

Immigration History, Entry Jobs and the Labor Market Integration of Immigrants

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Starting point: large literature on

- ethnic **segregation/networks** in the labor market
- labor market **integration** of immigrants

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Networks likely affect integration

- + helps finding a job
- risk of getting stuck in an "ethnic segment" of the labor market

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- **host country's immigration history may shape integration patterns**
 - ▶ is it harder to find a job when there are less previous immigrants?
 - ▶ do labor markets and integration processes "mature" over time?

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 - ▶ do labor markets and integration processes "mature" over time?

Hard to evaluate these hypotheses, because we know little about

- details of how immigrants enter the labor market
- variation in integration processes across labor markets and immigrant groups

This paper

Documents immigrants' labor market entry in Finland and Sweden

- similar formal labor market institutions, different immigration histories
- fully comparable population wide employer-employee data

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Key results

- substantial and increasing establishment-level own-group segregation
- systematic variation by region of origin
- entry job characteristics predict later outcomes
- patterns very similar in Finland and Sweden

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Consistent with ethnic networks being a fundamental part of labor market

- networks and segregation emerge quickly in new immigration countries
- immigration history playing a limited role in integration

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We stress that "consistent with" \neq "definite evidence"

- this is a fully descriptive paper
- hard to think of clean research designs for this question

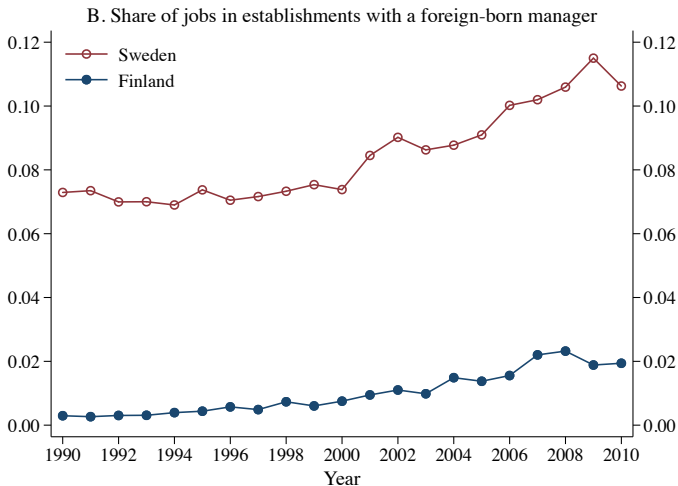
Similar countries along many dimensions

- Finland part of Sweden until 1808 → similar institutions
- similar GDP, wage dispersion, unionization, welfare system

... but differ starkly in post-WWII immigration history

- Sweden: substantial labor immigration from 1950s, refugees from the 1980s
- Finland: emigration, strongly restricted immigration until 1990s

Finland vs. Sweden: Jobs Controlled by Immigrants



Similar patterns for **population share of immigrants** and **exposure to immigrant colleagues**

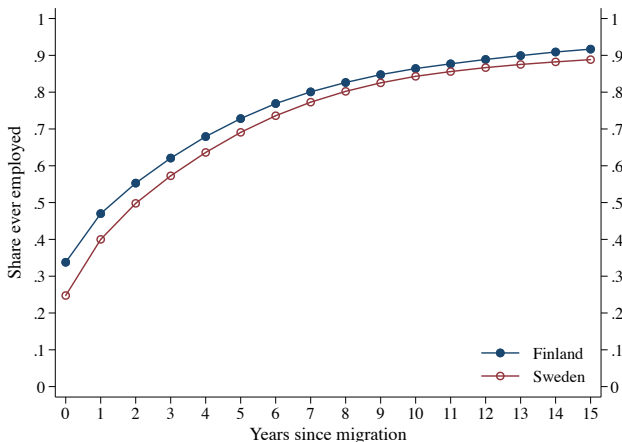
Longitudinal, population-wide, employer-employee datasets

- Finnish Longitudinal Employer-Employee Data (FLEED)
- IFAU database (compiled by Statistics Sweden)
- cover years 1990–2010

