

ETHNIC PENALTIES IN WESTERN LABOUR MARKETS

Contributions, Explanations, Critiques

Abstract

This article reviews the comparative literature on ethnic penalties in Western labour markets. Although there is considerable variation between ethnic groups, immigrants and descendants, and across national contexts in terms of the magnitude of ethnic penalties, ethnic minorities of non-European origin experience disadvantages in all contexts. Discussing the striking cross-national variation, I highlight the impact of the economy, legacies of immigration policies, historically different citizenship regimes and the occurrence of selectivity in educational systems. In explaining why ethnic disadvantage occurs in all contexts, I pay particular attention to the role of discrimination in employment.

Keywords

Ethnic penalties • discrimination • immigration • second generation • labour markets

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Arnfinn H. Midtbøen*

Institute for Social Research, Norway

1. Introduction

Migration to Western countries has changed these societies in significant ways over the past 50 years. Today, all industrialised nations are multicultural, multireligious and multiethnic and many large cities in the Western parts of the world may be characterised by what Vertovec (2007) and later Crul *et al.* (2013) have called 'super-diversity'. This 'diversification' of industrialised nations has gradually put immigration-related issues centre stage in social research as well as in public debate. Among the topics most discussed in a European context are concerns about social integration and the consequences of migration for the sustainability of welfare states (Brochmann & Hagelund 2011), and not least the closely related question of labour market participation: How do immigrants and their descendants fare in the labour market? And how can we explain the persistence of labour market inequality between ethnic minority groups and majority populations across the Western world?

A commonly used concept in studies of labour market differentials between natives and immigrants and their descendants is *ethnic penalties* (Heath & Cheung 2007a; Berthoud 2000; Hasmath 2012). Ethnic penalties refer to the differences in labour market outcomes between minorities and the majority that remain after controlling for human capital and social background. In this article, I review the comparative literature on ethnic penalties in Western labour markets and present some possible explanations for the prevalence of inequality, distinguishing between differences among ethnic groups, immigrants and their descendants, and different national contexts.

Two major findings emerge from this literature: On the one hand, there is considerable variation across contexts in terms of the magnitude and scope of ethnic penalties. On the other hand, ethnic minorities experience disadvantages in all contexts. Making sense of the striking cross-national variation, I discuss four macro-level explanations that previous research has suggested are important determinants for the labour market integration of ethnic minorities: the economic situation in the destination country, the legacies of immigration policies, historically different citizenship regimes and the varying degrees of selectivity in educational systems across different countries. In explaining why ethnic disadvantage occurs in all contexts, I pay particular attention to the role of discrimination by employers and the evidence of such discrimination offered by five decades of field experimental research within sociology and economics.

2. Ethnic inequalities in Western labour markets

One way of illustrating labour market inequalities is to look at differences in unemployment rates among groups. Figure 1 displays unemployment rates for natives and foreign-born for a selection of industrialised nations in 2012. Of course, there is considerable variation between different groups of migrants and treating them

* E-mail: ahm@socialresearch.no

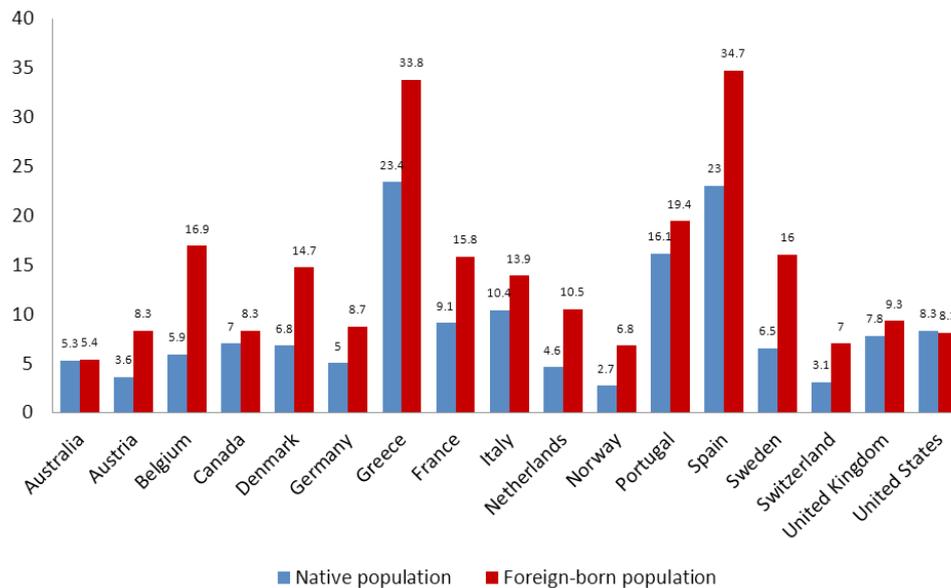


Figure 1. Unemployment rates for natives and foreign-born in selected industrialised countries. 2012 (OECD 2013 and Eurostat 2013)

