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A social justice framework

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"Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment." (UDHR 1948, Art. 23)

Abstract

This paper examines the labour market engagement of protracted refugees. Despite international guarantees for the right to work, many refugees face legal and bureaucratic barriers, leading to exclusion from host communities and over reliance on diminishing humanitarian aid. By synthesizing literature on labour market participation of refugees against the backdrop of social justice theories, and taking a social exclusion angle, the paper constructs a conceptual framework for a better understanding of labour market engagement that includes both formal and informal sectors. It highlights the need for policies that support agency and self-reliance for refugees.

Key Words: Refugee Labour Market, Social Justice, Social Exclusion, Agency

JEL Classification : J46, J48, J68, J78, Z18

1 This working paper has been informed by the research conducted in the PhD thesis: Kool, T. A. (2022). Beyond the right to work: labour market engagement of protracted refugees through a social exclusion lens. [Doctoral Thesis, Maastricht University]. Proefschrift-AIO. https://doi.org/10.26481/dis.20220519tk

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Introduction

In an ideal world the root causes of conflict are timely addressed, and social justice prevails (United Nations, 1999). However, violence erupts due to exacerbated horizontal inequalities, internal political struggles, grievances or interstate conflict, and as a consequence, individuals are faced with displacement. The increasing number of people finding themselves in a protracted refugee situation, excluded from host communities, without any prospect to any durable solutions as originally foreseen under the 1951 Refugee Convention is concerning. The continuing tendency to warehouse refugees (Jacobsen, 2001; Omata & Kaplan, 2013), oft within neighbouring countries (Gomez & Christensen, 2010; UNHCR, 2021), has led to a state of limbo during which refugees continue to rely on external assistance. While assistance with time declines as humanitarian aid falls short in the long run and the transition from humanitarian aid to development remains limited (Christensen & Harild, 2009; Lakhani, 2013), refugees continue to be in a vulnerable position that is exacerbated by their lack of inclusion in the host community. Still, refugees should not just be considered passive victims but actors in their own rights. Regardless of the situation in the host country, the refugees find ways to enact on their own agency and engage in the labour market to ensure a certain level of self-reliance (e.g., Betts et al., 2017; Haan & Zoomers, 2005; Jacobsen, 2014; Omata & Kaplan, 2013). This recognition is in line with the discourse in international community on self-reliance as also exemplified by the UNHCR Handbook for Self-Reliance and the Global Compact of Refugees (UNGA, 2018; UNHCR, 2005). In addition, the recent concept by the UNHCR, Refugee Livelihood and Economic Inclusion Global Strategy Concept Note 2019-2023, further links the notion of self-reliance and resilience of refugees to economic inclusion. It identifies economic inclusion as “access to labour markets, finance, entrepreneurship and economic opportunities for all” (UNHCR, 2018, p. 3).

The question may be raised firstly, how this access is shaped, and secondly, what inclusion entails. Within the debate, often the Right to Work as envisioned in the Universal Declaration of Human Rights is referred to. This is further enshrined in Article 6 and 7 of the International Convention on Economic, Social and Cultural Rights (1966). When discussing the application to refugees, General Comment 23 by the Committee on Economic Social and Cultural Rights (CESCR) further affirms that refugees should be accorded rights in relation to work as per nationals. Likewise, under article 17 of the 1951 Convention Relating to the Status of Refugees, refugees should be granted the most favourable treatment which according to some equals

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4 This concept has since been further developed by the World Bank, which defines economic inclusion as “the gradual integration of individuals and households into broader economic and community development processes” (Andrews et al., 2021, p. 19) and for which they consider social safety nets (SSN), livelihoods and jobs, and financial inclusion. Within this study we focus on labour market engagement of refugees, to make this distinction clear, this study focuses on (non-)inclusionary labour market practices.
those of nationals (see also the discussion in Costello & Cinnéide, 2021; Hathaway, 2021).\(^5\) The literature concurs thus that under international law, the right to work is ensured to refugees and displaced persons.

Yet, regardless of international law, restrictions to the right to work remain and the legal practices among countries are highly diverse (see for example Wirth et al., 2014; Zetter & Ruaudel, 2016). A Global Report from 2014 by the Asylum Access and the Refugee Work Rights Coalition highlights that only a limited number of countries support a refugee’s right to work as per international law. Most countries have put in place restrictions or have prohibited access of refugees to the labour market altogether. Additionally, refugees face challenges such as a backlog in terms of status recognition, restriction on mobility, or bureaucratic barriers (fees, paperwork, banking regulations etc.) (Essex-Lettieri et al., 2017; Wirth et al., 2014; Zetter & Ruaudel, 2016).

The access to work, in particular decent work, can be constrained by unfavourable socio-political, legal and policy contest (e.g., Hovil, 2014; Jacobsen, 2014; Zetter & Ruaudel, 2016). As Zetter and Ruaudel (2016) conclude “[o]nce established, the legal framework on the right to work remains inflexible in most countries; conversely, although policies may be more fluid in general they remain restrictive” (p.xi). It is therefore important to understand how various policies interact, and reinforce or undermine each other as these in turn, may affect the access to the labour market and/or work rights (see also Costello & Cinnéide, 2021). For example, while more restrictive measures may be adopted in the formal sector, governments may turn a blind eye to the informal sector as refugees may be seen as a source of cheap labour (Zetter & Ruaudel, 2016). Nonetheless, the informal economy is often prevalent in many low- and middle-income countries (LMICs) where refugees are located. Therefore, it can be questioned whether access to work should solely be understood in terms of the Right to Work, which is often centred on formal or legal work. Rather, this paper argues, it is important to understand to what extent and under what conditions refugees engage in the labour market, while recognising also the existing structures in place.

