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Research on what matters and what works in improving integration,
with an emphasis on psychological and social factors

Socio-economic dimensions of integration: what does the literature say?

October 2020

FOCUS INTEGRATION BRIEF #3

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Malmö University & FOCUS consortium

FOCUS is working to expand understanding of different elements of integration. As part of the preparatory work for quantitative and qualitative research reviews were undertaken on the current research literature.

In the area of socio-economic integration three overall themes were identified in relation to migration in general and, where possible, on humanitarian migration in particular. These themes highlight labour market integration, access to suitable housing and broader economic impacts.

Labour market integration

Most of the studies included in the review conclude that refugees faced additional challenges that put them in a disadvantaged position when it comes to their labour market integration in receiving countries. These challenges include:



- » **Increased vulnerability in the labour market** of receiving countries as, unlike economic migrants, refugees are not commonly selected on the basis of their skills, health and other traits.
- » Difficulties in the **transferability of credentials or qualifications** are often greater for humanitarian migrants.

- » **Inflexible and lengthy processing and recognition of asylum claims** can lead to health issues and the loss of human capital which can hinder individuals' adaption to the labour market of a new country.
- » The ability to obtain a permanent or temporary residence can also affect the **investment in the host language and receiving-country-specific human capital**.

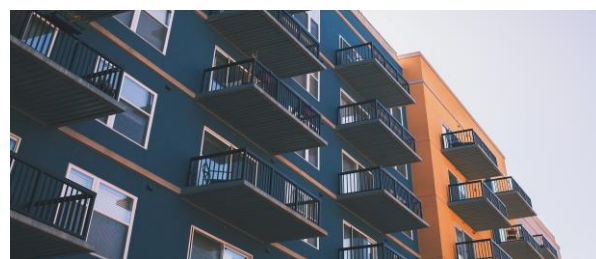
- » **Physical and mental health issues** resulting from difficult migration journeys and severe adverse experience related to their reasons for migration.

While it is still early to make robust conclusions on the results of recent programmes to improve labour market integration, preliminary evaluations in countries like Sweden show limited positive effects.

Housing

Access to suitable housing is not only an indicator of socio-economic status for refugees but also a fundamental condition towards their well-being and socio-psychological and socio-economic integration. Three of the most cited themes in the literature on housing that concern immigrants (including refugees) are **accessibility, housing conditions**, and the consequences of such conditions and geographical location for immigrants' **health and their integration vs. segregation**. Refugees are affected – to a larger extent than other groups – by a number of factors that make them have fewer and less attractive housing choices. These factors include:

- » **Poverty and discrimination**.
- » A **lack of rental history** and social capital in receiving countries.
- » **Language barriers**, difficulties in navigating the rental market and **non-familiarity with rental processes**.



- » The often **larger size of families** among them.
- » **Difficulties in entering long-term leases** among those who do not have permanent residency.

The main challenges related to the suitability of refugee housing as identified in the literature, are:

- » **Overall poor condition** and a lack of space or **unsuitability** of the property's layout.
- » **Inadequate social environment** in the neighbourhood (including safety, having friendly and respectful neighbours).
- » Lack of proximity to **amenities and public services**.
- » Being close to **community, family and friends**.
- » **Insecurity of tenure**.

Several of these conditions have, in turn, been associated with **negative physical and, in particular, mental health outcomes**.

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Fiscal, macroeconomic and employment impact of (refugee) migration

The migration and socio-economic integration of refugees also impacts on the economy of receiving societies. Economists have measured the economic impact of immigration by looking at the **contributions** (e.g. increases in labour force, consumption of good and services and tax receipts) and **costs** (e.g. increased demand for services or a potential negative effect on employment and wages) the receiving country would have.

Recent studies find **no strong evidence that immigration has any large adverse effects on employment prospects, participation, unemployment or wages of existing residents**. As an exception, a Swedish study concludes that refugee immigration to Sweden in the period 1999 to 2007 increased the unemployment of earlier immigrants from low- and middle-income countries substantially but had no significant effect on the unemployment rates of natives or immigrants from high-income countries.

While the costs and benefits of migration vary considerably depending on the type of migration and receiving countries, previous studies found a **positive association between migration and economic growth** – most commonly measured as variations in GDP – in receiving countries. As for the impact of refugee migration, since providing welfare benefits and training for refugee integration is costly for receiving countries, this positive impact is only appreciated in the medium- to long-term. Research shows that **the higher the initial investment in refugee integration programmes, the higher the net benefits of such investment are**.



Finally, the empirical evidence supporting or rejecting a **fiscal effect of immigration** is also mixed and depends on a variety of factors such as immigration policies, reasons for migration, type of migration and the temporariness of migration, the welfare scheme of receiving countries and the skill level of immigrants. However, most studies suggest there is no strong fiscal case for or against sustained large-scale migration, including refugee migration. Furthermore, the main factor affecting the fiscal impact of refugee migration seems to be their employment situation. Hence, **policies facilitating the labour market integration of refugees are key to increase the positive economic impact of refugee migration in receiving societies**.

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