as one undifferentiated entity of 'foreign-born' is clearly misleading. Nonetheless, the figure illustrates an important point: On average, immigrants fare significantly worse than natives with regard to access to employment in the vast majority of industrialised nations.

Still, as the figure demonstrates, at least three distinct clusters of countries, grouped together by similar patterns of inequality, are possible to identify. In one cluster of countries, constituted by the classical immigration countries Australia, Canada and the United States, there are only minor differences in unemployment between natives and foreign-born, and in the US, foreign-born even has a slightly *lower* unemployment rate than natives. It is important to emphasise, however, that the profile of non-European immigration to these countries over the past decades is quite different from Western Europe. In the particular case of the US, one must also bear in mind that one important part of the native group - the African-American population - occupies a more disadvantaged position in the labour market than, for example, Asian immigrants do on average (Waters, Kasinitz & Asad 2014). This is an important explanation why unemployment rates among natives in the US actually are higher than among the foreign-born.

Another cluster of countries is made up by Belgium, Denmark, the Netherlands and Sweden. In these countries, unemployment rates among natives in 2012 were relatively low in international comparison - about 6% - while the rates for foreign-born on average were 2–3 times as high. A third cluster consists of the two countries that really stick out in the figure: Greece and Spain. These countries have been and still are among those nations most severely hurt by the financial crisis with the effect that the unemployment rates, in general, are extremely high - and even more extreme for foreign-born. It is also worth pointing out the case of Norway: Among native populations, no OECD country had lower unemployment rates in 2012 and this situation has more or less lasted throughout the past years of economic crisis. For Norway's foreign-born population, however, the situation is clearly worse and the unemployment rate for this group is about 2.5 times as high as for the native population.

What are the driving forces behind these patterns of labour market inequality? Do they illustrate that Western societies are riddled with racism and discrimination, systematically excluding ethnic minorities from the labour market? Or do the differences in unemployment rates between natives and foreign-born disappear when controlling for human capital characteristics like language proficiency, level of education and work experience? In the following, I will briefly present important factors accounting for differences in unemployment between groups that are not related to ethnicity before I discuss more in depth the concept of ethnic penalties.

3. Human capital and social background

Any study of inequality between ethnic groups must make a clear distinction between causes of inequality derived from actual differences in formal skills and qualifications - what is usually referred to as *human capital* (Becker 1964) - and causes that are linked more directly to ethnic background. Hence, the rather large gaps in unemployment rates between natives and immigrants in many countries depicted in Figure 1 should not be treated as effects of ethnicity as such, as they conceal rather large average differences between groups in terms of skills required in the labour market.

First, most immigrants, especially in the first years after arrival, will face language barriers. As most jobs require language proficiency at least at a basic level, this is an important factor making access to employment harder for immigrants compared to natives, although the significance of language skills obviously also may be used as an excuse by employers to exclude even descendants of immigrants from labour market positions (Midtbøen 2014b).

Second, immigrants tend, on average, to have a lower level of education compared to the majority population. This is also the case for children of immigrants from most countries, although the educational level of the second generation relative to their majority peers usually is higher than for the first generation (OECD 2010). As the level of education is an important determinant of success also in

the labour market, this is a crucial factor in explaining differences in employment.

Third, although immigrants often *have* education from abroad, this may be hard to convert and make relevant in the new context, and work experience from the country of origin may not easily be translatable. This refers to the importance of what has been called *country-specific* human capital (Borjas 1995); that is, types of skills or 'capital' that are valuable only in specific national contexts and that requires years to obtain.

