Half of the refugees in Germany found their first job through social contacts

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The integration of immigrants into the labor market of their host country is considered to be of critical importance for successful integration. Employment allows them to be financially independent, benefit from daily interaction with colleagues, and integrate into other areas of society. Yet there are very few studies to date examining how refugees find their first job and what kinds of consequences their job-acquiring methods have.

The available literature shows that at the turn of the millennium, roughly half of all immigrants found their first job in Germany through social networks: for instance, family members, friends, or acquaintances. Those with higher levels of education were less likely to resort to these informal means of finding work, relying more on formal channels such as the Federal Employment Agency or job advertisements.

The IAB-SOEP Migration Sample from 2013 is used to examine whether the same applies to refugees, and how the full-time employment rates and average length of time before entering the labor market differ between those who found work through formal and informal channels. For this purpose, refugees are compared with labor migrants and family migrants (see box).

In Germany, the majority of people tend to find work through friends, acquaintances, and relatives when they first enter the labor market or switch jobs. The same applies to immigrants and their offspring. Integrating refugees into the labor market is considered crucial to their overall integration into society, yet little is known about how they land their first jobs. The present paper attempts to bridge this gap by analyzing IAB-SOEP Migration Sample data on two reference groups comprised of individuals that came to Germany for different reasons: labor migrants and family migrants.

The analyses show that roughly half of the refugees found their first job through friends, relatives, or acquaintances. Formal channels such as job advertisements and the Federal Employment Agency also played a key role. Refugees who found employment through personal contacts were generally less likely to have any knowledge of German and more likely to have had contacts in Germany prior to immigration. The findings also show that refugees who acquired work through informal channels found their first job faster and were more likely to work full-time compared to those who found their first job through formal channels.

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Three limitations of the present study should be noted. First, immigrants in the IAB-SOEP Migration Sample were surveyed in 2013 after already having lived in Germany for an average of 17 years, and thus it is not possible to draw direct conclusions about refugees who came to Germany over the course of the past two years.

Second, only 283 Germany-employed refugees were surveyed. This means that the findings reported here have a high degree of statistical uncertainty. The 95-percent confidence intervals of the findings are given in the tables and figures below to illustrate this uncertainty. In addition, the study investigates whether the differences between the groups are statistically significant (t-test). Finally, the small sample size means it is not possible to break the refugee sample down into narrower groups—for instance, by country of origin or gender (see box).

**Half of refugees found their first job through social networks**

Participants in the 2013 IAB-SOEP Migration Sample were asked how they found their first job in Germany. Here, respondents could indicate multiple methods for finding a job: for instance, if they found a job both with the help of a family member as well as through the Federal Employment Agency. Only between one and six percent of the respondents gave this kind of multiple answer—normally, only one job-search method was used successfully. The analyses do not include self-employed persons or those who had never been employed in Germany.

Around half of the refugees surveyed, i.e., between 47 and 59 percent, found their first job through family members, friends, or acquaintances (see Table 1). At 56 to 64 percent and 60 to 66 percent, respectively, labor migrants and family migrants were significantly more likely to have found a job through informal means than were refugees. It should be noted that between four and eight percent of the labor migrants had already found employment in Germany through existing business connections before they immigrated; understandably, it was rare for refugees to find work this way.

Between 37 and 49 percent of the refugees surveyed found their first job in Germany through formal channels. Here, the Federal Employment Agency and the Employment Office played a role for seven to 15 percent of the refugees surveyed; private employment agencies for seven to 14 percent; and direct applications in response to newspaper job advertisements for nine to 16 percent.

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**Box**

**Data basis and observation group**

Data from the IAB-SOEP Migration Sample from 2013 (v31) were used for the analyses in the present issue of DIW Economic Bulletin. The survey was conducted by the Institute for Employment Research (IAB) and the Socio-Economic Panel (SOEP) study and includes information on immigrants and their descendants in Germany.

The present study analyses information on the job acquiring method of respondents in Germany. All respondents who were not born in Germany were asked this question. The self-employed and individuals who have never been in employment in Germany were not included in the analysis. Overall, no statements can be made about the job search but only about how respondents successfully found jobs.

