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Fast track to employment? How asylum process durations affect labour market outcomes

Evidence from Austrian social insurance registers

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Motivation

Topic / aim

- Refugees as a specific yet heterogeneous group of immigrants
- Lengthy proceedings are a fundamental rights concern because of legal uncertainty ("limbo": lives put on hold)
- Scant empirical evidence about process duration and subsequent labour market prospects
- The aim is to
 - utilise comprehensive register data to provide longitudinal evidence on employment among recent refugees with work permit
 - accounting for origin country, year of LM access, education, occupation,...



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Background

A short history ...

- Austria is a long-standing immigration country
- Several refugee waves since WWII:
 - 1956/57: up to 200,000 Hungarians
 - 1968/69: about 160,000 Czechs and Slovaks fled via Austria
 - 1981/82: more than 120,000 refugees from Poland
 - 1990ies: collapse of Eastern Bloc and the wars in Former Yugoslavia (among them about 90,000 Bosnians found refuge)
 - 2000s: increasingly diverse and remote source countries: Afghanistan, Chechnya, Iraq, ...



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Background

Legal framework in AT

- During application proceedings, asylum seekers in need are entitled to basic care (housing, food, health insurance)
- Very limited access to employment
 - No work permit during the first 3 months ...
 - ... then only for seasonal work in agriculture and tourism (only if no one else is available), self-employment
 - As a result, employment among asylum seekers is low (f: 0.5%, m: 3%)
- Acquisition of work experience and job skills possible through community work to the public benefit (minor wage jobs)

What do we know?

- Netherlands: Bakker et al. (2014) find no independent effect of waiting time
- Switzerland: Hainmueller et al. (2016) find that longer processes decrease employment probability
- Denmark: Hvidtfeldt et al. (2018) find no / positive effect of waiting time once the pure “delay effect” is accounted for
- Germany: timely procedures encourage refugees’ integration process (Kosyakova and Brenzel, WP 2019)

Theory I: Detriment hypothesis

Barriers to structural integration increase with time out of LF

- Skills devaluation due to inactivity (economic theory)
- Depression, disempowerment, stress (psychological), associated with hardships and continuous uncertainty

Times of inactivity reduce employability and thus lengthy proceedings are detrimental to employment outcomes

Theory II: Adaptation-hypothesis

Refugees, especially those from far away countries with different employment systems and industrial relations **need time to**

- get used to the values and beliefs of social functioning, that influence social relations and expected behaviours on the LM
- adapt to the skill demands in cases of **initial skill mismatches**, learn the language (script)

Psychological and/or physical harm are there in the first place (suffered during war and/or migration), which requires treatment or at least time to cope with

Data

- Social security records matched with PES data
 - Compulsory insurance of asylum seekers recorded from 01/2001 on
 - ends with final decision (or shortly after) = t_0
 - 20-54 year old refugees with a positive decision between 2008-17 (=LM access) and observe them until 12/2018 (1 – 11 years follow-up)
 - from 30 most frequent origin countries
- N = 56,041 obs. (18,731 females, 37,310 males)



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Data, measures and methods

Several outcomes/methods

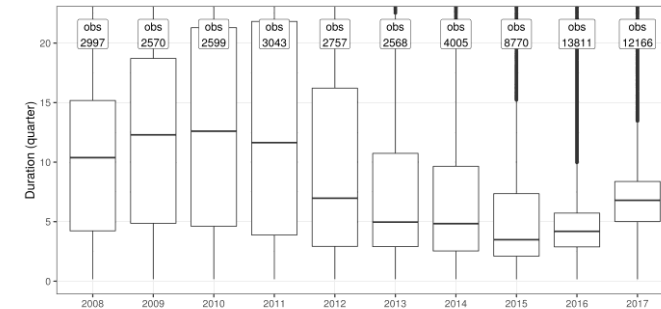
- **Transitive:** time to recurrent employment spells (>90d, Kaplan-Meier, Cox proportional hazards)
- **Status quo:** Employed at $t + x$ month/years (logit)
- **Constancy:** yearly days in employment (year 1-5, lm)
- **Quality:** Yearly earnings from paid work (year 1-5, lm)

...regressed on **length** (quintiles, polynomial numeric, to account for pot. non-linearity), a bunch of controls and country/year FE



