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Fachbereich Politik- und Sozialwissenschaften

Master Thesis

The Role of Local Authorities in the Integration of Migrants

Integrating refugees and Asylum Seekers in Local Labour Markets

To what extent are federal states' prerequisites accounted for in the initial national allocation mechanism of asylum seekers and refugees?

submitted by

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Abstract (English)

In 2015 and 2016, Germany experienced the highest influx of persons seeking asylum in its history. The scale of arrivals alone, alongside a high likelihood of longitude of stay of newly arrived, necessitates efforts to integrate these persons into societies. The paper provides an in-depth analysis of the key area labour market integration of asylum seekers and refugees in the cross-cutting policy area 'integration'. In the multi-level governance scheme of the Federal Republic of Germany, its federal states, the Bundesländer, are identified as key actors in service provisions to asylum seekers and refugees. In the last years, they reported divergent experiences in persecution of this task, agitated by varying numbers in reception in line with the national allocation mechanism. Against this background, the analysis provides a first research design for a possible adjustment of the national dispersal mechanism, which takes into account divergent prerequisites of Bundesländer in the policy area labour market integration. The aim is to understand the limitations and potentials of the current approach in order to develop fact-based recommendations for alternative approaches. The analysis identifies both quantitative and qualitative local conditions as explanatory factors: In a first step, quantitative local economic key variables are comparatively assessed. A second qualitative pillar analyses the impact of clever designed policy frameworks of Bundesländer on successful labour market integration of the group. A key finding of this paper is, that federal states' economic pre-conditions alone are not able to fully explain their performances in economic integration. In turn, clever designed policy approaches can substantially complement access of asylum seekers and refugees in labour markets.

Abstract (German)

Die Bundesrepublik Deutschland verzeichnete in den Jahren 2015 und 2016 den höchsten Anstieg von Asylanträgen in ihrer Geschichte. Die hohe Anzahl an Ankommenden allein, sowie eine hohe Wahrscheinlichkeit, dass Asylsuchende und Flüchtlinge voraussichtlich länger in Deutschland bleiben, erfordern Anstrengungen diese Personen in die Gesellschaft zu integrieren. Im Fokus dieser Masterarbeit steht eine vertiefte Analyse des Politikbereichs ‚Arbeitsmarktintegration', als ein wichtiger Bestandteil der Querschnittsaufgabe ‚Integration'. Bundesländer werden als Schlüsselakteure im Kontext Integration innerhalb des Multi-Level-Governance-Schemas in der Bundesrepublik identifiziert. In den letzten Jahren signalisierten Bundesländer unterschiedliche Erfahrung in der Erfüllung dieser Aufgabe. Unterschiede ergeben sich vor allem durch eine ungleiche Verteilung von Geflüchteten und Asylsuchenden auf Bundesländer durch den nationalen Verteilungsschlüssel. Vor diesem Hintergrund, wird im Folgenden ein erstes Research Design entwickelt, welches unterschiedliche regionale Gegebenheiten und Erfahrungen im Bereich Arbeitsmarktintegration einer Verteilung zugrunde legt. Ziel ist es, Einschränkungen und Potentiale des gegenwertigen Mechanismus offenzulegen, um mögliche Empfehlungen zur Erschließung eines alternativen Ansatzes vorzulegen. Die Analyse identifiziert sowohl quantitative als auch qualitative Faktoren als maßgeblich für Erfolg und Niederlage von Arbeitsmarktintegration in Bundesländern. In einem ersten Schritt werden Auswirkungen von quantitativen wirtschaftspolitischen Schlüsselvariablen in Bundesländern komparativ auf Erfolg von Arbeitsmarktintegration von Geflüchteten und Asylsuchenden eingeschätzt. In einem zweiten Schritt wird der Einfluss von zweckdienlichen Politikansätzen und -programmen von Bundesländern untersucht. Eine zentrale Erkenntnis der Untersuchung ist, dass regionale wirtschaftspolitische Schlüsselvariablen allein nicht ausreichend in der Lage sind (Miss-) Erfolge zu erklären. Zudem kann der Zugang von Asylsuchenden und Flüchtlingen zum Arbeitsmarkt in Bundesländern wesentlich durch Politikansätze erleichtert werden.

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Abbreviations and Terms

BA	Bundesagentur für Arbeit (Federal Employment Agency)
BAMF	Bundesamt für Migration und Flüchtlinge (Federal Office for Migration and Refugees)
BG	Bedarfsgemeinschaften (term from German Social Welfare Code, joint household in need of social welfare)
BumF	Bundesfachverband für unbegleitete minderjährige Flüchtlinge (Federal Association for unaccompanied minor refugees)
DIW	Deutsches Insitut für Wirtschaftsforschung (German Institute for Economic Research)
EASY	Erstverteilung von Asylbegehrenden (First Distribution of Asylum Seekers)
eLb	Erwerbsfähigen Leistungsberechtigten (employable persons, who receive unemployment benefits after Sozialgesetzbuch, SGB Zweites Buch, II - § 7)
KS	Königstein Key (determines allocation quota of asylum seekers and refugees in Germany)
Länder/ Bundesländer	Federal States of Germany
NRW	North-Rhine Westphalia
RQ	Recognition Quota of asylum seekers according to country of origin
SOEP	Socio Economic Panel
SvB	Sozialversicherungspflichtigte Beschäftigte (employees subject to social security), see chapter 6.1.1 for full definition of the term).

1. Introduction: Allocation of Refugees and Asylum Seekers and Regional capacities

The debate on migration in Germany in the year 2015 and the beginning of 2016 were largely focussed on asylum migration. Although the debate about the benefits and role of asylum seekers in Germany was not new, it reached new heights, when in 2015 and 2016 more than 2,5 Million fled to the European Union (EU) to escape the atrocities in countries of origin (cf. Eurostat 2017). By the end of the year 2015, the debate in Germany became particularly fierce. In order to avoid a humanitarian crisis, the German government decided on temporarily suspending the Dublin procedure[1] to grant entrance to those who reached Hungary. The result was an unforeseen spike in arrivals, resulting in the prognosis for arriving asylum seekers being corrected multiple times (Federal Office for Migration and Refugees 2016: 19). As illustrated graph below, the number of asylum application in 2015 and 2016 were the highest in the country's history.

Table 1: Asylum Applications in Germany (1953-2017)
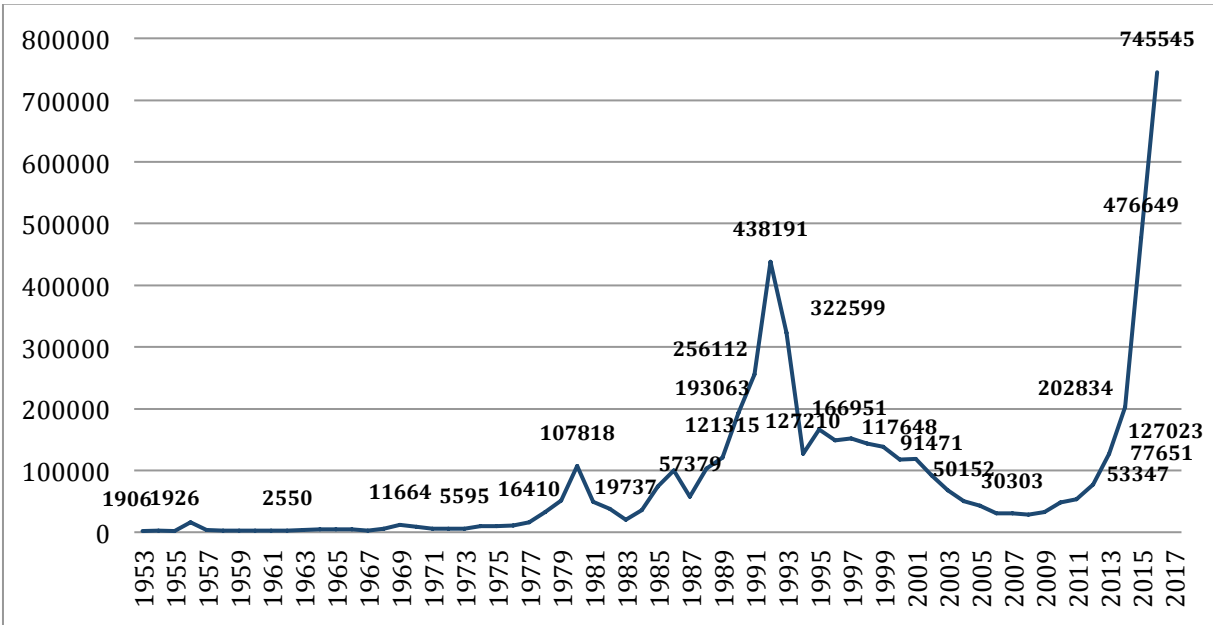
Data: BAMF 2016: *Das Bundesamt in Zahlen*. p. 11, diagram: authors elaboration

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[1] The agreement between the member states of the European Union foresees, that responsibility of asylum application of a person lies with the member state the applicant has been first registered. The regulation has been criticised recently for putting pressure on countries located at the European borders. To avoid a humanitarian crisis, in late 2015 the German government decided to temporarily suspend the procedure and let more people in then the regulation would compel (Federal Office for Migration and Refugees 2016: 19).

A large majority of the people who arrived during the last years, wish to prospectively stay for a longer time in Germany (Neske 2017: 6). This perspective is further agitated by the critical humanitarian situation prevalent in most countries of origins. The scale of arrivals alone, but also the projected likelihood of them staying in Germany for a significant amount of time, call for serious efforts to integrate them into society. In a press conference on 31. August 2015 regarding the subject of integrating refugee's and asylum seekers, Germany's Chancellor Angela Merkel exclaimed "Wir schaffen das [We can do it]". In light of this statement, the federal government has influenced the political and societal debate for refugees and asylum seekers to be a substantive chance for the country. In particular, the government ascribes these high arrivals the potential to fill the gap of skill-shortages on the German labour market[2]. Since then, the debate of integration of refugees and asylum seekers has been largely focussing on the aspect of making use of their potential as qualified workers (Geis/Orth 2016b: 3). Yet, refugee migration is not motivated by economic purposes, but by the need of protection. Unlike other forms of migration, person's, who came to the country against the background of humanitarian reasons, were mostly not able to prepare their stay beforehand and hence lack substantial basic requirements (i.e. German language skills or distinct educational diploma) for an immediate economic integration (Bevelander 2016: 3; Brücker et Al. 2016: 46). In this view, socio-economic profiles of refugees and asylum seekers who came to the country in recent years demand further assistant of policy makers to reach this goal. Along these lines, many studies[3] found that timely job integration, if possible from day zero onwards, and avoidance of periods of non-work, facilitate long-term labour market integration. For instance, economic integration provides easier language learning on the job, improves the economic situation of the individual, but also fosters societal integration i.e. through enabling expansions of social networks (Bevelander 2016; Brücker et Al. 2016: 63; CSES 2013: 96; Geis et Al. 2016: 29; Jacobsen 2002: 1; Katz et Al. 2016: 5; OECD 2017a; Thränhardt 2015: 4 ff.).

Local Authorities, namely Germany's federal states, the *Bundesländer-* or *Länder-* level, are key actors in service provision for migrants. In the multi-level governance scheme of the

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[2] Angela Merkel (09.September 2015): Speech in the German Bundestag (*Rede von Bundeskanzlerin Merkel im Deutschen Bundestag*); https://www.bundesregierung.de/Content/DE/Rede/2015/09/2015-09-10-rede-deutscher-bundestag.html; accessed 20.3.18

[3] See for instance Bevelander 2016; Brücker et Al. 2016: 63; CSES 2013: 96; Geis et Al. 2016: 29; Jacobsen 2002: 1; Katz et Al. 2016: 5; OECD 2017a; Thränhardt 2015: 4 ff

Federal Republic, they are responsible for first reception and have room to manoeuvre in policy making for an insertion of the group into the German labour market. In recent political debates and media, they reported different experiences with the challenges and chances that newly arrived asylum seekers and refugees provide (cf. Economist 2016). While some state authorities signalled vacancies in basic sustenance provision for the group, others seem to be overwhelmed by the task, which resulted inter alia in long waiting hours for initial reception (Ibid.). For instance, the Federal State of Berlin was under (inter-)national critic for a lack of provision of basic sustenance[4], while the Bundesland Schlewsig-Hollstein signalled vacancies in reception facilities[5].

This large discrepancy in ability to cope with the sudden migration influx invites the question, how asylum seekers can be distributed across Germany in a way that maximizes the potential for successful integration (Geis/Orth 2016a; Economist 2016; Adecco Group 2017). The current allocation of asylum seekers and refugees to Bundesländer is based on and largely in line with the so-called Köngistein-Key (*Königsteiner Schlüssel*, in the following: KS)[6]. The allocation respects population size (1/3) and tax revenues (2/3) of the state authorities. The feasibility and benefits of this allocation approach has long been the subject both of political and medial discourse and interdisciplinary research (Geis/Orth 2016a). In the face of the migration crisis and the obvious shortcomings of the approach, this debate once again took on pace and alternative allocation approaches were discussed (Geis/Orth 2016a, Economist 2016).

Despite declining numbers of arrivals within the last year, the topic is still of high relevance. Since the drop in applications can primarily be traced back to political negotiations and concessions, namely the closing of the so-called Balkan-Route[7] on 9th March 2016 and an

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[4] cf. Tagesspiegel (8.10.2015) *Flüchtlinge in Berlin - Die Zustände vor dem Lageso sind lebensgefährlich* https://www.tagesspiegel.de/berlin/fluechtlinge-in-berlin-die-zustaende-vor-dem-lageso-sind-lebensgefaehrlich/12428050.html, accessed 01.04.2018

[5] cf. Zeit Online (10.08.2017) *Flüchtlinge - Ungenutzte Unterkünfte kosten Hunderttausende;* http://www.zeit.de/gesellschaft/2017-08/fluechtlinge-unterkuenfte-leerstand-kosten; accessed 01.04.2018

[6] The Königstein Key was initially introduced to distribute grants from the federal to the Bundesländer level. It is determined by a federal-Länder comission. More details will be given in chapter 3.

[7] The term refers to a subsumption of roads between the Middle East and the EU, where parts oft he EU frontiers are located. According to the European Union nearly 700.000 people transited to the EU in beginning of 2015 alone (cf. European Union n.d.). In accordance with an EU regulation, countries, which are located close to the frontier have taken up successive measures to limit migration of refugees and asylum seekers through these roads.

agreement of the European Union (EU) with Turkey on 20th March 2016[8], application numbers could surge quickly in a changing political climate. Consequently, the question of how to allocate asylum seekers in a way that will maximize integration prospects will remain high on researchers' and policy makers' agendas (IAB 2016: 2). The foundation of such research should be to understand the limitations and potentials of the current approach in order to develop fact-based recommendations for alternative approaches. The key question guiding this research paper will thus focus precisely on obtaining such understanding:

To what extent are federal states' prerequisites accounted for in the initial national allocation mechanism of asylum seekers and refugees?

This paper approaches this question in the scope of one partial aspect within the cross-cutting issue of integration - timely economic integration in terms of labour market integration. In this background, a White Paper published in early 2017 by the Adecco group jointly with Reallabor Asyl, Heidelberg University of Education, claimed that adapting national dispersal mechanisms to local labour market conditions could have a particular significant impact on overall integration capacities of host-regions (Adecco Group 2017: 10). Furthermore, regional specificities and demands in work force are particularly fragmented throughout the country and are amongst the highest in OECD countries (Blien et Al. 2017: 13). Likewise to unequal distribution resulting in variations in capacities of regional authorities described above, some Bundesländer seem to have more difficulties with labour market integration of the group, while others signalled that they need workers. The starting point if this analysis lays in these regional disparities and draws from the assumptions, that these divergent local perquisites play a significant role in successful integration of the group in local labour markets. Stemming out of this conjectures, the question arises, to what extent these local preconditions have an impact on labour market integration of the group? And further, how could these be taken into account when allocation newly arrived asylum seekers and refugees across the German territory?

Yet, with regards to possible policy implications for national allocation of the group of refugees and asylum seekers to German territories, economic preconditions alone might not

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[8] The agreement seeks to constraint inflow of persons who were transiting through Turkey to reach territory of the EU (Cremer 2017). The agreement foresees that persons arriving on the Greek island as of 20.March 2016 are deported back to Turkey. As a result, arrivals in the European Union were decreasing profoundly (Ibid.)

be able to fully explain success of regional authorities to integrate the group in its labour markets. As it will be explained in the following chapter, Bundesländer have room to manoeuvre in policy making for integration of the group of asylum seekers and refugees and as a consequence, might complement federal regulation and influence success or failure through clever and context based designed programs and regulations. Against this background, we have to ask, to what extend these regional policy frameworks can influence labour market integration and in turn, how these divergent approaches amongst Bundesländer could possibly be taken into account in an initial distribution.

The structure of this paper is as follows. In a first step, the significance of Bundesländer with regards to labour market integration of the group, in the multi-level governance framework of the Federal Republic of Germany is outlined. It will be shown, that the entities have extensive room to manoeuvre in integration policy making.

The following chapter examines the regulatory framework of asylum seekers' and refugees' access to the German labour market. In doing so, the object of study, the group of asylum seekers and refugees will be defined. This group, which is in the focus of this analysis, makes up the majority of persons, which came to the country starting January 2014, and are allowed to take up work. Subsequently, the second part of this chapter will shed light on socio-economic profiles of this group and how these could potentially match with (Bundesländers'-) demands in job vacancies. It will be shown that matching in the short-term is largely limited to vacancies in low-skilled positions and demand further training and guidance through activating measures to foster long-term integration of the group.

The third chapter considers allocation of the group and describes the national allocation mechanism of the group to Bundesländer. It is shown that the actual location of asylum seekers and refugees in the country is largely in line with the percentages foreseen by the distribution system.

In chapter 4 the two hypotheses are developed. The first Hypothesis (H1) explaining regional unemployment, rooted in neoclassical theory, ascribes existing unemployment of the group in Bundesländer in mismatch with local prerequisites. These prerequisites are structural. Central is the cleavage between free market and state intervention through regulation. In this case, regulation ascribes persons to a certain area, where they have to stay. Further, Bundesländer have only limited room to influence these prerequisites through political steering. The second Hypothesis (H2) on the other hand, ascribes success of insertion of the

group in work to activating measures and policy approaches. In this way, H2 complements H1. It will be argued that poor economic preconditions of Bundesländer for insertion of the group in work can be balanced out through clever designed local programs and policies.

Chapter 5 underlines the state of the art in research and shows how this paper contributes to an existing body of literature. It will be shown that there is an extensive gap in the literature with regards to allocation and labour market integration of the group examined.

Subsequently in chapter 6, methods for operationalization of the two hypotheses are described, including limitations of the analysis.

Chapter 7 analyses the impact of Hypothesis 1 and Hypothesis 2, while the final and concluding chapter reflects on findings. Furthermore, possible policy implications of this research work will be approached. One key finding is, that economic key variables alone seem not be able to explain divergent results of Bundesländer in labour market integration of the group. In this way, not only economic key variables but as well policy frameworks need to be considered in national allocation.

1.1 Bundesländer as Key Actors in the Multi-Level Governance Scheme of Germany in integration of Asylum Seekers and Refugees in Labour Markets

In the multi-level governance framework of the Federal cooperative Republic of Germany, legislative jurisdiction is shared between the federal level, Länder and municipalities (Bendel 2014: 5; Leptien 2013: 39; OECD Forthcomming a). For instance, all matters regarding citizenship and granting access to the labour market are a federal governments competency, as well as recognition of qualifications, such as educational diploma obtained abroad (Bendel 2014: 5; OECD Forthcoming a). Yet, Länder have a jurisdiction on legislation, which has not been addressed by federal regulations and in several key areas, such as education, religion or culture (Leptien 2013: 41 ff.). In integration policy-making, Länder can complement federal measures and regulations through projects and programs on the local level and can bridge gaps through clever designed programs (Gesemann/Roth 2014: 5 ff.). Importantly, Bundesländer have extensive competencies through implementation of federal regulations. Hence, they have a key role and room to manoeuvre in adapting integration polices to local contexts (cf. chapter 2.1). For instance, while federal regulation foresees language course provision only for people with a high possibility to stay longer in the country[9], Bundesländer

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[9] These countries are: Eritrea, Iraq, Iran, Syria und Somalia (see chapter 2.1)

complement these regulations. While the Bundesland Bavaria implements language courses on the local level in the minimum conditions of federal regulation, Berlin provides classes for all in need. Municipalities have also important competencies in the multi-level governance framework of integration policy. Bundesländer often delegate responsibilities and implementation of policies to them. Hence, municipalities play a significant role as service providers for the group (Gesemann/Roth 2014: 3). Yet, Bundesländer set the course of integration policy making for municipalities. In addition, Bundesländer are the entities, which are directly subject to its impacts of the national allocation mechanism. As this paper seeks to identify influences of the national allocation mechanism on the local level, they are in focus of the analysis (cf. chapter 3).

