen (2019) have taken a closer look at the influence of work-related factors on the planned retirement age. For the unskilled/skilled workers physically demanding work and stressful work reduce the planned retirement age. For the white-collar workers/civil servants, customs/norms regarding retirement age, dissatisfaction with working hours, stressful work and influence on work situation

6. Please notice that this extension of unemployment benefits among senior in Finland has been abolished in 2023. See <https://stm.fi/sv/vanliga-fragor-och-svar-om-slopandet-av-tillaggsdagarna-inom-utkomstskyddet-for-arbetslosa-och-om-omstallningsskyddet>.

are all some of most important factors for the retirement age.

Concerning employer preferences relating to the age of applicants, Jensen (2022) shows – using a vignette study – that workplaces prefer employing a 40-year-old job applicant rather than a 63-year-old. There may be objective reasons for such preferences, for example that unemployed seniors are close to retirement age. However, the result underline that (high) age can be a barrier in the labour market. Furthermore, a survey among employers shows that a smaller part of the workplaces deliberately has no seniors among their employees and use non-objective arguments for this choice—a finding indicative of age discrimination on some workplaces (Jensen, 2022).

Finland: Concerning the employer and labour market structures, Nivalainen (2022) found employer-related barriers to retaining senior workers in employment. She finds that senior workers react to negative signals coming from their employer's actions in ways that can indirectly advance earlier retirement. In addition, Järnefelt et. al. (2022) show that employers experience certain risks when hiring seniors, which can create employment barriers for this group. The risks related to hiring over-55-years-olds, as experienced by employers, are especially connected to health problems, outdated knowledge and skills, and low productivity compared to salary (Järnefelt et al., 2022). Furthermore, almost half of the employers considered the risk of sickness absence or costs of disability retirement to be at least somewhat of an obstacle to recruiting a senior worker.

Norway: Regarding the employer and labour market structures, as employment barriers among seniors in Norway, part-time work has been conveyed as a possible solution to prevent early retirement. Several businesses now offer part-time work for senior workers. Midsundstad (2018) shows that the share of businesses offering part-time work for senior workers is lower in industries with a high number of workers with low education. Furthermore, the share is lower in male-dominated industries. This is unfortunate since such industries are particularly exposed to high rates of early retirement (Midsundstad, 2018). The occurrence of special age limits at workplaces, which imply an obligation to resign from the position at a certain age limit, also contributes to many people leaving the workforce in a relative early age (NOU, 2021).

Iceland: No literature related to the employers and labour market structures has been found among seniors in Iceland.

Barriers related to public services

Sweden: No study related to public services and seniors has been found.

Denmark: We have not found any research on public services as an employment barrier for seniors in Denmark. Nonetheless, *Seniortænketanken* (2018) finds that the participation in active labour market programmes is slightly lower for seniors than for other age groups among unemployment benefit recipients, while this is not the case for social assistance recipients.

Finland: In Finland, research has shown that the ageing unemployed persons participated less in public services, as well as in activation measures, than the other groups (Aho et al., 2018). Moreover, the ageing unemployed persons participated more in services that have a low impact on later employment, such as subsidised jobs in the public sector or rehabilitative work activity.

Norway: Welfare state reform and public services (e.g., NAV) play an important role by providing services and benefits for seniors. An important welfare state innovation came with the amalgamation of three separate health-related benefits into the Work Assessment Allowance in 2010. WAA is distinguished from its predecessors by relatively liberal eligibility criteria. Its goal was to promote rehabilitation of persons at risk of permanent health-related exit from the labour force. In the wake of the 2010 reform, Hansen and Lorentzen (2019) find that rather than solving the problem of health-related exclusion through disability, the reform has created a new problem by steering people into a temporary and less secure income source from the welfare state.

Iceland: No literature related to the employers and labour market structures has been found among seniors in Iceland.

4.3. Immigrants

Barriers based on individual characteristics

Sweden: Individual level factors that act as employment barriers for immigrants are multiple. One of the most prominent ones relates to language skills, which repeatedly has found to be of great importance. Eriksson and Rooth (2022), for instance, report that language skills are rated as important by almost all employers, irrespective of sector and type of work. This is the case even in occupations and jobs that would not appear to require very strong language skills, such as e.g., working as a janitor. It is the single most important barrier that human resource managers see when it comes to hiring immigrants. At the same time, many immigrants lack language skills at the required levels, making it difficult for them to find work. This applies in particular to immigrants born outside of Western Europe and North America.

