

EMPLOY State-of-the-art Report

The Labour Market Performance of Ethnic Minority Populations

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This report reviews contemporary research on the labour market performance of immigrants and second-generation ethnic minority members in 11 European countries. Both ‘*old*’ receiving countries such as United Kingdom, Germany, France, the Netherlands, Norway, Denmark and Sweden and ‘*new*’ receiving countries such as Spain, Italy, Portugal, and Greece have been considered. In addition, the main theories developed to encompass the experience of immigrants and ethnic minorities in a host country labour market are presented and their relevance in each of the national contexts is examined.

In the first section of the report, the theoretical background is briefly summarized; in the second section the focus is on ‘*old*’ receiving countries, and the third section dwells respectively on ‘*new*’ receiving countries.

Theoretical Frameworks

Human Capital Theory

Developed by economists, the Human Capital explanations examine the difference in earnings between migrants and natives on the basis of individual qualifications and capture the effect of years since migration on the labour market position of immigrants. According to human capital theory, newly arrived migrants lack knowledge about the functioning of the foreign labour market, as well as language fluency and awareness of the skills valued by employers (Chiswick 1978). Human capital is not necessarily portable, and immigrants may find it hard to translate and adapt the educational credentials accumulated in their countries of origin (Friedberg 2000). Even those with good qualifications have to obtain language proficiency and specific knowledge about the destination country. Thus, the major gap in earnings between immigrants and natives might be partially due to the superior knowledge of the

natives (Friedberg 2000). Yet, in the traditional human capital framework, the second generation of immigrant descent raised in the host country is expected eventually to achieve wage parity with the native population and even surpass them due to a greater motivation for economic success, and the earnings of the first generation are expected to rise through the absorption of human capital (Chiswick 1978). These optimistic predictions, however, seem to hold only for 'first wave' migrants in the United States (immigrants primarily of European descent) and cannot account for the experience of recent migrants as well as for the situation in other multicultural societies such as the United Kingdom and Germany (Borjas 1999). Attempts have been made to adjust human capital theory and expand its scope; however, these are limited to the United States as a host country and Mexican and Puerto Rican migrants. In "Heaven's door", for example, Borjas (1999) argues that depending on the self-selection of immigrants, they can be drawn either from the upper or lower tail of the ability and income distribution in the sending countries. Immigrants drawn from the upper tails are likely to assimilate easily and reach earnings on parity with natives relatively quickly. For immigrants drawn from the lower tail, persistent differentials in earnings can be expected. This trend is exemplified in the case of Mexicans and Puerto Ricans in the United States – labour migrants drawn from the lower tail of the ability and income distribution in their respective countries of origin (Borjas, 1987)

All in all, although lack of human capital plays an important role in explaining the disadvantage experienced by ethnic minorities in the host labour market, it does not provide a full account of the severity and persistency of the earnings' discrepancies between minorities and natives.

Traditional Assimilation Theories and Segmented Assimilation

Assimilation can be defined as the process of inter-group relations and interactions involving a majority and minority populations. Immigrant groups differ in the degree of their integration to the host society, and it is expected that groups who have established close relations with members of the native population or in other words have assimilated successfully would be likely to transfer this profitable knowledge to the mainstream labour market (Gordon 1964). Contrarily, ethnic minority members confined to ethnic economies and enclaves might never acquire higher-reaching contacts and thus will be hindered by the weakness of their networks and will remain restricted to manual low-paid jobs (Portes 1995; Portes and Rumbaut 2001). Furthermore, assimilation processes may be decelerated by the reluctance of immigrants to invest in country specific human capital especially if they perceive their stay as temporary

(Chiswick 2000; Dustmann 2000). Although assimilation patterns can explain some of the disadvantage experienced by segregated ethnic communities such as Pakistanis and Bangladeshis in the United Kingdom and Turks in Germany and the Netherlands, the traditional assimilation theories fail to encompass the variety of pathways in the socio-economic performance of ethnic minorities, e.g. the success of Chinese and Indian entrepreneurs and to recognize the importance of ethnic enclaves in sustaining ethnic minority members (Alba and Nee 1997). In addition, the term assimilation has been disfavoured by many sociologists as prescriptive and linear; implying the loss of individual minorities' cultural traits in favour of integration into the dominant culture of the majority; a trend that has not been observed empirically (Alba and Nee 1997).

Recently, however, assimilation theories have been revised in response to the changing nature of multicultural societies. *Segmented assimilation theory* predicts different outcomes for immigrants in respect to the segment of the host society in which they assimilate. Previously, the term assimilation rate has been widely used by economists to denote the rate in which immigrants achieve earnings' parity with natives, and growing acculturation was equated with an increase in the assimilation rate (Gordon 1964). Under segmented assimilation theory, the two are allowed to vary; that is to say, acculturation may not necessarily lead to a socio-economic success as is evident among the Black Caribbeans in Britain e.g., and upward mobility could be achieved without severing the strong ethnic bonds as characteristic for Indians in the United Kingdom and United States. There are three general pathways for immigrants and ethnic minorities as predicted by segmented assimilation. One is associated with downward mobility and permanent poverty, following high exposure to the unprivileged groups in the host society; another translates into traditional progress and acculturation, and in the last one the preservation of a strong ethnic community may nevertheless lead to economic advancement for some immigrant communities (Portes and Zhou 1993). In this way, segmented assimilation theory overthrows the assumption that immigrants are assimilating to some mainstream culture. Abiding by rules of extensive competition and changed structure of economic opportunities, some of the immigrants may never catch up in terms of earnings with the white middle class; and they are likely to adapt to the poor, underdeveloped segment of the host society (Zhou 1999). A major contribution of the segmented assimilation research to the general body of ethnic minority literature lies in the extensive overview of the differences within ethnic groups; for example, the distinction between the better school performance of first generation Mexican children in the United

States and the offspring of Mexican immigrants who have developed a culture of resistance to the host society and its institutions (Gibson 2000).

Structural Assimilation – Bridging and Bonding Social Capital, and Ethnic Capital

Another interesting aspect of assimilation that has recently been reconsidered (in the light of a growing body of work on social capital) is *structural assimilation*. Structural assimilation can be defined as the entrance of the individual in cliques, clubs and other forms of social organizations at the primary group level. Parallel to acculturation, it is an important process from which all other forms of assimilation stem (Gordon 1964).

Structural assimilation can be linked to Putnam's idea of *bridging and bonding social capital*.¹ Bridging social capital allows an ethnic minority individual to enter wider social groups, and assimilate structurally while bonding social capital may reinforce stagnation. Bridging social capital is important in job search and advancement, especially for jobs where recruitment is done by word of mouth (Heath and Yu 2005). Ethnic minority groups who lack bridging capital are isolated, and void of the social ties that will connect them to the native employers in the mainstream labour market. Yet, the interpretation of the effect of social capital on ethnic minorities' outcomes is not indisputable. Consider Black Caribbeans, Pakistanis and Bangladeshis in the United Kingdom, and Turkish migrants in Germany and the Netherlands. Black Caribbeans possess high levels of bridging social capital, however, their assimilation to the white working class reinforces their stagnation to the low paid service and manual jobs. In comparison, Pakistanis, Bangladeshis and Turkish migrants possess high levels of bonding social capital which translates into shorter terms of unemployment and vibrant ethnic entrepreneurship; although just like Black Caribbeans they have not gained access to the social networks with greater success in hiring (Heath and Yu 2005). Therefore, parallel to bridging and bonding social capital, the levels of *ethnic capital*² of the ethnic minority groups have to be taken into consideration. Ethnic capital pertains to the idea that ethnic minority members are influenced not only by their individual human capital but also by the human capital of their whole group. For example, the positive image of the Asian workers as reliable and very conscientious, and their good educational history might help forward the separate individual (Borjas 1992). It could be argued that depending on the level of ethnic

¹ Bonding social capital refers to relationships between similar persons (for example, those alike with respect to sociodemographic and socioeconomic characteristics), while bridging social capital refers to relationships between dissimilar persons at the same level of hierarchy (Putnam 1995).

² According to Borjas, ethnicity acts as an externality in the human capital accumulation process. The notion of ethnic capital specifically refers to the skills of the next generation dependent upon parental inputs and on the quality of the ethnic environment in which parents make their investments (Borjas 1992).

capital, the bonding human capital might have a positive (e.g. Indians and Chinese) or negative effect (such is the case with the Bangladeshi population in Britain, Turkish population in the Netherlands, Denmark and Germany) on the labour market outcomes of immigrants. Borjas who introduced the idea of ethnic capital further developed it in relation to neighbourhood effects. In essence, ethnic capital is likely to have a greater effect in shaping the labour market performance of persons who grow up in segregated neighborhoods, and are exposed to frequent economic, social and cultural inter-ethnic contacts (Borjas 1995). Despite its contribution in elucidating the link between human, social capital and ethnicity, the theory of ethnic capital has several limitations. So far it has been tested only in relation to immigrants in the United States. Moreover, the evidence suggests that ethnic capital effects are in many cases proxies for neighborhood effects on the intergenerational transmission of disadvantage (Borjas 1995); and the observed results are not inconsistent with alternative interpretations in which ethnic capital is simply a proxy for parental achievement measured with error since a good instrument for parental achievement is often lacking in surveys (Borjas 1995). Thus, better conceptualization of ethnic capital is in need as well as the development of more reliable measures of its effect apart from and beyond neighbourhood effects.

