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DEPARTMENT OF POLITICAL SCIENCE

# ENABLING IMMIGRANTS TO ENTER THE LABOR MARKET

The effect of local government initiatives on  
immigrants' labor market participation.

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## ***ABSTRACT***

It has been shown that there is some variance in immigrants' level of unemployment in the municipalities that cannot be explained by immigrants' education level, time living in Sweden or the strength of the local labor market. Several municipalities undertake integration initiatives even though the formal responsibility for immigrants' establishment is at the national level of government. This thesis set out to test whether the local integration efforts can be part in explaining why some municipalities perform better regarding immigrants' participation on the labor market. Additionally, the effect of different kinds of integration activities has been tested as well as the effect of adapting labor market programs to immigrants versus mainstreaming.

Data on municipalities labor market integration efforts has been collected via survey to all municipalities and analyzed using multivariate regression. The survey questions and additional control variables added to the analyses is based on previous research and studies on what barriers immigrants face when transitioning to a new domestic labor market and how receiving societies can enable an easier transition.

No support was found for the hypothesis that the local integration efforts would have a positive effect on immigrants' labor market participation nor for the hypothesis that any kind of integration activity would be more effective than others or that adapted labor market programs are more effective than mainstreamed. The insignificant results are possibly due to difficulties in evaluating outcomes of integration efforts in a quantitative way.

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# 1. INTRODUCTION

The aim of this thesis is to study the effect of local government integration efforts have on the immigrant employment rate in Swedish municipalities.

Integration of immigrants on the labor market is an issue that has been growing in importance in the recent years as the number of international migrants in world is increasing. In 2015 around 244 million people were living outside of their country of birth, making up about 3,3 % of the world's total population (UN 2015:5, 21). In several European countries, where population growth is declining and old age dependency ratios are increasing, successful integration of immigrants on the labor market would be very beneficial. As the vast majority, 72 %, of international migrants are of working age, 20-64 years, they could be a welcome addition to a shrinking workforce (UN 2015:12, 21ff). The Swedish National Audit Office (Riksrevisionen) has reported that Sweden need a net migration of 64 000 people annually to be able to finance the welfare system in 2035 (Riksrevisionen 2015:18). This does, however, require that immigrants are integrated into the domestic labor market and in that way enabled to contribute to the welfare system.

In many counties the broad policies regarding integration is decided at the national level of government, but the local level play an important role in interpreting and implementing these policies. The local level is also where the consequences of unsuccessful integration is most felt as it can lead to greater dependency on the welfare system, segregation, and social tension (Froy 2006:32; Riksrevisionen 2014:15). Looking at the local, sub-national, context, in this case municipalities, it has been shown that success rate in immigrants' labor market integration vary significantly between different municipalities. While some municipalities perform well below anticipation others have been very successful in integrating immigrants on the labor market, compared to what was anticipated (SKL 2015). The question is therefor: *are the more successful municipalities doing something that the others are not?*

In order to to answer this question we first need to know why there is a reason to distinguish between immigrants and natives trying to enter the labor market. For a start, immigrants do, in general, perform worse economically than the native population, being more likely to be unemployed, being overqualified for their job, and/or working in jobs characterized by “the three D’s: dirty, dangerous, and difficult” (OECD 2016:64; Giguère 2006:22f; Froy2006:38). Previous research has identified several way is which immigrants are disadvantaged when entering the labor market compared natives. In addition to the difficulties that arise with moving to a new country such as navigating through the immigration process, cultural difference, and learning a new language, immigrants risk facing barriers to the labor market in the form of discrimination and social isolation as well as difficulties in transitioning education and experiences to a new context and gaining recognition for skills and credentials acquired in another country (e.g. Colic-Peisker & Tilbury 2008; Lamba 2003; Bevelander & Pendakur 2014; Reitz:2007). One way for receiving societies to enable immigrants to compete on the labor market on equal terms as natives, is to actively work to remove or minimize the negative consequences of these barriers. To what extent municipalities get actively engaged in the integration

of immigrants could be part of the explanation to why there are differences in the labor market integration success. Based on this the research question this thesis set out to answer is:

**How does local governments active engagement in immigrants' labor market integration affect immigrants' participation on the labor market?**

For this thesis I have decided to study integration efforts in Swedish municipalities. Swedish municipalities are interesting cases to study regarding immigrants' establishment and integration. The main responsibility for the establishment and coordination of integration efforts is at the national level while the municipalities have little formal responsibilities regarding labor market integration. On the other hand, the decentralized system of government in Sweden and municipal autonomy creates opportunities for the local government to, voluntarily, undertake integration efforts adapted to the local conditions (SFS 1974:152). Swedish municipalities are therefore suitable to study this issue as they represent a stable population existing in the same overarching context of national laws and regulations while at the same time being free to decide whether to undertake integration efforts, beyond what is already done by national authorities.

The main hypothesis of the thesis is that municipalities active engagement in immigrants' labor market integration can explain why immigrants labor market participation is higher in some municipalities than others. As an elaboration of this main hypothesis I will also test whether some kinds of labor market integration activities are more effective than others, giving an indication of what kinds of activities should be prioritized. Researchers has discussed whether mainstreamed labor market programs are effective for immigrants as they face different circumstances and barriers than the natives (Giguère 2006:24).). As a final elaboration the difference between adapting labor market programs to immigrants' specific circumstances versus including immigrants in general labor market programs aimed at the entire population.

In short, this thesis set out to apply the knowledge on immigrants' labor market integration, the difficulties and barriers and how to overcome them, on real cases. The results have potential to build on the knowledge on how labor market can be organized in an efficient way and what kinds of activities should be prioritized.

## 2. THEORETICAL FRAMEWORK

In 2015 about 244 million people were living outside of their country of birth (UN 2016:5). Receiving countries can have a lot to gain from immigration. Demographic changes and an aging population has led to many countries having labor shortages in several areas of the labor market. Immigration can in these cases help to maintain the service level in society and combat the problems arising with fewer people being of working age. But this requires that the receiving societies are able to capture and utilize the skills and abilities of the arriving immigrants by integrating them into society and on the domestic labor market (Riksrevisionen 2015:17f; Froy 2006:3). In OECD countries, immigrants have in general a lower employment rate than natives and risk being overqualified for their jobs, have temporary employment and generally poorer working conditions (OECD 2016:64; Giguère 2006:22f; GCIM 2005:44).

Before going into what previous research has to say on immigrant integration I first want to point out that this is an issue that is complex and not as straight forward in reality as in theory. To illustrate this point, you can for example look at how different kinds of migrants are defined. In *International migration – a very short introduction* Khalid Koser (2007) write that common ways to categorize migrants are to distinguish between i) voluntary and forced migrants, ii) economic and political migrants, and iii) legal and irregular migrants. But, as Koser mentions, in reality it can be difficult to draw a clear line between these definitions. For example, a person may migrate for economic reasons, in order to find better opportunities for employment, but the underlying reason for the person's inability to find job is due to discrimination. Is this a political or economic migrant? Is this voluntary or (indirect) forced migration? The status of migrants is also not static but can change over time as the circumstances change (Koser 2007:16f).

The success rate of integration of immigrants on the labor market is dependent on several factors, the individual abilities and skills of the immigrants as well as how these skills and abilities are being captured and utilized through the establishment and integration process. In the following section previous research and literature on some of the difficulties and barriers immigrants theoretically risk facing when transitioning from one domestic labor market to another will be outlined as well as how receiving societies can enable an easier transition via integration and labor market efforts.

### 2.1 INDIVIDUAL SKILLS AND ABILITIES

Human capital theory is based on the assumption that individuals can enhance their own value on the labor market by making investments to increase their productivity and employability. Investments in human capital can for example be investments using time and money to obtain an education, skills, relevant work experience, social contacts, and/or (especially in that case if immigrants) language skills. The investment should, according to the theory, result in increasing job opportunities, both when entering the job market and in career advancement, as employers' are assumed to be willing to pay for higher human capital as it indicates skills and productivity (Åslund & Rooth 2007b:41; Reitz 2007:18). Migration can in some cases be an informed decision to move to another country, if one

expects to get a higher return on one's human capital in that country, so called economic or labor migration (Sjögren & Zenou 2007:11f).

Many migrants do, however, not chose to move for economic reasons but out of necessity for humanitarian reasons, as refugees, or to reunite with family. Research has shown that human capital is often depreciated as a consequence of migrating to another country (e.g. Sjögren & Zenou 2007; Reitz 2007). Immigrants human capital in form of education, work experience and similar credentials are often valued lower than that of the natives' in the receiving country. Reitz (2007) has, in a study of immigrants' employment success in Canada, shown that education obtained in another country is valued to about two-thirds of that of a similar Canadian education (Reitz 2007:18). Immigrants often report being overqualified for their jobs or having a job with lower skill level than anticipated (Colic-Peisker & Tilbury 2008:68f; Lamba 2003:51; Riksrevisionen 2014:52).

Following are some of the explanations to why human capital can be depreciated as a result of migration will be presented. Moving forward it is, however, important to keep in mind that immigrants are a diverse group of individuals with different abilities and background making it difficult to pinpoint an exact or universal explanation as to why human capital often is devalued, as it may be due to several reasons interacting with each other.

### *2.1.1 EDUCATION, SKILLS, AND EXPERIENCE*

As already mentioned, education and professional experience obtained in a foreign country can be valued lower by employers than education and experience obtained in the country. This devaluation may seem arbitrary but there are some possible explanations. First, education and work experience can be difficult to transfer from one country to another as certain educations/professions are country specific and adapted to the laws, policies, and codes of conduct of that country (Reitz 2007:18f; Sjögren & Zenou 2007:13; Åslund & Rooth 2007b:43). Second, a foreign education can be valued lower than a native education if the education system in the country of origin may be associated with lower quality education. Whether or not the educational quality is in fact lower is however not certain and studies have shown that a lower assessment of the quality of foreign educations may be due to the assessors' racial prejudice (Reitz 2007:18f). I will return to prejudice and discrimination later.

Third, moving from one country to another can result in depreciation of human capital if there is no demand for the specific skills the individual has in the new country. This may be especially true for refugees, family reunion immigrants, and people migrating for humanitarian reasons as these groups usually have little say on which country they move to and can therefore not take factors such as the anticipated value of their skills and abilities, or local demand for labor, into account when moving (Åslund & Rooth 2007a:427; Riksrevisionen 2014:51). Depreciation of human capital could in these cases be seen as a result of market factors, there is no demand for their specific skills.

Fourth, as the migration and integration process can lead to individuals not being a part of the labor market for, sometimes, several years immigrants are exposed to the risk of "scarring". Scarring refers here to the lasting effects of long term unemployment which can cause the individuals' professional skills and knowledge to be outdated and/or signal unproductivity to potential employers (Riksrevisionen 2014:52; Åslund & Rooth 2007a:423f).



### *2.1.2 LANGUAGE SKILLS*

As the economic landscape, in many countries, has shifted from being focused on production and industry to knowledge and service economy so has the demands on the labor market shifted. Knowledge and language skills has become more important in order to succeed on the labor market (Froy 2006:32; Åslund & Rooth 2007b:42f). Åslund and Rooth has found a statistical correlation between individuals' language skills and their level of employment in Sweden, showing that being able to speak and read in Swedish at a good level increases the likelihood of employment with about 10 percentage units (2007b:50ff).

One could, however, question the focus on language skills and what is considered be a "good" level of language skill. When listening to someone speak more information than only the actual grammar is taken into account and a distinct accent can for example lead to the perception that an individual's language skills are lower than they actually are (Åslund & Rooth 2007b:49f). As Åslund and Rooth (2007b) put it: "In many cases it is difficult to see that the accent it actually a hindrance to do a job, and there are also those who say that in Sweden they have less tolerance for certain kinds of accents" (2007b:50).

## **2.2 BARRIERS TO THE LABOR MARKET**

Human capital in the form of education, experience, and language skills is a factor that to some extent are the result of individual choices and abilities but there are also factors that lie outside of the control of the individual, such as how open employers and local society are to immigrants as well as the local labor market conditions.

### *2.2.1 DISCRIMINATION*

The types of discrimination immigrants face on the labor market can roughly be divided into two categories, pure discrimination and statistical discrimination. Pure discrimination refers to when an individual is overlooked during the employment process or receives a lower salary compared to other applicants or employed even though he/she has skills and/or credentials of equal level. This kind of discrimination can be due to the employers', customers' and/or other employees' preferences or prejudice about attributes that is of no importance for productivity at work, for example ethnicity, gender or origin (Sjögren & Zenou 2007:19ff; Lieblig 2007:58).

Statistical discrimination is not, as in the case of pure discrimination, based on the preferences or prejudice of employers and others but on the potential risks and difficulties associated with employing an immigrant. This kind of discrimination is connected to the risk of human capital depreciation. Lack of access to information about the applicant's abilities and productivity due to missing references, documented work experience, or difficulties in interpreting a foreign education can make employing an immigrant riskier compared to employing a native. Immigrants risk being seen by potential employers as representatives of a group rather than individuals. Prejudice and generalizations about the group an immigrant is a part of, or perceived to be a part of, is used by employers to inform them about their abilities instead of actual individual skills and abilities. As a result, immigrants may have

to overcompensate by getting a better education than necessary to signal qualification, or alternatively take a job below their skill level, leading to over-qualification (Sjögren & Zenou 2007:21f; Colic-Peisker and Tilbury 2007:69; Rydgren 2004:707f).

Discrimination is difficult to prove as it may not always be clear that the reason a person is overlooked is not due to other factors such as local knowledge or skill level. Especially pure discrimination is generally not believed to be very common (Liebig 2007:58; Rydgren 2004:707). Studies do, however, show that pure discrimination is a real issue. An experimental study by Carlsson and Rooth (2007) shed light on possible ethnic discrimination on the Swedish labor market. The study was conducted by sending out written job applications to actual job openings from made up applicants with the same level of human capital, the only factor differing, and signaling ethnicity, was the name which was either Swedish-sounding or Middle Eastern-sounding. Results showed that the applications with Swedish-sounding names got called back for interview about 50 % more often than the applicants with Middle Eastern-sounding names. As they discuss in the paper, several other variables factor in and there are differences in the level of unequal treatment between different professions and kinds of firms, but it does indicate that Sweden is not free from ethnicity based labor market discrimination (Carlsson & Rooth 2007).

The extent to which immigrants are exposed to discrimination on the labor market also differ between immigrant groups. Colic-Peisker and Tilbury (2007) compared the labor market success between three immigrant groups, ex-Yugoslavs, Africans, and Middle Eastern immigrants in Australia with the aim of studying the effects of being more or less visibly different from the majority population. Their conclusion was that human human capital, in the form of education and language skills, seemed to be less important than being similar in appearance and culture to the majority population (Colic-Peisker & Tilbury 2007).

