

Labor Market Integration, Local Conditions and Inequalities: Evidence from Refugees in Switzerland

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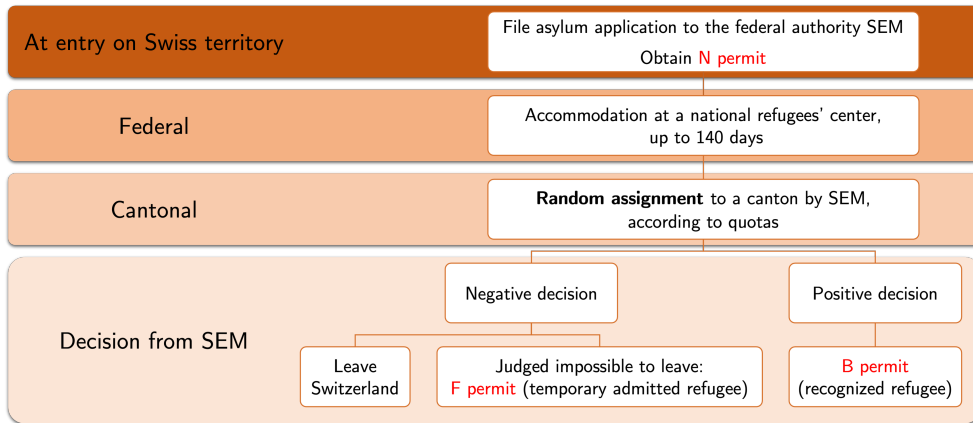
Introduction: Motivation

- ▶ Recent 'refugee crisis', largest since the end of WWII
- ▶ The process of economic integration of refugees and how it is affected by the interplay between policies and local contexts are still not fully understood
- ▶ Switzerland provides a unique setting to examine these questions
 - ▶ A multilingual and multicultural society
 - ▶ One of the European countries hosting the largest number of refugees per capita
 - ▶ A long history of receiving asylum seekers
 - ▶ One of the most coherent refugees-related policies among European countries

Introduction: Paper in a Nutshell

- ▶ Focus on the effect of forced displacement on refugees' integration and labor-market outcomes along different dimensions: gender, socio-demographic characteristics
- ▶ The role of initial local conditions and their subsequent effects on the trajectory of economic integration
- ▶ Causal identification based on random assignment of asylum seekers across cantons
- ▶ Original empirical analysis — A unique dataset
 - ▶ Based on the Swiss administrative records and social security data, provided by the Swiss Federal Statistical Office
 - ▶ Includes the universe of refugees & migrants in Switzerland 1998–2018
 - ▶ Presents longitudinal dimension \Rightarrow allow to follow individuals over time and examine their labor-market outcomes and career trajectories over the life-cycle, comparing refugees to the host population and other migrants

Context: Current Allocation Process of Refugees



- ▶ Difficult to change the canton for N & F holders
- ▶ F holders can work within the canton
- ▶ Free to work and relocate for B holders, but low inter-canton mobility

- ▶ A unique longitudinal dataset covering the universe of refugees and migrants in Switzerland over 1998–2018, combined from three administration datasets
- ▶ Analytical sample: all refugees and migrants that arrived from 1998; working age (18–64); arrived after the age of 17; restrict migrants to those from non EU-15 countries
- ▶ Unemployment rate: SECO data, measured yearly at the cantonal level
- ▶ Co-ethnic network: log number of co-nationals, measured at the canton level