Furthermore, as some Bundesländer are large in geographical size, they show diversity in conditions within, such as in agglomeration of population or labour market conditions. For instance, the region Franken in Bavaria is known to be economically weaker then the rest of the Bundesland. There is a consensus in the literature that regional labour markets show vast differences to national labour markets (cf. Brandsma et. Al. 2014: 373). Variations in demands in labour supply and regional specialisation of services and goods call for differentiating context-based policy approaches (Ibid). These assumptions hold pivotally true when studying the German labour market, which can hence not be estimated as a whole: The Federal Republic has the highest regional disparities in unemployment rates amongst OECD countries (Blien et Al. 2017: 13; cf. Zimmermann et Al. 2002: 44 ff.). Differences are considerable prevalent in employment rates amongst the Eastern and Western part as well as the Northern and Southern part of the country (Ibid.). In turn, demands in work force also vary depending on regional context (Zimmermann et Al. 2002: 44 ff.). For instance, Geis and Orth (2016b) found that shortages of skilled labour in a regional context in Germany, varies significantly: while it is particularly pronounced in regions in southern Germany, it is to a lesser extent prevalent in some parts of western Germany (especially in the Ruhr Area in the Bundesland North-Rhine Westphalia) as well as in some eastern parts (Ibid.). Local governments' implementation sovereignty is hence resulting in divergent approaches of Bundesländer amplified by these variations.

Further, Bundesländer are at the forefront in providing services to migrants on the local level, thus have a profound knowledge of chances and needs these local contexts provide (OECD Fortcoming a, b; OECD/EU Forthcoming). In the case of naturalizations for instance, numbers

vary significantly across Bundesländer, because state governments can promote the processes, i.e. through campaigning and either strict or loser implementation of the federal regulatory framework. In a study on Bundesländer competencies in integration policy-making, Gesemann and Roth (2014) found that Bundesländer have extensive room to manoeuvre in the German context of integration policy making, including influence on successful labour market integration (Gesemann/Roth 2014: 5 ff.). In an evaluation of responses of an OECD/CEMR survey filled out by 38 local authorities across Germany, 42,1% of local governments expressed, that employment and labour reintegration measures are a local competency, while only 10,5% denied any local responsibility and 34,2% labelled it as a shared task (OECD/EU 2017 Forthcoming). Most Bundesländer today have established their own integration frameworks and established institutions such as Integration Ministries (Gesemann/Roth 2014: 5). Variations among Bundesländer in integration policy are very pronounced, which is rooted in numbers of migrants residing or coming to the Bundesland, financial equipment, historical political traditions, but also the fact that migration and integration policy making has in recent years intensified in its political significance (Gesemann/Roth 2014: 14).

Important service providers in labour market integration are so-called Jobcenters as well Federal Employment agencies (OECD Forthcoming a). After recognition of status, Jobcenters are responsible authorities in facilitating access to the labour market for refugees. In the German context, Jobcenters are regional offices and hence include geographical areas, which are smaller than those of Bundesländer. They administer unemployment benefits (SGB II) and distribute federal grants[10], as well as are largely in charge of implementing and designing activating measures, including for asylum seekers and refugees. In some cases, Jobcenters are directly under municipal jurisdiction (Ibid.). Yet, they are linked to service provision and regulation in federal law and the Federal Employment Offices. Before recognition and in the asylum process, responsibility lies with the Federal Employment Offices on the local level for implementing and designing activating measures (Ibid.).

The next chapter will define the group of asylum seekers and refugees examined in this paper. Subsequently the socio-economic profile of the group will be examined to identify possible ways these can be matched with demand on labour markets in Bundesländer. In the following sub-chapter a definition of labour market integration of asylum seekers and

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[10] Basic sustenance until recognition is provided through Länder governments, which oftentimes delegate this responsibility to municipalities (OECD Forthcoming a).

refugees will be made in order to be able to build the basis for possible assessments of success or failure of Germany's federal states in this regard.

2. Access to the Labour Market for Refugees and Asylum Status Holders

As mentioned above, in the end of 2015 and 2016 the country experiences a very high increase in influx of people seeking asylum in the country.

In 2015, asylum applications in the country increased to a total of 441.899 applications, by 155,3% compared to the previous year[11]. In the same year 282.726 applications were decided upon, of which 49,8% (140.915 decisions) were positive. In the following year applications further increased by 63,5% compared to 2015: 722.370 first asylum applications were placed, thereof 433.920 (62,4%) were positive decisions (see table below for rejection- and protection quota).

As opposed to many other countries, Germany has a two steps appliance process. After a formal initial pre-registration in the software, called EASY (*Erstverteilung von Asylbegehren*), persons are invited to apply for asylum. This system paired with a sharp increase and thus overburden of decision making authorities lead inter alia to decisive administrative delays in handling of applications. As an outcome, a respective share of applications placed in 2015 were processed in 2016 and thus do not necessarily reflect further sharp increases in inflows of asylum seekers to the country (OECD 2017b: 190/191). The same holds true for a sharp increase in the beginning of 2017. The administrative delays are evident, when comparing the number of asylum applications to decisions made by BAMF over time (see table below).

Annex I provides an overview of the historical evolvement of asylum regulation in the Federal Republic of Germany.

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[11] Figures in this paragraph are based on BAMF,Dec 2015 and BAMF Dec, 2016: *Asyl and Geschäftsstastik*; http://www.bamf.de/SharedDocs/Anlagen/DE/Downloads/Infothek/Statistik/Asyl/201512-statistik-anlage-asyl-geschaeftsbericht.pdf?__blob=publicationFile;
http://www.bamf.de/SharedDocs/Anlagen/DE/Downloads/Infothek/Statistik/Asyl/201612-statistik-anlage-asyl-geschaeftsbericht.pdf;jsessionid=7ABC44F49DEEE0A7CC2AF0F21E0FA56C.2_cid294?__blob=publicationFile

Table 2 – Asylum Applications in Germany (Jan 2014 – Nov 2017)
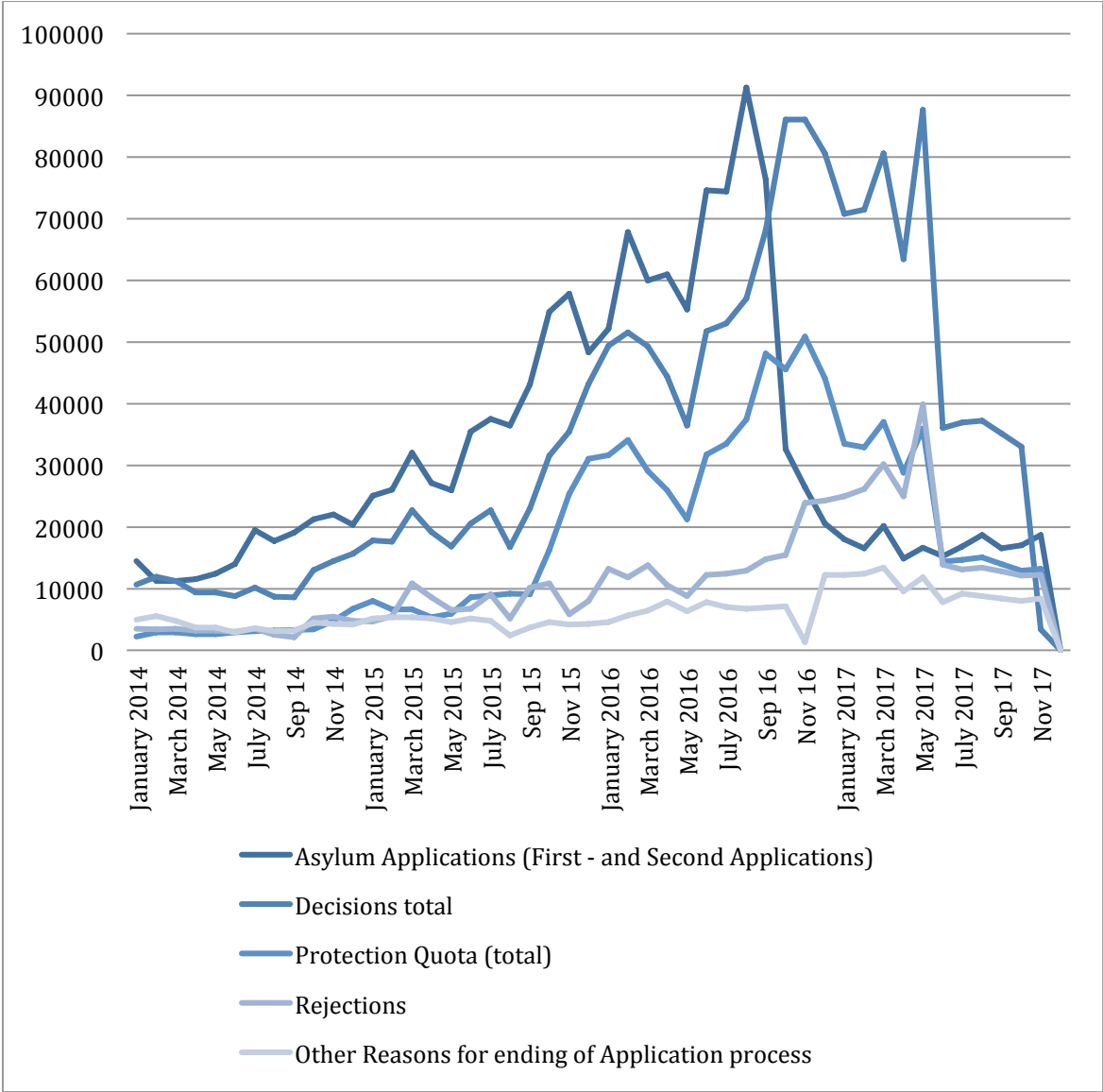
Source: BAMF (Antrags-, Entscheidungs- und Bestandsstastik) monthly January 2014-2016 (requested from BAMF Press Office) and BAMF (January, February, March, April, May, June, July, August, September, October, November 2017), online source: *Aktuelle Zahlen zu Asyl*;
http://www.bamf.de/DE/Infothek/Statistiken/Asylzahlen/AktuelleZahlen/aktuelle-zahlen-asyl-node.html

2.1 Institutional Dimension for Access

The criteria for access of refugees and asylum seekers to the German labour market are amongst the more liberal, when compared to other OECD countries (OECD 2015a: 11). In 2016 and 2017 the country's federal government enacted changes, which target to further facilitate access of newly arrived migrants - in particular with the new Integration Law, which came into force on the 6. August 2016 (OECD 2015a: 11; Haveland 2016: 14; Thränhardt 2015: 2; cf. Bundesgesetzblatt Nr. 39, 05.08.2016).

In the German discourse there is often no distinction made between asylum seekers and those who have obtained a legal protection status. All status holders are summarized under the term refugee, in German *Flüchtling* (OECD 2017a: 11; Robert-Bosch-Stiftung/SVR 2016: 10). However, different criteria for access to the labour market apply and some measures and policies to activate potentials are targeting exclusively some groups of status beneficiaries, while others are excluded (OECD 2017a: 11). Further, residence status differs in the person's prospective of long-term possibilities to stay in the country (Geis/Orth 2015: 4/5; OECD 2017a: 7; Worbs et Al. 2014: 22). The Federal agency for Migration and Refugees (*Bundesamt für Migration und Flüchtlinge*, in the following: BAMF), subordinated to the Federal Ministry of Interior decides on asylum applications according to four types of residence permits: recognized Refugee in accordance with the Geneva Convention and statute in the German fundamental law (*Grundgesetz*), (inter-) national subsidiary protection status, rejection of application or rejection, but tolerated residence (called *Duldung*) (Geis/Orth 2015: 4; Worbs et. Al. 2014: 22).

The group of asylum seekers includes people who did not receive recognition of any status (yet). With the introduction of the integration law in August 2016, access to the labour market can be granted after only 3 months of residence (OECD 2017a: 8). Another novelty was the suspension of the necessity of a 'priority verification' (*Vorrangprüfung),* which allows the engagement of a person belonging to this group only after verifying that no other person with a long term residence permit or German nationality is eligible for the job (OECD 2017b: 190; Thränhardt 2015: 7). In addition, persons holding tertiary educational degrees and/or qualifications for jobs, which are highly demanded on the German labour market have further facilitated access (Geis/Nintenchu 2016: 22ff.).

However, asylum seekers originating from so-called 'safe countries of origin' (*Sichere Herkunfstaaten*), are generally not granted work permission (as statute in the German Basic Law Art. 16a; cf. Bundesministerium für Justiz und Verbraucherschutz). Currently these countries are the member states of the European Union, Albania, Bosnia and Herzegovina, Ghana, Kosovo, Former Republic of Macedonia, Montengro, Senegal and Serbia (BAMF 2016a; Geis/Orth 2015: 6). The newly elected coalition government wants to extend this list to include the Maghreb states inter alia Tunisia, Algeria and Morocco[12].

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[12] Zeit Online (08.02.2018) *Koalitionsvertrag - Auf Abschreckung setzen ist die falsche Priorität* http://www.zeit.de/politik/deutschland/2018-02/koalitionsvertrag-grosse-koalition-spd-union-migration; accessed 03.02.2018

Toleration (*Duldung*) does not constitutes a residence permit as such, but a suspension of deportation, which a person is eligible to, for instance in case of administrative obstacles or health issues of the person in question (Geis/Orth 2016a: 20). The German federal government tends to have a leaning towards avoiding granting tolerations, since this status is connected to rather complex and unclear regulations and situation (OECD 2017a: 20). This holds in particular true for access of this group to the labour market, which is decided on a case-to case basis (Ibid.).

Recognized refugees are awarded residence permission for duration of three years, while subsidiary protection is valid for one year. Both residence permits can be extended after expiration. Subsidiary protection beneficiaries do not qualify for refugee status but would face grave harms if returned to their country of origin (OECD 2017a: 20). Both subsidiary protection and refugee status holders have unrestricted access to the German labour market and its welfare system like any other citizen (Ibid.). Against this background, in the following, for the sake of simplicity, both groups of status holders are referred to with the term *refugees*. The same regulatory framework applies for those, who have an unlimited settlement permit (*Niederlassungserlaubnis*) or naturalized persons. As this study focuses on integration of newly arrived refugees and asylum seekers these persons are not included in the analysis, since obtaining such a residence permit usually implies that the person already stayed longer in the country (i.e. naturalization possible only after a minimum of 6 years of stay) (OECD Forthcoming a).

Another group are so-called unaccompanied minor asylum seekers and refugees (UMA), which includes underage persons seeking protection. UMA underlie special protection regulations in Germany and have thus a high probability to be recognized (Bauer/Schreyer 2016: 3). They can get access to the labour market like asylum seekers and refugees explained above (Ibid: 2).

Further regulation, the so-called *Residenzpflicht* limits residence of the asylum seekers and refugees, as they have to stay in the area (Bundesland), they have been allocated to within three years after registration (OECD 2017b: 190; BAMF 2016a). Applications for an exempt from the regulation, are eligible for those who either have a family member of job opportunity elsewhere (OECD 2017a: 29; OECD 2017b: 190). Chapter 3 of this paper, will give further insights on the allocation of asylum seekers and refugees in Germany to the Länder.

As described above, access to the labour market is also connected to the perspective of stay, the recognition quota (RQ) per country, which is calculated from positive BAMF decisions. In 2015, most applications were submitted by people originating from Syria (35,9%), Afghanistan (12,2%) and Kosovo (7,6%) (BAMF 2016: 10). However, Albanians and Kosovars have an in comparison low recognition rate (2015: Albania: 0,2%; Kosovo: 0,4%) as opposed to Syrians (2015: 96%), Iraqi (2015: 88,6%) and Afghans (2015: 47,6%) (BAMF 2016b: 10, 12). In addition to the rather low perspective of stay, Albania and Kosovo are classified as so-called safe countries of origin in German regulation (BAMF 2016a). Thus, people originating from these countries are not granted access to the German labour market during the whole asylum application process (cf. BAMF 2016a; Geis/Orth 2015: 6).

In 2016, the majority of applications were submitted by people originating from Syria (36,9%, recognition rate 98%), Afghanistan (17,6%, recognition rate 55,8%) and from Iraq (13,3%, recognition rate 70,2%). From January – November 2017, most people applied for asylum came from Syria, followed by Iraq, Afghanistan and Eritrea (BAMF 2017a: 19, 50). During this period and at the time of writing, countries with a decisive good possibility to stay and thus a high recognition quota (over 50%) are Eritrea, Iraq, Iran, Syria und Somalia[13].

Afghanistan presents a special case with regards to recognition. While the application from Afghani constituted a high share to the total of application during the whole period examined, only in 2016, the RQ has been over 50% (55,8%) (BAMF 2017a: 50). Intensifying rejections of people originating from Afghanistan was a decision of the federal government, which has been fiercely debated in the media and amongst political stakeholders ever since. For instance, the German *Flüchtlingsrat*, an influential non-governmental organisation (NGO) in this context, alongside the United Nations High Commissioner for Refugees (UNHCR) have criticised inter alia that security of repatriates in the country cannot be guaranteed[14].

Concluding, an analysis of regional labour market perspectives for the group of asylum seekers and refugees who placed their application in the Federal Republic after January 2014 should focus on these Top 8 countries of origins, since first, they constitute the majority of

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[13] BAMF (2017): *Integrationskurse für Asylbewerber* http://www.bamf.de/DE/Infothek/FragenAntworten/IntegrationskurseAsylbewerber/integrationskurse-asylbewerber-node.html, accessed Dec 2017

[14] Sueddeutsche Zeitung (26. Juni 2017, 06:00 Uhr) *Abschiebungen über Umwege* ;http://www.sueddeutsche.de/politik/fluechtlinge-aus-afghanistan-abschiebung-ueber-umwege-1.3560069, ; accessed 10.12.2017; see also: Bundesregierung (Auf 2017) *Sicherheitslage In Afghanistan; Rückführungen weiterhin möglich*; https://www.bundesregierung.de/Content/DE/Artikel/2017/08/2017-08-09-afghanistan.html, accessed 10.12.2017

arrival in the context of refugee migration, second, are more likely to stay and third, are granted access to the German labour market shortly after arrival onwards (cf. Geis/Orth 2015: 6; OECD 2017a: 8).

As shown in the table below, from January 2014 to November 2017 around 60% of all asylum applications were placed by people originating from countries Afghanistan, Eritrea, Iraq, Iran, Nigeria, Somalia, Pakistan and Syria (BA: 2016; cf. Geis et Al. 2016: 8).

Table 3 – Top 8 Countries of Origin Jan 2014 – Nov 2017
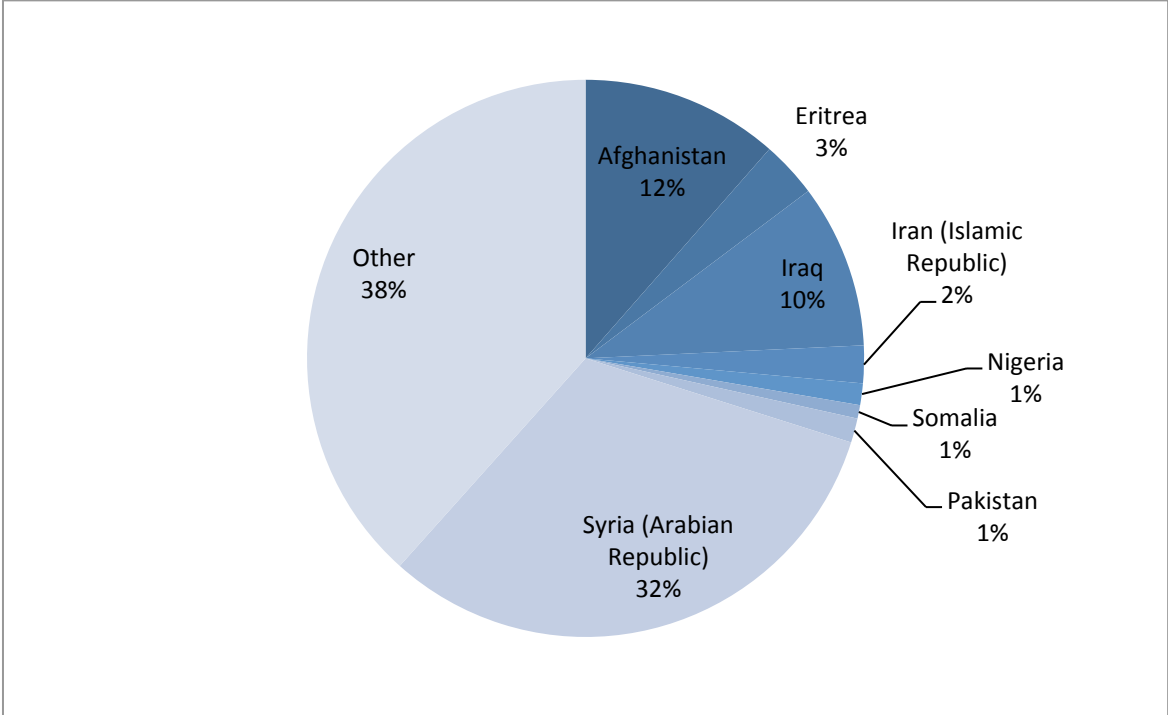
Source: BAMF (2017) *Asylgeschäftsbericht für November 2017* and BAMF (2017) *Das Bundesamt in Zahlen 2016 Asyl, Migration und Integration*, p. 19 diagram: based on own calculation

2.2 Socio-Economic Profile of Asylum Seekers and Refugees: Matching with Regional Labour Market Needs

In general, it has to be kept in mind, that the reasons for applying for asylum are not motivated by economic purposes but in need of protection, as opposed to other forms of migration i.e. on the grounds of recruitment agreements for high-skilled foreigners (Brücker et Al. 2016: 46). In addition, as opposed to other forms of migration, persons' who seek asylum usually did not have the opportunity to prepare for a prospective stay in a foreign country, in for instance, the possibility to learn the language or gain distinct educational

experience beforehand. Many might also have had to interrupt their previous educational or professional pathways, due to war, prosecution or flight (Bevelander 2016: 3; Brücker et Al. 2016: 46). Yet, as mentioned in the introductory chapter, many studies point to significance of labour market integration as soon as possible. Immediate integration enhances long-term chances of the group on the labour market, improves economic well-being as well as societal integration through learning the language and expansion of social networks (Bevelander 2016: 2; Brücker et Al. 2016: 63; CSES 2013: 96; Geis et Al. 2016: 29; Geis/Nintcheu 2016: 14; Katz et Al. 2016: 5; Kondl-Seidl/Bolits 2016: 32; OECD 2017a).