Negative Stereotyping and the Development of Oppositional Culture

The theory of negative stereotyping has most often been invoked in relation to members of the Black group – especially Black Caribbeans in the United Kingdom, and Afro-Americans in the United States; however, as highlighted by Berthoud it could potentially explain the labour market performance of any ethnic minority group characterized by poor educational performance of its members and consequent low occupational position (Berthoud 2000) such as Mexicans in the United States and Turkish immigrants in Germany and the Netherlands. Students aware of the low general performance of their ethnic group and the negative stereotype established among teachers in concern to their chances of success may be reluctant to invest effort in education and eventually will concur with the negative image (Gillborn 1990). Similarly, in the labour market fear of discrimination from employers and the lack of good educational credentials will maintain the disadvantage of these ethnic minority members. High and continuous exposure to such negative stereotyping and prejudice on the part of teachers and employers might eventually lead to the development of oppositional culture against the host country and its institutions (Smith 1991; Ogbu 1997).

The issue of oppositional culture and negative stereotyping has been explored in relation to a variety of phenomena such as the existence of segregated neighbourhoods, characterized with high rates of crime and unemployment often attributed to short life expectancy and alienation from society (Wilkinson et al. 1998). Nevertheless, the evidence in favour of adversarial culture is inconclusive as different studies have shown that students from a range of ethnic minority backgrounds including those subject to positive and those subject to negative stereotyping on the part of teachers have similar expectations about their career prospects (St-Hilaire 2002). Moreover, adversarial culture is also developed by unemployed white working class respondents; therefore it can be seen “as part of a more general problem of exclusion and alienation during a period of widening economic inequality” (Berthoud 2000: 392).

Ethnic penalties and Discrimination

The term ethnic penalty was introduced to account for “any remaining disparity that persists in ethnic minorities’ chances of securing employment or higher-level jobs, or income, after taking account of their measured personal characteristics such as their qualifications, human capital and the like” (Heath and McMahon 2000; Heath and Yu 2005: 192). Discrimination reinforces ethnic penalties; still, a variety of factors beyond discrimination such as the strength of one’s social ties, or levels of structural or identificational assimilation may operate to maintain disadvantage.

With the introduction of strict anti-discrimination laws in the major multicultural societies, direct and indirect forms of discrimination have become illegal and prosecutable; however, the evidence suggests that discrimination in the labour market continues to exist. Discrimination may be the result of imperfect market conditions. According to the *Dual Market Theory*, segmentation exists with white natives in the ‘primary’ sectors of the mainstream labour market, and immigrants and ethnic minorities restricted to the low-paid ‘secondary’ sectors, with limited opportunity for promotion or intergenerational mobility from one sector to the other (Doeringer and Piore 1971). Furthermore, many employers have imperfect information about the job applicants, or are faced with decision between similarly qualified individuals. In this case, their judgments are likely to rely on stereotypes about the group with which the individual is associated; a phenomenon otherwise known as *statistical discrimination* (Arrow 1972; Heckman 1998). *Customer discrimination* is similar to statistical discrimination but is exhibited on the part of the customers who influence indirectly employers’ decisions. All these theories, including the idea of *ethnic hierarchy* in stereotyping

with Indians and Chinese at one end of the motivation scale and Mexicans and Afro-Americans at the other, assume that segregation and segmentation are only temporary and that they will disappear with the acquisition of human capital on the part of immigrants and with employers overcoming their stereotypes in favour of economic efficiency (Darity and Mason 1998). In contrast, the empirical studies suggest that discrimination is a long-lasting phenomenon. The evidence comes from an array of field experiments, correspondence and audit tests. Perhaps most reliable are the correspondence tests in which employers are sent letters of application from two prospective employees with similar qualifications, however, one is with a foreign-sounding name. This method overcomes the problem of personal impression which might bias the results of the field experiment in the case of direct application. To control for class and neighbourhood effects some of the letters are sent with randomly allocated neighbourhood areas. Several problems exist with field experiments – in some industries, for example, most of the vacancies are filled through direct interview with employers - a potential threat to the objective tapping of discrimination. In others, the proportion of ethnic minority members is so small that a higher rejection rate for ‘ethnic’ applicants might be the result of statistical discrimination. Nevertheless, correspondence tests show quite convincingly that discrimination still exists and Afro-American applicants and Black Caribbean applicants have much lower calling rates than white applicants with similar qualifications. It is interesting to note that field experiments also show that little difference exists in the way employers discriminate against South Asian or Black Caribbean applicants in United Kingdom (Brown and Gay 1994) and in United States the most discriminated group are Afro-Americans with all the other ‘*lighter-skin*’ groups in a similar position (Darity and Mason 1998). Therefore, discrimination can explain little of the huge variation in the labour market achievement of different ethnic minority groups.

In addition to the direct measures of discrimination, attitudinal surveys often include indirect measures of discrimination such as attitudes towards increasing number of immigrants, labour market competition and benefits claiming that could be useful to researchers in tapping covert discrimination (Rothson and Heath 2003).

‘Old’ receiving countries

United Kingdom

According to the 2001 Census, 7.9 per cent of the population of Britain or around 4.6 million people are of ethnic minority origin, the majority being Commonwealth migrants and their

second generation offspring. Indians, Pakistanis and Bangladeshis, Black Caribbeans and Black Africans form the largest ethnic minority communities among those (National Statistics Online). Despite differences in methods used and factors controlled for, the various recent quantitative studies on the British labour market have shown that the gap in earnings between ethnic minority members and the white native population is far from narrowing down, and that huge differentials exist between ethnic minority groups in their labour market performance (Heath and Yu 2005; Berthoud and Blekesaune 2007).

While in the 1980s and early 1990s, as a result of the introduction of a series of anti-discrimination laws and the nature of the labour market some positive trends could be observed, the findings of the current research signify that no major improvement in the labour market position of ethnic minorities has been registered in the last decade. In comparison with the 1960s, the 70s, 80s and early 90s were characterized by convergence of the economic profiles of ethnic minority groups and the white British workforce (Robinson 1990; Ignaski and Payne 1996). Moreover, immigrants' labour market performance was also improving perhaps with the acquisition of human capital (Robinson 1990; Fielding 1995), or the fact that better qualified migrants were arriving drawn from the upper tail distribution of the human capital in their home countries (Bell 1997). Researchers have criticized these optimistic findings however, arguing that they were based on aggregate combined generations data overstating the declining trend in ethnic minority disadvantage. Thus, ethnic minorities in the 80s and 90s compared to the 60s might have been taking better jobs, but they were doing so to a lesser extent than white people with the same qualifications (Modood 1997).

Conversely, the recent research on employment disadvantages in Britain is unanimous in the portrayal of ethnic minority disadvantage. Several common findings should be highlighted. Ethnic minority members usually have much higher unemployment rates than whites. Both first and second generation ethnic minority women have higher inactivity rates than respectively white native-born women. In terms of access to good occupational positions, there is some narrowing of the gap between the white native population and the ethnic minorities; yet, there are huge differentials between ethnic minority groups which remain even after controls for human capital characteristics are introduced. Berthoud and Blekesaune (2007) analyzing cross-sectional General Household Survey data from 1973 to 2003, and individual level linked data from 1971, 1981, 1991, and 2001 Censuses with no distinction between first and second generation respondents found that all ethnic minorities apart from Chinese men and women, and Black Caribbean/Black Other women experienced ethnic penalties in comparison with the white reference group. Among men, Pakistanis,

Bangladeshis and the members of the Black group as a whole were persistently disadvantaged with only small portion of the disadvantage explained by lack of educational credentials, age, family status, and unemployment rates within county areas. Moreover, Pakistani and Bangladeshi women stood out with particularly low employment rates and very rare re-entry into the labour force after an exit from it – an important difference from white women that could not be explained through family characteristics. The study further tried to distinguish between religious and ethnic effects. The results showed that Muslim women experienced larger employment penalties than their male counterparts relative to other religious groups. For example, almost 70 per cent of Muslim women were out of employment compared with 26 per cent of Christian women. As the number of respondents from different religious denominations was representative only within the white and the Indian groups, the results should be regarded with caution. Nevertheless, some interesting patterns were established. Muslim individuals were in a disadvantageous employment position irrespective of the ethnic group to which they belonged. Religion was an important predictor of employment penalties especially among women for whom religion seemed a better predictor of labour market outcomes than ethnicity. The members of the Black group were disadvantaged irrespective of their religious group. Overall, the study could not explain how far employment rates reflected choice or constraints, including discrimination. The authors concluded that cultural factors associated with ethnicity, religion and stereotyping perhaps operate to maintain disadvantage (Berthoud and Blekesaune 2007).