### *2.2.2 SOCIAL ISOLATION*

Information about job opportunities does not always go through formal employment agencies but can often be obtained via informal channels in social networks. Social networks can be helpful for immigrants in obtaining information about job opportunities, identifying and applying to potential job openings, and act as a link between the job seeker and employers. This can be important when there is a risk for statistical discrimination due to lack of information or uncertainty about the immigrants' productivity or in countries where job openings are largely advertised via informal channels. Contacts give reliable information to employers, mitigating the risk-taking associated with employing an immigrant (Sjögren & Zenou 2007:24f; Reitz 2007:29).

Immigrants are, in general, disadvantaged compared to natives has they i) are less likely to have a large social network (Froy 2006:55, 63), ii) may have difficulties building useful networks due to segregation, and iii) may have lost their old networks when migrating (Sjögren & Zenou 2007:13) Additionally, different kinds of networks have different effects on the possibilities to find employment. A network consisting of people who already have employment could be more effective as they might be more likely to get information about job openings and they are more likely to pass this information on instead of using it for themselves (Calvó-Armengol & Jackson 2004).

Receiving societies priorities in the integration can affect immigrants' opportunities to quickly start building useful social networks. The amount of time spent validating and obtaining additional education and language training can have a negative effect on the employment success if it delays the entering on the labor market and building social networks outside of the immigrant community. In short, there is a risk for lock-in effects (Lamba 2003:56; Liebig 2007:48; Andersson Joonas & Nekby 2012:591f).

## 2.3 LABOR MARKET INTEGRATION EFFORTS

As seen from the previous section, immigrants entering a new labor market risk having to handle several issues and barriers that natives do not. From a theoretical perspective there seem to be three main areas the receiving societies need to target in order to enable an easier integration on the local labor market: i) provide opportunities for immigrants to obtain and adapt individual skills necessary to increase their employability, ii) enabling access and entrance to the labor market, and iii) work against discrimination and prejudice in society at large and especially among local employers.

In the following section these three areas will be presented further based on previous research and examples from the real world. It is, however, important to keep in mind that this is a simplified view of integration, in reality it is difficult to make such a sharp distinction.

### 2.3.1 ENABLING DEVELOPMENT OF HUMAN CAPITAL

One of the barriers immigrants face is the difficulties in transferring an education and/or work experience to a new labor market. An education is, however, not wasted as a result of migration, a foreign education may be valued lower than a native but it is still better than no education. Åslund & Rooth (2007b) show that immigrants with higher education and better language skills fare better on the Swedish labor market compared to immigrants with lower education. According to their study complementary education in the new country can have positive results, both in order to adapt the education/professional knowledge to a new context/country as well as a way to signal productivity to potential employers (Åslund & Rooth 2007b:47).

Validation of education and work references as well as informal skills and undocumented experience is also important to i) making it easier for immigrants to provide evidence for their skills, ii) provide potential employers with proof of productivity, and iii) to map out what complementary education is necessary to make the individual more employable on the labor market (Riksrevisionen 2014:36).

In Winnipeg, Canada, the project the Childhood Educator Qualification Program is working to evaluate the skill-level and competencies of immigrants in order to avoid unnecessary re-training and also to be able to map out what additional skills or knowledge is still needed for participants to become more eligible on the labor market. Another initiative in Quebec, Canada, called Emploi provide immigrants with courses aimed for up-skilling and gaining recognition for skills (Froy 2006:59f). These kinds of initiatives can be effective in order to not waste the skills and abilities that immigrants have gained through education and work experience.

Making validation of education and profession a part of the integration process could also help immigrants obtaining higher returns for their education and experiences. When comparing the labor market success of immigrants in Sweden and Canada, Bevelander and Pendakur (2014) found that even though immigrants in Canada have, in general, greater success on the labor market, highly educated immigrants in Sweden got a greater return on their education, in the form of higher earnings (2014:703). A possible explanation put forward is that validation of credentials is a standardized part of the integration process in Sweden while it is not to the same degree in Canada (Bevelander & Pendakur 2014:705).

In some cases, validation of profession is not possible due to lack of documentation or difficulties in categorizing the skills and abilities of a person into a profession. The Swedish National Audit Office has put forward internships as an alternative to validation in these cases. Internships provides an opportunity for individuals to demonstrate their skills and get them evaluated and documented (Riksrevisionen 2014:66).

Another example of validation is the local project is the Neuchatel social enterprise, in Switzerland, where to focus is mainly on soft skills such as personal manners, time management, commitment etc. The enterprise is providing certification of these basic skills as a reference point to potential employers (Froy 2006:60). Focusing on other abilities than formal education and skills could be one way to overcome issues of statistical discrimination. By providing reliable information about an individual's soft skill such as work-ethic and productivity the risk an employer takes by hiring a person who lack references and documented information about work experience could be mitigated.

Being able to speak the language of the country you live in is a skill that probably will enhance the chances of finding employment. However, as discussed earlier, one can question what level of language skills are actually necessary and that long periods in language training can delay entrance on the labor market. Ways to shorten the path to employment could be to either adapt the language courses to the profession or to combine language training with work training/internship. In Sweden the municipalities in the Stockholm area are cooperating to provide language courses that are adapted to the skill levels and professions of the participants. Courses aimed at educated and/or experienced professionals combine language training with information about their field of work in Sweden with the aim to shorten the path to qualified employment (SFX 2017). Additionally, there are courses adapted to those who have little or no education where the language training is combined with other basic courses for example in math, native languages, social orientation, computer knowledge, and labor market orientation (SKL 2017).

### *2.3.2 OPENING UP THE LABOR MARKET TO IMMIGRANTS*

Expanding the network immigrants have access can be important both to break social isolation and to mitigate the risk of statistical discrimination. Through initiatives aimed at creating a connection between working professional/work places and immigrants, such as mentorship programs, internships, and subsidized employments, immigrants gain access to other social networks than those they would otherwise be exposed to. As has been discussed earlier, the mechanism behind statistical discrimination is that a lack of information about an individual's productivity can make hiring an immigrant risky (Sjögren & Zenou 2007:21f; Colic-Peisker and Tilbury 2007:69; Rydgren 2004:707f).

Subsidized employments and internships can give immigrants opportunities to demonstrate their skills and productivity and get trustworthy references.

In London, England, refugee doctors have through a mentorship program has gained access to information about specific part of the labor market they wish to enter such as national standards and laws, what additional training they need to be able to exercise their profession in England, potential job openings etc. (Froy 2006:64).

A successful example of a project including subsidized employment can be seen in Ronneby, Sweden where about 100 newly arrived immigrants were given subsidized temporary employment within different parts of the public sector. The ambition was that it would lead to 20 participants getting a regular employment but it actually resulted in more than 60 of the participants finding regular, unsubsidized, employment at the end of the project, in either the public or the private sector (Westberg & Wickström 2016). Here we can see that subsidized enabled the participants to demonstrate their skills and obtain connections in their professional field.

Lack of social networks and knowledge about the local labor market can make it difficult for immigrants to find potential job opportunities (Sjögren & Zenou 2007:24f; Reitz 2007:29). The job search process differs from country to country and immigrants may need help to adapt their presentations and descriptions of credentials to the new context (Green 2006:207). Assistance with job search, in the form of labor market orientation and information about how credentials are evaluated, can be one way help immigrants find employment.

### *2.3.3 EFFORTS AIMED AT MITIGATING DISCRIMINATION AND PREJUDICE*

Discrimination can be difficult to pinpoint and capture as it is possible for employers to argue that other factors such as lack of local knowledge or language skills caused them to employ natives rather than immigrants. Research has however shown that discrimination and prejudice is an actual issue that immigrants face on the labor market (e.g. Rydgren 2006, Colic-Peisker & Tilbury 2007, Carlsson & Rooth 2007).

Mentoring and other networking initiatives that put employers in direct contact with immigrants has been put forward as possible tools to combat prejudice and negative attitudes among employers towards hiring immigrants (Froy 2006:55). In Trollhättan, Sweden, a counsel with representatives from both the public sector/local government and local businesses initiated a project, Double Cup, enabling local employers and unemployed immigrants to meet. Participants in the project meet on the workplace for a coffee and a one-hour conversation (Trollhättans stads Näringslivsråd 2016). There is no information on concrete results from the projects in form of people finding employment but it shows a relatively easy way to create arenas for networking.

Other efforts aimed at mitigating discrimination are more clearly targeting the employers by providing training sessions and seminars about anti-discrimination policies and hiring practices (Froy 2006:49).

#### 2.3.4 MAINSTREAMED OR ADAPTED LABOR MARKET PROGRAMS

There have been efforts made to evaluate the integration initiatives in order to determine what are the most effective ones. Butschek and Walter (2014) conducted a meta-analysis of 33 studies evaluating active labor market programs in several European countries (including training, job search assistance, wage subsidies, and subsidized public sector employment) with the aim to conclude what programs work for immigrants in Europe. Their conclusion was that the only activity that seem to have significantly positive effects on immigrants' employment rates was wage subsidies (Butschek & Walter 2014:14).

However, mainstream active labor market programs, aimed towards the entire population, including immigrants, often does not take into consideration the different obstacles immigrants face compared to natives (Giguère 2006:24). It may be that other kinds of activities are successful when adapted to the situation immigrants face. Research on labor market integration programs has shown that labor market programs that are more intense as well as adapted to the individual and the specific circumstances immigrants enter the labor market under fare better than mainstream programs (Joonas Andersson & Neekby 2012; Sarvimäki & Hämäläinen 2016).

In summary, the difficulties and barriers immigrants risk facing when entering a new domestic labor market are, according to previous research, language barriers, difficulties validating and gaining recognition for education and skills, difficulties in building social and professional networks, and discrimination. Receiving societies can actively engage in enabling an easier transition for immigrants into the domestic labor market by undertaking integration efforts aimed at: i) adapting and develop immigrant's skill and education to suite the new labor market, which can be done via internships where skills can be documented and validated, complementary education, and language courses adapted to profession and skill level. ii) Enabling immigrants to gain entrance to the labor market by actively opening it up to them. Opening up the labor market can be done by putting immigrant professionals in contact with native professionals via mentorship programs, assistance in the job search process, and subsidized employments to create an incentive for employers to hire immigrants. iii) Work against discrimination and prejudice by creating spaces for immigrants and natives to meet and create networks, informing and educating employers on issues regarding immigration and discrimination.

#### 2.4 IMMIGRATION AND LABOR MARKET INTEGRATION IN SWEDEN

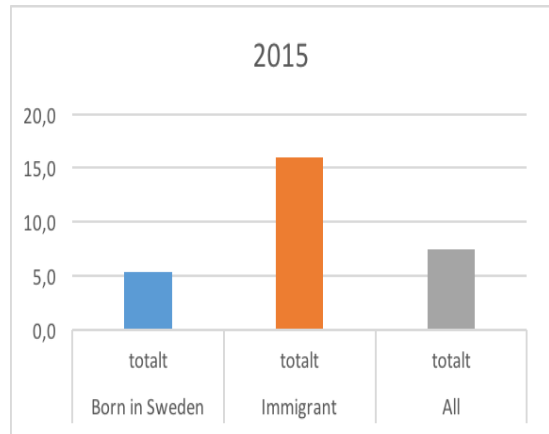
Sweden has been a net immigration country since the 1930's although the characteristics of the immigrants has changed since this time. During the 1970's immigration shifted from mainly labor migrants to a larger share of migrants coming to Sweden for humanitarian reasons and for family reunification. As Sweden became a member of the EES in the 1990's immigration from EES and EU member countries increased significantly (Segendorf & Teljosuo 2011:25ff; Bevelander & Irastorza 2014:3).

The shift from mainly labor migration to refugees, humanitarian and family reunification immigrants has led to increasing unemployment rates among immigrants. Compared to many other receiving countries, Sweden has a generally low unemployment rate among immigrants but there is a gap domestically between natives and immigrants (Andersson Joonas, Wennermo Lanninger & Sundström

2017:27f). In 2015 the unemployment rate differed with 10,6 percentage units between people born in Sweden and people who has immigrated to Sweden (SCB 2015a), see figure 1.

**Figure 1.** Unemployment Sweden, 2015. Source: Statistics Sweden 2015d

In recent years there has been changes in the organization of the immigrant establishment and integration process in Sweden. One of the most notable changes is the establishment reform in 2010. Before the reform the municipalities had the main responsibility for establishment of newly arrived immigrants into Swedish society and on the labor market. The reform moved the formal responsibility of establishment and labor market integration to the national level of government. After the implementation of the reform the main responsibility for coordinating the establishment of immigrants is on the national public employments service agency, Arbetsförmedlingen (Af). The aim of the reform was to put a greater emphasis on early establishment on the labor market and to make the establishment process more equal all over the country (SFS 2010:197; Andersson Joonas, Wennermo Lanninger & Sundström 2017:29f; Statskontoret 2011:10; Riksrevisionen 2014:23).



The establishment of immigrants is a rights legislation regulated by law 2010:197. All immigrants with a residence permit, aged 20 to 64 has the right to an establishment plan at Af. The establishment plan is an individual action plan the immigrant makes together with an Af-worker that will be equal to a 40 hours work week and last for, at most, 24 months. The plan is based on the individual's needs and abilities and is supposed to work towards the individual being able to support oneself, such as employment in a certain profession, education, employment, or starting a business (Arbetsförmedlingen 2013:20f; SFS 2010:197).

Since the implementation of the establishment reform the local governments in Swedish municipalities have little formal responsibilities for labor market integration of immigrants. Some of the responsibilities associated with immigrant integration process that are still at the municipality level are providing housing if necessary, providing social orientation and language courses (Swedish for immigrants, SFI), and education and childcare for minors (Statskontoret 2011:20f). Besides these areas the municipalities have no responsibilities to fund, conduct, or coordinate labor market integration efforts.