In order to analyse how the group could be integrated into the labour market, we have to get an understanding of socio-economic profiles of asylum seekers and refugees and how they could prospectively match with (local) labour market prerequisites.

A data source for qualification potentials of the group of refugees and asylum seekers, which gives representative results, is a joint survey among the group implemented by IAB, BAMF and the Socio Economic Panel, SOEP from the German Institute for Economic Research (DIW) (Brücker et Al. 2016; cf. Geis/Nintcheu 2016; Geis/Orth 2015: 19; Geis 2017). The dataset compiles an annual survey of 4500 asylum seekers and refugees, who applied for asylum between 1. January 2013 to 31. January 2016 (Brücker et Al. 2016: 5).

Regarding the gender structure of the group, the scholars found that almost 75% of adult refugees and asylum seekers are men. Further, the group of refugees and asylum seekers is quite young: The share of those who are younger than 30 years is 58% (Brücker et. Al. 2016: 17). We can thus expect that a majority of the group is still at the beginning of their career pathways (Geis/Nintcheu 2016: 18).

Expectably, only a small fraction (10% of interviewees) had German language skills before their arrival. Another 5% of the group are illiterate, hence cannot write or read neither in their maternal nor German language (Ibid: 48). German language capability improves significantly within the first two years of stay: 18% have very good or good German language skills, 35% medium, and 47% little- or no command (Ibid). After two years of stay, a majority (69%) of interviewees had very good, good or average knowledge of German language. Besides limited language skills after arrival, another barrier for taking up work lies in the recognition of qualifications obtained abroad, as in educational attainment as well as apprenticeships or training, which is a lengthy and complex process. Many respective credentials went astray during flight (Geis et. Al 2016: 30). As a result, short-term integration

of the group into the German labour market is mostly limited to low-skilled assistant positions, those of so-called *Helferstellen* (Geis et Al 2016: 30). Following the official classification of occupations of the Federal Emploeement Agency (*Bundesagentur für Arbeit*, in the following: BA), called KldB (2010), Helfer-positions entail usually less complex tasks and do not necessitate a specific training or apprenticeship beforehand (cf. KldB 2010: 46). Yet, these positions should be perceived as a first step-stone in access to the German labour market. Low-skilled positions are oftentimes connected to low salaries and economical precarious living conditions. In addition, with regards to skill-shortages in the German context, higher qualified fields are demanded, which require further qualification in terms of apprenticeship and training (Waldemar 2011: 4).

Data from the IAB-SOEP panel shows, that prior educational and professional qualifications obtained abroad are a crucial element for timely labour market integration (Brücker et Al. 2016: 71/72; Geis/Nintcheu 2016: 14; Liebau/Salikutluk 2016: 732).

The majority of asylum seekers and refugees between 18-65 years old, had some work experience (71%), while there are strong differences between men (81%) and women (50%) (Brücker et. Al: 64)[15]. Before their arrival, most refugees and asylum seekers were blue-collar worker (30%), followed by self-employed (27%). 25% were employees, not in executive positions, while 6% worked for the state (Ibid: 65). Yet, only a minority (6%) of the group holds a formal completion of apprenticeship (Brücker et Al.: 6; Liebau/Salikutluk 2016: 732). The double apprenticeship scheme, which is of high importance for access to the German labour market, in particular for new entries, does not exist in its form outside of Central Europe (Liebau/Salikutluk 2016: 734; OECD 2017a:13)[16]. In turn, the share of formal recognized qualifications obtained abroad is limited (Liebau/Salikutluk 2016: 732). Hence, many have to obtain further training to obtain qualifications in the German context. In addition, newly arrived have often only limited knowledge of German educational and labour market functioning and are thus in need of further guidance (Gag/Voges 2014: 7 ff.; Liebau/Salikutluk 2016: 734).

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[15] Possible explanation for these differences can be found in cultural or institutional barriers for women in countries of origin (Brücker et. Al. 2016: 64).
[16] The German apprenticeship is built on a dual system of first, practical experiences in a company, enterprise or institution and secondly a theoretical part, which takes place in specific educational facilities such as schools or universities.

The same barriers hold true for recognition of educational diploma since designs of educational systems vary significantly across countries and makes comparisons to the German equivalent difficult (Brücker et Al. 2016: 55)[17].

The picture of educational attainment of asylum seekers and refugees is very polarized. On the one hand, 32% of over 18 year old asylum seekers and refugees attended a secondary school, 37% obtained a secondary school diploma, comparable to a German diploma, which qualifies for access to tertiary education, such as university (*Hochschulzugangsberechtigigung*). This percentage lies slightly above average of German natives, who hold such a diploma (29%). 13% of asylum seekers and refugees hold a university degree. On the other hand, only 58% of the group have attended school for at least 10 years, while 88% of the German resident population has done so (Brücker et Al 2016: 6). Further, 10% of asylum seekers and refugees have only attended primary school and 9% have not attended any school, while 26% of respondents did not obtain any school diploma (Brücker et Al. 2016: 54/55).

As a conclusion of the socio-economic profile of the group, two assumptions can be drawn. First, short-term integration can benefit long-term integration in the labour market and can be mainly covered through jobs in the low-skilled segment, so-called Helferstellen (Geis et Al 2016: 30). Secondly, the majority of asylum seekers and refugees, who came to the country recently is in need for further assistance and guidance as in qualification programs, such as completion of apprenticeships, language courses and other measures, which aim at facilitating labour market integration (cf. Geis/Nintcheu 2016). In a long term-perspective, 90% of asylum seekers and refugees wish to prospectively stay for a longer time in Germany (Neske 2017: 6). A basic requirement, willingness of the group for entry to the labour market is already a given: 78% of unemployed respondents state that they are "very sure" they want to be active on the labour market, further 15% are "sure" (Brücker et Al. 2016: 70). What is more, the young age structure of the group, mentioned above, additionally amplifies the possibility of pathways in education and training.

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[17] Eritrea presents a special case in this regard, since educational diploma are handed only after a long military service, which in some cases lasts several decades (Brücker et Al. 2016: 55)

2.3 Concept and Terminology of Labour Market Integration of Asylum seekers and Refugees

This paper defines persons as integrated into the labour market, who are not unemployed within scope of definition of the Federal Employment Agency (Bundesagentur für Arbeit, in the following BA).

In BA definition, unemployed are persons, who after § 16 i. V.; § 138 SGB III temporary not in employment, work less than 15 hours a week, seek a job for more than 15 hours a week (on own initiative), who are available for activating measures by the BA or Jobcenters, who are able and willing to work, live in the Federal Republic of Germany, are not younger than 15 years and are not yet in retirement age and reported themselves as unemployed at the BA or Jobcenter. Excluded are persons, who are not granted any work permission. Yet, insufficient language skills are not an excluding factor (BA 2017: Glossar; BA 2016: 3, Bersheim et Al. 2014: 4). Likewise to decreasing numbers in arrivals since early 2017, the number of unemployed asylum seekers and refugees have been quite static across Bundesländer in the Federal Republic (BA 2017a).

There are further arguments for making use of the unemployment rate in defining labour market integration in the context of asylum seekers and refugees. In the national statistical database of the BA, unemployed persons (*Arbeitslose*) are a subset to job seekers (*Arbeitssuchende*). The definition of *Arbeitssuchende* excludes persons, who are currently benefitting from activating policy measure or training (BA 2017: Glossar; BA 2016: 3). Yet, as shown in chapter 2.2 labour market activating policy measures, such as specific training like language courses or apprenticeship participation, are in particular crucial for long-term integration of the group in the labour market. Brücker et Al. (2016: 43, 66) found a high correlation in participation in activating measures and later chances for employment of the group. Thus, this paper will make use of the share of unemployed to all asylum seekers and refugees in the Bundesland, as it will also include applications of activating measures in the respective local context (cf. chapter 6.1.2). Persons, who are not taking part in measures, are unemployed and are currently not able to work because of sickness are included in the BA parameter "below capacity unemployment" (BA 2017a; Bersheim et Al. 2014: 11). Yet, against the background of the above-described importance of immediate integration from day zero onwards, the variable unemployed is more suited to describe the situation in each Bundesland (Brücker et Al. 2016: 43). In addition, many of the newly arrived have faced

great (psychological) harms during flights and might not yet be able to take up work (Bevelander 2016: 3; Brücker et Al. 2016: 46). The parameter "unemployed" does not include temporarily sick persons in this statistic. Hence, It is more suitable to display the actual number of refugees and asylum seekers, as it focuses on the ability to integrate those who are able to work (cf. chapter 2.1).

Yet, for possible policy implications, it has to be kept in mind, that this definition presents some limitations. For one, unemployment rates and their calculation are always connected to political interests (Bersheim et Al. 2014: 1; Raddatz 2004: 2). Furthermore, in the case of asylum seekers and refugees, even though person's might have taken up a job or participate in an integration measure, it does not necessarily mean, that the occupation or measure matches with their levels of qualification, interest or facilitate long-term chances for employment. In particular with regards to the above explained socio-economic prerequisites and language capabilities of the group as well as limitations in recognition of qualification obtained abroad, persons might take up a job, which is below their actual qualification level or take part in an integration measure, apprenticeship or training, which does not reflect their interest and qualification or enhance their long-term chances for insertion in the labour market. Hence, this paper only looks at actual numbers of people in work or integration measure but does not reflect on the quality and possibility for long-term integration it holds. Along the same lines, the concept of integration knows several theoretical concepts and subsumptions and the terminology is hence defined differently across sociological literature. Garscha (2012: 6 ff.) provides an overview of prevalent sociological concepts. Yet, as this paper concentrates on the aspect of labour market integration, it draws on a more simplified take. In this way, quantitative and comparable results can be drawn from the analysis. These first explorative results are an important first contribution to the literature in the research area in many ways and also offers possible pathways for further studies and analysis (see chapter 5 below for relevance of this analysis).

The next chapter describes how asylum seekers and refugees are allocated to federal states in Germany. Subsequently, the actual location of the group across Bundesländer is outlined. As shown, the number of persons residing in each federal state is largely congruent to those foreseen by the national allocation mechanism.

3. Dispersal of Asylum Seekers and Refugees to Bundesländer – the National Allocation Mechanism

Source: Wikimedia commons (2007), *Map of the States of Germany*, Author: Escondites

After arrival, allocation quota of applicants is regulated along capacity of Länder but also by responsibility of local branch offices of the BAMF after a "competence according to country of origin" (BAMF 2017b; OECD Forthcoming c; Katz et Al. 2016: 2). Origin also determines length of stay in the first facility, with a maximum of sixth month or until recognition. The quota each of the Länder receives is foremost determined along the EASY-Quota system in line with Königsteiner Key (KS). The KS was initially introduced as a quota to distribute research funding proportionally to the Länder. Since then it has been installed for the purposes of other public projects (Katz et Al. 2016: 10). The KS quota is based on number of inhabitants of the respective Bundesländer (weighted by 1/3) and its tax revenues (weighted by 2/3) (BAMF 2017b). It is determined annually in a joint commission constituted of representatives of the National Government and Länd*er* (BAMF 2017b; OECD Forthcoming a). The graph below shows the allocation quota to each Land in 2014, 2015, 2016 and 2017, which has been stable over the last years (cf. BAMF 2015; 2016b; 2017a). According to the key, most people are allocated to North-Rhine-Westphalia (in the following NRW), with a quota of around 21% from 2014-2017, while Bremen is ought to receive the smallest share (around 0,95%). Unaccompanied minors and people who have relatives residing already in

Germany are excluded from this regulation. As shown below, the KS is largely in line with population size in the Bundesländer.

Table 4: Königsteiner Key – Mean in Quota of Allocation for Refugees and Asylum Seekers to German Länder 2014 – 2017 and Share of Total Population to Overall German Population
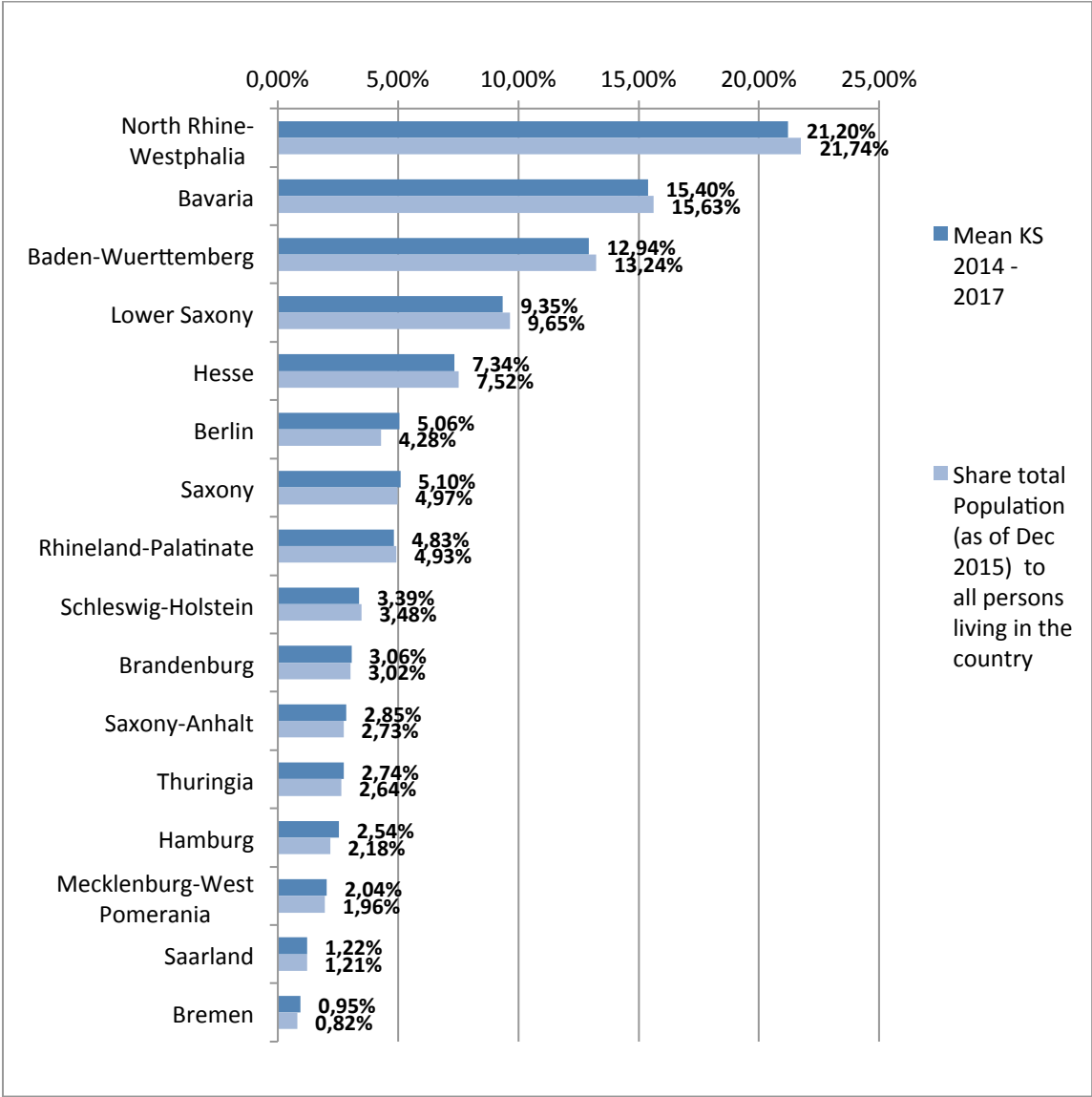
Data: BAMF (2015, 2016b, 2017a): *Das Bundesamt in Zahlen*;
http://www.bamf.de/DE/Fluechtlingsschutz/AblaufAsylv/Erstverteilung/erstverteilung-node.html, accessed 07.12.2017, Data for Population size: BA 2017a; Diagram: authors elaboration

After persons were allocated to respective Bundesländer, the regional authorities have developed diverging allocation mechanism to distribute refugees and asylum seekers across their own territory (Katz et Al. 2016: 10). This paper deals however with the impact of the federal allocation mechanism on Bundesländer and is hence not further outlined. For an overview of allocation mechanism in individual Bundesländer within its territories see

Geis/Orth 2016a (p. 7). In most Bundesländer persons are first accommodated in so-called first reception centres before they are further allocated to municipalities.

3.1 The Location of Asylum Seekers and Refugees – Applying the Königstein Key

When examining how the quota had been applied during the whole period of January 2014-November 2016, we can observe that it was put in operation quite consistently. Table 9 in Annex of this paper shows the accomplishments and deviations between quota and actual intake of asylum applicants (see Annex II). When analysing fulfilment of the KS quota for each year separately, small deviations can be observed. However, these deviations were levelled out through adjustments in intake in following years. For instance, NRW took 6% more asylum seekers in, then intended by the KS in 2016 and 2017, to level out a gap of more than -6% in 2015. One exception is dispersal to Bavaria and Baden-Wuerttemberg, two Bundesländer with a high quota in the KS, which show a slightly discrepancy to their actual intake (BAMF 2015; 2016b; 2017b; 2017c). The two southern states have a fairly negative balance, hence received less refugees and asylum seekers than intended. Yet, against the background of high numbers of inflows during this period, the deviations from the KS were rather marginal (Katz et Al. 2016: 11).

How these percentages look in actual numbers of asylum seekers and refugees in the respective Länder can be extracted from the Central Foreigners register (*Ausländerzentralregister*, in the following: AZR) (Destatis 2017; cf. Geis/Orth 2016: 9). The results from the abstraction are shown in the graph below as of 31.12.2016. An exception is Saarland for which the AZR does not gathers any data, which has thus to be exempt from analysis (see chapter 6.1.3).

Deviations to the KS in the actual location of asylum seekers and refugees are explained by cases of family reunification and intake of unaccompanied minors (Katz et Al. 2016: 11). As mentioned above, for both groups the KS was not applied. For instance, the lowest number of asylum seekers is not as the KS would suggest observable in Bremen, but in Mecklenburg Western-Pomerania. This is perhaps due to the fact that Bremen took up a large share of unaccompanied minors (BAMF 2017a: 23; BumF 2016). Hamburg shows likewise deviations as the city state received with 90 920 persons more than the allocation quota (mean KS: 2,54%) suggests and, instead of receiving the third lowest number, is on 8th place of recipients. As table 1 in the Annex II shows, the intake quota was largely accounted for. The

deviations in Hamburg can hence be explained by family reunification or intake of unaccompanied minors (BAMF 2017a: 23).

As shown in the graph and as a result of the nature of KS quota system, a particular high pressure in reception of asylum seekers and refugees is on Länder in the south of Germany, Baden-Württemberg and Bavaria and in particular on North-Rhine-Westphalia in the west of the Federal Republic. Conversely, eastern and northern German Länder receive a rather low share of asylum seekers and refugees in the period examined (Bremen, Brandenburg, Schleswig-Holstein, Saxony, Saxony-Anhalt, Thuringia, Mecklenburg-Western Pomerania), with an exception of Lower Saxony and the city state Berlin, which are in fourth and fifth place in the highest share of asylum seekers and refugees (Katz et Al. 2016: 2). In the mid-table are Hesse, Rhineland-Palatine and the city-state Hamburg.