Also, only certain groups of migrants are studied: 283 respondents came to Germany as asylum-seekers or refugees, 557 labor migrants came as jobseekers or already had a firm job offer before immigration and 958 respondents were family migrants, i.e., spouses, children, or other family members. It should be noted that these types of immigration do not necessarily correspond to the legal entry status. Furthermore, it should be taken into account for the following group comparisons that refugees attempting to integrate into the labor market faced legal obstacles other immigrants—particularly those from the European Union—mostly did not encounter.

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2 Access to the German labor market for recognized refugees and those granted asylum is dependent on their residence permit (Section 4, para. 3 of the German Residence Act (AufenthG)). In exceptional circumstances, asylum-seekers may also be employed (Section 61 of the German Asylum Procedure Act (AsylG)). For more information about the job search methods used by immigrants in Germany, see, for example, Nivon, V., A., Romeu, Gondo, L. et al. (2008) “Arbeitsuche von Migranten. Deutschkenntnisse beeinflussen Suchintensität und Suchwege.” IAB Briefly report, no. 25 (2008).


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6 The average length of stay of the respondents in the present study is slightly longer than in the other reports in this issue of DIW Economic Bulletin.

7 These can be interpreted as follows: if a large number of samples were drawn under identical conditions, 95 percent of the estimated confidence intervals would contain the true value. Hence a large confidence interval indicates an uncertain estimate; conversely, a small confidence interval indicates a more reliable one.

8 The two values denote the upper and lower limits of the confidence interval, which reflects the uncertainty of the data; see also footnote 7.
Refugees and other immigrants rarely found their first job in Germany through other formal channels, including employment offices and agencies in their home countries, special employment services for foreigners, and online job advertisements.9,10

Refugees who found a job through informal channels often had social ties in Germany before immigrating

Theoretically, the methods refugees use to land a job in Germany depends on whether jobseekers have access to social networks; the composition of these networks; and whether these networks can be used to find work.11 It is assumed that a jobseeker is more likely to look for and find a job through social networks if his or her network is bigger.12 Empirical evidence for this assumption already exists for immigrants in Germany.13 In the IAB-SOEP Migration Sample, immigrants were asked whether they received help from relatives or friends who were already living in Germany. This type of social ties might also have affected the refugees’ actual job acquisition.

The pattern turned out as expected for all three immigrants groups (see Figure 1): the refugees and other immigrants who already had social ties in Germany prior to immigration found their first jobs more often through informal channels than they did through formal channels. These differences are particularly pronounced for labor migrants and family migrants. Conversely, the difference is smaller for refugees and is statistically only weakly significant. Between 51 and 68 percent of the refugees who had social ties in Germany before immigrating found a job through informal channels.

Finding work through social networks: no differences between refugees with higher and lower levels of education

The fact that refugees were slightly more likely to have found their first job in Germany through formal channels than were other immigrants could theoretically have

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9 Searching for jobs online was most probably not as common for the respondents in this sample - most of whom came to Germany in the 1990s - than it is today; for more on this, see Fisher et al., "Arbeitsvermittlung durch das Arbeitsamt: Reform des Berichtsystems dringend erforderlich," DIW Weekly Report, no. 9 (2002): 150.

10 A further distinction between labor migrants who had already found their first job before immigrating (job confirmation) and those who began searching for work once they were already in Germany (job search) shows certain differences (analysis available on request).


JOB-ACQUIRING METHODS

been due to the differing educational backgrounds of the groups in question. It is often presumed that better-educated individuals are less likely to search for jobs through social networks and more likely to do so through formal channels.\(^\text{14}\) At the same time, it is assumed that labor market positions requiring higher qualification levels are more likely to be advertised officially and less likely to be filled through personal contacts – and a similar pattern can also be observed in Germany.\(^\text{15}\) This applies not only to the indigenous population, but also to immigrants in Germany and other countries as well.\(^\text{16}\)

Surprisingly, the situation is different for the refugees in the present study. The share of those with a university degree who found their first job through informal channels amounted to 34 to 62 percent, with an average of 48 percent (see Figure 2).\(^\text{17}\) Similar shares can also be observed for refugees with other levels of education: between 46 and 66 percent of refugees who had completed a post-compulsory education, and between 45 and 62 percent of those with no qualifications at all or only a mandatory school-leaving certificate. Thus no statistically significant differences can be observed between refugees with higher and lower levels of education in terms of their job acquiring methods.