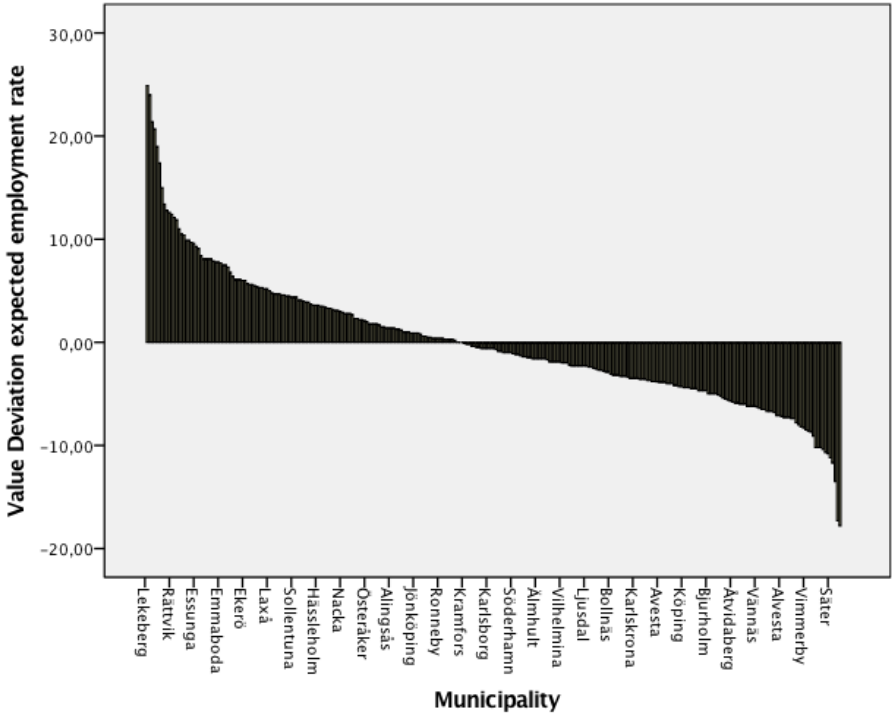
Moving the responsibility of the establishment process from the municipalities to the national level affects the municipalities in several ways. On the one hand, removing the formal responsibility from the municipalities is also removing a large portion of the costs and work associated with integration efforts. During the establishment period the state is responsible for the financial support of immigrants, removing both a cost and work heavy task from the municipality (SOU 2008:58,74). By centralizing the responsibility of the establishment process it may also become more equal, as quality and efforts will be less dependent on place of residence. On the other hand, the amount of funds relocated to the local level to handle integration has also lowered, giving the municipalities less resources to work with. Additionally, it removes the control over the integration process from the level

of government which has that most to both gain and loose depending on the success rate of labor market integration.

Several municipalities would have a lot to gain from successful integration of immigrants on the labor marker, for example being able to increase their workforce, additional tax revenues, being able to sustain the level of public services, and stimulating the local economy. If integration is unsuccessful, on the other hand, the consequences are felt in the form of additional costs for welfare programs and possible social unrest both among the immigrated population and the native population (Riksrevisionen 2014:15).

The Swedish Association of Local Authorities and Regions has created a model for expected employment rate among humanitarian immigrants and their families. The model takes into account educational level, time living in Sweden, and unemployment among natives. Comparing the model with actual employment rates show that several municipalities deviate from the expectation. Some municipalities have a higher employment rate than expected while others have lower (see figure 2) (SKL 2015).

**Figure 1.** Deviation from expected employment rate among immigrants in Swedish municipalities.  
 Source: Kolada 2015



A survey by the Swedish Association of Local Authorities and Regions showed that around 30 % of the municipality representatives that answered were of the opinion that it is important for the municipalities to be engaged in immigrants’ labor market integration (SKL 2012:28f). Laws regulating



municipalities authorities make it clear that it is possible for municipalities to engage in labor market efforts, even though it is not their formal responsibility (SFS 2009:47; SFS 1991:900).

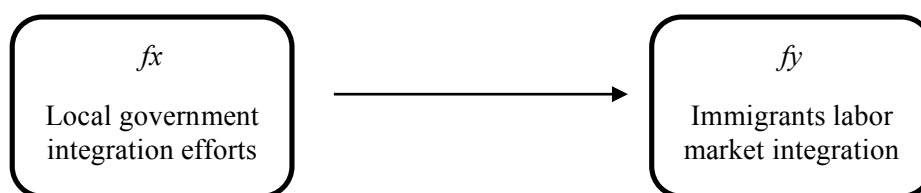
Based on the previous research presented earlier, it is possible that the difference in how well the municipalities have integrated the immigrated population on the labor market could be due to whether the municipalities are actively engaging in immigrants' labor market integration. The assistance provided by the PES should be equal for all, independently of where in Sweden they live, but the level of engagement from local authorities can vary significantly as the formal responsibility for integration is not on the local level. Local engagement and adaptation of labor market programs to local conditions could be part in explaining the success of some of the municipalities immigrant employment rates.

## 2.5 HYPOTHESES

In order to answer the research question on whether local government integration efforts have a significant effect on immigrants' labor market integration one main hypothesis is tested.

Several reports are pointing out the local level of government to be important for integration of immigrants on the labor market. The local level has a lot to gain from successful integration as well a lot to lose if it is unsuccessful (Froy 2006:32; Riksrevisionen 2014:15). Research has shown that immigrants are disadvantaged on the labor market in several ways. Looking at labor market integration in Swedish municipalities it has been shown that there are some unexplained variation in how well immigrants are integrated on the local labor markets. Some municipalities perform well above expectations while others underperform (SKL 2015). Even though the formal responsibility of labor market integration has been moved from the local to the national government there are several local governments that are, voluntarily, conducting integration efforts. The focal relationship this thesis is focusing on is, therefore, the effect of local governments' integration efforts ( $f_x$ ) on immigrants' integration on the labor market ( $f_y$ ). Based on this the main hypothesis is:

**H1: Local government integration efforts have a positive effect on immigrants' participation on the labor market.**



As an elaboration of the main hypothesis the effect of different types of integration efforts will be tested as well. Based on previous research presented earlier three different categories of integration efforts has been identified:

- *Enabling development of human capital.* This category refers to efforts local governments undertake to enable immigrants to validate their credentials and adapt their skills to a new labor market. It is based on previous research showing that peoples' human capital risk being deprecated as a consequence of migration as their skillsets may not be adapted to the context of the new country (e.g. see Reitz 2008:18f; Åslund & Rooth 2007b:47).

- *Opening up the labor market.* This category refers to efforts local governments make to enable immigrants an easier access to the labor market. Previous research has shown that it is difficult for immigrants to get employment as they lack local references and proof of productivity in the country in addition to social and professional networks connecting them to potential employers (e.g. see Åslund & Rooth 2007a:423f; Calvó-Armengol & Jackson 2004; Sjögren & Zenou 2007:29).
- *Antidiscrimination.* This category refers to efforts local governments make to inform employers and work against prejudices against immigrants in the local society. Prejudice and discrimination affect the probability of immigrants being considered for a job (e.g. see Rydgren 2004:707f; Colic-Peisker & Tilbury 2007:69).

I expect all the different categories of integration efforts to have a positive effect on immigrants' labor market integration. The aim is to see whether any of the categories has a significantly stronger or weaker effect. Therefore, the first elaboration hypothesis is:

**H1a: The positive effect of labor market integration efforts on immigrants' labor market participation varies depending on what activities are being undertaken.**

Additionally, it has been discussed whether labor market efforts that are adapted to immigrants' needs can be more efficient to achieve labor market integration success than mainstream labor market efforts aimed at all labor market outsiders (Giguère 2006:24). The second elaboration of the main hypothesis is therefore:

**H1b: Labor market integration efforts that are adapted to immigrants' specific situation has better results on immigrants' labor market integration than mainstreamed labor market programs.**

## 3. RESEARCH DESIGN

In the following chapter the research design used to study the hypothesis is presented. This includes an introduction of the method, presentation and discussion of the cases included in the study, collection of data, and operationalization.

### 3.1 METHOD

In order to study whether local integration efforts have any effect on immigrant labor market integration a quantitative statistical method is used, specifically ordinary least square estimation regression (OLS). The large population (290 municipalities) and the number of possible factors affecting the results makes a statistical approach suitable. Using a linear multivariate regression analysis, it is possible to see whether there is any relationship between the main variables in the focal relationship, the effect of local government integration efforts on labor market integration success, and whether the relationship is positive, negative, or if there is no relationship.

As shown by the theoretical framework, there are several factors that are expected to effect the level of integration success in the municipalities. A multivariate regression analysis enables analysis of the focal relationship while at the same time controlling for rivaling independent variables and redundancy. The aim is not to find a perfect relationship between the main independent and dependent variable but to see whether there any unique association between the two left after other variables has been taken into account (Aneshensel 2012:12f, 74).

### 3.2 CASES: SWEDISH MUNICIPALITIES

Swedish municipalities as a group is an interesting population to study as they are a relatively large group of local governments which, due to the decentralized government system in Sweden, has large influence on local issues and policy implementation (SFS 1974:152; SFS 1991:900). Local conditions such as labor market, population sizes and demographic compositions vary between municipalities. It is therefore possible for the level and kinds of local integration efforts to vary between the municipalities as the decentralized system enables local governments to act independently from the state level government in several issues.

While local conditions can vary the municipalities still exist within the same surrounding context making them a stable population to compare cases within. All local governments are affected by the same national laws and regulations to which they have to adapt their local policies. Local government officials and citizens in all municipalities has access to the service and support provided by the state level government, such as the service provided by the public employment service agency (Arbetsförmedlingen). This is based on the assumption that the local offices of the national government agencies are able to provide the same kinds and level of service all over the country. National law and policies on immigration affects how easy it is for certain groups of people to enter

the country. For example, some countries, such as Canada, have point system making it easier for highly educated or people with certain professions to enter the country (Government of Canada 2017). Comparing integration success as a result of government efforts could therefore be misleading as there are systematic differences in the characteristics of the immigrant groups.

The study is limited to looking at the possible effects of local government integration efforts conducted between 2010 and 2015 on the level of labor market integration success in 2015. As the establishment reform in 2010 removed the formal demands on labor market integration efforts from the municipalities all initiatives and projects undertaken after this year is voluntary. For this reason, the level of involvement can vary between the municipalities.

Additionally, most recent data on the main dependent variable in the focal relationship available at the time of the study were from 2015. Using data on local government integration efforts, the main independent variable, after 2015 could cause problems of sequencing and reversed causality (Aneshensel 2013:87). By only using data on the independent variable from an earlier point in time than the dependent variable the direction of the possible effect is more certain, as it is reasonable to believe that a variable cannot be affected by future events. Second, due to the large influx of asylum seekers to Sweden in 2015 several changes were made in Swedish immigration laws. A temporary law was introduced in 2016 changing the previous policy of granting asylum seekers permanent staying permits (SFS 2005:716) to temporary staying permits (SFS 2016:752). Demands on standards of housing and income were introduced for family reunion immigrants (2016:752). Changes in the law could change the incentives for both immigrants and potential employers. Employers might be less willing to invest in the training of a new employee that might not stay in the country (Rydgren 2004:709)

A limitation of this study is that it only looks into the local integration efforts undertaken on the initiative of the local government. Variation between the municipalities could also be explained by the actions and involvement of other actors and stakeholders such as civil society, volunteers, and/or local companies. There is, however, no reason to believe that these variations should affect the results of the study as they should not lead to systematic differences between the municipalities.

The stable surrounding environment in combination with possibility for local variation makes Swedish municipalities suitable for this kind of study. Results are interesting out of a policymaking perspective both in the context of Sweden but also, to some extent, to other local governments. As the study is conducted within a Swedish setting and within the context of Swedish laws and the specific conditions Swedish municipalities operate under the results are interesting as an indication of how well the local governments are able to adapt policy and actions to the local needs and conditions. The results can also give an indication in general of the importance, or lack thereof, of allowing local governments to develop and adapt integration efforts as well the effectiveness of different kinds of integration activities.

### 3.3 DATA

The data used in the study is collected from two sources: Statistics Sweden (SCB), and via a survey. Statistics Sweden is responsible for the official public statistics in Sweden as well as all government

statistics (SCB y.u). Data on the main dependent variable as well as the majority of independent control variables has been collected from the open access data on the Statistics Sweden webpage.

In order to gather data for the main independent variables I constructed a survey that was sent out to all Swedish municipalities. This is the contribution this data is making to studying the issue of integration as this is unique data for this study and has not been tested previously. Before the survey was sent all municipalities was contacted and informed about the survey and asked whom within the organization could function as a contact person for the survey. As the municipalities do not have any formal responsibilities for labor market integration the way they organize around this issue varies and the most suitable function to answer the survey differs between the municipalities. The survey was later sent via e-mail to the contact persons, in the cases where they had answered the initial contact, and to the general municipal service e-mail address in the cases where no contact person had been provided. As the aim of the survey was to obtain reliable information and not to test the knowledge of the person answering, the person receiving the survey was encouraged to either forward it to or consult with colleagues if they could not answer the questions themselves.

The survey questions concern whether the municipality has been conducting projects or initiatives during the period 2010-2015 with the aim to ease immigrants entrance on the labor market, what the main activities the projects/initiatives has included, towards what groups the initiatives were aimed, and whether the anticipated results were achieved. In order to increase the response-rate the survey has been kept short and with mainly multiple choice answers. The full survey questioner can be seen in appendix A.

## 3.4 OPERATIONALIZATION

### 3.4.1 *DEPENDENT VARIABLE*

The dependent variable in the focal relationship, *immigrants' labor market integration success rate*, is measured using data on open unemployment among immigrants in 2015. The data is from Statistics Sweden and is showing how many people who has at some time during the year been registered as unemployed (SCB 2015b). The interpretation is that the integration success rate is lower in municipalities with higher open unemployment among foreign born. As has been discussed by others (Segendorf & Teljosuo 2011:37) this data has some issues, as it does not take into account that people who has short term employments can work for a large part of the year but still show up in the data for being unemployed for short periods of time. It is therefore possible that the level of unemployment is exaggerated. An alternative dependent variable would be to look at the rate of employment among foreign born, which would be more intuitive as the aim of this study is to see whether local government initiatives lead to more successful integration. Data on employment does, however, not take into account that there may be lower levels of employment in some municipalities as a result of higher rates of foreign born not working for other reasons such as studies or early retirement.

A weakness of operationalizing the dependent variable by using data on unemployment from only one year is that it the risk of misrepresenting municipalities with high levels of unemployment among immigrants. It is possible that even though unemployment is high it has still been mitigated via local labor market integration efforts. This is difficult to capture as it is not possible to know what the outcome would have been if the municipalities had acted differently. In order to get an indication of

whether integration efforts mitigate increasing unemployment an additional alternative operationalization of the dependent variable is tested looking at the difference in unemployment rate between the years 2009 and 2015 (SCB 2009, 2015b).

### 3.4.2 INDEPENDENT VARIABLES

The main independent variable is local government labor market integration initiatives. The data has been collected from the results of the survey to all Swedish municipalities (N=290). It is a dichotomous variable measuring whether the local government is undertaking labor market integration efforts or not. The question posted was *Has the municipality undertaken any labor market initiatives aimed towards newly arrived immigrants and/or foreign born during the period 2010-2015?* Options for answer was “yes” or “no”. In the data Yes has been coded as 1 and No as 0. The survey yielded 117 cases, but two were excluded as the comments and answers to the survey indicated that the person answering had interpreted the answers in a different way than intended. The number of cases in the sample used in the study is therefore 115 cases making up about 39,7 % of the total population. Frequencies for the variable is presented in table 1. As the table show, the majority of the municipalities participating in the survey do undertake labor market integration initiatives of some sort, this can be because municipalities that do not undertake any integration initiatives were less inclined to answer the survey. However, it can also be reflecting the reality, that most municipalities do undertake some kind of integration effort.

