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It's Discrimination, Stupid: Labour Market (Re-) Entry Difficulties among Different Immigrant Groups in Switzerland

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The nccr – on the move is the National Center of Competence in Research (NCCR) for migration and mobility studies, which has been operational since 2014. The overall scientific aim of the nccr – on the move is to offer a comprehensive and interdisciplinary framework for understanding the character of contemporary migration and mobility to Switzerland. It was established by the Swiss National Science Foundation with the objective of fostering an innovative and competitive field of research on migration and mobility in Switzerland. Managed from the University of Neuchatel, the network consists of some 60 researchers from social sciences, economics and law, who collaborate in 17 projects that are based at the universities of Neuchatel, Basel, Bern, Fribourg, Geneva, Lausanne, and Lucerne.

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## Abstract

We start from the empirical observation that unemployed migrants from Africa and Ex-Yugoslavia have more difficulties when trying to re-enter the labour market as compared to migrants from Portugal. Based on a unique dataset of newly unemployed individuals in the Swiss Canton of Vaud, we set out to analyse the reasons for the large difference in the length of unemployment spells by testing the most important theoretical approaches of employability proposed in the literature. First, we analyse whether differences at the level of individual resources explain differences in outcome (human capital). Second, we test how the size of the social network influences the likelihood of finding employment (social capital). Third, we account for motivation, effort and job search strategies (proactive search behaviour). Eventually, we controlled for individual wellbeing as a potential driver of unemployment duration but we found no evidence that these different factors are able to explain the underperformance of Ex-Yugoslavian and African respondents. Our conclusion is that discriminatory patterns related to nationality are at least in part responsible for the substantial disadvantage of these groups and we explain it by referring to the diffusion of negative stereotypes about specific immigrant communities in the public sphere.

## Keywords

unemployment, immigration, discrimination

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## 1. Introduction

In most European countries, immigrants, especially those with low skills, tend to be overrepresented among the unemployed and particularly among the long term unemployed (Kogan 2006). This outcome is generally explained with reference to a broad range of factors, such as the skill composition of the migrant population, the lack of support networks, cultural factors associated with work values or by outright discrimination (Wessendorf 2008; Rydgren 2004; Krings and Olivares 2007; Hjarno 1991). In this paper, we want to assess the validity of these and other competing explanations by testing them against empirical evidence. Thanks to a unique dataset of unemployed people in the Swiss Canton of Vaud that results from the combination of survey and administrative data, we obtain information about virtually all aspects that are relevant to the process of labour market re-entry.

Intriguingly, our data shows that there is enormous variation in the pace of labour market re-entry among unemployed immigrants of different nationalities. More specifically, Portuguese unemployed people are very successful in leaving unemployment quickly, while those from the former Yugoslav Republics and from African countries experience much longer unemployment spells. How can we account for these differences?

Intuitively, one may think that such differences result from employers' discrimination. After all, when investigating the Swiss collective imaginary (Wessendorf 2008; Ruedin et al. 2013), we find that these three groups of migrants are associated with distinct sets of stereotypes, in a way that reflects their labour market performance. Portuguese nationals have a rather good image (Städtler 2015), while those from the former Yugoslav republics tend to be seen more negatively (Wessendorf 2008; Ruedin et al. 2013) Differences in the stereotypes associated with nationality may suggest that the reasons behind different labour market performance is discrimination.

However, before jumping to this conclusion, one would need to rule out many other explanations. Differences in the pace of labour market re-entry can be due to a broad range of factors, including differences in human capital, specialisation into different economic sectors, social capital, and so forth. Migrant communities differ in many respects, and these objective differences may be responsible for the variation in their labour market performance. In turn, these differences may contribute to the emergence of different stereotypes, which may then reinforce the disadvantage experienced by some national groups. In this case, discrimination would be at play, but have an objective basis. As a result, we can formulate three hypotheses capable of explaining the observed patterns of labour market re-entry.

(i) Differences in the pace of labour market re-entry are due to objective variation in the employability of members of the different national groups.

(ii) National groups have very similar levels of employability, and the differences in the pace of labour market re-entry are due to discrimination by employers.

(iii) A combination of 1 and 2, i.e. differences in the pace of labour market re-entry are partly due to objective variation in the employability of the different national groups and partly due to discrimination.

Our objective is to identify which of the three hypotheses is the most plausible. To do that we follow a two-pronged strategy. First, we examine the extent to which the fact of belonging to one of the three immigrant groups is associated with individual features that are known to be related to employability, or the likelihood of re-entering the labour market during an unemployment spell. For the sake of simplicity, we call these variables 'employability variables'. This will allow us to identify objective differences in the employability of the different migrant communities. Second, introducing unemployment duration as a dependent variable, we assess the extent to which employability variables explain differences in the pace of labour market re-entry.

## 2. The Puzzle

Figure 1 shows the survival curves for groups of unemployed people distinguished by nationality. In general, the individuals considered here are people with a foreign nationality who may or may not be born in Switzerland. In addition, all of them have a valid working permit and the vast majority of respondents have been working in the Swiss labour market for at least one year during the two years previous to registration with the unemployment office, which represents the minimum contribution time in order to be eligible for unemployment benefits by the Swiss unemployment insurances. In this Figure, an individual is considered to exit unemployment if he or she actually found a new job.<sup>1</sup> Intriguingly, Portuguese immigrants and Swiss citizen experience very similar, virtually identical, unemployment durations. In contrast, the duration of unemployment spells for individuals from Ex-Yugoslavia and even more for African migrants turns out to be substantially longer: after 1 year, approximately 69% of African and 56% of Ex-Yugoslavian immigrants are still unemployed, compared to 35% for the Portuguese. This is a surprising result, given the fact that nationals of these different foreign countries have similar skill profiles and tend to be employed in the same economic sectors.

How can we explain the longer duration of immigrants' unemployment spells? How can we account for the big differences among migrant communities of different origin?

Several studies of unemployment duration, in particular those investigating the factors associated with the risk of becoming long term unemployed, have identified foreign nationality, migrant or ethnic minority status as significant risk factors, after controlling for most relevant individual labour market features. For example, Arni et al (2014: 29) find that in a sample of unemployed people in Germany, foreign nationality increases the risk of staying unemployed for more than 12 months. A Danish study by Rosholm and Svarer (2004), distinguishing between four different types of migrants (from developed or less developed countries and of first or second generation), found that all migrants were more likely to remain unemployed after 6 months, except those second-generation immigrants arriving from a developed country.

