

Explaining Ethnic Inequality in the German Labor Market: Labor Market Institutions, Context of Reception, and Boundaries

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Abstract: The descendants of immigrants comprise nearly a third of the West German population under the age of 25 years and will soon become a substantial proportion of the native born labor force. Owing to the young age of this group, and a lack of governmental data on parental place of birth, there is currently little research that compares the labor market outcomes of the second generation of different origins. Exploiting the first data set to allow the disaggregation of all immigrant groups in Germany, this article draws on the concepts of context of reception and boundary crossing to explain variation in the labor market performance of different immigrant origin groups. Positively received ethnic Germans consistently perform better than negatively received guest worker origin groups. Labor market inequality is greatest among men and in obtaining employment. Ethnic differences are more compressed among women and for occupational attainment among the employed. The boundary crossing mechanisms of naturalization and intermarriage have modest association with labor market success. Findings suggest that successful integration in Germany is influenced by labor market institutions, which encourage inequality in unemployment while diminishing inequality amongst the employed.

Introduction

Despite being home to the largest number of foreign born residents in Europe, the study of the children of immigrants in Germany is still in its early stages. Stymied by a scarcity of data on parents place of birth, the vast majority of research on ‘second generation’ immigrants in Germany focuses only on the children of former guest workers—who currently comprise less than half of the foreign born in Germany. Owing to the young age of this demographic group, most previous research has focused on educational outcomes. Although the current consensus is that the children of guest worker immigrants surpass the educational attainment of their parents, while lagging behind the children of native Germans, it is currently unknown whether these findings extend to the second generation more generally. As the second generation now comes of age, it is also critical to understand how ethnic disadvantage in education

will translate into disadvantage in employment and occupational status. This article engages with these questions by examining the labor market outcomes of the children of immigrants in Germany.

Drawing on the 2005 Mikrozensus, this article provides a first representative description of second generation employment and occupational status in Germany. This has theoretical significance in that it allows for the comparison of the children of Germany’s two major origin groups: the very positively received, permanent, more highly educated repatriated ethnic Germans and the negatively received, temporarily recruited, labor migrant guest workers. It also allows the comparison of the children of immigrants who have obtained German citizenship with the children of immigrants who remain outside of the German polity, an important minority/majority boundary in Germany, given the historical lack of birthright citizenship (Alba, 2005). This nuance within the data allows for the application of

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two key concepts from assimilation theories developed in the United States—the *context of reception* and *boundary crossing*—to a country with a very different migration history and an ‘opposing’ integration regime (Brubaker, 1992; Faist, 1995; Kurthen and Heisler, 2009).

Finally, where these concepts imply a uniform integration process across labor market outcomes, I propose and test a third hypothesis that ethnic inequality will be greater in access to employment than in outcomes among the employed. Following Diprete and McManus (1996), I argue that it is important to consider Germany’s unique institutional framework, where barriers to employment are high yet inequality between workers is compressed, when predicting ethnic inequality across different labor market outcomes. Network-driven referral and recruitment practices should create greater ethnic inequality in entry to employment, whereas Germany’s more transparent, formalized job placement and promotion practices should reduce inequality between workers of different ethnic origins among the employed.

Background

This article focuses on the adult descendants of Germany’s two largest immigrant groups: guest worker migrants and ethnic Germans. To aid in post-WWII reconstruction, Germany recruited >10 million unskilled workers primarily from Italy, Spain, Greece, Turkey, and the former Yugoslavia from 1955 until 1973 for 1 year contracts. The provisional nature of the program discouraged investment in learning the German language or networking with Germans (Dustmann, 1999; Diehl and Schnell, 2006), and recruitment into the worst jobs marginalized guest workers in the labor market, blocking their mobility (Fertig and Schmidt, 2001; Constant and Massey, 2005) and placing them in occupations most susceptible to unemployment (Kogan, 2007). Through restrictive naturalization laws and the introduction of return incentive schemes, the German government attempted to encourage migrants to return home throughout the 1970s and 1980s. Although over half did indeed leave (Münz, Seifer and Ulrich 1999), many stayed and family reunification followed. Ethnic Germans are the second largest immigrant origin group in Germany and comprise nearly 4 per cent of the entire German population (Mikrozensus 2010). Ethnic Germans are foreign born immigrants of German descent who lived as cultural and linguistic minorities in Eastern Europe, and faced discrimination and massive expulsion following WWII. German basic law ensures citizenship and integrative assistance, including language assistance, recognition of foreign credentials, and housing support for

ethnic Germans. The legal status and government treatment of ethnic Germans is much more positive and inclusive than that of guest workers, but their economic and societal reception varies considerably with time of arrival.

