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**Do Inclusive Labor Market Access  
Regulations Increase the Employment  
Rate of Asylum Seekers?**

**in a nutshell #11, January 2019**

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## Messages for Decision-Makers

**Cantons characterized by inclusive labor market regulations have significantly higher employment rates for N status asylum seekers.**

**Asylum seekers whose native language is more closely related to that of their assigned canton of residence benefit more from an open labor market.**

**The imperative to reduce the dependence of asylum seekers on social welfare can be addressed through facilitated access to the labor market. According to existing research, there is no evidence that this would cause more refugees to seek asylum in Switzerland. However, more research is required in this area.**

### What is meant by...

#### ... employment rate

This figure indicates the number of asylum seekers who are employed as a percentage of the total number of employed and unemployed asylum seekers.

#### ... N status asylum seekers

According to the Swiss State Secretariat for Migration, these are defined as «persons who have submitted an application for asylum in Switzerland, and who are currently in the asylum process. During the asylum process, they are, in principle, entitled to reside in Switzerland. Under certain conditions, they may be permitted to work.»

**The Swiss asylum procedure requires a number of decisions by cantonal political authorities. Cantons are generally at least partially involved in the decision on how to regulate access to the labor market after the initial three-month employment ban, on how fast applications for work permits are approved, and on the extent to which any wages earned are offset against social benefits. Our research shows that these aspects of labor market access regulations significantly influence the employment rate of asylum seekers.**

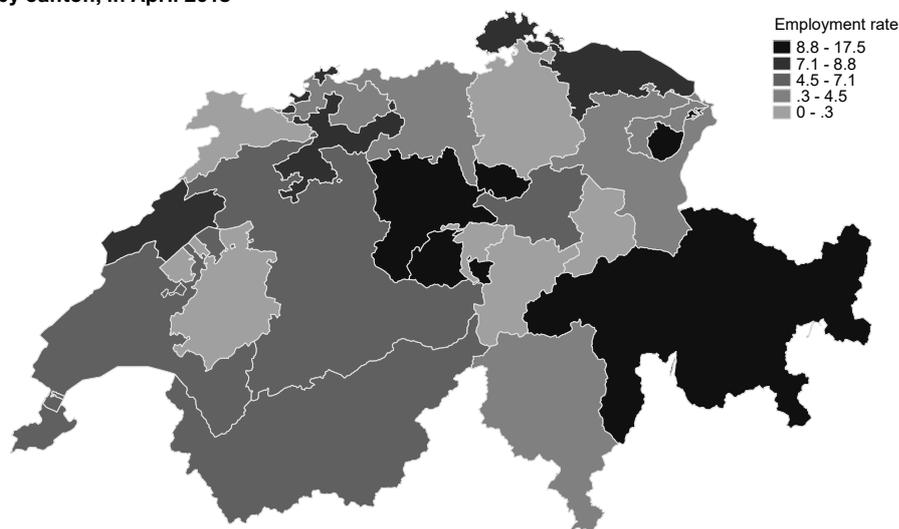
The employment rate of N status asylum seekers, i.e. those whose applications are still under consideration, varies widely among the cantons. Fig. 1 shows that the employment rates in April 2018, range from 0% in the cantons of Glarus, Jura, Nidwalden, and Uri to 17.5% and 15.2% in Graubünden and Obwalden, respectively.

**“In April 2018, the employment rate of N status asylum seekers who are employable ranged from 0% in the cantons of Glarus, Jura, Nidwalden, and Uri to 17.5% in Graubünden.”**

### Differences in Labor Market Access Impact Employment Rates

The cantons do not only differ in their employment rates but also in terms of the openness of their labor market to asylum seekers. These differences at the cantonal level are documented by a survey conducted by the Swiss Forum for Migration and Population Studies (SFM) in Neuchâtel. Using the data obtained from the SFM survey, we have studied the question of whether there is a systematic link between the openness of labor market access and the employment rates of asylum seekers, or if other factors explain the differences in employment rates. The results show that the differences in rules and regulations are systematically linked with the employment rates of asylum seekers. In cantons in which there is no extended employment ban, employment is not restricted to specific sectors, the process of issuing work permits is short and uncomplicated, and where there are no additional deductions for any income from paid work have a significantly higher

**Fig. 1: Employment rates of asylum seekers, by canton, in April 2018**



Data source: Swiss State Secretariat for Migration.

fraction of employed asylum seekers. The difference in the employment rates between the most inclusive and the most restrictive regimes was 11 percentage points. This figure refers to the year 2011, when the average Swiss employment rate for asylum seekers was 8.4 percent.