Denmark: Concerning barriers related to individual characteristics, a study based on an internet-survey to managers and employees in Danish municipal jobcentres, who work professionally with immigrants, sheds light on this topic (Jakobsen et al., 2021). The study finds that the main barriers facing both immigrant men and women are insufficient Danish proficiency, lack of professional qualifications as compared to the demand in the labour market, and lack of knowledge on the Danish labour market. However, the respondents also identify a number of other barriers mentioned in the survey as important obstacles to this target group's employment: Insufficient coping with everyday life challenges, lack of motivation to find a job, ill health or insufficient health coping, and social control. For some immigrant women, especially those who recently have arrived in Denmark, lack of job motivation is one important barrier. Such lacking motivation may stem from growing up in a different culture with different gender roles, where working outside the home and supporting oneself is neither a woman's role nor responsibility (Jakobsen et al., 2021).

Several other studies confirm that lack of educational qualifications is a barrier (e.g., Schultz-Nielsen & Skaksen 2017). Moreover, it is difficult for immigrants to utilize foreign education in the Danish labour market, and the educational qualifications acquired before immigration has a less positive influence on the employment probabilities than educational qualifications acquired in Denmark (Arendt et al., 2016; Schultz-Nielsen & Skaksen, 2017). Other studies also confirm that poor Danish skills is a barrier for participation in the labour market (Jakobsen et al., 2014; Arendt et al., 2016).

Finland: Immigrants face several barriers related to individual characteristics when seeking employment or advancement in their careers. For instance, lack of proficiency in the host country language and lack of working experience are barriers to employment. For some immigrant women, care responsibilities for children also constitute a barrier to participation in the labour market (see Busk & Jauhiainen, 2021, and Tervola, 2018 & 2020).

Norway: Individual characteristics related to lack of higher education in the immigrant population might pose future challenges for the labour market. Extrapolations for the future predict a massive growth in the number of older immigrants, and the strongest growth will come from non-Western immigrants (Tønnessen & Syse, 2021). Due to low education in this group, it is expected that the future labour market participation of immigrants, particularly non-Western immigrants, will pose challenges for the labour market. Due to gender differences in education, women are expected to have higher labour market participation rates than men (Tønnessen & Syse, 2021). Lack of labour market experience also lower the probability of entering work from unemployment (Kann et al., 2009).

Iceland: At the level of individual characteristics, lack of skills in the Icelandic language has been identified as an employment barrier to the promotion of highly skilled immigrants from both the Philippines (Kristjánsdóttir & Christiansen, 2019) and from Europe (Christiansen & Kristjánsdóttir, 2016). Still, further barriers to promotion vary between the two groups of highly skilled immigrants. Highly skilled immigrants from the Philippines experience prejudice and misunderstanding due to cultural differences, and their loyalty to their supervisor can also hinder them from seeking promotion (Kristjánsdóttir & Christiansen, 2019). However, highly skilled European immigrants felt that their employer and co-workers belittled their contribution to the workplace and devalued their knowledge, experience, and education (Christiansen & Kristjánsdóttir, 2016).

Barriers related to economic incentives and motivation

Sweden: Among immigrants, issues relating to economic incentives and motivation have primarily been raised in relation to social assistance. Friedrich et al. (2021) find that there is a close link between immigrants' earnings and labour market attachment and various social transfers. In the recovery from the deep recession of the early 1990s, many social benefits were scaled back, and access became more difficult for immigrants. As access and usage declined, many low-income workers experienced more stable income growth.

Denmark: Several studies examine whether economic incentives and motivation are a barrier to immigrants' participation in employment. The studies show that reforms increasing the economic incentives to find employment through a reduction of welfare benefits have a positive effect on the employment rate of refugees (at least for male refugees) in the short run (Huynh et al., 2007; Andersen et al., 2019;

Arendt 2020). However, Andersen et al. (2019) also find that the effects on employment are short lived, and that there are some unintended effects of the examined START aid reform from 2002: the reform induced female labour force exits, and caused a large decrease in disposable income, which led to a sharp increase in property crime for both males and females.

Finland: No studies related to economic incentives and motivation and immigrants have been found.