Finally, it is important to highlight the relevance of socioeconomic background. Many of the large immigrant groups, particularly those arriving to Western Europe as labour migrants in the 1950s and 60s, had low socioeconomic background and were recruited to fill low and unskilled positions in the labour market. As low socioeconomic background is negatively associated with educational achievements and patterns of employment, which again may negatively affect the employment prospects even for later generations, this is another important factor explaining the relatively high unemployment rates of many minority groups - that cannot be attributed to ethnicity as such (Heath, Rethon & Kilpi 2008).

4. Ethnic penalties

Having pointed out the importance of human capital and social background, it is still the case that statistical analyses of employment patterns time and again show that even when controlling for education, work experience and other relevant factors, immigrants in Western countries do not have the same labour market opportunities as natives (OECD 2010; OECD 2013b). These disadvantages constitute what is often called *ethnic penalties* in the literature on immigration and labour markets (Berthoud 2000; Heath & Cheung 2007a; Hasmath 2012).

Importantly, the concept of ethnic penalties must be distinguished from ethnic discrimination. Ethnic discrimination is usually defined as the unequal treatment of individuals or groups by virtue of their ethnic background (Midtbøen & Rogstad 2012a; Pager & Shepherd 2008). As such, for an act to be defined as discriminatory, a causal link between the ethnic background of the individual or group and the actual unequal treatment must be established. By contrast, when considering whether ethnic groups experience penalties in the labour market, this is estimated on the basis of data on wages, unemployment rates or occupational attainment at the country level and it is the outcome gap between minorities and the majority population that remains after controlling for relevant background factors that are referred to as ethnic penalties (Heath & Cheung 2007b: 25). Discrimination by employers is therefore a potential *explanation* of ethnic penalties, but these penalties may also be the result of other factors that are hard to observe directly, like differences in access to social networks. Because a lot of jobs are never announced in public, but rather are allocated through informal processes in the labour market (Granovetter 1974; Petersen, Saporta & Seidel 2000), unequal access to social networks may be an important constituent of ethnic penalties that are not discriminatory as such.

Although the concept of ethnic penalties is used to describe the disadvantages experienced by ethnic minorities of any generation, it is particularly useful in assessments of the situation for *descendants* of immigrants. The so-called 'second generation' speaks the majority language more or less fluently and normally has its schooling, educational merits and work experience from the country of residence. Hence, several of the factors used to explain the difficulties immigrants

meet when trying to enter the labour market, like language barriers and foreign education, are not relevant for this group (Alba & Waters 2011; Heath, Rethon & Kilpi 2008). Consequently, it is more likely that the disadvantages they experience when trying to access the labour market in fact can be attributed to their ethnic backgrounds. The concept of ethnic penalties is therefore more relevant for the study of the second and later generations, although unequal access to social networks obviously may be an important factor in shaping employment prospects also for descendants of immigrants.

Most scholarly attention has been directed at the existence of ethnic penalties, but ethnic 'gains' or 'premiums' may also be observed for certain ethnic groups and in certain sectors of the labour market. For example, Jiménez and Horowitz (2013) show that the Asian-American population in California is closely associated with high-achievement norms. 'Asianness', they claim, 'has come to stand for high-achievement, hard work, and success, while whiteness, in contrast, represents low-achievement, laziness, and academic mediocrity' (Jiménez & Horowitz 2013: 849). A different example may be drawn from Friberg's (2012) work on migration from Eastern Europe to Norway after the EU enlargement in 2004. Based on fieldwork in the Norwegian construction industry, Friberg reports the emergence of a new division of labour between natives and immigrants in which natives are allocated to more advantageous positions at the work place. When hiring employees to lower positions, however, employers prefer 'hard working Poles' over native Norwegians, illustrating that the status as an immigrant in some contexts may trump the status as a native (see Waldinger & Lichter 2003 for similar mechanisms in the US context). These examples suggest that how the attributed status as member of an ethnic minority group affects labour market opportunities is a genuine empirical question, and illustrate that providing a nuanced picture of patterns of labour market inequality makes necessary a differentiation between ethnic groups, generations and different national contexts. Turning to the empirically based, comparative research on ethnic penalties in Western labour markets, I will keep these distinctions in mind.

5. Comparative research on ethnic penalties in labour markets

A major problem in all comparative immigration research is the difficulties in obtaining comparable statistics. Different countries have very different ways of collecting and registering population data, and countries differ in how they define immigrants, whether information about ethnic background is gathered at all and whether children of immigrants are treated as a particular group in national statistics (Simon 2005).

