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Timeline

2019-2021

Study Status

Results

Study Type

Randomized Evaluation

Sample Size

535 companies

Research Implemented by IPA

Yes

**MATCHING WITH THE RIGHT ATTITUDE: THE EFFECT OF MATCHING
FIRMS WITH REFUGEE WORKERS**

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Job Market Paper

This version: February 3, 2023

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ABSTRACT

How to integrate disadvantaged workers such as immigrants and refugees into host-country labor markets is a growing global question. Refugees may be prevented from entering local labor markets because employers have misperceptions or discriminatory attitudes about refugees' skills and little incentive to gather information to correct these misperceptions or change their attitudes. This has motivated the design of several labor market policies aimed at reducing firms' cost of gaining information about disadvantaged workers to improve these workers' chances of employment and, ultimately, labor market efficiency. In this paper, we use a randomized experiment in Uganda – one of the five largest refugee-host countries in the world – to study the short- and long-run impact on local firms' willingness to hire refugees after being provided with a skilled refugee worker for free for one week. We find that treated firms hire more than as many refugees than firms in the control group eight months after the experiment. Data collected immediately after the experiment further show, consistent with a simple Bayesian learning model, exposure to a refugee led firm managers to update their beliefs about refugees' skills in general. Yet, in the short-term, firms' willingness to hire refugees, proxied by their willingness to offer a short-term job with a (generic) refugee, did not change on average. To investigate mechanisms for why exposure caused some firms to update their beliefs about refugees' skills, and be willing to hire them, while others became less inclined to do so, we use a causal forest approach to estimate treatment heterogeneity. The algorithm identifies two predictions: employees' initial attitudes toward refugees and refugee workers' attitudes toward locals. We use these results to explore the importance of matching attitudes by estimating the variation in the treatment effect across four groups of employer-refugee pairs, distinguished by the attitude of the employer toward refugees and the attitude of the refugee toward locals. In line with a literature in social psychology, we find that positive matches, i.e., firms with a positive attitude toward refugees who were (randomly) matched with a refugee with positive attitudes toward locals, resulted in a substantial increase in firms' willingness to hire a (generic) refugee worker, while negative matches decrease firms' willingness to hire. Finally, we show that the treatment heterogeneity documented in the short-run, also helps explain the longer run results in end-world hiring. Our findings have important policy implications. Short-term exposure interventions can result in longer-term increases in employment for disadvantaged groups, but the size of this effect depends on the initial match quality.

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We are deeply grateful to our supervisors, Truus Beld, Jan de Quilt, Anders Mathsson, and Jakob Sørensen, for their continuous support, supervision, patience and encouragement. We are also grateful to Emanuele Colombo, Eliana La Ferrara, Nilesh Fernando, Eduardo Toso and Anna Tompsett. We thank IPA's Power & Recovery Fund, FIEDI, JPME, Jobs Opportunity Initiative, SurroyCTO, the Maastricht and the Simon Foundation for funding. Josh Bales and Apollo Tumbaine provided outstanding research assistance. We thank James Naboth Akimbalaba, Robert Holm, Paul Kihima, Julie Nyabirama, and Fred Wamukia for their support throughout the project. This study was approved by the Uganda National Council for Science and Technology (protocol SS 5039), and the Mbitwe Uganda Research Ethics Committee (Protocol 0503-2019). This study is registered in the AEA RCT Registry under the unique identifying number: AEA/RCTB-0006437. All names are our own.

Academic Paper

Improving Labor Market Opportunities

for Refugees in Uganda

Abstract

Refugees and asylum seekers often struggle to find jobs in their host countries, even when they have unrestricted right to work. This is especially true in low-income countries, home to the majority of the displaced populations in the world. Firms may be reluctant to hire a refugee due to a possible belief that a refugee has lower productivity or is more costly to screen compared to a local worker, and language barriers and other information frictions may affect refugees' job search behavior and attaining a job. In Uganda, researchers are evaluating the effect of a short-term internship and skills certifications on firms' beliefs and willingness to hire refugee workers.

