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Resilience in Refugee Economies in Practice – Empirical Evidence from the UK, Germany and Sweden

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Declaration

I certify that the thesis I have presented for examination for the MPhil/ PhD Degree of the London School of Economics and Political Science is solely my own work other than where I have clearly indicated that it is the work of others (in which case the extent of any work carried out jointly by me and any other person is clearly identified in it.

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Abstract

Refugee employment outcomes vary widely across high-income economies. In some countries, refugees are able to access more and better jobs. Countries in which this is the case can be called resilient. Existing theories fail to account for variation in refugee employment outcomes and hence resilience.

This thesis argues that cross-country differences in refugee employment and resilience are the result of different socio-economic models and the institutions associated with them. Hence, this thesis proposes an institutional account of resilience.

Qualitative comparative case studies are used to explain three different patterns of labour market resilience, each of which is associated with a different socio-economic regime.

The Liberal Model, represented by the UK, is associated with a relatively fast labour market integration and a high concentration of refugee entrepreneurs. A large low-skilled sector facilitates waged employment, while entrepreneurship can act as a vehicle for socio-economic integration in a labour market characterized by few regulations.

The Conservative Continental Model, represented by Germany, is associated with slow, but steady labour market integration and a high concentration of refugees in medium-skilled jobs that require vocational qualifications.

Finally, the Nordic Model, represented by Sweden, is associated with slow, but steady labour market integration and a high concentration of refugees in jobs that require post-secondary education.

There are two important findings that follow from this study. Firstly, there is not a single pathway to enhance labour market resilience. Resilience is context-specific. Secondly, advanced market economies have the real capacity to integrate refugees into their labour markets successfully.

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Resilience in Refugee Economies – the Importance of Institutions

In 2022, the number of forcibly displaced people worldwide has surpassed a new sad milestone – over 100 million people had to flee their homes as a result of violence, persecution and conflict. While much of the recent increase is related to the war in Ukraine, growing refugee statistics are not necessarily a new phenomenon. In fact, the number of displaced people has more than doubled in the last ten years alone. The future is looking equally grim. New humanitarian crises are emerging continuously. The escalating conflict in the Middle East has displaced over 1 million people in Lebanon in 2024. At the same time, older conflicts continue to simmer, leading to protracted displacement. Many refugees spend years in refugee settlements, with children growing up without a real home.[1] Accelerating climate change risks exacerbating present-day conflict and displacement dynamics, putting an additional strain on resources, services and livelihoods. In the coming decades, the number of people living in forced exile is likely to reach historically unprecedented levels.

Displacement is global and has become a defining feature of our time. Forcibly displaced people are hosted in numerous different countries across both the Global South and North, including low-, medium- and high-income countries. At over 70%, the majority of the world's refugees continues to be hosted in developing countries (UNHCR 2022).[2] That said,

[1] According to UNHCR (2009), a protracted refugee situation is one in which refugees have been in exile "for five or more years after their initial displacement, without immediate prospects for implementation of durable solutions." At the end of 2024, some of the largest protracted refugee situations included: 3.1 million Syrians in Turkey, 1.6 million Congolese in Uganda and close to 3 million Afghans in Pakistan.

[2] To underline the importance of greater responsibility and burden-sharing, UNHCR used to employ the developed and developing regions categorizations in an effort to highlight that a disproportionately large part of the world's

high-income countries have welcomed an increasing share of the global refugee population, especially since the onset of the Syrian and Ukrainian displacement crisis. Among high-income countries, Germany stands out in terms of refugee hospitality. Over 2 million refugees now call Germany their home. While it is true that most people in need of protection come from just five countries (Afghanistan, Syria, Venezuela, Ukraine and Sudan), displacement is a global phenomenon, affecting all countries, also advanced market economies in the Global North that are not necessarily in close proximity to refugees' countries of origin.

For refugee-hosting countries, the question of how to integrate these newcomers into their societies is a pressing issue. Employment is often highlighted as the most important aspect of societal integration (e.g., Ferris, 2020 and Lee et al., 2020). However, forcibly displaced people face numerous obstacles navigating the labour markets of their host countries. Unlike economic migrants, refugees are forced to leave their countries of origin. Their departure tends to be hasty and unexpected, leaving them little to no time to prepare themselves. In other words, their ability to pick a specific destination country to which they will go is severely limited or non-existent. This stands in contrast with the experience of economic migrants. By definition, their decision to relocate to another country is informed by and ultimately based on the relative economic opportunities this country can provide them with. It is precisely for this reason that refugees arrive

refugees are hosted by the developing world. However, this categorization is no longer in use as of December 2021. UNHCR recommends replacing it with the World Bank's income groups. When refugee-hosting countries are classed according to their income levels, the distribution is somewhat different. An increasing share of the world's refugees has been hosted by upper-middle-income countries, especially following the onset of the Syrian crisis. Countries such as Lebanon, Turkey and Jordan have provided refuge to millions of displaced Syrians. At 24% high-income countries (they were often previously classed as developed) still welcomed a relatively small, but increasing share of the global refugee population.

with overall lower levels of host country-relevant human capital (Brell et al. 2020). Post-arrival refugees continue to have a worse economic outlook than other migrant groups. Some of this is to do with the legal uncertainty refugees face – asylum claims are not always granted. And even if they are granted, permission to stay tends to be temporary and may be subject to further reassessments. One should also bear in mind that some refugees long to return to their countries of origin irrespective of the outcome of their asylum applications. However, persistent political instability often makes it difficult to predict if and/ or when it is possible to do so. Overall, such uncertainty reduces refugees' incentives to invest in host country-specific human capital. This can lead to worse integration outcomes for this group (Brell et al. 2020). In addition, refugees' ability to integrate is also shaped by other factors. Leaving for safety often involves long journeys, with significant time spent in transit locations, such as refugee settlements. This experience can contribute to processes of deskilling as work opportunities are severely restricted in these locations.

Overall, this means that refugees face unique and complex challenges on the labour markets of host countries. In fact, the challenges refugees tend to face as a group are so distinctive that many observers assume refugees' socio-economic lives to be relatively homogenous, with little in-group and cross-country variation (Betts et al. 2024). However, this assumption has been shown to be false. There are significant cross-country differences in refugee employment outcomes (Brell et al. 2020, Hernes et al. 2022, Betts et al. 2024). Refugee labour market performance varies widely, both in quantitative and qualitative terms. More simply put, in some countries refugees are able to access more and better jobs. Countries in which this is

the case can be called resilient – their labour markets can absorb and adjust to the refugee-induced labour supply shock relatively easily.

But what exactly drives resilience in the context of forced displacement? The presence of cross-country differences in terms of refugee employment outcomes highlights the importance of advancing theoretically-grounded explanations with the aim of identifying the key factors that contribute to refugees' successful labour market integration. This is what this thesis aims to do. The overarching goal of the following chapters is to propose a more nuanced framework of the factors that drive cross-country variation in refugee labour market performance.

This thesis argues that resilience is the outcome of economic resilience. Economic resilience requires refugees' successful labour market integration. Labour market integration follows different trajectories in different economies. Put differently, the variation we observe in terms of refugees' socio-economic outcomes across countries is the result of different labour market models. The institutional constraints and incentives associated with each model shape refugee employment outcomes. This thesis, therefore, proposes an institutional account for explaining labour market resilience in the face of forced displacement.

While this thesis acknowledges that forced displacement is an inherently global phenomenon, affecting both labour markets in the Global South and North, the focus of the following chapters lies on the labour market integration of refugees in the Global North. The reasons for this are twofold.

Firstly, it can be argued that refugee migration presents labour markets in the Global North with greater challenges than those in the Global South, at

least from an institutional perspective. Refugee-hosting countries in the Global South tend to be located in close proximity to refugees' countries of origin. Given this proximity, it is to be expected that education and labour market institutions are not too dissimilar, meaning that refugees should face fewer disadvantages in terms of host country-relevant human capital. One should also bear in mind that many economies in the Global South tend to be dominated by a thriving informal sector that can offer various employment opportunities to newcomers, even to those who are undocumented and do not possess the right to work. While informal economies tend to generate a spectrum of jobs, ranging from low-skilled roles to more medium-skilled ones, many of these opportunities are concentrated in the low-skilled sector, a sector refugees are often overrepresented in. The situation in the Global North is more complex. The education and labour market institutions typically found in advanced market economies are structurally very different, often generating few low-paid and low-skilled jobs, limiting employment prospects for those with low levels of educational attainment. Furthermore, significant differences in education systems between host countries and refugees' countries of origin mean that newcomers face greater barriers in using their qualifications to access skilled employment, often having to undergo lengthy and not always successful recognition procedures. One should also keep in mind that, unlike in the Global South, the informal sector tends to be relatively small, generating very few employment opportunities.

The intention of the above paragraph is not to deny or downplay the challenges labour markets in refugee-hosting countries in the Global South face in absorbing and integrating refugees. Often structurally weak, these

labour markets fail to generate enough employment opportunities, even for the native population. This is less of a problem in the Global North, where structurally strong economies tend to provide enough job opportunities for both residents and newcomers. However, institutional differences in terms of education and labour markets make the job search for refugees nonetheless difficult here. Therefore, the challenges associated with the labour market integration of refugees in the Global South and North are fundamentally different in nature and require different approaches for analysis. The intention of this thesis is to develop an institutional account of labour market resilience, and hence it makes sense to focus on refugee-hosting countries in the Global North. [3]

Secondly, it is unfortunate, but not surprising, that the great increase in refugees and in immigration generally is portrayed as closely linked with the rise of right-wing populism in the Global North. It is precisely this connection most political scientists focus on in their work. This has reduced the focus on the refugee phenomenon and the complex and varied institutions (the legal, economic, political and social labour market structures) which – with more and less success – slowly integrate (or not) refugees into their host countries. This thesis is an attempt to rectify this gap in the literature, explaining the very different institutionally mediated processes through which refugees go. In shedding light on these processes, this thesis also hopes to advance country-specific policy

[3] Future research can determine to what extent institutional accounts of resilience can be helpful in explaining the labour market integration of refugees in the Global South, and whether there are systematic differences between refugee-hosting countries in the Global South in terms of refugee labour market outcomes, which

recommendations that can contribute to more favourable labour market outcomes for forcibly displaced people.

Before presenting my institutional account of resilience, I begin by looking at recent refugee inflows into high-income countries and variation in employment outcomes.[4] Subsequently, I critically examine the concept of resilience, explaining how it will be used in the context of this thesis to develop a theoretically-grounded framework for explaining variation in refugee-employment outcomes across high-income countries. Finally, I take a brief look at the relationship between the institutional account of resilience proposed in this thesis and competing explanations for variation in refugee employment outcomes.

1. Refugee Migration to High-income countries in Europe

Over the last decade, the European Union (EU) has witnessed two large displacement crises in its immediate neighbourhood. As a result of the conflict in Syria and other crises in the Middle East and Northern Africa, the EU welcomed over 1.2 million asylum migrants in 2015 and 2016, respectively. A few years later, Russia's invasion of Ukraine led to a new humanitarian crisis, with the EU providing protection to over 4 million forcibly displaced Ukrainians. In fact, the war in Ukraine has resulted in Europe receiving the largest number of people seeking international protection since World War II.

Largely as a result of these two displacement crises, Europe has welcomed a growing share of the world's refugee population. At the end of 2021,

[4] In line with the country case selection for this thesis, the section primarily looks at recent refugee migration trends in the UK, Germany and Sweden.

around 10% of the global refugee population lived in the EU. By the end of 2022, the share of refugees residing in the EU had increased to more than 20% following Russia's invasion of Ukraine. In 2023, the share of refugees living in the EU remained relatively constant, standing at 23%.

Within Europe, asylum burdens are not shared equally. In 2023, the majority of first-time asylum applications was filed in Germany (329,000), Spain (160,500) and France (145,100). On a per capita basis, Cyprus, Austria and Greece received the highest number of applications for international protection. That said, one should bear in mind that refugee inflows to European countries have shifted over the years and do not stay constant. While some countries have seen a relative decline in the number of asylum applications filed in recent years, others have witnessed a relative increase. This also applies to the countries included in this thesis as case studies.

The UK registered a particularly high number of asylum claims in the early 2000s. At the time, a large number of people were fleeing persecution from countries affected by humanitarian crises and conflicts, such as Afghanistan, Iraq and Somalia. Back then, the UK received some of the highest numbers of asylum claims within the EU. In the following years numbers started to stabilize, with the UK receiving between 22,000 and 46,000 asylum claims each year between 2004 and 2020. However, since the second half of 2021, there has been a clear increase, reaching a peak of almost 103,000 claims for international protection in 2023.

With 350,000 asylum applications, Germany remained the top receiving country in the EU in 2023. Numbers were highest in 2016, reaching a peak

of close to 800,000 applications for international protection. The noticeable surge in refugee immigration in the mid-2010s primarily reflected the worsening humanitarian crisis in Syria. Subsequently, numbers started to decline before increasing again gradually in 2021.

Just like the UK and Germany, Sweden has a long history of receiving and welcoming refugees. Starting from the 1970s and 80s, the country has become a major destination for those fleeing persecution and armed conflict. Refugee immigration to Sweden peaked in 2015. Receiving over 160,000 asylum applications within one year, Sweden had the highest number of refugees per capita in all of the EU at the time. Up to 10,000 newcomers crossed into Sweden every week. In light of growing public resistance to the country's welcoming stance on refugees, migration policies have become more restrictive in recent years. In line with these tightened policies, the number of asylum applications has reduced dramatically. In 2014, claims for international protection have reached their lowest level since 1996.

As the above paragraphs show, Europe has provided refuge to many forcibly displaced people in recent decades. The countries included in this thesis as case studies are no exception in this regard. The UK, Germany and Sweden all host substantial refugee populations. While refugee inflows fluctuate over time, reflecting changes in the scope and scale of global humanitarian crises and a shifting policy environment in the countries of asylum, forced migration has increasingly become a policy priority in all three countries.

2. Variations in Refugee Employment Outcomes

Refugee employment outcomes differ between countries, not only in terms of how many jobs refugee can access but also in terms of what kinds of jobs refugees can access. The aim of this thesis is to provide an institutional explanation for this variation in levels of refugee labour market integration between countries. To this end, the following section provides a succinct overview of what we know about refugee employment trends and patterns across advanced market economies with a particular focus on the UK, Germany and Sweden.

2.1. Labour Market Integration at Different Speeds – Swift versus Gradual

Across all developed countries refugee employment rates tend to be low immediately after arrival. However, they often improve quite rapidly in the first few years following migration. This is not surprising. The more time refugees spend in their new home, the more host country-specific social and human capital they tend to amass, which are both important factors for securing employment. That said, Brell et al. (2020) find that this experience of gradual integration is markedly different between countries. In some countries, refugees tend to be able to access jobs faster than in others. Only the UK, the US and Canada have refugee employment rates of over 20 percent in the first two years after arrival. In all other countries included in their study, this figure remains well below this benchmark. This is also true for Germany and Sweden. In subsequent years the employment of refugees goes up, albeit at different rates across countries. While the observed trajectory is quite steep in Sweden, Germany follows a slower path with more modest increases in employment. Brell et al. (2020) also note that refugees are not always able to close the employment gap with

other immigrants, even after over a decade in-country. This is, for example, the case in both Norway and Finland. In Sweden, on the other hand, refugees' employment rates continue to increase over time, reaching an almost equally high level as those of other immigrants 10 years post-arrival.

In summary, one can observe the following sub-patterns of refugee labour market integration over time:

- Rapid labour market integration: refugees have relatively high employment rates at arrival and catch up to other immigrant groups fast
- Slow and sluggish labour market integration: the employment gap between refugees and other immigrant groups remains large and stable over time
- Slow but steady labour market integration: refugees have relatively low employment rates at arrival, but catch up over time and nearly close the employment gap to other immigrants

Which of the above categories fall the case studies included in this thesis under? Based on Brell et al.'s (2020) analysis the following picture emerges: (1) the UK experience best fits the first scenario– refugee employment rates are relatively high at arrival and only continue to grow over time until they nearly reach that of other immigrants. (2). Germany follows the second scenario more closely. Employment rates at arrival are low and do not grow strongly enough to close the employment gap with other migrants. That said, more recent data calls this classification into question. The Institute of Employment Research published a report according to which the labour market performance of refugees in Germany

is overall positive and better than expected. 7 years post-arrival, over 60 percent of newcomers have secured employment, which is only ten percentage points less than in the German population. These more up-to-date statistics move Germany closer to the third scenario, that of a slow but steady labour market integration. (3) Sweden also falls into this category. Initially, refugee employment rates are weak, but in subsequent years they continue to grow, and after a decade in-country the employment gap between refugees and other immigrants is almost closed.

One should bear in mind that such a comparative analysis of refugee labour market outcomes should be interpreted with a certain level of caution and is necessarily subject to some pitfalls. Many surveys and administrative datasets do not differentiate between refugees and other groups of immigrants. Even the ones that do employ different definitions and measurements, making cross-country comparisons in this field difficult. That said, the above analysis can still provide valuable insights in the context of this thesis. It clearly shows that refugee labour market integration does not follow a uniform path across countries and that there is no one-size-fits-all solution. Both rapid and more long-term oriented approaches can result in successful integration outcomes. In other words, countries display different patterns of resilience in the face of forced migration. The institutional account proposed in this thesis seeks to explain why some countries follow one path of resilience, while others follow another.

2.2. Refugees and Quality of Employment

A second dependent variable which will be accounted for within my institutional framework of resilience relates to the type of employment

assumed by refugees across the UK, Germany and Sweden.[5] In addition to low employment rates, refugees also often struggle to access skilled employment. Language barriers, limited social networks, relatively low education levels and difficulties in having their qualifications recognized mean that refugees tend to be concentrated in low-paid, low-skilled employment. This is true across all case studies included in this thesis.

That said, the economic and labour market institutions of the UK, Germany and Sweden generate low-paid, low-skilled employment to varying degrees. Compared to Germany and Sweden, the UK has a sizeable and growing low-skilled sector that employs an increasing share of foreign-born workers, not just refugees. Andersson et al. (2019) also find that that an increase in refugee migration in the UK is associated with more job polarization and growth of the low-wage sector. They did not detect such an effect in other European economies, including Germany and Sweden.

While the low-skilled sector employs a significant share of refugee migrants across all three countries, there are particular sub-regional trends of labour market integration for refugees who manage to access more skilled employment. My institutional explanation will provide an explanation for the following patterns:

- UK: Refugees tend to be concentrated among the self-employed. 21% of asylum migrants in employment are business owners.
- Germany: An increasing share of refugees is employed in medium-skilled occupations that require vocational qualifications.

[5] Institutional accounts have been used before to explain variation in labour migration policies (Bucken-Knapp 2007), variation in labour migration (Devitt 2011) and youth employment outcomes (Hoerisch et al. 2020). However, the same does not apply to refugees' labour market integration.

- Sweden: A comparatively high number of refugee migrants work in high-skilled employment that requires tertiary education.

The quality of employment refugees are able to access is another important indicator of labour market resilience. Many refugees who work in low-skilled occupations are overqualified and underpaid. Their potential is unused. Institutions that enable newcomers to use their potential and work in jobs commensurate with their qualifications are resilient.

3. Resilience and Refugee Migration

If we accept employment as the most important proxy for refugee integration outcomes, then we can say that some countries are more resilient than others in the face of refugee migration. But what exactly does it mean for a country to be resilient in this context?

Despite its increasing popularity and uptake in various disciplines, the concept of resilience remains poorly defined. There is no single standard definition. Conceptualizations of resilience vary widely, reflecting different theoretical foundations and research objectives (Akbar and Preston 2019). Therefore, it is not clear what resilience is and how it translates into practice. Against this background, some scholars and practitioners reject the concept entirely, claiming that it is nothing more than an “empty” and “meaningless” slogan (Anholt and Sinatti 2019). While sharing some of the concerns vis-à-vis the notion of resilience in its current form, I reject the idea of discarding the concept entirely. If anything, the arguments that animate the discussions around the usefulness of resilience as a concept underline the need to establish precise and context-specific definitions,

which is what this thesis sets out to do. What does institutional resilience look like in the face of refugee migration?

At the most basic level, the term ‘resilience’ describes the capacity of individuals, communities and systems to respond to and deal with adversity and shocks. Although refugee migration is intrinsically linked to challenges and crises, the application of the concept in this specific field is relatively recent (Krause and Schmidt 2020). Over the last few years resilience has become a key concept in policy discussions around refugee migration. According to UNHCR, resilience defines refugees’ and host countries’ abilities to cope with and adapt to unforeseen crises of various sorts (UNHCR ExCom 2017). Although often used in tandem together with self-reliance, resilience and self-reliance are two different concepts. Refugees can be called self-reliant when they can look after their most crucial needs independently in a sustainable manner. Thus, whereas self-reliance denotes a refugee’s ability to support himself, resilience looks at the broader capacity of both refugees and host countries to deal with unforeseen hardships and crises. UNHCR’s definition of resilience still remains vague, and does not capture the concept’s complex and multi-layered nature. To arrive at a more precise and context-specific definition, this thesis raises the following questions in relation to resilience throughout the following chapters:

3.1. Resilience of what?

Studies that engage with and critically analyse the concept of resilience differ in their unit of analysis. While some papers focus on individuals’ capacities to respond to and deal with adverse circumstances, other studies look at the resilience of social systems and communities. Analysing

the resilience of countries in the face of refugee migration, this thesis tends to fall into the latter group. More specifically, this thesis asks why some countries are more resilient than others when it comes to forced migration.[6] Studying resilience at the country as opposed to the individual level allows to shed light on the role institutions can play in influencing employment and hence resilience outcomes. Developing a better understanding of the nexus between institutions and resilience in the context of forced displacement is important for several different reasons. Firstly, it is an uncontested fact that refugees and social actors are embedded within specific policy and institutional contexts. While individuals do possess agency, policy and institutional factors limit scope for action to varying degrees. Studies that only focus on individuals' capacities to withstand challenges and hardships cannot account for this reality. Secondly, this study is interested in making sense of cross-country variation in resilience outcomes in the face of refugee migration. Individual-level accounts that zoom in on refugees' demographic and socio-economic characteristics are unlikely to be able to do so. A priori there is no evidence to suggest that forced migrants self-select into specific destination countries with respect to education and other socio-economic characteristics. As stated above, refugees' ability to choose certain destination countries is severely limited. Their departure is by definition forced and hence often rushed. Unlike economic migrants, they do not pick a country based on economic opportunities. Therefore, it is not

[6] This thesis does acknowledge that some countries host more refugees than others. A significant increase in refugee migration can overburden a country's institutions, having overall detrimental effects on employment outcomes. That said, this thesis does not primarily define institutional resilience vis-à-vis refugee numbers but rather vis-à-vis outcomes independent of numbers. With the partial exception of the UK, all of the country case studies included in this thesis have welcomed a significant number of refugees. And yet, there is significant variation across these countries in terms of the quantity and quality of jobs refugees can access. Therefore, the argument that a host country's resilience is purely a function of the number of newcomers arriving is too simplistic.

surprising that refugee employment outcomes vary across countries, even once differences in educational and socio-economic characteristics are accounted for. In other words, a substantial part of cross-country variation in terms of refugees' labour market performance remains unexplained. Initially, this might seem perplexing – what else could account for the observed differences across countries? This thesis proposes an answer to this apparent puzzle, arguing that institutions matter. Socio-economic regimes vary widely across refugee-hosting countries in the Global North. The argument that institutions matter for refugee employment outcomes is further substantiated by pre-existing studies that look at the nexus between socio-economic regimes and migrant labour market performance. They show that institutions have a substantive and statistically significant impact on the labour market performance of migrants (Guzi et al. 2022). While refugees differ from economic migrants in some key aspects (as detailed above), they also share a certain number of similarities. Both groups relocate to a new country, implying that they have less country-specific human capital than natives and therefore often a labour market disadvantage. Given these similarities, it is reasonable to hypothesize that institutions also have a substantial impact on refugee employment outcomes.

In summary, this thesis looks at resilience at the country level, shedding light on the role institutions play in driving cross-country difference in terms of refugee employment. In doing so, this thesis does not deny that refugee individuals possess a certain level of agency in navigating host country labour markets. That said, unlike studies that look at resilience from the

individual perspective, this thesis does maintain that their actions are always shaped by and ultimately constrained by institutional factors.

3.2 Resilience from what?

The concept of resilience would be meaningless without the presence of some sort of challenge or trial. In the present study, this challenge is refugee migration. The labour market integration of forcibly displaced people presents all host countries with a number of difficulties. Refugees arrive with little host-country specific human capital. Language and culture barriers as well as a lack of social networks can further exacerbate their labour market disadvantage, making it even harder for them to find employment. Successful labour market outcomes for this group are far from certain, and require significant long-term investments in human capital. Disagreements extend beyond the scope and scale of the challenge. Questions have also been raised as to whether refugee migration necessarily constitutes a continuous problem for refugee-hosting countries. For some, the long-term benefits of refugee labour market integration outweigh the initial costs, especially in country contexts with growing labour shortages. In this sense, the challenge of refugee labour market integration is not continuous. Therefore, the temporal dimension is another point of contention.

3.3. How to be resilient?

Another question that is frequently raised in relation to resilience is how individuals, communities and systems respond to adversity. Various terms are being used to describe their reaction. These include but are not limited to ‘adapt’, ‘absorb’, ‘overcome’, ‘navigate’, ‘deal with’, ‘undergo’, ‘tolerate’, ‘cope’, ‘mitigate’ and ‘adjust to.’ According to Keck and Sakdapolrak (2013)

this diversity in terms reflects at least two different interpretations of resilience: (1) coping capacities: the ability of social actors and systems to cope with and overcome all kinds of shocks and (2) adaptive and transformative capacities: their ability to reflect on past challenges, to learn from them and to prepare for future challenges. While the former interpretation describes a short-term response, the latter definition adopts a more long-term perspective.

Based on the above interpretations of pathways to resilience, this thesis raises the following sets of questions: To what extent can countries' institutions absorb and deal with refugee migration? Do some countries tend to have institutional regimes that lend themselves more easily to the labour market integration of refugees? These questions reflect and therefore relate to the first interpretation of resilience, namely coping capacities. That said, this thesis also takes an interest in institutions' adaptive and transformative capacities. Are institutions being reconfigured to allow for better refugee employment outcomes in the future? And if yes, what are these changes? Hence, this thesis assumes that institutions are dynamic, and not static. They can be reconfigured reflecting changing policy priorities, such as the labour market integration of refugees.

3.4. Resilience to what end?

Another issue that frequently comes to mind in this debate relates to the ultimate goals of being resilient. There is no consensus in this regard. Some studies see resilience as the ability to bounce back to the exact same state after some crisis, while others stress the capacity of social actors and systems to adapt, reorganize and completely transform following adversity. The former interpretation is more conservative in the

sense of talking about slow and incremental change. The latter interpretation, on the other hand, refers to radical and ultimately existential changes.

This thesis adopts a more conservative notion of resilience, noting that the ultimate goal of resilience is not necessarily about structural change and transformation. Put differently, change is assumed to be limited and restricted to stay in certain critical parameters. What exactly does that mean? One of the central hypotheses of this thesis is that socio-economic regimes differ between countries and that it is these institutional differences that account for the observed variation in refugee employment outcomes. If resilience was about existential change, then we would expect to see a uniform slide or convergence towards a certain type of socio-economic regime, i.e. the regime that has proved to be the most resilient in the face of refugee migration. The above does not mean that institutions are completely resistant to change. Far from it. They can change in light of challenges. However, this change is ultimately limited, meaning that it is not transformative in the sense of promoting complete institutional convergence between countries towards a single model.

3.5. How to develop and enhance resilience?

The last point that is worth noting in relation to resilience is that there is not a single pathway to enhancing or optimizing it. Social actors – or in this case refugees – are embedded in different socio-economic regimes. These institutions structure refugees access to employment. While they can be reconfigured in light of refugee migration, they cannot be completely erased to be replaced with a completely new set of institutions. As stressed in the paragraph above, this thesis hypothesizes that institutional change is slow

and incremental, building on the pre-existing infrastructure. Therefore, institutional resilience in refugee economies is necessarily context specific. What enhances resilience in one context might well do the opposite in another. Put differently, there are several different pathways to institutional resilience in the context of forced displacement. One of the main aims of the following chapters is to tease out what these are. In so doing, this thesis hopes to provide concrete and actionable policy recommendations on how to boost institutional resilience across countries with different socio-economic regimes.

4. An Institutional Account of Resilience in Refugee Economies

This thesis argues that resilience is the outcome of economic resilience. Economic resilience requires refugees' successful labour market integration. Labour market integration follows different trajectories in different economies.[7] Put differently, the variation we observe in terms of refugees' socio-economic outcomes across countries is the result of different labour market models. The institutional constraints and incentives associated with each model shape refugee employment outcomes. Labour market structures differ widely across refugee-hosting countries in the Global North. Education, labour market and welfare institutions shape refugee employment outcomes. Before I proceed to detail how these institutions impact on refugee labour market outcomes throughout the following chapters, it is important to conceptualize these institutional differences, while also developing concrete hypotheses that can be tested. Conscious of the institutional diversity of refugee-hosting countries, this

[7] Refugees' labour market integration is often seen as the most important step in the overall integration process. Once integrated into the workplace, they can expand their socio-professional networks, use their language skills and contribute to a host country's economy.

thesis looks at three different country case studies. More specifically, I shall look at and propose institutional accounts of resilience in refugee economies in the UK, Germany and Sweden. Each of these countries has a unique socio-economic regime type. In the following, I shall sketch out the distinctiveness of each with the aim of proposing testable hypotheses on how this impacts refugee employment outcomes.

4.1 Institutional Framework for Advanced Market Economies

Advanced economies have relatively low rates of informality - it is estimated that the informal economy only represents up to 15% of GDP in high-income countries. In other words, most employment is generated by the formal sector economy. The integration of refugees into the formal labour markets of advanced market economies represents a number of distinct challenges, leading some sceptics to claim that refugees' employment outcomes are necessarily poor.

