

Losing Human(itarian) Capital: Exploring Micro and Macro Determinants of Refugee Labour Market Integration

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List of Abbreviations

- BA** Bundesagentur für Arbeit (Federal Employment Agency)
- BAMF** Bundesamt für Migration und Flüchtlinge (Federal Office for Migration and Refugees)
- BIBB** Bundesinstitut für Berufsbildung (Federal Institute for Vocational Education and Training)
- BMAS** Bundesministerium für Arbeit und Soziales (Federal Ministry of Labour and Social Affairs)
- BMBF** Bundesministerium für Bildung und Forschung (Federal Ministry of Education and Research)
- CPDS** Comparative Political Dataset
- CWED** Comparative Welfare Entitlements Dataset
- DEMIG POLICY** Determinants of International Migration Dataset
- EU** European Union
- IAB** Institut für Arbeitsmarkt- und Berufsforschung (Institute for Employment Research)
- ILO** International Labour Organization
- IMISCOE** International Migration, Integration and Social Cohesion
- IMPIC** Immigration Policies in Comparison Dataset
- IOM** International Organization for Migration
- ISCO** International Standard Classification of Occupations
- OECD** Organisation for Economic Co-operation and Development
- SOEP** German Socio-Economic Panel
- UN** United Nations
- UNHCR** United Nations High Commissioner for Refugees, the UN Refugee Agency

Introduction

The conflict in Syria has displaced millions of people, and has forced 5.5 million Syrians to flee the country altogether by 2016 (International Organization for Migration, 2017). This is just the latest instance in a long series of instabilities around the world that have pushed people out of their homes, and into new host countries. According to the United Nations, as many as 25.9 million individuals around the world were estimated to be refugees in 2017 (International Organization for Migration, 2017).¹ With a perpetuity in frozen conflicts, asymmetric warfare, and failed states (Newland, 2015), return for many of these refugees is increasingly unlikely. Therefore, finding durable solutions for the new arrivals in the destination countries has become critical.

Even though lessons from history (Barslund et al., 2016; Angrist and Kugler, 2003; Harrell-Bond, 1995; Long, 2013), and much of the academic community (Aleinikoff, 2015; Zimmermann, 2014; Betts and Collier, 2015; Long, 2015; Papademetriou, 2015; Fratzscher and Junker, 2015; Legrain, 2016) insists that labour market integration is the most appropriate response a host country can take in light of increased refugee movements, exclusion of refugees from the labour market is still more commonplace

¹In contrast to voluntary migration which usually comes about in search of better economic opportunities, I employ the term of forced migration to describe migration that takes place due to push rather than pull factors. The ‘push’ can be triggered by a number of manmade or natural causes. According to the Refugee Convention (United Nations, 1951), people fleeing their homelands in fear of persecution are entitled to international humanitarian protection. Whilst being in the process of formalizing this humanitarian migrant status, the term ‘asylum seeker’ should be used. One officially becomes a ‘refugee’ when the host country has granted asylum and therewith granted refugee status. In regard to this study, ‘refugees’ will be used as an overarching generic term as recognized by the UNHCR, signifying a person in need of international protection irrespective of whether the status has been given legally. This means that the settlement process may still be in the early application stages and the status is unequal to native residents.

than inclusion.² Such labour market marginalization has led to refugees persistently showing poorer economic outcomes than other immigrants, and remaining dependent on aid for an extended period of time (Bakker et al., 2017; Bevelander, 2016; Bauböck and Tripkovic, 2017). As emphasized in the literature reviewed in *Chapter 1*, the longer refugees stay out of the labour market, the more severe the negative consequences for the host's economy, as well as for the refugees themselves.

Exclusion from the labour market can be caused by a myriad of reasons, which can be broadly classified into micro and macro determinants. Based on refugees' own perceptions on their economic lives and future prospects studied in *Chapter 2*, the constraints and enablers to successful labour market integration relate to both, structure (macro determinants) and agency (micro determinants).³ As a key structural constraint, the prevailing humanitarian approach to refugee protection framed by the Refugee Convention (United Nations, 1951) and carried on by UNHCR's proposed Global Compact on Refugees (2017), focuses by and large on repatriation, instead of fostering settlement.⁴ Such an approach might provide some initial security, but as it continues to treat refugees as a temporary presence, it fails to consider their long-term livelihood needs.

This structural environment reinforces the image of refugees as a homogeneous group of vulnerable people unable to act self-determinedly. Findings from the study conducted in Kiel, Germany presented in *Chapters 2 and 3*, however, suggest a substantial degree of heterogeneity amongst the refugees arriving in the latest wave. These multiple backgrounds in regard to their human and social capital, influence how much agency refugees exhibit, and how they react to structural constraints.⁵ Some adopt 'limited agency' as a survival strategy due to past experience and future

²Economic and labour market integration is defined as participating in the local workforce by gaining employment or becoming self-employed. The somewhat neutral term of 'incorporation' is used parallel to 'integration' and 'inclusion' following Glick Schiller, who considers integration and inclusion to have a political agenda (Glick Schiller and Çağlar, 2009).

³Structure is defined as the existing environment of opportunities and constraints in any given society. Agency is defined as the ability to act on the basis of individual capital (i.e. social and human capital).

⁴Ideally, the humanitarian approach is guided by a state's morality and altruism to help people 'who need admission' (refugees) in contrast to those 'who want admission' (migrants). However, this humanitarian 'cause to protect' has, according to many scholars (such as Harrell-Bond, 1995; Long, 2013; Fassin, 2012; Agier, 2011; Richmond, 1988), given way to restrictionist migration agendas by distinguishing refugees and other migrants, and regulations that apply to them.

⁵Human capital is defined as its measurable formalized (education, work experience and training) and its non-formalized (punctuality, honesty, motivation etc) aspects brought together (Becker,

uncertainty, whilst others frame a different narrative by drawing attention to their motivation, resilience and potential for success, thus refusing the narrative of the refugee as a victim of circumstance.

Nevertheless, being assigned the category of a ‘humanitarian migrant’ (Zetter, 2007) brings about additional barriers to labour market entry, such as limited effort by authorities in identifying a refugee’s human capital upon entry, and an even more complicated process of recognition of qualifications due to undocumented and non-standardized skills, qualifications, and capabilities. *Chapter 3* elaborates on how this gap in data affects refugees’ labour market integration, and host countries’ attempts to better match labour market supply and demand.

Finally, as mentioned above, much of the economic impact of forced migration, nonetheless, depends on how well the newcomers are allowed to integrate to the labour market (as shown in the overview in *Chapter 1*). Regulations in place in the host country to ‘protect’ the labour market from foreign workers, contribute to the creation of a ‘refugee entry effect’ that keeps refugees from becoming taxpayers and filling labour shortages where needed (Bakker et al., 2017; Reitz, 2007). As these restrictions are still more commonplace than leniency, and as refugees themselves have identified these structural forces to contribute to their labour market marginalization significantly, it warrants a deeper look into the macro determinants of refugee labour market integration. From a comparative study on how a country’s welfare regime determines its approach towards refugee labour market integration presented in *Chapter 4*, it can be further derived that the humanitarian welfare state approach predicts much of the restrictive reactions towards refugees’ labour market integration, whilst a more utilitarian welfare state approach allows for more leniency in policies regulating refugees’ access to employment.

This dissertation contributes to the field of refugee studies by examining the factors that facilitate and hinder labour market integration of refugees through micro and macro perspective. Furthermore, all chapters aspire to give evidence-based suggestions for labour market policy reforms, thus aiming to make a practical contribution to the field. Since policymakers in Europe and beyond are on a learning curve due to recent refugee movements, it presents a prime opportunity for the aca-

1964; Fitz-enz, 2009; Collett and Zuleeg, 2008). Human capital includes skills, qualifications, knowledge and capabilities.

demic community to pitch in by providing evidence-based policy advice, in order to limit further loss of human(itarian) capital.

The four chapters of this dissertation are based on four individual papers. In the following, I briefly summarize their main results, and their contributions to the literature.

Chapter 1 *Economic consequences of voluntary and forced migration - a literature review*

Around the world, people are increasingly pushed and pulled to cross borders. Frequently, these new arrivals necessitate reactions from policymakers in the destination states in the form of either more restrictions or greater leniency in migration and integration regulations. The states' policy choices are based on a myriad of reasons, but most often they boil down to calculations on the economic consequences of immigration. This paper reviews the vast literature on the costs and returns of immigration-induced labour supply changes for the receiving states. The literature summarized in this paper focuses particularly on two broad categories of economic impacts from immigration: first, what is the the effect of immigration on the labour market (on wages and job availability); and second, what are the broader fiscal effects of immigration (in regard to economic output, and durability of the welfare benefits' system). Furthermore, in light of growing interest in refugee studies, this chapter emphasizes the distinction between the impacts of voluntary and forced migration, and contributes to the literature on immigration's economic consequences by providing a thorough up-to-date account on research done on the latter.

The literature review concludes that there are many conflicting studies focusing on the labour market and fiscal effects of immigration in which methodology, case selection, or other factors have led researchers to find negative, positive, or no effect of immigration. In regard to impacts on wages, voluntary and forced migrants have been found to cause some wage loss to those local workers who most resemble them (own effect), whilst possibly increasing the income of those workers who complement them (cross effect) (Borjas, 2017b). The lack of significant wage effects is consistent with the recent literature emphasizing mechanisms that allow for quicker absorption of immigrants, such as dualization of the labour market (Card and Altonji, 1991) and task specialization of native workers (Peri and Sparber, 2009; Peri, 2014). Similarly

to the impact on wages, the expansion of job opportunities due to occupational upgrading induced by skill diversity of immigrants and natives (complementarity), mitigates the negative effect that more labour supply on the market could have (Peri and Sparber, 2009; Ruiz and Vargas-Silva, 2016). In regard to broader fiscal effects of immigration, heterogeneity of immigrants, and the rights associated with different categories, plays a central part (Rowthorn, 2008). Refugees are often excluded from the workforce and placed on aid, making it harder for them to contribute more than they take out (Aiyar et al., 2016). Nevertheless, when given the right and support to participate in the labour market, forced and voluntary migrants alike have been found to (1) rejuvenate the workforce (Rowthorn, 2008), thus contributing to the welfare benefits' system (Aiyar et al., 2016), and (2) raise the level of innovation and entrepreneurship in the host country (Nathan, 2014; Betts et al., 2015), thus contributing to economic growth (Fratzscher and Junker, 2015; Legrain, 2016).

Chapter 2 *Losing human(itarian) capital: An analysis of barriers to and prospects of refugees' labour market integration in Germany*

Forced migration is rarely associated with human capital gains for the host nation since refugees frequently remain dependent on aid and isolated from the labour market for an extended period of time. In Germany, however, there are currently high hopes regarding the demographic potential and human capital of incoming refugees, particularly Syrians (Bittner, 2015; Dettmer, 2015; Diekmann, 2016; Gauck, 2014). Nonetheless, the question remains how to foster their successful incorporation into the labour market, and how to avoid falling into the common pattern of aid-dependency and deskilling. This study aims to contribute to the discussion around refugees' labour market integration by providing a unique insight into the economic lives of refugees through their own perceptions on the structural and agency-related constraints and enablers they face in attempting to integrate to the German labour market. In doing so, this paper takes a transformative approach (Mertens, 2007): first, research participants were provided a voice, and second, an action agenda for reform was brought forward.

By combining the fields of forced migration studies with human capital theory, structure and agency were found to influence refugees' labour market integration. Findings gathered through a multilingual survey and in-depth interviews with refugees and non-refugee respondents in Kiel, Northern Germany, suggest a substan-

tial degree of heterogeneity in the human capital of refugees arriving to Germany. This capital, however, often goes unrecognised, which influences the determination refugees show in their actions, and whether they challenge the structural status quo. Furthermore, the assumed temporality of refugees' situation discourages host states from investing in the restoration of refugees' social and human capital, and thereby refugees' agency, leading to further skills' depreciation and aid-dependency (Mincer and Ofek, 1982). On the basis of these findings, it can be recommended to forgo the one-dimensional asylum policy, and opt for tailored legislation instead. Legislation that would account for refugees' various capabilities could improve integration by letting those, who can access the labour market immediately do so, whilst offering additional help to those, who need it. Currently high levels, as well as low levels of human capital act more as a constraint than an enabler. Although Germany is slowly moving towards a more utilitarian stance in regard to refugees' settlement (Rietig, 2016), a lot can still be done about the multiple complexities in regard to the assessment and recognition of human capital that force many refugees to start over, and thereby delimit their self-worth. Finally, since language skills are often too low for finding regular employment, but the skills and motivation to work exist, allowing self-employment would be another way how to avoid losing the human capital that the refugees bring.

Chapter 3 *Uncovering hidden human capital: A case for transformative mixed methods in refugee studies*

As previously mentioned, refugees are often disregarded as part of the workforce in their new host countries. Entering as a 'refugee' erects a form of protective barrier that hides away the skills, capabilities, and qualifications potentially valuable for the local labour market (Zetter, 1991, 2007). Since a full picture of refugees' human capital is, therefore, not identified, their attempts to gain employment squanders. Instead, they fall through the cracks of the formal foreign qualifications' recognition system (Bosswick, 2013) until the only valid option is to work below their skill level or retrain completely. It is not uncommon to find difficulties transferring foreign human capital to a domestic market, but in the case of forced migrants, the transfer process is even more complicated (Collett and Zuleeg, 2008; Worbs and Bund, 2016; Bosswick, 2013; Bauböck and Tripkovic, 2017; Mincer and Ofek, 1982). Hence, more elaborate ways to identify and assess refugees' human capital are required.

This study attempts, first of all, to make the case for using transformative mixed methods to uncover the hidden skills of the hard-to-reach refugee population for future research (Creswell, 2003; Mertens, 2007; Castro et al., 2010; Bloch, 1999). Secondly, it provides an example of such a study carried out in the case of refugees arriving to Germany between 2014 and 2016 to further underline the potential.

The findings suggest that by focusing on participants' own voices in identification and assessment of refugees' human capital, significant gaps in the current procedure are located, and more clarity brought to the question, why refugees experience such difficulties entering the labour market. Bringing in a qualitative approach addressed the three problem areas (sticking to stagnant categories, ignoring poor correlation between job types and educational backgrounds, and disregarding soft skills) by being more flexible and insightful than a traditional, solely quantitative study into educational and occupational backgrounds. In the special case of refugee labour market integration, allowing for more flexibility would help with the lacking documents, non-standardized occupational backgrounds, and overcoming the internalized inferiority feeling, all hindering the successful transfer of refugees' human capital. If one could overcome those obstacles, the real picture of the human capital and its utilization potential might emerge, making a better matching of labour demand and supply within the asylum system, a possibility.

Chapter 4 *Restrictive generosity or open selfishness - welfare regimes and refugee labour market integration in comparative perspective*

As more and more refugees are unable to return home due to continuing instabilities around the world, the question surrounding their sustainable integration in the receiving countries tops the policy agenda. Labour market participation is an integral part of integration, yet acceptance of refugees into the labour market still varies across the host states. This article aims to understand the underlying reasons for different policy approaches towards refugees' labour market integration by focusing in particular on the existing welfare state as an explanatory variable (Römer, 2017; Boräng, 2015). The study tests whether the extent of overall welfare generosity explains choices and changes in refugee-specific labour policy across 28 countries over the period of 1980-2014. Moreover, considering the possible reactionary style of policy-making in refugee issues, a second research question on how countries shape their refugee-specific labour policy when faced with large refugee inflows was in-

cluded. By attempting to bring clarity to the underlying grounds of decision-making in regard to refugees' labour market integration, this paper aims to contribute to both, refugee studies and comparative welfare state research. Furthermore, in the field often dominated by case-studies, a large cross-sectional comparative study may bring new insights.

The results suggest that both ends of the generosity scale (Scruggs, 2014) seem to welcome refugee labour market integration. In limited welfare states, minimal state intervention in the workings of the free market (Esping-Andersen, 1990), equality of opportunity with the expectation of individual effort to assure own well-being (Arts and Gelissen, 2002; Sainsbury, 2006), and the actual (or perceived) lack of competition from refugees, all guide policy-makers to less restrictions on refugee-specific labour policies. Furthermore, when faced with an increase of refugee inflows, the least generous welfare states were found to exhibit the most welcoming attitudes by being less likely to restrict their policies. In comprehensive welfare states, higher degree of social solidarity and decommodification (Esping-Andersen, 1990) shape refugee policies similarly towards more openness. Lastly, the middle ground, made up of mainly conservative welfare states (Esping-Andersen, 1990; Scruggs, 2014), appears to have the most restrictive attitudes towards refugees, echoing the protective humanitarian agenda inherent to traditional asylum systems.

CHAPTER 1

Economic consequences of voluntary and forced migration - a literature review

1.1 Introduction

Increased migration has been explained by a number of different scholars as based on: (1) persisting income inequalities between countries and the cost-benefit calculations of individual migrants (e.g. by Michael P. Todaro, Larry A. Sjaastad, George J. Borjas, Oded Stark, J. Edward Taylor), (2) on existing social networks (most prominently by Douglas S. Massey), and (3) on the structural demand for migrant workers in developed economies (amongst others by Michael J. Piore). Moreover, globalisation thesis (e.g. by Immanuel Wallerstein, Alejandro Portes, Manuel Castells, Saskia Sassen, Ewa Morawska) tells us how the advances in transport and communication technology have reduced the cost of movement, making migration a natural consequence of the globalization process¹. These developments have to date pulled around 258 million people across borders according to the United Nations (UN) data (Figure 1.1), amounting to a rise in the global migrant population. At the same time, there are continuing conflicts around the world (Figure 1.2²), that push more and more people to leave their homes. According to UN statistics, as

¹Globalization is defined as the “widening, deepening, and speeding up of worldwide interconnect- edness in all aspects of contemporary social life” (Held et al., 1999 cited in Czaika and de Haas, 2015).

²The figure shows only violent conflicts, and does not include instabilities caused by natural causes (displacement caused by natural disasters or other environmental reasons, e.g. climate change), which also contribute to forced migration.

many as 25.9 million individuals around the world were estimated to be refugees in 2017 (Figure 1.1).

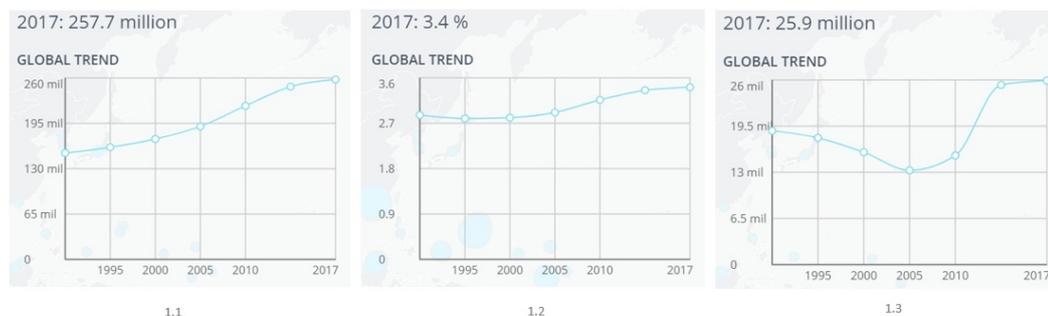


Figure 1.1: Migration statistics, Migration Data Portal based on data from the UN Population Division (International Organization for Migration, 2017, retrieved 21.12.2017). 1.1 - International migration stock in total numbers; 1.2 - International migration stock in percentage of world population; 1.3 - Estimated number of refugees around the world

These movements have disrupted the fabric of nation states that are receiving these migrants, and have led to popular unease about immigration's long-term implications (Rowthorn, 2008). Again and again, the question in the destination countries is - what are the consequences arising from immigration? And thereafter, how should local policymakers manage the inflow of immigrants to secure positive impacts instead of the drawbacks associated with migration?

States' approaches to immigration are based on a myriad of reasons, but most often, as shown in this overview, it boils down to calculations on the economic consequences of immigration. In other words, states' preferences, motivations, and interests in choosing migration and integration policies follow the logic of costs and returns. A vast range of academic disciplines (such as labour economics, human geography, and political sociology to name a few) have offered a helping hand in providing expert analysis for policy designers to make informed decisions. The literature summarized in this paper is concerned with two broad categories of economic impacts from immigration: first, the effect on the labour market (wages and employment); and second, broader fiscal effects (such as economic output and reliance on welfare benefits). There are many conflicting studies in these areas in which methodology, case selection or other factors have led researchers to find negative, positive or no effect of immigration.

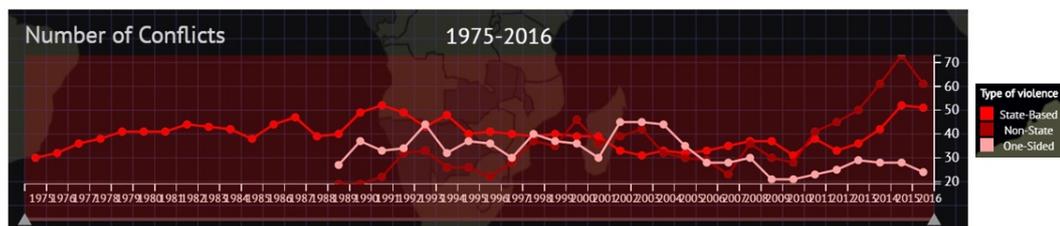


Figure 1.2: Number of conflicts around the world, Uppsala Conflict Data Program (Department of Peace and Conflict Research, Uppsala University, 2017, retrieved 21.12.2017)

This article is structured as follows: first, it will discuss literature dealing with the labour market effects, i.e. whether immigrants depress natives' wages and take away their jobs. Second, it will review literature addressing the question of whether immigrants contribute to the economy to the same extent that they contribute from welfare entitlements. These two parts focus mostly on the impacts caused by voluntary migration, whereas the third part gives a more specific overview of the literature, and especially empirical evidence, about forced migration's impact on the host country's economy. The conclusion proposes future research directions, but also takes the position of the policymaker, and summarizes what is of importance from the theoretical literature for the practical decision-making on policies regulating migrant entry and settlement.

1.2 Labour market effects of immigration

Immigration-induced economic costs and returns are difficult to assess empirically. Nevertheless, many authors have attempted to do so (discussed in this review are amongst others George J. Borjas, David Card, Giovanni Peri, Gordon H. Hanson, and their collaborators³). Due to varying methodological approaches, they have reached conflicting results with some studies finding negative, some positive, and some have found no effect of immigration on natives' wages and employment rates. The following will attempt to summarize the various studies, describe the differences in approaches, and reconcile the conflicting results with regard to wages and jobs.

³This list is by no means exhaustive.

1.2.1 Human capital of native and foreign workers

Before moving to the specific impacts of immigrants on wages and jobs, however, it is important to address crucial issues in the literature with regard to the human capital of native and foreign workers. First of all, although immigrants might have similar education and experience to natives, their human capital might not be comparable (Hanson, 2008). Transferring foreign human capital to new host country is a problematic task, mainly due to limited understandings and differing standards in origin and host countries (Friedberg, 2001; Hendricks and Schoellman, 2017; Boss-wick, 2013). This might lead to an undervaluation of capabilities, which in turn results in a lower position on the labour market. Furthermore, reaching a commensurable career level as in the origin country proves to be complicated for many foreign workers since human capital acquired domestically often outweighs human capital from abroad (due to lack of country-specific skills and information) (Friedberg, 2001; Angrist and Kugler, 2003; Bauböck and Tripkovic, 2017; Hendricks and Schoellman, 2017; Chiswick, 1978).⁴

Secondly, Hanson (2008) argues that immigrants are positively self-selected (concept attributed to Borjas, 1987), as well as positively sorted. To elaborate, migrants tend to not be drawn randomly from the population, and their destinations reflect an individual cost-benefit analysis. Hanson's research (Grogger and Hanson, 2008 cited in Hanson, 2008) shows that most emigrants are likely the more educated individuals within the origin country, meaning that they appear to be 'positively selected in terms of schooling' (Borjas, 1987; Hanson, 2008). Though emigrants incline to be more educated than those that stay behind, they often are much less educated⁵ than native populations in their chosen destination countries (Hanson, 2008).

Whether high- or low-skilled, immigrants are rarely direct substitutes for native workers based on the above mentioned factors (Constant, 2014).⁶ They are, accord-

⁴Reitz (2007) and Bakker et al. (2017) have called this an 'immigration entry effect': "due to the lack of host country work experience and language proficiency, and the problematic recognition of their home country credentials, migrants are most likely to start at lower levels than natives."

⁵Exceptions to this exist in cases where a points-based admission system allows in immigrants predominantly with very high educational levels (such as in Canada).

⁶From Constant (2014) two definitions are important to include here: 1) Substitute or replacement labour meaning 'workers who can serve in place of other workers because they have similar skills, and thus compete with each other for positions'; and 2) Complementary or supplemental labour meaning 'workers who need to work together in certain proportions to accomplish a task, and thus who do not compete with each other for positions'.

ing to multiple authors, imperfect substitutes, and in some cases complements to the local workforce (Borjas, 2003; Ottaviano and Peri, 2006; Goldin and Katz, 2007; Peri and Sparber, 2009). How the various categories affect immigration's consequences for the hosts' labour market will be discussed with the help of empirical evidence in the next two sections.

1.2.2 Impact on native employment rate and job availability

As more and more immigrants enter, the common expectation is that it will make it harder for local people to find jobs due to the additional competition created by newcomers. In order to find out whether this assumption holds, researchers have employed various methods to various cases, which have yielded contrasting results. Constant (2014) has divided the approaches that researchers have taken into area- and production function approach. Most studies employing the area approach, that is, comparing the economic outcomes for native workers in areas with large and small immigrant inflows, have found no adverse effects of immigrant inflows (Constant, 2014). Studies using a more simplistic version of the production function, that is, differentiating workers by skills on the basis of nation-wide data, have found a moderate effect of immigration on native workers, whilst more methodologically complex studies employing the same production function, that are focusing on the degree of substitutability among workers, find no negative effects. Therefore, the conventional assumption⁷ in the academic circles is that immigration has a very small or short-lived impact on native employment (Rowthorn, 2008).

Many of the studies emphasize, however, that immigration does bring some competition to those workers who are directly substitutable by migrants (Freeman and Kessler, 2008). Considering the previously mentioned difficulties with foreign human capital transfer, it might occur that even the immigrants with higher education and experience levels will end up competing for the same jobs as the low-skilled native workforce. Therefore, competition might be heightened for the low-skilled natives (Freeman and Kessler, 2008). These developments could lead to a so called 'crowding

⁷Rowthorn (2008) mentions two studies that go against this assumption: (1) Angrist and Kugler (2003) statistically significant model for Europe estimates that for each 100 male immigrants, a loss of between 35 and 83 male native jobs occurs. Similarly, (2) Dustmann and Wadsworth (2003) find that 23 to 60 native jobs are lost for every 100 immigrants (based on the UK census data, and a statistically significant result derived from employing a difference-in-difference approach.)

out' of the native population, but what many researchers⁸ find instead is a dualization or segmentation of the labour market accompanied by task specialization of native workers (Peri and Sparber, 2009; Hanson, 2008; Pischke and Velling, 1997; Card, 2001, 2005).

First, the dual (or segmented) labour market theory tells us that migration is caused by a permanent demand for immigrant labour inherent to the economies of developed countries (Piore, 1979 cited in Massey et al., 1993). This demand comes from the structural change in the labour market with the rise of the social definition of specific jobs as 'immigrant jobs,' and the need thereafter to find workers willing to do those jobs natives refuse.⁹ Quite often such occupations are manual labour intensive¹⁰, and as a result, natives move to fields in which communication and language skills, as well as culture-specific knowledge, play a bigger role, and give them a comparative advantage (Peri and Sparber, 2009). Similar 'occupational upgrading' happens if the share of highly-educated immigrant workers rises. When immigrants occupy analytically intensive positions in science and technology, the highly educated native workers move on to managing them (Peri, 2014). Secondly, an influx of immigrants therefore might encourage native workers to specialize in different production tasks (Figure 1.3).

The skill diversity among native and foreign workers might spur more profound, and general positive consequences, according to Peri and Sparber (2009) and Peri (2014). For the host country's economy, it might mean more efficiency, innovation, and productivity growth.¹¹ Local firms and industries may also expand in response

⁸ Again, some exceptions exist such as described by Borjas and Doran (2012) cited in Nathan (2014). They examined how the arrival of mathematicians from the former Soviet Union influenced the publications and career trajectories of their U.S. counterparts, reaching the conclusion that there is strong evidence of native crowding out, both in terms of subject shifts and exits from the field.

⁹ The so called 'immigrant jobs' are usually executed under unpleasant conditions, at low wages, with great instability, and facing little chance for advancement (sometimes also referred to as DDD-jobs, dirty, dangerous, and demeaning jobs). Historically, women and teenagers were employed in such positions as they were usually looking for 'supplemental income', thus treating the job as just a means to an end (Massey et al., 1993). As female labour force participation rose and transformed, so did the demand for foreign labour supply to do those types of jobs.

¹⁰ Occupations falling under this category in the service sector are for example housekeeping, gardening, child care, dry cleaning, etc. Cortes (2008) finds that in the 1980s and 1990s U.S. cities with larger inflows of low-skilled immigrants experienced larger reductions in prices for these labour-intensive services. He associates a 10% increase in the local immigrant population with a 1,3% decrease in prices for labour-intensive services (cited in Hanson, 2008).

¹¹ Discussed in further detail in the 'Fiscal impact' chapter.

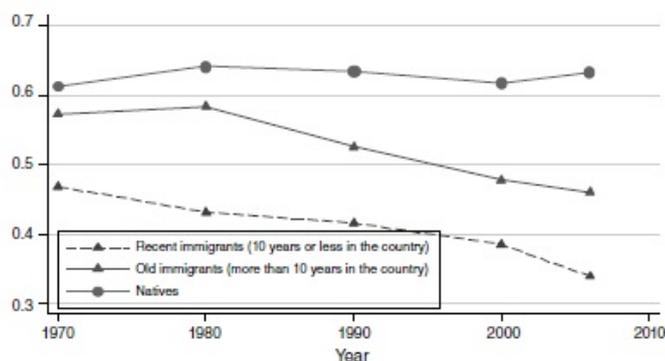


Figure 1.3: Communication/Manual Intensity of Natives, Recent Immigrants, and Long-Term Immigrants U.S. (1970–2000). Workers with a high school degree or less education (Ruggles et al 2005 IPUMS Dataset cited in Peri and Sparber, 2009).

to an increase in immigrant workers, and in this way absorb much of the immigrant labour available on the market (Hanson, 2008; Peri, 2014). This might bring about the creation of additional jobs, which in turn might be taken up by complementary native workers (Constant, 2014; Peri, 2014). Oppositely to these theoretical positive impacts, Ottaviano and Peri (2006) have found that an increase in immigrant labour causes a negative impact for the already existing immigrant population in the host country. Newcomers might present a direct competition for many former immigrants, especially those who have not accumulated a lot of host country-specific human capital (Peri and Sparber, 2009).

1.2.3 Impact on wages

The assumption has often been that excessive labour supply provided by immigration will reduce wages of the native population (Figure 1.4). Empirical evidence from decades of academic research, however, shows a more complicated picture. In fact, there are many competing findings in the literature about whether immigration affects natives' income, ranging from immigrants raising the native wage (complementarity), lowering it (competition), or most commonly, not having any effect at all (Figure 1.5).

