Explaining Labor Market Outcomes among Victims of Forced Displacement in Kenya

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Background

Views on VFDs vulnerability and labor market outcomes are:

- Global
    - Host: Identity as VFDs, "victims", and individuals deserving protection (World Development Report (WDR) 2023)
    - VFDs: Host countries as refugee sanctuaries (WDR 2023)
        - Hence, undermining VFDs' labor market integration.

Background

Views on VFDs vulnerability and labor market outcomes are:

- Global
    - Host: Identity as VFDs, "victims", and individuals deserving protection (World Development Report (WDR) 2023)
    - VFDs: Host countries as refugee sanctuaries (WDR 2023)
        - Hence, undermining VFDs' labor market integration.
- Local
    - Kenya's underdevelopment and donor aid (Omata, 2021)
    - Exclusion from decision-making, e.g., camp relocation (Alix-Garcia et al 2018)
    - Terrorism, e.g., Dadaab Camp
    - A question of documentation (Pape et al, 2021) and opposition to refugee employment

Statement of the Problem

Shifting from humanitarian assistance to development aid implied:

- A decline in aid-financing towards VFDs (WDR 2023)
    - Thereby heightening VFDs' vulnerability

As a result, the labor market is instrumental towards addressing VFDs' vulnerability (UNHCR and the World Bank, 2021; WDR 2023)

However

- VFDs, especially refugees, are yet to fully integrate into the host countries' labor markets.
    - Hence, VFDs' resilience to shocks, e.g., COVID-19 is jeopardized.

Objectives

This paper analyzes labor market outcomes (i.e., employment, hours worked, earnings made) among VFDs in Kenya during COVID-19 Pandemic. The focus is on:

- The evolution of labor market outcomes
- How labor market outcomes were affected by age, gender, and diversity
- How various interventions affected labor market outcomes

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Literature Review

VFDs' labor market outcomes and vulnerability as an outcome of:

- Labor market non-integration, job quality, and job formality
- Political economy and the sociology of work
  - Socio-political hierarchies
- Existing heterogeneity among individuals and communities

Research gap:

- Population gap (Betts et al, 2018; Omata, 2021; Alix-Garcia et al, 2018; Pape et al, 2021; Vintar et al, 2022)
- Methodology gap (Vintar et al, 2022)
  - Incorporate interventions

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Methodology

We estimate the model:

$$V_{kt} = \alpha_0 + \sum_{j=1}^{b} \theta_j t + \alpha_1 COV_{kt} + \alpha_2 P_{kt} + \gamma Z_{kt} + \epsilon_{kt} \qquad (1)$$

Where:

- V: labor market outcome for refugee k in survey wave t
- COV: coping strategy dummy
- P: policy-based assistance
  - E.g., from NGOs, FBOs, remittances, and the government
- Z: other covariates, e.g., age, gender, and educational attainment

Data:
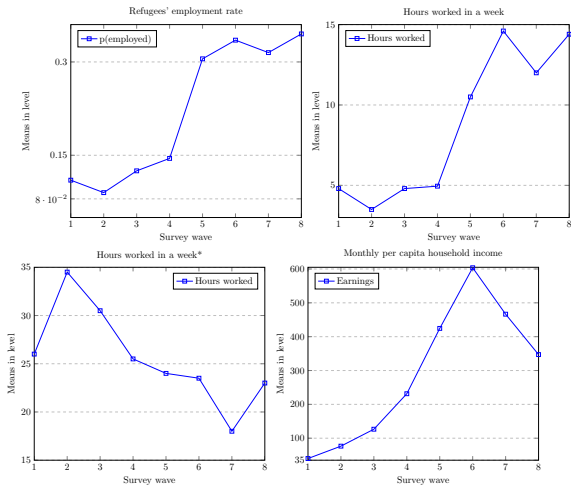
- 8 waves of RRPS (World Bank, UNHCR, KNBS, and UCB)
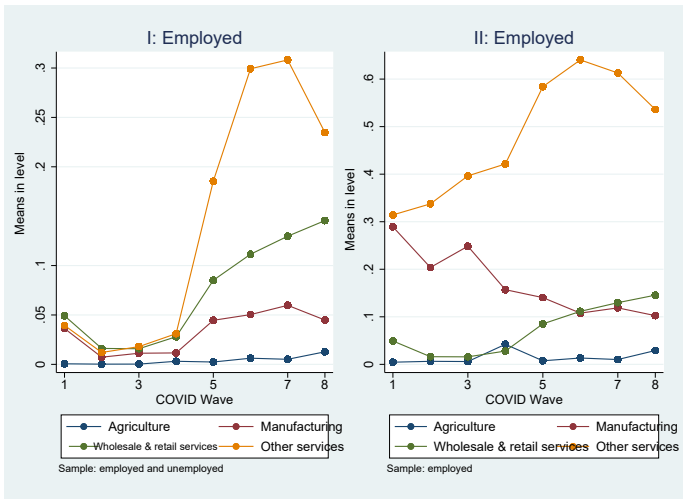 - 18-64-year-olds