Table 5 – The Location of Asylum Seekers and Refugees in Bundesländer, as of 31.12.2016
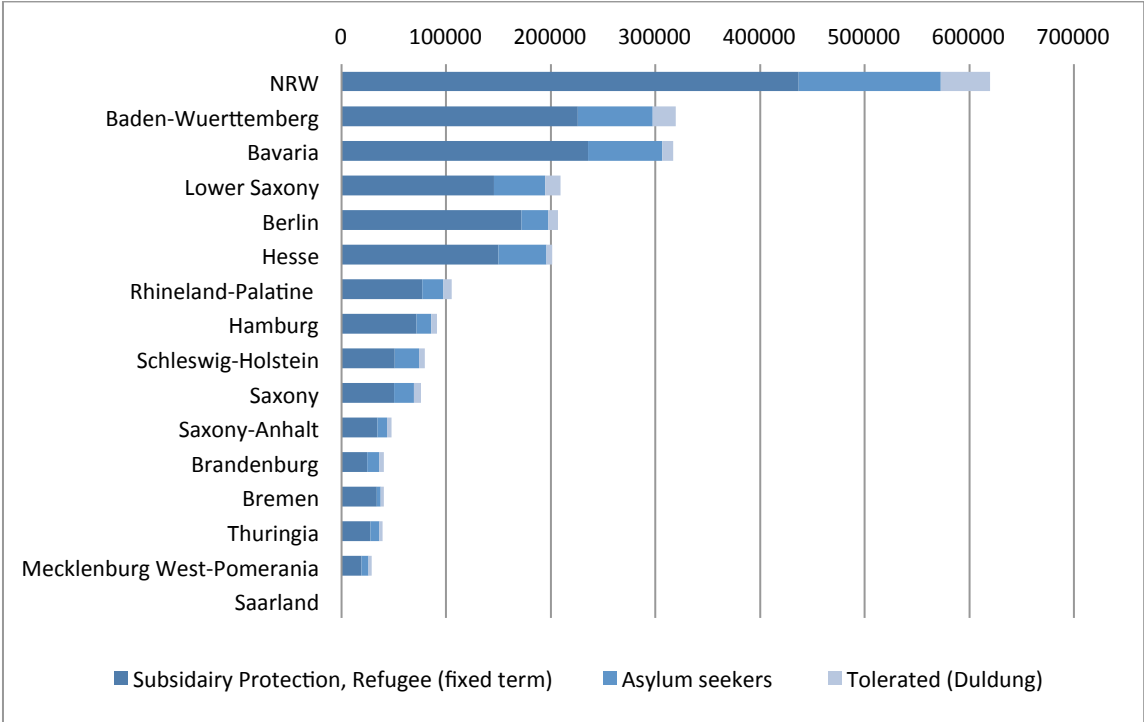
Data and diagram: based on own calculations, sources used: Statistisches Bundesamt (Destatis 2017, Wiesbaden 2017).; Data from the AZR (Ausländerzentralregister)

On the grounds of proceeding of chapters 1,2 and 3, in the following, the two hypotheses are developed.

4. Refugees and Asylum Seekers on the German Labour Market – Theoretical Subsumptions and Development of Hypothesis

Conditions of the German labour market are amongst the most favourable in OECD comparison (OECD 2017a: 11; cf. Weber 2017: 8). The unemployment rate is below 3 Million people and the number of employed people reached a record high of 43 Million people (Weber 2017: 8). In this regard, the German context provides overall good conditions. Yet, as described in chapter 1.1., regional labour markets in the German context show vast differences to national labour markets in demands, supply and regional prerequisites (cf. Brandsma et. Al. 2014: 373) and can hence not be estimated as a whole.

Economists and labour market theorists know a huge variety of theoretical underpinnings, explaining unemployment and successes of labour market policy. All of them can be roughly divided in following either the neoclassic or Keynesian school (cf. Zohlnhöfer/Dümig 2011).

The purpose of this chapter is to develop hypothesis based on theoretical thoughts in neoclassic and Keynesian school and connect them to explanations for success or hamper integration of asylum seekers into labour markets of Bundesländer.

It will be argued that regional disparities of demands and in unemployment stem out of structural reasons in the local context. This assumption will be complemented by a hypothesis claiming that active labour market policy might mitigate unemployment and improve the overall labour market conditions for the group.

4.1 Hypothesis 1 – Structural Unemployment and Regional Disparities

Rooted in neoclassic, regional unemployment in Germany is explained by labour market theory of structural unemployment (Juchler 2006: 247; cf. Raddatz 2004: 2). Furthermore, in this view, structural prerequisites of labour markets underpin conditions of unemployment. It foresees that unemployment and variations of it in regional contexts occur because there is a mismatch of local demands with supply in work force (Adam 2009: 124; Zohlnhöfer/Dümig 2011: 63; cf. Raddatz 2004: 2). According to this theory, this mismatch is agitated by immobility of workers and (changing) regional pre-conditions (Zohlnhöfer/Dümig 2011: 63). A mismatch is structural and thus not temporary but persistent (Ibid.). The cleavage lies between, on the one hand, the free market, which is able to regulate itself – and, on the other hand, state regulation and interference. In the case of asylum seekers and refugees, several regulations exist, which influences functioning of the free market

mechanism. In the context of migration of asylum seekers and refugees, as mentioned in chapter 2.1, German regulation foresees that persons stays in the allocated area for at least two years after arrival. Even though persons can be exempted from the regulation in case they find work elsewhere, this has been scarcely applied only in exceptional cases. Immobility is further agitated and can be explained by the group's lack of knowledge about regulations and procedures of the German labour market (Liebau/Salikutluk 2016: 734). In addition, Jobcenters interventions are usually limited to the regional context.

Furthermore, local governments of Länder partly promote immobility of workforce in enacting their own regulations (cf. chapter 2.3.). Most Länder (Baden-Württemberg, Bavaria, NRW, Saxony-Anhalt as well as partly Hesse, Mecklenburg Western Pomerania, Saxony, Schleswig-Holstein and Thuringia[18]) complement the federal regulations in attempting that asylum seekers and refugees have to stay in the municipality they were allocated to for at least two years.

We can thus spring from a somewhat immobility of asylum seekers and refugees in their regional context. What is more, even though the allocation system of the KS takes into account tax revenues to a proportional extend as a basic socio-economic indicator, neither matching of skills of refugees and asylum seekers with labour market conditions in Bundesländer nor other socio-economic preconditions have been considered in the German dispersal mechanism. Hence, we could expect a somewhat mismatch of demand of refugees and asylum seekers and supply in job opportunities on the Bundesländer and regional level.

In context of allocation of refugees and asylum seekers to Bundesländer labour markets is based on the KS described above. The extent to which it fits local demands and disparities should thus expectedly have influence on success of labour market integration of the group. As a consequence, economic key figures in demands and potentials of Bundesländer and their regions should be taken into account, when allocating newly arrived asylum seekers and refugees.

The first hypothesis is thus:

H1: *Disparities in successful Integration of refugees and asylum seekers amongst Bundesländer can be explained by variations in regional economic key figures.*

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[18] See Deutscher Städte und Gemeindebund (as of 09.11.2016) *Umsetzung der Wohnsitzauflage in den Ländern* https://www.dstgb.de/dstgb/Homepage/Schwerpunkte/Asyl%20und%20Flüchtlinge/Aktuelles/Zu%20wenige%20Länder%20nutzen%20Wohnsitzauflage/Übersicht%20Umsetzung%20der%20Wohnsitzauflage%20in%20den%20Ländern1.pdf ; accessed 08.02.2018

4.2 Hypothesis 2 – Active Labour Market Policy for Refugees and Asylum Seekers and Regional Disparities

Advocates of the Keynesian school argue inter alia, that active labour market policies improves operation and demands of labour markets through interventions, benefitting all - or one specific group, which has particular difficulties in finding work (Ramos et. Al. 2009: 1). Instruments of structural policy aim at mitigating mismatch between supply and demand (Ramos et Al. 2009: 1). As evident from the socio-economic profile with regards to access of the group to the German labour market, described in chapter 2.2 above, refugees and asylum seekers necessitate further assistance and guidance to facilitate understanding, a long-term qualification process and thus labour market integration (cf. Brücker et Al. 2016: 71/72; Gag/Voges 2014: 7 ff.; Geis/Nintcheu 2016: 14; Liebau/Salikutluk 2016: 732)

As explained in chapter 2.3 federal states' governments have room to manoeuvre in labour market integration policy-making and operate in diverging local contexts. As an outcome, they also have different experiences and also developed divergent approaches, programs and initiatives to meet chances and challenges of integration in labour market policy making for migrant groups, such as refugees and asylum seekers they were directly confronted with (Gesemann/Roth 2015: 20; Montero-Lange/Korn 2016: 45; Dekker et Al. 2015: 13).

Existing policy programs rooted in historical experiences, but also recently established or equipped structural mechanism by federal state authorities, might implicate better functioning of labour market integration in regions and could perceptively complement or mitigate the impact of economic prerequisites in a federal states context. We can hence expect that economical key figures might not fully explain diverging extends of success in labour market integration of asylum seekers in German Länder.

In this regard, the second hypothesis should aim at exposing policy approaches, which could benefit labour market integration of refugees and asylum seekers on the local level. The second hypothesis is thus:

H2: *Labour market integration of refugees and asylum seekers in Germany is facilitated through federal states' policy frameworks of good practice.*

5. State of the Art and Relevance

Against the background of increasing arrivals of asylum seekers and refugees in particular in the last years, the body of literature on labour market integration of refugees emerged increasingly. Before, the area has been mostly neglected by researchers and is hence still at its beginning. As a consequence, distinct qualitative and quantitative studies on living conditions, educational and professional backgrounds, socio-cultural integration or health are lacking profoundly (Aumüller/Bretl 2008: 12; Robert-Bosch-Stiftung/SVR 2016: 12). Recent studies and reports can be roughly distinguished in two categories: studies on the legal frameworks on the one hand, and empirical/statistical analysis on the other (Robert-Bosch-Stiftung/SVR 2016: 14). Especially the first type of analysis gained importance in the literature of think tanks and foundations (cf. Gag, Voges 2014, Juretzka 2014, Thränhardt 2015). However, it has to be noted, that these types of analysis are endangered of losing their relevance fast, since German legal frameworks and regulation were rethought and modified or amendments frequently within the last years (Robert-Bosch-Stiftung/SVR 2016: 14). One of these changes was for instance the change in legislation regarding a shorter waiting period for asylum seekers to access the German labour market, which is now after three months of stay (Robert-Bosch-Stiftung/SVR 2016: 14; Trähnhardt 2015: 7). Since these changes are very recent most changes are not yet fully analysed and their influence can thus not be fully estimated (Robert-Bosch-Stiftung/SVR 2016: 14).

The statistical/empirical form of studies mainly focuses on data of the German Statistical Office (*Statistisches Bundesamt*) and the AZR as well as on data on beneficiaries of contributions after the *Asylbewerbeleistungsgesetz* (in the following AsylbLG) (Ibid.). Additionally, even though a larger body of literature exists on economic integration of migrants, studies specifically dealing with the group of refugees and asylum seekers in this domain are scarce (Bevalander 2016: 2).

Against the background of a drop in high arrivals of asylum seekers and refugees since early 2017, it is not clear how future political developments might influence these numbers (IAB 2016: 2). Researchers from various disciplines claim that the current allocation mechanism puts pressure on certain areas in the country (i.e. on the city state Berlin), while other municipalities reported vacancies in basic sustenance provision for the group (Geis/Orth 2016a: 4; cf. Adecco Group 2017: 10). Against the background of this capacity disparities, which seem not able to match allocation, the subject of initial allocation of asylum seekers

and refugees in Germany has hence been debated in the media (cf. Economist April 2016), but has also evoked research in economy and political and social science alike (Geis/Orth 2016a; Geis et Al. 2017; Adecco Group 2017: 10). For instance, in April 2017, the German Institute for Economic Research (DIW) Berlin, held a Brown-Bag Seminar on "the long-term consequences of refugees' initial residential allocation in Germany"[19].

Other studies have analysed the state of vacant adequate housing solutions, health service provision (cf. Rauchfuss 2001), access to educational systems and services or the state of security for the group, i.e. number of attacks on migrants (Katz et Al. 2016; OECD Forthcoming a; cf. Economist 2016). These variables might present other important prerequisites for refugee and asylum seekers integration in the local context. However, due to the limitation of scope of this research paper, this analysis focuses on the aspect of labour market integration. Against this background, this paper does not claim completeness in this regard, but provides an in-depth analysis of the policy area on the national allocation mechanism. Further studies could complement this approach with an analysis of variables mentioned above. Yet, labour market integration is a key area in the cross-cutting policy area integration. It improves the independent economic situation of the individual, but also fosters societal integration i.e. through enabling expansions of social networks (Brücker et Al. 2016: 63; CSES 2013: 96; Geis et Al. 2016: 29; Katz et Al. 2016: 5; OECD 2017a). Social- and economic interdependencies in local host communities are also an important factor in overcoming tendencies of conflicts between residents and newly arrived (Jacobsen 2002: 1). Against this background, in an expertise with regards to reforms of dispersal mechanism, the Adecco group claimed in a white paper, that "Countries should ensure that dispersion of refugees is based on employment factors such as individual profiles, local labour market conditions and specific local shortage occupations" (Adecco Group 2017: 10). The author's claim, that in this way economic integration of the group can be facilitated, as it would directly respond to local demands and needs and create better opportunities for newly arrived refugees and asylum seekers (Ibid). Furthermore, skill shortages connected to negative demographic developments in the German context, call for an allocation, connected to place-based labour market integration policy to make use of the potentials that foreigners bring to the country (Robert-Bosch-Stiftung/SVR 2016: 3). In this regard, the German federal government has also influenced the political- and societal debate in

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[19] see DIW Berlin (2017): https://www.diw.de/sixcms/detail.php?id=diw_01.c.556347.en ; accessed 16.12.2017

stressing the point of the potentials newly arrived refugees and asylum seekers hold for the countries labour market. The recruitment of high-skilled professionals from abroad has oftentimes been mentioned in one sentence with refugee migration of recent years[20].

A pioneer study, which inter alia links labour market integration of the group to reforms of national allocation mechanism, argues that the group has an overall better perspective of insertion in places, which hold a high vacancy in jobs of so-called Helferstellen (Geis/Orth 2016). In the long-term, the researchers argue, that an older age structure of employed population could give insights to the amount of demand in vacant jobs in the future (Geis/Orth 2016). However, as argued in chapter 2.2, these analyses overlook that the educational profile of refugees and asylum seekers demand further integrating measures and thus demand further long-term assistance. In addition, in the short term, the study does not provide a profound assessment of economic variables in Bundesländer, which influence capacity of labour market integration of the group. Other regional factors, such as i.e. seasonality of jobs (*Saisonspanne*) or state of low-skilled jobs for an immediate integration, which play a role in assessing prerequisites for prospective successful labour market integration of the group are hence overlooked (see chapter 6.1.1). This paper fills a gap in recent literature, as it seeks to make a first attempt to approach the problematic of an initial development of factors, which could possibly be taken into account when allocating newly arrived to Bundesländer across the German territory. Apart from the limitation of being a first attempt due to inter alia the limited scope of this paper, impact of this research work underlies some further limitations, which have to taken into account for possible policy implications. These limitations are listed in the following section (see chapters 6.1.3 and 6.2.3 as well as concluding chapter), which will first describe how H1 is analysed and subsequently how H2 will be approached.

6. Methods and Case Selection

In order to estimate the influence of disparities amongst Bundesländer on labour market integration, this paper follows a two-step analysis. The first part is devoted to how the analysis of H1, the second part of this chapter explains how H2 will be operationalized.

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[20] Angela Merkel (09.September 2015): Speech in the German Bundestag (*Rede von Bundeskanzlerin Merkel im Deutschen Bundestag*); https://www.bundesregierung.de/Content/DE/Rede/2015/09/2015-09-10-rede-deutscher-bundestag.html; accessed 20.3.18

The key date of the analysis is set to December 2016. Most asylum seekers and refugees, who came to the country from January 2014 onwards, migrated before March/April 2016. After that date, refugee migration to the EU was limited through the closing of the Balkan-Route[21] on 9th March 2016 and an agreement of the European Union (EU) with Turkey on 20th March 2016[22] (IAB 2016: 2). As explained in chapter 3, after arrival, persons are allocated to Bundesländer. Data as of December 2016 hence accounts for location and reception of the group in Bundesländer.

In addition, this time period proves to have most data available, such as location of asylum seekers and refugees from the AZR as of Dec 2016 (cf. chapter 3.1.). For the sake of comparability, data for unemployment rates of asylum seekers and refugees used is also as of December 2016.

6.1. H1: Economic Key Variables Influence Labour Market Integration (Quantitative Part)

H1, *Disparities in successful Integration of refugees and asylum seekers amongst Bundesländer can be explained by variations in regional economic key figures*, is approaches in a quantitative manner. To evaluate influence of economic key figures, which expose labour market prerequisites, the paper makes use of a typology by the German Institute for labour market- and job research (*Institut für Arbeitsmarkt- und Berufsforschung*, in the following: IAB) and compares these with unemployment rates for people who came to the country in the context of refugee migration in German Länder (BA 2016, 2017a). The analysis is done against the background of allocation and thus numbers of the group in the respective federal state.

6.1.1 Independent Variable

Since 2006, the IAB characterized regional labour markets in comparative ideal types to identify diverging prerequisites in their economic- and social regional structures (Dauth et Al.

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[21] The term refers to a subsumption of roads between the Middle East and the EU, where parts oft he EU frontiers are located. According to the European Union nearly 700.000 people transited to the EU in beginning of 2015 alone (cf. European Union n.d.). In accordance with an EU regulation, countries, which are located close to the frontier have taken up successive measures to limit migration of refugees and asylum seekers through these roads.

[22] The agreement seeks to constraint inflow of persons who were transiting through Turkey to reach territory of the EU (Cremer 2017). The agreement foresees that persons arriving on the Greek island as of 20.March 2016 are deported back to Turkey. As a result, arrivals in the European Union were decreasing profoundly (Ibid.)

2013: 4). The aim is to recognize regions, which are comparable in their nature in their regional prerequisites for an integration of unemployed persons (Ibid: 4, 6). The conceptualization is thus a fundamental tool for political and socio-political steering of employment measures and policies, as these prerequisites expose specific regional labour market potentials and needs for improvement (Ibid: 4). The authors argue that regional prerequisites are hardly influenceable by local policy makers as they are set in regional traditional contexts. In line with the theoretical concept of structural unemployment explained in chapter 4.1, indicators explain regional unemployment or high quota of employment according to structural prerequisites. The most recent conceptualization of 2014 in 15 ideal types has actuality as of today[23].

The IAB distinguishes ideal types on the basis of regions in categorisation of Jobcenters. Subsequently, as these paper deals with impacts of the national dispersal mechanism on the entity Bundesländer, the ideal types are abstracted to the Bundesländer-level. As it will be shown in the analysis, most Bundesländer are constituted out of 2-3 ideal types of Jobcenters. As explained in chapter 1.1, Bundesländer territory oftentimes covers large geographical areas. Hence, they largely hold diversities in economical preconditions amongst regions within in their borders. The analysis respects those variations, as the classification incorporates these hybridisations amongst regions.

The authors operationalize 37 variables in a cluster analysis to indices, apart from economic key variables, also specific socio-political prerequisites (Ibid. 7). These indices built parameter as they are weighted compared to overall German average in more favourable or less favourable. In other words, these parameters determine if prerequisites either benefit or impede long-term integration of unemployed persons, so-called *erwerbsfähige Leistungsberechtigte[24]* (in the following eLb) in the region, compared to overall German average (Ibid: 16). The analysis is based on data from the BA (Ibid: 10)[25].

The indices used to evaluate prerequisites for integration of eLb in general are expected to be similarly relevant for regions' labour market ability to receive and integrate asylum seekers and refugees. The table below lists the indicators after Dauth et Al. 2013 and links, if

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[23] As stated in direct inquiry by author at the IAB Research centre (Dec 2017)

[24] Unemployed persons in this defintion include recipients of unemployment benefits after Social Code Book II (*Sozialgesetzbuch* II, short SGB II). In short, this group, so-called *erwerbsfähige Leistungsberechtigte* (eLb) includes persons, who are over 15 years old and not eligible for retirement, can not pay for their living by themselves and are thus in need for assistance and have their regular residence in Germany (cf. Sozialgesetzbuch II). The ideal types expose performance of regional labour markets in integration of this group

[25] This group also includes refugees with a residence title of either subsidiary protection and refugee status.

applicable, how these factors influence in particular the insertion of the group of asylum seekers and refugees in regional labour markets.

Index	Impact if high	Description
Ability of the regional labour market for people seeking employment (SGB II)		
Seasonal span	**Negative**	The parameter seasonality of employment entails the extent to which the regional labour market undergoes variations according to seasons[26]. Some occupations succumb failures dependent on weather conditions, i.e. in construction industry or tourism in particular from December – March (Möller 2009: 96). A high seasonal span is thus an indicator for higher dependency on social welfare for workers in respective fields in particular during months of unavailability in season-dependent occupations (Ibid.)
Share of low-skilled unemployed eLb to all eLb	**Negative**	The parameter follows the classification of occupations of BA, so called Helferstellen (cf. KldB 2010: 46). As explained in chapter 2.2, for a short-term integration of refugees and asylum seekers, these occupations are the most suitable. The parameter is thus also highly relevant to assess regional conditions for the group. A higher existing share of low-skilled unemployed is associated with a weaker ability of regional labour markets to integrate refugees and asylum seekers eligible for Helferstellen in the short-term. The parameter consists of the share of low skilled over 25 years old to all unemployed (over the age of 25) and thus also shed's light on educational profiles of eLb in the region. In addition, unemployment rates are expected to by higher in general in these regions, as studies point to the fact that qualified workers face unemployment less often than low-skilled (cf.

