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ECONOMIC SUCCESS OF IMMIGRANTS: DOES THE CULTURAL DISTANCE
BETWEEN THE ORIGIN AND HOST COUNTRY MATTER?

Master Thesis

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I have written this Master Thesis independently. Any ideas or data taken from other authors or other sources have been fully referenced.

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Abstract

This article investigates what determines the economic success of immigrants in Europe, with a particular emphasis on the influence of cultural distance between their origin and host countries. Utilizing data from the European Social Survey (ESS) rounds 5 through 9, the study explores how cultural distances impact immigrants' income levels and labour market prospects. Cultural distances are quantified according to dimension scores introduced by Inglehart & Welzel (2021) and Minkov & Kaasa (2022). Findings indicate that greater cultural distance is significantly associated with lower income, lower probability of being economically active and higher probability of being unemployed. The article underscores the importance of taking the cultural factors into account in the economic adaptation of immigrants and highlights the pivotal role of companies in the adaptation process.

1. Introduction

Immigration has emerged as a significant concern in Europe, particularly during times of heightened geopolitical instability and climate change, which has forced people to leave their homes. A significant number of people have been forced to flee their homelands. Europe has seen an influx of individuals from a variety of cultural, educational, and religious backgrounds. According to Frontex (2023), by November the year 2023 saw a record number of new arrivals exceeding 350,000, the highest figure since 2016. Moreover, Eurostat (2023) reports that in 2022 13.7% of the EU's population was foreign-born, a proportion that has been growing over time.

Although there have been notable examples of successful assimilation, the adaptation process is difficult and takes time. Thus, several challenges have emerged, including terror attacks, gang conflicts, and large-scale protests. A variety of factors influence the differences in how immigrants adapt to their destination countries. Upon arrival, immigrants often find that their skills and qualifications do not align with the local market demands, relegating them to lower-paying jobs and complicating their integration process. However, cultural background might play its role as well: values, beliefs, norms and attitudes that were considered normal in the immigrants' country of origin, might cause conflicts or form obstacles in the workplace or social life. Hence, it can be assumed that cultural distance between the host country and the country is an important factor of immigrants' success of adaptation.

So far, research has examined several factors affecting immigrants' economic success in the host country. These factors include education (Bakker et al., 2017), language proficiency (Nielsen Arendt et al., 2021), citizenship status (Fasani et al., 2023), religion and genetic (Raux, 2023). Nevertheless, the literature presently lacks an investigation specifically dedicated to exploring the impact of cultural distances.

The concept of measuring cultural distance has been effectively applied in the analysis of migration flows, as demonstrated by Belot & Ederveen (2011). However, to date, no research has been published that explores how cultural distances, as defined in these models, influence the economic integration of immigrants.

This paper aims to fill this gap by examining the role of cultural distance for the economic success of immigrants in Europe. More specifically, the influence of cultural distance, among other factors like education, language skills, on immigrants' income levels and employment status will be investigated. This study employs binary probit models to examine the impact on employment status, and ordinary least squares and multinomial logistic

regression models to investigate the impact on income. The cultural distances between each immigrant's host country and the country of origin has been calculated according to the cultural dimension scores introduced by Inglehart & Welzel (2021) and Minkov & Kaasa (2022).

The remainder of the paper is organized as follows: After this introduction, Section 2 sets out a conceptual framework and reviews the literature pertaining to immigrants' economic achievement, situating our study within this context. Section 3 outlines the data and methodology. Section 4 presents and Section 5 discusses the findings. The last section concludes.

Keywords: culture, immigration, labour market

CERCS: S180

2. Conceptual framework

First, in alignment with McBrien (2017), it is important to define "immigrants" as those who have arrived in a new country. As residents of a new environment, these individuals must secure employment to support their livelihoods. There are several reasons why immigrants undertake emigration such as study, family, asylum, climate warming and economic reasons. According to Kim (2001) immigrants may go through the process of assimilation adopting the cultural norms of the host country, incorporating language, traditions and values, making them less distinguishable within the larger society, leaving their origin culture behind. In contrast, acculturation is seen as a process where individuals adopt some, but not all customs or aspects from the host country. However, it should be noted that regardless of effort, it is difficult to attain full assimilation. Thus, assimilation is also seen as a process that encompasses deculturation (losing some aspects of one's home culture) and acculturation (acquiring some aspects of the host country's culture). Integration, on the other hand, is a process where the origin culture is maintained while positive relations and active interaction with the host country's culture take place. Another important term that describes the previous terms is "adaptation," a broad concept that can be defined as performance in the labour market or society under new circumstances (Allen, 2009; Motti-Stefanidi et al., 2022; Wiedner & Giesecke, 2022). This article focuses on adaptation and its outcomes.

It is a common approach in the literature to gauge the success of economic adaptation by wages or employment probability. The literature identifies several factors influencing immigrants' adaptation, labour market outcomes. First, very important factor affecting economic success is the time spent in the host country. It has been found that a significant

employment gap exists between locals and migrants, with the latter experiencing more days of unemployment and earning less. However, this gap is substantial during the first 10-20 years but diminishes over time (Adsera & Chiswick, 2007; Brell et al., 2020; Fasani et al., 2022), although it may not close entirely (Bakker et al., 2017; Lundborg, 2013). When comparing second-generation immigrants with first-generation, the former tend to perform better (Aleksynska & Algan, 2010). Moreover Bleakley & Chin (2004) and Carillo et al. (2021) pointed to the fact that the timing of migration plays a significant role: migrants who arrive at a younger age tend to have better future employment prospects.

Next, a higher education level plays a crucial role in assimilation, opening up more potential opportunities and thus positively affecting immigrants' employment prospects, helping to narrow the gap with natives (Bakker et al., 2017; Lundborg, 2013; Raux, 2023). Ebner & Helbling (2016) found that tertiary education is particularly important in counteracting the negative effects of social distance.

Language proficiency, particularly in the host country's language, significantly influences outcomes (Chiswick & Miller, 2002). Language training has been shown to positively affect immigrants' employment probabilities and wages (Foged et al., 2022; Nielsen Arendt et al., 2021; Piracha et al., 2023). In economies with a broad service sector, such as in Europe, language proficiency is crucial for immigrants. Lundborg (2013) emphasizes that proficiency in the host country's language is crucial for immigrants' integration and employment prospects, additionally highlighting the importance of English proficiency, suggesting that it plays a significant role in the labour market success of immigrants. According to findings by Nielsen Arendt et al. (2021) improved language skills not only affect labour market outcomes but also lead to better educational prospects, lower crime rates, and increased employment in jobs, which require good communication skills.

Naturalization, obtaining the citizenship of the host country, plays a key role in job market integration, acting as a signal to employers, increasing employment likelihood, and leading to higher wages (Bakker et al., 2017; Ebner & Helbling, 2016; Fasani et al., 2023; Raux, 2023). Citizenship enables access to better-paying jobs, notably impacting women more significantly and serving as an incentive for skill improvement (Gathmann & Keller, 2018). Thus, citizenship is a crucial factor and may determine whether an immigrant gets jobs in some countries or not.

Not only do the immigrant's characteristics matter, but the economic situation in host country is also significant. Studies in Norway (Godøy, 2017), Denmark (Foged et al., 2022), Germany (Aksoy et al., 2020) have found that local labour market conditions significantly

affect immigrants' short- and long-term performance. Immigrants placed in administrative regions with high unemployment face lower wages as they struggle to find well-paying jobs. Additionally, arriving during a recession has been found to negatively impact employment and wages from a long-term perspective (Åslund & Rooth, 2007; Carillo et al., 2021; Chiswick & Miller, 2002; Fasani et al., 2022; Foged et al., 2022; Furtado & Theodoropoulos, 2010; Mask, 2020). Other more general factors influencing economic success are also gender, age and having children in household, which have all have been used in models studying the labour market outcome (Adsera & Chiswick, 2007; Bakker et al., 2017; Islam & Raschky, 2015; Lundborg, 2013; Raux, 2023).

Next, it can be assumed that it also matters how different is the cultural environment of the host country from the immigrants' country of origin. Culture is a complex phenomenon with many definitions. Beyond the immediately observable cultural elements like clothing and dietary habits, there exist deeper and more significant differences in the mindsets of individuals from various cultural backgrounds. Hence, this paper focuses on culture as the set of values, attitudes, beliefs, norms, etc. that differentiates one group of people (e.g. a country) from another (Hofstede, 1980; Schwartz, 2008). Hofstede (1980, p. 21) also describes culture as: "the collective programming of the mind which distinguishes the members of one human group from another". Taras et al. (2009) proposed that: "culture is a group's shared set of distinct basic assumptions, values, practices, and artifacts that are formed and retained over a long period of time". Cultures are often described with the help of cultural dimensions: countries can be viewed as points in a multidimensional cultural space. This approach was popularized by Hofstede (1980). Since then very many different sets of cultural dimensions have been proposed in literature (Taras et al., 2009, 2012). However, it has been shown (Kaasa, 2021; Kaasa & Minkov, 2022; Kaasa & Welzel, 2023) that different dimensions are rotations of each other and just group various elements of culture in different ways. Recently it has been demonstrated by Kaasa & Minkov (2022) that the most important cultural differences can be captured by models with two dimensions. One example is Inglehart's model based on up-to-date data (Inglehart & Welzel, 2021) covering dimensions of self-expression vs survival and rational vs traditional. Another is the revised Hofstede's model by Minkov (2017) and Minkov & Kaasa (2022) capturing dimensions of individualism vs collectivism and flexibility vs monumentalism.

