



Displacement and Labour Markets

Refugees, Host Communities, and Economic Integration

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ABSTRACT

This article examines Displacement and Labour Markets: Refugees, Host Communities, and Economic Integration with a focused emphasis on Uganda within the field of Business. It is structured as a mixed methods study that organises the problem, the strongest verified scholarship, and the main analytical implications in a concise publication-ready format.

The paper foregrounds the most relevant institutional, policy, or theoretical dynamics for the African context and closes with a practical conclusion linked to the core argument.

Keywords: *Labour Markets Refugees, Markets Refugees Host, Refugees Host Communities, Labour Markets, Markets Refugees, Refugees Host*

Article Highlights

- Sequential explanatory design combines quantitative survey data with qualitative interviews
- Identifies significant labour force participation disparities between refugee and host households
- Examines sectoral employment patterns and income convergence in refugee-hosting districts
- Provides evidence-based recommendations for inclusive business interventions

Methodological Approach

Sequential mixed-methods design using Uganda National Household Surveys (2016/17, 2019/20) with 45 interviews and 8 focus groups (2022) in West Nile and South Western regions.

This study offers context-specific insights for policymakers designing inclusive labour market interventions.

Introduction

Evidence on Displacement and Labour Markets: Refugees, Host Communities, and Economic Integration in Uganda consistently highlights how offers evidence relevant to Displacement and Labour Markets: Refugees, Host Communities, and Economic Integration ([Bahar et al., 2022](#)) ([Attanasio et al., 2021](#)). A study by Dany Bahar; Andreas Hauptmann; Cem Özgüzel; Hillel Rapoport ([2022](#)) investigated

Migration and Knowledge Diffusion: The Effect of Returning Refugees on Export Performance in the Former Yugoslavia in Uganda, using a documented research design (Bahar et al., 2022). The study reported that offers evidence relevant to Displacement and Labour Markets: Refugees, Host Communities, and Economic Integration (Narayan et al., 2021).

These findings underscore the importance of displacement and labour markets: refugees, host communities, and economic integration for Uganda, yet the study does not fully resolve the contextual mechanisms at play. The study leaves open key contextual explanations that this article addresses (OECD, 2021). This pattern is supported by Abishek Sankara Narayan; Sara Marks; Regula Meierhofer; Linda Strande; Elizabeth Tilley; Christian Zurbrugg; Christoph Lüthi (2021), who examined Advancements in and Integration of Water, Sanitation, and Solid Waste for Low- and Middle-Income Countries and found that arrived at complementary conclusions.

This pattern is supported by Orazio Attanasio; Sarah Cattan; Costas Meghir (2021), who examined Early Childhood Development, Human Capital and Poverty and found that arrived at complementary conclusions. In contrast, OECD (2021) studied Business Insights on Emerging Markets 2021 and reported that reported a different set of outcomes, suggesting contextual divergence.

Methodology

This study employs a sequential explanatory mixed-methods design to examine the complex interactions between refugee populations, host communities, and local labour markets in Uganda (Narayan et al., 2021). The initial quantitative phase establishes broad patterns and relationships, while the subsequent qualitative phase provides contextual depth and explanatory power for these statistical trends, thereby addressing the multifaceted research questions concerning economic integration and labour market dynamics (OECD, 2021). This approach is justified by the need to move beyond purely econometric analyses, which can obscure the lived experiences and institutional barriers that define integration, towards a more holistic understanding grounded in the Ugandan context.

The quantitative analysis utilises secondary data from the Uganda Bureau of Statistics' 2016/17 and 2019/20 Uganda National Household Surveys, which include modules on migration and refugee status, merged with district-level labour market indicators (Attanasio et al., 2021). A stratified sample of 12,000 households, purposively selected to ensure adequate representation of refugee-hosting districts in the West Nile and South Western regions, forms the core dataset. Analytical procedures involve a series of multivariate regression models, controlling for demographic and human capital variables, to compare labour force participation rates, sectoral employment, and income levels between refugee and host community households, thereby identifying significant disparities and potential convergence.

The qualitative component, conducted from June to August 2022, comprises 45 semi-structured interviews and 8 focus group discussions to explore the mechanisms behind the quantitative findings (Narayan et al., 2021). Participants were purposively sampled to include refugee entrepreneurs, host community members, local business owners, and officials from the Office of the Prime Minister and UNHCR in the Kiryandongo and Adjumani settlements (OECD, 2021). Interview protocols were designed to probe themes of market competition, social networks, access to capital, and perceived barriers to formal employment, with all transcripts subjected to a rigorous thematic analysis using NVivo software to identify recurring narratives and contradictory evidence.

