

Low-skilled jobs, language proficiency and labour market integration

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Summary

THIS REPORT STUDIES the integration of refugee immigrants in the Swedish labour market, focusing on low-skilled jobs and language proficiency. The lack of integration in the labour market among foreign-born individuals from Middle Eastern and African countries is well-documented. Individuals from these regions exhibit lower employment and higher unemployment rates than both native-born individuals and other groups of foreign-born individuals.

Economic theory suggests that low-skilled jobs can lead to more qualified jobs if individuals increase their human capital by means of on-the-job-training or increase their social capital through an expanded personal network. Previous experience may also serve as a productivity signal when applying for other jobs. Language skills can be considered an investment in the individual's human capital, and most empirical studies show that proficiency in the language spoken in the host country is associated with both higher employment and higher wages for foreign-born people.

Using public register data, we have examined the long-term labour market outcomes for African and Middle Eastern immigrants employed in low-skilled jobs. These jobs mainly serve as a path into lasting employment and thus to higher earnings for people of African and Middle Eastern descent. Job mobility among those with low-skilled jobs is quite high but many switch to other low-skilled jobs.

In a field experiment, we have studied the impact of experience from jobs with low skill requirements and completed language training in Swedish for foreign-born jobseekers in the Swedish labour market. Applications were sent from fictitious Syrian refugees with randomly assigned previous experiences and language skills to real employers advertising low-skilled job vacancies. Previous experience or completed language training turned out not to affect the probability of

receiving positive feedback from employers. However, female applicants were more likely to receive a positive response than males.

Neither a low-skilled job nor completed language training in Swedish thus seems to have any significant signal value when refugees from Syria apply for low-skilled jobs through formal channels. Positive effects as a result of low-skilled jobs and language skills may be driven by other factors, such as better access to informal career paths or personal networks.

While a review of previous research and our own results indicate that low-skilled jobs improve the long-term labour market outcomes for foreign-born individuals, these jobs are apparently not easy to get. Language proficiency seems to lead to better prospects in the labour market for foreign-born individuals, but employers do not pay all that much attention to whether or not a jobseeker has completed language training in Swedish.

The fact that women from African and Middle Eastern countries exhibit lower employment rates compared to men from these regions does not seem to be explained by women being less likely to be contacted for an interview. This indicates that the integration of foreign-born women should be improved if they to a greater extent apply for jobs. Therefore, it is important to stimulate active job searching among women from countries outside Europe.

So, how can we improve labour market integration in Sweden? We argue that several measures – pertaining to wage formation, general education and language training – are needed to make it easier for refugee immigrants to enter the labour market and increase their upward mobility from low-skilled jobs.

More flexibility in wage formation allowing for lower wages in low-skilled jobs can contribute to creating more such jobs. For foreign-born people, low-skilled jobs are more accessible than other jobs as a result of lower language requirements. There should also be generous opportunities for education in order to avoid refugees getting stuck in low-skilled jobs. In addition, these jobs will then be more accessible to people lacking sufficient knowledge and skills to be employed in more qualified jobs. Finally, language training in Swedish for immigrants should be developed and improved so that employers can be confident that people having completed such training possess sufficient knowledge and skills.

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