These group level patterns are found in previous analyses as well. In the Fourth National Survey of Ethnic Minorities carried out in 1994, Caribbeans, Pakistanis and Bangladeshis suffered the largest employment penalties with almost two-thirds of male respondents from these groups concentrated into manual jobs. In comparison half of Indians, and two thirds of Chinese men were in non-manual work (Modod 1997: 101). The good representation of Chinese and South Asians particularly Indians in professional, managerial and employers position was largely attributed to self-employment, which again signalled the importance of entrepreneurship as a way of avoiding discrimination in the mainstream labour market (Clark and Drinkwater 1998; Clark and Drinkwater 2000).

The results change slightly when first and second generation differences are considered. Simpson et al. (2006) comparing the 1991 and 2001 Censuses found that the net disadvantage of ethnic minorities in the labour market has become greater for men born in the U.K. For example, unemployment among unqualified men in their thirties was sixteen per cent for Pakistanis born overseas, a little more than the unemployment for unqualified white

males, but for Pakistanis born in the United Kingdom, the per cent was twenty-five. For Pakistani, Bangladeshi, Indian and Caribbean men with similar qualifications and individual characteristics, second generation inequalities were higher than those for the first generation.

Similarly, Heath and Cheung (2006) using a cumulated sample of the General Household Survey 1979-1999 and 1992-1997 LFS datasets also reached the conclusion that in terms of avoiding unemployment, the ethnic penalties were stronger in the second generation rather than the first one. The penalties were highest for Black Caribbeans and Pakistanis. On the other hand, in terms of accessing professional and managerial positions, the ethnic penalties were sharply reduced in the second generation and in the case of Black Caribbeans and Indians they became insignificant, a trend registered by Leslie et al. (1998) as well. The ethnic penalties in occupational attainment for all ethnic minority women of the second generation in comparison with white women were also greatly reduced.

The research heretofore discussed focused primarily on the Human Capital Hypothesis. Although, few studies offered controls for knowledge of English, it is hard to believe lack of language proficiency can explain all the observed patterns as Caribbean migrants e.g. arrive with a good knowledge of English (Heath and Yu 2005), and second generation respondents have been educated in the British system. Some striking results have been revealed. In Berthoud's analysis (2000), the members of the African minority group stayed longer in education than the white and Black Caribbean groups; however, their unemployment and earnings prospects were similar to those of Black Caribbeans, a finding also confirmed by Heath and McMahon (2000). To sum up, individual characteristics cannot account for the extent of ethnic penalties suffered by ethnic minorities in the British labour market. Equally fruitless in explaining the disadvantage are traditional assimilation theories as recent Caribbean immigrants were substantially less likely to be unemployed than the majority of their peers who were born in Britain or arrived as children (Berthoud 2000).

The other possible explanations of the observed outcomes such as structural assimilation and ethnic capital have rarely been tested directly and researchers usually extrapolate about their effect on the labour market performance of ethnic minority groups in Britain on the basis of ethnographic studies. In terms of bonding and bridging social capital, the literature has frequently pointed to differences in community strength between the members of the Black and the South Asian groups. Model and Fisher (2002) comparing the Black Caribbean community in the United States and the Black Caribbean community in the United Kingdom claimed that Black Caribbeans in the United Kingdom are characterized by much weaker and sparser interethnic ties, which might be an explanation for their low

educational and labour market achievement. South Asians in contrast are embedded within much stronger community structures, which facilitate the immigration processes as well as self-employment (Clark and Drinkwater 1998). Furthermore, some evidence exists of oppositional culture on the part of Black Caribbeans against the social structures and institutions of the white majority; however, it is based primarily on research in educational institutions (Smith 1991; Gillborn 1990; Wrench et al. 1996, Sewell 1997). An exception is a qualitative study of Career Offices³ in Britain in 1985 which suggested that the oppositional culture extended to the labour market as well (Cross et al. 1990). In the course of the study, both career officers and young applicants were interviewed. Three ethnic groups among the applicants were distinguished: whites, Black Caribbeans, and Asians. According to the officials, the Career Offices were not particularly useful for Asian students who had much higher aspirations than their average level of qualifications (the majority of them sought employment as doctors). On the other hand, Black Caribbean students were described as much more realistic; however, they frequently failed the interviews with prospective employers. As a result, many Black Caribbeans grew disillusioned and suspected that they were treated unfairly in relation to scheme placements and the mediation of the Career Offices (Cross et al. 1990).

In terms of discrimination, several steps have been undertaken to establish equal treatment of all ethnic groups in the British labour market. First, the 1965 Race Relations act banned ethnic discrimination at public places and was followed by the 1968 Race relations act, which ensured that it is unlawful to discriminate ‘on grounds of colour, race, ethnic or national origins in recruitment, training, promotion, dismissals, and terms and conditions of employment’ (Layton-Henry 1985). This definition of discrimination was extended in the 1976 Race Relations Act to cover forms of implicit discrimination in which there is absence of deliberate intention to discriminate but employers’ practices still put certain ethnic groups at disadvantage (Heath and Yu 2005). More recently, the Race Relations Act 2000 was instituted to maintain the provisions of the previous act and to encourage public authorities to fight discrimination. Nevertheless, audit and attitudinal studies indicate that both indirect and direct discrimination still exist in Britain. Asians usually report lower feelings of discrimination, while members of the Black group have higher levels of self-reported discrimination (Heath and Yu 2005; Modood 1997). The white British population, on the

³ The Careers Office formerly called the Youth Employment Service functions locally and as part of the local government educational departments and aims at advising young professionals, particularly school leavers (Cross et al. 1990).

other hand, does not exhibit higher levels of prejudice towards a particular Commonwealth group. Unlike the situation in the United States, in Britain the distinctive line is between whites and ‘*non-whites*’. To be ‘*black*’ in Britain entails that the person is simply ‘*non-white*’ (Wilson 1987). Thus, white British people appear to rank similarly Caribbeans and South Asians with no conspicuous difference in the challenges of discriminatory market faced among their members (Brown and Gay 1994). Therefore discrimination per se can also little explain the inter-variation in the labour market performance of ethnic minority groups (Heath and Yu 2005).

Germany

Germany’s history of immigration is characterized by four waves. The first wave of migrants comprised primarily ethnic Germans displaced during the Second World War; a migration process which continued until the 1960s. The second wave of immigrants from 1955 to 1973 consisted of ‘*guestworkers*’ – labour migrants from the South European countries of Italy, Spain, Portugal and Greece as well as Turkey, Morocco and Tunisia. These migrants were invited to meet the demand for manual workers in the German manufacturing industry. Refugees and asylum seekers dominated the third wave and an increasing flow of Eastern Europeans after the fall of socialist regimes in Eastern Europe formed the fourth migration wave (Fertig and Schmidt 2001; Kalter and Granato 2001). Due to family reunification and the sizeable labour shortages, immigrants from the second wave and their offspring currently constitute Germany’s largest ethnic minority groups and are the primary focus of labour market disadvantage research (Kalter and Granato 2001; Kalter and Granato 2002).

The existent studies suggest that ethnic penalties still operate against first generation migrants, but are somewhat reduced for the second generation. Kogan (2004) analyzing a combined 1994-2005 dataset of the German Socio-Economic Panel found that ethnic Germans, guest-workers from Turkey and third-country immigrants who arrived after 1975 had significantly more frequent unemployment spells. By applying event-history techniques, the study established that human capital characteristics could explain part of the disadvantage of avoiding unemployment experienced by guest workers from Southern Europe and former Yugoslavia; nevertheless, educational credentials could not account for the high risk of Turkish immigrants to remain unemployed. Likewise, Turkish migrants had extremely lower chances to reach skilled occupational position in comparison with native Germans. A possible shortcoming of the study is that it did not distinguish between the different ethnic groups within the second generation. Perhaps due to this, the situation of the combined second

generation group seemed rather optimistic as second generation ethnic minority members and EU migrants (who arrived after 1975) had employment careers comparable to native Germans once they managed to enter the labour market, and second generation respondents had good chances of accessing white-collar jobs even without controls for human capital (Kogan 2004).