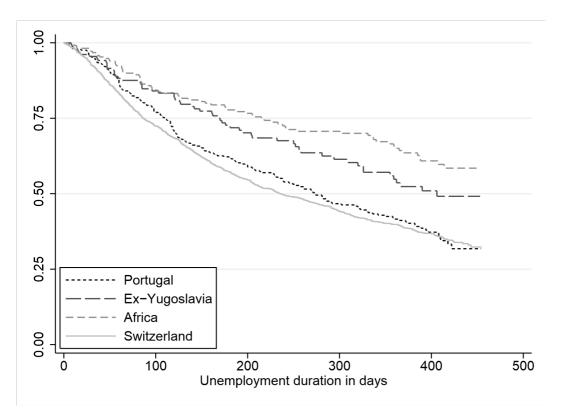
In summary, migrant status seems to be associated with labour market disadvantage in a way that does not only reflect differences in the skill composition or in other labour market relevant characteristics between the migrant and the native population (Rydgren 2004). Our analysis

<sup>&</sup>lt;sup>1</sup> In addition to exit into employment, persons could have left the unemployment insurance for several other reasons, for example because they left the country, deceased, or did not report to the labour office.

confirms this view (see below). In addition, it shows that the duration of the unemployment spell varies substantially among different immigration nationalities.

The remainder of this paper proceeds as follows: in the next section, we look at a series of hypotheses derived from the labour economics literature on the factors that influence on the likelihood of exiting unemployment. Section 4 provides a short overview of immigration patterns in Switzerland's recent history. Section 5 discusses the dataset and estimation strategy in more detail, while section 6 investigates potential differences in key drivers of unemployment duration between different migrant communities. The main results are presented in section 7 and section 8 concludes.

Figure 1: Kaplan-Meier survival curves for different nationalities compared to Swiss



## 3. Theory and Hypotheses

In order to develop hypotheses capable of explaining different trajectories of labour market reentry, we turn to an abundant literature on the factors that predict the duration of unemployment and the likelihood of re-entering the labour market. Some of this literature refers to the notion of employability, understood as the degree of compliance with the expectations of the labour market (McQuaid and Lindsay 2005; Brussig and Knuth 2009). We propose a theoretical distinction of factors into four categories, namely (i) human capital, i.e. the assets an individual merits, (ii) social capital, i.e. the network resources an individual can draw upon, (iii) proactive behaviour, i.e. individual behaviour and personality characteristics helping to actively look for a job, (iv) health and wellbeing, and finally (v) discriminatory practices by employers.

## **Human Capital**

It is generally accepted within the human-capital theory (Becker 1962) that differences in individuals' skill composition function as a major predictor of employability and therefore of unemployment duration. Throughout Europe, lower skilled individuals experience bigger difficulties in the labour market than higher skilled persons do (see e.g. Abrassart 2013; Gesthuizen et al 2011). As a straightforward proxy for skill levels, one can assess an individual's educational attainment. Based on this hypothesis, we would expect the level of educational attainment of the three groups of migrants to vary in a way that reflects their success in labour market re-entry. In addition, for this hypothesis to be confirmed, the inclusion of our skill variable in our model that predicts the duration of unemployment should reduce the significance of the nationality variables.

### **Social Capital**

Following the seminal work by Marc Granovetter (1974), a large corpus of literature has analysed the relevance of informal contacts and networks in job search processes (Lin 1982; Lin and Dumin 1986). Several studies have pointed out the importance of social networks particularly for (low skilled) migrants (Drever and Hoffmeister 2008; Seibel and van Tubergen 2013) and for unemployed individuals (Larsen 2008; Korpi 2001; Brandt 2006; Bethoui 2008).In fact, in the low skill segment of the labour market, jobs are rarely advertised through formal channels and recruitment is often made through informal ones (Marsden and Campbell 1990; Rebien 2010; Bonoli 2014). The literature suggests that work related contacts (e.g. former colleagues) provide an important asset when looking for a job (Larsen 2008), though in general, an association is found between various indicators of the size of one's network and the duration of her unemployment spell (Korpi 2001; Brandt 2006).We hypothesise that, on average, members of different migrant communities may have informal networks of different size. More specifically, we would expect the Portuguese to have larger and better networks on average compared to other migrant groups, and thereby explain at least part of the difference in unemployment durations.

## Proactive job search behaviour

We divide proactive job search behaviour into three sub-categories: the job search strategies exerted by an unemployed individual, the motivation and effort invested into job search, which are productivity signals for future employers, and the individual's particular expectations on a potential new job.

Intuitively, a specific job search strategy might be more or less effective in a certain context, such as different branches or job types (Fossati 2015). Only a few studies have investigated whether immigrants tend to reproduce job search practices learned in the country of origin and whether these differ from the respective host society. On the one hand, authors such as Seibel and van Tubergen (2013) found that job search methods of Maroccans, Surinamese and Dutch Antilleans in the

Netherlands differ significantly from those applied by Turks.<sup>2</sup> In contrast, a study by Diehl et al. (2009), who analysed job search behaviour in the context of vocational training, found no significant difference among different groups of immigrants. By testing a broad range of different job search methods, we will be able to assess whether there are differences in job search strategies of distinct groups on the one hand and, subsequently, whether these have the capability to influence the length of an individual's unemployment spell.

## Individual Wellbeing

Fourth, self-reported health has been found to be a strong predictor of labour market reentry among long-term unemployed by Brussig and Knuth (2009). Similarly, psychological well-being has also found to be a relevant predictor of the duration of unemployment (Arni et al 2014). The reason why these variables are likely to matter in the context of a hiring decision is that good health and psychological wellbeing are signals of a workers' productivity for an employer. In addition, findings based on audit studies corroborate the hypothesis that employers' are less likely to invite candidates for an interview when there are indices that a candidate suffers from bad health, and accordingly feature prolonged absences from work (Eriksson et al. 2012). Similarly, subjective wellbeing and life satisfaction may influence individual outcomes because these individuals are more engaged and positive. These two characteristics are essential in a process where several refusals and disappointments are inevitable. Thus, psychological and physical wellbeing are important resources in a time of increased stress, be it when finding a job as well as on the job.

## **Discriminatory Practices**

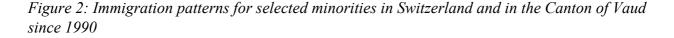
Finally, there are discriminatory practices, which may hinder the access of particular migrant groups to the labour market. An abundant corpus of literature has shown that association with an ethnic minority or migrant status is associated with a risk of being subjected to discrimination (Rydgren 2004; for a review, see Riach and Rich 2002). However, discriminatory practices may affect particular migrant communities differently (Wessendorf 2008), which may help to explain the observed patterns of labour market re-entry in the present sample. Studies of discrimination in Switzerland have found that in the French speaking part, Portuguese nationals are treated virtually like Swiss applicants while the same is not true for those from the former Yugoslavia (Fibbi 2003; 2006). This result is compatible with the picture emerging from our data.