Numerous studies have delved into the aspects of economic integration, focusing on employment acquisition and income elevation, and have underscored the pivotal role of culture. However, these investigations have not ventured further into this dimension. Yet, an

examination dedicated solely to the concept of cultural distance remains conspicuously absent from existing literature.

Distances between immigrants' country of origin and the host country regarding some cultural dimensions have not been analysed in previous literature, except for Ingwersen & Thomsen (2021) who utilized a method developed by Kaasa et al. (2016) to quantify cultural distances, which was based on new indicators of Hofstede's (1980) original dimensions. Their findings from analysing data from the German Socio-Economic Panel (GSOEP) indicate that both cultural and economic distances are significantly associated with wage variations of immigrants in Germany. Cultural distance appeared to have a consistently negative impact on wages, particularly for naturalized immigrants and foreigners in the lower wage deciles.

Ebner & Helbling (2016) assessed "social distance" between the host country and country of origin by evaluating disparities in education systems, language, and affiliation with Western European culture. Their research showed that immigrants from countries with a small social distance, like Germany and Austria, earned notably higher incomes in Switzerland compared to natives. Conversely, immigrants from countries with a large social distance, such as Yugoslavia and Turkey, experienced adverse effects on their wages. Another study by Brügger et al. (2009) conducted in Switzerland examined cultural differences through the lens of language and concluded that culture is an important predictor of labour force participation rates and unemployment.

Raux (2023) examined the impact of religious, linguistic, and genetic distances on immigrants' wages, utilizing data from the GSOEP. The study also introduced a social concern index as a measure of immigrants' cultural assimilation, which included their attitudes towards political issues, job security, the environment, economic growth, personal finances, and peace. Immigrants from culturally distant countries faced lower wages, but this gap decreased over the years spent in Germany.

There are also studies that have focused on certain groups of countries. For example, Lundborg (2013) analysed data from Sweden and examined the impact of country-of-origin, noting that immigrants from culturally distant countries like Islamic and some African nations face worse employment outcomes, whereas those from Latin America and Eastern Europe tend to perform better. Epstein and Siniver (2015) examined economic outcomes for Jewish and non-Jewish immigrants in Israel and found that the greater cultural difference leads to worsened economic success. Cultural distance hinders cooperation between immigrants and natives, affecting thus negatively the economic benefits. Assimilation plays a key role in overcoming these barriers, thereby enabling immigrants to realize potential economic benefits (Gradstein

& Justman, 2023), while a strong ethnic identity could negatively impact employment prospects (Islam & Raschky, 2015). All these papers contribute to the broader discourse on the impact of cultural differences on immigrant economic success.

This culminates in the consideration that immigrants originating from culturally similar backgrounds, sharing similar values, encounter diminished challenges in the adaptation process. It can be assumed that a lesser cultural distance facilitates the integration process, thereby reducing also the effort required for assimilation. Thus, it can be hypothesised that the more culturally distant is the host country from the country of origin, the more difficult it is for immigrants to adapt, and this will have negative effect on their success in labour market and their incomes.

3. Data and Methodology

In this paper data from the European Social Survey rounds 5 – 9 (ESS) (2010; 2012; 2014; 2016; 2018) are used. Data from more than one round were used to increase our sample. 10 years are relatively short period and thus optimal to assume that culture does not change drastically. Income deciles, economic activity, and unemployment status are used as dependent variables. Rounds 1 – 4 were excluded because they did not include the income variable with the same scale. Round 10 was excluded because of the change in survey methodology. For each round, the ESS data consists of a nationally representative sample of the resident population aged 15+. The initial dataset has 241 222 observations together with natives, 24 046 from them are immigrants, meaning that they have not been born in country where they currently live. The final dataset after restrictions described below has 12 561 observations.

Three variables are used as dependent variables: income decile, the status of being economically active, and the status of being unemployed. Income decile describes the respondent's "relative income" showing in which income decile the respondent's household's net income falls in the given country. The data are available only per household, not per person, thus describing the economic situation of the whole household, not the person questioned. This means that households where one person is native are treated similarly to the entirely immigrant households. However, one might argue that sharing a household with native(s) is also an indicator of better adaptation.

Being economically active that describes belonging to the labour force, is a binary variable, which is equal to 1 if the individual belongs to the groups "unemployed, looking for a job" or "paid work", and 0 otherwise. To operationalise unemployment, the dataset was

filtered to include only those immigrants who are economically active in the labour market. This group comprises of individuals who are unemployed, actively seeking employment, and those engaged in paid work. A binary variable was created to identify individuals in the described group, which is equal to 1 if the individual is in "unemployed, looking for a job" and 0 otherwise. These two concepts are both included because cultural characteristics, such as those shaped by the Islamic religion, may influence women's intentions and abilities to participate in the labour force as found by Bakker et al. (2017). Following the OECD labour market definitions, all 15 years and older are considered in labour market participants.

Immigrants tend to fall within the lower income deciles; the first four deciles account for 50% of the sample. However, deciles 7 through 10 are also significantly represented, with each decile comprising between 6% to 9% of the sample. The unemployment rate is 10,5% in our sample, which is slightly higher than in the EU during that period (World Bank, 2024d). Labour force participation rate is 59%, which is quite similar to the actual EU rate in 2023 (World Bank, 2024a). However, caution must be exercised when interpreting the results of descriptive statistics, as the sample includes a broad spectrum of immigrants, and the success of adaptation can be expected to be different for immigrants from different countries. Further descriptive statistics relevant to this study are provided in Appendix A.

In addition, other independent individual level variables are included, like those described in the literature review. To cover the religiousness of the respondent (that might significantly differ from the average religiousness in the host country or the country of origin) the question about how religious the person is in a scale from 0 – 10 is used. Unfortunately, the ESS data does not provide information about language skills. Thus, our best indicator about language is "language most often spoken at home", a dichotomous variable taking value 0 if the first or second language most often spoken at home is different from the official national language and 1 otherwise. Official languages were detected by CIA The World Factbook (CIA, 2024). The official national languages spoken among population less than 0.1% were excluded and regional official languages were excluded, meaning for instance that German was excluded for Belgium and Croatian for Austria. Knowing that many well-paid jobs require English, it is equated with speaking the official national language. Taking into account possible inequality of foreign qualifications (Basilio et al., 2017; Sanromá et al., 2015), the variable measuring the years of schooling is used. Descriptive statistics reveal that the average number of schooling years of immigrants in the sample is 13.25. This relatively high number is further supported by the education level measure, indicating that immigrants are relatively well-educated: more than 28% of them have a tertiary education, and 32% have an upper secondary

degree. In addition, having a citizenship of the host country is included in the analysis. More than 56% of the immigrants have citizenship.

Additional individual level control variables such as age, years lived in the host country, gender, marriage and having children in the household will be incorporated into the model. It is common approach to treat age as a proxy for labour market experience and outcomes. Thus, both age and age-squared are added in the regressions to account for diminishing returns to experience and age. The binary marriage variable reflects whether the person is married-cohabitating.

For culture, data from two modern two-dimensional models of culture were used. First, Inglehart's model (Inglehart, 1997; Inglehart & Baker, 2000) provides two dimensions: survival vs self-expression and traditional vs secular/rational. The first dimension is related to Maslow's theory of human motivation. While on the survival pole people value economic and physical security foremost, leading to a fear of foreigners and a resultant intolerance towards marginalized groups, on the self-expression pole people do not have to worry about survival and value self-fulfilment and -realisation. The traditional vs secular/rational dimension juxtaposes accepting and trusting authorities against rational worldview and taking responsibility.

Second, in the revised version of Hofstede's (1980) model (Minkov, 2017; Minkov & Kaasa, 2022) two dimensions remain: individualism-collectivism and long-term vs short-term orientation, renamed as flexibility-monumentalism. While individualism is related with independence, inner-directedness, and personal interests, collectivism is associated with greater emotional dependence, importance of family and group interests. In individualistic countries, everybody is believed to have equal rights, including to make important life decisions, hence, abortion, divorce, and homosexuality are considered more acceptable than in collectivist countries. Flexibility vs monumentalism captures differences in low vs high self-regard and self-confidence and being flexible and adaptable vs being always the same person. In contrast to flexibility, monumentalism encourages positive feelings and pride, but the former emphasizes the need for personal improvement through education.

First, for Inglehart's model, scores provided by Inglehart and Welzel (2021) were used and the average scores based on the three latest waves of the WVS (2005-2020) have been utilized to expand the sample size and mitigate fluctuations. Second, for the Minkov's revision of Hofstede's model, the scores provided by Minkov and Kaasa (2022) calculated based on data from years 2010-2020 were used.

Altogether, it is possible to calculate cultural distances between 99 countries. As a result, data about cultural distances were available for 12 561 immigrants in our dataset. Our sample covers immigrants in 32 host countries, which are Albania, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Lithuania, Montenegro, The Netherlands, Norway, Poland, Portugal, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine, and United Kingdom. Overall, the sample comprises immigrants from 86 different countries.