Conversely, other immigrants who had completed a post-compulsory education or held a university degree were significantly less likely to find work through informal channels than were immigrants with a mandatory school-leaving certificate or no qualifications at all.\(^\text{18}\)

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\(^{14}\) See Mouw, "Social capital?" 868-898.


\(^{16}\) Three years ago, for example, researches from the IAB and the SOEP at DIW Berlin reported that immigrants with a higher level of education were less likely to find their first job in Germany through social networks (see Brücker, Liebau, et al., "Anerkannte Abschlüsse"). Similar patterns were observed in other scientific studies: for instance, on immigrants in Sweden (see A. Behtoui, "Informal Recruitment Methods and Disadvantages of Immigrants in the Swedish Labour Market," Journal of Ethnic and Migration Studies 34(3) (2008): 411-430) and on refugees in the Netherlands (see van Tubergen, "Job Search Methods").

\(^{17}\) Respondents who found a job through both formal and informal channels (one to six percent for the refugees surveyed) were categorized under "formal channels" in the following analyses.

\(^{18}\) Another important differentiation could be made between immigrants who received all of their education outside of Germany and those who also invested in education while living in Germany. In order to verify this, individuals who had studied or attended (evening) classes in the period of time between arriving and landing their first job were included in a separate analysis as a different educational group. The findings reported here remained generally stable.
In the IAB-SOEP Migration Sample, respondents were also asked to subjectively rate their German proficiency prior to immigration. Since most refugees did not know any German upon arrival, the only distinction here is between whether respondents reported their level of German as "existent" or as "non-existent."

When it came to landing their first job, with 49 to 63 percent, the refugees who rated their pre-immigration knowledge of German as non-existent made use of informal channels more often than did those who arrived with German skills (see Figure 3). The same applies to family migrants (between 63 and 70 percent). No differences were evident among the labor migrants, however.

Full-time work was more prevalent among refugees who found their first jobs through informal channels than among those who (also) used formal channels.

Refugees with pre-immigration knowledge of German found their first job less often informally than refugees without this knowledge.

Relatively poorer command of German language among refugees who found a job through informal channels

In order to successfully apply for a job, a certain level of German is often required: for example, applicants must be able to read job advertisements, participate in job interviews, or interact with job agents, especially when it comes to formal methods of finding work. In contrast, relatives, friends and acquaintances with a better command of German can act as intermediaries for job searches through social networks. Jobs could also be acquired through social networks where knowledge of German plays a more minor role. For refugees as well, the level of German proficiency might have been crucial to their successfully finding work through a particular channel.

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Full-, part-time, and marginal employment and job-acquiring methods among refugees

The fact that social networks are crucial to job searches tells us little about whether refugees and other immigrants were able to find a suitable job through social

19 Van Tubergen, "Job Search Methods."

20 In previous studies on immigrants in Germany, it was possible to show, for instance, that immigrants with a poorer command of the German language use social networks more intensively for their job search; on this, see Nivorozhkin et al., "Arbeitssuche von Migranten. Deutschkenntnisse beeinflussen Suchintensität und Suchwege," IAB Briefly Report, no. 25 (2006).

21 On this, see the report in this issue by E. Liebau and D. Schacht, “Language acquisition: refugees nearly achieve proficiency level of other migrants” DIW Weekly Report, no. 35 (2016).
networks. Sometimes immigrants who have found work through informal channels have a lower occupational status.\textsuperscript{22} This was also observed for refugees.\textsuperscript{23} Based on the IAB-SOEP Migration Sample, this study examined whether immigrants who were successful through different job-acquiring methods worked more or less often in full-time positions or in something else, including part-time positions, in marginal employment, or as a trainee.\textsuperscript{24}

The forms of employment of refugees and other immigrants are closely correlated with their job-acquiring method (see Figure 4). Refugees who found their first job through social networks were more often employed in full-time positions (between 63 and 77 percent) than were refugees who did so through formal channels (between 48 and 66 percent). Family migrants were also more likely to find full-time employment through informal channels, whereas there were no statistically significant differences for labor migrants.

