# Labour Market Inclusion of Immigrants in Austria and Sweden: The Significance of the Period of Migration and the Effect of Citizenship Acquisition

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Editorial Note:

*Irena Kogan is a research fellow at the Mannheim Centre for European Social Research (MZES),
University of Mannheim. She is currently involved in a research project on " Integration of Immigrants
in the EU countries" funded by the Mannheim Centre for European Social Research (MZES) and
Deutsche Akademische Austauschdienst (DAAD). Her main research interests include immigration
and ethnicity, social stratification and inequality in international comparison.*

Abstract

This paper attempts to assess the labour market integration of ex-Yugoslav immigrants in two European countries - Austria and Sweden - in terms of the relevant structural characteristics of the two societies, i.e. immigration and citizenship policies, labour market structure and welfare regimes, focusing on the role of the period of migration and the effect of citizenship acquisition on labour market outcomes. Austrian 1996 micro census and Swedish 1997 labour force survey data are utilized to explore the labour market attainment of former Yugoslav citizens in Austria and Sweden in terms of the four outcomes: labour force participation, unemployment, industrial concentration and occupational status. The results of the multivariate analysis show that in Sweden activity rates of all Yugoslav immigrants are substantially lower than those of the socio-demographically comparable native-born national population, while in Austria, Yugoslavs exhibit trends of labour force participation similar to native Austrians. Yugoslav immigrants are disadvantaged with respect to employment in both Sweden and Austria, but the magnitude of the unemployment gap of immigrants in Sweden is much higher. If successful in finding a job, Yugoslav immigrants of the most recent immigrant wave in Sweden managed to enter on average more prestigious occupations as compared to their compatriots in Austria, but are disadvantaged when compared to the native-born in both countries. Furthermore, in addition to the obvious segregation of the guest workers' wave in the non-tertiary sectors in both Sweden and Austria, over-representation of the most recent Yugoslav immigrants in the non-tertiary sector in Austria is evident. Focusing on the effect of the citizenship acquisition, the study proves that in Sweden, a country of permanent migration, citizenship *per se* does not influence labour market outcomes, when controlling for period of migration. In Austria, non-citizens have higher probability of labour force participation, higher risks of employment in non-tertiary sector and lower occupational status when controlling for the period of migration and socio-demographic characteristics.

# Contents

# 1 Introduction

By the end of the twentieth century Europe had become a magnet for millions of immigrants pushed from their homelands by political and economic hardship and attracted by stable economies, liberal democracies and generous welfare policies in the majority of Western European countries, which share different experiences with respect to migration. The present work attempts to assess the labour market integration of immigrants in two European countries - Austria and Sweden - in terms of the relevant structural characteristics of the two societies focusing on the role of the period of migration and the effect of citizenship acquisition on the labour market outcomes. Both countries differ considerably in the conceptions of citizenship, immigration policy and welfare regulations, and to some degree in the labour market structure relevant to the economic incorporation of immigrants, the factors, which according to Reitz (1998) contribute to structural integration of immigrants.

Institutional approach to immigrant integration requires an analysis of a comparable group of immigrants, preferably from a single country of origin, in order to minimise the variation in immigrant inflow in both countries. Yugoslavs are the group analysed in the study, as substantial number of Yugoslav nationals have immigrated to both countries under question in the recent three decades.

The paper starts with a brief overlook of the Yugoslav migration to Austria and Sweden, followed by an outline of Austrian and Swedish institutional context with regard to immigration and citizenship policies, labour market structure and welfare regimes and their hypothetical influence on the integration of Yugoslav immigrants. It utilises Austrian 1996 micro census and Swedish 1997 labour force survey data to explore the labour market attainment of ex-Yugoslav citizens in Austria and Sweden in terms of the four outcomes: labour force participation, unemployment, representation in non-tertiary economic branches and occupational status. The main focus of the study is on the role of the period of migration and the effect of citizenship acquisition on the labour market outcomes.

As will be presented below in depth the results of the multivariate analysis show substantial difference in the labour force participation of Yugoslav immigrants in two countries. While in Sweden activity rates of Yugoslav immigrants are substantially lower than those of the socio-demographically comparable native-born national population, in Austria, Yugoslavs exhibit similar trends in labour force participation, as do native Austrians. Yugoslav immigrants are disadvantaged with respect to employment in both Sweden and Austria, but the magnitude of the unemployment gap of immigrants in Sweden is much higher. The results suggest that immigrants who arrived as guest workers are strongly over-represented in the non-tertiary sectors in both Sweden and Austria. The study discovers that the role of naturalization differs in both countries. In Sweden, a country of permanent migration, citizenship *per se* does not influence labour market outcomes, when controlling for the period of migration. In Austria, non-citizens have higher probability of labour force participation, higher risks of employment in non-tertiary sector and lower occupational status when controlling for the period of migration and socio-demographic characteristics. These and other findings are discussed in light of

differences in national policies of citizenship and immigration, peculiarities of the labour market and welfare regimes of both countries in the summarising part of the paper.

# 2    Yugoslav migration to Austria and Sweden

Official emigration from the socialist Yugoslavia started in 1965 after the government launched a radically liberal reform in the country's economy (Schierup, 1995; Malačić, 1994). Envisaging a sharp increase in unemployment caused by a sudden introduction of the free market, country's leadership officially accepted the necessity of employment of Yugoslav citizens abroad. As a result the number of Yugoslav citizens in Western Europe counted about one million by 1973, with one in ten migrant workers in Western Europe having been of Yugoslav origin (Schierup, 1995; Velikonja, 1975).

Post-liberalization emigration from Yugoslavia can be divided roughly into three periods[1]. Emigration of the first substantial wave (1968-1973) was purely labour and directed to Western European countries, including Austria and Sweden, which recruited guest workers in order to fill job vacancies in their booming economies. About a half of those who left were agricultural workers from the rural areas of Slovenia, Croatia, Vojvodina and Serbia (Velikonja, 1975). Emigration, however, expanded to metropolitan regions as well and unexpectedly involved skilled workers and highly educated specialists. The ease of travel to Austria intensified seasonal migration from Slovenia and Croatia and determined its mostly temporal nature. Although migration to Sweden was originally considered as temporary, a large proportion of Yugoslavs attracted by advantageous employment opportunities and generous social security system, eventually settled there (Velikonja, 1975; Živan, 1979).

More meagre emigration characterises the following 15 years up until the late 1980s, when the majority of Yugoslavs who left their home country did so in order to join family members already established abroad, as asylum seekers or as temporal and seasonal workers. This period is also characterized by returning migration from the Western countries, which have experienced more often downturns in their economies with periods of growing unemployment, a situation that caused more lay-offs among previously recruited workers, Yugoslav being among them (Malačić, 1994).

By the end of 1980s Yugoslavian economy entered the phase of the severe economic crisis. Consequently, as SOPEMI (1988, 1989) reports, the economic motivation for the return weakened whereas the desire to immigrate tremendously increased. In the beginning of the 1990s, political, economic and humanitarian collapse in the former Yugoslavia resulted in the exodus of a substantial number of persons and caused the most extensive refugee problem in Europe since the Second World War (Schierup, 1995). About 700,000 former Yugoslav nationals were resettled in different

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[1]   Malačić (1994) divides Yugoslav emigration from 1964 to the early 1990s into 4 periods: a labour emigration boom of 1964-73, a halt in emigration between 1974 and 1979, a return of migration in 1980-1990 and an increase in emigrant outflow after 1990. In the present work the second and the third periods are combined.

European countries outside Yugoslavia, including Sweden (74,000) [2] and Austria (70,000). Many of victims of the wars in Croatia (1991-92), Bosnia-Herzegovina (1992-93), and ethnic repressions in Vojvodina, Serbia and Kosovo were not recognized in the West as political refugees, but tolerated as *de facto* refugees[3] (Fassman and Münz, 1995). Austria, alongside the refugee inflow, also experienced an increase in the number of Yugoslavs entering the country as temporary workers at the end of the 1980s and the beginning of the 1990s (*ibid.*).

