

Feeling Austrian? Ethnic Identity and Economic Outcomes

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Motivation & Context

The impact of ethnic identity on economic outcomes of migrants has attracted more attention in economic research in recent years (e.g. Carillo et al, 2021; Piracha et al, 2021; Cai and Zimmermann, 2020, Casey and Dustmann, 2010; Nekby and Rodin 2010; Constant et al, 2009). Yet the literature for Austria – a country with a vibrant immigration past as well as present – is scarce as well as outdated. What is certain, however, is that migrants do not enjoy better economic outcomes compared to Austrian nationals - in other words, hegemonic structures put migrants at a disadvantage.

Exploiting the Austrian Immigrant Survey 2016, we aim to explain differences in economic outcomes by ethnic identity. This is done by constructing a so-called “one-dimensional Ethnosizer” as proposed by Constant et al. (2009). It comprises five components, where each captures a sphere of ethnic identification. The five components of such a one-dimensional Ethnosizer are: (1) Language, (2) Culture, (3) Interaction, (4) Self-Identification and (5) Migration history. Combined, these components make up the one-dimensional Ethnosizer, where a higher value indicates a stronger identification with Austria, its culture, language, etc. Our analysis investigates whether the strength of ethnic identification with Austria, i.e. feeling Austrian, determines economic outcomes on the labor market. Based on our results, policy implications are derived.

Research Questions

In our paper we aim to answer the following research questions:

- *RQ1: Does feeling Austrian (i.e., identifying as Austrian measured by the one-dimensional Ethnosizer) promote economic outcomes (defined by labor income)?*
- *RQ2: Which factors or characteristics explain the income gap between those identifying as Austrian and those who do not?*
- *RQ3: Repeating question (1) and (2): Is there a difference between male and female migrants in terms of their identification with Austria, their economic outcomes and the explainable factors of their economic outcomes?*

Data

The data used for the underlying analysis stems from an additional survey module to the Social Survey Austria (SSÖ) 2016, named Austrian Immigrant Survey (AIS). The available data on AUSSDA website combines the observations of the Social Survey Austria and the Austrian Immigrant Survey 2016 in one dataset – however, due to our specific research purposes, only the Austrian Immigrant Survey 2016 can be used for the analysis (questions about ethnic identity, language skills etc. are not surveyed within the SSÖ, but only in the AIS).

The number of observations that can be used in the analysis is 316. The main variable of interest (economic outcome) is given by the variable “monthly net income”. Furthermore, we observe several characteristics such as gender, age, age at entry in Austria, 1st or 2nd generation of migrants, migration background of either Turkish or Ex-Yugoslavian, highest completed education, religion and place of living (urban/rural).

For the construction of the one-dimensional Ethnosizer, several variables are used, which all ask respondents about their individual preferences, subjective identification, interaction, etc. either (more) with Austria or (more) with the country of origin. These variables include the ethnic identification with either Austria or the country of origin, the country in which they ultimately want to live, language proficiency, social contacts and their nationality, as well as media and news consumption.

Methodology

We employ statistical analysis to assess the relationship of economic outcomes of migrants and their ethnic identity (Ethnosizer). First, we use correlation analysis and OLS regressions (ordinary least squares) of the one-dimensional Ethnosizer and its subcategories to understand the characteristics of the relationship between the variables of interest.

The second step of our analysis involves Kitagawa-Oaxaca-Blinder-decompositions - a model that is particularly valuable when studying differences between groups. The aim of this decomposition models is to explain the difference in the means of economic outcomes of migrants with different levels of ethnic identity (research question 1 and 2) or gender (research question 3). The gap in income differences is decomposed in a part that is due to differences in the explanatory variables, a part that is due to group differences and a part that cannot be explained by the variables included in the model.

In a final step, policy recommendations are derived from the results of the analyses.

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