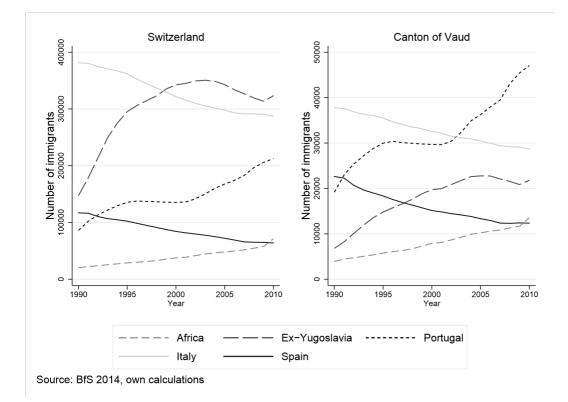
Our data does not allow us to test the discrimination hypothesis directly. However, given the fact that virtually all other labour market factors that are known to be relevant are included in our model, we consider discrimination as a putative residual hypothesis. In other words, we would expect our employability variables to explain much of the variation in unemployment duration among different migrant communities. What remains unexplained can then be attributed to measurement errors, omitted variables and not least discrimination. We will present our own hypothesis on the relative weight of these different factors in the final section.

<sup>&</sup>lt;sup>2</sup> As a cautionary note, it should be considered that Seibel and van Tubergen did not include the sector of activity as a control variable. In fact, our results show very similar patterns, namely that job search strategies strongly affect the unemployment duration, however, only when not including the sector of activity.

## 4. Immigration in Switzerland

Switzerland has a long tradition in managing immigration, usually in a rather restrictive manner and in a way that reflects the needs of the economy (Ruedin et al. forthcoming; Ruedin 2011; Piguet 2005). Swiss nationality law is also rather restrictive, and several years of residence in the country (in most cases at least 10) are required in order to be able to apply for citizenship. In addition, the procedure for obtaining the Swiss nationality is rather long and complex. As a result, many migrants keep the nationality of their country of origin after having lived in the country for several years.





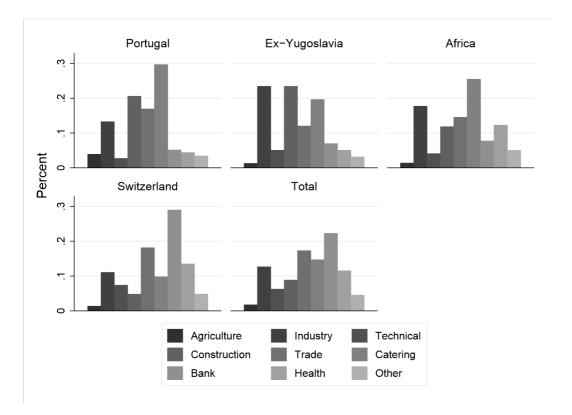
In this contribution, we focus on those immigrant communities, which started to massively enter Switzerland starting in the late 1980s. In fact, during this period immigration from Italy and Spain decreased sharply, whilst inflows from Ex-Yugoslavia, Africa and Portugal increased massively. At the time of writing, this trend is still unbroken and the number of immigrants stemming from these three regions is still on the rise (BfS 2014). We identify members of these different migrant communities by their nationality. Given the strictness of Swiss nationality law, and the fact that the three migrant communities are relatively recent, using nationality as a proxy for migration status seems a suitable choice. Our sample of unemployed immigrants was drawn in the Canton of Vaud in 2012, which is located in the French-speaking part of Switzerland. The migration patterns in this Canton of Switzerland are very similar to the ones observed in the overall country. There only difference are smaller deviances in terms of the relative size of the Portuguese and Ex-Yugoslavian communities. As summarised in Figure 2, by 2010, immigrants from Portugal constitute the largest group in the Canton of Vaud, while Ex-Yugoslavians form the major group on the entire Swiss territory.

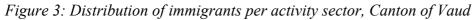
All the migrants included in our sample have a valid work permit for Switzerland and the vast majority of them have been working in Switzerland for at least one year during the two years previous to registration with the unemployment centre.<sup>3</sup>

# 5. Data and methods

## 5.1 Case Selection

We structure our analysis as a most similar group comparison, as we focus on the most recently immigrated communities and on those groups that have a comparable activity profile. As mentioned above, these groups are Portuguese, Ex-Yugoslavian and African immigrants. As shown in Figure 3, these immigrants are predominantly active in rather low skilled sectors, namely industry, construction, as well as catering and tourism.





There are three main reasons for subsuming individuals from particular nations to a broader regional approach defining the Ex-Yugoslavia and Africa as consistent entities: primarily, the Swiss public and the mass media perceive immigrants from these countries in a similar way (cf. Trebbe and Schoenhagen 2011; Binggeli et al. 2014). Furthermore, the broad political and socio-economic

<sup>&</sup>lt;sup>3</sup> These are the conditions to be eligible for unemployment insurance.

circumstances are similarly relevant for all or most of the countries located in one of the two regions. Consequently, the specific national background seems to become less important. While these reasons seem to hold for ExYugoslavia as well as for Africa on a general level, the Portuguese community can be regarded as a coherent group, since both the size of its migration stream as well as the perception of Portuguese migrants within Switzerland in the context of a Western European country differs substantially from the other two regions. Eventually, the number of migrants from specific countries to the canton of Vaud can be merely a handful of people. Hence, in order to retain them in our sample, we opted for parsimony and created regional categories.

As a robustness check, we tested whether there have been differences between immigrants from African countries and between the Ex-Yugoslavian states in terms of variables relevant for this study.<sup>4</sup> Since this was not the case, we opted for the above outlined parsimonious approach (cf. Figures 1 and 2).

## 5.2 The Dataset

Our analyses base on a unique dataset collected in 2012, which allows us to study the labour market history of newly registered unemployed individuals in the Swiss Canton of Vaud over a period of 12 months upon their registration in the local job centre. This information was subsequently matched with a comprehensive questionnaire on social capital and job search strategies (Socnet data<sup>5</sup>, Bonoli et al. 2013). The questionnaire was administered during an information session that all newly unemployed people must attend in order to receive unemployment benefit. This allowed us to obtain a very high response rate, of around 95% (filling in the questionnaire was of course not compulsory). (cf. Bonoli and Turtschi 2014; Bonoli et al. 2013).

In a next step, the responses to the questionnaire have been merged with administrative data collected by the unemployment insurance. For data protection reasons, however, the respondents had the possibility to deny access to their administrative data, an option that has been chosen by approximately 25% of the respondents in the sample. The present analyses rely on the sample of those respondents who warranted access to their administrative data. However, a comparison of this group with the whole sample of newly unemployed did not show any statistically significant difference on key labour market and network indicators (cf. Bonoli et al. 2014: 18; Bonoli and Turtschi 2014; Turtschi 2015). In addition, the fact that this questionnaire was conducted within a few months allows us to rule out any substantial influences caused by macroeconomic factors, such as mass layoffs or seasonal fluctuations.

Finally, as previously mentioned, we restricted our sample to the three groups under scrutiny, i.e. migrants from Portugal, Ex-Yugoslavia, and Africa.

<sup>&</sup>lt;sup>4</sup> For the particular countries of origin included in the three different groups, see Table 1 below. Detail results can be provided upon request.

