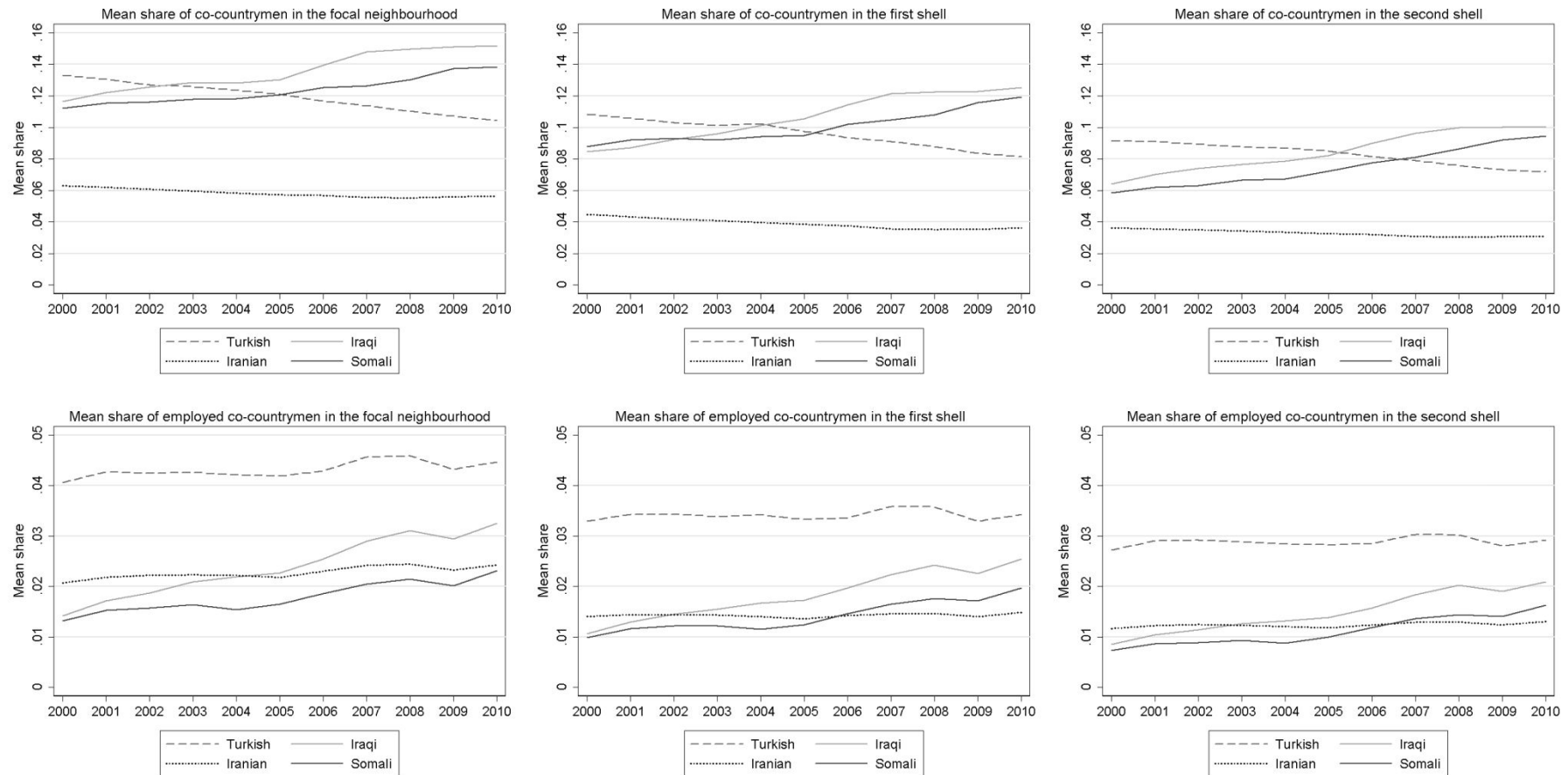


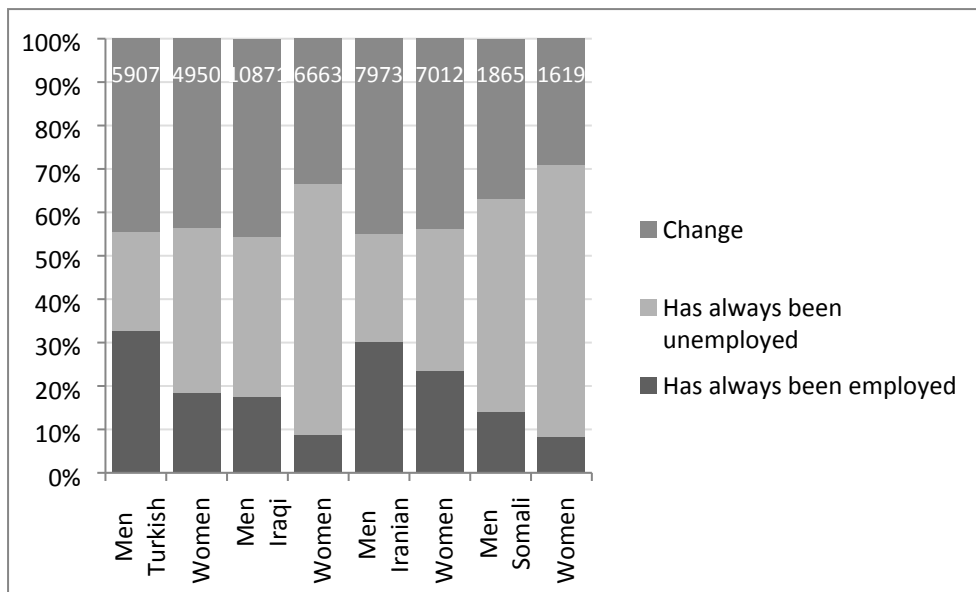
## Municipalities included in the analysis



**Supplement 1.** Municipalities included in the analysis.



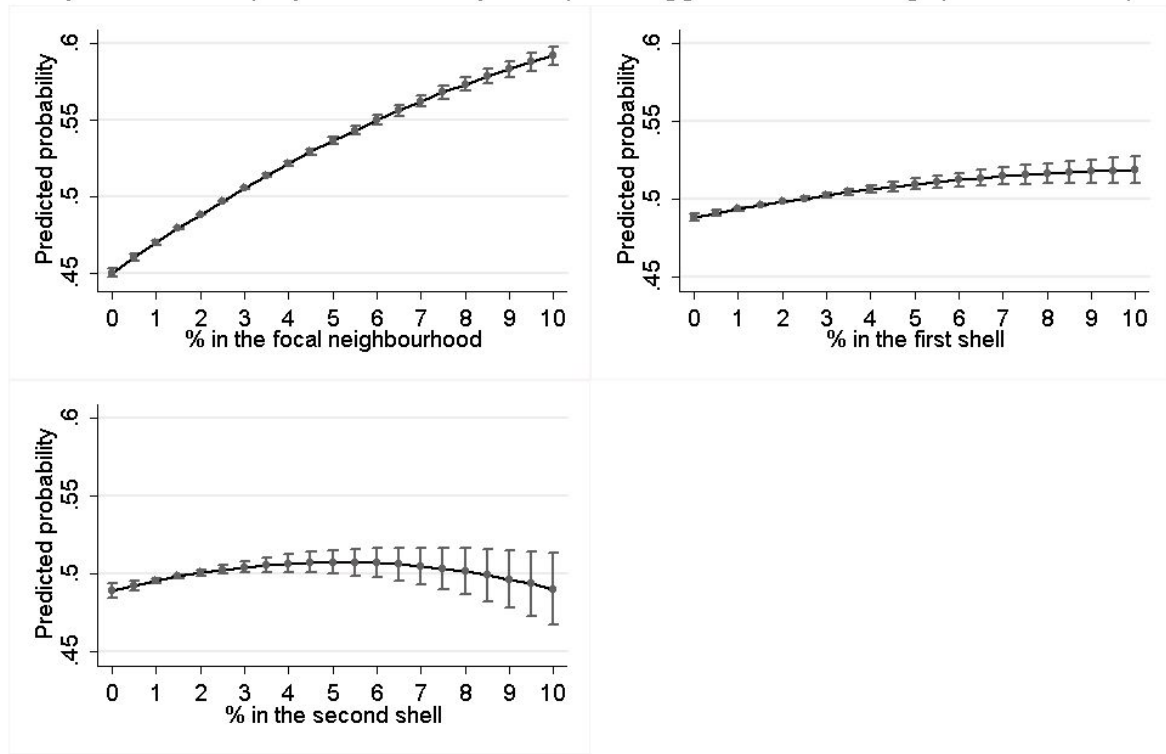
**Supplement 2.** Mean share of co-countrymen (up) and mean share of employed co-countrymen (bottom) per country background and neighbourhood scale. Note: for the share of co-countrymen, the graph presents shares <16% and for the share of employed co-countrymen, the graph presents shares <5%.