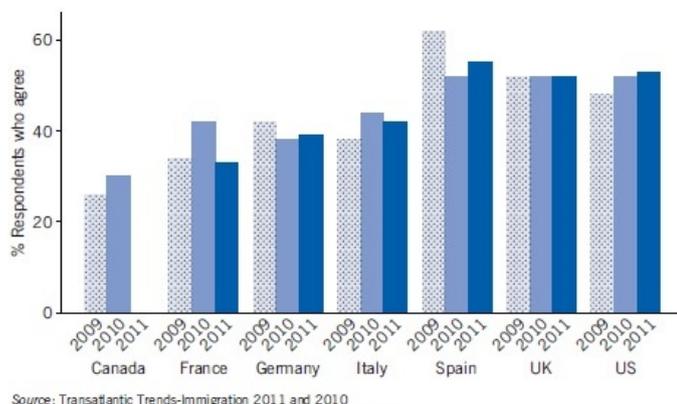


Figure 1.4: Opinion poll: Do immigrants depress the wages of natives? (Peri, 2014)

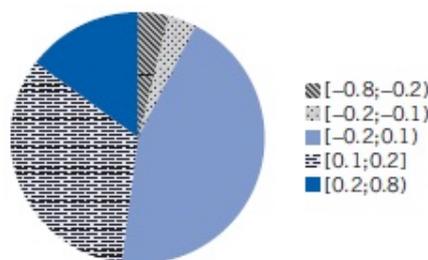


Figure 1.5: Share of empirical evidence showing negative and positive effects of immigrant share on native wages, based on averages of 270 baseline estimates from 270 empirical studies (Peri, 2014)

Most notably over the past decades, George Borjas¹² has studied the impact of the inflow of Mexican workers on native workers' wages in the United States. Throughout many studies and articles, Borjas has argued that Mexican immigration to the U.S. has put downward pressure on the wages of low-skilled American workers. This is due to imperfect substitutability that the human capital of an average Mexican immigrant brings to the U.S. workforce. Borjas' research strategy has been to use nation-wide data to study the impacts of immigration. Beyond the previously mentioned U.S.-focus, he has applied a similar approach to Canada and Mexico to find

¹²His work includes (a) Borjas (1987) Self-selection and the earnings of immigrants, *American Economic Review* 77 (4), 531-555; (b) Borjas (1991) Immigrant participation in the welfare system, *ILR Review* 44 (2), 195-211; (c) Borjas (1994) The economics of immigration, *Journal of Economic Literature* 32 (4), 1667-1717; (d) Borjas (2003) The labor demand curve is downward sloping: Reexamining the impact of immigration on the labor market, *Quarterly Journal of Economics* 118 (4), 1335-1374; (e) Borjas (2017b) The wage impact of the Marielitos: A reappraisal, *ILR Review* 70 (5), 1077-1110.

comparable evidence on wage effects of immigration. In all three countries, Aydemir and Borjas (2007) find that a 10% change in labour supply leads to a 4% to 6% loss in wages.

David Card¹³ has been the most prominent opponent of Borjas, arguing that there is no effect on the natives' wages attributable to immigration. Card claims that by looking at the same education-experience cluster model that Borjas has, but on a sub-national level (U.S. cities), that the correlation between the relative wage and the relative supply of natives and immigrants in the low-skilled cluster (which is most commonly the focus of these studies due to comparability) is close to zero (Card, 2005). Similarly to Card, other sub-national and regional studies done outside the U.S.¹⁴ have found little or no impact of immigration on regional wages. This leads to the conclusion that labour market scope choices (national vs local) matter for the findings on estimated wage effects of immigration (Hanson, 2008).

Nevertheless, the lack of significant wage effects is consistent with the recent literature emphasizing mechanisms that allow absorption of immigrants, such as complementarity, technology adjustment, increases in demand, and efficiency (Peri and Yasenov, 2017). Similarly to the impact on jobs, the expansion of job opportunities due to occupational upgrading induced by skill diversity of immigrants and natives, mitigates the negative effect that more labour supply on the market could have (Peri, 2014). Unfortunately, resemblance in impacts can also be found for earlier immigrants. Namely, because newcomers are often direct competitors for many earlier immigrants, they can have a substantial effect on the incomes of the latter.

1.3 Fiscal impact of immigration

Immigration enthusiasts insist that most of the time immigrants move to areas where labour demand is high (Hanson, 2008), meaning that they will quickly become part

¹³His work includes (a) Card (1990) The impact of the Mariel boatlift on the Miami labor market, *ILR Review* 43 (2), 245-257; (b) Card and Altonji (1991) The effects of immigration on the labor market outcomes of less-skilled natives, *Immigration, trade and the labor market*, 201-234; (c) Card (2001) Immigrant inflows, native outflows, and the local labour market impact of higher immigration, *Journal of Labor Economics* 19 (1), 22-64; (d) Card (2005) Is the new immigration really so bad? *The Economic Journal* 115 (507).

¹⁴Hanson (2008) lists Addison and Worswick (2002) for Australia; Pischke and Velling, 1997 for Germany; Zorlu and Hartog, 2005 for the Netherlands and Norway; Carrasco et al., 2008 for Spain; and Dustmann et al., 2005 for the UK

of the workforce, and start contributing to the economy. They also tend to be young(er) (Freeman and Kessler, 2008), which presupposes that they will contribute for a long time, and most likely pay in as much or more than they take out from the welfare system. Those, however, who worry about immigration draw attention to the heterogeneous nature of the ‘immigrant group’. Namely, that immigration’s fiscal impact depends on the immigrant category (such as labour migrant, family migrant or refugee/asylum seeker¹⁵), and rights and obligations associated with these categories (Rowthorn, 2008; Bakker et al., 2017; Cobb-Clark, 2000; Zetter, 2007; Ruhs and Martin, 2008). Furthermore, multiple other factors such as education, professional experience, and ability to gain suitable employment without displacing native workers matter for the calculations about immigrants’ fiscal contributions.

According to Dustmann et al. (2010), the literature on this matter is rather scant in comparison to the vast research estimating labour market effects of immigration, mainly due to the difficulty of empirically assessing immigration’s fiscal effects. Nonetheless, the following chapter will review some studies done in the field of immigration’s fiscal impacts focusing on, (1) immigrants’ contributions to the economy, and the specific influence on innovation in the host country; and (2) immigrants’ participation rates in welfare programs, and their impact on public finances in general.

1.3.1 Impact on economic output

What is the net contribution of migrants to economic growth? Like with all other questions highlighted in this review, there are contrasting results on whether immigrants are a positive or negative influence for the economic output¹⁶ in the receiving state. There are pessimistic views associated with the aforementioned problematic substitutability issue of immigrant to native workers, and therefore an assumed decreased level of labour market integration of immigrants (Quispe-Agnoli and Zavadny, 2002 cited in Nathan, 2014). At the same time, there are optimists who be-

¹⁵Rowthorn (2008) mentions a ‘spectrum’ on which on the one end are highly educated, skilled, and talented individuals who having found suitable employment will make large contributions to the local economy. On the other end of the spectrum, are immigrants who are dependent on public support (such as refugees and asylum seekers), and who are likely to take out more welfare benefits than they pay in taxes. Quite often though, these groups are kept dependent on aid due to many de jure and de facto barriers to employment (Long, 2015).

¹⁶Economic output is the total value of goods and services produced in the economy.

lieve that immigrants will cause productivity shifts, meaning they bring with them, directly or indirectly, more innovation and efficiency (Peri and Sparber, 2009).

Rowthorn (2008) summarizes a variety of American and European studies analysing the fiscal impact of immigration on advanced economies, and finds that in most cases the impact is rather small, ranging between +/- 1 per cent of GDP. He explains this finding with the heterogeneity of immigrant population, meaning that the positive contribution of some highly educated, skilled, and talented immigrants with a suitable job, is largely or entirely offset by the limited or negative contribution of others. Hanson (2008) further asserts that the more skilled the migrant inflow, the more likely the positive fiscal consequences for the host country. In cases though, where immigrants are less skilled, and take up positions that pay less (such as the 'immigrant jobs' mentioned earlier), the net tax burden on natives might increase resulting in a necessity to raise taxes, reduce government benefits, or increase borrowing from future generations. This finding explains rather well why more and more destination countries have in recent years opted for more selective migration policies (de Haas et al., 2016).

A further strand of research has looked into whether the natives and the local economy could benefit from an immigrant influx instead of presuming negative outcomes. Borjas (1994) calculations on whether there might be an immigration surplus for the host countries found that a surplus exists when the skills of natives differ from the skills of immigrants i.e. natives and the country benefit if immigrants are complementary to natives. This contradicts the trend amongst Western countries that try to attract only high-skilled immigrants (de Haas et al., 2016) since they are drawing immigration that does not complement their already high-skilled workforces. Nonetheless, Borjas (1994) adds that even if the native workforce is predominantly skilled, there are still benefits to be gained from an exclusively skilled immigrant inflow due to complementation in production between skilled workers and capital that unskilled workers do not offer (Figure 1.6).

High-skilled immigrants are often associated with higher productivity, thus providing the host market more gains from letting them enter and contribute. Studies also suggest that irrespective of formal educational and professional levels, immigrants of all skill levels might be positively self-selected in regard to entrepreneurial and innovative abilities, and motivation (Bonacich, 1973; Borjas, 1987; Zucker and

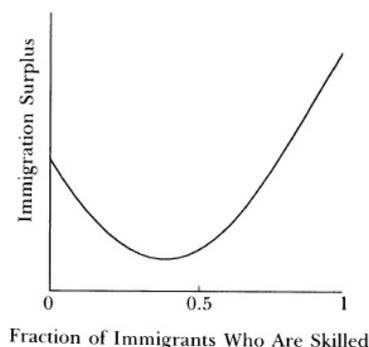


Figure 1.6: Immigration surplus and immigrant skills, in a model with capital, assuming 50% of natives are skilled (Borjas, 1994)

Darby, 2007; Honig et al., 2010 cited in Nathan, 2014). Meaning, it is assumed that besides their personal circumstances¹⁷, their characteristics make them more likely to set up businesses (Hunt, 2011, 2013), generate new innovative ideas, and create knowledge (Page, 2007; Berliant and Fujita, 2009 cited in Nathan, 2014).

Nathan (2014) review paper on wider effects of immigration shows that much of the literature on immigrants' economic contributions presents small robust positive impacts attributed to immigrants, especially high-skilled ones. In studies done both in the U.S., and in Europe¹⁸ on area and firm level, scholars have found that:

- Immigrants are more likely to start companies than similar natives (Hunt, 2013, 2011);
- There is a causal relationship between company/industry/country workforce diversity (bringing in reduced risk due to diasporic connections and co-ethnic groups), and an increase in trade flows (LeBlang, 2011; Javorcik et al., 2011; Peri and Requena, 2010 cited in Nathan, 2014);

¹⁷The so called 'survivalist entrepreneurship' which means that by becoming self-employed they are able to circumvent the many barriers i.e. react to being excluded from the mainstream economic life (Kloosterman and Rath, 2001 cited in Nathan, 2014).

¹⁸According to Nathan (2014), the research on this matter in the U.S. is very well developed and vast, whereas in Europe it is a lot sparser, and due to various factors (such as greater heterogeneity in migrant levels and flows; sending countries and communities; and receiving country history and institutions) presenting a lot more mixed results. All the same, also these studies find typically a small net positive impact of high-skilled migration.

- Heterogeneous teams are more effective in problem-solving by virtue of a wider pool of perspectives and skills (Page, 2007).

Another argument to connect innovation to migration is presented through the model of Liang et al. (2014). According to them, innovation is more present in younger societies as the entrepreneurship level is higher there (Figure 1.7). Hence, the many young people who migrate could not only relieve the pressure on the pensions system which will be discussed in more detail shortly, but also raise the entrepreneurship level of the host countries.

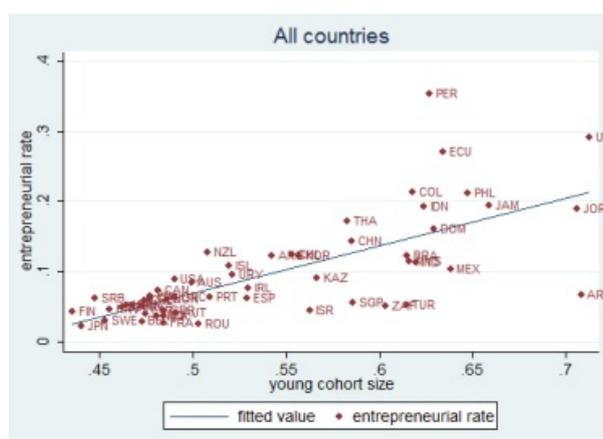


Figure 1.7: Entrepreneurial rate and demographics (Liang et al., 2014)

1.3.2 Impact on welfare system

The understanding amongst the public and scholars alike is that immigrants tend to rely more on welfare programs¹⁹ than native citizens, as immigrant households are often larger and poorer than native households (Rowthorn, 2008; Borjas and Hilton, 1996; Brücker et al., 2002; Barrett and McCarthy, 2007; Dustmann et al., 2010; Boeri et al., 2002; De Giorgi and Pellizzari, 2009). In the U.S., studies find that immigrant-headed households are more likely to receive public benefits than native ones due to lower educational levels, poverty and lack of health insurance (Fix and Passel, 2002 cited in Freeman and Kessler, 2008). Yet, Dustmann et al.

¹⁹Welfare programs are provisions by the state for the basic economic and social well-being of their citizens (and in some cases also non-citizens) (Sciortino and Finotelli, 2017). Goods and services allocated under welfare programs include various social security measures e.g. sickness provisions, poverty relief, health care etc. (Giulietti, 2014).

(2010) paint a completely opposite picture for the UK by showing that migrants from A8 countries²⁰ for example, are actually less likely to live in social housing or to receive state benefits and tax credits than their native counterparts. This variation between the two cases illustrates that the size and characteristics of the migrant population, as well as the generosity and inclusivity of the state's welfare programme, all matter for the calculation on the fiscal consequences of migration for the host country (Freeman and Kessler, 2008).

Some of the most important characteristics to predict the public finance impact of migrants are unsurprisingly education and professional experience (Wellisch and Walz, 1998 cited in Hanson, 2008). To elaborate, migrants in low-skilled positions with lower than average incomes, tend to pay less in taxes, but at the same time, depending on the welfare system in place, are likely to be more eligible for various government services (Ruhs and Martin, 2008). The opposite can be said for high-skilled migrants, who tend to contribute more than they take out (Dustmann et al., 2010).

Beyond human capital, the literature shows how age, visa (entry) category, and welfare eligibility play a role in predicting the balance between taxes paid and services received. Rowthorn (2008) argues that due to the age structure of immigrants, their value rests in the rejuvenation of the local population, as well as in adding to the workforce who potentially pay taxes that finance pensions and welfare services for the ageing societies. In their assessment of welfare magnetism in certain EU countries, De Giorgi and Pellizzari (2009) further state that letting in migrants who are from countries with younger and growing populations, will alleviate the financial strain on public pension systems in many of the migrant receiving member states. It is also less likely that immigrants themselves will claim the pensions from the system they contributed to, as they often go back to their countries of origin (Figure 1.8) before that time arrives (Freeman and Kessler, 2008). Furthermore, whether one enters the country as a voluntary labour migrant, family migrant or as a forced migrant is to be expected to correctly estimate welfare participation rates. Quite often, governments attempt to limit the numbers of migrants in the last two categories in order to minimize the fiscal costs immigration might bring (de Haas et al., 2016; Czaika and de Haas, 2015) or limit their access to welfare benefits (Ruhs

²⁰Central and Eastern European countries that joined the European Union (EU) in May 2004.

and Martin, 2008; Römer, 2017). Although, when already arrived, it is more likely that asylum seekers, refugees, and family migrants depend on government aid to a larger extent and contribute to the tax-base to a lesser extent than labour migrants (Sciortino and Finotelli, 2017).

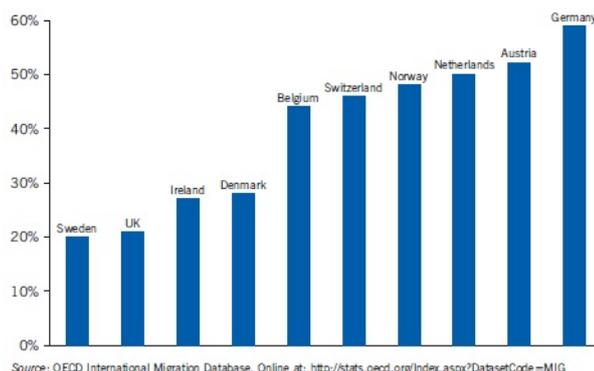


Figure 1.8: Immigrant return probabilities are high after five years, selected OECD countries (immigrant cohorts arriving 2004–2005) (Bijwaard, 2015)

Regardless, empirical analysis has found little evidence of welfare overuse by immigrants (Barrett, Kahanec, Zimmermann and Maitre, 2013; Barrett, Kahanec, Zimmermann, Giulietti and Guzi, 2013 cited in Sciortino and Finotelli, 2017). The relationship between contributions and expenditures vary considerably according to which part of the budget are considered welfare expenditures, the time span considered (annual net or life-cycle and generational), the period, and of course the type of immigrants (Sciortino and Finotelli, 2017).

1.4 Economic consequences of forced migration

Literature on the labour market and fiscal impacts of forced migration is limited compared to the corresponding literature on voluntary migration (Ruiz and Vargas-Silva, 2016). Nevertheless, more and more scholars have found labour supply shocks created by increased involuntary immigration to be excellent subject matter for quasi-experimental studies, especially because these shocks occur irrespective of the economic situation of the destination country, making it possible to better identify causal relationships between immigration, and its impacts on the host country (Ruiz

and Vargas-Silva, 2016; Peri and Yasenov, 2017).²¹ Moreover, focusing on forced migration's impacts has broadened the regional scope of the literature (as can be seen from the list of historic episodes discussed in this review presented below).

The following chapter will first shortly explain how forced migrants differ from voluntary migrants in regard to the economic impacts their arrival might bring. Secondly, the main studies analysing forced migration's economic consequences will be discussed in detail. The historical episodes covered include:

- Syrian refugee movements due to the ongoing civil war (Ceritoglu et al., 2015);
- Forced migration of people from Burundi and Rwanda due to ethnic conflicts in the early 1990s (Ruiz and Vargas-Silva, 2016);
- Cuban migrants involved in the Mariel boatlift in 1980 (Card, 1990; Borjas, 2017*b*; Borjas and Monras, 2016; Borjas, 2017*a*; Clemens and Hunt, 2017; Peri and Yasenov, 2017).

1.4.1 Economic integration of forced and voluntary migrants

In regard to economic integration²², it has been argued that the reason for migrating, and the assigned entry category, are of little importance as immigrants' economic outcomes depend largely on host country-specific knowledge, educational level, work experience, language proficiency, and social capital (De Vroome and Van Tubergen, 2010; Waxman, 2001; Connor, 2010). Thus, forced and voluntary migrants do not significantly differ from each other in their likelihood of participating in the workforce, and thereafter impacting wages, employment rates, job availability, and public finance (Cobb-Clark, 2000; Connor, 2010).

Many scholars²³, however, do not share this view, and have collected strong empirical evidence to show that forced migrants experience a much tougher and slower economic integration process than voluntary migrants. This is due to many barriers

²¹According to Peri and Yasenov (2017), 'sudden and unexpected refugee waves may provide a cleaner source of exogenous supply shocks, relative to the inflow of economic migrants which are more gradual, predictable and driven by local economic conditions'.

²²Economic integration in this paper refers to participation in the economy in the form of working or being self-employed, and contributing as tax-payers.

²³See for example Richmond, 1988; Harrell-Bond, 1995; Angrist and Kugler, 2003; Long, 2015, 2013; Bauböck and Tripkovic, 2017; Bevelander, 2016; Lamba, 2008; Bakker et al., 2017

such as (1) a precarious and temporary legal status (2) lacking employment rights, (3) complicated human capital transfer, (4) dependence on aid and welfare, (5) lacking social capital, (6) lack of location choice and limitations on onward mobility, (7) lacking documentation, and (8) general labour market discrimination.²⁴

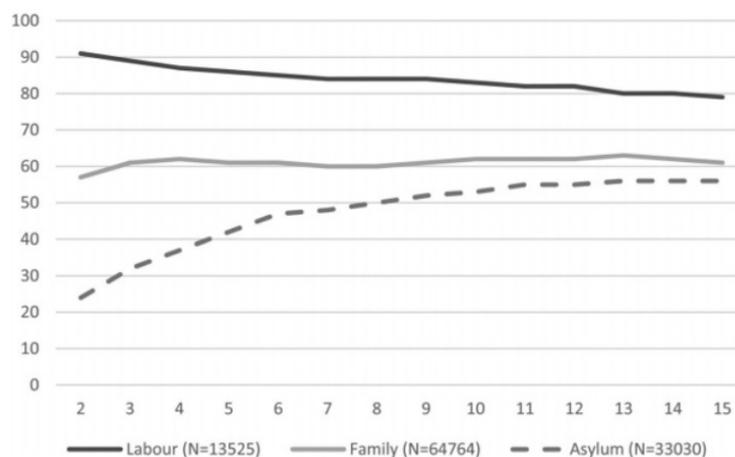
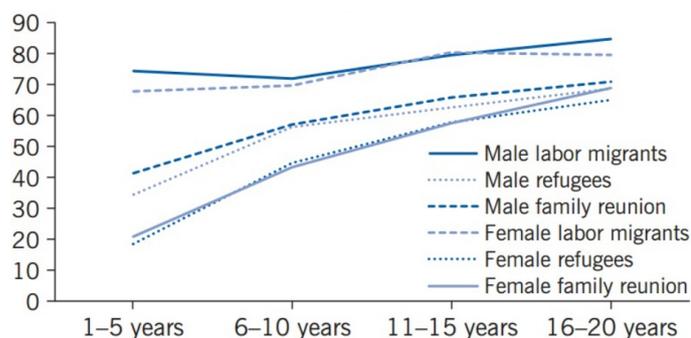


Figure 1.9: Employment (more than 8 h p.w.) per migration motive cohort 95-99 in % by years of stay in the Netherlands (Bakker et al., 2017)

These barriers contribute to the poorer economic outcomes of refugees as found in the Netherlands by Bakker et al. (2017) (Figure 1.9), in Sweden by Bevelander (2016) (Figure 1.10), and more generally in the EU countries by Bauböck and Tripkovic (2017) (Figure 1.11), on the basis of employment rates. All of these studies show that shortly after entry, forced migrants come across something that Bakker et al. (2017) call ‘refugee entry effect’. Building on the aforementioned ‘immigrant entry effect’, the ‘refugee entry effect’ proposes that when arriving to the host country, refugees tend to be less prepared than labour and family migrants. Also, due to being subject to a long asylum procedure, their participation on the labour market is further delayed. According to Bakker et al. (2017), these factors lead to a disadvantaged position compared to other migrants at the start of residency.

Beyond experiencing initial hardship, the studies find evidence to support the existence of a more permanent ‘refugee gap’, meaning that labour market participation rates of refugees remain lower than those of other migrants (i.e. labour migrants, but

²⁴The various barriers are discussed in more detail in Kaabel (2017); Long (2015); Betts et al. (2015); Rietig (2016).



Note: The employment rate for each group is shown over increasing time frames. The data depicted are from 2011.

Source: Author's own calculations based Statistics Sweden's STATIV

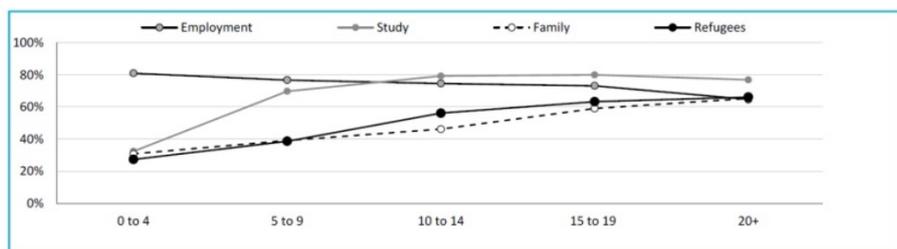
Figure 1.10: Employment integration of migrants and refugees in Sweden (Bevelander, 2016)

also to a certain point family migrants) even after having stayed in the host country for an extended period of time. This finding is most visible in the Netherlands study (Figure 1.9), where the employment rates of refugees are lagging even after 15 years of residence. In the Swedish case, Bevelander (2016) emphasizes the gender aspect in economic outcomes of various migrant groups (Figure 1.10). He finds that the employment rates of female refugees are comparable with the rates of female family migrants. The same applies to their male counterparts, who seem to have had similar experiences on the labour market. Nonetheless, both of these groups are trailing behind the rates of labour migrants even after 20 years of residence. Lastly, Bauböck and Tripkovic (2017) show that a similar trend can be witnessed when studying the whole of the EU, and not only a single country case study. In contrast to the other two, they see a potential merging point and a disappearance of the gap between labour and forced migrants at 20+ years of residence (Figure 1.11).

Consequently, because refugees are unlikely to be part of the workforce, especially immediately after arrival, it seems rather futile to assess any direct²⁵ impacts they might have on wages, jobs, and public finances. Nevertheless, in mass influx circumstances, governments often attempt to limit the barriers to employment²⁶ making it

²⁵Indirectly, refugees can be responsible for creating some jobs, especially those that deal with their own arrival (Ceritoglu et al., 2015; Ruiz and Vargas-Silva, 2016).

²⁶An example of such state behaviour can be witnessed in Germany, where in response to the latest heightened influx of Syrian refugees, authorities shortened and in some places fully waived the requirement of job market tests (Vorrangprüfung), which required employers to give priority in



Source: OECD, EU-LFS 2014 ad-hoc module

Figure 1.11: Employment rates by type of initial residency permit and years of residence in the EU. Ages 15-64 in 2014 (Bauböck and Tripkovic, 2017)

more likely that refugees end up participating in the workforce (Angrist and Kugler, 2003). As a result, scholars have been focusing their research on such drastic historical episodes as mentioned beforehand, rather than on the continuous flow of forced migrants from other unstable regions. The following overview recaps a selection of such empirical studies.

1.4.2 Fiscal impact of forced migration

The humanitarian principles that condition countries to accept substantial amounts of forced migrants have important distributional consequences. The protection offered by many host states to individuals under the ‘refugee’ and ‘asylum seeker’ categories often comes with exclusion from the workforce (and thereof from being tax-payers), and placement on aid and on welfare (see for example Engbersen et al. (2015); Bevelander (2016); Bakker et al. (2017); Bauböck and Tripkovic (2017); Thränhardt (2015)). This naturally creates a rather unpopular status for those individuals in the society as they are more often seen as ‘welfare burden’ and ‘freeloaders’ than their labour migrant counterparts (Sciortino and Finotelli, 2017).

Although it has been found that refugees’ fiscal contribution tends to be less than that of labour migrants over the life-cycle (Aiyar et al., 2016), it is important to revert back to the above mentioned refugee-specific barriers as an explanation. These barriers hinder refugees integration into the labour market, which then in turn has a direct impact in both the short and long term on their economic contribution poten-

hiring to Germans, EU-citizens, and to migrants with a ‘better’ status before offering the job to a refugee (Bundesregierung, 2016).

tial, as well as dependence on the welfare system.²⁷ Rapid integration would instead reduce the net fiscal cost associated with forced migrants' inflow, which is especially necessary in mass movements' situations (Aiyar et al., 2016). Fratzscher and Junker (2015) and Legrain (2016) both emphasize the importance of initial investment into welcoming and integrating refugees in order to receive 'economic dividends' (concept used by Legrain, 2016) in the long run (Figure 1.12). Furthermore, Aiyar et al. (2016) draw attention to the ageing populations of many of the major host countries in the West, which could benefit from the newcomers successful labour market integration in countering ageing's adverse fiscal effects (pressures on pension systems, healthcare provisions, and benefit schemes).²⁸

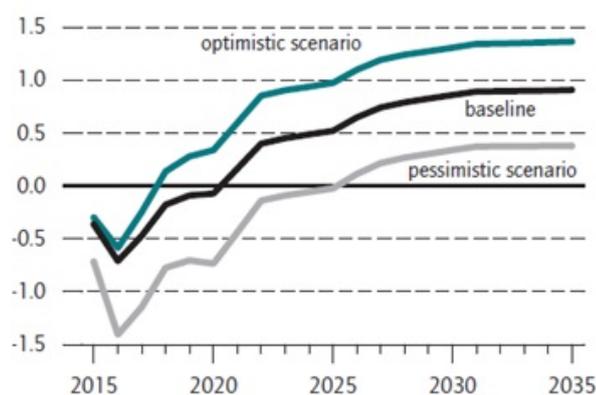


Figure 1.12: Benefits from successful integration net of costs, in percent of GDP (Fratzscher and Junker, 2015)

Due to limited labour market access and problematic human capital transfer, many scholars (see for example Aleinikoff, 2015; Betts et al., 2015; Long, 2015) call for governments to give refugees the opportunity to engage in entrepreneurship in order to become self-reliant, and to overcome the slow bureaucratic procedures. Even though self-selection plays a smaller role in the case of 'pushed' migrants, some char-

²⁷The actual usage of welfare benefits depends on the social rights the host countries have afforded to refugees. Quite often, refugees and asylum seekers have been given some specifically designated aid, but at the same time they are excluded from the general welfare system (Römer, 2017).

²⁸This holds especially true in case of refugee flows in which the average age is lower and fertility rates are higher than that of natives. At the same time, however, Rowthorn (2008) brings out that refugees more often use family reunification schemes, which results in more incoming people (also from age groups out of the workforce) with lacking country-specific human capital, who are more likely to end up on welfare than on the labour market.

acteristics mentioned beforehand are also present in forced migrants (Zimmermann, 2014; Gauck, 2014).

Anecdotal evidence on innovative capabilities and entrepreneurship of refugees has been collected by Betts et al. (2015). Their report presents case studies of bottom-up innovations by refugees in Uganda, Jordan, Kenya, South Africa, and the United States. Innovative activities and entrepreneurship are often undertaken in these communities by refugees as a reaction to being excluded from the labour market, but it also comes about when the individuals identify market gaps. Often-times, ideas come from personal experience or from recognizing demand for something within the refugee population. Due to the proximity to natives in the studied urban camps, the services and products may also find their way to the native market.

1.4.3 Labour market impact of forced migration

The degree to which refugees may affect labour market outcomes of host country natives depends on the degree of substitutability between refugees and natives just as with voluntary migrants. Evidence from previous studies (Braun and Mahmoud, 2014 about Germans from Eastern Europe to Germany after World War II), suggests that there are situations in which refugees could be considered close substitutes for natives due to having similar (and easily transferable) educational and professional backgrounds, as well as linguistic skills (same or similar mother tongue or close linguistic ties). In these circumstances, unsurprisingly, refugees have had a significant negative impact on native employment (Ruiz and Vargas-Silva, 2016). More often, the fact that transferring human capital is very difficult for refugees means that they end up not being perfect substitutes and instead, irrespective of their skill level, competing with unskilled and low-skilled migrant²⁹ and native populations. This would indicate that the impact from refugee influxes is more along the lines of job availability on the low-skilled labour market, and an increased competition for the so called ‘immigrant jobs’.