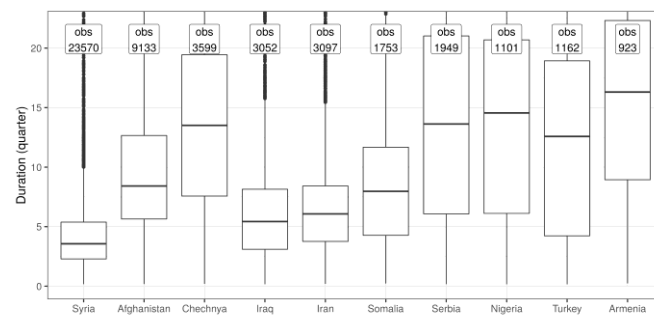
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Descriptives: process duration by year of LM access



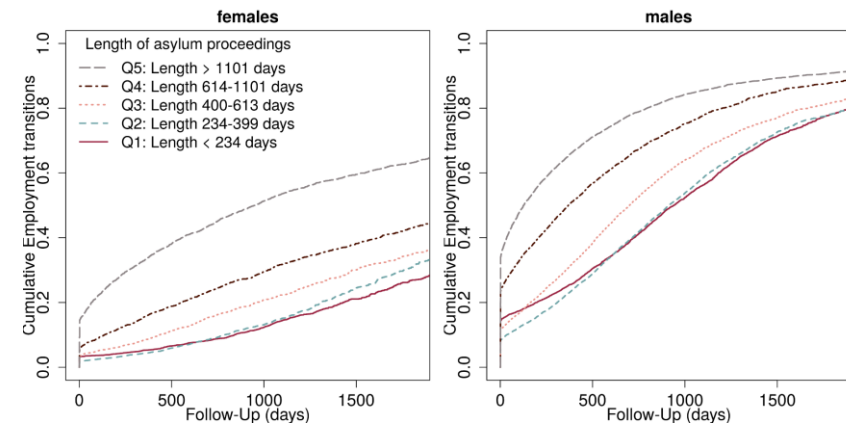
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Descriptives: process duration by origin country



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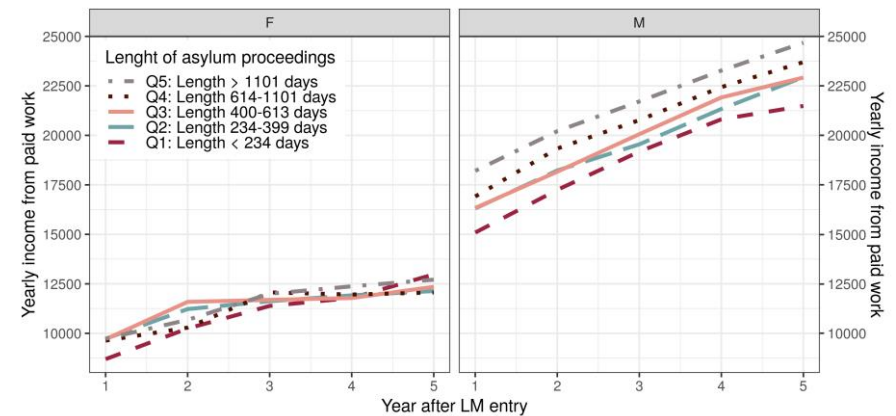
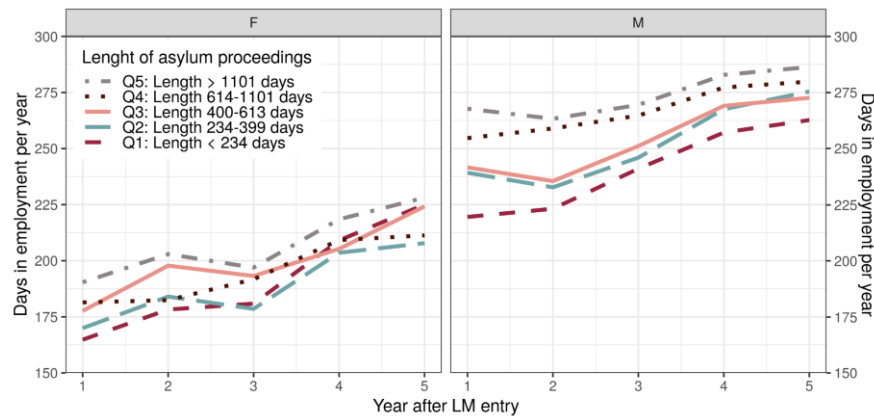
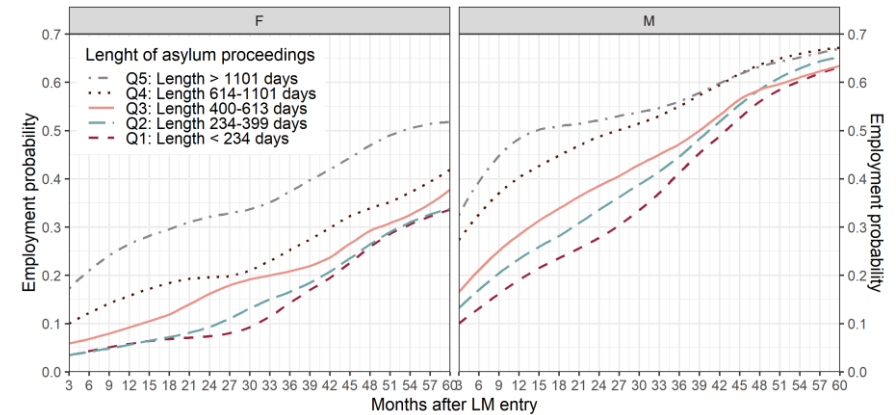
Results: time to first employment of at least 90 days