Norway: Immigrants have been shown to be particularly responsive to economic incentives and benefit generosity. In particular, immigrants from low-income countries have shown greater responsiveness to benefit generosity than persons from the majority population (Bratsberg, Raaum, & Roed, 2020). The most likely explanation for this greater benefit responsiveness is that replacement ratios within social insurance programmed most often are larger for individuals with bleak labour market opportunities. Thus, work incentives are potentially relatively small for immigrant groups with weak labour market prospects (given relatively generous unemployment benefits). Flaatten (2015) examines the employment effects of a Norwegian reform from 1998, which introduced a financial subsidy of up to 3,000 Norwegian kroner per month for either not at all, or to a lesser extent, using publicly subsidized childcare for children aged 1-3 years. They find negative effects of this reform on non-Western women's wage income beyond the period during which the support lasts. This suggests that employment does not increase again immediately after the support period ends.

Iceland: No studies related to economic incentives and motivation and immigrants have been found.

Barriers related to the employers and labour market structures

Sweden: A study by Engdahl and Liljeberg (2022) illustrates that the employer and labour market structures can be an important barrier for immigrants. They find that the differences in labour demand and the employment structure of the local labour markets in Stockholm, Gothenburg, and Malmö contribute to the differences in the native-refugee employment gap in the three biggest Swedish cities. This relates in part to the local level of unemployment, where higher unemployment makes it less likely that immigrants are employed. Moreover, the local employment structure can act as a barrier. For instance, compared to natives, immigrants are particularly likely to work in the hotel and restaurant sector and in the health care sector and less likely to be employed in manufacturing, construction, and public administration.

Denmark: Employer related barriers for immigrants in Denmark include discrimination in the recruitment process. A field experiment conducted in the Danish labour market finds evidence of ethnic discrimination in the recruitment process (Dahl & Krog, 2018). The study shows that applicants with Middle Eastern-sounding names on average have to apply for 1.52 more jobs to receive the same number of call-backs as applicants with Danish-sounding names. Especially male ethnic minorities experience ethnic discrimination (Dahl & Krog, 2018). Another Danish study based on another type of field experiment also find evidence for discriminatory behaviour in the labour market (Hedegaard & Tyran, 2011).

Finland: Finnish research also identifies barriers related to the employer and labour market structures. Compared to the Finnish-born population, immigrants are more likely to work in jobs that do not match their qualifications. Additionally, their skills are not recognised, and they have problems in progressing in their work career (Toivanen et al., 2018; Statistics Finland, 2021). Employers' prejudices towards persons with migrant background are often so deeply rooted that, even with the same work experience, their possibilities to succeed in job application processes are significantly lower than among those with Finnish background (Ahmad, 2020). Busk and Jauhiainen (2021) find that the social and economic conditions of the country during the time that the person immigrates affect their employment trajectories. The cohorts migrating to Finland in the mid-1990s experienced longer unemployment spells compared to those migrating in the early and mid-2000s. In addition, changes in employment policies and improvements in integration measures contribute to the employment differences between cohorts. The timing of the immigration is crucial, as having no or only little work experience makes it difficult to advance further in a working career. Note that differences in care responsibilities as well as the economic conditions of the host country at the time of immigration also contribute to explain differences in labour market integration between the different admission categories (asylum refugees, resettled refugees, and their reunited family members) for those seeking residency in Finland (Tervola, 2020).

Norway: Several studies identify how immigrants face barriers related to the employer and labour market structures, resulting in immigrants often ending up in occupations with low language requirements (Hoen, 2020). It has been shown that immigrant concentration might have detrimental effects on wages in sectors that are affected (Hoen, 2020), and might lead to labour market exclusion of less efficient and productive workers in the last resort (Fevang, 2020). Hoen (2020) finds that natives working in occupations without advanced Norwegian language requirements experience a substantial earnings loss with increased migrant competition. Furthermore, increased inflow to health-related disability benefits was identified within occupations exposed to increased competition from immigrants from the 12 countries that entered the European Union with the enlargements in 2004 and 2007 (Hoen, 2020). Increased language skills among

immigrants might expand available sectors of work and could potentially lead to less pressure on sectors currently exposed to these effects. Research indicates that immigrants are met with discrimination in the hiring process in the Norwegian labour market (Wollscheid et al., 2022). For example, a field experiment shows that Pakistani applicants receive significantly fewer positive responses from employers than applicants from the majority group (Larsen and Stasio, 2019).

