
The Biggest Loser:

Costs of Job Loss for Migrants and Natives*

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Abstract

So far, no evidence exists on differences in costs of job loss after a mass layoff for migrants compared to natives. This is surprising, as migrants' labor market integration is a key political issue due to rising international migration flows. Using administrative data from Germany in 1996-2017, we find that migrants have higher costs of job loss than natives. Decomposing earnings losses into wage and employment losses shows that both contribute to migrants' persistently higher costs of job loss. Individual characteristics and differential sorting across industries and occupations can fully explain the gap in wage losses, but not the gap in employment. We derive our main empirical results from event study regressions in combination with propensity score matching and a reweighting approach. Exploring potential channels, we find that: (i) Migrants have higher costs of job loss in cities and benefit from co-ethnic networks. (ii) Establishment characteristics or geographic mobility explain little of the different costs of job loss.

JEL codes: J61, J63, J20, J65, J71, J64

Keywords: Job Loss, Layoffs, Migrants, Employment, Wages

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