²⁹Jacobsen (1996) has found that self-settled (meaning not restricted to camps) refugees might limit job availability, especially with regard to the poor and old immigrant populations in the host country.

Ruiz and Vargas-Silva (2016) have found support for both of the above mentioned points in the case of Burundi and Rwandan refugees in Tanzania.³⁰ First, there is a significant degree of substitutability in the Great Lakes region due to linguistic overlap, and comparable educational and professional experiences.³¹ Second, due to the desperate situation that many refugees in Tanzania found themselves in, the Burundi and Rwandan refugees often willingly accepted lower paid and lower skilled jobs (Maystadt and Verwimp, 2014; Lawrence and King, 1998 cited in Ruiz and Vargas-Silva, 2016).

Substitutability and desperation both affected the native employment in Tanzania, according to Ruiz and Vargas-Silva (2016). They note that the labour supply shock made it necessary for the natives to change their economic activities to adjust to the arrival of so many refugees. This meant moving away from basic agricultural activities that they had come accustomed to, and instead undertaking ventures which required more idiosyncratic and culture-specific knowledge. This was especially true for those Tanzanians who worked formerly as casual labourers³² as refugees represented direct competition. As a consequence, the shock meant displacement for many of the casual labourers. At the same time, the circumstances propelled some displaced people into self-employment. Specifically, the locals increasingly attempted to fill the demand on the regional market for specific goods and services brought about by such an international refugee crisis (Alix-Garcia and Saah, 2009 cited in Ruiz and Vargas-Silva, 2016).

Similarly to Ruiz and Vargas-Silva (2016) study done in Tanzania, Ceritoglu et al. (2015) have found a negative effect arising from Syrian refugee labour supply for the local Turkish population. Officially, Syrian refugees are not allowed to work in Turkey (Baban et al., 2017), which means that in order to make a living they attempt to enter the informal market irrespective of their skill level. Amongst this workforce,

³⁰Considering that UN statistics (International Organization for Migration, 2017) show that most refugees still end up in the neighbouring countries (the top three in 2017 of destination countries was Turkey, Jordan, and Lebanon), which are usually low-income ones, there is merit in discussing studies from developing countries in more detail.

³¹Ruiz and Vargas-Silva (2016) write: ‘Individuals in Burundi, Rwanda and Tanzania rely heavily on agricultural work for subsistence. The three countries also have below average educational levels. The net enrolment rate for primary school for Burundi in 1993 was 48%, whereas it was 50% for Tanzania’.

³²Ruiz and Vargas-Silva (2016) have used the following definition for casual work: “Casual workers are typically hired on a daily basis to do basic jobs with low degrees of responsibility for which they receive a relatively low payment”.

Syrians make for perfect substitutes for native workers, and Ceritoglu et al. (2015) have found empirical evidence to support this claim. They record an increase in unemployment of natives, while labour force participation, informal employment, and job finding rates for the natives have all declined. In other words, as a result of being replaced on the informal market by Syrians, many locals end up registering as unemployed or leaving the labour market altogether. The authors, however, also found a small increase in formal employment among the native male³³ population, which they assume is due to them taking up newly available jobs addressing the refugee crisis (e.g. childcare, security, education services). All in all, the study paints a rather gloomy picture of labour market effects of refugee flows, especially for the younger Turkish population, who are in direct competition with the predominantly young refugee group.

The two reviewed studies both show what happens to native employment in low-income countries if forced migrants are close to perfect substitutes. The studies inspecting the impact of Cuban refugees arriving to Miami in 1980, however, deal with imperfect substitutability between natives of a high-income country and forced migrants. The labour supply shock caused by the so called Mariel Boatlift³⁴ is an excellent example of a quasi-experimental study due to the exogenous nature of the shock, as well as due to the short and precise time line of the influx. In spite of the clarity this case offers for a potential assessment of causality, the findings on the impacts of the Cuban migrant workforce on Miami's native workforce are highly contested. Mainly two immigration economists, Card (1990) and Borjas (2017*b,a*), with the support from their followers (Peri and Yasenov, 2017; Clemens and Hunt, 2017) keep disagreeing on the matter.

Card (1990) first studied the case of Mariel Boatlift refugees, and concluded that when comparing Miami with four other unaffected control cities in the U.S, the forced migrant influx did not have any significant adverse effect on the wages and employment of (low-skilled)³⁵ natives. Surprisingly, Card (1990) also found no strong

³³Ceritoglu et al. (2015) also bring out gender differences, showing that when native men register as unemployed or go to the formal market if being replaced by refugee workers, native women usually drop out of the workforce completely.

³⁴The majority of Cuban refugees settled in Miami, increasing its labour force by about 7%, and its Cuban workforce by about 20% (Card, 1990).

³⁵Similarly to studies done about voluntary migration's effects, scholars in refugee studies see the low-skilled native workforce as the best comparison to incoming refugees, therefore assuming largest impacts in this group.

effect from the ‘new’ Cubans on the ‘old’ Cubans’ wages and jobs. He explains both of the findings through growth of specific industries³⁶ that utilize relatively unskilled labour, which absorbed the supply shock created by the Mariel immigrants.

Borjas (2017*b*) re-examined the case in 2015 and found instead a large and delayed effect of the incoming people on the natives’ labour market opportunities. This comes about due to employing his own approach (Borjas, 2003) of correlating wages and immigration across skill groups defined by education and age in the national labour market, to find a relevant effect. In other words, due to the incoming Cubans being predominantly low-skilled, it makes sense to focus one’s study at what happened to the wage and employment of the group of natives most likely impacted before and after the event. In this case, Borjas (2017*b*) uses the sample of Miami’s non-Hispanic male workers with less than high school educational levels in the age group of 25-59. The results show that those local workers who most resemble the refugees suffer the greatest wage loss (own effect), whilst those workers who complement the skills brought in by the Mariels may experience a wage gain (cross effect). He conducts a similar exercise to examine other cases of refugee supply shocks (Algerian nationals repatriating to France, Soviet refugees emigrating to Israel, and Balkan refugees moving to several European countries) and concludes that depending on the episode and data, such exogenous supply shocks reduce on some occasions competing natives’ wages, on others their employment rates, and sometimes both (Borjas and Monras, 2016).

These opposing findings on the basis of the same data have further given raise to many studies challenging Borjas and supporting Card’s initial ‘no effect’ conclusion. In the original study, Card (1990) employed a difference-in-difference method by comparing Miami to four unaffected control cities, which as a result of the challenge posed by Borjas decades later, has been retested by Peri and Yasenov (2017). They compare native wages and employment in Miami, and in a synthetic Miami as control, and find that Card (1990) results hold (Figure 1.13). They challenge Borjas’ study on the premise of his choice of time-frame and small sub-samples, which ended up with misleading results (Peri and Yasenov, 2017). Namely, Borjas (2017*b*) focused only on the small sub-group of non-Hispanic males aged 25-59 as representative of

³⁶In Miami, textile and apparel industries were especially noteworthy with 5,5% of total employment figures. Those working were mostly Cubans (75% of the workforce), meaning that the Mariels quite likely found jobs in those industries (Card, 1990).

all native high school drop-outs in Miami and just in relation to the low-skilled wage trend as of 1977. Peri and Yasenov (2017) instead looked at 27 possible alternative samples and included a longer pre-trend on wages (1972-1991). According to Peri and Yasenov (2017) and Clemens and Hunt (2017), small samples such as chosen by Borjas (2017b) display large fluctuations in all periods (not just after the event) and have the markings of measurement error rather than the consequence of any specific event. According to Clemens and Hunt (2017), if one does enough slicing, one will undoubtedly find sub-samples for which the impacts were as hypothesized, but which do not permit one to make any generalizations. In addition, it is also invalid to aggregate effects in sub-samples to evaluate overall net benefits or costs.

Moreover, both papers accuse Borjas (2017b) of misrepresenting the low-skilled wage trend in Miami and its effect on his observed significant results. Peri and Yasenov (2017) show that once a longer pre-trend is introduced, there is no evidence of a post-1979 drop in wages in comparison to the pre-existing trend. Clemens and Hunt (2017) show that due to the compositional changes in the workforce brought about by a sharp increase in black population with lower wages in Miami around the time of the Mariel Boatlift, and political pressure to include more low-skilled black workers in the census, a spurious fall in average wages for workers with less than high school diplomas can be identified. Testing the size of this spurious wage effect further shows that the doubling of the black fraction in the Miami population pre- and post-Boatlift accounts for roughly a 40% decline in the average wage (Clemens and Hunt, 2017). All in all, the critics of Borjas agree that he does not provide sufficient evidence to show that Card's results were false, and that the arrival of the Cuban immigrants reduced any low-skilled workers' opportunities on the Miami labour market.

Regardless of how the conflict over Mariels' impact on the labour market culminates, the overarching consensus from empirical evidence still maintains that refugees have small or null effects on average native workers.³⁷ On that account, it is interesting now to conclude with the real world implications of such findings, and list some recommendations for how policymakers can address the conflict between the public's perceptions and academic conclusions.

³⁷Clemens and Hunt (2017) refer to Hunt (1992) study on repatriating Algerians to France, Friedberg (2001) study on Soviet refugees entering Israel, and Angrist and Kugler (2003) study about Balkan asylum seekers finding their place in the EU.

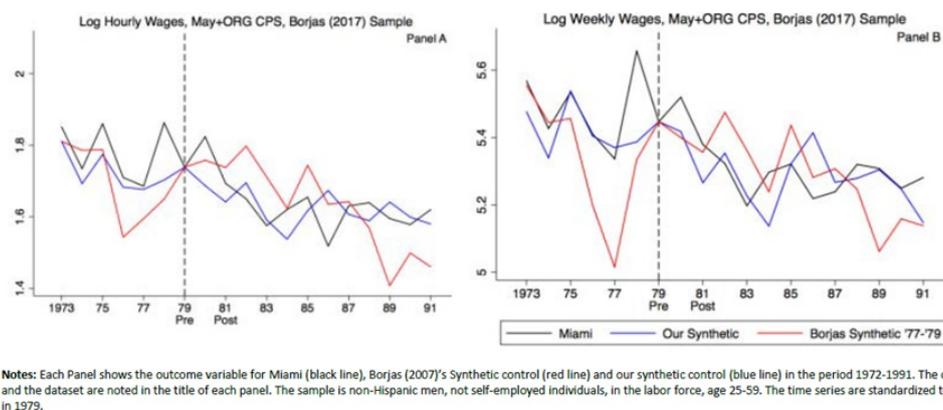


Figure 1.13: Comparison between Borjas (2017b) and Peri and Yasenov (2017) Synthetic Controls (Peri and Yasenov, 2017)

1.5 Conclusion

The rise in the global migrant population places pressure on policymakers in the host countries to come up with responses that limit the drawbacks and increase the advantages associated with migration. As scholars from various disciplines have long been exploring the very same questions surrounding migration, it is reasonable to assume that this large body of research could have substantial implications on real-world public policy. Hence, it is of importance to review the literature, and sketch out some policy recommendations.

The concern over the potential adverse effect of immigration, especially for the labour market and public finances, plays a central role in the immigration debate. In this debate, those who are worried about immigration emphasize its negative consequences, such as welfare dependency and increased labour market competition, whilst in contrast, those who are optimistic about immigration stress the potential of immigrants to fill labour market and public finance shortages caused by ageing populations and undiversified skill-pools. Empirical evidence shows that both of these camps are to some degree correct, and to some extent mistaken.

Much of the economic impact of immigration depends on how well immigrants integrate to the labour market. Regulations in place in the host country to ‘protect’ the labour market from foreign workers, contribute to the creation of an ‘immigrant entry effect’ that keeps them from becoming tax-payers and filling labour shortages where needed. Considering that the majority of scholarly work has found that

market mechanisms manage to adequately absorb immigrants, there is no real basis for government restrictions. Policymakers should rather focus on attracting immigrants with complementary skill-sets to boost productivity and job creation through occupational upgrading and task specialization of the native workforce.

The literature also mentions that in any case, allowing more high-skilled workers to enter is beneficial for the host country. Being positively self-selected on the basis of characteristics associated with entrepreneurship and innovativeness amongst other things, helps to create an ‘immigration surplus’ for the host’s economy. Nevertheless, globalization has caused segmentation or dualization of the labour market, meaning demand for immigrants to carry out ‘immigrant jobs’ is ever persistent, resulting in a need for low-skilled workforce as well.

Finding the right balance between differently skilled immigrants is hard, especially due to the humanitarian obligation to accept forced migrants irrespective of them fitting into the host’s labour market. As seen from multiple examples, refugees tend to have the hardest time entering the labour market and becoming self-reliant. Human capital transfer from origin to host country is already cumbersome for high-skilled voluntary migrants, but for people pushed out of their homes it becomes an insurmountable task without help from the host state. Finding ways to simplify the qualifications’ recognition procedure, facilitate accumulation of country-specific human capital, and remove refugee-specific barriers to employment and mobility, would yield positive returns for both the host country and the individual refugees.

To summarize, in order to reap the economic benefits of immigration, large initial investments might be needed by the host country. In both cases, voluntary and forced migration, the key is to incorporate the incoming people to the workforce as rapidly as possible. This process might require some initial expenditures in the form of language classes or expedited recognition procedures, but as many scholars have found - this investment has a very high rate of return (Borjas, 1994; Fratzscher and Junker, 2015; Legrain, 2016). The challenge for the host countries, therefore, is to communicate the positive and non-effects of immigration found in most of the literature to the public to encourage their participation in the integration process. This is certainly a complicated task as individual negative cases such as someone losing a job to a foreigner, or meeting an unemployed immigrant who collects social benefits from the state, receive a lot of attention from the media. The general

unpopularity of leniency on immigration thus explains why much of the public policy initiated by politicians seeking re-election still follows the logic that restrictions on immigrants mean prosperity for the natives.

CHAPTER 2

Losing human(itarian) capital: An analysis of barriers to and prospects of refugees' labour market integration in Germany¹

2.1 Introduction

Germany presents a pioneering case study in labour market integration of refugees. Behind the Chancellor's 'Wir schaffen das' (translated roughly into 'We can do it') (Merkel, 2015) is a changed discourse surrounding the newest influx of refugees, mainly from Syria. The asylum debate quickly moved on from mere labelling, to how German society and economy could prepare itself, and benefit from the refugees' demographic potential (Bittner, 2015; Dettmer, 2015; Ochsner, Thomas, 2015; Diekmann, 2016). Nonetheless, how exactly to foster refugees' successful incorporation into the host's labour market continues to be a matter of contention. Multiple studies suggest that refugees persistently show poorer economic outcomes than other immigrants² by often having difficulties entering the labour market in the first place, and becoming dependent on government support in the long run (see

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Thanks to the reviewers and editors at Refugee Review for helpful comments; to the participants and conveners of the BGSS Summer School for all their advice; and to everyone giving feedback at the many conferences I presented this paper at.

²'Other immigrants' refers here to family migrants and labour migrants. Similar distinction was made in the Dutch case described by Engbersen et al. (2015), and Bakker et al. (2017)

for example Engbersen et al., 2015; Bevelander, 2016; Bakker et al., 2017; Kelly and Hedman, 2016; Bauböck and Tripkovic, 2017; Institut für Arbeitsmarkt- und Berufsforschung, 2015). Therefore, the questions arise: what factors determine refugees' incorporation. And how can such incorporation be facilitated through meaningful policy measures?

The literature suggests that both social structure³, i.e. the existing environment of opportunities and constraints in any given society, and agency, i.e. the ability to act (Hunt, 2008; Healey, 2006) on the basis of individual capital, play a big role in refugees' labour market incorporation.⁴ Refugees tend to experience limited ability to act autonomously, in particular while waiting for a decision on their asylum claim.⁵ At the same time, the prevailing humanitarian approach towards refugee settlement, which has repatriation in its core, has gained currency among policy makers.⁶

This study aims to contribute to the discussion around refugees' labour market integration by analysing how newly arrived refugees attempt to integrate into the German labour market. By combining the fields of forced migration studies with human capital theory, the following questions are addressed: how do refugees themselves perceive their agency? What strategies do they employ in transferring individual capital from a situation of war to the new host country? And how are these activities enabled and/or constrained by structural factors in the host country? In doing so, this paper takes a transformative approach: first, research participants are provided a voice, and second, an action agenda for reform is brought forward (Mertens, 2007; Creswell, 2003). This requires a further assumption, namely that

³Social structure is understood in this paper according to Bakewell (2010) as states or cultural norms. In the context of this article, structure is seen in terms of labour markets, governments' policies, and host culture.

⁴Multiple previous studies have discussed the importance of including both structure and agency in refugee research. See for example Kelly and Hedman, 2016; Bakewell, 2010

⁵Several studies take a look at refugees' limited ability to act. Richmond (1988), whilst speaking about proactive and reactive decision-making of refugees, states that most often they have limited 'degrees of freedom' in their decisions. Even in the case of refugees with higher capabilities studied by Kelly and Hedman (2016), they find that the agency to determine their own future is limited.

⁶Humanitarian approach aims to protect the 'asylum space' by introducing regulations to distinguish between refugees, and other migrants. Even if such an approach might protect the immediate right of entry (or settlement in a third country), it fails to consider economic needs of refugees, which exasperates their inequality, and dependency. For further reading on how the humanitarian approach has led to the 'refugee issue' to become morally questionable, see Fassin, 2012; Agier, 2011; Walters, 2011; Baban et al., 2017.

the interplay between individuals, and their environments leads to societal, and economic transformations in the host country [as per the works of Archer (1995) and Giddens and Sutton (2013)].⁷ Therefore, evidence-based suggestions for labour market policy reform are the second, practical contribution that the study aims to make.

The outline of the article is as follows: first, the literature regarding labour market integration as part of asylum policies is introduced. The second section focuses on the case of the Northern German city of Kiel. Third, the data collection method is briefly presented, which is followed by an overview of the findings about factors that enable and constrain labour market integration of refugees. Lastly, policy suggestions are given on how to facilitate refugees' incorporation into the German labour market.

2.2 Refugees' economic lives beyond aid

Barbara Harrell-Bond (1995) has stated that 'the history of responses to refugees in the 20th century has been one long series of attempts to circumvent the problem,' when discussing the increasing focus on refugee returns and repatriation in Western asylum policies since World War II.⁸ In her historical account, Long (2013) has traced the movement away from the pre-Convention⁹ approach towards refugees as migrants to the contemporary protection regime, which increasingly frames refugee protection as humanitarian. In its ideal form, the humanitarian approach is guided by a state's morality and altruism to help people 'who need admission' (refugees) in contrast to those 'who want admission' (migrants) (Long, 2013; Ticktin, 2014; Fassin, 2012). However, this humanitarian 'cause to protect' has, according to many scholars, given way to restrictionist migration agendas (Fassin, 2012; Harrell-Bond, 1995). Protection of refugees became a 'sedentary pursuit' in which refugees were

⁷See Bakewell (2010) for a thorough overview of these two scholars, and how they discuss the process of social change considering structure and agency.

⁸She also refers to Richmond's writings about a 'global apartheid' in which developed countries are practicing institutional racism by introducing restrictive immigration and refugee policies.

⁹That is the Refugee Convention of 1951.

expected to just wait to return (Long, 2013).¹⁰ Any meaningful long-term integration solution has thereby been forestalled.

With no solution in sight for Syrian war raging since 2011, many Syrians are now among the refugees coming to Europe. As such, the long prevailing refugee protection policy model that assumes temporality of the situation for the refugee, as well as for the host state has become outdated and increasingly inept to provide sufficient solutions.¹¹ With a proliferation in protracted conflicts, asymmetric warfare, and failed states, displacement is now increasingly protracted, and often lasts for decades or even generations (Newland, 2015). This requires sustainable solutions in the form of improved integration measures.

Harrell-Bond and Long show that historically the answer to increased refugee movements was in labour market integration (Harrell-Bond, 1995; Long, 2013). Examples given by Betts et al. (2014, 2015) and Zetter (1991) further prove the economic, and societal value of including refugees in the host country's workforce. This has also led multiple scholars to call for a more utilitarian approach from host countries, mainly because integrating refugees into the labour markets serves their self-interest (Aleinikoff, 2015; Legrain et al., 2015; Long, 2015; Papademetriou, 2015; Zimmermann, 2014; Wirth et al., 2014). Pre-war Syria had relatively high literacy rates, and provided sufficient employment opportunities, and many of the incoming Syrian refugees now present different characteristics to previous migration movements from other countries (OECD, 2015; United Nations Development Programme, 2016).¹² 'Higher educated' and 'experienced workers' are characterizations that are commonly featured in the public discourse (Bittner, 2015; Ochsner, Thomas, 2015; Rahmsdorf, 2015; Dettmer, 2015; Diekmann, 2016). These attributes are further reflected by Syrians' choices of mobility strategies which are often similar

¹⁰Harrell-Bond (1995) maintains that the key measure in temporary asylum system has been the refugee camp. She illustrates her point with the case of Germany 'which in the 80s and 90s opted for the view that refugees are an issue to be dealt with outside Germany's territory, and if people do end up entering then their repatriation to a 'safe host county' (note: also, often to a refugee camp) will follow on easy terms.' Germany has had these agreements with a number of neighbouring countries

¹¹This is challenged by Crisp (2016). He argues that European asylum policy still keeps to the same principles, with for example the EU-Turkey of restricting and managing the arrival of asylum seekers offshore, and in 'safe zones.'

¹²Interviews with refugees and non-refugee respondents conducted by the author in Kiel, Germany in 2016 concur with that.

to those of voluntary economic migrants.¹³ Higher educated refugees in particular seem to have more leeway in making conscious choices about their host country with regards to the economic opportunities it provides. Kunz (1973) refers to this displacement strategy as ‘anticipatory’ movement, which in contrast to reactive ‘acute’ movements are undertaken by refugees with higher capabilities to somewhat plan their flight.

Considering, however, that refugees differ from other migrants in their ability to act, and the power they possess over their legal status (Harrell-Bond, 1995; Giddens and Sutton, 2013; Kelly and Hedman, 2016), a policy-makers’ stance (humanitarian/altruistic or utilitarian/self-interest) plays a significant role in determining the success or failure of labour market incorporation (Healey, 2006). One such an example is keeping in place refugee-specific barriers to labour market entry instead of allowing capable refugees to find better economic opportunities on their own.¹⁴ This paper will focus on how the German government has decided to handle the labour integration of the newest refugee group from Syria, in particular highlighting the prevailing integration mechanisms, and how Syrian refugees perceive their power, and capabilities within these.

2.3 Destination: Germany

Germany received more than a million refugees in the period from 2014 to 2016, mostly working-age men from Syria (Bundesamt für Migration und Flüchtlinge, 2016). The last time such a steep rise in asylum applications occurred was in the early 1990s as a consequence of the war in former Yugoslavia. This resulted in German policy-makers opting for a more restrictive asylum regulation (*Asylkompromiss* 1993). The view guiding asylum policies in Germany revolved around the notion that after providing humanitarian assistance for people fleeing persecution, they will be repatriated to their home countries (Thränhardt, 2015; Harrell-Bond, 1995). Such a practice led to the view that refugees are only ever staying in Germany temporarily. This, however, has led to the protracted aid-dependency of refugees who

¹³Germany was a preferred destination for Syrian refugees due to better access to employment and education, in particular in comparison to the situation in Turkey.

¹⁴Long (2015) as an example of such ‘migration activities: Moving somewhere else within or outside the host country to find better opportunities, and not being constrained by quotas and other measures, which limit refugees’ freedom of movement.

have stayed longer, and have not been able to return home, but have received little integration assistance (Thränhardt, 2015).

Recently, Germany has developed a more utilitarian stance in its immigration regulation. It started with the relaxation of the rules for third-country nationals entering the German labour market, and acceptance of Germany's position as an 'Immigration country' (*Einwanderungsland*) to tackle shortages caused by aging demographics, and limited skill-pools (OECD, 2013). Considering that the unemployment rate has been low (Statistisches Bundesamt, 2016), and that levels of innovation and entrepreneurship are lagging (Global Entrepreneurship Monitor, 2014; Copley, 2016), the potential that the immigrant population brings is appreciated for economic growth.

Still, the steps taken to integrate refugees were minor and often politically undesirable (Thränhardt, 2015) until the reality of the newest 'wave of refugees' (*Flüchtlingswelle*) took place in 2015. Since November 2014, advancements have been undertaken with the aim to support refugees to become self-sufficient, which means integrating them into the labour market, and contributing to the host country's economy at a faster pace. Since the interviews for this paper were conducted (in the first half of 2016), the federal government has adopted a new comprehensive Integration Law (31.07.2016), that introduces various refugee-specific measures such as reducing the period of restrictions on working, and providing 'one-euro-job' opportunity during an ongoing asylum procedure which enables refugees to take up employment faster (Bundestag, 2016). Shortening, and in some places fully waiving the requirement of job market tests (*Vorrangprüfung*), serves the same objective by simplifying the process of hiring a refugee for employers (Bundesregierung, 2016). Furthermore, in order for refugees who are under full or subsidiary protection to gain a settlement permit, they need to show their ability to make a secure living (Bundesamt für Migration und Flüchtlinge, 2017). These are the first attempts by German lawmakers to change the notion of 'refugee as a burden' to 'refugee as a potential benefit,' and hence bring about a significant policy shift.

2.4 Data

Research for this article was conducted using a concurrent nested mixed methods design in which the data was collected in one stage (Creswell et al., 2003). Data

from 139 multilingual surveys, and 25 in-depth interviews were collected in the first half of 2016 in Kiel, Germany from working-age newly arrived (2014-2015) refugees who are likely to stay in Germany (with so called *gute Bleibeperspektive*), and non-refugee respondents.¹⁵ As refugees are commonly understood as a ‘hard to locate’¹⁶ and ‘hard to reach’¹⁷ population, the inclusion of non-refugee respondents aided in identifying refugee respondents, as well as detecting issues otherwise not discussed. However, self-selection problems could not be fully mitigated. Being identified through local bodies may indicate that the interviewed refugees stand out a little more or have shown initiative to be noticed. They themselves decide to come forth, which does not necessarily mean that they are representatives of the community. Nevertheless, the multiple entry approach provided a way into the group of self-settled refugees outside official housing and centres, who are difficult to reach (Jacobsen and Landau, 2003).

2.5 Determinants of labour market incorporation

The following factors that determine refugees’ incorporation into the labour market were identified from the research data: (1) structural status quo, and structure selectivity; (2) heterogeneity of human capital, and limited agency; (3) hindered human capital transfer; and (4) adjusted social capital, and structural capacity. They are discussed in more detail below.

2.5.1 Structural status quo and structure selectivity

In regard to refugees, principal social structures both at country of origin and country of asylum play a significant role in determining the success or failure of labour market incorporation (Healey, 2006). Whether the host state has taken a humanitarian (altruistic) or utilitarian (self-interest) stance in its policy-making towards

¹⁵Non-refugee respondents included reception centres workers and volunteers working with refugees in Kiel on a day to day basis. The basis for selection was experience with working with refugees, and the potential of providing rich data due to direct and continuous contact with the subject group.

¹⁶Bloch (1999) refers to the non-existence of a complete and accurate sampling frame.

¹⁷Linguistic, cultural and emotional (trusting issues) barriers have been mentioned by Bloch (1999) and Jacobsen and Landau (2003). Often times, the inclusion of women’s views is particularly difficult in this group.

refugees influences the ease of finding employment. As described above, German asylum policy has until recently focused on the temporality of the refugee situation, as well as return and repatriation (Harrell-Bond, 1995; Constant and Zimmermann, 2016). For the refugees interviewed for this study in the first half of 2016, this meant that they felt constantly excluded from the workforce. The government's rigid view of the right to work and freedom of movement was articulated by non-refugee respondents as well. Respondents who worked at refugee reception centres illustrated this by highlighting the lack of coordinated effort to assess skills of refugees, and thereafter matching labour supply and demand in their placement. Likewise, not having a mechanism ready for refugees' integration in general (e.g. language classes from the start¹⁸), and keeping them waiting in limbo during the lengthy asylum procedure, kept strong structural barriers to labour market integration firmly in place.¹⁹

One of the main issues brought up in the interviews as an obstacle to integration was command of the language. According to Healey, language can be both a structural and agency factor, depending on whether one learns it to increase one's capabilities, or because it is mandated by the authorities (Healey, 2006). 'Language is most important for integration, and gaining employment' was mentioned in some form or another in every interview. Refugees insisted they want to learn the language, whilst also stating that without knowing German they will neither be employed nor accepted. Non-refugee participants agreed that proficiency in the local language is the cornerstone of improving one's opportunities in Germany.

The existing societal structure enables or hinders everyone in different ways (Healey, 2006; Hunt, 2008; Bourdieu, 2011; Giddens and Sutton, 2013). One clear example of this brought up by many non-refugee respondents is the limited availability of integration measures for refugees without a 'good prospect of staying' (so called *gute Bleibeperspektive*). While Syrian, Iranian, Iraqi, and Eritrean refugees (i.e. asylum seekers with a good prospect of staying) were invited to join state funded language classes, Afghanis and those from the Balkans (i.e. asylum seekers without a good

¹⁸As of the end of 2015, language classes were organised for asylum seekers from Syria, Eritrea, Iran, and Iraq (*Einstiegskurse*).

¹⁹In November 2016, BAMF introduced the Integrated Refugee Management system which should both speed up the process and inquire about skills in earlier stages, and in a more coordinated manner.

prospect of staying) had to find volunteers to teach them, pay for private classes or not learn at all. Language as a tool to enhance agency was, therefore, taken away.

Not only do certain regulations cement a status quo in refugees' employability, but based on the personal experience of some interviewees, employers also have shown negative attitudes towards hiring refugees by dismissing their job applications. Nevertheless, many respondents doubted that the cause is pure unwillingness, but instead the high numbers of refugees arriving in Germany. The interplay between willingness and ability in structural capacity will be discussed below in more detail.

2.5.2 Heterogeneity of human capital and limited agency

The picture of a large, collective human mass in perpetual trouble is what characterises much of the media coverage of the so called 'wave of refugees/refugee crisis'. This reproduces the view of a homogenous group of vulnerable people that are not able to act self-determinedly, and only possess limited agency. Within the aforementioned structural environment, refugees exercise agency based on what they have experienced in the past, what they perceive as possibilities for the future, and how they evaluate their situation in the present (Emirbayer and Mische, 1998). In itself, agency can be constrained or enabled by human and social capital. The existence of skills required in the host market, and personal characteristics such as resilience and motivation help gain employment, while on the other hand a lack of skills and personal issues extend the time spent outside the labour market (Betts et al., 2015; Kelly and Hedman, 2016; Colic-Peisker and Walker, 2003).