**Supplement 3.** Change in employment status per foreign background and gender.

### Countries combined: predicted probabilities for employment

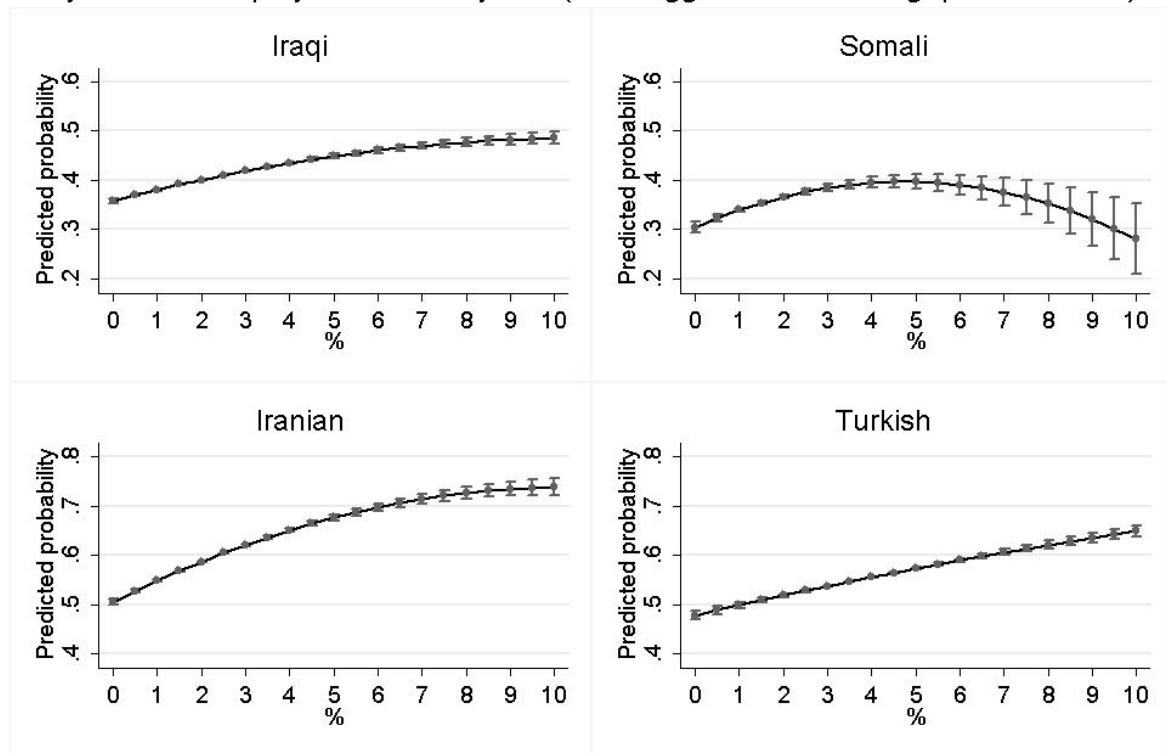
By share of employed co-countrymen (time-lagged and including quadratic term)