# 3    Institutional contexts of immigration – Austria and Sweden

Do national differences in the status of immigrants in Austria and Sweden, either in terms of citizenship rights and/or in terms of employment rights, translate into measurable differences in foreigners' labour market attainment? To answer this question, central to the study, it is necessary to review similarities and differences between institutions, which according to Reitz (1998) contribute to structural integration of immigrants. Three institutional components of particular importance for immigrant integration - the immigration policy, welfare regulations and labour market structure - are summarized in table 1 and discussed in depth in the following sections.

Table 1: Institutional Components of Particular Relevance for Immigrant Integration

|  | **Austria** | **Sweden** |
|---|---|---|
| *Immigration policy* |  |  |
| Character of Immigration | Temporary, mostly labour | Permanent, mostly humanitarian |
| Integration policy | Scarce | Extensive, multicultural |
| Citizenship acquisition | After 10 years | After 5 years, encouraged |
|  | Naturalization rate of 2.1 %[a] | Naturalization rate of 5.9 % |
| *Labour market* | Relatively large industrial sector | Expanded service sector |
| *Welfare state* | Employment based | Citizenship (residence) based |

[a] Number of persons acquiring the nationality of the country in 1995 as a percentage of the stock of the foreign population at the beginning of the year (SOPEMI, 1997)

## 3.1   Immigration, integration and citizenship policies

Austria, like other ethnically homogeneous societies, where mass foreign immigration started with the recruitment of the guest workers, has unwillingly become immigrant country. Though many of immigrants have lived in Austria for a long period of time and some even became Austrian citizens, the idea of temporality of immigrant presence, is still apparent in Austrian discourse (Fassmann and

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[2]   The figures of Yugoslav refugees and asylum seekers who entered Sweden between 1991-1993 vary between 70 and 85 thousand in different sources (Ornbrant, 1999; Westin, 2000). By 1998 the number of persons from the former Yugoslavia was 127,554 (Westin, 2000).
[3]   This status as a rule grants a temporary settlement.

Münz, 1994; Bauböck, 1996)[4]. To avoid permanent settlement of immigrant workers, Austria has demanded constant renewal of residence and work permits. Immigration has been encouraged only during the growing labour demand on the Austrian market and halted at times of its slowdown. This has been achieved by means of annual quotas, set by the federal government[5]. Thus, maximal economic gain from immigrant labour with a minimum of spending on the integration of immigrants became a pattern for the treatment of migration to Austria (Fassmann, 1999).

Sweden, according to Westin (2000), represents a compromise between two opposing ideal types of nationhood, proposed by Castles and Miller (1993), i.e. ethnic and multicultural models[6]. On the one hand, starting from the nineteenth century and up to the second part of the twentieth century Swedish nation state has been ethnically homogeneous society with regional, cultural and linguistic differences having been rubbed out (Westin, 2000). On the other hand, contemporary Sweden resembles 'classic' immigrant societies of the USA, Canada and Australia, which viewing immigration as permanent, make it possible for immigrants to become full citizens but at the same time to preserve their cultural and ethnic identities[7] (Widgren, 1979). A change in the doctrine of the nationhood, i.e. the acceptance of the immigration as a reality, started with the first significant wave of the labour migration in the late 1960s. In 1974 after a long period of debates, beneficial role of immigration and multicultural nature of the Swedish society, meaning the existence of cultural and ethnic pluralism, opportunity for ethnic groups to maintain and develop their cultural heritage, were finally accepted[8] (Westin, 2000). Despite economic slowdown, which started in the end of the 1970s and restrictions on migration of labour, immigration continued to grow, albeit modestly. Since then a substantial changed has taken place in the nature of immigration to Sweden, from purely labour migration to migration on a humanitarian basis, including the inflow if refugees and asylum seekers as well as family reunification[9].

Sweden has experienced a steady rise in asylum-seekers' applications since the early 1980s, so in 1985 a new refugee reception system was adopted. It aimed at dispersal and further integration of the refugee population in all municipalities of Sweden, though concentration in the three largest cities areas is nevertheless apparent[10]. Swedish government spends considerable effort on assisting refugees and other immigrants during their initial period in the country. Besides social benefits,

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[4]  1988 reform of the foreign labour law from 1975 reflected however some shift from former perception of immigration as short-run work relationship to realization that foreign inflow is a proper immigration (SOPEMI, 1988). This however did not result in the revision of the integration policies for the majority of newcomers.

[5]  Only if the proportion of foreign workers does not exceed 9% of all non-self-employed persons in a particular economic branch, and if the economic and public interests of natives are not endangered, a foreigner entering the labour market is granted an employment certificate (Fassmann, 1999).

[6]  Similar assessment can be found in Knocke (1999), who suggests that a closer look at Swedish multiculturalism reveals the existence of value hierarchy, posing the values of dominant majority as superior.

[7]  Sweden is the only EU country, which voluntarily proclaimed multicultural immigration policy. Multiculturalism being also an element of the immigration policies in the UK, the Netherlands and France, is rather related to these countries' colonial past.

[8]  A revealing example of multicultural nature of Swedish society is the fact that since 1977 all municipalities were obliged to provide school instruction on the native tongue of immigrants if there was a demand for such.

[9]  Temporary work permits are granted only in order to deal with shortage of qualified labour. They are restricted to a certain period of time and to a specific employer.

[10] Residential segregation became more evident since 1994, when asylum-seekers and refugees were allowed to arrange their own housing themselves while still depending on housing subsidies.

Swedish language courses, support in education for children and young people (Werner, 1994), these included special municipal reception and care programs. The latter, aimed mainly at removing barriers of integration were, in Soininen's (1999) opinion, over-protective and excessively pacifying. Concerned with the disincentive effect of the exaggerated reception care, in 1991 the government launched a reform intended at quicker inclusion of refugees to the labour market via work training and labour market orientation.

Unlike Sweden, Austria never really abandoned the idea of ethnic homogeneity and accepted permanent settlement of foreigners in the country. Temporary and labour nature of migration determines the scarcity of integration measures for the majority of newcomers. Just to obtain a residence permit, immigrants should demonstrate a certain degree of integration having a secure source of income in Austria as well as a place to reside. There exists a coherent integration program only for recognized political refugees[11], which are relatively small proportion out of the total immigrant inflow, while the integration of other migrants depends mostly on the persons themselves.

An access to naturalization is not easy in Austria as well. The majority of labour migrants, although having lived in Austria for some decades, have retained their original citizenship. Theoretically, after residing in Austria for more than 10 years, and fulfilling another demands, like regular income, place of residence, knowledge of German, and integration into the community, immigrants can apply for Austrian citizenship[12].

While in Austria, naturalization is perceived as a sign of a successful completion of integration, in Sweden it is viewed as a first step towards inclusion. Swedish procedure of naturalisation is one of the easiest in Europe and is widely encouraged by the government (Westin, 2000). From 1976 immigrants coming from non-Nordic countries could apply for naturalisation after residing in Sweden for five years without any other explicit preconditions. Non-naturalised immigrants[13] possessing permanent resident permit enjoy in Sweden the same social, economic, educational and partial political rights[14] as Swedish citizens.

One of the main goals of the present paper is to empirically assess the effect of citizenship acquisition on labour market situation of immigrant population in two European countries, which differ in procedures of naturalization[15]. Some researchers of international migration to Sweden (Schröder, 2000; Vuori, 1997) point to the fact that unemployment rates of naturalised workers in Sweden are significantly lower than those of foreign citizens, implicitly suggesting that naturalization may be

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[11] Refugees are eligible for social benefits, language and other training courses. They are provided with temporary housing for an initial period in Austria and receive preferential treatment from the employment offices in obtaining jobs (SOPEMI, 1992; Fassmann and Münz, 1994).

[12] After five years of employment and settlement in Austria immigrants may apply for unlimited residence permit.

[13] Up until recently naturalization coincided with renunciation of previous citizenship, which prevent some of the foreigners from this step.

[14] Since 1976 permanent resident of non-Swedish citizenship are granted the right to vote in municipal and county elections.

[15] To the best of my knowledge, no empirical studies addressed this issue in the European research. In the USA, Chiswick (1978) empirically proved that citizenship has no influence on earnings of immigrant population.

responsible for improvement in immigrants' labour market situation. Brubaker (1996), on the other hand, stresses that citizenship *per se* has no effect on immigrant labour market attainment in Europe and these are rather non-nationals' less advantageous labour market attributes, lack of skills, experience and poor language knowledge which result in their disadvantageous labour market outcomes. In this paper the attempt is to separate the impact of citizenship acquisition from the effect of tenure while controlling for the socio-demographic characteristics of immigrants[16]. The general expectation is that naturalization should be more significant in Austria, the country that restricts access to citizen status. Together with granting an unconditional residence permit, equal political and social rights (Morris, 1997), in Austria citizenship opens a wider range of job opportunities for immigrant population with the access to public sector employment being one of the most important.