There are a whole range of people coming in, because when a war breaks out it is just not one segment that will flee - from lawyers, and doctors, and university professors to people with no education at all. (MZ, non-refugee respondent, male)

Multiple backgrounds and multiple future trajectories were emphasized by non-refugee interviewees, as well as by refugees themselves. 'Not all are good people who come' and 'not all want to contribute' were utterances that occurred almost as often as praise for the 'highly-educated and experienced.' Heterogeneity of formalized human capital (work experience and education) also shows in the results of the multilingual survey carried out amongst working-age newly arrived refugees in Kiel,

Germany in the first half of 2016.²⁰

Human capital (formal)	%of respondents
High occupational profile	48%
Medium occupational profile	39%
Low occupational profile	13%
Total N	139

Table 2.1: Refugees' skills survey, respondent sample

The occupational profile was categorized with the help of the International Standard Classification of Occupations (ISCO) (International Labour Organization, 2007) based on university attendance, specified profession, and self-perceived skill level. Generally, most respondents indicated having some work experience, and more than half stated that they had attended university.²¹ The highest level makes up 48% of the participants' occupations due to large number of teachers, engineers, computer programmers, and lawyers. Secondly, ISCO-08 Group 7 (craft and related trades workers, such as electricians, food processors, and tailors) and Group 5 (services and sales workers) boosted the number of medium level occupations, accounting for 39% of the whole sample of the survey. Low level occupations, mostly comprised of Afghan housewives, came in third with 13%.²²

²⁰The survey is not representative of the whole refugee population, mainly due to the small sample size, and the inclusion of only those refugees who, in the beginning of 2016, had a somewhat high likelihood of being granted some form of protection (e.g. meaning asylum seekers from the Balkans were not included). Nevertheless, the survey findings have been largely confirmed by a representative study carried out by IAB-BAMF-SOEP about qualifications of refugees who arrived in Germany between 2013 and 2016 (Institut für Arbeitsmarkt- und Berufsforschung et al., 2016). Where possible in this paper, I have emphasized the connections.

²¹In comparison to the IAB-BAMF-SOEP study, the number of university attendees is comparatively very high. Their study says that 31% attended tertiary, university or vocational education, which might be due to groups of refugees I left out of my survey. The work experience figure is similar to my findings (73%).

²²Besides Syrians, other groups were also included in the survey. From the survey answer sheets 29.8% were from women and 70.1% from men. With regards to nationality, 69% were from Syrians, 10.5% from Iran, 9.6% from Iraq, 6% from Afghanistan, and 4.9% from other countries. The gender distribution matches the one found by the IAB-BAMF-SOEP study, but my sample does have an overrepresentation of Syrians in comparison. There are regional differences in Germany, and it is the case that more Syrians end up in Kiel than do from other nationalities according to local authorities. A report from the Interior Ministry of Schleswig-Holstein also shows that the gender distribution varies a little from the general estimates of Germany – namely around 76% of the incoming refugees in Schleswig-Holstein are men. Findings of the IAB-BAMF-

If agency is said to be enabled or constrained by individual capital, there is merit in speaking about various levels of agency among refugees based solely on the formalized human capital differences. Refugees with higher occupational profiles might exert more self-determination in their actions than uneducated and lesser-skilled persons (Bauböck and Tripkovic, 2017). This point was also highlighted by many of the interviewees who noted that it is tougher for refugees who are older, less educated, female or not from Syria to take charge of their own future in the host country.

However, higher formal capabilities do not necessarily mean an enhanced ability to act. There could be two reasons for this. First, structural barriers in human capital transfer influence highly skilled refugees in the form of problematic recognition of qualifications (Bauböck and Tripkovic, 2017) as will be discussed in the next section. Secondly, it clearly emerged from the interviews that many refugees accept their limited agency and structural status quo as a survival strategy due to past experience and future uncertainty. This strategy is often described in forced migration research, when people in precarious situations want to promote a particular vision of their suffering as part of their survival strategy (Jacobsen and Landau, 2003).

In some cases, however, the opposite occurs and refugees try to remove the metaphorical equals sign between being a refugee and therefore passive, and unemployable by default. By drawing attention to their motivation, resilience, and potential for success, refugees are challenging the notion of limited agency and framing a different narrative.²³ This will be discussed further in the following section in regard to unformalised human capital.

2.5.3 Hindered human capital transfer

The disruption of the life-cycle due to flight often leads to the depreciation of skills, knowledge, and networks (Bakker et al., 2017).²⁴ Skills and knowledge in general are not directly transferable across frontiers, but with a war raging at home the process becomes even more complicated. Mincer and Ofek (1982) have noted that the loss

SOEP study also show that of the incoming female refugees, 38.5% are under 16 years old, and hence outside the working-age considered in this study (NDR, 2015; Ministerium für Inneres und Bundesangelegenheiten, 2015; Bundesamt für Migration und Flüchtlinge, 2015).

²³Example was given by BM (refugee, Syria, male): ‘I say it actually all the time. Ich bin Flüchtling (note: ‘I am a refugee’ in German). Because this is the reality. I am not ashamed of that. I am a refugee and I will be a successful refugee.’

²⁴The authors have referred to this as the refugee entry effect

of human capital is more severe when the interruption of a work career has been unanticipated (e.g. due to a war breaking out), and when the economic and cultural ‘distance’ between countries of origin and destination is greater. As human capital acquired domestically often outweighs human capital from abroad (due to lack of country-specific skills and information), even highly educated refugees experience problems in sustaining a career status like the one they had at home (Friedberg, 2000; Bauböck and Tripkovic, 2017).²⁵

This constraint is most visible in the recognition of formal qualifications. First, Germany has a strict system for recognizing foreign certificates (Federal Ministry of Education and Research, 2017b).²⁶ Secondly, many refugees have problems supplying any documentation for examination in the first place. These points are illustrated by HM (refugee, Eritrea, male) who studied medicine in Eritrea:

We did not have our certificates with us, because we are political refugees, and our government did not give us the documents. Our families and friends cannot go and ask for the documents, because they could also be arrested. I took my course list with me, but no grade transcripts. Those I could not get. /.../ I studied in English in Eritrea. Here you cannot do that. The possibility to study medicine here is very complicated. It is also alright for me to start from the beginning again.

Medicine is not the only field where the respondents have identified a qualifications mismatch. Lawyers, teachers, hairdressers, and engineers who were part of the sample have all experienced problems getting their certificates recognized. Often the only valid option is to retrain in Germany from the very beginning. The question posed by MM (refugee, Iran, male), who trained and worked as a hairdresser back home in Iran, exemplifies the situation well. He said: ‘What do they mean I have to start from the beginning again?’

²⁵For more on studies done on higher educated refugees’ integration to the labour market see Bakker et al., 2017 and Jamil et al., 2012

²⁶On this portal one can research the requirements for the qualifications’ recognition of various professions. The standard depends on whether the profession falls under regulated professions or under non-regulated professions. In regulated professions (including many trades) the full recognition of foreign qualifications is essential for being able to practice the profession (either as an employee or self-employed).

One strong indicator that came out of the surveys²⁷ and interviews²⁸ was the number of formerly self-employed people and entrepreneurs²⁹ among the refugee respondents, who often do not have certificates to prove their expertise (Bundesministerium für Arbeit und Soziales, 2017).³⁰ For a country such as Germany, which is said to lag in entrepreneurship (Global Entrepreneurship Monitor, 2014; Copley, 2016), it could be especially beneficial to allow these individuals to contribute to the economy. As shared by many interviewees, these groups of refugees unfortunately have a particularly hard time adjusting to the German setting due to these structural constraints. An example was given by MK (refugee, Syria, male):

My cousins did not study too long in Syria, until the sixth grade, no high school diploma. They just went to a company, and worked there for 10 years. Now they have their own company. In Germany, they have problems. They are not allowed to work here. They do not have any certificates.

Often the self-employed people are self-taught, which does not match with the rigid vocational training and education standards in Germany. As reported by PU (non-refugee respondent, male), refugees often bring with them very limited formalized vocational training and education. This means that even construction workers, electricians, mechanics, hairdressers, etc. cannot offer their services legally without completing the training in Germany first.³¹

²⁷Instances of chosen profession ‘expert in crafts and related trades’ with no educational background.

²⁸‘Syrians do a lot of business. I lived in Turkey for four months, and saw how many companies were founded by Syrians. Wherever the Syrians are, they are active and good for the economy.’ (RL, refugee, Syria)

²⁹The representative study done by IAB-BAMF-SOEP (2016, 6) also found that 27% of the refugees who arrived in Germany during 2015 were self-employed in their origin country.

³⁰In accordance to regulation explained on this portal - if a refugee would want to become self-employed or start a business multiple barriers are faced. First, depending on their legal status, one is allowed or restricted from self-employment and entrepreneurship. Secondly, according to the field of activity, requirements of ‘professional suitability’ exist. This is determined by formal qualifications. In a majority of cases the recognized qualifications must be equal to German ones to take on self-employment or start a business. Also, additional requirements such as licenses, permits or memberships from the professional associations might be required.

³¹ For example, per the ‘Recognition in Germany’ portal the following requirements exist to become a self-employed hairdresser or mechanic: ‘Register of Crafts and Trades (the so-called Handwerksrolle) is mandatory if you wish to become self-employed in this occupation. For this, your foreign qualification usually must be recognised as being equal to the corresponding German master craftsman qualification.’ According to the ‘Wir Gründen in Deutschland’ portal, being allowed to start a company in these two fields in Germany also requires a full recognition of formal qualifications of the person wishing to do so.

Paperwork is also often not available at all with the non-formalized part of human capital, often referred to as soft skills (Collett and Zuleeg, 2008; Fitz-enz, 2009). According to Collett and Zuleeg (2008), ‘while technical skills and professional qualifications are important, translating proficiency into economic output requires soft skills.’ When speaking about their journeys to Germany, many interviewees described resilience, dynamism, and ingenuity in their actions, and experiences. Many Syrian refugees for example had worked in Turkey before to support an onwards journey or to send money back home, which shows ability to adapt, and find solutions. As it is complicated to work legally in Turkey due to a precarious status of Syrian refugees (Baban et al., 2017), in many instances both the soft skills, and hard skills gathered are left undocumented, and are hence not formally transferrable. Besides the most recent work experience abroad in Turkey, many refugee respondents included in this study mentioned previous internships and jobs they had completed abroad. This is further proof of the international ties which characterise part of the incoming refugees from Syria.

The refugees are very motivated to work. They arrive here (note: reception centre) and after one-two days already ask about employment possibilities. They want to know how they can work, if they can help out. Also as volunteer. Just to have something to do. (RN, non-refugee stakeholder)

From my study in Kiel, and from the work of Bakker et al. (2017) in the Netherlands, it becomes apparent that most refugees are very motivated and determined to ‘make a success of their life’ in the new host country. Not only because return is not an option (Bakker et al., 2017), but as the refugee respondents in Kiel summarized it ‘to not just sit around and wait.’ Motivation as a soft skill is invaluable for integration into the labour market and can reassure the host state that refugees have potential.

2.5.4 Adjusted social capital and structural capacity

Besides human capital, social capital³² also influences refugees’ ability to act. Findings suggest that even if the traditional ties of family, friends, and ethnic groups become limited when displaced, new forms of social capital emerge through relationships with volunteers and workers at reception centres. In almost all instances

³²Social capital refers to available networks and ties within any given society, and benefits individuals accrue through membership within a group (Bourdieu, 2011).

of successful attainment of work (such as volunteering for a language course or doing mini-jobs around the reception centres and temporary housing), refugee respondents named these connections as critical. The individual effort by a few local contacts to overcome structural constraints such as language insufficiency, and information gaps whilst looking for work also became evident from the interviews with non-refugee respondents.

Returning to structural constraints and enablers, the absorption capacity of the receiving society must be mentioned. According to Jacobsen (1996), ‘a receiving community’s absorption capacity is defined as the extent to which the community is willing and able to absorb an influx of refugees.’ Ability signifies the factual capability of incorporating refugees into the society and economy, whilst willingness refers to the perception of one’s capabilities. Willingness, therefore, can be limited by the presence of fear, racism, and antagonism in the society even if the economic capacity to handle the influx of additional refugees has been assured. In general, the narrative about ‘a welcoming North-Germany’ emerged from the interviews. The aforementioned helpful connections were available for most of the interviewed refugees. But not all newcomers benefit from it. Large parts of the German society are still closed off, literally and figuratively, leading many refugees to remain in ethnic enclaves (Lamba, 2008). Being stuck in the pre-existing networks was said to contribute to the pull factor of the informal market. Even though many refugee respondents recalled success stories of earlier refugees in regular employment, the dominant view was that it would be very easy to find work on the informal market.

2.6 Discussion

The magnitude of the changes the current refugee influx brings to the German labour market is yet to be seen. In regard to incorporation into the German labour market, many Syrian refugees with higher capabilities follow the path of voluntary migrants, and thus challenge the prevailing structures. They are reinventing themselves as workforce by challenging the ‘limited assumption’ and expect the policy-makers to follow.

But I think the government here wants us to educate us, not only to work in factories or something. They want to make educated people, because I think eventually most of them will be Germans. They will build a new Germany. Like for me - I am thinking

about it like that - I am living in Germany, I will learn this or that and eventually this will go to Germany. This is the positive role for the government. (BM, refugee, Syria, male)

It is common that the early investments made into individual capital in the new setting are done by refugees themselves.³³ Temporality of refugees' situation discourages host states from investing in the restoration of human capital, and thereby refugees' agency (Bakker et al., 2017). As stated by Mincer and Ofek (1982), this is a mistake because 'repairing' previously eroded human capital is less costly than the accumulation of new human capital. The first step to rebuild and employ existing capital would be to recognize the educational and professional qualifications of refugees. Delimiting refugees' self-worth by forcing them to start over is the biggest reason for staying outside of the labour market for so long.

This does not, however, mean that all refugees will be able to start working the moment their credentials are officially checked and approved. In contrast to what is often portrayed, the incoming group of refugees is very heterogeneous. Considering the members of the group as identical has led to a one-dimensional refugee protection policy which acts as a structural constraint. Tailored legislation that takes differences in formal and informal educational and professional background into account could improve integration by letting those who can access the labour market immediately do so, whilst offering additional help to those who need it. Currently high levels, as well as low levels, of human capital act more as a constraint than an enabler.

Lack of certain professional and educational backgrounds is evident from the data, and could be attributed to the social contexts back home. For example, university studies in social sciences and professions in those fields were rarely mentioned by refugee respondents. According to the Syrian respondents, it was more prestigious and forward-looking to embark on a natural sciences path instead of social sciences. In order to build a more diverse community that can one day assist in building up the origin country, there should be a conscious choice to encourage refugees to take up social sciences. Also, more attention should be focused on getting women into education or training, and thereafter to having professional careers.

³³Within my sample, the majority had taken steps to learn German beyond mandatory courses, and had managed to gather local employment practise in the form of voluntary work or a mini-job.

Since language skills are often too low for finding regular employment, but the skills and motivation to work exist, self-employment would be the way to avoid deskilling and aid-dependency. Survey respondents and interviewees indicated that there are many former business-owners and entrepreneurs within the group of refugees in Kiel who could start new ventures in the host country if given adequate support. This can be in the form of changes to legislation and to the procedure of recognition of qualifications, but also by providing possibilities for entrepreneurial refugees to present and cultivate their ideas at workshops or innovative spaces. In general, local work experience of any sort is likely to enhance agency (Becker, 1964). Furthermore, many refugee respondents mentioned that they also worked in sales and services in various other countries along the way to Germany. This wide range of work experience, and the informal skills that it suggests, should also be considered.

The experience of interviewees also shows that what matters to integration into local labour market are local connections. Mostly people who have chosen to interact with refugees are the ones who support the creation of such networks, but for wider effects the rest of society should also be engaged. One way to address this would be giving potential employers, and future colleagues the option to partake in intercultural trainings.

Germany is slowly moving towards a more utilitarian stance in regard to refugees' settlement. Self-interest is shown in the amount of measures introduced with the new Integration Law of 2016 to foster refugees' incorporation into the labour market. This could be taken a step further if the non-negotiable German proficiency requirement would be more lenient, especially in positions where English, Arabic, Farsi etc. are sufficient. However, as both refugees and non-refugee respondents considered language to be the most important factor of integration and gaining employment, it is unlikely that this will change.

This study set out to produce research with a transformative goal. With the help of perceptions gathered from refugee and non-refugee respondents, a picture of the factors that influence labour market incorporation of refugees in Germany has emerged. This, in turn, can inform reform of integration and labour policies.

2.7 Conclusion

Even though the right to work is included in both the Refugee Convention (United Nations, 1951) and the Universal Declaration of Human Rights [Article 23] (United Nations, 1948), multiple barriers exist for refugees to exercise this right (Wirth et al., 2014). In light of the latest movement of refugees to Europe, many migration scholars (see e.g. Betts et al., 2014; Betts, 2015; Betts and Collier, 2015; Papademetriou, 2015; Aleinikoff, 2015; Long, 2015) call for a shift in asylum policies, and increased incorporation of refugees into local labour markets. Nevertheless, previous experience shows that integrating refugees is a far more complicated task. Not only is this due to limited capabilities of refugees that keep them out of the workforce on average much longer than other immigrants, but the changing of immigration policies in general tends to be politically undesirable. Therefore, the determinants needed to be studied in order to answer the research question posed in the beginning are in the line of social structure, and refugee agency.

Data for the article was collected in Kiel, Germany through a multilingual survey, and in-depth interviews with refugees, and non-refugee respondents. Findings suggest that in contrast to what is often portrayed, refugees arriving to Germany exhibit a substantial degree of heterogeneity in human capital. Multiple backgrounds, as well as multiple future trajectories influence how much determination refugees show in their actions, and whether they challenge the structural status quo. Some adopt ‘limited agency’ as a survival strategy due to past experience and future uncertainty. Others frame a different narrative by drawing attention to their motivation, resilience, and potential for success, refusing the narrative of the refugee as a victim of circumstance.

Nevertheless, data shows that the structural status quo, i.e. the contemporary asylum policy’s view of refugees as outside the workforce, still dominates. Furthermore, assumed temporality of refugees’ situation discourages host states from investing in the restoration of refugee’s social and human capital, and thereby refugees’ agency. Two of the biggest obstacles are rigid language requirements, and complicated recognition of foreign qualifications. Both extend the time refugees spend outside the labour market, and hinder the transfer of potential human capital from origin to host country.

Based on the sample, the following recommendations can be formulated: (1) Germany should facilitate the recognition of refugee's human capital (both formalized and non-formalized), and its transfer opportunities; (2) legislation should be tailored to account for heterogeneity of the refugees with regards to their skills; and (3) employers should be further engaged to provide employment for refugees.

Germany's former president Joachim Gauck (2014) has described the refugees that reach Europe (and Germany in particular) as highly mobile, flexible, multilingual, motivated, and willing to take risks. Considering that one of the main questions concerning labour market policy making in Europe is how to acquire human capital in the current demographic setting, the answer would be to stop losing the human capital already under one's nose.

This study offers a unique insight into the economic lives of refugees through their own perceptions on the structural, and agency-related constraints and enablers they face in attempting to integrate to the German labour market. By asking refugees to reflect on these implications, new information for policy-makers can be acquired. This also helps overcome the assumptions about refugees being mere victims, and incapable of carrying on economic lives in the host country.

CHAPTER 3

Uncovering hidden human capital: A case for transformative mixed methods in refugee studies¹

3.1 Introduction

Refugees are often disregarded as part of the workforce in their host countries. This is mainly due to an humanitarian migrant status that brands the person as a vulnerable victim instead of a full member of the society. Recently, however, many scholars² have called for a change in that thinking emphasizing the likely win-win situation from including refugees in the workforce. First, refugees potentially help filling shortages on the host's labour market left behind by ageing workers exiting or by limitations of the existing pool of skills. Second, working could be a useful tool for more rapid integration of the newcomers.

The argument for enhanced refugee labour market incorporation relies on the assumptions of human capital of the incoming people. Many of the arrivals have had working lives back home, and/or have educated themselves³, which leads to the expectation that if given the opportunity, these people could and would want to work in their new home. Problems, however, still lie in first identifying and assessing, and thereafter utilizing this potential human capital.

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²Alexander Betts, Katy Long, Demetrious G. Papademetriou to name a few.

³Studies done by IAB-SOEP-BAMF, as well as REACH show how commonplace it was that refugees had worked in the origin country, and/or were schooled there.

Often the human capital of refugees is and remains hidden⁴. Not only do clear emotional, linguistic, and physical barriers associated with the refugee group hinder the identification of their human capital, but also the administrative capabilities in the host countries further delay and derail its assessment, and utilization (Institut für Arbeitsmarkt- und Berufsforschung, 2015; Rich, 2016; Aiyar et al., 2016; Engbersen et al., 2015). The refugee group is clearly not as homogeneous as it is often portrayed (Kaabel, 2017; Institut für Arbeitsmarkt- und Berufsforschung et al., 2016; REACH, 2017), therefore in order to make informed decisions, and adjust policies to the actual occupational characteristics of the newest members of the society, knowledge of the real human capital is essential. Therefore, recognition of the skills, qualifications, and capabilities, even if they are well-hidden, should be improved.

This article aims to make a case for using transformative mixed methods in the assessment of human capital of refugees. By embedding a qualitative approach within a traditionally quantitative study of educational and occupational characteristics of a population, researchers may uncover hidden human capital, and move beyond mere assumptions of skills and capabilities of refugees. Furthermore, by employing the transformative approach to research, prior assumptions are challenged, and voice of the participants heard. In the case of refugees arriving to Germany, for example, the story lines, compiled on the basis of survey and interview data, exposed (1) how fluid the working careers of current day workers are; (2) how lacking the formal procedures of qualifications' recognition are in regard to identifying skills necessary for modern economies; and (3) how internalized labour market inferiority is in regard to refugees. Without the qualitative input, the quantitative data would have told half the story. As policy-makers, however, it is important to know the full one.

The following article is divided into four sections. First, an overview of the literature dealing with refugees' labour market incorporation and human capital assessment is given. Thereafter, the data collection is explained and the main findings from the illustrative study done in Kiel, Germany are presented. Last, the role of transformative mixed methods in the skills assessment of refugees is discussed further.

⁴Hidden human capital refers to both, explicit and implicit/tacit human capital of refugees that can be left uncovered due to the refugee group being a hard-to-reach and hidden subject group.

3.2 Refugees' human capital assessment: Making the case for transformative mixed methods

3.2.1 Refugees' labour market incorporation

After an often long journey and tedious admission procedure, many refugees want to forget the perils of the road, and carry on their lives as normally as possible in the new home countries (Bakker et al., 2017). One of the most common everyday activities to facilitate that process, is work. However, previous research shows that refugees in general tend to have low employment levels both, immediately after entry and in the long-term (Bakker et al., 2017; Engbersen et al., 2015; Bevelander, 2016).

Exclusion from the labour market is due to many reasons. First, refugees are admitted as people needing international protection. This category, assigned to them by migration policy aiming to keep this group from settling (Zetter, 2007), sticks with them and seems to diminish their ability to work. Being labelled as 'humanitarian' migrants instead of 'economic' migrants fortifies the understanding that refugees will not be part of the workforce (Collett and Zuleeg, 2008; Zetter, 2007). This also means that their admission and settlement procedures do not pay attention to qualifications.

Zimmermann (2014) claims that many of those who come to Europe for humanitarian reasons actually have valuable 'human capital' in the form of hard and soft skills. Papademetriou (2015) adds that the way we are treating the displaced, by placing them under poor conditions, and not acknowledging the added value they bring, amounts to a significant waste of human capital. Instead of using the skills and resources refugees have, they are 'warehoused' or forced into jobs well below their skill level (Papademetriou, 2015; Betts et al., 2014, 2015; Aleinikoff, 2015). Furthermore, this creates a backward spiral with the skills degrading over time, and making it impossible to lift oneself out of poverty, and become independent of aid.

Instead of continuing with this pattern, scholars (amongst others Katy Long, Alexander Betts) insist that there is a likely win-win situation for the host countries and refugees in the mix. First, participation in the labour force is a useful tool of integration for the refugees, but also for the governments always on the lookout for new ways on how to integrate newcomers faster. Second, by removing refugee-specific barriers to entry of employment (Long, 2013), refugees could con-

tribute to the host's labour market by potentially filling shortages left behind by the exiting ageing workforce or by limitations of the existing skill pool. In other words, employing refugees would ensure that a growing economy was not slowed down by a declining workforce (Wirth et al., 2014). Furthermore, according to the segmented/dual labour market theory, some shortages are very unlikely to be filled by local unemployed people, making immigrants the prime alternative.

3.2.2 Human capital assessment

Recognition of qualifications, and assessment of skills, and capabilities are necessary to attain employment, get higher education, and start a business. In other words, in order to partake in the labour market, refugees, as well as other migrant groups, have to get their human capital transferred from origin to host country. This process, however, is not without its hurdles.

There is a rigidity associated with foreign qualifications recognition in general. According to Collett and Zuleeg (2008) the skills of migrants are overlooked every day because migration is regulated with what they call 'a planned economy approach reminiscent of the postwar period,' instead of using flexible approaches increasingly adopted by human resource managers in the private sector. They argue that current immigration policies are incapable of identifying the skill needs of the 21st century economies, because they (a) stick to their stagnant categories, (b) ignore the poor correlation between job types and educational background, and (c) disregard soft skills completely.

To elaborate, as the world is witnessing a trend towards more selective migration policies⁵, the incoming migrants and labour market needs increasingly mismatch. By focusing on attracting the so called high-skilled migrants, and limiting the entry of low-skilled migrants, those selective policies do a disservice to many systems in dire need of specific low-skilled workers⁶. Furthermore, Collett and Zuleeg (2008) recognize a limited correlation between nowadays job types (many of which are not easily categorised as specific profession or trade), and broad categories of experience and formal qualifications [which often tend to be country-specific (Worbs and Bund,

⁵See for example work of Hein de Haas and his colleagues at Oxford University based on the DEMIG-POLICY dataset.

⁶Collett and Zuleeg (2008) gave the example here of the medical field, where next to doctors and nurses, ambulance drivers, nurses' aides, and lab technicians are also needed.

2016)] fuelled by a growing importance of on-the-job training, and existence and development of soft skills. Hence, traditional understanding of skills is inept to guide governments in identifying the most productive migrant workers to fill existing shortages⁷.

Instead of keeping to the traditions, more flexibility in the rigid skills and capabilities assessment is required. Even though resource-intensive, adapting some of private sector's recruitment strategies, such as proxy measures (Collett and Zuleeg, 2008) to evaluate soft skills (previous experience, hobbies, interests, or charity work), and personalized assessments (interviewing, psychological tests), or including employers earlier and to a larger extent, could be of assistance in matching labour supply and demand better. In regard to the specific migrant group of refugees, going beyond the assessment of formal qualifications certified by documentation might open new depths.

3.2.3 Refugees' human capital assessment with transformative mixed methods

Transferring foreign human capital is already problematic due to limited understandings of differing standards in origin and host countries (Worbs and Bund, 2016; Schuster et al., 2013), but it becomes even more complicated if the interruption of the work career has been unanticipated (e.g. war breaking out as explained by Mincer and Ofek, 1982). As human capital acquired domestically often outweighs human capital from abroad (due to lack of country-specific skills and knowledge), even highly educated refugees experience problems in sustaining a career status like the one at home (Bauböck and Tripkovic, 2017).⁸ Moreover, due to the magnitude of the recent influx of refugees, the already overburdened administrative bodies (Aiyar et al., 2016; Rich, 2016; Institut für Arbeitsmarkt- und Berufsforschung, 2015) have more important things on their plate⁹, leaving the quest of finding employment to refugees themselves or to a few engaged local individuals (Kaabel, 2017). This,

⁷For example, in an account manager position in an up-and-coming start-up, the ability to learn and adapt matters a whole lot more than a bachelor's degree in business. Similarly, among workers taking care of the elderly, having a worker with interpersonal skills is critical.

⁸For more studies done on higher educated refugees' integration to the labour market see Bakker et al., 2017; Jamil et al., 2012.

⁹For example finding accommodation, getting the asylum procedure under way, and signing up and running the integration/language classes.

therefore, means that no systematic nor efficient effort to recognise refugees' human capital is undertaken, leaving policy-makers continuously in the dark. In order to get a full picture of the scope of refugees' qualifications, skills, and capabilities, tools from social science research could be employed.

Mixed methods, that is a combination of qualitative and quantitative methods, are used to get a more complete and full portrait of our social world through the use of multiple perspectives and lenses (Teddlie and Tashakkori, 2003; Creswell, 2003; Mertens, 2007, 2011; Castro et al., 2010). By combining statistically derived outcomes from a quantitative study with quotes from the qualitative study, story lines can be derived (Castro et al., 2010). In the particular case of refugees' human capital, embedding a qualitative approach within a traditionally quantitative study of educational and occupational characteristics of a population, may help to capture the intricacies of the skills that the refugees might have, and uncover hidden human capital. With surveys conducted so far by others (for example Worbs and Bund, 2016), there has often been the problem that various educational categories, and professional capabilities do not shine through as they do not correspond to the host country's standards. Thus, the quantitative data does not tell the whole story. With the quotes to help, a conceptualization is achieved instead of a mere description.

The qualitative data served a further purpose. Namely, interviewing was used in order to give voice to the participants in accordance with the transformative approach (Creswell, 2003). Transformative research is used to understand the situation through first-hand experience of often socially unprivileged groups (Mertens, 2013, 2011, 2007) to inform policy-makers, and suggest an action agenda for reform (Creswell, 2003). Considering refugees, in order to combat the previously mentioned existing assigned labels and categories with limited rights, we should try to learn from the subject group itself to make more informed decisions.

The following sections present the data collection and analysis of human capital of refugees through transformative mixed methods in an illustrative case study done in Kiel, the capital of the Federal State of Schleswig-Holstein in Germany. On the basis of this study, the discussion section will further attempt to make a case for using transformative mixed methods in refugees' human capital assessment.

3.3 Data

Researchers are increasingly recognizing the benefits of incorporating a secondary method within a mono-method design (Mertens, 2011, 2013, 2007; Castro et al., 2010). When quantitative approach de-contextualizes the phenomenon by detaching it from its real-world context (Moghaddam et al., 2003; Castro et al., 2010), then qualitative research does the opposite by looking at a holistic object of research fully embedded in its natural environment (Gelo et al., 2008; Castro et al., 2010). This leads to limited generalizability due to a small number of observations that can be examined in such depth. Even though some scholars (Denzin and Lincoln, 1994; Castro et al., 2010) argue that qualitative research does not have to comply with the ‘canons of scientific research (generalizability, replication, reliability, and validity)’ then incorporating a quantitative study would pave the way for some further applications of a qualitative study.

In this study, the research activities followed a concurrent nested mixed methods design (QUAN + QUAL) in which the data was collected in one stage (Creswell, 2003). Data from multilingual surveys (n=139) and in-depth interviews (n=25) were collected in the first half of 2016 in Kiel, Germany from working-age newly arrived (2014-2015) refugees, who are likely to stay in Germany (with so called *Gute Bleibeperspektive*). Non-probability sampling procedure was employed in finding the respondents from what could be said to be a ‘hard-to-reach’ population due to clear linguistic, emotional (trusting),¹⁰ and physical (protective spheres) barriers¹¹. Furthermore, following the advice of Bloch (1999) on studying populations in which the

¹⁰Being afraid due to a precarious status in the host country, not wanting to be sent back to initial point of entry (ex. Italy, Greece, and Hungary) or not wanting to get registered in the hopes of travelling on (ex. Sweden, Denmark, and Norway) contribute to strong privacy concerns, and from thereon misleading statistics.

¹¹Non-probability sampling or purposive sampling allows the researcher to select elements from the target population with the assistance of previously selected population elements, and helps to achieve heterogeneity, and make comparisons along factors of interest to the study (Daniel, 2012; Maxwell, 1997; Creswell et al., 2003). According to Daniel (2012) and Bloch (1999), in the case of rare and hard-to-reach populations, it is a more effective way of sampling.

sampling frame is unclear¹², snowballing technique was used together with informant sampling¹³.