This paper therefore aims to further challenge our thinking on issues pertaining to engagement of protracted refugees in the labour market by unfolding some of the complexities when it comes to labour market participation. First, it connects the various strands of literature on labour market participation of refugees. Next, the paper takes on a social justice perspective arguing for placing this discussion in context of social exclusion literature. Lastly, it ties the various discussions together in a conceptual framework.

\(^5\) Nonetheless, some might argue that Art. 2(3) of the ICESCR may serve to restrict economic rights such as the right to work, in lieu of considerations of the national economy, though as also argued by Costello and Ó Cinnéide (2021), its interpretation should be interpreted narrowly and in context of its origin.
1. Labour Market Dimensions

The literature on labour market participation of refugees is quite diverse and overall, five main approaches to refugees and the labour market can be identified: 1) econometric studies on determinants of labour market participation of refugees, which is mainly focused on high-income countries; 2) forced migration and livelihood literature; 3) refugee and camp economy; 4) self-reliance of refugees; and lastly, 5) the impact on host community. These five streams though separate are quite interlinked. The next sub-sections seek to connect the various strands of literature and discuss firstly, determinants of labour market participation, as well as the role of policies and institutional context in shaping the access of refugees to the labour market.

1.1. Setting refugees apart from economic migrants

The receptiveness of labour markets to immigrants is determined by structural conditions such as social stratification, welfare state provisions and labour market segmentation (Castles et al., 2014). Already immigrants face a different trajectory of labour market participation compared to host communities in recipient countries; thus, they start from an economic disadvantaged position. Borjas (1994) argues that this is determined by labour market demand, and both economic and migration policies. Case studies on the US and UK further illustrate that refugees tend to face a gap in labour market outcomes compared to economic migrants which cannot be explained by human capital alone (Bloch, 2008; Connor, 2010). Even when accounting for change over time, the employment gap of refugees never fully closes. The extent of the gap may be shaped by the cultural affiliation between the host country and country of origin as the case of Sweden highlights (Lundborg, 2013). Oft, in low- and middle-income countries, refugees tend to face additional challenges due to loss of economic and non-economic assets as well as face additional restrictions in terms of accessing the labour market due to lack of documentation or status, which thus sets them even more apart from other economic migrants (e.g., Doocy et al., 2011; Loiaco & Vargas, 2019; Schuettler & Caron, 2020).

A better understanding is therefore needed on the determinants of and dynamics behind labour market participation of refugees. The next sub-section sets out the determinants as per econometric studies, highlighting the need to examine more contextualised studies in the field of livelihood and self-reliance of forced displacement to examine the labour market participation of refugees.
1.2. Determinants of Labour Market Characteristics

Quantitative studies on the determinants of labour market outcomes (whether unemployment, occupational level, public assistance or annual earnings) highlight the role of education, gender, health, language ability and to some extent neighbourhood context on labour market outcomes (e.g., Connor, 2010; Lundborg, 2013; Potocky-Tripodi, 2001, 2004; Waxman, 2001; Yu et al., 2012). Yet, these studies mostly encompass socio-demographic characteristics and are very much informed by classical economic literature and tend to be located in high income countries. In LMICs where refugees tend to face more restrictive policies, econometric studies on labour market engagement of refugees are emerging (e.g., Betts et al., 2017; Bilgili et al., 2017; Loiacono & Vargas, 2019). The findings indicate that particularly individual characteristics, social capital, location as well as aspirations mattered in terms of who finds access to the labour market and the level of well-being attained.

Yet, most studies neither include the role of refugee policies and only limitedly account for the heterogeneity among refugee groups. This signals the need for a closer examination on how the access to the labour market in LMICs is shaped. Studies on refugees and the labour market in LMICs, where most refugees are located, centre around the notions of livelihood and self-reliance, and refugee economy. Though some are quantitative, the majority of studies take a qualitative methodological approach.

Self-reliance in particular is concerned with:

“the social and economic ability of an individual, a household or a community to meet its essential needs […] in a sustainable manner and with dignity - developing and strengthening livelihoods of persons of concern and reducing their vulnerability and long-term reliance on humanitarian assistance” (UNHCR, 2005, bk. 2, p.1).

Recent discussions argue for the need of a holistic approach, comprising both economic and non-economic needs (see also the policy brief by Easton-Calabria et al., 2017) though most studies seem to approach the notion of self-reliance from an economic perspective (Skran & Easton-Calabria, 2020). Nonetheless, its neoliberal undertone that sees the refugee as an “autonomous and self-disciplined individual” (Easton-Calabria & Omata, 2018, p. 6), places it often as an exit-strategy to the “care-and-maintenance models” (Crisp, 2003). It is thus oft equated with being able to live without external assistance (Easton-Calabria & Omata, 2018). Self-reliance is generally placed as the objective of livelihood programming.

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6 This research brief compiles a collection of inputs resulting from a two-day workshop on rethinking refugee self-reliance, convened by Evan Easton-Calabria and Claudena Skran.

