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**National Center of Competence in Research –
The Migration-Mobility Nexus**

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Daniel Auer

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Language Roulette?
Refugee Placement and its Effect
on Labor Market Integration

in a nutshell #4, January 2017

Messages for Decision-Makers

Randomly assigning asylum seekers to a canton is a neutral, transparent allocation mechanism from an administrative perspective. However, it fails to consider individual characteristics.
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Asylum seekers placed in a canton where the language spoken is familiar to them have a higher chance of finding employment than those allocated to a region where the language is alien to them.
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Participation in a language course increases their chances of finding employment.
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To retain random placement yet mitigate its negative effects, federal and cantonal authorities should ensure a comprehensive provision of language courses.

What is meant by…

…random placement
Like rolling a dice, each asylum seeker has the same probability of being placed in one of the 26 Swiss cantons. The canton-specific probabilities depend on each canton's permanent population and range from 0.5% (Uri) to 17% (Zurich).

…natural experiment
In an experimental setting, two groups are compared who are identical except for one characteristic (here a language match). Normally, the assignment to the two groups is done randomly by a scientist. If, however, random assignment occurs on account of a specific policy, as is the case here, then one speaks of a quasi-experiment or a natural experiment.

Today, the labor market integration of refugees and temporarily admitted persons represents a key challenge for their destination countries, which are supposed to introduce transparent and fair placement mechanisms while, at the same time, ensuring the successful integration of the people arriving across their national borders. In Switzerland, asylum seekers are placed randomly across different cantons. While this is undoubtedly the most transparent allocation mechanism, it has significant, unintended consequences for the individuals' integration in the labor market.

In Switzerland, persons who apply for asylum are registered by the federal authorities, that is, by the State Secretariat for Migration. Generally, after entering the country, asylum seekers are assigned to one of the 26 cantons where they will have to reside until they obtain a positive asylum decision and a residence permit as a refugee. The same geographical restriction holds true for temporarily admitted persons whose asylum request has been rejected, but who cannot return to their country of origin because such a step would be impossible, inadmissible, or unreasonable.

The 26 Swiss cantons can be clustered into different language regions: German and French (the two dominant spoken languages), Italian, and Romansh (a language enclave). These regions mostly follow political borders at the cantonal level, with some bilingual rural areas and only a few bilingual cities. The crucial aspect with regard to labor market integration is placing an asylum seeker in a specific canton.

The State Secretariat for Migration allocates asylum seekers "randomly" to the cantons. The decision as to whether an asylum seeker is placed in canton A or B takes neither individual nor cantonal demands into account. The decision as to which language region they are assigned is thus also random. However, some asylum seekers have German, Italian, and particularly French language skills, or have one of these as their mother tongue. These individuals can be placed either in a canton with a familiar language (a match), or an alien local language (a mismatch).

The Effect of a Language Match
An analysis of this "natural experiment," using data from the federal unemployment registry, shows that the chances of finding a job are higher for asylum seekers who were placed in a familiar language region than for those individuals who were placed in an alien language region. After three months of job searching, the probability of entering into employment is approximately 3 % higher for asylum seekers with a language match (see black dashed line in figure 1). The difference steadily increases and reaches 14 % after two years of job searching. This effect further increases up to 20 % if language proficiency is defined more narrowly – as individuals who have one of the Swiss languages as their mother tongue (black solid line). Put differently, the unemployment rate among asylum seekers and temporarily accepted persons who speak one of the Swiss languages but were placed in a region with another language is, on average, 20 % higher than among their counterparts who were lucky enough to be placed in a region with a familiar language. Importantly, these findings already take individual differences such as gender, age, education, and regional differences within Switzerland into account.

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"While random placement may be desirable from a political perspective, not taking individual characteristics into account decreases the labor market chances of asylum seekers."
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Political Justification

Random placement might still be desirable politically. For instance, it prevents cantons with superior bargaining power in the political sphere from influencing placements and thus getting preferred asylum seekers (for example, those who are better educated). Random placement can increase diversity across all cantons and can also serve as a prevention tool against spatial segregation and ghettoization. Furthermore, cantons could introduce new immigration-related policies on their own. To avoid cantonal boycotts and to appease the public, a non-random placement mechanism would eventually have to take such specificities into account – which would render a non-random placement policy a political minefield and could thus potentially be to the detriment of vulnerable asylum seekers.
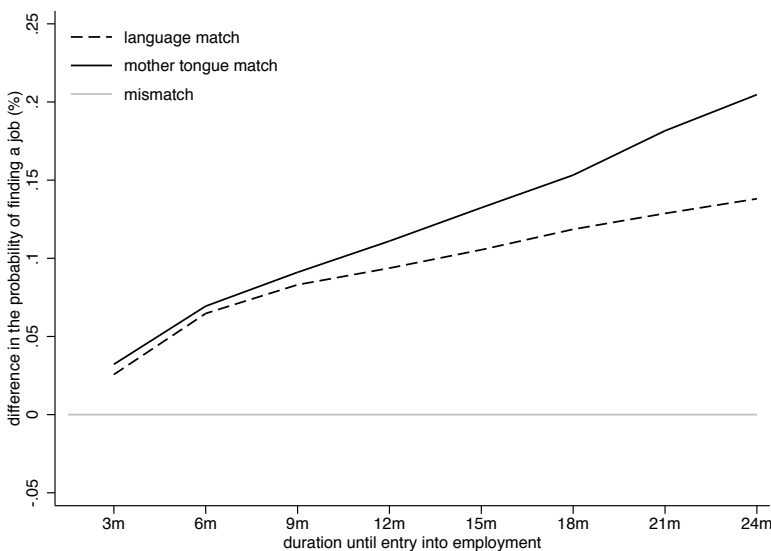
Compensation through Language Courses

