

Ethnic Identity, Residential Segregation, and Labor-Market Outcomes of Immigrants in Europe¹

by

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Abstract

Using data from the European Social Survey on most EU countries, we look at the relationship between ethnic identity, segregation and employment prospects, as well as at the individual characteristics associated with a strong ethnic identity. Different measures of ethnic identity are considered. We find that a strong attachment to ethnic customs and traditions seems to be associated with a lower probability of being employed. Contrarily to the presumptions often exposed by commentators and media, we also find that strong ethnic identities are not fostered in ethnically segregated neighborhoods and that they do not seem to be significantly associated with political activism. When we differentiate between first and second generations of immigrants, our evidence reveals signs of an economic and cultural integration of immigrants in Europe. Our results also suggest that the strength of an ethnic identity per se is not that important in affecting employment probability but it is the combination of ethnic identity and integration policies (especially the one focussing on labor-market access) where the migrant lives that matter.

Key words: ethnic identity, ethnic enclaves, first- and second-generation immigrants, integration policies.

JEL Classification: A14, J15, J18, Z19.

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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, three received considerable attention in political circles and also in the media. First, the lack of a shared civic *identity* to bring together diverse communities. Second, increasing *segregation* of ethnic communities on economic and geographic lines. Third, *negative labor market outcomes*. In this paper, we will mainly focus on the possible links between these three factors.

The attention paid to these three factors (ethnic identity, segregation, and 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; Fryer and Torelli, 2005; Selod and Zenou, 2006; Battu et al., 2007). 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 further evidence on the relationship between *ethnic identity*, *geographic segregation*, and *labor-market outcomes* of the immigrants in the European Union. 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 cultural and economic integration of immigrants in Europe. Specifically, we will answer the three following questions: What affects an ethnic identity? What is the relationship between ethnic identity and geographical segregation? Does ethnic identity affect labor-market outcomes of ethnic minorities?

Section 2 discusses the relationship with the literature. Section 3 describes the ESS data and details how we identify the different generations of immigrants and, in particular, how we measure ethnic identity. Section 4 investigates what individual characteristics correlate with having a strong ethnic identity. In Section 5, we look in detail at the relationship between ethnic identity and geographical segregation. Section 6 examines the relationship between ethnic identity and employment outcomes. Finally, in Section 7, we discuss the policy implications of our findings.

2 Related literature

2.1 What affects an ethnic identity?

There is a large literature in economics, sociology and anthropology, that documents how ethnic traits are transmitted from parents to children and how ethnic identity is adopted (see, in particular, Akerlof and Kranton, 2000; Alba, 1990; Bisin and Verdier, 2000; Bernal and Knight, 1993; Boyd and Richerson, 1985, Cavalli-Sforza and Feldman, 1981; Phinney, 1990). In particular, according to Akerlof and Kranton (2000), identity is a person's sense of self or self image and "his or her identity is bound to social categories; and individuals identify with people in some categories and differentiate themselves from those in others." (page 720). In other words, identity is associated with the social environment and expected respective behaviors (a prescription or norm for behavior). Deviations from the prescription generate disutility. Examples of social

categories include racial and ethnic designations and ethnic identity is then the extent to which members of a particular ethnic group associate themselves with their ethnic background or culture.

Berry (1997) has developed a *two-dimensional structure* for cultural adjustment where the identification with the majority culture and the minority culture are treated as separate concepts. This gives a flexible identity model where individuals are, for example, given the possibility of simultaneously identifying with both the majority culture and cultural background. Four cultural identities are identified in this structure: *Assimilation*, which means a strong relationship with the majority culture but a weak relationship with the original culture; *Integration*, which means close ties with both the original and the majority culture; *Separation*, which means a weak connection with the majority culture but a strong connection with the original culture; *Marginalization*, which means a weak connection with both the majority and the original culture.

In the economics literature, there are few papers that try to decipher what is behind an ethnic identity. Constant et al. (2006), which study the degree of minority identity and German identity among foreign-born in Germany, find that education that has been acquired before immigration has a negative effect on how immigrants identify with German culture while education that has been acquired after immigration is of no importance. A similar study by Zimmermann et al. (2007) examines how identity emerges among foreign-born individuals in Germany. The results show the age when immigrating to be of importance. Younger immigrants identify more strongly with German culture by showing a higher degree of integrated or assimilated identity as compared to older immigrants.

Casey and Dustmann (2009) also examine ethnic identity in Germany. They address the question to what extent “identity” in the parent generation of immigrants transmits to the next generation. They find that children of immigrants identify more strongly with their home country than with the host country. Both mothers and fathers have a very weak sense of German identity and identify quite strongly with their native country. They also find that the time spent in Germany increases the probability of reporting a German identity.

Nekby and Rödén (2009) analyze the question of ethnic identity in Sweden. Their results indicate that the feeling of togetherness with the Swedish majority culture is not systematically connected to the probability of feeling a strong connection with the minority

culture. This means that the identification with the cultural background does not differ between those who consider that they have a connection with Swedish culture and those who do not. Apart from this, there are no other systematic differences between different national groups.

For the case of England, Battu and Zenou (2009)⁷ found that it is more likely that ethnic minorities who have been subjected to racial attacks have a more negative attitude to British culture and everything that is related to it, such as for example mixed marriages. But it does not reinforce the affiliation with the own group. A good knowledge of the language is crucial for the choice of identity. In particular, those who speak fluent English seem to have a less oppositional identity. Language control helps individuals in adopting the majority norm values in the choice of identity. It is less likely for a person who was born in Britain to develop an oppositional identity. The longer an individual remains in Britain, the smaller is the probability that he/she rejects the British culture. There is a positive relation between arranged marriages and oppositional identity. To be married to someone from a different culture is a sign of accepting the white norm and considering oneself to be British; something which is less popular among people who have made arranged marriages.

2.2 Segregation and ethnic identity

In most industrialized countries, there are substantial differences in the residential distribution of minority and majority groups. Most American cities, for example, exhibit a high level of racial segregation and stark socioeconomic disparities between neighborhoods (Cutler et al., 1999). Cutler and Glaeser (1997) estimate that a 13 percent reduction in residential segregation would eliminate one third of the black/white gap in schooling, employment, earnings, and unwed pregnancy rates.

There is a natural connection between housing segregation and ethnic identity. Indeed, if an individual with a foreign background lives isolated from people in the majority group, it is difficult for him/her to become integrated. The incentives to learn the language are small and “local” social norms are strong. This means that there is a high probability that this individual will be “separated” and be outside the labor market.

⁷ See also Bisin et al. (2008) and Manning and Roy (2009).

There are few studies that look directly at the relationship between segregation and ethnic identity. One exception is Battu and Zenou (2009) who find that housing segregation plays a crucial role for ethnic identity in the UK. Those who live in immigrant-dense areas (more than a third of the local population in areas that belong to the same ethnic group) do have a higher probability of rejecting the “white” culture. They do not feel British and have a strong identification with their cultural background.

2.3 Segregation, ethnic identity, and labor-market outcomes of ethnic minorities

Let us examine the relationship between segregation, identity and outcomes. There is a very large literature based on the “spatial mismatch hypothesis” that was initiated by Kain (1968). Kain argued that residing in urban segregated areas distant from and poorly connected to major centers of employment growth, minority workers face strong geographic barriers to finding and keeping well-paid jobs. In particular, white city dwellers experience much better labor market outcomes than blacks.

In the US context, where jobs have been decentralized and blacks have stayed in the central part of cities, the main conclusion of the spatial mismatch hypothesis is to put forward the distance to jobs as the main culprit for the high unemployment rates and low earnings among blacks. Since the study of Kain, hundreds of studies have been carried out trying to test the spatial mismatch hypothesis⁸ (see, in particular, the literature surveys by Holzer, 1991; Kain, 1992; Ihlanfeldt and Sjoquist, 1998; Gobillon et al., 2007). The usual approach to test the spatial mismatch hypothesis is to relate a measure of labor market outcomes (employment or earnings), based on either individual or aggregate data, to a measure of job access, typically some index that captures the distance from residences to centers of employment. The bulk of the evidence shows that indeed job access is crucial in explaining adverse-labor market outcomes of ethnic minorities.

⁸ Most empirical studies are using US data. Very few are European. Exceptions include Thomas (1998) and Patacchini and Zenou (2005), for the UK, Dujardin et al. (2008) for Belgium, Gobillon et al. (2009) for France, Åslund et al. (2009) for Sweden.

There is thus a strong effect of segregation on labor-market outcomes.⁹ What about ethnic identity? Few studies have in fact studied the connection between ethnic identity and labor market outcome for individuals with a foreign background.

In the studies cited above about Germany (Constant et al., 2006; Zimmermann et al., 2007; Casey and Dustmann, 2009), the connection between the different categories of identity (i.e. integration, assimilation, separation and marginalization) and the probability of being employed is investigated. They find no systematic differences in employment between assimilated and integrated men, but they do 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.

Nekby and Rödin (2007) also 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

⁹ There is also evidence, at least for Europe, that ethnic enclaves have a positive impact on labor market outcomes of immigrants. Using a natural experiment (i.e. a spatial dispersal policy under which refugees were randomly dispersed across locations), Edin et al. (2003) and Damm (2009), for Sweden and Denmark, respectively, find strong evidence that the size of ethnic enclaves are positively correlated with earnings and job finding. These authors explain these results by the fact ethnic networks disseminate job information, which increases the job-worker match quality and thereby the hourly wage rate.

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 (2009) 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. However, there is no “penalty” on the labor market for individuals strongly identifying with their cultural background. 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 is less important. Since housing segregation affects ethnic identity, there is also a strong relation between segregation and economic integration. Åslund et al. (2009) have shown that those immigrants who became located in areas with a lack of jobs located close by in 1990-91 had a lower level of employment in 1999. Thus, there is a long-run effect of being located in a certain type of environment since having a short distance to jobs affects the possibility of becoming employed. The living environment is therefore crucial both for ethnic identity and outcomes.

So far, we have examined papers that only consider “subjective” measures of identity, not “objective” measures like intermarriage rates,¹⁰ 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

¹⁰ Inter-marriage is considered to be a measure of social assimilation and also a factor producing it (Pagnini and Morgan, 1990:).

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.

We will now investigate the relationships between ethnic identity, segregation, and labor-market outcomes of ethnic minorities. 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 dataset presented above.

3 Data and definitions of ethnic identity

We use data from the European Social Survey (ESS). The ESS is a European Union funded survey conducted in most EU-25 countries every two years from 2002, containing detailed information on socio-economic characteristics of individuals, identity and religion issues as well as labor-market outcomes of both immigrants and natives. 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.¹¹ Because the ESS does not oversample ethnic minorities, the main data source of our analysis will be the *cumulative* ESS data, which pools the common information from the first to the third ESS round. This will guarantee that sample sizes of ethnic minorities are not too small. Our dataset includes countries participating at least in two rounds, ending up with a total of 24 countries and information on roughly 125,000 individuals. It also provides quite large sample sizes within countries that allow us to control for country-specific effects. The countries included in this data are: Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, UK, and Ukraine.

¹¹ 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.

We classify the respondent as immigrants if one or both parents are born outside the country. We then define first generation immigrants if born outside the country and second generation immigrants if born in the country.

The information provided by the ESS allows us to capture different dimensions of ethnic identity. In particular, it contains direct questions about the importance to follow 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 the ethnic identity and the “majority identity” where this person lives. For example, Bisin et al. (2008) as well as Battu and Zenou (2009) use the 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 that here.

We use three dimensions of ethnic identity by considering the importance of “traditions and customs”, “religion attachment” and the “language spoken at home” for each individual. Specifically, the ESS section on human values asks the following question: “How much like you is this person? Tradition is important to him. He tries to follow the customs handed down by his religion or his family.” The possible answers are: (1) “Very much like me”, (2) “Like me”, (3) “Somewhat like me”, (4) “A little like me”, (5) “Not like me”, (6) “Not like me at all”. We measure the intensity of ethnic identity using a dichotomous variable (*traditions are important*) taking value 1 if the reported value is equal to 1 (i.e. “very much like me) or 2 (i.e. “like me”) and 0 otherwise. We also propose a more extreme definition of ethnicity by considering a dichotomous variable (*traditions are very important*) which takes value 1 if the reported value is equal to 1 (i.e. “very much like me) and 0 otherwise.¹²

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. Unfortunately, these questions are only available in the first wave (special module on immigration), whereas we need to pool all 3 waves to get enough sample sizes (here immigrants are not oversampled and we also want to distinguish between first and second generation) and

“Religious attachment” can be derived 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 use a dichotomous variable (*religion is important*) taking value 1 if the reported value is (strictly) greater than 5 and 0 otherwise. We also single out persons with a very strong attachment to religion with a dichotomous variable (*religion is very important*) taking value 1 if the reported value is (strictly) greater than 8 and 0 otherwise. Observe that using religion as a measure of ethnic identity can be controversial. 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. For Europe, 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 to keep traditions from the home country (Bisin et al., 2008).