<sup>&</sup>lt;sup>5</sup> This data was collected starting in February 2012, in the framework of the LIVES – Overcoming vulnerability: life course perspectives, at the University of Lausanne (Bonoli et al. 2013).

## 5.3 Operationalization

We can distinguish between three types of variables used in this study: the employability variables, the main dependent variable (duration of the unemployment spell), and control variables.

#### Employability variables

Following the theoretical approach outlined above, we distinguish between four categories of employability variables:

*Human capital:* we measure human capital by the level of education, which can take three values: high (= tertiary education); medium (secondary education, in most cases an apprenticeship); and low (compulsory education or less). In addition, we considered an individual's ability to speak French, the official language in the Canton of Vaud.

*Social capital:* we measure social capital by the size and 'quality' of an unemployed individual's network. The average number of friends comprising the domains neighbours, colleagues, (former) schoolmates, and other friends has captured the network size. The number of friends that have been (self-) employed at the time of the interview then functioned as a proxy for the individual's network quality.

*Proactive job search behaviour:* we consider several job search strategies<sup>6</sup>, namely, whether a respondent uses press releases to apply for jobs (reads press advertisements, responds to press advertisements, publishes an announce himself/ herself), whether he or she directly contacts employers (sends unsolicited applications to employers or pays spontaneous visits to employers to ask for a job or asks friends for a job). Further, we consider whether the unemployed person makes use of the internet to look for a job (searches the internet, publishes his or her CV online or uses a Xing or LinkedIn for his or her job search). Finally, we ask for the usage of agencies (whether the unemployed enrols into private job search centres, or is member of a job mailing list). The single activities are coded as binary choices. In a second step, we constructed additive indices for each type of job search behaviour.

In addition to the mere diversity of applied search strategies, we also control for the total number of job search activities used by each person. In fact, it is plausible that the more strategies are applied the higher the chances of success.

<sup>&</sup>lt;sup>6</sup> Since the respondents may indicate multiple answers, we model these items in two different ways. First, we included each job search strategy as dichotomous variable because theoretically it is possible that the choice whether to use one strategy does not depend on the use of another one. Rather, the job search strategy heavily depends on the custom of the activity sector, a variable for which we control in all our models. However, it could also be that unemployed strategically use particular kinds of job search strategies and that accordingly the use of one strategy implies the simultaneous application of others. The most likely scenario is that the unemployed strategically combine formal (read and respond to press advertisements) and informal methods (unsolicited application). Accordingly, we tested for this possibility by creating dichotomous variables grouping different strategy types (formal, informal, unsolicited and institutional) and tested whether their usage varies among the different groups of immigrants. The results for the isolated and for the combined job search strategies, however, are all non-significant except for the subscription to a job mailing list. Since the results for the different job search activities are non-significant we refrained from including them in the present paper but are available upon request.

As a proxy for motivation, we also included an individual's particular effort level, i.e. the time spent on searching for a job in the week prior to the survey (less than one, about one, two, and three or more hours).

*Health and wellbeing:* finally, general life satisfaction (0 not satisfied -10 very satisfied) as a proxy for individual health is likely to influence job search motivation and success. As suggested in the literature, individuals who are more satisfied with their lives are, on average, healthier (cf. Strine et al. 2008). Healthier individuals, in turn, are possibly more active job searchers and should thus have a higher probability of finding employment.

## Main dependent variable

The main dependent variable captures unemployment duration in days until a job is found. While individuals could have also switched to a different PES office or did not report any further developments, we consider a successful reintegration into the labour market only if the person reported an exit from unemployment benefits because he or she found a new job. All other cases of exit are modelled as censored cases.

## Control variables

In all analyses, we control for age, gender, and economic sector. Given our focus on migrants, the economic sector constitutes an essential control variable that heavily influences the importance of job search related variables and which, as our results suggest, can introduce a strong bias when not accounted for. Similar to Seibel and van Tubergen (2013), we find large differences in job search behaviour among the different groups of immigrants, however, as soon as we control for the sector these significant differences disappear almost completely. This finding is not surprising, since both the labour demand and the appropriateness of applying a particular job search strategy heavily depends on the sector of an unemployed person (Fossati 2015). Accordingly, in all our models we include a series of dummies, for each activity sector, i.e. agriculture, industry, technical and computing, construction, trade and transport, catering and tourism, bank and insurance, health and social, and other activities. Table 1 presents the descriptive statistics according to nationality.

Press

Employer

Agency

Internet

Wellbeing Life satisfaction

Attrition rate

Proactive behaviour Total no. of search activities

Usage of search strategy:

Time spent on job search<sup>2</sup>

Observations (Nonmissing)

	Table 1: D	escriptive statistcs			
	Portugal	Ex-Yugoslavia	Africa	Min/Max	PANOVA
Days in unemployment	191.97	232.01	236.14	0 / 454	0.0073
	(139.18)	(153.41)	(144.28)		
Baseline					
Age	32.74	30.98	35.29	16 / 61	0.0069
	(10.09)	(9.99)	(8.29)		
Gender	0.468	0.300	0.354	0 / 1	0.0096
	(0.499)	(0.461)	(0.493)		
Sector of previous activity	4.978	4.938	5.212	1 / 9	0.5368
	(1.948)	(2.138)	(2.204)		
Human capital					
Educational attainment <sup>1</sup>	1.335	1.350	1.584	1 / 3	0.0009
	(0.539)	(0.576)	(0.741)		
Ability to speak French	0.156	0.175	0.531	0 / 1	0.0010
	(0.364)	(0.382)	(0.501)		
Social capital					
Size of network	25.67	29.78	19.42	0 / 80	0.0018
	(21.42)	(21.52)	(17.98)		
No. of employed in network	2.952	2.717	2.674	0 / 4	0.0054
	(0.846)	(0.755)	(0.939)		

1 / 10

0/3

0/3

0/2

0/3

1/4

1 / 11

462 (786)

0.412

0.8136

0.8172

0.0964

0.0002

0.1208

0.1585

0.0649

3.504

(2.200)

0.743

(0.853)

1.168

(1.017)

1.053

(0.800)

1.035

(0.755)

2.982

(0.876)

5.451

(3.131)

113(220)

0.486

Note: Standard errors in parentheses. p-values of differences between groups are based on ANOVA.

3.461

(1.915)

0.799

(0.808)

1.405

(0.967)

0.725

(0.722)

0.869

(0.703)

2.814

(0.924)

5.632

(3.099)

269(408)

0.341

3.325

(1.854)

0.763

(0.846)

1.338

(0.941)

0.688

(0.739)

0.925

(0.708)

2.750

(0.948)

6.463

(3.292)

80 (158)

0.494

1) Obligatory, Intermediate, Superior. 2) Hours spent over the last 7 days.

Ex-Yugoslavia: Bosnia-Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Serbia.