Iceland: At the level of the employer and labour market structures, devaluation of work experience acquired outside the host country was recognised as an important labour market barrier of immigrants in Iceland (Loftsdóttir, Sigurðardóttir & Kristinsson, 2016; Stangej, Minelgaite, Kristinsson & Sigurðardóttir, 2019). Thus, signals of social integration, such as qualifications acquired in the host country through education, counter prejudice against Polish immigrants (Stangej et al., 2019). When hiring a bookkeeper, for example, HR managers focused on whether former work experience was gained in Iceland while placing much less importance on experience gained elsewhere.

Moreover, at the level of the employer, research has found that prejudice against applicants with Muslim background is a barrier. Such prejudice reduces employers' willingness to hire a person with a Muslim name, as well as to pay the employee fairly if hired. Additionally, employers are more willing to hire a male rather than a female Muslim (Kristjánsson & Sigurðardóttir, 2019).

Barriers related to public services

Sweden: Public services do not always assist immigrants to an adequate extent, mainly because they are not sufficiently used to this target group. Many 'traditional' measures seem to be fairly effective and should be used more often. Eriksson and Rooth (2022) note, among other things, that there appears to be an underprovision of quality language training for individuals lacking in language skills. Engdahl and Forslund (2015) likewise note that the wage subsidies or reductions in employer contributions for at-risk groups appear effective, as does intensified job search support.

Denmark: It has not been possible to find much literature focusing on public services and immigrants. The literature we have found is mainly based on qualitative interviews and describes the immigrants' experiences with caseworkers in the job centres and their participation in active labour market programs (Ali et al., 2019; Rytter & Ghandchi, 2020; Jakobsen et al., 2021). Some of the immigrants have positive experiences from their meeting with the caseworkers and emphasise that the activities organised by the Danish job centres improve their chances of obtaining employment. However, the studies also show that many of the interviewed immigrants had experienced that the caseworkers in the job centre did not have faith in them, were not open-minded to their wishes and goals, and did not recognise their competencies. These experiences had - according to the

immigrants - a negative impact on their otherwise strong work identity and on their desire to start education (Ali et al., 2019). Several of the women also told about experiences of meaningless trainee periods in private and public enterprises (internships). Internships that according to them were without clear goals and balancing of expectations in advance of the trainee periods (Ali et al., 2019; Rytter & Ghandchi, 2020).

Finland: Concerning public services and immigrants, Krivonos (2018) finds some barriers related to public services. Hence, the study finds that there is often a mismatch between the skills or expectations of migrant jobseekers and the expectations of both the public employment services and the employers. For example, in the case of Russian speaking youth, women are often automatically steered towards care and service sector jobs while men are offered manual work, regardless of their own preferences (Krivonos, 2018).

Norway: No study related to public services and immigrant has been found.

Iceland: No study related to public services and immigrants has been found.

4.4 Persons with disabilities

Barriers based on individual characteristics

Sweden: Among people with disabilities and other health issues, individual characteristics related to the type and severity of the disability are of obvious importance to their labour market participation. Furthermore, Arvidsson (2016) shows that family background (parental education) affected the likelihood that young people with disabilities would enter employment, presumably through the parental resources and aspirations. Likewise, gender and place of residence also affected employment, presumably through the local employment opportunities as well as the alternative activities available locally.

Denmark: Concerning barriers related to individual characteristics and persons with disabilities, a Danish meta-analysis by Bredgaard and Shamshiri-Pedersen (2018) identifies a number of obstacles to the employment of persons with disabilities. First, a set of barriers relates to severity of disability (fewer persons with major disabilities are employed than persons with minor or no disabilities) and type of disability (persons with mental illnesses have the lowest employment rates among persons with disabilities). Second, age plays a role; older persons with disabilities have lower employment rates than younger persons with disabilities. Third, education also plays a major role in relation to the employment prospects among persons with disabilities. Even though the level of education has risen among persons with disabilities during the latest 10 years in Denmark, persisting low levels of education among some persons with disabilities constitute a barrier to increasing their employment chances. Fourth, the study finds that self-rated work ability among persons with disabilities correlates positively with their employment degree among persons already employed (i.e., number of hours worked). Moreover, self-rated work ability correlates positively with intensity of job search among unemployed persons with disabilities. Self-confidence also correlates positively with likelihood of employment. Hence, both low self-rated work ability and lack of self-confidence may constitute barriers to employment among persons with disabilities.