Finally, our last indicator of ethnic identity is a dichotomous variables (*foreign language at home*) taking value 1 if the language most often spoken at home is different from the national language and 0 otherwise.¹³

It has to be clear that all measures of identity are indirect measures since these are questions related to tradition, religion, and foreign language. One could argue that, apart from foreign language, natives also like traditions and are religious and therefore respond in the same way to these questions. So in order to be sure that these questions characterize

control for unobservable country-specific effects. However, such information will be used when searching for a valid instrumental variable estimation strategy in Section 6.

¹³ There is a literature that emphasizes the importance of English language fluency (Chiswick, 1978; McManus et al. 1983; Borjas, 1994; Dustmann and Fabbri, 2003) and religion and culture (Iannaccone, 1998; Lazear, 1999; Brown, 2000) for the degree of assimilation and labor market outcomes of immigrants. Lazear (1999) focuses on cultural differences (religion is obviously part of the culture of people) between the minority and the majority group and shows that individuals from minority groups are more likely to adopt the culture of the majority when the minority group accounts for a small proportion of the total population.

“ethnicity” in some dimension, we should observe different answers to these questions between natives and immigrants.

Table 1 contains the summary statistics on our sample for both natives and immigrants, distinguishing between generations of immigrants. Irrespective of the measure of ethnic identity considered, the table shows that the strength of ethnic identity is lower for second generation immigrants. Not surprisingly, for the question related to the language spoken at home, there is a substantial difference between natives and immigrants, this difference being less pronounced for second-generation immigrants. The other questions related to traditions and religion do not reveal in these summary indicators any marked difference between natives and immigrants. As soon as we control for some individual characteristics (and country dummies), however, it will appear significant a difference between natives and immigrants, even for the questions related to traditions and religion. We will see below (see Table 2a) that immigrants do respond more strongly than natives to these questions.

[Insert Table 1 here]

4 What affects ethnic identity?

We now turn to collect some evidence on the characteristics of immigrants showing a strong ethnic identity.

Following Section 2, we will try to decipher what affects a strong ethnic identity by looking at variables such as the individual’s characteristics (i.e. age, gender, education, mother and father education, residential area, years since arrival) and answers to questions about public and political trusts, political interest, political activism, civic activism, life satisfaction, happiness, and social activism. The Data Appendix of this paper contains the precise definitions of such variables as well as descriptive statistics on our sample for both immigrants and natives. Including these attitudinal variables in an ethnic identity regression is new and it has not been done before. We include them because we have this information and because we believe that the more ethnic minorities are participating to public and civic actions in the host country, the better integrated they are and the more likely they have a weaker ethnic identity. We will look more precisely at the relationship between ethnic identity and geographical location in the next section.

We thus regress the probability of having a strong ethnic identity (as defined in Section 3) on the above listed characteristics. The results are contained in Tables 2a, 2b, and 2c, where the different columns report the results that are obtained when using our different measures of ethnic identity as dependent variables.

As in most empirical papers looking at the determinants of ethnic identity (see Section 2.1), we are fully aware that simultaneity and endogeneity issues are a problem here and we will therefore be very cautious in interpreting the results. As most researchers in this area, we will consider them as correlations between variables rather than causal relationships.

[Insert Tables 2a,b,c here]

Table 2a displays the results of the probit regression for all individuals where there is a dummy variable if the individual is an immigrant or not. Interestingly, for all the dimensions of identity that we consider (i.e. tradition, religion, language), immigrants show an higher probability to reveal a strong identity than natives (between 4 and 7 percent more for the questions related to tradition and religion). Following our discussion in the previous section, this confirms the fact that our variables indeed capture some attitudes towards identity that are specific to immigrants. In Table 2b, we have performed the same exercise but differentiated between the first and second generation of immigrants. In both cases, immigrants still have a stronger identity than natives, but the difference is less pronounced for second-generation immigrants.

In Table 2c, we look at the correlations between the different variables for immigrants only. We see from this table that we have the standard results already obtained in previous researches (see Section 2.1). The more educated people are and/or the more educated the mother is and/or the longer the time spent in the host country, the weaker is one's ethnic identity. Interestingly, and consistent with Casey and Dustmann (2009), we find that second-generation immigrants have a weaker ethnic identity than their parents. We also find that females tend to be more attached to ethnic traditions and religion than males.

Concerning the specific variables on participation to public and civic life, we find mixed results and often not statistically significant. Public trust is the only variable that has a negative and statistically significant coefficient in all columns, which would mean that ethnic minorities who trust other people living in the host country are more integrated than

those who don't and, therefore, have a weaker ethnic identity. The results for the other variables are mixed even though the signs are more often negative, as one would predict.

To conclude this section, we have seen that immigrants in Europe tend to show a pattern of not only economic but also cultural integration over time. Interestingly, we see a substantial difference in the magnitude of the effects when distinguishing between the probability of having a strong and that of having an *extremely* strong ethnic identity. The decrease in the probability of having a strong ethnic attachment for the second generation immigrants is about 23 percent, whereas the decrease in the probability of having a very strong ethnic attachment is only 13-14 percent. This evidence seems to reveal that the sense of ethnic identity does attenuate for the second generation, but intense ethnic identities are more persistent. This is again consistent with Casey and Dustmann (2009) who find that there is a strong intergenerational transmission of ethnic identity from one generation to the next in Germany. Finally, we also find that immigrants living in cities seem to have more intense ethnic identities. In the next section, we will look in more detail at the relationship between segregation and ethnic identity.

5 Identity and ethnic geographical segregation

We first investigate the residential location patterns of immigrants in Europe. Figure 1 displays the distribution of immigrants by type of residential location, distinguishing between residing in a big city (*big city*), in suburbs or outskirts of a big city (*suburb of a big city*), in a town or small city (*town or small city*), and in a country village, farm or home in the country side (*country village or countryside*).

[Insert Figure 1 here]

Contrary to the US where ethnic minorities are mainly concentrated in the central part of big cities (see, e.g. South and Crowder, 1997, Table 2), in Europe, immigrants mostly live in small cities. This is an important and up-to-now not enough emphasized peculiarity of the European immigration. This can potentially have important policy implications.

Our data, however, does not allow us to investigate in more detail the relationship between living in a big city and the strength of ethnic identity, in particular because they do not offer a valid strategy to address a possible endogeneity of location choices for people that choose to locate in cities rather than in small towns or in the countryside.

To investigate further the relationship between ethnic identity and location, we analyze how ethnic geographic segregation affects identity at the level of residential neighborhood. Indeed, the first round of the ESS (ESS1) contains a special module deepening issues about immigration, which allows us to identify the effects of ethnic enclaves on the intensity of ethnic identity. Specifically, we can answer the question on whether stronger ethnic identities are fostered in more ethnic segregated neighborhood.

The first round of the ESS covers 22 countries and contains information on roughly 42, 000 individuals. Specifically, the countries participating in the first ESS round are: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Israel, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden, Switzerland, UK.

Table 3 reports our empirical evidence on the relationship between the probability of having a strong ethnic identity and living in ethnic enclaves. We construct a dummy variable (*many minorities*) taking value 1 if many minorities live in the residential neighborhood and 0 otherwise. The results suggest that people living in areas with many minorities tend to show a stronger identity. This indicates that there may be peer effects and complementarities in identity, meaning that more ethnic families strengthen one's identity.

[Insert Table 3 here]

These results have to be interpreted with caution since no causality can be claimed because of the obvious endogeneity of residential location. It may well be that families with strong identities select themselves in areas with a lot of ethnic families. This is a classical problem in the location literature. To tackle this issue, some have used a natural experiment (Åslund et al., 2009, Damm, 2009) and others have only focused on families living in *public housing*, claiming that their residential locations can be considered as exogenously determined (see e.g. Gurmu et al., 2008, or Patacchini and Zenou, 2009).

In the present paper we will adopt a different strategy to tackle the endogeneity issue of location choices. Our empirical strategy is as follows.

The main endogeneity problem affecting such an analysis can be addressed by comparing information on the *reported ideal ethnic neighborhood composition* and the *actual ethnic composition of the residential neighborhood* where an individual live. The precise questions in the ESS1 are the following: (i) "Suppose you were choosing where to live, which of the three types of area would you ideally wish to live in?", with possible answers: "An area where

almost nobody was of a different race or ethnic group from most [country] people”, “Some people were of a different race or ethnic group from most [country] people”, “Many people were of a different race or ethnic group”, “It would make no difference”. (ii) And now, “how would you describe the area where you currently live?”, with possible answers: “An area where almost nobody is of a different race or ethnic group from most [country] people”, “Some people are of a different race or ethnic group from most [country] people”, “Many people are of a different race or ethnic group”.

Among the sample of immigrants, we select those depicting as the “ideal” residential neighborhood the one with almost no ethnic population and investigate what happen to their ethnic identity when they live in highly segregated neighborhood (i.e. with many ethnic minorities). In this case, the residential location of an individual can be considered as exogenous with respect to ethnic preferences because if this person would have chosen his/her location, then he/she would have resided in a less ethnically populated neighborhood. In other words, if this ethnic person declares that he/she wants to live in a mostly “white” neighborhood and, in fact, lives in a mostly “ethnic” neighborhood, this means that he/she could not choose where to live (for example, because of financial constraint) and his/her choice of location was driven by other factors than ethnicity.

Does an ethnically segregated neighborhood, which implies a higher level of interaction with the ethnic population, increase the strength of an ethnic identity? Our empirical results are contained in Table 4. Contrarily to our previous results (see Table 3), the results show that there is now a *negative* effect associated with the ethnic composition of the residential neighborhood, which is statistically significant for two out of our three measures of ethnic identity. In other words, without choosing it, living in an ethnic enclave and thus being exposed to many other ethnic minorities does not seem to increase the strength of ethnic identity. On the contrary, it seems to decrease the strength of one’s ethnic identity. This evidence may confirm the fact that the previous results (Table 3) were mainly due to selection and our new results (Table 4) may indicate that people living in an ethnic neighborhood do not feel threatened by the majority values and thus have a weak identity. This may also indicate that these ethnic minorities, who prefer mixed or white neighborhoods, do not interact very much with other minorities and are just upset to live there. As a result, the more “ethnic” is the neighborhood, the weaker is their ethnic identity.

[Insert Table 4 here]

Interestingly, when we perform the symmetric exercise, which means selecting ethnic minorities considering as “ideal” a residential neighborhood with a high level of ethnic population (i.e. with many or at least few ethnic minorities) and inspect what happens when they live in a mixed neighborhood, we find no statistically significant estimated impact associated with the ethnic composition of the residential neighborhood for none of our proxy of ethnic identity. Here the dummy variable used in the regression analysis (*few minorities*) takes value 1 if almost no or as the most few minorities live in the residential neighborhood and 0 otherwise. In this exercise, we deal with people who reveal a strong ethnic identity but still live in a mixed neighborhood. In this case, the residential neighborhood can also be considered as exogenous with respect to ethnic preferences because if these people would have chosen their location, then they would have certainly resided in a more ethnically populated area. Our results are contained in Table 5. They do not show any tendency towards cultural assimilation. The sign is even positive in some cases, indicating that more mixed neighborhoods may trigger stronger ethnic identity. Bisin et al. (2009a,b) have developed an overlapping-generation model where ethnic parents put effort in transmitting their cultural values (such as identity) to their kids and show that the more mixed is the neighborhood, the more intense are ethnic identities and the stronger is the ethnic socialization effort on the part of ethnic parents. They test their results using British data and find, indeed, that more ethnic neighborhoods generate weaker ethnic identity.¹⁴

[Insert Table 5 here]

To investigate further this issue, in Figure 2, we display the distribution of immigrants with a strong ethnic identity by neighborhood ethnic composition in Europe as a whole and for all the different European countries separately. It appears that they are not mainly located in highly segregated neighborhood. On the contrary they appear to mostly live in areas populated by few or almost no minorities. And this is true in almost all European countries.¹⁵ This may again indicate that mixed neighborhood trigger stronger ethnic identity.

¹⁴ It should be mentioned that when using the “exogenous” location procedure, the sample size reduces significantly (from 4000-5000 immigrants in Table 3 to 1000-2000 immigrants in Tables 4 and 5).

¹⁵ Figure 2 uses “religion attachment” as a measure of ethnic identity. We have plotted similar figures for the other measures of ethnic minority and we find similar evidence.

[Insert Figure 2 here]

6 Ethnic identity and employment outcomes

We now turn to investigate the relationship between ethnic identity and employment. This literature has been surveyed in Section 2.3 and the results show that, in some cases, there is a penalty in terms of employment to have a strong identity.¹⁶

Table 6 displays simple descriptive statistics from our data on immigrants' probability of being unemployed with respect to natives in each European country and in Europe as a whole. We consider here individuals between 16 and 64 years and use a dummy equal to 1 if the individual is unemployed and 0 otherwise. Even if in all countries unemployment is larger among individuals who have immigrated than for the native population (apart from Italy), there are large differences between countries, however. In Luxembourg, for example, immigrants are more than 4 times more unemployed as compared to the natives. The corresponding figure for the UK is 1.52. If we take Europe as a whole, then this ratio is 1.38 for the years 2002-2006. It is interesting to notice that the gap between immigrants and natives reduces by about 15% for the second generation of immigrants.