Restrictions and observations

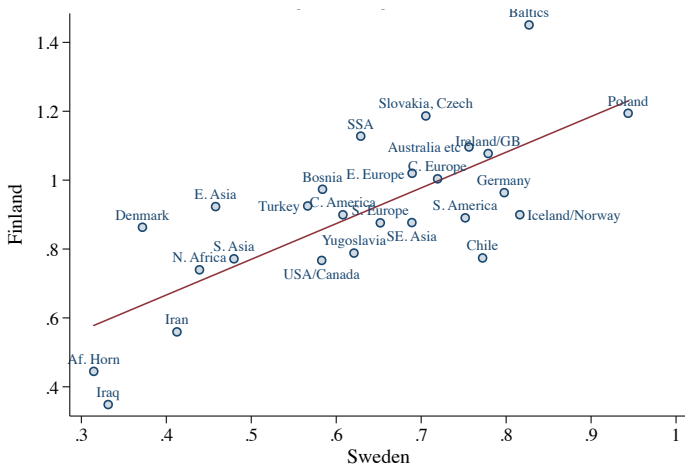
- 18–60 years old at immigration and observation
- immigrate between 1990–2010
- Finland: 155,116 immigrants (86,807 observed in employment)
- Sweden: 742,012 immigrants (367,471 observed in employment)

Getting a Job: Share Ever Employed by Years Since Arrival



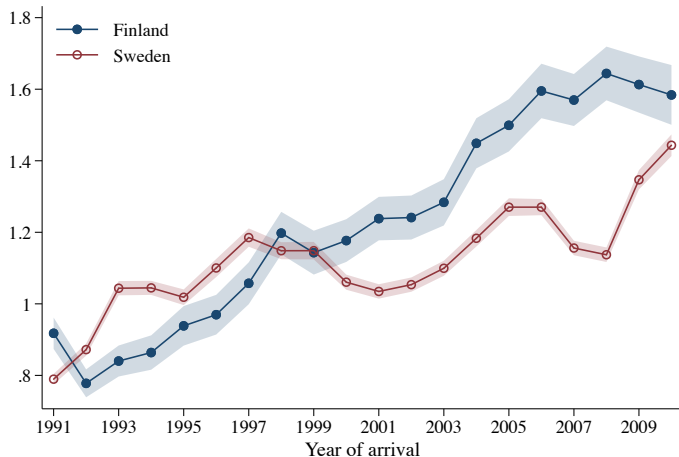
Next: Cox regressions for time to entry using gender, age, family-status, education, region of origin and year of entry as covariates

Time to First Job: Hazard Ratios for Region of Origin FEs



Controlling for gender, age, family-status, education, year of entry

Time to First Job: Hazard Ratios for Year of Arrival FEs



Controlling for gender, age, family-status, education, region of origin

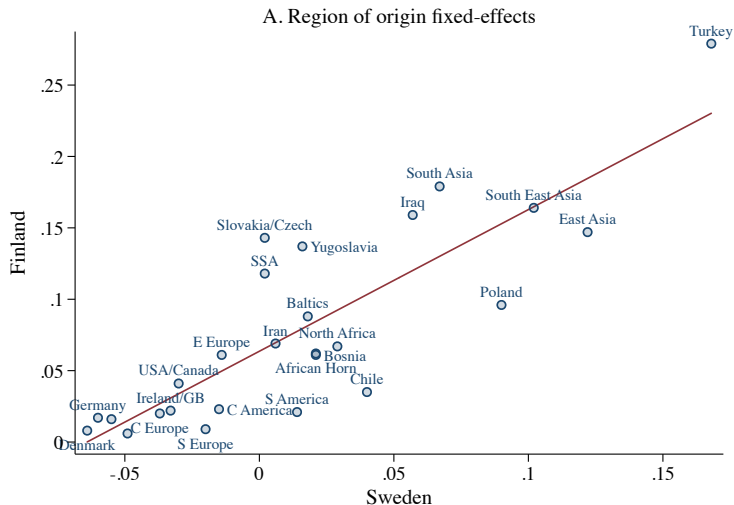
Entry Job Characteristics: Coworkers and Managers