Switzerland is presented with the greatest number of immigrants in the sample, having more than 1300 immigrants and Albania with the lowest number of immigrants (see Appendix B). Interestingly, there are more than 1200 immigrants in our sample who have come from Russia, constituting 9.8% of the total immigrants (Appendix C). This is similar to the sample used by Berggren et al. (2023). Based on these scores, four matrices were created to measure the cultural distance between host and home countries. Cultural distance is often calculated as an index incorporating more than one cultural dimension (Kogut & Singh, 1988). Also, Euclidean distance has been used by Drogendijk & Slangen (2006), Belot & Ederveen (2011) and Li et al. (2024), where distance is calculated by incorporating two dimensions into the same formula. However, in this paper, the aim is to analyse the cultural distance by single dimensions, as it is possible that distance regarding one dimension proves to matter for adaptation, but distance regarding some other dimension does not matter. Hence, the absolute value of differences in scores of a particular cultural dimension between the scores of respective countries were calculated. Subsequently, each immigrant is matched with their respective cultural distance, resulting in four main independent variables each measuring cultural distance according to one cultural dimension: self-expression vs survival, secular/rational vs traditional, individualism vs collectivism, and flexibility vs monumentalism.

Both time fixed effects and country fixed effects are employed in the model to eliminate systematic trends. In an alternate model, these fixed effects are substituted with macroeconomic control variables for each country. Data about GDP per capita, GDP growth rate and unemployment rate were obtained from the World Bank (2024d, 2024c, 2024b). To assess the influence of economic circumstances at the time the survey was conducted, a dummy variable is allocated to each participant in our study. This variable is marked as 1 if the participant's host country was experiencing a recession during the year the survey took place. Recession is characterized by a decline in the annual growth rate of the country's real GDP per capita. It is important to include a variable that describes country-level differences in income.

For example, a lower GDP level in the country of origin compared to the host country may indirectly lead individuals to accept lower-paying jobs. Hence, differences in GDP per capita are included.

To examine our hypothesis that cultural distance plays a significant role in determining immigrants' success in labour market and their incomes, the following types of models are estimated:

First, ordinary least squares (OLS) regression was employed to examine the impact of cultural factors on income. To address heteroscedasticity, robust standard errors were utilized in OLS model. Although theoretically not the most suitable method for analysing income deciles—as they are not discrete variables and the distances between deciles vary—it provides an initial insight into potential effects and is straightforward to interpret. A more fitting approach involves using multinomial logit models. At that, to simplify interpretation, income deciles were grouped. The deciles were categorized into three groups: the 1st to 2nd deciles as low income, the 3rd to 8th as middle income, and the 9th to 10th as high income.

To examine the influence of culture on the probability of being economically active or unemployed, probit models were employed with the dependent variable being the indicator of economic activity or unemployment status. The analysis was conducted using RStudio software.

4. Results

4.1. Cultural distance and immigrants' income levels

Results from the OLS regression, as presented in Table 1, confirm that a greater cultural distance is negatively related with income. It appears that fixed effects models describe the outcomes more accurately than models with various country level macroeconomic variables added instead of fixed country effects, potentially because they also incorporate other significant factors not measurable solely through macroeconomic variables. Additional variables, such as policy-related factors or language proficiency, might be necessary.

Table 1. Standardized OLS regression results for income

	(1)	(2)	(3)	(4)
	Inglehart-Welzel	Minkov-Kaasa	Inglehart-Welzel	Minkov-Kaasa
Citizenship	0.100*** (0.027)	0.032*** (0.010)	0.037*** (0.010)	0.034*** (0.010)
Religiousness	-0.165*** (0.023)	-0.062*** (0.008)	-0.064*** (0.008)	-0.064*** (0.008)
Gender	-0.193*** (0.029)	-0.071*** (0.011)	-0.064*** (0.011)	-0.064*** (0.011)
Age	-0.065 (0.140)	-0.018 (0.054)	-0.040 (0.052)	-0.039 (0.053)
Age ²	-0.391*** (0.149)	-0.144*** (0.055)	-0.122** (0.054)	-0.120** (0.054)
Years of Education	0.750*** (0.025)	0.285*** (0.008)	0.266*** (0.008)	0.266*** (0.008)
Children	0.191*** (0.033)	0.067*** (0.012)	0.070*** (0.013)	0.069*** (0.013)
Children * Gender	0.114*** (0.037)	0.043*** (0.014)	0.030** (0.014)	0.031** (0.014)
Marriage	0.639*** (0.024)	0.233*** (0.009)	0.238*** (0.009)	0.239*** (0.009)
Years since immigration	0.502*** (0.093)	0.186*** (0.034)	0.213*** (0.033)	0.210*** (0.033)
Years since immigration ²	-0.352*** (0.087)	-0.123*** (0.032)	0.040*** (0.008)	0.041*** (0.008)
First or second language or ENG	0.103*** (0.026)	0.047*** (0.009)	-0.030*** (0.010)	-0.035*** (0.010)
Unemployment in country in given year			-0.019** (0.009)	-0.019** (0.009)
log(GDP per capita PPP)			-0.126*** (0.010)	-0.130*** (0.010)
log(GDP diff.)			-0.154*** (0.032)	-0.151*** (0.032)
Recession			-0.094*** (0.012)	-0.103*** (0.013)
Distance self-expression vs survival	-0.350*** (0.031)		-0.006 (0.012)	
Distance secular-rational vs traditional	-0.129*** (0.028)		-0.032*** (0.009)	
Distance individualism vs collectivism		-0.112*** (0.011)		-0.009 (0.013)
Distance flexibility vs monumentalism		-0.022** (0.012)		-0.002 (0.010)
Country and time fixed effects	YES	YES	NO	NO
Observations	12,561	12,561	12,561	12,561
R ²	0.259	0.255	0.219	0.218
Adjusted R ²	0.256	0.252	0.218	0.217
Residual Std. Error	2.350 (df = 12505)	0.865 (df = 12505)	0.884 (df = 12542)	0.885 (df = 12542)
F Statistic	79.664*** (df = 55; 12505)	77.879*** (df = 55; 12505)	195.220*** (df = 18; 12542)	194.295*** (df = 18; 12542)

Notes: Standardized beta coefficients are presented. * significant at 10%; ** significant at 5%; *** significant at 1%. The dependent variable is income decile.

Source: author's calculations.

OLS estimates indicate that overall, the distances regarding the Inglehart's dimensions appear to play more relevant role, while the cultural distances according to the dimensions of Minkov's revision of Hofstede have a less pronounced effect. In fixed effects models, among the Inglehart's dimensions, distance regarding self-expression vs survival and among Minkov's dimensions, distance regarding individualism vs collectivism seem to be more pertinent. This is in accordance with the fact that those two dimensions from two models are close to each other while the other two are, in turn, close to each other (Kaasa and Minkov, 2022). However, in all OLS models that include macroeconomic variables, only the secular-rational versus traditional dimension appears to be relevant for income.

Appendices D and E present the results of the multinomial logit models, with "middle income" designated as the reference group. Multinomial logit models point unambiguously that the cultural distance matters, larger distance is increasing the probability of belonging to low-income and decreasing the probability of belonging to high-income group relative to middle income group. In the models with fixed effects, the distances regarding Inglehart's dimensions were found to be significant in fixed effects models. Among Minkov's dimensions, only the distance regarding the individualism versus collectivism dimension influences the probability of belonging to a specific income level in a fixed effects model. For models that include macroeconomic variables, the results of multinomial logit models confirm the results of OLS models as well: only the secular-rational versus traditional dimension appears to be relevant.

These results align with the marginal effects presented in Appendices G and H. Among Inglehart's dimensions, self-expression versus survival plays the most influential role, as its marginal effects are the largest across all three income groups. The marginal effects suggest that the impact of cultural distance is greater for those in the lower income group.

All control variables in OLS and multinomial logit model, if significant for immigrants' income, have expected signs. Consistent with findings from Brell et al. (2020), Fasani et al. (2020) and Raux (2023) years since immigration and educational attainment influence income levels, showing increased probabilities of being in the high-income group relative to the positively related middle-income group. All models reveal that being a woman is associated with a worse outcomes. Interestingly, the variable measuring legal marital or cohabitating status emerges as highly relevant. Married or cohabitating people are also more likely to belong to the high-income group and less likely to be in the low-income group, compared to the middle-income group. According to marginal effects, education and marital or cohabitating status have the largest impact on outcomes, meaning that changes in probabilities are the

largest. However, those results should be treated carefully as the income level of the household is larger when there are more working people.

To check the reliability of the analysis results and to evaluate the effectiveness of models, several tests were conducted. First, although the correlations indicated a moderate relationship between cultural dimensions, additional tests for the normality of residuals and multicollinearity via the Variance Inflation Factor (VIF) indicated no issues. RESET tests were also performed, suggesting that some non-linear combinations of explanatory variables might be missing. Although various interaction terms were explored as models did not improve and the OLS analysis was conducted merely for preliminary insights, no further steps were taken.

A Hausman test was conducted to verify the independence of irrelevant alternatives (IIA) assumption that additional income category does not influence the ratio of probabilities of existing categories for multinomial logit model in Appendices D and E. The Hausman test is applied by excluding one category from the dependent variable to verify the stability of the estimated coefficients, validating the consistency of the parameter estimates by demonstrating their invariance to the exclusion of a potential outcome category (Hausman & McFadden, 1984). For all four models, the Hausman-McFadden test values were substantial, indicating that coefficients are different and thus the models are appropriate according to the test. Additionally, Wald tests were employed to assess the possibility of merging categories. Given the small p-values obtained, it can be concluded that the parameters for our categories are significantly different from zero. Further Wald tests were conducted to determine if any variables could be omitted; the variable representing distance in flexibility versus monumentalism was subsequently excluded, but the exclusion of this variable did not alter the signs of the multinomial regression coefficients. However, the marginal effect of individualism versus collectivism increased by one percentage point compared to the model that included two dimensions.