The early ethnic German arrivals were dispersed throughout Germany, and their privileged governmental treatment, higher levels of human capital, and greater knowledge of the German language resulted in a relatively smoother integration process than other immigrant groups (Berlin-Institut, 2009). This was less the case for the estimated 2.4 million ethnic Germans who arrived after the dissolution of the Soviet Union in 1987. Unlike the earlier arrivals, many late arrivals (*Spätaussiedler*) lacked fluency in German and faced a tense political atmosphere owing to anti-asylum sentiment and high unemployment. These disadvantaged circumstances delayed their labor market integration, resulting in higher unemployment and lower returns to education (Dietz, 2000; Konietzka and Kreyenfeld, 2001).

Together, the children of former guest workers and ethnic Germans comprise the majority of the second generation in Germany. I collapse all remaining non-guest worker and non-ethnic German origin immigrants into two categories: EU and non-EU (third country) origins. As both of these categories form a smaller minority of second generation origins in my sample and their context of reception is difficult to generalize, I generally do not discuss their results in the following sections.

The Second Generation

Much of the research on the second generation in Germany seeks to explain the educational disadvantage of the children of foreign guest worker origin immigrants. On average, the children of guest workers are much more likely to leave school with the lowest educational credentials than children of native born Germans (Kristen and Granato, 2007) and are less likely to secure vocational training opportunities. Yet, the majority of this disadvantage is explained by socioeconomic background—after controlling for parental characteristics, disadvantage in schooling outcomes disappears for nearly all second generation groups (Kristen and Granato, 2007), and in some cases the second generation is *advantaged* relative to natives of the same socioeconomic background (Luthra, 2008).

Less is known about the labor market outcomes of the second generation. Initial work on guest worker origin labor market performance reveals that, collectively, the children of immigrants have higher rates of

unemployment, and lower income and occupational status, when compared with native Germans (Kalter and Granato, 2007; Liebig, 2007; Burkert and Siebert, 2007). When all guest worker origin groups are combined, disadvantage in employment and occupational attainment can sometimes be accounted for by educational and vocational training (Liebig, 2007: 46). However, when the children of guest workers are separated by national origins, guest worker groups continue to have higher unemployment after the application of educational controls, in particular Turkish origin workers (Kalter and Granato, 2007; Burkert and Siebert, 2007; Algan *et al.*, 2010).

Current research suggests a stronger ethnic penalty in employment than in schooling or outcomes among the employed (Schurer, 2008), but as concluded by Algan *et al.* (2010: F27), ‘more detailed research to investigate the exact mechanisms that lead to the observed disadvantages’ is necessary.

Theory and Hypotheses

Assimilation Theory Revised

Two competing revisions of classical assimilation theory, ‘neo-assimilation theory’ (Alba, 2008) and ‘segmented assimilation theory’ (Portes and Rumbaut, 2001), have been developed to account for variation in the outcomes of the children of immigrants.

Neo-assimilation theory relies on basic rational choice modeling: insofar as German language skills, employment in German firms, and residence in majority German neighborhoods afford greater material rewards than home country skills and ethnic neighborhoods, essentially all immigrants and their children face an incentive structure that encourages them to become more like native Germans (Esser, 2004). Immigrants who ‘cross’ socioeconomic, linguistic, and institutional boundaries from ‘home country’ to ‘German’ are expected to have better outcomes than those who do not. Although recognizing that some groups face larger barriers to boundary-crossing than others owing to discrimination or legal status, the neo-assimilation model predicts that most of the variation in second generation labor market outcomes can be explained by a combination of the standard variables in status attainment models, such as educational attainment, and the boundary crossing patterns of individual second generation workers.

In contrast, proponents of ‘segmented assimilation’ question the possibility of boundary crossing for many immigrant groups and the universality of the incentive structure for becoming more like the native population.

Segmented assimilation scholars point to the importance of the context of reception as a determining factor in immigrant integration: although some immigrants are accepted and encouraged by the receiving state and society, others suffer a negative context of reception where the boundaries of citizenship, religion, or ethnicity are not malleable but are ‘bright’ and durable (Alba, 2005). For these migrants and their children, boundary crossing is difficult and achievement through general channels blocked by discrimination.

For negatively received immigrants, capitalizing on ‘ethnic capital’ such as foreign language abilities and social contacts with fellow group members may provide better opportunities within strong co-ethnic communities that operate independently of receiving country skills and institutions. Moreover, crossing social or cultural boundaries may even have a *negative* effect on attainment for the second generation, robbing them of ethnic and social capital, especially amongst those negatively received immigrants for whom ‘bright’ boundaries block their access to the mainstream opportunity structure. Only the children of positively received immigrants are expected to experience both socio-cultural *and* socioeconomic convergence with the native population.

Immigrant Context of Reception

Applied to the German case, former guest workers and early ethnic German arrivals faced very distinct contexts of reception. Although the German government facilitated their temporary recruitment, former guest workers received no integration assistance or path to citizenship. Their initially high employment rates also rapidly deteriorated after the first oil crisis in 1973, after which unemployment among former guest workers has been consistently higher than native Germans.