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Findings

Evolution of Labor Market Outcomes

Findings

Sectoral Employment of Refugees

Sample: employed and unemployed

Sample: employed

Model Estimation

1: Evolution of employment and hours worked

Table 1a: Fixed Effects Model		
VARIABLES	(1) Employed	(2) Hours worked in a week
May-Jun 2020 (rf)	-	-
Jul-Sep 2020	0.00991	-1.017***
	(0.00716)	(0.381)
Oct-Nov 2020	0.0195**	0.117
	(0.00858)	(0.423)
Jan-Mar 2021	0.0461***	-0.172
	(0.0112)	(0.533)
Apr-Jun 2021	0.226***	6.100***
	(0.0113)	(0.524)
Jul-Oct 2021	0.270***	10.66***
	(0.0119)	(0.572)
Nov 2021-Mar 2022	0.265***	8.508***
	(0.0123)	(0.577)
Jun 2022	0.256***	11.09***
	(0.0106)	(0.511)
Pooled observations	28,331	28,331
R-squared	0.116	0.109
Number of panel ID	6,059	6,059

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1
Covariates are included.

Model Estimation

2: Age, gender, and diversity

Table 1b: Fixed Effects Estimates			
VARIABLES	(1) Employed	(2) Hours worked in a week	(3) Monthly per capita earnings (KSH)
Gender	0.0469	-0.459	-48.84
	(0.0618)	(2.608)	(56.69)
Education	0.0667***	2.014**	8.776
	(0.0208)	(0.970)	(9.166)
Gender*education	-0.0900**	-2.971*	13.43
	(0.0366)	(1.549)	(17.20)
Age	0.0337***	1.555***	21.31***
	(0.00948)	(0.506)	(6.048)
Age squared	-0.000400***	-0.0192***	-0.169**
	(0.000125)	(0.00681)	(0.0795)
Constant	-0.536***	-23.21***	-241.0**
	(0.170)	(8.693)	(105.7)
Pooled observations	28,331	28,331	28,363
R-squared	0.116	0.109	0.407
Number of panel ID	6,059	6,059	6,060

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Model Estimation

3: Interventions

Table 1c: Fixed Effects Estimates			
VARIABLES	(1) Employed	(2) Hours worked in a week	(3) Monthly per capita earnings
Sustainable	0.00931	0.510	97.59***
	(0.0102)	(0.447)	(6.166)
Unsustainable	0.0172**	2.558***	91.02***
	(0.00868)	(0.367)	(6.190)
Remittances	-0.0630***	-1.686***	156.0***
	(0.00889)	(0.382)	(5.241)
Policy	-0.0658***	-3.173***	57.62***
	(0.00761)	(0.321)	(4.889)
Constant	-0.536***	-23.21***	-241.0**
	(0.170)	(8.693)	(105.7)
Pooled observations	28,331	28,331	28,363
R-squared	0.116	0.109	0.407
Number of panel ID	6,059	6,059	6,060

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Robustness Test

Fixed effects difference-in-difference estimator

- Treatment group: sustainable coping strategy
  - Results are identical.

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Conclusions

Objective 1:

- Employment of refugees rose as the pandemic progressed $--$ > greater uptake of low quality jobs
- Average hours worked rose progressively from wave 5 to 8

Objective 2:

- Absence of discrimination against female refugees; however;
- : Education penalty exists among female refugees in terms of employment and hours worked $--$ > Low earnings

Objective 3:

- Interventions significantly raised household earnings per capita
- Employment and work hours significantly decline in remittances and policy-based assistance. However,
- Both rise in unsustainable coping strategies