

Persisting Disadvantage: Job Loss and the Immigrant-Native Earnings Gap

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Abstract

This paper examines the labor market outcomes of foreign-born individuals residing in Sweden who lose their jobs due to plausibly exogenous establishment closures relative to the individual between 2003 and 2018. Using geo-coded longitudinal employer-employee matched data and an event study design, we track workers three years before to five years after job loss. Results show that foreign-born workers are more likely to be displaced and suffer greater earnings losses and lower re-employment rates than natives. We further find that urban locations work more in favor of displaced natives than foreign born in dampening earnings losses, while geographic mobility lessens the post-displacement foreign-native earnings gap.

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