Self reports of former guest workers and experimental tests reveal that guest workers of all backgrounds, but in particular those of Turkish backgrounds, also experience discrimination in access to jobs and housing (Golberg, Mourinho and Kulke, 1996; Kaas and Manger, 2012), as well as in daily life interactions such as visiting a bar or making friends at a university (Klink and Wagner 1999). Moreover, guest worker origin immigrants share a fairly uniformly low educational profile; and with the exception of high self-employment rates among Greeks in Germany (Tolciu and Schaland, 2008), no former guest worker origin group displays the strong ethnic enclaves that create a more favourable ‘co-ethnic’ context of reception.

Though all guest workers received similar governmental treatment, Turkish origin immigrants stand out for

their difficult societal reception and co-ethnic characteristics. Reports from the 1996 ALLBUS show that more Germans would feel uncomfortable with a Turk as a neighbor or potential family member than other guest worker groups, and essentially all studies on geographic segregation find that Turks are more highly segregated from Germans than other groups (Friedrichs, 2008). Turkish origin workers also display higher unemployment rates and higher rates of poverty than other guest worker origin groups (Mikrozensus, 2010: Table 14; Table 16I).

In contrast, ethnic Germans enjoy a very positive governmental context of reception. Though there is some evidence of societal discrimination against ethnic Germans, particularly among newer arrivals who are more likely to have mixed parentage (Eckert, Reis and Wetzstein, 1999; Dietz, 2000), this was less likely to be the case among the parents of the young adult second generation ethnic Germans under consideration here, whose parents arrived in lower numbers prior to reunification. These earlier ethnic German arrivals were part of a smaller migration stream, display educational distributions that are more similar to those of native Germans, and did not encounter the same heavily politicized reception as the *Spätaussiedler* (late ethnic Germans) who arrived in large numbers in the late 1980s and 1990s.

Taken together, the governmental and social context of reception indicators suggest a hierarchy among the immigrant parents of the adult second generation in Germany. Ethnic Germans have a very positive and permanent governmental reception and share a skill profile that is roughly comparable with native Germans. They are followed by the non-Turkish guest workers, who have a negative government reception, along with disadvantaged aggregate socioeconomic characteristics—but are more socially accepted than Turks. Turkish origin immigrants display an extreme form of interlocking disadvantage that separates them from the other guest workers.

Drawing from this discussion, I expect:

H1: Ethnic Germans will perform significantly better than the children of former guest workers, with Turkish origin workers having the poorest outcomes.

However, although segmented assimilation theory suggests that these labor market differences will remain strong and significant even after controlling for compositional effects and boundary-crossing behaviors, neo-assimilation theory would posit that controlling for socioeconomic background and boundary crossing should significantly account for country of origin differences.

Boundary Crossing

Although national origin can be a proxy for mode of integration, the use of national origins solely may obscure the underlying social processes that produce different economic outcomes for the second generation (Stepick and Stepick, 2010: 1126). Two such processes are naturalization and interethnic partnering. Naturalization signals permanent settlement aims, linguistic ability, and—for Turks—socioeconomic integration (Diehl and Blohm, 2003). Citizenship may carry symbolic weight even for those children who acquire citizenship through their parents' naturalization choices; second generation youth who are full citizens report a stronger feeling of national identity with the receiving country and a stronger sense of entitlement (Tucci and Groh-Samberg, 2008). Partnering with a German spouse or partner likewise indicates the crossing of an important social boundary, creating perhaps the most intimate tie between two members of different origins (Schroedter and Kalter, 2008: 375). A German partner is likely both the result of greater contact with native German networks and a conduit for the future continuation and expansion of such social networks. Neo-assimilation theory rests on the assumption that boundary crossing is possible for all immigrant groups, and that crossing immigrant/native boundaries to choose a German spouse (Furtado and Theodoropoulos, 2010) or to acquire German citizenship (Diehl and Blohm, 2003) should be associated with better labor market outcomes.

On the other hand, the relationship between citizenship and intermarriage may be *caused* by labor market outcomes. If better-off second generation members are more likely to intermarry or acquire German citizenship, than we may attribute boundary crossing to better socioeconomic outcomes when, in fact, the opposite relationship is true. Although we can control for some aspects of second generation socioeconomic background, such as educational attainment, with cross-sectional data, we can only measure associations, rather than causal relationships. Despite this limitation, we can still test whether boundary crossing is positively associated with labor market outcomes for all immigrant groups, as would be expected by neo-assimilation theory, or whether the relationship between labor market outcomes and boundary crossing differs by context of reception, as expected by segmented assimilation theory. Pointing to the protective and positive effects of ethnic solidarity (Portes, 1997) and immigrant culture (Zhou, 1997), on one hand, and the deleterious effect of contact with native minorities and the urban poor (Portes and Rumbaut, 2001), on the other, proponents of segmented assimilation theory argue that boundary crossing may

have no impact on socioeconomic outcomes, or even result in *worse* socioeconomic outcomes, for the most disadvantaged origin groups. Thus, we can test for two divergent hypotheses:

H2_{na}: Boundary crossing (naturalization and intermarriage with native Germans) will be positively associated with second generation labor market outcomes, for all groups.