Africa: Algeria, Angola, Benin, Cap Verde, Cameroon, Congo, Egypt, Ethiopia, Eritrea, Gambia, Guinea, Ivory Coast, Madagascar, Mauritius, Morocco, Mozambique, Nigeria, Rwanda, Senegal, Somalia, South Africa, Togo, Tunisia.

## 6. The Employability of Different Migrant Groups

Initially, we assume that there are objective differences in the employability of migrants from different countries/regions. Employability, in turn, can be decomposed according to the hypotheses presented in section 3 above.

The descriptive statistics show that there are indeed some differences in the employability of the three national groups studied. Column 5 in Table 1 presents the p-values for the one-way analysis of variance for each covariate in order to assess possible differences in covariates between the three migrant groups.

Within the sample of unemployed migrants in the Canton of Vaud, Africans have both significantly higher education and a higher propensity to speak French compared to the Portuguese and the Ex-Yugoslavs group.<sup>7</sup> At first glance, this is counterintuitive when considering the fact that Africans experience on average the longest unemployment spells and given the assumption that higher educational attainment has a positive effect on an individual's employability.

Next, we analyse whether networks of the immigrant groups differ. As compared to Portuguese Ex-Yugoslavian respondents, Africans have a conspicuously and significantly smaller network, while Portuguese seem to have on average networks of higher quality. This result could be helpful in solving our puzzle. It may be the case that the good labour market performance of the Portuguese is explained by their stronger network.

The focus on the search behaviour approach suggests that immigrants from different groups might exit unemployment more or less swiftly depending on the job search strategies they apply. However, the ANOVA results do not indicate differences between the three immigrant groups for most of the strategies, except that Africans seem to rely on job agencies more than the Portuguese and Ex-Yugoslavs. Similarly, the three groups do not differ with respect to their total number of search activities as well as the time spent on job search.

Finally, we hypothesised that higher life satisfaction as a proxy for wellbeing and possibly health is associated with shorter unemployment spells. According to Table 1, immigrants from Ex-Yugoslavia are more satisfied than the other two groups, with Africans and Portuguese differing insignificantly from each other. In this case, the difference in the employability variable goes against expectation, as the highest levels of life satisfaction are not reported by the group who exits unemployment faster.

In summary, Table 1 provides an ambiguous picture. While Africans obtain on average the highest level of educational attainment, which should constitute a clear advantage on the labour market, they seem to be disadvantaged in terms of their social network, where Portuguese seem to be the most favourable group. While the proactive behaviour indicate no differences whatsoever, individuals from the former Yugoslavia show the highest life satisfaction.

<sup>&</sup>lt;sup>7</sup> The education variable has been coded in three categories, i.e. inferior, intermediate, and superior educational attainment. French is the official language spoken in the Swiss canton of Vaud.

# 7. The Elephant in the Room: not Different but Discriminated against?

In the previous section, we have established that our migrant populations differ on some key features that determine their employability. Can this variation explain at least some of the difference in patterns of labour market re-entry? In order to answer this question, we based our investigation on a time to event analysis, where individuals can exit into employment at any given time over the total observation period of at least 12 months. We expect some of our employability variables, particularly the ones measuring the network, to explain at least part of the difference in unemployment duration.

#### 7.1 Estimation Strategy

To assess the different propensities of finding a new job we constructed nationality-specific hazardratios for exiting unemployment using a cox proportional hazard model for unemployed persons from African or Ex-Yugoslavia relative to individuals with Portuguese nationality. These hazardratios are estimated based on five different model specifications: a baseline model where age, gender, and the sector of previous employment are included as confounding factors. Subsequently, we add one set of employability variables at a time. We tested for proportionality using log-log plot and the Scaled Schoenfeld Assumption plots for all confounders, which can be found in the Appendix, Figures 4 and 5.

## 7.2 Results

Table 2: Cox proportional hazards model - hazard ratios

	(1)	(2)	(3)	(4)	(5)				
African	0.662**	0.631**	0.636**	0.607**	$0.604^{**}$				
	(0.125)	(0.136)	(0.135)	(0.149)	(0.146)				
Ex-Yugoslavian	0.595***	0.606**	0.602**	0.602**	0.598**				
	(0.119)	(0.128)	(0.132)	(0.137)	(0.133)				
Portuguese	1.000	1.000	1.000	1.000	1.000				
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)				
Confounding factors	;								
Baseline	+	+	+	+	+				
Human Capital	-	+	+	+	+				
Social Capital	-	-	+	+	+				
Proactive Behaviour	-	-	-	+	+				
Wellbeing	-	-	-	-	+				
Observations	461	461	461	461	461				
Exponentiated coefficients;									
Standard errors (in parentheses) bootstrapped with 500 replications.									

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

The hazard ratios in column 1 of Table 2 indicate that in comparison to immigrants from Portugal, workers from Africa and Ex-Yugoslavia have a 33.8% and 40.5%, respectively lower probability of exiting into employment at any given point in time during the observation period. A complete Table including all confounding factors is presented in the Appendix, Table 3.

Interestingly, this significant difference persists also when controlling for the individuals' human capital, social capital, their proactive behaviour, as well as their perceived wellbeing. Thus, even if there are statistical differences for example in human and social capital, these do not explain the Portuguese' conspicuously higher probability of finding a new job. On the contrary, as we add more controls in the shape of our employability variables, the estimate hazard-ratio for Africans even widens, while the hazard-ratios for Ex-Yugoslavians remain relatively stable. A lower probability to find a job and therefore lengthier unemployment spells of Ex-Yugoslavian and African immigrants, in other words, are not accounted for by differences in employability and must have different roots.

These non-findings clearly point to what we call the elephant in the room. We control for virtually all explanations of unemployment duration, yet blatant disadvantage of Ex-Yugoslavian and African immigrants persist. The most plausible conclusion is that discrimination is at work here. Although we are not able to test this hypothesis directly, we are confident that thanks to the exceptional data at hand and the careful testing of innumerable models and alternative estimation strategies, our results corroborate the literature arguing that stereotypes and discrimination account for disadvantage of particular groups in the (Swiss) labour market (cf. Rydgren 2004 for Sweden).

As suggested by previous studies, negative stereotypes for Ex-Yugoslavian and (northern) African immigrants, particularly, those with Muslim origin are very strong in the public discourse in Switzerland (Wessendorf 2008). Such sentiments have been highlighted by recent anti-immigrant popular votes (e.g. Minaret initiative) and the strong mobilisation of the Swiss People's Party (SVP) with buzzwords such as the Ueberfremdung (foreign infiltration) and benefit scroungers (Ruedin et al. 2015). Subsequently, it is plausible that such stereotypes and prejudices affect employment relations.