[Insert Table 6 here]

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

Using our entire sample of immigrants, we then regress the probability of being employed on the strength of ethnic identity and immigrant status (i.e. whether being first or second generation immigrant). We still consider individuals between 16 and 64 years and use as dependent variable a dummy equal to 1 if the individual is employed and 0 otherwise. We control for gender, age, education and, importantly, also for years since arrival in the country. The results are contained in the different columns of Table 7, with and without the inclusion of country dummies. The use of country dummies might be

¹⁶ See Battu et al. (2007) for a theoretical model explaining why there might be a negative correlation between ethnic identity and employment outcomes.

essential in this context because of the large differences between European countries in terms of institutions, especially in the labor market.¹⁷

[Insert Table 7 here]

In line with the expectations, we find that the probability of being employed first increase and then decrease with age, it is lower for females than for males and it is higher for more educated people. It then appears that having a strong ethnic identity is associated with an employment penalty between 3 and 5 percent, depending on the proxy of ethnic identity chosen. This is very close to what Battu and Zenou (2009) have found for the UK. The penalty when the ethnic identity is particularly strong increases up to 10 percent. Interestingly, we find that the more the immigrants spend time in the host country, the higher is the probability of finding a job and that second-generation immigrants have a much higher probability of being employed. These results seem to point towards the presence of an economic integration process of immigrants in Europe. They are however only indicative and call for further investigations about the type and nature (i.e. whether temporary or not) of the jobs covered by immigrants, as well as for more accurate estimates of the speed of this possible integration process, possibly differentiating the analysis by country of origin and destination of immigrants. Our results change only minimally with and without country dummies, suggesting that the relationship between employment probability and ethnic identity is not different between and within EU countries.

We next focus on the first and the second generation immigrants separately. The results are contained in Tables 8 and 9, which have exactly the same structure as Table 7. A comparison between Tables 8 and 9 reveals the following evidence. Not surprisingly, language differences do not seem to matter anymore for the second generation immigrants, but, for these people, all the other measures of ethnic identity are associated with a higher penalty in the labor market. 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.

[Insert Tables 8 and 9 here]

¹⁷ Unfortunately, the not large within country sample sizes prevent us to include a richer set of controls.

We have seen that there is an employment penalty for migrants with strong identity related to tradition/religion/language. Let us now see how that this penalty compares with that of natives. Table 10 provides the results for natives only. It can be seen that there is still a penalty of having a strong “identity” in terms of tradition and religion but the penalty is substantially less than that of immigrants.

[Insert Table 10 here]

One obvious problem with what we have done so far is that the strength of an individual’s identity may in fact be endogenous. 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. In the second stage, the predicted values are included into the employment equation. Valid instruments are variables that do not affect the probability of being in employment other than through the effects of these variables on the probability of having a strong ethnic identity, and that are not caused by employment status. Unfortunately, the pooled ESS dataset does not offer any suitable instrument. The special module on immigration of the first ESS round, however, asks detailed questions about opinions. In particular, it is asked how much the respondent agrees or disagrees with the statements: (i) It is better for a country if almost everyone shares the same customs and traditions; (ii) Communities of people who have come to live here should be allowed to educate their children in their own separate schools if they wish. The answers to these questions (denoted respectively *country customs* and *separate schools*) are used as instruments in our analysis. They are coded 1 to 5, with 1 meaning “agree strongly” and 5 “disagree strongly”. In addition we also use our indicator of “public trust”, which was found to be a good predictor of ethnic identity.

In our analysis the ethnic identity equation (with instruments) and the employment equation are estimated jointly by maximum likelihood, which allows the errors of the two equations to be correlated.

One needs, however, to take care in interpreting the results from this type of analysis and perhaps cautious in making strong claims of causality, even with instruments. These results, be they from two stage least squares or maximum likelihood estimation, are

an indication of the relationship between identity choices and employment but by no means the final word.

Table A2 in the Appendix reports our estimates and diagnostic tests (in the last lines). The chi-squared test for exogeneity (Wooldridge, 2002) confirms that the errors in the two equations are indeed correlated. No evidence of misspecification is revealed. All of our instruments have a negative and significant relationship with all of our indicators of ethnic identity. Interestingly, this indicates that immigrants with stronger ethnic identities tend to agree with the statement “it is better for a country if almost everyone shares the same customs and traditions”, but at the same time they would like to have the possibility to educate their children in their own separate schools. “Well integrated” ethnic minorities, as captured by our indicator on public trust, tend to have a weaker ethnic identity.

[Insert Table A2 here]

Table A3 in the Appendix reports the marginal effects for the employment equation to ease the interpretation of these IV results and make them comparable with the OLS evidence in Table 7.¹⁸ We still find the same qualitative results as before, namely that there is a price to pay in terms of employment for people having a strong identity but the magnitude of the effects is much higher. At face value, it suggests that having a strong ethnic identity is associated with an employment penalty of roughly 50 percent, which is a huge effect of identity. Besides the statistical uncertainty, there are reasons to be skeptical about such a large effect given the assumptions regarding the exclusion restriction and given also the reduced sample size in this exercise, as well as the lack of the possibility to include a more extensive set of controls. The necessity to run this check on the immigrants surveyed in the first round of the ESS only also prevents us from running this analysis for first and second generation immigrants separately.

[Insert Table A3 here]

7 Integration policies, ethnic identity and employment outcomes

We would like now to discuss some policy implications of our findings. As stated above, it is difficult to interpret all our results in terms of causality but some of them are

¹⁸ We cannot include here country dummies because of the limited size of the ESS1 immigrant sample.

more convincing and we can still suggest some policy implications based on our revealed correlations. Let us first summarize our main results. We find that: (a) the more educated immigrants are, and the longer they spend time in the host country, the weaker is their ethnic identity and the higher is their employment probability; (b) second-generation immigrants have a weaker ethnic identity than their parents and a higher chance to obtain a job; (c) when second-generation immigrants have a very strong ethnic identity, they have a lower chance to get a job as compared to second-generation immigrants who have a weaker identity; (d) public trust (i.e. trusting other people living in the same host country) has a negative association with the strength of one's ethnic identity; (e) living in an ethnic enclave may weaken one's ethnic identity; (f) generally, having a strong ethnic identity is associated with an employment penalty that varies between 4 percent and 10 percent. This penalty is higher for immigrants than for natives with the same characteristics.

If the objective of the European Union is to increase employment, especially for ethnic minorities, then our results suggest that strong ethnic identity can have negative effects.¹⁹ Our results also indicate that ethnic enclaves are not that “bad” (similar results have been found by Edin et al., 2003, and Damm, 2009) in the sense that they are associated with weaker ethnic identity and (this has to be proved) maybe higher employment rates. Our findings can also explain why the different integration policies implemented in Europe have had small effects on the labor-market outcomes of ethnic minorities because they may induce more intense ethnic identities and stronger ethnic socialization efforts on the part of ethnic parents.

We would like to deepen our analysis by differentiating countries according to their integration policies. It is well-documented that countries like France and the UK have a long history of non-European immigrations, especially from their old colonies, whereas countries like Spain, Italy, Sweden, Norway, etc. have experienced only recently these types of immigrations. Furthermore, different European countries have different views of their integration policy. Indeed, certain countries consider it to be a successful integration policy when immigrants leave their cultural background and are “assimilated” into the new

¹⁹ One could argue that we should be careful with policy implications because we cannot identify if the employment penalty comes from the demand side (discrimination from employers) or comes from the supply side (the identity of migrants). In fact, we have showed that, when controlling for their characteristics, the employment penalty is “larger” for immigrants than for natives (see Tables 7-10). This means that labor discrimination is an important part of the story but a strong identity from an immigrant accentuates this negative impact on employment.

culture. The French model is an example where one would like to assimilate rather than integrate. Belgium, Denmark, the Netherlands and Germany share such a view of the integration of immigrants. An obvious example of a “direct” integration policy is the French law on religious symbols at school. Since the fall of 2004, religious symbols have been forbidden in French schools. This means that Muslim girls are no longer allowed to wear veils at school. But such a law forces immigrants to leave their original culture and choose the French culture.

Other countries consider that a successful integration policy is that immigrants can keep their original culture while also accepting the new culture (or at least not rejecting it). This is the British model. An example of a direct integration policy according to the English model is when one wants to have an influence on immigrants’ knowledge of the country’s language. All European countries have an introductory program which targets recently arrived immigrants. Language instruction is an important part of this. By improving their knowledge of the language, immigrants are assisted in becoming more quickly adjusted to the new country without abandoning their own culture.²⁰

The integration of immigrants can also be affected by labor market policies. An example of this is Sweden, which implemented a policy targeting recently arrived immigrants in 2007, i.e. so-called *instegsjobb*. The policy means subsidized employment within the private or public sector for individuals seeking asylum who have received a residence permit, quota refugees and relatives of these groups during the first 18 months after having received a residence permit.

As we have seen above, there is a strong connection between ethnic identity and labor-market outcomes of immigrants. For example, 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. Is there a lower employment penalty of having a strong identity in countries that have more favorable integration policies?

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 23 European countries

²⁰ See Zenou (2009) for some reflections and propositions on integration policies in Europe.

studied. Fortunately, there is the Migrant Integration Policy Index (MIPEX),²¹ which measures policies to integrate migrants in 25 EU Member States and 3 non-EU countries. It uses over 140 policy indicators to create a rich, multi-dimensional picture of migrants' opportunities to participate in European societies. MIPEX covers *six policy areas* which 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 "benchmarking" 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 11,²² 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.

[Insert Table 11 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

²¹ 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/>.

²² In Table 11, we have all our countries but Ukraine (it is not available). This is why we have 23 countries.

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 a 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 11, one can see that eligibility for nationality has the lowest maximum and the lowest minimum score with respect of 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 of 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), 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.

At this stage, it is interesting to compare Tables 6 and 11. One can see that there is no systematic (negative) correlation between the unemployment rate of immigrants and the integration policies in the country where they live. In countries like Norway and the Netherlands, which have active “positive” integration policies (i.e. relatively high MIPEX scores), immigrants do experience high unemployment rate compared to natives while in countries like Poland, Slovakia, and Greece, with very poor integration policies, their unemployment rate is relatively low.

In the remaining of this section, we will use the MIPEX scores to perform two different exercises. Firstly, we collect some evidence on the relationship between strong ethnic identity and employment outcomes of immigrants in the different European countries. Given the large variations in integration policies between different countries (Table 11), it will be useful to group countries according to the “positivity” of their integration policy. Instead of given an ad hoc classification, we exploit the variation in the MIPEX scores for the different policy areas across our 23 European countries to identify the group of countries that have similar integration policy mixtures. We will then be able to determine which group of countries are more likely to experience a decrease in the immigrant employment penalty associated with having a strong ethnic identity.

Our second exercise will aim at revealing in more detail the effects of *each* of the six types of integration policy. Specifically, we will assign to each individual in our survey (ESS)

the MIPLEX score of the country in which he/she resides, distinguishing between the different policy areas. We will then be able to single out the more effective policies in reducing the employment penalty associated with having a strong ethnic identity.

Let us begin by grouping countries according to their integration policy mixture. For that, we adopt a Principal Component Analysis (PCA). Such a technique uses the correlation between a set of observed variables to develop a smaller number of artificial variables (principal components), without much loss of information. The reduction in variable “dimensions” helps to identify the observations that are more similar/dissimilar along various characteristics. The PCA creates uncorrelated indicators or components, where each component is a linear weighted combination of the initial variables. The importance of each original variable in the determination of the principal components (i.e. the weights or factor loadings) guides the interpretation of the results. The number of principal components is equal to the number of variables being analyzed. The number of retained components is based on the percentage of cumulative total variance explained. The components are ordered so that the first component (PC1) explains the largest possible amount of variation in the original data. The second component (PC2) is completely uncorrelated with the first component, and explains additional but less variation than the first component. Subsequent components are uncorrelated with previous components; therefore, each component captures an additional dimension in the data, while explaining smaller and smaller proportions of the variation of the original variables. The higher is the degree of correlation among the original variables in the data, the fewer are the components required to capture common information. The Principal Component Analysis (PCA) is the optimal (in terms of mean squared error) linear scheme for compressing a set of high dimensional vectors into a set of lower dimensional vectors (principal components), thus enabling a more tractable organization of the data.

