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The impact of migration on the Swiss labour market

Methodological issue

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1 Introduction

The Agreement on the Free Movement of Persons (AFMP) between Switzerland and the member states of the European Union (EU) came into force on 1st June 2002. The Observatory on the Free Movement of Persons between Switzerland and the EU was founded the same year.

One of its purpose is to analyse the impact of the free movement of persons on the labour market at national level and in the major regions. Analyses related to the labour market are mainly carried out using data from the Swiss LFS.

This paper presents summarised the Observatory's mandate and its labour market reporting. Taking the example of the level of education of the population with a migration background, it shows some methodological issues involved in using data from the LFS.

2 Observatory on the Free Movement of Persons

The free movement of persons consists of the right to enter Switzerland or an EU/EFTA member state, to stay there, to access employment, to become self-employed and, if applicable, to stay there after exercising gainful employment.

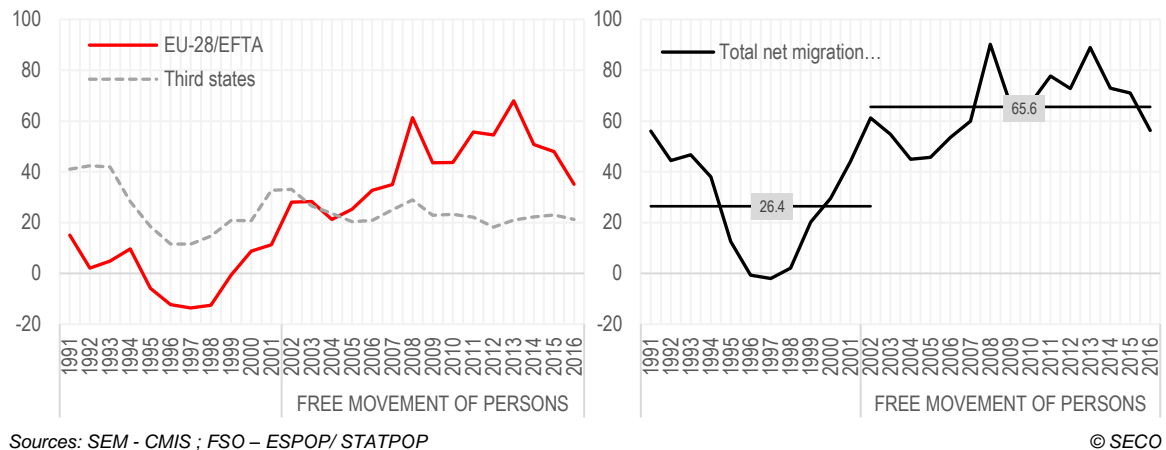
The purpose of the Observatory on the Free Movement of Persons is to analyse the impact of the free movement of persons on demographics, the labour market, wages and social insurance at national level and if possible in the major regions. In this respect, the Observatory:

- Serves as the Federal Administration's platform for exchanging information,
- Regularly summarises scientific works and analyses in order to identify potential problems resulting from the free movement of persons,
- Starts and follows scientific studies as needed;
- Identifies the global political, economic and social consequences of the free movement of persons and makes suggestions to counter this impact;
- Drafts a periodic report for the Federal Council on key aspects concerning the free movement of persons.

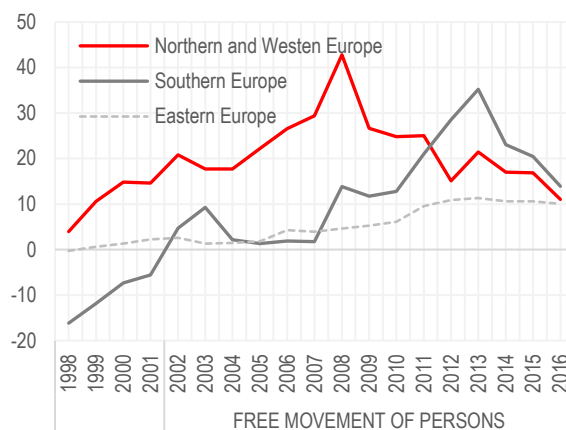
The Observatory on the Free Movement of Persons is part of the Secretariat for Economic Affairs (SECO). The report is written at SECO from a political perspective. The other members of the Observatory (Federal Statistical Office, Federal Social Insurance Office, State Secretariat for Migration) provide data and only have a consultative influence on the final version of the report.