Similar results have been produced in other recent studies as well. Kalter and Granato (2002) specified that whereas ethnic stratification in the German labour market was not a surprise for researchers in the 60s and 70s given the large influx of classic labour migrants (Heckmann 1992), the persistence of their disadvantage transmitted to some ethnic groups in the second generation is hard to explain. The researchers hypothesized that statistical discrimination should not play a major role in Germany with education, vocational qualifications and labour market being strongly interconnected in a regulated economic environment. Yet, using the German Mikrozensus from 1993 to 1997, Kalter and Granato (2002) established that there were ethnic disadvantages for immigrants with above the average educational level and ethnic advantages for immigrants with below the average educational level which contrary to the initial hypothesis suggested existence of statistical discrimination on the part of employers. Moreover, with controls for educational achievement the dissimilarities to Germans in terms of social class position were greatly reduced among second generation respondents of South European descent; however, they remained considerably strong for second generation Turks. Evidently, it is very important to distinguish between the second generation ethnic minority groups as Kogan (2003) analyzing the German Socio-Economic Panel 1995-2000 sample found that occupational disadvantages for the aggregate second generation group were greatly reduced with the introduction of educational attainment in the models.

In terms of wage differences between migrants and native Germans, great disparities have been noted. Constant and Massey (2005) focused on the earning's gap between migrants and native Germans analyzing the German Socio-Economic Panel from 1984 to 1997. They established that immigrants having lower skills, and lower education, as well as lower return to their human capital began the process of occupational attainment with a four-point prestige gap compared with their native counterparts. Consequently, although they might have had small returns to their job experience, these were offset by the negative effect of aging. Thus, a stagnation point was reached with no occupational mobility for migrants. In contrast, native Germans possessing higher skills and higher returns for their human capital were characterized with labour experience effects greatly outweighing the negative effects of aging, and with eventual widening of the prestige gap with immigrants.

Several explanations have been offered for the poor performance of the guest workers who arrived before 1973. Many of these migrants have been invited as manual workers and due to the highly regulatory nature of the German labour market, they have had very limited opportunities for upward social mobility. Originally, they were meant to reside only temporary in Germany with a rotating scheme in place; however, the reluctance of industries to invest in constant training, and the inability to fill in the stressful low-qualified positions with native Germans transformed the nature of the migration process (Seifert 1998). Many scholars note that the ideology of temporary migration have survived despite the observed family reunification and the indications of permanent settlement in Germany on the part of former guest workers (Hollifield 1992), which has delayed the imminent discussion about their economic insertion and social integration. In addition, the guest-workers position has continuously worsened as the restructuring of the economy (Aoyama and Castells 2002) meant decrease in the number of manufacturing jobs available in favour of multi-skilled and autonomous workers and expanding service sector (Esping-Andersen 1993). Overall, self-selection in Borjas' sense has never taken place in Germany as the guest workers were selected for the manual jobs (Fertig and Schmidt 2001). No convergence of the earnings of immigrants and natives is to be expected over time as well since the occupational segregation has been robust and persistent (Dustmann 1993). It seems that the guest workers and their offspring can be roughly divided in two big groups. On one hand, there are the South European immigrants and their second generation whose situation has improved with the acquiescence of language ability for the first generation and of skilled vocational credentials in the German educational system for the second generation. On the other hand, Turkish immigrants exhibit much lower educational attainment in the second generation (Kalter and Granato 2001; Alba et al. 1998; Wegner et al. 1998), from which their labour market performance naturally suffers. Nevertheless, even with controls for education, the Turkish migrants' disadvantage is persistent. Traditional assimilation explanations have also been evoked in relation to this discrepancy. Frequently, Turkish migrants perceiving their stay as temporary were reluctant to invest in country-specific human capital, a pattern especially valid among women (Seifert 1998). By the 1990s when permanent settlement became widespread, the language skills of Turkish migrants had improved, but still only slightly in comparison with the much more integrated Spanish migrants (Seifert 1998; Fertig and Schmidt 2001). In addition, little indication exists of identificational and structural assimilation on the part of the Turkish migrants. A variety of attitudinal studies show that there is an increasing distance between Germans and Turkish immigrants and their offspring.

For example, the share of Turkish respondents in the German Socio-Economic Panel without German friends peaked to three quarters in 1994, and only 8 per cent of Turkish immigrants saw themselves as Germans in comparison with 16 per cent for all migrants, which attest to the weakness of the Turkish social ties (Seifert 1998). To sum up, although it appears that migrants and natives have undergone occupational sorting based primarily on human capital and language abilities (Constant and Massey 2005; Kalter and Granato 2001; Velling 1995) further research is needed to distinguish between the performance of the ethnic minority groups in the second generation since their educational achievements vary considerably. The issues of implicit and explicit discrimination have also to be examined as the evidence suggests that discrimination still exists. For example, ethnic Germans are in privileged positions compared to other migrants (Seifert 1998) as they can easily acquire citizenship and free access to the labour market, and benefit from different training programs. On average, they have high level of education and the proportion of those with a university degree outreaches that of the West German population (Velling 1995). Despite their high qualifications, however, and given their favourable position, ethnic Germans suffer severe employment penalties. The unemployment rate among them is high as their skills exceed the required qualifications for the available jobs (Koller 1993). Often, they are forced into dequalification tracks (Heinelt and Lohmann 1992). Blue collar workers have been found to have better chances than ethnic Germans of white collar occupational status (Leciejewski 1990); and ethnic Germans with vocational and skilled manual qualifications fare better than highly qualified ones (Greif et al. 1999; Westphal 1999). Severe ethnic penalties are experienced by Turkish migrants and their descendants as well. Zeger de Beijl (2000) in a comparative study for the International Labour Organization established that in the region of North Rhine-Westphalia one in fifth of all vacancies were closed to Turkish second generation applicants because of discriminatory practices. Another potential focus of research is women migrants as the studies which dwell on their labour market trajectories are only few (Fertig and Schmidt 2001). Comparative research has shown that the unemployment differences between female immigrants and natives are smaller in Germany than in the Netherlands, Denmark or Belgium (Kogan 2004), and that family characteristics play an important role in determining female wages (Dustmann and Schmidt 2000); however, activity and inactivity rates, as well as occupational standing of female workers need more detailed examination.

France

The French Census of 1999⁴ counted 4.31 million legal immigrants, who constituted 7.4 per cent of the French metropolitan population and 3 million of whom were of North African origin. In Paris, it has been established that one person in six is an immigrant. The largest groups dominating the stock of foreigners originate from Africa - North and Sub-Saharan (Constant 2003). The immigration of North Africans began around World War One, when Algeria was legally a part of France and the French labour market relied on the colonies for the provision of cheap labour. The number of Algerian, Moroccan and Tunisian immigrants, however, peaked with the decolonization – in the mid 1950s for Morocco and Tunisia and in 1962 for Algeria. Decolonization triggered another process – repatriation of French nationals who returned from the overseas possessions. Usually, in the French literature, former colonists of European background are referred to as ‘*pieds noirs*,’ while immigrants from Morocco, Tunisia and Algeria are referred to as ‘*Maghrebins*’ (Alba and Silberman 2002). The overview of the different censuses shows that the immigrant composition has changed throughout the years. In 1982 Algeria was the leading country of origin, in 1999 the leading country was Portugal followed by Morocco, Algeria and Turkey. Recently, the number of European Union migrants has been declining in favor of migrants from Eastern Europe and non-EU countries (Constant 2003).

Immigrants in France usually occupy low positions in the socio-economic ladder; although they have high labour force participation rate. In 1999, they comprised 18 per cent of the non-skilled blue collar workers and 6 per cent of the employees without any degree. On the whole, 53 per cent of the immigrant men and 20 per cent of the immigrant women were manual workers. Both groups were concentrated into low-skilled industries – men usually in construction; while women were in domestic services, hotels and restaurants (Constant 2003). Nevertheless, it should be acknowledged that wide variation in labour achievement exists between immigrant groups in France. In 1970, Portuguese migrants and workers from former Yugoslavia had higher wages than French manual workers, while the wages of North African, African and Spanish workers were comparable to those of natives. However, immigrants had very little or no chances of accessing well-paid positions. This occupational segregation could be accounted in total by lack of educational credentials and language proficiency on the part of immigrants (Granier and Marciano 1975). Consequently, South European migrants

⁴ Results from the 1999 population Census are presented since this was the last Census to review the whole population of France simultaneously. After 2004 new procedure was implemented with data collected every year, and the results are still under consideration.

improved their occupational standing by engaging in entrepreneurship and establishing their own shops and construction firms (Silberman and Fournier forthcoming). North African immigrants, on the other hand, remained restricted to manual jobs. In comparison, the integration of the group of repatriates (the ethnic French immigrants) was much more painless as they had some advantages not normally available to immigrants such as benefits to assist them in their job search and priorities for certain vacancies (Hunt 1992). The literature suggests that in 1962 and 1968 repatriates were indeed overrepresented into skilled occupations, although their unemployment rate was also relatively high in comparison with the native French population (Hunt 1992). In recent research, the distinction between the repatriates and Maghrebins still holds. Repatriates are well-represented in professional and managerial positions together with Southeast Asians, and have unemployment rates comparable to natives (Silberman and Fournier forthcoming). Conversely, North Africans frequently occupy precarious and temporary positions and are at the low end of the income distribution (Constant 2003).