The output from a PCA analysis displays the eigenvectors of the correlation matrix of the original variables (i.e. the factor loadings or weights for each variable in each component) with the associated eigenvalues, together with the percentage of total variance explained by each component. Because the original variables are standardized (i.e. with a contribution of the total variance equal to one), a common method to select components is to retain those with eigenvalues greater than one. In our application, we find that the first two components account for roughly 70 percent of the total variance (both having eigenvalues much greater than one) whereas the remaining components account for only

trivial amounts of variance (all of them having eigenvalues smaller than one). This implies that the information content of our different indicators of integration policy types can be appropriately summarized by two derived variables, which can thus be interpreted as two different policy mixtures.

Table 12 reports the results of our analysis. It shows in the last two columns the importance of each original variable in the determination of these two artificial variables together with the percentage of the variance explained. Variables associated with positive (negative) weights load positively (negatively) to the components. The higher is the magnitude of the weight (in absolute terms), the higher is the contribution of the associated variable. Table 12 thus shows that the first principal component captures the variance given by country differences in terms of “labor market access”, “family reunion” and to a lesser extent “political participation” policies, whereas the second components reflect the variation driven by differences in “long term residence”, “access to nationality” and “anti-discrimination” policies.

[Insert Table 12 here]

Figure 3 displays the countries on the plane spanned by these two principal components. The distance from the axes indicates how much each country is close to the characteristics captured by each principal component. Four groups can be clearly distinguished. The first (group A), which contains the countries located in the north-east quadrant, i.e. positively correlated with both components, are those which are performing best in almost all policy areas in terms of integration policies. As can be seen in Table 11, these countries are on the top of most of the MIPEX indexes. The second group (group B) is composed by countries that are negatively correlated with the first components and positively and highly correlated with the second component. These are therefore countries that have worse policies in terms of labor market access, family reunion and political participation, with, in particular, an extremely difficult access to long-term residence, but have a good policy in terms of access to nationality and anti-discrimination. The third group (group C) contains approximately the countries negatively correlated with both components, which are those that are always below the European average of the MIPEX index charts in almost all policy areas. The outlier position of Estonia in this group is due to the almost non-existent anti-discrimination policy in this country. Finally, we can see that the last group (group D) in the south-east quadrant is characterized by countries

positively correlated with the first component and negatively correlated with the second component. These are countries that have implemented some good policies in terms of labor market access, family reunion, political participation and also long-term residence, but are doing poorly in terms of access to nationality and anti-discrimination policies.

We would like to go further by estimating, for each group of countries, the effect of having a strong identity on employment outcomes by comparing the benchmark group country (i.e., group A, the group of countries that perform best in terms of integration policies) with the three other groups of countries. By doing so, we will be able to look at cross effects and answer questions such that: Is the negative effect of identity on employment less severe in countries that have “positive” integration policies? Are integration policies effective in facilitating the employment prospects of immigrants, even for those with extreme identities?

Table 13 reports the probit estimation results using a similar specification than that of Table 7 (in particular, the same control variables) but with one important difference: the addition of interaction terms capturing the effects of different integration policy mixtures. Indeed, we now estimate the following equation:

$$y_i = \alpha_1 + \alpha_2 I_i + \alpha_3 I_i \times D_{Bj} + \alpha_4 I_i \times D_{Cj} + \alpha_5 I_i \times D_{Dj} + \text{controls} + \text{error term},$$

where y_i is the “probability to be in paid work” for individual i , I_i is a “measure of identity” (i.e., “traditions”, “religion”, or “foreign language at home”) for individual i , D_{j} is a dummy variables that takes a value of 1 if individual i lives in a country belonging to group $j = B, C, D$ and 0 otherwise. A negative sign of α_3 , α_4 , or α_5 would indicate that individuals living in countries with worse integration policy than countries belonging to group A would have a higher employment penalty of having a strong identity.

[Insert Table 13 here]

The estimated effects of the interaction terms reported in Table 13 reveal that the signs of α_3 and α_4 are systematically negative but only significant for α_3 , while the sign of α_5 is, on the contrary, positive and significant. This means that immigrants with a strong ethnic identity living in countries belonging to group B (i.e. Ireland, France, Luxembourg, and Hungary) experience a higher employment penalty compared to countries belonging to group A (i.e. Sweden, Portugal, Belgium, the Netherlands, Finland, UK). Looking at the position of these countries in Figure 3, one can see that group-B countries have worse integration policies in terms of labor market access, family reunion and political participation, with, in particular, an extremely difficult access to long-term residence. Their

relatively better policy implementation in terms of access to nationality and anti-discrimination does not seem to have been effective in lowering the employment penalty of immigrants with strong ethnic identity. On the contrary, there seems to be a “premium” for individuals living in group-D countries (i.e. Italy, Norway, and Spain), for whom having a strong identity has a less negative impact on their employment probability as compared to group-A countries. Group-D countries have good labor market access, family reunion, political participation policies, and, particularly, a favourable long-term residence policy (even more favourable than in some of group-A countries). They are, on the other hand, poor in terms of access to nationality and anti-discrimination policies, but we do not find any penalty for such a deficiency. Comparing the experiences of group-D and group-B countries, our evidence suggests that these types of policies are not the most effective to favor the employment prospects of immigrants with strong ethnic identities. It should be noted, however, that Italy, and to a lesser extent Spain, are characterized by large shares of illegal immigrants. The “registered” immigrants in Italy and Spain (who are the ones surveyed by the ESS) are probably the more integrated ones and are very likely to work. In Italy, for example, the Government acts in 2002 (L.189/2002 and L.222/2002) were in particular tailored to regularize immigrants working in personal services. More than 650,000 (previously illegal) immigrants came out. In fact, our Table 6 shows that Italy is the only European country where the immigrant unemployment rate is lower than the native one. In such a context, having a strong attachment to traditions and religion might be a signal of strong values and honesty and thus increasing, rather than decreasing, the probability of getting a job. More generally, it is worthwhile to note that the results presented so far can reflect country-specific experiences on immigration. The use of different groups of countries as a proxy for different integration policy mixtures can thus be taken with caution.

Let us now perform a more direct analysis on the impact of the integration policies on the strength of ethnic identity. The results are given in Table 14. It can be seen that most integration policies tend to lower the strength of ethnic identity, i.e. they are predominantly associated with a negative estimated effect on ethnic identity, apart from the “long-term residence” policies.²³ The latter policy is important since it measures how many years as a legal resident it takes for a migrant to be eligible to become a long-term resident and full

²³ For the family-reunion policy, the effects are mixed.

civic citizen. The result displayed in Table 14 suggests that in countries where this policy is very favorable to immigrants, they tend to have a stronger identity. 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 there are no consequences in terms 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.²⁴

[Insert Table 14 here]

In Table 15, we look at the impact of an integration policy on the relationship between ethnic identity and the probability to be employed. Table 15 is similar to Table 7 with one notable difference: the addition of six interaction terms between our measures of strong ethnic identity and the variables containing the country of residence MIPEX scores for each of the six integration policy areas. If we first compare Tables 7 and 15, one can see that in Table 15 the variable “ethnic identity” loses its statistical significance and has an impact only when it is combined with certain integration policies. In particular, consistently with our previous results obtained in Table 13, we find that labor-market access policies have the strongest and positive impact on the relationship between ethnic identity and employment probability, irrespective of the way we measure a strong ethnic identity. In other words, a good labor-market access policy (i.e., the migrant worker has the same opportunities as EU nationals) gives a “premium” to the migrant, which reduces the (possible) negative impact of ethnic identity on employment outcomes. Anti-discrimination policies, instead, do not seem to matter at all. Observe that the policy “labor-market access” only fights against discrimination in the labor market while the policy “anti-discrimination” fights against discrimination in other activities such as social and public life. This certainly explains the different results obtained for these two policy areas since we are looking at the impact of ethnic identity on employment outcomes and not on other

²⁴ Observe that the “long-term residence” and “access to nationality” policies are quite different and that is why we obtain different results. Indeed, the former measures how difficult it is to stay in the country while the latter determines how easy (or difficult) it is to obtain the nationality in the country where the migrant lives. Long-term

outcomes more related to the social and public life. We also find that policies targeting access to nationality that are particularly favorable to immigrants might accentuate their difficulties in finding a job. This result is difficult to interpret but it may be that immigrants who easily obtain become citizens in the host country do not put much effort in finding a job. This should be true in countries like Sweden, for example, with a strong welfare state, where, in particular, and unemployment benefits are quite generous.

[Insert Table 15 here]

These last results can help us understand the somehow surprising result obtained in Table 13 where countries like Italy, Spain and Norway (group D) were performing “better” in terms of the relationship between ethnic identity and employment than countries like Sweden, Portugal, UK, etc. (group A). Indeed, group-D countries have a better long-term residence policy and a worse access-to-nationality policy than group-A countries. Since, in particular, the latter policy makes the relationship between ethnic identity and employment probability even more negative, then this could compensate for the fact that group-A countries have a better labor-market access policy.

To summarize, one of the most interesting results obtained in this section is that the strength of an ethnic identity per se may be not that important in affecting employment probability but it is the combination of ethnic identity and the labor-market access policy where the migrant lives that matter most. This is consistent with what is obtained by others for a single country (see e.g., Battu and Zenou, 2009, for the UK, and Nekby and Rödén, 2009, for Sweden) where the attachment to own culture does not seem to penalize ethnic minorities in the labor market.

8 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

residency is certainly more important than the acquisition of the nationality since, if the former is not obtained, then the migrant cannot stay in the country whereas the latter does not imply this drastic consequence.

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 migrants who have a strong identity but this penalty varies from one country to another depending on the kind of integration policy implemented. Since there is free mobility within European countries, our results indicate that a “common integration policy” could reduce the differences in employment/unemployment 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 MIPEX 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

Traditions are important		Traditions are very important		Religion is important		Religion is very important		Foreign language at home	
Immigrants		Immigrants		Immigrants		Immigrants		Immigrants	
0.50 (0.50) [16,255]		0.20 (0.40) [16,255]		0.44 (0.50) [17,758]		0.13 (0.34) [17,758]		0.35 (0.48) [17,814]	
1 st gen	2 nd gen	1 st gen	2 nd gen	1 st gen	2 nd gen	1 st gen	2 nd gen	1 st gen	2 nd gen
0.55 (0.50) [8,122]	0.46 (0.50) [8,116]	0.23 (0.42) [8,122]	0.18 (0.38) [8,116]	0.48 (0.50) [9,021]	0.39 (0.49) [8,718]	0.16 (0.37) [9,021]	0.10 (0.30) [8,718]	0.46 (0.50) [9,035]	0.23 (0.42) [8,759]
Natives		Natives		Natives		Natives		Natives	
0.51 (0.50) [98,261]		0.19 (0.39) [98,261]		0.43 (0.49) [105,311]		0.10 (0.31) [105,311]		0.14 (0.35) [104,908]	

Notes: Mean values, standard deviations (in parentheses) and number of observations (in square brackets) are reported. Differences in means are statistically significant for any pair of groups. Differences in total numbers of observations are due to missing values in variables.

Table 2a: Ethnic Identity and Attitudes

Probit estimation results - Whole sample-

Dep. Var: Probability of having a strong ethnic identity, measured by:					
	Traditions important	Traditions very important	Religion important	Religion very important	Foreign language at home
Immigrant	0.0499*** (0.0106)	0.0475*** (0.0082)	0.0752*** (0.0106)	0.0380*** (0.0059)	0.0928*** (0.0063)
Public trust	-0.0080*** (0.0013)	-0.0044*** (0.0009)	0.0016 (0.0013)	-0.0004 (0.0006)	-0.0014*** (0.0004)
Political trust	0.0048*** (0.0013)	-0.0023** (0.0010)	0.0205*** (0.0013)	0.0005 (0.0006)	0.0013*** (0.0004)
Political interest	-0.0068* (0.0035)	-0.0101*** (0.0025)	-0.0156*** (0.0034)	-0.0034** (0.0016)	0.0040*** (0.0011)
Political activism	0.0007 (0.0136)	-0.0203** (0.0093)	0.0056 (0.0134)	-0.0049 (0.0062)	-0.0046 (0.0046)
Civic activism	-0.0184** (0.0081)	-0.0050 (0.0059)	-0.0631*** (0.0078)	-0.0245*** (0.0037)	0.0027 (0.0028)
Life satisfaton	0.0025 (0.0017)	-0.0002 (0.0012)	0.0138*** (0.0017)	0.0016** (0.0008)	0.0002 (0.0006)
Happiness	0.0129*** (0.0019)	0.0059*** (0.0014)	0.0119*** (0.0019)	0.0072*** (0.0010)	-0.0022*** (0.0006)
Social activism	0.0004 (0.0020)	0.0035** (0.0014)	0.0028 (0.0019)	0.0011 (0.0009)	0.0010 (0.0007)
Female	0.0453*** (0.0054)	0.0298*** (0.0038)	0.1294*** (0.0052)	0.0355*** (0.0025)	-0.0066*** (0.0018)
Age	0.0035*** (0.0013)	-0.0002 (0.0009)	0.0016 (0.0013)	-0.0014** (0.0006)	-0.0012*** (0.0004)
Age2	0.0000* (0.0000)	0.0000*** (0.0000)	0.0000 (0.0000)	0.0000*** (0.0000)	0.0000* (0.0000)
Education	-0.0083*** (0.0008)	-0.0046*** (0.0006)	-0.0021** (0.0008)	-0.0019*** (0.0004)	-0.0008*** (0.0003)
Father education	-0.0061** (0.0026)	-0.0044** (0.0018)	-0.0036 (0.0025)	-0.0022* (0.0013)	-0.0002 (0.0009)
Mother education	-0.0127*** (0.0029)	-0.0084*** (0.0021)	-0.0081*** (0.0028)	-0.0049*** (0.0014)	-0.0040*** (0.0010)
City	-0.0162** (0.0065)	-0.0041 (0.0046)	-0.0205*** (0.0064)	-0.0015 (0.0031)	0.0047** (0.0022)
Years since arrival	0.0182*** (0.0036)	0.0122*** (0.0023)	0.0220*** (0.0035)	0.0094*** (0.0014)	0.0099*** (0.0007)
Country dummies	yes	yes	yes	yes	yes
Observations	76990	76990	81741	81741	71032
Pseudo-Rsquared	0.0786	0.0640	0.105	0.0876	0.215