Our findings in the form of a substantial unexplained difference in unemployment durations are also confirmed by a study of Ruedin et al. (2013: 26) who analyse the effect of cultural distance on the feelings of unease vis-a`-vis immigrants. They find that especially immigrants with darker complexion and Muslim women wearing a headscarf trigger negative feelings, whilst particularly Italians and Portuguese are seen as 'friends' and 'neighbours'. Thus, the pressing political implication of our findings is to address irrational fears and prevent stereotype-building in order to reduce disadvantage; a task that can be predicted to be very challenging, yet all the more important.

To corroborate our conclusion that it is discrimination to cause these large differences among the three migrant communities, we performed a series of robustness checks in order to rule out potentially omitted drivers of unemployment. In fact, despite relying on such a comprehensive data as the one at hand the large differences between the three migrant communities could still be caused by factors that we could not control for.

First, we extended the estimation sample to all observations available, including those who did not answer the full survey. It could be the case that attrition is biased; for example, only persons who

were satisfied with their lives answered the respective question. In addition, this biased attrition could be different across migrant groups due to unknown reasons; however, the attrition rate in the descriptive statistics (Table 1) suggests a relatively homogeneous loss of observations across nationalities. The hazard ratios based on the full sample are presented in the Appendix, Table 4. Given the similar pattern for each model specification compared to the main analyses shown in Table 2, we follow that attrition is homogeneous and has no influence whatsoever on the groups' probability of exiting unemployment.

Second, it could be the case that exceptional circumstances, such as a particular sector composition (e.g. construction) in interaction with perfectly fitting working experiences allow Portuguese to exit unemployment faster than Ex-Yugoslavians or Africans. Therefore, we expanded the model by a fourth group, namely the Swiss natives. As shown in Appendix, Table 5, introducing the Swiss unemployed as reference group does not change the overall pattern of differences in hazard ratios. In fact, the results support the intuition that Portuguese experience very similar re-integration into the labour market compared to Swiss natives, while Africans and former Yugoslavians remain substantially disadvantaged. Identical to the main findings, this lower probability to find employment persists even after controlling for all identified determinants of employability (column 5 in Table 5).

## 8. Conclusion

We started from the puzzle that immigrants from Portugal, Ex-Yugoslavia, and Africa differ widely with respect to the duration of their unemployment spell. Whilst after one year just 35% of the Portuguese workers were still unemployed, among the Ex-Yugoslavians and African immigrants the number amounted to 56% and 69%, respectively. How can this startling difference be explained?

We first hypothesised that this variation could be due to objective differences in employability levels among the three groups of immigrants (hypothesis number 1). As seen in section 6, we did find some differences in employability levels, some of them promising in terms of their ability to solve our puzzle such as the network quality of Portuguese nationals. We then went to look for the contribution that these differences in employability make in explaining the different length of the unemployment spells. It turned out that these difference in employability are unable to explain even a small portion of the variation in unemployment duration (Table 2). Of the three hypotheses considered in the introduction, it is clearly the second that appears to better reflect reality. Differences in unemployment duration are not due to differences in the average employability of different groups of migrants. Most likely, they are due to discrimination.

Discrimination can unfold in a variety of ways. It might be that Ex-Yugoslav and African immigrants are disadvantaged because of statistical discrimination. According to this logic, the employer refuses to hire an immigrant because he or she expects, for instance, lower productivity or motivation by an individual belonging to a particular group just because the group is generally regarded as less productive or engaged. In other words, the alleged characteristics of a collective are transferred one to one to each of its individuals (ecological fallacy). This phenomenon might apply in Switzerland as well and connect to the origins of the different migratory waves. Ex-Yugoslav and

African immigrants predominantly migrated to Switzerland in order to escape war. In contrast, the more recent immigration wave from Portugal has been motivated by labour migration.

Accordingly, it is likely that particularly highly motivated immigrants self-selected into migration and contributed to building a very favourable reputation of hard-working and motivated employees. The contrary was the case particularly for Ex-Yugoslavia. Since these individuals did not select themselves into migration but were displaced against their will, it might well be that their average productivity was slightly inferior as compared the one of individuals who migrated on a voluntary basis. The problem, however, is not the original reason for the migration but rather the collective image that was built around the different groups and that is apparently still cemented deeply in the collective imaginary (cf. Wassman 2008). This image, which is present on a daily basis in the media discourse, is hence likely to influence employment decisions.

Not least, institutional discrimination might also be an explanation for the immense difference in unemployment durations (e.g. Sampson 2008). For example, the retention of work permits, other bureaucratic hurdles, or even access to education can eventually result in more and less successful re-entries into the labour market.

Alternatively, it might just be cultural proximity and hence a kind of taste-discrimination pushing employers to favour individuals they feel closer to their own culture, language and religion. This also would explain why Portuguese workers who mostly have a Catholic background and a language closer to French are more likely to exit unemployment faster than Ex-Yugoslav or African immigrants are.

Whatever the cause, however, the main message of this paper is that, after analysing and rejecting numerous plausible hypotheses for a difference in the length of unemployment spells among different groups of migrants, discrimination seems to be what matters most (cf. Fibbi 2003 and 2006; Krings and Olivares 2007; Rydgreen 2004; Wassman 2008).

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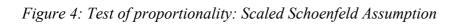
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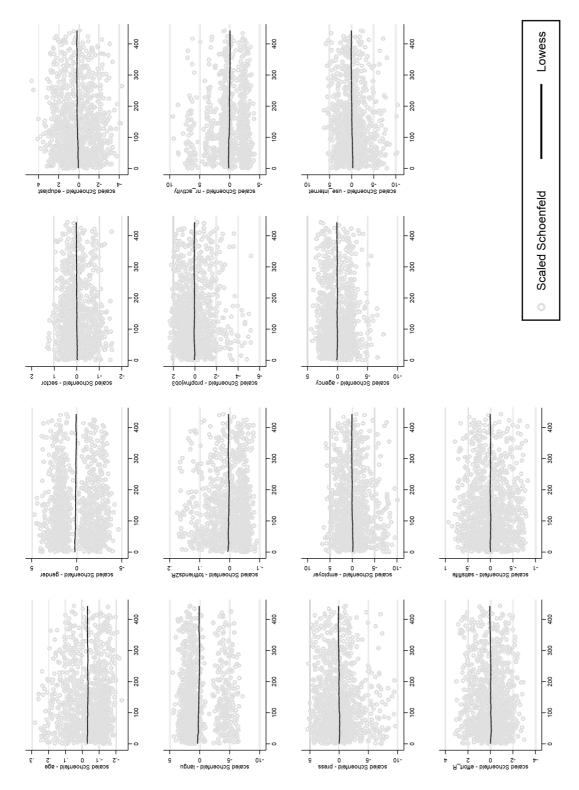
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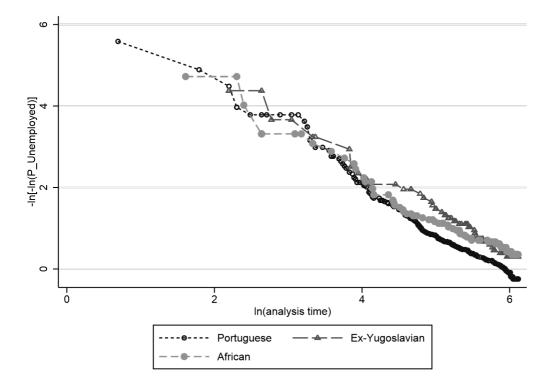
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# Appendices