4.2. Cultural distance and immigrants' probability of being economically active or unemployed

To study how cultural distances may affect the probabilities of being economically active and unemployed an analysis of eight different probit models were carried out. First, the results from the probit models for being economically active are presented in Table 3, the results of the marginal effects in Appendix H. Probit models, where the dependent variable is the status of being unemployed are in Table 4 and the marginal effects in Appendix I.

Table 2. *Probit regression results for being economically active*

	(1)	(2)	(3)	(4)
	Inglehart-Welzel	Minkov-Kaasa	Inglehart-Welzel	Minkov-Kaasa
Citizenship	0.056 (0.034)	0.053 (0.034)	-0.006 (0.033)	-0.001 (0.033)
Religiousness	-0.010** (0.005)	-0.009** (0.005)	-0.014*** (0.005)	-0.012** (0.005)
Gender	-0.219*** (0.045)	-0.224*** (0.045)	-0.192*** (0.045)	-0.200*** (0.045)
Age	0.243*** (0.007)	0.243*** (0.007)	0.240*** (0.007)	0.241*** (0.007)
Age ²	-0.003*** (0.0001)	-0.003*** (0.0001)	-0.003*** (0.0001)	-0.003*** (0.0001)
Years of Education	0.029** (0.003)	0.031*** (0.003)	0.028*** (0.003)	0.029*** (0.003)
Children	0.201** (0.051)	0.197** (0.051)	0.194** (0.051)	0.194** (0.051)
Children * Gender	-0.490*** (0.062)	-0.486*** (0.061)	-0.496*** (0.061)	-0.492*** (0.061)
Marriage	0.085* (0.050)	0.083* (0.050)	0.083* (0.049)	0.079* (0.049)
Marriage*Gender	-0.228** (0.061)	-0.226*** (0.061)	-0.232*** (0.061)	-0.227*** (0.061)
Years since immigration	0.012** (0.003)	0.012** (0.003)	0.016*** (0.003)	0.015** (0.003)
Years since immigration ²	-0.0002*** (0.0001)	-0.0002*** (0.0001)	-0.0003*** (0.0001)	-0.0003*** (0.0001)
First or second language or ENG	-0.048 (0.039)	-0.037 (0.039)	-0.123*** (0.034)	-0.102*** (0.034)
Unemployment in country in given year			-0.0002 (0.004)	-0.003 (0.004)
log(GDP per capita PPP)			0.165*** (0.046)	0.102** (0.047)
log(GDP diff.)			0.031 (0.019)	0.071*** (0.020)
Recession			0.090** (0.044)	0.101** (0.044)
Distance self-expression vs survival	-0.054** (0.021)		-0.050** (0.022)	
Distance secular-rational vs traditional	-0.073*** (0.028)		-0.072*** (0.025)	
Distance individualism vs collectivism		-0.052** (0.024)		-0.145*** (0.027)
Distance flexibility vs monumentalism		-0.079** (0.033)		-0.009 (0.030)
Country and time fixed effects	YES	YES	NO	NO
Observations	12,561	12,561	12,561	12,561
Log Likelihood	-5,536.719	-5,536.283	-5,642.555	-5,632.674
Akaike Inf. Crit.	11,187.440	11,186.570	11,325.110	11,305.350

Notes: Beta coefficients are presented. * significant at 10%; ** significant at 5%; *** significant at 1%.
The dependent variable is income decile.

Source: author's calculations.

Table 3. *Probit regression results for being unemployed*

	(1)	(2)	(3)	(4)
	Inglehart- Welzel	Minkov- Kaasa	Inglehart- Welzel	Minkov- Kaasa
Citizenship	-0.023 (0.052)	-0.018 (0.052)	-0.011 (0.050)	-0.001 (0.049)
Religiousness	0.018*** (0.007)	0.019*** (0.007)	0.022*** (0.007)	0.021*** (0.007)
Gender	-0.109* (0.058)	-0.104* (0.058)	-0.130** (0.057)	-0.128** (0.057)
Age	-0.023* (0.012)	-0.023* (0.012)	-0.020** (0.012)	-0.021* (0.012)
Age ²	0.0002 (0.0001)	0.0002 (0.0001)	0.0002 (0.0001)	0.0002 (0.0001)
Years of Education	-0.036*** (0.005)	-0.038*** (0.005)	-0.032*** (0.005)	-0.033*** (0.005)
Children	-0.195*** (0.063)	-0.191*** (0.063)	-0.212*** (0.062)	-0.207*** (0.062)
Children * Gender	0.245*** (0.083)	0.238*** (0.083)	0.255*** (0.082)	0.250*** (0.082)
Marriage	-0.187*** (0.047)	-0.186*** (0.047)	-0.177*** (0.046)	-0.179*** (0.046)
Years since immigration	-0.011* (0.006)	-0.010* (0.006)	-0.011* (0.005)	-0.011* (0.005)
Years since immigration ²	0.0001 (0.0001)	0.0001 (0.0001)	0.0001 (0.0001)	0.0001 (0.0001)
First or second language or ENG	-0.004 (0.058)	-0.016 (0.058)	0.022 (0.051)	0.014 (0.052)
Unemployment in country in given year			0.052*** (0.005)	0.054*** (0.005)
log(GDP per capita PPP)			0.096 (0.077)	0.138* (0.077)
log(GDP diff.)			-0.022 (0.027)	-0.019 (0.030)
Recession			-0.014 (0.062)	-0.014 (0.062)
Distance self-expression vs survival	0.053* (0.032)		0.037 (0.032)	
Distance secular-rational vs traditional	0.091** (0.040)		0.083** (0.036)	
Distance individualism vs collectivism		0.045 (0.037)		0.050 (0.041)
Distance flexibility vs monumentalism		0.084* (0.049)		0.033 (0.044)
Country and time fixed effects	YES	YES	NO	NO
Observations	7,503	7,503	7,503	7,503
Log Likelihood	-2,308.970	-2,310.060	-2,356.323	-2,358.757
Akaike Inf. Crit.	4,727.941	4,730.120	4,750.647	4,755.513

Notes: Beta coefficients are presented. * significant at 10%; ** significant at 5%; *** significant at 1%. The dependent variable is income decile.

Source: author's calculations.

Regardless of which probit model is examined, the results indicate that cultural distances are related to labour market outcomes. Greater cultural distance increases the probability of being unemployed and decreases the probability of being economically active. More specific differences in results arise from several factors: the cultural dimensions and the type of model used – with fixed effects or macroeconomic variables included. In models with macroeconomic variables included the model performance appears to be poorer compared to fixed effects models.

Delving deeper into specific cultural dimensions, it can be observed that a greater cultural distance in all dimensions is negatively associated with the probability of being economically active, except for flexibility versus monumentalism in the model with macroeconomic variables. Additionally, the marginal effects confirm those results and indicate that no single dimension is markedly more or less relevant from others.

Models estimating the probability of unemployment demonstrate that the distance in the secular-rational versus traditional dimension is definitely significant for unemployment status, maintaining its relevance across different model types at a significance level below 5%. The distances regarding the dimensions of self-expression versus survival and flexibility versus monumentalism are significant only in models with fixed effects, and the distance regarding individualism vs collectivism does not matter for unemployment status. The marginal effects confirm those results, and again they are of the same extent.

Figures 1 and 2 illustrate the influence of cultural distance on the probability of being economically active and being unemployed in fixed effects models among immigrants who share all the same characteristics except for cultural background. The predicted probability graphs support the conclusion that individuals from culturally distant countries are less likely to be economically active and more likely to be unemployed. It has to be noted, however, that cultural distance does not explain labour market status as effectively as other characteristics, such as education, age, or gender.

