Early labour market trajectories of Syrian refugees residing in Germany

Between 2015 and 2017, the statistics of Germany's major basic provision scheme, the so-called "basic security benefits scheme" (*Grundsicherung für Arbeitslose*) that is supposed to guarantee a minimum standard of living, recorded almost 600,000 Syrian nationals among their first-time recipients of full benefits (Bundesagentur für Arbeit - Statistik, 2020). This number mirrors that Syrians who apply for asylum – the major group immigrating within the influx of refugees at the midst of the last decade – are overwhelmingly awarded a protection status[1] which entails the eligibility for receiving the same welfare benefits as natives do. Hence, after the end of their asylum proceedings, Syrian refugees in need are entitled to transition from the financial support granted within the asylum system to the more beneficial basic security benefits payments, a transition experienced by almost the entire population of Syrian forced migrants in Germany (Bähr et al., 2019).

While shortly after arrival, the group's dependency on public welfare is extremely high, language barriers or the lack of domestic certificates, that impede employment and hence facilitate poverty, may be removed over time, e.g. by investing in training and education (cf. Damelang & Kosyakova, 2020, p. 7; Dietrich et al., 2019, pp. 358–359). This context attaches importance to the subsequent steps taken by recent refugees in Germany as these may foster but also dismantle obstacles to entering the labour market in the medium turn.

Based on these considerations, this paper tries to describe Syrian refugees' early integration pathways for around the first two years after being awarded a protection status. It hence tries to find answers on what trajectories of human capital acquisition, employment but also inactivity refugees experience within their process of early labour market integration. To do so, states that represent the dominating activity within a specific month are identified and merged according to their temporal order. The resulting sequences are examined for their similarity to form clusters of typical trajectories using sequence analysis. In addition, hypotheses deducted from theories that predict different trajectories for individuals possessing different characteristics are tested. To do so, multinomial regression is applied to estimate the effect of these relevant characteristics (independent variables) on the belonging to a specific cluster (dependent variable). The analysis is restricted to 22 to 58 year olds who joined the scheme between 2014 and late 2015 and is conducted separately for men and women.

The study is based on an administrative data source called *Sample of Integrated Welfare Benefit Biographies* (SIWBB, Dummert et al., 2020) which includes data entries of a random sample of participants of the basic security benefits scheme. Beyond the information on welfare support, SIWBB is supplemented by information associated with the participation in the Federal Employment Agency's training measures and job placement services as well as notifications to social insurance providers which need to be made mandatorily by employers. This allows the tracking of heterogeneous trajectories within welfare receipt and beyond (Bruckmeier et al., 2020, pp. 1–3).

The sequences may be constituted by eight states - "Education", "Measure participation without labour market participation", "Inactivity", "SSC employment" (*sozialversicherungspflichtige*

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[1] E.g. for 2015 and 2016, the protection rate is above 95% (Beauftragte der Bundesregierung, 2019, p.29).

Beschäftigung), "Other employment", "Gap" and "Residual" - which are further described in Table 1 in the Appendix.

Overall, the identified sequences show that only a minority has become part of the workforce within around the first two years after having joined the social security benefits scheme. If employment is taken up, it is often not subject to social security contributions. In line with this, the studied individuals remain part of the social security benefits scheme for around 95% of the days within the observation window. Accepting downwards mobility in favour of an initial labour market entry, a pattern described for non-humanitarian migrants in Western countries, seems thus to play no relevant role with regard to trajectories of recent refugees in Germany. While school-based or higher education as well as dual apprenticeships appear not to be the common alternative for the age group under study, the majority of refugees has been able to accumulate domestic human capital by participating in training, most likely language classes.

As far as the identification of typical pathways is concerned, the clustering of the sequences leads to four different types of careers of male refugees (see Figure 1, Appendix). The largest cluster ("Permanent measure participation", n=2203) describes trajectories that are overwhelmingly spent in training, most likely language classes. The second largest cluster ("Inactivity", n=1388) is dominated by inactivity but also reveals involvement in training, often succeeding from or followed by inactivity. The cluster "Other employment (n=340) is distinguished from the other trajectory types by its large share of individuals who are in "other employment". Finally, the smallest cluster is "SSC employment" (n=336) in which the transition from inactivity to training to contributory employment is the most common succession.