Even though it is often difficult to meet desired standards of randomness in refugee research due to access problems, I believe that through having various local bodies as initial sources I have limited the risk of producing a biased sample¹⁴. Furthermore, this approach has given me a way into the group of self-settled refugees i.e. outside official camps, who are according to many studies difficult to reach (Jacobsen and Landau, 2003). It also allowed for asylum seekers who have already moved on from the initial point of entry (reception camp) to analyse the situation and their potential in the host country.

The survey phase explored the self-perceived skill-sets of the refugees. Self-perceived skills were looked at due to the aforementioned supposition that many refugees are unable to produce official qualification certifications, had no chance to finish a degree back home, or in the camps in neighbouring countries¹⁵. Thereafter, survey data was sorted to profile the human capital of the newcomers in descriptive statistics, and interview data¹⁶ was analysed with the help of thematic analysis for data triangulation. The following findings' section brings together the refugee profiles that emerged from the surveys, and the findings of the thematic analysis

¹²As is often the case with refugee research, then also in Kiel the size and distribution of the refugee population are fairly unknown. There are various estimations done by the Federal Office of Migration and Refugees of Germany and the Interior Ministry of Schleswig-Holstein, mostly based on the number of officially registered refugees, but no consensus exists. A lack of a clear sampling frame is a common characteristic of studies into somewhat hidden populations (Heckathorn, 1997)

¹³Even though this means that a representative sample is not achieved, and therefore statistical inferences can not be made, I have triangulated the survey data with other representative studies done in Germany such as IAB-SOEP-BAMF (Institut für Arbeitsmarkt- und Berufsforschung et al., 2016) to limit bias.

¹⁴Bloch (1999) used also many starting points in her study to yield greater diversity in the sample.

¹⁵Moreover, after considering existing studies and advice from stakeholders, I decided to keep the survey as short as possible, and not ask specific educational achievements. Instead, I just kept the question whether the person had attended a higher education institution.

¹⁶Interviews with 17 refugee and 8 non-refugee stakeholders were conducted. From these 4 interviews were with women (2 refugees and 2 non-refugee stakeholders) and 21 with men (15 with refugees and 6 with non-refugee stakeholders). The majority of the refugee participants were from Syria (n=15). Non-refugee participants in this case refer to a number of key informants identified in process of field research who gave valuable insights into refugees' possible access to the labour market. Following the principles of intensive interviewing the process was carried out until theoretical saturation was achieved, meaning that with additional respondents no new information was uncovered.

of interview data. The focus is mostly on Syrian refugees, and identifying their skill-sets to be used to inform relevant policy-makers.

3.3.1 Limitations

The limitations of the study arising from data are twofold. Firstly, the fact that it is a small sample study¹⁷ with in-depth interviewing as the main data collection method means that representativeness is under question (Jacobsen and Landau, 2003). The study is not claiming to be representative for the whole of Germany or beyond, but it does give a clear impression of the nature of human capital refugees bring with them, and the types of assessment methods proposed.

Secondly, limitations due to the subject group need to be addressed. People in these stressful situations with temporary and precarious statuses might want to promote a particular vision of their suffering as part of their survival strategy, which means they might hide the truth or use statements that do not jeopardize their positions or that they expect the researcher wants to hear (Bloch, 1999; Jacobsen and Landau, 2003).¹⁸ Even though it was made clear from the beginning of the interviews that there are no ‘right’ answers, and that the authorities are in no way connected with the project, the bias in self-reporting cannot be fully escaped.¹⁹

Another bias that limits the study’s results is self-selection. Being identified through local bodies already indicates that the interviewed refugees perhaps stand out a little more or have shown some initiative to be noticed. They themselves decide to come forth, which does not mean that they are representatives of the community, only that they are more active. Also, language and cultural barriers kept away some informants.²⁰ Especially difficult was studying the views held by women

¹⁷Typically exploratory research (meant to better understand a population, theoretical issues or methodological issues) does not require a rigorous sample design. A non-probability sample with a small sample size may suffice. In this case, a sequential multilevel non-probability design was undertaken in which samples are selected from different levels of a target population at different points in time to create more variance and richer data. (Daniel, 2012)

¹⁸In BAMF statistics ‘not known’ as origin has been indicated on multiple occasions giving weight to the claim that many refugees might not want to make their origin clear in the fear of being sent away, or that they have taken the ‘advice’ of smugglers, and dropped their passports on the way to Germany (Interview N.D.).

¹⁹In order to limit researcher’s bias, the age was not asked so as not to be swayed to think that a person is lying just when my understanding of age and skill level do not match.

²⁰The fact that the survey was done in writing scared away some participants who did not know how to read or write. In cases where help was asked, translators helped also the illiterate refugees

in this community.²¹ To counter the biases stemming from the subject group, non-refugee respondents²² were included. In this way issues otherwise not discussed also came out and were included in the findings.

3.4 Findings: Assessment of refugees' qualifications in Germany

3.4.1 Germany and refugees' skills assessment system

Germany received more than a million refugees in the period from 2014 to 2016, mostly working-age men from Syria (Bundesamt für Migration und Flüchtlinge, 2016). After initial admission and settling, many of the incoming people have wanted to take up employment (Kaabel, 2017). This requires, however, an assessment and recognition of previous qualifications.

Multiple bodies on various levels are in charge of recognizing foreign qualifications in Germany. Policies are set and decisions are made by the Labour Ministry (BMAS), Education Ministry (BMBF) and the Federal Institute for Vocational and Professional Education (BIBB) on the federal level, by the Labour and Employment Ministries of the states and approbation offices on the state level, by local employment agency branches (BAs), and job centres on the local level, and by chambers i.e. professional associations of German employers from a specific trade or industry, and other employer associations on the non-governmental level (Rietig, 2016). Even though federal standards exist in this process, a lot of individualized assessment is undertaken on the state level, as well as on the non-governmental level²³.

Rietig (2016) has called the decentralization and complexity of the multilevel system 'a systemic limitation of the current German recognition system' that is unlikely

to fill in the survey. Translators in general went through the questionnaire with almost all the participants, and helped them out if they did not know the terms in English or German

²¹This is not necessarily a very significant problem, because according to the statistics of the Federal Office of Migration and Refugees in Germany, almost half of women arriving to Germany in 2015-2016 were under 16 years old, and therefore not in the target group of this study (Bundesamt für Migration und Flüchtlinge, 2016).

²²According to the logic of purposive sampling and informant sampling, the people who have key information and key experience were included (Daniel, 2012).

²³Such as for example in qualifications' assessment of many regulated professions, where the chambers play a significant role as do state authorities (state authorities focus especially on professions with a public interest such as teachers and lawyers, as well as medical doctors).

to change. However, she also underscores that the system provides accountability and a guarantee of quality in its current form. Nevertheless, the rigidity also contributes to keeping refugees, who are often lacking the standardized ‘paperwork’, out of the labour market for an extended period of time, and pushes them into starting over with their careers. Nowhere is this more visible than in the vocational/trades field in which many of the newcomers would want to work at (based on the upcoming findings about occupational profiles from the survey and interviews).

Germany prides itself for the quality of its professional and vocational education, and training system, which is also why so much importance is assigned to the formal recognition of qualifications. This applies especially to regulated professions, but is also sometimes the case with non-regulated professions.²⁴ Moreover, if asylum seekers or refugees would want to become self-employed or start a business in most trade fields, they have to first possess the necessary legal status, and thereafter prove their ‘professional suitability’ determined by formal qualifications.²⁵

Bosswick (2013) further agrees that it is very complicated as a foreign born from a non-EU country with qualifications acquired abroad to be awarded full professional rights in Germany. The picture is, however, not as bleak according to the monitoring report compiled in 2017 on the five years of progress of the Recognition Act of 2012 (Federal Ministry of Education and Research, 2017a). In contrast to what Bosswick (2013) and Rietig (2016) have called an inept system to deal with migrant qualifications’ assessment, the report insists that the process works, and has improved since the introduction of new measures of skills’ recognition with the new law of 2012. Looking at the statistics that the report provides, it is hard to argue, because for example Syrian applicants (1,995) between 2012-2015 have got in

²⁴Regulated professions in Germany include professions in the medical and legal sectors, a number of crafts’ qualifications at the *Meister* level, teachers, and jobs in the civil service. According to the Federal Ministry of Education and Research, in such professions, ‘recognition is a precondition for access to the profession, as well as for using the job title. Without recognition, persons with professional and vocational qualifications gained abroad may not work in these professions in Germany’. In contrast, one may work in a non-regulate profession without recognition. However, the ‘Recognition in Germany’ portal suggests that it might be ‘helpful to get recognition to provide potential employers with a better understanding of your qualification’. Recognition is not an essential precondition for exercising non-regulated occupations.

²⁵In most fields, the qualifications have to be given full recognition, and additional licences, permits, and/or memberships of professional associations might be required. If one wants to become a self-employed hairdresser or mechanic, for example, they need to have qualifications equal to German master craftsman standards.

majority their qualifications fully recognized (75,7%) (Federal Ministry of Education and Research, 2017a).

Nevertheless, Rietig (2016) and Bosswick (2013) draw attention to the length, costs, and complexity of the process (that the report fails to adequately address). First, even though a designated maximum amount of procedural time per application is set, it conveniently only begins when the applicant has managed to supply all necessary documentation, which takes an average economic migrant already quite a while. A refugee applicant needs to deal with further complications if the educational or professional institution does not exist any longer to give out certificates (Rietig, 2016). Furthermore, and this already ties into the costs' aspect which was not calculated in the report, all the documents have to be translated and certified. Bosswick (2013) estimates that the whole process could cost up to a thousand euros per applicant. All in all, considering the above mentioned complex multilevel system of responsible institutions, the 'recognition machine' will take some time to crunch the data creating backlogs and hold-ups, which further prolong taking up employment or studies in Germany.

It could be argued that the system is built in such a way to protect the asylum seekers and refugees from being exploited, whilst also guarding the quality of the German qualifications. However, it is interesting how the rules become a whole lot 'bendier' if, for example, a shortage exists. Therefore, it seems that the aim of the bureaucracy is not to guarantee quality per se, but rather to protect the local labourers.

Why even undertake the process as a non-native with foreign human capital? Germany has connected the status of permanent residency to being in possession of means to make a secure living. Furthermore, as asylum seekers are assigned to a location, and can only change that if they have a job to cover expenses in a different location. Bosswick (2013) also states the most obvious reason - German employers commonly require it.

The German system for recognizing foreign human capital has improved substantially in the last years (Rietig, 2016) by incorporating more and more alternative measures to also address non-formalized human capital, and lack of standardized documentation. Yet, the underlying structural complexities, responsibility frag-

mentations, and insistence on formal human capital approach make it a ‘work-in-progress’, which hopefully is open to take suggestions from the social sciences.

3.4.2 Descriptive statistics

The skill-sets were categorised according to the International Standard Classification of Occupations (ISCO-08)²⁶ into three skill levels²⁷ shown in the following Table ??²⁸.

²⁶The organisation responsible for the classification is the International Labour Organization (2007). Professions are divided into 10 major groups (1. Managers; 2. Professionals; 3. Technicians and associate professionals; 4. Clerical support workers; 5. Service and sales workers; 6. Skilled agricultural, forestry and fishery workers; 7. Craft and related trades workers; 8. Plant and machine operators, and assemblers; 9. Elementary occupations; 0. Armed forces occupations). All the major groups are then broken down to sub-major groups, minor groups and unit groups (for example a ‘baker’ is coded as – major group 7. Craft and related trades workers; sub-major group 75. Food processing, wood working, garment, and other craft and related trades workers; minor group 751. Food processing and related trades workers; and unit group 7512. Bakers, pastry-cooks, and confectionery makers). With some professions, there is a difference between being an expert (professional), and being on an entry level position (for example for a position in ‘sales’ the major category of ‘5. Service and sales workers’ would apply on most occasions, but when the person is a ‘sales professional’ they should be categorized as a professional in group 2). The differentiation between high-, medium-, and low-skilled was taken into account in assigning a category for every respondent.

²⁷According to the ISCO classification, the 10 major groups are further divided into 4 skill levels. Occupations at Skill Level 1 require the performance of simple and routine physical or manual tasks, and usually only primary education may be required. Major group 1 (Elementary occupations) is classified as skill level 1. Occupations that involve operating machinery and electronic equipment, driving vehicles, and maintenance and repair of electrical and mechanical equipment fall under Skill Level 2. To become for example a butcher, bus driver, secretary, dressmaker, shop sales assistant, police officer, hairdresser etc. one requires generally a completion of secondary education, and in many cases also specialized vocational training. ISCO-08 Major groups 4-8 fall under this category. Third level in the ISCO system involves the performance of complex technical and practical tasks which require a higher level of specialization, and completion of formal education. All sorts of technicians are on this level i.e. ISCO-08 Major group 3. Occupations on the highest skill level entail solving complex problems, and making decisions on the basis of extensive theoretical and factual knowledge in a specialized field. Such as managers, engineers, teachers, medical practitioners, and computer systems analysts. Major groups 1 and 2 make up Skill Level 4.

²⁸The survey is not representative of the whole refugee population, mainly due to the small sample size and the inclusion of only those refugees who, in the beginning of 2016, had a somewhat high likelihood of being granted some form of protection (e.g. meaning asylum seekers from the Balkans were not included). Nevertheless, the survey findings have been largely confirmed by a representative study carried out by IAB-BAMF-SOEP about qualifications of refugees who arrived in Germany between 2013 and 2016. Where possible in this paper, I have emphasized the connections (Institut für Arbeitsmarkt- und Berufsforschung et al., 2016).

Human capital (formal)	%of respondents
High occupational profile	48%
Medium occupational profile	39%
Low occupational profile	13%
Total N	139

Table 3.1: Refugees' skills survey, respondent sample

The table combines data about education, professional experience and self-assessment of skill level to categorise the respondents as possessing high-, medium- or low-occupational profiles.²⁹ Triangulating the education and professional data with other studies (such as Institut für Arbeitsmarkt- und Berufsforschung et al., 2016; REACH, 2017; UNHCR, 2015), the following findings can be highlighted.

First, the fact that many respondents have attended higher education sends a positive signal of the composition of the incoming group.³⁰ What came out through the interviews which was not clear from the survey, however, was that in many cases refugees have fled before the end of their studies. This indicates the age structure of the incoming people, who by and large are rather young.

The gender composition of university attendees, presented in Figure 3.1, shows that men have more often than women indicated a university background. The same goes for Syrian and Iranian refugees in comparison to Iraqi and Afghan refugees.³¹ This finding goes against what was found in the 2014 BAMF (Worbs and Bund, 2016) study in which the Iraqi refugees were identified as the most educated, and the Syrian refugees as the least. In this place it could be argued that times have changed, and so has the composition of incoming Syrian refugees. The findings of the study in hand are, for example, supported by the UNHCR (2015) conducted in April-September 2015 at the entry point to Europe, which state that most Syrian refugees have a very high level of education. The REACH (2017) study on the road

²⁹High level occupations are according to ISCO Skill Levels 4 and 3, which correspond to the first three major groups. Medium level occupations are on Skill Level 2 of ISCO-08 incorporating Major groups 4-8. And low level occupations are on Skill Level 1, and count as Elementary occupations in the ISCO major groups system. Armed forces, which made up 1% of the respondents, have been left out of this categorisation.

³⁰In comparison to the IAB-BAMF-SOEP study, the number of university attendees identified in this survey is very high. Their study says that 31% attended tertiary, university or vocational education, which might be due to groups of refugees I left out of my survey (such as Balkan migrants).

³¹From the Syrian respondents 64%, and from the Iranian respondents 79% have indicated university experience.

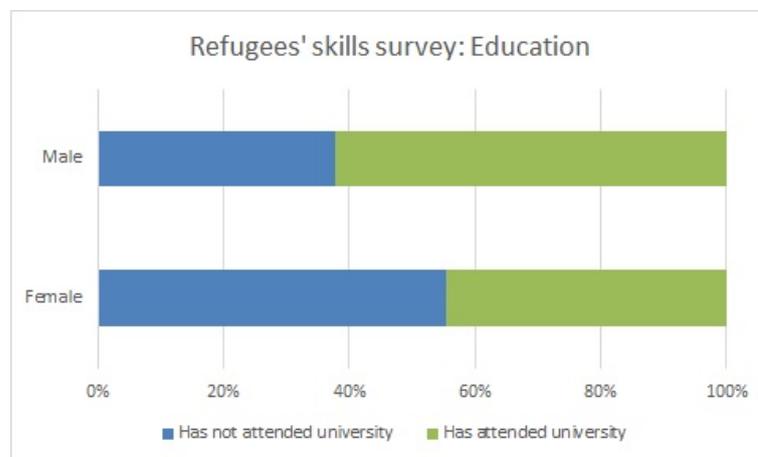


Figure 3.1: Refugees' skills survey, data on university attendance, and gender, respondent sample

of refugees to Europe also confirms that Syrians show higher levels of education than other groups (excluding the migrants from North Africa such as Egypt, Algeria, and Morocco).

Most Syrians have indicated that they have studied engineering, computer science or finance/economics/accounting. Interview data also supports the popularity of engineering degrees within the Syrian population (only economics and business were mentioned as often as engineering). Humanities (such as literature studies), languages (most often English, French or Arabic language studies), education and law follow the top three (Figure 3.2). From analysing the gender differences within study areas, it can be noted that the picture is a lot more 'colourful' in the male group than in the female group. The top study topics in the female group tend to be on the soft sciences' side (with languages and humanities being the most often chosen options), and in the male group hard sciences prevail. Even though only presented by an observation or two, some more unconventional study areas could be brought forth – such as veterinary medicine and navigation.

Second, comparing the professional backgrounds (Figure 3.3) collected in my survey data³² with the IAB-SOEP-BAMF study (Institut für Arbeitsmarkt- und Berufs-

³²In order to make the selection easier for the respondents, 11 professions together with 'No profession' and 'Other' were listed on the survey. These professions were decided upon through ISCO classification, and were meant to incorporate a high number of potential fields of activities. It did help in some cases, but in most cases the respondents chose to tick the box for 'Other' and then write down the various professions (such as hairdresser, baker, mechanic etc.). In situations

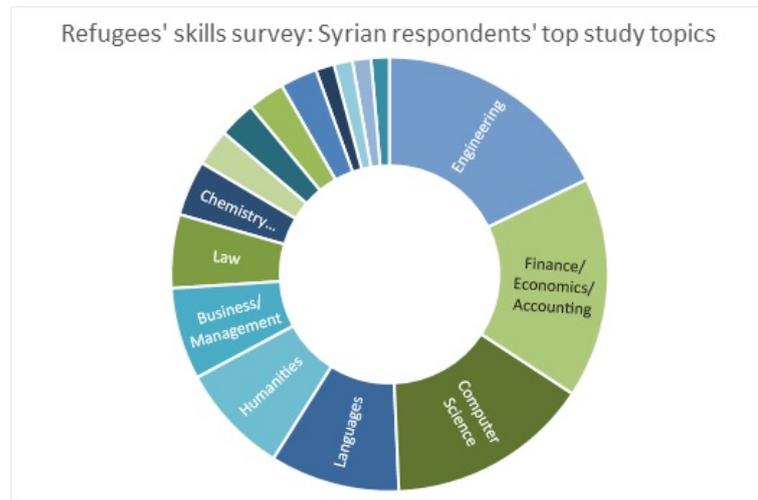


Figure 3.2: Refugees' skills survey, data on study topics of Syrian respondents, respondent sample

forschung et al., 2016) shows that both find a positively large existence of previous work experience. Most respondents have worked in services/sales as hairdressers,

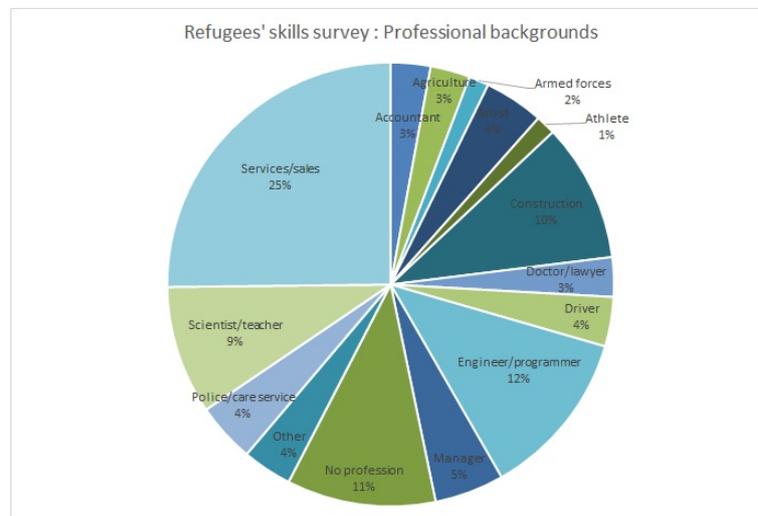


Figure 3.3: Refugees' skills survey, data on professional backgrounds, respondent sample

bakers, tailors, and shopkeepers. Interviews further confirmed this by adding that

when it was possible, the 'other profession' was incorporated under the larger group (e.g. hairdressers under sales/services), but some professions were left separately to give a more precise picture (e.g. athletes, accountants, drivers).

often the experience was also gathered after the initial flight from the home country (such as for example in Turkey on the way to Europe). Corresponding to the education data, respondents had often professional experience in the field of engineering/computer programming.³³ Some of the more interesting professions that are worth the additional mentioning were fireman, ship captain, football player, and under water welder.

Most of the respondents, who had indicated ‘No profession,’ were female. Moreover, no female respondents have indicated that they have worked in armed forces, construction, nor as managers. In other fields there exists somewhat of a balance. This shows in general that there might be many women, who even though not having any professional baggage, could train in Germany to become part of the workforce. In their case, the career was non-existent before, which could mean that adjusting to a new career path might be less traumatic. The 2014 BAMF study (Worbs and Bund, 2016) also showed that women tend to remain unemployed for longer than their male counterparts. The dominance of men in the labour markets in origin countries shines through.

Figure 3.4 shows that those who have been employed as engineers/programmers, teachers/scientists, and doctors/lawyers are exclusively university attendees, and those without a profession have said that they have not attended a university every time. This graph also shows that often people in construction have not attended higher education. This hints that in many cases people who could be of use in the construction field in Germany will not be able to prove their skills and work experience due to the lack of proper education documentation.

Lastly, the self-evaluation of skills needs to be addressed to complete the occupational profile picture. As can be derived from Figure 3.5, very few people have called themselves ‘low-skilled’. This is due to respondents who have marked ‘no profession’ leaving the skill level unevaluated (n=10). This might be due to the thinking that if one does not have a profession this automatically means that the person is low-skilled. Therefore, in order to get the most relevant results, I have included in the descriptive statistics also the respondents who have decided to leave the skill level

³³Even though many for example have mentioned an engineering or computer science education, then only some have classified themselves in these fields. More often they have indicated ‘services/sales’ profession. This may also show the refugees’ age structure’s influence – as most incoming people are young then they might have only had the chance to do initial steps in their careers, and those need not be in their corresponding study fields.

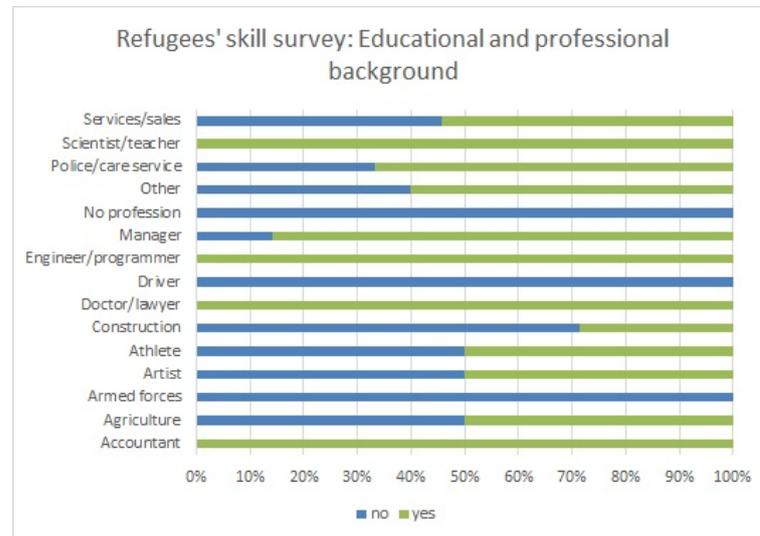


Figure 3.4: Refugees’ skills survey, data on educational and professional backgrounds, respondent sample

question unanswered. In the case of the Afghan women who were part of the study, none have wanted to enclose their skill evaluation which further advances my assessment that a large part of the incoming Afghan women are home-makers without professional lives. This group also influences the statistics about male and female groups’ assessment in which men clearly have a higher opinion about their skills than women. Taking a peak into studies of confidence and self-esteem, it does not come as a surprise that women tend to undervalue their skills (Janjuha-Jivraj and Chisholm, 2016; Bleidorn et al., 2015). Having attended university also raises the self-perceived skill level – from the university attendees, 65% have rated their skills to be high, whilst only 5% have ticked the low-skilled box. The latter assessment could be due to having just started with the university studies or not having been able to complete the studies before fleeing the country. In general asking about the self-perceived skill levels did give valuable insights into the professional expertise of the respondents. Positioning oneself on the scale from ‘expert knowledge’ to ‘beginner knowledge’ guided the process of classifying the respondents in high-, medium- and low-skilled occupations which then in turn act as the occupational profiles of incoming refugees presented in the beginning of this section.

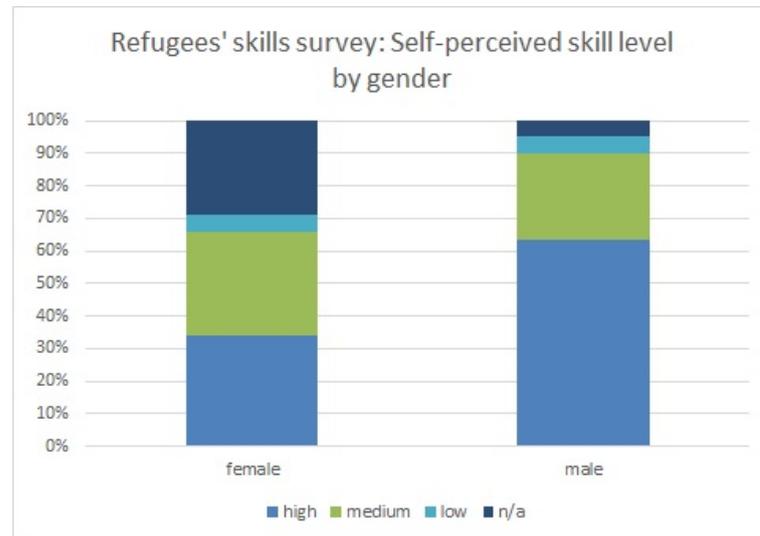


Figure 3.5: Refugees' skills survey, data on self-perceived skill levels and gender, respondent sample

3.4.3 Story lines

As mentioned beforehand, quantitative data only tells us a part of the story. In order to uncover the full pictures, qualitative data was also collected and analysed. The combined mixed method analysis produced three intertwined story lines (presented in Figure 3.6) in regard to the human capital of refugees: (1) fluidity of working careers, and multiplicity of career paths; (2) rigidity of current formal recognition procedures; and (3) internalization of labour market inferiority. The following chapter will elaborate and give examples of these story lines from the interview data.³⁴

3.4.3.1 Story line 1: Multiplicity of career paths and fluidity of working careers

The survey results already showed that work experience is very present amongst the newest inflow of refugees to Germany. The interviews further confirmed that, and brought out another dimension to this. Namely, that the work experience is very diverse. When 18,4% of the respondents to the surveys already indicated multiple

³⁴The interviews were conducted in English and German. The German data was translated into English, and therefore the direct quotations are given only in English. Atlas.ti does not allow editing in the data, and it does not have a tool for checking spelling, thus, the direct excerpts from data may include grammar and spelling errors.

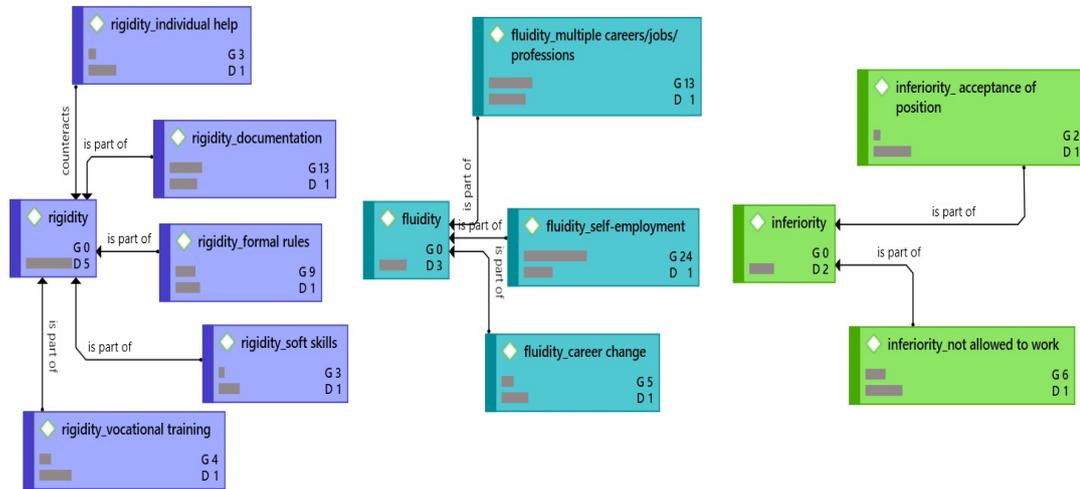


Figure 3.6: Story lines of assessment of refugees’ human capital, interview data, compiled by author in Atlas.ti (‘G’ refers to ‘groundedness’ of the codes in the data i.e. utterances; ‘D’ refers to ‘density’ i.e. links of the code to other codes)

professions, then in describing personal professional backgrounds in the interviews, more than half of the refugee participants (10/17) spoke of a multiplicity of jobs in very versatile fields (Figure 3.7). It is not only a new development amongst the refugee population to participate in more than one career paths, but in general nowadays it is not set in stone that one sticks to one career choice throughout one’s lifetime. From the interviews, two reasons for the multiplicity and fluidity of careers of refugees emerged: first, many had worked whilst studying, or on their way from origin country to Germany. For example, many had gathered sales and services experience from Turkey on their way to Europe.

Secondly, as a positive aspect for the German economy, which is said to lag behind in entrepreneurship and innovation (Copley, 2016; Global Entrepreneurship Monitor, 2014), the entrepreneurial nature of the incoming people found support in this study. As can be seen on Figure 3.8, this often meant that next to careers as lawyers or teachers, many had smaller traditional businesses such as brokering real estate or running a clothes store, or non-traditional businesses partaking in the sharing economy. This data on experience with self-employment³⁵ was also hidden

³⁵The representative study done by Institut für Arbeitsmarkt- und Berufsforschung et al., 2016 also found that 27% of the refugees who arrived in Germany in the latest influx were self-employed in their origin country.