H2_{sa}: Boundary crossing will have no (or negative) net association with second generation labor market outcomes for negatively received groups.

Variation in Inequality across Labor Market Outcomes

Although segmented and neo-assimilation theories provide alternate hypotheses to explain ethnic inequality in the labor market, both theories are silent toward variation in inequality across labor market *outcomes*. Yet, differences in the regulation and government oversight of different labor market processes should result in different degrees of ethnic inequality depending on the policies of the receiving country under observation and the labor market outcome concerned. Here, I develop the hypothesis that ethnic inequality in Germany should be greater in employment than in occupational status.

It is well documented that employee recruitment operates through social networks, creating inequality between ethnic groups (Petersen, Saporta and Seidel, 2000) because advantaged groups are more likely to have contact with members of the same ethnicity (Mouw, 2003). It has been shown that firms in Germany with a higher percentage of minority workers exhibit a higher likelihood of hiring more minority workers (Dustmann, Glitz and Schoenberg 2011) and that nearly half of all jobs in the immigrant-origin population in Germany are acquired with the help of interpersonal contacts (Drever and Hoffmeister, 2008: 435). Even jobs acquired through within-firm vocational training, a very common pathway to employment for young adults with lower academic qualifications in Germany (Beicht and Granato, 2009), operates through social networks: although 59% of young native Germans search for training slots through the Federal Employment Agency, 76% look through personal contacts (Beicht and Granato, 2009).

However, in Germany, unemployment among the foreign born is more than twice that of native workers. Immigrant entrepreneurship in Germany is also relatively low, and the employed foreign born are overrepresented in declining blue collar industries. In this situation, we should not expect ethnically structured job queuing to

work to the advantage of immigrants in Germany as it (sometimes) does in the United States (Waldinger, 1994). For instance, co-ethnic friendship ties do *not* exert a positive impact on labor market outcomes in Germany (Kalter, 2007); in fixed effects models predicting employment, it is *only* contact with native Germans, not social contact or volunteering in general, that improve immigrant employment chances (Kanas, Van Tubergen and Van der Lippe, 2011). Access to vocational training slots is also ethnically structured: lower numbers of ethnic business owners means fewer opportunities to train in co-ethnic firms. Only 60% of foreign born or second generation school leavers seeking within-firm vocational training obtain a position within 3 years, in contrast to 80% of native Germans. Thus, even in the absence of any ethnic discrimination, we might expect higher unemployment among the second generation owing to difficulty in accessing the social networks that are likely to lead to employment opportunities.

On the other hand, the institutional mechanisms of job assignment and promotion *among the employed* are less explicitly tied to network processes. Nearly two-thirds of all jobs in Germany are under collective bargaining coverage (Visser, 2006). The resulting standardization of job allocation, promotion, and pay reduces inequality between observably similar workers once employed. Workers are protected from involuntary job movement, and the ties between specific occupations and formal training ensures that observably similar workers should receive similar benefits and occupational status (Diprete and McManus, 1996). Even in firms that are not under bargaining coverage, contact between workers in the same place of employment forces transparency in the job allocation and promotion process and reduces employers' leeway in differential treatment of employees. These institutional differences in the recruitment and job allocation process suggest that ethnic inequality in occupational status may be low in Germany among those employed, *simultaneously* with high ethnic inequality in employment.

Variation in the level of government oversight at different stages of the employment process may also result in greater inequality in employment than in occupational status. Government oversight in the hiring phase is costly—either politically, through the promotion of affirmative action policies, or financially, through the use of experimental job search tests to ensure fair treatment of applicants. The German state has never implemented either; to the contrary, Germany's first comprehensive antidiscrimination act was not passed until 2006. However, once employed, it is generally much easier to provide evidence of discrimination. The collective bargaining agreements described earlier in the

text secure similar returns to tenure and qualifications for workers of different origins, and German employment law protects permanent workers from unfair dismissals.

These unique institutional features lead to the hypothesis:

H3: Ethnic inequality will be reduced within the monitored, more transparent placement and promotion process leading to occupational status, than in the more atomized, social network driven recruitment and hiring process reflected in employment.

Ideally, to assess the impact of receiving country institutions on second generation labor market outcomes, we would wish to compare outcomes across receiving countries. Although this is beyond the scope of this article, the results of this analysis can serve as a departure point in future research, as will be discussed at greater length in the conclusion.

Data, Sample, and Variables

This discussion is brief owing to space constraints. More detail on sample and variable construction can be found in Appendix A in the online materials.

Data

The Mikrozensus is a nationally representative survey containing population and labor market data on 1% of the German population. Critical to my research objective, in 2005, the Mikrozensus began to ask about naturalization, enabling the identification of ethnic Germans and the naturalized first and second generation for the first time. The very large sample size and representativeness of the Mikrozensus also allows finer origin distinctions than other data sets.