3 Key figures on migration for Switzerland

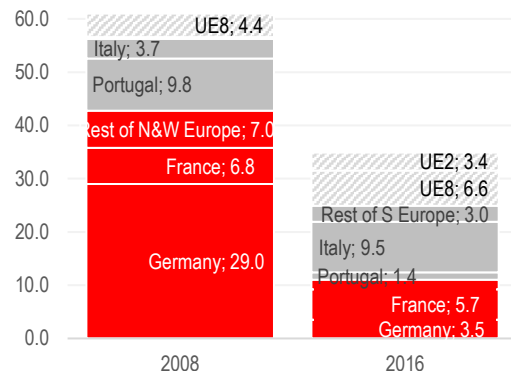
Net migration of the foreign resident population by nationality group and total, 1991-2016, in thousands



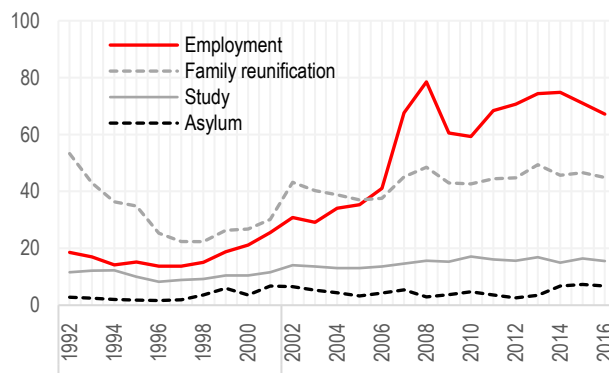
Net migration of the foreign resident population by nationality groups, 1998-2016, in thousands



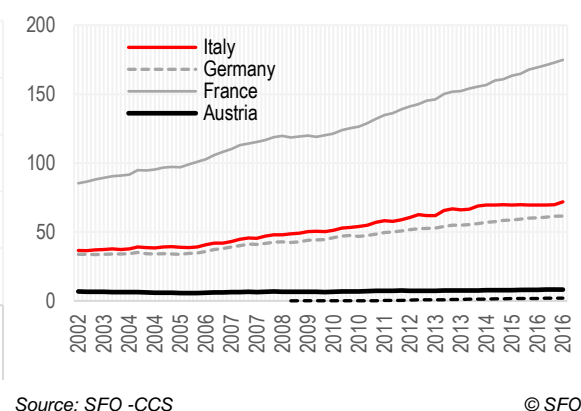
Composition of the net migration of the foreign resident population by country of origin (UE-28/EFTA)



Entry into the permanent resident population by immigration motive, 1992-2016, in thousands



Cross-border commuters by country of residence, 2002-2016, in thousands



4 Labour market reporting of the Observatory on the Free Movement of Persons

The labour market reporting of the Observatory comprises indicators mainly based on the LFS.

Challenges or issues with LFS data:

- As regards economic policy and the labour market, one of the issues is being able to identify the push and pull factors behind migration, which is not quite possible with LFS data.
- LFS data refers to the permanent resident population, and therefore does not cover other groups of active migrants, such as cross-commuters. The reporting has to be either based on summary statistics, which allow less breakdowns, or those groups have to be reported separately.

Indicators:

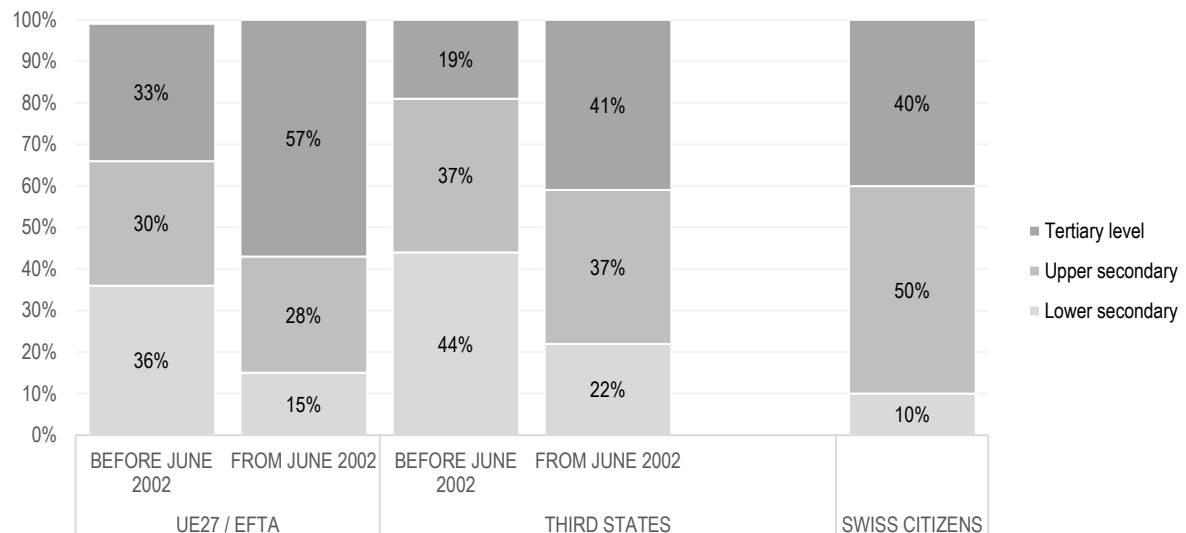
- Trend in employment (average annual growth)
- Trend in unemployment
- Net migration of economically active persons and main countries of origin
- Employment rate and unemployment rate by nationality
- Variation in employed persons by ISCO groups of professions
- Share of foreign employed persons by ISCO groups of professions
- Variation in employed persons by economic activity
- Share of foreign employed persons by economic activity
- Share of foreign employed persons by major region
- Qualification of economically active persons with a migration background

As far as possible, the indicators are broken down by main nationalities. This in order to identify distinctive migration patterns between EU citizens and third states citizens, and between main groups of EU citizens. Another breakdown refers to the period of immigration, which leads to some methodological issues addressed in the next chapter.