The disadvantages suffered in the first generation are usually transmitted in the second generation. Studying the second generation of immigrant descent in France is problematic. Measures of ethnic descent are not included in the census as ethnic distinctions among French citizens are believed to undermine the principles of integration in the Republican model. The ethnicity of the respondents is usually judged on the basis of their nationality, place of birth, parental place of birth or parental citizenship (Alba and Silberman 2002). Analyzing data from the 2003 'Formation-Qualification-Professionnelle' survey conducted by INSEE (Institute National de la Statistique et des Etudes Economiques), Silberman and Fournier (forthcoming) found that in the second generation men of North African origin were still over-represented in manual work due to their lack of human capital. Women immigrants were frequently inactive with first and second generation women from Maghreb, Eastern Europe and Sub-Saharan Africa characterized with high unemployment rates. Once employment was gained, however, women of South European and Eastern European descent were increasingly visible in managerial and professional employment (Silberman and Fournier forthcoming). Further research is needed to establish to what extent the observed disadvantages are due to human capital explanations or discrimination.

The Netherlands

The history of immigration to the Netherlands is characterized by two main periods. The first period also known as the Golden Age continued from 1585 to 1670, and immigrants arrived

attracted by the prosperity of the Dutch region and the greater tolerance towards foreigners than in the neighbouring countries. Thus, the percentage of immigrants in the Netherlands was higher in 17th and 18th century compared to the 1990s (Lucassen and Penninx 1997). After the Second World War, the Netherlands experienced an emigration surplus; however, in the early 1960, the trend was reversed and immigration flows exceeded emigration waves. Three main groups can be distinguished in the post-war immigration: immigrants from former colonies (Surinam and Indonesia), guest-workers or labour migrants from Spain, Italy, Portugal, Greece, Yugoslavia, Morocco and Turkey and refugees from Afghanistan, Ethiopia, Iran and Somalia (Zorlu and Hartog 2001). Whereas at the end of the formal recruitment period, the number of South European migrants gradually decreased, the chain migration of Turkish and Moroccan guest-workers continued. Currently, the Surinamese, Antillean, Turkish, and Moroccan communities constitute the largest ethnic minority groups in the Netherlands, and their number is likely to further increase due to family reunification, labour immigration and high birth rate (Zorlu and Hartog 2001).

On the whole, immigrants hold much more disadvantaged position in the Dutch labour market than natives. Nevertheless, some important exceptions should be noted. The position of former guest workers from Spain, Italy, Portugal and Greece and their second generation have improved dramatically in comparison with the labour market standing of Moroccans, and Turks (Veenman and Roelandt 1994). The latter groups were severely affected by the restructuring of the Dutch economy between 1970 and 1996 when the share of low-skilled jobs decreased by 35 per cent. As a result, the guest workers concentrated in the low-paid sectors experienced unemployment rates three times higher than the unemployment rate of natives (Zorlu and Hartog 1999). In general, lack of human capital in the form of educational credentials and language proficiency can explain a lot of the disadvantage suffered by migrants. Hartog and Vriend (1990) examined the job levels and earnings of migrants using survey data of Turks, Moroccans and natives aged 16-25 and found that the overrepresentation of the immigrants in the low-skilled categories was due to personal characteristics such as age, family background and educational level. Similarly, van Ours and Veenman (1999) established that controls for education and occupation explained 98 per cent of the wage gap between Turks and native Dutch, 87 per cent of the difference between Surinamese and Dutch, 81 per cent for Antilleans and Dutch and 78 per cent for Moroccans and Dutch. EU and Indonesian immigrants, however, are seemingly doing better on some parameters. Zorlu (2001) studying the 1997 Wage Structure Survey in the Netherlands found that EU and Indonesian men earned more weekly wages than Dutch men respectively with 2.7

and 1.1 per cent. Among women, Eastern European and Indonesian female immigrants earned more wages with 6.6 and 15 per cent. In addition, women from EU countries, Surinam and Indonesia exhibited earnings advantage over Dutch women. The study also highlighted the difference in activity patterns between native and migrant women. Surinamese/Antillean and Moroccan women were more likely to be active than Dutch women, and in full employment (respectively 61 and 53 per cent) – a finding likewise confirmed by Tesser and Dronkers (forthcoming). The probability of Dutch women to work full-time (7 per cent) was in fact surpassed by Eastern Europeans (18 per cent) and Turkish women (30 per cent) as well (Zorlu 2001). In terms of first and second generation differences, recent research (Tesser and Dronkers forthcoming) established that second generation ethnic minority members had similar occupational standing to natives with comparable educational credentials; although the ethnic minorities were still disadvantaged as to entry to managerial and professional positions.

Although a lot of the disadvantage that immigrants and ethnic minority members suffer in the Dutch labour market can be attributed to lack of human capital, discrimination on the part of employers also seems to contribute (van Beek 1993). Niesing et al. (1994) established that Turks and Moroccans occupied frequently jobs without opportunities for promotion and their rate of dismissal was higher. In a cross-national study of field tests, widespread discrimination against Moroccan applicants was observed with one in three job vacancies closed to them (Zeger de Beijl 2000). In comparison, the Surinamese group also suffered discrimination; however for highly-skilled Surinamese testers, the discrimination rate declined to one in fifth applications.

Norway

The number of immigrants in Norway according to latest releases amounts to 415 000 or nearly 8.9 per cent of Norway's population. 54 000 immigrants come from other Nordic countries, 51 000 from other countries in Western Europe and North America, 80 000 come from Eastern Europe and 230 000 come from Turkey, and different countries in Asia, Africa and South America. The majority of first-generation immigrants are from Sweden, Poland and Denmark, and 46 per cent of the immigrants have Norwegian citizenship. Since 1920 when immigrants already constituted 2.8 per cent of the population of Norway, the number of migrants has been on a constant rise. The first large immigration wave originated after the Second World War and consisted of immigrants primarily from Eastern Europe. It was followed by a boom of labour migrants, which was curbed in 1975 with the introduction of a ban on labour migration. Instead the number of refugees slowly started to increase especially

with the Balkan wars of the 1990s. The EU enlargement in 2004 further led to a peak of immigration from Poland in the last three years (Norway National Statistics).

There are currently more women than men immigrants in Norway. Female immigrants from Pakistan make up the largest non-Western group of female immigrants. Most of them arrived in Norway as a result of family reunification. Men are overrepresented only among the group of refugees from Afghanistan, Iraq and Somalia (Norway National Statistics). In terms of labour market participation, a clear distinction can be drawn between the different immigrant groups. Western immigrants both men and women have labour market careers close to those of the native population. The aggregate group of non-Western migrants experience high labour market disadvantage however. The variety of labour market pathways is especially prominent among women. On one hand, Western migrants and non-Western migrants from Eastern and Central Europe, the Philippines and Chile who have come in Norway as labour migrants have high activity rates (64 per cent for women from Poland, 63 per cent for the Philippines and 61 per cent for female Chile migrants). On the other, women migrants in the refugee groups whose migration was induced by family reunification have lower labour market participation rates (19 per cent for female migrants from Afghanistan, 20 per cent for women from Somalia and 22 per cent for women from Iraq). The same trend holds for earnings. Longva and Raaum (1996) using registered data from the Norway labour department from 1990 onwards and focusing only on first generation migrants aged 25 to 64 found that controls for human capital such as educational credentials could explain little of the wage gap between natives and non-Western immigrants. Apart from those holding the highest Tertiary degrees, non-Western immigrants had very low or even in some cases negative returns to their educational level. The researchers attributed this discrepancy to the little relevance of foreign qualifications to the Norwegian labour market. Yet, the study could not control for language abilities, which may be an important factor in determining the immigrants' disadvantage and the lack of portability of human capital. Not surprisingly the income of non-Western migrants improved with years since migration (although the relationship was curvilinear) possibly with the acquisition of language skills. Strbac and Ringdal (2002) tried to replicate these results using the survey "Living conditions among Non-Western Immigrants in Norway" conducted by Statistics Norway in 1996. Eight major immigrant groups were analyzed with countries of origin: Iran, Pakistan, Vietnam, Sri Lanka, Somalia, Chile, former Yugoslavia and Turkey. The focus of the study were immigrants in the labour market with self-assessed good or very good knowledge of Norwegian as those with very poor and two thirds of those with poor language abilities were not part of the workforce.