Coming from war-torn countries with often dysfunctional education systems,[8] many refugees arrive with relatively low levels of educational attainment and hence do not always possess host country-relevant human capital. Their successful labour market integration requires years of investment in human capital formation. And even then, positive outcomes are far from guaranteed. In the absence of inclusive and effective up- and reskilling programmes, some risk long-term unemployment, while others

[8] It must be stated that the educational profile of refugees varies widely, in part reflecting differences in their countries of origin. Educational outcomes for refugees who come from countries characterized by protracted humanitarian crises and wars tend to be lower than for those who come from countries where the onset of conflict has been more recent. The longer instability lasts, the more educational infrastructure is affected and weakened. Even within countries of origin, there is wide variation, with some individuals having received a higher level of education than others. While this thesis is conscious of the diversity in terms of refugees' educational profiles, it still maintains that, **on average**, refugees tend to have lower levels of human capital than the host country population.

remain trapped in highly precarious employment. This can result in their permanent socioeconomic marginalization. Refugees arriving with higher levels of human capital also face significant challenges. Due to differences in education systems between their countries of origin and host countries, their educational and professional qualifications are often not fully recognized, making them susceptible to skills mismatch and hence underemployment. This invariably limits the economic contributions they can make to the labour markets of host countries. Long-term employment in low-skilled jobs that does not account for refugees' qualifications often results in de-skilling and hence affects their long-term ability to access more highly skilled employment. In light of these difficulties, sceptics of refugee migration argue that the socio-economic lives of refugees tend to be similar across countries. On average they are socio-economically marginalized. Their contribution to host countries' economies is bound to stay limited, resulting in overall higher levels of job polarization and inequality across high-income countries.

Yet other observers adopt a more optimistic outlook. While they agree that refugees face significant obstacles in accessing formal sector jobs, they maintain that the labour market integration of refugees can be successful and presents labour markets in the Global North with an economic opportunity. In times of increasingly growing labour shortages, refugees can contribute to the countries that have welcomed them in several different ways: as workers, consumers, investors etc. Their economic participation can help create employment, raise productivity levels, boost innovation, and stimulate overall economic growth, guaranteeing continued prosperity and relatively high standards of living across high-income

countries. In contrast to the sceptics, optimists argue that the long-term benefits outweigh the initial costs. Refugees are an economic asset – for all countries in the Global North. However, similar to the sceptics, optimists do not account for the fact that labour market integration of refugees differs widely across advanced market economies. This diversity in outcomes is not captured by any of the accounts in the previous paragraphs.

With the above in mind, this thesis proposes a more nuanced way of thinking about the socio-economic inclusion of refugees in high-income countries. It argues that cross-country variation in refugee employment outcomes is best explained by variation in socio-economic regimes across high-income countries. Education, labour market and welfare institutions shape the domestic supply of labour and by extension refugees' opportunities for socio-economic integration. Said institutions vary widely across high-income countries. According to the Comparative Capitalisms literature, there are distinct socio-economic regime types, the institutional configuration of which shapes the functioning of the economy overall (see Hall and Soskice 2001). While this literature has not been employed yet to analyse refugee employment trends, the model can be adapted to describe and explain the strategies of governments, firms and individuals dealing with institutional restrictions and incentives, which all influence refugee employment outcomes. Socio-economic regime types are differentiated and categorized based on their education, labour market and welfare institutions. The principal elements of these categorisations can be summarized and presented as follows:

(1) The Liberal Model: this model is characterized by highly stratified systems of education and training, favouring general and highly

transferable skills. Labour markets are only regulated lightly. Labour union density is low, with the state mostly monitoring and enforcing employment standards. In recent years, a main function of the welfare state has been to activate the unemployed and economically inactive into employment. Public social services are not well developed. Variations of the Liberal Model are found in the UK and Ireland, and more generally in the Anglo-Saxon world.

(2) The Conservative Continental Model: this model is based on a high-quality, high-skilled production regime with a well-established system of firm-based vocational education and training (VET). In comparison to the liberal model, employment protection standards are higher and average job tenures longer. Historically, this model has been associated with more egalitarian outcomes than the liberal model. That said, increasing levels of liberalization in combination with lower trade-union density have resulted in more dualization and hence more inegalitarian outcomes than previously. While the economic core remains largely intact in its institutional set-up, an unregulated periphery is growing, with an increasing number of workers not covered by traditional education, labour market and welfare arrangements (see Thelen 2014). Examples of this economic model are Germany and Austria.

(3) The Nordic Model: in contrast to the Conservative Continental Model, the Nordic Regime is underpinned by socio-economic institutions that aim to support workers in becoming more mobile, equipping them with highly transferable general skills. High levels of government funding together with an explicit focus on lifelong learning intend to

guarantee that opportunities for skills development are available to everyone, including labour market outsiders. Therefore, this model is associated with more egalitarian outcomes than both the Liberal and the Conservative Continental Model. Education, labour market and welfare institutions are meant to support labour market outsiders in getting and keeping qualified employment. Labour union density is high and so are employment standards. Public social services are comprehensive and female employment rates very high.

The hypothesis of this thesis is that these socio-economic regimes influence and shape refugee employment outcomes. Institutional constraints in each regime provide governments, firms and refugees with varying incentives to invest in human capital, which leads to variation in the quantity and quality of refugee employment across models. The following section provides more detailed hypotheses of how cross-country differences in welfare, education and labour market institutions can shape refugee employment outcomes.

4.1.1. The Liberal Model

Economic regimes characterized by low skills, low levels of employment regulation and low wages tend to generate low-paid and low-skilled jobs, i.e. jobs that tend to be more easily accessible to refugees given that they arrive with relatively low levels of educational attainment. Hence, we can hypothesize that in these regimes, refugees are able to access more jobs at a faster pace than in any other regime. However, these jobs tend to be concentrated in the low-wage sector. Featuring a highly stratified system of education and training, these systems only provide limited opportunities for career progression and social mobility, both for refugees and native

workers. Therefore, an increase in refugee migration might lead to an expansion of the low-wage sector and overall higher levels of job polarization. One possible way to avoid this is to promote entrepreneurship. Featuring fewer regulations and hence lower barriers to entry than the other two models, entrepreneurship can act as a vehicle of socio-economic integration for refugees.

4.1.2. The Conservative Continental Model

Economic regimes based on dualized labour markets with a strong tradition of firm-based VET generate both low-paid, low-skilled employment in the periphery, but also better paid and more qualified jobs, many of which require vocational degrees. In these systems opportunities for skills development and social mobility are better developed and hence more easily accessible for both refugee and native workers. This creates incentives to invest in human capital. We can, therefore, hypothesize that an increase in refugee migration does not necessarily lead to an increase in the low-wage sector and inequality. While some refugees will enter and stay in more manual and less skill-demanding work, others will invest in their human capital, particularly via VET. The formal entry requirements for vocational education and training are not as high as for university studies, making it a particularly attractive option for newcomers who arrive with relatively low levels of education or whose previous qualifications are not recognized. Governments' and especially firms' incentives to support refugees in this journey depend on the state of the economy and labour shortages. A persistently high and growing number of unfilled vacancies will increase employers' willingness to hire traditionally marginalized groups such as refugees, also for more qualified jobs that require vocational

training. Therefore, labour shortages result in cross-temporal variation in these regimes. In times of high labour shortages, refugees will be able to access more and better jobs, mitigating the prospects of increasing levels of inequality.

4.1.3. The Nordic Model

Economic regimes based on a high-skill equilibrium with comprehensive welfare coverage tend to generate well-paid and high-skilled jobs. There are only very few opportunities for low-skilled employment. Inclusive education and training systems together with comprehensive welfare arrangements are meant to ensure that even vulnerable jobseekers such as refugees can access these qualified employment opportunities. That said, this thesis hypothesizes that the effect of these institutions on refugee employment vary across different socio-economic groups. Refugees arriving with higher levels of educational attainment are able to benefit from relatively generous social safety nets and inclusive education systems to access jobs commensurate with their qualifications. However, less-educated newcomers may struggle to access these opportunities. Their relatively low levels of human capital make upskilling more difficult. For these groups, persistent skills mismatches can lead to inactivity and permanent labour market exclusion. The result is an increase in inegalitarian outcomes, with newcomers particularly affected.

5. Other Explanatory Approaches

In the above section I have argued that differences in socio-economic regimes have contributed to cross-country variations in refugee employment outcomes. I have called this approach an institutional account of resilience. But how does the proposed framework relate to other

explanatory models? Previous studies of immigrants' and refugees' labour market outcomes emphasize three different variables that affect the transition into employment: socio-demographic characteristics (mostly human capital), local economic conditions and finally integration policies. The following section will outline how my proposed framework of institutional resilience relates to these other explanatory approaches.

5.1. Individual Characteristics and Skills

Refugees are a highly heterogenous group, arriving with different skill levels and educational backgrounds. These individual-level differences in terms of socio-demographic factors complicate cross-national comparisons, as they may drive the observed variation in employment outcomes. Previous research has demonstrated that to a large extent, integration outcomes are the result of these individual-level variables related to demographics and human capital. This thesis does acknowledge that individual characteristics and skills play a significant role in determining integration outcomes. That said, it refutes the claim that individual-level socio-demographic factors are the main explanation behind cross-country variation in refugee labour market performance. I argue that the way we think about human capital is more nuanced.

Previous studies have shown that skilled or educated immigrants have overall better labour market integration outcomes, mainly because of additional education they acquire in their country of asylum, and not because of their qualifications obtained in their country of origin. Based on this insight, refugees' access to education and labour market institutions that promote upskilling and social mobility is vital for positive integration outcomes. In other words, the determining factor for integration outcomes

is no longer human capital as such, but rather institutions that promote human capital accumulation in an inclusive way.

5.2. Local Economic Conditions

Previous studies have shown that local labour market conditions have a significant impact on refugee employment outcomes. The timing of their arrival matters. Recessions and labour demand fluctuations will impact refugee and foreign-born workers more precisely because they tend to be concentrated in the low-skilled sector. While this thesis agrees with this observation, it argues that an important factor needs to be added to this discussion. European labour markets are not just subject to short-term labour demand fluctuations as a result of economic booms and recessions, but also to growing labour shortages as a result of demographic change. Demographic change is worsening labour shortages across various sectors and skill levels, potentially posing an existential threat to a country's competitiveness and wealth. Germany alone is facing an annual labour shortage of over 400,000 skilled workers to sustain its economy. The German Ministry of Labour estimates that the country will need an extra seven million skilled workers by 2035. Presented with such a daunting long-term outlook, governments and companies have incentives to use any labour potential, including the one of refugees. This will result in policies that aim seek to integrate newcomers into labour markets in a sustainable manner, especially in countries where labour shortages are particularly acute due to demographic change.

5.3. Policies

Some studies have also found that integration policies can have a sizeable impact on the socio-economic integration of refugees. For example, Hernes

et al. (2019) show that differences in refugees' labour market outcomes between Sweden, Norway and Denmark can be traced back to varying national policies and governance structures. They argue that countries with overall more welcoming and targeted measures witness better long-term outcomes. While this thesis acknowledges the importance of policies, it argues that these measures are particularly vital in countries where there is a mismatch between the qualifications in demand and the qualifications refugees bring. In countries with relatively large low-skilled sectors, labour markets can easily absorb newcomers without a supportive policy environment. In other countries, where this is not the case, pro-integration measures are necessary, equipping refugees with the skills and qualifications to compete on the labour market.

6. Outline of the Chapters to Follow

The next three chapters explore in more depth the propositions laid out above. In line with the suggested framework, variations in refugee employment outcomes will be analysed through an institutional lens, explaining how differences in socio-economic regimes shape and drive cross-country variation in refugee labour market performance. To this end, three different country case studies will be explored, with each of the cases representing a different type of socioeconomic regime. The UK is taken to represent the Liberal Model, Germany the Conservative Continental Model and Sweden the Nordic Model. In each of these countries refugee labour market integration follows a different trajectory and is associated with different patterns of resilience. In the UK, refugees tend to integrate relatively quickly and are overrepresented among the self-employed. In both Germany and Sweden, labour market integration tends to be slower

and more long-term oriented. That said, the two countries see different patterns in terms of sectoral/ occupational integration. In Germany, refugees tend to concentrate in medium-skilled professions that require vocational qualifications. Sweden, on the other hand, has a relatively high share of refugees that work in high-skilled jobs. Although the following chapters argue that these trends are mainly the outcome of institutional differences between countries, attention will also be paid to competing variables (human capital, demographic change and policies) and how these interact with and can be embedded in my institutional account of resilience. All chapters are structured in a similar way. First, recent refugee migration trends are analysed, followed by an in-depth presentation of the economic and labour market institutions associated with each socio-economic regime. In light of the suggested framework, this section will mostly explore cross-country differences rather than commonalities between education, labour market and welfare institutions, highlighting that each socio-economic regime is unique and based on different institutional configurations. Based on this analysis, the third section will outline the incentives and possible strategies of different actors to integrate refugees into countries' labour markets. Finally, the empirical part will look at how refugees are actually integrated into the respective labour markets, employing primary data from interviews with government representatives, labour unions, NGOs, companies and refugees themselves.

Methodology

The aim of this chapter is to describe the research methodology used for this comparative case study of cross-country variation in refugee employment outcomes in high-income countries. Such an approach allows for an in-depth understanding of how different countries integrate refugees into their respective labour markets and why that leads to different labour market outcomes.

This chapter will discuss in greater depth why a qualitative comparative case study design is a good choice for this research. Other topics that will be covered in this chapter are the selection of study participants, data analysis and ethical concerns.

1. Methodology Selected: Comparative Case Studies

Comparative case studies are considered a suitable research design when studies are interested in “how” and “why” questions about particular processes and outcomes, as is the case with this thesis.

My research questions for this study are the following:

RQ1: Why do refugee employment outcomes vary across high-income countries?

RQ2: How do different high-income countries integrate refugees into their labour markets?

Comparative case studies highlight the importance of comparison within and across contexts. They allow for understanding similarities, differences and patterns across cases, with the focus being on one specific issue. In

the context of this study, this specific issue are refugee employment outcomes.

While case-based approaches have a long tradition in social science research, their methodological rigour has grown in recent decades, especially following the introduction of grounded theory research in the 1960s. As Harrison et al. (2017) note, a comparative case study “has grown in sophistication and is viewed as a valid form of inquiry to explore a broad scope of complex issues.”

The completion of comparative case studies usually involves five steps, which should be undertaken in the following sequence (Goodrick 2014):

1. Clarify the key research questions and assess whether comparative case-based approach would be an appropriate research methodology
2. Drawing on existing literature, develop initial theories or propositions. These will help guide case selection and the overall focus of the study
3. Select the cases that will be included in the study
4. Clarify how evidence will be collected, analysed and synthesized
5. Summarize and report findings

In the following, I shall elaborate more on these steps and how they were dealt with in the context of the present study. As I have already justified the appropriateness of the research design I will start by looking at the second step, i.e. developing initial theories.

Normally, comparative case studies should be informed by some preliminary propositions, i.e. potential explanations of how certain features of cases contribute to observed processes and result in certain outcomes.

They are preliminary because they still have to be tested. These propositions can be based on and developed from previous literature in the field. As the preceding chapter has shown, this study has developed an initial theory of why we observe cross-country variation in refugee employment countries. The proposition that will be tested in the chapters to come is that cross-country variation in refugee labour market performance is the outcome of different labour market models or and the institutional configurations associated with them. I have identified three labour market models of interest: a Liberal Model, a Conservative Continental Model and finally a Nordic Model.

1.1. Case Selection

In line with the above categorization, cases were chosen that represent each model. More specifically, the UK represents the Liberal Model, Germany the Conservative Continental Model and Sweden the Nordic Model. A description of how these models vary in terms of their institutional landscape has already been provided in the introduction.

Case selection followed the “most different” design – representing different socio-economic regimes, the cases chosen for this study are maximally distinct in terms of their institutional set-up (my independent variable), but they all exhibit resilience in refugee employment outcomes (my dependent variable). The approach follows an inferential logic. In the context of the present study this means that institutions can be considered the likely cause of cross-country variation in refugee labour market trajectories, if the empirical chapters show that all country cases share the same outcome (i.e. resilience in refugee employment outcomes) and their only

characteristic in common is the independent variable of interest (i.e. institutions).

I have decided to limit the number of cases analysed at three. One of the fundamental aims of this study is to develop an in-depth understanding of how refugees get integrated into labour markets and why this leads to different labour market integration trajectories. Increasing the number of cases would have resulted in less depth and detail and is therefore not compatible with the study's aims.

1.2. Data Collection

Comparative case studies can be based on both quantitative and qualitative data. This study is purely qualitative in nature and mostly based on secondary literature, key informant interviews and narrative interviews with refugees. A qualitative study design is suitable because this study seeks to develop a rich understanding of complex institutional dynamics and how these shape refugee employment outcomes.

In total, I have conducted 132 interviews. 67 of these were key informant interviews with experts and practitioners and 57 narrative interviews with asylum migrants.

Key informant interviewees were selected purposively based on their knowledge and expertise in the areas that the chapters sought to investigate. In the British case, this was refugee entrepreneurship, in the German case apprenticeships and in the Swedish case the integration of highly-skilled newcomers. Key informants could either be experts looking at the above topics from an academic angle or they could be practitioners helping refugees into employment.

Refugee participants were recruited through the researcher's personal networks. For the British case study, the inclusion criteria stipulated that interviewees had to be refugees who are business owners. Their business could be operative in any sector. In the German case, participants had to be refugees who were either in the process of or had already completed vocational training in Germany. Similar to the British case, inclusion of participants was not limited to specific sectors. In fact, those interviewed trained in a variety of different sectors, including the skilled trades, hospitality and retail. In Sweden, interviewees needed to have obtained tertiary education in their home countries prior to fleeing to Sweden. There were no specific inclusion or exclusion criteria in terms of their fields of study. Those interviewed studied a variety of different degrees, including fine arts, economics, law and English literature. The decision not to exclude certain sectors or fields of study was taken to be able to capture a variety of experiences and perspectives in relation to labour market integration. In the British and Swedish case, interviewees had to be fluent in English to be included in the study. In the German case, fluency in German was required.

The researcher anticipated approximately 30 interviews per case study. That said, the final number of participants was higher and determined by saturation. That the final number of interviews was higher than predicted reflects the institutional complexities in the country case studies under examination.

Interviews were either conducted in person or remotely. They tended to last between 40 and 60 minutes and followed a semi-structured format. Interviews were audio-recorded, contingent on participant's consent. Prior to the interview, all participants were sent additional information about the

study, including an interview guide and a written consent form. No interview was conducted without either written or verbal consent of the participant.

1.3. Data Analysis

All interviews were transcribed and then coded. Coding was an integral part of the research process as it helped the researcher develop a better understanding of participants' perspectives and experiences in relation to refugees' labour market integration. Coding followed a deductive approach. This means that I started with a set of pre-defined codes in line with the initial theory that also guided case selection. I then applied these codes to the incoming interview data. That said, some additional codes were developed during the research process, reflective of new patterns that were not necessarily captured by the pre-defined codes. This was done in an effort not to overlook new insights that emerge from the data. Coding was only conducted manually and no qualitative data analysis software was used.

The coding processes aided with organizing the interview data into smaller and therefore more manageable chunks of data. Hence, it constituted a vital part of the data analysis. Coding used in comparative case studies allows to identify themes and patterns for analysis. It provides a structured and systematic way of analysing data, therein making it easier to compare findings across the different case studies.

2. Ethical Issues

Comparative case studies present researchers with a variety of ethical issues. The most important issue to consider is that study participants may be identifiable given the level of description needed to depict the richness

and intricacies of each case (Goodrick 2014). This was clearly discussed and negotiated with study participants, especially key informant interviews. Details that can identify participants, but were not deemed essential for understanding the case were not included in the analysis.

In general, it should be noted that the risks associated with participating in this study were minimal. All interviewees were over the age of 18. Interview questions did not touch on sensitive issues. In the case of refugees, interview guides were purely focused on their labour market integration. No questions were asked in relation to their flight.

That said, participants had the right to withdraw from the study at any point in time. The data for those who withdrew was not part of the analysis and did not contribute to the findings of this study.

3. Summary

The aim of this chapter was to describe the research methodology followed in this study. To this end, the chapter has provided a discussion of the research procedure, case selection, participant selection, data collection and data analysis. This thesis uses a qualitative comparative case study design to better understand how refugees get integrated into labour markets and why there are cross-country differences in terms of refugee employment outcomes.

The following three chapters present the study's findings and demonstrate that the research methodology introduced in this chapter was adhered to.

Entrepreneurship as a Vehicle for Socio-Economic Integration? – Refugee Entrepreneurship in the UK

In 2018, the UK's principal entrepreneurship foundation, the Centre for Entrepreneurs, provided compelling evidence that refugees can make great businesspeople. In their report "Starting Afresh: How Entrepreneurship is transforming the lives of resettled refugees," Osborne and Patrikalakis bring attention to the various ways in which refugees can contribute to the UK's economy by starting their own entrepreneurial ventures. They argue that supporting and promoting refugee entrepreneurship can lead to less public spending and stronger integration outcomes for the target group.

The Centre for Entrepreneurs is not alone in advocating for refugee entrepreneurship. In recent years, various different stakeholders have begun to highlight the positive aspects of promoting refugee entrepreneurship. The EU parliament considers entrepreneurship as an important vehicle for improving the socio-economic integration outcomes of asylum migrants. The OECD holds a similar point of view. As part of their programme on inclusive entrepreneurship, the OECD has highlighted how entrepreneurship can be used to facilitate the labour entry and integration of refugees in their host countries (OECD 2019).

Available evidence seems to back the idea that entrepreneurship can be a viable option for refugees' economic integration, albeit to varying degrees across countries. According to a study by Kone et al. (2019), 21% of asylum migrants in employment in the UK are self-employed. Statistics in Germany are less promising. Here, the level of entrepreneurial activities of people with a forced migration background is relatively low. Only 8% of

refugees are self-employed (Leicht et al. 2021). At 8%, self-employment rates for non-EU born residents in Sweden are also relatively low (Eurostat 2018). While data on refugee entrepreneurship is limited and should be interpreted with caution, the available evidence seems to suggest that refugees' self-employment levels vary widely across countries and are therefore context specific (OECD 2019).

What explains the observed variation in refugees' self-employment levels across countries? Why is entrepreneurship a particularly attractive option for refugees in some countries like the UK, but less so in others such as Germany and Sweden? In the following chapter, I shall argue that variation in refugees' self-employment levels can be accounted for by differences in the institutional environment of host countries.

Institutions matter for entrepreneurship – they structure access to market opportunities. Despite their importance, scholars have mainly focused on why refugees turn to entrepreneurship and the resources they can use to do so. In comparison, the institutional context in which refugee entrepreneurs operate has received very little attention. Only a handful of academics have addressed the connection between institutions, regulations and refugee entrepreneurship (Solano 2021, Solano 2020, Ulceluse 2016).[9] Therefore, relatively little is known about the various ways in which institutions shape and influence refugee entrepreneurship outcomes (Solano et al. 2023). Moreover, it remains unclear what institutional factors matter most for explaining entrepreneurship outcomes. Definitions often remain vague, citing a long list of potentially relevant

[9] The cited studies look at migrant entrepreneurship, and not refugee entrepreneurship in particular. That said, refugees are a subgroup of immigrants. While they may face additional challenges in comparison

institutional indicators for explaining the observed differences in entrepreneurship across countries (Dilli et al. 2018).

But which institutions really matter and how do these institutions relate to one another to promote refugee entrepreneurship? Drawing on differences between socio-economic regimes, I shall provide an institutional argument as to why refugee entrepreneurship is a particularly attractive option in some countries such as the UK.

The proposed institutional argument is twofold: Firstly, the UK's training system provides limited opportunities for upskilling and upward social mobility, making entrepreneurship an attractive alternative to waged employment. Secondly, the UK's institutional infrastructure promotes entrepreneurship, mostly through its finance-related institutions and deregulated labour markets. Barriers to entry are low, at least lower than in other countries, making entrepreneurship a feasible career option for even marginalized groups, such as refugees.

This chapter is organized as follows: In the first section, I shall take a look at the overall context of refugee migration to the UK. Particular attention will be paid to the labour market outcomes of refugees in the UK. How likely are they to enter wage-employment? What kind of jobs do they hold? What is their propensity to start their own business? If they do start a business, what kind of business? To support my argument, it is important to show that entering self-employment is a relatively attractive career option in the UK for asylum migrants. I also need to develop a better understanding of the types of businesses refugees tend to create. Previous research has shown that there is no "ideal" institutional constellation, equally facilitating different

types of entrepreneurship (Dilli et al. 2018). Having a clearer image of what the “typical” refugee business in the UK tends to look like helps to narrow down the institutional indicators we are looking for. In the second section, I will then look for these specific institutional indicators that promote entrepreneurship. This section aims to tease out in more detail what the UK’s comparative institutional advantage consists in. In the final section, I shall take a closer look at the UK’s overall policy environment, trying to understand how refugees really start businesses in the UK and how they are being supported on their entrepreneurial venture.

1. Refugee Migration to the UK and Labour Market Integration

In 2022, the UK received over 81,000 asylum applications, which is the highest annual figure since 2002. The significant increase is partly explicable by a growing number of asylum migrants trying to enter the UK on small boats via the English Channel (Sturge 2023). In the year ending March 2023, British authorities detected 45,000 people who tried to reach the UK as asylum migrants on small boats. This represents a sizable increase, considering that prior to 2019, so-called small boat arrivals were a comparatively “rare” phenomenon (Home Office 2023).

At the same time, it should be noted that asylum seekers make up a rather small share of immigrants into the UK. In 2019, only 6% of all immigrants were asylum migrants. Last year their proportion was higher and went up to 21%. This includes not only small boat arrivals but also arrivals under the Ukraine scheme, the Afghan relocation and resettlement schemes and other resettled persons (Sturge 2023). Moreover, the UK receives relatively few asylum migrants compared to other European countries. In per-capita figures, the UK ranks well below EU average.

Asylum applicants come from various different countries. In 2021, the majority of applicants (42%) originated from the Middle East, followed by Africa (23%). The following year, the major sending regions had shifted to Asia (32% of all applicants) and Europe (25%), reflecting the emergence of new humanitarian crises such as Russia's invasion of Ukraine.

There is a multitude of different studies looking at and shedding light on migrants' economic integration outcomes in the UK (e.g. Clark and Lindley, 2009; Drinkwater et al., 2009). However, the same does not apply to the specific case of asylum migrants, largely as a result of data limitations. For a long time, available datasets did not record if migrants had moved to the UK for the purpose of seeking asylum. This changed in 2010. For the first time, the UK labour Force Survey contained a question that asked about the principal reason for initial migration to the country. Kone et al.'s report "Refugees and the UK Labour Market" made use of this dataset. So far, it is the most comprehensive study on the labour market performance of refugees in Great Britain. In the following, I shall briefly summarize their findings, with the main emphasis being on refugee self-employment and the characteristics of refugee self-employment. Getting a clearer picture of the types of businesses refugees tend to have in the UK is required to determine the institutions needed to facilitate this kind of entrepreneurship.

Before looking at refugee self-employment in particular, I shall also review their results on asylum migrants and waged employment. This analysis will help us assess the scope and scale of the disadvantage refugees face on the UK labour market. High levels of labour market disadvantage are likely to result in increased returns to self-employment, potentially making it a more attractive and lucrative career option than waged employment. Thus,

if asylum migrants face particularly high levels of disadvantage on the UK labour market, they may be more likely to start a business, especially considering the institutionally more conducive environment.

1.1. Asylum Migrants and Waged Employment

At 51% the employment rate of asylum migrants is significantly lower than that of the native-born or other migrant groups. Once Kone et al. (2019) adjust for differences in socio-demographic characteristics (which include factors related to education, age, gender, ethnicity, and location of residence) between the three groups, the employment gap between asylum migrants and the UK-born still remains substantial: it only reduces from 22 to 12 percentage points. The group of asylum migrants is also overrepresented among the unemployed: their unemployment rate reaches 18%, which is three times higher than that of people born in the UK. Once Kone et al. (2019) account for differences in socio-demographic characteristics, this unemployment gap narrows from 12 to 7 percentage points. Refugees are also disadvantaged in terms of hourly pay and weekly earnings. While asylum have an average pay of £9 per hour and £284 per week, the UK-born take home significantly more money. On average, they are reported to earn £14 per hour and £486 per week. The observed gap in hourly pay and weekly earnings widens when Kone et al. (2019) account for differences in socio-demographic characteristics. Based on their estimates, asylum migrants receive an hourly pay which is 38% lower than that of the UK-born. For weekly earnings, this disadvantage increases to 55%.

What do we know about the jobs asylum migrants tend to hold in the UK? Are they different to that of the other groups? The Labour Force Survey on

which Kone et al.'s study is based contains different occupational categories, derived from typical skills requirements associated with each job. Occupations categorized as professional require "a degree or equivalent qualification, with some occupations requiring postgraduate qualifications and/or a formal period of experience-related training." Occupations categorized as elementary require "a minimum general level of education" (Office for National Statistics 2010).

A mere 10% of refugees in employment hold jobs that are categorised as professional. They are the least likely group to be in these positions. By contrast, they are heavily overrepresented in positions classed as elementary.

Does the available evidence suggest that this pattern changes over time? Do more and more refugees move into professional and managerial positions, the more time passes since their arrival? Social upward mobility may be the result of acquiring new skills or having pre-existing skills validated. The results of Kone et al. (2019) seem to indicate the opposite. Initially, employment and asylum have an equally large gap to the UK-born. After several years, the gap closes for economic migrants. The same cannot be said for refugees.

Their findings are also confirmed by other studies. Looking at the link between refugee migration and job polarization, Andersson et al. (2019) find that refugee migration leads to more low-wage sector employment in the EU 15 as a whole. The observed effect is small and is mainly attributed to certain countries and regions sampled. The UK, Ireland and Southern Europe are areas where the low-wage sector grew as a result of refugee

migration. The same effect was not observed for Nordic countries and Continental Europe. Despite hosting a relatively high number of asylum migrants, refugee migration did not increase the share of low-wage sector employment. So why does an increase in asylum migration lead to more job polarization in the UK and Ireland, two countries traditionally classified as liberal models? While Andersson et al. do not look at the causal mechanisms in more detail, they speculate that institutional settings can play a crucial role in terms of how countries adjust to refugee migration. In other words, institutions matter for refugee labour market outcomes. This is also one of the most prominent arguments of this thesis. In the case of the UK and liberal models more generally, possibilities for upskilling and hence upward social mobility are limited, both for native workers and asylum migrants. High-quality vocational education and training programmes, one of the hallmarks of the German model, are virtually absent. Instead, informal on-the-job training tends to dominate. Given the UK's scarcity of opportunities for training and upward social mobility, entrepreneurship may be a particularly attractive career option, not only for natives, but also for refugees.