## 3.2   The role of the labour market

When in the 1950-60s both Sweden and Austria began importing labour, their economies were booming and needed additional labour force to feel vacancies in unskilled and low-skilled jobs. As Böhning (1995) formulates it: 'Up to the beginning of the 1970s Europe's migrant workers were undergoing a successful process of spontaneous integration, albeit only in the secondary labour market'. In Sweden, for example, restrictions on immigrant labour were virtually non-existent: anyone finding a job automatically received residence and work permits (Vuori, 1997). There were no immigrant or minority policies, no language or training courses – immigrants were integrated within their working place.

The later slowdown in both countries' economies resulted in the worsening of the employment situation of immigrants, albeit at different degrees. In Sweden, starting from the early 1980s the economic downturn and especially structural changes, which coincided with the large-scale refugee immigration in the beginning of 1990s, resulted in the tremendous deterioration in the labour market situation of the immigrant population, including sharp decrease in the activity rates of the more recent immigrants as well as very high unemployment rates among them (Bevelander, 1999; Westin, 2000; Vuori, 1997). It is the economic restructuring of the last two decades with the downsizing in the industrial sector, which has particularly affected the vulnerable immigrant population: many unskilled and low-skilled workers, recruited before 1973 have lost their jobs and have not been able to compete with the highly educated and skilled national population in the tertiary sector, a very substantial part of the Swedish economy.

The labour market situation of immigrants in Austria was less dramatic even after the oil crisis of 1973, when the unemployment rate of the immigrant population remained rather low relative to other EU countries, especially Sweden. Fassmann (1999) sees an explanation to this in high concentration of

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[16]   Ekberg (1990) discusses the effect of naturalization on labour market situation of immigrants but does not present empirical proof to his speculations.

immigrants in low-skilled jobs in the service sector, including hotel and restaurant business, catering, tourism and cleaning, less affected by downsizing and structural reorganization. Foreigners are also over-represented in textile, leather, clothing, and heavy industry, agriculture and construction (SOPEMI, 1993; Fassmann *et al.*, 1999), the sectors, which are still substantial in Austrian economy, albeit certain shrinkage. At large Yugoslav immigrants, many of whom know German, have come to Austria to earn money, being ready to take any, even dirty and unpleasant job. In the early 1990s with an increase in the immigration flow, particularly from former Yugoslavia, labour market situation for immigrants did not get worse, as it happened in Sweden, because the supply side of the migration has been supported by a strong demand for additional labour force in Austria, having experienced an economic push, connected with German reunification. However the most important reason for low unemployment rates among the immigrant population in Austria, according to Fassmann (1999), Fassmann *et al.* (1999), is the fact that unemployment leads to the loss of regular residence status, thus preventing foreigners from long-term unemployment.

## 3.3 Immigration and the welfare state

As a consequence of the less stable labour market situation, an increasing number of immigrants in Sweden as well as Swedes have become dependant on the social welfare (Ornbrant, 1999). Westin (2000) reports the survey results from 1989, which established that one fourth of all beneficiaries of the social welfare were foreign-born, while the share of the immigrant population was about 5 % only. The author (*ibid.*) cites from another report published by the association of Swedish municipalities, which shows that of the refugees who were resettled in 1991 in various Swedish municipalities, 74 percent were still dependent upon social welfare as late as 1995. The access to social welfare is universalistic in Sweden: all registered immigrants are legally entitled to the same social privileges and economic support as Swedes (Brubaker, 1996; Knocke, 1999). It is important to note that the receipt of welfare assistance does not endanger immigrants' residence status in Sweden, as it does in Austria or other European countries where settlement of immigrants is tied to their employment.

Alongside with generous passive labour market measures (including comprehensive and open-handed unemployment coverage, availability of social assistance for those ineligible for unemployment benefits), Swedish labour market is famous for its active measures, aimed at enhancing of the match between demand and supply side of labour, providing training and offering temporary jobs in the public sector (The Swedish Institute for Social research, 1996; Lachman *et.al.*, 1995).

Unlike in Sweden, where access to social welfare is residence-based, in Austria it is employment-based. Moreover, foreign and native population have differentiating access to welfare benefits: first, only holders of a permanent work permit are eligible to receive unemployment benefits, and second, foreign permanent workers can enjoy insurance-based unemployment benefits only for one year, while for native-born this period may be much longer (SOPEMI, 1997).

# 4   Hypotheses

Comparison of the labour market outcomes of the single immigrant group in the two EU countries – Sweden and Austria, which differ in labour market situation, immigration, integration, citizenship and welfare policies can be viewed as an indirect test of the role of the policies (including integration, citizenship and welfare regulations in the country) and the effect of the market on immigrant employment chances.

H1.   Comparable immigrant policies and labour market conditions in Austria and Sweden before the early 1970s should result in similar labour market outcomes in both countries for Yugoslav immigrants who arrived during the first wave of so-called labour migration.

H2.   The continual shrinkage in the industrial sector of the Swedish economy since 1973 should facilitate immigrants' exposure to employment opportunities in the tertiary sector, where they are more likely to encounter discrimination. This may result in higher risk of unemployment or withdrawal from the labour force. On the other hand, extensive active labour market measures and integration policies, if effective, should reduce immigrants' risk of being unemployed. In Austria, where the supply of immigrants seeking some kind of employment met the demand for low- and semi-skilled workers, the immigrant population should have lower unemployment risk.

H3.   Because Yugoslav immigrants entered Austria primarily with the aim of finding employment, and since the long-term unemployed risk losing their residence permits, they are expected to take the less prestigious jobs largely offered in the primary and secondary sectors of the Austrian economy. In Sweden, economic restructuring, active labour market measures and the availability of social assistance for the period of the job search should result, if employment is found, in higher chances of entering the tertiary employment sector with its higher status jobs.

H4.   As the majority of Yugoslavs after 1990 entered Sweden as refugees with no knowledge of Swedish, one should expect to find much lower activity rates for the most recent cohort of Yugoslav immigrants, taking into account the country's prolonged and extensive integration policies and universalistic welfare support.  In Austria, which also accepted refugees fleeing the former Yugoslavia, but where employment remains the main precondition for settlement, immigrants should exhibit a higher propensity for employment.

H5.   Controlling for the period of migration one does not expect socio-demographically similar foreigners to differ from their naturalised counterparts in Sweden, since migration is seen as permanent, and non-naturalised immigrants enjoy the same social and economic rights as Swedes. In Austria foreigners are expected to be concentrated in the primary and secondary sectors and employed in occupations of lower status, since non-citizens are not allowed to take public sector jobs, which are on average more prestigious.

# 5   Data and Variables

The data used are the 1996 micro census for Austria and the 1997 labour force survey for Sweden, valuable for their large sample sizes, ensuring representation of immigrants of Yugoslav origin. Individuals of Yugoslav origin are selected according to the place of birth and/or their nationality in both countries. The second generation of Yugoslav immigrants, i.e. those who were born in Austria or Sweden or immigrated before their 6th birthday, is also included in the analysis, although no specific hypotheses pertaining to this group are proposed. Austrian LFS allows to include only those who were born in Austria (or immigrated before age 6) but possess citizenship other than Austrian one. In Sweden, which LFS provides information about parental origin, this category additionally includes Swedish nationals whose one or both parents were born in the former Yugoslavia. Differences in the selection of the second generation Yugoslavs does not allow their direct cross-national comparison, but corresponding figures are nevertheless included into the tables to present some indication of the structural assimilation processes occurring among second generation of Yugoslav immigrants.