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

Table 2b: Ethnic Identity and Attitudes

Probit estimation results- Whole sample -

	Dep. Var: Probability of having a strong ethnic identity, measured by:				
	Traditions important	Traditions very important	Religion important	Religion very important	Foreign language at home
First generation	0.3111*** (0.0286)	0.2638*** (0.0372)	0.3875*** (0.0295)	0.2885*** (0.0374)	0.6422*** (0.0345)
Second generation	0.0250** (0.0111)	0.0307*** (0.0086)	0.0457*** (0.0111)	0.0206*** (0.0060)	0.0458*** (0.0063)
Public trust	-0.0079*** (0.0013)	-0.0043*** (0.0009)	0.0018 (0.0013)	-0.0003 (0.0006)	-0.0013*** (0.0004)
Political trust	0.0043*** (0.0013)	-0.0026*** (0.0010)	0.0199*** (0.0013)	0.0002 (0.0006)	0.0007 (0.0004)
Political interest	-0.0070** (0.0035)	-0.0102*** (0.0025)	-0.0158*** (0.0034)	-0.0034** (0.0016)	0.0039*** (0.0011)
Political activism	-0.0009 (0.0136)	-0.0213** (0.0093)	0.0038 (0.0134)	-0.0060 (0.0061)	-0.0063 (0.0044)
Civic activism	-0.0202** (0.0081)	-0.0062 (0.0059)	-0.0650*** (0.0078)	-0.0253*** (0.0037)	0.0008 (0.0027)
Life satisfaton	0.0025 (0.0017)	-0.0001 (0.0012)	0.0139*** (0.0017)	0.0017** (0.0008)	0.0003 (0.0006)
Happiness	0.0131*** (0.0019)	0.0060*** (0.0014)	0.0121*** (0.0019)	0.0072*** (0.0010)	-0.0020*** (0.0006)
Social activism	0.0011 (0.0020)	0.0039*** (0.0014)	0.0036* (0.0019)	0.0015 (0.0009)	0.0016** (0.0006)
Female	0.0449*** (0.0054)	0.0297*** (0.0038)	0.1291*** (0.0052)	0.0351*** (0.0025)	-0.0072*** (0.0017)
Age	0.0035*** (0.0013)	-0.0002 (0.0009)	0.0016 (0.0013)	-0.0014** (0.0006)	-0.0014*** (0.0004)
Age2	0.0000* (0.0000)	0.0000*** (0.0000)	0.0000 (0.0000)	0.0000*** (0.0000)	0.0000*** (0.0000)
Education	-0.0082*** (0.0008)	-0.0046*** (0.0006)	-0.0020** (0.0008)	-0.0019*** (0.0004)	-0.0006** (0.0003)
Father education	-0.0065** (0.0026)	-0.0047** (0.0018)	-0.0040 (0.0025)	-0.0024* (0.0013)	-0.0008 (0.0009)
Mother education	-0.0131*** (0.0029)	-0.0086*** (0.0021)	-0.0085*** (0.0028)	-0.0050*** (0.0014)	-0.0048*** (0.0010)
City	-0.0164** (0.0066)	-0.0041 (0.0046)	-0.0210*** (0.0064)	-0.0018 (0.0030)	0.0044** (0.0021)
Years since arrival	-0.0496*** (0.0090)	-0.0240*** (0.0058)	-0.0532*** (0.0086)	-0.0183*** (0.0034)	-0.0137*** (0.0015)
Country dummies	yes	yes	yes	yes	yes
Observations	76933	76933	81681	81681	70977
Pseudo-Rsquared	0.0800	0.0655	0.107	0.0915	0.244

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

Table 2c: Ethnic Identity and Attitudes

Probit estimation results – Immigrant sample-

Dep. Var: Probability of having a strong ethnic identity, measured by:					
	Traditions important	Traditions very important	Religion important	Religion very important	Foreign language at home
Second generation	-0.2328*** (0.0372)	-0.1474*** (0.0301)	-0.2302*** (0.0355)	-0.1329*** (0.0215)	-0.2509*** (0.0333)
Public trust	-0.0133*** (0.0034)	-0.0095*** (0.0028)	-0.0060* (0.0033)	-0.0049** (0.0020)	-0.0118*** (0.0030)
Political trust	0.0024 (0.0034)	-0.0010 (0.0028)	0.0158*** (0.0033)	-0.0015 (0.0020)	-0.0072** (0.0031)
Political interest	-0.0059 (0.0087)	-0.0066 (0.0071)	0.0014 (0.0085)	-0.0018 (0.0050)	0.0037 (0.0079)
Political activism	0.0310 (0.0373)	-0.0110 (0.0307)	0.0202 (0.0357)	0.0040 (0.0207)	-0.1093*** (0.0322)
Civic activism	0.0379* (0.0228)	0.0159 (0.0188)	-0.0061 (0.0220)	-0.0381*** (0.0127)	0.1480*** (0.0234)
Life satisfaton	-0.0043 (0.0042)	-0.0030 (0.0034)	0.0150*** (0.0041)	0.0021 (0.0024)	-0.0292*** (0.0038)
Happiness	0.0107** (0.0050)	0.0054 (0.0039)	0.0039 (0.0049)	0.0093*** (0.0031)	-0.0085* (0.0044)
Social activism	-0.0046 (0.0051)	0.0034 (0.0041)	-0.0018 (0.0050)	-0.0045 (0.0030)	-0.0154*** (0.0045)
Female	0.0287* (0.0147)	0.0287** (0.0118)	0.0932*** (0.0141)	0.0368*** (0.0082)	-0.0060 (0.0132)
Age	-0.0007 (0.0036)	-0.0086*** (0.0029)	0.0033 (0.0035)	-0.0015 (0.0021)	-0.0019 (0.0032)
Age2	0.0000 (0.0000)	0.0001*** (0.0000)	-0.0000 (0.0000)	0.0000 (0.0000)	0.0000 (0.0000)
Education	-0.0095*** (0.0021)	-0.0049*** (0.0017)	-0.0042** (0.0020)	-0.0050*** (0.0013)	-0.0110*** (0.0019)
Father education	-0.0056 (0.0060)	-0.0013 (0.0050)	-0.0018 (0.0058)	-0.0019 (0.0036)	-0.0030 (0.0053)
Mother education	-0.0218*** (0.0066)	-0.0266*** (0.0057)	-0.0192*** (0.0064)	-0.0108*** (0.0041)	0.0237*** (0.0058)
City	0.0114 (0.0148)	0.0267** (0.0120)	0.0112 (0.0143)	0.0167** (0.0084)	0.0403*** (0.0133)
Years since arrival	-0.0348*** (0.0094)	-0.0194*** (0.0072)	-0.0311*** (0.0089)	-0.0159*** (0.0049)	-0.0278*** (0.0083)
Observations	10522	10522	11373	11373	11354
Pseudo-Rsquared	0.0308	0.0364	0.0354	0.0543	0.0876

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

Table 3: Ethnic Identity and Ethnic Geographical Segregation

Probit estimation results – Immigrant sample-

Dep. Var: Probability of having a strong ethnic identity, measured by:					
	Traditions important	Traditions very important	Religion important	Religion very important	Foreign language at home
Many minorities	0.0306 (0.0336)	0.0438 (0.0273)	0.0083 (0.0316)	0.0394* (0.0202)	0.0806*** (0.0249)
Female	0.0368 (0.0254)	0.0376* (0.0200)	0.1488*** (0.0237)	0.0431*** (0.0138)	0.0012 (0.0180)
Age	-0.0010 (0.0040)	-0.0026 (0.0030)	-0.0013 (0.0037)	-0.0029 (0.0022)	0.0001 (0.0028)
Age2	0.0000 (0.0000)	0.0000 (0.0000)	0.0000 (0.0000)	0.0000 (0.0000)	-0.0001* (0.0000)
Education	-0.0080** (0.0037)	-0.0100*** (0.0030)	-0.0031 (0.0035)	-0.0068*** (0.0023)	-0.0059** (0.0028)
Father education	-0.0134 (0.0115)	0.0122 (0.0098)	-0.0096 (0.0106)	0.0050 (0.0069)	-0.0114 (0.0084)
Mother education	-0.0299** (0.0130)	-0.0417*** (0.0116)	-0.0225* (0.0120)	-0.0214*** (0.0081)	-0.0128 (0.0094)
Second generation	-0.1277*** (0.0261)	-0.0812*** (0.0208)	-0.1239*** (0.0249)	-0.0805*** (0.0151)	-0.2748*** (0.0190)
City	0.0177 (0.0271)	0.0331 (0.0215)	0.0342 (0.0256)	0.0210 (0.0149)	0.0479** (0.0198)
Country dummies	yes	yes	yes	yes	yes
Observations	4192	4192	5061	5061	3714
Pseudo-Rsquared	0.0753	0.0725	0.0699	0.1073	0.2340

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

Table 4: Ethnic Identity and Ethnic Geographical Segregation**-EXOGENOUS CHOICE OF NEIGHBORHOOD-**

Dep. Var: Probability of having a strong ethnic identity, measured by:					
	Religion important	Religion very important	Traditions important	Traditions very important	Foreign language at home
Many minorities	-0.1987*** (0.0683)	-0.0756*** (0.0272)	-0.1352 (0.0830)	-0.0489 (0.0673)	-0.1302** (0.0563)
Female	0.1039** (0.0495)	0.0743** (0.0303)	0.0342 (0.0513)	0.0645 (0.0454)	0.0132 (0.0423)
Age	0.0038 (0.0076)	-0.0058 (0.0049)	0.0160** (0.0082)	0.0095 (0.0068)	-0.0005 (0.0062)
Age2	-0.0000 (0.0001)	0.0001 (0.0000)	-0.0001 (0.0001)	-0.0001 (0.0001)	-0.0001 (0.0001)
Education	-0.0121 (0.0076)	-0.0067 (0.0047)	-0.0104 (0.0078)	-0.0164** (0.0065)	0.0068 (0.0060)
Father education	-0.0041 (0.0190)	0.0056 (0.0132)	0.0120 (0.0213)	-0.0176 (0.0195)	-0.0132 (0.0161)
Mother education	-0.0298 (0.0237)	-0.0294 (0.0214)	-0.0322 (0.0246)	-0.0092 (0.0238)	-0.0214 (0.0181)
Second generation	-0.0978* (0.0514)	-0.0473 (0.0342)	-0.1302** (0.0528)	-0.0962** (0.0490)	-0.1826*** (0.0448)
City	-0.0204 (0.0518)	-0.0201 (0.0306)	0.0584 (0.0519)	0.0976** (0.0473)	0.0681 (0.0438)
Observations	1305	1305	1105	1105	1307
Pseudo-Rsquared	0.0554	0.0684	0.0616	0.0621	0.0655

Notes: Sub-sample of immigrants depicting as the ideal residential neighborhood one with almost no ethnic minorities. Probit estimation results. Marginal effects and robust standard errors (in parentheses) are reported. *** p<0.01, ** p<0.05, * p<0.1

Table 5: Ethnic Identity and Ethnic Geographical Segregation**-EXOGENOUS CHOICE OF NEIGHBORHOOD-**