**Table 1.** *Frequencies for the main independent variable*

|         | Local government labor market initiative |
|---------|--|
| Yes (1) | 80 (69,6%)                               |
| No (0)  | 35 (30,4%)                               |
| N       | 115                                      |

*Comments: Valid percent in parenthesis.*

In order to see whether the sample included in the study is representative of the whole population regarding the unemployment rate among immigrants in the municipalities I compared the sample with the entire population. Table 2 presents the descriptive data for the dependent variable, open unemployment among immigrants 2015. Looking at the min and max values we can see that the most extreme cases has not been captured in the sample, especially the municipalities with highest unemployment rates. However, there is little difference between the mean and the median values of the entire population and the sample indicating that the sample reflects the variation in unemployment among immigrants that is in the entire population. My interpretation is that the sample is representative of the entire population making it possible to generalize the results of the analyses of the study to all Swedish municipalities.

**Table 2.** Descriptive data for population sample for the dependent variable.

|        | Open unemployment among immigrants in all Swedish municipalities, 2015 (%) | Open unemployment among immigrants in Swedish municipalities not included in the study, 2015 (%) | Open unemployment among immigrants in Swedish municipalities included in the study, 2015 (%) |
|--------|--|--|--|
| Mean   | 13,39  | 13,69  | 12,93  |
| Median | 12,80  | 13,00  | 12,60  |
| Min    | 5,80   | 5,80   | 6,60   |
| Max    | 36,20  | 36,20  | 28,10  |
| Cases  | 290  | 175  | 115  |

Source: Statistics Sweden 2015b

In order to test the first elaboration of the main hypothesis, that different kinds of labor market integration activities have different effects on immigrants' labor market participation (H1a), three additional independent variables will be analyzed. These variables are tested to see if there are any kinds of integration activities that are more efficient than other. The additional variables are based on answers from the survey on the main activities of the labor market initiatives. Answers from the survey has been categorized into three variables based in the theoretical framework: *enabling development of individual skills*, *opening up the labor market*, and *targeting employers* (See appendix B for further description of the survey questions included in the variables). Highest value is 3, meaning that the municipality conduct initiatives targeting the issue in three ways, and lowest is 0. Descriptive data on the variables are presented in table 3. The data show that *development of individual skills* is the most common out of the categories while *targeting employers* seem to be more uncommon.

**Table 3** Descriptive data, categories of integration activities

|            | Development of individual skills | Opening the labor market | Targeting employers |
|------------|----------------------------------|--------------------------|---------------------|
| Mean       | 1,09                             | 0,98                     | 0,71                |
| Median     | 1                                | 1                        | 0                   |
| Min        | 0                                | 0                        | 0                   |
| Max        | 3                                | 3                        | 3                   |
| Frequency: |                                  |                          |                     |
| 0          | 44 (38,3%)                       | 51 (44,3%)               | 65 (56,5%)          |
| 1          | 31 (27%)                         | 23 (20%)                 | 26 (22,6%)          |
| 2          | 26 (22,6%)                       | 33 (28,7%)               | 16 (13,9%)          |
| 3          | 14 (12,2%)                       | 8 (7%)                   | 8 (7%)              |
| N          | 115                              | 115                      | 115                 |

Comments: Valid percent in parenthesis

The final elaboration of the main hypothesis, that labor market activities adapted to immigrants' circumstances are more efficient than mainstreamed labor market programs (H1b), is tested using answers from the survey question on towards what groups the integration initiatives were aimed is used. The options were *newly arrived immigrants*, *immigrants who has finished the PES establishment program*, *foreign born living a longer time in Sweden*, *all foreign born*, and *all labor market outsiders*.

According to some, labor market integration efforts should be more efficient when they are adapted to the specific circumstances of immigrants (Andesson & Neekby 2012; Sarvimäki & Hämäläinen 2016; Giguère 2006). In table 4 the frequencies for each variable is presented.

*Table 4 Frequency , groups targeted by integration efforts*

|         | Newly arrived immigrants | Immigrants who has finished the PES establishment program | Foreign born living a longer time in Sweden | All foreign born | All labor market outsiders |
|---------|--------------------------|---|---|------------------|----------------------------|
| Yes (1) | 50 (43,5%)               | 46 (40%)  | 33 (28,7%)                                  | 27 (23,5%)       | 50 (43,5%)                 |
| No (0)  | 65 (56,5%)               | 69 (60%)  | 82 (71,3)                                   | 88 (76,5%)       | 65 (56,5%)                 |
| N       | 115                      | 115   | 115   | 115              | 115                        |

*Comments: Valid percent in parenthesis*

### 3.4.3 CONTROL VARIABLES

Control variables measuring factors that are expected to be associated with the employment rate among immigrants and local government integration efforts. The aim is to control whether there is still a significant relationship in the focal relationship after the controls has been added.

*Population, 2015* (SCB:2015c) This variable is included as the employment rate in general is increasing in larger cities making it easier for all to find employment there (Riksrevisionen 2014:49f). The expectation is that the likelihood of gaining employment increases in municipalities with larger populations compared to smaller municipalities. As there are a number of municipalities in Sweden with a much larger population than average the original variable is skewed (skewness= 8,879), in order to deal with this the variable has been logged.

*Unemployment among people born in Sweden, 2015* (SCB:2015d). This is included as an indicator of how strong the local labor market is. If there are high levels of unemployment among natives this would indicate that there is a general lack of employment opportunities in the municipality. This factor has been used previously when calculating expected employment rate among immigrants (SKL 2015).

*Immigrant population, 2015* (SCB:2015b), is included as the number of foreign born in the municipalities vary. Not taking this into account could lead to misinterpretation of the results. The original variable is continuous, showing the number of immigrants living in the municipalities, and has been recalculated into showing the how large the share of the total population in the municipality is made up by immigrants. The variable has been logged in order to deal with skewness.

*Election results for Sweden Democrats in local elections 2014* (SCB:2014). This variable is included as proxy for negative attitudes against immigrants. A study by Rydgren and Ruth found support for the hypothesis that there is a relationship between anti-immigrant sentiments and support for the Sweden Democrats in local elections (2011). Negative attitudes against immigrants among the residents in municipalities could affect both the chances for immigrants of finding employment as well as the willingness for local governments to undertake initiatives and projects aimed at aiding immigrants.



*Level of education among immigrants* (SCB:2015b). Previous research has shown that higher education has a positive effect on immigrants gaining employment (Åslund & Rooth 2007b). The variable has been recoded from four to two categories: higher education, meaning upper secondary education or higher, and low/unknown, meaning lower education than upper secondary or unknown. Additionally, the data has been recalculated into showing how large proportion (percentages) of the total immigrant population have high or low/unknown education.

*Time in Sweden, 2015* (SCB:2015b) is included as it has been shown to affect that the likelihood of immigrants being employed (SKL 2015:8). The variable is continuous and divided into 4 categories: 0-1 year, 2-3 years, 4-9 years, and 10 years and longer.

*Humanitarian immigrants* (SCB:2015b) is a group that has been shown to have more difficult to find employment within the immigrant group. The share of the total immigrant group in a municipality who has moved to Sweden for humanitarian reasons could therefor affect the unemployment rate among immigrants. It is also possible that municipalities receiving more humanitarian immigrants see a greater need to undertake integration efforts.

Descriptive data on the control variables, for the cases included (N=115) in the study as well as those not included (N=175), is presented in table 5. By comparing the values for the cases included in the study to those not included we can see that there are no systematic differences between the two groups.

**Table 5.** Descriptives, control variables

|   | N   | Mean  | Median | S.d.  | Min   | Max   |
|---|-----|-------|--------|-------|-------|-------|
| Population 2015   | 175 | 9,79  | 9,61   | 0,97  | 7,92  | 13,74 |
|   | 115 | 9,92  | 9,82   | 0,96  | 7,81  | 13,21 |
| Immigrants, share of population 2015                        | 175 | 2,51  | 2,47   | 0,40  | 1,55  | 3,70  |
|   | 115 | 2,51  | 2,48   | 0,40  | 1,61  | 3,69  |
| Unemployment natives 2015                                   | 175 | 4,76  | 4,50   | 1,33  | 2,10  | 8,90  |
|   | 115 | 4,56  | 4,50   | 0,99  | 2,60  | 7,80  |
| Local election results SD 2014                              | 175 | 9,84  | 9,10   | 4,67  | 0,70  | 23,90 |
|   | 115 | 10,35 | 9,40   | 5,08  | 1,40  | 23,80 |
| Education level, higher                                     | 175 | 69,51 | 69,80  | 6,25  | 49,70 | 83,90 |
|   | 115 | 70,31 | 70,20  | 5,91  | 56,10 | 85,30 |
| Education level, lower or unknown                           | 175 | 30,49 | 30,20  | 6,24  | 16,10 | 50,30 |
|   | 115 | 29,69 | 29,90  | 5,91  | 14,20 | 43,80 |
| Years in Sweden: 0-1  | 175 | 17,38 | 16,10  | 7,41  | 5,40  | 40,80 |
|   | 115 | 16,47 | 14,40  | 7,43  | 6,20  | 38,70 |
| Years in Sweden: 2-3  | 175 | 10,37 | 9,80   | 3,15  | 4,50  | 20,30 |
|   | 115 | 10,31 | 9,90   | 2,95  | 5,30  | 20,10 |
| Years in Sweden: 4-9  | 175 | 20,97 | 21,20  | 3,99  | 8,30  | 31,90 |
|   | 115 | 21,79 | 21,50  | 5,21  | 9,50  | 35,60 |
| Years in Sweden: 10-  | 175 | 51,27 | 51,80  | 10,89 | 26,20 | 81,80 |
|   | 115 | 51,43 | 52,30  | 11,06 | 24,70 | 73,40 |
| Humanitarian immigrants, share of immigrant population 2015 | 175 | 31,99 | 32,90  | 12,10 | 4,70  | 58,00 |
|   | 115 | 31,51 | 32,40  | 11,01 | 3,90  | 57,80 |

*Comment:*

*Source: Statistics Sweden 2014; 2015b; 2015c; 2015d*

## 4. ANALYSIS

In the following section the main hypothesis and elaborations are tested using bivariate analysis and OLS-regressions.

### 4.1 BIVARIATE ANALYSIS

A bivariate analysis was first conducted in order to distinguish any significant relationships between the dependent and main independent variables. The results can be seen in table 5.

*Table 6. Bivariate correlations*

|  | Unemployed immigrants 2015 |
|--|----------------------------|
| Labor market initiatives                           | 0,24**                     |
| Enabling skills development                        | 0,14                       |
| Opening up labor market                            | 0,16                       |
| Targeting employers                                | 0,21*                      |
| Group: newly arrived immigrants                    | 0,10                       |
| Group: immigrants with finished establishment plan | 0,20*                      |
| Group: immigrants living a longer time in Sweden   | 0,17                       |
| Group: all immigrants                              | 0,08                       |
| Group: all unemployed                              | 0,12                       |

*significance levels = \*\* < 0,01, \* < 0,05*

*Source: Statistics Sweden 2015b*

The bivariate correlation analysis show that there is a significant relationship between the dependent variable, unemployment among immigrants in 2015, and the main independent variable, local government labor market initiatives 2010-2015, at a 0,01 level. For such a complex issue as immigrant integration, where it is expected that several factors weigh in, the focal relationship is quite strong (0,24). It is however a positive correlation, contrary to the hypothesis. This would indicate that municipalities that do undertake labor market initiatives have, in general, higher unemployment rates among immigrants than municipalities that does not. A possible explanation for this is that the data reflects that municipalities with a larger immigrant population and greater unemployment rates are more likely to undertake these initiatives, but does not reflect the effectiveness of them. The initial bivariate analysis does not support the main hypothesis; the focal relationship is significant but not in the hypothesized direction.

Turning to the other independent variables we can see similar results as for the main independent variable. The direction of the correlation was hypothesized to be negative but all are positive. For the first elaboration of the main hypothesis (H1a), the effect of different categories of integration activities on immigrant unemployment, the only variable that has a significant result is *targeting employers*, which is significant at a 0,05 level. This indicates that municipalities that actively work to put

immigrants and employers in contact and mitigate risk for discrimination and prejudice have, in general, higher unemployment among immigrants.

For the second elaboration of the main hypothesis (H1b), the effect of adapted versus mainstreamed labor market initiatives, the only variable that showed significant results was *immigrants with a finished establishment plan*, which is significant at a 0,05 level. However, again the results are positive, contrary to what is hypothesized.

The alternative dependent variable, *change in unemployment rates among immigrants 2009-2015*, was tested in order to get an indication on whether there is a relationship between the independent variables and the change in unemployment. The purpose of this test was to handle the issue with the independent variables actually reflecting to what degree immigrant unemployment is an issue in the municipalities rather than the effectiveness of the initiatives. If labor market integration initiatives have the expected effect, there should be a negative relationship. Results are presented in table 6.

**Table 7. Bivariate correlations**

|  | Unemployed immigrants, change<br>2009- 2015 |
|--|---|
| Labor market initiatives                           | 0,13  |
| Enabling skills development                        | 0,06  |
| Opening up labor market                            | 0,12  |
| Targeting employers                                | 0,10  |
| Group: newly arrived immigrants                    | 0,08  |
| Group: immigrants with finished establishment plan | 0,13  |
| Group: immigrants living a longer time in Sweden   | 0,10  |
| Group: all immigrants                              | -0,03                                       |
| Group: all unemployed                              | 0,07  |

*significance levels = \*\* < 0,01, \* < 0,05*

*Source: Statistics Sweden 2009; 2015b*

All the variables correlated positive except *aimed at all immigrants*, among the target groups for the initiatives, which showed a small negative correlation (-0,03). Compared to the the other dependent variable tested, *unemployment among immigrants 2015*, the effects of the independent variables are smaller but none of them are significant. In conclusion, the bivariate analysis using the alternative dependent variable did not show any support for either the main hypothesis nor the elaboration hypotheses.

## 4.2 MULTIVARIATE REGRESSIONS

In the following section the hypotheses will be tested using multivariate OLS-regression. Control variables are included in these analyses in order to distinguish whether there is any unique correlation left in the focal relationship after controlling for other factors.

The first OLS-regression is testing the main hypothesis, looking at the effect of local government labor market integration efforts on unemployment among immigrants. Results are presented in table 7.

