# Investigating the Economic Outcomes of Privately Sponsored Married Female Refugees

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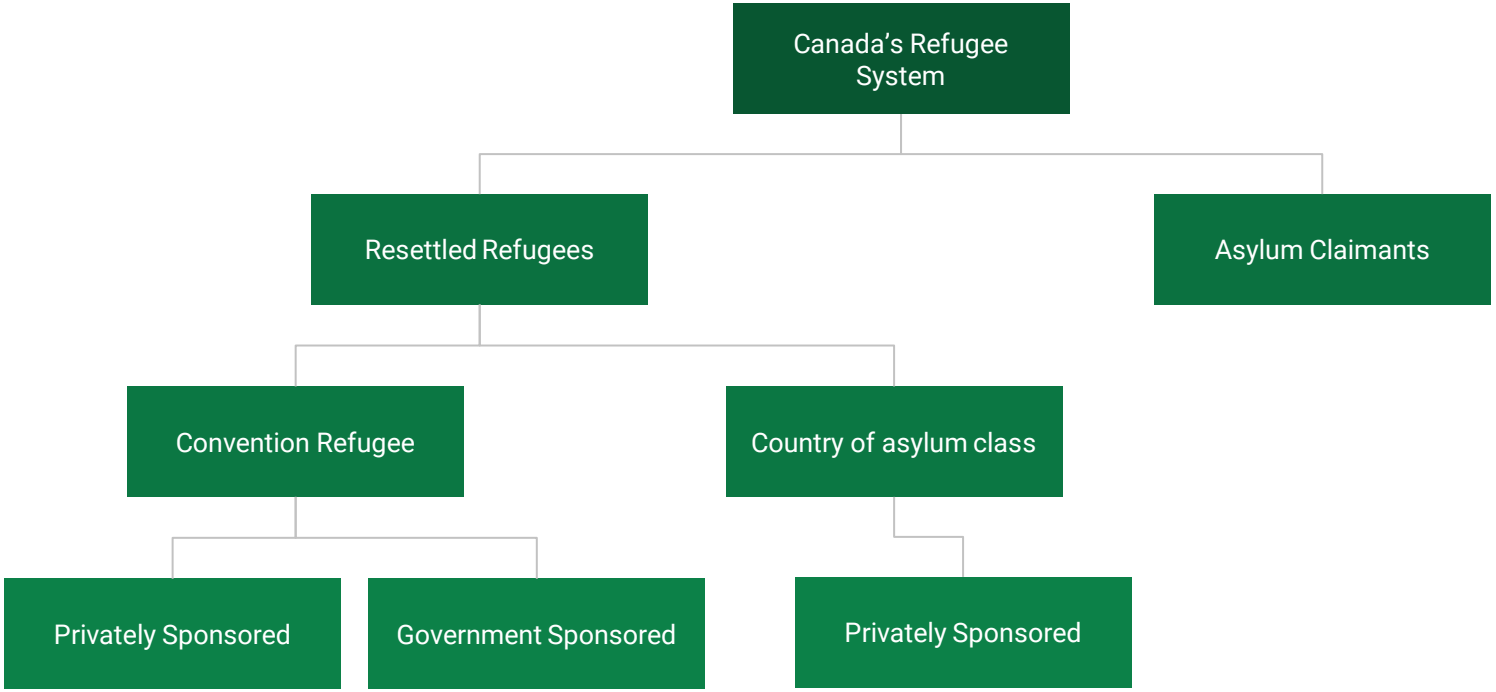
# Research Question

Does the private sponsorship program of refugees help improve the labor force participation rate for married female refugees in Canada, as compared to the government sponsorship program?

# Refugee Types: Broad Overview



# Difference between Private and Government Sponsorship

| Private Sponsorship | Government Sponsorship |
| --- | --- |
| ● Additionality and Naming<br>● Incorporated Groups with an agreement with the Canadian Immigration and Citizenship (SAH)<br>● NGOs<br>● Religious Organizations<br>● Groups of at least five<br>● Community Sponsorship | ● Government-Assisted Refugee (GAR) is referred by either UNHCR or another referral organization<br>● Federal Government (Minister of Immigration, Refugees and Citizenship) |

# Difference between Private and Government Sponsorship

| Privately Sponsored<br>(Typically 1-3 years) | Government Sponsored<br>(Typically 1-3 years) |
|---|---|
| ● Provide emotional and financial support<br>● Help with housing, clothing and Food<br>● Helping with the search of employment<br>● Providing Orientation<br>● Introducing newcomers to other people with similar interests<br>● Enrolling Children in school and adults in language training<br>● Assisting with applying for provincial health-care | ● Provide temporary housing<br>● Help with finding permanent housing<br>● Help with registering for mandatory federal and provincial programs<br>● Orientation to the community (Explaining public transportation, Canada's education and health care system, and laws and customs)<br>● One-time household start-up allowance<br>● Monthly income support system, not typical though. |