Similarly to the results of Longva and Raaum (1996), Strbac and Ringdal (2002) established that foreign qualifications had no positive effect on the wage gap between natives and non-Western immigrants. The study could not ascertain whether this lack of effect was due to the availability of only low-skilled positions on the Norwegian labour market and discrimination on the part of employers, or simply lack of language competences on the part of immigrants. The language proficiency variable was not statistically significant; a finding which according to Strbac and Ringdal signalled the existence of potential measurement bias rather than anything else as it was based on self-measurement of language capacities. On the whole, the group of labour immigrants with Sri Lankans at the foremost place had higher wages than the group of asylum seekers. Strbac and Ringdal (2002) concluded that their study painted very grim economic prospects for migrants as even Norwegian educational qualifications apart from the highest degree of Tertiary education could not improve the immigrants' standing on the labour market. However, to pursue this idea further, more research is needed on the second generation and its labour market performance as indications already exists that even non-Western second generation ethnic minority groups in Norway have much greater educational achievements than their parents and especially in the case of second generation women their rate of staying in higher education is similar to the one of natives (Norway National Statistics).

Denmark

Immigration to Denmark has been constantly on a rise since the 1960s. Three major immigrant groups could be distinguished: immigrants from other Nordic countries such as Sweden, Norway, Finland and Iceland; guest workers primarily from Turkey and former Yugoslavia – an immigration wave which decreased with the oil crisis in 1973; and finally refugee immigration from Sri Lanka, Iran and Iraq which replaced the guest workers inflow.

Very few studies dwell on the employment rates of immigrants in Denmark. Husted et al. (1999) analyzing register database of all male migrants in Denmark from 1984 to 1995 found that the employment prospects of labour and refugee migrants differed dramatically. Refugees had very low employment rates; however, when they secured a job position, their wage rate converged with the one of native Danes over a period of ten years. In particular, refugees from Africa and Palestine had very low initial employment chances compared to refugees from Europe, Vietnam, South and Latin America. Both refugees and labour migrants were at a disadvantaged labour market position in comparison with the native Danes and the Western immigrants. The authors argued that one potential explanation for this trend was

negative self-selection. The compressed wage structure of the Danish labour market and the almost universal welfare regime seemed to attract mainly low-skilled workers both among refugees and labour migrants. No questions of language capacities and education acquired outside Denmark were included in the survey, and the study could not control for these important factors and assess the transferability of human capital acquired abroad. Husted et al. (1999) hypothesized that refugees who perceived their stay as temporary would have very little incentives to invest in learning Danish (Danish being one of the ‘*small-area-languages*’) and in result would be marginalized in the labour market. Roseveare and Jorgensen (2005) drawing on the OECD Economic Survey of Denmark also ascertained that the immigrants in Denmark followed patterns of labour force participation typical of migrants selected from the lower tails of the skill distributions in their home countries. Few immigrants in their study had Danish post-compulsory education and even after 15 years of residence in Denmark about two thirds did not possess any Danish education. Younger immigrants and the second generation were more likely to participate in post-compulsory education but at much lower levels than native Danes. This led to the predictable longer wait for a first job, shorter tenure and lower wage among ethnic minority respondents. The study further established that lack of Danish language proficiency was still a major handicap as more than 12 per cent of the second generation interviewees were not fluent in it.

Sweden

In 2005, 12 per cent of the Swedish population was foreign born. Furthermore, among those of working age (15 to 64) 15 per cent were born outside of Sweden (Taran 2007). Similarly to its neighbouring countries, the immigration flows to Sweden accelerated in the 1960s, and comprised primarily labour market immigrants. Contrarily, the subsequent immigration waves that swept the country in the 80s and 90s consisted of refugees. As a result, the immigrants’ composition also changed dramatically in the last two decades. In the 1970s, 60 per cent of the immigrants came from other Nordic countries. In 1998 their share fell to 29 per cent, and the number of Non-European immigrants increased from 6 to 37 per cent (Le Grand and Szulkin 2002).

In terms of labour market achievement, the literature shows that immigrants arriving in the period of 1950s to 1970s are doing better than immigrants arriving in the 1980s and 1990s (Ekberg 1994). This can be attributed to the predominance of migrants from other Nordic countries up to the 70s who are more likely to invest in country specific human capital such as the Swedish language in comparison with refugees who often perceive their stay as

temporary. Arai and Vilhelmsson (2001) examining the 1991 Swedish Establishment Survey with matched data about the unemployment spans of employees up to 1995 found that the discrepancy in unemployment risks between natives and immigrants remained with controls for personal characteristics. The researchers conducted an array of biased-tests, which assigned negative bias against immigrants in the form of tenth percentile high school and IQ scores. Even after introducing such disproportionate bias, the higher unemployment risks of non-European migrants persisted. Arai and Vilhelmsson (2001) concluded that discriminatory treatment based on prejudice and stereotyping operated in the Swedish labour market. Le Grand and Szulkin (2002) also analyzing the 1991 Swedish Establishment Survey focused on the earnings gap between natives and the first and second generation ethnic minority members. Some interesting findings should be noted. Second generation respondents had higher earnings than their parents. The natives-immigrants wage gap could not be explained by personal characteristics. A simulation test indicated that if immigrants had similar returns to their education as natives, their earnings should have exceeded those of the Swedes. Furthermore, a polarization existed in the group of migrants. On one hand, Western migrants had good earnings prospects and similar career chances to natives. On the other hand, immigrants from Africa, Asia and Latin America seemed to face substantial difficulties in their earnings' progress. No convergence of earnings between immigrants and natives could be observed for at least 20 years, and for men the assimilation rate was slower than among women. In the second generation, the earnings gap narrowed down; however, Non-European second generation ethnic minority members still faced a 5 per cent wage disadvantage even when they had similar personal characteristics to their white native peers. These indications of existent discrimination are confirmed by different situation and field experiment tests. In a cross-national International Labour Office study, second generation ethnic minority testers in Sweden had much lower call back rates than majority testers in the same age group (20-24). Overall, the net discrimination rate for employer's response to CV application was around 34 per cent for males and 32 per cent for females (Taran 2006). Thus, labour market disadvantages in Sweden seem to be transmitted in the second generation and remain especially strong for first generation refugee migrants.

‘New’ receiving countries

Spain

Unlike the countries heretofore discussed, Spain was considered primarily an emigration country up to the middle of the 1980s. After the Second World War Spanish emigrants left the country for the Americas and the more industrialized Western European neighbours. The small immigration wave at that time consisted of primarily retired wealthy Northern European citizens, and the number of labour immigrants and refugees was very small, thus rendering immigrants in Spain invisible. However, the situation changed in the mid-1980s when Spain began to attract many Eastern European and non-European immigrants. Spain’s strategic location as a bridge between Africa and Europe and its ‘*shady*’ economy contributed to the large influx in the net immigration rate. The First Immigration Law was introduced in the end of 1980s and aimed at legalizing the situation of the immigrants. Meanwhile, the number of immigrants continued to rise, e.g. from 275 000 in 1986 to 895 720 in 2000 (Sole and Parella 2003). Still, at present the proportion of immigrants in Spain is only around 4.7 per cent (the percentage varies according to whether illegal immigrants are taken into account or not; official statistics for 2000 cited by Sole and Parella (2003) claim immigrants constitute around 2.5 per cent), which can be considered low in comparison with the number of immigrants in Germany, France and United Kingdom. The new immigrant waves have comprised more ‘*visible*’ migrants with origins from Morocco, Africa and Asia and less ‘*visible*’ but still low-paid labour migrants from Eastern Europe following the break of the communist regimes at the end of the 80s (Sole and Parella 2003). Despite this wide variety in geographical, cultural and religious background of the immigrants, they have been nevertheless perceived as a distinct group of ‘*other*’ – economic migrants from poorer countries (Alvite 1995).

The labour migrants in Spain are usually restricted to low-skilled jobs and labour market niches. The majority are employed in the domestic services, agriculture, unqualified jobs in the hotel and catering sector, unskilled construction workers and the retail sector. In many ways, these are the sectors with the worst labour conditions in terms of labour provisions, working environment and wage levels. Some indications of ethno-stratification of the labour market exist. The immigrants are usually forced to accept either jobs that the native population does not wish or jobs for which employers prefer to higher immigrants as cheaper labour. The positive discrimination effect in the latter case is offset by the wage discrimination suffered by immigrants. Likewise, little change is witnessed in the disadvantaged position of immigrants over time. Frequently, they lack good social

connections and access to state welfare and rely only on co-ethnics' support as a result of which there is high concentration of workers of common nationality in the same job (Sole and Parella 2003).