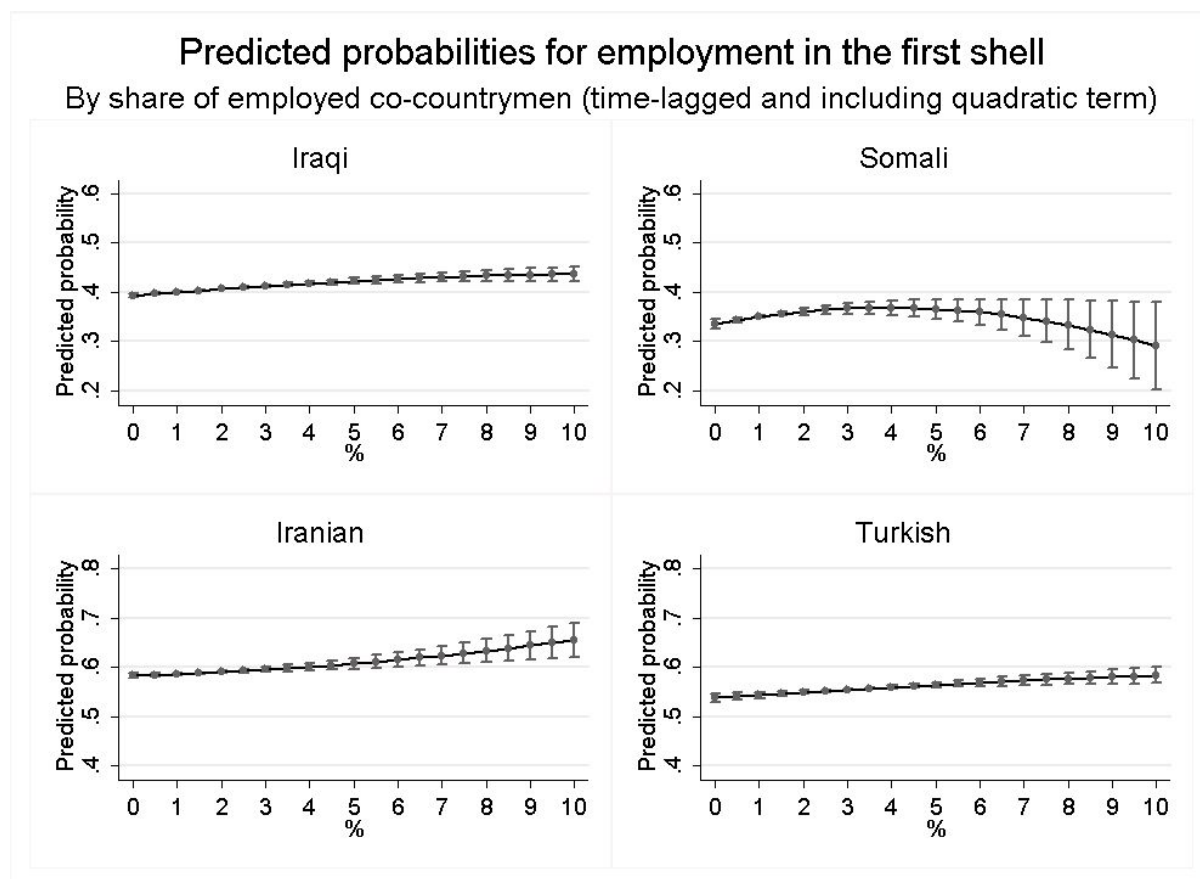
**Supplement 4.** Predicted employment rates with 95% confidence intervals at different levels of employed co-countrymen. All countries combined. *Note:* graphs display up to 10% of employed co-countrymen in the neighbourhood since depending on the neighbourhood type 95-99% of all individual values lie under 10%.