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[26] See: *Typsierung der Agenturbezirke*, obtained from statistical service of BA; https://statistik.arbeitsagentur.de/nn_609802/Statischer-Content/Grundlagen/Regionale-Gliederungen/Weitere-Gebietsgliederungen/Typisierung-der-Agenturbezirke.html; accessed 21.01.2018

		Hausner et Al. 2015).
Share hold by manufacturing sector	Positive	The share employees (*Sozialversicherungspflichtigte Beschäftigte*, SvB[27]) to all employees (SvB) in the region, in manufacturing industry. This variable is expected to have a positive influence, since a high share of manufacturing as opposed to service sector or intellectual service sector jobs, demand more often a higher share of low-skilled positions of so-called Helferstellen (cf. chapter 2.2 and "Potential for employment in low-skilled jobs" below).
Job density	Positive	The share of SvB to the total population (15 – 65 years old) residing in the area. A higher density of jobs is a key figure for economic prosperity of a region and thus considered as a facilitator in labour market integration.
Share of SvB in low-paid sector	Negative	Share of SvB to all SvB, which have an income below the threshold of median income in Germany (– 30%). Since differences in eastern and western part of the country are very pronounced, the parameter is calculated with two different medians for East and West. The index holds a negative impact of integration of groups in the labour market as it suggests a necessity of receiving additional assistance through social welfare benefits to level out possible shortcomings in income. In addition, low-paid jobs are usually holding short-term opportunities and no additional training program opportunities for long-term inclusion.
Share of Small sized enterprises	Negative	Share of SvB employed in small sized enterprises (under 20 employees) to all SvB. Survey results amongst German employers by Flake et. Al. (2017: 6) found that bigger companies are more willing to employ asylum seekers and refugees than smaller- and medium sized companies. A study by Hardege/Hartig (2017) for the chamber of commerce

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[27] SvB are so-called *Sozialversicherungspflichtige Beschäftigte* are employees subject to social security (see Abbrevations and terms). The definition includes all employees who have health-, retirement- and care insurance. As the social benefits systems in Germany is built on public solidarity model, all SvB pay a certain percentage of their salary (amount of percentage is dependent on income). In turn, SvB have access to social security benefits in case they need it. In general, all employees have to pay these fees, excluded are those, whose salary is below a certain threshold and certain occupations, such as soldiers, public officials or self-employed persons (bpb 2013).

		Germany came to similar results. Reasons are mainly insecurities regarding length of stay connected to insecure residence permits. As capacity for training in language and procedures is limited, small sized enterprises are less likely to invest in training and education of those, who might not be able to stay and generate long-term profit (Flake et Al. 2017: 6; cf. Hardege/Hartig 2017).
Potential for employment in low-skilled jobs	**Positive**	This parameter is calculated by opportunities for employment in basic fields of activity. It is defined by the five occupations, which have nationally the highest share of low-qualified work force (persons without completed apprenticeship, not included are those who are currently in an apprenticeship). As described above for index 'share of low-skilled unemployed', this indicator is highly relevant in short-term integration of asylum seekers and refugees.
Structural prerequisites of eLb		
eLb Quota	**Negative**	Share of eLb to total population residing in the area.
Share of eLb, who solidify in reception of unemployment benefits (long-term recipients)	**Negative**	Comparison of number of registered eLb between 2007 and 2013. These numbers are significant in displaying the general need for help and intervention in the respective region (Dauth et. Al 2013: 22).
eLb over 50 years old	**Positive**	Share of eLb who are over 50 years old to all eLb. For long-term integration, this variable might display, that those who will leave the labour market soon for retirement, leave room for employment of refugees and asylum seekers as they are expected to have a higher demand in workforce in the future (Geis/Orth 2016a).
eLb in work	**Negative**	Share of eLb to all eLb, who are in work. As mentioned above the definition of eLb includes persons, who cannot pay for their living by themselves and thus need assistance. This parameter hence displays persons, who need additional coverage through social benefits, because their salaries do not cover costs for basic sustenance.

Long term recipients of unemployment benefits	**Negative**	Share of long-term recipients in work to all long-term recipients. This variable shows that many persons in the region solidify in reception of unemployment benefits, hence bad prerequisites, which substantiate their unemployment are expected to be persistent over time.
Structure of recipient households (*Bedarfsgemeinschaften*[28], in the following: BG)		
Share of big BG	**No distinct influence**	Share of recipient households with more than 5 people to share of all recipient households.
Costs for housing	**Negative**	Average costs for accommodation and heating for recipients. The parameter consists of average costs for a single BG covered by social welfare.
Population structure		
Foreigners	**Unclear**	Number of foreigners residing in the area in relation to total population (as of 31.12.2010). It is not fully clear, to what extend this variable has an impact on the integration of the group in the local labour market. Yet, we could spring from somewhat more experiences of local employers and authorities in employment of non-German natives, which could manifest in somewhat better pre-conditions.
Population development	**Negative**	Population development of residents between 31.12.2005 and 31.12.2010.
Geography		
Variable of Surrounding areas	**Positive**	Weighted eLb Quota (see above), in intensity of inter-regional commuter linkages of low-qualified SvB (those without completed apprenticeship, not included are those currently in apprenticeships, as of 30.6.2011). This variable considers the statically closeness of areas and dependencies among each other.

Table 10 in Annex of this paper displays 15 ideal types and their characteristics following Dauth et. Al. 2013.

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[28] *Bedarfsgemeinschaften* is a term used in German Social Welfare Code. The term entails, that persons who live together in a community or are family members, have to financially assist each other and are summarized in one entity of recipients. The amount received varies from size and structure of the entity (i.e. a single household receives less than a family with 5 children).

6.1.2 Dependent Variable

In a proceeding step, to evaluate the impact of the prerequisites on labour market integration of refugees and asylum seekers in respective Bundesländer, the performance of Länder in integrating refugees in the labour market is operationalized. This is done by comparing numbers of unemployed asylum seekers and refugees in Germany's federal states, as a share to all asylum seekers and refugees residing in the area (BA 2017a; see also chapter 2.3). In using the share to all asylum seeker and refugee residents in the Bundesland, the data used is already weighted to the extent that allocation number is exempted from the values. Hence, a cyclic argumentation is avoided. Since data on location is available as of Dec 2016 (AZR), for the sake of comparability, the data of unemployed in context refugee migration used is as of December 2016 as well.

Since June 2016 the German BA gathers data on job seekers and unemployment rates for people who came to the country against the background of asylum and refugee migration (*im Kontext Fluchtmigration,* BA: 2017a; 2016: 3). The statistical definition of this group includes third country nationals, who received a temporary residence permit (*Aufenthaltsgestattung,* see chapter 2.1.) and are thus still in the application process as well as those benefitting from a protection status (subsidiary protection, refugee status) and those holding a toleration (*Duldung*, see chapter 2.1.). Excluded are persons, who benefit from an unlimited settlement permit (*Niederlassungserlaubnis,* see chapter 2.1.) or naturalized refugees as well as people who came to the country through family reunification (BA 2016). As argued in chapter 2.1, an analysis of the group should focus on the so-called TOP 8 countries of origin. The Federal Employment Agency displays its data according to these 8 non-European countries, which is, as shown in chapter 2.1 crucial for the analysis, since most asylum seekers and refugees who are prospectively staying for a longer time and have access to the labour market originated from these countries in recent years. These countries are: Afghanistan, Eritrea, Iraq, Iran, Nigeria, Somalia, Pakistan and Syria (BA: 2016; cf. Geis et Al. 2016: 8).

In order to be able to evaluate success of all 16 Bundesländer, the share of unemployed in the context of refugee migration to all asylum seekers and refugees in the federal state are weighted in a Cluster Analysis in three categories from High to Average and to Low. This is done in 3 steps, following a simplified hierarchical cluster analysis scheme. First, the mean (*Mittelwert*) and the standard deviation (*Standardabweichung*) of each value set is

calculated. From these two values, the data for each Bundesland and value set is standardized. In the proceeding step, the Euclidean distance between each value and each Bundesland can be calculated as a basis for a hierarchical cluster analysis. (cf. Schels 2008: 2 ff.) The full data analysis can be tracked in the attached excel sheet in a digital version of this paper.

The results of the analysis, the allocation of Bundesländer in the three clusters Low, Average and High in their share of unemployed asylum seekers and refugees to all persons belonging to this group residing in the Land is displayed in the table below.

Table 6 - Allocation of Bundesländer in 4 Cluster According to their Share of Unemployed Asylum Seekers and Refugees to All Persons Belonging to this Group in the Federal State

Bundesländer	Share of Unemployed in context of refugee migration (BA 2017a, *Arbeitslose im Kontext von Fluchtmigration*); as of Dec. 2016 to all Asylum seekers and refugees Person in the Bundesland (AZR, Destatis 2017) as of Dec 2016 in %	Cluster
North-Rhine Westphalia	5,550238163	AVERAGE
Baden-Württemberg	7,67187575	HIGH
Bavaria	6,538477404	AVERAGE
Lower Saxony	4,829101225	AVERAGE
Berlin	8,892043011	HIGH
Hessen	7,819328546	HIGH
Rhineland-Palatine	4,470693398	AVERAGE
Hamburg	5,946370177	AVERAGE
Schleswig-Holstein	4,636915533	AVERAGE
Saxony	4,914787455	AVERAGE
Saxony-Anhalt	3,995332944	LOW
Brandenburg	3,43771273	LOW
Bremen	4,772106825	AVERAGE
Thuringia	4,412327072	AVERAGE
Mecklenburg-Western-Pomerania	3,528537823	LOW

In a following step, the impact of regional labour market prerequisites is comparatively assessed. This step exposes, which Bundesländer perform either good or badly. In turn, which key socio-economic variables can be identified as highly significant in their impact on labour market integration for refugees and asylum seekers.

6.1.3 Limitations of the Quantitative Analysis

In nature of comparisons lies generalisation. For every region there are unique features, which can hence not be reflected in the above-mentioned ideal types. However, for the sake

of political steering of employment policies, there is a need of reducing such complexity to a more structural comparative approach of the most important similarities and differences (Dauth et Al. 2013: 4).

Further, this analysis is restricted to the impact of national allocation of refugees and asylum seekers on labour market integration. Yet, integration is a cross-cutting issue concerning several policy areas, which are mutually dependent. Even though, as described above, labour market integration plays a significant role in integration of refugees, factors such as provision of adequate housing solutions, health and education services open to all groups, attitude of resident population or will of political leaders, play an important role in integration and can in turn also benefit labour market integration (Geis/Orth 2016a; Katz et Al. 2016; Rauchfuss 2001; cf. Economist 2016). The variable "costs for social housing" includes to a certain extend availability of adequate housing in the respective land. As a variable, it interlinks with labour market inclusion of the group.

In this regard, this paper should be considered as a complementary starting point in studying the impact of national allocation mechanism on integration. This limitation is also valid for the qualitative part of this paper (see below).

In addition, the analysis reduces individuals to rational calculating economic objects. The reality is yet more complex. Other prerequisites might influence possible integration of the group in the labour market, such as cultural values of the recipient Bundesland as well as of the individual itself. However, to obtain comparative results, we have to abstract from the complexity of this reality, to approach possible explanations. In this way, generalization seeks to identify possible policy applications, which might benefit a large majority of the group in the future.

Further, the analysis should be understood as an early attempt to analyse labour market integration of the group arrived since 2014 to Germany. A study made by the European Union in 2016 (Kondl-Seidl/Bolits 2016: 19) as well as a study by Bevelander (2016) pointed to the fact that refugees and asylum seekers will reach a similar employment rate to native populations after 10-20 years of residence. Research on labour market of the group is thus still at its very beginning (Brücker et. Al 2016: 68). Yet, the IAB states that it is possible to make first assessments, since first tendencies are already visible, in particular with regards to participation in integration offers i.e. training and courses, and their facilitation in respective Bundesländer (BA 2017b: 7). However, this assessment should be understood as

explorative in its nature, drawing first results and development for a possible framework for an analysis, which should be pursued as intervals over time. As an outcome, the analysis should be repeated in a later stage in order to complement results.

Further, due to missing data on residents of asylum seekers and refugees in the federal state, Saarland is exempted from the analysis. For the sake of completeness and validity of results, later studies should include the Bundesland, once data is made available (cf. Destatis 2016).

Lastly, as described in chapter 2.3, unemployment rates do not necessarily reflect individual's chances for long-term integration and success in the labour market, as it is limited to the actual number of person's in work, but does not take into account the quality of the occupation or activating measure the person is taking part in (cf. chapter 2.3)

6.2 H2: Local Policies Influence on Labour Market Integration (Qualitative Part)

In a qualitative part, policies of Bundesländer, which can influence integration of asylum seekers and refugees in local labour markets, are gathered, taking into account their competencies in the multi-level governance framework (cf. chapter 2.3). The aim is to approach H2 and an answer to the question: To what extent can labour market integration of refugees and asylum seekers in Germany be facilitated through federal states' policy frameworks of good practice?

The direct impact of individual policies cannot be evaluated in a quantitative way, since many factors, such as concomitant policies as well as individual prerequisites of persons, like existing networks in the arrival country and language skills interlink. To approach this problem, this part is not focussing on how the different Länder perform, but on gathering experiences, practices and projects of local stakeholders, which facilitate integration of asylum seekers and refugees. In order to be able to identify these practices, interviews in form of open conversations with relevant stakeholders from Länder NRW, Berlin and Bremen, as well as a review of relevant literature, evaluation reports and case studies on the local level are consulted. The qualitative gathering is examined within an existing scheme, on good practices for labour market integration for local authorities in European cities by the OECD/EU (Forthcoming). The scheme used is a policy guideline for local authorities to enhance labour market integration in local contexts. The aim of the qualitative chapter of this paper is hence to find out, in which way these policies are implemented across German

Bundesländer to approximate Hypothesis 2: *Labour market integration of refugees and asylum seekers in Germany is facilitated through regional policy frameworks of good practice.* In a final step, with regards to allocation mechanism, the concluding chapter deals with the question to what extend scopes of implementation of profound best practices and policy mechanism could be taken into account in allocation of refugees and asylum seekers across Bundesländer in the German context. The framework of OECD/EU (Forthcoming) includes the following best practices as facilitators for integration of asylum seekers and refugees into European cities' labour markets:

"1. Build a locally accessible database of newcomers' competences" (OECD/EU Forthcoming)
Federal states' governments have often developed close networks with local companies and enterprises and can hence be an important link between (newly arrived) migrants and employer's demands. Data collection of information on skills and an early assessment of competencies, either national or local, but made available on the local level, can hence encourage matching processes with local demands within these networks and in turn combat labour shortages. In addition, comprehensive data on local demands can encourage newly arrived adapting to local labour market needs through individualized specific training and education.

"2. Fighting discriminatory mentalities" (OECD/EU Forthcoming)
The practice aims at changing local businesses and enterprises to change mentalities and discriminatory practices to hire refugees and asylum seekers.

"3. Develop strong networks with the private sector to foster migrant integration" (OECD/EU Forthcoming)
With regards to employment and labour market needs, many stakeholders coexist, which offer training, education or matching for asylum seekers and refugees, such as i.e. chamber of commerce and trade unions, employer organisations, NGOs, welfare organisations and various other networks. Bridging gaps and facilitating communication between them, enables possible joint programs and employment opportunities of the group.

"4. Encourage employment orientation services to target migrants" (OECD/EU Forthcoming)

As described in chapter 2.2, many newly arrived lack knowledge of local labour market practices and recruitment processes (Gag/Voges 2014: 7 ff., Liebau/Salikutluk 2016: 734). Development of programs to strengthen asylum seekers and refugees knowledge with regards to local functions of labour markets empowers the group for access to labour markets, educational facilities such as universities and apprenticeship programs beyond individual private networks.

"5. Offer integrated packages for entrepreneurship support" (OECD/EU Forthcoming)

Federal states can encourage starting up own businesses in introducing regulatory and administrative practices, local culture and demands through i.e. networks of entrepreneurship.

"6. Develop systems for the validation of professional qualifications" (OECD/EU Forthcoming)

Even though recognition of educational and professional credentials obtained abroad is a federal governance competency (Bendel 2014: 5, OECD Forthcoming a), this practice aims at local actors to facilitate this process through guidance in administrative processes.

6.2.3 Limitations of the Qualitative Analysis

The nature of this qualitative approach in a limited scope of this paper, allows only sampling of several approaches introduced by local governments. Thus, this explorative study does not claim completeness of results, but rather gathers information of policy approaches implemented and importance of reconcilement to local contexts. In addition, the paper used for examining policy approaches across Bundesländer, limits it to the scope of 6 crucial points, which claim to be somewhat exhaustive in different context across European cities. In this regard, the analysis is endangered of simplifying the diversity of regional context in Germany. Hence, it might exclude important other projects and points. Yet, in the context of this analysis, a somewhat generalisation is necessary to be able to abstract the results on a national context.

In addition, since analysis of the impact of programs and projects in local contexts goes beyond the scope of this paper, the qualitative part will depart from comparative results presented in the quantitative section. This leaves open, how the individual Bundesländer

perform. Hence, possible policy implications will expectably be limited to provide arguments for further limitations of regional economic key variables in their influence on performance of Bundesländer in insertion of the group in work. Further analysis could approach the matter further by developing possible evaluation mechanisms to weight the implementation and scope of activating policies in a comparative manner. In this way, more comprehensive policy implications for the federal allocation of the group to Bundesländer could be drawn.

In addition, as previously described in chapter 6.1.3 it is important to mention the limit of this in-depth analysis of labour market integration as one key point of many in the cross-cutting issue of integration of asylum seekers and refugees. This study is thus to be perceived as complementary with regards to an overall integration process (cf. chapter 6.1.3).

7. Analysis

7.1 H1 – Quantitative Part: Regional Economic Key Variables as Indicators

In the following the independent and dependent variable are operationalized and subsequently a possible correlation between the two evaluated in order to approach the first Hypothesis: *Disparities in successful Integration of refugees and asylum seekers amongst Bundesländer can be explained by variations in regional economic key figures.*

7.1.1 Regional Key Variables as Indicators: Bundesländer Classification in Regional Ideal Types

As already referred to in chapter 6.1.1, a detailed overview of regional ideal types and their characterizations can be found in Annex II, Table 10.

Jobcenters typologies Ia – Ie are somewhat more ideal for labour market integration of unemployed in this framework, since they have in general a low eLb quota. The labour market is mainly characterized by industry and concentrate in their occurrence in the South of Germany, in the federal states of Bavaria and Baden-Württemberg. These regions differ significantly from the rest of the country and hence constitute their own cluster (Dauth et Al. 2013: 21; 22). In particular, the quota of solidification of eLb is in comparison very low and its surrounding areas have also favourable conditions.

Type Ia (18 regions in Bavaria, 1 in Baden-Württemberg, 3 in Rhineland-Palatine) holds slightly less favourable conditions, with very high costs of living and a high population growth. Type Ia is also characterized by a traditional above average share of foreigners residing in the area. The type Ib (22 regions in Bavaria and 8 in Baden-Württemberg) and Ic (20 in Bavaria, 13 Baden-Württemberg) are predominately characterized by industry, a high job density and share of small sized enterprises as well as favourable conditions in its surrounding areas. In addition, costs for social housing are very low. Quite similar good conditions in terms of job density and housing costs are prevalent in type Ic. In addition, the prerequisites of this type hold high potentials for low-skilled jobs, which is, as explained before, crucial for a short-term integration of the group of asylum seekers and refugees into the labour market.

Type Id is mainly found in Baden-Württemberg (19 regions), to a lesser extend in Bavaria (4) but also in smaller fractions in other Bundesländer (3 in Lower Saxony, 1 in NRW, 1 in Hessen and 3 in Rhineland-Palatine). The type holds a very high potential for insertion of the group in the labour market, as it has good pre-conditions in its surrounding areas and a high employment potential in low-skilled jobs.

Type Ie (8 regions in Bavaria, 2 in Hessen, 3 in Rhineland-Palatine, 5 in Thuringia) includes regions remote from urban sprawls, which are mostly close to the former inner German border. Their labour market holds also a very high potential, as job density is high and social housing is cheap. Yet, the regions hold also a high population growth as well as potential for employment in low-pay sector and thus an above average share unemployed benefits recipients in work (Dauth et Al 2013: 27 ff.)

IIa – IIe ought to perform average in comparison, but are more heterogeneous in prevalence of prerequisites then the above described. Most regions in Germany belong to this average type. Types IIa, IIc and IId are mainly found in rural areas, while types IIb and IIe characterize population dense and urban regions. Even though these urban areas are ought to have average results in their performance, they perform below average in comparison to other urban or population dense regions in the country.