Looking at model 1, we can see that there is a significant positive effect of the main independent variable on the dependent variable ( $\beta= 2,37, p= 0,009$ ). This would mean that municipalities that are conducting integration efforts have, in general, higher unemployment rates among immigrants than municipalities that do not undertake integration efforts. As in the bivariate analysis the effect is positive, contrary to the hypothesis, supporting the initial results. The positive effect of the coefficient is consistent along all the models but loses significance and power, in models 4 and 6-8 when controls for unemployment among natives, the degree of higher education in the immigrant population and time in Sweden is added. Model 4 is however close to being significant ( $p= 0,089$ ).

**Table 8. OLS-regression.** Effect of local government labor market integration efforts, 2010-2015, on unemployment among immigrants, 2015

|                              | Model 1            | Model 2            | Model 3            | Model 4            | Model 5          | Model 6            | Model 7            | Model 8            |
|------------------------------|--------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|
| Labor Market initiatives     | 2,37*<br>(0,89)    | 2,14*<br>(0,86)    | 2,12*<br>(0,85)    | 1,40<br>(0,81)     | 1,62*<br>(0,79)  | 0,49<br>(0,77)     | 0,63<br>(0,60)     | 0,39<br>(0,56)     |
| Population 2015              |                    | -1,26*<br>(0,42)   | -1,65***<br>(0,44) | -1,29*<br>(0,42)   | -1,22*<br>(0,41) | -0,09<br>(0,45)    | 0,63<br>(0,37)     | 0,28<br>(0,36)     |
| Immigrants 2015              |                    |                    | 2,54*<br>(1,05)    | 2,10*<br>(0,99)    | 1,51<br>(0,97)   | 0,34<br>(0,94)     | 0,14<br>(0,73)     | -0,20<br>(0,69)    |
| Unemployment natives 2015    |                    |                    |                    | 1,56***<br>(0,39)  | 1,26**<br>(0,39) | 0,51<br>(0,40)     | 0,60<br>(0,31)     | 0,71*<br>(0,29)    |
| Local election SD            |                    |                    |                    |                    | 0,22*<br>(0,07)  | 0,18*<br>(0,07)    | 0,22***<br>(0,05)  | 0,18**<br>(0,05)   |
| Higher education             |                    |                    |                    |                    |                  | -0,37***<br>(0,08) | -0,14<br>(0,08)    | -0,07<br>(0,07)    |
| Years in Sweden:             |                    |                    |                    |                    |                  |                    |                    |                    |
| 2-3 years                    |                    |                    |                    |                    |                  |                    | -0,13<br>(0,38)    | -0,27*<br>(0,13)   |
| 4-9 years                    |                    |                    |                    |                    |                  |                    | -0,51***<br>(0,06) | -0,46***<br>(0,06) |
| 10- years                    |                    |                    |                    |                    |                  |                    | -0,32***<br>(0,05) | -0,28***<br>(0,05) |
| Humanitarian immigrants 2015 |                    |                    |                    |                    |                  |                    |                    | 0,12***<br>(0,03)  |
| Intercept                    | 11,29***<br>(0,74) | 23,97***<br>(4,25) | 21,42***<br>(4,29) | 12,36***<br>(4,62) | 12,11*<br>(4,46) | 34,39***<br>(6,50) | 39,68***<br>(6,25) | 33,76***<br>(6,04) |
| Adjusted R <sup>2</sup>      | 0,05               | 0,12               | 0,15               | 0,25               | 0,30             | 0,41               | 0,65               | 0,69               |
| N                            | 115                | 115                | 115                | 115                | 115              | 115                | 115                | 115                |

Note: OLS-regression, unstandardized b-coefficient, standard errors in parenthesis, significance levels = \*\*\* < 0,001, \*\* < 0,01, \* < 0,05

Independent variable "labor market initiative" is ranging from 0 (no) to 1 (yes). Reference group for "higher education" is "lower/unknown education". Reference group for "years in Sweden" is "0-1 years".

Source: Statistics Sweden 2014; 2015b; 2015c; 2015d

In models 2-3 the strength of the main independent variable decreases as *population 2015* and *immigrants 2015* is added to the regression. If the variable *labor market initiatives* is actually reflecting not only the level of commitment to integration in the municipalities but also the level of unemployment among immigrants in these municipalities, the loss of strength (model 2:  $\beta= 2,14$ ) is to be expected as a larger population is associated with a larger labor market, i.e. municipalities where it

should be easier to find employment. Similarly, controlling for *immigrant population* (model 3) decreases the effect of the dependent variable slightly ( $\beta= 2,12$ ) which could be due to a partially redundant relationship, as a larger immigrant population could affect the level of unemployment among immigrants as well as whether local governments undertake labor market integration initiatives. In model 4 the main independent variable loses significance and the coefficient value is decreased as *unemployment natives 2015* is added to the analysis. This suggests that the overall need for labor has a greater effect on unemployment among immigrants than the labor market initiatives. Again, assuming that the main independent variable is reflecting how large of an issue unemployment is among immigrants, this could be interpreted as a spurious relationship.

Interestingly, *labor market initiatives*, regains both significance and some strength in the 5:th model ( $\beta= 1,62$ ,  $p= 0,042$ ) after controlling for *local election results for the Sweden Democrats (SD) 2014*. A possible explanation for this could be that in municipalities where the support for SD is greater the local governments are more concerned with issues connected to immigrant integration, including labor market integration, making it a partially redundant relationship. In order to test if any support can be found for this explanation an interaction term variable between labor market initiatives and local election results for SD was created and added to the model. The interaction term did not show any significant results ( $\beta= 0,10$ ,  $p= 0,493$ ) and was therefore not included in the model. An alternative explanation is that support for SD reflect the level of negative sentiments towards immigrants which could have a negative effect on immigrant employment (Rydgren 2004:708f). This does however not explain why labor market initiatives regains strength and significance in the model.

In the following models (6-8) the main independent variable loses significance again and the coefficient value decreases significantly. My interpretation is that time living in the country, and the reason for immigrating is more important for the unemployment level than the integration efforts undertaken by the local governments. The control variables have the expected effect on the dependent variable, although the effect of each variable is rather small. Model 8 show that general unemployment, local election results for SD, time living in Sweden, and reason for immigration (humanitarian immigrants) are the only factors that has a significant relationship with immigrants' unemployment levels.

The adjusted  $r^2$  show to what degree the models explain the variation in the dependent variable, the effect varies between 0 and 1, 1 meaning that all the variation can be explained by the model. Looking at the adjusted  $r^2$  for the first model we can see that some of the variation is explained by *labor market initiatives* although the value is quite low (adjusted  $r^2= 0,05$ ). The adjusted  $r^2$  is consistently increasing as more variables are added to the models (model 8 adjusted  $r^2= 0,69$ ).

All taken together, there is little support for the hypothesis. The effect of labor market integration efforts is small, correlated positively, and loses significance in the later models as the control variables are added to the models. My interpretation is that other factors are better at explaining variation in immigrants' employment rates. Looking at the adjusted  $r^2$  we can see a significant increase between model 6 (adjusted  $r^2= 0,41$ ) and model 7 (adjusted  $r^2= 0,65$ ), when time living in Sweden is added, indicating that time is an important factor when explaining immigrants' employment rates. Again, as mentioned earlier, it is not possible to know what the results would have been if the municipalities had not conducted labor market initiatives, it is possible that the unemployment is not affected at all or

very little by these initiatives but it is also possible that the unemployment rate would have been higher.

The following table is presenting the results from the testing of hypothesis H1a: The positive effect of labor market integration efforts on immigrants' labor market participation varies depending on what activities are being undertaken. Results are presented in table 9.

**Tabell 9. OLS-regression** The effect of different kinds of labor market integration efforts on unemployment among immigrants 2015

|                              | Model 1            | Model 2            | Model 3            | Model 4            | Model 5            | Model 6            |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Skills and abilities         | 0,59<br>(0,40)     |                    |                    | 0,06<br>(0,24)     |                    |                    |
| Open up the labor market     |                    | 0,69<br>(0,42)     |                    |                    | 0,27<br>(0,25)     |                    |
| Targeting employers          |                    |                    | 1,01*<br>(0,44)    |                    |                    | 0,36<br>(0,26)     |
| Population 2015              |                    |                    |                    | 0,28<br>(0,37)     | 0,22<br>(0,37)     | 0,24<br>(0,36)     |
| Immigrants 2015              |                    |                    |                    | -0,24<br>(0,69)    | -0,23<br>(0,69)    | -0,20<br>(0,68)    |
| Unemployment natives 2015    |                    |                    |                    | 0,73*<br>(0,29)    | 0,71*<br>(0,29)    | 0,76*<br>(0,29)    |
| Local election SD            |                    |                    |                    | 0,18**<br>(0,05)   | 0,18**<br>(0,05)   | 0,17**<br>(0,05)   |
| Higher education             |                    |                    |                    | -0,08<br>(0,07)    | -0,06<br>(0,07)    | -0,07<br>(0,07)    |
| Years in Sweden:             |                    |                    |                    |                    |                    |                    |
| 2-3 years                    |                    |                    |                    | -0,28*<br>(0,13)   | -0,28*<br>(0,13)   | -0,28*<br>(0,13)   |
| 4-9 years                    |                    |                    |                    | -0,46***<br>(0,06) | -0,47***<br>(0,06) | -0,46***<br>(0,06) |
| 10- years                    |                    |                    |                    | -0,28***<br>(0,05) | -0,29***<br>(0,05) | -0,28***<br>(0,05) |
| Humanitarian immigrants 2015 |                    |                    |                    | 0,12***<br>(0,03)  | 0,12***<br>(0,03)  | 0,12***<br>(0,03)  |
| Intercept                    | 12,30***<br>(0,60) | 12,26***<br>(0,58) | 12,22***<br>(0,52) | 34,34***<br>(6,01) | 34,23***<br>(5,92) | 33,86***<br>(5,91) |
| Adjusted R <sup>2</sup>      | 0,01               | 0,02               | 0,04               | 0,69               | 0,69               | 0,69               |
| N                            | 115                | 115                | 115                | 115                | 115                | 115                |

Note: Unstandardized b-coefficient, standard errors in parenthesis, significance levels = \*\*\* < 0,001, \*\* < 0,01, \* < 0,05  
Independent variable "skills and abilities", "open up the labor market", and "targeting employers" are ranging from 0 (low) to 3 (high). Reference group for "higher education" is "lower/unknown education". Reference group for "years in Sweden" is "0-1 years".

Source: Statistics Sweden 2014; 2015b; 2015c; 2015d

The results in models 1-3 show the effect of the different categories on unemployment among immigrants 2015. *Targeting employers* is the only category of initiatives that have any significant effect on the dependent variable (p= 0,022), supporting the initial finding in the bivariate analysis. *Opening up the labor market* is, however, close to being significant (p= 0,099). Looking at the

adjusted  $r^2$  none of the independent variables explain any greater part of the variation in the dependent variable, *targeting employers* does, however, explain it more than the other (*skills and abilities*  $r^2=0,01$ , *open up labor market*  $r^2=0,02$ , *targeting employers*  $r^2=0,04$ ). When adding the control variables, the adjusted  $r^2$  increases to same value as in the final model in table 8 (adjusted  $r^2=0,69$ ) indicating that the control variables are more important for explaining the variation in the dependent variable.

In the final elaboration hypothesis H1b is tested: Labor market integration efforts that are adapted to immigrants' specific situation has better results on immigrants' labor market integration than mainstreamed labor market programs. Results are presented in table 10.

**Table 10. OLS-regression.** The effect of adapted or mainstream labor market integration initiatives on immigrants unemployment rate 2015.

|                                      | Model 1            | Model 2            |
|--------------------------------------|--------------------|--------------------|
| Group:                               |                    |                    |
| Newly arrived                        | -0,07<br>(1,01)    | -0,50<br>(0,59)    |
| Finished establishment plan          | 1,55<br>(1,25)     | 0,40<br>(0,75)     |
| Living for a longer period in Sweden | 0,69<br>(1,37)     | 1,29<br>(0,83)     |
| All immigrants                       | -0,26<br>(1,20)    | -0,10<br>(0,70)    |
| Population 2015                      |                    | 0,19<br>(0,36)     |
| Immigrants 2015                      |                    | -0,37<br>(0,70)    |
| Unemployment natives 2015            |                    | 0,74*<br>(0,29)    |
| Local election SD                    |                    | 0,18**<br>(0,05)   |
| Higher education                     |                    | -0,07<br>(0,07)    |
| Years in Sweden:                     |                    |                    |
| 2-3 years                            |                    | -0,27*<br>(0,14)   |
| 4-9 years                            |                    | 0,45***<br>(0,06)  |
| 10- years                            |                    | 0,29***<br>(0,05)  |
| Humanitarian immigrants 2015         |                    | 0,12***<br>(0,03)  |
| Intercept                            | 12,21***<br>(0,59) | 35,29***<br>(6,00) |
| Adjusted R <sup>2</sup>              | 0,01               | 0,70               |
| N                                    | 115                | 115                |

Note: Unstandardized b-coefficient, standard errors in parenthesis, significance levels = \*\*\* < 0,001, \*\* < 0,01, \* < 0,05

Dependent variable: unemployment among immigrants 2015.

Independent variables "group" are dummy variables, reference group is "all labor market outsiders". Reference group for "higher education" is "lower/unknown education". Reference group for "years in Sweden" is "0-1 years".

Source: Statistics Sweden 2014; 2015b; 2015c; 2015d

In model 1 the target group *all labor market outsiders* is used as a reference group for the other target groups. The results show a small negative correlation for *newly arrived* ( $\beta = -0,07$ ) and *all immigrants* ( $\beta = -0,26$ ). This results indicate that adapting labor market integration initiatives to these groups have a negative effect on unemployment. The results are, however, far from significant (*newly arrived*  $p = 0,947$ , *all immigrants*  $p = 0,830$ ). When control variables are included in model 2 the correlation for *newly arrived* is still negative and increased slightly, but is still insignificant. As in the previous tables, the adjusted  $r^2$  show that the main dependent variables explain little of the variation in the dependent variable (adjusted  $r^2 = 0,01$ ) while amount of variation explained increases significantly when control variables are included (adjusted  $r^2 = 0,70$ ).

The insignificance of the results could be due to the way the question is posed in the questioner to the municipalities. As several of the municipalities that do undertake labor market initiatives has done more than one initiative/project during the time period studied it was possible to select several options on the question on what groups where targeted. Consequently, in several cases all or most of the options has been selected and it is difficult to know if this means that there have been several initiatives aimed at different groups or if all the groups who potentially could have participated in the projects has been included.