28

	(1) $(2)$ $(3)$							(4) (5)		
1.0.1	(1)		× *	/	(3)		(4)		(5)	
African	0.662**	(0.125)	0.631**	(0.136)		(0.135)		· · · · · · · · · · · · · · · · · · ·	0.604**	(0.146)
Ex-Yugoslavian	0.595***	(0.119)	0.606**	(0.128)		(0.132)			0.598**	(0.133)
Portuguese	1.000	(0.000)	1.000	(0.000)	1.000	(0.000)	1.000	(0.000)	1.000	(0.000)
Age	0.984**	(0.008)	0.985*	(0.008)	0.985**	(0.007)	0.987	(0.009)	0.988	(0.008)
Male	1.223	(0.207)	1.233	(0.209)	1.243	(0.219)	1.150	(0.225)	1.151	(0.215)
Sector of employment (I		(0.000)	1.055	(2, 2, 2, 2)	4.050	(0.000)	1.010	(0, 0 - 1)	1.004	(0.000)
Agriculture	1.333	(0.603)	1.355	(3.338)	1.372	(0.666)	1.219	(0.674)	1.204	(0.669)
Technical & PC	0.624	(0.296)	0.579	(1.242)	0.579	(0.292)	0.663	(1.094)	0.649	(1.040)
Construction	1.480	(0.364)	1.453	(0.404)	1.438	(0.378)	1.629*	(0.465)	1.594	(0.476)
Trade & transport	0.631	(0.177)	$0.612^{*}$	(0.181)	$0.622^{*}$	(0.169)	0.601*	(0.178)	$0.603^{*}$	(0.182)
Catering & tourism	0.996	(0.241)	0.975	(0.261)	0.997	(0.254)	0.971	(0.281)	0.967	(0.275)
Bank & insurance	0.989	(0.328)	0.892	(0.321)	0.889	(0.322)	0.959	(0.373)	0.946	(0.379)
Health & social	0.897	(0.294)	0.838	(0.308)	0.854	(0.314)	0.811	(0.337)	0.802	(0.305)
Other	0.800	(0.330)	0.794	(0.337)	0.810	(0.334)	0.888	(0.430)	0.912	(0.452)
Speaking French			1.078	(0.210)	1.065	(0.218)	1.076	(0.234)	1.090	(0.240)
Educ. attainment (Obli	gatory <sup>1</sup> )									
Intermediate			1.196	(0.194)	1.212	(0.207)	1.134	(0.207)	1.150	(0.224)
Superior			1.166	(0.389)	1.171	(0.389)	1.214	(0.462)	1.223	(0.479)
Size of network					1.003	(0.004)	1.000	(0.004)	1.000	(0.004)
Employed in network					0.988	(0.093)	1.022	(0.097)	1.027	(0.095)
Total of search activities	S						1.157	(0.266)	1.146	(0.255)
Usage of search strategy	(None <sup>1</sup> )									
Press (low)							0.684	(0.216)	0.693	(0.209)
Press (medium)							0.822	(0.414)	0.829	(0.409)
Press (high)							0.873	(6.080)	0.891	(4.665)
Employer (low)							0.766	(0.261)	0.769	(0.258)
Employer (medium)							0.786	(0.424)	0.802	(0.427)
Employer (high)							1.188	(0.902)	1.235	(0.898)
Agency (low)							0.848	(0.175)	0.857	(0.185)
Agency (high)							0.896	(0.307)	0.935	(0.327)
Internet (lem)							1.060	(0.910)	1.069	(0.999)
Internet (low)							1.069	(0.319)	1.062	(0.333)
Internet (medium)							0.679	(0.364)		(0.335)
Internet (high)	1 / 1 1						0.361	(6.663)	0.344	(6.394)
Time for job search (<1	n / day•)						0 505	10 0 000	0 542	10 0 00
About 1h / da							0.725	(0.258)	0.746	(0.266)
About 2h / day							0.685	(0.236)	0.703	(0.234)
About 3h / day							0.557	(0.203)	0.570	(0.200)
Life satisfaction									1.018	(0.026)
Log likelihood	-1199		-119		-119		-118		-118	
Observations	461 461 461		1	461		461				

Table 3: Cox proportional hazards model - hazard ratios, all confounders

Exponentiated coefficients; Standard errors (in parentheses) bootstrapped with 500 replications.

Baseline category.

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

	(1	)	(2)		(3)		(4)		(5)	
African	0.511***	(0.076)			0.555***	(0.106)	0.573**	(0.134)	0.604*	(0.156)
Ex-Yugoslavian	0.633***	(0.093)	0.638***		0.523***	(0.100)	0.517***	(0.105)	0.598**	(0.130)
Portuguese	1.000	(0.000)	1.000	(0.000)	1.000	(0.000)	1.000	(0.000)	1.000	(0.000)
Age	0.979***	(0.005)	0.980***	(0.006)	0.981***	(0.006)	$0.984^{**}$	(0.008)	0.988	(0.008)
Male	1.091	(0.143)	1.108	(0.140)	1.144	(0.171)	1.124	(0.192)	1.151	(0.225)
Sector of employment (I	(ndustry <sup>1</sup> )									
Agriculture	1.248	(0.452)	1.292	(0.490)	1.384	(0.643)	1.295	(0.648)	1.204	(0.633)
Technical & PC	0.673	(0.258)	0.636	(0.246)	0.717	(0.302)	0.715	(0.369)	0.649	(1.224)
Construction	$1.391^{*}$	(0.265)	1.376	(0.288)	1.474	(0.364)	1.544	(0.435)	1.594	(0.475)
Trad & transport	0.746	(0.155)	0.716	(0.155)	0.699	(0.172)	$0.630^{*}$	(0.174)	0.603	(0.192)
Catering & tourism	0.902	(0.168)	0.895	(0.172)	1.022	(0.223)	0.902	(0.218)	0.967	(0.278)
Bank & insurance	0.958	(0.268)	0.900	(0.259)	0.911	(0.305)	0.978	(0.357)	0.946	(0.383)
Health & social	0.938	(0.263)	0.862	(0.245)	0.927	(0.311)	0.831	(0.309)	0.802	(0.303)
Other	0.905	(0.297)	0.892	(0.298)	0.988	(0.361)	0.867	(0.391)	0.912	(0.431)
Speaking French			1.145	(0.182)	1.068	(0.189)	1.106	(0.230)	1.090	(0.245)
Educ. attainment (Oblig	gatory <sup>1</sup> )									
Intermediate			1.247	(0.177)	$1.289^{*}$	(0.194)	1.253	(0.220)	1.150	(0.227)
Superior			1.153	(0.333)	1.113	(0.353)	1.178	(0.424)	1.223	(0.493)
Size of network					1.004	(0.003)	1.001	(0.004)	1.000	(0.004)
Employed in network					0.999	(0.077)	1.035	(0.086)	1.027	(0.098)
Total of search activities	8						1.135	(0.234)	1.146	(0.272)
Usage of search strategy	(None <sup>1</sup> )									
Press (low)							0.681	(0.189)	0.693	(0.221)
Press (medium)							0.836	(0.383)	0.829	(0.446)
Press (high)							0.830	(2.627)	0.891	(4.100)
Employer (low)							0.839	(0.260)	0.769	(0.266)
Employer (medium)							0.949	(0.471)	0.802	(0.438)
Employer (high)							1.290	(0.890)	1.235	(0.950)
A							0.000	(0.450)	0.057	(0.404)
Agency (low)							0.893	(0.178)	0.857	(0.191)
Agency (high)							0.920	(0.288)	0.935	(0.330)
Internet (low)							0.957	(0.257)	1.062	(0.331)
Internet (medium)							0.623	(0.296)	0.667	(0.351) (0.366)
Internet (high)							0.344	(6.353)	0.344	(6.457)
Time for job search (<1	$h / dov^1$						0.044	(0.000)	0.011	(0.401)
About 1h / da	. / uuy )						0.924	(0.282)	0.746	(0.269)
About 2h / day							0.840	(0.232)	0.703	
About 3h / day							0.840	1 ( I	0.703	(0.247) (0.220)
Life satisfaction							0.132	(0.218)	1.018	(0.220)
Log likelihood										(0.027)
	-2002		-1979		-1546		-1354		-118	
Observations	78	4	777 613		539		40	461		