Policy Issue



Two of the refugee participants at vocational training institute to be tested on their cooking skills. ©Mariajose Silva-Vargas

More than 26 million people globally have been displaced from their homelands as a result of war and ethnic, tribal, and religious violence, and into new countries with unfamiliar economic and social landscapes.^[1] Approximately 86 percent of refugees migrate to developing countries,^[2] most often to neighboring countries. Host countries often have limited resources to accommodate a population influx, which can strain economic integration efforts in turn. As a result, refugee job-seekers are often forced into navigating employment and other opportunities in their new home without assistance. Consequently, they have a higher likelihood of unemployment and poverty than locals. Refugees may also contend with unwelcome attitudes and discrimination from companies, the local population, and government policies that discourage hiring refugees, which can further compound the toll from the economic challenges they face.

Removing labor market participation barriers is instrumental in generating greater economic and social opportunities for refugees. This project builds on previous research, buoyed by the UNHCR and OECD's support of such efforts to probe the impacts and mechanisms behind economically integrating refugees into local labor markets. This study is the first to examine the effect of correcting information frictions that prevent the private sector from employing refugees.

Context of the Evaluation



Mariam (Ugandan) and Sifa (Congolese) work together in a beauty salon. Sifa started working in the salon as part of the research project, and she stayed there as a regular employee. © Mariajose Silva-Vargas

More than 1.5 million refugees call Uganda their temporary or permanent home. Nearly 90 percent of displaced people come from the neighboring countries of the Democratic Republic of Congo and South Sudan. By Ugandan law, refugees are granted unlimited freedom of movement and the right to work; this includes an exemption from a work permit requirement. For this reason, many refugees settle in Kampala and other urban centers where there is increased access to employment opportunities stemming from the diverse array of sectors and markets present. However, young adult refugee job-seekers, including those with high levels of education, often have difficulty finding employment, resulting in the highest rates of unemployment. Refugees with secondary education have a 43 percent unemployment rate-nearly four times the unemployment rate for locals-and those with some college education have a 35 percent unemployment rate-double the local unemployment rate.^[3]

Details of the Intervention



Mariam and Sifa working together at the salon. © Mariajose Silva-Vargas

Researchers developed an intervention in Kampala with the Young African Refugees for Integral Development (YARID) and Bondeko Refugee Livelihoods Centre to randomly evaluate the impact of a one-week internship and skills certifications on firms' beliefs and willingness to hire refugee workers.

The researchers matched firms active in various manufacturing and service sectors with a

refugee job seeker in those sectors that had a certificate from a practical skills test. A total of 535 firms participated in the intervention, with 325 firms randomly selected to host a one-week internship with one refugee worker while 210 were not matched with a refugee worker.

Researchers implemented a survey one month after the matching took place and eight months after the intervention to assess its impact on firms interviewing or hiring at least one refugee and on changing firms' and locals' attitudes towards refugees' participation in the labor market.

Results and Policy Lessons

The following results are preliminary and subject to change.

Firms that received skilled refugee interns updated their beliefs regarding refugee skills. Eight months after the intervention ended, firm managers paired with refugee interns were three times more likely to hire another refugee compared with firms that did not receive skilled refugee interns.

Factors influencing beliefs about refugees' skills: Employers' initial attitudes toward refugee labor market integration and refugee workers' initial attitudes toward local sentiment on refugee labor rights determined if exposure led to change. When randomly paired local firm managers and refugee interns both held initial positive attitudes, the managers were 17 percent more willing to hire refugee workers in the future compared with managers who were not paired with a refugee intern. By contrast, when randomly paired managers and refugees both held initial negative attitudes, the managers were 28 percent less willing to hire refugee workers.

Impact on Actual Hires: Researchers found that participation in the one-week internship program impacted actual hires, with the greatest effects among firms who had positive initial views about refugees and were matched with refugees who held positive views toward Ugandans. This suggests that initial attitudes were complementary to the success of employer-refugee matching. However, exposure to refugee job seekers had no impact on employers' attitudes or biases.

Read more about the study in [this article](#).

Sources

^[1,2] UNHCR, "Figures at a Glance," United Nations High Council on Refugees, accessed January 12, 2022 <https://www.unhcr.org/en-us/figures-at-a-glance.html>

^[3] Theresa Beltramo, Jed Fix, Ibrahima Sarr, "UNHCR Uganda - Knowledge Brief: Improving employment outcomes for refugees - July 2021," August 31, 2021,

<https://reliefweb.int/report/uganda/unhcr-uganda-knowledge-brief-improving-employment-outcomes-refugees-july-2021>

November 27, 2023

Implementing Partners



Young African Refugees for Integral Development (YARID)



Bondeko Refugee Livelihoods Centre