These urban dominated ideal types hold major differences to other regions in the country (Ibid: 22). The region Ruhr-Area in NRW (Western Germany) constitutes, together with two cities in Lower Saxony, Salzgitter and Delmenhorst, as well as Bremerhaven located in Bremen, its own cluster. Type IIe is mainly found in western NRW (20 regions) in the so-

called Ruhr-area, which has rather unfavourable conditions for labour market integration, with high population growth and very high costs for social housing. The labour market has only a small share of small sized enterprises and also unfavourable conditions in its surrounding areas. The region has traditionally a high share of migrant population.

Southern NRW concentrates mainly in type IId (24 regions in NRW), which shows predominately better conditions for insertion of the group in work. While seasonality is quite low, there is a high employment potential in low skilled jobs, a small share of seniors (50 years or older) and a below average share of long-term unemployment benefit recipients in work. The region has traditionally a high share of migrants and below average costs of living.

The more rural types IIa, IIb and IIc all hold (below) average conditions. In particular IIa (11 in Rhineland-Palatine, 5 in Lower Saxony, 4 in Hesse, 3 in Bavaria and 1 in NRW), which has a below average job density and a high share of low-skilled unemployed. Social Housing costs are low, but potentials for employment in low-pay sector are high and likewise the share of unemployed benefit recipients in work.

Type IIb (17 regions in Bavaria, 8 in Baden-Württemberg, 1 in Rhineland-Palatine) shows more favourable conditions, as the overall small share of low-skilled unemployed is low. Yet, social housing costs and population growth are high. In addition, the type holds high potentials for employment in the low-paid sector. This type has traditionally also a high share of migrants.

Type IIc is mainly constituted of 22 regions in Lower Saxony, but also found in 11 regions in Schleswig-Holstein as well in 4 in Rhineland-Palatine, 2 in NRW and Hessen. Type IIc holds lower average to poor conditions for integration of asylum seekers and refugees as it is constituted of high potentials in the low-pay sector and in turn, many of long-term unemployment beneficiaries are in work. The labour market of the type is characterized by a high share of small sized enterprises and a below average share of manufacturing sector and holds many seniors (50 years or older). Surrounding areas have unfavourable conditions for labour market integration. Regions belonging to this type have traditionally a below average share of migrants.

Types IIIa – IIIe are groups of Jobcenters, which ought to perform worst. These are mostly Western German cities as well as parts of Eastern Germany Bundesländer of former GDR, which face partly severe problems in labour market integration of unemployment persons (Ibid). Bundesländer of the former GDR hold peculiarities in comparison to German average,

as they have a general high quota of solidification of unemployed, which necessitates further action and intervention through policies (cf. chapter 6.1.1.; Ibid: 22). In addition, these federal states constitute the highest number of elderly eLb (over 50 years old), a traditional low share of foreigners and low costs for social housing and heating (Ibid.: 22). In this way these regions set themselves apart.

Type IIIa (8 Brandenburg and Thuringia, 7 Saxony, 2 in Mecklenburg Western Pomerania) is predominantly found in urban fringes, and holds average to bad prerequisites for integration of asylum seekers in work. Even though job density is high and social housing costs are low, there is a very low employment potential in low-skilled jobs and a high share of eLb, who solidify in reception of long-term unemployment benefits. These regions traditionally hold a low share of migrants.

Type IIIb manifest the second urban cluster, constituted mainly of the German City States (*Stadtstaaten*) Hamburg (1 in IIIb) and Berlin (12 in IIIb), with rather difficult standing in integration of unemployed, evident in high levels of eLb (Ibid: 22). Type IIIb also includes 5 regions NRW, 6 in Lower Saxony, 4 in Schleswig-Holstein, 3 in Rhineland-Palatine, 2 in Hesse and 1 in Baden-Württemberg. It holds a low job density, the share of eLb who solidify in reception of unemployment benefits is above average and social housing is very costly. The type's labour markets are mainly dominated by service sector and likewise only to a small share by manufacturing sector. These regions have traditionally a high share of migrants and population growth.

Type IIIc is only found in Mecklenburg-Western-Pomerania (8 regions). The type has a very low job density, but a high potential in low-skilled jobs and a low seasonality. However, the share of eLb who solidify in reception of unemployment benefits is above average. The regions have a high share of migrants and social housing costs are high. Population decrease in these regions is above average.

Type IIId is predominantly found in new Bundesländer of former GDR (11 regions in Saxony-Anhalt, 5 in Brandenburg and Thuringia and 3 in Saxony). The employment potential in low-skilled jobs is very low, the regions hold high seasonal dynamics and a high tendency for solidification in long-term unemployment benefits. Population decrease is very high, the share of migrants is low and labour market conditions in surrounding areas are also very unfavourable.

Finally, type IIIe is constituted of cities of Bundesländer of the former GDR, including the state of Bremen (1 region), 5 in Thuringia and Brandenburg, 3 in Mecklenburg Western-Pomerania and Saxony and 2 in Saxony-Anhalt. The regions have in common that they have a low share of low-skilled unemployed, but also a very low potential of jobs in this segment. Seasonal dynamics are high, with a below average share of manufacturing sector and an above average share of solidification of unemployment recipients. The share of migrants is traditionally low. Unfavourable labour market conditions are also found in its surrounding areas.

7.1.2 Unemployment Rates of Asylum Seekers and Refugees in Federal States

Table 11 in Annex II shows the full matrix for an appraisal of ideal types of regional labour markets in reference to share of unemployed asylum seekers and refugees to all asylum seekers and refugees residing in the Bundesländer.

The graph below shows the share of unemployed in context of refugee migration to all asylum seekers and refugees in the Bundesländer in % (not clustered) in relation to the allocation quota of the KS. As shown, they are some deviations between the two, which allow for the assumption, that some Bundesländer might have better prerequisites than others in the integration of the group in the labour market.

Table 7 – Share of Unemployed Asylum Seekers and Refugees in Bundesländer to Allocation
Quota
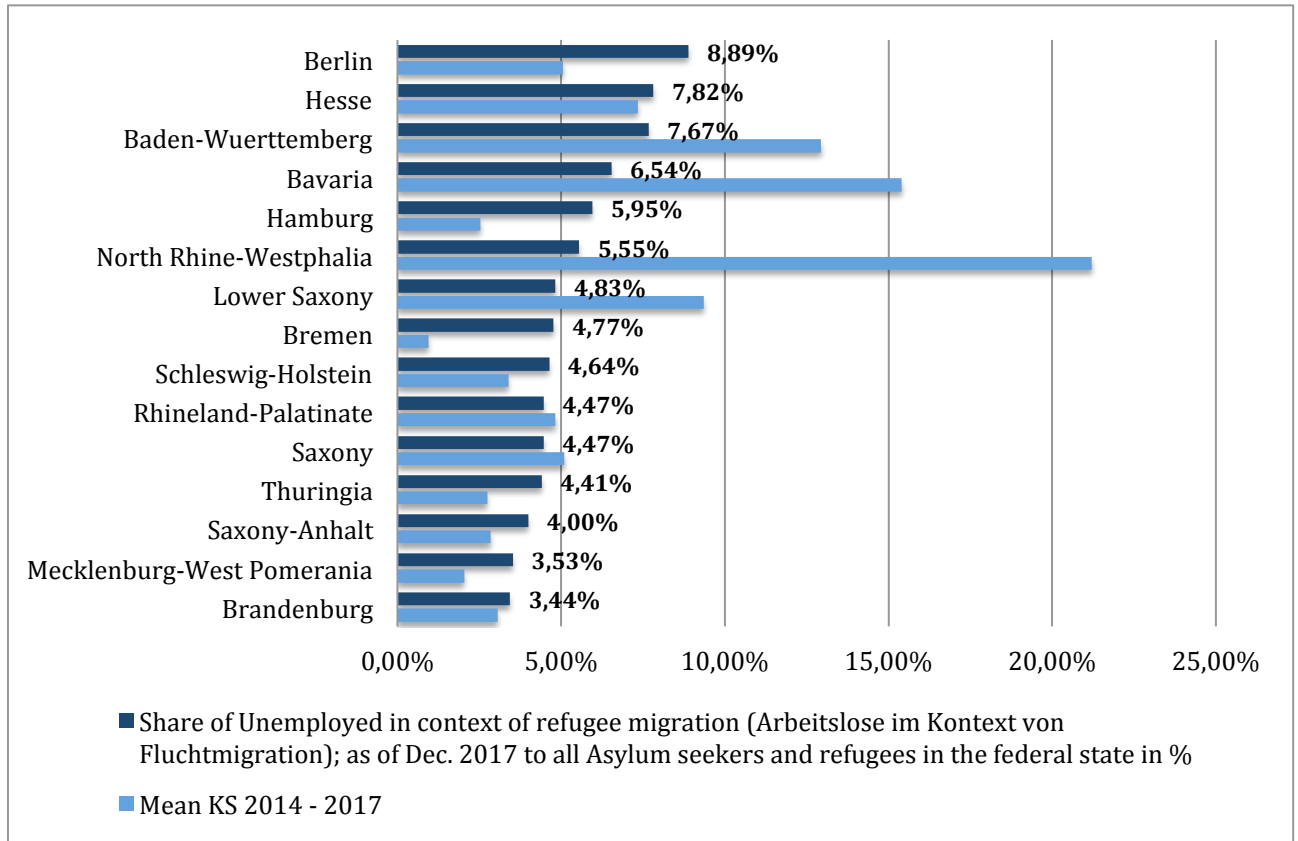
Diagram: authors elaboration, data used: BA 2017a; BAMF (2015, 2016, 2017): *Das Bundesamt in Zahlen* and
http://www.bamf.de/DE/Fluechtlingsschutz/AblaufAsylv/Erstverteilung/erstverteilung-node.html, accessed
07.12.2017

As an outcome of the cluster analysis through measuring the Euclidian distance,
Bundesländer are hence classified as follows: Baden-Württemberg, Berlin and Hesse as
"high", most Bundesländer, including NRW, Bavaria, Lower Saxony, Rhineland-Palatine,
Hamburg; Schleswig-Holstein, Saxony, Bremen and Thuringia as "average" and the remaining
Brandenburg, Mecklenburg-Western Pomerania and Saxony-Anhalt, as "low".

7.1.3 Outcome H1 – Regional Prerequisites Influence on Bundesländer Performance in Integration of Asylum Seekers in Labour Markets

The analysis of unemployment rates in clusters high, average and low show observable
differences in each regional ideal types. In the diagram below these ideal types are displayed
in reference to occurrence of either high, average or low shares of unemployed of the group.

Table 8 – Cluster analysis - Share of Unemployed in Context of Refugee Migration (Arbeitslose im Kontext von Fluchtmigration) in Regional Ideal Types

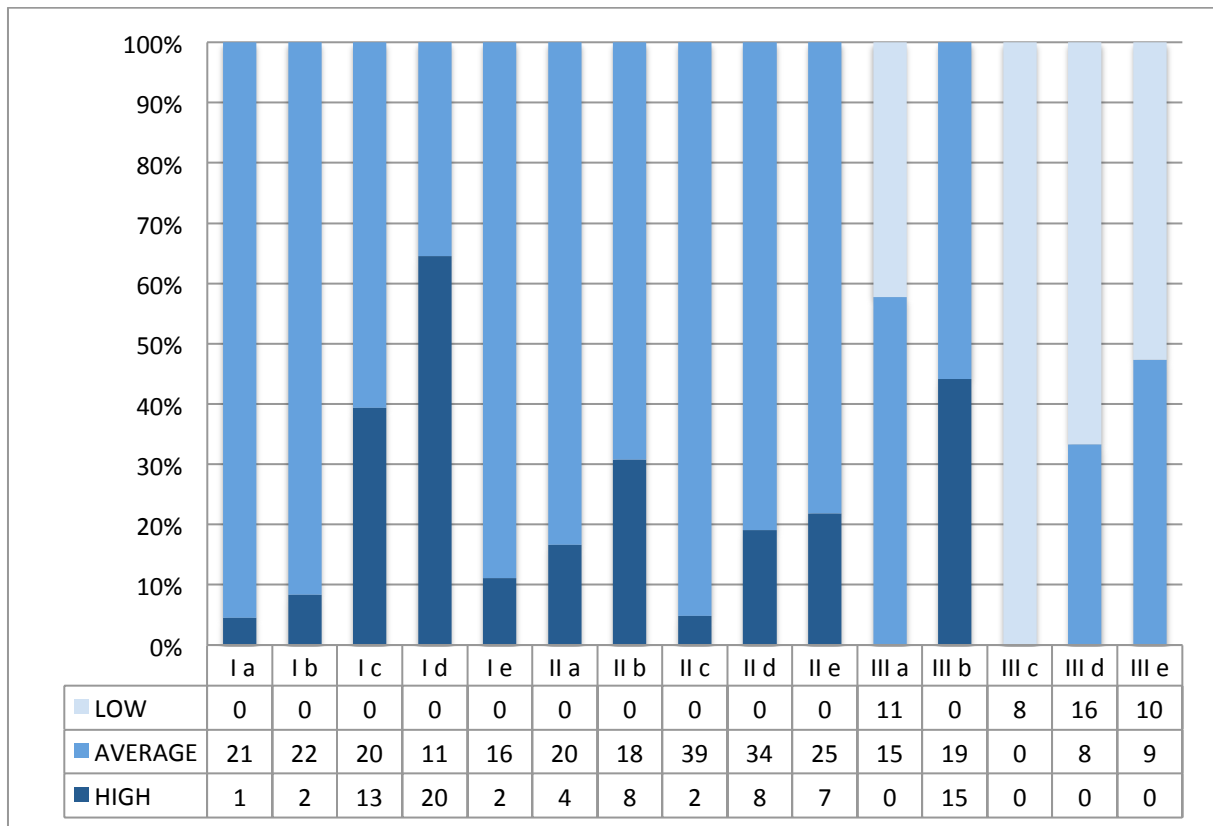|	I a	I b	I c	I d	I e	II a	II b	II c	II d	II e	III a	III b	III c	III d	III e
LOW	0	0	0	0	0	0	0	0	0	0	11	0	8	16	10
AVERAGE	21	22	20	11	16	20	18	39	34	25	15	19	0	8	9
HIGH	1	2	13	20	2	4	8	2	8	7	0	15	0	0	0

Diagram: author's elaboration based on own calculations (data used: BA: 2017a, 2016, Dauth et Al. 2013, Cluster analysis schema based on Schels 2008)

In an immediate observation of table 8 above, it is evident, that against the background of having very favourable conditions for insertion of unemployed in work, types Ia, Ib, Ic, Ie, seem to perform mostly average or even poor in unemployment rates for the group. In particular, type Id seems to perform far below average in holding the overall worst conditions. Surprisingly, cluster III seems to perform best, with an exception of type IIIb. Further, cluster II, which is ought to hold average or below average conditions lives mostly up to this expectations, as it perform more or less average in unemployment rates.

As mentioned in the previous section, the 4 types Ia, Ib, Ic and Ie are mainly found in Germany's South, in Bavaria, but also to a somewhat lesser extend in Baden-Württemberg.

As explained in chapter 3.1, Bavaria is on 2nd place in share allocated by the KS (15%) but had an overall negative balance in fulfilment of its quota. Hence, with a population of 12.843.514[29], the state received the 3rd highest share of asylum seekers and refugees

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[29] If not indicated otherwise, data for resident population in this paragraph is drawn from BA 2017a.

(317005 persons[30]). Unemployment rates of the group is average in comparison to all other Bundesländer (6,54%) BW is on 3rd place in allocation quota of KS (12,94%) after Bavaria and NRW, but received the second highest share of asylum seekers (319595 persons). The unemployment rate of the group is with 7,67% low average and just above Bavaria.

Bavaria is mainly constituted out of types Ib (22 regions), Ic (20 regions), Ia (18 regions), IIb (17 regions), Ie (8 regions), Id (4 regions), IIa (3 regions).

Against the background of their expectedly favourable conditions for insertion of asylum seekers and refugees in the labour market in their regions, Bavaria holds average unemployment rates, while Baden-Württemberg performs poor. In H1 examined, the economic pre-conditions seem not fully able to explain the unemployment rates in the two federal states, especially with regards to an overall high job density. In particular the below average performance of regions Ic and Id is surprising, which hold very high potentials for employment in the low-skilled sector. Yet, taken into account the very high numbers received, Bavaria's overall favourable conditions could explain why it is not holding higher unemployment rates. In addition, 17 regions, which include Bavaria's bigger cities and towns (with an exception of Munich), Ansbach, Aschaffenburg, Bayreuth, Coburg, Bamberg, Nürnberg, Regensburg, Schweinfurt, Regensburg, Augsburg, Ingoldstadt, and Kempten are classified as type IIb, which holds less favourable prerequisites as in i.e. high social housing costs.

Baden-Württemberg is mainly classified as type Id (19 regions), Ic (13 regions), IIb (8 regions) and to a lesser extend in Ib (2 regions) and Ia (1 region). Likewise to its southern counterpart Bavaria, IIb is mainly found in Baden-Württemberg's bigger cities and towns, which hold somewhat less favourable conditions. Against the background of a resembling typology to Bavaria but in high numbers received, Baden Württemberg's poor performance can only to some extend be accounted for by its economic preconditions, in particular, with regards to expectably outstanding favourable conditions of types Id and Ic.

As shown in chapter 3, North-Rhine Westphalia as the population richest Bundesland in the country (17.865.516 persons Dec 2015) has the highest number of refugees and asylum seekers allocated to it following the KS. More than one fifth (21,14% in 2017) of the group are distributed to NRW, in total 619 895 persons. What could be expected from very high numbers of arrivals is, that NRW is subject to high pressure. Yet, the share of unemployed

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[30] If not indicated otherwise the following paragraph will make use of data of location of asylum seekers and refugees location in Bundesländer from the AZR (see chapter 3.1.)

asylum seekers and refugees to all unemployed ascribes with around 5,55% to cluster 'average'. Labour market prerequisites are somewhat in line with these observations, as it mainly clusters in type IIe (24 regions) and IId (20 regions). While the former one has mainly very unfavourable conditions, type II d prevalent in more rural regions in the South of NRW, which have more favourable conditions, in particular in potentials for employment in low-skilled jobs and low costs of living. Hence, regional perquisites in economic key variables seem to be able to explain to some extent the average ability of NRW for an insertion of the group in the labour market. Yet, in direct comparison to the very good prerequisites held by Bavaria and Baden-Württemberg and likewise high numbers received, we could have expected NRW to perform worse. In addition, the rather unfavourable conditions of type IIe and the very high allocation quota could suggest a higher unemployment rate of the group in NRW.

Hessen, with the 5th highest share of asylum seekers and refugees allocated to it (201 465 persons against a population of 6.176.172), has quite similar labour market conditions than NRW, as the majority of 23 Jobcenters in the Bundesland are classified as IId (8) and IIe (7). Type IId is mainly found in the Northern and Western part- and IIe in the South of Hessen. Yet, the unemployment rate of asylum seekers and refugees in the federal state is the second highest in country (7,82%). The very unfavourable prerequisites underlined in type IIe are to some extent able to explain negative results in Hessen. Differences between NRW and Hessen could yet only be explained by the fact, that Hessen's regional labour market shows more diversified characteristics: 4 regions mainly in the north-east of the state are classified as type II a, as well as two each as IIIe, IIc and IIIb. IIa and IIc hold lower average to poor conditions with regards to insertion of the group and IIIe suggests a below average performance, which could explain the high unemployment rates, but is because of its fewer occurrences hardly significant.

Lower Saxony has an average rate of unemployed asylum seekers and refugees (4,83%) and, in line with the KS (9,35%), received with 209.385 persons the fourth highest share in the country. Apart from 4 regions in the above-described type Id, with very good conditions, the state mainly concentrates in type IIc (22 regions), IId (7 regions) and IIIb (6 regions) as well as to a lesser extend in IIa (5 regions) and IIe (3 regions). Against the background of high numbers received and more unfavourable conditions, the overall average performance of the Bundesland can hence not be accounted for by rather unfavourable prerequisites in

socio-economic key variables. Types IIc and IIIb and IIa, which constitute Lower Saxony's labour market to a great extent (total 33 regions) have a low job density and hold rather tensed labour market situations, with often high shares of low-skilled unemployed. This holds also in particular true for type IIa and IIIb. Only type IId (6 regions) holds less unfavourable conditions and could to some extend account for its average performance.

Schleswig-Holstein is also characterized mainly by type IIc (11 regions) and IIIb (4 regions). Likewise to Lower Saxony, the unemployment rate of the group is average (4,64%). In line with its population share (2.858.714 inhabitants), the Bundesland received a small share (79 435 persons) as in 3,39% allocation quota. Likewise to Lower Saxony, we would expect a worse performance.

Berlin is very homogenous in its typology, as it is only constituted of type IIIb. Its unemployment rate (8,89%) for asylum seekers and refugees to all asylum seekers and refugees residing in the area is the highest in the Federal Republic. Berlin received the 6th highest share (5,6% KS) of all asylum seekers and refugees to the country. The very high unemployment rate can be explained by the regional labour market prerequisites and seem to confirm H1, as the conditions are very unfavourable especially with regards to high costs for housing, its labour market mainly dominated by service sector and a low job density.