### Labor Market Regulations Cause the Discrepancy in Employment Rates

Since asylum seekers are unable to choose where they live, and during the relevant period cantons of residence were assigned on a random basis, the relationship cannot be attributed to asylum seekers with a particular level of educational qualifications preferring and moving to a particular canton within Switzerland. The statistical analysis also shows that neither the local labor market situation, nor the labor market mix account for the differences in employment rates. Furthermore, the impact of inclusive labor market access is independent of the level of social welfare benefits and the utilization of integration programs. Therefore, the structure of social welfare benefits in and of itself does not provide an explanation for the differences in employment rates. In fact, integration programs actually appear to be associated with slightly negative impacts on labor market participation. In the short term, this is to be expected, since asylum seekers who are attending an integration program cannot participate in the labor market.

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**“Neither the local labor market situation, nor the labor market mix, or the level of generosity of social welfare benefits can explain the differences in employment rates.”**  
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### Labor Market Access Boosted by Linguistic Proximity

Open labor market access is beneficial above all for asylum seekers whose native language is closer to the main language of their assigned canton. Fig. 2 shows that, with an open labor market, the employment rate of asylum seekers with relevant language skills is substantially higher. For the quartile of asylum seekers whose language is most distant to the one in their canton, there is hardly any increase in employment, even with a completely open labor market. This result confirms previous findings, such as Auer's, that linguistic proximity makes it much easier to enter the workforce. The considerable weight given to language acquisition in the 'integration agenda' recently adopted by the Swiss federal government and the cantons is therefore the correct approach, in our view.

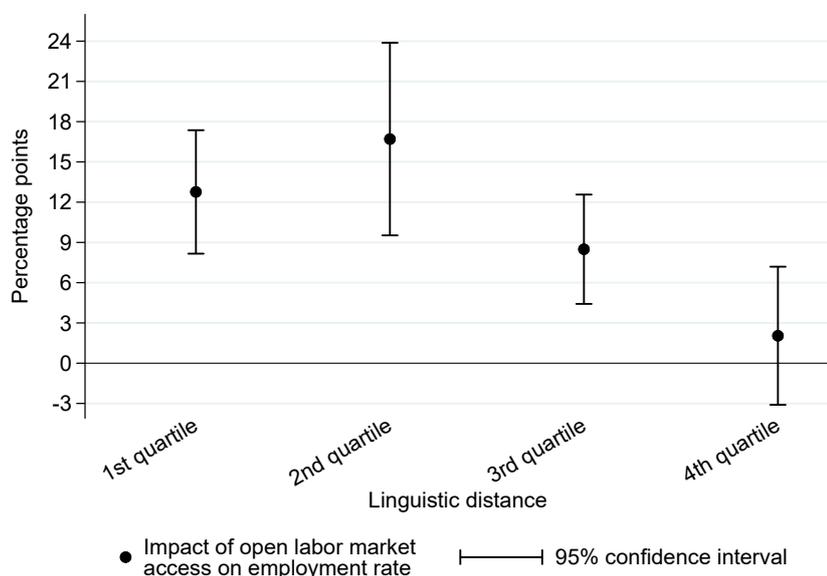
### Importance of Early Labor Market Integration

The primary insight gained from the study, however, is that low employment rates among asylum seekers are not caused solely by a lack of educational qualifications, or difficulties in having them recognized, but also by

administrative hurdles. Political decisions at the cantonal level play a significant role here, but there are also conflicting objectives, at least at the national level. On the one hand is the imperative for asylum seekers to become less dependent on social welfare, and to support themselves to a greater extent. This objective can be tackled with more open labor market access. But on the other hand there is the concern that this could attract many more asylum seekers to Switzerland. On the basis of the research to date, this is unlikely to be the case. This is, however, a point that requires more study. In our view, it is important to note that, for asylum seekers who are highly likely to be granted refugee status, delaying their entry into the labor market is an opportunity lost. We know from other studies, such as those by Hainmüller and Marbach, that early integration in the labor market has a positive impact on employment in the long term. Overall, the diversity of the federal Swiss asylum system offers an ideal setting to learn about asylum policies for the future.