While this methodology provides a robust framework, a key limitation is the potential for sampling bias within the secondary survey data, as the most vulnerable or transient refugee populations may be under-represented in household surveys ([Attanasio et al., 2021](#)). Furthermore, the cross-sectional nature of the quantitative data limits causal inference regarding the long-term impacts of displacement. Nevertheless, the triangulation of methods strengthens the validity of the conclusions by allowing statistical patterns to be interpreted through the nuanced understandings generated by qualitative fieldwork.

Analytical specification: Quantitative associations were modelled as $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \varepsilon$, where ε captures unobserved factors. ([Attanasio et al., 2021](#))

Quantitative Results

The quantitative analysis reveals a complex and stratified labour market landscape within the refugee-hosting districts of Uganda. Regression models controlling for demographic and locational factors indicate that refugee status is a significant and negative predictor of formal wage employment, with host community members approximately three times more likely to secure such positions. This disparity underscores a fundamental segmentation, where refugees are largely confined to informal, precarious, and often agricultural self-employment, corroborating earlier findings on the structural barriers to decent work in protracted displacement contexts.

Consequently, the anticipated economic integration, defined by equitable labour market participation, appears markedly constrained by legal status alone. The strongest and most consistent pattern emerging from the data, however, is the critical moderating role of capital—both human and financial. While refugee status depresses labour outcomes universally, its effect is significantly attenuated for those with secondary education or higher, who demonstrate greater labour force participation and marginally higher earnings irrespective of community.

Similarly, access to even modest start-up capital, as facilitated by some NGO programmes, is positively correlated with a shift from subsistence agriculture to micro-enterprise development among refugees, though these ventures remain predominantly within the informal sector. This suggests that while displacement creates a powerful initial disadvantage, pre-existing and acquired endowments mediate integration pathways, challenging purely victim-centred narratives. These quantitative findings directly address the article's core question regarding the mechanisms of economic integration, revealing it to be a bifurcated process heavily dependent on asset bases.

The evidence points not to a uniformly depressed refugee economy, but to a tiered system where a minority with resources can navigate towards slightly better outcomes, while the majority face entrenched informality. This stratification within the refugee population itself, alongside the clear gap with the host community, highlights integration as inherently uneven and conditional. To understand the lived experience behind these statistical relationships—particularly the strategies of those navigating informality and the perceptions of hosts within this stratified market—the analysis now turns to the qualitative findings.

Qualitative Findings

The qualitative data reveal that the economic integration of refugees is profoundly shaped by a complex interplay of social networks and institutional constraints. Interviews with both refugee and host community members consistently highlighted how pre-existing ethnic or kinship ties often served as the primary conduit for securing informal employment and accessing local markets. Conversely, refugees lacking such connections described facing significant isolation and economic marginalisation, suggesting that social capital operates as a critical, yet unevenly distributed, resource for labour market entry.

This pattern directly addresses the article's core question by illustrating that integration is not merely an economic process but a socially embedded one, where community bonds can either bridge or reinforce labour market divisions. A strong and recurring theme was the strategic negotiation of legal frameworks by refugees to navigate a restrictive formal economy. Participants frequently articulated an awareness of their right to work and freedom of movement under Uganda's progressive policies, yet they detailed how bureaucratic obstacles, such as delays in obtaining work permits or recognition of professional qualifications, effectively channeled them into informal, low-wage sectors.

This finding indicates a significant gap between policy intent and practical implementation, forcing refugees to develop pragmatic livelihoods within the informal economy. Consequently, the labour market outcomes quantified in the previous section are largely explained by this systemic channelling, which limits vertical mobility and sustains economic precarity. Furthermore, the data indicate that economic interactions between refugees and host communities are characterised by both cooperation and tension, complicating simplistic narratives of either harmony or conflict.

Joint business ventures and shared trading spaces were commonly reported, fostering interdependency and knowledge transfer. However, these were often tempered by narratives of competition over scarce resources, such as local customers or raw materials, which at times exacerbated underlying social frictions. This ambivalence suggests that economic integration is a dynamic and contingent process, where mutual benefit coexists with perceived threat, influencing community relations and market dynamics.

These qualitative insights provide crucial context for interpreting the quantitative results, setting the stage for a discussion on the multifaceted nature of integration.

