

Vocational Education and Nationality

Wages, Occupational Mobility and Discrimination among Young Workers in Germany

Rational Choice Sociology: Theory and Empirical Applications
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Motivation

- After nearly 4 decades of migration, foreigners fare still less well in the labour market than Germans, e.g.:
 - Labour force participation rate: 67% vs. 77% (2008)
 - Unemployment rate: 17% vs. 8% (2009)
 - Absolute wage gap: 24% (2004)
- Economic integration is a prerequisite for social integration

Motivation

- Explanations: 'Ethnic Penalties'
 - Lower endowment with individual resources (e.g. human and social capital)
 - Labour market segmentation
 - Discriminatory behaviour of relevant actors

Research Question

- Do ethnic inequalities remain for foreigners being educated in the host country compared to natives with the same level of education?
 - I explore the career dynamics and wage outcomes of foreign and native young men who have finished vocational education in Germany.
 - I follow them for seven years beyond their vocational training in the year 2000.
 - Several different groups are compared against the native population: Italians, EU-13, East-Europeans, Ex-Yugoslavs, and Turks.

Unequal Outcomes: A matter of Opportunities?

- *H1: Ethnic wage inequalities should hardly be an issue within firms – all other things being equal.*
 - Ethnic wage inequalities should not emerge within firms because market mechanisms are suspended and replaced by social allocation principles, e.g. seniority regimes (Piore 1978)

Unequal Outcomes: A matter of Opportunities?

- Recruitment phase:
 - Probably the most critical point for discrimination in working life, both when entering the labour market and when changing jobs while already in the labour market (e.g. Epstein 1992, Lazear 1991)
 - => Opportunity structure for discrimination (Petersen 2004)
- *H2: If ethnic-specific outcomes are an issue on the labour market they will most probably emerge at status-changing events.*

Data and Method

- Integrated Employment Biographies (IEB):
 - is equipped with data of all employees in Germany and
 - contains exact daily flow information of the employment history

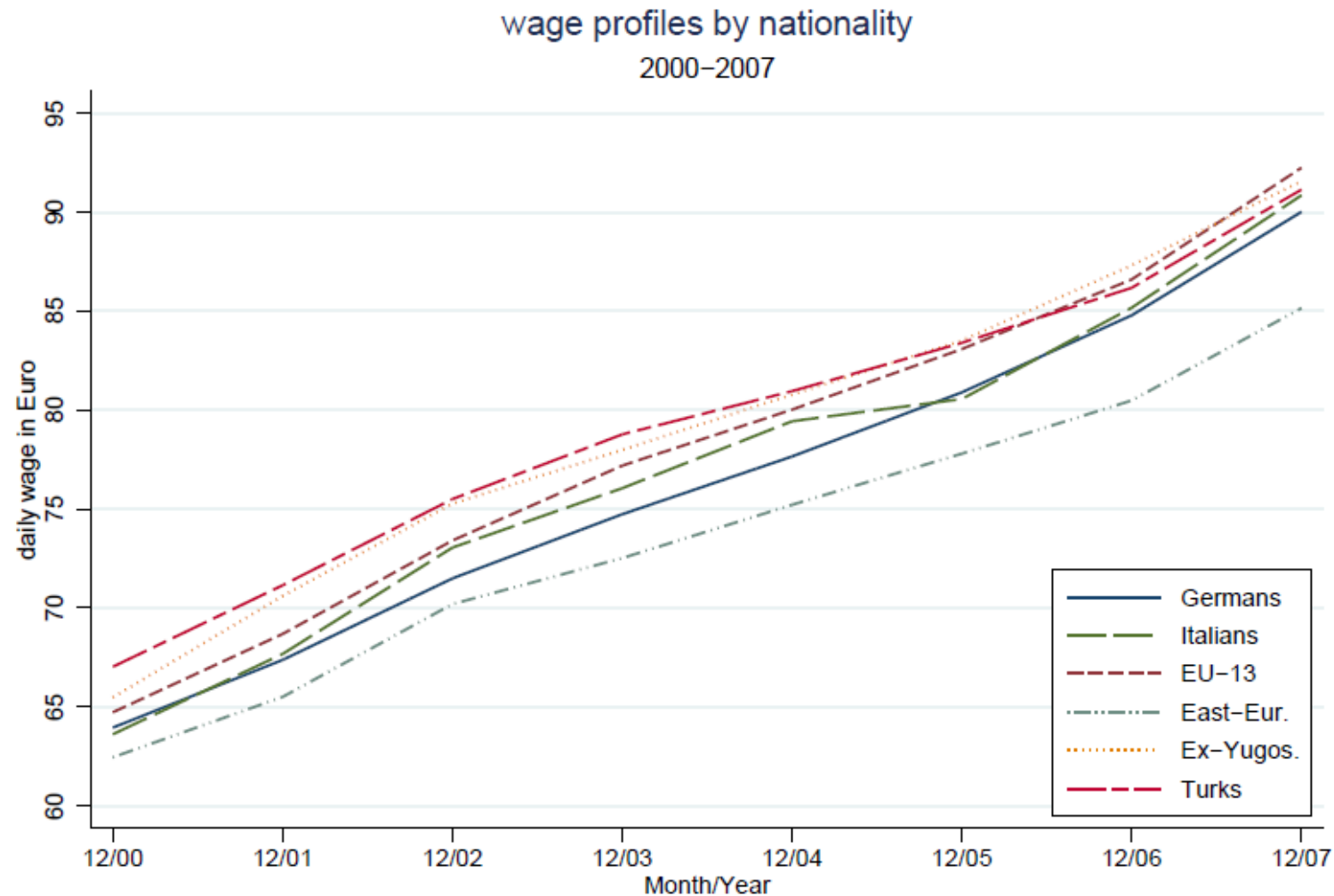
- Foreign groups (based on citizenship):
 - Italians, EU-13, Ex-Yugoslaves, Turks