With regard to women, only two clusters are identified (see Figure 2, Appendix). Almost half of females (n=1367) constitute the first cluster "Inactivity". In contrast to the cluster of the same name referring to men, around 57% are inactive over the whole observation window. The second cluster ("Activity", n=1209) mostly describes pathways of inactivity and participation in training.

As the regression results reveal (see Table 3 and 4, Appendix), possessing a formal occupational or academic degree positively affects being assigned to the favourable clusters "SSC employment" for men as well as "Activity" for women. On the other hand, not possessing a degree increases the likelihood for being inactive. Having young children, particularly at least one child below the age of three, appears to be strongly associated with showing such a pathway for women. These results support previous findings indicating a remarkable gender gap in labour market related activities associated with childbearing and rearing.

However, next to personal attributes, the opportunity structure likewise seems to matter: the West/East difference (24% vs. 52%) in the availability of external childcare, operationalized using the local care rate, goes along with a decrease in the likelihood for females belonging to the cluster "Inactivity" by 19.2 percentage points. Similarly, men have significantly higher chances for being assigned to "SSC employment" when unskilled jobs are less contested in the local labour market. Taking into account that the high influx of recent refugees led to the introduction of a bill limiting the possibilities of moving within Germany also for those obtaining a protection status, these aspects appear to be worth considering.

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Note on data access:
"The data access was provided via on-site use at the Research Data Centre (FDZ) of the German Federal Employment Agency (BA) at the Institute for Employment Research (IAB) and subsequently remote data access."

Appendix

Table 1: States

State	Explanation
Education	E.g. completing a school degree, attending university; no labour market participation
Education with labour markt participation	E.g. completing a school degree, attending university; additional labour market participation
Measure participation without labour market participation	E.g. BAMF integration class or a training measure of the Federal Labour Agency
Inactivity	No labour market participation, no acquisition of human capital
SSC employment	The employment is subject to social security contributions, *"sozialversicherungspflichtig"*
Other employment	E.g. marginal employment, specific internships)
Gap	No data entry at all
Residual	Missing values prevent the assignment to the correct state

Figure 1: Distribution of states over time - men
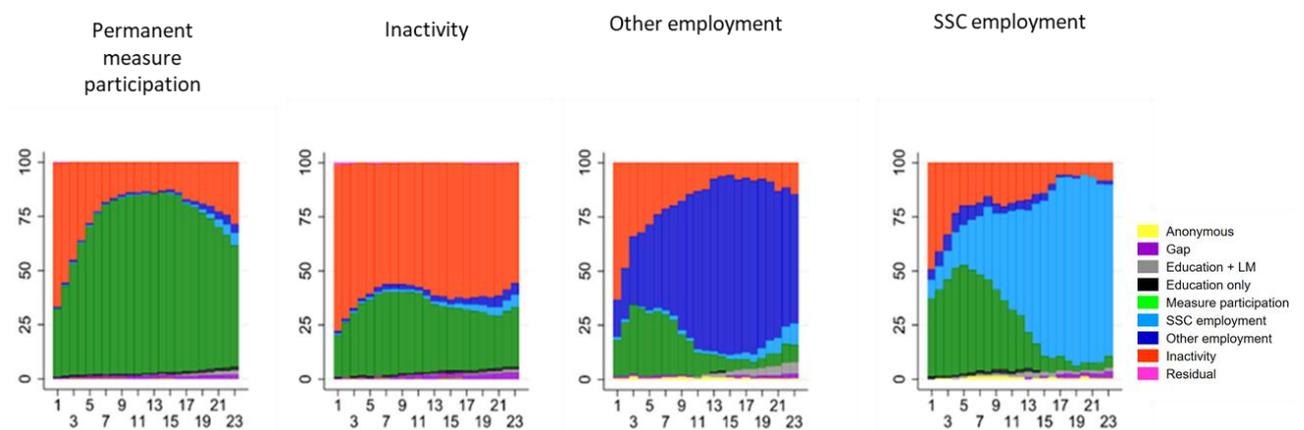
Note: Due to rules data protection, additional category "anonymous" is introduced.