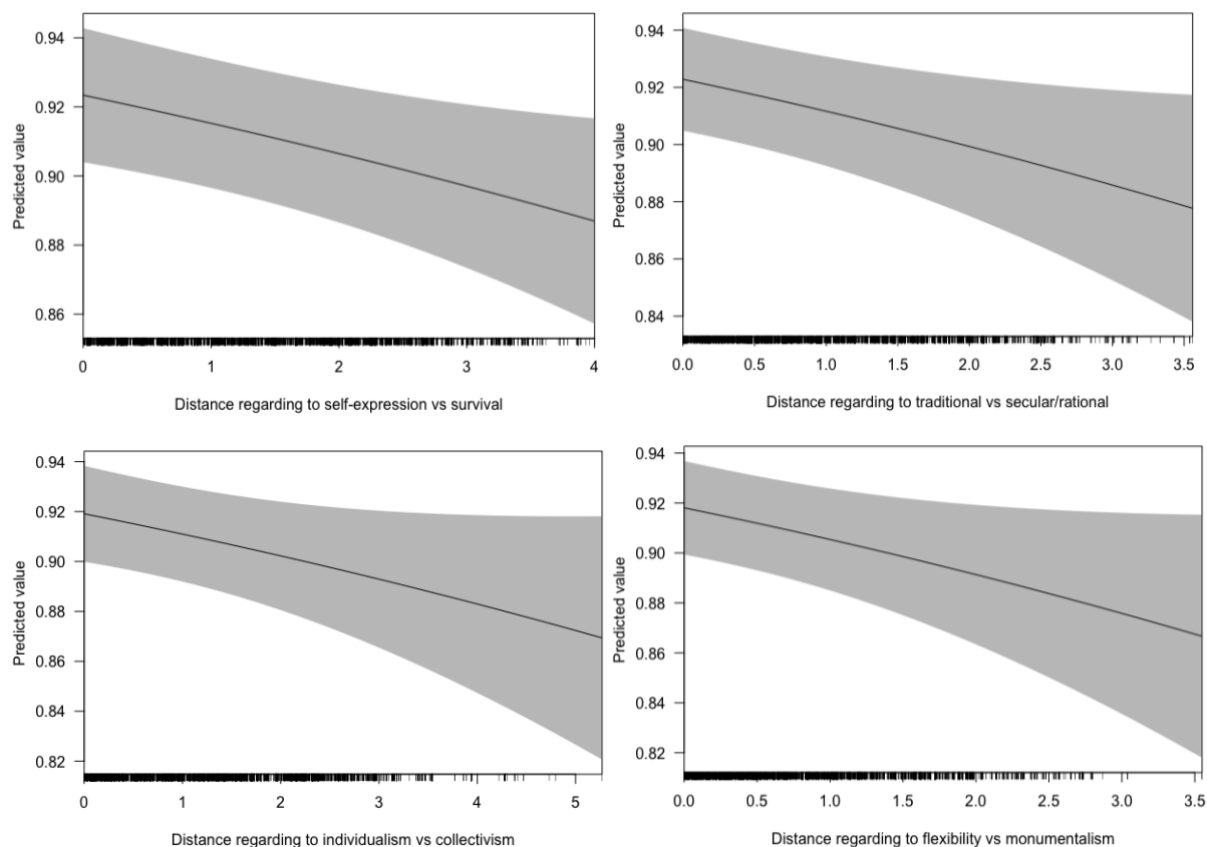


Figure 1. The effect of cultural distance regarding four dimensions on the probability of being economically active (fixed effects model)

Source: author's own elaboration.

Control variables exhibit expected signs in all models. Being female, especially if married or with children, is associated with a reduced likelihood of economic activity. Education has a large positive effect on labour market performance in both probit models. Marginal effects, detailed in Appendices F and G, reinforce that education is a critical factor in reducing the probability of being unemployed. Additionally, the analysis revealed that greater religiosity is associated with an increased probability of being unemployed. Moreover, probit model results align with the logical dependencies noted by Fasani et al. (2022), the time spent in the host country has a positive effect on labour market outcomes. As expected, the unemployment rate in the host country significantly impacts the likelihood of being unemployed, supporting findings by Godøy (2022), Foged et al. (2022) Aksoy (2020), that local labour market conditions are crucial. Interestingly, being married or cohabitating is associated with a lower probability of being unemployed. In accordance with Ebner & Helbling (2016), Bakker et al. (2017), Fasani et al. (2023), Raux (2023) citizenship increases income, but the results show no relation with employment status.

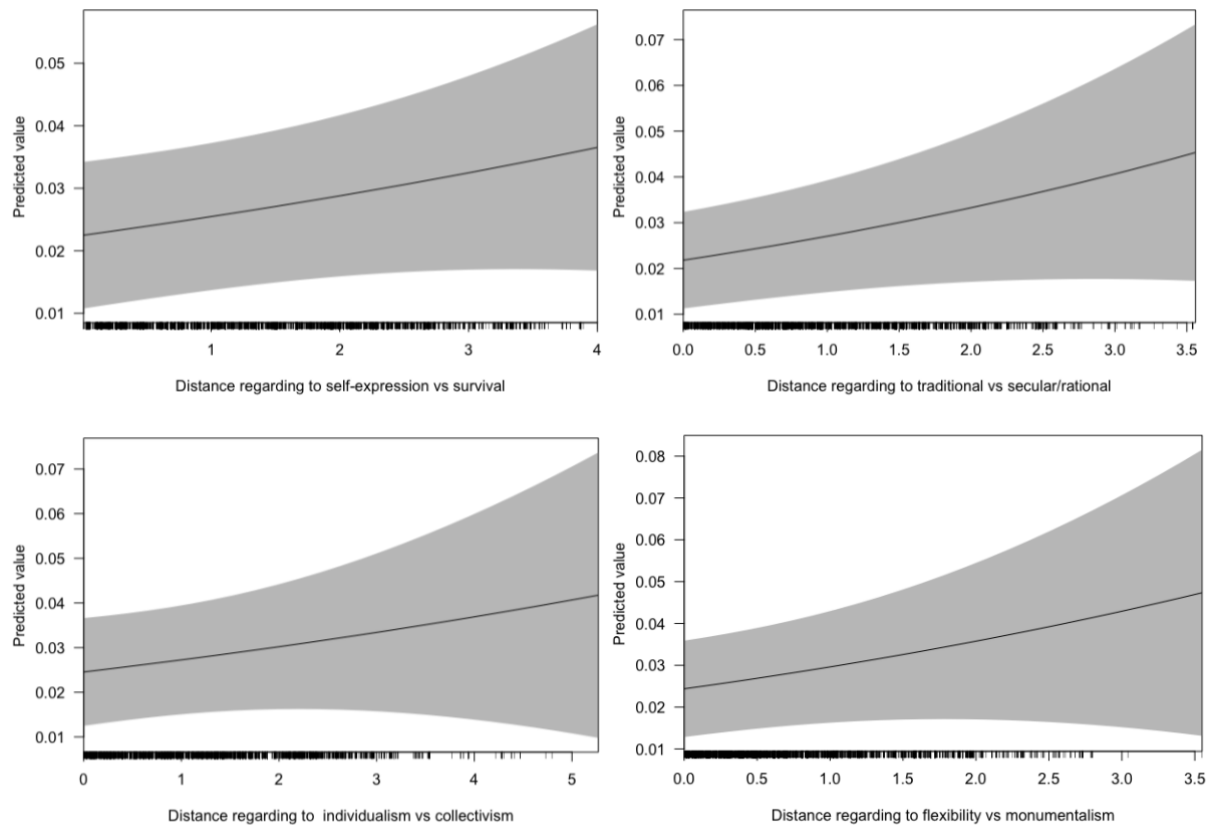


Figure 2. The effect of cultural distance regarding four dimensions on the probability of being unemployed (fixed effects model)

Note: Distance regarding to individualism vs collectivism is not statistically significant.

Source: author's own elaboration.

To check the reliability of the analysis results and to evaluate the effectiveness of all probit models, several tests were conducted. A likelihood ratio test (LR test) was carried out to determine whether all parameters were significantly different from zero, and it revealed no issues with the models. Additionally, a Wald test was performed to assess the joint statistical significance of the coefficients for cultural distance. The model that included macroeconomic variables and dimensions from the Inglehart model proved to be insignificant in probit models.

Functional form tests were employed to evaluate whether the inclusion of squared and cubed terms as additional explanatory variables are statistically significant. Generally, the models performed satisfactorily, although the tests for the models with macroeconomic variables indicated that incorporating some nonlinearities might improve prediction outcomes. Furthermore, the Hosmer-Lemeshow test indicated no systematic differences between the observed and predicted number of events, confirming the good fit of the models for the unemployed status. In contrast, probit models estimating the probability of being economically

active exhibited systematic differences according to this test, suggesting that these models may not be adequate. Similar to the models regarding income, fixed effects models demonstrated superior performance compared to those including macroeconomic variables, as evidenced by the likelihood ratio index and The Area Under the Curve (AUC). However, it is possible that some variables influencing the likelihood of being economically active or unemployed are not captured. Consequently, interpretations of these models should be approached with heightened caution.

5. Discussion and limitations

The findings of this research confirm the hypothesis that greater cultural distance between the host country and the country of origin exacerbates the adaptation challenges faced by immigrants. Specifically, a larger cultural distance seems to detrimentally impact immigrants' economic success, including income, probabilities of being economically active and unemployed. This aligns with previous research conducted by Lundborg (2013), Ebner & Helbling (2016), Ingwersen & Thomsen (2021) and Raux (2023).

The results indicate that all dimensions are important in determining immigrants' economic success. The secular-rational versus traditional dimension plays a particularly important role in determining employment status, capturing the differences in the importance of religion, family, and authority. Smaller differences in that dimension lead to better labour market performance of immigrants. People who come from cultures highly regarding authority might expect a lot of guidance on how to do their work and are used to expect the authorities to make decisions. The employers in cultures on the rational pole value responsibility and also expect the workers to take responsibility, come up with solutions and not to wait for instructions for every step in the work process. This might cause serious misalignment of the expectations between the employees and employers. At the same time, in more traditional cultures, hierarchy is more highly regarded and people coming from more rational cultures, who question the decisions of the boss, might be viewed as disrespectful and thus not suitable for work. Moreover, immigrants from more traditionalist cultures, such as Islamic societies, may have a lower probability of being economically active because women often stay at home and do not participate in the labour market.