Heath & Cheung's (2007a) cross-national study is an important exemption to this rule. It consists of standardised national studies of the labour market integration of ethnic minorities based on administrative data. Even this book has not overcome the everlasting problems of measurement in comparative research on immigration and labour markets and when it refers to 'ethnic groups', it usually means national origin - which, in some cases, can be very misleading. As it compares patterns of unemployment and occupational attainment for a range of different ethnic groups of both the first and second generation in countries like Austria, Belgium, Britain, Canada, France, Germany, the Netherlands, Sweden and the US, it is nonetheless the most comprehensive cross-national study of ethnic disadvantage in the labour market and will serve as my point of departure. Norway was not a part of this collaborative project, but as other studies have

replicated the design of Heath and Cheung in the Norwegian context (e.g. Hermansen 2013), I will also include Norway in this review.

5.1. Gross disadvantages in labour markets: Ethnic hierarchies

Looking at gross differences in unemployment between different ethnic groups in comparative perspective - 'gross differences' meaning differences in unemployment rates before controlling for human capital and social background - provides a first glance into important patterns of ethnic stratification. For example, groups whose ancestry can be traced back to North-West European countries like Germany, Ireland and the Netherlands, who migrated to countries like the United States, Canada and Australia in the late 19th and early 20th century, generally have similar, if not lower, rates of unemployment compared to the majority population in the countries where these groups can be distinguished (Heath 2007: 640). By and large, these groups have been assimilated into the 'mainstream' in the receiving countries at least in terms of employment (see Alba & Nee 2003 for the specific US context).

The situation for well-established groups with South European origin varies more. Groups of Italian ancestry, for example, perform well in the US, Canada, Australia and France, while their unemployment rates in countries like Germany and Belgium are twice as high as for the native populations (Heath 2007: 640). Groups with East European origin, on the other hand, have relatively high unemployment rates in most countries. Among non-European ethnic groups, Chinese and Indians stand out with remarkably low unemployment rates. By contrast, almost all other groups of non-European origin have significantly higher unemployment rates than the majority population. In Continental Europe, for example, Turks and Moroccans, two of the dominant ethnic minority groups, are clearly disadvantaged and in some countries, they have unemployment rates that are 6 times those of the majority population (Heath 2007: 640-641).

5.2. Ethnic penalties in labour markets: Generational differences

In terms of generational differences and the occurrence of ethnic penalties for children of immigrants, the picture is more optimistic. It is quite clear that the second generation in most Western countries have made substantial progress in education, resulting in lower unemployment rates than for the first generation. In the second and later generations, gender differences have also diminished most notably in groups with South Asian origin, where they were quite prevalent in the first generation (Heath 2007: 642). This pattern is also visible in Norway. Here, individuals with background from Pakistan constitute the largest non-European minority group, and among first generation Pakistanis, the labour market participation among women is very low. Among children of Pakistani immigrants, however, women invest in higher education to a larger extent than men, and the gaps in labour market participation by gender for this group have radically decreased (Statistics Norway 2013: 53).

Despite similar positive development in many European countries, children of immigrants from non-European backgrounds fall behind in educational terms compared to their majority peers and even when they have educational merits on par with the majority, they tend to experience disadvantages with respect to access to employment (Heath & Cheung 2007a; Heath, Rothern & Kilpi 2008; Hermansen 2013). In a West European context, disadvantages are particularly pronounced for men with parents from Turkey and Morocco and the

challenges appear to be largest in countries like Austria, Belgium and Germany (Heath 2007: 658). This is also the overall finding in a recent comparative survey among children of immigrants in 15 major cities in Europe and the US (Crul, Schneider & Lelie 2012; Crul & Mollenkopf 2012): Descendants of the largest non-European immigrant groups are generally found to experience ethnic penalties in accessing the labour market and in some contexts, also in achieving occupational positions reflecting their educational investments.

5.3. Ethnic penalties in labour markets: Cross-country differences

Assessing the situation for children of immigrants in Western labour markets demonstrate that there are considerable variations in both the magnitude and scope of ethnic penalties across countries. Crul and colleagues (2012) demonstrate that after controlling for educational background, descendants of Turkish immigrants face considerable difficulties in accessing the labour markets in Austrian, Belgian and Dutch cities, while not similarly so in cities in Sweden and France (see details in Lessard-Philips, Fibbi & Wanner 2012; Reisel, Lessard-Philips & Kasinitz 2012).