The analysis is divided into two sections with the first offering an overview of central indicators describing the labour market integration of Yugoslav immigrants as compared to the native-born in both countries. In the second part, multivariate analyses are carried out to evaluate, first, the influence of the period of migration and, second, the role of citizenship on three dichotomous labour market outcomes: labour force participation *vs.* inactivity, unemployment *vs.* employment, concentration in primary and secondary economic sectors *vs.* tertiary, and finally, on occupational status measured with the ISEI scale (Ganzeboom *et al.*, 1992; Ganzeboom and Treiman, 1996).[17] Appendix A describes dependent, independent and control variables in more detail. Since labour force participation, unemployment and economic sector concentration are dichotomous variables, these are estimated using logistic regression. Robust standard errors are used in these models, because aggregate measures are added in the three models: first two equations include regional unemployment rate and the third one – regional percentage of those employed in non-tertiary sector (for similar application see Model *et al.*, 1999). Ordinary least squares regressions are used to predict occupational status (for models' specifications see Appendix B).

All the models are estimated for each country separately. First, individuals of Yugoslav origin, aged 21-64 are contrasted to native-born national populations of the same age range. Second, regression models are run for Yugoslavs separately in order to examine the effect of citizenship acquisition on labour market outcomes.

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[17] Occupational status refers to the hierarchical position of one's occupation, which is linked to education and income. Using 3-digit ISCO-1988 occupational code for Austria and 4-digit one for Sweden each person was assigned a score on the International Socio-Economic Index of Occupational Status (ISEI) developed by Ganzeboom *et al.* (1992), Ganzeboom and Treiman (1996).

# 6 Findings

## 6.1 Descriptive characteristics

Table 2 contains an overview of the socio-demographic and labour market characteristics of the former Yugoslav citizens who immigrated to Sweden and Austria up until 1996 and their children who are born in the host countries compared to the respective characteristics of the mainstream native-born population[18].

Immigrants to both countries display similar demographic characteristics, which is apparent from mean age and percent married among them. While the average age does not differ between the mainstream populations in the two countries, former Yugoslav nationals are slightly younger in both countries. The proportions of Yugoslavs who are married advocate family nature of the migration to both countries. Higher percentage of men in the migration intake to Austria can suggest more seasonal and temporary character of the migration into this country.

On average Yugoslav immigrants reside in Austria about 5 years longer than in Sweden, where the majority of immigrants (about 52%) arrived only after 1990. Unlike in Sweden, immigration to Austria has been steadier throughout the years. Table 2 presents the proportion of immigrants originating from Bosnia-Herzegovina and Croatia out of the total number of all Yugoslav immigrants who arrived in the two countries after 1990. These numbers serve as an approximation of the number of refugees who fled from the major war zones in the beginning of the 1990s. One can see that in the 1990s Sweden experienced slightly higher inflow of potentially refugee immigrants from Bosnia-Herzegovina as compared to Austria, which experienced more substantial inflow of refugees from Croatia. Taken into account that the majority of immigrants from the former Yugoslavia arrived in Sweden just after 1990, one can assume that the proportion of *de facto* refugees out of the total of all Yugoslav immigrants in Sweden is indeed more substantial than it was in Austria.

Turning now to the proportion of the second generation Yugoslav immigrants, the lower figure for the second generation Yugoslavs in Austria can be explained by different selection criteria: in Austria only those who were born in the country but preserved citizenship of one of the former Yugoslav republics are included. In Sweden, which LFS provides information on the social background, second generation Yugoslavs includes also those who are Swedish nationals, but whose parents were born in the former Yugoslavia. Percent naturalised is quite similar in both countries, and could be even higher in Austria, taken into account the dropout of the naturalised second generation Yugoslavs. At the same time, given higher proportion of those who arrived in Sweden more recently and have not met the citizenship criteria (5-year residence period before naturalization) by the time of the survey, it is

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[18] In Sweden, where there is an opportunity to get information about parents of the interviewees, the reference category includes Swedes who and whose parents were born in Sweden. In Austria, due to the lack of information on parental background, the reference category may include native-born Austrians with immigrant parents.

plausible that higher proportion of Yugoslavs among those eligible were indeed naturalised in Sweden than in Austria[19].

Table 2: Socio-demographic and Labour Market Characteristics of Former Yugoslav Citizens and the Indigenous Populations, Aged 21-64, Sweden and Austria

| | Sweden[a] | | Austria[b] | |
|---|---|---|---|---|
| | Swedes | Yugoslavs | Yugoslavs | Austrians |
| Mean age | 41.75 | 38.81* | 39.99 | 41.32* |
| | (12.24) | (11.77) | (10.88) | (12.10) |
| Percent women | 48.88 | 50.77 | 45.69 | 50.46 |
| Percent married | 71.57 | 76.29 | 76.92 | 65.37 |
| Mean year since migration | | 9.92 | 15.68 | |
| | | (10.89) | (11.98) | |
| Immigrated before 1973 | | 22.14 | 37.4 | |
| Immigrated 1990 and after | | 51.86 | 28.1 | |
| Born in Bosnia-Herzegovina[c] | | 58.8 | 50.5 | |
| Born in Croatia | | 3.0 | 16.7 | |
| Second generation | | 14.86 | 5.38 | |
| Percent naturalized | | 41.95 | 44.66 | |
| With tertiary education | 25.74 | 17.34 | 1.82 | 6.54 |
| With compulsory education | 23.60 | 26.32 | 60.63 | 25.35 |
| Percent in the labour force | 84.70 | 53.73 | 81.82 | 72.41 |
| Percent unemployed | 6.80 | 32.74 | 8.70 | 4.31 |
| Percent in non-tertiary sector | 28.27 | 37.57 | 53.11 | 39.46 |
| Mean occupational status | 43.41 | 37.90* | 29.00 | 41.25* |
| | (15.63) | (13.63) | (10.65) | (15.27) |
| Percent self-employed | 10.54 | 12.17 | 1.98 | 12.10 |
| Percent part-time | 22.44 | 21.69 | 9.42 | 14.74 |
| Percent temporary job | 10.89 | 27.71 | 3.42 | 2.98 |
| N[d] | 25,403 | 646 | 1,265 | 21,043 |

* Significant (p<0.05) difference in means between groups within a country.
[a] Source: 1997 Swedish Labour force survey.
[b] Source: 1996 Austrian Micro census.
[c] Figures for immigrants from Bosnia-Herzegovina and is percentage out of total of all Yugoslav immigrants who arrived in the 1990s.
[d] The total number of cases in each group is presented. The total number of cases may however vary in some variables because of the selection criteria and the missing information. For example, 12 percent of the missing cases for native-born Swedes and 19 percent among Yugoslav origin persons in Sweden reduce the number of analysed cases. No significant deviation in descriptive statistics of the main variables analysed in the study was found using reduced samples and if weighted.

The proportion of the native population with tertiary education is substantially higher in Sweden, about 26 % *vs.* only 7% in Austria, where vocational qualifications are in a strong demand. At the same time figures for the native population with compulsory education are quite similar in both countries. Distribution of education among immigrants in Sweden is closer to the trend observed among native-

[19] The fact that in Austria immigrants can apply for citizenship only after 10 years of residing in the country however complicates this comparison.