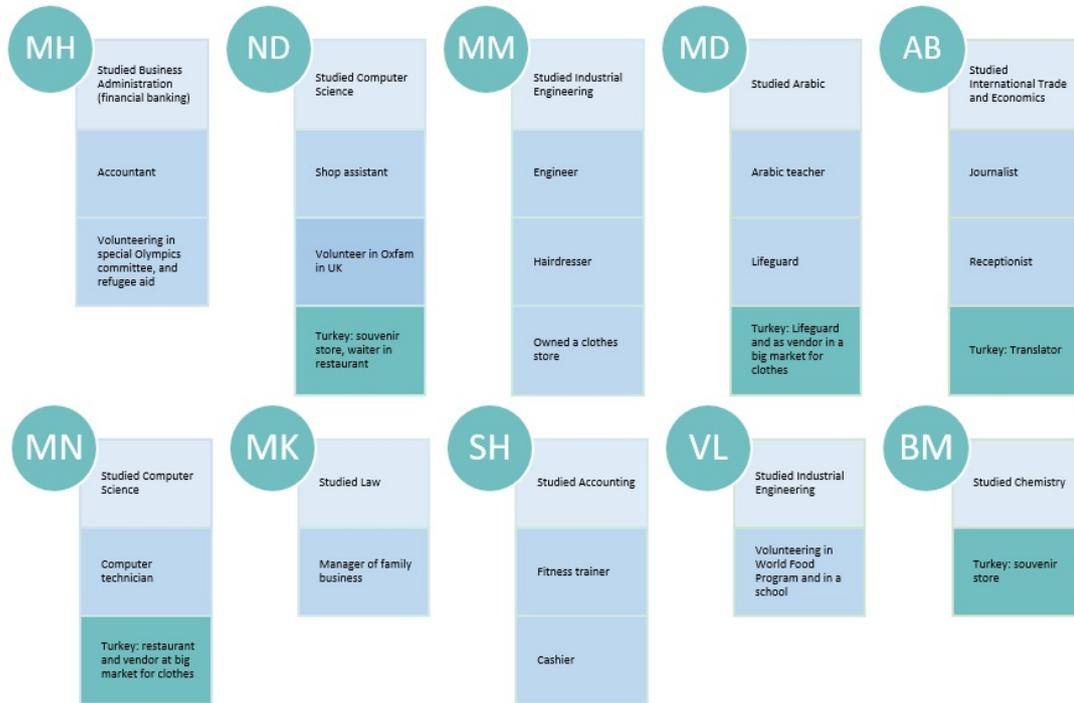


Figure 3.7: Story line 1 Multiplicity of career paths and fluidity of working careers, profiles of refugee respondents, interview data with code names for respondents

in the survey responses. In the surveys, 20% indicated they are ‘experts in crafts and related trades fields,’ and many positioned themselves as ‘managers’ whilst having no higher educational background. One could disregard it by looking at the purely quantitative study – most likely the people were lying/boasting, but from the interviews the full picture emerged. Many had actually learned themselves, and became self-employed afterwards (Fig. 3.8 Quote 5:9).

Setting up an own business in Syria was seen as a rather common practice (Fig. 3.8 Quotes 5:1, 5:5, 5:7, and 5:10), even though according to some, it was mostly out of necessity (Fig. 3.8 Quote 5:8) and relatively complicated (Fig. 3.8 Quote 5:2). The entrepreneurial nature of the Syrian people also carried onto the Turkish market (Fig. 3.8 Quote 5:11), and was noticed by locals in Germany (Fig. 3.8 Quote 5:12). An Iranian respondent also had a positive experience with starting his own business in his home country (Fig. 3.8 Quotes 5:3 and 5:4), whilst an Eritrean

respondent considered self-employment to be virtually impossible in Eritrea (Fig. 3.8 Quote 5:6).

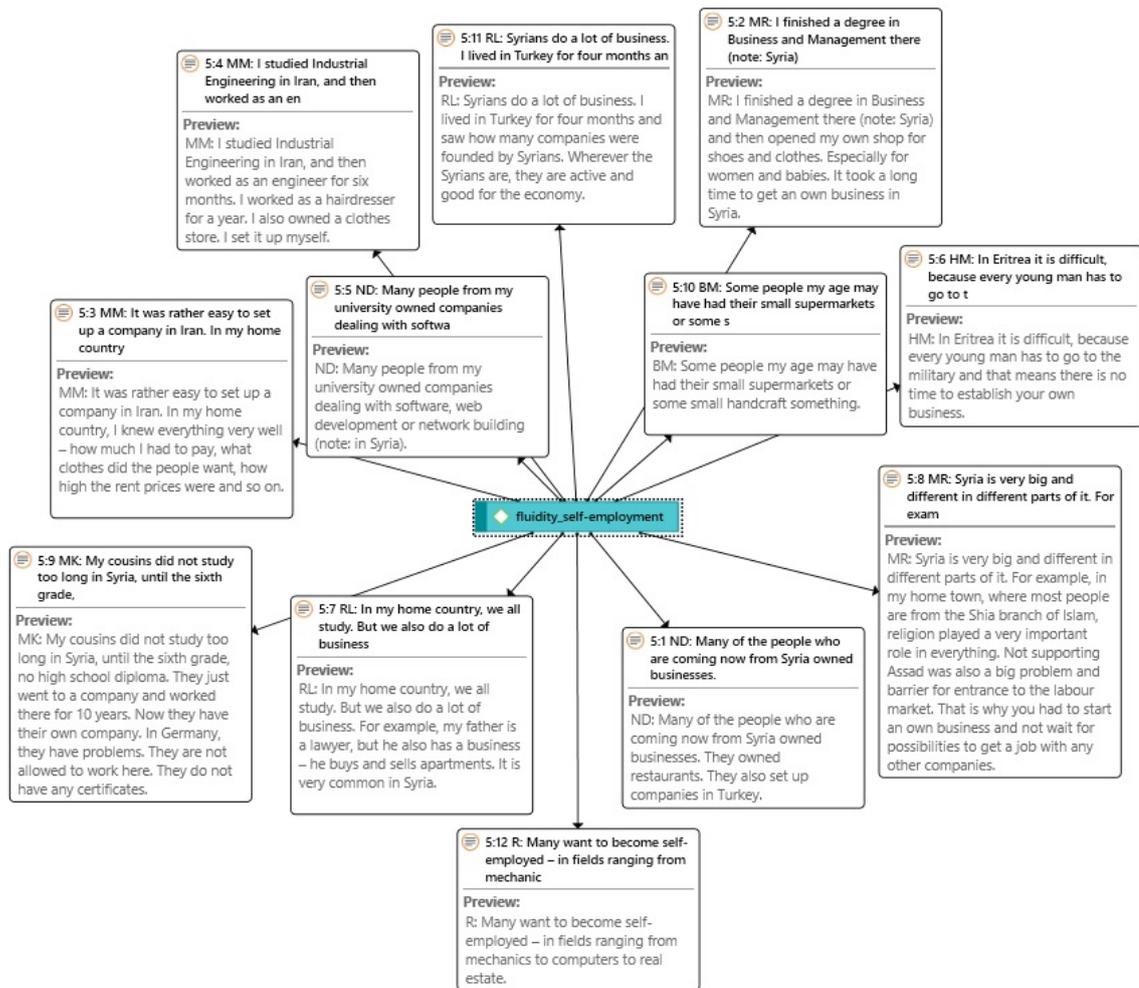


Figure 3.8: Story line 1 Multiplicity of career paths and fluidity of working careers, Atlas.ti network output of verbatim quotations with ‘Fluidity_self-employment’ codes

The negative aspect of these levels of self-employment comes out due to the upcoming ‘Story line 2’ about rigidity of the formal procedure. Specifically, the lack of documentation to prove expertise, which makes it particularly hard for the people involved to adjust to the new setting.³⁶ Despite the complication caused by

³⁶In accordance with German regulation (Federal Ministry of Education and Research, 2017b), if a refugee would want to become self-employed or start a business the following barriers occur: (1)

this, it can be argued that it would be very beneficial to allow these individuals to contribute (Kaabel, 2017).

3.4.3.2 Story line 2: Rigid formal recognition procedure

Current refugee admission policies do not take a lot of time identifying qualifications beyond the formal ones, which complies to what Collett and Zuleeg (2008) called the problems of the traditional understanding of skills (sticking to stagnant categories, ignoring the poor correlation between job types and educational backgrounds, and disregarding soft skills). As mentioned earlier, however, in order to partake in the labour market, refugees have to get their human capital transferred from origin to host country. Transfer, in most cases, requires the official recognition of qualifications. In Germany, that means the undertaking of a lengthy process within the previously described complex multilevel system in which refugees have often a tough time navigating (Rietig, 2016).

Even though Germany has introduced some new measures for foreign skills' recognition and eliminated many refugee-specific barriers (such as the job market test) in recent years, the problems prevail in large part due to one crucial aspect - documentation (Fig. 3.9 Quote 6:17). Fortunately, in only extreme cases, such as described by HM (Fig. 3.9 Quote 6:21) or when the universities and/or employers do not exist any more, do refugees not possess any documented proof of their educational and professional background. More often their documents are merely insufficient for the German system to give them full equivalence to German qualifications.

This is especially the case with professions that require vocational training/education. According to PU (non-refugee, male), refugees have usually worked (which was also evident from the survey results, and from the self-employment experiences on Figures 3.7 and 3.8), but have very rarely studied and trained for the profession on a level acceptable for German standards (Fig. 3.9 Quotes 6:14 and 6:16). MM (refugee, male, Iran) described his own personal experience: "I wanted to work here in the beginning as a hairdresser. They told me, that yes you can do it very well,

form of protection (whether the person has been recognised and given full protection, subsidiary protection or if they are tolerated) allows or restricts the person taking up self-employment and entrepreneurship; (2) 'professional suitability' in the field of activity determined by an assessment of formal qualifications, and their matching to German ones; (3) additional requirements such as licenses, permits or memberships from the professional associations might also be required.

but you do not have any official training. You need to do the training for three years. I could not understand. I had learnt it in three months, then worked for six months – why do I need to start from the beginning again?"

Retraining seems to be the preferred course of action for the German labour market which values domestic human capital more highly. In the beginning, the issue of ‘warehousing’ refugees was mentioned, and how it contributes to deskilling. I formulated that as a threat and a problem, but it looks like a strategic step by the government to facilitate integration by waiting until the ‘warehouse’ is just filled with ‘empty canvasses’. Even though starting over might be an acceptable step to many of the younger refugees, the older generation who already had professional identities back home will have a much harder time coming to grips with this (next chapter elaborates on this aspect).

Due to the perceived low value of some foreign human capital (Fig. 3.9 Quotes 6:7, 6:8, and 6:12), and a general lack of interest that is shown in their skills (Aiyar et al., 2016; Rich, 2016; Institut für Arbeitsmarkt- und Berufsforschung, 2015), few refugees attempt to take on the formal recognition procedure. Also, the daunting nature of the official system deters some (Fig. 3.9 Quote 6:11). Rietig (2016) says that refugees lack awareness of the regulations, which hinders them from ‘gaming’ the system like some locals do (e.g. going to those German states that have more lenient recognition procedures or shortages in particular fields). As can be seen on Figure 9, the one aspect that counteracts the rigidity of the formal procedure is individual help given by a few local individuals. Such activities included helping out with finding information, teaching the language, and even more specific hands-on actions by the individuals such as described by SD (non-refugee, female) in Quote 6:32 (Fig. 3.9). She also recalled instances when she had gone with various craftsmen to prospective employers, and how she always calls up the hospital if someone with medical training comes to the reception centre.

From the responses to the interviews, I could also infer a common misconception held by both refugee and non-refugee respondents (Fig. 3.9 Quotes 6:6, 6:8, and 6:10), about educated people having an easier time transferring their human capital (Bauböck and Tripkovic, 2017). This corresponds to the traditional approach to skills recognition discussed beforehand (Collett and Zuleeg, 2008), which is often the only understanding that is communicated to refugees and those helping them on

the grass-root level. From all the interviews conducted in Kiel, only one respondent could mention an additional measure to prove qualifications (Fig. 3.9 Quote 6:29).

Although, many innovations have been introduced to the recognition of qualifications in Germany as discussed earlier, the one area which seems to be less developed (and definitely less valued) is the recognition of non-formalized human capital. According to Collett and Zuleeg (2008), we should not underestimate how much soft skills contribute to the economic output of employees. Namely, that without these skills, the proficiency based on technical skills, and professional qualifications, would not necessarily lead to successful performance.³⁷

Refugees demonstrate a vast spectrum of soft skills, such as being easily adaptable to fluid career paths, being resourceful in dealing with dynamic new environments, and being resilient in the face of hardships. Moreover, from both my study in Germany, and from the work of Bakker et al. (2017) in the Netherlands, the common characteristics of refugees in regard to labour market integration emerge - determination and motivation. Not only to make the misery and pain of the flight worth it, and because return is not an option (Bakker et al., 2017), but as the refugee respondents in Kiel summarized it: “Not to just sit around and wait.”

None of the above mentioned skills are formally transferable, but they matter profoundly in labour market integration. One way to record, and evaluate this non-formalized human capital, would be through a more individualized and personalized formal recognition procedure in which the potential workers could share the stories about their international practise, cultural ties, and volunteering (as they could do in the framework of this study’s data collection, e.g. Fig. 3.9 Quote 6:2). The pros and cons of such an approach will be discussed shortly.

³⁷Collett and Zuleeg name personal services and marketing as examples of such occupations in which it is especially the case.

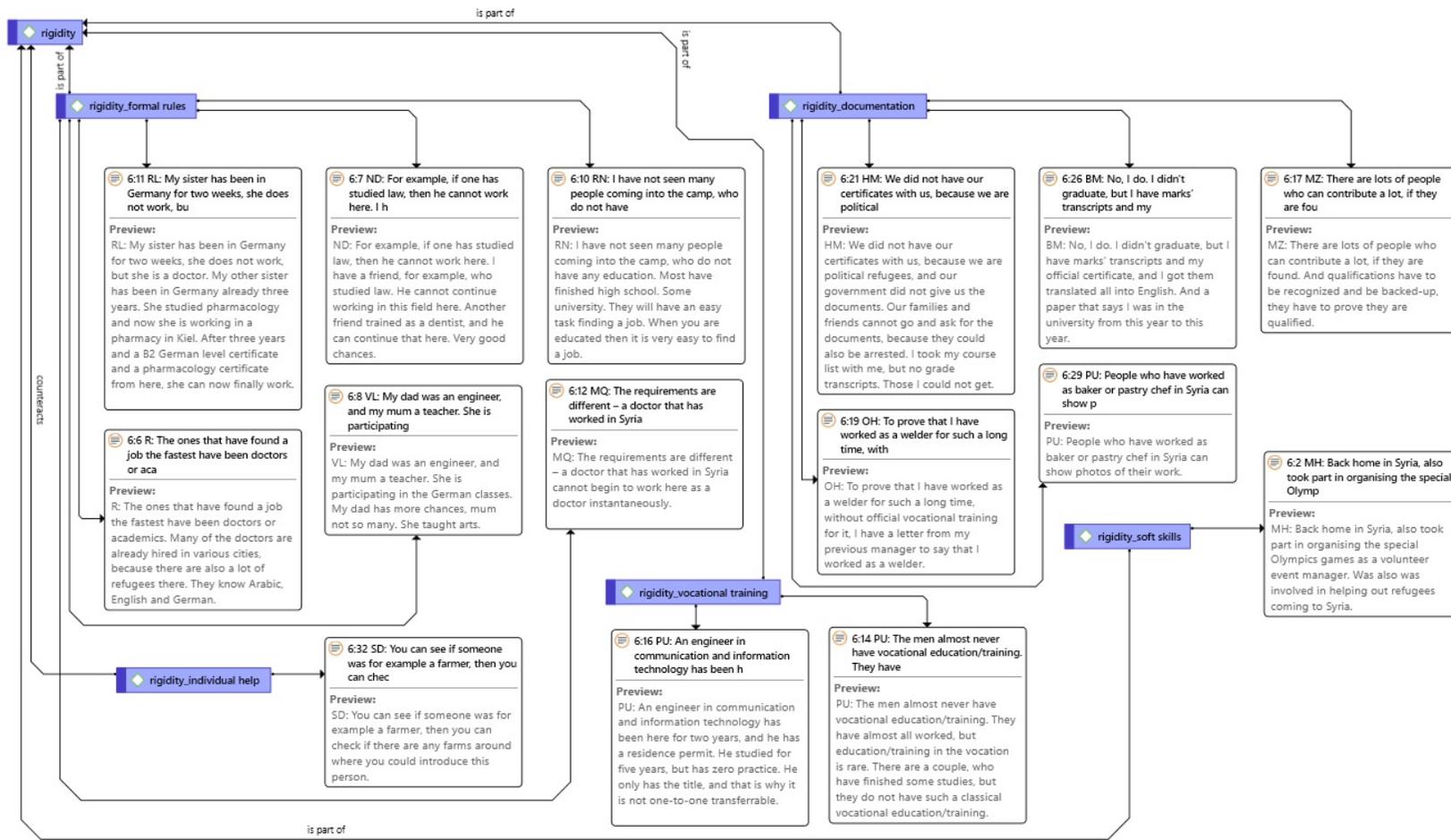


Figure 3.9: Story line 2 Rigidity of formal recognition procedure, Atlas.ti network output of exemplary verbatim quotations with ‘Rigidity’ codes

3.4.3.3 Story line 3: Internalization of inferiority

Building on Pierre Bourdieu's notion of *habitus*, which proposes a class-based idea of one's place in the world, Kanno and Varghese (2010) find in their analysis on refugee students on a campus, that they often show tendencies of self-elimination. This means an acceptance of a inferior position amongst fellow students, and an unchallenged *status quo* (in Kanno and Varghese's study for example done by not applying for further studies due to the assumption of having 'no chance'). In the case of labour market participation, refugees often see their position as inferior on the local labour market in comparison to the natives and other migrants, and they accept that. In the particular German case, acceptance means conforming to the expected behaviour - that is forgetting the old, and starting over in Germany with their standardized training and education (Fig. 3.10 Quotes 4:1 and 4:6). From the interviews, multiple factors came out that can explain this behaviour.

First of all, repeating the above mentioned issues, refugees often see themselves as not suitable for the German labour market. This comes from the external information/misinformation sources, but it is also a matter of finding oneself in a substantially different economy than used to at origin countries (Fig. 3.10 Quote 4:3). Interviewees BM (Fig. 3.10 Quote 4:7) and RN mention for example many hand-workers, who end up being obsolete in a machinery-filled Germany, and AA recalls a very personal experience, where his training as a petroleum engineer is left completely unused in a small oil producer country such as Germany.

Accepting the need to change one's career path in order to partake in the labour force does not come easy, especially to those who had established professional identities back home. Acknowledging that one's existing foreign human capital is not as highly regarded as it was in the home country nor as is the local human capital (Fig. 3.10 Quotes 4:8 and 4:2), can diminish self-worth even more so, and force some to accept a lower position in the workforce hierarchy. The rigidity of the formal procedures of human capital recognition further complicate this (Fig. 3.10 Quotes 4:4 and 4:5), leading to fewer attempts to even undertake the process.

Lastly, the influence of the overall asylum policy plays a role in understanding one's position. Being labelled by the system as a 'vulnerable person' indicates to the refugee that they are placed in a sort of protection bubble, and should not really venture out from it to join the rest of the society. Even if the above mentioned mea-

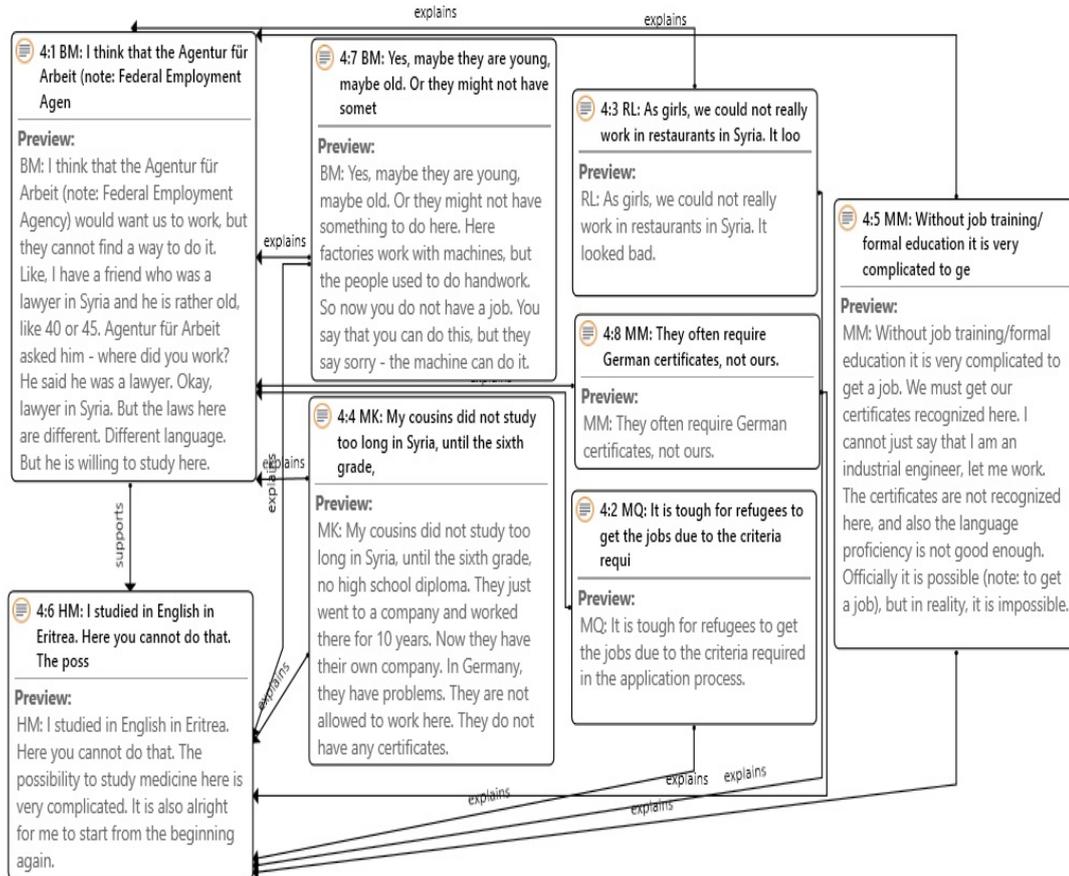


Figure 3.10: Story line 3 Internalized labour market inferiority, Atlas.ti network output of verbatim quotations with ‘Inferiority’ codes

sures to incorporate refugees into the workforce by making the recognition systems more compliant to the special needs of this group are officially in place, then in reality the understanding amongst the refugees (as well as the non-refugee respondents in this study) continues to be that refugees are in principle not allowed to work (Fig. 3.10 Quote 4:5).

3.5 Discussion

Could transformative mixed methods, in the end, improve the way we currently identify and assess refugees’ human capital? Due to the nature of this question, main criteria from social sciences [the so called ‘canons of scientific research - gener-

alizability, replication, reliability, and validity (Denzin and Lincoln, 1994)] are not accurate tools for evaluation. Instead, the two key aspects that should be taken into account when answering this question are applicability and feasibility.

The paper so far has attempted to generally demonstrate the need for knowing more about refugees' human capital, but more particularly in which ways the current system of identification and assessment is lacking. Evaluating the proposed methods from the viewpoint of applicability, it can be argued that transformative mixed methods manage to capture more of the intricacies of refugees' human capital than traditional approaches. Instead of mere assumptions about the human capital of refugees, and options for its use, a full picture of the knowledge, qualification, capabilities, and skills can be achieved. Aspects that would remain 'hidden' away due to the nature and assigned status of the refugee group, such as undocumented capabilities, soft skills, and differing formal qualifications, see the light of day when the investigator ventures beyond the formal procedures, and mere statistics. Summarizing this point with the help from Mertens (2007), 'a qualitative dimension is needed to gather community perspectives, while quantitative dimension provides the opportunity to demonstrate outcome that have credibility for community members and scholars.'

Why is it important to go about this subject matter with a transformative approach? Even though policy-makers might assume that they have taken necessary steps to encourage refugee labour market access, and facilitate the integration process leading up to that point, the lack of awareness and confusion amongst refugee and non-refugee respondents showed me that the understandings of what is important are diverging. Mertens (2013, 2011, 2007) refers to different lenses that people of privilege *versus* people of marginalization bring to the discussion about what is real (what she calls 'multiple realities' in her research). Refugees need protection due to power relations, and their unprivileged position, but not in the way ascribed by the asylum policy (by placing the refugees outside the labour market by labelling and categorizing them as vulnerable victims in need of protection). In order to get the full picture, and actually make a difference, the research should recognize inequalities and injustices in the society, and strive to challenge the status quo (Mertens, 2007). For that, one needs to know the subject group, which requires listening and trust building. Moreover, instead of making qualifications' identifica-

tion and assessment a clinical process, one could bring in a qualitative dimension to gather perspectives.

Bringing in a qualitative, and often more personalized approach is also important to what Collett and Zuleeg (2008) have described as the great challenge for policy-makers attempting to match supply and demand on the 21st century labour market. A qualitative study would address the three problem areas (sticking to stagnant categories, ignoring poor correlation between job types and educational backgrounds, and disregarding soft skills) by being more flexible and insightful than a traditional, solely quantitative study. In the special case of refugee labour market integration, allowing for more flexibility would help with the lacking documents, non-standardized occupational backgrounds and overcoming the inferiority feeling all hindering the successful transfer of refugees' human capital. If one could overcome those obstacles, the real picture of the human capital and its utilization potential might emerge, making a better matching of labour demand and supply within the asylum system a possibility.

However, it is not likely that the qualitative data collected about the human capital will get much use in practice, because it exhibits a number of weaknesses that make the applicability and feasibility of transformative mixed methods in human capital identification, and assessment questionable. First, how would one assess the skills (especially non-formalized skills), and evaluate their utilization potential without a 'measurement stick'? In this case, it can be argued that it is sufficient to just identify the skills and not give proficiency in them a score, but for many employers it might not suffice as a tool to identify the best candidate (as labour market still functions on competition).

Second, even if the aim is just to identify and not score the non-formalized skills, it stills brings about the need to become more personalized and more specific to individual potential, which means the whole process becomes very resource-intensive (and potentially subjective and/or discriminative). The administrative capabilities are already pushed to the limit due to the magnitude of the latest refugee movements. Therefore, it is unlikely that resources exist to take on an elaborate human capital identification and assessment project. It is more likely that standardized tools, to speed up the process, prevail.

Moreover, considering that we would want to remove the ‘clinical’ attitude, further time investments would be required. That is, in order to get to know the subject group, and build trust, a long-term approach has to be adopted. This, however, might create even more severe hold-ups in the process and longer backlogs, which would be counter-productive to facilitating labour market integration for refugees. And in the current day and age, anything that would extend the process is viewed in a negative light by both sides.

3.6 Conclusion

Even if in more and more states, refugees are getting *de jure* rights to employment, there exist multiple *de facto* barriers for their full integration in the labour market. This paper presented one crucial obstacle, which is the limited ability of host states to identify and assess refugees’ human capital, and a way how social science research tools, namely transformative mixed methods, could be used to alleviate this issue.

On the basis of a sample case study conducted in Germany, it was found that adopting a transformative mixed methods approach to uncovering refugees’ human capital is very applicable as it, (1) deals with the hard-to-reach nature of the refugee group, (2) gives voice to those behind the protective barriers erected by the assigned labels of ‘vulnerable victims’, and (3) goes beyond the formal recognition procedure to expose skills, capabilities, knowledge, and qualifications otherwise hidden away. At the same time, it needs to be acknowledged that such a venture is very resource-intensive, and with limited practical use, therefore, rather infeasible.

Nevertheless, in the case of available time-, personnel-, and financial resources, I would argue: (a) that embedding a qualitative approach within a traditionally quantitative study of educational and occupational characteristics of a population will bring out intricacies otherwise undetectable (such as the fluidity of working careers and multiplicity of professional lives); and (b), that using a transformative approach in refugee studies will reveal problem areas in policy fields ranging from refugee protection to qualifications’ recognition, that are not visible through the lens of the privileged policy-maker.

Int.Nr.	Pseudonym	Category	Gender	Origin	Language of interview
1	MN	refugee	male	Syria	German
2	BM	refugee	male	Syria	English
3	MD	refugee	male	Syria	German
4	ND	refugee	male	Syria	German
5	MK	refugee	male	Syria	German
6	PU	non-refugee	male	Germany	German
7	SH	refugee	male	Syria	German
8	OH	refugee	male	Syria	German
9	MH	refugee	male	Syria	English
10	MR	refugee	male	Syria	English
11	M	refugee	male	Syria	German
12	AA	refugee	male	Syria	English
13	AB	refugee	male	Syria	English
14	MS	non-refugee	female	Germany	English
15	HM	refugee	male	Eritrea	German
16	MM	refugee	male	Iran	German
17	RN	non-refugee	male	Germany	German
18	MQ	non-refugee	male	Germany	German
19	RL	refugee	female	Syria	German
20	VL	refugee	female	Syria	German
21	ML	refugee	male	Syria	German
22	MZ	non-refugee	male	Germany	English
23	D	non-refugee	male	Germany	English
24	SD	non-refugee	female	Germany	German
25	R	non-refugee	male	Germany	German

Table 3.2: Interview respondent data

CHAPTER 4

Restrictive generosity or open selfishness - welfare regimes and refugee labour market integration in comparative perspective¹

4.1 Introduction

The conflict in Syria has displaced millions of people, causing 5.5 million people to flee the country altogether (International Organization for Migration, 2017). This is just the latest instalment in a long series of instabilities around the world pushing people out of their homes, and into new host countries. According to UN statistics, in 2017 as many as 25.9 million individuals around the world were estimated to be refugees (International Organization for Migration, 2017). As return is for many increasingly unlikely, finding durable solutions for the new arrivals has become critical.

Even though lessons from history (Barslund et al., 2016; Angrist and Kugler, 2003), and much of the academic community (Aleinikoff, 2015; Zimmermann, 2014; Papademetriou, 2015) might insist on the positive impact refugees' incorporation to the labour market would bring to all parties involved, restrictions on working are still more commonplace than full access, especially directly after arrival (Wirth et al., 2014; Long, 2015). Therefore, it warrants a further examination into the determinants of policy-making on refugees' labour market integration to explain the variation amongst countries.

¹Thanks to Benjamin Beckers for consultation on the data analysis.

States' preferences on refugee policy are guided by various economic, political, cultural, and security concerns. This paper argues that the 'welfare state' combines the aggregated position that the government holds on the above-mentioned factors, and is therefore a helpful indicator to explain the grounds of decision-making. A country with a limited welfare system guided by the logic of the free market and individualism, and another with a comprehensive welfare regime based on the logic of solidarity and egalitarianism (Esping-Andersen, 1990; Scruggs, 2014; Sainsbury, 2006; Arts and Gelissen, 2002) will most likely approach policy-making towards refugees differently, thus offering explanations on the variance amongst the host states. Therefore, the first research question is *whether generous welfare states are more or less restrictive towards refugees*. Considering the possible reactionary style of policy-making in refugee issues, a second research question on *how do countries shape their refugee-specific labour policy when faced with refugee inflows* was included to account for change in policies.