- Extended Mincer-equation:
 - Unbalanced random and fixed-effects estimations

Design: Equal starting positions

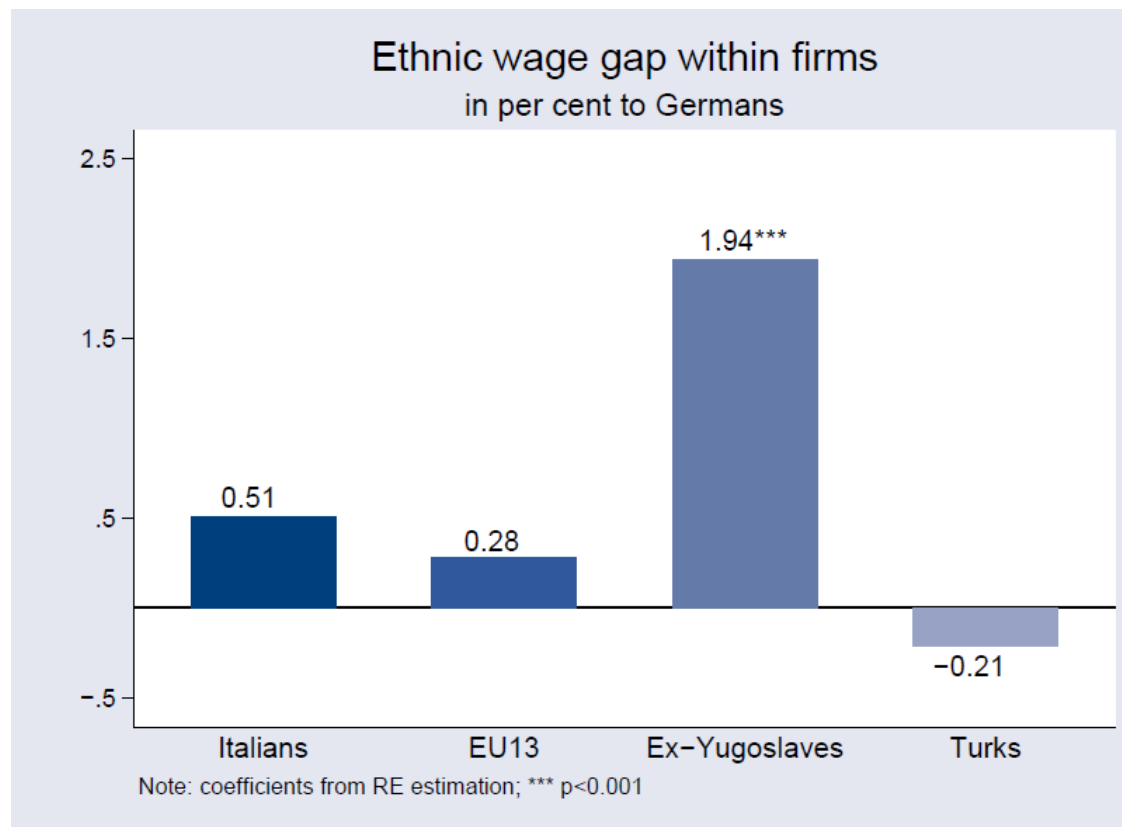
- Graduate cohort 2000 of vocational training (VTS) in Western Germany
 - same level of occupational certificates
 - initial position in the labour market is comparable across the groups
- Observation window: 2000 – 2007
 - each male graduate is followed from the same point in career beginning with the transition from vocational education to work
 - unbalanced panel with reporting date December, 31th of each year