Regression analysis of the alternative operationalization of the dependent variable, change in unemployment rate among immigrants 2009-2015, has been conducted for all models tested (regression tables can be seen in appendix C). Consistent with the initial bivariate correlation analysis the results were not significant. As in the previous regression, time living in Sweden seem to be explaining most of the variation in immigrants' employment success.

All regression tables have been tested for multicollinearity, normal distribution of error terms, heteroscedasticity. No diagnostic problems were found in the models (see Appendix D).



## 5. CONCLUSION/DISCUSSION

This thesis set out to study the effect of local government labor market efforts on immigrant labor market success. The hypothesis tested is that local government labor market integration efforts can explain the variation in immigrants' success on local labor markets. The relationship between local government integration efforts in Swedish municipalities and unemployment among immigrants in Sweden was studied as cases. Swedish municipalities were selected as a population to study as it is a relatively large number of cases (290) existing within the same national context of laws and regulations, making it a stable population to study. At the same time the far reaching local self-rule of the municipalities in Sweden enables the level of involvement of the local government on integration issues to vary between municipalities. Unique data on labor market integration efforts undertaken by the municipalities has been collected, via a survey to all Swedish municipalities, as a part of this study. This data has not been tested previously and is the main contribution of this thesis to the previous research on immigrants' labor market integration.

The results of the analysis showed initially that local government integration efforts have a small but significant effect on the unemployment rates among immigrants but after controlling for other variables the significance disappeared. Additionally, the effect was in the opposite direction than hypothesized, meaning that municipalities that were conducting labor market integration efforts had in general higher unemployment among immigrants. A possible explanation for this is that municipalities with higher unemployment rates are more likely to engage in labor market initiatives. This would explain the positive correlation but makes it difficult to interpret the results as it is not possible to know if the level of unemployment would have increased, decreased, or not changed if the local government had acted differently. In conclusion I could not find any support for the main hypothesis that local municipal governments' labor market integration efforts would have a positive effect on immigrants' labor market integration.

For the first elaboration of the main hypothesis, looking at the difference in the effect of different kinds of integration activities on immigrants' labor market participation (H1a), no activity was found to be more efficient than others. Neither of the activity categories had any significant effect after the control variables were included in the models. No support was found for the hypothesis.

The second elaboration of the main hypothesis was to look at the effect of adapted or mainstreamed labor market programs, H1b: labor market integration efforts that are adapted to immigrants' specific situation has better results on immigrants' labor market integration than mainstreamed labor market programs. None of the immigrant groups included in the multivariate analysis showed any significant effect on unemployment among immigrants neither when included by themselves nor when control variables were included into the model. No support was found for the hypothesis.

A possible explanation for the insignificant results could be that there that the data on the independent variables is not reliable. Collecting data via a survey opens up for the persons answering the survey to interpret the questions differently. Additionally, as the time period the questions concern is relatively

long the persons answering the survey may only remember if the initiatives were undertaken during the most recent years. An alternative method for collecting the data would have been to examine local government meeting protocols for decisions regarding labor market integration efforts. This would have minimized the risk of subjective interpretation of what can be considered an integration initiative and it would not be dependent on the memories of individuals. Collecting data in this way was, however, not reasonable in this study, as it would have been too time consuming, but could be possible in a larger, more comprehensive, study.

Of the variables included in the analyses *time living in Sweden* seemed to have the most significant effect on immigrant unemployment levels, showing that as the time living in the country increases so does the employment rate. This is not surprising as it is reasonable to assume that many of the factors previous research has shown to affect the chances of employment take time, such as building social networks, validation of education and skills, adapting skills and professional knowledge to a new context (see Bevelander & Pendakur 2014; Froy 2006; Calvó-Armengol & Jackson 2004; Reitz 2007; Åslund & Rooth 2007b). The question is whether labor market integration efforts can speed up this process. It is possible that the efforts made by local governments can have a positive effect for some individuals who have the “right” human capital and ability to work. Looking at the effect separate labor market integration efforts have on individuals it is possible to see a positive effect, for example the positive result from the subsidized employments in Ronneby, Sweden, referenced in the theoretical framework (Westberg & Wickström 2016). On the larger, aggregated, scale the results of integration efforts might not be seen until later.

It has already been mentioned earlier in the thesis but is worth mentioning again: it is difficult, if even possible, to know if and how the unemployment rates would have differed if the municipalities had acted in a different way. Even though this study cannot answer the question of whether local government integration efforts have a significant effect on immigrants’ participation on the labor market it does shed some light on the complexity of the issue and the difficulties in evaluating integration outcomes in a quantitative way without control groups.

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# APPENDIX A

## Survey questionnaire

1. I vilken kommun jobbar du?
2. Vilken avdelning/enhet/förvaltning ansvarar för arbetsmarknadsfrågor i kommunen?
3. Vilken roll i kommunen har du/ni som svarar på enkäten?
4. Har det under perioden 2010-2015 genomförts arbetsmarknadsinsatser riktade mot nyanlända och/eller utlandsfödda i kommunen?
  - Ja*
  - Nej*
5. Hur många insatser/projekt har genomförts 2010-2015 och cirka hur många deltagare har det varit totalt? Gör gärna en ungefärlig uppskattning av antalet deltagare om du inte vet det exakta antalet.
  - Antalet insatser/projekt*
  - Antalet deltagare*
6. Vilka huvudsakliga aktiviteter genomfördes inom insatserna/projekten samt cirka hur många deltog i respektive aktivitet? Gör gärna en ungefärlig uppskattning av antalet deltagare om du inte vet det exakta antalet.

|   | <i>Ja</i> | <i>Antal deltagare</i> |
|---|-----------|------------------------|
| <input type="checkbox"/> <i>Praktik</i>                                       |           |                        |
| <input type="checkbox"/> <i>Yrkesinriktad SFI</i>                             |           |                        |
| <input type="checkbox"/> <i>Subventionerade anställningar</i>                 |           |                        |
| <input type="checkbox"/> <i>Mentorskapsförmedling</i>                         |           |                        |
| <input type="checkbox"/> <i>Hjälp att söka jobb</i>                           |           |                        |
| <input type="checkbox"/> <i>Antidiskrimineringsinsatser</i>                   |           |                        |
| <input type="checkbox"/> <i>Yrkesutbildning/kurser</i>                        |           |                        |
| <input type="checkbox"/> <i>Hjälp med nätverkande</i>                         |           |                        |
| <input type="checkbox"/> <i>Informationsinsatser riktade mot arbetsgivare</i> |           |                        |
| <input type="checkbox"/> <i>Annat</i>   |           |                        |
7. Mot vilka grupper riktar sig insatserna/projekten huvudsakligen? (Möjligt att fylla i fler svar)
  - Nyanlända invandrare*
  - Utlandsfödda som avslutat etableringsplan hos Arbetsförmedlingen*
  - Utlandsfödda som befunnit sig en längre tid i Sverige*
  - Alla utlandsfödda oberoende av vistelsetid*
  - Utlandsfödda samt andra grupper som hr svårt att etablera sig på arbetsmarknaden*
8. Har insatserna/projekten utvärderats?



- Ja*
- Nej*

9. Uppnåddes förväntat resultat?

- Ja*
- Nej*

10. Vilken, anser du, är den största utmaningen för kommunen angående integration av nyanlända och utlandsfödda på arbetsmarknaden?

- Bristande språkkunskaper*
- Låg efterfrågan på arbetskraft i allmänhet*
- Arbetsgivares inställning till att anställa utlandsfödda*
- Bristande sociala nätverk*
- Validering av utbildning/yrkeserfarenhet*
- Låg utbildningsnivå*
- Felmatchning mellan utbildning/yrke och efterfrågan på arbetsmarknaden*
- Annat*

11. Övriga kommentarer

# APPENDIX B

## ACTIVITIES INCLUDED IN THE DIFFERENT INTEGRATION INITIATIVE CATEGORIES:

- **Individual skills**, data collected from three questions on the survey, min 0 max 3:
  - o Internship – develop and adapt skills in a relevant profession to match local demand and code of conduct. Addition: can have an effect on discrimination/prejudice and social isolation if it means that immigrants and natives come into contact more closely.
  - o Occupational language training – acquiring language training which is relevant for professional life, easier transition into the labor market.
  - o Education/courses – adapting and develop skills appropriate to the local labor market.
- **Opening up the labor market**, data collected from three questions in the survey, min 0 max 3:
  - o Mentorship – putting people in contact with persons in their professional field. Possibility to gain useful information and contacts.
  - o Job search assistance – help with how to find and apply for job openings.
  - o Subsidized employment – providing an entrance for immigrants and incentive for employers to “take a chance” and hire an immigrant.
- **Targeting employers**, data collected from three questions on the survey, min 0 max 3:
  - o Information – information to employers about hiring immigrants.
  - o Anti-discrimination efforts – efforts aimed at working against prejudice and discrimination on the labor market.
  - o Networking – connecting potential employers to immigrants, creating a space/opportunity to meet.

# APPENDIX C

## MULTIVARIATE ANALYSIS FOR ALTERNATIVE DEPENDENT VARIABLE: CHANGE IN UNEMPLOYMENT RATE AMONG IMMIGRANTS 2009-2015

**Table 11. OLS-regression.** Effect of local government labor market integration efforts on change in unemployment among immigrants 2009- 2015

|                              | Model 1        | Model 2          | Model 3            | Model 4          | Model 5          | Model 6         | Model 7            | Model 8            |
|------------------------------|----------------|------------------|--------------------|------------------|------------------|-----------------|--------------------|--------------------|
| Labor Market initiatives     | 1,30<br>(0,90) | 1,09<br>(0,88)   | 1,06<br>(0,85)     | 0,76<br>(0,87)   | 0,95<br>(0,85)   | 0,44<br>(0,90)  | 0,55<br>(0,76)     | 0,73<br>(0,75)     |
| Population 2015              |                | -1,13*<br>(0,43) | -1,60***<br>(0,44) | -1,45*<br>(0,45) | -1,93*<br>(0,44) | -0,88<br>(0,53) | -0,35<br>(0,47)    | -0,09<br>(0,48)    |
| Immigrants 2015              |                |                  | 3,11*<br>(1,06)    | 2,92*<br>(1,06)  | 2,43*<br>(1,06)  | 1,9<br>(1,09)   | 1,70<br>(0,93)     | 1,95*<br>(0,92)    |
| Unemployment natives 2015    |                |                  |                    | 0,66<br>(0,41)   | 0,41<br>(0,42)   | 0,07<br>(0,46)  | 0,27<br>(0,40)     | 0,19<br>(0,39)     |
| Local election SD            |                |                  |                    |                  | 0,19*<br>(0,08)  | 0,17*<br>(0,08) | 0,19*<br>(0,07)    | 0,22*<br>(0,07)    |
| Higher education             |                |                  |                    |                  |                  | -0,17<br>(0,10) | 0,00<br>(0,10)     | -0,05<br>(0,10)    |
| Years in Sweden:             |                |                  |                    |                  |                  |                 |                    |                    |
| 2-3 years                    |                |                  |                    |                  |                  |                 | -0,09<br>(0,18)    | 0,01<br>(0,18)     |
| 4-9 years                    |                |                  |                    |                  |                  |                 | -0,53***<br>(0,08) | -0,57***<br>(0,08) |
| 10- years                    |                |                  |                    |                  |                  |                 | -0,25***<br>(0,06) | -0,28***<br>(0,06) |
| Humanitarian immigrants 2015 |                |                  |                    |                  |                  |                 |                    | -0,09*<br>(0,04)   |
| Intercept                    | 0,00<br>(0,75) | 11,32*<br>(4,34) | 8,20<br>(4,33)     | 4,37<br>(4,93)   | 4,16<br>(4,83)   | 14,19<br>(7,55) | 21,85<br>(7,93)    | 26,18*<br>(8,04)   |
| Adjusted R <sup>2</sup>      | 0,01           | 0,06             | 0,12               | 0,13             | 0,17             | 0,18            | 0,42               | 0,44               |
| N                            | 115            | 115              | 115                | 115              | 115              | 115             | 115                | 115                |

Note: OLS-regression, unstandardized b-coefficient, standard errors in parenthesis, significance levels = \*\*\* < 0,001, \*\* < 0,01, \* < 0,05

Independent variable "labor market initiative" is ranging from 0 (no) to 1 (yes). Reference group for "higher education" is "lower/unknown education". Reference group for "years in Sweden" is "0-1 years".

Source: Statistics Sweden 2009; 2014; 2015b; 2015c; 2015d

**Tabell 12. OLS-regression** The effect of different kinds of labor market integration efforts on change in unemployment among immigrants 2009-2015

|                              | Model 1        | Model 2        | Model 3        | Model 4            | Model 5            | Model 6            |
|------------------------------|----------------|----------------|----------------|--------------------|--------------------|--------------------|
| Skills and abilities         | 0,25<br>(0,40) |                |                | 0,17<br>(0,32)     |                    |                    |
| Open up the labor market     |                | 0,51<br>(0,41) |                |                    | 0,57<br>(0,34)     |                    |
| Targeting employers          |                |                | 0,47<br>(0,44) |                    |                    | 0,13<br>(0,34)     |
| Population 2015              |                |                |                | -0,10<br>(0,49)    | -0,21<br>(0,48)    | -0,07<br>(0,48)    |
| Immigrants 2015              |                |                |                | 1,89*<br>(0,92)    | 1,90*<br>(0,91)    | 1,88*<br>(0,92)    |
| Unemployment natives 2015    |                |                |                | 0,23<br>(0,39)     | 0,19<br>(0,39)     | 0,23<br>(0,39)     |
| Local election SD            |                |                |                | 0,21*<br>(0,07)    | 0,22*<br>(0,07)    | 0,20*<br>(0,07)    |
| Higher education             |                |                |                | -0,06<br>(0,10)    | -0,03<br>(0,10)    | -0,07<br>(0,10)    |
| Years in Sweden:             |                |                |                |                    |                    |                    |
| 2-3 years                    |                |                |                | 0,01<br>(0,18)     | -0,02<br>(0,18)    | 0,00<br>(0,18)     |
| 4-9 years                    |                |                |                | -0,57***<br>(0,08) | -0,58***<br>(0,08) | -0,56***<br>(0,08) |
| 10- years                    |                |                |                | -0,27***<br>(0,06) | -0,29***<br>(0,06) | -0,27***<br>(0,06) |
| Humanitarian immigrants 2015 |                |                |                | -0,08*<br>(0,04)   | -0,09*<br>(0,04)   | -0,08*<br>(0,04)   |
| Intercept                    | 0,64<br>(0,60) | 0,41<br>(0,58) | 0,57<br>(0,52) | 27,01**<br>(8,01)  | 26,99**<br>(7,84)  | 27,38**<br>(7,96)  |
| Adjusted R <sup>2</sup>      | -0,01          | 0,00           | 0,00           | 0,43               | 0,45               | 0,43               |
| N                            | 115            | 115            | 115            | 115                | 115                | 115                |

Note: Unstandardized b-coefficient, standard errors in parenthesis, significance levels = \*\*\* < 0,001, \*\* < 0,01, \* < 0,05  
Independent variable "skills and abilities", "open up the labor market", and "targeting employers" are ranging from 0 (low) to 3 (high). Reference group for "higher education" is "lower/unknown education". Reference group for "years in Sweden" is "0-1 years".