born population, with the proportion of Yugoslavs with academic degrees being slightly lower (17.34%) and those with compulsory education slightly higher (26.32%) than the mainstream population[20]. Distribution of education among Yugoslavs in Austria is more skewed: only 2% of them possess any tertiary certificate, while more than half are low educated. From figure 1, which plots the distribution of the educational level of Yugoslav immigrants in Austria and Sweden according to immigration wave, it is evident that Yugoslavs from all immigration waves to Sweden were better educated than their compatriots who headed to Austria. Some improvement in the quality of immigrants over time, related to the expansion of education in former Yugoslavia on the one hand, and to educational upgrading in order to meet the demands of the local labour market, as in the case of those immigrants who settled in Sweden, on the other hand, is evident.
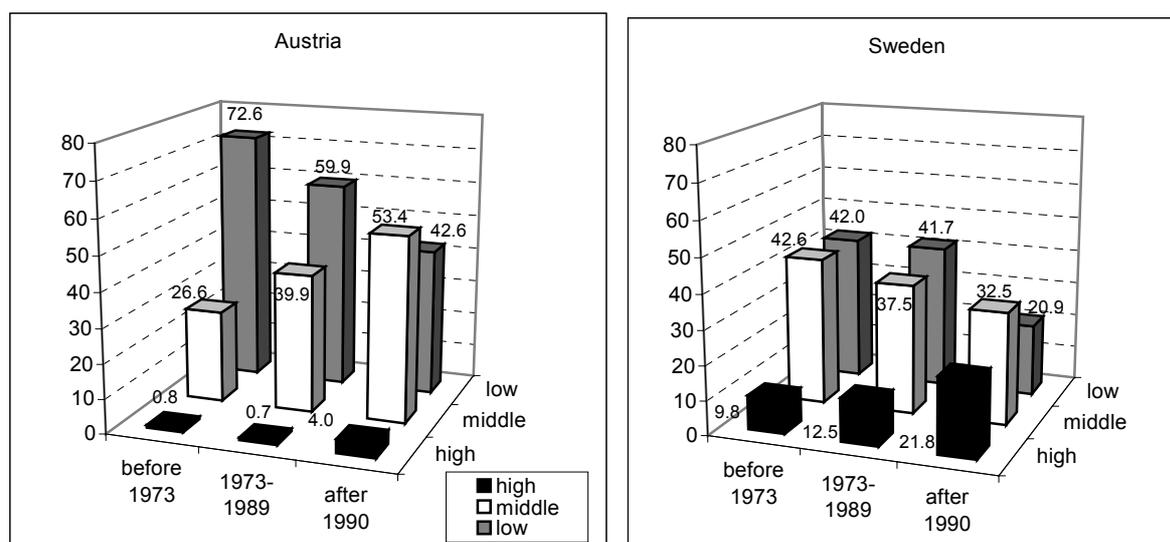


Figure 1. Educational Level of (Ex-)Yugoslav Immigrants in Austria and Sweden, by Immigration Wave
Source: 1997 Swedish Labour force survey, 1996 Austrian Micro census.

As there have been no formal criteria for immigrant selection in both countries, the fact that more highly educated Yugoslavs reside in Sweden can be attributed to the peculiarities of the labour market demand and a consequent self-selection of the immigrant population. Fassmann *et al.* (1999), examining the integration of Turkish and (ex-)Yugoslav guest workers in Austria and Germany, found positive[21] selection of Yugoslav immigrants to Germany. They suggest that Yugoslavs from the less economically developed regions of the former Yugoslavia (Serbia, Bosnia-Herzegovina and Macedonia) were initially recruited to Austria, while immigrants from more industrialized Slovenia and Croatia headed to other Western countries with higher level of earnings, namely Germany, Sweden and Switzerland, where they could expect higher returns to their human capital. According to the authors (*ibid.*), informal selection of the later waves of Yugoslav immigrants occurred through already established immigrant networks. Another explanation may be sought in human capital theory,

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[20] For the Yugoslav immigrants only (without the second generation) these figures remain similar to those presented in Table 2.
[21] By positive, selection of more educated and better-qualified immigrants is meant.

according to which negative selection is more likely to occur with immigrants from neighbouring (Austria and Ex-Yugoslavia) countries. Interesting to note that higher proportion (20.8 %) of immigrants from Bosnia-Herzegovina who entered Sweden most probably with the refugees status after 1990 appear to be highly educated as compared to their compatriots who settled in Austria (only 2.8 %)[22]. These findings prove existence of the selectivity processes even among refugee immigrants, conflicting with Chiswick's (2000) well-known thesis about less intense selectivity process among refugee migrants.

Albeit more favourable labour market attributes Yugoslav nationals have more difficulties in finding employment in Sweden. Their extremely low labour force participation (only 54% *vs.* 85% among native Swedes) is coupled with high unemployment rate (about 33%). Even with high proportion of recent newcomers, who possess temporary refugee status and others without the knowledge of Swedish, the overall employment ratio of 36% among Yugoslav immigrants *vs.* 79% among native Swedes is extremely low. For Austria table 2 provides the evidence that Yugoslav immigrants arrived there to pick up jobs – their labour force participation rate is higher than among native Austrians. Unemployment among them is twice as high as among the native population, but this disadvantage is not that pronounced as in Sweden, where Yugoslavs suffer a five-fold penalty.

Immigrants to Austria, having higher labour force participation and lower unemployment rates as compared to their countrymen in Sweden, entered however lower-status jobs. Their occupational status is significantly lower than the occupational status of native-born Austrians and much lower than the average status attained by Yugoslav immigrants in Sweden, who are also disadvantaged compared to the native population, albeit less so. Yugoslav migrants not only received less prestigious jobs. They are also significantly over-represented in the primary and secondary sectors of both host countries' economies, which are more extensive in Austria than in Sweden. Furthermore, Fassmann *et al.* (1999) provide evidence for the economic segregation of immigrants of Yugoslav origin in Austria, claiming that certain economic branches, mostly in the production sector, are 'reserved' to ex-Yugoslav as well as Turkish nationals.

The lower part of table 2 gives an idea of the types of jobs held by immigrants and the native-born in Sweden and Austria. While the proportion of the native-born that are self-employed is similar in Austria and Sweden (approximately 11-12 percent) Yugoslav immigrants in Sweden were slightly more likely than the native-born, or their compatriots who migrated to Austria to enter self-employment[23]. The figure for self-employed among Yugoslavs in Austria is very low, only about 2 %. Some explanations to the divergent patterns of self-employment in the two countries are to be sought in the differences of countries' legislation: in Austria legislative acts impose dependent employment for immigrants, while in Sweden immigrants, who often option self-employment because of general difficulties in entering the

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[22] These figures are not displayed but can be available on request.
[23] High entrepreneurial activity of Yugoslav immigrants in Sweden is also documented in Ekberg (1990).

labour market, have a greater ability to obtain funds necessary to set up independent activities (OECD, 2001)

It is noteworthy also that immigrants in Sweden, like natives, hold part-time jobs, while in Austria, part-time employment is less prominent among Yugoslavs than among natives. In Sweden immigrants are substantially over-represented in temporary positions, while in Austria the proportion of temporary jobs seems to be very low for both native and Yugoslav population.

In addition it seems important to get some information about non-employed (either inactive or unemployed) Yugoslavs in both countries. Because of low number of cases in these categories and/or high non-response rates this information may present only very general trends and is not included into table 2. In Sweden the majority of inactive Yugoslavs are not interested in getting jobs mainly because of their involvement in formal studies or language courses and because of health reasons. Unemployed Yugoslavs seem actively seeking jobs with the average period of job search being about one year, which is significantly longer than among native Swedes. The majority of unemployed Yugoslavs mention job cut and the end of the temporary employment as main reasons for leaving their previous employment. Among currently unemployed Yugoslavs, the occupational prestige of the previous job and the percentage of those employed in the non-tertiary sector of the Swedish economy are similar to that of employed Swedes. Unlike in Sweden, in Austria the occupational status of the previous job among unemployed Yugoslavs is similar to that of their employed counterparts. Analogous to employed Yugoslav immigrants was also their representation in the non-tertiary sector of Austrian economy.

## 6.2 Significance of the period of migration on labour market outcomes: results of the multivariate analysis

In the present section labour market outcomes of Yugoslav immigrants to Sweden and Austria are explored by means of multivariate analysis. Models of the labour force participation (separately by gender), unemployment and concentration in non-secondary sectors which take into consideration key socio-demographic characteristics are examined using logistic regression with robust standard errors. OLS regression is applied to predict occupational status (ISEI) of immigrant and native-born national population. The models are fitted to the pooled sample of native-born national population, being a reference category, and individuals of Yugoslav origin (table 3).