working in t_{+x} on proceeding length quintiles

Variable	Females			Males		
	t + 1year	t + 3year	t + 5year	t + 1year	t + 3year	t + 5year
Q1: Length <156 days (Reference)						
Q2: Length 156-272 days	-0.14 (0.11)	0.02 (0.11)	0.06 (0.13)	0.38 (0.05)	0.21 (0.05)	0.28 (0.08)
Q3: Length 273-499 days	0.28 (0.10)	0.21 (0.11)	0.19 (0.13)	0.56 (0.05)	0.29 (0.06)	0.16 (0.09)
Q4: Length 500-908 days	0.52 (0.10)	0.28 (0.10)	0.15 (0.12)	0.85 (0.05)	0.60 (0.06)	0.42 (0.08)
Q5: Length >908days	0.75 (0.09)	0.48 (0.10)	0.36 (0.11)	1.24 (0.05)	0.78 (0.05)	0.51 (0.07)
Worked during proc.	1.15 (0.09)	0.79 (0.10)	0.58 (0.11)	0.89 (0.04)	0.37 (0.05)	0.17 (0.06)
Unempl.-vacancy ratio	-0.36 (0.04)	-0.40 (0.04)	-0.39 (0.05)	-0.66 (0.02)	-0.51 (0.03)	-0.32 (0.04)
Obs.	18,037	8,960	5,471	36,167	18,629	9,484

Individual controls (age, age squared, education, family status)
 Origin country and year of LM entry fixed effects





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Sensitivity checks

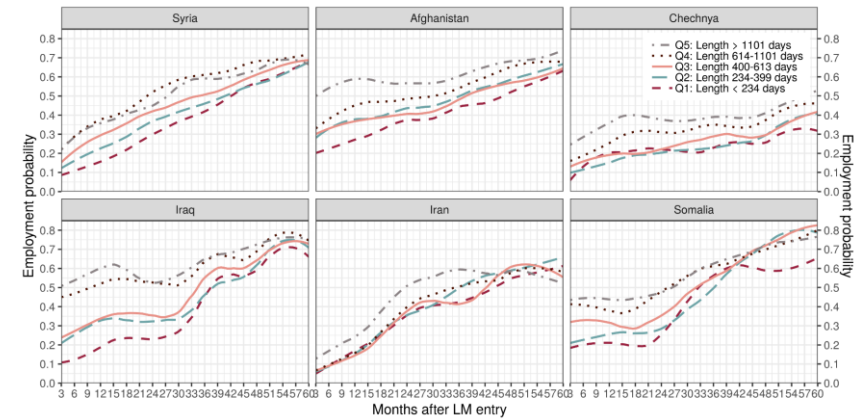
Results are robust to various specs

- Within LM access cohorts (& before / after 2012)
- Within source countries & Syria, Iraq, Iran (short) vs. Chechnya, Serbia, Nigeria, Turkey, Armenia (long)
- Within education groups



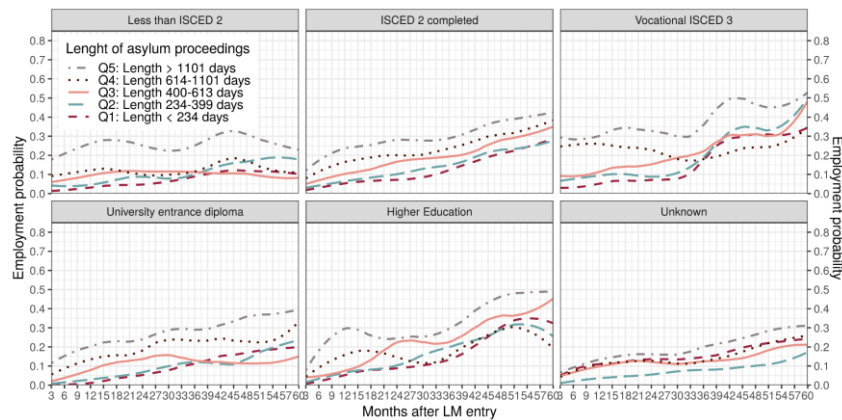
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Results: probability by top 6 origin country (males)