Dep. Var: Probability of having a strong ethnic identity, measured by:					
	Religion important	Religion very important	Traditions important	Traditions very important	Foreign language at home
Few minorities	0.0328 (0.0459)	-0.0250 (0.0288)	0.0114 (0.0497)	-0.0003 (0.0347)	-0.0254 (0.0356)
Female	0.1687*** (0.0346)	0.0371* (0.0197)	0.0038 (0.0370)	-0.0002 (0.0283)	0.0185 (0.0280)
Age	-0.0005 (0.0054)	-0.0014 (0.0031)	-0.0069 (0.0058)	-0.0098** (0.0041)	-0.0040 (0.0042)
Age2	0.0000 (0.0001)	0.0000 (0.0000)	0.0001 (0.0001)	0.0001** (0.0000)	-0.0000 (0.0000)
Education	0.0006 (0.0048)	-0.0095*** (0.0029)	-0.0044 (0.0051)	-0.0057 (0.0040)	-0.0024 (0.0039)
Father education	-0.0116 (0.0151)	0.0104 (0.0087)	-0.0241 (0.0158)	0.0065 (0.0137)	-0.0249** (0.0122)
Mother education	-0.0399** (0.0170)	-0.0343*** (0.0113)	-0.0371** (0.0181)	-0.0553*** (0.0158)	0.0000 (0.0134)
Second generation	-0.0969*** (0.0357)	-0.0691*** (0.0194)	-0.1099*** (0.0372)	-0.0989*** (0.0290)	-0.2625*** (0.0272)
City	0.0250 (0.0361)	0.0111 (0.0202)	0.0274 (0.0377)	0.0198 (0.0293)	0.0601** (0.0286)
Observations	2023	2023	1770	1770	2029
Pseudo-Rsquared	0.0421	0.0991	0.0390	0.0665	0.114

Notes: Sub-sample of immigrants depicting as the ideal residential neighborhood one with many or at least few ethnic minorities. Probit estimation results. Marginal effects and robust standard errors (in parentheses) are reported. *** p<0.01, ** p<0.05, * p<0.1

Table 6: Unemployment probability for immigrants compared to natives in EU countries, 16-64 years

Country	Unemployment ratio immigrant/native		
	All immigrants	1 st gen	2 nd gen
Austria	1.44	2.13	0.92
Belgium	1.83	1.88	1.78
Switzerland	2.80	2.74	2.87
Czech Republic	2.54	2.34	2.65
Denmark	1.46	1.52	1.39
Germany	2.26	3.79	0.41
Estonia	2.89	2.24	3.34
Spain	2.01	2.59	-
Finland	1.51	1.67	2.15
France	1.64	1.54	1.47
UK	1.52	1.58	1.27
Greece	1.15	1.34	0.70
Hungary	1.07	1.11	1.21
Ireland	1.85	2.31	1.01
Italy	0.54	1.31	1.36
Luxembourg	4.08	3.96	3.48
Netherlands	2.14	2.44	1.68
Norway	2.02	2.48	1.24
Poland	1.34	0.48	1.64
Portugal	1.65	1.68	1.56
Sweden	1.38	1.27	1.69
Slovenia	1.10	1.46	1.53
Slovakia	1.02	1.35	0.92
Ukraine	1.04	0.97	1.08
Europe	1.38	1.50	1.26

Source: Cumulative European Social Survey data, round 1 to 3

Table 7: Ethnic Identity and Employment

Probit estimation results – Immigrant sample-

Dep. Var.: Probability to be in paid work

Traditions important	-0.0301** (0.0136)	-0.0261* (0.0138)								
Traditions very important			-0.0622*** (0.0170)	-0.0623*** (0.0173)						
Religion important					-0.0499*** (0.0135)	-0.0469*** (0.0139)				
Religion very important							-0.1031*** (0.0212)	-0.0980*** (0.0216)		
Foreign language at home									-0.0437*** (0.0143)	-0.0578*** (0.0199)
Second generation	0.1352*** (0.0354)	0.2197*** (0.0375)	0.1342*** (0.0353)	0.2176*** (0.0376)	0.1511*** (0.0346)	0.2350*** (0.0365)	0.1482*** (0.0346)	0.2310*** (0.0366)	0.1480*** (0.0347)	0.2132*** (0.0383)
Age	0.0930*** (0.0033)	0.0946*** (0.0033)	0.0928*** (0.0033)	0.0945*** (0.0033)	0.0938*** (0.0032)	0.0954*** (0.0033)	0.0937*** (0.0032)	0.0953*** (0.0033)	0.0935*** (0.0032)	0.0952*** (0.0033)
Age2	-0.0011*** (0.0000)	-0.0012*** (0.0000)	-0.0011*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)
Education	0.0134*** (0.0018)	0.0140*** (0.0018)	0.0132*** (0.0018)	0.0138*** (0.0018)	0.0146*** (0.0017)	0.0154*** (0.0018)	0.0141*** (0.0017)	0.0149*** (0.0018)	0.0145*** (0.0017)	0.0152*** (0.0018)
Female	-0.1960*** (0.0130)	-0.1985*** (0.0131)	-0.1955*** (0.0130)	-0.1979*** (0.0131)	-0.1950*** (0.0128)	-0.1973*** (0.0129)	-0.1961*** (0.0128)	-0.1983*** (0.0129)	-0.1996*** (0.0128)	-0.2031*** (0.0129)
Years since arrival	0.0254*** (0.0086)	0.0416*** (0.0092)	0.0254*** (0.0086)	0.0414*** (0.0092)	0.0294*** (0.0084)	0.0457*** (0.0090)	0.0293*** (0.0085)	0.0453*** (0.0090)	0.0280*** (0.0085)	0.0409*** (0.0092)
Country dummies	no	yes	no	yes	No	yes	no	yes	no	yes
Observations	13163	13163	13163	13163	14318	14318	14318	14318	14335	14335
Pseudo-Rsquared	0.141	0.152	0.142	0.153	0.144	0.155	0.146	0.156	0.144	0.155

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

Table 8: Ethnic Identity and Employment

Probit estimation results - First generation immigrants-

Dep. Var.: Probability to be in paid work

Traditions important	-0.0077 (0.0195)	-0.0083 (0.0199)								
Traditions very important			-0.0481** (0.0231)	-0.0463** (0.0236)						
Religion important					-0.0427** (0.0190)	-0.0451** (0.0196)				
Religion very important							-0.0771*** (0.0263)	-0.0686** (0.0270)		
Foreign language at home									-0.0589*** (0.0195)	-0.0665*** (0.0225)
Age	0.0881*** (0.0049)	0.0882*** (0.0050)	0.0884*** (0.0049)	0.0885*** (0.0050)	0.0886*** (0.0048)	0.0890*** (0.0049)	0.0885*** (0.0048)	0.0887*** (0.0049)	0.0890*** (0.0049)	0.0899*** (0.0049)
Age2	-0.0011*** (0.0001)	-0.0011*** (0.0001)	-0.0011*** (0.0001)	-0.0011*** (0.0001)	-0.0011*** (0.0001)	-0.0011*** (0.0001)	-0.0011*** (0.0001)	-0.0011*** (0.0001)	-0.0011*** (0.0001)	-0.0011*** (0.0001)
Education	0.0121*** (0.0023)	0.0129*** (0.0024)	0.0116*** (0.0023)	0.0125*** (0.0024)	0.0131*** (0.0022)	0.0143*** (0.0024)	0.0127*** (0.0023)	0.0139*** (0.0024)	0.0131*** (0.0023)	0.0141*** (0.0024)
Female	-0.2431*** (0.0183)	-0.2413*** (0.0185)	-0.2425*** (0.0183)	-0.2407*** (0.0186)	-0.2359*** (0.0180)	-0.2338*** (0.0182)	-0.2359*** (0.0180)	-0.2344*** (0.0182)	-0.2429*** (0.0180)	-0.2423*** (0.0182)
Years since arrival	0.0246*** (0.0094)	0.0473*** (0.0104)	0.0241** (0.0094)	0.0469*** (0.0104)	0.0288*** (0.0092)	0.0511*** (0.0101)	0.0287*** (0.0092)	0.0507*** (0.0101)	0.0254*** (0.0092)	0.0446*** (0.0103)
Country dummies	no	yes	No	yes	no	yes	no	yes	no	yes
Observations	6485	6485	6485	6485	7183	7183	7183	7183	7173	7173
Pseudo-Rsquared	0.133	0.153	0.134	0.154	0.136	0.154	0.136	0.155	0.138	0.158

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

Table 9: Ethnic Identity and Employment

Probit estimation results - Second generation immigrants-

	Dep. Var.: Probability to be in paid work									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Traditions important	-0.0501*** (0.0190)	-0.0416** (0.0195)								
Traditions very important			-0.0794*** (0.0253)	-0.0788*** (0.0259)						
Religion important					-0.0565*** (0.0193)	-0.0487** (0.0200)				
Religion very important							-0.1498*** (0.0357)	-0.1453*** (0.0363)		
Foreign language at home									-0.0286 (0.0211)	-0.0390 (0.0462)
Age	0.0963*** (0.0044)	0.0982*** (0.0045)	0.0957*** (0.0045)	0.0977*** (0.0046)	0.0971*** (0.0044)	0.0990*** (0.0045)	0.0970*** (0.0044)	0.0990*** (0.0045)	0.0969*** (0.0044)	0.0985*** (0.0045)
Age2	-0.0012*** (0.0001)	-0.0012*** (0.0001)	-0.0012*** (0.0001)	-0.0012*** (0.0001)	-0.0012*** (0.0001)	-0.0012*** (0.0001)	-0.0012*** (0.0001)	-0.0012*** (0.0001)	-0.0012*** (0.0001)	-0.0012*** (0.0001)
Education	0.0152*** (0.0028)	0.0152*** (0.0029)	0.0155*** (0.0028)	0.0154*** (0.0029)	0.0166*** (0.0028)	0.0165*** (0.0028)	0.0162*** (0.0028)	0.0162*** (0.0028)	0.0161*** (0.0028)	0.0162*** (0.0028)
Female	-0.1517*** (0.0184)	-0.1576*** (0.0185)	-0.1510*** (0.0185)	-0.1571*** (0.0186)	-0.1562*** (0.0182)	-0.1619*** (0.0183)	-0.1585*** (0.0182)	-0.1638*** (0.0183)	-0.1600*** (0.0181)	-0.1663*** (0.0182)
Country dummies	no	yes	No	yes	No	yes	no	yes	no	yes
Observations	6678	6678	6678	6678	7135	7135	7135	7135	7162	7162
Pseudo-Rsquared	0.151	0.158	0.152	0.159	0.155	0.161	0.157	0.164	0.152	0.159

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

Table 10: Ethnic Identity and Employment

Probit estimation results - Native sample-

Dep. Var.: Probability to be in paid work

Traditions important	-0.0174*** (0.0055)	-0.0006 (0.0057)								
Traditions very important			-0.0429*** (0.0076)	-0.0332*** (0.0077)						
Religion important					-0.0395*** (0.0056)	-0.0252*** (0.0059)				
Religion very important							-0.1046*** (0.0105)	-0.0868*** (0.0108)		
Foreign language at home									-0.0674*** (0.0067)	0.0071 (0.0230)
Age	0.0980*** (0.0013)	0.0982*** (0.0013)	0.0980*** (0.0013)	0.0983*** (0.0013)	0.0990*** (0.0013)	0.0993*** (0.0013)	0.0990*** (0.0013)	0.0993*** (0.0013)	0.0986*** (0.0013)	0.0993*** (0.0013)
Age2	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)
Education	0.0194*** (0.0008)	0.0208*** (0.0008)	0.0193*** (0.0008)	0.0207*** (0.0008)	0.0198*** (0.0008)	0.0210*** (0.0008)	0.0197*** (0.0008)	0.0208*** (0.0008)	0.0195*** (0.0008)	0.0209*** (0.0008)
Female	-0.2023*** (0.0052)	-0.2057*** (0.0053)	-0.2020*** (0.0052)	-0.2049*** (0.0053)	-0.2017*** (0.0052)	-0.2054*** (0.0053)	-0.2029*** (0.0052)	-0.2056*** (0.0052)	-0.2065*** (0.0052)	-0.2082*** (0.0052)
Country dummies	no	yes	no	yes	no	yes	no	yes	no	yes
Observations	76507	76507	76507	76507	81169	81169	81169	81169	81389	81389
Pseudo-Rsquared	0.174	0.184	0.174	0.184	0.177	0.186	0.178	0.187	0.177	0.185

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

**Table 11: 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 12. Principal component analysis results

<i>MIPEX policy area</i>	N. Obs.	Mean	Std. Dev.	PC1	PC2
Labor market access	23	61.30	19.38	0.45	-0.27
Long term residence	23	60.87	9.70	0.35	-0.62
Access to nationality	23	45.30	14.22	0.40	0.49
Family reunion	23	58.26	15.23	0.48	-0.23
Political participation	23	51.70	24.96	0.38	0.23
Anti-discrimination	23	60.04	20.97	0.37	0.45
Eigenvalues				3.20	1.04
Percentage of explained variance				53%	17%

Notes: We report in bold the values of the original variables that are better represented in each component.

