

## Gender-Sensitive Effects of Ethnic Networks on Syrian Refugees' Economic Integration in Turkey

21<sup>st</sup> century made it apparent that refugee flows will be much larger than what we have experienced in the history. UNHCR (2019) estimates that violent conflicts displaced some 80 million people worldwide by mid-2020 of whom 30.5 million became refugees and asylum-seekers. Given the long-lasting and increasingly high number of refugees, there has always been an intense public debate and concern about their self-reliance and local integration in the hosting countries but 'the issue of integration<sup>1</sup> has probably never been more important' (Phillimore 2020:1947) because the other suggested durable solutions for protracted<sup>2</sup> refugee situations-- resettlement in third countries and repatriation -- are not as feasible since the situation in origin countries are far from being conducive for the refugees' return and resettlement elsewhere remains at very low levels, too. Moreover, compared to the 1990s, there is now a higher share of refugees in protracted refugee situations with longer periods (Milner and Loescher 2011). Unsurprisingly, the refugees' economic self-reliance is regarded as an important means to decrease the burden both on external donors and hosting countries' welfare systems (Mathys 2016), and their successful integration into the labor markets is one of the most important policy discussions in Europe and elsewhere (Fernández-Huertas Moraga and Rapoport 2015; Hatton 2017). Despite policy relevance, we know little about the refugee's economic integration which is partly related to the lack of data. It is also associated with the fact that around 90 percent of refugees are hosted in developing countries and the availability of data is more of a concern in the Global South.

That said, we observe that many European countries started to implement residential allocation policies particularly after the refugee crisis in 2015. The aim of such policies was to prevent ethnic concentrations and ethnic enclaves in the hosting regions so that economic integration of refugees would be easier. The role of ethnic networks on the economic and social integration of migrants gained more attention in the economic literature especially after 1980s. Bertrand et al. (2000) analyze the impact of networks by first checking the quality of contacts (described as the attitudes or knowledge of the ethnic group) and then analyzing the quantity (via the number of ethnic population) of ethnic networks on the self-employment of migrants. Borjas (1992, 1995) also describes the average quality of ethnic networks using the average labour market characteristics of them. Andersson et al. (2012) show that, in Sweden, the presence of ethnic enclaves enhances the self-employment probability of Middle Eastern immigrants who suffer from worse labour market conditions. However, they also show that a larger network size is an obstacle for self-employment. Cutler et al. (2008) shows that ethnic concentration tends to have positive labour market effects for the groups with higher levels of average human capital.

The Syrian civil war that started in 2011 singlehandedly accounted for nearly a fifth of those refugees and Turkey is currently hosting around 65 percent of all Syrian refugees. Together with other refugee groups it hosts, Turkey is now the host for the largest refugee population in the world. Learning from the Turkish case, this article provides causal evidence about the impact of co-ethnic networks on the paid-employment of Syrian refugees. By doing so, it also questions if it is the size

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<sup>1</sup> Integration is defined as a process as in Penninx and Garcés-Mascareñas (2006:11) which 'refers to the process of settlement, interaction with the host society, and social change that follows immigration'.

<sup>2</sup> According to the UNHCR (2020), protracted refugee situation is the one in which 25,000 or more refugees from the same nationality have been in exile for at least five consecutive years in a given host country. In their estimations, about 77% of refugees globally were in a protracted situation at the end of 2019.

of ethnic networks or their quality that matters for its impact. Impact of ethnic networks on the employment prospects of refugees is an empirical question because its overall effect is theoretically ambiguous. For example, the size of ethnic network might have a positive impact on the refugees' employment through access to relevant information about job opportunities. However, it might also decrease the chance of employment for refugees if ethnic concentration results in increased competition for the limited labour demand.

Using the only available representation sample of Syrian refugees in Turkey, namely the 2018 Demographic and Health Survey's Syrian Refugee Sample in Turkey, we identify the impact of co-ethnic networks on the employment probability of refugees. Our identification strategy employs an instrumental variables approach where the size of ethnic enclave, the newly established Syrian businesses and employment share in the ethnic network in each province is instrumented using a refugee population prediction which is weighted by the distance between Syrian governorates and Turkish provinces. First stage F-statistics are above 104.7 in all model specifications.

Our preliminary results show that an increase in the ethnic enclave decreases the probability of employment for refugee population. Importantly, we find that quality of ethnic concentration (measured through a higher share of employment in ethnic network and a higher number of Syrian entrepreneurs in the residential area) has a positive impact on the probability of refugees' employment. Moreover, the highest impact for the refugees' economic integration comes from a higher share of employment in their residential area. Thus, we can argue that information dissemination for job availabilities and building trust through already employed refugees are crucial for the refugee groups in Turkey.

We also performed a heterogeneity analysis to understand if these average effects of ethnic concentrations are different for various demographic and ethnic groups among Syrian refugees. Preliminary findings show that refugee women do not positively benefit from the quality of ethnic networks as men. Moreover, Kurdish Syrians are found to have higher probabilities of employment compared to Turkish speaking Syrian refugees while Syrian Arabs are in the most disadvantageous situation in terms of employment. Lastly, we find that refugees with higher human capital benefit most from both the quantity and quality of ethnic networks.

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