# Focusing on Female Refugees

- The gender gap in participation rate and employment rate among all immigration classes is persistent using the LSIC Wave 1 - Wave 3 data. (Xue, 2011)
- LSIC data shows that female refugees engage 30% less in the workforce than their male counterparts. (Sweetman and Warman, 2013)
- “Triple disadvantage” - inequality stemming from gender, immigration status, and/or race. Thus, highly educated women from developing countries often end up in unstable, low-paying jobs. (Boyd, 1984)
- Gender norms of the immigrant’s country of origin has a strong correlation with their decision to participate in the labor force post-immigration. Immigrant women and/or their spouses originating from countries with traditional “patriarchal” societies have significantly lower labor force participation rates. (Krystin Frank and Feng Hou, 2013)

# Focusing on Married Female Refugees

- Kaida (2015) finds that the employment of spouses of recently landed immigrants has a positive impact on the family's ability to exit poverty.
- Since refugees and immigrants face similar obstacles in the labor market (language barriers, lack of connections etc.), we suspect that the finding extends to refugees as well
- Therefore, the labor force participation rate of female refugee spouses might be instrumental in helping their families thrive in Canada.

# A Theory of Possible Causal Mechanisms

- Private Sponsorship is additional to Government Sponsorship. This implies, ex ante, that private sponsors may have a greater emotional investment in the outcome of the refugee compared to the government.
    - Diseconomies of scale: Government vs Smaller organizations
- Privately Sponsored may have access to a greater social network, which may improve the job-market opportunities when compared to government sponsored refugees.
    - Greater opportunities to interact with the natives, which may encourage female spouses to work and break the male breadwinner mold.
    - There may be a “leapfrog effect” for privately sponsored refugees. This means that privately sponsored refugees may not have to go through many issues as they learn from the experiences of other immigrants.
    - May offer an economic advantage over government sponsored refugees due to the breadth of knowledge and experience privately sponsored refugees may have access to.

# Our Theory of Possible Causal Mechanisms

- Privately Sponsored refugees typically receive recurring financial assistance, where government sponsored refugees typically only receive initial funds.
    - With less financial problems to worry about, private sponsored refugees have more freedom to make investments into things such as language training or additional schooling.
    - Assistance with housing provided by private sponsors may last longer
- We hypothesize that Privately Sponsored Refugees have a greater enrollment in language training compared to Government Sponsored Refugees.
    - Privately Sponsored Refugees may have a greater language score, which the prevalent economic literature predicts that language ability directly increases productivity of workers, and according to the human capital model of wage determination, increased productivity increases the wage of a worker (Skuterud, 2012).

# Data

- For our data, we will look at Longitudinal Survey of Immigrants to Canada (LSIC).
  - 15 years or older at the time of landing and have arrived in Canada between October 1, 2000 and September 30, 2001.
  - LSIC excludes individuals who applied and landed from within Canada – this includes both immigrants and refugees.
  - Done either through Face-to-Face or telephone interviews approximately 6 months, 2 years and 4 years after the respondents landed and arrived in Canada.
- LSIC is divided into three different sets aptly named Wave 1, Wave 2 and Wave 3.
  - Wave 1 is the interview 6 months after landing, Wave 2 is the interview 2 years after landing, and Wave 3 is the interview 4 years after landing.
  - A total of 12,040, 9322 and 7700 individuals participated in the Wave 1, Wave 2 and Wave 3 interviews respectively.
  - For this research, I only used data from Wave 1 and Wave 2 due to a low response rate among refugees in Wave 3.

# Data

- Advantages:
  - LSIC has information on language proficiency, housing, education, foreign credential recognition, employment, values and attitudes, the development and use of social networks, and income. LSIC has detailed pre- and post-migration data, providing researchers information about how immigrants adjust their lives in Canada over time.
  - LSIC contains a large sample of recent immigrants where 7700 individuals completed all three waves
- Disadvantages:
  - LSIC does not include refugees that are not government or privately sponsored. This raises some concerns if our findings can be extended to all refugees, including those that are not sponsored.

# Methodology: Benchmark Model

We look at the effect of private sponsorship for female refugee spouses on the employment status and weekly hours worked of the respondents.

**Benchmark Model:**

$$Y_{iw} = \beta_1 + \sum_{k=1}^{6} \beta_k X_{ik} + \beta_c X_{ic} + \varepsilon_i,$$

where

$Y_{iw}$ is the dependent variable for person *i* during waves 1 – 2,

$X_{ik}$ is the categorical variable for immigration category: privately sponsored refugees, government sponsored refugees, other refugees abroad, family class, skilled class, and business class immigrant

$X_{ic}$ is a vector of control variables such as: age, country of origin, months since migration, highest degree and language scores on arrival, spousal characteristics, and city of residence,

$\varepsilon_i$ is the error term.