Inglehart (1997) conceptualized the dimension of self-expression versus survival through the lens of economic and physical security values. Survival-oriented cultures prioritize economic success, whereas cultures inclined towards self-expression advocate for values like

self-fulfilment and gender equality. This emphasis can foster increased female participation in the labour market, which in turn may enhance adaptation outcomes. People from survival-oriented cultures have different expectations for their work life than people who value self-expression and self-realisation. This might mean that the working environment that the employers offer, might not be the same as the immigrant employees expect, being accustomed to different workplace norms in their home countries. Additionally, individuals from countries that prioritize survival values may fear the unknown, leading them to hesitate before applying for positions that are unfamiliar to them.

The differences between the country of origin and the host country along the individualism versus collectivism dimension capture differences between valuing independence and individual identity versus inter-dependence and collective identity. It is possible that people who come from collectivist cultures are expecting more support from their close group, e.g. their colleagues, while in individualist cultures, colleagues might not offer that support. Additionally, pursuing a career in Western countries is often aligned with individualistic values, where achieving top positions typically requires prioritizing personal ambitions over familial and other relationships. Success in these environments frequently necessitates placing one's own interests ahead of others to advance professionally.

The flexibility-monumentalism dimension concerns adaptability and flexibility versus maintaining one's intrinsic self, highlighting differences in self-regard and levels of self-confidence. Here, the understanding of the need for training, improving one's skills is what makes the difference. It is possible that people from monumentalist cultures do not perceive the need for training or do not want to participate in trainings because that would mean acknowledging that they can't be fully proud of themselves. That again might clash with the expectations of the employers from flexible cultures.

It is important to note that there are other factors that are more relevant for the adaptation outcome than cultural distance. However, cultural distance proves to be an important factor to take into account in the discussions about the possible solutions to improve immigrants' ability to adapt.

The link between cultural distance and economic success, as documented in this study, holds significant implications for policy-making. It is crucial for immigration policies to be crafted with an awareness that immigrants from culturally distant countries encounter more substantial challenges than those from culturally similar backgrounds. Recognizing that the magnitude of cultural difference, not merely its presence, affects integration and economic outcomes is vital. Consequently, targeted support and enhanced adaptation programs should

be prioritized for immigrants from more distant countries to mitigate the negative effects of cultural distance.

It may be posited that imparting knowledge of the host country's culture and attitudes is crucial. Specifically, it is recommended that programs be developed to educate immigrants about the host country's cultural expectations, such as the need for increased personal responsibility and self-reliance in addressing challenges. In addition, enlightening companies in the host countries about the cultural differences and their pivotal role in the adaptation process for immigrants is essential. This may prepare organizations to provide additional support and guidance, as some immigrants may require more assistance to acclimate effectively. As found by Rivera (2012) and Ryan & Deros (2024), culture holds significant importance in employers' hiring and selecting decisions, giving culturally similar candidates an advantage. Thus, considering cultural distance alongside other aspects such as language and personal attitudes might be beneficial for companies.

A points-based immigration system has been implemented in countries like the UK, Australia, Canada, New Zealand, Denmark, and Germany. Sumption and Walsh (2023) explain that this system welcomes only the highest-scoring immigrants who surpass a certain threshold. However, they criticize points-based systems as bureaucratic tools that fail to solve underlying problems, arguing that employer-driven systems should be preferred. One idea behind a points-based system can be to prefer immigrants for whom adaptation can be expected to be easier. So far, points-based immigration systems, for instance in Germany (Bundesregierung, 2024) and Canada (Government of Canada, 2023), have considered quite similar aspects as are included in the models estimated in this paper, but not cultural distance. It might be worthwhile to include the aspect of cultural distance and consider it more broadly, even in employer-driven systems, which focus more on individual characteristics and ensure that companies find the workers they need.

There are many limitations related to this study. A notable limitation is the availability of appropriate data. The data about the income level were available only per household, not per individual. Hence, it would be reasonable to repeat the study when data on personal income become available. Additional research could study how mixed households, where immigrants and locals live together, perform and whether this enhances adaptation. Additionally, not all countries are covered by the data offered by Inglehart-Welzel (2021) and Minkov-Kaasa (2022), so some immigrant respondents had to be excluded because data were missing for their countries of origin, including many African and Middle Eastern countries. Furthermore, it is possible that some variables influencing the likelihood of being economically active or

unemployed are not captured and additional variables are needed. The reasons for immigration play a significant role in economic success, as found by Fasani et al. (2022), but are currently not captured in the model. While this study focused on the cultural distances, future research could also additionally investigate how the cultural context of the host country or country of origin itself possible affects labour market outcomes of immigrants. Also, it is possible that it matters in which direction along a particular cultural dimension the person has moved when moving from the country of origin to the new country.

6. Conclusion

This paper contributes to the existing body of literature by examining the relationship between cultural distance between the host and origin country of immigrants and their labour market outcomes. While prior research has considered various determinants such as education and language proficiency, the role of cultural distances in shaping labour market outcomes has not received much attention in the previous literature. However, upon reviewing the existing literature, it can be hypothesized that immigrants from culturally similar backgrounds, who share similar values with host country, might face fewer challenges in the adaptation process.

This study used data from the European Social Survey (ESS) rounds 5 through 9, while cultural distances between immigrants' host countries and countries of origin are measured based on the cultural dimensions scores introduced by Inglehart & Welzel (2021) and Minkov & Kaasa (2022). Using binary probit models to examine employment status and OLS and multinomial logistic regression for income, the findings show that greater cultural distance leads to adaptation challenges and negatively impacts immigrants' economic success.

Findings suggest that immigrants from culturally similar backgrounds face fewer adaptation challenges, thereby achieving better economic outcomes. These insights are especially valuable for policymakers tasked with crafting effective assimilation strategies and underscore the significant role that companies play in supporting the adaptation process for foreign employees. By filling a critical gap in the literature, this study highlights the need for a nuanced understanding of how cultural distances affect immigrant adaptation and economic success in host countries.

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8. Appendices

Appendix A

Descriptive statistics

	n	% freq.	mean	sd	min	max
<i>Citizenship</i>	12561					
Yes	7049	56.12				
No	5512	44.88				
<i>Gender</i>	12561					
Male	5759	45.85				
Female	6802	54.15				
<i>Children</i>	12561					
Yes	5447	43.36				
No	7114	56.64				
<i>Marriage-Cohabitation</i>	12561					
Yes	7165	57.04				
No	5396	42.96				
<i>ESS round</i>	12561					
Round 5	2406	19.15				
Round 6	2747	21.87				
Round 7	2170	17.28				
Round 8	2388	19.01				
Round 9	2850	22.69				
<i>First or second language</i>	12561					
Yes	9459	75.30				
No	3102	24.70				
<i>First or second language or ENG</i>	12561					
Yes	9700	77.22				
No	2861	22.78				
<i>Income decile</i>	12561					
1st	1402	11.16				
2nd	1675	13.33				
3rd	1575	12.54				
4th	1603	12.76				
5th	1373	10.93				
6th	1233	9.82				
7th	1141	9.08				
8th	933	7.42				
9th	753	5.99				
10th	874	6.96				

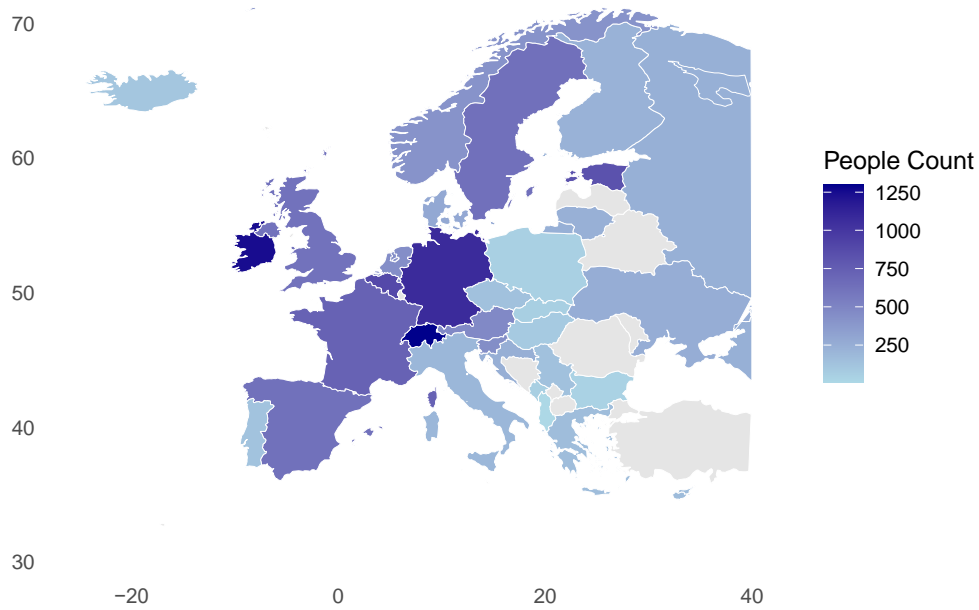
Appendix A. (Continued.)

	n	% freq.	mean	sd	min	max
<i>Unemployed</i>	7503					
Yes	791	10.54				
No	6712	89.45				
<i>Economically active</i>	12561					
Yes	7503	59.73				
No	5058	40.27				
<i>Education Level</i>	12561					
lower than Secondary	1076	8.57				
lower Secondary	1990	15.84				
upper Secondary	3979	31.68				
Subdegree	1979	15.76				
Tertiary BA	1359	10.82				
Tertiary MA=<	2178	17.34				
Years of Education	12561		13.25	4.36	0.00	45.00
Religiousness	12561		5.21	3.14	0.00	10.00
Age	12561		48.36	16.78	15.00	97.00
Years since immigration	12561		27.31	19.12	0.00	92.00
Distance self-expression vs survival	12561		1.08	1.12	-3.11	4.00
Distance secular-rational vs traditional	12561		0.54	0.94	-2.88	3.56
Distance individualism vs collectivism	12561		0.91	1.02	-2.40	5.27
Distance flexibility vs monumentalism	12561		0.36	0.76	-2.65	3.55
GDP per capita PPP	12561		45007.69	15106.39	9246.77	89628.84
GDP growth	12561		1.76	3.03	-11.60	23.30
log GDP per capita difference	12561		1.10	1.08	-2.63	5.57
Unemployment in country in given year	12561		8.15	4.35	2.02	26.09

Source: author's calculations based on European Social Survey Data (2010; 2012; 2014; 2016; 2018); World Bank (2024d, 2024c, 2024b); Haerpfer et al., (2022); Inglehart et al., (2014b, 2014a); Minkov & Kaasa (2022) data.