	Finland	Sweden
<i>Coworker immigrant share</i>		
Observed	0.211	0.354
Expected	0.021	0.111
<i>Immigrant manager</i>		
Observed	0.130	0.280
Expected	0.018	0.103

Entry Job Characteristics: Coworkers and Managers

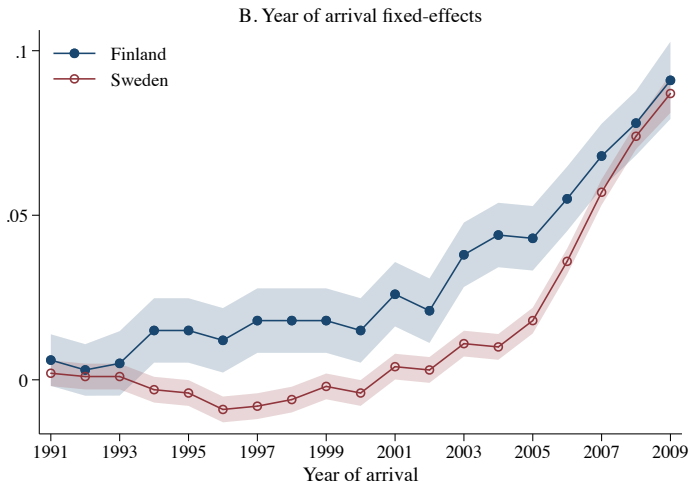
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<i>Coworker same-origin share</i>		
Observed	0.111	0.111
Expected	0.003	0.005
<i>Same-origin manager</i>		
Observed	0.077	0.092
Expected	0.002	0.005
Observations	86,807	367,471

Coworker Same-Origin Share by Region of Origin



Regression coefficients, controlling for gender, age, family-status, education, year of arrival, local labor market population shares of immigrant and immigrants from the same region of origin, local unemployment rate and time to first job.

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Entry Earnings and Entry Job Characteristics

	Finland		Sweden	
	coef.	se.	coef.	se.
<i>A: Coworkers born in the same origin region (%)</i>				
0	omitted		omitted	
0-5	1.12	(0.18)	1.31	(0.09)
5-10	0.61	(0.18)	1.04	(0.11)
10-50	0.53	(0.15)	0.43	(0.08)
50-90	-1.16	(0.22)	-1.45	(0.13)
90-100	0.18	(0.34)	-1.70	(0.18)
<i>B: Coworkers born in other foreign regions (%)</i>				
0	omitted		omitted	
0-5	-0.06	(0.19)	0.11	(0.17)
5-10	0.04	(0.20)	1.59	(0.15)
10-50	0.27	(0.17)	0.40	(0.10)
50-90	-0.57	(0.23)	0.13	(0.11)
90-100	-1.79	(0.45)	-0.11	(0.21)
<i>C: Manager's origin</i>				
Native	omitted		omitted	
Own imm. group	2.56	(0.27)	3.55	(0.16)
Other imm. group	1.32	(0.27)	2.41	(0.09)
Obs.	86,807		367,471	

Regressing entry earnings on entry job characteristics. Also controlling for observed characteristics measured at arrival (gender, age, family status, LLM population composition and unemployment), establishment size (9 categories), region of origin and year of arrival fixed-effects. The outcome is defined as annual earnings (in thousand 2010 euros) during the first full calendar year after first employment.