7 A recent development is the call for measuring self-reliance highlights which following a pilot in 2014/15 resulted in the Self-Reliance Index (see also Leeson et al., 2020; Refugee Self-Reliance Initiative, n.d.).
The concept of sustainable livelihood as developed by Chambers and Conway (1991), concerns “the capabilities, assets (stores, resources, claims and access) and activities required for a means of living” (p.6) that is able to cope with and recover from shocks. It thus comprises both tangible and intangible assets that contribute to material and social capital that shapes individual’s living. This was next developed into a policy tool, the Sustainable Livelihoods Framework by the DFID (1999) and further operationalised by Levine (2014). It is often discussed in relation to agrarian livelihoods (see Hunter, 2009; Jacobsen, 2002) though recognition on urban livelihoods has been included (Campbell, 2006; Jacobsen, 2006; Wake & Barbelet, 2020).

Underlying the notion of livelihoods is the recognition of agency on the side of individuals (Haan & Zoomers, 2005). Overall, the literature re-affirms the relevance of the different capitals – human, social, financial, natural and physical capital – in shaping the livelihoods of displaced individuals in both formal and informal economy (e.g., Calhoun, 2010; DFID, 1999; Haan & Zoomers, 2005; Jacobsen, 2002, 2005, 2014; Werker, 2007). In particular, the combination of human, social and material capital affect a person’s agency to cope with changes and risks and explore livelihood opportunities (Omata & Kaplan, 2013).

Social capital – either formal or informal networks – can ease the access to the labour market (Teye & Yebleh, 2014), though often immediately following flight a refugee’s social networks tends to have fallen apart (Jacobsen, 2014). While social capital can facilitate economic participation, its challenge is that in combination with exclusionary practices, this may result in dual labour market segmentation (e.g. in the case of Palestinian refugees in Lebanon (Abdulrahim & Khawaja, 2010)). Further, the access to material capital – whether through humanitarian assistance, remittances and local resources – may prove an additional determinant of to what extent an individual is able to actively shapes his or her participation (Jacobsen, 2001, 2002, 2005).

1.3. Urban vs Camp settlement

While the studies concur that human, social and financial capital all have the potential to contribute to the livelihoods of refugees, a critical note is raised with regards to the legal and policy framework in place. The access to social, human, and material capital is generally shaped by (place-specific) institutions (Haan & Zoomers, 2005; Werker, 2007). Refugees often face unfavourable socio-political, legal and policy climate in the host country compared to other migrants (Jacobsen, 2014). The manner in which they are able to engage with the economy, depends on the status of the refugees, the manner of settlement, and freedom of movement (Betts et al., 2017; Haan & Zoomers, 2005; Hovil, 2014; Jacobsen, 2002, 2005, 2014; Werker, 2007).

The manner of settlement plays out through encampment policies. While generally, host countries may put in place encampment policies to provide humanitarian visibility and since
the 1980s also from a security perspective (Hovil, 2014; Hunter, 2009), it should be recognised that the majority of refugees tend to reside in organised settlements and self-settlements. However, camps and/or organised settlements may not be sufficient to foster sustainable livelihoods of refugees (Hunter, 2009). Some even argue that the conscious efforts towards organised or camp settlements resulting from seeing refugees as a security risk and economic liability may undermine the potential of refugees to contribute to the urban economy (Macchiavello, 2003).

As impact studies have also indicated, an influx of refugees may both open up both opportunities for exchange, additional markets as well as lead to an increase in rent, crowding of access to services and competition in the labour market as particularly those who are low-skilled informal workers face negative statistical effects although some may opt to adapt in terms of type of employment (e.g., Loschmann et al., 2019; Maystadt & Verwimp, 2014; Ruiz & Vargas-Silva, 2013, 2015a, 2015b; Verme & Schuettler, 2019). Nonetheless, even if members of the host community benefit from the refugee influx, subjective well-being among host community members can still result in feelings of alienation (Kreibaum, 2016). This in turn, may encourage governments to take on a more protectionist stand and adopt restrictive policies including restrictions to the right to work and camp policies (Zetter & Ruaudel, 2016).

As opportunities inside the camp are limited and refugees are highly dependent upon humanitarian assistance (Hanafi, 2014; Newland, 2015), they may seek work outside camps. Yet, the ability to work or travel outside the camp may be limited by camp restrictions and limited freedom of movement through for example leave permits (Jacobsen, 2005). Furthermore, the restrictiveness or openness of a camp, which to an extent links back to the different stages of displacement, shapes amongst others the potential for trade (see also Betts et al., 2017). This is not withstanding that sometimes a blind eye is turned to the restrictions in place that allow refugees to seek employment opportunities outside the camp (Jacobsen, 2014). The closer a camp is to a city, the more likely refugees are able to find a position that matches their skill set whereas employment in camps due to lack of proximity par example sometimes result in suboptimal labour participation (Werker, 2007). Over time the camp may take up the format of an open structure that becomes a permanent fixture within society. Though the access to humanitarian assistance or inputs such as an economic infrastructure

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8 Organised settlements may take various forms from camps that have become more permanent to local settlements that are planned, segregated villages created for villages. Self-settlements, on the other hand, occurs among host communities without any official assistance (Jacobsen, 2001).

9 Though impact studies of the effects of displaced persons (refugees or internally displaced persons (IDPs)) comes with various caveats in terms of estimation (see also Ruiz & Vargas-Silva, 2013), the findings from the econometric studies indicates that there are both winners and losers within the host community depending on the strata/position in society.