1.2. Asylum migrants and Self-Employment

As detailed above, asylum migrants have strong economic incentives to turn to self-employment as a career option in the UK. This choice may further be facilitated by an institutionally conducive business environment, as is argued in this chapter. In total, 21% of economically active refugees are self-employed, a significantly higher share than for the other two groups: the UK-born and other migrants. Once Kone et al. (2019) account for differences in socio-demographic characteristics, the gap still remains

significant: asylum migrants are 8 percentage points more likely to have a business than those born in the UK. For the first 10 years of residence in the UK, both labour and asylum migrants have roughly similar likelihoods of being self-employed compared to the native-born. That said, the share of asylum migrants owning a business increases further after the initial decade, before gradually declining to a level experienced by the UK-born. Kone et al. (2019) speculate that more and more refugees rely on self-employment over time as a result of labour market discrimination and a scarcity of job opportunities. At one point, refugees are 10 percentage points more likely to have a business than those born in the UK.

1.2.1. What do we know about the types of businesses refugees tend to create in the UK?

Existing studies seem to indicate that the majority of asylum migrants has low value-added businesses. Markets they tend to operate in are characterized by low barriers to entry. These include but are not limited to retail, wholesale trade or restaurants (Wauters and Lambrecht 2008; Wauters and Lambrecht 2006). There tends to be an excess supply, substantially limiting growth opportunities. That said, refugee entrepreneurs may be in a good position to offer their products and services to niche "ethnic" markets (OECD 2019). The performance of refugee entrepreneurs is polarized: some are survival entrepreneurs, while others are successful, so-called "highfliers," with the latter group being in the minority (Ram et al. 2022). Refugee entrepreneurs with higher human capital and a good financial standing are more likely to belong to the club of the highfliers: they can cater to mainstream markets, which tend to be more profitable (Achidi

Ndofor and Priem 2011). Gaining access to these markets can be vital for running a successful business (Kloosterman, Rusinovic and Yeboah 2016).

These results are also confirmed by Kone et al. in their study on the labour market performance of refugees in the UK. They look at the likelihood of hiring employees as an indicator for business size. Their analysis demonstrates that refugees are 6 percentage points more likely to hire employees than those born in the UK. Once the authors account for differences in socio-demographic characteristics, this difference is less substantial at 2.4 percentage points. However, asylum migrants are also less likely than the UK-born to have in excess of 10 employees. Even though there may be differences based on industry, a business with fewer than 10 employees tends to be counted as a small business. In summary, refugees in the UK are more likely than the UK-born or other migrants to have employees. At the same time, their businesses tend to be relatively small.

So how do refugee ventures in the UK fare over time? To what extent is entrepreneurship a sustainable career option for asylum migrants? Based on qualitative longitudinal data collected in 2010 and 2018, Ram et al. find that refugee-owned businesses prove more resilient than is commonly assumed. Drawing on the trajectory of 34 refugee-owned businesses, they conclude that entrepreneurial performance for this group is surprisingly diverse and varied over time: some are survival entrepreneurs, while others can be classified as highfliers, with the latter group having “businesses with multi-site, turning over millions of pounds and growing vigorously (Ram et al. 2022).” The majority of refugee businesses is located between those two extremes. This group managed to overcome numerous obstacles and

in so doing, they could grow their business, experiencing upward social mobility over time. The size of business growth varies from firm to firm. Key determinants are structural constraints, the availability of resources and the proactiveness of business owners in managing their business. The results of Ram et al. are remarkable and give cause for optimism – from their sample of 34 refugee businesses all survived. One should bear in mind that up to 20% of small business owners have to give up their start-ups after no more than one year (Shane 2008).

Other qualitative studies paint a similar picture. In a survey of 40 refugees in Great Britain, the overwhelming majority reported significant improvements in their income, qualifications, and social status thanks to their entrepreneurial activities (Lyon 2007).

All of this seems to indicate that entrepreneurship can be a feasible and sustainable career option for refugees in the UK, promoting socio-economic integration and upward social mobility. Unfortunately, the Labour Force Survey does not currently include any information on earnings derived from self-employment. Therefore, it is not possible to look at the average pay of self-employed asylum migrants in the UK. Doing so might consolidate Ram et al.'s findings re the resilience of refugee-owned businesses even further.

2. Refugee Entrepreneurship and Socio-Economic Regimes

The main claim of this chapter is that institutions matter for entrepreneurship. Entrepreneurs come in different shapes and sizes. Some are informal street market traders, while others have launched successful tech start-ups. That said, the previous section has shown that refugees tend to create small businesses in markets with low barriers to entry.

How do different institutions relate to this type of business? What type of institutional constellation is needed to facilitate these entrepreneurial ventures? And most importantly, why might the UK's institutional setting be considered a particularly good fit for small low value-added businesses?[10]

With their liberalised markets, well-established financial markets and strong focus on science and knowledge creation, liberal models such as the UK are said to facilitate radical innovation. In so doing, they facilitate and encourage risk-loving entrepreneurship that aims for high corporate growth. The comparative institutional advantage of CMEs like Germany is said to be in incremental technological innovation. Unlike in LMEs, economic actors often cooperate with each other on the basis of non-market relationships. Shareholders and the workforces are tied to their respective firm via institutions regulating financial and labour markets. The result is a less Schumpeterian type of entrepreneurship: less risk-loving and focused on imitation and incremental rather than radical innovation. Growth aspirations are also more restricted (Dilli et al. 2018).

However, the VoC literature does not make any institutional arguments about low value-added businesses, i.e. the kinds of businesses refugees tend to have. We do not know whether LMEs or CMEs have a comparative institutional advantage in the promotion of this type of entrepreneurship. In

[10] This chapter does acknowledge that refugee entrepreneurship can come in various forms – not all refugees operate small businesses in markets with low barriers to entry. Some operate businesses in more competitive industries with higher barriers to entry, targeting mainstream markets instead of catering to ethnic niche markets. In fact, this is true for some of those interviewed for this study – the businesses of those interviewed are listed in Table 2 at the end of this chapter. However, they constitute a minority. For this reason, this chapter shall focus on how the UK's constitutional setting facilitates the creation of smaller businesses in industries with low barriers to entry.

looking at the institutional foundations of this type of business, this chapter aims to close this gap.

This is an important argument to make. While larger corporations are often in the spotlight thanks to their size and global presence, small businesses are equally important for a country's economy. The combined contribution of small businesses tends to surpass that of larger corporations. These statistics highlight the importance of nurturing and supporting these enterprises, many of which operate in low value-added sectors. Small businesses are also important in terms of job creation. In the case of the UK, 60% of total private sector employment is accounted for by small businesses. Put differently, SMEs provide millions of jobs. The employment opportunities created by small and medium-sized businesses are diverse, catering to a variety of different skill sets and experience levels. In so doing, they can support inclusive economic growth. For example, SMEs tend to be located in areas where larger corporations do not have a presence. This can contribute to a more regionally balanced and inclusive labour market, where also otherwise marginalized groups find employment.

Before I delve deeper into the UK's comparative institutional advantage in the promotion of small low value-added businesses, I must acknowledge one caveat to my argument. Just looking at the headline figures of self-employment across different countries can give a somewhat distorting view. Some of these differences may reflect pure legal arbitrage rather than institutional differences. What may count as self-employment in the UK may not in other country contexts (lawyer and academic, personal communication, February 2023). For example, in Continental Europe pension system healthcare benefits tend to be tied to employment.

Therefore, it would be more attractive there not to be self-employed. So, starting their own consulting business, it may well be the case that the aspiring business owner would opt for self-employment in the UK, but not in Continental Europe. Bearing this in mind, we might wonder whether all the differences in self-employment levels across countries are artefacts of pure regulatory arbitrage? If this was the case, institutions would not matter for entrepreneurship, which is the central claim of this chapter. However, such a conclusion does not seem to be justified. Firstly, self-employment levels vary too widely across countries to be explained away by pure regulatory differences. Secondly, “solo” self-employment has grown substantially in the UK within the last few decades. In December 2000, just 3.2 million were solo self-employed. In subsequent years, this figure climbed up to over 5 million at the start of 2020. As of May 2023, 4.39 million workers are solo self-employed in the UK. Among the OECD countries, the UK has one of the highest levels of solo self-employment. The remarkable growth of self-employment in Great Britain over the last few decades coincides with a period of intensified deregulation.

Successive British governments made it a policy priority to minimize bureaucracy-related barriers for British businesses. The labour-led government under Tony Blair was no exception in this regard. They established the *Better Regulation Taskforce* which issued recommendations for easing unnecessary business obstacles due to excessive regulation. The Government under Tony Blair embarked on a long-term simplification programme, as a result of which over 280 simplification measures came into force between 2005 to 2010. Within the context of the *Think Small First* Campaign the Government also considered

the specific policy interests of SMEs in their liberalization agenda. The following Conservative and Liberal Democrat coalition government continued along the same policy path, putting further deregulation front and centre. In 2011, it announced the *Micro-Business Moratorium*, which stipulated a freeze on the issuing of new regulations for companies that employed fewer than ten employees. In subsequent years, the Government introduced a “one-in, two-out” rule concerning UK business regulation. In 2016, this was amended to a “one-in, three-out” rule. (GOV UK 2016). (For a more detailed overview of the deregulation strategy pursued by the UK Government, see Sanders et al. 2018)

Considering the deregulation efforts by successive governments, it is reasonable to assume that Britain’s exceptionally high levels of self-employment reflect a supportive institutional environment.

So, let’s take a closer look at the UK’s comparative institutional advantage for the creation of small low value-added businesses, and also at how these institutional arguments relate to the VoC literature more specifically. At first, we need to think about which institutional factors are particularly relevant in the context of self-employment and small businesses.

Those who are interested in entering this type of entrepreneurship are likely to face constraints in terms of access to finance and resources. This statement is particularly true for the subgroup of more marginalized and unconventional entrepreneurs such as refugees. It is therefore reasonable to assume that high start-up costs and only scarcely available loans with strict eligibility criteria are potential barriers. Institutional environments

characterized by low business start-up costs and widespread availability of loans and grants are conducive to the development of small businesses.

Those with small businesses are also more likely to rely on temporary employment to adjust to a rapidly changing business environment. In other words, small businesses benefit from a labour market in which it is easy to hire and fire people and one that facilitates temporary employment.

Finally, education- and training-related institutions will have an impact on the development of small firms in low level sectors. Countries with less well-developed vocational training systems are more advantageous for these types of small businesses. This is for two reasons. Firstly, these programs support the creation of firm-specific human capital, something that is important for firms specializing in the production of high value-added exportable goods. However, this is less important for low value-added businesses operating in the service sector such as a food truck. And these are ultimately the type of businesses we are predominantly concerned with in this chapter. Here, general transferable skills such as a minimum standard of social skills are more important. This type of skill profile is best supported by a well-developed school system rather than by a high-quality vocational training system. In raising the human capital of the workforce, well-developed vocational training systems also tend to push up wage costs, which can act as a barrier for small businesses. Even for those who are solo self-employed, less regulated education and labour markets may be more advantageous. Comprehensive vocational training systems lead to more occupational regulation and hence more protection of certain activities. Put differently, I may not be authorized to be self-employed in a certain domain unless my foreign professional or academic qualifications

are recognized. This can be costly, especially if I have to re-enter education for lengthy periods of time to obtain the required qualifications and licenses. As such, it can also act as a barrier for those who want to enter solo self-employment.

As the section below shall argue, the UK's finance-related institutions together with its education- and training- related institutions and deregulated labour market form an "ideal" institutional constellation to support the development of small businesses operating in low level sectors.

Firstly, business start-up costs tend to be very low in the UK, at least in comparison to much of Continental Europe. This is especially true for Limited Liability Companies (LLCs). This is a business entity that protects business owners from being held liable for the company's financial losses or debts. There are significant cross-country differences in terms of minimum capital requirements (MCRs), meaning the minimum amount of capital required at business inception. The lower the minimum capital requirements, the easier it should be to launch an LLC, even for entrepreneurs with difficult access to finance. The UK belongs to one of the few countries in Europe that does not stipulate any minimum capital requirement. Other countries in this group include the Netherlands, Ireland, Portugal and Cyprus. Sweden, on the other hand, has set the required amount at €4,800. Germany is an outlier, requiring the highest amount in share capital, which is to say €25,000 (Dyvik 2022). At business inception, only half of the start-up capital must be paid. Should the aspiring business owners fail to raise the minimum investment requirement of €12,500, then there is the option for the foundation of a so-called small private limited liability company, commonly known and referred to as mini-GmbH. This

legal structure only requires a share capital of €1.00 to be made available when the business is launched. With such a low minimum capital requirement, this German business structure resembles that of the English model for a Limited Liability Company. And this is not a coincidence. The German government initially designed the so-called mini-GmbH to be the equivalent of and therefore to compete with the English Private Company Limited by Shares (Ltd). With this change in corporate law, the Government made it easier for smaller businesses to attain limited liability status in Germany. Prior to this, many small German companies flocked to the UK to have their businesses registered there as an English “Limited,” while still operating in Germany. This move had been rendered possible by the European Court of Justice’s decision to make all domestic legal forms valid and lawful throughout the European Union (academic and lawyer, personal communications, February 2023).

The introduction of the mini-GmbH in German corporate law is a great example of the liberal reshaping of CMEs and also its limitations. At face value, the mini-GmbH seem to have had its desired effects. From 2008 until the end of 2014, 104.000 new mini-GmbHs were registered, representing about 10% of all GmbHs. The number of English Private Company Limited by Shares (Ltd) operating out of Germany decreased substantially (Mock 2016). However, there are still significant disadvantages associated with this business structure, especially for those founders with growth ambitions. For example, in order to make up for this low initial share capital, the company must keep a quarter of its annual turnover until the usual minimum capital requirement of €25,000 for an LLC is reached. Then the accumulated profits are converted into share capital,

transforming the mini-GmbH into a regular one. This “upgrade” does not happen automatically. Additional costs apply. For example, the Articles of Association must be amended and notarized. The effort and costs associated with changing the legal structure from a mini- to a standard GmbH are not non-negligible. Therefore, it would have been easier and less costly if the company had initially been founded as a standard GmbH.

The other factor increasing start-up costs in the German case in particular stems from the protected guild of notaries. Notarial certification is required for the launch of a Private Limited Liability Company (GmbH). In the German case, notary fees are regulated by law and therefore cannot be negotiated. Hence, regardless of the notary chosen, the same fees apply for the same notarial activity throughout the German territory. The average costs for the registration of a Limited Liability Company in Germany are estimated to be between €2,000 and €3,000. This includes notary fees, commercial register fees and also company formation services (ODINT Consulting 2023). The costs may be higher, depending on the type and size of business. For the mini-GmbH, the articles of association can be notarized at a lower fee than for a regular GmbH. The start-up costs are therefore reduced. However, barriers to entry in Germany are still higher than in the UK, even after the introduction of the mini-GmbH. This reflects the German approach to business incorporation: it is something serious that carries the potential for fraud, and so thorough checks are in order to prevent this from happening (academic and lawyer, personal communications, February 2023).

Secondly, the UK’s finance-related institutions facilitate access to finance for SMEs, at least more so than in some other parts of Continental Europe.

Broadly speaking and rather unsurprisingly, small businesses tend to face great financing obstacles. If financing is offered, the conditions set in terms of interest rates, maturities, repayment, and collateral may be very demanding and ultimately unfavourable.

Considering these financing obstacles, the UK Government tried to encourage British banks to provide more funding to SMEs. For example, in 2009, the *Enterprise Finance Guarantee* was launched. Under this loan guarantee scheme, banks could offer normal, secured commercial loans to small businesses, that lack security and/ or a proven track record. During the ensuing financial crisis, funding to businesses and SMEs declined dramatically. Therefore, the Government together with the Bank of England (BoE) launched *Funding for Lending* in 2012. Under this scheme, banks could borrow from the BoE at very favourable rates. After 4 years, this programme was discontinued, as had been planned from the outset. That said, the Department for Business, Innovation and Skills established the British Business Bank in 2014. The Bank is now in charge of the various government initiatives that aim to support SMEs in accessing finance (Sanders et al. 2018). This proved very successful, and the British Business Bank still exists at the time of writing.

One of the biggest projects the Bank is responsible for is the so-called *Start-up Loans Programme*. Funded by the Department for Business, Energy and Industrial Strategy, the initiative aims to promote entrepreneurship in the UK by handing out loans ranging from £500 to £25,000 at a 6% interest rate. The programme is designed for and targets individuals who are in the process of setting up a business or who have launched their respective enterprise less than three years ago. Recipients

of the loan also receive free mentorship support. At the Spending Review in 2021, the government stated that it will make funding available for another 33,000 Start Up loans in the coming three years (GOV UK 2022).

In their research paper “SME lending and competition: an international comparison of markets” the Department for Business, Innovation and Skills (2016) found that SMEs are comparatively well-funded in the UK. In terms of access to bank finance for small- and medium-sized businesses, the report concluded that the UK and Germany, one of the case studies included in the analysis, fared similarly well. However, the take-up of alternatives to bank finance was found to be significantly higher in the UK than in any of the other country cases looked at. The UK is the leading market in Europe for alternative lending via online platforms. The value of these transactions, which includes peer to peer and crowd lending, reached €2.3 billion in 2014. At €140 million in Germany and €8.2 million in Italy respectively, the values in other European countries were much lower.

More recent figures confirm that the market for alternative sources of finance is better developed in the UK than in the rest of Europe. In terms of investment volume, the US is the most dominant player in the global market in 2020, accounting for $73.62 billion of the entire volume. This represents roughly 65% of the total global market share. At $12.6 billion[11] the UK comes in second, accounting for almost half of Europe’s market share (Bednorz 2023).

[11] The figures on alternatives to bank finance are in different currencies and therefore not directly comparable. They are taken from two different sources, as stated above. That said, they should give an indication of how much bigger the take-up of alternative finance is in the UK is vis-à-vis other countries in Continental Europe.

Why is it so important to look at alternatives to traditional bank finance for SMEs? First of all, these forms of alternative finance are growing quickly and will continue to grow quickly. In some countries such as the UK, they are already mainstream and are therefore included in my definition of finance-related institutions (Wardrop et al. 2015). Secondly, microenterprises will face significant difficulties in accessing traditional bank finance and business loans, especially when prospective entrepreneurs lack personal guarantees or a credit history as is the case for refugees. This makes looking at the market for alternative financing options for small businesses all the more important.

Thirdly, the UK enjoys a comparative institutional advantage in terms of labour market institutions. In fact, the UK is widely regarded as having one of the most liberalized labour markets in Europe, with institutions tilted in favour of employer interests. Flexible labour market institutions tend to benefit small businesses. Due to their size, they are less able than large corporations to absorb and withstand fluctuations in demand and/or unexpected financial blows. Hence, unless the labour market is sufficiently flexible, SMEs are very cautious to hire new employees.

The UK labour market is distinct in two regards. Firstly, employment protection for workers on permanent employment contracts is weak. This is also reflected in OECD rankings, where the UK tends to consistently rank near the very bottom for individual dismissal protection standards among the 24 EU listed countries. Overall, weak employment protection standards make for a labour market in which it is very easy to hire and fire employees at short notice. Critics say that the standards of employment protection in the UK have dropped even further in recent years (Grimshaw et al. 2016).

In 2012, the UK Government prolonged the amount of time workers have to be employed for by an organization before they can file an unfair dismissal claim against their previous employer. The required time period went up from 12 to 24 months. The government and employer associations justified this policy amendment, claiming that the longer qualification periods would lead to business growth, ultimately incentivizing businesses to hire more people. The former director general of the British Chamber of Commerce, John Longworth, said that “dismissal rules are a major barrier to growth for many businesses. The majority of small businesses have ambitions to grow, and this will boost their confidence to hire” (quoted in Osborne 2012). In July 2013, the coalition government introduced fees for seeking legal redress against unfair dismissals, making it more difficult for workers to have their claims processed and heard (Grimshaw et al. 2016). The UK government justified introducing these new fees with reference to promoting business growth:

“We are ending the one way bet against small businesses. We respect the right of those who spent their whole lives building up a business, not to see that achievement destroyed by a vexatious appeal to an employment tribunal. So, we are now going to make it much less risky for businesses to hire people,” said the then Chancellor George Osborne (quoted in BBC News 2011).

Moreover, the UK government has placed very few restrictions on hiring workers on the basis of atypical contracts. These include fixed-term, part-time, temporary agency, and zero hours contracts. Forms of atypical work have mushroomed in the UK in recent decades, especially following the onset of the 2008/09 financial crisis. For example, the use of so-called zero

hours contracts (ZHC) has quadrupled since the last 2008/09 recession (Grimshaw et al. 2016). Zero-hour contract is not a legal term as such in the UK. The Chartered Institute of Personnel and Development (2023) defines zero-hour contracts as “an agreement between two parties that one may be asked to perform work for another but there is no minimum set contracted hours.” Their use is widespread in low value-added sectors such as the hospitality and retail sector. The Trades Union Congress claims that currently nearly 1,2 million people are working on zero hours contracts (Klair 2023). Compared to the rest of Continental Europe, the UK is an outlier. Many European countries restrict or outlaw these types of contracts. In the British context of highly deregulated labour markets, employers enjoy considerable freedom to use and sometimes abuse non-standard forms of employment. Some would even say that “employers in the UK are free to invent flexible forms much on their own terms” (Grimshaw et al. 2016: 235).

Fourthly, the UK’s liberal skill formation system also provides an institutionally favourable environment for small businesses operating in low level sectors. This is because it supports general transferable skills rather than specific skills. Let’s use an example to make this point more tangible. Many refugees tend to have businesses in the hospitality and food industry. These are industries where a good social skill set is key. Any additional technical skills needed can often be acquired through on-the-job training. There is no need for an elaborate dual apprenticeship lasting several years and resulting in formal qualifications.

Furthermore, collective skill formation systems, typically found in CMEs, are linked to a higher prevalence of regulation in the workforce, especially

for crafts professions.[12] This can act as a barrier of entry for refugees looking to launch a business. Without obtaining the necessary education and qualifications first, they may be barred from working in certain professions and sectors even if they have already acquired the necessary skills in their home country. Studies looking at the link between migration and occupational regulation seem to suggest that migrants tend to work in non-regulated professions. For example, Koumenta et al. (2014) find evidence that intra-EU immigrants are overrepresented in professions that are less likely to be regulated. While it is beyond the scope of their research to examine the underlying reasons for this phenomenon, they speculate that occupational regulation acts as a barrier to migration. We would expect the observed effect to be amplified in the case of asylum migrants, given the generally higher hurdles they face in terms of labour market entry.

Runst (2018) also concluded that the deregulation of occupational licensing in Germany had a positive impact on the labour market prospects of the foreign-born. The 2004 “Hartz Reforms” abolished or revised occupational licensing requirements in the German crafts sector. While the reform completely removed licensing requirements for the so-called B-trades,[13] another group of occupations (AC-trades) are still subject to full licensing

[12] With 131 regulated professions, the UK is amongst the countries that has a relatively high number of professions subjected to licensing requirements. In the German case, the number of regulated professions only reaches 86, which presumably is the result of deregulation efforts dating back to the early 2000s within the context of the so-called “Hartz Reforms.” That said, the number of regulated professionals does not always correspond to the overall prevalence of occupational licensing in the workforce. This is because the number of practitioners within different occupations may vary from country to country (Koumenta et al. 2014). This is also the reason why countries like Germany and other CMEs tend to have a higher prevalence of regulation in the workforce, despite having fewer professions that are subject to licensing requirements.

[13] B-trades include occupations such as brewers, interior decorators and musical instrument makers. Car mechanics, butchers and bakers are classified as A-trades (Runst 2018).

requirements. Some professions (A-trades) were partially deregulated. The removal of occupational licensing in the B-trades has resulted in a higher share of migrants entering self-employment. Runst (2018) also found that the partial deregulation of the crafts sector as a whole led to a higher number of migrant employees. Migrants are now more likely to work as unqualified employees in the crafts sector. However, their share did not increase among highly trained employees (Meister) nor among mid-range training levels (Geselle). The observed effects also only apply to the fully deregulated B-trades.

In summary, the UK's institutional landscape promotes entrepreneurship in low value-added sectors, i.e. in sectors where refugee entrepreneurs are concentrated. This is for several reasons. Firstly, business start-up costs are low. Secondly, SMEs are relatively well-funded, not only through mainstream, but also through alternative funding mechanisms such as crowdfunding. Thirdly, deregulated labour markets with a low prevalence of occupational regulations lower barriers to entry, especially for those who do not have formal qualifications, making entrepreneurship a feasible career option for marginalized groups such as refugees.

3. How do Refugees Become Entrepreneurs? - the Role of Policies and Programmes

While the UK has an institutionally favourable environment for businesses, many refugees still need extra support on their way to becoming an entrepreneur. Compared to migrants and locals, refugees face additional and group-specific start-up barriers. At least initially, they are hardly integrated into the social and institutional structures of the host country. They also have limited access to the resources and networks of their

community, both in the host country and in their country of origin. Therefore, they tend to need additional support.

There is a wealth of different measures and programmes across the UK to support refugees in becoming economically active, with many of these focusing on self-employment in particular.

For example, in 2019, the British Home Office together with the National Lottery Community Fund launched the so-called Refugee Entrepreneurship Pilot. Within the context of the one-year pilot, four business support organisations received funding to design and implement refugee entrepreneurship programmes in various locations across the UK. The promising results of the pilot also had a lasting impact on the £14m refugee transitions outcome fund[14] announced in March 2021: self-employment was included as a funded outcome alongside waged employment.

In the following section, I shall give a brief overview of the various initiatives currently in place to support refugee employment more generally and refugee self-employment in particular. This mapping enables us to develop a better understanding of the various ways in which refugees can be supported to become entrepreneurs.

Drawing on Legrain and Burridge (2019), I have identified three different categories of support entrepreneurship programmes. These are presented below:

[14] Initiated by the Home Office, the Refugee Transition Outcome Fund (RTOF) has as its stated objective to encourage and invest in measures that lead to positive integration outcomes across various domains such as employment, housing, and integration. The funding that has been earmarked for the RTOF will end in March 2024.

1. General initiatives that promote entrepreneurship, such as the government's "Start Up Loan" Scheme or the "New Enterprise Allowance"; refugees are not the main target as such, but they are eligible to benefit from these schemes.
2. General programs that aim to enhance refugees' socio-economic outcomes, such as the Refugee Employability Programme. It is a Home Office initiative that aims to address the specific needs of refugees, providing them with the necessary support to find employment and rebuild their lives in England. In contrast to the first category, refugees are the main target group. However, potential outcomes are more varied, and can also include waged employment.
3. Specific schemes that are stand-alone and primarily promote refugee entrepreneurship.

These programmes can be funded and provided for by a variety of different actors, such as the government, local authorities, NGOs and prior to Brexit, the European Union.

Table 3 lists the main characteristics of existing programmes supporting refugee entrepreneurship in the UK. This overview may not be fully comprehensive. However, it covers some of the most important initiatives in this field.

Table 1: Entrepreneurship Programmes in the UK

Programme	Type	Main Funder/ Provider	Geographical Scope	Launched	Focus
Start Up Loans	1	National Government	National	2012	Would-be and early-stage entrepreneurs

New Enterprise Allowance	1	National Government	National	2011-2022	Would-be entrepreneurs claiming Jobseeker's Allowance, Employment and Support Allowance, Income Support or Universal Credit
Refugee Employability Programme	2	National Government	National	2023	Refugee jobseekers and would-be entrepreneurs who need additional support that cannot be provided by mainstream services
Wellbeing and Work for Refugee Integration Project*	2	Funded by the European Union Lead Partner: East of England Local Government Association	East of England	2020-2023	Would-be refugee entrepreneurs
New Roots Programme*	3	Impact Hub London	London-based	2019	Would-be and early-stage ethnic minority entrepreneurs
Scheme for Business Support*	3	Opora	London-based with reach across the UK	2022	Would-be and early-stage Ukrainian refugee entrepreneurs
AMIF refugee business support programme*	3	Funded by the European Union Lead Partner: North East BIC	Northeast England (Tyne and Wear)	2019-2022	Would-be refugee entrepreneurs
Ideas into Action/ UP Collective/ Food Power/ On-demand business support etc.	3	TERN with relevant implementing partners	London-based with reach across the UK	2016	Would-be, early-stage and already established refugee entrepreneurs
Better Futures*	3	European Union Lead Partner: National Enterprise Network	UK, Denmark, France, Germany and Ireland	2020-2022	Young would-be refugee entrepreneurs
SIREE*	3	European Union	UK, France, Belgium, Netherlands	2018-2021	Would-be refugee entrepreneurs

		Lead and implementing partner in the UK: University of Greenwich			

In the following, I shall introduce some of the above listed initiatives in more detail.[15] I first start with general initiatives that promote entrepreneurship, before looking at programmes that focus on refugees.

3.1. General initiatives that promote entrepreneurship

Refugees are not the main target of these programmes. That said, they are eligible to benefit from these schemes alongside other groups. The *Start Up Loan Scheme* and *New Enterprise Allowance* are two examples for this category of support programmes.

Start Up Loans: launched in 2012, the Start Up Loans Scheme offers personal loans for business purposes of up to £25,000 at a 6% interest rate. The programme also includes mentoring and support to selected businesses. So far over 90,000 business ideas have been supported with more than £800 million worth of loans. Conditions for government-backed loans are favourable: they do not require any collateral or personal guarantee, and interest rates are comparatively low. In principle, would-be and early-stage refugee entrepreneurs could benefit from this scheme. But for many the selection procedure proves too competitive. Documents to be submitted during the application procedure contain the following: a business plan, photo ID, a cashflow statement, proof of address, copies of the previous three months of current account personal bank statements

[15] Please note that initiatives marked with an Asterix in the table are presented in more detail in Appendix A.

etc. The *Start Up Loan Scheme* is “good as a general programme. But for a refugee it is super difficult to get this loan,” says a representative from the Entrepreneurial Refugee Network (personal communications, October 2022).