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Entry Job Characteristics and Later Earnings

	Finland		Sweden	
	coef.	se.	coef.	se.
<i>A: Coworkers born in the same origin region (%)</i>				
0	omitted		omitted	
0-5	0.77	(0.28)	0.73	(0.12)
5-10	0.28	(0.32)	-0.27	(0.13)
10-50	-0.33	(0.27)	-0.62	(0.12)
50-90	-1.90	(0.47)	-1.70	(0.20)
90-100	-0.68	(0.62)	-2.17	(0.28)
<i>B: Coworkers born in other foreign regions (%)</i>				
0	omitted		omitted	
0-5	0.55	(0.28)	1.21	(0.24)
5-10	0.63	(0.31)	2.03	(0.19)
10-50	0.15	(0.26)	0.07	(0.14)
50-90	0.45	(0.45)	-0.52	(0.17)
90-100	-1.24	(1.69)	-1.58	(0.26)
<i>C: Manager's origin</i>				
Native	omitted		omitted	
Own imm. group	1.21	(0.48)	1.05	(0.21)
Other imm. group	0.92	(0.44)	1.30	(0.11)
Obs.	45,731		211,924	

Regressing earnings five years after entry on entry job characteristics. Also controlling for observed characteristics measured at arrival (gender, age, family status, LLM population composition and unemployment), establishment size (9 categories), region of origin and year of arrival fixed-effects. The outcome is defined as annual earnings (including zeros, thousand 2010 euros) five years after first employment.

Entry Job Characteristics and Job Stability

	Length of the first employment spell (months)				Months employed in the first six years after entry			
	Finland		Sweden		Finland		Sweden	
	coef.	se.	coef.	se.	coef.	se.	coef.	se.
<i>A: Coworkers born in the same origin region (%)</i>								
0	omitted		omitted		omitted		omitted	
0-5	2.16	(0.27)	1.69	(0.14)	1.83	(0.28)	0.43	(0.13)
5-10	2.59	(0.38)	2.30	(0.17)	1.89	(0.40)	-0.10	(0.17)
10-50	1.21	(0.32)	1.49	(0.15)	-0.22	(0.35)	-1.15	(0.15)
50-90	1.06	(0.55)	0.26	(0.23)	-1.01	(0.60)	-2.34	(0.26)
90-100	2.31	(0.73)	1.76	(0.37)	0.90	(0.75)	-0.63	(0.38)
<i>B: Coworkers born in other foreign regions (%)</i>								
0	omitted		omitted		omitted		omitted	
0-5	-0.32	(0.29)	-0.59	(0.27)	-0.20	(0.31)	-0.09	(0.24)
5-10	-0.24	(0.32)	-0.02	(0.22)	0.42	(0.35)	0.32	(0.20)
10-50	0.13	(0.29)	0.13	(0.18)	0.97	(0.31)	-0.08	(0.17)
50-90	-0.59	(0.51)	-0.99	(0.21)	0.76	(0.60)	-0.99	(0.21)
90-100	-2.34	(0.87)	-0.07	(0.35)	-0.83	(1.14)	-1.14	(0.38)
<i>C: Manager's origin</i>								
Native	omitted		omitted		omitted		omitted	
Same origin	2.64	(0.50)	2.43	(0.20)	1.79	(0.52)	2.19	(0.21)
Other foreign origin	-0.30	(0.43)	0.94	(0.12)	0.56	(0.49)	1.38	(0.12)
Obs.	45,731		211,924		45,731		211,924	
Mean outcome	16.3		21.2		3.3		3.2	

Key findings

- pervasive ethnic segregation in entry jobs
- entry job characteristics predict earnings and job stability
- patterns very similar in Finland and Sweden

Suggests host country's immigration history has a limited role in integration

- fully descriptive, unlikely a clean research design exists
- descriptive work on other countries likely the best way forward

Appendix

Segregation by immigrant background (descriptive)

- Bayard et al. (1999), Aydemir and Skuterud (2008), Hellerstein and Neumark (2008), Åslund and Skans (2010), Andersson et al. (2014), Glitz (2014), Tomaskovic-Devey, Hällsten, and Avent-Holt (2015)

Impact of ethnic networks

- Munshi (2003), Edin, Fredriksson, and Åslund (2003), Colussi (2015), Dustmann, Glitz, Schöberg, Brücker (2016)

Examples of other work on the importance of networks in the labor market

- Cingano and Rosolia (2012), Kramarz and Skans (2014), Burks et al. (2015), Hensvik and Skans (2016), Brown, Setren, and Topa (2016), and Barr, Bojilov, and Munasinghe (2016)