10 Economic infrastructure may be in the form of transportation and transit facilities, roads, communications, electricity generators. In terms of humanitarian assistance, this could be both cash and in-kind programming as well as livelihood programming (Jacobsen, 2005, p. 33). Yet, the latter can
could contribute to income-generating activities (Jacobsen, 2005), individuals may move to urban areas to gain employment opportunities when humanitarian assistance is no longer sufficient to meet their needs (Newland, 2015).

On the other side of the spectrum are urban refugees. In their case, the provision of humanitarian services proves to be difficult (UNHCR, n.d.) as they are hidden from oversight (Jacobsen, 2001). Their level of well-being is further affected as they tend to reside in densely populated environments with limited resources (Gomez & Christensen, 2010). Yet, in the long run they have better opportunities to engage in labour market activities. The informal sector and in particular micro-entrepreneurship have been stated to form opportunities to engage in the labour market as urban refugees may bring different skills, business experience and knowledge of different markets including in their home country (Jacobsen, 2005). Social capital in the form of social communities or brokerage system could facilitate access to markets beyond the locality in which they reside (Betts et al., 2017). Nonetheless, the lack of access to housing, identification and credit and financial services are elements that may hinder successful participation on the market (Jacobsen, 2005).

1.4. The Concept of Refugee Economy

As already alluded to in the above discussion, the element of markets and institutional context needs to be considered in relation to the ability of refugees to utilise their capitals and the type of income-generating activities one engages in (Betts et al., 2017; Jacobsen, 2005). As Carpi (2019) also highlights, unless refugees are effectively integrated in the market, any programming aimed at fostering self-reliance among refugees remains solely a social cohesion instrument. The concept of refugee economy as developed by the Refugee Studies Centre is of relevance as it links the spatial dimensions and policies to the institutional framework that is in place.

Refugee economy is defined as “the resource allocation system relating to refugee populations” (Betts et al., 2017, p. 46) and sets labour market activities in context of a wider network. In terms of its argumentation, it builds on the concept of camp economy which was referred to in the work by Jacobsen (2001, 2005) and further developed by Werker (2007). Though Jacobsen (2001) previously identified as local resources and assets, transnational resources in the form of money and information, as well as international assistance as crucial for also be criticised. While international actors seek to contribute to attaining self-reliance from a mid to long-term perspective through job trainings, businesses, and savings (Leeson et al., 2020), the agency of refugees is undermined by its continuous link to vulnerability (Krause & Schmidt, 2019). The role of international organisations can be criticised as they rather re-affirm the existing power structures that prevent refugees from partaking in the economy (Hunter, 2009). As such, it incorporates a notion of dependency. Though, the role of programming is worthwhile to explore, it falls outside the scope of this paper.
livelihoods, Werker (2007) stated that within the context of a camp, the economic activity may be affected by the level of humanitarian assistance, refugee composition, and the institutional environment; the latter is determined in turn by host policies and the proximity of a camp to a city. The proximity to a city through its interaction with the local economy can be stated to have a direct effect on the level of productivity within a camp. Thus, policies, remoteness of the camp and the issue of status all affect economic outcomes. Nonetheless, these challenges - or policy distortions, isolation distortions, and distortions related to refugee and status as Werker (2007) calls them to, also provide opportunities.

Taking a new institutional economic approach, Betts et al. (2017) developed a framework for the refugee economy which includes the interaction between legal, political, social, cultural, and economic elements. They argue that “refugees are not inherently different from anyone else, and what makes their economic lives distinct is the institutional context of ‘refugeehood’” (Betts et al., 2017, p. 49). In their view, the economic lives of refugees are shaped by three level of interactions:

1. The intersection between state and international level, which comes down to governance and the responsibility to protect. In particular, policies that are of relevance include freedom of movement and camp policies where often the UNHCR takes the position of surrogate state, supported in the provision of relief by other (I)NGOs.
2. The intersection between formal and informal work which results from limited assistance and restrictions when it comes to accessing the various rights to work. These restrictions could take the form of work-permit, non-recognition of foreign qualifications, or restrictions on owning property or accessing financial capital.
3. The intersection between national and transnational economic and social ties. This intersection recognises the role of informal networks such as remittances and diaspora engagement to cope with limited and legal rights of the refugees in the host countries.

They see the economic lives shaped by the triangle, refugeehood, market, and state. Thus, it builds on the Sustainable Livelihoods Framework that previously recognised the plethora of actors and the role of laws, policies, and institutions in shaping any outcomes (DFID, 1999). As evidenced by the three layers of intersection, Betts et al. (2017) argue it is not just about economic participation within the state but also about integration into the global economy. It recognises that refugees, dependent on where they are located face different opportunities. Jacobsen (2001, p. 6) has previously set out how location shapes economic activity: with refugees in self-settlements facing the least restrictions in terms of access to the labour market whereas those in camps tend to face more restrictions. Dependent to what extent authorities are interested in upholding the restrictions to the right to work, refugees may be granted de facto work rights. Though the concept of refugee economy (Betts et al., 2014, 2017) has slightly adjusted this distinction to differentiate between urban contexts and protracted and emergency camps – the distinction between the two different types of camps may be linked
back to Jacobsen’s distinction (2001) between organised self-settlement and camps. This, thus results in the three typologies set out in Table 1:

Table 1: Variation in institutional context shaping labour market participation of refugees