Finland: In the group of persons with disabilities or health issues, barriers related to individual characteristics were, as expected, related to health. In most of the selected studies, especially mental health problems emerge as a barrier that hinders employment. People with mental health problems had lower levels of work participation during disability pension and after rehabilitation compared to other sickness groups (Leinonen et al., 2019; Polvinen et al., 2018). In addition, dysfunctional use of health services was more common among people with mood or substance-related disorders than among other long-term unemployed (Nurmela et al., 2020). Moreover, the studies repeatedly reported that individual socioeconomic factors, such as low educational level, were connected to lower levels of work participation among people with health issues (Polvinen et al., 2018; Leinonen et al., 2019; Laaksonen & Blomgren, 2020)

Norway: Health problems as a barrier to education and subsequent employment can be exacerbated by a strong focus on health from an early age. Markussen and Røed (2020) argue that a strong focus on health treatment for mental health problems can be seen in Norway already at an early school age. According to Markussen and Røed (2020), who exploited variations in diagnostics and treatment practices in different Norwegian municipalities in a quasi-experimental design, this focus on early health problems is likely to contribute to lower school grades, which subsequently lowers the job probability and increases the risk of receiving social benefits. Still, the authors do not rule out that other factors may also play a role, e.g., that substantial mental health problems in fact may, at least in relation to some children, impede their learning abilities and lead to lower grades.

Concerningly, health-related welfare dependency has increased for young people in the latest two decades (Markussen & Røed, 2020). To facilitate a better understanding of this development, it is important to scrutinise deteriorating health in interaction with corresponding developments in the labour market entailing increasing requirements for formal academic qualifications, as well as incentives coming from generous health-related benefits.

Iceland: At the level of individual characteristics, Einarsdóttir & Gísladóttir find that poor health is the most important reason for disabled people not undertaking paid work. 71% of disabled people in Iceland report that bad health is the main reason that they are not in employment (Einarsdóttir & Gísladóttir, 2021).

Barriers related to economic incentives and motivation

Sweden: No study related to economic incentives and motivation among persons with disabilities has been found.

Denmark: Concerning barriers relating to economic incentives and motivation affecting persons with disabilities, our knowledge based on Danish research is rather limited. Nonetheless, a Danish report evaluating a reform of Danish so-called flex jobs from 2013 sheds some light on this topic (Holt et al., 2015). In Denmark, a flex job is a governmentally supported job for persons with a permanent and substantial reduction in their work ability. Persons granted a flex job have to find a job in the ordinary labour market with a public or private employer, and they receive a salary from the employer according to the number of hours they work and their work intensity. For example, if they work 16 hours a week with an intensity of 50%, the employer has to pay them for 8 hours of work. For the rest of the hours up to 37 a week, which is the standard for weekly working hours in the Danish labour market, they receive a supplementary subsidy from the state. Typically, the salary they receive for working 'ordinary work hours' exceeds the subsidy from the state. Hence, they have an economic incentive to increase the number of hours they work. Providing persons in a flex job with an economic incentive to increase their weekly number of work hours was a key element in the 2013 reform. However, a survey conducted on persons with a flex job, which was part of the evaluation by Holt et al. (2015), showed that merely 17% of persons working in a flex job with few hours (i.e., up to 10 hours a week) expected to increase their working hours over the next three years. 6-9% of persons in a flex job with more than 10 hours stated that they expected to increase work hours. Given that the reform aimed at providing persons working few hours with an incentive to increase their number of work hours, one may argue that the goal to create an economic incentive to substitute hours on transfer income with work hours was successful to a limited degree. However, the analysis by Holt et al. is not causal; therefore, we cannot know whether the true barrier to raising work hours was a lacking economic incentive or, e.g., an underlying bad health condition making increasing work hours an ambition that was difficult to realise.

Finland: Regarding economic incentives and motivation, existing earnings limits in disability pension may affect the probability of working. Polvinen et al. (2018) find that partial disability pensioners with average disability pension seemed to work more often than those with high pension (Polvinen et al., 2018). This suggests that higher earnings may restrict working while on a disability pension if the earnings exceed the earnings limits for working on a disability pension. According to the authors, one way to increase work among disability pensioners is to support the recently retired in working longer, as recent timing of disability pension was associated with working for both partial and full disability pensioners.