Over the last decade, the Swiss authorities have gradually intensified their efforts to provide language training for immigrants. While several integration programs, including basic language training, exist especially for refugees, job centers (RAV/ORP) also offer language courses as part of their active labor market policy (ALMP).

Our analysis shows that language course participation significantly increases an asylum seeker's probability of entering the labor market. When compared with asylum seekers in an alien language region who do not participate in a corresponding language course (gray solid zero line in figure 2), all other groups have a higher probability of entering into employment. Interestingly, language course participants (black solid line) show a probability of entering into employment that is almost as high as for those asylum seekers with a general language match (gray dashed line). Only the mother-tongue subsample (black dashed line) has distinctly higher chances of finding a job. While this result might be partly explained by the "signaling effect" of course participation, rather than by a direct language proficiency effect, it is nevertheless encouraging for participating asylum seekers and policy-makers alike.

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"Language courses offset the negative consequences of random placement to a significant effect."

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Figure 1: Effect of a Language Match on Labor Market Integration

Figure 2: Impact of Participation in a Language Course on Labor Market Integration
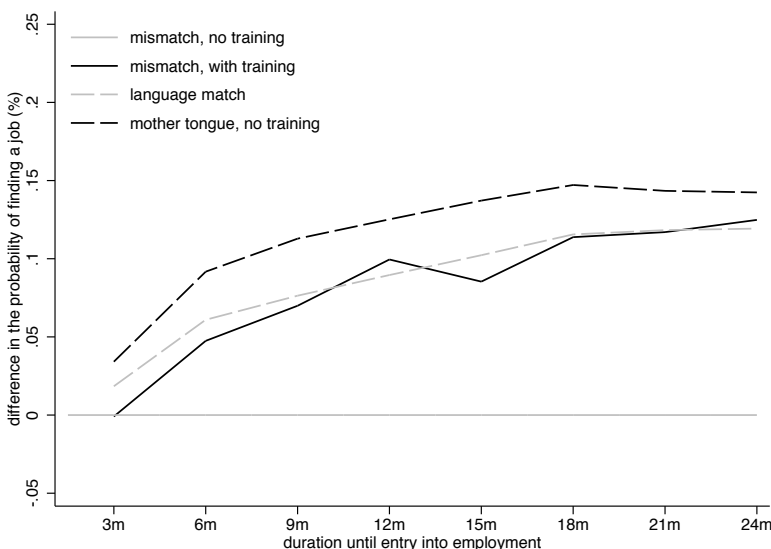
Policy Implication

To sum up, these findings provide strong evidence for the hypothesis that language proficiency is beneficial to labor market integration. At the same time, random placement might be desirable for political reasons as it is the most transparent, unambiguous mechanism. Furthermore, even in a diverse country such as Switzerland (which has four official languages), most refugees do not have any host-country language skills when they arrive. However, comprehensive language training provision seems to be able to compensate for this lack of language proficiency. It is therefore of the utmost importance that federal and cantonal efforts be intensified to ensure the provision of adequate language training for every asylum seeker.

Further reading

Auer, Daniel. "Language Roulette – The Effect of Random Placement on Refugees' Labour Market Integration". *nccr – on the move Working Paper* No. 11, 2017.

Chiswick, Barry, and Paul Miller. "International Migration and the Economics of Language". In *Handbook of the Economics of International Migration*, edited by Barry Chiswick and Paul Miller. Burlington: Elsevier Science, 2014.

Spadarotto Claudio, Maria Bieberschulte, Katharina Walker, Michael Morlok, and Andrea Oswald. *Erwerbsbeteiligung von anerkannten Flüchtlingen und vorläufig Aufgenommenen auf dem Schweizer Arbeitsmarkt*. Bern: KEK-CDC Consultants and B, S, S. on behalf of the Federal Office of Migration, 2014.

Integration through Active Labor Market Policies

A Project of "nccr – on the move"
Giuliano Bonoli, IDHEAP, University of Lausanne

For disadvantaged immigrants, it is pivotal that they master their (re)insertion into a profession in order to integrate successfully in their host country. In fact, stable and suitable jobs – in terms of educational adequacy – allow immigrants to sustain their own livelihood and simultaneously to build up a social network including contact with the native population, which is a prerequisite for successful social integration. Western countries, including Switzerland, invest considerably in measures that mitigate potential hurdles preventing access to employment for immigrants. The goal of this project is to investigate the effects of such (active) labor market policies.

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Giuliano Bonoli

Integration through Active Labor Market Policy

Contact for in a nutshell #4: Daniel Auer, doctoral student, daniel.auer@unil.ch

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