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Ethnic Penalties in the Labor Market. The Influence of Institutional and Contextual Determinants.

A central question of integration research is how migrants perform on the labor market in comparison to the native population. Relative disadvantages are referred to as ethnic penalties. While 'gross' penalties consist of the overall difference between immigrants and natives, 'net' penalties capture the extent to which a migrant worker earns less than a native with comparable human capital and socio-demographic characteristics.

Previous research shows that net penalties are considerable in Western societies, thus suggesting a high level of ethnic inequality. This is not only problematic in terms of fairness, but also limits a society's capacity to employ its human resources most effectively and raises the risk of 'parallel societies'.

This project aims at better understanding how policy can effectively reduce the gap between immigrants and native residents in the labor market. It can provide valuable information on what other features of societies and individuals potentially reduce ethnic penalties. The main contribution is therefore a structural assessment of ethnic penalties across countries and over time. To do so, the project relies on a research design incorporating longitudinal and cross-national (multilevel) analyses.

The cross-sectional part of the project provides a comprehensive test of explanations for ethnic penalties. It analyzes the cross-national variation of penalties in a multilevel framework for both first- and second-generation migrants using survey data such as the European Labour Force Survey and the Programme for the International Assessment of Adult Competencies (PIAAC). The longitudinal part focuses on four case studies: Germany, the Netherlands, Switzerland and United Kingdom. These case studies assess how individual characteristics cause penalties to change over the life-course. This part of the project draws on data from the British Household Panel Survey and Unerstanding Society Survey, the German Socioeconomic Panel Survey, the Swiss Household Panel, and the Netherlands Longitudinal Lifecourse Study.