Appendix B

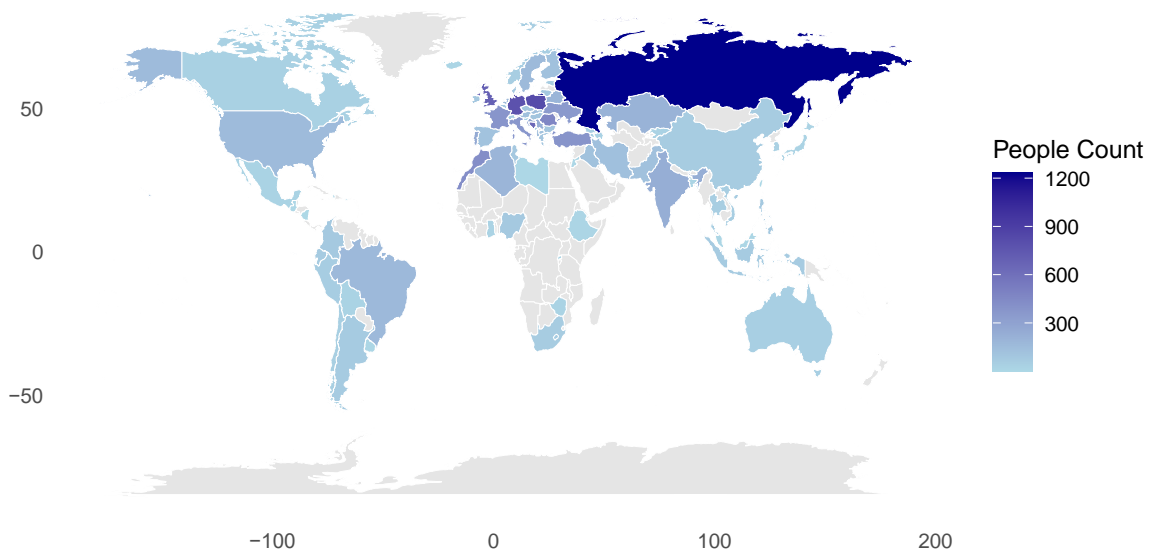
Number of immigrants in the sample by their host country



Source: author's own elaboration based on European Social Survey Data (2010; 2012; 2014; 2016; 2018).

Appendix C

Number of immigrants in the sample mapped by their country of birth



Source: author's own elaboration based on European Social Survey Data (2010; 2012; 2014; 2016; 2018).

Appendix D

Multinomial logit regression results for income categories (with fixed effects)

	high income coefs (1) Inglehart- Welzel	low income coefs (2) Inglehart- Welzel	high income coefs (3) Minkov- Kaasa	low income coefs (4) Minkov- Kaasa
Citizenship	0.061 (0.074)	-0.158*** (0.059)	0.017 (0.07)	-0.164*** (0.059)
Religiousness	-0.154*** (0.030)	0.060** (0.025)	-0.164*** (0.030)	0.054** (0.025)
Gender	-0.210*** (0.085)	0.419*** (0.059)	-0.215** (0.085)	0.426*** (0.059)
Age	-0.296*** (0.051)	0.315*** (0.035)	-0.283*** (0.051)	0.309*** (0.035)
Age ²	-0.128*** (0.041)	0.012 (0.024)	-0.133*** (0.041)	0.009 (0.024)
Years of Education	0.597*** (0.032)	-0.419*** (0.027)	0.611*** (0.032)	-0.430*** (0.027)
Children	0.049 (0.091)	-0.321*** (0.082)	0.038 (0.090)	-0.314*** (0.082)
Children * Gender	0.232** (0.117)	-0.191* (0.101)	0.232** (0.117)	-0.202** (0.101)
Marriage	0.468*** (0.070)	-1.263*** (0.052)	0.461*** (0.070)	-1.264*** (0.052)
Years since immigration	0.138** (0.054)	-0.195*** (0.044)	0.165*** (0.054)	-0.194*** (0.044)
Years since immigration ²	-0.089** (0.037)	0.071*** (0.025)	-0.084** (0.037)	0.068*** (0.025)
First or second language or ENG	0.325*** (0.090)	-0.066 (0.066)	0.370*** (0.089)	-0.091*** (0.066)
Distance self-expression vs survival	-0.267*** (0.038)	0.177*** (0.030)		
Distance secular-rational vs traditional	-0.079** (0.038)	0.097*** (0.029)		
Distance individualism vs collectivism			-0.211*** (0.028)	0.205*** (0.032)
Distance flexibility vs monumentalism			-0.024 (0.014)	0.049 (0.034)
Akaike Inf. Crit.	19,665.820	19,665.820	19,702.080	19,702.080

Notes: * significant at 10%; ** significant at 5%; *** significant at 1%. The dependent variable is income category (high, middle, low income), middle income is reference category.

Source: author's calculations.

Appendix E

Multinomial logit regression results for income categories (with macroeconomic variables)

	high income coefs (1) Inglehart- Welzel	low income coefs (2) Inglehart- Welzel	high income coefs (3) Minkov- Kaasa	low income coefs (4) Minkov- Kaasa
Citizenship	0.105 (0.070)	-0.107* (0.055)	0.092 (0.070)	-0.095* (0.055)
Religiousness	-0.173*** (0.029)	0.052** (0.024)	-0.173*** (0.029)	0.050** (0.024)
Gender	-0.167** (0.083)	0.383*** (0.057)	-0.164** (0.083)	0.385*** (0.057)
Age	-0.259*** (0.049)	0.313*** (0.034)	-0.256** (0.050)	0.031*** (0.023)
Age ²	-0.127*** (0.040)	-0.001 (0.023)	-0.128*** (0.039)	-0.002 (0.023)
Years of Education	0.573*** (0.031)	-0.375*** (0.026)	0.572*** (0.030)	-0.377*** (0.026)
Children	0.020 (0.089)	-0.349*** (0.081)	0.017 (0.089)	-0.344*** (0.081)
Children * Gender	0.161 (0.114)	-0.132 (0.100)	0.160 (0.114)	-0.138 (0.099)
Marriage	0.449*** (0.069)	-1.246*** (0.051)	0.450*** (0.069)	-1.249*** (0.051)
Years since immigration	0.120** (0.052)	-0.213*** (0.041)	0.118** (0.052)	-0.213*** (0.041)
Years since immigration ²	-0.083** (0.036)	0.088*** (0.024)	-0.080** (0.036)	0.087*** (0.024)
First or second language or ENG	0.388*** (0.079)	-0.023 (0.056)	0.390*** (0.080)	-0.030 (0.057)
Distance self-expression vs survival	-0.046 (0.041)	0.017 (0.034)		
Distance secular-rational vs traditional	-0.038 (0.034)	0.074*** (0.027)		
Distance individualism vs collectivism			-0.022 (0.047)	0.040 (0.038)
Distance flexibility vs monumentalism			0.020 (0.036)	0.025 (0.029)
Unemployment in country in given year	-0.239*** (0.038)	0.202*** (0.027)	-0.243*** (0.038)	0.213*** (0.027)
log(GDP per capita PPP)	-0.065* (0.036)	0.044 (0.030)	-0.070* (0.036)	0.060** (0.030)
log(GDP diff.)	-0.150*** (0.043)	0.151*** (0.035)	-0.189*** (0.045)	0.152*** (0.037)
Recession	-0.057*** (0.097)	0.193*** (0.073)	-0.059 (0.096)	0.187*** (0.073)
Akaike Inf. Crit.	20,112.830	20,112.830	20,123.420	20,123.420

Notes: * significant at 10%; ** significant at 5%; *** significant at 1%. The dependent variable is income category (high, middle, low income), middle income is reference category.

Source: author's calculations.