Hamburg holds equal conditions, as it is only constituted of type IIIb (1 region). As explained in chapter 3.1., the city-state received more than the allocation quota (mean KS: 2,54%) suggests and is on 8th place in reception. The performance of Hamburg in unemployment of the group (5,95%) clusters as "average". Against the background of the higher numbers received, Hamburg's ability to insert asylum seekers and refugees into its labour market is not reflected in the very unfavourable preconditions of type IIIb.

Bremen, the third city-state in the federal republic is constituted out of types IIe and IIIe. Type II e constituted Bremerhaven as an exclave of the city-state, located in its North, in close proximity to the south of Lower Saxony. Bremen holds average unemployment rate (4,77%), which are hence not accounted for by very poor labour market prerequisites in both Bremen and Bremerhaven as types IIe and IIIe hold amongst the poorest conditions for insertion in work. As pointed out in chapter 3.1, Bremen received more refugees and asylum seekers than suggested by the KS quota (0,95%), which would have constituted the lowest in the country. Yet, against a resident population of 671.489, the city received 40 205 persons.

As explained in chapter 3.1, the deviation is mostly constituted by an exceptional high share of unaccompanied minors the city-state took in.

The five lowest unemployment rates of the group are to be found within the five 'new' Bundesländer of the former GDR: Saxony-Anhalt (4%), in Mecklenburg-Western-Pomerania (3,53%) and finally in Brandenburg (3,44%). The two other Bundesländer belonging to this cluster, hold average rates (Thuringia: 4,41%; Saxony 4,91%).

As mentioned in the previous sub-chapter, the 5 Länder have in common that they mostly cluster in types IIIa – IIIe, with an exception of IIIb, which does not constitute any of the 5 and is mostly found in city-states Hamburg and Berlin. Another exception presents Thuringia, of which 23 regions, 5 are classified as type Ie. In light of H1 claiming that successful inclusion into the labour market is connected to good economic preconditions, we would expect this cluster holds somewhat ideal labour market prerequisites. Yet, types IIId and IIIe hold very poor prerequisites, types IIIa and IIIc below average potentials for inclusion. All types have in common that they have traditional a low share of migrants.

Apart from Bremen, the five Bundesländer have further in common, that in line with the KS, they are at the lowest segment in reception of asylum seekers and refugees (see chapter 3).

Mecklenburg-Western-Pomerania received with a KS quota of 2,04% the lowest share of asylum seekers and refugees (28 500 persons). It mainly clusters around type IIIc (8 regions) but also IIIa (2 regions) and III e (3 regions). Yet, the good performance could possibly be explained by a high potential in low-skilled jobs of type IIIc, even though its overall job density is low. Mecklenburg-Western-Pomerania is the only Bundesland constituting type IIIc, hence there is no comparison to other Bundesländer possible, which could validate these findings, whereas, type IIIa has the same manifestation in Brandenburg (8 regions). Brandenburg is also constituted with 5 regions each in types IIId and IIIe, which hold, as mentioned above, the overall poorest conditions for inclusion in the labour market. Against the background of these unfavourable preconditions likewise to Mecklenburg-Western-Pomerania, the Bundesland holds the lowest unemployment of the group. In line with the KS quota (3,06%) Brandenburg received a rather low share of asylum seekers and refugees (40 400).

The poorest pre-conditions are held by Saxony-Anhalt, as it clustered mostly in type IIId (11 regions). Against a population of 2.245.470 it received 47 940 persons. These numbers are in

line with the KS quota (2,85%). As mentioned above the economic preconditions seem not able to explain the low unemployment rates of the group.

Saxony (KS quota: 5,01%) received 75 845 persons and holds somewhat better conditions as it mainly clusters in IIIa (7 regions), but also in IIId and IIIe (3 regions each). Somewhat similar conditions are prevalent in Thuringia (8 regions type IIIa, 5 each in IIId and IIIe). Yet, 5 regions of the Bundesland are constituted out of type Ie, which hold favourable conditions for labour market inclusion. These regions are not located in close geographical proximity, but have in common that they are rural[31]. However, these better conditions in 5 regions of the Bundesland seem not to be accounted for in unemployment rates of asylum seekers and refugees, as Thuringia's refugees and asylum seekers are more likely to be unemployed in the scope of definition, than in its eastern counterparts. In addition, Thuringia received with 39 230 persons against 2.170.714 residents, the second lowest number of asylum seekers and refugees (KS: 2,74%).

The overall economic pre-conditions of the 5 Länder seem not accountable for success and average performance in inclusion of the group in the labour market. Yet, given the very small number received, it could be debated to what extend these figures are significant. It is more likely, that the overall very low share received account for a better ability for insertion of the group in the labour market.

An interesting case presents Rhineland-Palatine as it is mixed type of Ia (3 regions), Id (3 regions), Ie (3 regions), IIa (11 regions), IIb (1 region), IIc (4 regions), II d (2), IIe (1), IIIb (3). The country received with 10 5030 persons against a population of 4.052.803 an average share of asylum seekers in line with the KS (4,83%). The unemployment rate (4,47%) and hence capacity to integrate the group in the labour market is clustered in 'average'. These conditions are mirrored in labour market prerequisites the Bundesland holds. For instance, while the conditions in type IIa and IIIb are poor and below average, occurrence of types Ia, Id and Ie suggest very good conditions. H1 suggests that these conditions level each other out and could lead to average performance of the Bundesland. Yet, for more significant results, further analysis could investigate to what extend these ideal types influence performance of each regions in the Bundesland.

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[31] These regions are: Eichsfeld, Hildburghausen, Sonneberg, Wartburgkreis and Schmalkalden-Meiningen

7.2 H2 - Qualitative Part: Federal States' Policies for Integration of Asylum Seekers and Refugees in Labour Markets

This chapter aims at illustrating best practices from local contexts in a qualitative manner to examine in which way local policy mechanism might impact integration into the labour market of asylum seekers and refugees within their scope of competency in the multi-level governance framework outlined in chapter 2.3. As explained in chapter 6.2, local practices are examined within the OECD/EU framework synthesis report (2016) on a territorial approach to migrant integration of local authorities.

In general, all Bundesländer developed some form of policy program or framework, which seeks to facilitate integration of asylum seekers and refugees into societies. These programs or frameworks also integrated distinct approaches aiming at labour market insertion of the group. In addition, many Bundesländer programs give preference in appealing to those with a high perspective of stay and hence to the group examined in the scope of this paper (Aumüller 2016: 28).

1. Build a locally accessible database of newcomers' competences

On the federal level in cooperation with the local level, the entities Jobcenters[32] on the local level gather data on demands in open positions as well as of those seeking a job. In this regard, a platform for exchange exists, which is accessible by employees of the Jobcenters as well as Federal Employment Agencies on the local level. Refugees and asylum seekers have access to these services like any other German citizen. Yet, most newly arrived only take stock of these services after recognition, since reception of social welfare benefits is a responsibility of the Jobcenter only after this step of the application procedure (OECD Forthcoming a). Before recognition refugees and asylum seekers can benefit from activating measures of the Federal Employment Agency. In this way, there is no federation-wide mechanism in place, which assesses competencies and provide a matching platform between employers' demands and supply of work force directly after arrival (OECD Forthcoming a). In addition, the platform is mostly limited to tasks in the low-skilled or apprenticeship sector. Hence, high-skilled segments are mostly excluded from the database[33]. In particular through local networks and an early assessment of skills of newly

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[32] see chapter 2.3. of this paper for defintion of the entity Jobcenter and their competencies.
[33] Information obtained based on interview with local expert Jobcenter Berlin.

arrived, federal states' governments expressed and take stock of the opportunity to make up for these shortcomings. As a response to recent arrivals, many Bundesländer have enabled mechanisms as such, i.e. in first reception facilities. Examples can be found in i.e. Rhineland-Palatine with the project '*Kompetenzen erfassen, Chancen nutzen zur Integration von Flüchtlingen in Arbeit und Ausbildung*' (Aumüller 2016: 26). In this program key competencies and gathered on a voluntary basis before persons are allocated to municipalities within the Bundesland's territory. The project has proven to be a good practice, since municipalities gain hence a profound picture of necessity of action, which can facilitate early integration in the labour market (cf. Rhineland-Palatine 2018: 2). Similar models were introduced in Bavaria, Baden-Württemberg, Lower Saxony, Saxony, Mecklenburg Western-Pomerania and Schleswig-Holstein, which installed integration offices in all first reception facilities (Aumüller 2016: 26; Integrationsministerium Baden-Württemberg 2015: 4; Bayerische Staatsministerium 2015: 5; Freistaat Sachsen n.d.: 3; Niedersachsen 2018; Schlewsig-Hollstein 2016). In these offices social workers jointly with representatives of the Federal Employment Office offered assessment of competencies and possible career and educational pathways (Aumüller 2016: 26). Other Bundesländer offer these services as first preparations, such as in Berlin through so-called '*Willkommen in Arbeit Büros*' (Welcome-in-Work-offices), which provide information and direct newly arrived refugees and asylum seekers to existing services (OECD Forthcoming a). NRW does not have a mechanism as such in place, but encourage participation in above described mechanisms implemented by Jobcenter and Federal Empleement Agency through several instruments in its comprehensive approach towards labour market integration (Land NRW 2015: 4).

As outlined in chapter 2.2, matching profiles of asylum seekers and refugees with local contexts, oftentimes demands application of further qualification and training programs (Waldemar 2011: 4). In this way, immediate integration from day-one onwards holds a trade off, as qualification and educational programs often take time. Hence, many municipalities have launched on-the job-training programs to provide both: Immediate integration as well as training. In this way, long-term chances for the group are enhanced to match with high-qualified-profile-positions demanded by local contexts (cf. Gag/Voges 2014: 7 ff.; Liebau/Salikutluk 2016: 734).

2. Fighting discriminatory mentalities

Even though German regulations for access of the group is amongst the most liberal in OECD countries (OECD 2015a: 11), many studies point to a negative impact attributed to an insecure residence permit as a striking impediment for employers to hire refugees and asylum seekers (cf. Brücker et. Al. 2016: 72; Flake et. Al. 2017: 4; Geis/Orth 2016a, OECD 2017a)[34]. Due to this institutional barrier, many employers do not invest in training and apprenticeships programs for the group, since they fear that persons will have to leave the country, when residence permission expires or asylum seekers are rejected[35] (Flake et Al. 2017: 6; cf. Hardege/Hartig 2017; OECD 2017a). This insecurity is in particular pronounced amongst smaller and medium sized enterprises (Flake et Al. 2017: 6; cf. Hardege/Hartig 2017). Against the background of this insecurity, Bundesländer have only limited powers, since regulatory framework with regards to citizenship and labour market access is a federal governments competency (Bendel 2014: 5; OECD Forthcoming a).

Bundesländer can impact companies and enterprises through campaigning or networking (for networks see point 3 below). For instance, the city of Berlin launched the campaign "Refugee is not a profession" to make companies aware for hiring refugees and asylum seekers (OECD/EU Forthcoming). In addition, job fairs and network events distinctly encourage employers to hire asylum seekers and refugees. For instance, in Hamburg, the so-called *Martkplatz der Begenungen* (cf. Stadt Hamburg 2018), in Berlin the *ESTREL job fair*[36]).

3. Develop strong networks with the private sector to foster migrant integration

Experiences from all over Germany show, that strong network can have a significant impact on labour market integration of asylum seekers and refugees. Network programs and project are particularly pronounced in various shapes (Aumüller 2016).

In the last two years, so called One-Stop-Shops have gained ground throughout many Bundesländer in the federal republic, which are special contact points, where representatives of different services related to job search are present and can give information to asylum seekers and refugees (i.e. Federal Employement Agency, Jobcenters, Chamber of Commerce, local Integration offices, legal counsellors). These network points haven proven to be a good practice, since they facilitate access to these services in gathering

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[34] Information obtained based on interview with local expert in Altena, NRW.
[35] Ibid.
[36] Information obtained based on interview with local expert Jobcenter Berlin.

them under one roof and present the opportunity to directly refer to other offers if needed. For instance, Hamburg has the initiative 'W.I.R. – Work and Integration for Refugees' in place, which is a cooperation of Jobcenter, chamber of commerce and NGOs (Aumüller 2016: 28). Similar initiatives are so-called "Integration Points" in NRW. Other Bundesländer such as Rhineland-Palatine and Berlin have equipped "Welcome-Centres", which gather several offers, which go beyond job search under one roof (Rhineland Palatine 2018: 3; cf. Aumüller 2016: 28)[37].

Apart from One-Stop-Shops other networking projects exist, such as the *Netzwerk für Bleiberecht* – Bridge, implemented by the Commissioner of the Berlin Senate for Migration and Integration in Berlin, which includes a number of local companies and refers asylum seekers and refugees through counselling to job openings within its network (OECD Forthcoming a).

A network in Lower Saxony, called 'pro-connect' offers counselling to asylum seekers and refugees. To combat future skill-shortages, the project engaged local companies and other stakeholders to provide job opportunities to the group (OECD/EU Forthcoming; cf. Niedersachsen 2018).

Further, during interviews, local stakeholders expressed that the presence of NGOs and welfare organisations are in particular fruitful, as they can bridge gaps between institutions in Bundesländer. They built networks between administrations, local companies and economic actors, such as chamber of commerce, which are funded by Bundesländer. For instance, the integration network in Bremen and Bremerhaven (*Bremen und Bremerhavener Integrationsnetz bin*) is a network of five welfare organisations and NGOs institutions, which work together with chamber of commerce and trade unions, local employers and counselling offers throughout the city to support job search of asylum seekers and refugees[38].

4. Encourage employment orientation services to target migrants

The intercultural opening of administrations, Jobcenters and the Federal Employment Agency across Germany is still at its very beginning as i.e. most services are only available in German language (Liebau/Salikutluk 2016: 734) [39]. As outlined in chapter 2.2 functioning of

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[37] Information obtained based on interview with local expert Jobcenter, Berlin
[38] Information obtained based on interview with local expert in Bremen.
[39] Ibid.

administration, the job market and employment orientation services are an impediment in insertion of asylum seekers and refugees in work (Ibid.). Experiences from several Bundesländer have shown that individual counselling, and accompaniment to appointments and in job search play an important role to counterbalance these obstacles. Coaching programs with individuals, such as the *Landesrahmenprogramm Integrationslostinnen und Integrationslotsen* (Integrationsguides) in Berlin have proven to be a good practice in this regard. The program employs persons with a migration background to 'guide' newly arrived in their first steps in the city in their language of origin. Guides have office hours in the local Jobcenters or accompany their mentees to appointments. Similar 'coaching' programs have manifested themselves across the German territory in recent years and have been adapted in municipalities in NRW (i.e. *Kümmerer* approach in Altena, NRW)[40], in Rhineland-Palatine (called *Beschäftigungspiloten*), Saarland (called *Beschäftigungscoaches*) or in Bavaria (called *Jobbegleiter*) (cf. Aumüller 2016: 28). An impartial evaluation report by the political research think tank Camino gGmbH, showed a significant impact of these programs, in particular in taking the first steps after arrival in the regional contexts (Kahn-Zvorničanin et. Al. 2015).

Further regional governments launch initiatives targeting areas with general skill-shortages. For instance, in NRW with regards to shortages in the health and (elderly) care sector, the Ministry for Health and Social Affairs launched the initiative welcome@healthcare (Riebandt 2018). Further, other programs, such as 'the future of care is colourful' (*Die Zukunft der Pflege ist bunt*) in NRW aim specifically at employment of the group in sectors, in which skill-shortages are prevalent - in this case, in (elderly) care. The project aims at encouraging young persons to engage in a job in this field and refer to internships and job offers in respective local companies (OECD/EU Forthcoming).

5. Offer integrated packages for entrepreneurship support

Berlin has the highest rate in self-entrepreneurship of persons with a migration background in comparison to all Bundesländer (Integrationsmonitoring der Länder 2017). This numbers have to be regarded with caution however, since it might also a strategy by migrants to cope with discrimination and structural disadvantages by local employers (OECD Forthcoming a). In addition, due to limited availability of data, it is not yet visible to asses the extend refugees and asylum seekers as a sub-group to migrants will take part in Berlin's

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[40] Information obtained based on interview with local expert in Altena, NRW.

entrepreneurship market. Likewise to most Bundesländer, Berlin has several offers in place which counsel and foster networking events for migrants and non-migrants to support entrepreneurship of the group (OECD Forthcoming a). Other Bundesländer launched similar initiatives. For instance, Bremen launched a counselling, which helps all persons with a migration background, in particular newly arrived refugees and asylum seekers in all questions regarding starting a business. The service targets language and administrative support (Bremer Senat 2016: 51).

6. Develop systems for the validation of professional qualifications

As outlined in chapter 2.2 and further expressed during interviews with local stakeholders[41], validation of professional and educational qualifications presents one of the main challenges for labour market integration of the group in the Federal Republic[42] (cf. Brücker et Al. 2016: 71/72; Geis/Nintcheu 2016: 14; Liebau/Salikutluk 2016: 732). The federal government funds the IQ-Network (*Integration durch Qualifzierung*), which is implemented on the local level and offers counselling with regards to recognition of qualifications (cf. Niedersachsen 2018). In addition, the regulatory framework in recognition of qualifications is a federal governments competency (Bendel 2014: 5) and leaves hence only limited room to be influenced by local governments. Yet, individual coaching programs, discussed in point 4 above, serve also for the purpose of assisting newly arrived asylum seekers and refugees in overcoming administrational barriers, as they can refer to contact points for validation of certificates or qualifications and help to overcome administrative barrier, in i.e. filling out forms. As mentioned, many Bundesländer have mechanism as such in place. In addition, counselling units and networks in i.e. Welcome-Centres and One-Stop-Shops or projects such as Bridge (see point 3 above) can give advice in this regard.

7.2.1 Outcome H1 – Influence of Federal States' Policies on Labour Market Integration of Refugees and Asylum Seekers

As shown, most Bundesländer have policies in place. According to the framework used, these have a decisive impact on labour market integration of the group (OECD/EU Forthcoming). Since the analysis is limited to sampling of measures within the limited scope of this paper, it is not possible to approach the problematic comparatively amongst

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[41] Information obtained based on interview with local expert in Bremen
[42] Ibid.

Bundesländer (cf. chapter 6.2). Yet, experts on the local level interviewed as well as results drawn from the relevant literature confirm, that the impact of programs and policies are decisive in insertion of the group in the labour market.

In particular individual coaching programs as well as integrated counselling offers i.e. in form of One-Stop-Shops gained ground in the past two years. In addition, network offers in particular with local employers as well as other relevant stakeholders seem to play a significant role across Bundesländer. On the other hand, the multi-level governance framework in the Federal Republic puts constraints on Bundesländer's scope of influence. In particular the problematic of recognition of diploma and qualification obtained abroad is only to be influenced through counselling offers and leaves little room for policy making of Bundesländer. Yet, this problematic was named by local employers and authorities as well as in the relevant literature as the main obstacle for a long-term economic integration of the group (cf. chapter 2.2; Brücker et Al. 2016: 71/72; Geis/Nintcheu 2016: 14; Liebau/Salikutluk 2016: 732). Still, within their scope of jurisdiction, as shown, we can find examples of consistent application of policy frameworks with regards to best practices suggested.

8. Conclusion

This paper has approached a gap in the limited available research in the area. For one, the development of a research design for a first assessment of performance of local authorities in economic integration of the group of asylum seekers and refugees. Further, the research paper opens possibilities to further pursue development of variables to adjust allocation against the background of this policy area. In this way a first set of indicators has been developed, following the IAB regional classification, which should be repeated at a later stage and complement this first results.

The key finding of this paper is, that economic key variables (H1) alone seem not be able to fully explain successful labour market integration of asylum seekers and refugees in local contexts. Instead, policy frameworks and approaches (H2) seem to also have a profound impact on economic integration of the group. Further analysis could complement these findings: First, through repeating analysis H1 at a later stage and secondly, by applying a comparative approach amongst Bundesländer of H2.

With regards to the research question of this paper, **_To what extent are federal states'_** **_prerequisites accounted for in the initial national allocation mechanism of asylum seekers_** **_and refugees?,_** population size in each local context is the main determined for allocation. On the one hand, the analysis of H1 showed, in particular the examples of NRW, Berlin, Lower Saxony or Hessen, that population size and hence higher allocation quota, does not reflect ideal economic regional prerequisites. On the other hand, poor economic preconditions in the case of Bremen, the 5 Eastern German Länder or Hamburg justify the low allocation quota according to the Königstein Key. In turn, the same holds true for high allocation quota in line with overall good conditions for insertion in the labour market in Bavaria and Baden-Württemberg, as well as average conditions and averagely high distribution to i.e. Rhineland-Palatine.

At a first glance, analysis of H1 _Disparities in successful Integration of refugees and asylum_ _seekers amongst Bundesländer can be explained by variations in regional economic key_ _figures_, showed, that economic key variables alone cannot provide coherent explanations for disparities in performance of Bundesländer in labour market integration of the group. However, some tendencies in influence of economic variables can be observed.

Bavaria's average performance against the background of high pressures of arrivals could to some extend be explained by its overall good economic pre-conditions. Yet, the case of Baden-Württemberg, which provides resembling prerequisites, economically as well as in scale of arrivals, does not confirm these findings. The example implicates that other factors have an impact on facilitations of economic integration in these local contexts.