Norway: Related to the interaction between economic incentives and employers and the labour market, a general characteristic for health-related labour market exclusion is the ambiguous line between health-related benefits and unemployment problems. In Norway, and especially after the introduction of work assessment allowance in 2010, several studies point at the potential “medicalization” of unemployment problems. On the one side, this development is seen as a result of incentives created by generous health-related benefits combined with less generous unemployment benefits (Fevang, 2020). On the other side, this development is often seen as a result of labour market changes focusing on efficiency and productivity (Fevang, 2020). Thus, health in the latter perspective must be seen as relative to the functional requirements of the labour market.

Iceland: Similarly, at the level of barriers related to economic incentives and motivation, it is recognised that only a minority of disabled people in Iceland do not participate in paid work because of weak (financial) incentives. As such, only a fifth of disabled people in Iceland report that they do not participate in paid work as it would not pay off because of resulting reduced disability benefits, and only 15% report that they feared such reduction or other demands from the authorities (Einarsdóttir & Gísladóttir, 2021). Still, Júlíusdóttir et al. find that the system of disability benefits in Iceland hinders disabled people from trying out whether a job suits them or not since to accept a job means that one loses the right to a disability benefit and must start the application process again if the job terminates (Júlíusdóttir et al., 2022).

Barriers related to the employers and labour market structures

Sweden: The employer and labour market structures also matter through employers’ perceptions of disabled individuals’ work capacity relative to their wage. Angelov and Eliason (2018) report that a programme with wage subsidies resulted in benefit recipients finding subsidised but not regular employment. The subsidy – i.e., the wage cost – thus appears to have been crucial for the likelihood of employment.

Denmark: Regarding barriers relating to employers and labour market structures, we know from different Danish reports and other publications that employers have highly varying propensities to hire persons with disabilities. Some employers are committed to hiring workers with disabilities while other employers are sceptical and tend to reject applicants with known disabilities (Bredgaard, 2018). A Danish study on employers’ propensities to hire job applicants with a disability using a survey experiment (Shamshiri-Petersen & Krogh, 2020) shows that many employers are likely to deselect this type of applicants. Hence, negative differential treatment of persons with disabilities, is likely to be a barrier to the employment chances among such persons in the Danish labour market.

Finland: In Finland, employers face information gaps concerning the workforce with partial work ability (Ala-Kauhaluoma et al., 2017). According to the study, the employers need information about where to find jobseekers with partial work ability. They also want realistic information about the characteristics, productivity, and restrictions of people with partial work ability to support their decisions in the recruitment process. Furthermore, they also needed basic information about recruitment and related support. The main reasons for not hiring people with partial work ability were that the companies had not detected such people in their recruitment processes or that there was no suitable work available. At the same time, companies with experience in hiring people with partial work ability knew how to organise and design work so that partial work ability was not an obstacle.

Norway: As described in the former section on barriers related to economic incentives, an increased focus on efficiency and productivity in the labour market may have negative consequences for the participation of people with disabilities in the labour market. Moreover, there is evidence of discrimination of persons with disabilities in the Norwegian labour market. Bjørnshagen and Ugreninov (2021) and Bjørnshagan (2022) find evidence of discrimination of wheelchair users and of people with a history of mental health problems.

Iceland: At the level of the employer and labour market structures, Icelandic research has identified ableism as a primary barrier to the labour market participation of disabled people in Iceland. Ableism has both internal and external facets and is strongly connected to the idea that disabled people are not competent workers and do not fit with the notion of 'the ideal worker' (Hardonk & Ingvarsdóttir, 2020; Júlíusdóttir et al., 2022). As such, internal ableism has been identified as a fear among disabled people themselves that they will not live up to expectations and demands at the workplace (Júlíusdóttir et al., 2022; Hardonk & Ingvarsdóttir, 2020). Regarding external ableism, it has been shown that such ableism hinders the acceptance of people with intellectual disability as competent workers (Hardonk & Ingvarsdóttir, 2020) and that it surfaces in the hesitation of managers to hire people with immobility. Moreover, it has been identified that external ableism leads to employers and managers lacking both the knowledge of and the resources for this group of workers. Furthermore, standardised tools that may support organisations who employ disabled people are lacking (Júlíusdóttir et al., 2022). Further, the demands for profit and low operating costs in the organisation have also been identified as labour market barriers for disabled people in Iceland. Such demand has been recognised as an obstacle if managers are to employ individuals with so-called reduced work capacity, together with fear of increased pressure on co-workers because of the reduced work capacity, as well as specific and strict rules at the workplace that only allow employers to hire a worker in reduced work for a limited period.