**Refugees found their first job in Germany faster through informal channels**

The job-acquiring methods of refugees and other immigrants might also have been linked to the length of time they took to find their first job in Germany. Our study analyzed what percentage of respondents found their first job in Germany within a certain number of years after immigration (see Figures 5 to 8). Here, a distinction is drawn between formal and informal job-acquiring methods.

For the most part, refugees who found their first job through social networks also did so more quickly than those who acquired a job through formal methods (see Figure 5). For instance, between 57 and 65 percent of those who found a job through informal channels were employed after three years, while this only applied to 39 to 56 percent of those who found a job through formal channels. The descriptive difference is considerable here, and even after ten years, there were still statistically significant differences in the employment rates between these groups.\textsuperscript{25}

\textsuperscript{22} For empirical evidence from the US, see Mouw, “Social capital.”

\textsuperscript{23} For the Netherlands, see van Tubergen, “Job Search Methods” 179-195.

\textsuperscript{24} Findings from the 2014 study on refugees by the Federal Office for Migration and Refugees (BAMF) also indicated high full-time employment rates among refugees from countries in crisis; see S. Worbs and E. Bund, “Asylberechtigte und anerkannte Flüchtlinge in Deutschland: Qualifikationsstruktur, Arbeitsmarktintegration und Zukunftsentwürfe,” short analyses by the Research Centre on Migration, Integration, and Asylum of the Federal Office for Migration and Refugees (BAMF-FZ), no. 1 (Nuremberg: 2016).

\textsuperscript{25} However, it is not possible to determine here to what extent job searches by respondents who found work through informal and formal channels also vary; on this, see for example, Nivonzhkin et al. “Arbeitsuche von Migranten.”

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**Figure 5**

Job search duration of refugees who found their first job through social networks or other channels\textsuperscript{1}

Cumulative share in percent

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**Figure 6**

Job search duration of labor migrants who found their first job through social networks or other channels\textsuperscript{1}

Cumulative share in percent

\textsuperscript{1} Results on the first position held by migrants who have already been working in Germany. Later job-losses are not taken into consideration, which necessarily cumulates up to 100 percent.

Source: IAB-SOEP Migration Sample 2013, wave 1; own calculations, weighted (v31).

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Refugees who found their first job through informal channels usually found work faster than those who (also) used formal channels.

Results showed no differences for labor migrants by job acquisition method.
A similar pattern emerges for family migrants (see Figure 6). Labor migrants entered the German market particularly quickly, however (see Figures 7 and 8); this is not surprising, since many of them had probably already received a job offer prior to moving, and these individuals were generally close to the labor market. For labor migrants, it was irrelevant through which job-acquiring method they found their first job (see Figure 7).

Conclusions

Around half of all refugees in the IAB-SOEP Migration Sample found their first job through friends, relatives, and acquaintances. Formal channels such as the Federal Employment Agency and job advertisements presumably played a slightly more important role for refugees in finding work than they did for other immigrants. There were no differences in the job-acquiring methods between refugees who had higher or lower levels of education. A prior knowledge of German was more likely to go hand in hand with the use of formal job-acquiring methods. Refugees were also more likely to find a job through social networks if they already had contacts in Germany upon arrival. Furthermore, refugees who found work through informal channels were more likely to be in full-time employment. As well, they were more likely to find employment in a shorter period of time after their arrival in Germany.

The labor market integration of refugees has frequently been facilitated by social networks. The initial implications of this finding for the German labor market and for integration policy is that effectively integrating refugees into social networks is probably crucial to their labor market success. At the same time, other studies have shown that social ties with persons without migration background – that is, mixed social networks – have positive and long-term effects for immigrants. Consequently, a high degree of ethnic segregation should be avoided, a factor to be taken into account in future urban planning and neighborhood management. An adequate command of German is a prerequisite for developing social ties between immigrants and Germans. Since this probably also applies to refugees, comprehensive language and integration courses may make it easier for them to establish these essential social networks.

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26 As is also the case for other immigrants on this, see, for example, Brücker, Liebau, et al., “Anerkannte Abschlüsse”, 1147.
29 For more on this, see the report in this issue by E. Liebau and D. Schacht, “Language acquisition: refugees nearly achieve proficiency level of other migrants” DIW Weekly Report, no. 35 (2016).