New Enterprise Allowance: this scheme offered support to unemployed people who wanted to start their own business. People who were already self-employed but relied on Universal Credit for subsistence could also access the New Enterprise Allowance to develop their business further. Participants received support from a business mentor and could access financial help. Between April 2011 and December 2021, 276,000 individuals participated in the New Enterprise Allowance. In total, 161,000 businesses were set up. 57% of individuals starting on the scheme managed to launch their own business (UK GOV 2022) Unlike the first scheme, the New Enterprise Allowance was designed to reach those furthest away from the labour market, which also includes the group of refugees. Many aspiring refugee founders initially rely on state support before becoming self-employed (Richey et al. 2021). In fact, the government’s website for the New Enterprise Allowance featured a refugee-origin entrepreneur: Razan Alsous, a Syrian-British entrepreneur who is now running an award-winning cheese business in Yorkshire. Despite the programme’s success, the New Enterprise Allowance closed on 1 January 2022. The closure of the programme has been criticized widely – without any replacement scheme, critics fear that there will be a void in self-employment support for more marginalized groups.

To summarize, mainstream entrepreneurship programmes risk not being sufficiently inclusive, largely remaining inaccessible to refugee

entrepreneurs who tend to have more support needs than other groups. Such is the case for the *Start Up Loan Scheme.* Mainstream programmes that are specifically designed for the needs of would-be and early-stage entrepreneurs from marginalized groups are more accessible for refugees, with the *New Enterprise Allowance* being one example.

3.2. General programs that aim to enhance refugees' socio-economic outcomes

Initiatives that fall into the second category promote refugees' overall socio-economic outcomes, i.e. both waged employment and entrepreneurship. The *Refugee Employability Programme* is one example.

Refugee Employability Programme (REP): In March 2021, the UK Home Office announced the New Plan for Immigration, which has as its stated goal to build a more effective asylum and migration system. This also includes an Enhanced Integration Package, providing effective support to refugees to integrate and become self-sufficient. The REP provides tailored and flexible employment support. Complementing and building on other initiatives across the governmental and voluntary sector, it aims to remove barriers other services have failed to address effectively. Self-employment is part of the integration offerings under the REP. A personal case worker helps participants to transition into either waged employment or self-employment. The service launched in 2023.

Integrating both employment and self-employment support into the same scheme has the advantage that refugee beneficiaries can be directed to the support they need. Entrepreneurship is not for everyone. Some refugees predominantly start a business due to a lack of alternative employment

opportunities rather than market opportunities. For these people, regular employment support may be more appropriate.

3.3. Specific Schemes that Support Refugee Entrepreneurship

There is a “thriving” NGO sector supporting refugees into self-employment in the UK (project manager at an NGO, personal communications, November 2022). The growth in the number and size of non-governmental entrepreneurship programmes may partially reflect the void in national initiatives, especially in the mid-2010s (employment specialist at an NGO, personal communications, November 2022). The government’s Refugee Integration and Employment Service was ended in 2011. With the Syrian refugee crisis and the announcement of the Vulnerable Persons Resettlement Scheme in 2014, there were more and more organisations emerging that were focusing on employment and particularly self-employment. In recent years, the sector has also benefitted from more funding (representative from TERN, personal communications, January 2023).

The biggest non-governmental actor helping refugees transition into self-employment in the UK is the Entrepreneurial Refugee Network. The organisation is presented in more detail below.

Entrepreneurial Refugee Network (TERN): founded in 2016, TERN is a non-profit that supports refugees to start their own business. The stated mission of TERN is to enable refugees through the power of their own ideas. Unlike the other programmes presented in this chapter, it supports refugee entrepreneurs at different stages of their business journey: business exploration, start-up and growth. Aiming to assist over 2,000

refugees in launching their own business by 2025, it is the biggest non-profit organization focusing on refugee entrepreneurship. TERN works with a variety of corporate partners, which include but are not limited to Ben&Jerry's, Ebay, WesternUnion etc. TERN does not offer funding as such. However, TERN will help refugee founders with loan applications or crowdfunding campaigns. With their comprehensive support system, TERN was vital in establishing a community of refugee entrepreneurs in the UK.

"We built a community of entrepreneurs….We are in touch with all our clients, and we invite them for events. And when they need us, we are here. You can come and book a session again, even if you already left the organisation. Even when you finish the programme, you are still part of the community," said a representative from TERN (personal communications, October 2022).

The British Government is also increasingly arguing for entrepreneurship as a vehicle for the socio-economic integration of refugees. This has resulted in the Refugee Entrepreneurship Pilot.

Refugee Entrepreneurship Pilot: In 2018, the Centre for Entrepreneurs published "Starting Afresh: How entrepreneurship is transforming the lives of resettled refugees." The report provides a convincing argument as why refugees make great business owners. That said, investing in and providing tailored business support is crucial to tap into refugees' entrepreneurial potential. Following the report, the Home Office and the National Lottery Community Fund launched the Refugee Entrepreneurship Pilot which tested different delivery models for refugee entrepreneurship programmes. As Richey et al. (2021) showed in their evaluation of the pilot, results have

been promising. A total of 112 refugees received business startup training. An even greater number expressed interest. 25% of participants had launched their business when the one-year scheme ended. An additional 40% aimed to be self-employed within 12 months. The pilot helped put refugee self-employment on the political agenda in the UK. More and more organisations are learning from the pilot's findings and run their own self-employment support schemes for refugees.

"The Home Office has been one of the forward-thinking governments in the western world around economic integration through entrepreneurship by forcing us to run a pilot and working self-employment into their integration offerings," according to researcher from the Centre for Entrepreneurs (personal communications, October 2022).

To summarize, there is a multitude of different non-governmental programmes supporting refugee entrepreneurship in the UK. They differ in terms of programme design and delivery. Some are fairly small-scale with a very specific and ultimately limited target group while others are broader in scope, offering comprehensive support for refugee entrepreneurs at every stage of the business journey. To some extent that reflects the superdiversity of the refugee community itself. Not all refugee founders are the same. Some may be vulnerable and marginalized with very little capital and in need of substantial guidance, while others arrive with a well-developed business idea, good networks and significant capital.

3.4. Promoting Refugee Entrepreneurship in a 'Hostile Environment'

One must acknowledge the overall policy context and climate in which these support measures take place. The UK's policy approach to migration

is best described as one that aims to create a hostile environment. On 25 May 2012, Theresa May, the then home secretary, gave an interview to the Daily Telegraph, stating the following: “The aim is to create here in Britain a really hostile environment for illegal migration” (quoted in Kirkup and Winnett). The phrase became synonymous with a number of strict policy measures that have as their stated objective to crack down on illegal migration, restricting access to housing, banking and employment for this group.

A decade on, it seems as if the British government has further intensified efforts to strengthen and consolidate said hostile environment. While the new Labour Government has cancelled the controversial Rwanda Deal, under which asylum migrants would have been sent to the East African nation to have their claims processed there, fighting illegal migration remains a top priority. The current Government wants to redirect the money intended for the Rwanda Scheme to fund a new border agency.

Rather unsurprisingly, the “hostile environment” approach and the policies associated with it also have negative repercussions on refugees’ economic participation, including self-employment. Below I shall give an example to illustrate this point further.

Generally speaking, the UK does not give asylum-seekers the right to work. They may ask for permission to work if their asylum claim has been pending for over 12 months and they are deemed not responsible for such a delay. If the outcome of their request is positive, they are only allowed to work in professions currently listed on the shortage occupations list. Most of these jobs require high formal qualifications such as civil engineer, IT

business analyst and pharmacist. Hence, asylum seekers are de facto excluded from the UK labour market.[16] By extension, this also means that asylum-seekers cannot be self-employed. In terms of asylum-seekers' restrictions to work, the UK is an anomaly in Europe. In the EU, the Reception Conditions Directive grants asylum-seekers the right to work within 9 months of having lodged their asylum claims.[17] In some EU countries asylum-seekers are allowed to start their own business. This is the case in Bulgaria, Latvia and Portugal. In some other European countries, they can start a business after staying in the country for more than 6 months, including France, Greece, Italy, Spain, Netherlands, Poland, Romania and Sweden (Solano 2021). The UK's restrictive policies have been criticized by several interviewees, including practitioners and refugee-origin entrepreneurs. When asked what the UK government could do to promote refugee self-employment, one of the entrepreneurs interviewed (I1) said the following:

"If the government wants to do something good for them, give them permission to work once they arrive.....When they wait for a long time, they are far away from work, from business, from meeting people. They are already used to waiting for that £35 a week or so to buy themselves something. The motivation is gone."

An expert and author on refugee migration (personal communications, November 2023) also agreed, stating that the "hostile environment"

[16] the Home Office does not provide data on the number of asylum seekers who have been granted permission to work.

[17] Even prior to Brexit asylum-seekers were de facto excluded from the British labour market. The UK did not have to respect the requirements set by the Reception Conditions Directive, having opted out of many of the elements of the the Common European Asylum System (CEAS).

approach and the policies associated with it tend to have negative ramifications for refugees' economic participation.

"I think the UK has taken to excess the idea that by making coming to the UK as awful and as unpleasant as possible, you're going to deter people from coming in the first place. And while that is politically contestable before people arrive, once people are in the country it is completely counterproductive to have people languishing outside the labour market and not being able to either work or start their own company."

While it is beyond the scope of this chapter to examine the various ways in which the "hostile environment" may impact on refugee entrepreneurship outcomes, it is a policy context that needs to be kept in mind. In fact, one should note that in spite of an overall hostile policy environment, refugees tend to integrate into the UK's labour market relatively quickly and successfully, partially because the country has a relatively large low-skilled sector and partially because self-employment is a feasible alternative to regular employment, including for refugees.

4. Conclusion

In recent years, there has been a renewed focus on promoting entrepreneurship as a vehicle for the socio-economic integration of refugees, also in the UK. The CFE's report "Starting Afresh: How Entrepreneurship is Transforming the Lives of Resettled Refugees" and the subsequent refugee entrepreneurship pilot have firmly established the issue on the country's political agenda. The recently launched Refugee Employability Programme is testament to this: self-employment is now

included as an integration offering and therefore presented as a viable pathway to economic participation alongside waged employment.

After all, refugees in the UK have great entrepreneurial potential. Despite the various obstacles they face, they are more entrepreneurial than those born in the UK, operating diverse businesses, ranging from coffee shops, catering, cheese and dairy companies to IT consultancies. Providing diverse employment opportunities that cater to different skill and qualification levels, they are also integral for fostering inclusive economic growth in the UK.

This chapter has argued that this may not be a coincidence. Compared to other countries, the UK is institutionally well placed to support and promote entrepreneurship, also for structurally disadvantaged groups such as refugees. More specifically, the UK market is characterized by low barriers to entry, largely as a result of low business start-up costs, a high take-up of alternative sources of finance such as crowdfunding and peer-to-peer lending, flexible labour markets and an overall low prevalence of occupational regulation in the workforce.

Table 2: Key Informant Interviews Refugee Entrepreneurship

Table 4. Expert Interviews	
Practitioner/ Expertise	representative, Entrepreneurial Refugee Network (TERN)
Practitioner	representative, Entrepreneurial Refugee Network
Practitioner	Founder and Co-Director of Skylight Ventures
Expertise	Expert on refugee start-ups
Expertise	Representative from the National Enterprise Network
Expertise	Centre for Entrepreneurs/ Global Entrepreneurship Network
Practitioner/ Expertise	Refugee Employment Network
Practitioner	New Roots Programme at Impact Hub London
Practitioner	Business Advisor at MENTA
Practitioner	Breaking Barriers
Practitioner	Representative from Opora
Practitioner	Well-being and Work for Refugee Integration Project

Expertise	Human Safety Network
Expertise	Associate Professor of corporate law
Practitioner	Transitions
Practitioner	AMIF (BIC)
Practitioner	Ideas Into Action (Result CIC)
Practitioner	representative of the Siree project (University of Greenwich)
Expertise	political economist and writer, specializing in globalization and migration
Expertise	Expert in Ethnic Minority Businesses and Advisor to the All Parliamentary Group for Ethnic Minority Entrepreneurship

Table 3: Interviews with Refugee-origin Entrepreneurs

Table 5. Refugee-origin Entrepreneurs	Business
L1	Shawarma restaurant and factory
L2	Food catering
L3	IT and Tech Consulting
L4	Financial Services
L5	Conference Interpreter
L6	Catering and cooking classes
L7	Coffee shop
L8	Graphic design
L9	Property rental agency
L10	Graphic design/art
L11	Food truck/ stand
L12	Cheese and dairy company
L13	Online events management system
L14	Food stand and catering
L15	Installation and maintenance services
L16	Property rental agency and online sales
L17	HR consulting services and workshops

The German training market in crisis: when declining numbers of applicants lead to more social inclusion

When Germany accepted several hundred thousand refugees in the autumn of 2015, many German business representatives were optimistic. They hoped that the new arrivals could help ease the country's shortage of skilled workers. Dieter Zetsche, the then chairman of the board of management of Daimler AG, raved that this could be the basis for "the next German economic miracle" (quoted in Rudzio). Others were quick to chime in. Ingo Kramer, the president of the employers' association BDA at the time, spoke of a "huge potential" (quoted in Rudzio). The then CEO of the DHL Group, Frank Appel, also concurred: "the refugee aid that is provided today is not a cost factor, but a long-term investment in the future of Germany as a business location" (quoted in Rudzio).

Yet, others were less optimistic and disagreed with the above assessment. They feared that it would be difficult to integrate the recent arrivals into the German labour market, primarily citing language barriers and the newcomers' relatively low levels of educational attainment.

The fundamentally different assessments of refugees' labour market prospects in Germany were largely based on opposing views on the country's training institutions and their integrative capacities. Traditionally, one of the great strengths of the German TVET system is the way in which it combines economic objectives with social inclusion targets. While it provides firms with well trained and qualified workers, it also gives opportunities for young people with weak academic qualifications to obtain the training to access well-paid and stable employment. However, in recent

years the interest in and demand for apprenticeships among German youth has been declining. In 2022 alone, nearly 70,000 apprenticeship positions remained vacant. For those that were optimistic in 2015, the record high number of vacant apprenticeships could provide valuable training and job opportunities for the recently arrived. It would be a win-win situation – while German companies get qualified workers, refugees receive the training they need to have good career prospects. Apprenticeships would then act as a vehicle for socio-economic integration.

For those who were more pessimistic about refugees' labour market career prospects in Germany, the country's training institutions had largely lost their integrative capacities. They argue that a record high number of vacant apprenticeships does not necessarily mean that all those looking for in-company training will secure a spot. They also claim that low-achieving and marginalized youth are particularly affected by this, including refugees. Those who fail to obtain vocational qualifications tend to face highly precarious career prospects on the country's increasingly dualized labour market. Absent inclusive training institutions, refugees' labour market integration in Germany is difficult, with many staying unemployed or working in unqualified positions.

Nearly 10 years after the so-called refugee crisis, the picture that emerges seems rather positive. The majority of the new arrivals from 2015 are integrated and found jobs on the German labour market. Quite a few have completed vocational training and now work in qualified employment, often in so-called bottleneck occupations.

Therefore, this chapter seeks to provide an explanation as to why refugees in Germany have tended to integrate into medium-skilled occupations that require vocational qualifications. At its core this chapter argues the following: the training institutions associated with the German socio-economic regime continue to provide possibilities for upskilling and social mobility, not just for native workers, but also for refugees. In times of persistent labour shortages in this sector, both the German government and employers have incentives to make training institutions as inclusive as possible in an effort to attract previously marginalized groups such as refugees. This will be reflected in an overall supportive policy environment, encouraging refugees to get trained and find qualified employment. The result is that previously marginalized groups such as refugees are able to access in-company training and therefore qualified employment.

This chapter is organized as follows: in the first section, I shall take a closer look at Germany's current labour market dynamics and refugee employment outcomes more broadly? What kinds of jobs do refugees hold? To what extent do they work in qualified positions? How many of them begin an apprenticeship? And in what kind of sectors? In line with the argument proposed in this chapter, we would expect refugee apprentices to be concentrated in sectors that currently experience acute labour shortages. Here, employers should have increased incentives to make the path to training and the training itself as inclusive as possible, therefore being able to recruit from disadvantaged groups, including refugees. Having gained a more nuanced understanding of the labour market performance of refugees in Germany, I will then turn to the German TVET system and its integrative potential, underscoring the differences and

similarities to training arrangements in other countries. Such a comparison will allow us to understand why the German model of firm-sponsored TVET gives the country a comparative institutional advantage in the training and upskilling of refugees. In the final section, I shall take a closer at the overall policy environment, trying to understand what kinds of pro-inclusiveness measures have been implemented and to what extent they have successfully facilitated the transition and integration of refugees into the TVET system.

1. Refugees on the German labour market

The arrival of several hundred thousand predominantly young and therefore employable refugees in 2015 was seen with a lot of optimism by some of Germany's most important businesses representatives. The statements quoted in the introduction of this chapter are testament to this. The hope was that at least some of the new arrivals could help ease the country's labour shortages. It is a well-known fact that more and more German companies are having problems finding employees. For many years now, there has been an increasing shortage of both low-skilled and skilled workers. And figures are still trending up. According to the Institute for Labour Market and Occupational Research, the number of vacancies rose to a peak of 1.98 million in the fourth quarter of 2022 (Kubis 2023). With nearly two million vacant positions the need for staff in Germany has reached a new record high.

The increasing shortage of skilled labour is particularly worrisome. With more than 1.3 million vacancies for qualified specialists, 2022 marked a new milestone. Compared to 2021, the number of vacancies for skilled workers rose by over 300,000. This corresponds to an increase of roughly

30%. Qualified specialists include people with vocational training or a completed university degree. The situation on the labour market is now so tense that many of the vacancies can no longer be filled with suitably trained unemployed people. This phenomenon is known as “skilled worker gap” (Fachkräftelücke). In 2022, this gap reached a new record high. It now stands at 630,000 (Tiedemann and Malin 2023). The shortage of skilled workers affects positions of various qualification requirements. It proves particularly difficult to find suitably qualified people for positions that require a completed university degree at master’s level or higher: 60% of vacant positions at this level cannot be filled as there are no suitably qualified jobseekers. For jobs that require a completed bachelor’s degree or advanced vocational qualifications (Meister), the situation is equally grim. 52% of available positions remain vacant due to a lack of suitably qualified unemployed people. For positions that require vocational training, the share is similarly high at almost 42% (Tiedemann and Malin 2023). Economic sectors are affected to varying degrees. Professions in the areas of social work, education and nursing are particularly affected. There is also a lack of personnel in the handicraft and trade sector and for IT experts. The trend of increasing labour shortages is expected to continue for the foreseeable future, largely as a result of demographic change. The scarcity of qualified professionals has profoundly transformed the German labour market, from one that favours employers to one that favours employees.

Bearing this situation in mind, how are refugees faring on the German labour market? A recently published study by the Institute for Employment Research (2023) gives useful insights. Over 50% of those who arrived in Germany at the height of the refugee crisis in 2015 have now secured

employment. This is around 10% more than in 2020. Roughly two thirds of those who work are in full-time employment. Their average gross monthly salaries have also risen, from 1,660 euros two years post-arrival to 2,037 euros six years post-arrival. Despite these overall encouraging statistics, there is still room for improvement. For example, the labour market integration process for women is much more sluggish than that for men. Women only constitute 23% of the employed refugees. The reasons for the observed gender gap are complex and multifaceted. Amongst other things, the Institute for Employment Research listed care responsibilities, education levels and work experience in the country of origin as possible explanations. It should also be noted that the average salary refugees receive is still below the German average. For example, refugees who are between 18 and 25 years of age only earn 74% of the rest of the working population of this age range. On a more positive note, the study has found that the educational level of those who arrived in 2015 has markedly improved. Over 30% percent of adult refugees have been to schools and universities. Others have completed vocational training or further education measures. The investment in host-country specific human capital is shown to improve their labour market prospects. 70% of refugees in employment carry out jobs that require a vocational or academic qualifications. In other words, they are now qualified workers, something Germany is in short supply of. 12% of the refugees who work are now employed above their pre-migration level.

In line with the study’s results, most stakeholders draw a largely positive conclusion, especially considering the numerous obstacles refugees face

on the German labour market. For example, the co-author of the above study, said (personal communications, July 2023):

“So, in general, I would say that this is a great success, especially when you consider that this group of people faces major challenges when it comes to integration. They are often relatively unprepared. Most of this migration took place in the aftermaths of the Arab Spring. It all happened very fast……Germany is not an English-speaking country. There is a big language barrier. The entire labour market institutions are different here. All the social networks, which we also know are important for integration, were initially very small, especially for those coming from Syria. This all had to be established first.”

1.1. Refugees on the German Apprenticeship Market

As the previous section has shown, many of the skills shortages observed affect positions that require vocational training qualifications. Against this background, training is becoming an even more important tool to secure the skilled workforce of tomorrow. The situation on the training market is a reflection of current labour market dynamics on the regular job market in Germany. Not only is there a lack of qualified workers but also of young talent. The training market is running out of applicants: many training positions remain unfilled. Nearly 50% of German companies struggle to find suitable candidates for advertised training positions. In certain sectors the situation is more dire than in others, with the skilled trades, commerce and industry being particularly affected. Only ten years ago, this trend was completely reversed, with companies being able to choose between plenty of suitable candidates. Similar to the dynamics on Germany’s regular job market, a lack of young talent has profoundly transformed the country’s

training market, from one that favours companies offering highly sought-after apprenticeships to one that favours apprenticeship candidates.

There are reasons to assume that this trend will continue. On the one hand, there are fewer and fewer school leavers due to demographic change. The German Chamber of Commerce and Industry sees this as the main culprit for the lack of trainees, with Achim Dercks, the Chamber's deputy managing director, recently warning that "nowadays there are 100,000 fewer school leavers than ten years ago" (quoted in ARD Tagesschau 2023). On the other hand, fewer and fewer school leavers are interested in pursuing an apprenticeship. According to the vocational training report compiled by the Federal Institute for Vocational Education and Training (2023), the number of people interested in training fell once again to a historic low. 535,000 young people wanted to start a training in 2022. This is a decline of about 1% compared to the previous year. In 2019, the number of people interested in training was still stood at 598,800. In addition to demographic change, the decline in interest is also due to young people's greater interest in pursuing university studies. The trend towards academization in Germany has been increasing for many years. In 2021, there were more than twice as many university students than trainees.

These trends do mean that at least in theory young people's chances of finding a suitable apprenticeship should be as high as never before, including for refugees. But is this true?

In recent years, apprenticeships have become an increasingly important vehicle for the socio-economic integration of younger refugees. Almost 30,000 young people from the 8 main asylum countries are currently

undergoing training in Germany. The number of trainees with a refugee background initially increased significantly as a result of the 2015/16 refugee crisis and has remained fairly constant at around 30,000 for several years. The craft sector stands out as a particularly positive example, employing many of the recent arrivals as trainees.

Not all refugees are eligible to participate in training. As with all registered applicants, only those refugees who are deemed to have obtained vocational maturity by the Federal Employment Agency are registered and counted as applicants. The training readiness of a respective candidate refers to linguistic and certain other requirements that must be met before training begins.

On average, registered applicants with a refugee background tend to be older than other applicants: around one fifth of them is 25 years or older. For applicants who do not have a refugee background this proportion decreases to 7%. Gender differences are also evident: while the proportion of women among refugee applicants was 31,3% in 2022, the proportion among applicants without a refugee background was 38,5% (BIBB 2023). The demographic composition of arriving refugee cohorts is one explanation for the observed gender gap. Especially the asylum migrants arriving during the so-called refugee crisis in 2015/16 were mostly male.[18] That said, there has been a continuous increase in the number of female refugee applicants in recent years. Refugee and non-refugee applicants also differ in terms of the formal educational qualifications they hold. However, the information available on school qualifications for this target

[18] According to the Federal Office for Migration and Refugees, around two-thirds of first-time asylum applicants were male in both 2015 and 2016.

group should be interpreted with caution. This is due to missing information and/ or differences in educational systems in the refugees' country of origin. The proportion of refugee applicants who have a lower secondary school diploma or a comparable school leaving certificate, was 39,5%, which is around 13 percentage points higher than applicants without a refugee background (BIBB 2023). The proportion of applicants with a refugee background for whom no information about their school leaving certificate was available was also significantly higher at 11,2% compared to the comparison group of young people without a forced migration history. Of the 28,778 applicants registered with the Federal Employment Agency, a total of almost 10,000 people with a refugee background were able to conclude a training contract as of September 30th, 2022. This means that 34,3% of registered refugee applicants were able to secure a training contract. As in previous years, their proportion is significantly lower than that of candidates without a refugee history. In this group, the placement rate is 48% (BIBB 2023).

How should we evaluate these numbers? Do they represent a success?

While difficulties remain, many stakeholders draw a largely positive conclusion. This is partly based on encouraging statistics, but also on positive examples of individual integration successes. The number of young people with a refugee background in training has increased significantly since the onset of the so-called refugee crisis of 2015/16. There are now six times as many trainees with a refugee background as before the crisis in 2014. Every 10th training company in Germany now trains refugee apprentices. The training and labour market integration occurs more quickly than with previous refugee cohorts.

The head of the vocational training department at the German Confederation of Skilled Crafts (personal communications, January 2023) said in relation to the status quo of refugees' integration into dual apprenticeships in the skilled crafts sector: "What we have achieved is that many refugees have found their way into dual apprenticeships and are now qualified experts in their professions. (…). In 2016, we had a total of 4,500 apprentices from the 8 most important asylum countries of origin and now we have 22,000. So, it has improved a lot."

The project leader of "Netzwerk Unternehmen integrieren Fluechtlinge," a network that supports companies of all sizes, industries and regions that employ refugees drew also a largely positive conclusion. She said (personal communications, November 2022):

"The people who came to us in 2015/16 and are now working, that's a pretty good total compared to previous refugee cohorts. Of course, not all of them are employed as skilled workers. But I think, especially when you look at the number of trainees who are de facto skilled workers after their training, there are already many who have completed their apprenticeship and are now running a branch, running a bakery or are foremen or even trainers themselves. …….I think that's something that you can say has worked well."

2. The German TVET System: Social Inclusion strengthened by Demographic Change and Consistent Labour Shortages

As stated in the introduction, the different opinions on refugees' labour market prospects in Germany largely reflect opposing views on the integrative capacities of the German training institutions. While some observers claim that the country's training institutions are inclusive,

providing opportunities in terms of social mobility for both natives and refugees, others argue the opposite, fearing that low-achieving youth and marginalized groups such as refugees are largely excluded. The following section seeks to understand in more detail the reasons that are behind these opposing views, ultimately arguing that the German TVET system continues to perform a social inclusion function, supported by demographic change and consistent labour shortages.

Traditionally, the collective skill formation systems associated with the German socio-economic regime have long been commended for promoting upward social mobility. School-to-work transitions are smooth and youth unemployment rates low. An added benefit is that these systems provide companies with a steady stream of well-qualified professionals, boosting the country's competitiveness and economy (Finegold and Soskice, 1988; Hall and Soskice, 2001).

The vocational education and training systems in the Conservative-Continental Model are unique in the sense that they are collectively organized. Various stakeholders are involved and contribute to skill formation. For the most part companies finance and administer firm-based training. The role of intermediary associations consists in overseeing and reforming these systems, which equip young people with transferable and certified professional skills. Training is not limited to schools. A significant part of it is workplace-based and usually takes the form of dual apprenticeship training.

The fact that firms, associations and the state work together in delivering and financing skills sets these systems apart from other skill formation

arrangements. Based on the typology of Busemeyer and Trampusch (2011), there are three other skill formation systems apart from the collective solution traditionally found in Conservative-Continental Models: the liberal solution, mostly confined to on-the-job training, the segmentalist solution characterized by self-regulation, and the statist solution of predominantly school-based training mostly originating from the egalitarian Scandinavian market economies.

The below 2x2 matrix depicts the diversity of training regimes. Busemeyer and Trampush (2011) have identified two dimensions that are useful for capturing the quintessential differences between skill regimes: the first dimension relates the extent to which firms are involved in the provision of initial vocational training. It is a proxy for the willingness of firms to support and invest in skills. The second dimension describes to what extent the public is committed to vocational education and training, which is often synonymous with the degree of state involvement. State support can take a variety of different forms, including state subsidies and public policies that monitor and accredit skill formation, and the formulation of occupational training profiles. This dimension also depicts the degree to which the institutional set-up of the educational infrastructure recognizes and encourages vocational education and training by presenting it as a viable alternative to higher education.

Just like Busemeyer and Trampusch (2011), this chapter acknowledges the fundamentally dynamic and politicized nature of training regimes. Skill formation systems are institutions that are “fraught with tensions” (Mahoney and Thelen 2010:10). Their precise configuration is necessarily temporary and continually challenged. They are subject to change and reflect the

ongoing conflicts of the distribution of power in relation to internal and external pressures such as the transition to a globalized knowledge economy, demographic change, migration etc. Therefore, the below typology must be interpreted with caution, ultimately only representing a simplified picture of social reality. That being said, such a categorization of training regimes can serve as a useful tool for tracing and understanding processes of institutional change, which is what I aim to do in this chapter.

Table 4: Training Systems Across Socio-economic Regimes

		Involvement of firms in initial vocational training	
		Low	High
Public Commitment to Vocational Training	Low	Liberal Skill Formation Systems (US, UK)	Segmentalist Skill Formation System (Jap)
	High	Statist Skill Formation System (Sw)	Collective Skill Formation System (Ger)

Recently there has been an increase in interest in the academic literature in terms of how social inclusion relates to collective skill formation systems (Durazzi and Geyer 2021). Traditionally these systems were praised for their socially inclusive nature. They seemed to be the only training regime able to successfully integrate less academically gifted youth first into the training market and then into the labour market. They combined economic objectives with social inclusion. However, more and more observers start questioning whether this well-documented relationship still holds, leading

some to claim that disadvantaged groups such as refugees are increasingly excluded.

They argue that changes in structural conditions undermined and compromised the socially integrative capacities of collective skill formation systems (Durazzi and Geyer 2021). They pinpoint to two trends in particular: 1. the rise of the service sector in relation to the manufacturing sector (Iversen and Wren, 1998; Wren 2013) and 2. the transition to knowledge-based economies (Diessner et al. 2022; Durazzi 2019). While the former reduced the number of apprenticeships available, the latter increased skill requirements. The combined effect of these two dynamics are exclusionary tendencies: low-achieving youth and marginalized groups such as refugees see their chances of landing a “real” training slot compromised (Busemeyer 2012; Thelen 2014).

Given these developments, scholars have put a renewed focus on evaluating the transformative institutional changes that have occurred, in an attempt to assess to what extent these institutional dynamics weaken the social inclusion function of the German VET system.