Model I in table 3 presents the contrast between Yugoslavs and national native-born populations in Austria and Sweden in the log odds of being in the labour force separately by gender controlling for age, age squared, marital status, education and the regional unemployment rate (for definitions of variables see Appendix A). It can be seen that in Sweden Yugoslav immigrants of all three waves (both men and women) have much lower log odds of being in the labour force than socio-demographically comparable native-born Swedes. If lower chances of the labour force participation (12 times lower for men and 17 times for women) of more recent Yugoslav immigrants can probably

Table 3: Effects (Unstandardized Coefficients and Robust Standard Errors) of the Migrant Status on the Four Labour Market Outcomes, Sweden and Austria[1]

| | (I) In the labour force vs. out of the labour | | | | (II) Unemployed vs. employed | | (III) In the non-tertiary vs. tertiary sector | | (IV) Occupational status | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | Men | | Women | | | | | | | |
| | Sweden | Austria | Sweden | Austria | Sweden | Austria | Sweden | Austria | Sweden | Austria |
| Immigrated before 1973 | -1.58** | 0.18 | -1.42** | 0.92** | *0.85** | *0.71** | *1.11** | *0.37** | *-2.37 | *-4.90** |
| | (0.34) | (0.25) | (0.28) | (0.17) | (0.37) | (0.22) | (0.29) | (0.08) | (1.71) | (0.79) |
| Immigrated 1973-1989 | -1.33** | 0.98▫ | -1.55** | 1.10** | 2.14** | 0.34 | *0.03 | *0.02 | *-8.06** | *-6.74** |
| | (0.48) | (0.55) | (0.40) | (0.25) | (0.38) | (0.27) | (0.46) | (0.09) | (2.65) | (0.83) |
| Immigrated after 1990 | -2.50** | 0.26 | -2.83** | -0.31▫ | 2.97** | 1.06** | *0.36 | *0.22** | -6.52** | -10.21** |
| | (0.23) | (0.42) | (0.40) | (0.18) | (0.21) | (0.23) | (0.33) | (0.09) | (1.74) | (0.91) |
| Second generation | *0.21 | *0.69 | 0.26 | 1.21** | *0.55 | -0.36 | -0.55 | -0.19 | *0.86 | *-1.28 |
| | (0.43) | (0.58) | (0.40) | (0.36) | (0.36) | (0.73) | (0.38) | (0.18) | (1.86) | (1.67) |
| Missing | | 0.25 | | 0.71** | | 0.52* | | 0.35** | | -6.77** |
| | | (0.32) | | (0.31) | | (0.25) | | (0.09) | | (0.86) |
| Wald χ² | 1161.91 | 2104.96 | 1302.27 | 1987.07 | 764.01 | 203.21 | 2470.73 | 1863.65 | | |
| df | 10 | 11 | 10 | 11 | 11 | 12 | 11 | 12 | 10 | 11 |
| R² | | | | | | | | | 0.31 | 0.36 |
| N | 11378 | 11112 | 11385 | 11196 | 19118 | 16272 | 17745 | 15525 | 17653 | 15461 |

Source: 1997 Swedish Labour force survey, 1996 Austrian Micro census.
Notes:  **p<0.01; * p<0.05; ▫ p<0.10.
    Coefficients, which do not differ cross-nationally, are in italics.
[1] For labour force participation, unemployment and concentration in the non-tertiary economic sector logistic regression models with robust standard errors were run. OLS regression with normal standard errors was applied in the model of occupational status (ISEI)

be attributed to their refugee status, participation in integration programs, language courses and availability of the welfare support, questionable is the significantly low labour force participation of less recent cohort of immigrants (about 4 times lower for men and about 5 times for women) and of those who arrived before 1973 as recruited workers (similar range, with men exhibiting less labour market activity than women). Second generation of Yugoslav immigrants[24], however, does not differ from the rest of the native-born Swedish nationals in the chances of labour force participation.

In Austria, as column 2 shows, the odds of being in the labour force for Yugoslav men do not statistically differ from the comparable group of native-born Austrians. The labour force participation of all Yugoslav women with the exception of the most recent immigrant cohort (see column 4) is even higher than of Austrian women controlling for socio-demographic attributes[25]. These findings support expectations of the employment-oriented nature of Yugoslav immigration to Austria, with women being no less than men committed to work. All the coefficients (with the only exception of second generation men) are significantly different between the countries under discussion, meaning that patterns of labour force participation of Yugoslav nationals as compared to indigenous population are different in Austria and Sweden[26].

With labour force participation similar to or even exceeding that of native-born Austrians, Yugoslavs of the most and least recent immigration cohorts are disadvantaged in finding employment, which can be seen from the coefficients presented in column 6. Model of unemployment risk includes in addition to migration status, which coefficients are displayed, gender[27], age, age squared, marital status, education, and a regional unemployment rate[28]. Employment disadvantage of more recent Yugoslav immigrants in Austria is, however, hardly comparable to the situation in Sweden, where Yugoslav immigrants who arrived between 1973 and 1989 have about 8 times and those who came after 1990 about 19 times higher odds of being unemployed than demographically comparable native-born Swedes. In both Sweden and Austria unemployment risk of the second generation Yugoslavs does not significantly differ from that of native-born national population, similar in socio-demographic characteristics, as well as cross-nationally. Unemployment risk of the pre-1973 immigrant cohort is higher than of the native-populations but not statistically different when compared cross-nationally.

Model III, which corresponds to columns 7-8, presents coefficients pertaining to the chance of employment in non-tertiary economic sectors for different immigrant cohorts if compared to native-

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[24] To remind these include individuals who are born in Sweden and possess Swedish nationality and whose one or both parents were born in the former Yugoslavia.

[25] It should be noted however that traditional gender role of Austrian women is reflected in their relatively low for industrial Western countries labour force participation.

[26] Acknowledging the problematic of cross-national comparisons of coefficients in probit and logit models, which are confounded with residual variation (unobserved heterogeneity), Allison's (1999) method of cross-group comparisons was implied.

[27] Because of the low labour force participation causing substantial loss in number of cases for other labour force outcomes, models for unemployment, concentration in non-tertiary sector and occupational status in Sweden are run for men and women together. To ensure comparability with results for Sweden, in Austria analogous models (for men and women together) were run.

[28] The fit of the model is extremely poor both in Sweden and Austria.

born, controlling for gender, age, age squared, marital status, education, and a regional percentage of those employed in non-tertiary sector. Results show that in Sweden those Yugoslav immigrants who arrived before 1973 to fill vacancies in low-status jobs in manufacturing and construction after more than 20 years remain over-represented in these sectors compared to native-born Swedes. In Austria, not only those Yugoslav immigrants who arrived before the oil crisis of 1973 are over-represented in primary and secondary sectors of Austrian economy, but also the most recent immigrants as well as those for whom information on the time of migration is missing. The above-mentioned effects are however statistically non-different (they are in italics in table 3) if compared cross nationally.

Columns 9-10 (model IV) contain coefficients of the OLS regression predicting occupational status (ISEI) of Yugoslavs as compared to native-born national populations in Sweden and Austria. Coefficients for the control variables gender, age, age squared, marital status, and education are not displayed. From column 9 it is evident that, controlling for socio-demographic characteristics, Yugoslav immigrants of the earliest immigrant wave have lower occupational status than native-born Swedes, but the result is statistically insignificant. Immigrants from the subsequent waves are engaged in occupations that are on average about 6.5-8 points less prestigious on the ISEI scale. Occupational disadvantage of Yugoslav immigrants in Austria seems to be more pronounced than in Sweden. Those immigrants who arrived before 1973 were unable to catch up with the native population in the types of jobs they held. Even more disadvantaged appear to be more recent ex-Yugoslav immigrants. Monotonously increasing disadvantage for more recent immigrants could suggest that time since migration might play a role in improvement of the occupational status of earlier immigrants. Labour market performance of the second generation Yugoslavs does not significantly differ from the indigenous population in both countries, which may be considered as rather positive signal of labour market inclusion of the former. Relative to native-born populations in both countries, the occupational prestige of Yugoslav immigrants from all waves, excluding the most recent one, is statistically no different if compared cross-nationally.

## 6.3 The impact of citizenship acquisition on labour market outcomes: results of the multivariate analysis

In order to assess the role of citizenship acquisition in the labour market performance of Yugoslav immigrants in Sweden and Austria the focus is only on persons of Yugoslav origin in both countries. Models of each of the labour market outcomes are presented in two forms: first (model I in tables 4-6), citizens and non-citizens similar in age, marital status, and education are contrasted. Secondly (model II in tables 4-6), a set of dummy coded variables pertaining for the periods of migration are added to the original model. The aim of such analysis is to estimate effect of naturalization with and without controlling for time of arrival.