<table>
<thead>
<tr>
<th>Context</th>
<th>Location</th>
<th>Authority</th>
<th>Infrastructure</th>
<th>Regulation</th>
<th>Key contributors to livelihood</th>
<th>Ability to engage in livelihood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>Land negotiated from local population</td>
<td>State</td>
<td>Transnational</td>
<td>Low</td>
<td>Social capital (local and international)</td>
<td>(Informal) labour market engagement in local markets</td>
</tr>
<tr>
<td>Protracted camps/organised self-settlement</td>
<td>More permanent fixtures, land may be available for farming</td>
<td>Hybrid (State regulation &amp; UNHCR policies)</td>
<td>National</td>
<td>Moderate – more open settings</td>
<td>Freedom of movement; social networks; access humanitarian support (+/-)</td>
<td>Farming and limited activity allowed in local markets</td>
</tr>
<tr>
<td>Emergency camps</td>
<td>Oft located close to the border and/or in rural areas</td>
<td>International actors; primarily UNHCR &amp; relief support by (I)NGOs</td>
<td>Local</td>
<td>High – often closed settings</td>
<td>Informalised networks; support humanitarian agencies</td>
<td>Rarely permitted, some income-generating activities through INGOs</td>
</tr>
</tbody>
</table>

(Adapted from Betts et al., 2017, p. 202; Jacobsen, 2001, p. 6)

While the typologies include a displacement trajectory dimension, it does not necessarily reflect the short-term and long-term urban challenges as refugees increasingly move from camp settings to urban areas over time to gain access to employment opportunities as humanitarian assistance falls short (Newland, 2015). Furthermore, it places the position of urban refugees alongside the urban poor though their opportunities to utilise their capabilities may be more limited due to some of the policies and relations to the host communities also set out in the previous section.

In addition, it could be argued that there is another level which affects all three layers. In her analysis, Jacobsen (2005) also links the protractedness of a camp situation back to the relation between host community and refugees as over time perceptions may change. Similarly, Al-Mahaidi (2021), in his analysis on the Jordan Compact through the lens of refugee economy, argues that the framework of refugee economies should include a fourth level, namely the intersection between refugees and host community. Thus, the role of social cohesion that underlies the fabric of society (Loewe et al., 2021) is an additional element for consideration. However, rather than a fourth level, this may affect all three contexts as perceptions of alienation and othering may prevail on both sides of the host community and the refugees (see e.g., Grabska, 2005, 2006; Kreibaum, 2016).

Overall, the rights of refugees, access to the market, infrastructure, and relation to the host community are all elements that affect the extent to which refugees are able to utilise their
human, social and financial capital, in the labour market. Yet, while economic, social, legal and individual aspects are included, structural elements are often left out of many analysis (Skran & Easton-Calabria, 2020). A critical examination on how the policy and legal discussions play out through these power structures is therefore crucial.

2. A Need for a Social Justice Perspective

Generally, refugees are placed as being socially excluded or marginalised in society (see e.g., Grabska, 2005, 2006). However, it should be considered that the refugee population in host countries is heterogeneous by nature, and it would therefore be a falsity to approach them as a homogeneous group. Due to the nature of conflict and different streams of refugee influxes, countries may lack uniformity in their approach to the different groups of refugees inside the host country. Research should therefore consider different regulatory environments, different phases of displacement and different categories of refugees (see also the appeal by Betts et al., 2014, 2017).

While literature concurs that there is a need to promote the access of refugees to the labour market and to extend their rights, the current conceptual framing of labour market participation of refugees via a livelihood or new institutional economic approach is not sufficient in capturing the mechanisms shaping labour market engagement of different groups of refugees. To date, the social aspect of sustainable livelihoods that recognises the dynamic position of individuals vis-à-vis social relations and institutions (Chambers & Conway, 1991; DFID, 1999) is often overlooked. There are differences in economic strategies between and within groups of refugees resulting from fragmentation in the market, individual characteristics and policies.

Furthermore, while there is a recognition of the various contexts that shape the economic participation of refugees, the question arises whether even if refugees are able to participate on the labour market, to what extent can they participate in an equal manner? Engagement on the labour market, albeit formal or informal, should not be an objective in itself but rather there is a need to go beyond this and understand to what extent refugees are able to engage on the same level as members of the host community in the labour market.

A social justice perspective is concerned with “the very structure and institutions of society – political, economic and legal” (Sabates-Wheeler et al., 2017, p. 11). A state should therefore seek to include those most marginalised as this contributes to the legitimacy of a state (Sabates-Wheeler et al., 2017). Nonetheless, non-inclusionary practices may result in social injustices leading to lifelong social exclusion. Though refugees already face additional vulnerabilities, elements arising from societal relations, institutional frameworks, and policy responses may alleviate or further exacerbate their situation. These could result from regulatory framework as policies may be reflective of identity, competition and security considerations inside the host country as also referred to above.
This study therefore turns towards the social exclusion theory to better understand the barriers and mechanisms that underly labour market engagement of refugees. The social exclusion framework not only captures the experience of a group that is marginalised from participating in social life (Kabeer, 2000) but moreover, relates this marginalisation back to collective rights, such as human rights and hierarchy of status (Berman & Phillips, 2000). As social exclusion literature, social citizenship and integration literature share an overlap in terms of the different dimensions in which individuals can be excluded – social, political, and economic –, the next subsection first discusses the interlinkages between these different literature in relation to refugees prior to approaching labour market engagement of refugees through a social exclusion lens.