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Results: probability by education (females)



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Results

Summary

- Duration does matter: We find robust differences across groups, which vary across outcomes and gender
 - Gaps are larger among men than among women
 - Among men, gaps fade away with time after LM entry (not earnings!)
- The argument, that swift decisions are also beneficial to LM integration does not hold in AT
 - Detriment vs. adaptation?
 - Both may play a role, but adaptation seem to outweigh detriment

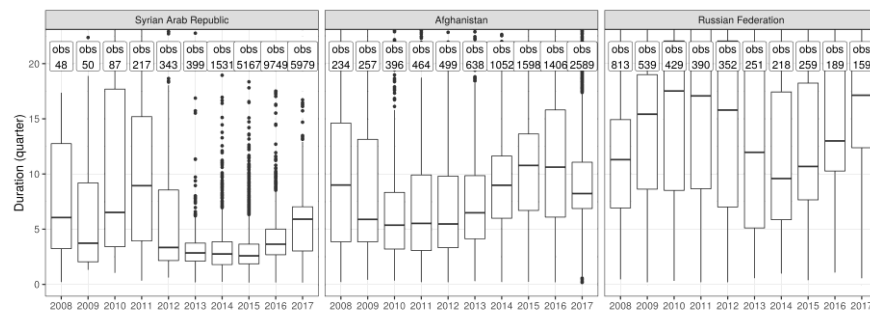


Discussion

- Why do our results differ from other studies (CH, DE, NO, DK)?
 - Is it the country? Design of Hainmueller et al. is similar, others not...
- What may be the message to policy (and the wider public)?
 - High expectations of swift and stable employment among refugees may be unrealistic, time is a crucial component
 - It depends on how this time is spent (during waiting and afterwards)
- Labor market training after the decision may be a confounder



Additional material

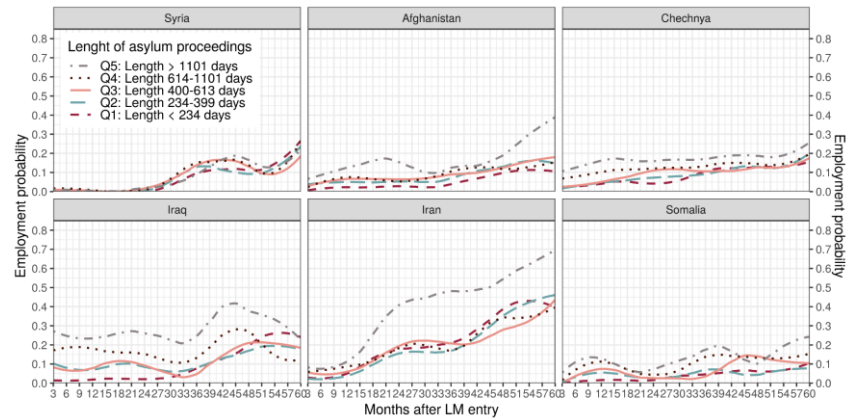


Logistic regression: working in t_{+X} years

Variable	Females			Males		
	t + 1year	t + 3year	t + 5year	t + 1year	t + 3year	t + 5year
Length of asylum proc.	0.06 (0.01)	0.04 (0.01)	0.03 (0.02)	0.13 (0.01)	0.10 (0.01)	0.05 (0.01)
Length squared (/10)	-0.01 (0.00)	-0.01 (0.01)	-0.01 (0.01)	-0.03 (0.00)	-0.02 (0.00)	-0.01 (0.00)
Worked during proc.	1.17 (0.09)	0.79 (0.10)	0.58 (0.11)	0.88 (0.04)	0.37 (0.05)	0.17 (0.06)
Unempl.-vacancy ratio	-0.35 (0.04)	-0.39 (0.04)	-0.38 (0.05)	-0.66 (0.02)	-0.50 (0.03)	-0.31 (0.04)
Obs.	18,037	8,960	5,471	36,167	18,629	9,484

Individual controls (age, age squared, education, family status)
 Origin country and year of LM entry fixed effects

Results: probability by top 6 origin country (females)



Results: probability by education (males)