Sample

The sample includes native Germans, defined as the children of native-born German nationals, and the second generation, defined as the children of at least one foreign-born parent who are either born in Germany or migrated before the age of 6 years. To ensure comparability between the second generation groups and native Germans, I restrict my sample to adults aged 27–39 years living in the former West Germany.

Dependent Variables

1. Employment: is defined as having worked for pay in the past week or on maternity of paternity leave for

≤3 months, and ‘Unemployed’ are all those who are not currently working but are looking (actively or passively) for work in the past 3 months.

2. Occupational Status: International Standard Classification Codes (ISCO88) for the main occupation of each respondent were assigned International Socioeconomic Index scores.

Independent Variables

1. Context of Reception: I identify the following six second generation origin groups: Turkish, Former-Yugoslavian, Other Guestworker, Ethnic German, Other EU/US, and non-EU (Third Country) origins. Native Germans are the omitted group in all regressions.
2. Boundary Crossing: I include a dummy variable indicating having only non-German nationality (foreign national) to test and account for the association of citizenship and labor market performance for the children of all origin groups except for ethnic Germans, who have German citizenship by definition. I also include an indicator for the second generation respondents who live with a native German spouse or partner to test for the association of German partnership and labor market outcomes.
3. Controls: I include controls for human capital, geography, and household composition.

Descriptive Statistics

Weighted descriptive statistics by immigrant origin and gender are reported in Table 1. Full descriptive statistics for all independent variables, by employment status, are included in the online materials in Appendix B.

Table 1 provides initial support for many of the predictions sketched earlier in the text. As expected by H1, context of reception aligns closely with second generation performance. Among men, we see drastic differences in unemployment by ethnic origin: although one in four Turkish origin men are unemployed, only one in six ethnic German men, and only one in 10 native German men, do not have employment. Similarly, guest worker origin women have more than twice the percentage unemployed than native German women. Ethnic German women have lower unemployment than guest worker women, but still differ significantly from native German women with a third higher unemployment rate.

Also as hypothesized in H3, ethnic differences in occupational status are much less pronounced than

Table 1 Descriptive Statistics, Men and Women aged 27–39 years, West Germany 2005

	Men				Women				
	Employment Status		Mean	N	Employment Status			Mean	N
	%	%			%	%	%		
Emp	Unemp	SEI	Emp	OLF	Unemp	SEI			
German	0.91	0.09	46.55	33067	0.74	0.19	0.06	46.53	34371
Turkish	0.74	0.26	38.42	729	0.49	0.33	0.18	39.04	678
Former Yugoslavian	0.77	0.23	41.91	244	0.66	0.2	0.13	43.9	233
Other Guest Worker	0.87	0.13	41.13	456	0.63	0.23	0.14	45.08	382
Ethnic German	0.84	0.16	45.89	195	0.73	0.19	0.08	49.61	188
EU/US	0.91	0.09	46.8	223	0.73	0.2	0.07	47.93	195
3rd Country	0.84	0.16	50	205	0.69	0.2	0.11	46.52	186

ethnic differences in unemployment. The distance between the highest and lowest mean occupational status scores is 12 points on the occupational scale, roughly the difference between a hairdresser and a mechanic. The ranking of the groups in terms of occupational status still roughly follows the order expected from their contexts of reception—with all guest worker groups having relatively low occupational attainment, and ethnic Germans reporting higher scores even than native Germans (though statistically indistinguishable from Germans at the 0.05 level).

To more fully explore these relationships, and to test for the impact of mediating boundary crossing mechanisms, I now turn to multivariate results.

Methods and Results

Methods

Employment is a dichotomous variable, therefore I use probit regression modeling with standard maximum likelihood estimation. Occupational attainment is estimated using ordinary least squares (OLS) regression.

Survey weights and stratification variables are used in all analyses.

Sample Selection and Sensitivity Testing

There are three possible sources of sample selection bias in this analysis. The first is selection into the labor force, the second is selection into employment, and the third is selection owing to possible outmigration of the second generation. If selection occurs across unobservable dimensions, for instance ambition or intelligence, that predict outmigration, labor force participation *and* employment, or employment *and* occupational status, then it is possible that estimates of employment or occupational status that exclude return migrants or those out of

the labor force are biased. Unfortunately, I cannot test for the impact of selective outmigration on my results. I can, however, use information on those who are unemployed or out of the labor force in the Mikrozensus to assess bias from omitting non-participants in the labor market and the unemployed. Selection mechanisms into the labor force and employment appear to be similar across the ethnic origins that are the focus of this article. In Table 1, I show that the labor force participation rates of women are very similar (~80%) across all groups, with the exception of Turkish origin women. Controlling for educational attainment completely eradicates any difference in labor force participation rates by ethnic origin, citizenship status, or German partnership status. Similarly, the unemployed are less educated, less likely to be intermarried with Germans, and more likely to be non-citizens across all national origins. Selectivity routines to adjust for bias in analyses that exclude those out of the labor force (for women) and those unemployed (for men and women) suggested that the immigrant origin, citizenship, and German partner coefficients predicting occupational status are not affected.