2.1. Linking *de facto* vs *de jure* integration, social citizenship, and social exclusion

Ideally, under the 1951 Refugee convention, refugees are integrated in society through attaining citizenship status. This is also referred to as *de jure* integration. However, the reality is that oft refugees continue to be seen as temporary guests despite longevity of their displacement, and they often attain some degree of self-sufficiency. Thus, they achieve a level of *de facto* integration (cf. Fielden, 2008; Jacobsen, 2014). Any form of integration should be seen a two-way process with both a role for refugees and host communities. To arrive at a level of economic and social integration, refugees have to “negotiate belonging in the locality in which they are living” (Jacobsen, 2014, p. 490) and may even have to hide their identity (Hovil, 2014). Thus, *de facto* integration, while not only providing opportunities, can also contribute to additional layers of vulnerability.

Overall, it can be stated that the level of *de facto* integration achieved depends upon context and takes place along a multitude of dimensions: economic, social, cultural and political. These spheres also emerge in the social citizenship and social exclusion literature. To link the different dimensions back to the actors referred to in the institutional framework, the social citizenship construct recognises the responsibility of the state to its citizens and residents in terms of legal, political, social and participation rights (Janoski, 1998; Marshall, 1950). Nonetheless, as also stated by Aerun Chung (2017), citizenship is “a contested institution and cluster of practices negotiated by state and non-state actors that demarcate formal membership in a nation-state and its accompanying rights, statuses and obligations” (p. 433). Citizenship as adhered to in many non-Western contexts recognises hierarchies in terms of rights that are assigned to citizens and non-citizens alike. The construct of citizenship and the associated rights can thus operate as an instrument of social closure (Bosniak, 2017).

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11 This thus diverge from the more Western notion that recognises citizenship as universal, particular in more liberal democratic countries (see also Janoski, 1998; Johansson & Hvinden, 2013; Marshall, 1950).
Recognising that many refugees achieve at least some form of economic and social integration and the extent to which this is achieved is in part related back to the rights that are assigned, this study argues that one should critically consider to what extent groups are included and differ from the host community in terms of opportunity as this has an effect on both socio-economic security and in turn may result in social exclusion of the individuals (Berman & Phillips, 2000). By not including refugees in the labour market, the states run the risk that refugees are marginalised even further. Therefore, a critical look at the structural barriers affecting the ability of refugees to participate is essential.

The literature on social exclusion\(^\text{12}\) can be stated to inform these processes as it unfolds the marginalisation of groups alongside similar dimensions as the social citizenship and integration literature – namely political, economic and social dimensions (Berman & Phillips, 2000; Bhalla & Lapeyre, 1997; Silver, 2015). Yet, the concept of social exclusion should be seen as process that captures non-inclusive mechanisms (Atkinson, 1998; Fischer, 2011). The level in which a group is excluded may differ as individuals may be excluded in one dimension, while being included in others at the same time (Fischer, 2011; Kabeer, 2000). Thus, the concept of social exclusion should be understood as a dynamic construct where both between and within group exclusion may occur, and subgroups can be observed. Multiple fault lines may be at stake that reinforce each other.

To better understand the position of the refugees on the labour market, this study particularly focuses on exclusion in the economic sphere which in itself may be said to be an indicator for social exclusion at large. The next sub-section discusses the concept of social exclusion with regards to non-inclusion of refugees in the labour market. It seeks to detail both the mechanisms through which non-inclusion occurs and identifiable fault lines as well as non-inclusionary labour market outcomes.

3. Social exclusion and refugees in the labour market

In low and middle-income countries, economic exclusion has been stated to be “at the heart of the problem of exclusion” (Bhalla & Lapeyre, 1997, p. 430). Considering employment is a key element to structurally integrate into society and to maintain a certain level of wellbeing, non-inclusionary practices in the labour market need to be considered within their relational capacity as these capture “inadequate social participation, lack of social integration and lack of power” (Berman & Phillips, 2000, p. 330).

The level of exclusion experienced is determined by the interaction between individuals and

\(^{12}\) While studies differ on the exact definition of social exclusion, they agree that it should be understood as a process in which a group of people is marginalised from participating in social life (Atkinson, 1998; Kabeer, 2000; Vranken, 2001). Provided it includes a relational aspect incorporating the local context, the concept may be applied in both developing and developed countries (Bhalla & Lapeyre, 1997; Saith, 2001; Silver, 2015). This study particularly focuses on the economic dimension of social inclusion.
communities. This interaction can result from social closure and societal structures and processes (Fischer, 2011; Kabeer, 2000; Vranken, 2001). Social closure results in restrictions of access to resources (Kabeer, 2000; Vranken, 2001). Within the context of the labour market access for refugees this may be influenced by social capital, financial resources available, spatial segregation due to encampment policies, and restrictions in terms of work rights. Within this, it is important to recognise that the access of an individual to the labour market is not static but rather dynamic, and his or her position can change over time.