Is there an Ethnic Wage Gap?

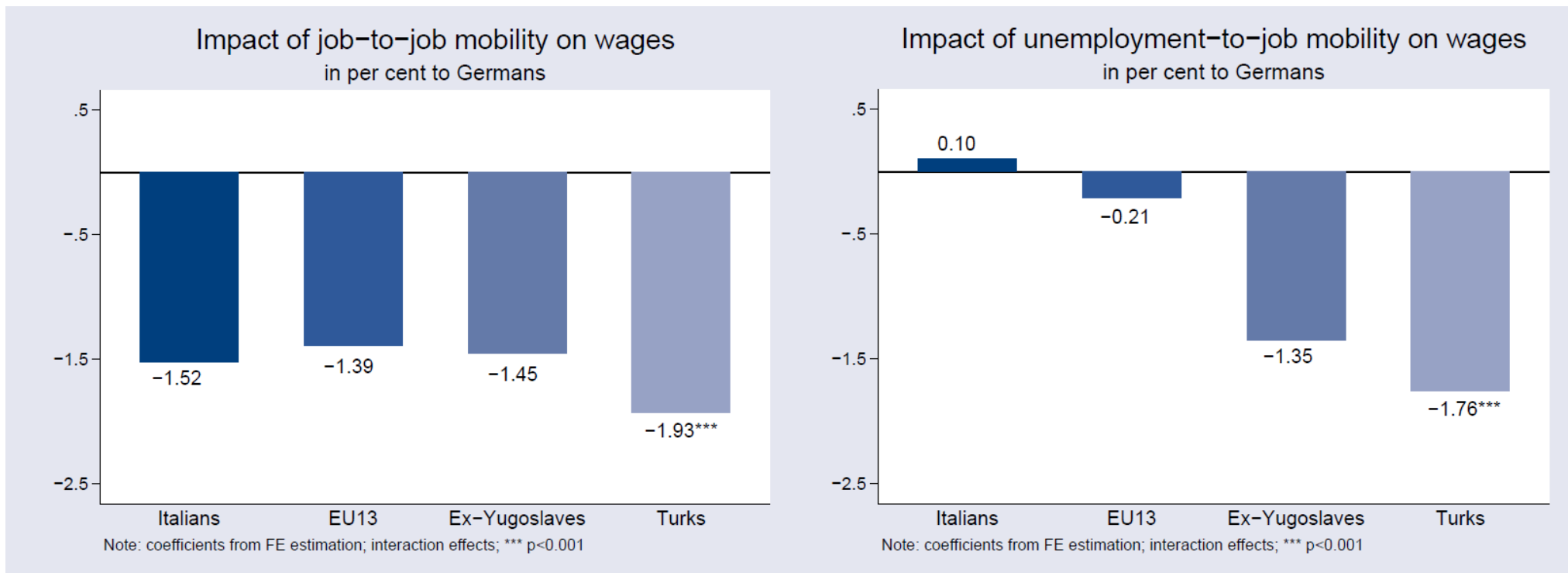


Source: IEB, own calculations

Is there an Ethnic Wage Gap?



Is there an Ethnic Wage Gap?



Conclusion

- Foreign and native VTS graduates: Equal chances
 - But occupational segregation
- Status-changing events (phase of recruitment) are a source of inequality, in particular for Turkish men
 - Discrimination?
 - Other explanation: different job-search strategies?
- Both findings stress the fact that ethnic wage inequalities require an opportunity structure to emerge

Thank you for your attention!

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