Table 4 presents unstandardized coefficients and robust standard errors of the logistic regression predicting labour force participation of individuals of Yugoslav origin in Sweden and Austria. The model is estimated separately for men and women and includes the following control variables: age,

Table 4: Unstandardized Coefficients and Robust Standard Errors of Selected Parameters in Logistic Regression Predicting Labour Force Participation of Yugoslav Origin   Individuals, Sweden and Austria

| | Sweden | | | | Austria | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | Men | | Women | | Men | | Women | |
| | I | II | I | II | I | II | I | II |
| Non-citizen | -1.22** | -0.56 | -1.34** | 0.85 | 0.70* | 0.81* | 0.23 | 0.97** |
| | (0.31) | (0.47) | (0.29) | (0.55) | (0.30) | (0.35) | (0.21) | (0.27) |
| Immigrated   before   1973 | | | | | | | | |
| Immigrated 1973-1989 | | 0.47 | | -0.68 | | 0.98[◾] | | -0.20 |
| | | (0.62) | | (0.53) | | (0.56) | | (0.35) |
| Immigrated after 1990 | | -0.84 | | -2.55** | | 0.12 | | -1.99** |
| | | (0.61) | | (0.63) | | (0.55) | | (0.36) |
| Second generation | | -0.04 | | 0.50 | | 0.96 | | 0.39 |
| | | (0.69) | | (0.69) | | (0.70) | | (0.44) |
| Missing | | | | | | 0.39 | | 0.02 |
| | | | | | | (0.41) | | (0.44) |
| Wald $\chi^2$ | 28.80 | 32.86 | 41.60 | 54.52 | 85.83 | 94.52 | 80.27 | 104.05 |
| df | 7 | 10 | 7 | 10 | 7 | 11 | 6 | 10 |
| N | | 246 | | 277 | | 687 | | 574 |

Table 5: Unstandardized Coefficients and Robust Standard Errors of Selected Parameters in Logistic Regression Predicting Unemployment and Concentration in the Non-Tertiary Economic Sector of Yugoslav Origin Individuals, Sweden and Austria

| | Unemployment | | | | Concentration in the Non-Tertiary Economic Sector | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | Sweden | | Austria | | Sweden | | Austria | |
| | I | II | I | II | I | II | I | II |
| Non-citizen | 1.26** | -0.36 | 0.13 | -0.04 | -0.13 | -0.88 | 0.17 | 0.48* |
| | (0.30) | (0.53) | (0.23) | (0.32) | (0.36) | (0.61) | (0.15) | (0.22) |
| Immigrated   before   1973 | | | | | | | | |
| Immigrated 1973-1989 | | 1.80** | | -0.36 | | -0.56 | | -0.68** |
| | | (0.60) | | (0.34) | | (0.55) | | (0.23) |
| Immigrated after 1990 | | 2.89** | | 0.16 | | 0.94 | | -0.61* |
| | | (0.77) | | (0.36) | | (0.76) | | (0.27) |
| Second generation | | 0.76 | | -1.09 | | -0.52 | | -1.23** |
| | | (0.74) | | (0.77) | | (0.66) | | (0.40) |
| Missing | | | | -0.31 | | | | 0.11 |
| | | | | (0.40) | | | | (0.27) |
| Wald $\chi^2$ | 26.43 | 49.67 | 13.25 | 19.97 | 23.70 | 26.06 | 168.77 | 176.64 |
| df | 8 | 11 | 8 | 12 | 8 | 11 | 8 | 12 |
| N | | 281 | | 1035 | | 189 | | 945 |

Source: 1997 Swedish Labour force survey, 1996 Austrian Micro census.
Notes:  **p<0.01; * p<0.05; ◾ p<0.10.

age squared, marital status, education, and a regional unemployment rate. The results show that Yugoslav men and women with nationality of their home country have lower chances of being in the labour force in Sweden (see columns 1 and 3). The effect of citizenship however disappears for women when the variable for period of migration is included into the model (see column 4). For men the effect of nationality also disappears but addition of the periods of migration does not improve the fit of the model, as it emerges from the adjusted Wald test (Sribney, 1997)[29]. In Austria the situation is different: non-citizen immigrant men and their sons have higher chances of labour force participation, which are preserved even after controlling for the time of arrival (dummy coded variables pertaining to the periods of migration however do not improve the fit of the model significantly). For women of Yugoslav origin citizenship does not seem to play a role in determining labour force activity, but when periods of immigration are introduced into the model, the effect of the citizenship becomes evident.

Turning to table 5, where unemployment risk is examined in columns 1 and 2 for Sweden and 3 and 4 for Austria, the following picture emerges: in Sweden the effect of the citizenship disappears once period of migration is controlled for. In Austria citizenship status does not play a significant role in immigrant access to jobs, either with or without period of migration being controlled in the model, which is also reflected in the extremely poor fit of the model.

Citizenship does not play a role in the chances of Yugoslavs to concentrate in non-tertiary sector in Sweden, which is evident from columns 5-6 in table 5. In Austria, the effect of citizenship becomes significant once periods of migration are included into the model. Addition of the latter significantly improves the model fit, which emerges from the adjusted Wald test.

Table 6: Unstandardized Coefficients and Standard Errors of Selected Parameters in OLS Regression Predicting Occupational Status (ISEI) of Yugoslav Origin Individuals, Sweden and Austria

|  | Sweden | | Austria | |
| --- | --- | --- | --- | --- |
|  | I | II | I | II |
| Non-citizen | -2.87 | 0.46 | -1.62* | -3.30** |
|  | (1.94) | (2.79) | (0.64) | (0.82) |
| Immigrated before 1973 (ref.) |  |  |  |  |
| Immigrated 1973-1989 |  | -6.96* |  | -1.29 |
|  |  | (3.18) |  | (0.92) |
| Immigrated after 1990 |  | -4.28 |  | -3.49** |
|  |  | (3.81) |  | (1.07) |
| Second generation |  | 3.78 |  | 5.05** |
|  |  | (3.73) |  | (1.54) |
| Missing |  |  |  | -5.57** |
|  |  |  |  | (1.09) |
| R² | 0.23 | 0.28 | 0.20 | 0.25 |
| df | 7 | 10 | 7 | 11 |
| N | 187 | | 942 | |

Source: 1997 Swedish Labour force survey, 1996 Austrian Micro census.
Notes: **p<0.01; * p<0.05.

Existing negative effect of citizenship on the occupational status in Austria becomes even stronger when periods of migration are included into the model, which is presented in columns 3 and 4 of table

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[29] The results of the adjusted Wald test are available from the author on request.

6. Citizenship does not however play any significant role in determining occupational status of persons of Yugoslav origin in Sweden (see columns 1-2 in table 6).

# 7    Summary and discussion

The present work attempted to assess the labour market integration of Yugoslav immigrants in two European countries - Austria and Sweden - in terms of the relevant structural characteristics of both societies. Differences in the Austrian and Swedish institutional contexts since 1975, especially with regard to immigration and citizenship policies, as well as labour market structure and welfare regimes, have led to diverse patterns of labour market integration of immigrants who arrived in subsequent years. However, immigration to both countries started similarly, with a shortage in the labour force that threatened economic growth, leading to a decision to recruit guest workers, with Yugoslavia being one of the sending countries. No integration policies existed in either country before the early 1970s. As far as immigrants were integrated at all, the process occurred, almost unintentionally, within the work place, which was, however, only in the secondary labour market. Within the following 25 years structural changes have occurred in both Sweden and Austria with downsizing of the industrial sector being especially prominent in the former. In accordance with the first hypothesis, the present study found resemblance in several labour market outcomes, namely risk of being unemployed and of employment in the non-tertiary sector as well as occupational prestige, between Yugoslav immigrants who arrived in both countries during the first wave of labour migration. The differences however exist in the activity patterns of Yugoslav immigrants: in Sweden they have much lower chances for labour force participation as compared to their compatriots who settled in Austria relative to indigenous populations. One possible explanation to this phenomena can be adopted from Ekberg (1990), who found that immigrants who had arrived in Sweden as recruited workers more often experienced health problems, and thus, resorted to early retirement and exited from the labour force earlier than their native-born counterparts. Another possible explanation is that vacancies for un- and low-skilled jobs are rather rare in Sweden, and, being unable to compete with Swedes in the tertiary sector, less educated Yugoslav immigrants opt for withdrawal from the labour force, in the best case seeking re-qualification. Both scenarios assume the availability of welfare assistance, either in terms of early retirement or other social allowance, for those who need it in Sweden.