Multivariate results

Women. In Tables 2 and 3, I show models for female employment and occupational status. The baseline differences (model 1) between women are as expected from the discussion of descriptive statistics above. Even *before* controls, ethnic German women performed on par with native German women, in contrast to the higher unemployment observed among the children of guest worker immigrants. These findings support the hypothesis of divergent outcomes by context of reception predicted by both neo-assimilation and segmented assimilation theory. The group with the lowest ethnic and linguistic boundaries from native

Table 2 Probit Estimates of Employment, Women in the Labor Force aged 27–39 years, West Germany 2005 (N = 28,792)

Variable	Model 1 ^a	sig.	Model 2 ^b	sig.	Model 3 ^c	sig.
<i>Origin (German Omitted)</i>						
Turkish	-0.841	**	-0.773	**	-0.451	**
	-0.0653		-0.0779		-0.0852	
Ex Yugo	-0.459	**	-0.422	**	-0.394	**
	-0.117		-0.131		-0.136	
Other GW	-0.307	**	-0.231	+	-0.125	
	-0.0984		-0.12		-0.125	
Ethnic German	-0.0396		-0.119		-0.0173	
	-0.147		-0.151		-0.159	
Other EU or US	-0.193		-0.252		-0.182	
	-0.147		-0.156		-0.154	
Third Country	-0.137		-0.172		-0.0266	
	-0.146		-0.148		-0.159	
Foreign National			-0.172	+	-0.0537	
			-0.0936		-0.0975	
German partner			0.311	**	0.00557	
			-0.113		-0.119	
Household Characteristics	no		no		yes	
Geographic Controls	no		no		yes	
Human Capital	no		no		yes	

Notes: ^aincludes indicators for country of origin only; ^bincludes model (1) + indicator for foreign national and German partner; ^cincludes model (2) + Bundesland of residence, metropolitan status, partnership status, the number of children in the household and parent in household, educational attainment, work experience, and work experience squared.

** = significant at 0.01; * = significant at 0.05 + = significant at 0.1.

Table 3 OLS Estimates of Occupational Status, Employed Women aged 27–39 years, West Germany 2005 (N = 26,776)

Variable	Model 1 ^a	sig.	Model 2 ^b	sig.	Model 3 ^c	sig.
<i>Origin (German Omitted)</i>						
Turkish	-7.186	**	-4.296	**	-1.024	
	-0.893		-1.011		-0.769	
Ex Yugo	-1.492		2.318	+	0.299	
	-1.189		-1.295		-1.035	
Other GW	-1.659	+	3.054	*	1.566	
	-0.989		-1.221		-0.959	
Ethnic German	3.278	*	3.097	*	2.148	*
	-1.42		-1.454		-1.008	
Other EU or US	3.186	*	4.882	**	-1.561	
	-1.507		-1.614		-1.282	
Third Country	0.845		1.45		-1.692	
	-1.429		-1.438		-1.096	
Foreign National			-6.775	**	-1.966	*
			-1.019		-0.853	
German partner			0.541		0.122	
			-1.02		-0.813	
Household Characteristics	no		no		yes	
Geographic Controls	no		no		yes	
Human Capital	no		no		yes	

Notes: ^aincludes indicators for country of origin only; ^bincludes model (1) + indicator for foreign national and German partner; ^cincludes model (2) + Bundesland of residence, metropolitan status, partnership status, the number of children in the household and parent in household, educational attainment, work experience, and work experience squared.

** = significant at 0.01; * = significant at 0.05 + = significant at 0.1.

Germans—ethnic Germans—have the best labor market outcomes.

To examine whether boundary crossing, in the form of German citizenship or partnering with a native German, has a positive association with female labor market outcomes, I introduce controls for these two indicators in model 2. In accordance with the expectations of neo-assimilation theory (H2_{na}), women who acquire citizenship or German partners have labor market outcomes that are more similar to native Germans. In contrast to the expectations of segmented assimilation theory H2_{sa}, these associations do not differ significantly by ethnic origin. Interactions between German partner and country of origin and German citizenship and country of origin were tested and found insignificant at the 0.05 level.

In model 3, I introduce controls for household structure, partnership status, educational attainment, and years work experience. We see that introducing these controls significantly reduces the absolute size of the coefficients for citizenship and for German partnership. Only a small positive effect of German citizenship on occupational status remains in the full model 3.

As expected by neo-assimilation theory, household characteristics and human capital fully explain all second generation inequality in women's occupational attainment. As expected by segmented assimilation theory, however, the very negatively received Turkish origin women, as well as former Yugoslavian women, continue to face a significant ethnic penalty in unemployment even net of all controls and boundary crossing indicators.