On the basis of previous literature on policy-making in limited versus comprehensive welfare states, I proposed three explanations to shed some light on choice in refugee policy-making: (1) *protective welfare* that expects arguments about humanitarianism and solidarity to dominate economic considerations in refugee policies; (2) *welfare chauvinism* predicting more restrictions on refugees due to a sense of competition for scarce resources within the country; and (3) *welfare universalism* that assumes a linear relationship between generosity and openness towards refugees.

Following similar analyses (Boräng, 2015; Römer, 2017), the three explanations were tested with a panel dataset on 28 countries over three decades (1980-2014). In the field often dominated by case studies, a large-n comparative study such as this can bring new insights. Furthermore, considering that refugees are still often disregarded as potential workforce, the field of refugee-specific labour policy analysis is rather underdeveloped. By attempting to bring clarity to the underlying grounds of decision-making in regard to refugees' labour market integration, this paper hopes to contribute to both, refugee studies and comparative welfare state research.

The results tell a story of welfare universalism prevailing as an explanation of policy-making in comprehensive welfare states, welfare chauvinism being trumped by market logic in limited welfare states, and protective welfare explaining the actions of the conservative welfare regimes in the middle ground due to traditional values

upheld. Furthermore, with regard to reacting to increased inflows of refugees, the analysis shows that policy-makers in limited welfare states are most likely to do so, but not in the direction of more restrictions often proposed in the literature. It was found that the least generous welfare states (with a generosity score of around 20) are 35% more likely to reduce restrictions and opt for more open policies on refugees' labour market integration.

Considering that the majority of scholarly work (Card, 1990; Peri and Yasenov, 2017; Peri and Sparber, 2009; Constant, 2014) has found that market mechanisms manage to adequately absorb immigrants, there is no real basis for government restrictions. Barslund et al. (2016) have shown that this holds also for increased inflows of refugees. For example, previously restrictive Austria opened up its labour market as a response to rising numbers of Bosnian refugees fleeing the Yugoslav war, and witnessed a speedier convergence of the refugee and native employment rate, and lower levels of national social expenditure. Therefore, open regulations in regard to refugees' labour market integration can be seen to serve the self-interest of the host nations (Aleinikoff, 2015; Papademetriou, 2015; Zimmermann, 2014; Wirth et al., 2014; Long, 2015). This approach is, however, not easily accepted by national policy-makers, who are conditioned to treat refugees as a distinct category of temporary, vulnerable, and non-economic migrant (Zetter, 2007).

The paper is structured as follows. The first section discusses how welfare states and refugee-specific labour policy are connected (by building on the literature on welfare states, labour policy, and immigration), and proposes three explanations why limited and comprehensive welfare systems behave the way they do in regard to refugees' labour market integration. Thereafter, the research method and data are described, followed by an overview of the findings. Lastly, the discussion part summarizes the implications of the results for refugee labour market integration.

4.2 Theoretical framework

The nature of the welfare state plays a prominent part in national policy-making (Klitgaard, 2007). Whether the welfare state is limited or comprehensive (Scruggs, 2014)², and whether it follows the logic of the market and individualism (liberal

²Scruggs (2014) generosity score evaluates the scope (who receives) and level (how much he/she receives) of welfare entitlements. Limited welfare states give out low levels of benefits to an ex-

welfare state), the logic of corporatism and social hierarchies (conservative welfare state), or the logic of solidarity and egalitarianism (social-democratic welfare state) (Esping-Andersen, 1990)³, shows the aggregated position that the government holds on various economic, political, and societal factors. Therefore, the welfare state could be seen as a helpful indicator to explain the grounds of decision-making, and by this can be expected to influence what stance a country takes in regard to labour market integration for refugees. The following section will guide the empirical approach that will aim to evaluate which (if any) of the three explanations presented in the second half of the section provides the best description of policy-making. It begins with a discussion on the relation between labour, immigration, and refugee policy-making, and welfare generosity.

4.2.1 Welfare states, labour policy, and immigration

Labour policy is an inherent part of the activities of the welfare state. As dependence on wage labour grew with societies becoming more industrialised, states had to take on a new role to mitigate the ‘vulnerabilities among those with little or no labour to sell’ to maintain the labour force⁴ (Pampel and Weiss, 1983; Kerr et al., 1960 cited in Myles and Quadagno, 2002, Dragano et al., 2011; Rueda, 2015). Goodin (2001) has even sloganized Esping-Andersen’s regime types as a relation between labour and welfare: ‘work, not welfare’ for liberals, ‘welfare through work’ for corporatists, and ‘welfare and work’ for social-democrats.

Sainsbury (1999, 2006) has further explained what can be anticipated from different welfare states pertaining to labour policy. Both liberal and social-democratic systems set higher labour market participation rates as a goal. The reasoning, however, differs. In limited welfare systems guided by free market principles, all individuals are allowed (and expected) to realise their potential regardless of their initial

clusive target group, whilst comprehensive welfare states provide for everyone equally generously. The middle ground is made up of systems that offer relatively high levels of benefits to an exclusive target group (entitlements based on prior income and work tenure).

³Esping-Andersen (1990) bases his three ideal types on (1) the degree of decommodification (i.e. the degree to which a person can maintain a livelihood without reliance on the market), and (2) level of solidarity/social stratification (i.e. the level to which welfare systems differentiate between social groups). Besides Esping-Andersen, multiple other scholars have proposed classifications of welfare regimes. A summary is provided by Arts and Gelissen (2002) and Arcanjo (2006) in Figure 4.1.

⁴Either by promoting employment or by alleviating the effects of unemployment.

<p>Esping-Andersen (1990)</p> <ol style="list-style-type: none"> 1. <i>Liberal</i> Low level of decommodification; market-differentiation of welfare 2. <i>Conservative</i> Moderate level of decommodification; social benefits mainly dependent on former contributions and status 3. <i>Social-democratic</i> High level of decommodification; universal benefits and high degree of benefit equality
<p>Ferrera (1996)</p> <ol style="list-style-type: none"> 1. <i>Anglo-Saxon</i> Fairly high welfare state coverage; social assistance with a means test; mixed system of financing; highly integrated organisational framework entirely managed by a public administration 2. <i>Bismarckian</i> Strong link between work position and social entitlements; benefits proportional to income; financing through contributions; reasonably substantial social assistance benefits; insurance schemes mainly governed by unions and employer organisations 3. <i>Scandinavian</i> Social protection as a citizenship right; universal coverage; relatively generous fixed benefits for various risks; financing mainly through fiscal revenues; strong organisational integration 4. <i>Southern</i> Fragmented system of income guarantees linked to work position; generous benefits without articulated net minimum social protection; health care as a right of citizenship; particularism in payments of cash benefits and financing; financing through contributions and fiscal revenues
<p>Bonoli (1997)</p> <ol style="list-style-type: none"> 1. <i>British</i> Low % of social expenditure financed through contributions (Beveridge); low social expenditure as a % of GDP 2. <i>Continental</i> High % of social expenditure financed through contributions (Bismarck); high social expenditure as a % of GDP 3. <i>Nordic</i> Low % of social expenditure financed through contributions (Beveridge); high social expenditure as a % of GDP 4. <i>Southern</i> High % of social expenditure financed through contributions (Bismarck); low social expenditure as a % of GDP
<p>Korpi and Palme (1998)</p> <ol style="list-style-type: none"> 1. <i>Basic Security</i> Entitlements based on citizenship <i>or</i> contributions; application of the flat-rate benefit principle 2. <i>Corporatist</i> Entitlements based on occupational category <i>and</i> labour force participation; use of earnings-related benefit principle 3. <i>Encompassing</i> Entitlements based on citizenship <i>and</i> labour force participation; flat-rate and earnings-related benefit principle 4. <i>Targeted</i> Eligibility based on proven need; use of the minimum benefit principle 5. <i>Voluntary State Subsidised</i> Eligibility based on membership or contributions; flat-rate or earnings-related benefit principle

Figure 4.1: Proposed classifications of welfare regimes (Arcanjo, 2006; Arts and Gelissen, 2002)

position in the social hierarchy. As the state offers only means-tested welfare entitlements,⁵ individual effort is seen as key to personal well-being. In social-democratic countries, the state takes care of the well-being of all its constituents making it neces-

⁵Benefits assigned when income and other ‘means’ of well-being are below a certain threshold (Korpi and Palme, 1998).

sary to promote full employment to maintain the expensive system. Nevertheless, in both cases the underlying assumption is equality of opportunity (Sainsbury, 1999). Oppositely, corporatist welfare regimes, often referred to as conservative regimes, aim to preserve traditional status differentials in the society (often based on Christian values) (Esping-Andersen, 1990; Arts and Gelissen, 2002; Beblavy et al., 2011; Sainsbury, 1999) and keep those who have not contributed on the outside. The basis for receiving entitlements is work tenure and income, thus exhibiting low levels of solidarity towards anyone outside the labour market.

Moving onto the question of immigration in the welfare states framework, the clash between ‘insiders’ (who contribute and therefore are entitled to states’ assistance), and ‘outsiders’ becomes even more salient. The concept ‘welfare chauvinism’ (Banting, 2000; Bommers and Geddes, 2000; Brochmann and Hammar, 1999; Crepaz and Damron, 2009 cited in Boräng, 2015) explains this through the competition for scarce resources, i.e. the conflict arising from the sense that immigrants abuse the welfare system by using the services, whilst not paying taxes. Moreover, the supporters of this view assume that immigrants also make it tougher on the natives by depressing wages, and taking away their jobs (Faist, 1994 cited in Crepaz and Damron, 2009). Thus, welfare chauvinism presumes generally more restrictive policies towards immigrants.

It could be assumed that comprehensive welfare states would restrict rights of immigrants to protect their more expansive benefit systems (Römer, 2017), but according to Van Der Waal et al. (2013) and Crepaz and Damron (2009), welfare chauvinism is actually more commonplace in more limited (i.e. liberal and conservative) regimes. The exclusivity of the welfare entitlements’ assignment on the basis of ‘who’s deserving, and who is not’, creates hierarchies and insecurities about one’s own well-being, which in turn raises the levels of welfare chauvinism in the country (Banting, 2000 cited in Crepaz and Damron, 2009). At the same time in more comprehensive systems, generous and universal welfare entitlements that protect workers from market risks (Crepaz and Damron, 2009; Römer, 2017), and reduce income inequality (Van Der Waal et al., 2013 cited in Römer, 2017), make welfare chauvinism less prominent.

Instead of feelings of resentment, acceptance, and tolerance towards outsiders across ethnic, religious, and racial lines can be witnessed in more comprehensive

welfare states (Boräng, 2015; Crepaz and Damron, 2009; Rothstein and Uslaner, 2005). It is argued that an inherent inclusive nature (Castles, 2004) of a generous welfare state conditions them to adopt more liberal policies. This is backed by a high level of generalized trust in institutions within the society in which the government has taken the major responsibility to offer protection and security to its constituents (Rothstein, 1998 cited in Römer, 2017).

4.2.2 Welfare states and refugee-specific labour policy

Boräng (2015) argues that the conflict between immigration and welfare state suggested in the literature might be even more severe for forced migrants as they are more likely to place greater pressure on the host country's system (Hansen and Lofstrom, 2009). Therefore, policy-making on refugee entry and settlement can be expected to be thoroughly intertwined with welfare generosity. On the basis of above-mentioned logics of policy-making in limited versus comprehensive welfare states, I propose three possible explanations for potentially differing approaches to refugees' labour market integration: protective welfare, welfare chauvinism, and welfare universalism.

4.2.2.1 Protective welfare

Although included in both, the Refugee Convention (UNHCR, 1951) and the Universal Declaration of Human Rights [Article 23] (United Nations, 1948), refugees' 'right to work' comes in many shapes and forms. As shown by Wirth et al. (2014) and Long (2015), many national policy-makers have erected *de facto* barriers aiming to keep refugees from settling, and taking up employment. Often the reasoning behind such actions is 'the cause to protect'. Many scholars (Harrell-Bond, 1995; Ticktin, 2014; Fassin, 2012) refer to this as the 'humanitarian' policy agenda, which focuses on altruistic protection of those vulnerable, and successful repatriation,⁶ not successful integration, as the preferred outcome. Similarly, the comprehensive welfare state concerns itself with the commitment to protect the well-being of unfortunate individuals. Therefore, it is likely that the more comprehensive the welfare state, the less restrictive its general refugee policies (e.g. entry quotas and family reunification to provide a initial security).

⁶Not necessarily to the origin country, but to a 'safe third' one.

However, due to the assumption that refugees are vulnerable, temporary, non-economic migrants (Zetter, 2007), the quest to protect might also make the more inclusive systems more restrictive in regard to refugee-specific labour policies as a preventative measure against potential abuse on the labour market. On the contrary, in limited welfare states economic aspects are expected to dominate the humanitarian agenda, hence those countries can be expected to be less restrictive towards refugees' labour market integration, and letting the free market forces handle it instead. This explanation thus suggests that the degree of generosity of the welfare regime drives general refugee policies and refugee-specific labour policies of a country in opposite direction: while more generosity is associated with less restrictive general refugee policies, it is associated with more restrictive refugee-specific labour market policies.

4.2.2.2 Welfare chauvinism

As mentioned above, in more limited welfare states, where welfare entitlements are not universal, economic considerations often play a much larger role in policy-making than do arguments about solidarity and humanitarianism. Welfare chauvinism attempts to explain this through the notion of 'competition'. First, there is fear of direct competition on the labour market as refugees might limit job availability and depress wages (Rowthorn, 2008; Aiyar et al., 2016). Second, there is a sense of competition for benefits as refugees are expected to 'freeload' on the welfare state even more so than economic immigrants, (Sciortino and Finotelli, 2017; Aiyar et al., 2016) bringing up the feelings of resentment in cases where welfare entitlements are limited or contribution-based. As a result, Boräng (2015) shows that in countries with a lower generosity level, forced migrants face more regulatory restrictions than they do in more generous states. Therefore, welfare chauvinism hypothesis predicts that the more limited the welfare state, the more restrictive its policy-making towards refugees.

What might counter the welfare chauvinism explanation, and deter liberal, limited welfare countries from closing their labour markets to refugees, is the structural demand for immigrant workers omnipresent in Western economies. According to migration theorists (Piore, 1979; Massey et al., 1993), the existence of a dual labour

market with ‘immigrant jobs’⁷ should mitigate the sense of labour market competition that natives might feel. Furthermore, the fact that refugees experience a complicated human capital transfer irrespective of their skill level, makes them pose a limited threat to job availability for native workers as they end up instead as contenders for the immigrant jobs at the low-skill end of the labour market (Ruiz and Vargas-Silva, 2016; Ceritoglu et al., 2015). This might actually in some cases profit the native workers who have gone through ‘occupational upgrading,’ and specialized in something less labour intensive, thus becoming complementary to refugees, and experiencing a potential wage growth.⁸ Therefore, this explanation challenges the welfare chauvinism literature hypothesis about limited welfare states by predicting that with regard to refugees’ labour market integration, the policy-making will opt for less restrictions.

4.2.2.3 Welfare universalism

Lastly, research shows that the basic features of comprehensive welfare states – higher degree of social solidarity and decommodification (Esping-Andersen, 1990; Scruggs, 2014) – steer refugee policies towards more openness (Boräng, 2015). High level of inclusivity of the welfare system builds a more egalitarian state, which is more likely to welcome outsiders into the society, and onto the labour market (equality of opportunity) (Sainsbury, 1999, 2006). For example, an overall high generosity lessens economic competition between natives and immigrants, because the state administers generous universal benefits independent from any individual contribution (Römer, 2017; Angrist and Kugler, 2003). This mitigates the perceived threat arising from immigration, and eliminates the need to protect the native workforce, thus allowing for less restrictions to refugee labour market integration, and instead introducing measures to encourage such participation. By itself, this explanation thereby opposes the protection argument, and predicts that more generous welfare regimes are characterised by lower labour market restrictions for refugees.

⁷The so called ‘immigrant jobs’ are usually executed under unpleasant conditions, at low wages, with great instability and facing little chance for advancement (sometimes also referred to as DDD-jobs, dirty, dangerous, and demeaning jobs) (Massey et al., 1993).

⁸‘Immigrant jobs’ are often labour intensive, so in contrast natives move to fields in which communication and language skills, as well as culture-specific knowledge, play a bigger role and give them a comparative advantage i.e. occupational upgrading (Peri and Sparber, 2009).

Another feature common to more generous welfare states mentioned by Boräng (2015) is the high levels of generalised trust in the society, and an expectation arising from it that the state can and should ‘administer solidarity.’ In this way, the main aim of the state is to secure the well-being of all its constituents. Oppositely, it is assumed that the ‘exclusive’ nature of the more limited welfare systems will generally restrict rights of foreigners (Crepaz and Damron, 2009). Similarly to the welfare chauvinism hypothesis, this explanation thereby also predicts that more generous welfare states are characterized by less restrictive labour market policies directed at refugees.

These three explanations are tested in a 28-country sample to provide answers to the main research questions, (1) whether generous welfare states are more or less restrictive towards refugees, and (2) how countries shape their refugee-specific labour policy when faced with refugee inflows. The inclusion of ‘being faced with refugee inflows’ in the research question gives the matter some urgency, because often only when more forced migrants enter a country, the matter becomes newsworthy, and warrants a policy response. Thus, it is also those episodes in particular that allow for a more causal interpretation of the associated link, because at times of high refugee-inflows, the observed policy response is less likely driven by other socio-demographic factors (Ruiz and Vargas-Silva, 2016; Peri and Yasenov, 2017). The following chapter will describe in more detail how the variables are operationalised, and tested.

4.3 Data and research method

Countries included in this comparative study were chosen for both theoretical and practical reasons. From the theoretical side, the sample covers the most important welfare state types, as well as countries with varying experiences with refugees. This aids in identifying different behaviours, and generalizing the results later on. Furthermore, by concentrating on established democracies, a functioning immigration regulation that can be compared across countries is presupposed (Helbling et al., 2017). From the practical side, reliable comparative data on welfare generosity, and immigration policy are still rather limited, therefore similarly to other studies, this study can mostly make conclusions about OECD countries for which the data

is most complete.⁹ Thus, this unbalanced panel¹⁰ ranges from 1980 to 2014, and across 28 countries (including countries often discussed in refugee studies such as Sweden and Canada, but in addition those, which have been given little attention, like Finland and Japan).¹¹

4.3.1 Estimation strategy

Following similar analyses (Römer, 2017; Boräng, 2015), the first research question whether generous welfare states are more or less restrictive towards refugees is addressed using a panel ordinary least squares regression

$$polres_{i,t} = \alpha_i + \phi_t + \beta_1 generos_{i,t-1} + \gamma X_{i,t} + u_{i,t} \quad (4.1)$$

where $polres_{i,t}$ is the dependent policy restrictiveness score for country i in year t and $generos_{i,t-1}$ is the level of welfare generosity (or welfare regime) of country i in the previous year as shown in Tables 4.1 and 4.2. The model also includes country- and year-fixed effects (α_i and ϕ_t respectively), and further socio-economic and policy variables¹², as well as refugee inflows were included as control captured by $X_{i,t}$. Furthermore $X_{i,t}$ includes a squared generosity term to allow for possible nonlinearities in the relationship between generosity and policy restrictiveness.

The key parameter of interest is β_1 with welfare chauvinism and welfare universalism predicting $\beta_1 < 0$, and protective welfare predicting $\beta_1 > 0$ when estimating the effect on refugee-specific labour market policies. In order to answer this question, the primary sample was reduced to 21 countries for which complete data was available (specifically the original Scruggs et al. (2017) generosity score). Nevertheless,

⁹OECD countries also have comparable data available on many other indicators that can be used as controls, thus facilitating a large scale comparative analysis (Helbling et al., 2017).

¹⁰Some missing values occur due to the chosen data sources. Years 2010-2014 are missing in IMPIC dataset on absolute levels of restrictiveness, and in Scruggs' generosity index. Also, the non-OECD countries included in the DEMIG POLICY dataset were not included in any of the other datasets used, hence the sample available has come down from 45 to 28 countries. When data could be extrapolated on the basis of existing data, it was done to allow for more observations.

¹¹The full list of countries included in the study: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States.

¹²A discussion of all included control variables is provided further along this section.

the results are robust to estimating the model on an extended set of 28 countries where an extrapolated generosity score was used for all 28 countries.¹³ Additionally, a third specification was checked in which Esping-Andersen's static ideal types were used as the measure for welfare generosity.

To answer the second research question addressing how countries change their refugee-specific labour policies when faced with an increase in refugee inflows, an ordered logit model was employed. Here the change in policy restrictiveness variable $\Delta polres_{i,t}$ takes the value $\Delta polres_{i,t} = -1$ if country i lowers restrictiveness in year t , or $\Delta polres_{i,t} = 1$ if restrictiveness is increased. When no change is recorded, $\Delta polres_{i,t} = 0$. The probability of $\Delta polres_{i,t}$ taking the value $j \in \{-1, 0, 1\}$ corresponds to the probability that the estimated underlying linear function is within the range of two estimated cut points μ_{j-1} and μ_j :

$$\begin{aligned} Pr(\Delta polres_{i,t} = j) = & Pr(\mu_{j-1} < \beta_1 generos_{i,t-1} + \beta_2 refinfl_{i,t-1} \\ & + \beta_3 generos_{i,t-1} \times refinfl_{i,t-1} + \gamma X_{i,t} + u_{i,t} < \mu_j) \end{aligned} \quad (4.2)$$

where the minimum and maximum cut points are $-\infty$ and ∞ respectively. The key variable of interest is here the interaction between generosity, and refugee inflows country i experiences ($generos_{i,t-1} \times refinfl_{i,t-1}$). This interaction allows countries to respond differently to refugee inflows depending on their predetermined generosity level. Similarly to the predictions for β_1 in the level regression, β_3 is predicted to be negative when welfare chauvinism or universalism dominate, whereas β is predicted to be positive when protective welfare dominates.

4.3.2 Dependent variable

The centre of the analysis is policy that restricts or facilitates refugees' labour market integration¹⁴. As outlined above, I use two measures to capture policy¹⁵ restrictiveness: the absolute level and the change. To assess the first question asking whether

¹³As described below in subsection Independent Variables.

¹⁴Policies regulating refugees' labour market integration are the rules governing access and participation of refugees on the host's labour market (such as the general right to take up employment or become self-employed, rules concerning the recognition and transfer of foreign qualifications, and sanctions on employers for hiring refugees).

¹⁵DEMIG POLICY authors de Haas et al. (2016) and IMPIC authors Helbling et al. (2017) both define policy as the written laws, regulations, and measures.

generous welfare states are more/less restrictive towards refugees, I use the absolute level of policy restrictiveness as the dependent variable. To answer the second question on how countries respond to refugee inflows depending on their welfare regime, I employ the change in the restrictiveness.

The data for the absolute levels of policy restrictiveness come from the Immigration Policies in Comparison (IMPIC) dataset compiled by Helbling et al. (2017). It includes comparative data on 33 OECD countries over the period of 1980-2010, and differentiates between targeted immigrant groups, allowing to describe policy variation across time and space, and to bring out specifics about policies aimed at forced migrants (Figure 4.4). The DEMIG POLICY (Determinants of International Migration) dataset constructed by de Haas et al. (2016), also allows for cross-sectional (45 countries) and longitudinal (1945-2014) comparisons, and identifies forced migrants as a categorical target group of policy change, but in contrast to IMPIC, it only permits following the evolution of immigration policies (DEMIG, 2015). On average, 130 migration policy changes were recorded per country¹⁶ most of which showed an ‘accelerated liberalization’ trend in migration policy from 1945 up until the 1990s followed by a ‘decelerated liberalization’ turn (Figure 4.2). The picture for refugee policies (Figure 4.3) shows a slight larger tendency to become more restrictive suggesting the prevailing humanitarian approach towards refugees described beforehand.

The DEMIG POLICY dataset does not distinguish refugee-specific labour policies, therefore I identified the policy changes manually for the 1980-2014 period (123 observations)¹⁷. Based on this identification, I use a weighted annual restrictiveness change as my variable similarly to the authors of the DEMIG POLICY dataset (de Haas et al., 2016). This means that for each country-year observation the magnitude (coverage and degree of departure from previous policy) and the direction (less or more restrictive) of all changes that occurred during that year are combined to evaluate the relative change in restrictiveness to the previously existing regulatory

¹⁶The largest number of policy changes were recorded for Canada and France, as well as other countries with long immigration histories such as the U.S. and Australia or that play a crucial role as regional migration hub, such as Germany and Spain.

¹⁷To capture policy changes in labour policy towards immigrants, I also manually identified the instances in the DEMIG POLICY dataset. 838 observations were coded as such.

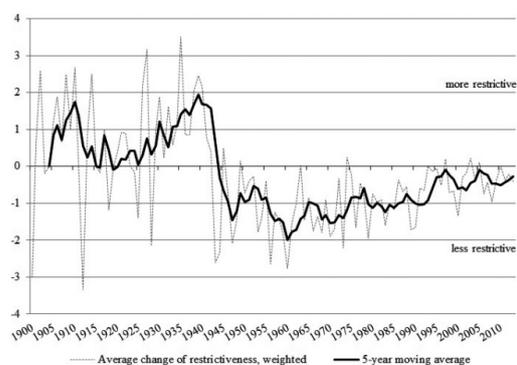


Figure 4.2: Yearly Average of Weighted Changes in Migration Policy Restrictiveness, 45 Countries, 1900–2014 (de Haas et al., 2016)

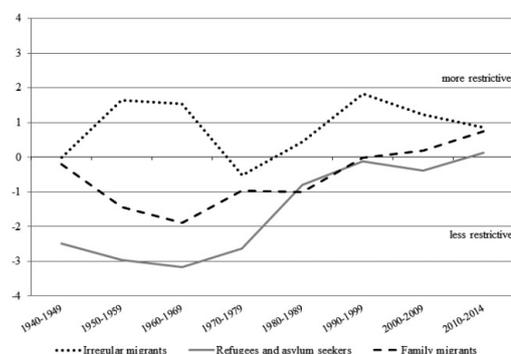


Figure 4.3: Average of Weighted Changes in Migration Policy Restrictiveness by Migrant Group for the 22 Liberal Democracies of Western Europe, North America, Australia, and New Zealand, 1940–2014 (de Haas et al., 2016)

framework.¹⁸ Due to the small number of refugee-specific labour policy changes that could be located in the DEMIG POLICY dataset, I then used identified changes in the IMPIC absolute levels of restrictiveness to build a more complete dependent variable presented on Figure 4.5. This variable takes on the values of (-1) for less restrictive change and (+1) for more restrictive change, and (0) for no change in restrictiveness or no policy change. Specifically, the variable takes the value (-1) if either the DEMIG POLICY dataset or the change in the IMPIC dataset indicates a decrease in restrictiveness, and likewise for an increase in restrictiveness (+1).

By evaluating the relative (Figure 4.5) and the absolute (Figure 4.4) levels of restrictiveness from the two datasets, this paper describes both the general approach, as well as the reactions (especially in response to refugee inflows) of policy-makers towards forced migrants, and their labour market integration. Additionally, the

¹⁸As an example: In 1992 Canada introduced a policy that prohibited working until final decision on asylum claim had come. This is coded as a policy change towards more restrictiveness (1) of high magnitude (4), giving a total score for this policy of $1 \times 4 = 4$. I then sum all policies weighted by their magnitude that a country implemented in a given year to measure the overall change in restrictiveness for the country-year pair. A negative score indicates a move towards less restrictiveness, while a positive score indicates higher restrictiveness.

overall refugee policy, general immigration policy, and labour policy towards immigrants are used as dependent variables to give a complete picture¹⁹.

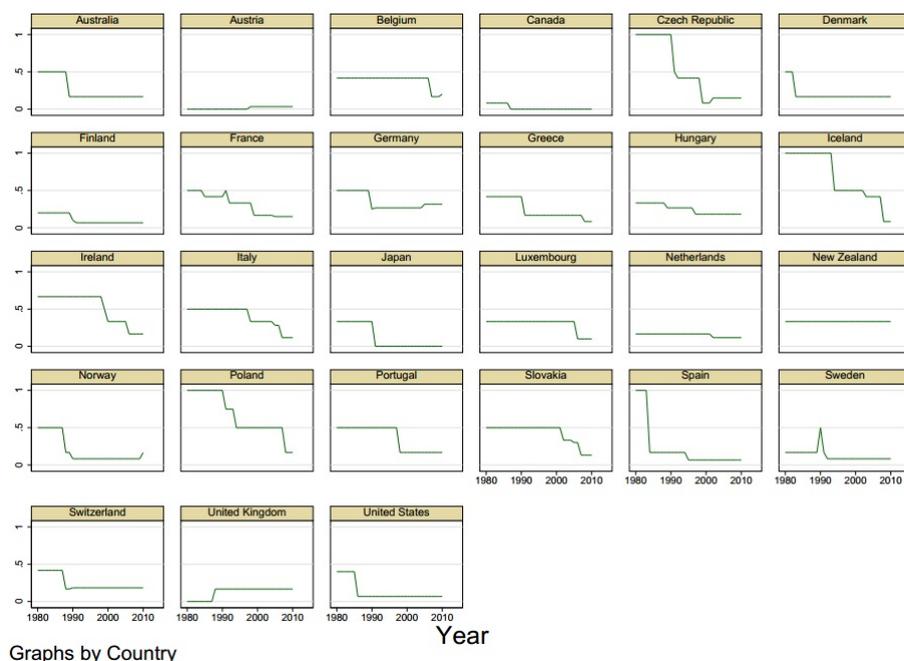
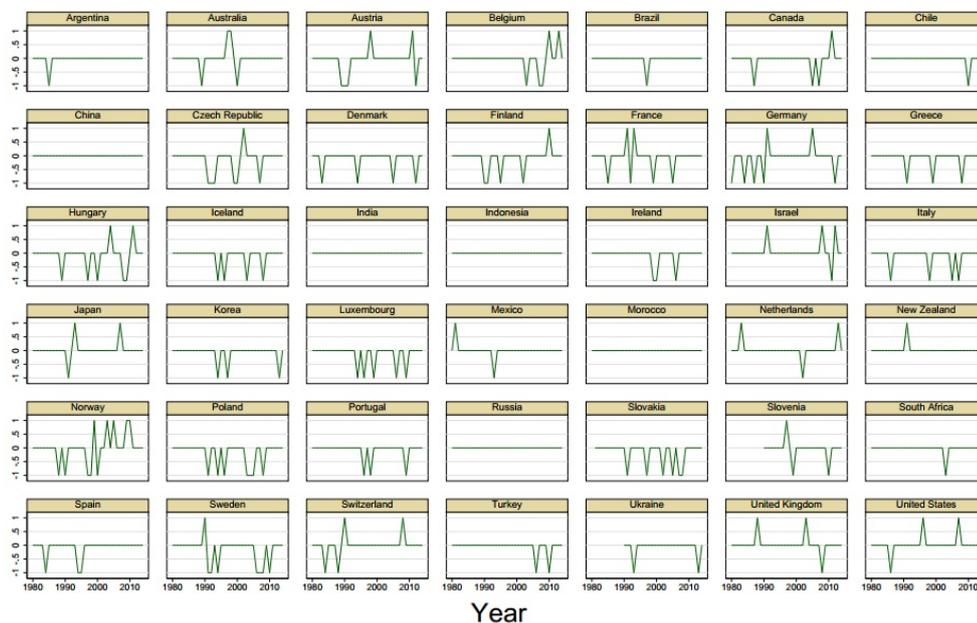


Figure 4.4: Absolute levels of refugee-specific labour policy restrictiveness between 1980-2010, scale from [0] least restrictive to [1] most restrictive and/or no refugee/asylum policy (Helbling et al., 2017)

4.3.3 Independent variables

The main measure of welfare state generosity is the total generosity index developed by Scruggs et al. (2017) that captures both the scope (who receives) and level (how much he/she receives) of welfare entitlements. The CWED dataset (Comparative Welfare Entitlements Dataset) provides a score for total generosity based on each major social insurance program (unemployment, sickness, and pensions) for 30 countries between 1980-2010. For calculating the score, replacement rates [the ratio between income out of work i.e. from welfare benefits, and some measure of the

¹⁹ Absolute levels of restrictiveness for these variables originated from IMPIC data (own calculations on the basis of items pertaining to refugee policies and labour policies, and IMPIC authors general score). Change in restrictiveness originate from DEMIG POLICY data (all own calculations). The results of those regressions are not explicitly presented in this paper, but are available upon request.