The view that Germany’s TVET system lost its integrative capacities has most prominently been articulated by Thelen (2013) in “Varieties of Liberalization.” According to her, the reach of Germany’s collective skill formation system became progressively smaller and more limited throughout the 1990s. With the transition to a knowledge economy, broader and more comprehensive skill profiles were needed, which also increased training costs. As these are mostly borne by the training company, more and more businesses stopped offering in-company training, especially in

the service sector periphery. The result was a decrease in the quantity of apprenticeships offered in an otherwise still well-functioning and coordinated system. The previously broad access to vocational education and training was now mostly limited to the core manufacturing sectors. She argues that this is especially true for access to high-quality training with good employment and payment prospects. With fewer and fewer apprenticeship places available, an increasing number of less academically inclined youth moved into the so-called transition sector, which consists of a variety of pre-vocational measures that do not lead to vocational qualifications. While the transition sector may provide a non-standard route into vocational training for some, for many this is not the case. They remain without any training and hence do not have any access to stable and well-paid jobs. Therefore, the reduced number of apprenticeships on offer fuels inequality and dualization. Collective skill formation systems are no longer as socially inclusive as they once were. According to her propositions, hard-to-place youth and marginalized groups such as refugees are unlikely to land an apprenticeship, ultimately limiting their access secure and well-paid employment.

However, this does not seem to be the case. As this chapter has shown, an increasing share of refugees in Germany completes vocational education and training. How can we explain this development?

Firstly, the claim that Germany's vocational education system lost its integrative capacities is overstated. Thelen's framework was mainly inspired by developments in the 2000s, a time period when Germany underwent a profound economic crisis. Economic growth slumped and unemployment soared. At the time, the Economist referred to Germany as

the “Sick man of Europe.” By default, a sluggish economy also affects youth employment and transition rates into apprenticeships. The number of young people who entered the transition sector soared in 2003 – nearly 550,000 young people participated in pre-vocational measures due to the shortages in apprenticeship places. However, the rise of the transition sector at the time does not necessarily mean that Germany’s training system lost its integrative capacities. Rather, it reflects a bad economic situation. One should also state that even then youth unemployment rates were relatively low, at least compared to other countries. Germany’s unemployment rate for young people hovered around 15% in the early 2000s. In contrast, Sweden’s current youth unemployment rate is 24%. In a nutshell, the exclusionary tendencies witnessed by Thelen were at least partially the result of the crisis rather than the system itself.

Secondly, while Thelen equates the growth of the transition sector with a failing training system, this is not necessarily true. Thelen and others assume that young people only enter the transition sector due to a lack of in-company training. However, studies have shown that young people partaking in pre-vocational measures are motivated by a variety of factors. Some want to acquire a secondary school leaving certificate, while others use the system for professional orientation purposes (Solga and Weiss 2021). For example, up to 30% of young people in the transition system obtain a school-leaving certificate, therein significantly increasing their chances of finding a training slot (Solga and Weiss 2021).

In fact, one can even argue that the early 2000s were a time period where certain aspects of the German training system were made more inclusive rather than less inclusive. At the time, the German government introduced

a number of liberal-enhancing reforms that also affected the area of skill formation. In 2003, a less-demanding 2-year apprenticeship model was introduced that was meant as a stepping stone into skilled employment for low-achieving youth. Reforms like these increase the permeability of the overall system, therein also enhancing social inclusion.

However, even if we accept that Germany's training system has always been relatively inclusive, the comparatively high share of refugees undergoing training is still somewhat surprising. Refugees are a highly marginalized group that have additional support needs. Therefore, one can assume that most training companies will prefer to hire other candidates who need less support, if they have the choice to do so.

Therefore, I contend that we can only understand current dynamics on the German apprenticeship market if we factor in demographic change and persistent labour shortages. While these trends do not drive the inclusiveness of the German training system, they can contribute towards it.

Hence, I argue that (1) contrary to conventional wisdom, Germany's training system has always performed an integrative function and continues to do so (2) the inclusiveness of the system is further strengthened by demographic change and persistently growing labour shortages, concentrated in certain sectors such as social care and the skilled trades. The labour shortages are also most acutely felt in occupations that require vocational training rather than tertiary education. (3) the shortages of qualified workers in these sectors cannot be compensated for by a higher level of automation and productivity, at least not in the short- and medium-

term. (4) confronted with consistent labour shortages, firms have an intrinsic interest in collaborating with the state and other intermediary associations to make the German TVET system even more inclusive than it already is, with the overarching aim of expanding the talent pool from which they can recruit. This benefits previously marginalized groups such as refugees.

Prior to the empirical analysis, I should make a few clarifications. By default, this chapter is primarily concerned with economic sectors that have experienced consistent labour shortages as a result of higher entry rates into tertiary education and a decreasing number of young people entering the German labour market each year. Hence, it is less concerned with economic sectors in the core that have not experienced consistent labour shortages, at least not to the same extent as other sectors in the periphery such as social care and skilled crafts.

Another clarification to be made concerns the position and role of employers in my argument. They are the key actors to push for more inclusion-enhancing measures, given growing labour shortages. Employers have several different avenues at their disposal to ensure that the training regime becomes more accessible and inclusive, even for groups that are traditionally marginalized such as refugees. They can push for limited liberalization such as lowering entry requirements, develop alternative measures together with other stakeholders to get prospective applicants ready for an apprenticeship or provide extra support before and during the training. According to my argument, consistently increasing labour shortages should incentivize employers in the peripheral sectors to use a variety of these measures to ensure that the training regime is accessible

so that they can recruit from a larger talent pool. That being said, not all employers may choose to do so, even if the alternative is business closure. This may be due to variety of reasons: some may be ignorant about the negative consequences of demographic change, others may find themselves unable or unwilling to hire marginalized groups such as refugees, or a combination of both. It is beyond the scope of this chapter to look at the reasons why businesses fail to adopt a pro-active stance towards demographic change and the challenges that come along with it. However, future research should determine what drives some employers to advocate for more inclusion, while others opt not to do so, even when confronted with the same problem of demographic change-induced labour shortages.

3. The Inclusiveness of the German Skill Formation System: the Role of Policies

The above section has outlined the theoretical foundations for the continued inclusive nature of Germany's training institutions. That said, it has not answered the question of how refugees actually get integrated into the country's TVET system. Even with an inclusive training system whose accessibility has been strengthened by demographic change and persistent labour shortages, a successful integration of refugees is not guaranteed. Refugees may still be unable to access apprenticeship, given language barriers, relatively low levels of human capital and an unfamiliarity with the German training system.

These obstacles underline the importance of inclusion-enhancing measures that facilitate refugees' transition into training and qualified employment. There is a wealth of different measures that have been

implemented to increase the inclusiveness of collective skill formation systems. Durazzi and Geyer (2021) have identified four broad measures through which inclusion may be promoted: (i) lower entry requirements to apprenticeships; (ii) incentivize companies to offer more training slots; (iii) provide alternative forms of training to those who failed to secure an apprenticeship; and (iv) provide additional support for marginalized applicants such as refugees. In the case of forcibly displaced people Durazzi's and Geyer's list of inclusion-enhancing measures (2021) should be broadened to contain two more policies: firstly, favourable laws that facilitate refugees' access to training and secondly, policies that support the recognition of refugees' home-country qualifications.

In the following section, I shall have a look at each of these measures, clarifying how exactly they help refugees integrate into the German training market and qualified employment more broadly. This will be done in the following order: (1) laws governing refugees' access to vocational education and training (2) lower entry requirements to apprenticeships (3) policies supporting the recognition of home-country qualifications (4) alternative forms of training to those who failed to secure an apprenticeship and (5) additional support for marginalized applicants such as refugees. I should also note that I will not look at their second point, i.e. incentivizing companies to offer more training slots. The chapter's entire argument is premised on the idea that there are plenty of training opportunities available to young people thanks to demographic change. Hence, it seems unlikely that offering more apprenticeships would help refugees integrate into the German workforce more efficiently.

3.1. Favourable Legal Context in Germany to access Vocational Education and Training

An overall welcoming legal context is vital for guaranteeing asylum migrants' access to vocational education and training. Refugees, whose asylum claims have already been approved, often have the same formal rights to education and training as natives and other migrant groups. However, the same cannot be said of asylum seekers who, by definition, still wait for the outcome of their asylum application. For this group, laws governing access to vocational education and training vary widely between countries. In their comparative study on "The Role of Vocational Education and Training in the Integration of Refugees in Austria, Denmark and Germany," Jørgensen et al. (2021) find that, for example, asylum-seekers have better training prospects in Germany than in the other two countries under examination. Young asylum-seekers in Austria only have limited access to VET, with their attendance restricted to full-time VET schools. While their asylum claim is pending, they are entitled to social welfare at the most basic level. This does not include financial assistance for school supplies or transport for any qualifications that exceed compulsory education. Furthermore, state-run integration courses that offer preparatory vocational measures are limited to Syrian asylum-seekers "with high probability of being granted a residence permit" (Arbeitsmarktservice 2021). In Denmark, access to VET for asylum-seekers is even more limited. While they are allowed to do unpaid internships, they are not entitled to access regular VET programmes. In Germany, the overall legal framework regulating asylum-seekers' access to VET is much more favourable. Those who are expected to obtain a residence permit, can attend integration

courses, while their asylum claims are pending. After a stay of three months, asylum-seekers have the right to partake in pre-vocational training measures (Bergseng et al. 2019). The Integration Act of 31 July 2016 has further improved their chances of securing an apprenticeship. The Act stipulates that if asylum-seekers start an apprenticeship, their residence permit is guaranteed to be extended until they have successfully concluded their training (Granato and Junggeburth, 2017). Anyone who has successfully completed their vocational training is subsequently entitled to a residence permit, if certain requirements are met. The basic and most important requirement for the approval of a residence permit is that the applicant pursues a profession that corresponds to their training qualifications. Initially, the permit is limited to two years, but can be extended further. After five years with a temporary residence permit, the applicant can receive a permanent one. The number of young people currently in possession of tolerated stay permit for training purposes is around 8,000 and has been increasing in recent years (Wehking 2022). The previous government, consisting of the Social Democratic Party, the Free Democratic Party and the Greens, has taken additional measures to make it easier to secure a permanent residence permit. For example, the much mediatized “Chancen-Aufenthaltsrecht” (which roughly translates to Opportunity Residence Act) came into force on December 31st 2022. With this measure, those in possession of a “Duldung”[19] or “Duldung Light” can

[19] “Duldung” equates to a Tolerated Stay Permit. Those in possession of a Tolerated Stay Permit are individuals who are meant to leave the country, but their deportation is not possible for the time being for various different reasons. Grounds on which a Tolerated Stay permit is granted include severe illness or caring responsibilities for an ill family member. Sometimes a deportation is not feasible due to a lack of identification papers. There are also more specific versions for the Tolerated Stay Permit. As explained in the preceding section, trainees in possession of a “Duldung” can receive a tolerated stay permit for training purposes, if they have started an apprenticeship. The

receive a probationary residence permit for 18 months, a time period during which applicants should try to meet the requirements for a permanent right to stay. One of the requirements entails securing one's own livelihood, which usually requires successful participation in the German labour market. These and other recent measures are primarily aimed at giving trainees and companies more legal and planning security.

How can one explain that Germany has an overall more favourable legal framework than other countries? While a detailed analysis is beyond the scope of this paper, it seems obvious that demographic change and the lack of skilled workers play a central role in the desire of various German governments to reduce legal obstacles for this target group. New arrivals, including those whose asylum applications have been rejected, are seen as untapped potential for securing tomorrow's skilled workforce. Faced with a significant increase in refugee migration throughout 2023, the German government has recently agreed on a range of different measures that are meant to reduce illegal migration into the country. That said, there has also been a renewed focus on facilitating the labour market entry for those, who are already in Germany and have good prospects for staying in the country long-term. Asylum-seekers will be allowed to work more quickly in Germany in the future, after just six months. For those without children, this is currently only possible after nine months.

3.2. Lower Entry Requirements for Apprenticeships are Blocked

Another way to facilitate refugees' transition into the German training system would be to lower entry requirements. This measure might be

number of those with a tolerated stay permit in Germany has risen continuously in recent years. As of 2022, there were nearly 250,000 people with a tolerated stay permit in Germany (Deutsche Bundesregierung).

particularly helpful as most newcomers face language barriers and have relatively low levels of formal education. However, it is a route that has not been pursued. In general, the German government and social partners are against lower entry requirements and de-standardization in vocational training, fearing that such a process could undermine quality, therein devaluing the German training system in the long run (representative from a trade union, personal communications, April 2023). That said, this does not mean that such proposals have not been advanced by some actors in the past. At the height of the refugee crisis in 2016, a politically independent expert committee of educational scientists (Aktionsrat Bildung) recommended introducing lower standards in vocational training for refugees. In one of their reports, the educational researchers led by Hamburg University President Dieter Lenzen advocated for the establishment of "theory-reduced two-year training occupations" and partial qualifications in order to make it easier for young refugees to enter the German labour market (Blossfeld et al. 2016). Other experts held similar views. The education economist Ludger Wößmann from the Munich-based Ifo Institute also wondered in a Spiegel article whether it would not be useful to offer one- or two-year long apprenticeships to facilitate the labour market entry of refugees (Diekmann 2015). According to him, such an outcome would be preferable over refugees not doing any apprenticeship. However, the proposals for special regulations in vocational training for refugees were met with harsh criticism from the social partners. The introduction of training durations of less than two years was unanimously rejected (Diekmann 2015). According to trade unions and responsible chambers, there would simply be no need for these shortened training

occupations on the German labour market. They received support in their rejection from scientists at the Federal Institute for Vocational Education and Training who also feared that a so-called “Ausbildung light” would do very little to address the barriers refugees face on the labour market. With regard to two-year apprenticeships, opinions were more divided.[20] Both the Association of German Chambers of Industry and Commerce and the German Confederation of Skilled Crafts referred to this already existing possibility. With most of these shortened training courses, graduates can add an additional qualification in a three-year training occupation without any extra time requirements. For example, those who follow a 2-year training programme to become salespeople can then complete an additional qualification as a retail merchant. In this sense, two-year programmes can serve as a stepping stone towards more demanding qualifications. Amongst other things, they were introduced to increase the permeability of Germany’s vocational training system. Trade unions appeared more sceptical in the discussion about shortened training programmes. The education expert Matthias Anbuhl from the German Confederation of Trade Unions (DGB) pointed out at the time that many of the shortened apprenticeships were concentrated in a few professions. Of the approximately 45,000 two-year training positions, 25,000 were in apprenticeships that led to a qualification as a salesperson. He added that employers and unions had recently abolished two shortened training courses because they were simply not needed (quoted Diekmann 2015).

[20] These short-term apprenticeships had been introduced by the SPD-led coalition government in 2003, largely as a result of pressure from the private sector. Nowadays, 2-year apprenticeships are offered in a variety of different sectors, ranging from the service industry to manufacturing.

However, it also clear that two-year training courses are currently a frequently used means of integrating refugees into the German training market. This is especially true for newcomers with weak academic qualifications on arrival. Against this background, the liberalization efforts dating back to the early 2000s must be viewed in a positive light. The introduction of two-year training courses has made it easier for many structurally disadvantaged groups such as refugees to start a qualified career.[21] That said, further de-standardization processes are blocked by the opposition of both employers and trade unions. At the same time, all actors agreed that it must be made possible to make it easier for newcomers with relevant professional experience to enter qualified professions. In recent years, there have been concerted efforts by the German government and social partners in this regard.

3.3. Recognizing Refugees' Home-Country Qualifications

Newcomers arrive with varying levels of education and skills. Some have already worked in vocational jobs in their home countries. For these people, having their vocational skills and qualifications recognized in Germany is essential. Such recognition can facilitate newcomers' entry into the German workforce significantly.

To this end, the German government passed the so-called Recognition Act ("Anerkennungsgesetz") in 2012. The Act was supposed to serve as an instrument to secure skilled workers from abroad, recognizing that labour shortages were growing in a number of different economic sectors such as health care and skilled crafts. The training of qualified workers at a

domestic level was no longer deemed sufficient in itself to cover labour needs and counter observed skills shortages. While the Act was mainly meant to facilitate the immigration of skilled workers from abroad, it also served as a quality assurance instrument. Before the Recognition Act came into force, only a few foreign skilled workers had the opportunity to have their professional qualifications evaluated and validated. The Recognition Act changed this, creating uniform and transparent recognition procedures for all professions regulated by federal law. In this way, the equivalence of the foreign professional qualification with the German qualification can be established. In many professions, this is a prerequisite for working in this profession or becoming self-employed. This applies above all to regulated professions such as skilled trades requiring licensing. For non-regulated professions, recognition is not a must. That said, it can still be useful in terms of long-term career prospects and salary negotiations. This is because a recognition notice, which is issued in German, helps companies in identifying the skills and knowledge of the foreign jobseeker. The law is thus meant to improve the labour market prospects for people who obtained their professional qualifications abroad. If their professional qualifications are deemed equivalent to a corresponding German qualification, they can work in their original professions.

In terms of professional recognition, the same rules and procedures apply to both refugees and skilled migrants with foreign professional qualifications. In order to have access to the recognition process, the formally acquired foreign training or study qualification must be state-recognized in the respective country. In addition, the formal training should have lasted at least one year. Many refugees have studied or completed

formal (school-based) vocational training in their home countries. Many of these skilled workers with a refugee background have made use of and benefitted from professional recognition in recent years. Between 2012 and 2020, around 14,016 Syrian professional qualifications were recognized. A further 3,000 qualifications from Iran and over 1,500 qualifications from Iraq were assessed and deemed to be equivalent to German qualifications.

The “Integration through Qualification” funding programme offers consulting and qualification services for migrants, companies and other labour market actors. The initiative’s goal is to improve the labour market prospects of people who immigrate to Germany, including refugees. “Integration through Qualification” deals with various key topics in this area. However, setting up a recognition and qualification advisory infrastructure is one of the main tasks. Another focus of their work relates to the conception and implementation of qualification measures within the framework of the Recognition Act. As already mentioned at the beginning, more and more people with a refugee background are benefitting from the opportunity to have their foreign qualifications validated in Germany. This can also be seen in the statistics of those advised regarding their possibilities for professional recognition. In the last funding round from 2019 to 2022, a total of 160,000 of people sought advice. 50,000 of those advised said that they had a refugee background, which is not an insignificant number (expert on recognition of foreign qualifications, personal communications, May 2023).[22]

[22] One has to bear in mind that the number of people with a refugee background in consultations fluctuates from one funding period to the next, partially reflecting overall higher or lower refugee numbers in the country as a result of the emergence of new humanitarian crises at the global level.

Nevertheless, many actors agree that the recognition procedures are still too complicated and lengthy, and often only result in a partial recognition of professional qualifications. If this is the case, additional qualification measures must be carried out in order to have full equivalence attested. The hurdles in a recognition procedure can be of a diverse nature and are also sometimes profession specific. An initial challenge is to find a suitable reference occupation with which to compare the professional qualifications acquired abroad. This can be particularly difficult in occupations that require vocational education as the German dual training system is not known outside Europe (expert on recognition of foreign qualifications, personal communications, May 2023). Furthermore, finding suitable qualification measures to reach full equivalence in careers that normally require a dual apprenticeship is also particularly challenging (expert on recognition of foreign qualifications, personal communications, May 2023). Amongst other things, this is the case because required qualification measures cannot always take place in one single location. Any missing practical components must be taught in companies, while the remaining theoretical content is offered by vocational schools or chambers. If all the necessary qualification measures are to take place in a relatively short period of time, it is not always easy to coordinate the various processes, which is also the reason why there are projects that are specialized in accompanying applicants and companies in qualification measures.

In addition to these more fundamental difficulties, there are also many companies and people with a refugee background that are not sufficiently informed and/ or who do not qualify to have their foreign professional

qualifications recognized. Consider, for example, the case of refugee informant L1.

In Syria, L1 graduated as a sculptor and by the time he arrived in Germany he had over 10 years work experience. Initially, he heard conflicting advice about having his qualifications recognized, with some saying that it should be possible. Despite all of this, his degree could not be recognized. After working on minimum salary as an untrained stone mason for a number of years he decided to take up an apprenticeship in the same field again.

Similar experiences were also reported by some recognition advisory centres. For example, the Chemnitz Chamber of Crafts had offered recognition and qualification advice since 2016, but has since stopped. The reason was that only a minority of those seeking advice were skilled craftsmen. 10% of the centre's clients had a professional background in the skilled trades. The remaining 90% had other professional backgrounds, often in regulated professions such as doctors, teachers and pharmacists. The relatively small number of formally qualified craftsmen who sought advice can be explained by the fact that there is virtually no counterpart to the German dual training system outside of Europe (representative from Chemnitz Chamber of Crafts, personal communications, February 2023).

In most countries, non-formal and informal vocational training based on a "learning by doing" approach predominates. This is particularly the case in crafts and in countries with a weak educational infrastructure. Therefore, the recognition of non-formal and informal learning has become more of a policy priority in recent years. In such cases, a possible alternative to making professional experience and theoretical knowledge visible is skills

recognition procedures (“Kompetenzfeststellungsverfahren”). There were a series of pilots, but a systemic approach for the recognition of non-formal and informal is yet lacking (Windisch 2020). In the absence of a coordinated and systematic approach many German companies remain unfamiliar with the concept, leaving those whose informal competencies have been assessed without good career prospects (trade unionist, personal communications, May 2023). That said, in the most recent funding period which began in January 2023, the project “Integration through Qualification” has put a renewed focus on the recognition of non-formal and informal learning (expert on recognition of foreign qualifications, personal communications, May 2023). This could lead to improvements in this area in the future. Their prior work had mostly been concerned with the recognition of formal professional qualifications acquired abroad.

In summary, there have been concerted efforts in recent years to make it easier for foreign professionals to have their qualifications validated. The Recognition Act of 2012 has created the legal framework for this. However, significant hurdles remain. Recognition procedures are bureaucratic, lengthy and not suitable for everyone. For those whose formal qualifications cannot be recognized, it may be a good option to attend vocational training in Germany. For those who have only attended informal training in their respective home countries, it also recommendable to obtain formal qualifications through an apprenticeship – a systematic and coordinated approach for the validation of skills obtained through informal education is still lacking.

3.4. Alternative forms of training – the Transition Sector

With entry requirements and overall standards still high, another way to increase the inclusiveness of a vocational education and training system is to provide alternative forms of training. These measures primarily fall into the so-called transition sector. The transition sector consists of a variety of different pre-vocational measures aimed at young people who did not manage to secure an apprenticeship. They are intended to improve participants' training and career prospects by strengthening career orientation and preparation. School qualifications can also be obtained in the transition sector. However, what all the various measures share in the transition sector is that they do not lead to professional qualifications and will not be credited towards later training. Critics speak of an unwanted waiting loop. Proponents are more optimistic and see in the transition sector a system that equalizes and improves opportunities for disadvantaged groups such as refugees (Neises 2018).

In recent years, the number of young people entering the transition sector has been declining, largely as a result of demographic change. In this regard, 2016 and 2022 are the only exceptions. The increase in those two years is likely to reflect overall higher levels of refugee migration. Due to an insufficient command of German and various other obstacles, refugees cannot normally be directly integrated into the vocational training system. To be deemed apprenticeship-ready, they first have to attend language courses and potentially other pre-vocational measures. Hence, they often end up in the transition system first. This should explain the increased numbers in 2016 and 2022. According to Beicht (2010), the transition

system fulfils three main functions that collectively serve the goal of integrating young people into the vocational training system:

1. Obtain Training Maturity: school leavers without any formal school qualifications undergo preparatory training and education to obtain a school-leaving certificate and be considered apprenticeship-ready.
2. Acquiring a higher level of educational qualifications: young people seek to obtain an intermediate school-leaving certificate in order to improve their long-term career prospects
3. Interim measures to fill the lack of available training spots: those young people who failed to secure an apprenticeship and risk unemployment can take part in interim measures

With the increase in the number of refugees in the transition system (even if only temporarily), the system can be assigned a fourth function, namely the integration of newcomers into the education system and society (Dionisius and Illiger 2019).

Dualization proponents like Thelen (2014) point to the rise and ineffectiveness of the transition sector as key evidence for the segmentation of Germany's training system. The latter part of the argument is no longer as topical as in the early 2000s when the number of young people entering the transition system reached a temporary climax. Since then, numbers have reduced drastically, largely as a result of demographic change. Given declining fertility rates, this downward trend is set to continue for the foreseeable future. However, if the transition system is as inefficient as its opponents claim, then it would indeed consolidate rather than weaken inequalities in Germany's supposedly deeply segregated

training market. But this does not seem to be the case. Ehlert et al. (2018) found that participation in pre-vocational measures in the transition sector have resulted in improved training opportunities. This is also true for asylum migrants. More and more young people with a refugee background, who have previously undergone a pre-vocational measure in the transition sector, manage to secure a dual apprenticeship (DAZUBI 2019).

A particularly successful initiative here is the so-called entry-level qualification (“Einstiegsqualifizierung”). This measure started in 2004 as a special federal programme as part of the “National Pact for Training and Young Skilled Workers in Germany” (Nationaler Pakt für Ausbildung und Fachkräftenachwuchs in Deutschland). Within the context of the entry-level qualification, young people are given the opportunity to get to know training occupations in a company setting over 6- to 12-months period. The chance of being accepted into training after such an internship in the company is around 60% nationwide. According to a representative survey, the entry-level qualification is also one of the most common means German companies use to receive support in training newcomers. 28,5% of the companies surveyed said they already used this tool in the past (KOFA 2020). In general, all actors agree that an entry-level qualification is a good and effective measure to integrate refugees into the German training market.

In addition to the general measures in the transition sector, there are also initiatives that have been developed for refugees specifically. Many of these measures have been advocated for and designed by the German crafts sector. Even at the time of the large influx of refugees in 2015/16, it was becoming increasingly difficult to fill training positions in this area. The

skilled crafts sector saw professional potential in the newcomers and wanted to address this target group specifically, encouraging them to start an apprenticeship in the skilled crafts.

For example, the German Confederation of Skilled Crafts (ZDH) together with the Ministry of Education and the Federal Agency for Employment (BA) initiated a support programme called “Wege in Ausbildung für Flüchtlinge” (paths to training for refugees). The first step in this series of interlinked programmes was the measure “Perspektiven für junge Flüchtlinge im Handwerk” (perspectives for young refugees in the crafts sector).[23] Here, the main focus was put on initial career orientation. Participants gained insights into various professional fields in the craft sector. At the same time, language skills were enhanced, with an emphasis on profession/ industry-specific terminology. The aim of the career orientation was also to determine whether participants were suitable for professions in the skilled crafts sector. This measure lasted between four and six months. In a second step, refugees can take part in a 13-week long programme called “Berufsorientierung für Flüchtlinge” (career orientation for refugees).[24] If participants have been identified as suitable and motivated, they are then prepared to start an apprenticeship in the skilled crafts. The programme offers insights into a maximum of 3 skilled trades, combining workshop days with a firm-based component.

[23] This programme ran from 2016 to 2018.

[24] The programme’s target group has since been expanded to also include newcomers without a refugee background. This is also reflected in a change of name: the programme is now called “Berufsorientierung für Zugewanderte” (career orientation for immigrants). Furthermore, the programme has now been expanded to include all other training occupations and no longer applies to skilled trades exclusively. The age limit was also raised from 25 to 40 years.

A programme advisor (personal communications, January 2023), who is responsible for the technical support of the scheme at the Federal Institute for Vocational Education and Training, found the ZDH's approach in this regard "very innovative." She also points out that the great willingness and commitment of the private sector to take young people with additional support needs into training is due to the current extensive labour shortages in Germany:

"It is increasingly difficult to find apprentices. And fortunately, the situation is like this. Otherwise, the openness to employing refugees and tackling the associated challenges would probably not be as great. This is a great opportunity for immigrants."

The willingness of German companies to employ refugees and immigrants as trainees is also reflected in the fact that the project has no problems in finding companies that provide internships and later accept participants as apprentices (programme advisor of "Berufsorientierung für Flüchtlinge", personal communications, January 2023). The placement rates for entry-level qualifications or training are also relatively high. Of all the 6,500 participants, who completed the course, 26% were placed in apprenticeships and 16% in entry-level qualifications. Numbers have continued to improve since the programme began. In 2022, 43% of participants were able to start firm-based training after completing the programme. Another 7% found entry-level qualifications. The number of women participating in the programme has also increased significantly over the years: from 3% in 2016 to 35% in 2022 (programme advisor of "Berufsorientierung für Flüchtlinge", personal communications, January 2023). The promising results of "Career orientation for immigrants" (initially,

“career orientation for refugees”) substantiate the claim that that targeted measures in the transition sector can certainly increase the chances of a qualified career entry, even for more marginalized groups that have an increased need for support such as refugees.

Another actor that operates in the transition sector is the Training and Migration Coordination Office, otherwise known as KAUSA (Koordinierungsstelle Ausbildung und Migration). Initially, the initiative only supported ethnic minority entrepreneurs and young people with a migration background in all matters related to vocational education and training, However, more recently their service offerings have been broadened, also including asylum migrants (programme manager for KAUSA at the Federal Institute for Vocational Education and Training, personal communications, January 2023). There are various regional KAUSA offices across Germany that offer target-specific advice and support. An office that is increasingly dealing with the issue of placing refugees in training is the KAUSA regional office in Hamburg. With its tailor-made advice and support structure, it sees itself as building bridges to the offerings of regular institutions that often fail to address the needs of this specific target group.

The KAUSA regional office in Hamburg spends a lot of time and effort carefully matching applicants and companies, organizing internships and providing continued support throughout the duration of the apprenticeship. They mostly work with small- and medium-sized companies, partially because they are more flexible than larger, well-known companies that can still choose from plenty of candidates. More generally, the management of KAUSA Hamburg has witnessed a rethink among smaller- medium-sized companies (personal communications, April 2023):

“We also noticed that the attitude of companies has changed a lot. A few years ago, there were always complaints from entrepreneurs who said that the young people weren’t like they used to be….they wouldn’t have the necessary skills…..At the moment, companies are actually happy to even have someone who wants to do an apprenticeship. If people’s motivation is there, then you can find ways and opportunities to create access.”