Even worse is the situation of undocumented workers in the informal economy. Under half of the immigrants in Spain have a written formal contract. Little is done to prevent employers from taking illegal immigrants and even if the employers violate the understood terms of labour or fail to pay their immigrant workers, the latter often do not report the abuse in fear of deportation. The case studies suggest that immigrant workers especially illegal ones frequently endure working and housing conditions that a native manual worker will never accept (Corkill 2007).

There is still very little quantitative research about the position of immigrants in the Spanish labour market. The available information usually comes from qualitative studies of local labour markets or different audit and correspondence discrimination tests. Unlike other immigrant groups, EU migrants and migrants from the United States and Japan are considered to have an advantaged labour market position due to their greater professional experience and qualifications, a sentiment that could be well-detected in multinational firms (Sole and Parella 2003). On the whole, foreign workers are usually over-qualified for the jobs they perform in the Spanish labour market. Nevertheless, they seldom have chance to use their qualifications. As the current stock of immigrants does not originate from Spanish-speaking countries but from North Africa, Eastern Europe and China, employers regard the human capital of their immigrant employees with suspicion and are reluctant to offer them specialized jobs (Sole and Parella 2003). This might be due to stereotyping and prejudice on the part of employers as well as lack of language fluency on the part of the immigrants and lack of transferability of their skills to the Spanish labour market. Some ethnic groups such as the Chinese try to overcome the disadvantages by setting their own shops and restaurants. Thus, they are virtuously restricted to family business and ethnic economies; however, in terms of labour market standing they appear more integrated and better off economically than the other Non-European groups (Nieto 2003). Discrimination is also well-documented. The research of de Beijl (2000) showed that one in every three jobs was closed for Moroccans in Barcelona and Madrid; language not playing any effect as the testers were of second generation origin and spoke Spanish fluently. Especially high is the discrimination in Catalonia. The immigrants' cheap labour is verbalized as '*ideal*'; yet employers in Catalonia demand that the legalized immigrant workers do not hold the same employment rights as Spanish workers (Sole and

Parella 2003). The number of second generation ethnic minority members is still very small for any conclusions about their performance to be drawn.

Italy

In the 80s similarly to some of the other Southern-European countries, Italy transformed from a country of emigration to a country of immigration. Several peculiarities of Italy's immigration history have to be noted down. First of all, during its period of rapid industrialization in the 1960s and 1970s, Italy unlike the Northern European countries did not rely on immigrants' labour in the manufacturing industry but resorted to national labour and domestic workers coming from the Southern regions of the country who saw the industrial positions in the Turin-Milan-Genoa triangle as an opportunity for social promotion (Reyneri 2004). The immigrants who have started arriving and settling in Italy since the 80s, however, have neither been formally recruited in a government scheme nor explicitly sought after as the country still experiences very high unemployment rates and not very good working conditions even for natives. Given these circumstances of arrival, many authors have hypothesized that the new immigrants are not '*pulled*' as labour migrants in the traditional sense from their countries of origin, but are '*pushed*' by different factors; that is to say they are refugees fleeing political or social disorder (Ambrosini 2001). However, the profile of the immigrants and their increasing numbers do not seem to entirely concur with this assumption. In the 80s, the largest inflows of immigrants were from Africa and Asia, mainly Morocco, Tunisia and the Philippines; while in the 90s, immigrants from Eastern European countries predominated with the majority coming from former Yugoslavia, Romania and Albania. Moreover, the number of foreign residents increased from 300 000 in 1980 to one million and a half in 2000 or 2.5 per cent of the whole population, a figure still low in comparison with some of the Northern European countries. Due to the unexpected character of immigration, the government has not been very quick and very successful in managing the immigration waves. Recent estimates show that 75 per cent of the current legal residents have been illegal immigrants at some point. In an attempt to deal with the problem of illegal immigration, Italy introduced the first amnesty law in 1987, with one of the last in 1998 (Venturini and Villosio 2004). Clearly, the amnesty laws could not resolve all the arising issues of illegal immigration as according to the Commission for Policies of Immigrant Integration the regularly employed in 2000 were only around 564 000 (Ambrosini 2001).

One of the reasons for the still scarce research on immigrants in Italy is the limited available information. With rapid changes, both in the status and the composition of

immigrants it often becomes quickly outdated. The descriptive statistics show that the majority of immigrants are young, and concentrated in unskilled industrial or personal services jobs in the North of the country (Venturini and Villosio 2004). In the second half of the 1980s, many of the immigrants attempted to settle first in the Southern regions which were characterized by less institutional control and access to the informal sectors of the economy. Nevertheless, most immigrants could be offered only seasonal and temporary work in the South while the Northern regions allured with prospects of better occupational opportunities; namely regular jobs with working conditions similar to those of Italian natives. Thus, immigrants moved from street peddling and harvest work in the South to jobs in manufacture in Lombardy, and the regions of North-Eastern and Central Italy (Reyneri 2004). In terms of industry distribution, 7 per cent of migrant workers are in construction (predominately of Moroccan, Algerian, or Eastern European descent), 20 per cent are in services, 30 per cent in domestic work and 16 per cent are in agriculture. The proportion of immigrants in the well-paid professional and managerial jobs is still less than 2 per cent (Reyneri, 2004). Many indications exist that, despite the general discourse of lack of necessity of immigrant labour due to the high unemployment rates of natives, immigrants occupy the jobs natives usually reject. How is that possible? Unemployment is particularly high among young Italians and women as a whole. Since, however, the young well-educated natives have the support of their families and women usually have the support of the male breadwinner and their extended families, they might be reluctant to take low-paid job opportunities and instead wait for the better jobs. Thus, in the retail sector and catering industry, immigrants are concentrated in the least attractive manual jobs of dishwashers, waiters and cooks, repair workers in garages, shop assistants. In agriculture and the related food industry, immigrants are frequently recruited by immigrant intermediaries who hire them to the proprietors; as a result of which their pay rate is much lower than the one of their Italian counterparts who are also given much lighter work (Reyneri 2004). Many immigrants try to overcome their disadvantaged positions by becoming self-employed and engaging in businesses such as the management of restaurants and small shops. Chinese immigrants in Italy are a very good example of this trend. The newly arrived Chinese usually join a productive system with workshops where the owner and the workers are Chinese performing tasks for Italian businesses (Ceccagno 2003). Indeed, these types of jobs are highly coveted because they reduce the impact of new cultural and linguistic environment and the transition from a worker to an independent employer seems very short. In this way, the Chinese in Italy are not restricted only to catering services but are actively engaged in the production of ready to wear

garments and bags. Moreover, in the last decade, Ceccagno found that the initially very low-skilled Chinese migrants were not only performing manufacturing tasks for Italian suppliers but managed the entire productive process in the garment sector, and became much more represented in industrial firms similarly to other migrants (Ceccagno 2003).

Overall, the results show that immigrants in Italy do not pose a real threat to natives. Using data from the Italian Labour Force Survey from 1993 to 1997 merged with information about the employment patterns of foreigners Venturini and Villosio (2004) established that the presence of foreigners very rarely affected the chances of natives to find a good job – the only negative effect was registered among recently graduated respondents in search of a first job. For unemployed respondents looking for a new job there was either no effect or a complementary effect, especially in the South regions.

Very few studies address the issue of the second generation in Italy. A qualitative study of Andall (2002) based on 27 semi-structured in-depth interviews with young African-Italians in Milan established that to be black and Italian were still considered mutually exclusive categories. What is more, the discussion of the labour market penalties of second generation migrants was overshadowed by the issue of illegal immigration. Incidents of everyday racism in Milan increased the likelihood of identification of African-Italians with the wider black Diaspora and forced them to look for jobs outside Italy.

Portugal

The immigration to Portugal is primarily of post-colonial character. The first waves of immigrants came after the decolonization of Portugal's foreign possessions in the 1970s. These immigrants were repatriates of Portuguese descent who were forced to leave due to the turmoil and civil disturbance in the ex-colonies. Many ethnic Africans came as well, and although they claimed economic reasons for migration, the political upheaval in their countries of origin did not render them typical 'labour' migrants. In 1980s, the number of immigrants was still very small – just over 50 000 or 0.5 per cent of the population. Cape Verdeans constituted 40 per cent of the foreign born immigrant stock. The statistics explain why Portugal was not considered an immigration country till the late 1980s similarly to the other Southern European countries as immigrants although 'visible,' were few. By 1999, the situation has changed dramatically. The proportion of immigrants increased four times, and the predominance of Cape Verdeans fell to 20 per cent with Brazilians as the second largest group (Peixoto 2002).