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**“For asylum seekers who are highly likely to be granted refugee status, delaying their entry into the labor market is a missed opportunity.”**  
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**Fig. 2: Impact of an open labor market on the employment rate of asylum seekers, taking account of linguistic proximity to their assigned canton**



Remarks: Average impacts in the years 2011–2014. For linguistic proximity of asylum seekers to the host canton, there was a division into four equal groups, with asylum seekers in the fourth quartile having the greatest linguistic distance. Examples: Asylum seekers from countries with a relatively low linguistic distance from the main language in their canton of residence (1st quartile) have an employment rate that is 12 percent higher with an open labor market. Asylum seekers from countries whose language is substantially different from the language in the canton of residence (4th quartile) do not have higher employment rates in cantons with an open labor market.

## Further Reading

Auer, Daniel. "Language Roulette – the Effect of Random Placement on Refugees' Labour Market Integration". *Journal of Ethnic and Migration Studies* 44, no 3 (2018): 341-62.

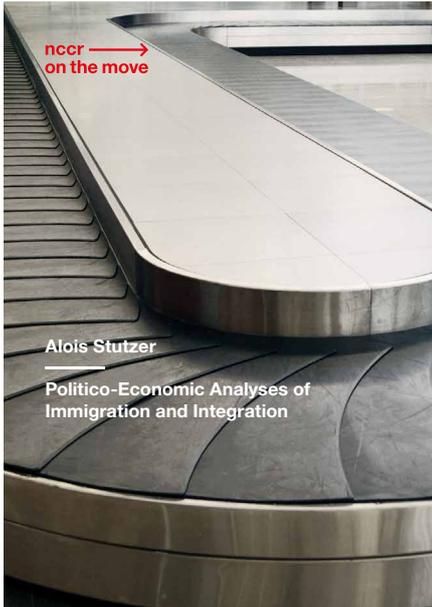
Hainmueller, Jens, Dominik Hangartner, and Duncan Lawrence. "When Lives Are Put on Hold: Lengthy Asylum Processes Decrease Employment among Refugees". *Science Advances* 2, no. 8 (2016).

Hatton, Timothy J. "Refugees and Asylum Seekers, the Crisis in Europe and the Future of Policy". *Economic Policy* 32, no. 91 (2017): 447-496.

Marbach, Moritz, Jens Hainmueller, and Dominik Hangartner. "The long-term impact of employment bans on the economic integration of refugees". *Science Advance* 4, no 9 (2018).

Slotwinski, Michaela, Alois Stutzer, and Roman Uhlig. "Are Asylum Seekers More Likely to Work with More Inclusive Labor Market Access Regulations?" *WWZ Discussion Paper*, no. 2018/08 (2018).

Wichmann, Nicole, Michael Hermann, Gianni D'Amato, Denise Efonayi-Mäder, Rosita Fibbi, Joanna Menet und Didier Ruedin. "Gestaltungsspielräume im Föderalismus: Die Migrationspolitik in den Kantonen". Bern: Eidgenössische Kommission für Migrationsfragen EKM, 2011.



## Politico-Economic Analyses of Immigration and Integration

### A project of the "nccr – on the move" Alois Stutzer, University of Basel

Many governments face the challenge of designing policies that catalyze the integration of immigrants and sustain the social cohesion of host communities. In our project, we address two broad questions: To what extent do open labor market access regulations as well as immigrant voting rights foster economic and political integration? And how are the presence of asylum seekers, and immigrants in general, attitudes towards them and policy preferences interlinked?

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The nccr – on the move is the National Center of Competence in Research (NCCR) for migration and mobility studies and aims to enhance the understanding of contemporary phenomena related to migration and mobility in Switzerland and beyond. Connecting disciplines, the NCCR brings together research from the social sciences, economics and law. Managed from the University of Neuchâtel, the network comprises fourteen research projects at ten universities in Switzerland: The Universities of Basel, Geneva, Lausanne, Lucerne, Neuchâtel, Zurich, ETH Zurich, the Graduate Institute Geneva, the University of Applied Sciences and Arts of Western Switzerland, and the University of Applied Sciences and Arts of Northwestern Switzerland.

"in a nutshell" provides answers to current questions on migration and mobility – based on research findings, which have been elaborated within the nccr – on the move. The authors assume responsibility for their analyses and arguments.

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