A similar pattern is found in Heath and Cheung's (2007a) study. They document that in countries like the US, Australia, Canada, Britain and Sweden, ethnic penalties seem to be most frequently occurring at the labour market entrance suggesting that once children of immigrants are employed, they are able to pursue a career on par with their majority peers. By contrast, in countries like Austria, Belgium, France, Germany and the Netherlands, ethnic penalties are evident both in terms of labour market access and with respect to their opportunities to climb up the occupational ladder after employment is secured. In Norway, Hermansen (2013) shows the same pattern as in Britain and Sweden: even when controlling for human capital and social background, children of immigrants from non-European countries do not have access to the Norwegian labour market on equal terms with the ethnic majority. However, they do not seem to suffer from additional ethnic penalties in accessing more advantageous positions.

Summing up, two major findings appear from this review of ethnic penalties in Western labour markets: First, in *all* countries examined, non-European minority groups tend to face disadvantages in accessing the labour market and these disadvantages are transferred across generations despite the educational progress achieved by children of immigrants. Second, there is considerable cross-national *variation* in the magnitude and scope of ethnic penalties. In some contexts, disadvantages appear to be reserved to the labour market entrance, while in others, ethnic penalties are also present in the access to a career. In an effort to make sense of these findings, I will begin by offering some possible explanations why we find these patterns of cross-national variation.

6. Explaining ethnic penalties in cross-national perspective

Of course, providing any comprehensive explanation for the patterns of ethnic disadvantage reported here is an insurmountable task. Partly, this is due to the limited number of cases involved, making it hard to draw any firm conclusions about the causes of inequality - a problem, which is further increased by the fact that the ethnic groups compared is not the same in each country. But even with the exact same groups and a much larger sample of countries, we

would still face problems: The striking cross-national variation in ethnic penalties is probably influenced by an interplay of a range of factors, like the level of openness characterising a country, perhaps the impact of far-right political parties on the national debate on immigration and integration as well as great many other factors and it is very difficult to evaluate the relative strength of each dimension. Thus, I will focus on four macro-level factors that, by no means, are meant as an exhaustive list, but that previous research has suggested are influencing on the different magnitude of ethnic penalties across countries: The economic situation in the destination country, the legacies of immigration policies, historically different citizenship regimes and finally, the varying degrees of selectivity in educational systems. As the comparative literature on ethnic penalties has been particularly focussed on Europe and the situation of children of immigrants, I will limit my focus to the European context and pay particular attention to the second generation.

6.1. The economic situation in the destination country

One important factor that affects the level of unemployment for ethnic minorities in a given country is the level of unemployment for the country as a whole (Heath 2007). In a situation of shortage of labour, firms cannot 'afford' to discriminate against applicants with ethnic minority background (Midtbøen 2015a; Baert *et al.* 2015). By contrast, when unemployment is high and firms can pick and choose among a series of qualified candidates, employers are more likely to hire applicants of majority backgrounds. Indeed, 'last hired, first fired' has been a recurrent phrase when explaining why ethnic minorities tend to have weaker attachment to labour markets: Because natives are regularly preferred over ethnic minorities, individuals with minority background will less often have gained seniority. And then, in times of economic crises or general downscaling in organisations, minorities will often be in a more precarious position and risk losing their jobs, particularly if they are employed in industries that are vulnerable to economic trends, which, very often, is the case.

6.2. Legacies of immigration policies

A second factor that may shed some light on the cross-national variation is the effects of past immigration policies for future employment patterns. Although immigration policies will have most influence on the first generation, defining the terms under which migration can take place and what type of migrants that can enter, they may also have legacies for later generations. For example, the substantial labour migration to Western Europe in the 1950s and 60s resulted in a geographically concentration of large numbers of unskilled manual workers in relatively deprived parts of European cities (Castles & Miller 2009). As decades of sociological work has documented a significant relationship between educational achievements and social background (Reay 2010), it seems likely that such lower working-class environments may negatively affect both the aspirations and the capabilities of educational progress among children of immigrants. In particular, this could be the case in countries characterised by high levels of class reproduction like Germany, France and Belgium (Heath 2007: 668). In countries characterised by more social mobility influenced by redistributive social policies as in the Nordic countries, children of immigrants may have greater chances of climbing up the socioeconomic ladder.