Several characteristics of its immigration context make Portugal stand out among the other Southern European countries. Whereas in Spain, Italy and Greece, the majority of immigrants arrived at a time of huge unemployment, the Portuguese labour market in the 1980s and 1990s was one of the markets with the lowest unemployment rates in Europe and a very high proportion of full-time workers. The low unemployment rate to this day has been the result of continuing emigration to Switzerland, France, Germany and Spain on the part of natives (Corkill 2001). Another important distinction is that unlike Spain, in Portugal the number of immigrants involved in agriculture is minimal; most are concentrated in construction. There has been a growing demand for construction workers as a result of the intensification of civil construction and public works following Portugal's accession to the EU, and the share of natives in that sector is small. In fact, due to the labour shortages in construction the status of some illegal immigrants was verified in the 1990s which again attests to the huge demand for immigrant labour (Peixoto 2002).

As hitherto underlined, the majority of immigrants in Portugal come from Africa with Cape Verdeans being the most established group, relying on strong social networks, followed by migrants from Guinea-Bissau and Angola. African immigrants in Portugal are treated with less prejudice than in Spain. This may be the consequence of a longer history of social interaction. For example, during the 1960s as a result of emigration and colonial wars, the Portuguese economy suffered labour shortages which were filled with Africans to act as substitute labour (Corkill 2001). In comparison with the low-skilled Africans, Brazilian migrants possess higher levels of human capital and entrepreneurial spirit (Padilla 2006). The Eastern European community, the last major immigrant group is conspicuously different from both the African and the Brazilian groups. First of all, the proportion of legal immigrants among Eastern Europeans is relatively low. In an attempt to resolve the problem with illegal immigrants, the government granted '*permits to stay*' to around 50 000 Ukrainians, Moldovans, Russians and Romanians in 2000; however, the inflow of illegal Eastern European immigrants is still very strong (Corkill 2001).

The immigrant groups under consideration differ very much in their labour market performance due to the different stocks of possessed human capital. Contrarily to the situation in Spain, Africans in Portugal usually secure skilled jobs in construction. Mendoza (2000) in a study of African employment in Iberian construction argued that occupational segmentation did not exist in Portugal since the whole construction sector "*appears to be an immense 'reservoir' of unstable low-paid work left behind by white native workers*" (Mendoza 2000: 609). Half of the interviewed male African immigrants were working in construction full time

and the other half worked occasionally in their spare time. Construction vacancies were especially important for newly-arrived immigrants and 23 out of 37 interviewed men were first employed in construction upon arrival. Thus, little competition with natives seemed to take place but immigrants also had minimal chances of upward social mobility as construction had become an ethnic niche for segregated minorities. With a continuing wave of emigration of ethnic Portuguese to other EU countries, not much is expected to change in the future (Mendoza 2000). Compared to African migrants, Brazilian and EU migrants usually have an occupational profile above the average national one (Peixoto 2002). The small proportion of EU immigrants hold managerial positions in multinational firms while Brazilians are engaged in independent professional activities such as architecture or dentistry (Peixoto 2002). Moreover, the Brazilians also benefit from strong social networks, the support of their extended families at home, and kinship and friendship networks in Portugal. Yet, there are no signs of formulation of ethnic enclaves on the part of Brazilians (Padilla 2006). Likewise, Eastern Europeans, especially the illegal immigrants rely on extensive system of social networks and intermediaries who facilitate their arrival in Portugal, and maintain the flexible nature of the informal market (Eaton 1999).

On the whole, the existent studies on labour market disadvantage in Portugal are predominantly descriptive and focus on local markets through qualitative methods. However, more research is needed on the relative standing and success of different ethnic groups in the Portuguese labour market in order to assess the strength and the persistence of the disadvantages suffered by some groups over time.

Greece

Greece similarly to Spain, Portugal and Italy was considered an emigration country throughout the 19th and most of the 20th century. It was not until late 1980s and early 1990s that immigrants started arriving and settling in large proportions. In fact, Greece was the last Southern European country to implement a programme for undocumented economic migrants; and by 1998 the year Greece adopted its first programme Italy was already running its fourth programme. The number of immigrants in Greece in the 70s and early 80s was small and their origin could be traced to countries in Africa, Asia, Egypt and the Philippines (Cavounidis 2002). The real influx of immigrants, however, came with the fall of the communist regimes in Central and Eastern Europe. Subsequently, many Polish, Romanian, Albanian and Bulgarian immigrants entered the country. Repatriation also took place as immigrants with Greek descent from the former Soviet Union and Albania were eligible to

acquire special status and work and reside in Greece (Halkos and Salamouris 2003; Cavounidis 2002). In 2001 the Greek census registered 797 093 immigrants who represented around 7 per cent of the country's total population. The largest two groups were Albanians with 52 per cent and Eastern Europeans as a whole with 22 per cent. The migrants from other EU countries were only 50 000. Men comprised two thirds of the stock of foreign born and similar was the division among Albanians. Among Central and Eastern Europeans, women were more numerous and the division was 60 to 40 per cent in favour of women. In addition, the majority of immigrants were concentrated within the young age group of 25 to 34; although great differences by nations could be noted: Albanians were younger, Central and Eastern Europeans were older (Glystos 2005).

The research shows that the labour market performance of the immigrants in Greece is as diverse as their origins. Some specialization by nationality can be observed within sectors: Albanians are predominantly engaged in construction, African and Middle-Eastern immigrants usually are in retail while Eastern Europeans are mostly concentrated in the domestic services (Glystos 2005). In terms of returns to educational credentials, immigrants are found to be overqualified for the unskilled jobs they perform. The evidence usually comes from qualitative studies. For example, a high proportion of the Bulgarian women working as cleaners had tertiary education (Markova and Sarris 1997). Unlike the situation in the majority of the overviewed 'old' and 'new' receiving countries in which the immigrants' disadvantage can be observed as early as the stage of entry to the labour market, immigrants in Greece have unemployment rates similar to those of the native population. Certain groups of immigrants with long residence in Greece such as Albanians engaged in urban activities were found to have unemployment rates even lower than those of the native population (Glystos 2005). In terms of the wage gap between Greek natives and immigrants, the results are very different depending on the period analyzed. Pre-legalization of the immigrants in 1998, a survey of Albanians, Egyptians and Philipinos in Athens established that the immigrants had half to two thirds lower wages than natives for the same type of work (Iosifides 2001). The wages of Bulgarians were found to be 40 per cent lower (Markova and Sarris 1997). Conversely, post-legalization, the situation of immigrants registered some improvement; nevertheless they have still been poorly paid and restricted to the low level manual jobs although the majority of them claim good knowledge of Greek (Glystos 2005). As language proficiency is self-measured in most of the surveys, it is uncertain whether immigrants possess adequate understanding of both written and spoken Greek to help them translate their skills in the Greek labour market.

Contrarily to expectations ethnic Greek repatriates have also been found at a disadvantaged position. A survey carried out in 1998-1999 in Athens (Halkos and Salamouris 2003) established that their unemployment rate was higher than the unemployment rate for some immigrants groups and certainly exceeded the one for the native population. Women had disproportionately high unemployment rates. Very few of the employed repatriates were working in jobs similar to those they held in the former Soviet Union or Albania, and many were overqualified for their positions. Frequently, the repatriates expressed a feeling of social isolation, of being viewed by the Greek society as '*outsiders*'. The authors concluded that more consistent efforts at skill identification and assessment of the correspondent professional qualifications of repatriates were needed to facilitate their integration.

As hitherto underlined, Greece differs from the other Southern European countries in terms of immigration profile. The predominance of one single immigrant group – Albanians, in comparison with the other countries in which the birthplaces of immigrants are more equally distributed makes it an interesting case study (Cavounidis 2002). Moreover, the differences in socio-economic progress between migrants and the attitudes of the native population towards the migrant groups are hardly studied. Research shows that Polish migrants for example have stronger social and family networks and better image in the Greek society than Albanians whose ties are sparser and usually perceived as '*clandestine*' if operational (Lazaridis and Romaniszyn 1998). To what extent the occupational success of these groups varies post-legalization and whether strong discriminatory practices really exist on the part of employers and the society in general towards them (Fakiolas 1999) is yet to be determined.

Conclusion

The overview of the existent literature on the labour market performance of ethnic minority populations shows that even in '*old*' receiving countries better data is needed to encompass the multitude of pathways immigrants and their descendants undertake in the course of integration. Research is particularly sparse in the '*new*' receiving countries in which immigration seems still to be considered a sporadic and surprising phenomenon. Indeed the only way to address discrimination against ethnic minority populations is to determine the extent of suffered ethnic penalization and the bias on the part of employers. Immigrant flows have become a common feature of modern European societies, and the pressing issue of the maintenance of equality and diversity cannot be neglected.

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