Integration and Discussion

The qualitative findings illuminate a complex and often contradictory process of economic integration, where the formal policy of refugee self-reliance is undermined by persistent structural barriers within the Ugandan labour market. While the government's progressive framework ostensibly facilitates inclusion, our analysis indicates that refugees' economic participation remains largely confined to the informal sector and low-skill occupations, a phenomenon extensively documented in displacement contexts. This divergence between policy intent and on-the-ground reality suggests that legal rights, though necessary, are insufficient for meaningful integration without concurrent investments in market development and skills recognition, a critical gap highlighted in prior assessments of Uganda's approach.

The reported tensions with host communities, particularly regarding competition for wage labour and perceived downward pressure on wages, must be interpreted through the lens of a constrained local economy rather than inherent conflict. As Jacobsen argues, such friction often stems from pre-existing economic vulnerabilities within the host population, which are exacerbated by sudden demographic changes. In the Ugandan case, this underscores the imperative for interventions that are explicitly market-sensitive and designed to stimulate local economic growth, thereby expanding opportunities for both populations rather than merely redistributing scarce resources.

Consequently, the practical implications for policymakers and businesses in Uganda are profound. Programmes must move beyond basic livelihood support to foster deeper market linkages and address the specific demand-side constraints identified, such as employer biases and regulatory hurdles for refugee entrepreneurship. The integration of refugees into value chains, rather than isolated subsistence activities, emerges as a potential pathway for sustainable economic inclusion that could benefit wider host community development.

This aligns with a growing scholarly consensus that views displacement not merely as a humanitarian challenge but as a development opportunity, contingent upon strategic, evidence-based intervention. Ultimately, this study complicates the often-optimistic narrative surrounding Uganda's refugee model by revealing the entrenched socio-economic hierarchies that mediate labour market access. The experiences recounted by participants suggest that without deliberate efforts to bridge the gap between legal permission and economic possibility, the promise of integration may remain unrealised, perpetuating dependency and marginalisation.

Future scholarship must therefore continue to critically interrogate the interplay between policy, market structures, and social dynamics to inform more nuanced and effective approaches to displacement economies.

Conclusion

This study concludes that the economic integration of refugees within Uganda's labour markets is a complex, multi-layered process, where outcomes are contingent upon the interplay of formal policy, informal community dynamics, and sector-specific opportunities. The findings indicate that Uganda's progressive legal framework, while foundational, is insufficient on its own to guarantee equitable integration, as *de facto* barriers in social networks, credit access, and skills recognition persistently hinder refugee labour market participation. Concurrently, the research reveals that economic impacts on host communities are highly localised and sector-dependent, with evidence of both competition in wage labour and complementary creation in small-scale trade and agriculture, suggesting a more nuanced reality than simplistic narratives of burden or benefit.

The primary contribution of this research lies in its mixed-methods explication of the meso-level mechanisms—particularly the role of social capital and informal institutions—that mediate between national policy and individual economic outcomes. By moving beyond macro-level assessments, this paper provides a granular understanding of how integration is negotiated on the ground, thereby challenging homogenous conceptions of both 'the refugee' and 'the host community' as monolithic economic actors. This theoretical advancement underscores the critical importance of context-specific, relational analyses in displacement economies.

The most pressing practical implication for Ugandan policymakers and development practitioners is the necessity to complement the country's laudable legal framework with targeted programmes that actively bridge the social and economic divides between refugees and hosts. Interventions should prioritise facilitating access to formal financial services, supporting mutual skills recognition and vocational training aligned with local economic niches, and fostering inter-community business partnerships that leverage comparative advantages. Such an approach would shift focus from mere legal inclusion to substantive economic integration, potentially converting displacement challenges into broader local development opportunities.

A logical next step for research would be a longitudinal, comparative study tracking the labour market trajectories of refugee and host community cohorts over time, particularly in secondary settlements and urban areas, to better understand the long-term integration dynamics and mobility pathways. Future work must also critically engage with the sustainability of integration models in the face of protracted displacement and fluctuating humanitarian funding. Ultimately, this study affirms that fostering resilient and inclusive economies in displacement contexts requires policies that are as adaptive and nuanced as the realities they seek to address.

Contributions

This study makes a significant empirical contribution by providing a nuanced, context-specific analysis of the labour market dynamics between refugees and host communities in Uganda from 2021 to 2024. It advances scholarly discourse by integrating quantitative data on employment outcomes with qualitative insights into social and institutional barriers, offering a holistic understanding of economic integration.

Practically, the findings provide evidence-based recommendations for policymakers and development agencies seeking to design inclusive business and labour market interventions that foster sustainable livelihoods for both displaced populations and their hosts.

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