6.3. Citizenship regimes

The third point relates to citizenship legislation. European countries are characterised by surprisingly large differences in the rules that apply both for acquisition of citizenship for immigrants and the conditions under which the second generation can acquire citizenship (Bauböck *et al.* 2006; Vink & Bauböck 2013). Germany has been the most powerful example of what can be termed a restrictive citizenship regime in Europe, where the many requirements for acquisition of citizenship for immigrants traditionally have been hard to fulfil and where children of immigrants inherit their parents' citizenship at birth (Brubaker 1992; Joppke 1999). Although Germany has liberalised its citizenship legislation in recent years, a large fraction of the immigrant population in Germany has never acquired a German citizenship and this even goes for the second and third generation.

In the European context, France has usually been used as the contrasting case to Germany (e.g. Brubaker 1992). Based on liberal rules of acquisition, a French citizenship has traditionally been easy to access for immigrants and children of immigrants born on French soil have acquired French citizenship automatically by birth. Britain and Sweden also have quite liberal rules for citizenship acquisition, while countries like Austria and Belgium traditionally have been closer to the German case (Bauböck *et al.* 2006). Of course, it is hard to identify any straightforward relationship between citizenship regimes and ethnic penalties. In the case of France, for example, children of North African immigrants have unemployment rates 3 times those of the majority population regardless of the fact that most of them have a French citizenship (Heath 2007: 641). One could even imagine that the relationship is the other way around; that strong integration requirements for citizenship acquisition are stimulating for the labour market inclusion of immigrants, which, again, may contribute to an orientation towards work for their children. Still, this is probably a delicate balance. Restrictive rules for citizenship acquisition may also signal an *unwillingness* to include immigrants and their children in the national community, which, in effect, may prevent successful integration to be achieved.

6.4. Educational systems

The last factor concerns the varying degrees of selectivity in educational systems in European countries. In countries like Germany, Belgium and Austria, pupils are tracked into specific paths of education when they are quite young (Crul & Schneider 2012). Teachers' low expectations on behalf of children of immigrants, combined with immigrant parents who may lack the resources to argue that their children should be tracked into academic paths, may result in disproportionately high numbers of children of immigrants in the lowest tracks. As these tracks often lead to more precarious positions in the labour market and not least also have the highest percentage of school-leavers, this may be an important explanation for the high levels of ethnic penalties experienced by the second generation in Continental Europe.

By contrast, countries like Britain, Sweden and Norway have more comprehensive systems of education in which pupils choose paths to employment much later and less as a result of what teachers find best (Crul & Schneider 2012; Heath, Rothon & Kilpi 2008). This may lead them to choose educational paths that are more in accordance with their own interests and skills, and it also gives immigrant parents - who will often expect their children to acquire high-status educations - more influence on the choices made. Not least does the delayed selection of groups into distinct educational tracks in these

countries give children of immigrants a chance to *catch up* with the majority in terms of language proficiency and other skills that tend to be unevenly distributed at the time they start school.

Crul *et al.* (2012) demonstrate that children of immigrants from the same origin perform very differently in different countries. This suggests that educational opportunity structures are crucial for the life chances of the second generation and points to one of the most important lessons from the comparative research on the second generation: That what might be referred to as the macro-level integration context *matters* for the educational merits achieved and the labour market positions acquired by children of immigrants in Europe.

7. Critique of the ethnic penalty approach and the role of discrimination

One of the most fascinating findings from the comparative literature on ethnic penalties is indeed the variation across different contexts. Yet, it is important that the search for factors explaining this variation does not prevent researchers from highlighting another powerful finding emerging from the same literature; the fact that ethnic penalties continue to shape access to labour market opportunities for individuals of non-European origin in *all* contexts. Explaining this fact requires an assessment of factors below the level of the economy, politics, legislation and educational institutions. Do, for example, individuals of certain non-European origins have other *aspirations* in terms of labour market participation, which may explain that they tend to be more often out of work? Are ethnic gaps in employment a consequence of the unequal access to relevant *social networks*? May procedures for hiring, promotion and wage-setting be constructed in ways that negatively affect the labour market opportunities of ethnic minorities - what is often referred to as *indirect discrimination*? Or may ethnic differentials in access to employment be explained by *direct discrimination* by employers, creating barriers to inclusion for minorities who indeed have the level of qualifications required for labour market integration?