Appendix F

Multinomial logit model: standardized marginal effects for income categories (with fixed effects)

	low income	middle income	high income
Citizenship	-0.025***	0.017	0.009
Religiousness	0.012***	0.004	-0.015***
Gender	0.068***	-0.039***	-0.028***
Age	0.053***	-0.19***	-0.034***
Age ²	0.004	0.009*	-0.013***
Years of Education	-0.074***	0.009*	-0.066***
Children	-0.049***	0.039***	0.010
Children * Gender	-0.033**	0.007	0.026**
Marriage	-0.214***	0.147***	0.068***
Years since immigration	-0.032***	0.015**	0.017***
Years since immigration ²	0.012***	-0.016	-0.009***
First or second language or ENG	-0.015	-0.016	0.031***
Distance self-expression vs survival	0.032***	-0.003	-0.029***
Distance secular-rational vs traditional	0.016***	-0.007	-0.009***

	low income	middle income	high income
Citizenship	-0.025***	0.021**	0.005
Religiousness	0.011***	0.006	-0.017***
Gender	0.068***	-0.040***	-0.029***
Age	0.052***	-0.019***	-0.033***
Age ²	0.004	0.009*	-0.013***
Years of Education	-0.076***	0.009**	0.067***
Children	-0.049***	0.039***	0.009
Children * Gender	-0.035**	0.009	0.026**
Marriage	-0.214***	0.147***	0.067***
Years since immigration	-0.032***	0.013	0.020***
Years since immigration ²	0.012***	-0.002	-0.009***
First or second language or ENG	-0.020**	-0.015	0.036***
Distance individualism vs collectivism	0.035***	-0.011*	-0.024***
Distance flexibility vs monumentalism	0.008*	-0.005	-0.003

Notes: * significant at 10%; ** significant at 5%; *** significant at 1%.

Source: author's calculations.

Appendix G

Multinomial logit model: standardized marginal effects for income categories (with macroeconomic variables)

	low income	middle income	high income
Citizenship	-0.019**	0.006	0.013*
Religiousness	0.011***	0.007	-0.02***
Gender	0.063***	-0.039***	-0.024***
Age	0.054***	-0.022***	-0.032***
Age ²	0.002	0.011**	-0.013***
Years of Education	-0.07***	0.004	0.065***
Children	-0.055***	0.046***	0.009
Children * Gender	-0.024	0.005	0.019
Marriage	-0.217***	0.148***	0.069***
Years since immigration	-0.036***	0.02***	0.016***
Years since immigration ²	0.015***	-0.005	-0.010***
First or second language or ENG	-0.010	-0.027**	0.037***
Unemployment in country in given year	0.037***	-0.008	-0.03***
log(GDP per capita PPP)	0.008*	-0.001	-0.007**
log(GDP diff.)	0.026***	-0.008	-0.018***
Recession	0.033***	-0.024	-0.09
Distance self-expression vs survival	0.0035	0.001	-0.005
Distance secular-rational vs traditional	0.012***	-0.007	-0.005

	low income	middle income	high income
Citizenship	-0.017*	0.006	0.011
Religiousness	0.011***	0.007*	-0.019***
Gender	0.064***	-0.04***	-0.024***
Age	0.054***	-0.022	-0.032***
Age ²	0.002	0.011**	-0.013***
Years of Education	-0.070***	0.005	0.065***
Children	-0.054***	0.046***	0.008
Children * Gender	-0.025	0.006	0.019
Marriage	-0.218***	0.148***	0.069***
Years since immigration	-0.036***	0.019**	0.016***
Years since immigration ²	0.015***	-0.005	-0.010***
First or second language or ENG	-0.012	-0.026**	0.037***
log(GDP per capita PPP)	0.011**	-0.002	-0.008**
log(GDP diff.)	0.027***	-0.005	-0.022***
Recession	0.031***	-0.022	-0.009
Unemployment in country in given year	0.038***	-0.009*	-0.03***
Distance individualism vs collectivism	0.007	-0.004	-0.003
Distance flexibility vs monumentalism	0.004	-0.005	0.002

Notes: * significant at 10%; ** significant at 5%; *** significant at 1%.

Source: author's calculations.

Appendix H

Standardized marginal effects for being economically active

	(1) Inglehart- Welzel	(2) Minkov- Kaasa	(3) Inglehart- Welzel	(4) Minkov- Kaasa
Citizenship	0.007	0.007	-0.0008	-0.0007
Religiousness	-0.007**	-0.007**	-0.011***	-0.010***
Gender	-0.071***	-0.071***	-0.069***	-0.070***
Age	-0.082***	-0.082***	-0.082***	-0.082***
Years of Education	0.032***	0.033***	0.031***	0.032***
Children	-0.012***	-0.012***	-0.014***	-0.013***
Marriage	-0.007*	-0.007*	-0.007*	-0.007*
Years since immigration	0.003	0.003	0.013*	0.013*
First or second language or ENG	-0.005	-0.004	-0.013***	-0.011***
Unemployment in country in given year			-0.0002	-0.003
log(GDP per capita PPP)			0.016**	0.010**
log(GDP diff.)			0.009***	0.020***
Recession			0.008**	0.008**
Distance self-expression vs survival	-0.011***		-0.009**	
Distance secular-rational vs traditional	-0.012***		-0.011***	
Distance individualism vs collectivism		-0.011**		-0.030***
Distance flexibility vs monumentalism		-0.011**		-0.0012
Country and time fixed effects	YES	YES	NO	NO
Observations	12,561	12,561	12,561	12,561
Log Likelihood	-5,5536.719	-5,536.283	-5,642.555	-5,632.674
Akaike Inf. Crit.	11,187.440	11,186.570	11,325.110	11,305.350

*Notes: * significant at 10%; ** significant at 5%; *** significant at 1%. The dependent variable is binary variable being economically active from ESS rounds.*

Source: author's calculations.

Appendix I

Standardized marginal effects for being unemployed

	(1) Inglehart- Welzel	(2) Minkov- Kaasa	(3) Inglehart- Welzel	(4) Minkov- Kaasa
Citizenship	-0.002	-0.001	-0.001	-0.001
Religiousness	0.009***	0.01***	0.012***	0.011***
Gender	0.0005	0.001	-0.001	-0.001
Age	-0.009*	-0.009**	-0.01**	-0.01**
Years of Education	-0.026***	-0.027***	-0.023***	-0.024***
Children	-0.007*	-0.007*	-0.007*	-0.008*
Marriage	-0.015***	-0.015***	-0.015***	-0.015***
Years since immigration	-0.013**	0.013**	-0.011**	-0.011*
First or second language or ENG	-0.0003	-0.001	0.002	0.001
Unemployment in country in given year			0.041***	0.042***
log(GDP per capita PPP)			0.006	0.008*
log(GDP diff.)			-0.004	-0.003
Recession			-0.001	-0.001
Distance self-expression vs survival	0.008*		0.006	
Distance secular-rational vs traditional	0.01**		0.009**	
Distance individualism vs collectivism		0.006		0.007
Distance flexibility vs monumentalism		0.008*		0.003
Country and time fixed effects	YES	YES	NO	NO
Observations	7,503	7,503	7,503	7,503
Log Likelihood	-2,308.970	-2,310.060	-2,356.323	-2,358.757
Akaike Inf. Crit.	4,727.941	4,730.120	4,750.647	4,755.513

Notes: * significant at 10%; ** significant at 5%; *** significant at 1%. The dependent variable is binary variable being unemployed from ESS rounds.

Source: author's calculations.

Resüme

IMMIGRANTIDE MAJANDUSLIK EDU: KAS KULTUURILINE KAUGUS PÄRITOLURIIGI JA SIHTRIIGI VAHEL MÄNGIB ROLLI?

Hans Markus Kalmer

Käesolev magistritöö uurib sisserändajate majanduslikku edukust sõltuvalt kultuurilisest kaugusest sihtriigi ja päritoluriigi vahel. Töös tuginetakse peamiselt Euroopa Sotsiaaluuringu (ESS) 5.-9. vooru andmetele. Majanduslikku kohanemist vaadeldakse läbi kolme muutuja: leibkonna sissetulek, tõenäosus olla majanduslikult aktiivne ja tõenäosus olla töötu. Analüüsis kasutatakse tavalist vähimruutude mudelit, binaarset multinomiaalset logit-mudelit ja probit-mudelit. Töös kasutatakse kultuuri mõõtmiseks Ingleharti mudelit, mis hõlmab kahte dimensiooni – eneseväljendus vs ellujäämine ja ilmalik-ratsionaalne vs traditsiooniline – ning Minkovi mudelit, kus on samuti kaks dimensiooni – paindlikkus vs monumentalism ja individualism vs kollektivism. Töösse on kaasatud kultuurilise kaugused iga mainitud dimensiooni järgi. Töö tulemused näitavad, et sisserännanu suurem kultuuriline kaugus on oluliselt seotud väiksema sissetuleku, väiksema tõenäosusega olla majanduslikult aktiivne ja suurema tõenäosusega olla töötu. Sealjuures on kauguste mõjud eri dimensioonide lõikes erinevad. Nii näiteks ei mõjuta kaugus individualismi vs kollektivismi teljel tõenäosust olla töötu, samas kaugus teljel, mis vastandab ilmalik-ratsionaalset ja traditsioonilist kultuuri, omab erilist tähtsust tööturul staatuse määramisel. Rõhutada tuleb kultuurikaugusega arvestamise tähtsust sisserändajate integratsioonis ja sisserändepoliitika kujundamisel. Kultuuriliste erinevustega kohanemises peavad olulist rolli mängima muuhulgas ettevõtted, pöörates edukaks integratsiooniks rohkem tähelepanu neile, kes on pärit kultuuriliselt kaugematest paikadest.

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21/05/2024