Table 13: The Effect of Integration Policies and Ethnic Identity on Employment Outcomes

Countries grouped by similar integration policies

Probit estimation results – Immigrant sample-

Ethnic identity measured by:	Dep. Var.: Probability to be in paid work				
	Traditions important	Traditions very important	Religion important	Religion very important	Foreign language at home
Ethnic Identity	-0.0282 (0.0204)	-0.0627** (0.0304)	-0.0526*** (0.0196)	-0.1090*** (0.0347)	-0.0995*** (0.0290)
Ethnic Identity*groupB	-0.0525* (0.0316)	-0.0189 (0.0456)	-0.0621* (0.0338)	-0.0698 (0.0613)	0.0335 (0.0494)
Ethnic Identity*groupC	-0.0302 (0.0234)	-0.0209 (0.0379)	-0.0069 (0.0232)	-0.0060 (0.0441)	0.0162 (0.0321)
Ethnic Identity*groupD	0.1629*** (0.0337)	0.1327** (0.0529)	0.1426*** (0.0368)	0.1826*** (0.0676)	0.1827*** (0.0440)
Second generation	0.1781*** (0.0366)	0.1442*** (0.0364)	0.1829*** (0.0358)	0.1564*** (0.0355)	0.1420*** (0.0367)
Age	0.0944*** (0.0035)	0.0938*** (0.0035)	0.0952*** (0.0034)	0.0950*** (0.0034)	0.0954*** (0.0034)
Age2	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)
Education	0.0125*** (0.0018)	0.0124*** (0.0018)	0.0141*** (0.0018)	0.0135*** (0.0018)	0.0138*** (0.0018)
Female	-0.2054*** (0.0138)	-0.2054*** (0.0138)	-0.2040*** (0.0136)	-0.2055*** (0.0135)	-0.2109*** (0.0135)
Years since arrival	0.0362*** (0.0091)	0.0289*** (0.0090)	0.0377*** (0.0089)	0.0325*** (0.0088)	0.0288*** (0.0089)
Observations	12486	12486	13645	13645	13645
Pseudo-Rsquared	0.151	0.148	0.154	0.153	0.153

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

Table 14: Ethnic Identity and Attitudes

Probit estimation results – Immigrant sample-

	Dep. Var: Probability of having a strong ethnic identity, measured by:				
	Traditions important	Traditions very important	Religion important	Religion very important	Foreign language at home
Access to nationality	-0.0016** (0.0008)	-0.0013** (0.0007)	-0.0001 (0.0008)	0.0005 (0.0005)	0.0059*** (0.0005)
Labor market access	-0.0035*** (0.0006)	-0.0010** (0.0005)	-0.0039*** (0.0006)	-0.0012*** (0.0004)	-0.0050*** (0.0004)
Family reunion	0.0022*** (0.0008)	-0.0001 (0.0006)	-0.0011 (0.0008)	-0.0018*** (0.0005)	0.0065*** (0.0006)
Long term residence	0.0056*** (0.0010)	0.0010 (0.0008)	0.0081*** (0.0010)	0.0033*** (0.0005)	0.0014* (0.0008)
Political participation	-0.0021*** (0.0005)	-0.0011*** (0.0004)	-0.0003 (0.0005)	-0.0003 (0.0003)	-0.0044*** (0.0004)
Anti-discrimination	-0.0007 (0.0005)	0.0014*** (0.0004)	-0.0011** (0.0005)	-0.0001 (0.0003)	-0.0066*** (0.0004)
Second generation	-0.2296*** (0.0387)	-0.1647*** (0.0307)	-0.2169*** (0.0372)	-0.1276*** (0.0227)	-0.3691*** (0.0276)
Public trust	-0.0123*** (0.0037)	-0.0095*** (0.0029)	-0.0082** (0.0036)	-0.0049** (0.0021)	-0.0069*** (0.0026)
Political trust	0.0076** (0.0037)	-0.0016 (0.0030)	0.0178*** (0.0036)	-0.0021 (0.0022)	0.0106*** (0.0027)
Political interest	-0.0035 (0.0093)	-0.0028 (0.0075)	0.0011 (0.0091)	-0.0028 (0.0053)	0.0194*** (0.0071)
Political activism	0.0316 (0.0411)	-0.0236 (0.0332)	-0.0147 (0.0397)	-0.0102 (0.0224)	-0.0475 (0.0333)
Civic activism	0.0251 (0.0237)	0.0061 (0.0192)	-0.0110 (0.0229)	-0.0368*** (0.0135)	0.0217 (0.0206)
Life satisfaton	-0.0037 (0.0049)	0.0003 (0.0038)	0.0125*** (0.0048)	0.0011 (0.0028)	-0.0076** (0.0036)
Happiness	0.0098* (0.0057)	0.0030 (0.0044)	0.0054 (0.0056)	0.0098*** (0.0036)	-0.0030 (0.0041)
Social activism	0.0055 (0.0057)	0.0074* (0.0045)	0.0016 (0.0055)	-0.0041 (0.0034)	0.0103** (0.0041)
Female	0.0277* (0.0157)	0.0238* (0.0124)	0.0974*** (0.0150)	0.0434*** (0.0087)	-0.0279** (0.0117)
Age	-0.0005 (0.0039)	-0.0085*** (0.0030)	0.0008 (0.0037)	-0.0016 (0.0022)	-0.0037 (0.0029)
Age2	0.0000 (0.0000)	0.0001*** (0.0000)	-0.0000 (0.0000)	0.0000 (0.0000)	0.0000 (0.0000)
Education	-0.0099*** (0.0022)	-0.0062*** (0.0018)	-0.0043** (0.0021)	-0.0057*** (0.0014)	-0.0033* (0.0017)
Father education	-0.0073 (0.0066)	0.0050 (0.0053)	-0.0023 (0.0064)	-0.0008 (0.0040)	-0.0122** (0.0053)
Mother education	-0.0284*** (0.0074)	-0.0325*** (0.0061)	-0.0271*** (0.0070)	-0.0118*** (0.0045)	-0.0200*** (0.0058)
City	0.0114 (0.0160)	0.0262** (0.0128)	0.0249 (0.0154)	0.0171* (0.0091)	0.0419*** (0.0122)
Years since arrival	-0.0259*** (0.0098)	-0.0185** (0.0074)	-0.0211** (0.0094)	-0.0117** (0.0053)	-0.0385*** (0.0069)
Observations	9993	9993	10847	10847	10817
Pseudo-Rsquared	0.0526	0.0502	0.0488	0.0675	0.198

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

Table 15: The Effect of Integration Policies and Ethnic Identity on Employment Outcomes

Probit estimation results – Immigrant sample-

Ethnic identity measured by:	Dep. Var.: Probability to be in paid work				
	Traditions important	Traditions very important	Religion important	Religion very important	Foreign language at home
Ethnic Identity	-0.1370** (0.0632)	-0.0655 (0.1042)	-0.0935 (0.0648)	-0.1662 (0.1228)	0.0234 (0.0862)
Ethnic Identity * Access to nationality	-0.0027*** (0.0010)	-0.0009 (0.0016)	-0.0018* (0.0011)	-0.0022 (0.0020)	-0.0034** (0.0016)
Ethnic Identity * Labor market access	0.0047*** (0.0008)	0.0047*** (0.0013)	0.0047*** (0.0009)	0.0068*** (0.0017)	0.0058*** (0.0009)
Ethnic Identity * Family reunion	-0.0001 (0.0010)	-0.0022 (0.0017)	-0.0007 (0.0011)	-0.0039* (0.0021)	0.0000 (0.0015)
Ethnic Identity * Long term residence	0.0005 (0.0013)	-0.0003 (0.0021)	0.0001 (0.0014)	0.0029 (0.0026)	-0.0023 (0.0020)
Ethnic Identity * Political participation	-0.0015** (0.0006)	-0.0009 (0.0010)	-0.0012* (0.0007)	-0.0021* (0.0012)	-0.0034** (0.0008)
Ethnic Identity * Anti-discrimination	0.0003 (0.0006)	-0.0005 (0.0010)	-0.0008 (0.0007)	-0.0011 (0.0013)	0.0008 (0.0011)
Second generation	0.1747*** (0.0362)	0.1437*** (0.0363)	0.1840*** (0.0354)	0.1580*** (0.0354)	0.1421*** (0.0366)
Age	0.0947*** (0.0035)	0.0938*** (0.0035)	0.0954*** (0.0034)	0.0951*** (0.0034)	0.0958*** (0.0034)
Age2	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)	-0.0012*** (0.0000)
Education	0.0128*** (0.0018)	0.0126*** (0.0018)	0.0145*** (0.0018)	0.0137*** (0.0018)	0.0138*** (0.0018)
Female	-0.2065*** (0.0138)	-0.2059*** (0.0138)	-0.2054*** (0.0136)	-0.2060*** (0.0135)	-0.2115*** (0.0136)
Years since arrival	0.0346*** (0.0090)	0.0283*** (0.0090)	0.0371*** (0.0088)	0.0329*** (0.0088)	0.0279*** (0.0088)
Observations	12486	12486	13645	13645	13645
Pseudo-Rsquared	0.152	0.149	0.155	0.155	0.155

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

APPENDIX

Table A1: Description of explanatory variables

<i>Variable</i>	<i>Explanation of the variable</i>	<i>N. Obs.</i>	<i>Immigrants</i>		<i>Natives</i>	
			<i>Mean (St.dev.)</i>	<i>N. Obs</i>	<i>Mean (St.dev.)</i>	<i>Mean (St.dev.)</i>
Public trust	Answer to the question: Do you think that most people would try to take advantage of you if they got the chance, or would they try to be fair?, coded 1 to 10, with 0 being “most people would try to make advantage of me” and 10 “most people would try to be fair”	14,641	5.48 (2.35)	82,507	5.62 (2.29)	
Political trust	Answer to the question: How much you personally trust politicians, coded 1 to 10, with 0 being “no trust at all” and 10 “complete trust”	14,126	3.86 (2.37)	81,926	3.68 (2.28)	
Political interest	Answer to the question: How interested would you say you are in politics, coded 1 to 4, with 0 being “very interested” and 4 “not at all interested”	14,745	2.60 (0.92)	82,875	2.60 (0.87)	
Political activism	Variable taking value 1 if the respondent has participated in a political party or action group in the last 12 months, and 2 otherwise	14,733	1.96 (0.20)	82,762	1.95 (0.21)	
Civic activism	Variable taking value 1 if the respondent has participated in any other organization or association in the last 12 months, and 2 otherwise	14,721	1.87 (0.33)	82,665	1.84 (0.36)	
Life Satisfaction	Answer to the question: How satisfied are you with your life as a whole, coded 1 to 10, with 0 being “extremely dissatisfied” and 10 “extremely satisfied”	14,732	6.81 (2.37)	82,707	6.99 (2.22)	
Happiness	Answer to the question: How happy would you say you are, coded 1 to 10, with 0 being “extremely unhappy” and 10 “extremely happy”	14,710	7.26 (2.01)	82,725	7.34 (1.90)	
Social activism	Answer to the question: How often do you meet socially with friends, relatives or work colleagues, coded 1 to 7, with 0 being “never” and 7 “every day”	14,765	5.07 (1.54)	82,891	5.05 (1.53)	
Age	Respondent’s age in years	14,799	39.35 (13.10)	83,073	40.63 (13.66)	
Female	Dummy variable taking value 1 if the respondent is female	14,785	0.53 (0.50)	83,024	0.52 (0.50)	
Education	Respondent’s years of full-time of education completed	14,625	12.69 (3.95)	82,248	12.51 (3.70)	
Father education	Higher level of education of the father, with 0 being not completed primary education, 1 being primary or first stage of basic education, 2 being lower secondary or second stage of basic education, 3 being upper secondary education, 4 being post secondary, non-tertiary education, 5 being first stage of tertiary and 6 second stage of tertiary education	12,758	2.53 (1.69)	75,243	2.28 (1.50)	
Mother education	Higher level of education of the mother also coded 0 to 6.	13,294	2.17 (1.56)	76,975	2.05 (1.38)	
City	Dummy taking value 1 if the residential area is in a big city (inner city or its suburb or outskirt)	14,743	0.41 (0.49)	82,876	0.29 (0.45)	
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”	14,733	1.94 (2.11)	-	-	