Source: Statistics Sweden 2009; 2014; 2015b; 2015c; 2015d

**Table 13. OLS-regression.** The effect of adapted or mainstream labor market integration initiatives on immigrants unemployment rate 2015.

|                                      | Model 1         | Model 2            |
|--------------------------------------|-----------------|--------------------|
| Group:                               |                 |                    |
| Newly arrived                        | 0,21<br>(1,01)  | 0,23<br>(0,79)     |
| Finished establishment plan          | 0,91<br>(1,25)  | -0,01<br>(1,00)    |
| Living for a longer period in Sweden | 1,00<br>(1,36)  | 1,70<br>(0,94)     |
| All immigrants                       | -1,37<br>(1,19) | -1,34<br>(0,94)    |
| Population 2015                      |                 | -0,16<br>(0,49)    |
| Immigrants 2015                      |                 | 1,91*<br>(0,93)    |
| Unemployment natives 2015            |                 | 0,22<br>(0,39)     |
| Local election SD                    |                 | 0,21*<br>(0,07)    |
| Higher education                     |                 | -0,06<br>(0,10)    |
| Years in Sweden:                     |                 |                    |
| 2-3 years                            |                 | 0,04<br>(0,18)     |
| 4-9 years                            |                 | -0,54***<br>(0,08) |
| 10- years                            |                 | -0,28***<br>(0,06) |
| Humanitarian immigrants 2015         |                 | 0,09*<br>(0,04)    |
| Intercept                            | 0,49<br>(0,59)  | 27,29**<br>(8,05)  |
| Adjusted R <sup>2</sup>              | -0,01           | 0,44               |
| N                                    | 115             | 115                |

Note: Unstandardized b-coefficient, standard errors in parenthesis, significance levels = \*\*\* < 0,001, \*\* < 0,01, \* < 0,05

Dependent variable: unemployment among immigrants 2015.

Independent variables "group" are dummy variables, reference group is "all labor market outsiders". Reference group for "higher education" is "lower/unknown education". Reference group for "years in Sweden" is "0-1 years".

Source: Statistics Sweden 2009; 2014; 2015b; 2015c; 2015d

# APPENDIX D

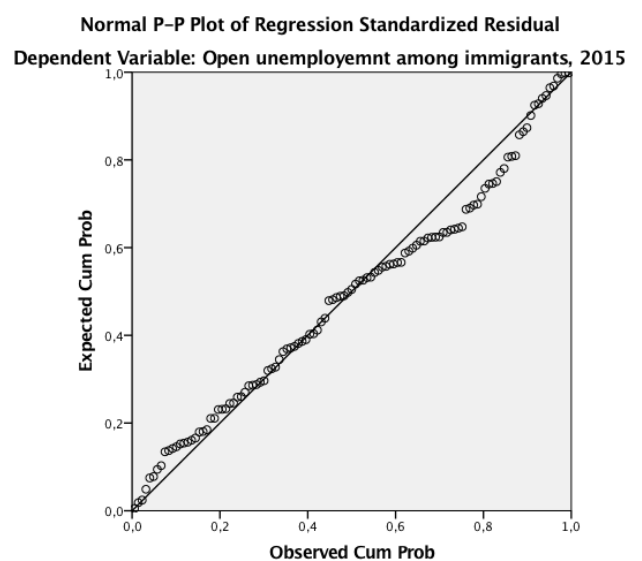
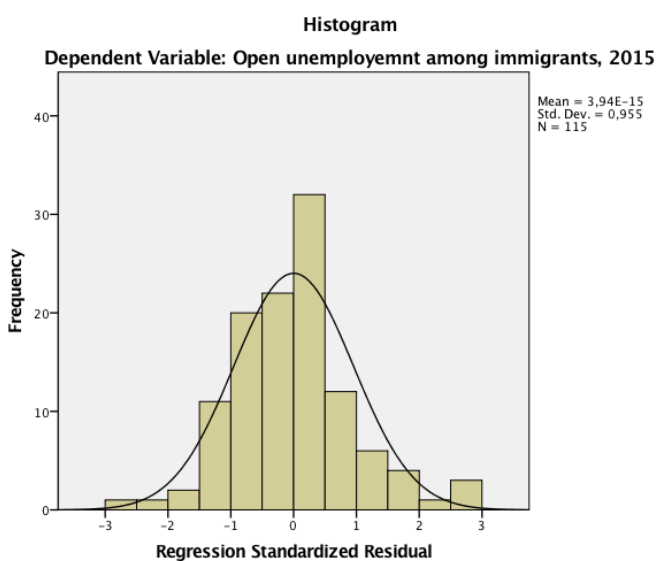
## REGRESSION DIAGNOSTICS, TABLE 8

Multicollinearity: The tolerance test and VIF test showed no problems with multicollinearity in the model. All variables had a tolerance above 0,2 and VIF under 10.

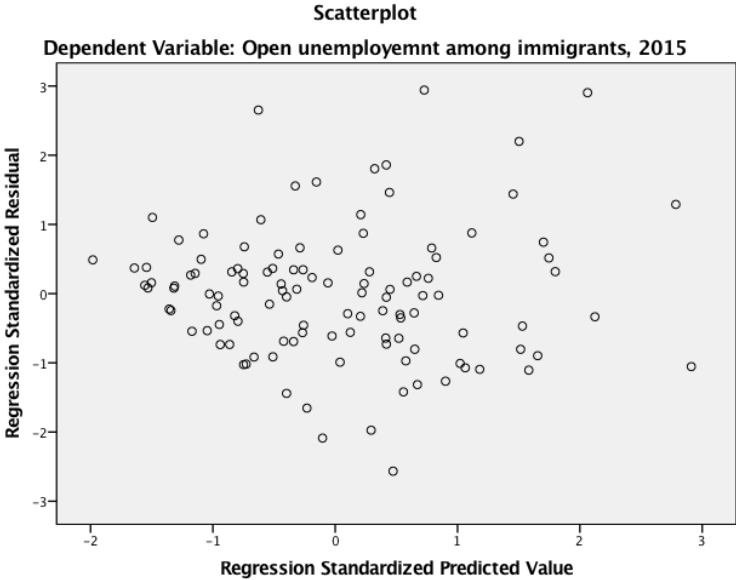
*Table 14 Multicollinearity test*

|                              | Tolerance test | VIF   |
|------------------------------|----------------|-------|
| Labor Market initiatives     | 0,821          | 1,218 |
| Population 2015              | 0,465          | 2,151 |
| Immigrants 2015              | 0,736          | 1,359 |
| Unemployment natives 2015    | 0,655          | 1,526 |
| Local election SD            | 0,799          | 1,251 |
| Higher education             | 0,290          | 3,452 |
| Years in Sweden:             | 0,358          | 2,791 |
| 2-3 years                    | 0,590          | 1,694 |
| 4-9 years                    | 0,202          | 4,946 |
| 10- years                    | 0,501          | 1,994 |
| Humanitarian immigrants 2015 | 0,821          | 1,218 |

Normally distributed residuals: residuals are normally distributed.



Homoscedasticity:



## REGRESSION DIAGNOSTICS, TABLE 9

Multicollinearity: The tolerance test and VIF test showed no problems with multicollinearity in the model. All variables had a tolerance above 0,2 and VIF under 10.

**Table 15.** *Multicollinearity test - skills and abilities*

|                              | Tolerance test | VIF   |
|------------------------------|----------------|-------|
| Skills and abilities         | 0,863          | 1,159 |
| Population 2015              | 0,452          | 2,213 |
| Immigrants 2015              | 0,740          | 1,352 |
| Unemployment natives 2015    | 0,655          | 1,526 |
| Local election SD            | 0,812          | 1,231 |
| Higher education             | 0,290          | 3,450 |
| Years in Sweden:             | 0,358          | 2,790 |
| 2-3 years                    | 0,586          | 1,705 |
| 4-9 years                    | 0,203          | 4,926 |
| 10- years                    | 0,507          | 1,974 |
| Humanitarian immigrants 2015 | 0,863          | 1,159 |

**Table 16.** *Multicollinearity test – open up the labor market*

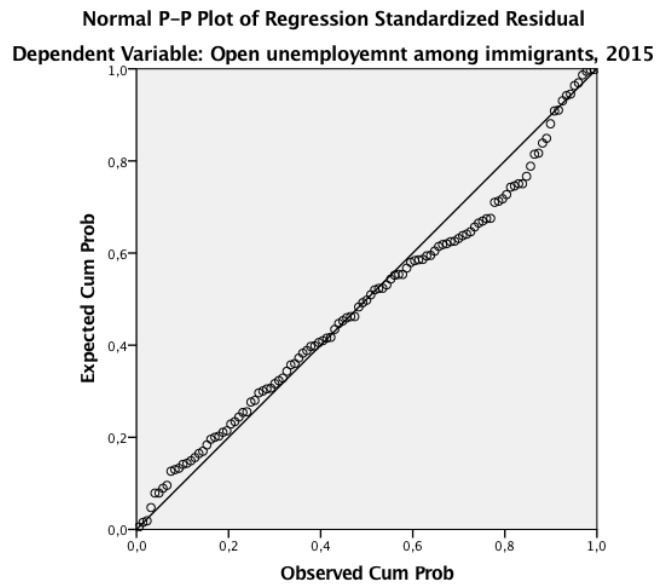
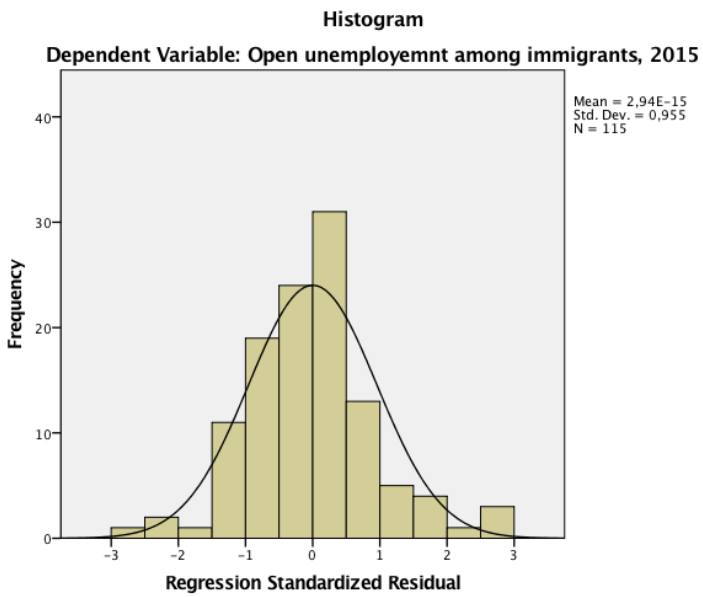
|                              | Tolerance test | VIF   |
|------------------------------|----------------|-------|
| Open up the labor market     | 0,836          | 1,196 |
| Population 2015              | 0,451          | 2,219 |
| Immigrants 2015              | 0,742          | 1,348 |
| Unemployment natives 2015    | 0,657          | 1,522 |
| Local election SD            | 0,806          | 1,241 |
| Higher education             | 0,289          | 3,462 |
| Years in Sweden:             | 0,355          | 2,817 |
| 2-3 years                    | 0,585          | 1,709 |
| 4-9 years                    | 0,200          | 4,996 |
| 10- years                    | 0,507          | 1,972 |
| Humanitarian immigrants 2015 | 0,836          | 1,196 |



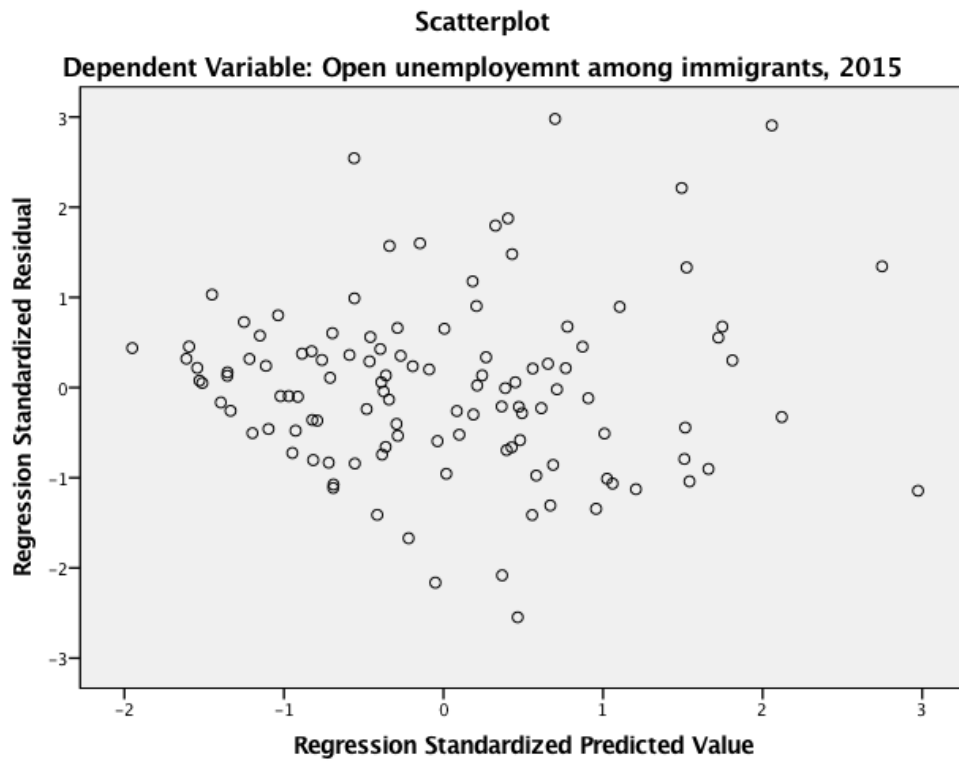
**Table 17. Multicollinearity test – targeting employers**

|                              | Tolerance test | VIF   |
|------------------------------|----------------|-------|
| Targeting employers          | 0,919          | 1,088 |
| Population 2015              | 0,462          | 2,166 |
| Immigrants 2015              | 0,740          | 1,351 |
| Unemployment natives 2015    | 0,654          | 1,529 |
| Local election SD            | 0,818          | 1,223 |
| Higher education             | 0,301          | 3,321 |
| Years in Sweden:             | 0,356          | 2,807 |
| 2-3 years                    | 0,590          | 1,694 |
| 4-9 years                    | 0,203          | 4,930 |
| 10- years                    | 0,505          | 1,978 |
| Humanitarian immigrants 2015 | 0,919          | 1,088 |