Graphs by Country

Figure 4.5: Change in refugee-specific labour policies between 1980-2014, [-1] as less restrictive, [0] as no change due to policy or no policy, and [+1] as more restrictive (own calculations)

average wage (De Giorgi and Pellizzari, 2009)], qualifying conditions, and coverage of the individual items are computed to produce a comparable annual cross-sectional score, which captures variance in generosity over time and space.

Due to the generosity score not being available for some of the countries for the entire time frame, a second measure, ‘Social expenditure as a percentage of the GDP’ (OECD, 2017 cited in Armingeon et al., 2017) is included. This is then used to extrapolate the total generosity score as per the values of the Scuggs et al. (2017) index to extend observations. Both of these variables are included in the regression with a lag of one year to assure that only refugee policies, and not welfare policies, respond to refugee inflows.

Furthermore, Esping-Andersen (1990) static measure of welfare regime was incorporated in separate regression instead of the generosity score to connect with the history of welfare state research discussed in the previous sections. Esping-Andersen’s three welfare regime types (liberal, conservative/corporatist, and social-democratic) acted as a base for Scuggs’ work, therefore it is interesting to assess the ‘new and

improved' relative to the 'old classic'. The relation between the three generosity and welfare regime indicators is shown on Figure 4.8.

4.3.4 Control variables

First and foremost, the research question dictates the inclusion of the magnitude of refugee inflows as both a control, and an independent variable in this study. The measurement of *Inflow of forced migration* is per definition of the OECD, which is the source of the data²⁰, 'the yearly number of people who obtained protection in the receiving country'. This includes both asylum seekers whose claims have been accepted, and refugees who have been resettled. To better gauge the magnitude of the inflows relative to the local populations, the variable is measured as per capita (of the previous year)(Figure 4.6 and Figure 4.7).

²⁰For missing years in the OECD for Ireland, Greece, Iceland, Slovenia, and Luxembourg data from Eurostat (2017) was additionally used. Data for New Zealand originates from their statistics office (Stats NZ Tatauranga Aotearoa, 2017).

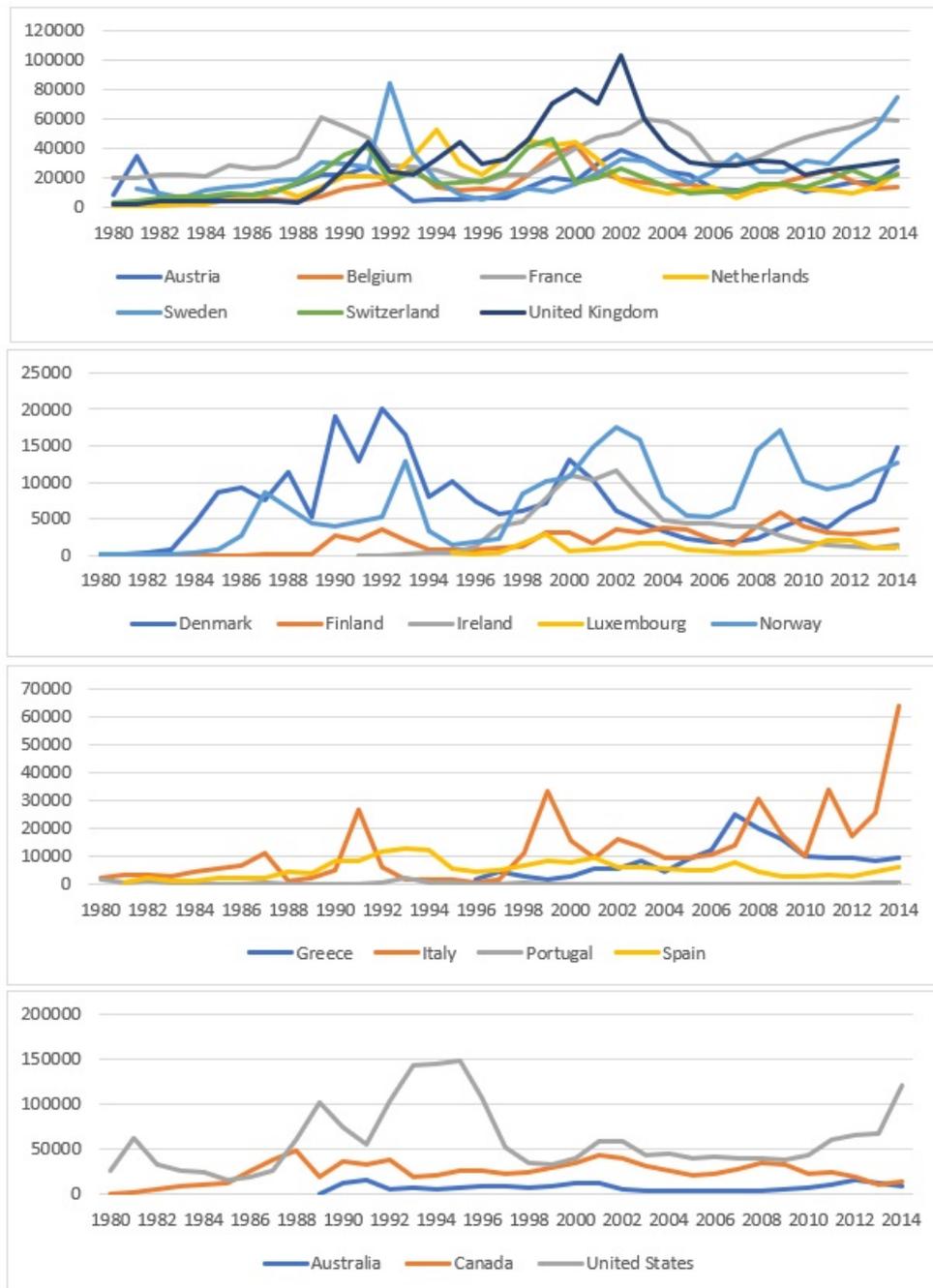


Figure 4.6: Forced migration admissions (1) (OECD, 2017; Eurostat, 2017)

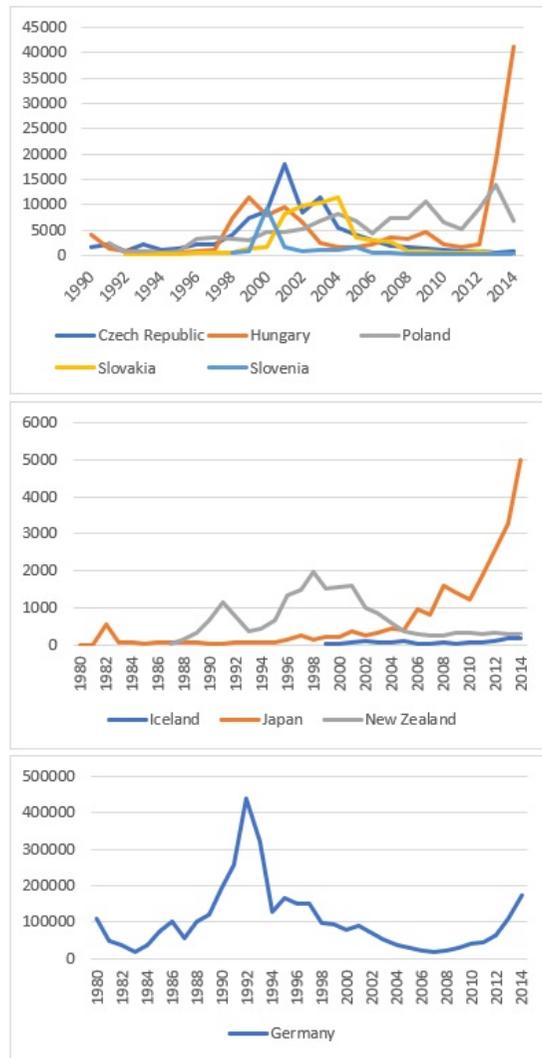


Figure 4.7: Forced migration admissions (2) (OECD, 2017; Eurostat, 2017; Stats NZ Tataurangi Aotearoa, 2017)

Country	Average score of total generosity	Average level of social expenditure	Esping-Andersen's welfare regimes
Australia	21.5	7.6	liberal
Canada	26.0	9.3	liberal
Ireland	29.6	12.3	liberal
New Zealand	21.7	11.8	liberal
United Kingdom	27.7	13.0	liberal
United States	21.2	11.3	liberal
Finland	34.2	16.3	conservative
France	37.5	17.4	conservative
Germany	34.9	16.8	conservative
Italy	27.4	16.1	conservative
Japan	24.9	9.9	conservative
Switzerland	36.3	10.8	conservative
Austria	32.5	18.4	social-democratic
Belgium	40.1	16.3	social-democratic
Denmark	36.8	17.0	social-democratic
Netherlands	37.3	14.2	social-democratic
Norway	42.0	13.7	social-democratic
Sweden	42.6	16.8	social-democratic
Greece	27.3	14.3	
Portugal	31.4	12.8	
Spain	32.6	14.4	

Figure 4.8: Generosity variables (Scruggs et al., 2017; Armingeon et al., 2017; Esping-Andersen, 1990)

Additionally, a number of factors that have been highlighted in the migration literature as impacting overall refugee, and refugee-specific labour policy have been included as control variables. Political aspects, such as *Cabinet composition* and *Prevalence of radical right parties* show the ideological direction of policy-making. It is understood that left-wing parties have been more pro-immigrant, supporting the extension of all immigrant rights (Koopmans et al., 2012; Lahav, 1997 cited in Römer, 2017, Breunig and Luedtke, 2008 cited in Boräng, 2015), whilst conservative right-wing politicians might be seen as naturally inclined to impose restrictions on (forced) migrants. Freeman and Kessler (2008) bring out an interesting reversal of this assumption in regard to labour policy towards immigrants. Namely, left-wing parties have been historically more tied to organised labour which most likely wants to protect the native workers by limiting rights to employment for any type of immigrant. At the same time, right-wing parties with their pro-business and free market attitudes are inclined to push for more openness. However, Freeman and Kessler (2008) also point out that in case of tension (such as increased levels of incoming refugees) left-wing policy-making tends to favour more openness, and right-wing more restrictions. In any case, success of radical right parties, who completely oppose giving any rights to immigrants, greatly limits the options available for mainstream left-right parties, and pushes them towards the right on immigration issues (Freeman and Kessler, 2008). Both of these variables are operationalised in the Comparative Political Dataset (CPDS) compiled by Armingeon et al. (2017).²¹ As policy-making is often cyclical in its nature (following the election cycles), *Election year* as a binary variable is marked and included with a lag, a lead, and contemporaneously in the regressions. Additionally, general characteristics of the country, such as *Membership in the EU* and *Level of democracy*²² have been added.

Beyond politics, economic factors²³ might impact policy-making in this field. General indicators of how well the economy is doing, such as *GDP per capita* and *GDP growth* are included to control for the assumption that richer countries can afford to

²¹Cabinet composition is described as a scale from 1 (hegemony of right-wing and centre parties) to 5 (hegemony of social-democratic and other left-wing parties). Prevalence of radical right is expressed as the share of votes in election for radical right parties.

²²From the Polity IV Project (Marshall et al., 2017) that classifies countries' political systems on a scale from -10 (fully autocratic) to +10 (fully democratic). In my sample, there is not much variance in this variable as all countries are fully (or close to fully) democratic.

²³Data sources are Armingeon et al. (2017); OECD (2017); International Monetary Fund (2017).

give more rights to immigrants (Koopmans and Michalowski, 2017). Furthermore, the dual labour market theory suggests that richer Western countries are dependent on low-skilled immigrant workforce, thus more lenient policies towards everyone working might be supported especially. The same applies to economies more integrated into the world economy (Koopmans and Michalowski, 2017) operationalised here through the percentage of trade of the GDP (*Openness of economy*).

Having already moved towards factors specific to labour policy-making, first *Unemployment rate* needs to be controlled for. Considering that one of the main concerns that natives have in regard to incoming people, is that they might take away their jobs, it is likely that a high unemployment rate in the country will lead to restrictions towards the newcomers. Protecting the native workforce is also expected in coordinated market economies, where organised labour (*Union coverage*) will push for restrictions on additional workforce (Freeman 2004). Nonetheless, the policy-makers might overlook these factors if they believe that in order to combat population ageing (*Population over 64 years*), and the pressure it places on the welfare state resources, foreign workers on the labour market are required. Similarly, if it is assumed that most immigrants (and especially refugees) will end up competing for the low-skilled jobs, and providing relief for industries struggling to fill those positions (dual labour market theory), it is likely that countries with more highly educated populations²⁴ are less-restrictive towards refugees working as they do not directly compete with the natives. All control variables are lagged by one year with the exception of election year dummies as described above.

4.4 Findings

Results from the regressions tell the story of welfare universalism in comprehensive, market logic in limited, and protective approach in middle ground welfare states in regard to refugee policy-making (Table 4.1 about refugee-specific labour policy, and Table 4.2 about overall refugee policy). In general, higher generosity is associated with less restrictive policies. Nevertheless, as the squared terms are significant and with an opposite sign for the coefficients, it is likely that non-linearities are at work. This can be seen from graphic presentation of the results from regressing policy

²⁴Data on education from The World Bank (2017) (enrolment levels in tertiary education). For Germany education data came from German Statistics office (Statista, 2017).

restrictiveness on the Esping-Andersen measure, which shows that the relation is actually more of an inverse U-shape (Figure 4.9 and Figure 4.10), predicting less restrictive attitudes towards refugees at both ends of the generosity scale, whilst the more restrictive attitudes appear in the middle ground. This corresponds to what has been assumed in the literature, and found in case studies (Germany for example in Harrell-Bond, 1995; Barslund et al., 2016) – conservative/corporatist welfare regimes are not really invested in integrating the incoming refugees as their preferred outcome following the traditional asylum system is repatriation. Thus, the protective welfare explanation best expresses the relation between policy-making on refugee affairs and conservative (or middle ground) welfare states.

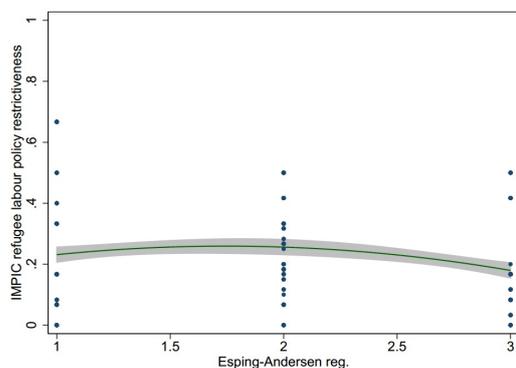


Figure 4.9: Level of restrictiveness in refugee-specific labour policy in Esping-Andersen’s welfare regimes

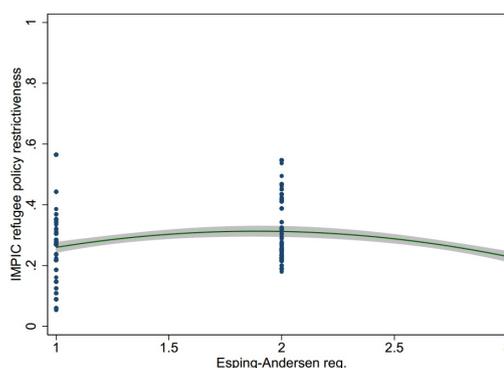


Figure 4.10: Level of restrictiveness in refugee policy in Esping-Andersen’s welfare regimes

The results also shed some light on the prevalence of humanitarian motives in refugee-specific labour policies of comprehensive welfare states. The results suggest that the general labour policy objective of full employment, and social policy goal of universalism, dominates the potential overprotection of refugees on the labour market. The coefficient is negative, sizeable, and robust over all specifications (Models 1-5 in Table 4.2), except when unionisation variable is included (Model 6 in Table 4.2). This is due to the high correlation between coordination on the labour market, and comprehensive welfare systems. Therefore, the hypothesized connection between protective policy-making in refugees’ labour market integration, and comprehensive welfare system does not find support, whilst the claim of welfare universalism guiding the policies can be witnessed.

Welfare chauvinism explanation presumes generally more restrictive policies towards immigrants due to the sense of competition for scarce resources. The results from the ordered logit regression show, however, surprisingly that limited welfare states, assumed in the literature to exhibit higher levels of welfare chauvinism due to perceived individual insecurity, ended up being less likely to turn towards restrictiveness on the labour market when faced with potential higher competition (from increased refugee inflows). The figures show the marginal probability to increase (Figure 4.11) or decrease (Figure 4.12) restrictiveness of labour market policies in response to an increase in refugee inflows, depending on the welfare generosity (x-axis). The results show that if any countries are to be expected to respond to refugee inflows by changing the policies, it is the limited welfare states, and in the direction of more openness of labour policy towards refugees. The least generous welfare states (with a generosity score of around 20) were predicted to be 35 percentage points less probable to increase restrictiveness. This finding seems to support the challenge proposed to welfare chauvinism as an explanation by market logic. Decision-making in the comprehensive welfare state seems to be less influenced by refugee inflows.

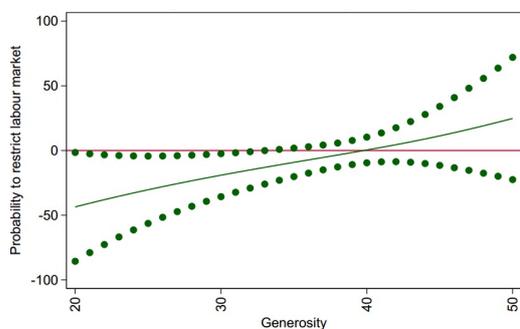


Figure 4.11: Probability to make refugee-specific labour policies more restrictive as response to refugee inflows at different levels of total generosity

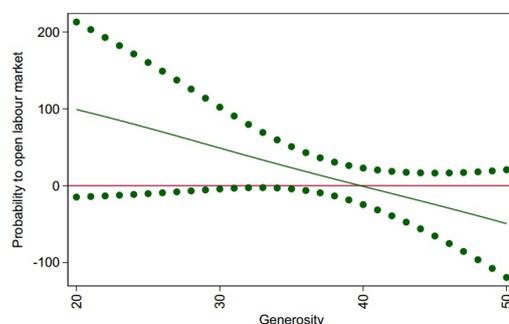


Figure 4.12: Probability to make refugee-specific labour policies less restrictive as response to refugee inflows at different levels of total generosity

Additional non-labour market control variables seemed to have less of explanatory power, and are largely not statistically significantly different from zero. Nonetheless, two of the controls stand out in presenting somewhat controversial results. Namely, membership in the European Union, and the interdependence of the national economy on world economy have been argued in the literature to cause much

of liberalization of national policies. In these findings, however, both seem to predict more restrictions towards refugees. Following Guiraudon (2000) hypothesis that national policy-makers in the field of asylum and migration moved policy-making on these matters often to the new EU ‘policy venue’ in the hope to circumvent liberal pressures and obstacles on the domestic level (so called ‘venue-shopping’), one could argue that this result is consistent with such actions. When it comes to understanding why more open economies would apply more restrictions on refugees, I turn to the core of the above-mentioned traditional international asylum system – protection. It can be argued that for countries that are so intertwined in the world economy, higher standards in regard to universal human rights and international labour rights apply (Christensen, 2017). In order to comply with the international regulatory frameworks, they then might also turn towards more protective (and therefore restrictive) policies.

The robustness of the findings were further investigated by using a 3-year and a 5-year cumulative refugee inflow variable due to the assumption that policy might not respond to a one year spike in inflows but most likely will for a sustained cumulative inflow. In all these sensitivity analyses, the ordinary least squares regression results remained robust, and statistically significant. The results were less robust to the specifications in the logit model. Although some statistically insignificant coefficients were witnessed, similar trends in the interaction between welfare generosity, policy-making, and refugee inflows could be detected. The following section will discuss the implications of the results further.

4.5 Discussion

The findings summarized in the previous section paint an interesting picture of the potential underlying causes of decision-making in regard to refugee labour market integration. First, the literature expects limited welfare states to be more restrictive towards forced (and voluntary) immigrants due to perceived competition that the newcomers pose. Welfare chauvinism has been found to be more present in countries that do not extend generous welfare entitlements all around, therefore making everyone’s position dependent on their individual economic success. Within the sample studied in this paper, on the contrary, it seems that market logic trumps welfare chauvinism as an explanation in limited welfare states. Minimal state intervention

Table 4.1: IMPIC refugee policy restrictiveness

	(1)	(2)	(3)	(4)	(5)	(6)
L.Generosity	-0.0630** (-3.31)		-0.0651*** (-5.90)	-0.0569*** (-4.45)	-0.0797*** (-5.13)	-0.0501** (-3.07)
L.Generosity sqr.	0.000766** (2.90)		0.000796*** (4.84)	0.000695*** (3.75)	0.00102*** (4.67)	0.000633** (2.75)
L.Soc. Expend.		0.00464 (0.53)	-0.0105 (-1.30)	-0.0111 (-1.27)	-0.0188 (-1.84)	-0.0201* (-2.00)
L.Soc. expend. sqr.		-0.000283 (-0.99)	0.000250 (0.92)	0.000232 (0.82)	0.000540 (1.59)	0.000672* (2.00)
L.Refugee inflow				-3.676 (-1.16)	-3.229 (-0.94)	-0.704 (-0.23)
L.Share tertiary					0.000488 (1.27)	0.000457 (1.28)
L.Unemployment					-0.00505* (-2.41)	-0.00583** (-2.80)
L.Cabinet composition					0.00286 (1.42)	0.00261 (1.42)
L.Right-wing vote					0.000585 (0.78)	0.000106 (0.15)
EU member					0.0923*** (5.42)	0.0779*** (4.92)
L.Election year					0.00132 (0.18)	-0.00207 (-0.29)
F.Election year					-0.00472 (-0.62)	-0.00699 (-0.94)
Election year					-0.00333 (-0.41)	-0.00690 (-0.89)
L.GDP per cap					-0.0131 (-0.34)	0.0840* (2.19)
L.Openness					0.000492 (0.80)	0.00269*** (3.93)
L.Unionisation						-0.000997* (-2.13)
Observations	607	627	604	551	498	489
R^2	0.714	0.591	0.717	0.676	0.681	0.677
Adjusted R^2	0.688	0.555	0.690	0.641	0.635	0.629

t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 4.2: IMPIC refugee labour policy restrictiveness

	(1)	(2)	(3)	(4)	(5)	(6)
L.Generosity	-0.0837*** (-5.26)		-0.0879*** (-5.51)	-0.0751*** (-4.08)	-0.0890*** (-4.04)	-0.0245 (-1.15)
L.Generosity sqr.	0.000996*** (4.32)		0.00107*** (4.59)	0.000907*** (3.44)	0.00113*** (3.72)	0.000313 (1.05)
L.Soc. Expend.		0.0181 (1.70)	-0.00259 (-0.26)	0.00247 (0.23)	0.00516 (0.40)	0.0168 (1.40)
L.Soc. expend. sqr.		-0.000843* (-2.46)	-0.000114 (-0.35)	-0.000302 (-0.88)	-0.000335 (-0.81)	-0.000597 (-1.57)
L.Refugee inflow				-2.862 (-0.69)	0.218 (0.05)	5.751 (1.49)
L.Share tertiary					-0.000395 (-0.76)	-0.000747 (-1.72)
L.Share elderly					-0.00788 (-1.79)	-0.0137*** (-3.39)
L.Unemployment					-0.00488 (-1.61)	-0.00358 (-1.26)
L.Cabinet composition					0.00381 (1.47)	0.00210 (0.94)
L.Right-wing vote					0.00115 (1.18)	0.00109 (1.27)
EU member					0.0919*** (4.44)	0.0726*** (4.38)
L.Election year					-0.00304 (-0.31)	-0.00698 (-0.79)
F.Election year					-0.00851 (-0.87)	-0.0113 (-1.26)
Election year					-0.00809 (-0.80)	-0.0118 (-1.32)
L.GDP per cap					-0.0192 (-0.33)	0.148* (2.55)
L.Openness					-0.0000623 (-0.07)	0.00362*** (3.92)
L.Unionisation						-0.00385*** (-6.60)
Observations	607	627	604	551	498	489
R^2	0.783	0.702	0.788	0.762	0.758	0.780
Adjusted R^2	0.763	0.675	0.767	0.736	0.722	0.746

t statistics in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

in the workings of free market, equality of opportunity with the expectation of individual effort to assure well-being, and the actual (or perceived) lack of competition from refugees all guide policy-makers to less restrictions on refugee-specific labour policies. Higher levels of generosity also lessen competition on the labour market as the state guarantees well-being for all. Similarly to prior research (Boräng, 2015), this study finds that the basic features of comprehensive welfare states – higher degree of social solidarity and decommodification – shape refugee policies towards more openness.

Thus, both ends of the generosity scale seem to welcome refugee labour market integration. The middle ground, however, does so to a lesser extent. Welfare chauvinism, as well as protective welfare might explain this pattern. In most of the countries falling into the middle, welfare entitlements are based on actual contribution, meaning the opinion of refugees ‘freeloading’ due to aid provided within the system, might build additional pressure on policy-makers to show that they are controlling the situation by imposing more restrictions. Furthermore, for many host countries belonging to this middle ground, refugees are still first and foremost temporary, vulnerable, non-economic migrants, who should be offered protection, but not integration. In summary, protective welfare seems to best explain the behaviour of middle ground conservative welfare states, welfare universalism predicts the approach of comprehensive welfare states, and market logic counters the assumed welfare chauvinism in limited welfare states pushing them towards more openness.

This study followed policy evolutions over three decades identifying certain movements described by the above-mentioned explanations, but that could also be attributed to path-dependency and policy diffusion. On the one hand, institutional inertia and history matter to choices in policies (Arts and Gelissen, 2002). In migration policy, it is likely that country’s own history with immigration plays a large role in setting the overall trend of policy processes (Koopmans and Michalowski, 2017). On the other hand, it might be possible that due to the increased transfer of ideas, knowledge and other resources, policy-makers end up developing in the direction of one of the well-known policy regimes (Fenger, 2007), and away from their own historical path. These two explanations were not tested in this study due to data limitations, but could be further investigated in a qualitative case study setting.

A further limitation arising from the data pertains to the nature of refugee-specific labour policy, and how it is recorded and measured in the datasets. First of all, policies in general, and in this field in particular, do not change too frequently (de Haas et al., 2016). When they do, then the change is usually minor, and poses a challenge for the data collectors to locate, and analysts thereafter to adequately measure. Quite often, the basic ‘right to work’ policy (changing of which would signify something close to an overhaul of the entire system) is given much more weight than the many smaller policies that could have a profound impact on refugee labour market integration (e.g. foreign qualifications recognition, special job trainings, and support for refugees, and language teaching). It would be interesting to investigate how much effort different welfare regimes put into dealing with these matters.

Despite the limitations, some implications for the welfare state and for refugee labour market integration from the results of this study can be discussed. In regard to the welfare state, the question has often times been that of whether generous welfare states will survive immigration, or whether they will diminish as a consequence of lost support from the public (Boräng, 2015). First, Crepaz and Damron (2009) argue in reference to Richard Titmuss (1968) work that ‘extensive welfare states can absorb immigrants with less groaning and moaning than residual welfare states.’ In addition, demands of the market (e.g. industries interested in immigrant labour) mean that all in all refugees’ impact on the welfare state should be rather limited, and extra government interventions unnecessary.

Moreover, in many of the societies in the sample, the population is ageing rapidly, thus, in order to sustain the welfare state, immigrants could be welcomed, and speedily integrated into the labour market (Sciortino and Finotelli, 2017). This would help in (1) mitigating the fear in the society from refugees’ undermining, and abusing the system, and (2) provide a more long-term solution to displacement than the current repatriation plan. Equal access to the labour market would help reduce the gap on entry between refugees and other immigrants/natives, and provide them with the ‘equality of opportunity,’ which is in the core of labour policy in both, limited and comprehensive welfare states. All in all, to increase the returns and limit the costs from forced migration, more flexibility in regulations is required (Angrist and Kugler, 2003).

4.6 Conclusion

Many scholars have found that market mechanisms manage to adequately absorb immigrants, thus there does not seem to be much basis for government restrictions. Nevertheless, variation can be witnessed amongst countries in their policy-making approaches towards immigrants, and refugees in particular. As refugee groups tend to exhibit much higher rates of welfare systems' participation than non-refugee groups, it can be expected that decision-making on refugee policy, and the prevailing welfare regime are thoroughly intertwined.

The findings of this study show that the relationship between welfare generosity and refugee policy restrictiveness is not clear-cut. Generosity brings with it tolerance and openness, and an all-round logic of inclusion, but it does not mean that the least generous countries are restrictive towards forced migrants. On the contrary, due to their free market reasoning, they might be as open towards refugees (especially refugees working) as the most generous welfare states. Also when faced with an increased refugee inflow, the least generous countries were found to exhibit the most welcoming attitudes by being less likely to restrict their policies. Most restrictive behaviour, on the other hand, can be encountered in the conservative countries in the middle-ground that uphold the humanitarian policy agenda inherent to the traditional asylum system. In such systems, repatriation is the preferred outcome, and policies aiming to limit refugees' settlement (such as encouraging labour market integration) are more common.

Considering previous research on poor refugee labour market outcomes due to *de facto* barriers erected by policy-makers, the higher likelihood of refugees being dependent on welfare, and the often minimal direct competition that refugees pose for the natives on the labour market, there should not be much ground for policy restrictiveness. Therefore, irrespective of the type of the welfare state, more rights, and facilitated inclusion of refugees in the workforce should be the chosen course of action.

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Ehrenwörtliche Erklärung

Ich erkläre hiermit, dass ich meine Doktorarbeit "Losing Human(itarian) Capital: Exploring Micro and Macro Determinants of Refugee Labour Market Integration" selbstständig und ohne fremde Hilfe angefertigt habe und dass ich als Koautor maßgeblich zu den weiteren Fachartikeln beigetragen habe. Alle von anderen Autoren wörtlich übernommenen Stellen, wie auch die sich an die Gedanken anderer Autoren eng anlehnenden Ausführungen der aufgeführten Beiträge wurden besonders gekennzeichnet und die Quellen nach den mir angegebenen Richtlinien zitiert.

Annika Kaabel

4. März 2018

Liste verwendeter Hilfsmittel

- Atlas.ti 8.0
- Stata 12
- Microsoft Excel
- Zotero
- L^AT_EX