KAUSA’s internal statistics seem to support this statement. Of the 16 young people, who could be placed in an apprenticeship in 2022, three had no school leaving certificate and the majority had a secondary school diploma (“Hauptschulabschluss”). According to the manager of the initiative, these successes would have been difficult to achieve only a few years ago (personal communications, April 2023).

“Joblinge Kompass” is another initiative in the transition sector. The programme combines language training, career orientation, internships and continued support throughout the duration of the training.[25] Participants are prepared and supported to transition into the mainstream labour market, whereby the primary goal is to find suitable training, and not employment. The placement rate stands at 72% (Joblinge Kompass 2023). “Joblinge” was initially a programme from the private sector to combat youth unemployment and the impending shortage of skilled workers. The expansion of the programme to include refugees came about as part of the new migration wave in 2015. “Joblinge Kompass” was very well received by other actors, especially by the relevant job centres, as there was a great need for structured programmes that were specifically aimed at and tailored

[25] To get a more detailed overview of how the programme works, you can visit the Joblinge Kompass website: https://www.joblinge.de/integration/joblinge-kompass.

to the needs of this target group (Team lead “Joblinge”, personal communications, January 2023). The experiences of the “Joblinge” team are similar to those of the KAUSA Hamburg office. Against the background of demographic change and persistent labour shortages, many companies would now be more open to the idea of training young people with additional support needs such as refugees. This is particularly true for small-and medium-sized companies that operate in sectors most affected by growing labour shortages such as health care and skilled crafts sector (Team lead “Joblinge”, personal communications, January 2023). Despite this rethink among companies and increasingly encouraging statistics, the Joblinge team lead laments that some refugees still remain excluded from training. She is calling for a second attempt at integration (personal communications, January 2023):

“I believe that it is very important to once again examine the potential of the people who came to us six or seven years ago and where integration has not yet been successful at this point. I believe that this is very important in order to address the shortage of skilled workers. Otherwise, you have an even larger number of people who have no prospects or who live and work in precarious conditions.”

There are certain subgroups of refugees who are particularly difficult to reach and integrate, for example women and people in possession of a tolerated stay permit. In order to address these target groups more effectively, there was a one-year pilot, called “Joblinge Kompass Connect.” However, recruiting participants from these two targeted groups proved challenging. The reasons for this are multifaceted and complex. Women are often already involved in family life and those with a tolerated stay

permit mistrust authorities and institutions due to previous negative experiences. However, for the participants that Joblinge Kompass Connect was able to reach, the chances of getting an apprenticeship are good. For the former project leader of “Joblinge Kompass Connect” German companies need to approach these target groups even more proactively.

“I believe that in the long-term it is the companies’ responsibility to tackle the growing shortages of skilled workers. At the moment it is still the case that some companies are not doing enough to get trainees or skilled workers and that they rely too much on the transition sector….I believe that if companies proactively approached the labour market, particularly women and people with a tolerated residence permit, a lot could be achieved.”

In summary, with the increase in refugee migration the transition sector increasingly performs an additional and often overlooked function: the integration of refugees into Germany’s training system. The sector combines a wealth of different initiatives some of which are geared towards refugees directly, while others are not. Many of these initiatives see rising placement rates, mostly as the result of growing labour shortages and a rethink of German companies in relation to hiring trainees with additional support needs such as refugees.

3.5. The Central Role of German Companies in Providing Extra Support

Quite a few companies are already proactively approaching people with a refugee background with the overarching aim of widening their recruitment pool in order to secure trainees. The “NETWORK Companies integrate Refugees” (NETZWERK Unternehmen integrieren Fluechtlinge) is an association of German companies that are committed to the labour market

integration of refugees. Counting over 3,600 members, the NETWORK hosts workshops, collects best practices and provides advice to companies training and/ or hiring refugees. To strengthen outreach, the NETWORK nominates so-called “regional ambassadors,” companies that employ refugees and want to pass on their experiences to other interested companies in their respective regions. I have spoken to some of these regional ambassadors to get a better understanding of how they view the opportunities and challenges related to training refugees.

The painting service Temps GmbH was nominated to be the regional ambassador for Lower Saxony in 2022/23. Since 2016, the company has been training young people with a refugee background regularly. In addition to socio-political responsibility, the impending shortage of skilled workers was a main motivator for the company’s commitment in this area. The initial challenges were certainly substantial, but over the years the Temps GmbH has put in place a number of measures to counter these and support the young people throughout their apprenticeship. The company now offers something which they refer to as “apprenticeship plus.” In addition to targeted language support, the content from vocational schools is reviewed and the young people in training are specifically prepared for upcoming exams. For this purpose, two teachers were hired part-time. Many of the trainees do not yet have a permanent residence permit. This has repeatedly presented the company with challenges. In order to be able to give the trainees without a permanent residence permit legal advice and to help them with any administrative procedures, the company has also hired a lawyer on a part-time basis. Furthermore, they have built a shared apartment for trainees so that the apprentices with a refugee background

can move out of refugee accommodation. This enables the young people to fully concentrate on their traineeship. According to the entrepreneur, some German companies still do not understand the significance of demographic change, both for their own companies and for the country's overall economic development.

"2025 will be the point in Germany where the number of people retiring will surpass the number of young people entering the labour market. Not everyone has understood this yet……I am often in discussions with colleagues and institutions, and they then ask me: 'where do you get the trainees from? Why do you have so many?' We also don't get them readymade. We meet the young people where they are. Look for their potential and develop their potential."

Other German companies are similarly committed. Of the 15 trainees currently at the Hamburg-based Reichshof Hotel 5 have a refugee background. One of the hotel's most important cooperation partners in the training of refugees is "Joblinge Kompass." The people and culture manager at the Reichshof, who is also responsible for the trainees, appreciates the work the "Joblinge" team does with prospective apprentices, as it also frees up time and resources for companies. She also believes that more fundamentally, companies will have to change work structures and conditions in the long term to counteract the shortage of skilled workers, regardless of the presence of refugees.

"We have to break new ground anyways, whether with or without refugees. We offer part-time jobs, which was very uncommon in our industry previously. I believe that many companies are still clinging on to their old

structures. I try to show that there are success stories [in terms of training refugees]. And in the end, they [other companies] would also be better off when it comes to the shortage of skilled workers….Our training places are always fully occupied."

The Berlin-based company Gegenbauer primarily relies on in-house training when integrating refugees. The company's core business is facility and building management. Gegenbauer employs over 18,000 people throughout Germany, well over 1,000 of whom have a refugee background. When signing the employment contract, the new employees receive access to a language app, either in English or German. Access to English courses is offered to overcome reservations among the workforce about refugee employees (diversity and inclusion manager at Gegenbauer, personal communications, May 2023). This is particularly important in the low-wage sector, according to Alexander Kritikos, economist at the German Institute for Economic Research (DIW) (quoted in Michler 2022). In addition to providing access to language apps, the company also offers flexible in-house training. A validated school leaving certificate is not necessarily required. For example, anyone who has been working in the company for over four years can take the exam to become a certified skilled worker in the cleaning industry. Subsequent training to become a "Meister" (highly trained employee) and even university studies are possible. "Even for those who arrive here without any academic qualifications, they can develop themselves here professionally up to pursuing university studies," said the diversity and inclusion manager at Gegenbauer. The company's extraordinary commitment in this area is again justified by the growing shortage of (skilled) workers:

“We depend on it a bit. I was told that when the Turkish immigrants came, people lined up in front of our company…..wanting to get work. Of course, that has changed completely. We also need people without academic degrees for the down-to-earth work of cleaning or gardening. The gardeners we need are no longer queueing at our door (diversity and inclusion manager, personal communications, May 2023).”

There are also some large corporations that are committed to the labour market integration of refugees in Germany. Since 2015, around 20,000 refugees have started employment or training at DHL Group. According to the data provider Refugee Integration Insights Institute, the company ranks second in the world when it comes to hiring refugees among the 50 largest global corporations. Amongst other things, the DHL Group supports refugees in language acquisition, career orientation and internships to offer the newcomers a professional perspective. Around 290 young people with a refugee background are completing their training with the company, in various different professions. The company has also launched a so-called buddy programme in which more experienced trainees and employees provide individual support to the newcomer colleagues. The company’s CSR programme manager (personal communications, April 2023) also points out that many German companies have built up enormous expertise in this area over the years:

“Many things have now become normal and commonplace…So it’s no longer a special refugee initiative, but rather someone comes with a refugee background and we as a company have to take care of it….Certain things have become a matter of course. You have a tool kit that you can use, and it also becomes intuitive [over the years].”

However, it must be said that the DHL Group is an exception among the large corporations. Many of the DAX-listed companies employ no or hardly any employees with a refugee background. Of the 6,000 refugees who currently work in DAX-listed companies, 5,700 are employed by the DHL Group alone (Wolf 2022). However, these statistics are consistent with my argument. Many of the DAX-listed companies form the core manufacturing sector such as Siemens, BMW, Porsche, and Mercedes-Benz Group get can still choose their personnel and the people they train. In the competition for the most qualified workers, these companies prevail over small-and medium-sized businesses on the periphery. This is partially the result of the higher salaries offered in the core. When presented with the choice, it is easier and more convenient for large corporations to hire someone who is fluent in German, has the right qualifications and does not need any additional support.

4. Conclusion

When Germany opened its borders to hundreds of thousands of refugees in 2015/16, some business representatives showed themselves thrilled, hoping that the newcomers could ease some of the country's growing labour shortages. Since then, demographic challenges have only worsened. The scarcity of qualified professionals has profoundly transformed the German labour and apprenticeship market, from one that favours employers to one that favours employees. As this chapter has shown, refugees have been able to benefit from this situation – interpreting the growing labour shortages as an existential threat, many German businesses are now more open to the idea of hiring and training young people with additional support needs such as refugees. This particularly

true for companies in peripheral sectors that are disproportionally affected by labour growing labour shortages.

Table 5: Key informant interviews on Apprenticeships

Practitioner	Willkommenslotse
Practitioner	Willkommenslotse
Practitioner	Netzwerk Unternehmen integrieren Fluechtlinge
Practitioner	KAUSA Landesstelle Hamburg
Practitioner	Chamber of Crafts Cottbus
Expert	Federal Institute for Vocational Education and Training – Career orientation for refugees
Expert	Jobstarter Plus, Federal Institute for Vocational Education and Training
Expert	KAUSA, Federal Institute for Vocational Education and Training
Expert	DIHK/ German Chamber of Industry and Commerce
Expert	German Trade Union Confederation
Expert	German Employers' Associations (BDA)
Expert	researcher at the Institute for Employment Research
Expert/ Practitioner	Initiative Match
Expert	Fachstelle Anerkennung und Qualifizierung, Integration durch Qualifizierung (IQ)
Expert	Unternehmen Berufsanerkennung, DIHK
Expert	Kompetenzzentrum Fachkraeftesicherung (KOFA)
Expert	PerjuF-H/ BOF, German Confederation of Skilled Crafts
Expert	Willkommenslotsen, German Confederation of Skilled Crafts
Expert	Sachverständigenrat für Integration und Migration

Practitioner	HR Integrate
Practitioner	Joblinge Kompass Connect, Joblinge
Practitioner	team Lead Kompass Ruhr, Joblinge
Expert	research specialist on technological change and labour market effects

Table 6: Interviews with German Employers

1	Relaxdays GmbH
2	Gegenbauer Services GmbH
3	Barmer
4	Activ Marine GmbH
5	Temps GmbH
6	DPD HL Deutschland
7	Executive Assistant Manager, Reichshof Hamburg
8	Leiter Personal- und Integrationsmanagement, Creatio GmbH

Table 7: Interviews with Refugee-origin Apprentices

	Educational Background in home country	Apprenticeship in Germany (if applicable)	Current employment
L1	Sculptor	Stone mason	Stone mason
L2	History major	n/a	Unskilled floor layer
L3	Archaeology major	Insurance clerk	Insurance clerk
L4	Engineering	IT specialist	IT specialist
L5	Craftsman	Plumber	Plumber
L6	Craftsman	Electrician	Electrician
L7	Hairdresser	Optician	Optician
L8	Baker	Baker	Baker
L9	Craftsman	N/A	Unskilled plasterer
L10	Mechanic	Mechanic	Mechanic
L11	Engineering	IT specialist	IT specialist
L12	IT specialist	Mechanic	Mechanic
L13	English literature	Salesperson	Salesperson
L14	Mathematics	Mechanic	Mechanic
L15	High school	Salesperson	Waiter

Highly-Skilled Refugees on the Swedish Labour Market

Traditionally, Sweden has always pursued a decidedly liberal and rights-based approach to refugee migration and integration, with successive governments highlighting and promoting the benefits of cultural diversity for Swedish society. Policymakers and citizens alike were confident that the country's comprehensive education, labour market and welfare institutions would succeed in lessening and eventually reversing initial inequalities between asylum migrants and the rest of the population. Generous refugee admission policies in combination with comprehensive integration policies and welcoming attitudes became one of the distinguishing features of the country's approach to managing the effects of forced migration. With respect to its population size, Sweden is the OECD country that has hosted the highest number of refugees between 2005 and 2014. In 2015, the number of people claiming asylum in Sweden reached a new record high: 162,877 people sought protection, as many as never before. At the time the then Swedish Prime Minister Lofven said: "My Europe takes in refugees. My Europe doesn't build walls," advocating for a liberal and rights-based approach to forced migration not just in Sweden, but also in Europe more broadly.

Since then, these former policies have become heavily contested. More recent governments passed a broad range of measures designed to crack down on migration. Amongst other things, the stipulated requirements for labour immigration and family reunion have been tightened and Swedish citizenship is more difficult to obtain. The country's asylum reception legislation has also been amended to ensure that it does not exceed the minimum requirements set under EU law.

The change in government course is often justified with reference to poor integration outcomes for the new arrivals. Despite extensive state sponsored integration measures, the foreign-born are heavily overrepresented among the country's unemployed. Labour market integration is sluggish – it can take up to 8 years for half of the newcomers to find part-time employment (Wooldridge 2022). With lower formal qualifications and a worse command of Swedish than natives, the foreign-born have difficulties in finding employment in an advanced labour market characterised by relatively high wages and productivity demands. This observation has led many to argue that Sweden was never able and will never be able to integrate asylum migrants into their labour market.

But is this claim actually correct? Has integration failed across the board in Sweden? In this chapter, I argue that this is an oversimplification of reality. In fact, labour market outcomes for refugees in Sweden are mixed. While the country has had some of the best outcomes for university-educated newcomers, the same cannot be said for those arriving with low levels of educational attainment. They are heavily overrepresented among the unemployed and risk permanent labour market marginalization.

This chapter seeks to provide an institutional argument for the polarized labour market performance of refugees in Sweden.

For many the Swedish model is synonymous with egalitarian outcomes: an extensive welfare state collectivizes risks, while accessible training opportunities promote upward social mobility for all. If true, all refugees would be equally well integrated into the Swedish labour market,

irrespective of their levels of educational attainment on arrival. However, this chapter challenges the above narrative.

While many of the country's welfare institutions are still inclusive and intact, this is no longer the case for training and labour market institutions. Over the past few decades, Sweden has undergone a subtle but nonetheless significant institutional reform process. The brunt of these reforms has been borne by labour market outsides, especially low-skilled newcomers. This development manifests itself in the following two ways: while there is strong state support for higher education and its expansion, the system for Continuing Vocational Education and Training (CVET) remains underdeveloped. In terms of labour market reforms, spending on active labour market policies (ALMPs) has been cut significantly. These cuts have not just led to a reduction in ALMPS, but also to their re-orientation and privatization, increasingly moving away from training-related measures towards subsidized employment schemes, targeting specific problem groups, including the long-term-unemployed, youth and newcomers (Thelen 2013; Obinger et al. 2012:194). In the absence of effective training measures, subsidized employment measures can reinforce rather than lessen labour market segmentation for these groups as they do not possess the skills necessary for sustainable employment outcomes.

Highly-skilled newcomers have been less affected by this institutional reform process. This is for several reasons. Firstly, they tend to rely less on ALMPs and the Swedish Public Employment Service in their job search. Secondly, many re-enter higher education, a sector well-supported by the Swedish government through free tuition, high financial support for students and generous study leave policies. Thirdly, Sweden has an array

of different support programmes, specifically tailored to the needs of university-educated newcomers. Such programmes are virtually absent in other countries.

This chapter is organized as follows: in the first section, I shall take a closer look at the overall context of refugee migration in Sweden, paying particular attention to the labour market outcomes of this group. While Sweden is known to have a substantial earning and employment gap for refugees, we would expect it to narrow over time, especially for highly skilled migrants with tertiary education. If this is the case, it underscores the importance of developing carefully targeted upskilling and supplementary education measures for those who arrive with post-secondary education. For those with low educational attainment, we would expect the picture to be more mixed: a substantial earning and employment gap persists over time, with many remaining outside the labour market permanently.

In the second section, I shall look at the Swedish socio-economic regime, explaining how recent reforms processes have primarily affected labour market outsiders, particularly low-skilled newcomers. In terms of training institutions, vocational education for adults remains underdeveloped. In terms of labour market reforms, the value of social assistance benefits have been declining and the funding for ALMPs has been cut. The result is higher levels of labour market segmentation, manifesting itself in increasingly polarized labour market outcomes between low-and highly-skilled newcomers.

In the final section, I present how university-educated newcomers actually establish themselves on the Swedish labour market. Many of them re-enter

higher education in Sweden, taking advantage of the country's supportive policy infrastructure such as low tuition fees, high financial support for students and generous study leave policies. Others benefit from support programmes that specifically target the needs of highly-skilled newcomers. Several initiatives will be presented. One is "Korta Vägen," a training programme for foreign-born graduates, and the other one "Jobbsprånget," a national internship programme for newcomer and foreign academics.

1. Refugee Migration to Sweden

In contrast to other countries in Europe, Sweden has had a relatively homogenous society for a long time. However, the country's demographic composition has changed significantly in recent decades: the number of people born outside of Sweden as a share of the overall population went up substantially in the last 10 years alone. In 2012, 1.47 million of Sweden's inhabitants were born outside the country. This figure further increased to 2.15 million by 2022. Put differently, foreign-born citizens constitute roughly 20% of the Swedish population in 2022 (Dyvik 2023).

Immigration to Sweden has a strong humanitarian dimension, with many of the recent newcomers having a forced migration background. This can also be seen when looking at the most important countries of origin of the foreign-born population in Sweden. With nearly 200,000 people, Syrians constituted the largest foreign-born community in 2022. Iraqis make up the second biggest group, followed by Sweden's neighbouring country Finland. Poland, Iran, Afghanistan and Somalia are also among the most important countries of origin (Dyvik 2023). Sweden started receiving greater numbers of both asylum seekers and resettled refugees in the late 1970s and 1980s,

reflecting an upsurge in major political upheavals, wars and forced displacement at the global level.

This strong humanitarian dimension of the country's migration history is the outcome of a liberal and rights-based approach to refugee migration, with successive governments highlighting the benefits of migration and multiculturalism. In the 1990s, it was Sweden that granted many refugees from Bosnia and Herzegovina permanent protection. In the mid-2000s, the small city of Sodertalje made international headlines. In spite of its population of only 80,000 people, the city welcomed more Iraqi refugees than the USA and Canada combined (Dahlstedt et al. 2016). In 2014, the then Swedish Prime Minister Fredrik Reinfeldt further reinforced this image of a welcoming country, when he spoke of Sweden as a "humanitarian superpower," citing generous asylum and integration policies as a great source of national pride. Only one year later, Sweden managed to live up to its international reputation. At the height of the refugee crisis in 2015, over 165,000 refugees came to Sweden within the span of a few months. At the time, the relatively small Nordic country hosted the highest number of refugees per capita in Europe. At some point in time, Sweden received up to 10,000 refugees each week. This welcoming and liberal approach to forced migration has also been referred to as the Swedish exceptionalism in international debates.

The reasons for why Sweden has maintained a positive outlook on and a welcoming attitude towards newcomers for a long time remain somewhat unclear. Yet, some observers speculate that it has to do with the Swedish system itself (political scientist and researcher, personal communications, May 2023). Inclusive and generous welfare state institutions made Swedes

confident that newcomers could be integrated relatively quickly and successfully. Comprehensive state-sponsored integration measures further reinforced this belief. The cornerstone of Sweden's integration policy is the so-called introduction programme (etableringsprogrammet). The 2-year long programme provides support for most recently arrived migrants, mainly in the form of various trainings and activities. The goal is for participants to learn Swedish and to find a job as quickly as possible.

But was the assumption underpinning Sweden's approach to forced migration correct? Could most newcomers integrate successfully and establish themselves on the Swedish labour market? A recently published study by Hernes et al. (2022) could provide initial clues to shed light on and clarify this question. In "Scandinavian integration policies" the authors analyse and compare the labour market performance of refugees across Denmark, Norway and Sweden between 2008 and 2019.

One of the questions Hernes et al. are interested in is whether refugees with varying levels of educational attainment fare differently across the three Scandinavian countries. Previous studies have shown that a refugee's educational background shapes and influences their labour market trajectory in host countries (Andersson Joona, 2020; Arendt, Ku, & Dustmann, 2021). This may be particularly true in the Scandinavian context: the native-born tend to be highly educated and there is an overall scarcity of low-skilled jobs, presumably increasing the institutional barriers to employment for those with weak academic qualifications. Hernes et al. (2022) define primary education as ISCED[26] levels 0-2. This includes all

[26] ISCED is short for International Standard Classification of Education.

educational backgrounds up to lower secondary education. Secondary education corresponds to levels ISCED 3-4, considered equivalent to upper secondary education. Tertiary education is defined as levels at ISCED 5 and above. This comprises short-term tertiary education as well as bachelor, master, and doctoral levels.

Figure 1: Primary Education at Arrival

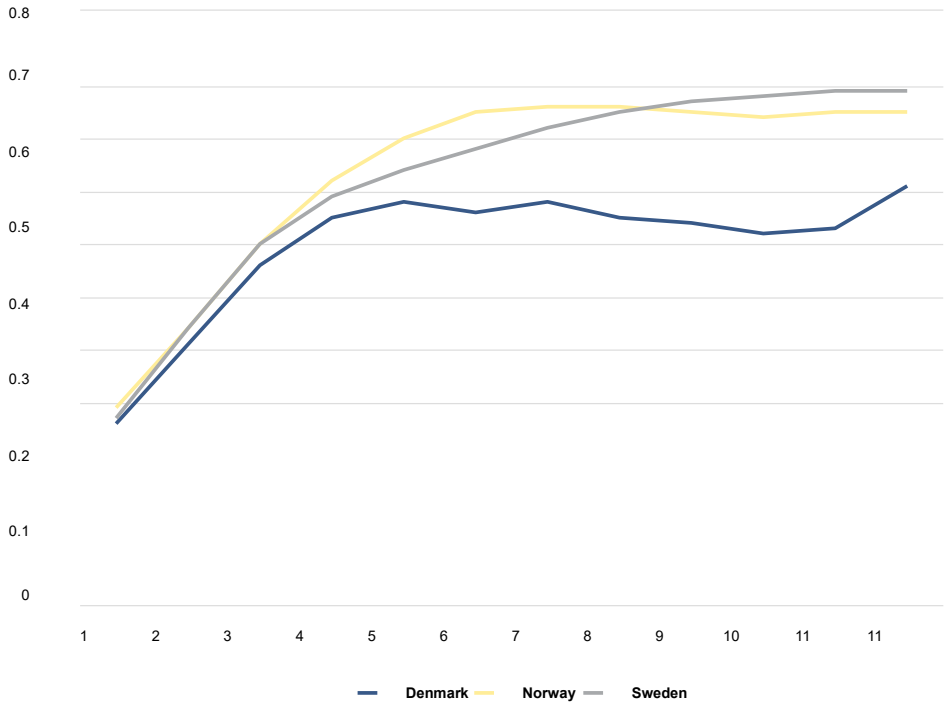


Figure 2: Secondary Education at Arrival

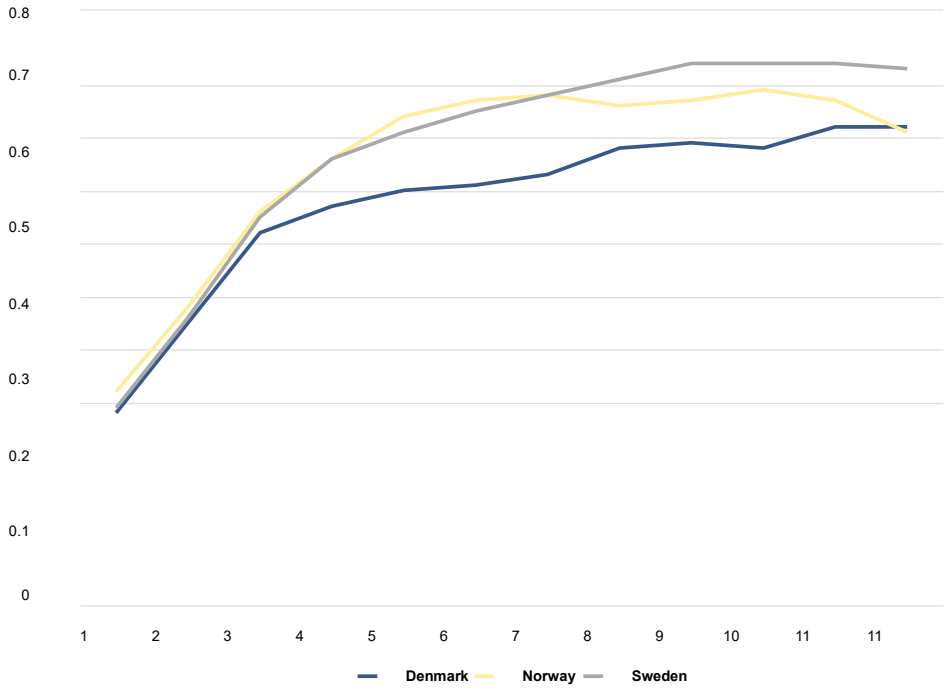
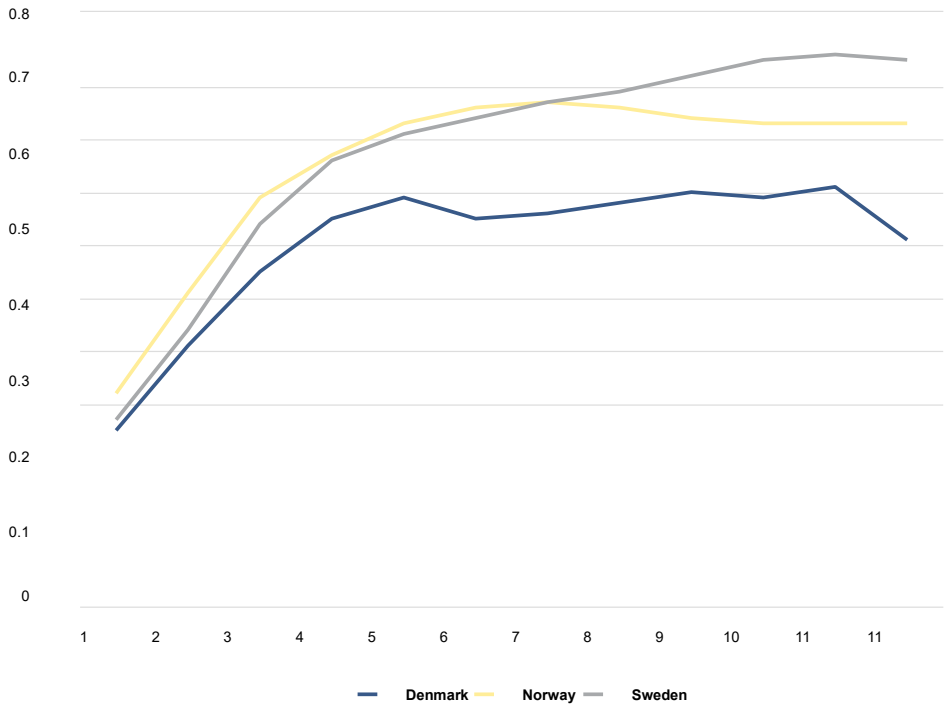


Figure 3: Tertiary Education at Arrival



Figures 1-3: Estimated employment trajectories for male refugees with years sincesettlement, by education level on arrival. Reprinted from Scandinavian Integration Policies for Refugees, p. 81/82. V.

Hernes et al., 2022, Nordic Council of Ministers. Copyright 2022 by Nordic Council of Ministers. Reprinted with permission.

Figures 1-3 depict estimated employment trajectories for male refugees[27], drawing a distinction between different levels of educational attainment on arrival. We notice that Denmark has relatively high employment trajectories for those who hold a secondary education diploma. The curves for those with primary and tertiary education levels are flatter, indicating an overall weaker labour market performance. In the Norwegian case the employment trajectories for all educational levels follow a rather similar pattern. Sweden has better labour market outcomes for those with secondary and tertiary education levels, at least relative to those with low levels of educational attainment on arrival. Sweden and Norway follow a similar pattern for refugees with primary education on arrival, but Sweden outperforms Norway for those with secondary education levels seven years after settlement. The difference for tertiary education levels is even more pronounced, indicating that university-educated refugees in Sweden have significantly better employment outcomes. Denmark is the laggard among the Nordic countries, displaying consistently lower employment levels for all groups and education levels. That said, the observed difference is less significant for those who hold a secondary education diploma, especially after 7-8 years of residence.

[27] The displayed employment trajectories for both male and female refugees are based on ILO's definition of employment. A person counts as employed if he or she has done at least one hour of paid work in a given week.

