

# **Rural or Urban origins: Economic Assimilation of Turkish and Iranian Immigrants in Sweden, 1968-2001**

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## **Introduction and Aim:**

In the post-World War II period, immigration has become a major source of demographic change in Sweden. In 2009, 13% of the Swedish population was foreign-born, and this proportion is even greater when including individuals born in Sweden with at least one foreign-born parent (Bengtsson, Lundh et al. 2005; Åslund, Hensvik et al. 2009). To date, empirical studies on the labor market outcomes of the first generation immigrants has grown to become very large, yet failing to fully identify why later arriving – predominantly extra-European – immigrants systematically fail to achieve similar outcomes as earlier arriving immigrant cohorts, mainly from Europe.

This paper aims to address this gap in our knowledge, by examining two comparatively disadvantaged groups in the labor market, combining it with unique information pertaining to the individual's pre-migration experience. More specifically, we examine a sample of immigrants from Turkey and Iran, arriving in Sweden between 1968 and 1994, and followed until 2001, using the Swedish Longitudinal Immigrant database (SLI). The uniqueness of the paper comes from the data containing information on the individual's place of birth, implying that we can differentiate geographically between individuals originating from the same country of birth, the level of aggregation typically encountered in existing research. Thereby, using GIS software, we are able to account for within-country-of-origin differences in population density and level of economic development, potentially relevant determinants of labor market outcomes after arrival in Sweden.

Examining individuals' post-migration outcomes, we will investigate to what extent pre-migration patterns of residing are reflected after arrival in Sweden. More specifically, do individuals originating from common areas in Turkey or Iran reside within close proximity also in Sweden? And, if so, is this pattern observable directly after migration, or is the decision to co-reside driven by their experiences in the Swedish labor market, following hypotheses derived from the ethnic enclave literature.

While the discussion of economic assimilation can be discussed from a variety of angles, this study hence intends to further explore the role of country of origin on immigrants' assimilation.

## **Theory and Previous Research:**

The labor market outcomes of immigrants have been explored in a number of contexts, and these studies generally found evidence supporting the *Immigrant Assimilation Hypothesis*. The hypothesis suggests that immigrants experience a decrease in occupational status or earnings immediately upon arrival in the destination country, followed by a catch-up period in which they obtain similar levels of occupational status or earnings as prior to migration. Turning to the ethnic enclaves literature, we encounter contradicting findings. Particularly, some studies argue that ethnic enclaves help immigrants escape discrimination that they would encounter in the labor market, thus positively impacting their labor market outcomes. The counter argument, however, states that ethnic clustering adversely affects immigrants' labor market outcomes by creating incentives to not leave the enclave and learn host country specific norms (Borjas 2000).

In the context of Sweden, Rooth and Ekberg (2006) examine a sample of four refugee groups (Ethiopians/Eritreans, Chileans, Iranians, and Romanians/Hungarians) and confirm the U-shaped pattern of assimilation. Rooth and Ekberg highlight that the decline in occupational status upon arriving in Sweden may be due to a lack of transferability in human capital or discrimination; furthermore, the upward mobility upon arrival in Sweden is faster among individuals who invested in Swedish academic education or in Swedish language skills.

While the initial decline in earnings or occupational status may be partially due to the lack of transferability of human capital, other research suggests that there exists a disparity in the level of disadvantages associated with the country of origin of the immigrant. Scott (1999) identified a negative relationship between relative income levels and cultural distance. Scott found that immigrants from countries with larger cultural distances from Sweden tend to experience lower relative wages than immigrants from countries with closer cultural distance. Particularly, it can be seen that immigrants from Africa, Asia, and Latin America face significant disadvantages in terms of wage growth compared to natives after controlling for other factors (Grand and Szulkin 2003).

Helgertz (2010) further explored the labor market disadvantages of immigrants from different countries of origin. In particular, immigrants from non-European countries of origin face larger disadvantages compared to other immigrants in terms of the transition into post-immigration employment. Helgertz also identified that highly skilled immigrants without familiarity of languages belonging to the same family as the Swedish language or Latin writing system are more disadvantaged in transitioning to post-migration occupations. While there has been a number of studies showing the significant impact of country of origin on immigrants' assimilation trajectories, there is still more to be learnt.

Previous studies have focused on country of origin at an aggregate level; however, substantial variation may exist in terms of location within the country of origin and its impact on immigrants' labor market outcomes in Sweden. This study intends to build upon the current understanding of country of origin's impact on immigrants' labor market outcomes by focusing upon within country of origin regional effects. In narrowing the focus to two countries: Turkey and Iran, we intend to identify disparities in the economic assimilation of immigrants from these countries based on rural or urban regions of origin. The effects of ethnic clustering based on region of origin within Turkey and Iran will also be examined.