Social structures and processes, on the other hand, take the shape of institutional biases via values, beliefs, rituals, and institutional procedures (Kabeer, 2000). These can also come from unruly practices. In particular, these are linked to the legal rights that an individual has access to. When it comes to policies, refugees’ realisation of economic rights is dependent on access to other rights such as social, civil and political rights. In the case of refugees, these rights link back to the type of settlement, restrictions on freedom of movement, access to resources, and status (e.g., Haan & Zoomers, 2005; Jacobsen, 2001, 2014; Lakhani, 2013; Turner, 2015; Zetter & Ruaudel, 2016). Even if refugees have been granted the de jure right to work, de facto this may prove to be much more complicated as they lack access to documentation and financial institutions, face difficulty obtaining work permits, or their rights are subverted through other regulations which for example, may require partnerships with nationals when setting up a business (see amongst others Jacobsen, 2005; Schuettler & Caron, 2020; Zetter & Ruaudel, 2016).

A study on livelihoods of Sudanese refugees in Egypt identifies three layers of marginalisation: 1) restrictive rights and access to public services, 2) distrust on the side of the host community and 3) willingness and aspirations on the side of refugees to partake in the economy (Grabska, 2005). These layers are affected by discriminatory practices that persist in society. These may play out through hiring practices by the host community. Further, they affect the willingness to work on the side of refugees. To exemplify, the study by Loiacono and Silva Vargas (2019) on Uganda indicates that the level of trust between refugees and host communities as well as the understanding of refugee rights, shape both the hiring practices by firms, as well aspirations on the side of refugees. After all, the perception by the refugee on risk and possibilities resulting from policies, can further influence how they shape their labour market engagement in the host community. Even if policies are in place that enable the right to work, refugees may perceive these to place them at risk in the future if reverted as they would then be classified as active in the labour market (Wake & Barbelet, 2020). Thus, social closure and societal structures are closely linked to each other.

Restrictive policies that deny equal rights directly affect the labour market participation of refugees, and indirectly the access of refugees to labour market institutions and structures (Gorodzeisky, 2013; Silver, 2015). Whereas cultural, linguistic, or ethnic affinity may allow for a more welcoming reception (Jacobsen, 2001), restrictive, non-inclusionary policies may be adopted by states for fear of national identity, security and/or competition over socio-
economic resources can result in non-inclusionary policies (e.g., Gorodzeisky, 2013; Jacobsen, 1996; Lakhani, 2013; Turner, 2015). As a result, refugees often face unfavourable socio-political, legal and policy climate in the host country compared to other migrants (Jacobsen, 2014).

3.1. Fault lines in relation to refugees

In short, the outcome of refugees on the labour market is shaped by the institutional regime in place. This regime is determined by the role of various actors and the regulatory environment – see also the discussion in section 2.1.4, in combination with non-inclusionary practices pertaining to status, rights and location. These non-inclusionary practices culminate in fault lines that underly the exclusion refugees face in the labour market. They can be described as a gap, wall or barrier to being included in society. From a theoretical perspective, the fault lines can be shaped by social closure, societal structures and processes, as well as spatial fault lines (Vranken, 2001) and in turn affect an individual’s outcome in the labour market.

Fault lines can have long lasting consequences. Recognising that social exclusion should be seen as a process (Fischer, 2011) and that policies may change over time, a critical look is required to how labour market outcomes for refugees are linked back to the different fault lines in place. While refugees already face social inequality, refugee-related policies – such as legal status, encampment and labour market policies for refugees - may change over time due to security, identity, competition, and global political considerations. This in turn further affects labour market outcomes of refugees. Recognising that the rights for refugees may change over time and are not static, this study moves beyond the argumentation that the policies at the time of arrival shape outcomes (Nimeh, 2012).

3.2. Non-inclusionary Indicators of Labour Market Engagement

The refugee policy is thus a key determinant of the vulnerability of refugees and their ability to pursue livelihoods (Haan & Zoomers, 2005; Jacobsen, 2002, 2014). It is closely linked to the location where individuals reside, as many oft find themselves either in camps, informal settlements or in concentrated poorer areas, educational attainment as well as ability to translate education into certain job opportunities, distance from work and public services etc. Elements that are already stated to underly segregation or exclusion in the economic dimension and affect income, production and recognition (Bhalla & Lapeyre, 1997; Silver, 2015).

The economic dimension is closely linked to the social element as well, as the social dimension underlying social exclusion affects the manner in which one has access to the labour market (Bhalla & Lapeyre, 1997). Particularly when refugees are reliant upon structures such as the informal sector due to the lack of right to pursue livelihoods (Jacobsen, 2014), social capital is important in shaping the access of refugees to labour market opportunities. Although, as also
indicated above, this may result in dual labour market structures with a primary labour market characterised by stability and upward mobility and a secondary labour market that provides low wage jobs (Reich et al., 1973). Due to a lock in effect resulting from social capital, refugees can end up in the second tier (e.g., Abdulrahim & Khawaja, 2010; Potocky-Tripodi, 2001, 2004).

The right to work shapes these indicators to a certain extent. However, it does not stop at the ability to participate in the labour market (see also Atkinson, 1998). Recognising that informal employment, casual labour and self-employment could be common forms of employment in the host country, the quality of employment relative to the host community should be considered (Bhalla & Lapeyre, 1997; Saith, 2001; Silver, 2015).