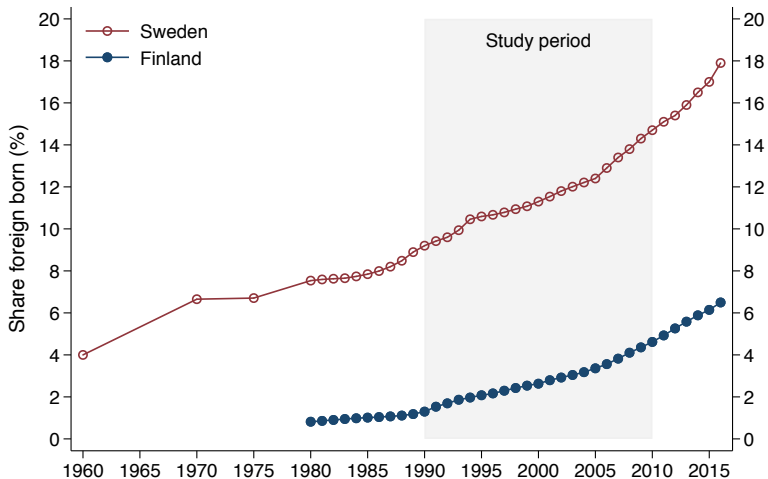
Huge literature starting with Chiswick (1978) and Borjas (1985)

- Google Scholar searches (December 13, 2018)
 - ▶ "labor market integration" AND immigrants → 467,000 hits
 - ▶ "earnings assimilation" AND immigrants → 988 hits
- Recent examples
 - ▶ overviews: Kerr and Kerr (2011), Borjas (2014) and Duleep (2015)
 - ▶ US: Card (2005), Lubotsky (2007) and Borjas (2015)
 - ▶ Sweden: Åslund, Forslund, and Liljeberg (2017)
 - ▶ Finland: Sarvimäki (2011, 2017)
 - ▶ Norway: Bratsberg, Raaum, and Roed (2017)
 - ▶ Spain: Izquierdo, Lacuesta, and Vegas (2009) for Spain

However, limited work on

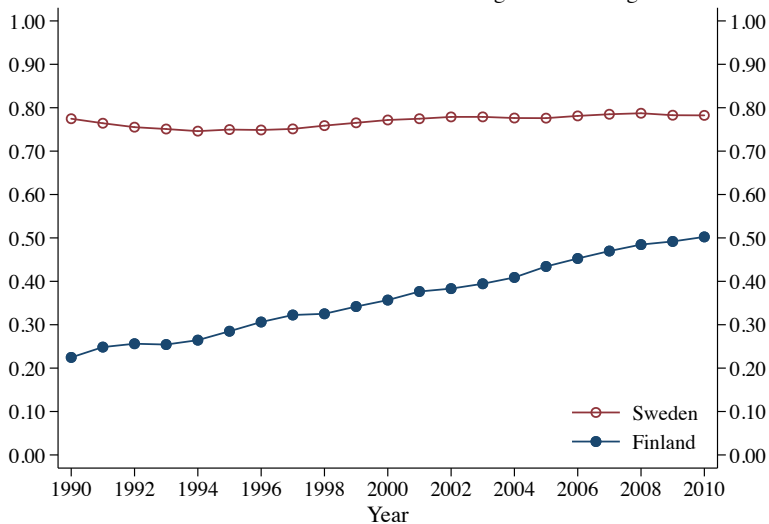
- cross-country comparisons using identical data and methods
 - ▶ Antecol, Kuhn, Trejo (2006) for Australia, Canada, US
 - ▶ Algan, Dustmann, Gritz, Manning (2010) for the UK, France and Germany

Foreign-Born Population Share



Exposure to Foreign-Born Colleagues

A. Share of natives with at least one foreign-born colleague



Immigrant Colleagues at Entry Job

A. Coworker immigrant share at first job