Turning to the predicted probabilities and values from the full model (3) for employment and occupational status in Table 4, we see that after controlling for background characteristics and boundary crossing, the children of ethnic Germans have nearly identical

predicted outcomes to the children of native Germans. We see support for the hypothesis that second generation inequality is greater in employment than in the occupational status among the employed (H3): Turkish and former Yugoslavian origin women have a predicted probability of unemployment that is 10 percentage points higher than native Germans. In contrast, differences in labor force participation and occupational status are negligible for all groups once differences in boundary crossing and standard controls are accounted for.

Men. Tables 5 and 6 show the results of nested models for unemployment and occupational status among men.

Immediately apparent in Tables 5 and 6 is that disadvantage is more pervasive for second generation men than second generation women. Although only guest worker origin women were disadvantaged relative to native German women, among men, both the positively received ethnic Germans, as well as all guest worker groups, display higher unemployment and lower socioeconomic status than native Germans. Comparing across the models, we see support for H2_{na}: foreign nationals have higher unemployment, and lower occupational attainment, than do German citizens, whereas second generation men with German partners have lower unemployment and higher occupational attainment. Having a German partner remains significantly positively associated with employment even after all other controls. Interactions between immigrant origins and citizenship and intermarriage were tested and found insignificant at the 0.05 level, in contrast to the expectations of H2_{sa}.

Table 7 shows the predicted probabilities and values with all other variables held constant. We see that even net of extensive controls, Turkish and former Yugoslavian origin men continue to have much higher unemployment than the children of native Germans. Ethnic Germans have higher employment than these groups, but still lag behind native Germans. These findings affirm the importance of context of reception (H1) for second generation labor market outcomes. The fairly high predicted employment of other guest worker origin men runs contrary to theoretical expectations, but may be explained by the higher prevalence of self-employment among Greek, Italian, and Portuguese origin men in Germany (Tolciu and Schaland, 2008). Similarly to women, H3 finds support in that inequality in unemployment among men is stronger and more consistent than inequality observed in occupational status. After including household and human capital controls, the predicted differences in occupational attainment displayed in Table 7 are very slight.

From these results, we can draw four central findings. First, we see the importance of the context of reception. Inequality in unadjusted unemployment and

Table 4 Women Summary Table: Predicted Probabilities of Employment and Values of Occupational Status

	Among ILF: employed	Among employed: ISEI
German	0.871	37.517
Turkish	0.752	36.493
Ex Yugo	0.769	37.816
Other GW	0.843	39.083
Ethnic German	0.867	39.665
Other EU or US	0.828	35.956
Third Country	0.865	35.825

*predicted at means and modes of all other variables in Model 3.

Table 5 Probit estimates of employment, men in the labor force aged 27–39 years, West Germany 2005 (N = 35,457)

Variable	Model 1 ^a	sig.	Model 2 ^b	sig.	Model 3 ^c	sig.
<i>Origin (German Omitted)</i>						
Turkish	−0.734	**	−0.641	**	−0.409	**
	−0.059		−0.0766		−0.0875	
Ex Yugo	−0.648	**	−0.585	**	−0.516	**
	−0.116		−0.125		−0.133	
Other GW	−0.262	**	−0.236	*	−0.00609	
	−0.0898		−0.113		−0.12	
Ethnic German	−0.393	**	−0.52	**	−0.381	*
	−0.13		−0.132		−0.148	
Other EU or US	0.12		0.0179		0.0912	
	−0.139		−0.15		−0.156	
Third Country	−0.422	**	−0.444	**	−0.364	**
	−0.117		−0.117		−0.131	
Foreign National			−0.203	*	−0.129	
			−0.0835		−0.0902	
German partner			0.711	**	0.349	**
			−0.11		−0.123	
Household Characteristics	no		no		yes	
Geographic Controls	no		no		yes	
Human Capital	no		no		yes	

Notes: ^aincludes indicators for country of origin only; ^bincludes model (1) + indicator for foreign national and German partner; ^cincludes model (2) + Bundesland of residence, metropolitan status, partnership status, the number of children in the household and parent in household, educational attainment, work experience, and work experience squared. ** = significant at 0.01 * = significant at 0.05 + = significant at 0.1.

Table 6 OLS Estimates of socioeconomic status, employed men aged 27–39 years, west germany 2005 (N = 31,911)

Variable	Model 1 ^a	sig.	Model 2 ^b	sig.	Model 3 ^c	sig.
<i>Origin (German Omitted)</i>						
Turkish	−7.906	**	−6.102	**	−1.23	+
	−0.591		−0.841		−0.693	
Ex Yugo	−4.718	**	−2.914	*	−1.65	+
	−1.035		−1.215		−0.925	
Other GW	−4.755	**	−2.9	**	0.582	
	−0.759		−1.032		−0.823	
Ethnic German	−0.388		−0.933		−1.614	+
	−1.344		−1.337		−0.922	
Other EU or US	2.536	*	2.837	*	0.191	
	−1.256		−1.362		−0.951	
Third Country	4.677	**	5.081	**	1.63	+
	−1.439		−1.418		−0.964	
Foreign National			−3.254	**	−0.781	
			−0.851		−0.658	
German partner			2.09	*	0.333	
			−0.868		−0.692	
Household Characteristics	no		no		yes	
Geographic Controls	no		no		yes	
Human Capital	no		no		yes	

Notes: ^aincludes indicators for country of origin only; ^bincludes model (1) + indicator for foreign national and German partner; ^cincludes model (2) + Bundesland of residence, metropolitan status, partnership status, the number of children in the household and parent in household, educational attainment, work experience, and work experience squared. ** = significant at 0.01 * = significant at 0.05 + = significant at 0.1.