Figure 4: Primary Education at Arrival

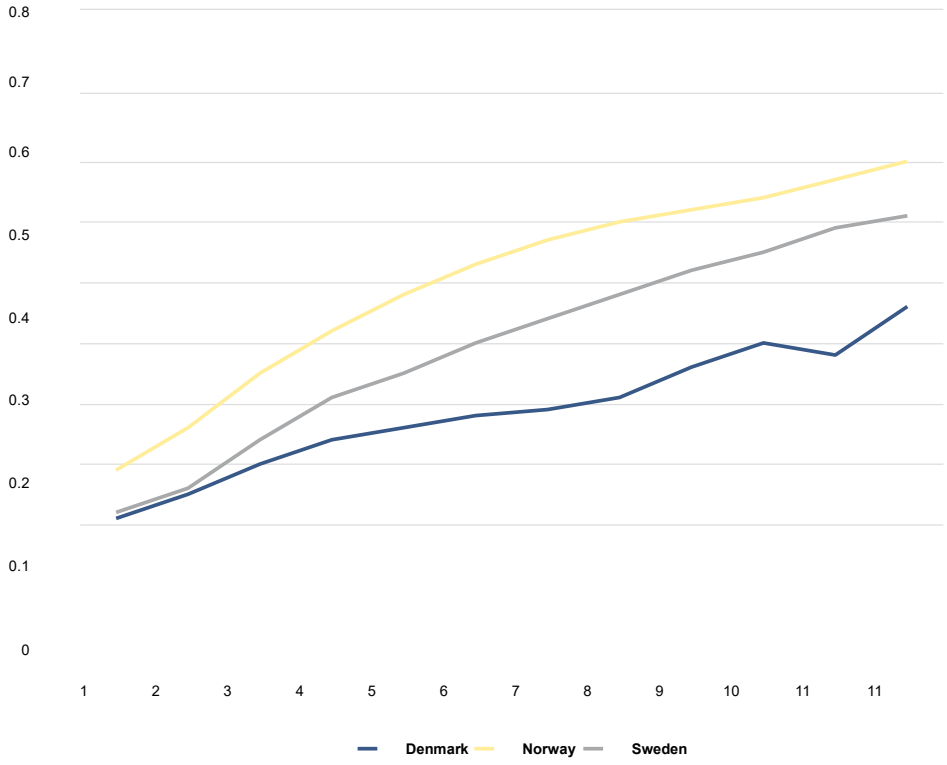


Figure 5: Secondary Education at Arrival

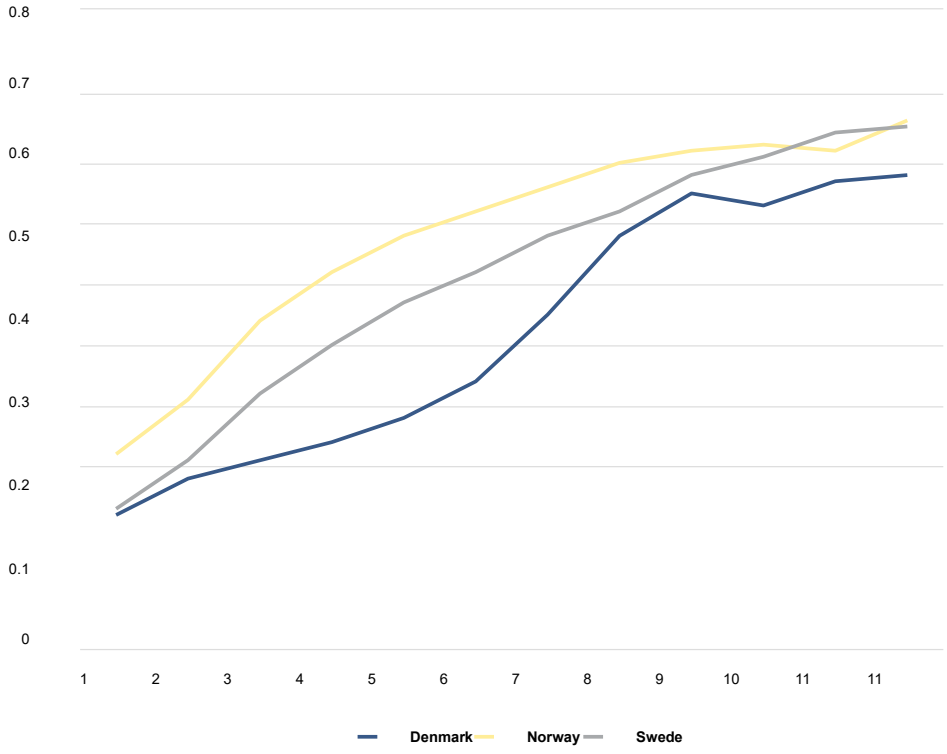
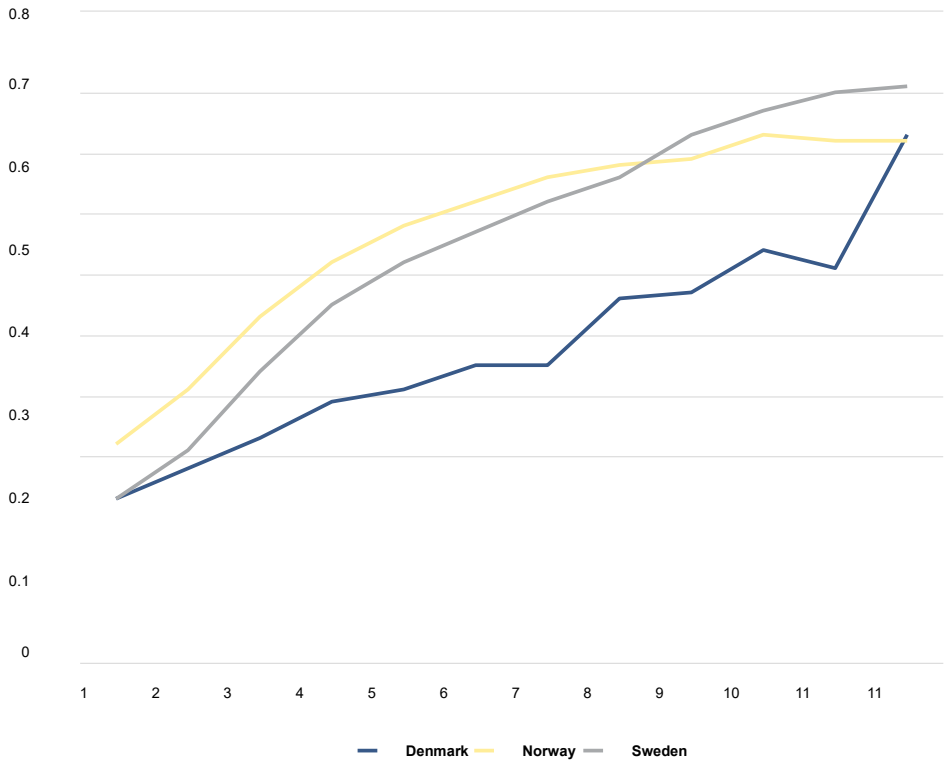


Figure 6: Tertiary Education at Arrival



Figures 4-6: Estimated employment trajectories for refugee women with years sincesettlement, by education level on arrival. Reprinted from Scandinavian Integration Policies for Refugees, p. 84/85. V. Hernes et al., 2022, Nordic Council of Ministers. Copyright 2022 by Nordic Council of Ministers. Reprinted with permission.

Figures 4-6 illustrate the estimated employment trajectories for female refugees, drawing a distinction between different education levels on arrival. It is evident that Norway tends to have better employment rates for every education level, at least for the first 7 to 9 years after arrival. For those who have received primary education, this is the case for the entire time period covered. The picture that emerges for female refugees with secondary and tertiary education levels is somewhat different. After ten years of residence, Sweden manages to catch up with Norway for those with secondary education level. University-educated women display the

highest employment outcomes in Sweden, at least in the long run. Denmark has consistently lower levels than both Norway and Sweden, indicating a relatively weak labour market performance across all educational groups covered.

Overall, their comparative analysis of education for both men and women shows that Sweden tends to have the best employment outcomes for those with tertiary education, especially after several years of residence in the country. Norway tends to outperform Sweden with regard to the labour market performance of low-skilled migrants, especially for female asylum migrants. Denmark is the laggard across the Nordics, having consistently lower employment levels than both Sweden and Norway across all education groups analysed.

The above figures clearly discredit the widespread and increasingly popular claim that the labour market integration of newcomers in Sweden has failed across the board. In fact, the opposite is true for some subgroups. Sweden does particularly well at the labour market integration of newcomers with post-secondary education. Upon arrival, their employment rates are low, but they continue to grow over time, indicating a sustainable labour market integration. Data from Brell et al. (2020) further backs this idea. In Sweden, the gap in earnings between refugees and natives is relatively small and continues to decline over time, at least more so than in other countries such as the US.[28] The growth in refugee earnings over time seems to suggest gains in education and occupational upgrading. Bevelander and Irastorza (2014) also document relatively strong upward social mobility

[28] There was no data available for either the UK or Germany.

among refugees in Sweden: after a decade of living in the country only 21% of refugees with jobs still work in unskilled employment.

The picture that emerges for the group of the low-skilled is somewhat more mixed and complicated. Only a little over 50% of refugee women with primary education have a job after over 10 years of residence in Sweden. The group of the foreign-born is highly overrepresented among the country's unemployed. They are almost twice as likely than native-born Swedes to be jobless. The incidence of long-term unemployment is even more elevated among refugees. They have a 3.5 times higher likelihood of being long-term unemployed than Swedes (Amin R. et al. 2024). Therefore, many risk permanent labour market exclusion.

Moreover, labour market entry for all groups takes a long time and can best be described as sluggish. Even for highly skilled newcomers it can take several years before they find their first job and get established on the Swedish labour market. Only a minority of refugees is labour market ready once the two-year introduction programme has ended. This holds true across all education levels. It takes about 8 years for half of the new arrivals to start working even part-time.

In the following section, I provide an overview of the characteristics of Sweden's socio-economic regime. In mapping out the institutions underpinning the Swedish model I try to provide explanations for the following two phenomena: (1) refugees' labour market integration takes a long time, irrespective of educational levels upon arrival. (2) the labour market performance of refugees in Sweden is polarized. While highly-skilled newcomers tend to do very well and better than in other countries,

low-skilled asylum migrants struggle to establish themselves on the Swedish labour market.

2. The Swedish Socio-Economic Regime

Sweden and the Nordic countries more generally have relatively high living standards and low-income disparities. Extensive welfare states collectivize various risks, ensuring more security and income for the lower end of the labour market. Trade union density continues to be high. Powerful social partners advocate for and monitor employment standards. This holds true for both highly-skilled and low-skilled constituencies.

Effective reskilling and activation policies together with a focus on life-long learning promote upward social mobility and high labour market participation rates. Labour force participation rates are very high in Sweden. In fact, the country has some of the highest employment rates among OECD countries Most of this employment is in medium- and high-skilled occupations. At only 5%, a tiny fraction of the country's jobs are considered low-skilled, requiring less than a high-school diploma. Maintaining high-employment, particularly in high-skilled sectors, is seen as essential for maintaining the sustainability of the country's extensive welfare state. By international standards, taxation is high. This particularly applies to above-average income earners.

Overall, Sweden's labour market is characterized by high skills and productivity demands. Minimum wage levels are relatively high and the wage distribution is compressed. Employment growth is concentrated in medium-and high-skilled sectors. 90% of the country's labour market

entrants fall into the medium-to-high skill range. Low-skilled workers are overrepresented among the country's unemployed.[29]

In the Swedish model, it is considered the government's responsibility to make sure that working-age people have the relevant skills and qualifications to compete for well-paid jobs in industries like technology and advanced manufacturing. Extensive ALMPs are considered a foundational pillar of the Nordic model.

For example, the Swedish government played an active role in shaping and facilitating the transition to a knowledge-based economy. Several successful supply-side interventions are credited as having supported the Swedish ICT boom (Thelen 2019). One of these measures is the so-called "Knowledge Lift" programme that ran between 1997 and 2002. It offered training at existing adult education centres, with a major emphasis being put on computer science throughout the 5-year programme period. "Swedish Information and Technology" (SWIT) was another important initiative that was up and running from 1998 to 2000. Unlike "Knowledge Lift" it promoted IT skills specifically. The result has been the expansion of knowledge-intensive firms and industries, best exemplified by Sweden's successful gaming industry and firms such as Skype and Spotify (Thelen 2019).

The purpose of describing the institutional underpinnings of the Swedish model was to provide explanations for two observed phenomena in relation to refugee integration outcomes. These observed phenomena were (1)

[29] One should state that the overrepresentation of the low-skilled among the country's unemployed partially reflects the scarcity of low-skilled jobs in the Swedish economy. In other parts, it reflects the dualizing labour market reforms and lack of adult CVET options, which are also discussed in this chapter.

refugees' labour market integration takes a long time, irrespective of educational levels upon arrival. (2) the labour market performance of refugees in Sweden is polarized. While highly-skilled newcomers tend to do very well and better than in other countries, low-skilled asylum migrants struggle to establish themselves on the Swedish labour market. While the above characterization succeeds at providing explanation for the first phenomenon, it fails to do so for the second one. Let's see why.

In a labour market characterized by a high skill and productivity equilibrium, the labour market integration of refugees necessarily requires a bit of time. While newcomers are a heterogenous groups with varying education levels on arrival, many would be classified as low-skilled. Even those who are highly skilled will have to have their previous qualifications validated and/ or enter supplementary education. In the Swedish case, refugees' sustainable labour market integration requires investment in human capital accumulation. Therefore, employment rates only increase gradually over time, reflecting gains in host country-specific human capital.

That said, the above characterization of the Swedish model does not necessarily explain the polarized labour market performance of high- and low-skilled newcomers that was observed in the previous section. While it is true that we would expect low-skilled newcomers to face more issues, partially because the number of low-skilled jobs is limited, we would also think that state-sponsored integration and training programmes would succeed in equalizing labour market outcomes between the two groups. These programmes are meant to raise the human capital of the low-skilled. In so doing, they presumably also improve their overall labour market prospects. However, existing data does not seem to confirm that.

So, what then explains the polarized labour market performance of low- and high-skilled newcomers in Sweden?

This chapter argues that the varying labour market performance of high- and low-skilled asylum migrants is mainly the outcome of an institutional reform process that Sweden has undergone over the last few decades. While many of the country's welfare institutions are still inclusive and intact, this is no longer the case for training and labour market institutions. The brunt of these institutional reforms has been borne by labour market outsiders, especially low-skilled newcomers, resulting in relatively low employment rates for this group.

The reform process has manifested itself on the following two levels: while there continues to be strong state support for higher education and its expansion, adult CVET options remain underdeveloped. In terms of labour market reforms, spending on active labour market policies (ALMPs) has been cut significantly. These cuts have not just led to a reduction in ALMPS, but also to their re-orientation and privatization, increasingly moving away from training-related measures towards subsidized employment schemes, targeting specific groups such as the long-term-unemployed, youth and low-skilled immigrants (Thelen 2013; Obinger et al. 2012:194). The following paragraphs unpack these developments in more detail, outlining their differential impacts on low- and high-skilled newcomers.

2.1. Education and Training Institutions

2.1.1. Higher Education

Sweden's higher education sector has grown significantly over the last few decades. In 2019, 360,000 students were registered at Swedish universities. In 1945, this figure was only 14,000 (Börjesson and Dalberg 2021). In part this expansion reflects a growing demand for high qualifications in the Swedish economy. That said, it also reflects continued state support for the sector. Unlike in other countries, university education is free of charge. Institutions that are supported by the state cannot charge fees. This means that all Swedish students and students from the EU/EEA do not have to pay tuition fees. It also applies to refugees with a valid residence permit. University students, including newcomers, have access to financial support during their studies. University students with children can receive a child allowance. At 56 years, the upper age limit for financial support is generous. Participation in higher education is also encouraged through accommodating study leave policies. All workers are entitled to unpaid educational leave, if they have been employed for six months or 12 months in the last 2 years. It should also be noted that while other countries have experienced cuts to higher education in recent years, the same has not happened in Sweden. The Swedish government tends to invest in tertiary education, particularly in times of crises.

2.1.2. Adult CVET

In Sweden, VET for adults is offered through municipal adult education (MAE). In recent years, the Swedish government has focussed more clearly on enhancing CVET options, largely through the provision of various government grants in an effort to increase the number of vocational

education places. The increase in places offered can partially be explained with the increase in refugee migration in the mid-2010s. To enhance labour market outcomes for this group, some newcomers are encouraged to study vocational training programmes at MAE (Andersson & Muhrman, 2021). Despite these efforts, the sector remains underdeveloped, especially in comparison to VET programmes in upper secondary schools for young adults. For example, VET for adults tends to be concentrated in sectors with acute labour shortages within municipal organisation such as elderly care and childcare. Investments in certain vocations to the detriment of others limit learners' career options and therefore the overall attractiveness of adult VET. Another issue that limits the extent of school-based VET for adults is the lack of placements. Although work-based learning and placements are a mandatory component of VET, including adult VET, a lack of coordination and collaboration between schools and employers make this difficult in practice. Some employers fail to see the value in providing work placements, particularly for immigrant students who may have additional support needs as a result of lower Swedish language levels.

2.2 Labour Market Reforms

The dualizing tendencies identified in education and training institutions extend to the labour market. In the early 1990s, Sweden was struck by a large-scale economic crisis that set in motion a variety of institutional reforms in the labour market arena. The cumulative effect of these reforms was a further alienation of those furthest away from the labour market, particularly low-skilled newcomers.

2.2.1.Reduction and Reorientation of ALMPs

While active labour market policy has long been regarded as an important pillar of the Swedish welfare state, expenditure associated with ALMPs decreased significantly over the last few decades. In the 1980s and 1990s, Sweden constituted an outlier among OECD countries, spending four times as much than the average on active labour market policies. However, in the early 2000s, Sweden only spent two and a half times the OECD average. Put differently, expenditure associated with ALMPs have been cut by almost half, from 2.1% of GDP in 1999 to 1.3% in 2018 (Nelson 2020). The budget proposals following the 2019 elections promised major tax cuts, with the budget for ALMPs reduced by a further 20%. These budget cuts have also coincided with a shift in the orientation of ALMPs. According to a recent study, the number of participants in training programmes reached historically low levels following the 2007-08 crisis, while those in subsidized employment schemes climbed to record highs (Bengtsson, Porte, & Jacobsson, 2017). The two types of intervention differ in one important key respect: subsidized employment schemes tend to be less costly than training programmes. That said, the latter has proven to be more effective. In the long-run, they lead to better quality employment and higher earnings.

An analyst from the Swedish Trade Union Confederation also commented on the shift in ALMPs in Sweden (personal communications, June 2023).

“When people came from Bosnia and the Balkans in the 90s, a lot of people were offered vocational training. And we had some years, where we had 90,000 participants in vocational training schemes in the Public Employment Service. Nowadays, it’s 6,000……the Public Employment Service doesn’t offer it anymore. It is underfinanced and politicians are no

longer interested in financing these types of programmes. I would say that wage subsidies have taken the place that vocational training used to have."

Sweden is an international outlier, spending almost half a percent of its annual GDP on subsidized employment schemes (Habibija 2022). Compared to its Scandinavian neighbours, Sweden has a relatively high share of refugees who benefit from subsidized employment (Hernes et al. 2022).

Two subsidized employment schemes from which asylum migrants frequently benefited are the "Step-in Jobs" programme and the "The New Start Jobs" programme. Under the "Step-in Jobs" programme, immigrants could combine work with language studies. For between six and 24 months, participating employers were entitled to an 80% subsidy for salary costs. The "Step-in Jobs" programme could last anywhere from six to 24 months. Under the "New Start Jobs" scheme, employers are offered reduced payroll tax and subsidized social contributions if they hire jobseekers who have been unemployed for an extended period of time.

For low-skilled newcomers subsidized employment schemes do not necessarily have the intended effects of leading to mainstream employment in the long run, at least not to the extent they are designed to do. The reasons for this are complex.

Firstly, employers find subsidies difficult to use, with the onus being on them to employ marginalized groups, especially when they do not possess job-relevant skills. According to former Head of Analysis at the Swedish Public Employment Service, the agency has to give money back to the government each year because the desired number of subsidized

employment posts has failed to materialize (personal communications, May 2023). In the case of the afore-mentioned step-in jobs, the government had a monthly target of 4,000. That said, the actual number of jobs created under the scheme hovered around 2,500 a month (Swedish National Audit Office 2013).

Secondly, if not carefully designed, subsidized employment schemes can be abused by employers. Companies can hire a new employee under the scheme without having the intention of offering mainstream employment after the subsidized employment period. Instead, they replace one subsidized worker with another subsidized worker. This is particularly easy to do when jobs on offer in subsidized employment schemes are low-skilled and do not require specific skills.

This seems to be a problem with the “New Start Jobs” Programme. There are insufficient regulations which employers can use the scheme and under what conditions. Employers have a right to the subsidy as long as the potential employee fulfils the formal requirements. It cannot be denied. In other words, the Swedish Public Employment Service cannot assess whether the measure is likely to lead to positive employment and integration outcomes for the individual. An analyst from the Swedish Trade Union Confederation said (personal communications, June 2023):

“The Public Employment Service doesn’t have any restrictions; they cannot deny any of these subsidies to a company. And that of course is very good for the enterprises because they can cut their costs of labour. But for the individuals, it’s becoming like a trap, they can work in these types of jobs, and never get any ordinary employment.”

Without an appropriate regulatory framework and enforcement mechanisms, employment subsidies are likely to contribute to further labour market segmentation, with subsidized employees overrepresented in temporary and highly precarious working arrangements in the low skill sector without any prospects of transitioning to stable employment (Habibija 2022).

For subsidized employment to have its intended effect for the group of the low-skilled in Sweden, education components must be introduced as an integral part of these schemes. After several years of preparation and negotiations, the Swedish Trade Union Confederation, the Confederation of Swedish Enterprise and Unionen reached a consensus on the so-called entry agreements in 2022. This initiative combines job and general education, with the target group being newly arrived immigrants and the long-term unemployed. During the duration of the scheme, participants are given the opportunity to take part in Swedish for Immigrants and other short training courses, especially adult vocational education courses. An entry agreement job should in general lead to a permanent position with the same employer. In case of abuse on the part of the employer, sanctions can be imposed so that the employer can be barred from using this scheme in the future. That said, the measure's implementation has been delayed by the resistance of the Sweden Democrats who fear that the initiative is not cost-effective and might also contribute to displacement effects for Swedish wage earners.

It should be noted that subsidized employment schemes are less frequently used for the group of highly-skilled newcomers. For example, the manager of Sweden's largest internship programmes for foreign-born academics

said that many of the participating companies do not use the new start job initiative once the internship period has ended (personal communications, May 2023). They tend to hire normally although they would be entitled to the subsidy scheme. According to her, this is because the internship period gives employers sufficient time to assess and evaluate candidates' competencies (personal communications, May 2023).

While subsidized employment can facilitate labour market entry for low-skilled newcomers, it must be combined with general or supplementary education to resolve the more fundamental issues of a perceived skills and qualification mismatch. To this end, a better provision of VET courses for adults is key. However, as this chapter has shown, vocational education for adults remains underdeveloped, especially in comparison to the higher education sector.

2.2.2. Restructuring of the Swedish Public Employment Service and Privatization of Employment Services

In recent years, the Swedish Public Employment Service has been subjected to a series of far-reaching structural reforms, the collective effect of which has been to completely transform and redefine the main mission of the PES, with most employment services now contracted out to private providers. The restructuring process of the PES was deemed necessary due to the agency's perceived ineffectiveness in placing many of the country's long-term unemployed in mainstream employment (labour market specialist at the Confederation of Swedish Entreprise, personal communications, May 2023).

However, critics fear that these reforms will not have their intended effects. They argue that the reforms will widen rather than lessen the employment

inequalities between low- and high-skilled jobseekers, weakening the employment prospects of those furthest away from the labour market, while strengthening the employment prospects of those closer to the labour market.

The restructuring of the Public Employment Service unfolded in two steps.

In 2014, the Agency embarked on what has been referred to as a “renewal journey.” The reform process took inspiration from the private sector, with the concept of “self-leadership” at the front and centre of these efforts (Roslund 2023). Jobseekers were expected to take greater responsibility for their own job search: the increased use of digital tools would enable them to self-manage their cases.

Wallinder and Seing (2022) found that the “responsibilization” of jobseekers via the increased use of digital tools carries the serious risk of alienating vulnerable jobseekers even further from the mainstream labour market. They fear that the reform process could result in further inequalities, as made visible by a widening divide between 1.) largely autonomous and independent jobseekers who value the freedom and reduction in bureaucratic procedures associated with case self-management 2.) vulnerable PES clients who have additional support needs and therefore do not succeed in managing their job search independently. We would expect highly qualified newcomers to be part of the former group, while low-skilled refugees tend to belong to the latter.

Following the 2018 elections, the PES was subjected to even more far-reaching reforms. Amongst other things, this entailed the privatization of most employment services. The agency’s task is now limited to assessing

jobseekers' need for support, creating the conditions for a private agency market, controlling private providers and producing statistics and analyses of Sweden's labour market. Private actors are now the ones tasked with matching jobseekers and employers. The reform process took inspiration from Australia's experiences of privatizing employment services (Sundén 2022). Australia's employment service was privatised through reforms in the 1990s so that all support and coaching to jobseekers to get into work is carried out by private companies. Unemployed people choose between a large number of actors, and companies' compensation depends on their success and the distance of the unemployed from the labour market (Sundén 2022).

Is there evidence to support the claim underpinning the reform process that provide providers are better at helping the unemployed transition into the mainstream labour market? It does not seem so. No results show that private providers would be better. Rather the opposite. The Australian system on which the Swedish reform process was modelled has been criticised for the fact that employment creation for the unemployed is neither long-term nor sustainable. Furthermore, private actors have been accused of "cherry-picking" job-ready candidates, while failing to help those furthest away from the labour market (Sundén 2022). Another study comparing job placement rates of unemployed people using either public or private providers of employment services finds that there are no differences in subsequent employment rates between the two groups (Rehwald et al. 2017). However, the authors of the study note that private providers deliver more "intense employment-oriented services", albeit at a higher cost. In summary, research does not support the view that private employment

services are necessarily better at placing the unemployed into mainstream employment.

In fact, a recently concluded Swedish employment programme targeting low-skilled female newcomers seems to suggest that public rather than private providers are better placed to help the most vulnerable jobseekers into employment. The programme referred to is called “Equal Entry” (Jämställd etablering). The project intended to build the evidence base around the effectiveness of job search assistance (JSA) interventions for low-skilled migrant women (Ornstein 2021).

The programme was based on a method called Matching from Day 1 (MD1). The focus of the method lies on the identification and mapping of the jobseeker’s labour-market relevant skills, which include both formal and informal competencies. All this information is systematically gathered and evaluated with a view to enhancing the job-matching process. Jobseekers are supported throughout, with a team of employment officers attending to their needs. While participants’ competencies, qualifications, skills and experiences are mapped, case workers also screen potentially suitable vacancies and employers to allow for the best possible match between a job offer and the candidate’s skill profile.

Throughout this matching process scarce resources are prioritized for the jobseekers in greatest need of support and furthest away from the labour market. The method is unorthodox in the sense that the case workers at PES would normally match jobseekers who are deemed the closest to the labour market, when job opportunities become available. With this method the approach is different, putting more of a focus on those who are furthest

from the labour market. To apply the method correctly, case workers were given education, consistent support and regular feedback throughout the duration of the project (former project manager of “Equal Entry”, personal communications, May 2023).

An impact evaluation of the programme showed that the method used increased the probability of being in work or studies by approximately 8% compared to the employment agency’s regular support (Helgesson et al. 2022). The positive effects apply to both women and men and to those closer and further from the labour market. The method’s success is a result of the very careful and detailed matching process. Case workers were in regular contact with potential employers, trying to map and understand their key determinants for hiring decisions, therein creating an environment where employers felt confident enough to hire individuals with no formal or weak academic qualifications. This created the ground for sustainable recruitment and employment (former project manager of “Equal Entry”, personal communications, May 2023).

Despite these promising results,[30] the pilot was not continued. The reasons as to why the project was not scaled up remain somewhat unclear but are probably linked to the planned restructuring of the PES and the outsourcing of employment services to provide providers.

[30] The results obtained are even promising, considering the context in which the pilot took place. The project’s implementation was affected by the onset of the COVID-19 pandemic. Hence, the entire mapping process had to be digitalized. Participating caseworkers had to transform the way they were working, doing the skills mapping remotely over the phone. This slowed down the execution of the entire project. Put differently, in a more favourable context, the entire programme could have been implemented in a much more time efficient manner, underlining the potential of the method to substantially increase the employment prospects of foreign-born women (former project manager of “Equal Entry”, personal communications, May 2023).

The interesting question then becomes whether the private providers that are now mostly in charge of job search assistance and matching for the unemployed can use the pilot's successful methodology. The former project manager of Equal Entry, who now works for one of these providers, was sceptical in this regard.

"One of the big challenges for me today working with this methodology is that the municipalities[31] as well as the private providers do not have the specialized skills necessary……It cannot be performed or carried out in the same manner as at the Public Employment Service. It's impossible. I tried. …That's one of the factors why the researchers argued that this is something that should be carried out by the Public Employment Service."

A former senior researcher, who was also involved in the project, agreed with this assessment (personal communications, May 2023). According to her, the private provider landscape of employment services is not set up in a way that encourages building up the skills and know-how to implement a project like "Equal Entry."

In summary, available evidence seems to suggest that the restructuring of employment services has not helped those furthest away from the labour market, which, to a large extent, includes the group of low-skilled newcomers. Private providers do not possess the necessary technical how to help this group effectively, as the programme "Equal Entry" has shown. That said, private providers of employment services can be a good option for those jobseekers who are closer to the labour market, such as highly-

skilled newcomers. They often only need light-touch support measures and are able to manage their job search independently for the most part.

3. Highly-Skilled Newcomers on the Swedish Labour Market

The above section has shown that Sweden's current institutional landscape provides more support to highly-skilled newcomers, primarily for two reasons. Firstly, there is continued state support for higher education, making it accessible to those with limited financial means, including newcomers. Secondly, the reduction in and privatization of ALMPs and employment support more generally favours jobseekers who are closer to the job market and who can manage their job search mostly independently. That said, the above section has not detailed how highly-skilled newcomers actually integrate into the Swedish labour market. This is precisely what this section intends to do.

Based on interviews with university-educated asylum migrants, the following three patterns have emerged.

Some newcomers opt to navigate their job search and integration process entirely independently, not participating in state-sponsored support measures such as the establishment programme.

After arriving in Sweden, L1 started learning the Swedish language by himself, mostly by listening to local radio channels for up to 10 hours a day, writing down relevant vocabulary. Six months into his self-study, his command of Swedish was good enough to start volunteering with NGOs, mostly helping other newcomers and providing translation services. Within a year after arrival, he was offered a job as a language teacher. He saw no need to take part in the establishment programme.

“They called me actually, to be honest. They asked me if I wanted to take part in this programme, or if I needed help with anything. And I said: No, thank you. I don’t need any help. I have worked. I have learned Swedish. I am already established in this country. I don’t need your help.”