### **Data:**

This study examines individual level data from the Swedish Longitudinal Immigrant database (SLI) to examine whether region of origin within the sending country influences the economic assimilation of immigrants in Sweden. The sample consists of roughly 4700 immigrants from Turkey and Iran entering Sweden between 1968 and 1994. The SLI contains detailed pre-immigration information for each individual, including city of birth and pre-migration occupation. The post-migration data were collected from censuses and tax registers which include detailed individual level data on demographic, economic, and labor market-related parameters. The post-migration data contains complete information for each observation from the time they arrive in Sweden until 2001, or time of death or migration.

The city of birth data has been coded and cartographically drafted (see chart 1 & 2). Using the GIS platform, we are able to calculate a number of regional characteristics for each observation. For example, we will assess individuals' distances to urban centers, as well as the population densities of the birth place locations.

A great advantage of the data used herein is that there is representation of individuals from all regions of both Turkey and Iran (see chart 1 & 2). This representation allows us to accurately assess the regional differences in economic assimilation that may exist amongst the immigrant populations entering Sweden.

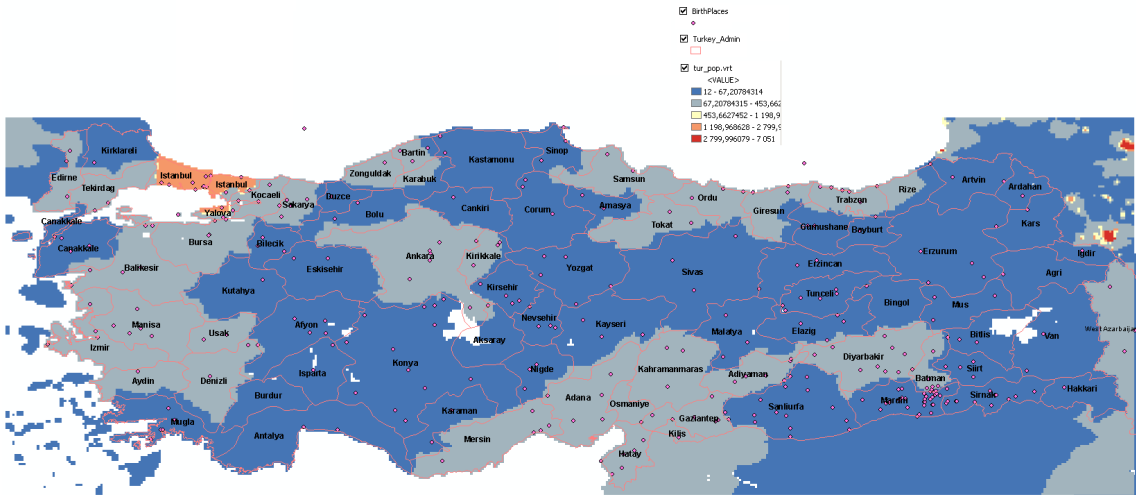


Chart 1: Turkey—observations and population density

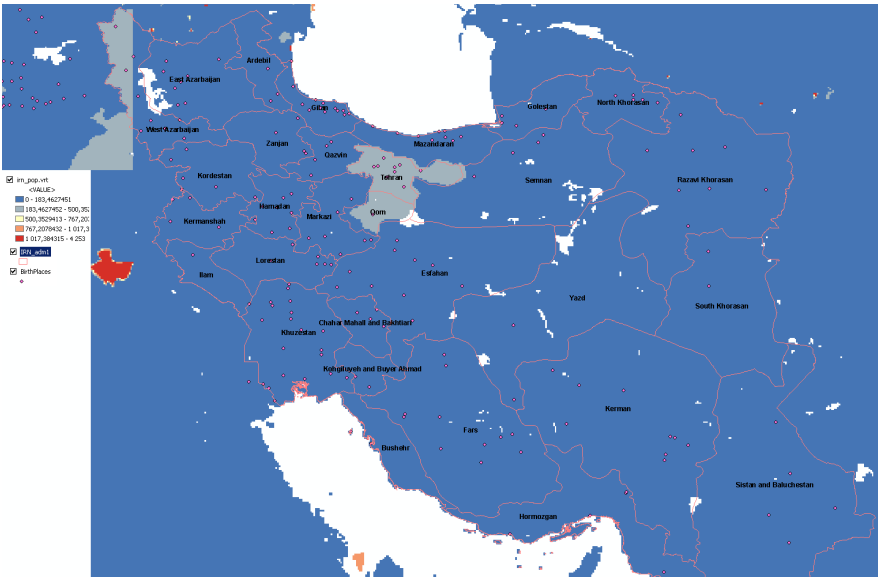


Chart 2: Iran—observations and population density

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