A similar observation can be drawn from the cluster of the city-states. On the one hand, the case of Berlin seems to convergent with Hypothesis 1. The overall weak economic preconditions are reflected in the highest unemployment rate amongst Bundesländer in the Federal Republic. On the other hand, average rates in Hamburg and Bremen belonging to the same cluster, cannot be explained by economic preconditions. Yet, in this particular case, explanation for divergent performance could be, that Hamburg and Bremen received a lower number of refugees and asylum seekers than Berlin.

Furthermore, some Bundesländer, i.e. Rhineland-palatine, Hessen and Lower Saxony and NRW hold overall average preconditions, which seem to convergent to some extend with their average performance. NRW presents an exception in this regard. Very high numbers of

arrivals and the below average economic conditions for insertion of the group in some of its regions, expect a somewhat worse performance.

The analysis further shows, that Bundesländer, which received very low numbers, perform exceptionally well, despite their very poor regional preconditions. This holds in particular true for the three eastern Bundesländer Saxony, Brandenburg and Mecklenburg-Western-Pomerania. It can be debated to what extend the results for the low recipients Bundesländer are representative, since, at this stage of analysis, these deviations can be explained by the very low numbers received, evoking in turn very low pressure in these regional contexts.

The results suggest, that an explanation for the above described deviations might be, that examination of labour market conditions for insertion of asylum seekers and refugees is still at its very beginning (Brücker et. Al 2016: 68). Even though first tendencies can already be evaluated (BA 2017b: 7), to gain further and more pronounced results, the analysis should be repeated over time. This first analysis builds hence a basis for evaluating regional labour market conditions and their impact on insertion of the group. Additionally, since Bundesländer in the Federal Republic are very diverse, further analysis should examine the allocation of refugees and asylum seekers in the respective entities and their preconditions for integration of the group in the labour market. In particular for population rich and geographical larger Bundesländer such as Bavaria, Baden-Württemberg or NRW, these results could give further clues for an adjustment of an allocation mechanisms with regards to labour market preconditions but also possible policy recommendations for allocation in each Bundesländer. Rhineland-Palatine, which has pronounced divergent prerequisites within its territory, presents in particular an interesting case to further investigate, how municipalities and regions within the Bundesland perform. In this way, more information about the performance of each ideal type could be gathered.

As shown in an analysis of H2 *Labour market integration of refugees and asylum seekers in Germany is facilitated through federal states' policy frameworks of good practice,* the good practices examined, are consistently pursued across the German territory, which can have a profound impact. As a consequence, they could be expected to mitigate possible shortcomings in economic prerequisites. Further analysis should examine the influence of these policies in a more comparative manner. An analysis as such, could further complement the comparative results drawn from H1 and hence further explain differences in individual success of Bundesländer, manifest in unemployment rates of group.

8.1. Policy Implications

Since allocation is mainly in line with the population size in each of the Länder, which does not reflect the economic pre-conditions the local contexts provide, we find, that some Länder underlie high scales of arrivals. In turn, some Länder seem to cope worse with economic integration. Against this background, we also find, that some local context overcome these high pressures. In particular, the case of NRW shows, that successful economic integration is possible, despite high pressures in scales of arrivals and below average economic prerequisites. In this way, we could expect that policy designs and other possible factors have an impact on their performance. On the contrary, local contexts in Baden-Württemberg have shown that the opposite can also hold true: While economic key variables seem to be in favour, the federal state does not seem to cope well. Against this background, the case of Berlin, Lower Saxony, Hesse and Rhineland-Palatine confirms a high impact of economic pre-conditions.

Once again, before drawing possible policy implications of these results, it has to be noted that this paper holds a limitation with regards to its focus on the area economic integration. As mentioned, integration is a cross-cutting issue, which underlies reciprocal influence of interlinking policy areas. These are i.e. health systems adapted to the groups' needs, administrative capacity for reception, designs of educational systems, chances for political participation or societal factors. For instance, a high welcome attitude in local societies might also foster economic integration, as constructed ideals and realties within Germany's territories might influence inter alia willingness and openness of local employers to hire refugees and asylum seekers. In addition, designs of educational systems vary significantly across Germany, as education policy is a jurisdiction of Bundesländer (cf. chapter 1.1). These can be expected to have a decisive influence on success of labour market integration - In particular with regards to the 'young' age structure of the group examined, which prospectively demands further education and training (cf. chapter 2.2). In this way, educational and professional training should stand together with timely labour market integration. Targeted qualification and training programs are of high significance to match profiles of asylum seekers and refugees for better long-term chances of the group on local labour markets. In this way, economic integration of the group might take time and hence holds a trade-off: On the one hand, research points to high benefits in taking up a job as soon as possible after arrival (Bevelander 2016; Brücker et Al. 2016: 63; CSES 2013: 96; Geis

et Al. 2016: 29; Jacobsen 2002: 1; Katz et Al. 2016: 5; OECD 2017a; Thränhardt 2015: 4 ff.). On the other hand, matching profiles of the group of asylum seekers and refugees examined might take more time, in particular with regards to high-qualified-profile-positions demanded by skill-shortages on local labour markets (cf. Geis/Orth 2016b: 3). In this way, a best practice could be on-the-job-training programs, which offer both: fast economic integration and immediate integration. Furthermore, with regards to the multi-level governance framework, local authorities' room to cope with economic integration is limited by federal regulations. First, support and facilitation for validation of diploma and qualifications obtained abroad, should be further expanded. Second, the institutional aspect for access should be clearly regulated. Insecure residents titles and regulation for access to the labour market hampers the willingness of employers to invest in qualification programs for asylum seekers and refugees (cf. Flake et Al. 2017: 6; cf. Hardege/Hartig 2017; OECD 2017a).

For a possible adjustment of the national allocation mechanism, other factors as well as linkages of policy areas in the field of integration, need to be taken into account to profoundly understand capacities local contexts provide. In this way, for policy recommendation with regards to allocation, economic key factors can built a first basis, but should be complemented by further more qualitative assessments and variables.

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9.1. List of Interview Partners

- Expert, Employment Facilitator and Trainer for Refugees and Asylum Seekers, Local Jobcenter; Berlin Reinickendorf
- Local Experts, bin.network for integration of asylum seekers and refugees in the labour market, NGO, Bremen
- Public Officials of the Integration centre, Altena, NRW

10. Annex

## Annex I – Historical Evolvement of Asylum Regulation in the Federal Republic of Germany

The Federal Republic of Germany has been shaped by several migration waves within the last century (Katz et Al. 2016: 7, Federal Office for Migration and Refugees 2005: 14). As of today, in the *International Migration Outlook 2017* the OECD declared Germany as most popular country for migration apart from the USA (OECD 2017b). As the main reasons, the report lists free movement in the European Economic Area, family reunifications and humanitarian reasons.

Since 1950 refugees and asylum seekers migrated to Germany on the basis of Article 16(a) of the Basic German (*Grundgsetz*), which determines that "Persons persecuted on political grounds shall have the right of asylum"[43] This general right to asylum was introduced in light of the German history of the National Socialism. Before the late 80s and the crisis of the eastern bloc the influx of refugees was negligible. In the late 80s however, Germany experienced a huge influx of asylum seekers, by 1988 the number of applications extended to 103,000 and steadily increased with a peak of 438,000 applicants in 1992 (Federal Office for Migration and Refugees 2005: 14). The quantity of asylum applicants declined sharply, with the introduction of Article 2 and 3 to the Basic German Law in 1992, known as the 'asylum-compromise', constraining unlimited right to asylum for people who entered the country through so-called 'safe country of origin' (Ibid).

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[43] German Basic Law; Article 16a, Section 1; http://www.gesetze-im-internet.de/englisch_gg/englisch_gg.html#p0088

Table 9 – Quota Accomplishment per Federal State – Balance between Quota and Actual Intake / Asylum Applications
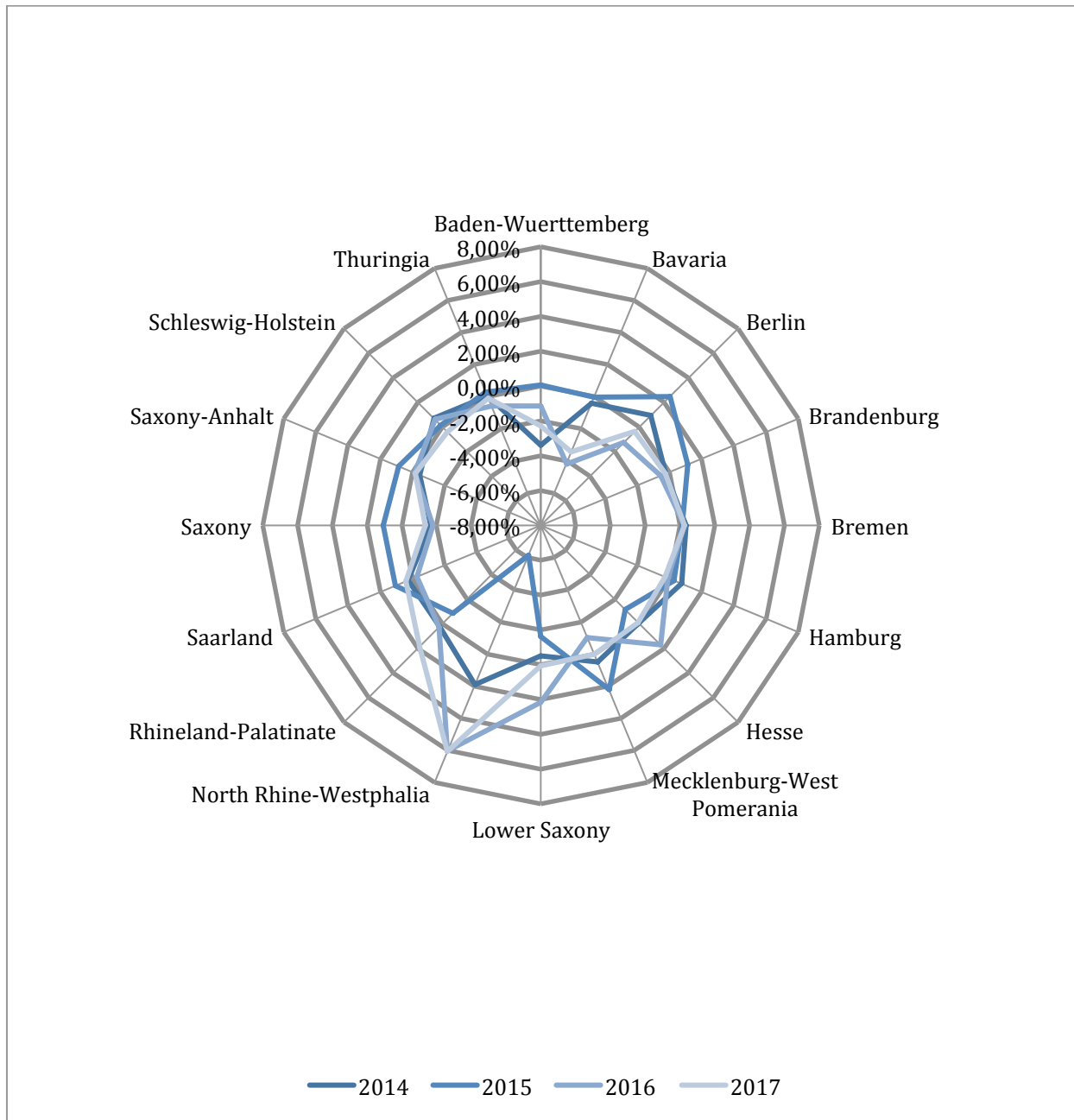
Data: ,based on own calculations; Sources: BAMF (2015, 2016, 2017): *Das Bundesamt in Zahlen* , and *Aktuelle Zahlen zu Asyl Ausgabe November 2017* diagram: authors elaboration

Table 10 – Ideal Types and the Characteristics of Parameters (Dauth et Al. 2013: 27-31).

I - Above Average eLB Quota

Ia	Counties, mainly located in Bavaria, labour market predominantly characterized by small sized enterprises, small share of low-qualified workforce, high costs of living, high population growth • High share of small sized enterprises • Small share of eLb with, who receive long-term unemployment benefits • High share of senior/older eLb (50 years or older) • Above average share of unemployment benefits recipients in work • Small share of BG • High costs for social housing • Above Average share of foreigners • High population growth • Favourable labour market conditions in surrounding areas
Ib	Counties, mainly located in Bavaria, labour market predominately characterized by industry, high seasonality, high job density, and high share of small sized enterprises • High seasonality • Labour market characterized by manufacturing sector • High job density • High share of small sized enterprises • Small share of eLb with, who solidify in reception long-term unemployment benefits • Above average share of unemployment benefits recipients in work • Above average share of BG • Low costs for social housing • Favourable labour market conditions in surrounding areas
Ic	I c – Counties, mainly located in Southern Germany, labour market predominately characterized by industry, high employment potential in low-skilled jobs and high share of low-qualified workforce • Labour market characterized by manufacturing sector • High job density • High employment potential in low-skilled jobs • High share of low-skilled unemployed • Small share of eLb with, who solidify in reception long-term unemployment benefits • High share of senior/older eLb (50 years or older) • Above average share of unemployment benefits recipients in work • Low costs for social housing • Favourable labour market conditions in surrounding areas
Id	I d - Counties, mainly located in Baden-Württemberg, labour market predominately characterized by industry, high employment potential in low-qualified/low skilled jobs, high share of migrants • Labour market characterized predominantly by manufacturing sector • Below average potentials for employment in low-pay sector • High employment potential in low-skilled jobs • Small share of eLb with, who solidify in reception long-term unemployment benefits • Above average share of BG

	• High share of migrants • Above average population growth • Favourable labour market conditions in surrounding areas
Ie	Regions, remote from urban sprawls, often in regions close to the former inner German border, labour market predominately characterized by industry, high share of senior/older workforce to eLb • High seasonality • Labour market predominantly characterized by manufacturing sector • High job density • High potentials for employment in low-pay sector • High share of senior/older eLb (50 years or older) • Above average share of unemployment benefits recipients in work • Below average share of BG • Low costs for social housing • Low share of migrants • High population decrease

II Below Average eLb-Quota

IIa	Labour market predominantly characterized by industrial sector, areas with high share in low-pay sector and below average costs for housing • Above average seasonality • High share of low-skilled unemployed • Labour market above average characterized by manufacturing sector • Job density below average • High potentials for employment in low-pay sector • Above average share of unemployment benefits recipients in work • Low costs for social housing • High population decrease
IIb	Cities with rather low eLb quota in comparison to other cities, high potentials for employment in low-pay sector, Favourable labour market conditions in surrounding areas, high costs for housing and high share of migrants • Average eLb quota, but rather low in comparison to other cities • Below average share of manufacturing sector • Below average potentials for employment in low-pay sector • Small share of small sized enterprises • High employment potential in low-skilled jobs • Small share of low-skilled unemployed • High share of senior/older eLb (50 years or older) • Above average share of BG • High costs for social housing • High share of migrants • High population increase • Favourable labour market conditions in surrounding areas

IIc	Regions, mainly located in Schleswig-Holstein and Lower Saxony with a very pronounced share of low-pay-sector and a high share of small sized enterprises • Below average share of manufacturing sector • High potentials for employment in low-pay sector • High share of small sized enterprises • High share of senior/older eLb (50 years or older) • Above average share of long-term unemployment benefits recipients in work • High share of BG • Below average share of migrants • Unfavourable labour market conditions in surrounding areas
IId	Predominantly Counties in NRW with mainly below average conditions, low seasonal dynamics • Low seasonality • High employment potential in low-skilled jobs • Small share of senior/older eLb (50 years or older) • Below average share of long-term unemployment benefits recipients in work • High share of big BG • Below average costs for social housing • High share of migrants
IIe	Cities and (highly-) population dense areas with rather low eLb-Quota in comparison to similar population dense areas, very high costs for housing, high share of migrants as well as labour market predominately characterized by large sized enterprises, low potentials for employment in low-pay sector • Average eLb quota, but rather high in comparison to similar population dense areas • Low seasonality • Below average share of manufacturing sector • Very low potentials for employment in low-pay sector • Small share of small sized enterprises • Below average share of eLb with, who solidify in reception long-term unemployment benefits • Small share of senior/older eLb (50 years or older) • Very high costs for social housing • High share of migrants • High population growth • Slightly unfavourable labour market conditions in surrounding areas

III: Above Average eLb Quota

IIIa	Predominantly areas in urban fringes, in new Bundesländer (former GDR), very high share of unemployment recipients in work, very low potentials for employment in low-skilled jobs • High seasonality • Small share of low-skilled unemployed • High job density • High share of small sized enterprises • Low employment potential in low-skilled jobs • High share of eLb with, who solidify in reception long-term unemployment benefits

	• High share of senior/older eLb (50 years or older) • Below average share of long-term unemployment benefits recipients in work • Small share of big BG • Low costs for social housing • Low share of Migrants • High population decrease • Unfavourable labour market conditions in surrounding areas
IIIb	Predominantly cities or urbanized areas with high costs for housing, labour market mainly dominated by service sector, low job density • Below average seasonality • Small share of manufacturing sector • Low job density • Small share of small sized enterprises • Above average share of eLb with, who solidify in reception long-term unemployment benefits • Small share of senior/older eLb (50 years or older) • Below average share of long-term unemployment benefits recipients in work • Above average share of big BG • High costs for social housing • High share of migrants • High population growth
IIIc	Predominantly cities or population dense areas, mainly located in agglomeration area Rhein-Ruhr, with very low job density, low seasonal dynamic, high employment potential in low-skilled jobs, high share of migrants • Low Seasonality • Low Job density • Small share of small sized enterprises • High employment potential in low-skilled jobs • Above average share of eLb with, who solidify in reception long-term unemployment benefits • Small share of senior/older eLb (50 years or older) • Small share of long-term unemployment benefits recipients in work • High share of big BG • High costs for social housing • High share of migrants • Above average population decrease • Due to the location mainly in the agglomeration area Rhein-Ruhr, labour market prerequisites are unfavourable as well in its surrounding areas.
IIId	Predominantly Areas in new Bundesländer (former GDR) with a low employment potential in low-skilled jobs, high seasonal dynamics, high tendency for solidification in reception long-term unemployment benefits • High seasonality • Low share of low-skilled unemployed • Below average share of manufacturing sector • High share of small sized enterprises • Very low employment potential in low-skilled jobs

	• Above average share of eLb with, who solidify in reception long-term unemployment benefits • High share of senior/older eLb (50 years or older) • Low share of big BG • Low costs for social housing • Small share of migrants • Very high population decrease • Unfavourable labour market conditions in surrounding areas
IIIe	Predominantly Cities in new Bundesländer (former GDR) with a low employment potential in low-skilled jobs, high seasonal dynamics, high tendency for solidification in reception long-term unemployment benefits • Low share of low-skilled unemployed • Below average share of manufacturing sector • Very low potentials for employment in low-pay sector • Small share of small sized enterprises • Very low employment potential in low-skilled jobs • Above average share of eLb with, who solidify in reception long-term unemployment benefits • High share of long-term unemployment benefits recipients in work • Small share of big BG • Small share of migrants • Unfavourable labour market conditions in surrounding areas

Table 11 – Matrix: Appraisal of Ideal Types of Regional Labour Markets

Reference to share of unemployed refugees and asylum seekers to all refugees and asylum seekers in the federal state. The Bundesländer are in order of numbers of refugees and asylum seekers received (from high to low).

Bundesländer	Type	NR Asylum Seekers and Refugees Residing in the Bundesland (AZR data)	Unemployed in context of refugee migration (Arbeitslose im Kontext von Fluchtmigration), absolute numbers; as of Dec. 2016	Share of Unemployed to all asylum seekers and refugees resding in the Bundesland, Dec 2016	For Information: Population 31.12.2015
North-Rhine Westphalia	II d, II e	619895	111688	5,550238163	17.865.516
Baden-Württemberg	Id, Ic, Ib	319595	41658	7,67187575	10.879.618
Bavaria	Ib, Ic, Ia, II b	317005	48483	6,538477404	12.843.514
Lower Saxony	II c	209385	43359	4,829101225	7.926.599
Berlin	IIIb	206740	23250	8,892043011	3.520.031
Hessen	II d, II e	201465	25765	7,819328546	6.176.172
Rhineland-Palatine	II a	105030	23493	4,470693398	4.052.803
Hamburg	IIIb	90920	15290	5,946370177	1.787.408
Schleswig-Holstein	II c	79435	17131	4,636915533	2.858.714
Saxony	III a, III d, III e	75845	15432	4,914787455	4.084.851
Saxony-Anhalt	III d	47940	11999	3,995332944	2.245.470
Brandenburg	IIIa, IIIb, IIIe	40400	11752	3,43771273	2.484.826
Bremen	II e, IIIe	40205	8425	4,772106825	671.489
Thuringia	II a, II a, IIId, IIIe	39230	8891	4,412327072	2.170.714
Mecklenburg-Western-Pomerania	IIIe	28500	8077	3,528537823	1.612.362
Saarland	II a, II d	NA	10313	NA	995.597