

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

Tobias Müller<sup>a</sup> Pia Pannatier<sup>a</sup> Martina Viarengo<sup>b</sup>

<sup>a</sup>University of Geneva

<sup>b</sup>The Graduate Institute, Geneva

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# Outline

Integration of  
Refugees in  
Switzerland

Tobias Müller, Pia  
Pannatier, Martina  
Viarengo

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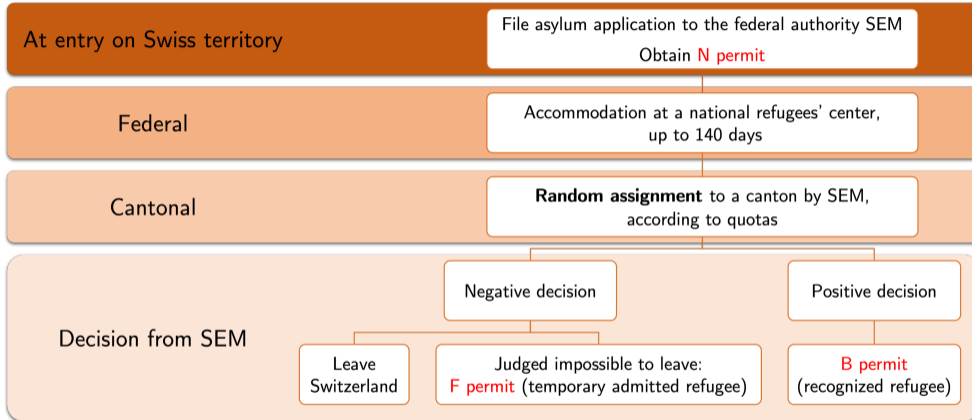
# Introduction: Motivation

- ▶ 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 ⇒ 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
- ▶ Attitudes towards migrants and natives in the canton of arrival: share of votes in each canton that express a preference for a more restrictive regulation of migration and asylum, from 21 referendums between 1996 and 2020

- ▶ Trajectories of Labor Market Integration
  - ⇒ Comparison of employment probabilities between
    - ▶ Refugees and natives
    - ▶ Refugees and non-EU15 migrants
- ▶ Role of Initial Conditions
  - ▶ Labor market conditions
  - ▶ Co-national networks
  - ▶ Natives' attitudes toward refugees and migrants

## ▶ Trajectories of Labor Market Integration

⇒ Comparison of employment probabilities between

- ▶ Refugees and natives
- ▶ Refugees and non-EU15 migrants

## ▶ Role of Initial Conditions

- ▶ Labor market conditions
- ▶ Co-national networks
- ▶ Natives' attitudes toward refugees and migrants



# Results: Initial Conditions

	(1)	(2)	(3)	(4)
Unemployment rate	-0.0271*** (0.00648)			-0.0225*** (0.00663)
Network		-0.000577 (0.00243)		-0.000140 (0.00242)
Natives' attitudes			0.0289*** (0.00605)	0.0264*** (0.00572)
Time-varying canton controls	Yes	Yes	Yes	Yes
Observations	606152	606152	606152	606152

Dependent variable is Employment dummy.

Included fixed effects: Country of birth; Arrival year; Canton of arrival; Current canton X Current year.

Time-varying canton controls: log of population, log of real median wage

All regressions also include age, age squared, gender, marital status

Standard errors are clustered at the level of Canton of arrival  $\times$  Year of arrival.

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

# Initial conditions: attitudes toward refugees/migrants

## Interpretation of results

- ▶ A change toward more restrictive attitudes over time in a canton leads to higher employment rates of the successive refugee cohorts.
- ▶ Our results do *not* imply that a refugee who is assigned to a “hostile” canton would fare better in terms of future employment than a refugee who is assigned to a more “open” canton.

## Economic significance of results

- ▶ A refugee who arrives when attitudes are rather open (10<sup>th</sup> percentile of the attitudes distribution) has a 7 percentage points lower employment probability than the refugee who arrives when attitudes have become more restrictive (90<sup>th</sup> percentile).

# Interpretation of results: role of attitudes

Our indicator of attitudes is based on popular votes

- ▶ **Cross-section variation:** differences between cantons for a given vote
- ▶ **Variation over time:** proposals up for vote are “multidimensional” and their content changes over time

Estimation results including mean attitudes (over time for each canton) and deviations from the mean

- ▶ **Cross-section variation:** *negative* effects of restrictive attitudes on refugees' labor market integration
- ▶ **Variation over time:** *positive* effects of restrictive attitudes on refugees' labor market integration