L14 decided to leave the establishment programme after 5 months, already having found a job in his respective field in finance, noting that the measure is ill-designed for those with high academic qualifications on arrival.

“And I decided just to leave this plan to be financially independent. I didn’t want to get involved in such programmes. You need to follow their procedures. You need to follow their processes. And the process is built for more average cases where people come from disaster zones with few academic qualifications. They need a lot of time to learn. They need a lot of time to get some type of vocational education. It slowed me down. So, I decided to jump off and get in the job market.”

Academics working on the labour market integration of highly-skilled newcomers also lament that the establishment programme is often presented as the only path to positive integration outcomes. While participation in the programme is not compulsory, it is very much encouraged. That said, highly-skilled newcomers who often arrive with relevant skills for the Swedish labour market do not always find these programmes useful and prefer to look for a job on their own (Blasko 2023).

Another common pattern that emerged during the interviews is that many of the highly-skilled newcomers re-entered higher education. This is also confirmed by the existing literature. In their comparative study on refugee labour market outcomes across the Nordic countries, Hernes et al. (2022)

noted that Sweden has a greater share of new arrivals enrolled at university level education, compared to both Denmark and Norway. Refugees in possession of a valid residence permit can study free of charge in Sweden. It does not matter whether this residence permit is temporary or permanent. University students, including newcomers, have access to financial support during their studies. In other words, nobody is prevented from investing in their human capital by insufficient funds.

When asked what worked particularly well in the Swedish context in terms of integration, L1 noted newcomers' unrestricted access to higher education:

"You have many opportunities in Sweden with university education. It's different from Syria or Lebanon, you can read or study whatever you want and whenever you want. It doesn't matter how old you are or how much money you have. You will get support from Sweden to study what you want."

Existing studies support the idea that Sweden has an inclusive tertiary education sector. In their study on refugees' experiences of higher education, Olsson et al. (2023) note that one of the distinguishing hallmarks of Swedish universities is their commitment to widening participation. To enhance long-term integration prospects, the Swedish state has actively encouraged the recruitment of foreign-born people into university education. As a result, the share of newcomers enrolled in university education has increased over the last decade (Blomberg et al. 2024).

Sweden also has relatively generous study leave policies. All workers are entitled to unpaid educational leave, if they have been employed for six

months or 12 months in the last 2 years. They can opt for full-time or part-time leave. There is no right to paid leave but often learners are entitled to receive financial support during their studies. On return workers have the right to conditions similar to what would have been the case, had they not taken educational leave (Lindgren 2022). In contrast to other countries, Sweden does not have any defined limits in terms of study leave duration. For some informants, Sweden's educational leave policies played a decisive role in their decision to go back into education. Despite holding an accounting and economics degree, L7 worked in low skilled service sector jobs for several years before he decided to further his education and follow an accounting degree at a university college. His decision was facilitated by Sweden's generous study leave policies.

"When I decide to study, they give me leave. If I had to leave the school or if I couldn't succeed in my studies, I know I can return to my old work. My old job would still exist. They have to take me back. This is one of the reasons why I decided to go back into education."

In general, respondents stressed that getting a Swedish degree was important for obtaining qualified employment. They felt that home country qualifications were not as much valued as host country qualifications. L17 who now works as a graphic designer in an art gallery said:

"I would say that studying here is a very important factor for getting a good job in Sweden. Because to me it seems that you have more credibility if you have a degree from here. It's not 100% the case with everyone. But most people get their job after studying something here."

Studies seem to confirm this. Ludolph (2023) finds that obtaining host-country qualifications significantly reduces the probability of working in low-skilled employment.

Highly-skilled refugees who do not go back to university in Sweden can benefit from a wealth of different initiatives that are specifically designed for newcomers with post-secondary education on arrival. All of these schemes aim to speed up the labour market entry of foreign-born academics, either through supplementary education, retraining or internships. Many of these measures came to fruition in the context of the refugee crisis in 2015/16 and were therefore geared towards the needs of those with a refugee background. That said, in a lot of cases eligibility criteria have since been widened to include new arrivals who came to Sweden for other reasons. Some of these initiatives are presented below, including “Job at Last,” Match IT, Jobbsprånget and “Korta vägen”.[32]

Within the context of surging refugee numbers, Swedbank, one of the largest banks in the Nordic markets, launched the programme “Job at Last” (Äntligen jobb) in cooperation with the Swedish Public Employment Service. The bank offered newcomers with academic qualifications a six-month long internship. Participants could have a background in any academic discipline. One of the main drivers behind the launch of the project was the observed difficulty in using newcomers’ competencies in

[32] The list may not be comprehensive and is mostly focused on initiatives for which I have interview data. Some of these initiatives have already ended, while others still continue. A more detailed presentation of some of these measures should nonetheless give important insights into the success factors and best practices for a sustainable labour market integration of highly skilled newcomers in Sweden.

Sweden. The former Senior Vice President at Swedbank who was in charge of “Job at Last” said (personal communications May 2023):

“We weren’t capable of embracing all this competence that came into the country: people who are lawyers, doctors and other things, and they ended up driving taxis at night or washing dishes at restaurants. And that was something I was quite curious about. Why are we not able to get them into the right positions here? Because they used to have really advanced careers.”

The interns were paid through the Employment Office, and not Swedbank. That said, Swedbank’s job was to commit time and resources to develop the knowledge and skills of trainees, with the aim of getting them job ready by the end of “Job at Last.” In this regard, the programme proved very successful. 70% of the trainees received a job offer at Swedbank, while most of the remaining 30% found employment elsewhere. That said, many of the jobs trainees received were entry level positions, as the manager of the “Job at Last” programme observed.

“Okay, 70% of them got a job. That’s good. But the job was at a very low level in the company. It was not that advanced at all. I had one woman who was the head of compliance in the largest Syrian bank. She was ranked number 43 of Forbes in their list of the world’s most influential women in the Arab region. And she was coming to Sweden as a refugee. And she didn’t find a job because she couldn’t speak Swedish and other things. She got placed in this “Job at Last” internship programme. And after that, she got a job at the front desk in a bank branch in a small town in Sweden. And of course, that was not even close to her old position in Syria. So, it took her

four years to have a manager position in the compliance department." (personal communications, May 2023).

The programme initially started from a corporate social responsibility (CSR) angle but quickly turned into one of the bank's main recruitment channels (manager of a "Job at Last," personal communications, May 2023). The programme's success also helped created internal acceptance for the bank's engagement in this area. At the outset many of the mid-level managers were sceptical, wondering what kind of benefits their teams would derive of such a programme.

Other programmes targeting highly qualified newcomers did not start from a CSR angle. This is the case for Match IT, a predominantly EU-funded project that was run by Region Skåne together with Lund University Blekinge Institute of Technology, Ideon Science Park, the Swedish Public Employment Service and Region Blekinge. The idea was to address structural labour shortages in the IT sector by retraining and upskilling foreign-born graduates in this industry. For highly qualified newcomers the road to employment can be long and demanding. Therefore, the initiative recognized and built on the need to develop faster routes into qualified employment for new arrivals who hold post-secondary education, developing the infrastructure for fast and effective retraining programmes.

Participants were selected based on a combination of logic tests and interviews. Previous diplomas were only of secondary importance. Once accepted onto the programme, participants followed a 22-week intensive training course in programming and web development to be complemented by Swedish language lessons. After the training, Match IT learners

completed a 10-week internship within the industry. Upon successful completion of the programme, participants obtained a certificate from Lund University or Bleking Institute of Technology. The programme ran for four cycles with a total of 100 participants and proved successful, with up to 50% of graduates finding employment. In other words, Match IT demonstrated the need and effectiveness of quick and targeted retraining initiatives for this group. That said, projects like these require collaboration between a variety of different actors, with one party taking on the main responsibility for design and implementation. Building up these structures within the current institutional landscape proves challenging, according to the former Region Skåne's project manager of Match IT (personal communicatons, June 2023):

“From the beginning the aim of the project was to find a structure that could work in the long-term. And one year before the project ended, we started to look at the implementation possibilities because nobody has the overall responsibility for these types of projects. So, it continued within these discussions. Region Skåne is not an administrative actor. We start things, we develop, but we don’t run initiatives. And then the university said that they wouldn’t have a special budget for this. And the Employment Agency said that they couldn’t run programmes for some groups exclusively……At the end of the day, someone has to pay. And someone has to be in charge and have the overall responsibility.”

Negotiations between Lund University and PES are still ongoing to run similar programmes like this at the national level in the future, not only targeting newcomers but the general population with a focus on skills development rather than previous qualifications.

The former project manager of Match IT (personal communications, June 2023) also highlights that for retraining and lifelong learning initiatives to be effective the way the Swedish education system is currently organized needs to change. Universities have money, but mainly prioritize undergraduate education as well as research and innovation. Higher education institutions would need more incentives to conduct initiatives such as Match IT.[33] This was also noted by other interviewees. The former project manager of Korta Vågen said that when the retraining programme first started some universities were hesitant to host it, arguing that they must prioritize undergraduate and postgraduate education over lifelong learning and retraining initiatives (April 2023, personal communications).

Another initiative that intends to speed up the labour market entry of foreign-born graduates is Jobbsprånget.[34] It is an advanced 4-month long internship programme, targeting university or college graduates born outside of the EU or other European countries. So far roughly 3,000 foreign-born academics have been participating, with over 600 Swedish employers offering traineeships in various industries. Jobbsprånget is currently the biggest internship programme in Sweden, offering 1,000 traineeships a year.

Although it is not a job programme as such, many of the participants find employment as a result of the internship. The success rate currently stands

[33] Labour market shifts, only accelerated by the Covid-19 pandemic, have caused the Swedish government to put a renewed focus on lifelong learning, providing more generous study grant and loan schemes for adult learners. As a result of these changes adult learners can access grants and loans of up to 80% of their existing salaries to invest in and build their human capital. Compared to other countries, these provisions are very generous. That said, there is still issues around implementation, with many universities struggling to design and provide courses conscious of and tailored to the needs of adult learners (Upton 2022).

[34] Refugee informant L14 took part in the initiative. As a result of the internship programme, he was able to secure a job as a finance controller after only one and a half years in Sweden.

at 70%. This figure is all the more impressive, considering that the average Jobbsprånget intern has sent over 200 unsuccessful applications before taking part in the programme (CEO of Jobbsprånget, personal communications, May 2023).

One of the reasons why Jobbsprånget is so successful is because of its explicit focus on employers. Instead of trying to match available candidates with companies, the Jobbsprånget team first secures internship offers from Swedish companies. These positions are then put online, and suitable candidates can apply during specified time periods. According to the CEO of Jobbsprånget, the main reason why Swedish employers are hesitant to hire foreign-born graduates is unconscious bias. This is also the reason why internships can be a particularly effective method for facilitating labour market entry for this group. Internships build bridges between newcomers and employers. They are a time period during which employers can assess and evaluate the competencies of those who take part in the programme. Her analysis seems to be confirmed by the fact that most participating employers hire former interns as they would do normally, without making use of subsidized employment schemes such as New Start Jobs.

One of Sweden's most successful initiatives targeting foreign-born graduates is "Korta vägen" (Short Route). The basic idea of the programme is to provide additional support to newcomer academics upon arrival so as to enhance their chances of finding jobs commensurate with their previous qualification levels. The programme was first launched in 2012 and has proven very successful over the years. A study conducted by Stockholm University found that 95% of participants managed to secure a qualified

internship, while a further 59% received a job offer within their respective fields after finishing the programme.

Korta vägen is offered at several higher education institutions across Sweden. The academic fast-track programme is free of charge. Newcomers with at least two years of documented university studies are eligible to participate. This includes refugees. As of recently, the programme has also opened up to foreign-born people who have been in Sweden for a longer period of time but did not manage to secure a position that corresponds to their qualifications (project leader at Korta vägen, personal communications, May 2023).[35] Admission is granted based on motivational interviews and language tests. The programme duration is six months, split between a theoretical component and a practical internship part. The former element is mostly about the Swedish labour market and work culture and tries to prepare participants for their upcoming work placement. Swedish language lessons are also provided. In terms of the practical component, it is the Korta Vägen team that secures qualified internship positions for participants.

According to the operational manager of Korta Vägen (personal communications, May 2023), this work placement is a “key factor to make this programme successful. Because that’s where they [participants] really get the introduction to the labour market in their own domain. So that’s really, really important.”

[35] Both Wallin and Weheliye (personal communications, May 2023) emphasized in their respective interviews that eligibility criteria are fluid and frequently change in response to the availability of funding and government priorities.

In the beginning years of the programme, finding internship positions for participants proved difficult for the Korta Vägen team. That said, over the years they have managed to build up an extensive professional network of employers who are open and willing to take on newcomer academics as interns.

In recent years, funding for the programme has declined significantly, making it increasingly difficult to provide high-quality services. In addition, the operational manager (personal communications, May 2023) is worried that the surge of the far-right and subsequent shift in the country's migration policies might have far-reaching consequences for the programme's long-term sustainability.

"I think there is definitely a chance that they might make the programme smaller or cancel it altogether……I think there is two philosophies when it comes to integration. One of them is to say, when you come, you should have a job, any job. And there is the other philosophy that says if you come with a certain level of knowledge, you should use that knowledge. But these two philosophies are sort of competing at the moment."

That two opposing philosophies on labour market integration are competing with one another in Sweden can also be seen from the fact that the country has started adopting some of Denmark's integration policies. By international standards, Denmark has unwelcoming policies. Stringent criteria on obtaining permanent residence permits have pushed a relatively high share of skilled newcomers into highly precarious and low-paid jobs that are not commensurate with their qualifications (Bendixen 2024).

For the time being, Sweden still has a lot of initiatives that specifically target highly-skilled newcomers and aim to place them into jobs commensurate with their qualifications. One should also bear in mind that in most other high-income countries there is no equivalent of initiatives like Korta vägen. Apart from Sweden's comprehensive and universal services, these programmes are another reason why Sweden has shown particularly good labour market outcomes for those who hold post-secondary education.

4. Conclusion

Recently, Sweden has hardened its historically welcoming stance on migration. The change in government policy was in part justified with poor labour market integration outcomes of refugees. This chapter has shown that this is not necessarily correct.

The labour market performance of refugees in Sweden is polarized: while the country displays some of the best results for highly-skilled newcomers, the same cannot be said for low-skilled asylum migrants. They tend to be overrepresented among the unemployed and risk permanent labour market exclusion.

The chapter has provided an institutional argument for the gap in employment outcomes between highly- and low-skilled newcomers. Asylum migrants with low educational attainment on arrival have been negatively affected by a reduction in and reorientation of ALMPs and the privatization of employment services more generally. Furthermore, training options for this group are limited. Vocational education for adults remains underdeveloped. Highly-skilled new arrivals have been less affected. They are able to manage their job search more independently than their low-

skilled counterparts. Furthermore, Sweden maintains a wealth of support programmes specifically tailored to the needs of those who arrive with post-secondary education. These programmes are virtually absent in other countries. Finally, state-sponsored higher education enables this group to invest in their human capital and obtain host country-specific qualifications, which also improves their job prospects.

Table 8: Key Informant Interviews Sweden

Practitioner	Yrkesdorren
Practitioner	Nyforetagar Centrum
Expert	political scientist and head of the Stockholm-based think tank Arena Idé
Expert	senior researcher at the Swedish Institute for European Policy Studies
Practitioner	Support Group Network, a non-profit NGO initiated by refugees
Expert	former Director of Labour Market Analysis at the Swedish Public Employment Service
Practitioner/ Expert	Incluso, recruitment company
Practitioner	Jobbspranget, internship programme for foreign-born academics
Expert	Analyst at the Depart of Social Policy at the Swedish Trade Union Confederation
Expert	Senior Advisor at the Nordic Welfare Centre
Practitioner	project leader at Korta Vägen Stockholm
Practitioner	Chairman of the Syrian Association
Practitioner	operational manager at Korta Vägen
Practitioner	former project manager of Korta Vägen at Stockholm University
Expert/ Practitioner	former project manager at Equal Entry
Expert	former senior researcher at the Swedish Employment Agency
Expert	analyst at the Labour Market Department for the Swedish think tank Timbro
Practitioner	Novare Potential, recruitment agency
Practitioner	trainer and coordinator for Job-matching from Day 1 at the Swedish Public Employment Service
Expert	Anonymous expert, specializing in the labour market integration of highly-skilled refugees in Sweden

Expert	labour market specialist at the Confederation of Swedish Enterprise
Practitioner	Inclusion and Diversity Manager at Afry
Practitioner	Anonymous, social worker
Practitioner	Anonymous, social worker

Table 9: Highly-Skilled Refugee Informants

	Gender	University major in country of origin	Education in Sweden (if applicable)	Current Employment
L1	M	Law	Law	University student (before language teacher)
L2	M	Business Administration	Political Science	Job Coach
L3	M	Law	Social Work	Case Officer at the Swedish Public Employment Agency
L4	M	Fine Arts	Graphic Design	Graphic Motion Designer
L5	F	Fine Arts	Sustainable Design	Product Communication coordinator
L6	M	Medicine	n/a	Health care assistant (while waiting to obtain his license as a medical doctor)
L7	M	Accounting and Economics	Accounting	Accountant (before salesperson)
L8	F	Business Administration	n/a	Bank employee
L9	M	Opera Singing	n/a	Musician
L10	M	Software engineering	Software engineering	Software engineer
L11	F	Fine Arts	UX design course	Student
L12	M	Fine Arts	Retrained as a chef	Chef
L13	M	English Literature	Business Administration	Supermarket Cashier
L14	M	Finance	n/a	Substitute teacher in a

				kindergarten (before finance controller, about to start a master's degree in business analytics)
L15	M	Graphic Design	n/a	Healthcare assistant (will retrain as a hairdresser)
L16	M	Economics	Audio engineering	Student and freelancer (about to start a master's degree in the same field)
L17	F	Fine Arts	Graphic design	Graphic designer
L18	M	Engineering	n/a	Engineer
L19	F	Graphic Design	Economics	Bank employee
L20	M	Political Science	Political Science	Journalist
L21	F	Fine Arts	n/a	Hairdresser
L22	F	Teacher	Fast-track	Teacher
L23	F	Teacher	Fast-track	Teacher
L24	M	Accounting and Economics	Political Science	Social worker
L25	F	Teacher	Fast-track	Kindergarten teacher

Conclusion: Institutions as the “Processors” of Refugee Employment

The central goal of this thesis has been to develop an account for variations in refugee employment outcomes across high-income countries. Contrary to conventional wisdom, refugees’ socio-economic lives are not homogenous. Refugees can integrate into various parts of the economy. They can be grocery clerks, skilled tradesmen, geriatric nurses, teachers, businessmen etc. Variation in employment outcomes is not only observed within the group, but also across countries. Simply put, in some countries refugees are able to access more and better jobs. Countries in which this is the case can be called resilient – their labour markets can absorb and adjust to the refugee-induced labour supply shock relatively easily.

This thesis has identified different patterns of labour market resilience across host countries. Observed patterns relate to two different dimensions: (1) how fast refugees access employment and (2) what kind of employment.

In terms of the first dimension, we can see that resilient economies follow two different paths. In some countries, refugee labour market integration proceeds relatively swiftly, with refugees having comparatively high employment rates at arrival and catching up with other groups quite fast. This tends to be the case in the UK. In other countries, labour market integration is slow, but steady. Refugees have relatively low employment rates at arrival, but catch up over time and nearly close the employment gap to other groups after several years in the host country. Both Germany and Sweden follow this scenario more closely.

The second dimension of resilience looks at the quality of employment refugees are able to obtain. While the low-skilled sector employs a significant share of refugee migrants across all advanced market economies, there are particular sub-patterns of labour market integration for refugees who manage to access more skilled employment. More specifically, we observe the following:

- UK: Refugees tend to be concentrated among the self-employed. 21% of asylum migrants in employment are business owners.
- Germany: An increasing share of refugees is employed in medium-skilled occupations that require vocational qualifications.
- Sweden: A comparatively high number of refugee migrants work in high-skilled employment that requires tertiary education.

In the preceding chapters, this thesis has argued that the observed differences in refugee labour market outcomes are the result of different socio-economic regime types. I have identified three socio-economic regime types, a liberal model, a Conservative Continental Model and a Nordic Model. The institutional constraints and incentives associated with each model shape refugee employment patterns. Each socio-economic regime type is associated with a different pattern of labour market resilience, as summarized below:

(1) The Liberal Model is associated with a relatively fast labour market integration of refugees and a high concentration of refugees among the self-employed.

(2) The Conservative Continental Model is associated with a slow, but steady labour market integration of refugees and a high concentration of refugees in medium-skilled jobs that require vocational qualifications.

(3) The Nordic Model is associated with a slow, but steady labour market integration of refugees and a high concentration of refugees in highly-skilled occupations that require post-secondary education.

Using country case studies for each socio-economic model, the empirical chapters provided an institutional explanation for the observed patterns. The UK represented the Liberal Model, Germany the Conservative Continental Model and Sweden the Nordic Model. In the following, I briefly summarize each chapter.

The chapter on Britain argued that liberal economies have a comparative institutional advantage in the promotion of refugee entrepreneurship, particularly in low value-added sectors. Characterized by highly stratified systems of education and training, the liberal model provides limited opportunities for lifelong learning and upward social mobility, for both refugees and native-born British people. This also means that the British economy tends to generate more low-skilled jobs than other economies. Therefore, newcomers, including the ones with limited qualifications, can integrate relatively fast and easily into the British economy. However, those who integrate into the low-skilled sector face minimal earning and career prospects, making entrepreneurship an attractive alternative to waged employment. In the UK context and liberal economies more generally, entrepreneurship is a particularly attractive and feasible career option because the institutions associated with this socio-economic regime type

tend to promote self-employment. Overall, the institutional landscape is characterized by comparatively low barriers to entry: institutions promote access to finance for SMEs, labour markets are highly deregulated and there is a low prevalence of occupational licensing requirements. The UK's comparative institutional advantage in the promotion of refugee entrepreneurship can also be expressed in numbers. Up to 21% of asylum migrants in employment are self-employed. At 8%, self-employment rates for refugees are substantially lower in both Germany and Sweden.

The chapter on Germany argued that Conservative Continental Models have a comparative institutional advantage in integrating newcomers into medium-skilled occupations that require vocational qualifications. Unlike liberal economies, this socio-economic regime type provides plenty of opportunities for upskilling and upward social mobility, mainly through its well-developed system of firm-based vocational education and training. The system is known for combining economic objectives with social inclusion targets. While it provides firms with well trained and qualified workers, it also gives opportunities for traditionally marginalized groups such as low-achieving youth and refugees to obtain the training necessary to access well-paid and stable employment. In recent years, the system's inclusive nature has been reinforced further by consistently growing labour shortages due to demographic change. Under these conditions, German employers and the Government have additional incentives to recruit from marginalized groups, including refugees. The chapter has shown that this translates into an overall welcoming policy environment, making apprenticeships a feasible and increasingly popular option among refugees. Compared to the UK, labour market integration tends to take

longer precisely because most refugees have to be trained. Hence, the Continental Conservative Model is associated with a slow, but steady labour market integration of refugees.

The chapter on Sweden contends that the Nordic Model is particularly good at integrating highly-skilled refugees into their labour markets. This model is characterized by extensive welfare states whose goal it is to collectivise risks, therein ensuring more income and security for the lower end of the labour market. Labour markets in these models are distinct because of their relatively high minimum wages and productivity demands. Therefore, employment tends to be concentrated in medium- and high-skilled sectors. Only very few jobs are considered low-skilled. Governments promote reskilling and lifelong learning, mostly through state-sponsored activation policies and a heavily state-subsidized higher education sector. Highly-skilled refugees tend to do well in these systems for two reasons. Firstly, some activation policies are specifically tailored to the needs of new arrivals with post-secondary education. The chapter has introduced several examples, such as “Korta Vägen,” a training programme for foreign-born graduates, and “Jobbsprånget,” a national internship programme for newcomer and foreign academics. These initiatives are virtually absent in other countries. Secondly, the heavily state-subsidized higher education sector enables newcomers to re-enter university education to obtain host-country qualifications. Students do not have to pay tuition fees and have access to relatively generous financial support throughout their studies. In other words, in the Nordic system nobody is prevented from investing in human capital accumulation by a lack of financial means, including refugees.

To recap, this thesis argues that resilience is the outcome of economic resilience. Economic resilience requires refugees' successful labour market integration. Labour market integration follows different trajectories in different economies. I have called these different patterns of resilience. The country-specific patterns we observe are the result of different labour market models. The three qualitative case studies included in this thesis allowed for an in-depth examination of how institutions give rise to different labour market integration trajectories across countries.

1. Findings

Based on the preceding discussion, three main findings emerge:

Firstly, institutions are the main explanatory factor behind cross-country differences in refugee labour market performance. We can call them the "processors" of refugee employment. In putting forward this proposition, this thesis challenges previous studies that highlighted the importance of other variables in determining refugee labour market outcomes. The three variables that were cited in the literature are socio-demographic characteristics (mostly human capital), local economic conditions and finally integration policies. The empirical chapters provided an opportunity to explore how these variables relate to my institutional account of resilience.

Let's start with human capital. The chapters on Germany and Sweden showed that many refugees need to re-enter training or education in their new host countries, even if they already arrive with higher levels of educational attainment. The reasons for this are complex and multifaceted. In the German case, many refugees need to retrain because the German

system of dual apprenticeships does not exist outside of Europe, making validation of skills or qualifications obtained in the refugees' country of origin difficult. In the Swedish context, it is relatively common for refugees to attend tertiary education again. Some think that this will improve their career prospects, while others want to change fields. In any case, the determining factor for positive integration outcomes are inclusive education and training institutions rather than human capital as such.

Secondly, previous literature has highlighted the role of favourable local economic conditions for facilitating newcomers' transition into employment. This is most undoubtedly true. Recessions tend to impact negatively on employment rates for all groups and particularly for those with additional support needs, including refugees. That said, this thesis has argued that the argument needs to be taken further than this. European labour markets are not just subject to short-term labour market fluctuations, but also to growing labour shortages as a result of demographic change. The German labour market is an illustration in point. Faced with growing labour shortages, the German government and employers face additional incentives to make the country's training system as inclusive as possible. While the chapter partially underlines the importance of contingent factors in my account, it should be noted that the institutional foundations of Germany's TVET system have always been relatively inclusive. It is a training system that provides low-achieving youth with opportunities into relatively well-paid and stable employment. In times of persistent labour shortages, the system's inclusiveness is boosted even further. In that sense, the underlying driver of refugees' good labour market outcomes is inclusive training institutions rather than demographic change as such.

Thirdly, some studies have claimed that a favourable policy environment is the main determining factor for facilitating refugees' transition into employment. They argue that cross-country variation in labour market outcomes is the result of policies rather than institutions. In this thesis, I have argued against this. To begin with, the empirical chapters have highlighted that a welcoming policy environment is particularly important in countries where a substantial part of newcomers has to be trained due to a scarcity of low-skilled jobs. Legal certainty and welcoming policies encourage investments in human capital accumulation. This is the case in both Germany and Sweden. However, countries that have a large low-skilled sector can absorb refugees more easily into their labour markets without having to rely on a supportive policy environment. In fact, the UK still shows labour market resilience in refugee employment outcomes despite openly promoting a "hostile environment" approach. In that sense, policies cannot account for cross-country variation in newcomers' labour market performance.

The second finding that emerges is that there is no one-size-fits-all approach to enhancing labour market resilience in the face of forced migration. Social actors – or in this case refugees – are embedded in different socio-economic regimes. These institutions structure their access to employment. While institutions can be reconfigured in light of refugee migration, they cannot be completely erased to be replaced with a completely new set of institutions. For policies to have their intended effect of promoting refugee employment they need to be built on a country's institutional landscape and its strength. Otherwise, they are likely to fail. At the very least, their effectiveness will be very limited. For example, it would

be difficult in the Swedish labour market to promote the employment of low-skilled refugees by lowering minimum wages. Any proposals in this direction have been staunchly rejected, with opponents arguing that such measures would be unsuccessful. Even with lower wages many Swedish employers would be hesitant to hire such candidates, fearing that they do not possess the relevant competencies to compete in a labour market characterized by high skill and productivity demands.

Finally, this thesis has shown that advanced market economies have the capacity to integrate refugees into their labour markets successfully. All the country case studies included in this thesis have displayed resilience in the face of forced migration. This is an important finding. With the rise of right-wing populism, more and more people claim that newcomers' economic integration has failed across the board and that the stance on refugee migration needs to be hardened as a result of this. This thesis has shown that such fears are unfounded. In fact, refugees have the potential to contribute to our economies in productive ways, especially in times of growing labour shortages. In showing that high-income countries can and already have promoted refugee employment successfully, this thesis hopes to contribute to the current debate on the future of refugee migration in Europe, providing an argument against a further toughening of policies in this field.

2. Limitation: Lack of Generalizability

At this point, it should be mentioned that this study has one major limitation. Relying on in-depth country case studies, it is not clear to what extent the findings apply to other cases. Even countries that are usually subsumed under the same socio-economic regime type may differ from one another in

important aspects, making it impossible to draw broader conclusions at present. Therefore, future research should analyse whether my proposed account of institutional resilience also holds explanatory power for understanding refugee employment outcomes in other high-income countries.

3. Avenues for Future Research

Another avenue for future research constitutes looking at cross-country variation in refugee labour market performance in the Global South. Low- and income-middle continue to host a disproportionately high share of the world's refugee population. In other words, forced displacement is a decidedly global phenomenon that affects both economies in the Global North and South. This thesis has acknowledged this. That said, refugee migration presents labour markets in the Global North and South with fundamentally distinct challenges, partially because labour markets are structurally different. Most employment opportunities in developing countries are generated by a large informal sector. Formal training or qualifications are not necessary to get a job, presumably facilitating refugees' transition into employment. At the same time, labour markets in the Global South tend to be structurally weak, ultimately failing to generate enough employment opportunities. Therefore, future studies should investigate whether economies in the Global South are as resilient as economies in the Global North in the face of forced displacement. Do they have the capacity to integrate refugees into their labour markets successfully and if they do, are there different patterns of resilience across countries? If so, what explains these? Shedding light on these questions has the potential to reframe international debates on refugee burden-

sharing. At the moment, refugees are distributed unevenly between the Global North and South. In public debates refugees are often presented as an economic asset for developing countries, but as an economic burden for advanced market economies. This thesis has debunked the latter claim as a myth. Future research should determine whether the former claim is a myth as well.

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