Longitudinal Dataset

Figure: Number of refugees arriving from 10 most frequent origin countries

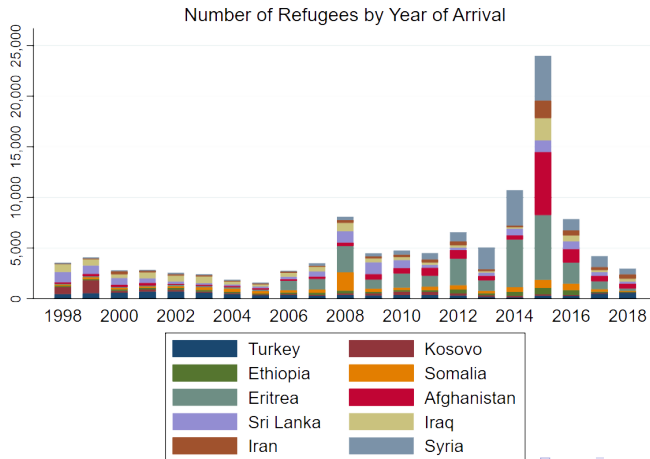


Table: Descriptive statistics

	Main sample			Restricted sample (matched with Structural Survey)		
	Refugees	Migrants	Natives	Refugees	Migrants	Natives
Cohort size	111382	701371	1293071	12379	93150	390071
Observations in sample	711056	4473204	1839523	135655	997217	557302
<i>period 2010–2018</i>	562221	3355287	1839523	99367	703832	557302
Characteristics						
Female	0.402	0.583	0.493	0.436	0.612	0.506
Married	0.499	0.716	0.458	0.592	0.775	0.478
Age	35.24	35.51	41.32	37.47	36.46	41.93
	(9.796)	(9.218)	(13.55)	(9.270)	(8.934)	(13.33)
Age at arrival	29.17	30.27		29.58	30.17	
	(8.285)	(8.499)		(7.915)	(8.128)	
Length of stay	10.78	10.25		13.73	12.31	
	(6.115)	(5.698)		(4.816)	(4.661)	
Labour market outcomes						
Employment rate	0.432	0.687	0.853	0.564	0.726	0.860
Earnings	25543.6	57380.2	67456.1	28597.5	61070.4	69792.6
	(23739.6)	(122044.1)	(74814.9)	(24837.6)	(130137.1)	(77559.5)
Education						
Secondary I				0.633	0.338	0.131
Secondary II				0.219	0.268	0.548
Tertiary				0.148	0.393	0.321

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Results: Trajectories of Labor Market Integration

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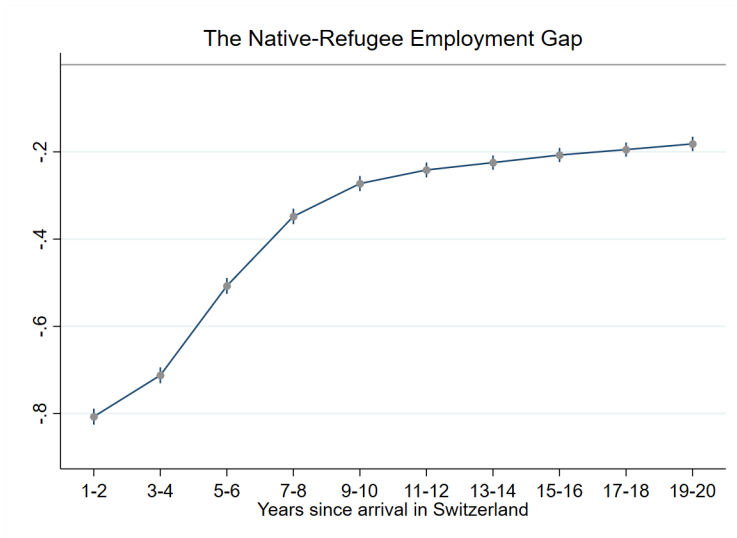
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Initial Conditions: Unemployment \times YSM

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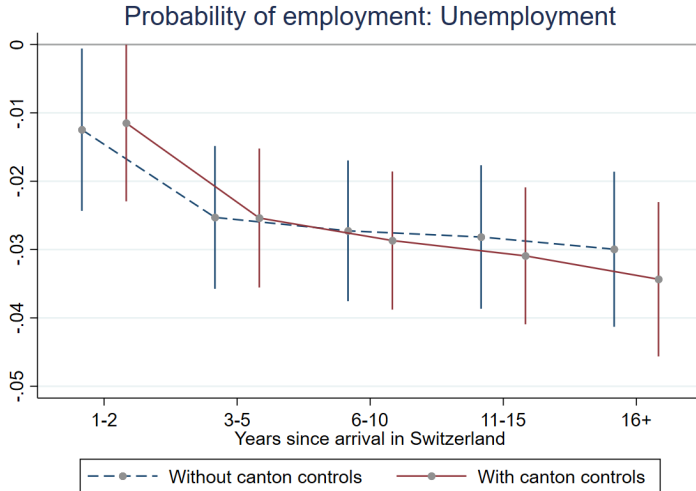
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Initial Conditions: Networks × YSM

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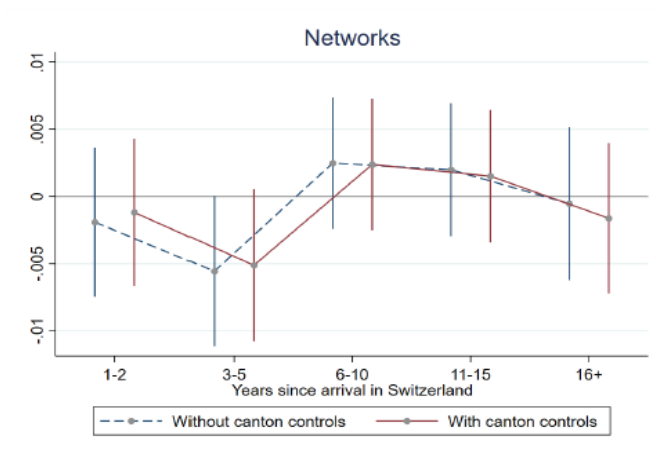
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Concluding Remarks

Key findings: integration trajectories

- ▶ Employment rates of refugees increase slowly over time

Key findings: initial conditions

- ▶ Significant negative effects of initial unemployment rates on employment probabilities of refugees
- ▶ No consistent evidence related to the existence of a co-ethnic network

Policy implications

- ▶ Importance of an early entry in the labor market
- ▶ Take a longer run perspective – and possibly the longitudinal dimension – when examining the effectiveness of policies