The oil shock of 1973 led to a slowdown in both countries' economies as well as to a change in the nature of immigration: mass recruitment in the labour force was no longer practiced, and until the late 1980s Yugoslav immigration remained meagre and based mostly on family reunification and asylum. The new situation caused a change in immigration policy, albeit only in Sweden. Starting from 1975 Sweden reconsidered its immigration policy, proclaiming multiculturalism as its cornerstone and introducing comprehensive integration measures for the newcomers. In Austria social exclusion of the immigrant population, a perception of the foreign presence as temporary and the consequent lack of integration measures continued as they had earlier. Results of the multivariate analysis show that Yugoslav immigrants who arrived between 1973 and 1989 have much lower labour force participation

than native Swedes, while in Austria Yugoslavs seem to display similar or even higher (as it is among women) activity rates than native-born Austrians. Unemployment rate of Yugoslavs in Sweden is much higher than among natives, while in Austria it is similar to that of the native population. No cross-national differences were found in the other two labour market outcomes: Yugoslav immigrants to both countries have similar chances to be employed in the tertiary job sectors, but are disadvantaged in occupational status when compared to the native-born. Explanations for these findings can be sought in the structural differences between the two countries. In Austria Yugoslav immigration is heavily employment oriented, immigrants fear the loss of residence status in case of long-term unemployment, and the demand for low-status jobs in the industrial and service sectors matches the supply of immigrant labour with no occupational ambitions, which, taken together, determine a high probability of labour force participation and a lower risk of unemployment. In Sweden the availability of social assistance in case of unemployment and while participating in training schemes makes it possible for immigrants who are better qualified than their Austrian compatriots to seek suitable jobs. A descriptive overview reveals that on average the previous jobs of unemployed Yugoslavs were similar to the current jobs of employed Swedes, which suggests that Yugoslavs, when looking for employment, often compete with the native population in the tertiary labour market. Those who succeeded in finding employment, managed, however, to get only lower status jobs if compared to socio-demographically similar native Swedes. Insufficient knowledge of Swedish and a lack of experience in the Swedish labour market, often make Yugoslav immigrants less attractive competitors compared to Swedish candidates. However, given similar education and other socio-demographic characteristics (also those not controlled in the study, like language proficiency, experience in the Swedish labour market and so on) among Yugoslavs and native-born Swedes, the higher risk of unemployment might then be attributed to discrimination.

A similar picture of labour force participation emerges when the experience of the most recent immigrant cohort, comprised mostly of refugees and asylum seekers[30] who fled Yugoslavia during the crisis years, is examined. In Sweden most recent Yugoslav immigrants exhibit an extremely low probability of labour force participation as compared to native-born Swedes, while their countrymen in Austria are involved in work no less than native Austrians. In both countries most recent immigrants are disadvantaged when looking for employment, but the magnitude of the unemployment gap of immigrants in Sweden, which experienced severe economic recession in the early 1990s, is much higher. It happens mostly because Yugoslav immigrants in Sweden, being no less educated than the rest of the native population, compete with the latter in the tertiary labour market. Indeed, in Sweden those who manage to get employment find themselves in the tertiary sector with jobs that may be less prestigious than those of their Swedish counterparts, but more so if compared to those of their compatriots who headed to Austria. The latter are pushed into the secondary labour market, exhibiting higher chances of enrolment in less prestigious jobs in the non-tertiary sector.

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[30] In Austria immigration inflow from Yugoslavia also included substantial number of economic migrants.

The second part of the multivariate analysis deals with the question of whether citizenship acquisition is a decisive factor in the labour market integration of immigrants. The study discovers that the role of naturalization differs in both countries. In Sweden, a country of permanent migration where permanent residents enjoy similar economic and social rights, citizenship *per se* does not influence labour market outcomes, when controlling for period of migration. Differences that seem to exist between nationalised Yugoslavs and those who retain their original citizenship are explained by on average shorter tenure of the latter in the country. In Austria, citizenship does open wider employment opportunities and guarantees similar social rights. Non-Austrian citizens are obviously disadvantaged in the type of employment they get: they are exposed to higher risks of employment in the non-tertiary sector and lower occupational status when controlling for the period of migration and socio-demographic characteristics. Besides, they have higher probability of labour force participation, probably because employment is their only chance to remain in the country.

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## Appendix A: Description of the variables used in the multivariate analysis

*Dependent Variables*

| Variable | Description | Range |
|---|---|---|
| Labor force participation | Identifies one's state as being in the labour force vs. being out of the labour force | 0 – out of the labour force<br>1 – in the labour force |
| Unemployment | Identifies one's state as being unemployed vs. employed | 0 – employed<br>1 – unemployed |
| Economic sector concentration | Identifies those employed in the primary and secondary (NACE A-G) vs. those employed in the tertiary sector of economy (NACE H-Q) | 0 – tertiary<br>1 – non-tertiary |
| Occupational status | Internationally comparable measure of occupational status for the 3-digit 1988 International Standard Classification of Occupations - ISEI | 16-85 |

*Independent Variables*

| Variable | Description | Range |
|---|---|---|
| Migration status[a] | Indigenous population<br>Second generation immigrants[b]<br>Immigrated before 1973<br>Immigrated 1973-1989<br>Immigrated 1990 and after | 0-1<br>0-1<br>0-1<br>0-1<br>0-1 |
| Nationality[c] | Nationality of the host country | 0 – nationals<br>1 – non-nationals |

*Control Variables*

| Variable | Description | Range | |
|---|---|---|---|
| Age | Raw value | 21- 64 | |
| Age squared | Square of age | 441- 4096 | |
| Gender | Men, women | 1 – female; 0 - male | |
| Marital Status | Married or cohabiting (for Sweden) and other | 1 – married or cohabiting<br>0 – all other | |
| Education[d] | Low – CASMIN 1ab<br>Medium – CASMIN 1c, 2abc (reference category)<br>High – CASMIN 3a, 3b | 0-1<br>0-1<br>0-1 | |
| Regional unemployment rate[e] | Percentage of unemployed in the region (9 regional divisions for Austria; 7 divisions for Sweden) | 5.79-12.01<br>3.40-6.97 | (Sweden)<br>(Austria) |
| Regional percentage of those employed in non-tertiary sector | Percentage of those employed in non-tertiary sector in the region (9 regional divisions for Austria; 7 divisions for Sweden) | 17.08-38.98<br>23.42-46.81 | (Sweden)<br>(Austria) |

Notes:

[a] Missing cases were included as a dummy coded-variable. In the equations of the pooled sample of native-born national population and individuals of Yugoslav origin (table 3) indigenous population serves as a reference category. In the equations for individuals of Yugoslav origin (tables 4-6) those who immigrated before 1973 is a reference group.

[b] In Sweden, which LFS asks information about parents, this category includes people whose one or both parents were born in the former Yugoslavia. In Austria, this group include only those who claim other than Austrian nationality, but were born on the Austrian soil. Children who immigrated before their 6th birthday, and thus received education already in the host country, are grouped together with native-born.

[c] Nationality is included in equations for individuals of Yugoslav origin only (tables 4-6).

[d] Education is measured by dummy-coded highest educational degree in accordance with CASMIN classification (see Brauns and Steinmann, 1999).

[e] Regional unemployment rate and a regional dispersion of economic sectors in the total labour force aged 21-64 are aggregated by the place (region) of living.

## Appendix B: Models used in multivariate analyses

1. Models of labour force participation are estimated by means of logistic regression with robust standard errors separately for men and women aged 21-64. The independent and control

variables are migration status[a], nationality[b], age, age squared, marital status, education, and the regional unemployment rate.

2. Models of unemployment are estimated by means of logistic regression with robust standard errors and include migration status[a], nationality[b], gender, age, age squared, marital status, education, and the regional unemployment rate.

3. Models of employment in the non-tertiary vs. tertiary sector are estimated by means of logistic regression with robust standard errors and include migration status[a], nationality[b], gender, age, age squared, marital status, education, and the regional percentage of those employed in non-tertiary sector.

4. Models on occupational status (ISEI) are estimated by means of OLS regression and include migration status[a], nationality[b], gender, age, age squared, marital status, and education.

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[a]  In the equations of the pooled sample of native-born national population and individuals of Yugoslav origin (table 3) indigenous population serves as a reference category. In the equations for individuals of Yugoslav origin (tables 4-6) those who immigrated before 1973 is a reference group.

[b]  Nationality is included into the models for individuals of Yugoslav origin only.