Table 7 Men Summary Table: Predicted Probabilities of Employment and Values of Occupational Status

	Among ILF: employed	Among employed: ISEI
German	0.844	36.663
Turk	0.726	34.996
Former-Yugo	0.689	36.206
Other GW	0.842	36.267
Eth German	0.735	35.631
EU/US	0.865	36.454
Third Country	0.741	38.053

**predicted at means and modes of all other variables in model 3.*

occupational status generally follows the ordering expected: ethnic Germans perform nearly on par with native Germans with similar characteristics, and Turkish origin men and women consistently perform much worse than all other groups. Second, we see that boundary crossing into German citizenship or into partnership with a native German has a positive association with labor market outcomes, and that although modest, this positive association is shared by positively and negatively received groups alike. Third, for both men and women, adjusted and adjusted levels of inequality in employment are substantively and statistically more significant than inequality in occupational status. Finally, we also see the importance of gender. Inequality between second generation women and native German women is more compressed than inequality between men of different origins; moreover, the disadvantages faced by second generation origin women are more readily accounted for by compositional characteristics.

Conclusion

The second generation in Germany is now coming of age, and its members are entering the labor market in large numbers for the first time. As the home to the largest number of foreign-born residents in Europe, representing diverse ethnic origins, Germany presents an excellent case on which to apply concepts drawn from the increasingly transatlantic assimilation debate. Using recent Mikrozensus data, this article engages in this debate by comparing the labor market outcomes of the children of different immigrant origins.

Specifically, I show that, as observed in the United States, the immigrant context of reception impacts the second generation in Germany: ethnic German origin men and women generally perform better than the

children of West European origin guest workers, who in turn perform better than Turkish origin, and frequently former Yugoslavian origin men and women. This finding has positive implications for the application of neo- and segmented assimilation models to the German case. However, the results presented here do not completely align with theoretical expectations. Although the boundary-crossing indicators of German citizenship and partnership with a German spouse or partner are positively associated with labor market outcomes as expected by neo-assimilation theory, these associations are mostly explained by household characteristics and human capital and have only modest net impact. Contrary to the expectations of segmented assimilation theory, the effect of boundary crossing, as measured here, does not differ by the context of reception of the immigrant group. Further, the stubbornly high unemployment faced by second generation men of both ethnic German and guest worker origin defies both neo- and segmented assimilation predictions. Even the most positively received second generation origin groups face barriers to employment, and these barriers persist even after extensive controls. These findings raise questions that both of the assimilation models leave unanswered.

Although this article cannot make explicit cross-national comparisons, my analysis points to the importance of yet a third concept beyond the context of reception/boundary work explored in the US context. The institutional structure of the German labor market may explain the high inequality in unemployment, coupled with lower inequality in occupational status, which I observe among all the origin groups under consideration here. My findings regarding gender differences also align with this explanation. The full-time, heavily unionized and protected jobs dominated by male employees are also precisely the kind of jobs where turnover is low and access for outsider groups is particularly difficult. In the more flexible part-time work where women are overrepresented, barriers to employment are likely to be lower. Women are also overrepresented in public sector employment—a sector where job recruitment and referral procedures are much more transparent and regulated. This may explain the positive net effect of citizenship on female occupational status.

The institutional argument developed in this article relies on implicit comparisons with other immigrant receiving countries, and requires further testing with internationally comparable data. Forthcoming data collection efforts, such as the TIES project and CILS4EU, are promising possibilities. Furthermore, the boundary-crossing patterns of intermarriage and naturalization explored here could be examined within a causal

framework with longitudinal data. Two new flagship panel data sources, PAIRFAM and NEPS, may provide a natural testing ground for the further exploration of the relationship between social and economic integration among Germany's second generation. As these data become available, I plan to more fully explore the relationships proposed here in future work.

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Notes

- 1 Before 2005, governmental statistics did not contain information on the country of birth of German citizens. The result is that only foreign national immigrants could be identified. Alternative data sets, such as the German Socio-economic Panel Study, generally have insufficient numbers to disaggregate the non-guest worker second generation.
- 2 All reported differences were tested using t-tests and found significantly different at the 0.05 level unless otherwise noted.
- 3 Results of this analysis are available on request.
- 4 More detail on these tests can be found in the online materials, Appendix C.

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