## Predicted probabilities for employment in the focal neighbourhood

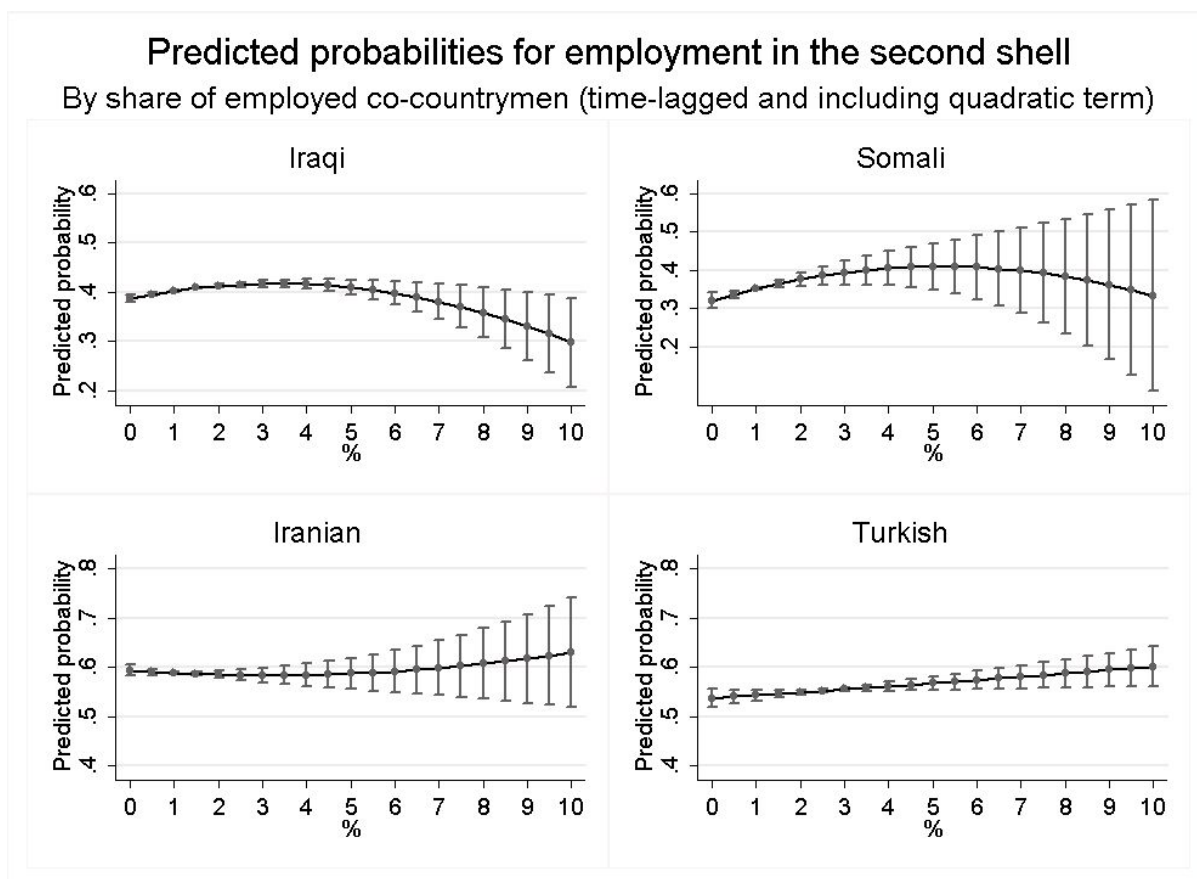
By share of employed co-countrymen (time-lagged and including quadratic term)



**Supplement 5.** Predicted employment rates with 95% confidence intervals at different levels of employed co-countrymen in the focal neighbourhood. *Note:* Predicted probability range for Iraqi and Somali is 0.2 to 0.6 and for Iranian and Turkish it is 0.4 to 0.8. Graphs display up to 10% of employed co-countrymen in the neighbourhood since depending on the country background 95-99% of all individual values lie under 10%.



**Supplement 6.** Predicted employment rates with 95% confidence intervals at different levels of employed co-countrymen in the first shell. *Note:* Predicted probability range for Iraqi and Somali is 0.2 to 0.6 and for Iranian and Turkish it is 0.4 to 0.8. For Iranians the coefficient of lagged share of employed co-countrymen and its quadratic term were not significant in the model. Graphs display up to 10% of employed co-countrymen in the neighbourhood since depending on the country background 95-99% of all individual values lie under 10%.



**Supplement 7.** Predicted employment rates with 95% confidence intervals at different levels of employed co-countrymen in the second shell. *Note:* Predicted probability range for Iraqi and Somali is 0.2 to 0.6 and for Iranian and Turkish it is 0.4 to 0.8. For Iranians and Turkish the coefficient of lagged share of employed co-countrymen and its quadratic term were not significant in the model. Graphs display up to 10% of employed co-countrymen in the neighbourhood since 99% of all individual values lie under 10%.

**Supplement 8.** Fixed-effects linear probability model: impact of share of employed co-countrymen in the neighbourhood on employment, all foreign background (four countries) combined, **women** only. Year dummies are included in the model but not shown.

	<b>Focal neighbourhood</b>		<b>First shell</b>		<b>Second shell</b>	
	Coef.	Robust SE	Coef.	Robust SE	Coef.	Robust SE
<b>Bespoke neighbourhoods</b>						
Lagged share of co-countrymen	-0.0022***	-0.0002	-0.0003	-0.0002	0.0001	-0.0004
Lagged share of employed people	0.0004***	-0.0001	0.0005***	-0.0001	0.0011***	-0.0002
Lagged share of employed co-countrymen	0.0211***	-0.0009	0.0047***	-0.0011	0.0051	-0.0029
Squared lagged share of employed co-countrymen	-0.0006***	-0.0001	-0.0002*	-0.0001	-0.0004	-0.0003
<b>Individual characteristics</b>						
Medium education (ref. low education)	0.0888***	-0.0063	0.0889***	-0.0063	0.0888***	-0.0063
Higher education (ref. low education)	0.0798***	-0.0082	0.0785***	-0.0082	0.0781***	-0.0082
Immigrated <5 years ago	-0.0890***	-0.0032	-0.0934***	-0.0032	-0.0934***	-0.0033
Receiving student allowance	-0.1990***	-0.0027	-0.2005***	-0.0028	-0.2005***	-0.0028
Receiving social assistance	-0.1383***	-0.0027	-0.1415***	-0.0027	-0.1416***	-0.0027
Having children <18 years at home	-0.0133***	-0.0026	-0.0146***	-0.0027	-0.0148***	-0.0027
<b>Context</b>						
Gothenburg (ref. Stockholm)	-0.0248	-0.0186	-0.0261	-0.0187	-0.0247	-0.0187
Malmö (ref. Stockholm)	-0.0405	-0.0226	-0.0451*	-0.0226	-0.0430	-0.0226
MDI area	-0.0262***	-0.0041	-0.0254***	-0.0041	-0.0227***	-0.0042
Constant	0.4312***	-0.0101	0.4460***	-0.0101	0.4217***	-0.0128
$R^2$ (within)	0.082		0.079		0.079	
$R^2$ (between)	0.312		0.298		0.297	
$R^2$ (overall)	0.224		0.210		0.211	
$N$ observations	373,090		373,090		373,090	
$N$ individuals	52,833		52,833		52,833	

Source: Statistics Sweden

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$



**Supplement 9.** Fixed-effects linear probability models of employment by foreign background and neighbourhood scale, **women** only. Control variables and year dummies are included in the models but not shown.

	<b>Iraqi</b>		<b>Iranian</b>		<b>Somali</b>		<b>Turkish</b>	
	Coef.	Robust SE	Coef.	Robust SE	Coef.	Robust SE	Coef.	Robust SE
<b>Focal neighbourhood</b>								
Lagged share of co-countrymen	-0.0014***	-0.0002	-0.0108***	-0.0008	-0.0022***	-0.0006	-0.0056***	-0.0006
Lagged share of employed people	0.0001	-0.0002	-0.0001	-0.0002	-0.0002	-0.0005	0.0009**	-0.0003
Lagged share of employed co-countrymen	0.0229***	-0.0021	0.0471***	-0.0025	0.0357***	-0.0066	0.0227***	-0.0019
Squared lagged share of employed co-countrymen	-0.0009***	-0.0002	-0.0021***	-0.0002	-0.0042***	-0.0010	-0.0003***	-0.0001
<b>First shell</b>								
Lagged share of co-countrymen	-0.0004	-0.0003	-0.0038***	-0.0010	-0.0007	-0.0006	-0.0018*	-0.0007
Lagged share of employed people	0.0001	-0.0002	0.0002	-0.0002	-0.0001	-0.0005	0.0008**	-0.0003
Lagged share of employed co-countrymen	0.0056***	-0.0017	0.0062	-0.0034	0.0153*	-0.0073	0.0058*	-0.0025
Squared lagged share of employed co-countrymen	-0.0002	-0.0001	0.0005	-0.0004	-0.0024*	-0.0011	-0.0001	-0.0001
<b>Second shell</b>								
Lagged share of co-countrymen	-0.0003	-0.0006	-0.0026	-0.0025	-0.0053**	-0.0019	-0.0034*	-0.0016
Lagged share of employed people	0.0003	-0.0004	0.0007*	-0.0003	-0.0001	-0.0007	0.0010*	-0.0005
Lagged share of employed co-countrymen	0.0097	-0.0061	-0.0018	-0.0084	0.0509**	-0.0169	0.0053	-0.0065
Squared lagged share of employed co-countrymen	-0.0017	-0.0011	0.0011	-0.0012	-0.0059*	-0.0027	0.0006	-0.0005
Control variables								
<i>N</i> observations	126,070		123,463		32,067		91,490	
<i>N</i> individuals	19,899		16,001		5570		11,363	

Source: Statistics Sweden

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

**Supplement 10.** Fixed-effects linear probability model: impact of share of employed co-countrymen in the neighbourhood on employment, all foreign background (four countries) combined, **men** only. Year dummies are included in the model but not shown.

	<b>Focal neighbourhood</b>		<b>First shell</b>		<b>Second shell</b>	
	Coef.	Robust SE	Coef.	Robust SE	Coef.	Robust SE
<b>Bespoke neighbourhoods</b>						
Lagged share of co-countrymen	-0.0018***	-0.0002	0.0003	-0.0002	0.0008*	-0.0004
Lagged share of employed people	0.0003*	-0.0001	0.0006***	-0.0001	0.0010***	-0.0002
Lagged share of employed co-countrymen	0.0195***	-0.0008	0.0060***	-0.0010	0.0090***	-0.0025
Squared lagged share of employed co-countrymen	-0.0006***	0.0000	-0.0003***	-0.0001	-0.0009***	-0.0003
<b>Individual characteristics</b>						
Medium education (ref. low education)	0.0588***	-0.0070	0.0586***	-0.0071	0.0585***	-0.0071
Higher education (ref. low education)	0.0421***	-0.0090	0.0406***	-0.0091	0.0399***	-0.0091
Immigrated <5 years ago	-0.0940***	-0.0035	-0.0983***	-0.0035	-0.0984***	-0.0035
Receiving student allowance	-0.2008***	-0.0038	-0.2018***	-0.0038	-0.2017***	-0.0038
Receiving social assistance	-0.1837***	-0.0028	-0.1863***	-0.0028	-0.1864***	-0.0028
Having children <18 years at home	0.0182***	-0.0022	0.0169***	-0.0022	0.0167***	-0.0022
<b>Context</b>						
Gothenburg (ref. Stockholm)	-0.0528**	-0.0180	-0.0544**	-0.0180	-0.0537**	-0.0180
Malmö (ref. Stockholm)	-0.0713**	-0.0219	-0.0738***	-0.0221	-0.0721**	-0.0221
MDI area	-0.0168***	-0.0033	-0.0168***	-0.0034	-0.0162***	-0.0034
Constant	0.5931***	-0.0098	0.5907***	-0.0099	0.5741***	-0.0119
$R^2$ (within)	0.068		0.066		0.065	
$R^2$ (between)	0.289		0.270		0.268	
$R^2$ (overall)	0.197		0.183		0.182	
$N$ observations	429,737		429,737		429,737	
$N$ individuals	59,952		59,952		59,952	

Source: Statistics Sweden

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

**Supplement 11.** Fixed-effects linear probability models of employment by foreign background and neighbourhood scale, **men** only. Control variables and year dummies are included in the models but not shown.

	<b>Iraqi</b>		<b>Iranian</b>		<b>Somali</b>		<b>Turkish</b>	
	Coef.	Robust SE	Coef.	Robust SE	Coef.	Robust SE	Coef.	Robust SE
<b>Focal neighbourhood</b>								
Lagged share of co-countrymen	-0.0011***	-0.0002	-0.0097***	-0.0007	-0.0022***	-0.0006	-0.0041***	-0.0005
Lagged share of employed people	0.0003	-0.0002	-0.0001	-0.0002	0.0004	-0.0005	0.0004	-0.0003
Lagged share of employed co-countrymen	0.0235***	-0.0018	0.0433***	-0.0024	0.0427***	-0.0069	0.0193***	-0.0017
Squared lagged share of employed co-countrymen	-0.0012***	-0.0002	-0.0022***	-0.0002	-0.0042***	-0.0010	-0.0004***	-0.0001
<b>First shell</b>								
Lagged share of co-countrymen	0.0004	-0.0003	-0.0001	-0.0009	-0.0006	-0.0007	-0.0009	-0.0007
Lagged share of employed people	0.0006**	-0.0002	0.0004*	-0.0002	0.0007	-0.0005	0.0009***	-0.0003
Lagged share of employed co-countrymen	0.0089***	-0.0016	0.0000	-0.0030	0.0184*	-0.0079	0.0063**	-0.0023
Squared lagged share of employed co-countrymen	-0.0004***	-0.0001	0.0004	-0.0004	-0.0020	-0.0012	-0.0002*	-0.0001
<b>Second shell</b>								
Lagged share of co-countrymen	0.0012*	-0.0005	0.0024	-0.0022	-0.0017	-0.0021	-0.0009	-0.0013
Lagged share of employed people	0.0015***	-0.0003	0.0007*	-0.0003	0.0007	-0.0007	0.0007	-0.0004
Lagged share of employed co-countrymen	0.0227***	-0.0054	-0.0100	-0.0075	0.0172	-0.0190	0.0052	-0.0054
Squared lagged share of employed co-countrymen	-0.0032**	-0.0010	0.0009	-0.0010	-0.0007	-0.0030	-0.0003	-0.0004
Control variables	Yes		Yes		Yes		Yes	
<i>N</i> observations	157,501		140,370		29,662		102,204	
<i>N</i> individuals	23,881		17,739		5072		13,260	

Source: Statistics Sweden

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$