Figure 2: Distribution of states over time and succession of states - women
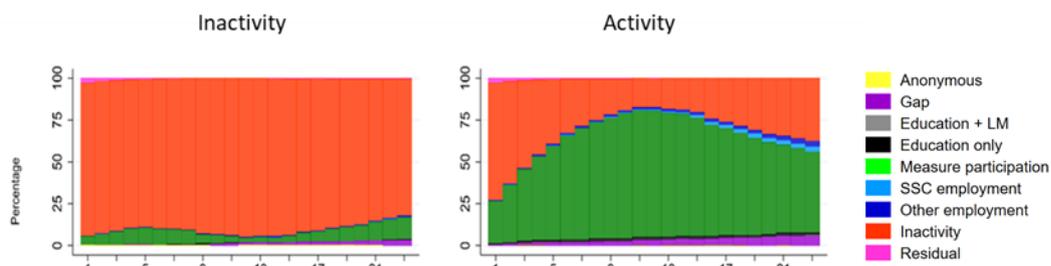
Note: Due to rules data protection, an additional category "anonymous" is introduced.

Table 3: AMEs on cluster membership - men

	Permanent measure participation	Inactivity	Other employment	SSC empoyment
Age	0.003*	0.004**	-0.004***	-0.002***
Federal States gr. (ref.: North Rhine-Westphalia)				
Schleswig-Holstein, Lower Saxony	-0.009	-0.014	0.014	0.009
City states	0.003	-0.043	0.009	0.030
Hesse, Rhineland-Palatinate, Saarland	0.020	-0.038	-0.011	0.030
Baden-Wuerttemberg	0.015	-0.076*	0.020	0.040*
Bavaria	0.077*	-0.075*	-0.023	0.022
Brandenburg, Mecklenburg-Western Pomerania	0.073	-0.026	-0.031	-0.015
Saxony, Saxony-Anhalt, Thuringia	0.039	-0.046	-0.008	0.015
District type (ref.: metropolitan)				
Urban	0.056*	-0.012	-0.022	-0.022
Rural w. urbanisation	0.047	0.012	-0.045**	-0.015
Rural	0.032	0.015	-0.033	-0.014
Month process start	0.006***	-0.003*	-0.002***	-0.001
Human capital (ref.: no degree)				
Occ. degree	0.003	-0.030	-0.005	0.032
Academic degree	-0.012	-0.008	-0.024*	0.044**
Umemployment rate	0.003	0.009*	-0.005	-0.007**
Supply pub. transport	0.002	-0.002	-0.000	0.000
Household situation (ref.: childless single, married)				
Childl. single, never married	-0.070**	0.027	0.001	0.041***
Childl. single, form. married	-0.020	0.044	-0.017	-0.007
Childl. partner	-0.065	0.033	-0.004	0.036
Parent	0.003	-0.016	-0.013	0.026*

Table 4: AMEs on cluster membership Inactivity - women

Age	-0.007***
Federal States gr. (ref.: North Rhine-Westphalia)	
Schleswig-Holstein, Lower Saxony	0.060
City states	0.021
Hesse, Rhineland-Palatinate, Saarland	-0.020
Baden-Wuerttemberg	-0.059
Bavaria	-0.061
Brandenburg, Mecklenburg-Western Pomerania	0.037
Saxony, Saxony-Anhalt, Thuringia	0.101
District type (ref.: metropolitan)	
Urban	-0.022
Rural w. urbanisation	0.009
Rural	0.032
Month process start	0.005**
Human capital (ref.: no degree)	
Occ. or academic degree	-0.121***
Household situation (ref.: childless, (f.) married)	
Youngest child <3	0.419***
Youngest child 3-<6	0.051
Youngest child 6-<15	-0.047
Childless, never married	-0.239***
Umemployment rate	-0.007
Supply pub. transport	0.002
Care rate	-0.006***