Barriers related to public services

Sweden: Public services are of great importance, when it comes to the labour market participation among persons with disabilities since for example the size and condition of wage subsidies will affect the work opportunities of persons with disabilities (Angelov and Eliason, 2018). However, from the perspective of the employer, persons with disabilities may not only have a reduced work capacity but also be associated with different types of uncertainties. Wage subsidies may compensate for the first issue, but not for the uncertainties. These may instead be overcome by caseworkers supporting the employee and the employer during the hiring and employment period. Fogelgren et al. (2021) find that this type of support was very effective, raising the employment rate with approx. 10 percentage points.

Denmark: Concerning barriers relating to public services, Danish research by Amby (2020) shows that only a minority of Danish job centres have a strategy to improve the employment chances of persons with disabilities. In roughly half of Danish job centres, persons with disabilities are a low priority. Second, it shows that merely around 25% of job centres systematically screen unemployed for disabilities or practice other types of identification. Third, only a minority of job centres seek to evaluate whether unemployed belong to the target group for receiving compensatory measures. Fourth, only a minority of Danish job centres have special job counselling or job search courses for persons with disabilities. Fifth, a survey experiment shows that case workers' faith in the employment chances of persons with disabilities is much weaker than the similar faith concerning non-disabled persons. Given that previous Danish research indicates that the case workers' belief in the employment chances of unemployed persons itself affects the likelihood that unemployed persons find a job (Rosholm, Sørensen & Skipper, 2017), this lack of belief is a barrier in itself.

Finland: Research from Finland has identified some barriers related to public services. The lack of early identification of work ability problems, as well as lack of services to support work ability, can create a barrier to employment. Laaksonen and Blomgren (2020) find that the level of unemployment is elevated already several years before disability retirement, thus suggesting that work ability problems among the unemployed should be tackled in the earlier stages. Nurmela et al. (2020) argue that the dysfunctional use of health services among unemployed people might hinder early detection of illness, consequently delaying rehabilitation measures, prolonging unemployment, and increasing the risk of disability pensions. The dysfunctional use of health services included attendance styles characterised by, e.g., cancelling or missing several appointments, terminating treatment periods, or not receiving the medical aid needed. According to Hästbacka and Nygård (2019), the disabled working-age people saw the rigidity and bureaucracy of the disability service system, e.g., the lack of flexibility and

understanding from professionals, as one of the main barriers to societal participation. Employment was often offered primarily through special arrangements, involving only a symbolic wage on top of the employee's disability pension. They experienced such offers as discriminating and as having a hampering effect on equal employment opportunities.

Norway: Individual Placement and Support (IPS) is an evidence-based vocational rehabilitation approach offered by public services that helps individuals with moderate to severe mental illness. The programme is based on a 'place-and-train' approach, where participants are placed directly into a job. IPS has been shown to be effective in promoting work and self-sufficiency. However, within the public employment services, conflicts between available caseworker resources and welfare service ambitions related to the implementation of a 'high-input' IPS practice – i.e., IPS with a high success rate – can potentially lead to creaming of clients. Another reason for this creaming of clients is the risk of exhausting available resources at the employer side by placing clients with insufficient working capacity in ordinary work (Bråthen, 2020). Thus, only clients that the caseworkers found to have a sufficient working capacity were selected for placement positions in the work force. Paradoxically, those with the best labour market prospects were therefore selected for the most effective programmes.

Iceland: At the level of public services, the demand for profit has been identified as a labour market barrier for disabled people in Iceland. Research indicates that job counsellors at The Directorate of Labour in Iceland primarily focus on their role as 'matchmakers' and, rather than pursue a good job and a career in accordance with the preference of the client, attempt to place people with a disability in employment without doubting the profit-based premises of the employers (Hardonk & Halldórsdóttir, 2021).

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Appendix A: Overview of studies included in the literature review

→ Sweden

→ Denmark

→ Finland

→ Norway

→ Iceland

About this publication

Barriers to employment for vulnerable groups in the Nordic countries

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