5 Methodological issue: the example of the level of education of the population with a migration background

Data exploitation 1

Structure of qualification of the employed population in Q2 2015, by region of origin and period of arrival in Switzerland, in relative terms



Sources: SFO – LFS

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This analysis easily lends itself to false interpretation. It would be incorrect to deduce from this that migrants arriving in Switzerland have an increasingly higher level of qualification over time and that the foreign employed population who have immigrated since 2002 is far more qualified than the population which immigrated before 2002.

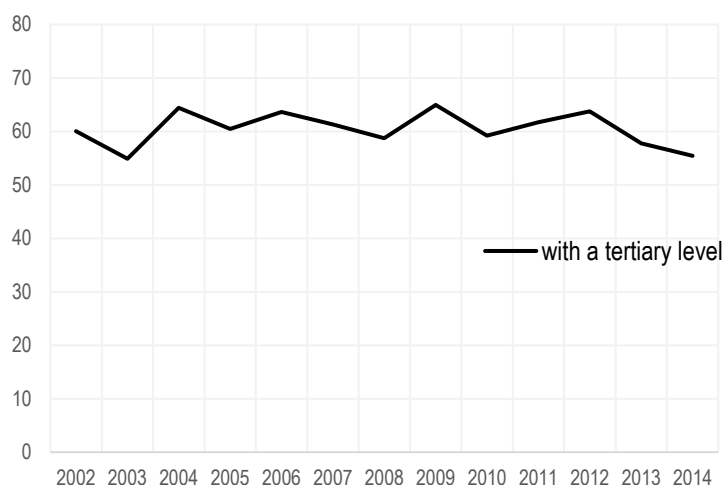
It shows that active migrants arriving after 2002 and making up part of the permanent resident population today have a higher level of qualification than that of active migrants who arrived before 2002 and who still make up part of the permanent resident population today.

In fact:

- Only persons still present during the year of the survey were considered.
 - The structure of qualification of persons who immigrated at an earlier point in time and who are currently economically active in Switzerland does not necessarily correspond to that of immigrants at the time. This is particularly true when immigrants show different durations of stay by level of qualification.
- ⇒ ***Different durations of stay by level of qualification***
- The further we go back in time, the more often we include in the analysis persons who did not immigrate for employment reasons.
 - A biased response to the survey is possible (qualified persons are more likely to respond, the response rate is worse if migration is recent)

Data exploitation 2

Highly qualified foreign employed persons having recently immigrated from the EU-28/EFTA (as a %), each time in Q2



Sources: SFO – LFS 2003-2015 (each time in Q2)

© SFO

By carrying out the analysis on several datasets (one per year) and selecting persons who immigrated in year y-1, the results provide additional information showing relative stability in terms of the level of qualification of migrant economically active persons.

However:

- The number of observations selected is more restricted in the datasets which limits the analysis.
- Breaks and possible changes in the questionnaire must be taken into account.

Additional analysis can help comprehension of the phenomenon, and confirm some assumptions. Switzerland carried out the following:

- Comparison of different sources of education level of immigrants by year of immigration (LFS and Structural Survey (e-Census), LFS and Central Migration Information System)
- Rate of persons remaining in Switzerland 1, 3 and 5 years after immigration (ISCO 1-3, ISCO 4-9)

These complementary analyses confirmed the relative stability of the level of education of the population with a migration background.

6 Conclusion

In a context of considerable migration, the discourse is mainly political.

The FSO, as a member of the Observatory on the Free Movement of Workers, strives to ensure neutrality and scientific objectivity in the indicators presented. It ensures that the indicators are presented as clearly as possible, including integrated explanatory notes on the possible biases of interpretation so that indicators or additional analyses are implemented and presented.

As migration is the result of considerable, numerous and varied flows and is due to different motivations, it is important in this context to consider the composition of the groups analysed within the scope of the LFS datasets, particularly when the immigration period is a breakdown criterion.

The further back the immigration period of the analysed group is, the more likely this group is to show at present different characteristics to the group of immigrants at the time. Comparison with recent immigrants thus presents a strong likelihood of bias of interpretation. An analysis carried out on a time series of LFS datasets makes it possible to provide useful supplements for interpretation.