Table A2: Ethnic Identity and Employment

Probit estimation results with endogenous identity - All immigrants-

<i>First equation</i>	Dep. Var.: probability of having a strong identity, as measured by:				
	Traditions important	Traditions very important	Religion important	Religion very important	Foreign language at home
Country customs	-0.0409*** (0.0092)	-0.0236*** (0.0069)	-0.0262*** (0.0077)	-0.0140*** (0.0052)	-0.0137* (0.0075)
Separate schools	-0.0154** (0.0074)	-0.0156** (0.0069)	-0.0292*** (0.0097)	-0.0162** (0.0066)	-0.0452*** (0.0071)
Public trust	-0.0092** (0.0037)	-0.0145*** (0.0041)	-0.0054 (0.0038)	-0.0054* (0.0029)	-0.0114*** (0.0033)
Age	0.0016 (0.0032)	-0.0034 (0.0027)	0.0048 (0.0030)	0.0006 (0.0020)	0.0046** (0.0023)
Age2	0.0000 (0.0000)	0.0001* (0.0000)	-0.0000 (0.0000)	0.0000 (0.0000)	-0.0001*** (0.0000)
Education	-0.0124*** (0.0028)	-0.0121*** (0.0025)	-0.0081*** (0.0026)	-0.0105*** (0.0020)	-0.0068*** (0.0022)
Female	0.0225 (0.0214)	0.0251 (0.0176)	0.1270*** (0.0202)	0.0370*** (0.0127)	-0.0121 (0.0158)
Second generation	-0.1219** (0.0593)	-0.0823 (0.0516)	-0.1170** (0.0563)	-0.1320*** (0.0417)	-0.5795*** (0.0559)
Years since arrival	-0.0028 (0.0140)	-0.0001 (0.0125)	-0.0032 (0.0134)	-0.0132 (0.0101)	-0.0918*** (0.0128)
Constant	0.8281*** (0.0959)	0.6365*** (0.0808)	0.6111*** (0.0901)	0.4186*** (0.0666)	1.0372*** (0.0774)
<hr/>					
<i>Second equation</i>	Dep. Var.: Probability to be in paid work				
Traditions important	-1.5474*** (0.2260)				
Traditions very important		-1.8387*** (0.3357)			
Religion important			-1.4904*** (0.3381)		
Religion very important				-2.4578*** (0.5051)	
Foreign language at home					-1.0462** (0.4303)
Age	0.1619*** (0.0292)	0.1660*** (0.0328)	0.1771*** (0.0341)	0.1637*** (0.0405)	0.2087*** (0.0201)
Age2	-0.0019*** (0.0004)	-0.0020*** (0.0004)	-0.0022*** (0.0004)	-0.0020*** (0.0005)	-0.0026*** (0.0002)
Education	0.0159 (0.0124)	0.0159 (0.0146)	0.0326** (0.0144)	0.0164 (0.0173)	0.0477*** (0.0116)
Female	-0.3079*** (0.0830)	-0.3248*** (0.0914)	-0.2002 (0.1310)	-0.2800** (0.1176)	-0.4745*** (0.0679)
Second generation	0.2010 (0.1810)	0.2634 (0.1849)	0.3404 (0.2146)	0.1662 (0.2369)	0.0200 (0.3552)
Years since arrival	0.0650* (0.0382)	0.0748* (0.0391)	0.0928** (0.0424)	0.0616 (0.0464)	0.0244 (0.0650)
Constant	-2.3909*** (0.7824)	-2.7868*** (0.8488)	-3.0944*** (0.9399)	-2.8053*** (1.0469)	-3.6381*** (0.8172)
Observations	5277	5277	6276	6276	6290
Model chi-squared test	1477.77 [0.0000]	1188.49 [0.0000]	1182.00 [0.0000]	1247.33 [0.0000]	710.85 [0.0000]
Exogeneity chi-squared test	14.11 [0.0002]	9.19 [0.0024]	6.37 [0.0116]	6.00 [0.0143]	3.86 [0.0494]

Notes: Full Information Maximum Likelihood estimated coefficients and robust standard errors (in parentheses) are reported. The reported tests are both Wald tests that are used to assess the model fit and the correlation between first and second equation residuals. They are both distributed as chi-squared with degrees of freedom equal to the parameters included and one, respectively (see Wooldridge, 2002 for further details). The associated p-values are reported in squared brackets. *** p<0.01, ** p<0.05, * p<0.1

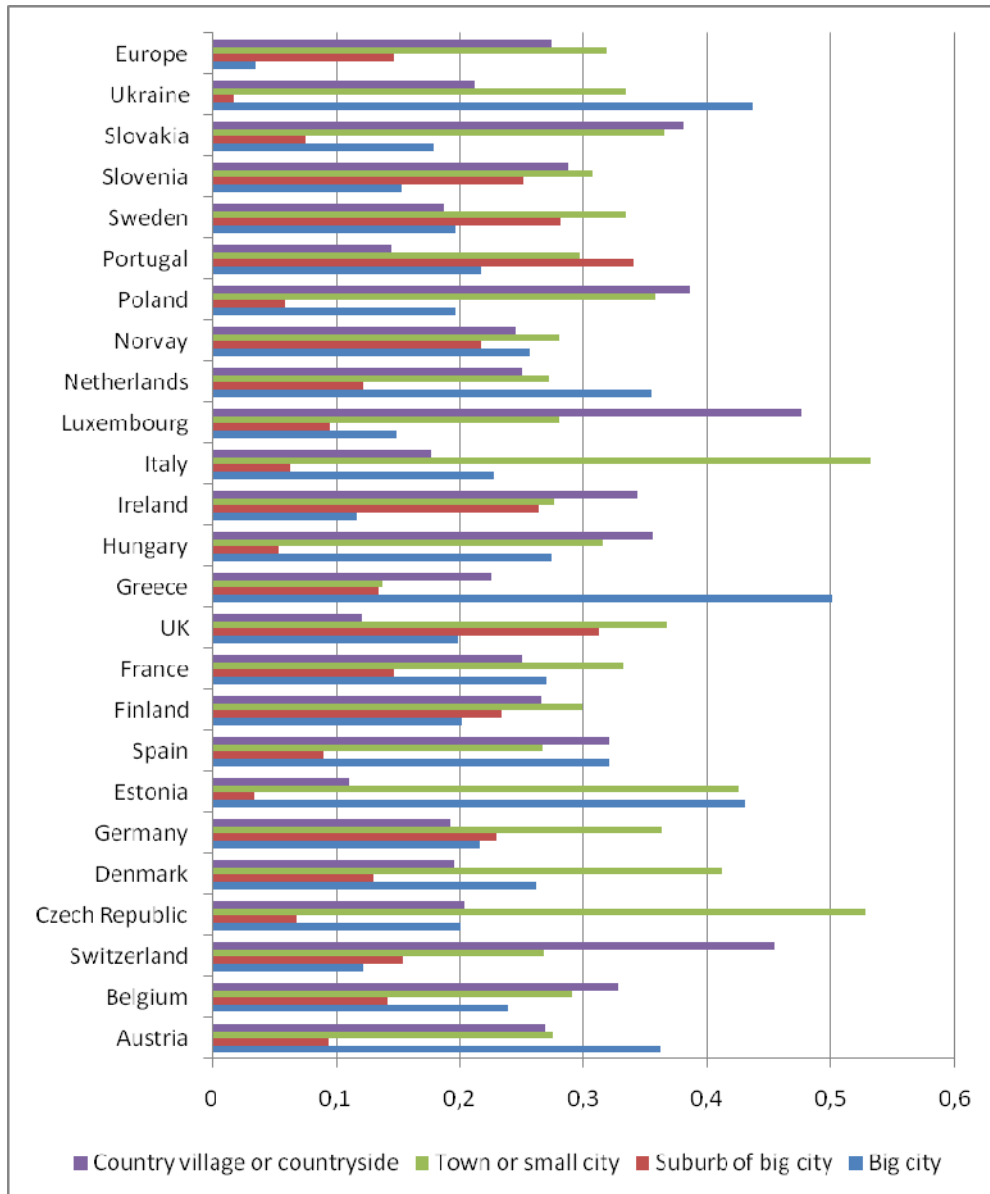
Table A3: Ethnic Identity and Employment

-All immigrants-

	Dep. Var.: Probability to be in paid work				
	(1)	(2)	(3)	(4)	(5)
Traditions important	-0.5583*** (0.0672)				
Traditions very important		-0.5573*** (0.0642)			
Religion important			-0.5340*** (0.1010)		
Religion very important				-0.5663*** (0.0470)	
Foreign language at home					-0.3754*** (0.1314)
Age	0.0643*** (0.0115)	0.0659*** (0.0129)	0.0703*** (0.0134)	0.0649*** (0.0159)	0.0826*** (0.0078)
Age2	-0.0008*** (0.0001)	-0.0008*** (0.0002)	-0.0009*** (0.0002)	-0.0008*** (0.0002)	-0.0010*** (0.0001)
Education	0.0063 (0.0049)	0.0063 (0.0058)	0.0129** (0.0057)	0.0065 (0.0069)	0.0189*** (0.0046)
Female	-0.1220*** (0.0326)	-0.1286*** (0.0358)	-0.0794 (0.0516)	-0.1109** (0.0461)	-0.1866*** (0.0261)
Second generation	0.0797 (0.0714)	0.1042 (0.0726)	0.1343 (0.0835)	0.0658 (0.0935)	0.0079 (0.1405)
Years since arrival	0.0258* (0.0152)	0.0297* (0.0155)	0.0368** (0.0168)	0.0245 (0.0184)	0.0096 (0.0257)
Observations	5277	5277	6276	6276	6290

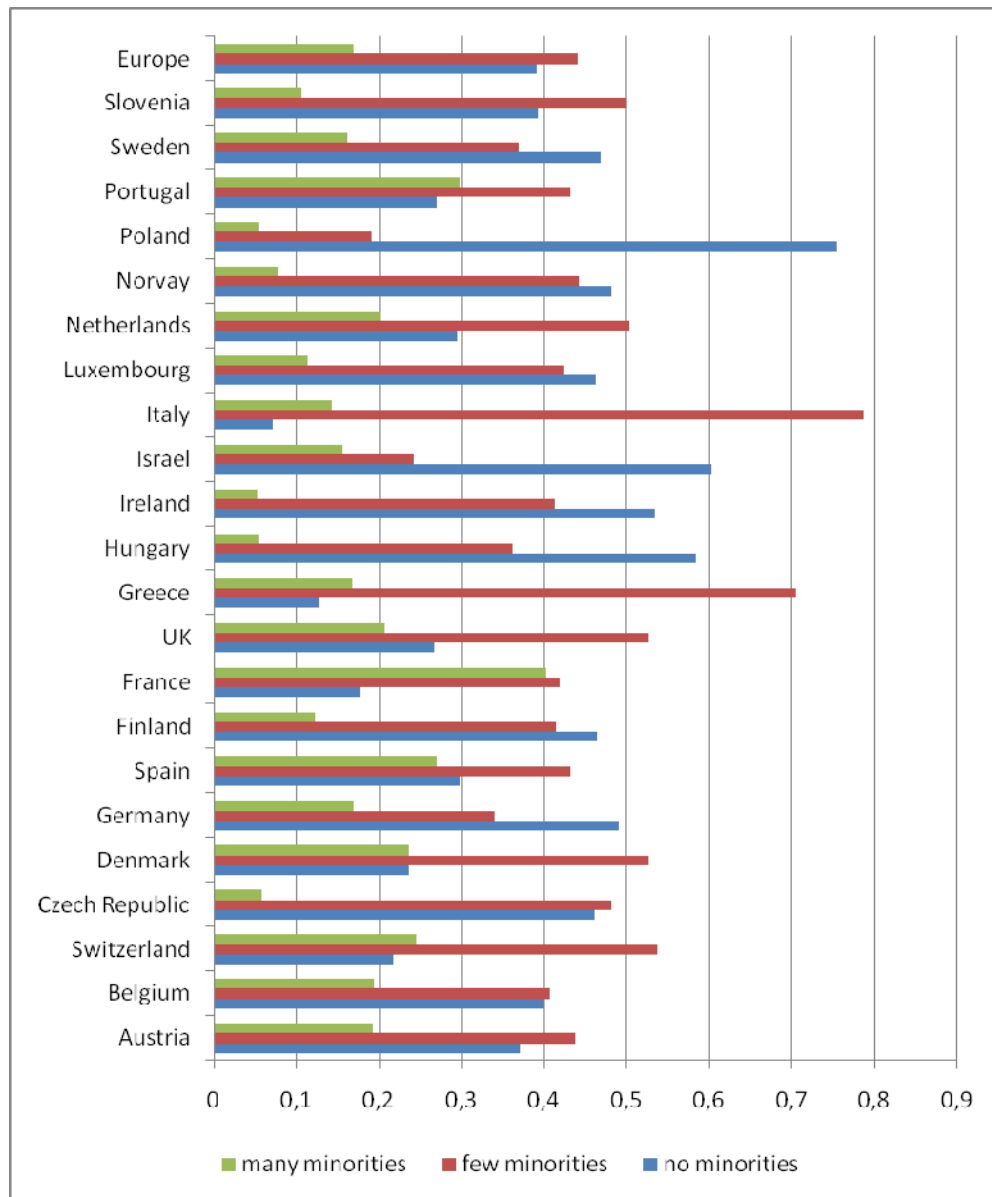
Notes: Marginal effects and robust standard errors (in parentheses) are reported. *** p<0.01, ** p<0.05, * p<0.1

Figure 1:
Distribution of immigrants by residential-area-type



Source: Cumulative European Social Survey data, round 1-2-3.

Figure 2: Distribution of immigrants with strong ethnic identity by ethnic neighbourhood composition



Source: European Social Survey data, round 1, Special Immigration module. Ethnic identity is measured using religion attachment.

Figure 3: Principal component analysis