Despite their unquestionable importance in providing comparative data on unemployment rates and occupational attainment among minorities, studies of ethnic penalties based on register or survey data, like Heath & Cheung (2007a) and Crul *et al.* (2012), are not very helpful in assessing the relative significance of these different factors on patterns of ethnic disadvantage. The reason lies in the very concept of ethnic penalties, which, in essence, is equal to the remaining gap in labour market performance between minorities and the majority population after controlling for human capital characteristics. Because the 'ethnic penalty approach' to studies of ethnic inequality is based on *indirect* measures of disadvantage, the studies reviewed so far do not offer an answer to the important question of *why* non-European minority groups in all countries seem to suffer from some kind of disadvantage. Particularly important in that regard is to assess the role of discrimination in explaining ethnic disadvantage in labour markets.

Studies of labour market discrimination employ a broad set of approaches, including studies of legal cases, qualitative research into the recruitment practices of employers and the work of employment agencies, and surveys on the subjective experiences of ethnic minorities and victims of discrimination (see reviews in Pager & Shepherd 2008; Midtbøen 2015b). However, to measure the incidence of discrimination directly, field experiments or audit studies are usually considered the 'gold standard' (OECD 2013b: 202).

In field experiments, pairs of fictitious job applicants or application letters are sent in response to real job openings. Because the two candidates in each pair are matched on every productivity-relevant aspect (e.g. formal education, work experience, and IT skills) and differ only by racial appearance or ethnically distinctive names, any systematic difference between the candidates are interpreted as an effect of ethnic discrimination (Quillian 2006; Pager 2007).

Field experiments of employment discrimination have been conducted in countries like Germany (Kaas & Manger 2012), France (Duguet *et al.* 2010), the Netherlands (Andriessen *et al.* 2012), Belgium (Baert *et al.* 2015), Switzerland (Fibbi, Lerch & Wanner 2006), Italy (Allasino *et al.* 2004), Spain (de Prada, Actis & Pereda 1996), Greece (Drydakis 2012), Canada (Oreopoulos 2011), Australia (Booth, Leigh & Varganova 2012), United States (Bertrand & Mullainathan 2004; Pager, Western & Bonikowski 2009), Britain (Wood *et al.* 2009), Sweden (Bursell 2014; Carlsson & Rooth 2007), Denmark (Hjarnø & Jensen 2008) and Norway (Midtbøen & Rogstad 2012b; Birkelund *et al.* 2014), demonstrating the prevalence of racial and ethnic discrimination in a wide range of institutional contexts (see reviews in Pager 2007; Riach & Rich 2002; OECD 2013a). Results have varied across countries, but not a single study has concluded that discrimination is *not* a relevant factor in shaping access to employment for racial and ethnic minority groups. The relative call-back rate in studies conducted over the past 15 years, calculated on the basis of the ratio of positive call-backs received by majority applicants to those received by minority applicants, varies between 1.2 and 2.5 (OECD 2013b: 199-200). This means that minority applicants have to make up to two and a half times as many applications than the majority applicants in order to get a positive call-back from employers.

Importantly, the overall negative effect of ethnic minority background on employment opportunities conceals important variations in the results of field experiments, which can be related to some of the dimensions discussed in the review of the ethnic penalties literature above. One such dimension is whether different minority groups constitute an 'ethnic hierarchy' in which some groups, for example, 'white' European immigrants are systematically preferred over 'visible' minorities of non-European origin. Some studies do indeed point to the existence of such hierarchies (e.g. Booth, Leigh & Varganova 2012; Fibbi, Lerch & Wanner 2006), and in those cases, applicants with background from North-Africa and the Middle East tend to be most severely disadvantaged. In other studies, however, no ethnic hierarchy is identified. Most interesting in that regard is a field experiment of ethnic discrimination conducted in Ireland (e.g. McGinnity & Lunn 2011). Here, applicants with non-Irish names were half as likely to receive a job interview offer compared to applicants with Irish names, but no significant differences in discrimination rates were found between applicants with African, Asian and German names, respectively. The authors of this particular study argue that this rather surprising finding might be an effect of Ireland being a 'new' immigration country with no established minority groups and that it has a quite cohesive national identity.