Table 1 – Marginal effects from Probit estimates on Employment by Immigrant Class and Marital Status for Females
(Base category: privately sponsored refugees, coefficients for control variables suppressed)

| | (1) – All Females | | (2) Married Females | | (3) Married Female Refugees | |
|---|---|---|---|---|---|---|
| | Cycle 1 | Cycle 2 | Cycle 1 | Cycle 2 | Cycle 1 | Cycle 2 |
| Government Sponsored Refugees | -.1832911** | -.1719059** | -.1702683** | -.1695234** | -.1537924** | -.1462114** |
| | (.0695039) | (.065402) | (.0667269) | (.0653323) | (.0623247) | (.059158) |
| Other Refugees Abroad | .0033326 | -.0190235 | .0214641 | -.0188014 | .0156955 | -.0029081 |
| | (.0956246) | (.0889864) | (0.818) | (.0888166) | (.0838056) | (.0799092) |
| Family Class | .1597923** | .1139409 | .1791157** | .1143967 | - | - |
| | (.0704792) | (.0666203) | (.0677449) | (.0664799) | | |
| Skilled Worker | .213211*** | .1760814** | .2172926*** | .1760728** | - | - |
| | (.0707641) | (.066995) | (.067879) | (.0668555) | | |
| Business Class | .0223621 | .021208 | .0315594 | .0206521 | - | - |
| | (.0759106) | (.0717278) | (.0731724) | (.0715703) | | |
| Observations | 3116 | 3116 | 3,093 | 3093 | 352 | 352 |
| R-Squared | 0.0612 | 0.0534 | 0.0665 | 0.0523 | 0.1954 | 0.1932 |

Notes: ***P < 0.01, **P < 0.05, *P < 0.1. Standard errors in parentheses.

Table 2 –OLS for Weekly Hours Worked in Wave 2
(base category: Privately sponsored refugees, coefficients for control variables suppressed)

| | (1) All Females | (2) Married Females | (3) Married Female Refugees |
|---|---|---|---|
| Government Sponsored Refugees | 18.6687** | 17.30517* | 17.46984* |
| | (7.983854) | (7.977766) | (8.062973) |
| Other Refugees Abroad | -1.204734 | -1.125254 | -1.309017 |
| | (11.15298) | (11.15256) | (11.26239) |
| Family Class | -19.17195** | -19.18683** | - |
| | (8.124903) | (8.131565) | |
| Skilled Worker | -27.12676*** | -27.08606*** | - |
| | (8.171198) | (8.178611) | |
| Business Class | -6.453319 | -6.314266 | - |
| | (8.670089) | (8.675331) | |
| Observations | 3,388 | 3,351 | 358 |
| R-Squared | 0.0538 | 0.0499 | 0.0834 |

Notes: ***P < 0.01, **P < 0.05, *P < 0.1. Standard errors in parentheses.

# Methodology: Causal Mechanisms among Refugees

- Creating a dummy variable for **"Networks"** using the Social Interaction questionnaire from LSIC
- Creating a dummy variable for **"Language"** using the Language Training questionnaire from LSIC
- Creating a dummy variable for **"Housing "** using the Social Interaction questionnaire from LSIC
- Interacting the dummy variables with the private sponsorship treatment variable, $X_{it}$, to tease out the causal mechanism.
- $X_{it}$ is a dummy variable: 1 if privately sponsored, 0 if government sponsored refugee

$$Y_{iw} = \beta_1 + \beta_t X_{it} + \beta_c X_{ic} + \beta_N X_{it} * Networks + \beta_{LT} X_{it} * LT + \beta_H X_{it} * Housing + \varepsilon_i$$

Table 3: Testing Causal Mechanisms: probit estimates for employment in Wave 1
(Base category: Government Sponsored Refugees, coefficients for control variables suppressed)

| | |
|---|---|
| Privately Sponsored Refugee | 0.5261984 |
| | (0.4630879) |
| Private * Networks | 0.3194213 |
| | (1.234707) |
| Private * Language | -1.295599 |
| | (0.8328117) |
| Private* Housing | 0.79373 |
| | (0.8560749) |
| Observations | 308 |
| R-Squared | 0.3337 |

Notes: ***P < 0.01, **P < 0.05, *P < 0.1. Standard errors in parentheses.

# Policy Recommendations

- Incentivize private sponsorship of refugees
- Improve the services provided to government sponsored refugees. A better integration plan for refugees could include providing help with childcare, skills and language training, and providing networking opportunities with natives and other immigrants.
- Government sponsored refugees could be matched with a “mentor” in the community who would provide increased personal and immediate support, mimicking the private sponsorship scenario.
- Channel funds from government sponsorship programs to private sponsorship programs
- Facilitate the formation of community groups for sponsorship of refugees and make refugee sponsorship easier

# Limitations

- LSIC does not include refugees that are not government or privately sponsored.
  - This raises some concerns if our findings can be extended to all refugees, including those that are not sponsored, and thus limiting the scope of our inference.
- Heterogeneity within refugees such as their country of origin, education level, English or French skills before arrival, number of kids and so on.
  - Possibility unobserved heterogeneity that we cannot account for due to limited data.
- LSIC is a survey of self reported information.
  - There is room for measurement error which can give an inaccurate inference when we run hypothesis testing.

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