From a rights-based perspective the following four components underlie the right to work: 1) access to decent and productive work; 2) just and safe working conditions; 3) protection from forced labour and employment; and 4) training, skill upgrading, and professional development (OHCHR, 2012). Due to the high share of informal employment in many low- and middle-income countries, underemployment, vulnerability of employment, and precariousness of work are useful indicators to consider in context of non-inclusionary labour market engagement. The precariousness of labour market engagement and vulnerability of employment captures the “short time horizon, bad working conditions, low earnings, partial or full exclusion from access to social security” (Bhalla & Lapeyre, 1997, p. 429). In addition, elements such as job turnover or second jobs or forced labour may be reflective of vulnerability. Lastly, underemployment captures to what extent education is able to translate into labour market outcomes.

These outcomes are in part shaped by policies as also argued above. As Werker (2007) also sets out in the case of camp economy, residence of an individual and the type of activities open to refugees has an effect on whether refugees are able to match their skills. Further, the experiences by Palestinian refugees in Lebanon showcases amongst others how mobility restrictions, such as check points, and legal entitlements, results in lower working conditions (Hanafi et al., 2012; Hanafi & Tiltines, 2008).

Hence, when discussing the non-inclusionary labour market engagement of refugees, a two-stage framework should be adhered to – see Figure 1 below. This captures firstly, whether an individual engages on the labour market or not. This stage is informed both by the legal right to work as well as the agency of a refugee to engage in the labour market. Next, it sets out to understand under which condition an individual can engage in the labour market. It thus goes beyond approaching labour market participation from a socio-economic security perspective in which one considers whether someone is employed or unemployed (Berman & Phillips, 2000).
4. Conclusion: Deriving at a Conceptual Framework

Having set out the various debates on labour market participation of refugees, and discussing the relevance of a social exclusion perspective, we conclude this paper by setting out a conceptual framework underlying labour market engagement of refugees from a social justice perspective – see Figure 2. Accounting for the relational and dynamic aspect that underlie social exclusion, this framework considers that the policy pertaining to refugees may change over time.

On a micro-level, the refugee’s position is shaped by both individual and household characteristics including the human, social, and material capital; this is in turn influences their ability to participate in the labour market. However, policies pertaining to status, mobility and right to work shape the extent to which they participate in the labour market as well as under which conditions they engage (e.g., Zetter & Ruudel, 2016).

However, to be able to enact on their agency, the participation of refugees in the labour market is influenced by overarching conditions such as national economic conditions and the relation between the host community and refugees. After all, elements affecting the status of refugees and the policies taken towards refugees include the negative perception by the host community due to concerns on security and competition over resources. These conditions affect both to what extent refugees are able to capitalise on their capitals as well as how policies are shaped.

In the analysis, it should be recognised that refugee populations in host countries are heterogeneous by nature, and it would therefore be a falsity to approach them as a homogeneous group. There are differences in economic strategies between and within groups of refugees resulting from fragmentation in the market, legal distinction (including cause for displacement) and access to capital (Betts et al., 2014). Additionally, different policies towards
refugees may be adapted both between and within states (see for example Davis et al., 2017; Frost & Shteiwi, 2018; Hanafi, 2014). This in turn determines labour market outcomes.

Furthermore, the discussion in section 2.1 highlighted the different interplays for urban and camp refugees. This in turn results in different trajectories for both groups in the short and long run. While on the short term, perspectives to national security may affect decisions such as encampment (e.g., Turner, 2015), the policies affecting protracted refugees are more likely to stem from perceived self-identity/national identity. This can affect the willingness to hire or participate and may result in labour market segmentation (see Hanafi et al., 2012). It is also expected that human capital through education becomes more important in case of protracted refugees. Regardless of duration, location where one resides continue to play a role in shaping the institutional environment.

While the framework recognises the heterogeneity among different refugees in the host community, for both urban and camp refugees, human and material capital are important characteristics in shaping labour market engagement. In contrast, urban refugees are expected to benefit more from social networks compared to camp refugees, although this may result in a dual economy structure (Abdulrahim & Khawaja, 2010; Reich et al., 1973). In terms of camp economy, the structure may offer opportunities. Werker (2007) particularly stresses the interplay between institutional environment, demographics, and humanitarian assistance on the likelihood of labour market participation in the refugee camp economy. While access to humanitarian resources could contribute to income-generating activities, their ability to participate in the labour market is simultaneously curbed by their restrictive legal status. Restrictions on freedom of movement, such as the ability to leave the camp, may further curb opportunities. In all cases, policies pertaining to status, encampment, and the right to work affect the extent to which refugees are able to utilise their skill set and subsequently, end up working in suboptimal conditions.

The conceptual framework which is presented in this paper aims to provide a comprehensive illustration for examining the labour market engagement of refugees stemming for a social justice perspective. It highlights the dynamic and relational aspects of social exclusion and underlines the critical role of adaptable and context-specific policies in shaping refugees' opportunities and constraints. Ultimately these policies should support the refugees in exercising their agency, engaging in the labour market, and achieving self-reliance. Amid constantly evolving global challenges, this can be beneficial not only for the refugees but also for the host communities, contributing to economic growth, social cohesion, and the fulfilment of humanitarian responsibilities.
Figure 2: Labour Market Engagement of Refugees Framework

Overarching conditions
- Macro-economic conditions
- Social cohesion between refugee and host population

Refugee-related policies
- Legal status
- Encampment
- Right to work

Non-inclusionary Labour market practices
- First Stage
  - Labour Force Engagement
- Second stage
  - Precariousness of labour market engagement
  - Vulnerability of employment
  - Underemployment

Refugee
- Demographic characteristics
- Household characteristics
- Human capital
- Social capital
- Financial capital

Source: Authors' Illustration
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