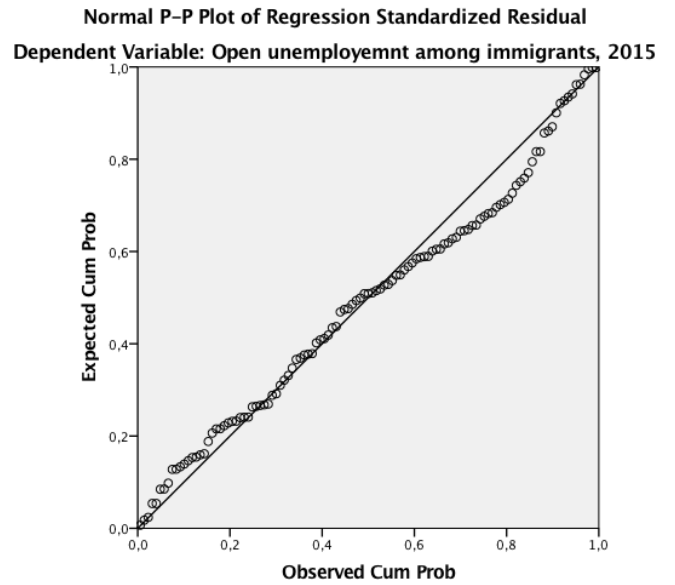
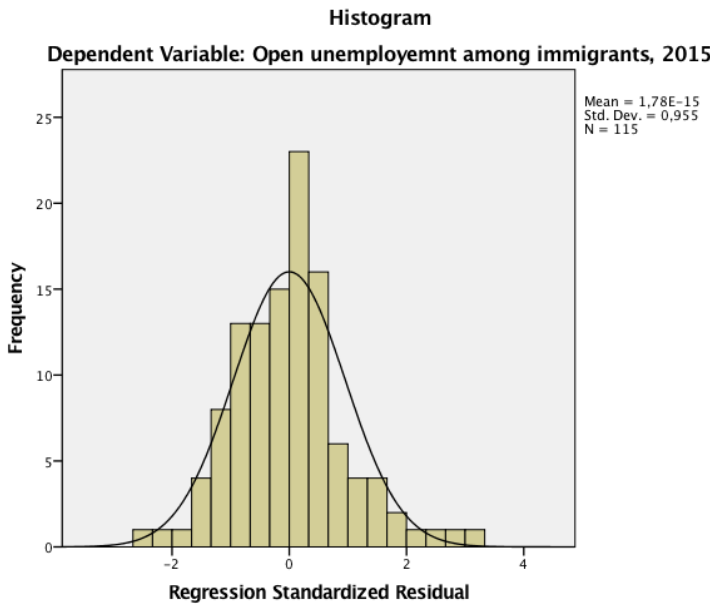
Normally distributed residuals (skills and abilities): residuals are normally distributed.



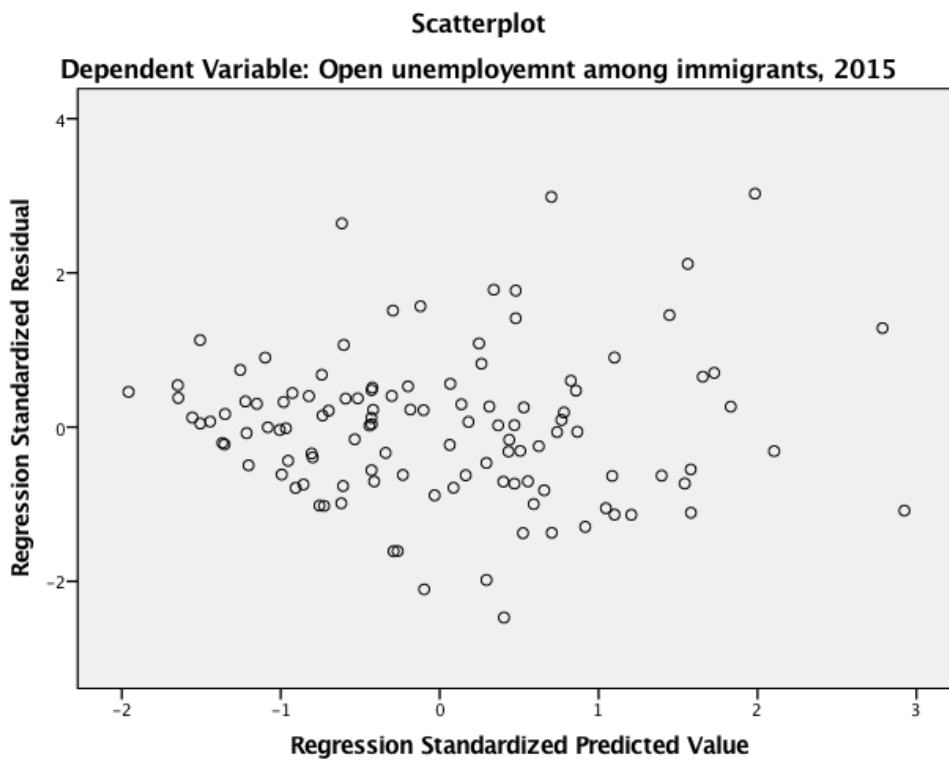
Homoscedasticity (skills and abilities):



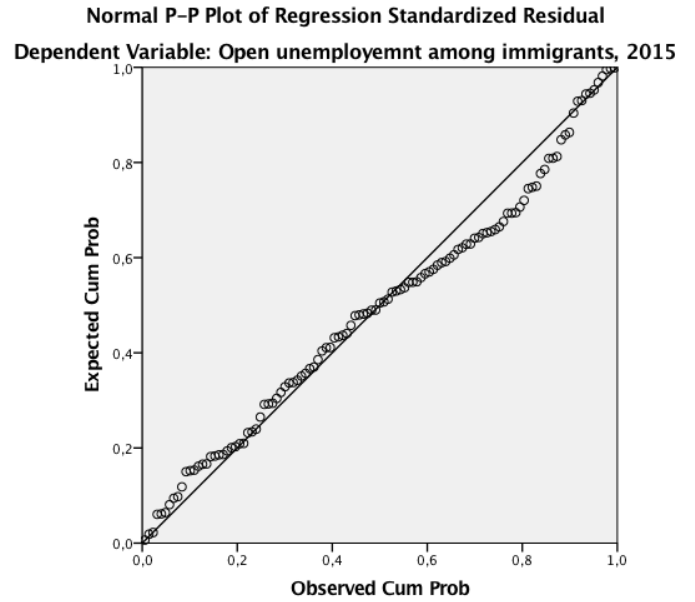
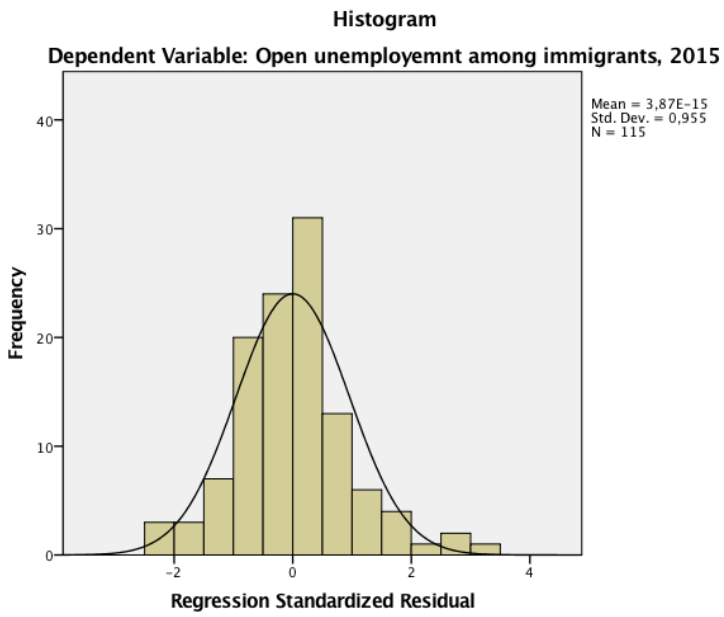
Normally distributed residuals (open up the labor market): residuals are normally distributed



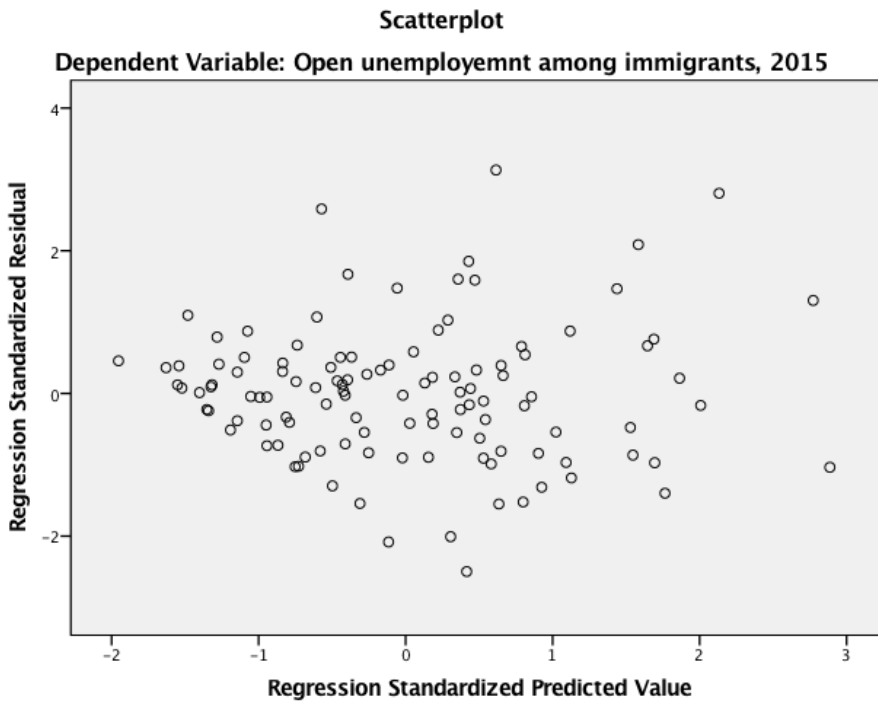
Homoscedasticity (open up the labor market):



Normally distributed residuals (targeting employers): residuals are normally distributed



Homoscedasticity (targeting employers):



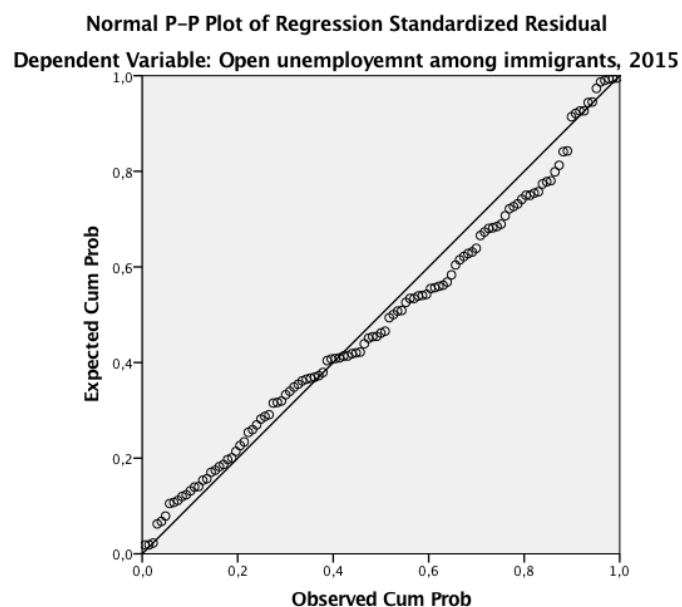
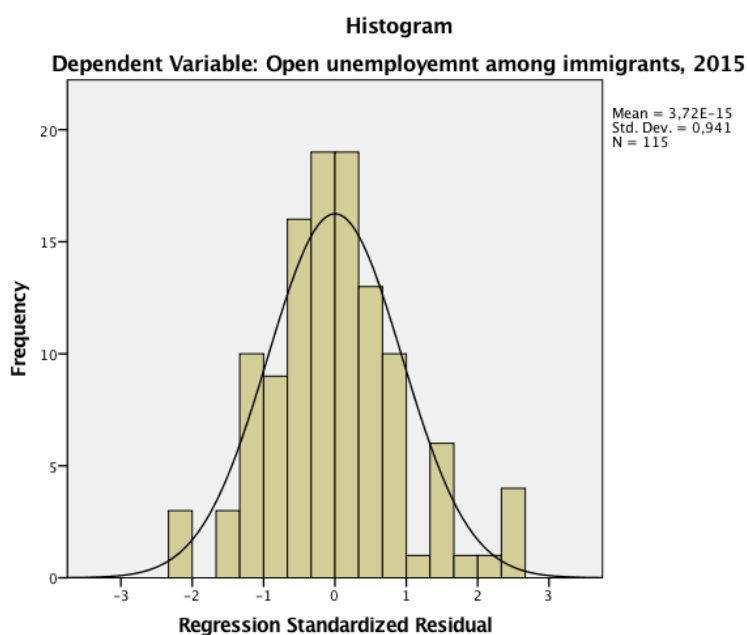
## REGRESSION DIAGNOSTICS, TABLE 10

Multicollinearity: The tolerance test and VIF test showed no problems with multicollinearity in the model. The tolerance test for *Years in Sweden: 2-3* have a value that is slightly to low (0,198), but as the VIF test is below 10 I interpret that there is no major problem with multicollinearity.

**Table 18. Multicollinearity test**

|  | Tolerance test | VIF   |
|--|----------------|-------|
| Group: newly arrived immigrants                    | 0,627          | 1,596 |
| Group: immigrants with finished establishment plan | 0,402          | 2,485 |
| Group: immigrants living a longer time in Sweden   | 0,385          | 2,599 |
| Group: all immigrants                              | 0,609          | 1,643 |
| Population 2015                                    | 0,454          | 2,204 |
| Immigrants 2015                                    | 0,708          | 1,412 |
| Unemployment natives 2015                          | 0,645          | 1,551 |
| Local election SD                                  | 0,791          | 1,264 |
| Higher education                                   | 0,295          | 3,393 |
| Years in Sweden:                                   | 0,338          | 2,956 |
| 2-3 years  | 0,572          | 1,748 |
| 4-9 years  | 0,198          | 5,050 |
| 10- years  | 0,488          | 2,051 |
| Humanitarian immigrants 2015                       | 0,627          | 1,596 |

Normally distributed residuals: residuals are normally distributed



Homoscedasticity:

