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ABSTRACT

Ethnic Identity and Labor-Market Outcomes of Immigrants in Europe*

Using data from the European Social Survey on most European countries, we look at the relationship between ethnic identity and employment prospects for immigrants from non-European countries. We find that a strong attachment to religion is associated with a lower probability of being employed. When we differentiate between first and second generations of immigrants, our evidence reveals signs of a cultural and economic integration of immigrants in Europe. However, when an extreme ethnic sentiment is preserved, the employment penalty is amplified. Our results also suggest that the strength of a person's ethnic identity and its relationship with employment prospects may depend on the type of integration policy performed in the country where the immigrant lives. In particular, labor-market policies and family-reunion policies seem to facilitate the labor-market access to immigrants coming from non-European countries.

JEL Classification: A14, J15, J18 and Z19

Keywords: ethnic identity, first- and second-generation immigrants, integration policies and religion

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1 Introduction

An intense political and intellectual debate is taking place in Europe around migration issues. Rather than being centered on the economic costs and benefits of such inflows, the debate has instead focused on the perceived costs and benefits of cultural diversity.⁶ This debate has been particularly intense after the series of violent disturbances in various cities and towns in England (e.g. Oldham, Leeds, Burnley, Bradford) in the spring and early summer of 2001, involving young British Asian men, and the riots in Paris' suburbs in November 2005 where most of the rioters were the French-born children of immigrants from African countries.

Though a range of potential explanations were proposed, two received considerable attention in political circles and also in the media. The first explanation put forward the lack of a shared civic *identity* that could bring together diverse communities. The second one was the *adverse labor market outcomes* of the ethnic groups, which experienced very high levels of unemployment.

The attention paid to factors (ethnic identity and adverse labor-market outcomes of ethnic minorities) is relatively novel in Europe and does represent a departure from the long-standing debate which has tended to emphasize racial discrimination as the key force in driving ethnic disadvantage. The debate in the US, at both a policy and academic level, on these types of issues is of longer standing. One theme that has emerged from the academic literature is that some individuals in ethnic groups may “choose” to adopt what are termed “oppositional” identities, that is, some actively reject the dominant ethnic (e.g., white) behavioral norms while others totally assimilate to it (see, in particular, Ainsworth-Darnell and Downey, 1998). Studies in the US have found, for example, that African American students in poor areas may be ambivalent about learning standard English and performing well at school because this may be regarded as “acting white” and adopting mainstream identities (Fordham and Ogbu, 1986; Wilson, 1987; Delpit, 1995; Akerlof, 1997; Ogbu, 1997; Austen-Smith and Fryer, 2005; Selod and Zenou, 2006; Battu, McDonald and Zenou, 2007; Fryer, 2010). In some instances, oppositional identities produce significant economic and social conflicts and can lead to adverse labor-market

⁶ Huntington (1996)'s notion of clash of civilization has served as a focal point for those who believe multi-cultural societies are simply not feasible. In his book, Sen (2000) has opposed these views.

outcomes for ethnic minorities. This is a good example that can explain why a strong ethnic identity can lead to adverse labor-market outcomes.

In the present study, we contribute to such a debate by providing some evidence on the relationship between *ethnic identity* and *labor-market outcomes* of non-EU immigrants in Europe. Using data from the *European Social Survey* (ESS), we are able to differentiate between first and second generation of immigrants and collect some suggestive results on patterns of their cultural and economic integration in Europe.

There are very few studies analyzing this relationship. Our contribution to this literature is as follows. First, we analyze the relationship between ethnic identity and employment outcomes for immigrants coming to Europe from non-European countries using information on twenty different countries. Second, we are able to differentiate between first and second generation immigrants, which enables us to study their cultural and economic assimilation patterns. Finally, we look at policy issues using an index of “policy integration” of each European country and we investigate how it affects the relationship between ethnic identity and labor-market outcomes.

Section 2 discusses the relationship with the literature and gives some theoretical mechanisms of this relationship. Section 3 describes the ESS data and details, in particular, how we identify the different generations of immigrants and how we measure ethnic identity. Section 4 empirically investigates the relationship between ethnic identity and employment outcomes of immigrants in Europe. In Section 5, we analyze the different integration policies implemented in Europe and relate such policies to our research questions. Finally, Section 6 contains some concluding remarks.

2 Theoretical mechanisms and related literature

Since the aim of this paper is to study the relationship between ethnic identity and immigrants’ employment outcomes, we would like to give some theoretical mechanisms explaining the emergence of ethnic identity and assimilation patterns of immigrants and their implication in terms of labor-market outcomes.

2.1 Ethnic identity and cultural assimilation

Much before economists, social scientists have analyzed the problem of immigrant adaptation to her host country. There are mainly three perspectives (*assimilation theory*, *multiculturalism* and *structuralism*). Recently, a new approach, called *segmented assimilation theory* has been developed.

The *assimilation* perspective builds upon three central features. First, there is the idea of a natural process by which diverse ethnic groups come to share a common culture and have the same access to socio-economic opportunities as natives in the host country. Second, this process consists of gradually deserting old cultural and behavioural patterns in favor of new ones. Third, once set in motion, this process moves inevitably and irreversibly toward assimilation. Hence, diverse immigrant groups are expected to eventually abandon their original ways of life and to completely “melt” into the mainstream culture through an intergenerational process of residential and labour market integration. This view was exemplified by the seminal work of Gordon (1964) and has been argued to be rather consistent with the experience of the various waves of European immigrants that went to the US between the 1920s and the 1950s.

The classical assimilation perspective has, however, been challenged by alternative approaches that put into question the applicability of its linear cultural dynamics. *Multiculturalists* affirm that some aspects of immigrant cultural patterns may continue in a state of uneasy coexistence with the requirements of the host country, while other aspects of immigrant cultural patterns may be compatible with traits from the main culture. Still others traits can be modified, changed, adapted or transformed in the course of immigrant adjustments. This view has been forcefully illustrated by Glazer and Moynihan, (1970) and Handlin (1973) in the case of the American society.

Finally, the *structuralist* approach emphasizes how differences in socio-economic opportunities relate to differences in social adaptation of ethnic minority groups. Unequal access to wealth, jobs, housing, education, power and privilege are structural constraints that affect the capacity of immigrants and ethnic minorities to socially integrate. This leads to persistent racial and ethnic disparities in levels of income, educational attainment, and occupational achievement (Blau and Duncan, 1967; Portes and Borocz, 1989).

Beyond the three previous perspectives, there has also been a line of research (so-called *segmented assimilation theory*) looking for a synthesis of these distinctive approaches.

Allowing for convergent or divergent paths of cultural adjustments among contemporary immigrants, it attempts to explain what factors determine into which segment of the host society a particular immigrant group may assimilate (Portes and Zhou, 1993). In particular, beyond the “assimilation” and “structural” approaches already discussing the role of individual specific and contextual variables, the “segmented assimilation theory” insists on the interactions between these two sets of factors and investigates how these interactions actually determine the cultural trajectory followed by specific minority groups.

While social scientists tend to focus on the effects of the social environment on changes of cultural patterns across groups, the starting point of the economic approaches to cultural adaptation is to extend the standard textbook analysis of individual behavior under fixed preferences to the context of endogenous preferences and identity formation. In doing so, it emphasizes the role of individual incentives and opportunity costs of different acculturation strategies.

A first simple way to capture the incentives for cultural assimilation is provided by the model of Lazear (1999) on adoption of a common language. In this framework, individuals from two different social groups (a minority and a majority group) get matched to interact economically and socially. The rationale for cultural assimilation comes from the fact that a common culture facilitates trade across individuals. The incentives for a minority individual to adopt the culture of the majority group are then directly related to the expected socio-economic gains from trade that such strategy provides. On the other hand, cultural assimilation also involves costs and resources that must be spent to acquire new cultural traits (or to learn a new language).

While the previous approach puts the emphasis on the potential gains from trade between members of different communities, Akerlof and Kranton (2000, 2010) concentrate more directly on one dimension of gains or losses associated to social interactions: *social identity*. Building on insights from socio-psychology and sociology, they introduce the concept of social identity in economic models and discuss how it may interact with individuals’ incentives. More specifically, identity can be defined as a person self-image based on assigned social categories and prescriptions associated with these categories. Each person has a perception of her own categories and that of all other people. In turn, prescriptions indicate behavior appropriate for people in different social categories and/or in different situations. They may also describe ideals for each category in terms of physical and material attributes.

A useful application of this framework relates to the issue of emergence of oppositional cultures; namely situations where minority individuals adopt cultural categorizations and prescriptions defined in opposition to the categorizations and prescriptions of the mainstream group, with corresponding social behaviours associated to significant economic costs at the individual level.⁷ At the heart of the emergence of oppositional cultures, the framework then highlights two crucial factors. The first one is social exclusion that comes from the well established sociological fact that dominant groups define themselves by differentiation and exclusion of others, creating thereby an internal conflict for minority members on working within the dominant culture without betraying oneself. The second factor is lack of economic opportunities, namely limited access to well paid jobs and occupations. Specifically, the model generates equilibrium situations showing that full assimilation of the dominant culture by the community is possible only when social exclusion from the dominant group is small enough. On the contrary, a positive level of social exclusion will always lead some people in the community to adopt an oppositional identity and some “bad” behaviour. Importantly, the “self-destructive” behaviour of oppositional individuals is not the result of individual “irrationality,” but instead derives from low economic endowments and a high degree of social exclusion.

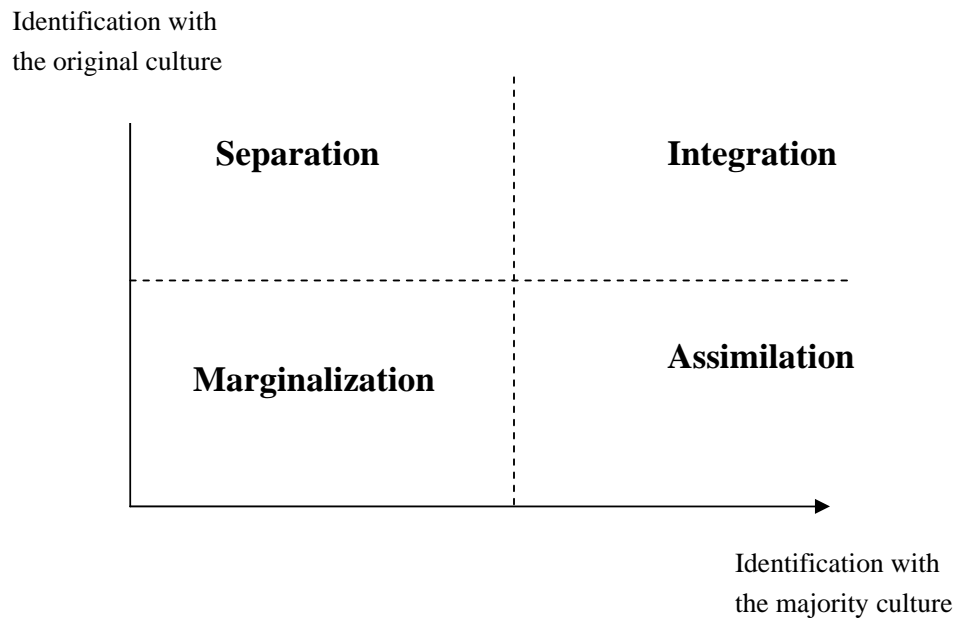
In the previous analyses, cultural identity formation is modelled as a *one* dimensional process, whereby individuals with foreign backgrounds either choose to identify with the majority culture or to their ethnic minority culture. This view however has been criticized as too restrictive to capture the different possible patterns of cultural change processes of minority groups. Indeed, studies within cross-cultural psychology indicate the importance of two-dimensional models for identity formation (or acculturation),⁸ treating the degree of identification to the majority culture as a separate concept from the degree of identification to the minority culture. Berry (1997) considers a *two-dimensional structure* for cultural adjustment with four distinct acculturation strategies for

⁷ There has been since a rapidly emerging economic literature on oppositional cultures. See for instance Cook and Ludwig (1997), Ferguson (2001), Fryer (2004), Austen-Smith and Fryer (2005), Darity, Mason, and Stewart (2006), Patacchini and Zenou (2006), Battu, McDonald and Zenou (2007), Fryer (2010).

⁸ See for instance (Berry, 1980, 1984, 1997, Phinney, 1990; Sanchez and Fernandez, 2003, Phinney et al., 2001, Ryder et al. 2000)

how individuals relate to two cultures: an original ethnic culture of the minority group and the mainstream culture of the majority group (see Figure1). The first strategy, *Integration*, implies a strong sense of identification to both the original and the majority culture. The second, *Assimilation* means a strong relationship with the majority culture but a weak relationship with the original culture. The third *Separation* implies a weak connection with the majority culture but a strong connection with the original culture. Finally, the fourth possibility, *Marginalization* relates to a weak link with both the majority and the original culture.

Figure 1: two-dimensional definition of ethnic identity



While the preceding static frameworks are useful to capture some determinants of the incentives for cultural assimilation by migrants, acculturation strategies have however dynamics across time and generations. Several recent economic approaches have incorporated these features.

Building on evolutionary models of cultural transmission (Cavalli-Sforza and Feldman, 1981 and Boyd and Richerson, 1985), Bisin and Verdier (2000, 2001) incorporate these issues to discuss the incentives associated to cultural transmission dynamics and the

circumstances leading to a tendency of cultural homogeneity or the maintenance of cultural diversity. More specifically, cultural transmission comes as the result of the interaction between purposeful socialization decisions inside the family (“direct vertical socialization”) and indirect socialization processes like social imitation and learning (“oblique and horizontal socialization”). The persistence of cultural traits or, on the contrary, the cultural assimilation of minorities, is determined by the costs and benefits of various family decisions pertaining to the socialization of children in specific socio-economic environments, which in turn determine the children's opportunities for social imitation and learning.

The main contribution of this approach consists in the identification of mechanisms which possibly account for the persistence of cultural traits limiting the assimilation of minorities. In this respect, a crucial determinant of the composition of the stationary distribution consists in whether the socio-economic environment (oblique socialization) acts as a *substitute* or as a *complement* to direct vertical family socialization (Bisin and Verdier 2001). When family and society are substitutes in the transmission mechanism, minority families will socialize their children more intensely whenever the set of cultural traits they wish to transmit becomes less common in society. This feature creates a force that promotes the persistence of cultural differences in the population. On the contrary, when direct vertical transmission is a *cultural complement* to oblique transmission, parents will socialize their children more intensely the more widely dominant their cultural trait in the population. This complementarity between family and society in the process of intergenerational socialization gives a size advantage to the bigger group (the majority group), promoting assimilation of the minority group and cultural homogeneity in the long run.

2.2 Ethnic identity and labor-market outcomes

There are in fact few studies that have analyzed the connection between ethnic identity and labor market outcomes for individuals with a foreign background.

Even though the mechanisms are slightly different, there are some *theoretical models* that have analyzed the link between ethnic identity and education. Austen-Smith and Fryer (2005) propose a model where ethnic individuals are defined by two types: her *social type*, reflecting her compatibility to the group, and her *economic type*, reflecting her intrinsic ability

or market potential. At the same time, other things equal, all social types strictly prefer to be accepted rather than rejected by their peer group. And, just as group acceptance is valuable to the individual, individuals yield value to the group through consumption externalities, community policing, so on and so forth. Peer groups, however, only want to accept members who are socially compatible group members in that they can be depended upon to support the group in difficult times. Austen-Smith and Fryer (2005) show that there is tension faced by ethnic minorities between signalling their type to the outside labor market and signalling their type to their peers: signals that induce high wages can be signals that induce peer rejection. Patacchini and Zenou (2006) develop a different model where ethnic students prefer to have friends of the same race (preference bias) but value white friends because their parents have higher human capital levels, inducing better grades. They show that having a higher percentage of same-race friends (measure of identity) has a positive effect on white teenagers' school performance while having a negative effect on blacks' school performance. As a result, some black students will end up having most of their friends who are whites while others will only have black friends.

Finally, Battu, McDonald and Zenou (2007) propose a model where the link between ethnic identity and employment outcomes is analyzed. In this model, non-white individuals are defined with respect to their social environment (family, friends, neighbors) and their attachments to their culture of origin (religion, language), and jobs are mainly found through social networks. Non-whites must decide to totally or partially adopt white culture or to reject it by anticipating the implications of this choice on their labor market outcomes, given that whites have a better social network. There are two countervailing forces. On the one hand, non-whites would like to mainly interact with same-race friends and thus to reject the white's norm (preference bias). On the other, interacting with whites is beneficial because non-white workers may then benefit from the high quality of whites' social networks since the latter do not suffer from discrimination. They find that ex ante identical ethnic workers can end up choosing "oppositional identities" (as defined above), i.e. some nonwhites reject while others conform to the white's norm. Their results depend on the value of the intensity of peer pressure, the wage premium of being employed, and the marginal impact of the identity choice on the non-white unemployment rate.

There are some *empirical papers* that have tested the relationship between ethnic identity and employment outcomes. Constant et al. (2006), Zimmermann et al. (2007) investigate the connection between the different categories of identity (i.e. integration,

assimilation, separation and marginalization; see Figure 1) and the probability of being employed in Germany. They find no systematic differences in employment between assimilated and integrated men, but they do find differences between assimilated and integrated women, at the advantage of the latter. At the same time, the results show that the probability of being employed, independent of sex, is significantly lower for those who are separated and marginalized as compared to those who are assimilated. This can be interpreted as a strong minority identity not having any negative effect on the chances of being employed, given that it is combined with a strong majority identity. Just like the identification with the German majority culture can increase the probability of being employed, being employed might increase the feeling of affinity with German culture. Results showing that those who identify with the majority culture are employed to a larger extent might simply be due to these individuals having had a good labor market situation in a historical perspective. First, this might have increased the probability of identifying with the majority culture and second, it might have increased the probability of future employment.

In the same country-context, i.e. Germany, Casey and Dustmann (2010) study the formation of identity with home and host countries and the association between both identities and labor market outcomes. The uniqueness of their dataset, which is a long panel that oversamples individuals with a foreign background and contains information for both parents and their children on ethnic group identity, also allows them to study the intergenerational transmission of identity from a generation to the next. Their findings denote a strong transmission of ethnic traits between parents and children, as well as signs of a relationship between ethnic identity and labor market outcomes, although the effect does not appear to be particularly pronounced.

Nekby and Rödén (2010) study the relation between cultural identity and employment in Sweden. The results show that there are only small differences in employment between individuals with an integrated identity and those with an assimilated identity. Those who are integrated have a three percentage point lower chance of being employed as compared to those who are assimilated. But individuals with the separated identity have considerably lower chances of becoming employed and an eight percentage point lower probability of being employed than those who are assimilated. The differences in employment between different cultural identities are a male phenomenon. The results for men are similar to those that apply for the whole group while the results for women do

not show any systematic differences between the different cultural identities as concerns employment. The differences among men are small between the integrated and the assimilated identity while the separated identity has considerably lower chances of employment (9.5 percentage points) as compared to the assimilated identity.

Finally, for the UK, Battu and Zenou (2010) undertake a simple empirical investigation of the relationship between an oppositional identity and employment in the labor market in Britain. Their results indicate that the social environment of individuals has an influence on their identity choice and that those non-whites who have preferences that accord with being oppositional are likely to experience an employment penalty. They actually have a seven percentage point lower possibility of being employed as compared to those who are not oppositional. There is also a cost of being against mixed marriages; people who care about whether a close relative would like to marry a white person also have a lower probability of being employed.

All studies imply that there is a strong identification with the majority culture that is important in order to succeed on the labor market and that the degree of identification with the cultural background seem to be less important.

So far, we have examined papers that only consider “subjective” measures of identity, not “objective” measures like intermarriage rates,⁹ racial choice of friends, fertility rates, gender gaps, etc... There is a literature that looks at these issues (Meng and Gregory, 2005; Chiswick and Houseworth, 2008; Bisin et al., 2009b; Furtado and Theodoropoulos, 2009) and relates, in particular, these “objective” measures to employment, earnings. These papers also find that there is a penalty in terms of outcomes for ethnic minorities who have a strong identity as determined by these “objective” measures.

In this paper, we investigate the relationships between the identity of non-EU immigrants in Europe and their labor-market outcomes. The main difference with the previous studies is that we will use data on most of the 25 European countries (and not on only one country) and, as a result, be able to draw some general policy implications for Europe. The drawback is that the information on some variables is not as good as in the country-specific dataset used in the studies discussed above.

⁹ Inter-marriage is considered to be a measure of social assimilation and also a factor producing it (Pagnini and Morgan, 1990).

3 Data

We use data from the European Social Survey (ESS), which is a European Union funded survey conducted in most European countries every two years from 2002. The questionnaire comprises ‘core’ items (which are repeated in all rounds) aiming at monitoring change and continuity in a wide range of socio-economic, socio-political, socio-psychological and socio-demographic variables and ‘rotating’ items (which vary from round to round) aiming instead at deepening the understanding of special topics. A supplementary questionnaire is also administered to all respondents, asking questions on human values.¹⁰ In particular, the ESS contains information on the country of birth of both the respondent and the parents, which allows us to precisely identify the immigrants as well as to distinguish between first and second generation of immigrants. It does not, however, oversample the individuals with a foreign background. As a result, the limited sizes of the immigrant sample in the different European countries do not allow us to differentiate immigrants by country of origin (nor by ethnic groups). We reduce the heterogeneity within the immigrant population in Europe by focusing our analysis on immigrants coming from *non European (non-EU) countries* only. We classify the respondents as immigrants if one or both parents are born in a non-EU country. We then define first generation immigrants if born in a non-EU country and second generation immigrants if born in the “host” country.

We use the *cumulative* ESS data, which pools the common information from the first to the third ESS round. It includes countries participating at least in two rounds, ending up with a total of 24 countries and information on roughly 125,000 individuals. Because we are ultimately interested in investigating the relationship between ethnic identity and employment prospects, we consider individuals between 16 and 64 years only. We also exclude countries for which the number of surveyed non-EU immigrants is particularly small (lower than 15 people). Our final sample consists of approximately 85,000 individuals covering the following countries: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, UK, and Ukraine. Immigrants represent about 5 percent of

¹⁰ The European Social Survey is academically led and, as a result, has used a methodologically rigorous multinational design that guarantees representativeness. A slightly modified formulation of the main questions is also administered to a sub-sample of respondents in order to determine measurement errors and the reliability of the items.

our sample, of which roughly 60 percent belong to the first generation and 40 percent to the second generation (see Table A1 in the Appendix).

The ESS provides information on different dimensions of ethnic identity. In particular, it contains direct questions about the importance of following traditions and customs, the importance of religion and the language most often spoken at home. It does not contain, however, information on the relationship between ethnic identity and the identity of the “majority” group where this person lives. For example, Bisin et al. (2008) as well as Battu and Zenou (2010) use the UK Fourth National Survey of Ethnic Minorities (FNSEM) collected in 1993/94 by the Policy Studies Institute (PSI), which deliberately over-samples ethnic groups and contains extensive information on various issues surrounding ethnic identity and preferences. For example, in this dataset, ethnic minorities had to choose between “Strongly agree”, “Agree”, “Disagree”, “Strongly disagree”, “Neither disagree or agree” to answer the following questions: “In many ways I think of myself as British” and “In many ways I think of myself as[Respondent’s ethnic group]”. In that case, one can define an ethnic identity using the definition of Berry (1997) exposed in Section 2.1. We will not be able to do this here.

We choose here “Religious attachment” as a measure of ethnic identity, using the direct ESS question: “How religious would you say you are?”, with a scale 1 to 10, with 0 being “not religious at all” and 10 “very religious”. We construct a dichotomous variable (*religion is important*) taking value 1 if the reported value is (strictly) greater than 5 and 0 otherwise.

For immigrants coming to Europe from non-EU countries, it seems reasonable to assume that the attachment to religion is a measure of identity, especially for groups like Muslims, Sikhs and Buddhists where religion is a way of keeping traditions from the home country (Bisin et al., 2008).^{11,12}

¹¹ In the case of the United States, it is a well-established that religion activities have an important impact on Blacks’ sense of identity. Indeed, the Black church is the anchoring institution in the African American community (Lincoln and Mamiya, 1990; Myrdal, 1944). The church acts simultaneously as a school, a benevolent society, a political organization, a spiritual base, etc. Black churches are significantly more likely than White congregations to participate in civil rights activities. For example, using data from the 1979-1980 national Survey of Black Americans, Ellison (1993) shows that participation in church communities fosters positive self-perception of blackness through the interpersonal supportiveness and positive reflected appraisals of coreligionists.

¹² In the ESS, there are other interesting questions related to ethnic identity, such as those asking opinions on, for example, if it is good for a country if almost everyone shares the same customs and traditions or if immigrants should be allowed to educate their children in their own separate schools if they wish.

Table 1 documents that there is indeed a marked difference in the attachment of religion between natives and immigrants in Europe, distinguishing between generations of immigrants. In the first column, we regress the probability of having a strong ethnic identity on immigrant (first and second) generation dummies, controlling for country dummies only. It appears that the attachment to religion is lower for second generation immigrants but it remains substantially different (and higher) than the one declared by native Europeans. When we control for individual characteristics (second column), the differences are even more pronounced. First generation immigrants from non-EU countries show almost a 50 percent higher probability to be strongly attached to their religion than Europeans whereas this number is “only” 9 percent for the second generation.

Looking at the correlations between the individual characteristics and the strength of ethnic identity, we find that the longer the time spent in the host country (i.e. “years since arrival”), the weaker is one’s ethnic identity. We also find that females tend to be more attached to their religion than males.

[Insert Table 1 here]

4 Ethnic identity and employment outcomes

A relevant question is whether having a strong ethnic identity is associated with an economic penalty in terms of employment prospects for non-EU immigrants in Europe and whether such an association is different between first and second generation immigrants.

We start our analysis by providing some suggestive evidence on this relationship for the different European countries. For each country, we run a regression of the strength of ethnic identity on an immigrant dummy (plus basic controls) and a regression of the employment probability on an immigrant dummy (plus basic controls). Figure 1 shows the picture that emerges when the estimates of the dummy coefficients for each country are plotted on a diagram.¹³ It appears that countries with immigrants having a stronger identity

Unfortunately, these questions are only available in the first wave (special module on immigration), whereas we need to pool all 3 waves to get a large enough size of the immigrant sample.

¹³ For some countries, the estimates are not statistically significant but if those observations are removed the overall tendency remain unchanged. The control set includes sex, education and a quadratic in age.

(i.e. religion attachment) gap with respect to “natives” tend also to be associated with a higher employment gap.

[Insert Figure 1 here]

We then investigate more closely whether and to what extent there is a penalty in terms of labor-market outcomes for a non-EU immigrant with a strong ethnic identity. We also analyze the specific case of an extreme identity by distinguishing persons with an extremely strong attachment to religion from the others. Using the ESS question selected above (“How religious would you say you are?”, coded on a scale 1 to 10), we construct a dichotomous variable (*religion is very important*) taking value 1 if the reported value is (strictly) greater than 8 and 0 otherwise.

Table 2 contains the estimation results of a regression analysis where the probability of being employed is regressed on the strength of ethnic identity, immigrant status (being first or second generation), and their interaction terms. The dependent variable is a dummy equal to 1 if the individual is in paid work and 0 otherwise. We control for gender, age, education, and years since arrival in the country. We also include country dummies. The use of country dummies is essential in this context because of the large differences between European countries in terms of institutions, especially in the labor market.

[Insert Table 2 here]

In line with expectations, we find that the probability of being employed first increases and then decreases with age, is lower for females than for males, and is higher for higher educated people. We also find that the longer the time spent in the host country, the higher is the probability of finding a job. Focusing now on identity issues, the results in the first column (identity measured by the importance of religion, i.e. variable *religion important*) indicate that, in Europe, having a strong attachment to religion is, on average, associated with an employment penalty of about 2.5 percent, which is common to both natives and immigrants. Being a first generation immigrant, instead, leads to a penalty of about 16 percent while second-generation immigrants have a probability of being employed which is not statistically different from that of natives. These results seem to indicate an economic integration process of immigrants in Europe.

If we now look at our cross-effect results, one can see that being an immigrant and having a strong ethnic identity is associated with a further decrease in the probability of being employed, even for second generation immigrants. When the attachment to religion is extremely strong (results in the second column, where identity is measured by *religion very*

important), the employment penalty increases by more than three times. However, the additional penalty for immigrants with extreme identity (interaction term) is significant (and higher in magnitude) only for second-generation immigrants. Having in mind the evidence collected in Table 1, the picture seems to be that second-generation immigrants have lower levels of ethnic identity with respect to their parents, but, when such feelings are preserved, they are associated with more difficulties in finding a job, in particular if the ethnic sentiment is particularly strong.

In light of Section 2 above, it could be the case that non-EU immigrants with extreme attachment to their religion pay a penalty in the labor market because they are either discriminated against and/or because they have few contacts with the majority group, yielding a poor-quality social network, and/or because they are rejecting the majority's norms in the host country. These different theories are linked to each other because, for example, someone who has been discriminated against can react very negatively by rejecting the majority's culture, which isolates her from individuals from the majority group. We cannot test which theory prevails but it seems reasonable to assume that all play some role. In Section 5 below, when we will consider the different types of policy integrations in the European countries, we will be able to give some (imperfect) answers on this issue since a good labor-market access policy is an indication that discrimination is less severe in the country in question.

One obvious problem with what we have done so far is that the strength of an individual's identity may in fact be endogenous because of omitted variables and/or because it is simultaneously determined with employment outcomes. As stated above, a lack of success in the labor market may induce or encourage some to adopt identities that are out of kilter with majority values. Dealing with this issue, especially in this context, is difficult. One standard approach is to undertake a two-stage instrumental variable estimation, where in the first stage the intensity of ethnic identity is estimated with appropriate instruments. Unfortunately, our dataset does not allow us to find a plausible instrument for the intensity of ethnic identity. However, we can provide some evidence that the causality does not run in the opposite direction¹⁴ by finding a valid instrument of

¹⁴ If we think that a regression of y on x gives a significant coefficient either because of simultaneity and/or omitted variables, we can write it as a two-equation system. Then, if we have a valid instrument for the second equation (where x is the dependent variable) which returns a non significant impact, we can increase our confidence on the estimate of the causal effect of y on x .

the probability of being employed in a regression where the intensity of ethnic identity is now the dependent variable.

Focusing on the non-EU immigrants in our sample, we instrument the immigrant probability of finding a job by the immigrant employment rate in the country where the immigrant resides.¹⁵ Through the functioning of the labor market in the country of residence, we may clearly expect the immigrant employment rate to have a direct impact on an individual immigrant probability of finding a job in that country. On the other hand, it is unlikely that the immigrant employment rate at the country level should have any direct connection with an individual intensity of ethnic identity as measured by “attachment to religion”. The two-stage least squares estimation results are contained in Table A.2 in the Appendix. Our instrument shows a strong first stage (F test around 40) but a non-significant impact of employment probability on the intensity of ethnic identity (second stage), suggesting that the causality points towards the assumed direction, i.e., a strong ethnic identity causes a penalty in terms of employment prospects.

One needs, however, to be cautious in interpreting the results from this type of analysis and not make strong claims of causality, even with instruments.

5 Integration policies, ethnic identity and employment outcomes

Our results so far seem to point towards a connection between ethnic identity and labor-market outcomes of (non-EU) immigrants in Europe. As stated above, by rejecting the majority culture in the country where they live, immigrants might find it difficult to enter the labor market. We would like now to study whether this relationship between ethnic identity and labor-market outcomes is affected by the integration policies implemented in the country where the immigrant resides. In other words, is there a lower employment penalty of having a strong identity in countries that have more favorable integration policies? More precisely, we would like to study different integration policies implemented in the different European countries and investigate if they play a role in (a)

¹⁵ This rate is simply calculated as the percentage of immigrant in paid work over the total number of immigrants between 16 and 64 years in each country.

decreasing the strength of ethnic identity of immigrants and (b) increasing the chances of finding a job for those with strong identity.

This task is not easy since the European Social Survey (ESS) is a survey on individuals and therefore contains no information on integration policies of the 20 European countries studied. We use the Migrant Integration Policy Index (MIPEX),¹⁶ which measures policies integrating migrants in 25 EU Member States and 3 non-EU countries. It considers over 140 policy indicators to create a rich, multi-dimensional picture of migrants' opportunities to participate in European societies. MIPEX covers *six policy areas* that shape a migrant's journey to full citizenship: "labor market access", "family reunion", "long-term residence", "political participation", "access to nationality", "anti-discrimination". Since policies are measured against the same standards across all member states, MIPEX is a "benchmark" tool to compare performance.

"Labor market access" measures if a migrant worker or entrepreneur is *eligible* for the same opportunities as EU nationals to work in most sectors. In particular, it takes into account if this migrant worker can count on help from *labor market integration measures* to adjust to the language and professional demands of the labor market (for example, if the state helps him/her to get his/her full set of skills and talents recognized, to access training, and to develop language skills that are critical for the job market). It also measures how *secure* a migrant worker is in his/her employment, if he/she can renew most types of work permits and remain living in the country and look for work, if he/she loses her job. This index varies between 100 (when migrants and nationals have exactly the rights in the labor market) to 0 (when migrants have no rights at all in the labor market). Looking at Table 3,¹⁷ one can see that Sweden performs best (with an index of 100) while, for example, Poland (25) and Denmark (40) perform poorly. More generally, labor market access in the EU is, on average, only halfway to best practice. Migrants are partially eligible and can take up labor market integration measures that go only halfway to best practice.

¹⁶ MIPEX is produced by a consortium of 25 organisations. Amongst them are universities, research institutes, think-tanks, foundations, NGOs and equality bodies. The MIPEX Group is committed to improving the quality of debate on migrant integration policy in Europe. The first edition of MIPEX was published in 2004, and this is the one we use. MIPEX is produced biannually to track the progress of integration policies in Europe over time. MIPEX is led by the British Council and Migration Policy Group (MPG). MIPEX is freely accessible and can be found at: <http://www.integrationindex.eu/>.

¹⁷ In Table 3, we have all our (21) countries but Ukraine (it is not available). Our analysis thus covers 20 European countries.

[Insert Table 3 here]

“Family reunion” measures the country policy in terms of bringing families together. In particular, it measures how long it takes for a migrant to be *eligible* to sponsor his/her spouse, registered partner, minor or adult children and her dependent relatives, e.g. his/her grandmother. It also measures the administrative procedures and how easy is to bring families together. In particular, is it a fair, transparent, free and short process? Can a family member renew his/her permit and stay as long as her sponsor does? One can see that Sweden (92) and Portugal (84) have high index values while Austria (34) and Denmark (36) perform poorly.

“Long-term residence” measures how many years as a legal resident it takes for a migrant to be *eligible* to become a long-term resident and full ‘civic citizen’. Again, it also measures if the process is transparent, free and short and if his/her application is refused or his/her permit withdrawn only if his/she is found guilty of either fraud in trying to acquire it or of a serious crime. It also measures if the migrant has the same access to education and vocational training as nationals, and if he/she becomes ill, injured, pregnant or homeless, he/she can rely on social security, social assistance, healthcare, and housing support. The countries with the most favorable policies are the Nordics (including Denmark), the Western Mediterranean, and the UK. Ireland (39), France and Luxembourg (48) have the lowest scores.

“Political participation” measures if a migrant has opportunities to participate in public life which conform to Europe’s highest democratic principles. In particular, it measures if the state guarantees his/her *political liberties* to form an association, even a political one, to join political parties, and thus participate in civil society. It also determines if as a legal resident, the migrant can *vote* and stand for local elections, just like EU-nationals. Policies in North and Western Europe are on average slightly favorable, while those in Greece and Central and Eastern Europe are unfavorable (Poland and Slovakia (14) obtain the lowest scores).

“Access to nationality” measures how many years it takes for a migrant with legal residence to be *eligible* for nationality. It also measures if any of his/her descendents born in the country are dual nationals at birth. It also determines if being tied to the country by residence or by family are the sole criteria for becoming a national. It also measures if the migrant is allowed to choose whether or not to keep his/her original citizenship. From Table 3, one can see that eligibility for nationality has the lowest maximum and the lowest

minimum score with respect to all the other dimensions. Most countries do not facilitate naturalization for first-generation migrants. European-born children most often face unfavorable additional requirements for becoming citizens in their country of birth. Most oaths and ceremonies do not involve requirements that can exclude migrants from participating or receiving their citizenship. Partially insecure under the law, many naturalizing migrants can have their application refused or nationality withdrawn on many grounds, without any time limits. Only a few countries fully allow migrants to hold dual nationality.

“Anti-discrimination” measures the anti-discrimination law in each country that helps guarantee equal opportunities in economic, social and public life for all members of society, including a migrant and her descendants. It also measures if the law punishes a wide range of actors who discriminate against a migrant in many ways because of his/her ethnic origin, race, religion or nationality, among other grounds. It also determines if the state helps the migrant to seek justice through strong *enforcement mechanisms*. Sweden (94) and Portugal (87) have high scores and this reflects the fact that the legal definitions of discrimination and the mechanisms to enforce them are slightly favorable across the European countries. A wide range of actors are punished for discriminating against migrants based on their race or ethnic origin.

In the remaining of this section, we will use the MIPLEX scores to understand how *each* of the six types of integration policy interacts with identity in shaping the employment outcomes of immigrants. Specifically, focussing on the sample of immigrants, we will assign to each individual the MIPLEX score of the country in which he/she resides, distinguishing between the different policy areas. We then perform two different exercises aiming at singling out the more effective type of policies in reducing the immigrant employment penalty associated with having a strong ethnic identity.

Firstly, we look at the impact of the integration policies on the strength of ethnic identity. The results are given in Table 4, where we use in the different columns our two alternative measures of the strength of ethnic identity. Looking at column one, it appears that most integration policies do not seem to have a relevant effect on the strength of ethnic identity. It appears, however, that in countries where labor-market policies and long-term residence policies are particularly favorable to immigrants, they tend to have a stronger identity. The latter effect is an interesting result, which is not as surprising as it might seem at a first glance. “Long-term residence” policies are important since they

mainly measures how many years as a legal resident it takes for a migrant to be eligible to become a long-term resident and full civic citizen. Take, for example, a country like Sweden, which performs best among all EU countries. Indeed, in Sweden, when a migrant obtains the authorization to stay, then he/she automatically becomes a long-term resident. As a result, for these migrants, this can result in a stronger identity since it has no consequences in terms of staying in the country. Take, on the contrary, a country like Switzerland (or even Ireland) who performs poorly for this policy. In these countries, long-term residency is very difficult to acquire and a migrant has to justify after some period of time that he/she still has a job and that he/she is integrated to be able to stay in the country. This obviously will affect his/her ethnic identity. One has to be, however, careful in interpreting these results. We are not saying that favorable long-term residence policies fail in integrating immigrants since the latter can be well integrated while having a strong identity

When we analyze the link between integration policies and extreme identities (as measured by the variable “religion very important”; see column 2), the results reveal that family reunion policies (only) reduce strong ethnic sentiments. This could be an indication that isolated individuals are more likely to have an extreme identity (i.e. an extreme attachment to their religion) than those living with their families.

[Insert Table 4 here]

In our second exercise, we look at the impact of an integration policy on the relationship between ethnic identity and the probability of being employed. Our results are contained in Table 5. Not surprisingly, “labor-market access” policies improve the employment prospects of immigrants. This may confirm some theoretical mechanisms presented in Section 2. Indeed, in countries where the legislation in the labor market protects immigrants against some type of discrimination (captured by the “labor-market access” policy), the employment prospects are better for these immigrants. Looking at the other types of integration policies, we find that also “family reunion” policies have a positive impact on the probability of finding a job. Following our explanation above, this could indicate that individuals living with their families have less extreme identity and thus are more likely to find a job than isolated individuals. At the same time, it might also suggest that a richer network of social contacts in the host country (relatives and friends) might be helpful in finding a job (for example because it increases the information about job opportunities).

A more surprising result is the negative impact of “political participation” policies on immigrants’ employment prospects. This variable is certainly more “noisy” than other policy variables but it could be the case that allowing immigrants to participate to local elections triggers negative reactions from natives, which leads to more discrimination in the labor market. Interestingly, if we look at the cross effects (“ethnic identity” times “a particular integration policy”), the one on political participation is the only significant and positive one. This seems to suggest that this type of integration policies might positively affect the relationship between ethnic identity and employment probability, only for those immigrants who have an extreme identity.

[Insert Table 5 here]

6 Concluding remarks

The Lisbon Strategy (named after the European meeting in Lisbon in the spring of 2000) states that before the year 2010, the EU shall become the most competitive and dynamic knowledge-based economy in the world, with the possibility of sustainable economic growth, with more and better work opportunities and a higher degree of social solidarity. It is crucial for the chances of EU reaching this goal that more people become employed. The problem is that many people are still outside the labor market, in particular those who have a foreign background. The integration of these individuals is thus crucial for reaching the Lisbon goals and European integration policy must play a more important role in Europe. The integration of citizens of third countries who live and work in the EU has therefore become an increasingly important issue in the last few years. During the council meetings (legal and domestic questions) in 2002, it was decided that a network of national contact points within the area of integration should be created and this was confirmed during the council meeting in June 2003 and the commission was appointed the task of creating yearly reports on migration and integration. In its message on immigration, integration and employment, the commission is trying to get an overall grip of the issue of integration. The first issue of the handbook on issues of integration for decision-makers and those who work with integration issues in practice was published in November 2004 (*Handbook on Integration for policy-makers and practitioners*). Integration is a major issue within several of the EU policy areas. If there is a successful integration of immigrants on the labor market in an efficient and responsible way, this would be an important contribution to the Lisbon goal.

There is thus a *common agenda (or EU directive) for integration policy* – a framework for the integration of citizens of third countries in the European Union – but there is *no common integration policy* in Europe. While there is now a great willingness to carry out a common *migration policy* in Europe (on October 16, 2008, all presidents and prime ministers from the EU have signed the European pact for immigration and asylum which contains commitments within the following areas: legal immigration, illegal immigration and returning people, border control, asylum and partnership with third countries and the promotion of synergies between migration and development) there is a smaller interest in a common *integration policy*.

Our results suggest that there is a penalty to be paid in terms of employment for the immigrants who have a strong identity but it is lower for the second-generation immigrants. Furthermore, this penalty seems to vary from one country to another depending on the kind of integration policy implemented. We caution, however, against a causal interpretation of this result. Indeed, our paper looks at *correlations* between indices of integration policy and outcomes. There is an obvious endogeneity problem here - policy formulation in different European countries is determined in large part by the characteristics and number of their immigrants. This problem is endemic to any study of social policies but we believe that these correlations are useful and provide an interesting framework for discussing policy issues in the European context. In particular, since there is free mobility within European countries, our results indicate that a “common integration policy” could reduce the differences in employment/unemployment outcomes between different European countries. We are fully aware that these issues are complex and other aspects are at work. However, our message is that if we harmonize the integration policies in Europe, especially in terms of labor-market access policy (for example, by reducing the variance in the MIPLEX scores between the different countries), this could also make the employment/unemployment rates of immigrants more similar between these countries.

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Table 1: Sample Description

Probit estimation results- Whole sample -

Dep. Var: Probability of having a strong ethnic identity, measured by:		
	Religion important	Religion important
First generation	0.2589*** (0.0139)	0.4622*** (0.0300)
Second generation	0.0612*** (0.0184)	0.0864*** (0.0190)
Female		0.1225*** (0.0049)
Age		0.0005 (0.0012)
Age2		0.00004*** (0.00001)
Education		0.0007 (0.0007)
Years since arrival		-0.0612*** (0.0112)
Country dummies	yes	yes
Observations	84,198	83,366
Pseudo-Rsquared	0.0712	0.0895

Notes: Marginal effects and robust standard errors (in parentheses) are reported. *** p<0.01, ** p<0.05, * p<0.1

Table 2: Ethnic Identity and Employment

Probit estimation results – Whole sample-

Dep. Var.: Probability to be in paid work		
Ethnic identity measured by:	Religion important	Religion very important
Ethnic identity	-0.0255*** (0.0058)	-0.0891*** (0.0105)
First generation	-0.1591*** (0.0535)	-0.1920*** (0.0501)
Second generation	0.0029 (0.0246)	-0.0228 (0.0204)
First generation* Ethnic identity	-0.0564* (0.0314)	0.0035 (0.0375)
Second generation* Ethnic identity	-0.1062*** (0.0406)	-0.1446** (0.0675)
Age	0.0975*** (0.0012)	0.0975*** (0.0012)
Age2	-0.0012*** (0.0000)	-0.0012*** (0.00001)
Education	0.0194*** (0.0008)	0.0192*** (0.0008)
Female	-0.2055*** (0.0051)	-0.2058*** (0.0051)
Years since arrival	0.0271** (0.0121)	0.0290** (0.0122)
Country dummies	yes	yes
Observations	83032	83032
Pseudo-Rsquared	0.1780	0.1790

Notes: Marginal effects and robust standard errors (in parentheses) are reported. *** p<0.01, ** p<0.05, * p<0.1

**Table 3: Ranking of European countries using the Migrant Integration Policy Index (MIPEX)
for the six policy areas**

	Total score	Labor market access	Family reunion	Long-term residence	Political participation	Access to nationality	Anti-discrimination
1. Sweden	88	100	92	76	93	71	94
2. Portugal	79	90	84	67	79	69	87
3. Belgium	69	75	61	74	57	71	75
4. Netherlands	68	70	59	66	80	51	81
5. Finland	67	70	68	65	81	44	75
6. Italy	65	85	79	67	55	33	69
7. Norway	64	70	66	72	86	39	54
8. United Kingdom	63	60	61	67	46	62	81
9. Spain	61	90	66	70	50	41	50
10. Slovenia	55	60	71	63	15	41	79
10. France	55	50	45	48	52	54	81
10. Luxembourg	55	45	50	48	84	45	56
13. Germany	53	50	61	53	66	38	50
13. Ireland	53	50	50	39	59	62	58
15. Switzerland	50	75	43	51	55	44	33
16. Hungary	48	40	50	50	29	36	85
16. Czech Republic	48	50	58	63	41	50	27
18. Estonia	46	75	61	61	30	26	23
19. Poland	44	25	66	67	14	45	46
20. Denmark	44	40	36	67	55	33	33
21. Greece	40	40	41	60	14	25	58
22. Slovakia	40	55	38	51	14	40	44
23. Austria	39	45	34	55	34	22	42
EU 25	53	56	57	59	43	43	58

Source: Migrant Integration Policy Index.2007, British Council and Migration Policy Group

Table 4: Ethnic Identity and Integration Policies

Probit estimation results – Immigrant sample-

	Dep. Var: Probability of having a strong ethnic identity, measured by:	
	Religion important	Religion very important
Access to nationality	-0.0021 (0.0040)	0.0015 (0.0022)
Labor market access	-0.0036* (0.0019)	-0.0017 (0.0011)
Family reunion	-0.0033 (0.0031)	-0.0026* (0.0014)
Long term residence	0.0119*** (0.0040)	0.0042*** (0.0014)
Political participation	0.0010 (0.0019)	0.00004 (0.0007)
Anti-discrimination	0.0007 (0.0028)	-0.0002 (0.0014)
Second generation	-0.3548*** (0.0566)	-0.1891*** (0.0313)
Age	-0.0002 (0.0026)	-0.0030 (0.0051)
Age2	0.00002 (0.00004)	0.00005 (0.0001)
Education	-0.0091*** (0.0028)	-0.0078*** (0.0024)
Female	0.1058*** (0.0235)	0.0535** (0.0228)
Years since arrival	-0.0505*** (0.0138)	-0.0217*** (0.0069)
Observations	3756	3756
Pseudo-Rsquared	0.0550	0.0623

Notes: Marginal effects and standard errors clustered at the country level (in parentheses) are reported. *** p<0.01, ** p<0.05, * p<0.1

Table 5: Ethnic Identity, Employment and Integration Policies

Probit estimation results – Immigrant sample-

Ethnic identity measured by:	Dep. Var.: Probability to be in paid work	
	Religion important	Religion very important
Ethnic Identity	-0.3084*** (0.0788)	-0.3015*** (0.0775)
Access to nationality	-0.0046* (0.0026)	-0.0018 (0.0016)
Labor market access	0.0026*** (0.0006)	0.0036*** (0.0004)
Family reunion	0.0055*** (0.0013)	0.0024** (0.0011)
Long term residence	-0.0009 (0.0012)	-0.0008 (0.0011)
Political participation	-0.0054*** (0.0008)	-0.0028*** (0.0005)
Anti-discrimination	0.0008 (0.0015)	-0.0008 (0.0009)
Ethnic Identity * Access to nationality	0.0035 (0.0049)	-0.0011 (0.0019)
Ethnic Identity * Labor market access	0.0017 (0.0013)	0.0027** (0.0013)
Ethnic Identity * Family reunion	-0.0052 (0.0032)	-0.0024 (0.0024)
Ethnic Identity * Long term residence	0.0023 (0.0029)	0.0029 (0.0031)
Ethnic Identity * Political participation	0.0050*** (0.0015)	0.0019 (0.0013)
Ethnic Identity * Anti-discrimination	-0.0028 (0.0029)	-0.0009 (0.0014)
Second generation	0.2108*** (0.0637)	0.2233*** (0.0634)
Age	0.1030*** (0.0043)	0.1017*** (0.0038)
Age2	-0.0013*** (0.0001)	-0.0012*** (0.0001)
Education	0.0124*** (0.0020)	0.0123*** (0.0017)
Female	-0.2217*** (0.0174)	-0.2237*** (0.0172)
Years since arrival	0.0415** (0.0166)	0.0447*** (0.0167)
Observations	3738	3738
Pseudo-Rsquared	0.1900	0.1860

Notes: Marginal effects and standard errors clustered at the country level (in parentheses) are reported. *** p<0.01, ** p<0.05, * p<0.1

APPENDIX

Table A.1: Data Description

<i>Variable</i>	<i>Explanation of the variable</i>	<i>Immigrants</i>		<i>Natives</i>	
		<i>N. Obs.</i>	<i>Mean (St.dev.)</i>	<i>N. Obs</i>	<i>Mean (St.dev.)</i>
First generation	In the text	3,929	0.62 (0.49)	-	-
Second generation	In the text	3,929	0.38 (0.49)	-	-
Age	Respondent's age in years	3,929	36.35 (12.70)	80,841	40.62 (13.56)
Female	Dummy variable taking value 1 if the respondent is female	3,928	0.53 (0.50)	80,815	0.53 (0.50)
Education	Respondent's years of full-time of education completed	3,867	12.83 (4.34)	80,078	12.56 (3.81)
Years since arrival	Answer to the question: How long ago did you first come to live in this country, coded 1 to 5, with 1 being "within last year", 2 "1-5 years", 3 "6-10 years ago", 4 "11-20 years ago", 5 "more than 20 years ago"	3,921	2.28 (2.03)	-	-

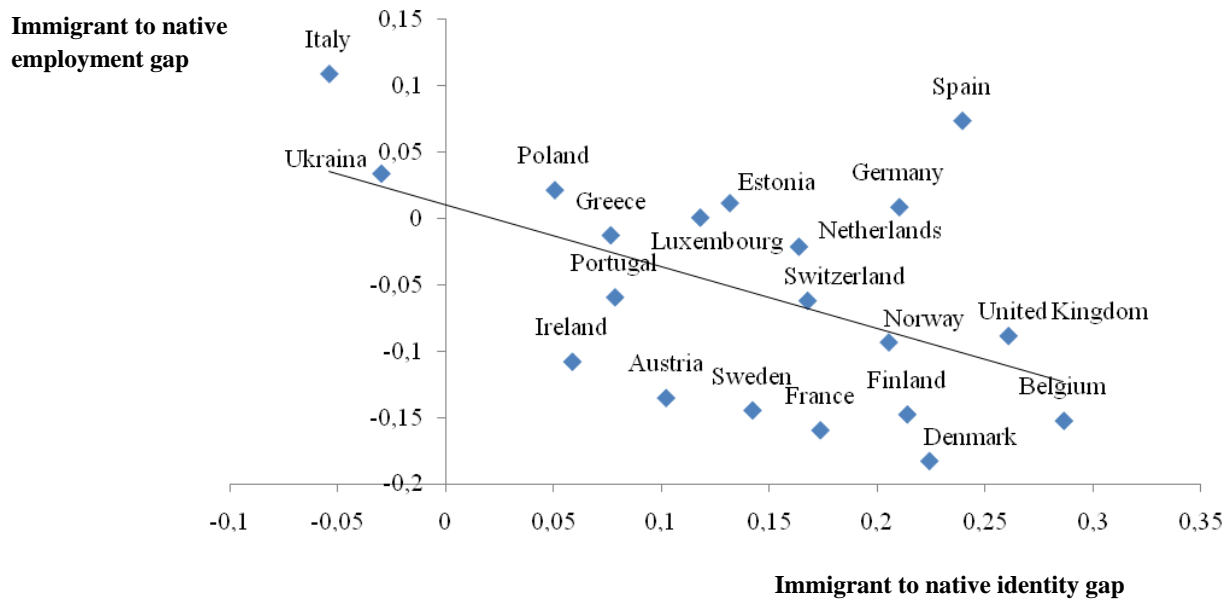
Table A.2: Robustness check: Ethnic Identity and Employment

2SLS – Only (Non European) immigrants-

<i>First stage results</i>	Dep. Var.: Probability to be employed	<i>Second stage results</i>	Dep. Var.: Probability of having a strong identity
Country employment rate	1.2022*** (0.1915)	Employed	-0.1027 (0.1777)
Age	0.0868*** (0.0042)	Age	0.0101 (0.0163)
Age2	-0.0011*** (0.00005)	Age2	-0.0001 (0.0002)
Education	0.0098*** (0.0022)	Education	-0.0056* (0.0030)
Female	-0.1963*** (0.0190)	Female	0.0801** (0.0402)
Second generation	0.1926*** (0.0455)	Second generation	-0.3611*** (0.0524)
Years since arrival	0.0347*** (0.0111)	Years since arrival	-0.0498*** (0.0124)
Constant	-1.8654*** (0.1354)	Constant	0.6141*** (0.2264)
<i>F (excluded instrument)</i>	40.28	R-squared	0.0672
R-squared	0.2210		

Notes: *** p<0.01, ** p<0.05, * p<0.1

Figure 1: Immigrant to native employment and identity gaps in Europe



Notes: Ethnic identity is measured using religion attachment.