Table 4: Cox proportional hazards model - hazard ratios, all confounders, full sample

Exponentiated coefficients; Standard errors (in parentheses) bootstrapped with 500 replications.

Baseline category.

\* p < 0.10,\*\* p < 0.05,\*\*\* p < 0.01

	(1)	(1) (2)		(3)		(4)		(5	)	
African	0.447*** (0.059)				(0.086)	× .	(0.095)	0.655** (0.128)		
Ex-Yugoslavian	0.562***	(0.077)	0.724**		0.578***	(0.101)	0.576***	(0.115)	0.622**	(0.122)
Portuguese	0.860*	(0.074)	1.097	(0.112)	1.071	(0.113)	1.046	(0.119)	1.029	(0.127)
Swiss	1.000	(0.000)	1.000	(0.000)	1.000	(0.000)	1.000	(0.000)	1.000	(0.000)
Age	0.971***	(0.002)	0.972***	(0.003)	0.972***	(0.003)	0.971***	(0.003)	0.970***	(0.003)
Male	1.075	(0.065)	1.085	(0.072)	$1.101^{\bullet}$	(0.063)	$1.126^{*}$	(0.079)	$1.148^{**}$	(0.078)
Sector of employment (In	ndustry <sup>1</sup> )									
Agriculture	1.422	(0.307)	$1.435^{*}$	(0.312)	$1.447^{*}$	(0.317)	1.349	(0.302)	1.327	(0.334)
Technical & PC	1.127	(0.149)	1.043	(0.139)	1.080	(0.153)	1.047	(0.155)	1.041	(0.161)
Construction	1.236	(0.168)	$1.265^{*}$	(0.177)	$1.287^{*}$	(0.186)	1.272	(0.202)	1.219	(0.204)
Trad & transport	0.922	(0.099)	0.907	(0.103)	0.909	(0.105)	0.896	(0.109)	0.874	(0.107)
Catering & tourism	1.051	(0.120)	1.079	(0.134)	1.157	(0.138)	1.116	(0.139)	1.136	(0.156)
Bank & insurance	1.067	(0.111)	1.011	(0.115)	0.987	(0.110)	0.952	(0.119)	0.924	(0.116)
Health & social	1.144	(0.129)	1.063	(0.140)	1.093	(0.137)	1.092	(0.145)	1.072	(0.152)
Other	1.024	(0.160)	1.017	(0.153)	1.070	(0.172)	1.056	(0.166)	1.096	(0.188)
Speaking French			1.197 **	(0.099)	$1.197^{**}$	(0.101)	$1.183^{*}$	(0.114)	1.139	(0.116)
Educ. attainment (Oblig	(atory <sup>1</sup> )									
Intermediate			$1.259^{***}$	(0.090)	$1.236^{***}$	(0.091)	$1.196^{**}$	(0.091)	$1.213^{**}$	(0.101)
Superior			$1.336^{***}$	(0.122)	$1.265^{**}$	(0.116)	$1.235^{**}$	(0.125)	$1.265^{**}$	(0.126)
Size of network					1.005***	(0.001)	1.004***	(0.002)	$1.004^{**}$	(0.002)
Employed in network					1.043	(0.037)	1.040	(0.041)	1.043	(0.041)
Total of search activities 0.972 (0.084) 0.								0.992	(0.083)	
Usage of search strategy	(None <sup>1</sup> )									
Press (low)							1.029	(0.116)	1.053	(0.121)
Press (medium)							1.161	(0.225)	1.160	(0.218)
Press (high)							1.404	(0.511)	1.360	(0.490)
Employer (low)							1.052	(0.128)	0.996	(0.116)
Employer (medium)							1.148	(0.229)	1.072	(0.205)
Employer (high)							1.353	(0.395)	1.211	(0.342)
A man and (lame)							1.022	(0.070)	1.016	(0.000)
Agency (low)							1.022	(0.079)	1.016	(0.086)
Agency (high)							1.278*	(0.161)	$1.273^{*}$	(0.171)
Internet (low)							1.042	(0.132)	1.039	(0.126)
Internet (medium)							1.047	(0.211)	1.023	(0.204)
Internet (high)							1.175	(0.341)	1.083	(0.312)
Time for job search (<1h	$1/dav^1$						1.110	(0.011)	1.000	(0.012)
About 1h / da	- /						0.926	(0.086)	0.922	(0.093)
About 2h / day							0.904	(0.000)	0.914	(0.093)
About 3h / day							0.961	(0.108)	0.963	(0.117)
Life satisfaction							0.004	(21100)	1.001	(0.011)
Log likelihood	-9756	.06	-9672	2.26	-8776	5.49	-8325.19		-7772.56	
Observations	267		265		239		225		209	
0.00011001010	201	<u> </u>	200		200		220		20.	

Table 5: Cox proportional hazards model - hazard ratios, all confounders, full sample, Swiss as reference group  $% \mathcal{C}(\mathcal{C})$ 

Exponentiated coefficients; Standard errors (in parentheses) bootstrapped with 500 replications.

1) Baseline category.

\* p < 0.10,\*\* p < 0.05,\*\*\* p < 0.01