Although it is tempting to compare the findings of field experiments across countries, the problems of comparison is even more difficult than in the more conventional literature on ethnic penalties. Not only do field experiments differ highly in design and methodological rigor, they are conducted in times characterised by very different economic prospects, they have explored discrimination against a very different set of ethnic minority groups and they differ in the selection of occupations included. For example, most field experiments have focussed on the private sector, but those studies that have included

occupations in the public sector consistently report that ethnic discrimination is far more prevalent in the private sector than in the public sector (e.g. Hjarnø & Jensen 2008; Midtbøen 2014a; Wood *et al.* 2009). Further, studies that include jobs at different qualification levels demonstrate that discrimination is often more widespread in low-skilled occupations like drivers and cleaners than in high-skilled occupations like engineers or high school teachers (Bursell 2014; Andriessen *et al.* 2012). As different studies have included a very different set of occupational categories, this variation between sectors and occupations suggests that one cannot draw firm conclusion about cross-country variation in the incidence of discrimination on the basis of field experiments. Additionally, although field experiments are considered the best approach to reveal discrimination in recruitment, these studies do not shed light on processes of exclusion in other important aspects of working life like wage-setting, promotion and firing, which obviously also may constitute important parts of the ethnic penalties experienced by immigrants and their descendants in the labour market.

That being said, it is nevertheless important to ascertain the powerful conclusion arising from nearly five decades of field experimental research: Discrimination continues to represent a significant barrier to the inclusion of ethnic minority groups in the labour market. This conclusion complements the convincing results from the cross-national studies of ethnic penalties reviewed in this article and specifies our knowledge of the mechanisms causing these penalties by clarifying that ethnic discrimination indeed plays an important role in determining access to labour market opportunities for ethnic minorities.

8. Concluding remarks and directions for future research

The patterns of disadvantage characterising the labour market situation for ethnic minorities in the Western world make up a complex picture. On the one hand, there can be no doubt that ethnic penalties in labour markets indeed are prevalent in all Western countries. In particular, immigrants of non-European origin tend to be disadvantaged with respect to access to labour market opportunities. And despite the substantial educational progress made by their descendants, even the second generation experiences barriers to employment across all countries reviewed. On the other hand, there are large differences across national contexts, both in the magnitude and scope of ethnic disadvantage. In countries like Britain, Sweden and Norway, the comparative literature suggests that the main problem is to get access to the labour market, suggesting that children of immigrants experience fewer disadvantages in attaining more advantageous positions once employment is secured. In countries like Austria, Belgium, France and Germany, the second generation by contrast seems to experience cumulative patterns of disadvantage indicating that children of immigrants in these contexts both have higher chances of being out of work and when being employed, they

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are more likely to posit precarious labour market positions and have fewer possibilities for pursuing a career.

In an effort to explain this cross-national variation, I have discussed four macro-level factors that presumably are important: The economic situation in each country, legacies of immigration policies, differences in citizenship legislation and the varying degrees of selectivity in educational systems. This way of reasoning, considering macro-level factors that cluster some countries together while others apart, is a way of making sense of the complex picture of ethnic penalties emerging from the comparative literature on immigration, integration and labour markets.

Despite the merits of cross-national studies of ethnic disadvantage drawing on register or survey data, it is important to acknowledge that the 'ethnic penalty approach' leaves unclear the role of discrimination in shaping access to employment for ethnic minorities. Although discrimination cannot account for all of the ethnic penalties observed, decades of field experimental research have documented that discrimination *does* constitute a significant barrier to employment even for children of immigrants currently coming of age. This fact should encourage the development of research designs that blend comparative studies of ethnic penalties with standardised multi-sited field experiments. Such data would allow us to address the following question: Is the cross-national variation in the incidence of ethnic penalties also indicative of cross-country differences in the prevalence of discrimination? Providing an answer to this question would take us an important step forward in determining the causes of labour market disadvantage experienced by ethnic minorities throughout the Western world.

Arnfinn H. Midtbøen holds a PhD in sociology from the University of Oslo and is a Senior Researcher at the Institute for Social Research, also in Oslo. Among his research interests are ethnic discrimination in labour markets, organisational determinants of ethnic and gender inequality, and patterns of incorporation among descendants of immigrants in Europe. Recent publications include 'The Context of Employment Discrimination: Interpreting the Findings of a Field Experiment', *The British Journal of Sociology* (2015), and 'The Invisible Second Generation? Statistical Discrimination and Immigrants Stereotypes in Employment Processes in Norway', *Journal of Ethnic and Migration Studies* (2014).

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