

# **INTERETHNIC MARRIAGE AND THE LABOR MARKET INTEGRATION OF IMMIGRANTS IN THE NETHERLANDS**

**Zahide Eylem Gevrek**  
Department of Economics  
University of Arizona  
[eylem@email.arizona.edu](mailto:eylem@email.arizona.edu)

## **Abstract**

This paper investigates the role of interethnic marriage on immigrants' economic integration in the Netherlands. To this end, the economic integration is measured in terms of the following labor market outcomes: earnings, employment, occupational status and job tenure. Using the data from the Dutch survey 'Social Position and Use of Public Utilities by Immigrants', I examine whether immigrants married to a native have a better labor market outcome than those married within their own group. This study differs from previous studies in three main ways. First, economic integration is measured by focusing on a larger set of labor market outcomes. Second, the causal effect of interethnic marriage on earnings and occupational status is also examined in the sample of female immigrants by taking both the selection problem related to their labor force participation and the endogeneity of intermarriage decision into account. Third, since the data allow me to differentiate between first and second generations of immigrants, I test whether or not intermarriage premium varies across generations.

## **INTERETHNIC MARRIAGE AND THE LABOR MARKET INTEGRATION OF IMMIGRANTS IN THE NETHERLANDS**

Social scientists consider interethnic marriage as one of the most important indicators of social and economic integration of immigrants for several reasons. (Gordon, 1964; Kalmijn, 1998; Muttarak, 2004). First, interethnic marriage helps accelerate the fading of cultural and social barriers between immigrants and natives. Second, a high level of interethnic marriage is associated with decreasing dissimilarities in labor market outcomes of immigrants and natives. Muttarak (2004) also points out that intermarriage is not only an indicator of integration but also a primary cause of it. Although the economic integration of immigrants has been the subject of a large literature<sup>1</sup>, the research on the effect of intermarriage on immigrants' economic integration is scarce. (Meng & Gregory, 2005; Kantarevic, 2004)

This study aims to investigate the role of interethnic marriage on immigrants' economic integration in the Netherlands.<sup>2</sup> To this end, the economic integration is measured in terms of the following labor market outcomes: earnings, employment, occupational status (job prestige score<sup>3</sup>) and job tenure. Analyzing the relationship between intermarriage and economic assimilation, Meng and Gregory (2005) find that intermarried immigrants assimilate faster and earn more than endogamously married immigrants in Australia. They report a substantial intermarriage premium, around 20 percent, for immigrants from non-English-speaking countries. On the other hand, Kantarevic (2004) does not find any causal relationship between earnings and intermarriage in the U.S. He tests two competing hypotheses, namely, the productivity hypothesis and the selection hypothesis. According to the productivity hypothesis,

---

<sup>1</sup> See Chiswick(1978) Borjas (1985, 1995,1999) Chiswick and Miller (1992)

<sup>2</sup> Intermarriage is defined as a union of a first or second generation immigrant with a native. Also, the couples may be legally married or in a de facto relationship. Cohabitation is very common in the Netherlands especially among the native and Caribbean couples.

<sup>3</sup> Job prestige score is measured in terms of International Socioeconomic Index (ISEI) based on the average level of education and the average level of earnings in an occupation.

immigrants married to native-born spouses assimilate faster than comparable immigrants who are married to foreign-born spouses. In this approach, native-born spouses play an important role in the human capital accumulation of their partners. Thanks to their native-born spouses, immigrants improve their language skills and knowledge of the local labor market and obtain contacts and connections which increase their position in the labor market. In contrast, the selection hypothesis claims that the relationship between intermarriages and economic assimilation is spurious. The effect of intermarriage on the economic assimilation disappears once the fact that immigrants may select into different type of marriages is taken into account. Kantarevic's empirical findings support the selection hypothesis.

I focus on the following questions to investigate whether labour market outcomes differ between immigrants married to a native and immigrants married within their own group in the Netherlands: (1) Are immigrants who are married to a native more likely to be employed than those who are endogamously married? (2) Do intermarried immigrants have a higher occupational status/job prestige score than endogamously married immigrants? (3) Are exogamously married immigrants more likely to hold a tenured job position? (4) Do exogamously married immigrants earn more than those who are endogamously married? If so, what is the intermarriage premium for intermarried immigrants?

The contribution of this paper to the relevant literature is threefold. First, this study examines the role of intermarriage on the economic integration of immigrants by focusing on a larger set of labor market outcomes. The existing intermarriage premium literature (Meng & Gregory, 2005; Kantarevic, 2004) uses earnings as a measure of economic integration. In this study, economic integration is measured in terms of not only labor market earnings but also employment, job tenure and occupational status. I believe that these additional measures are important to evaluate the position of immigrants on the labor market<sup>4</sup>.

---

<sup>4</sup> It is discussed in the literature that in Europe, unemployment and social position is more important than earnings because of inflexibility of the labor market. (Euwals et.al, 2007). Moreover, OECD (2004) annual

Second, unlike the existing intermarriage premium literature, I also examine the causal effect of intermarriage on earnings and occupational status in the sample of female immigrants by taking both the selection problem related to their labor force participation and the endogeneity of intermarriage decision into account. Third, in the literature the second generation is classified as native because of lack of information<sup>5</sup>. Since the data allow me to differentiate between first and second generations of immigrants<sup>6</sup>, I test whether or not intermarriage premium varies across generations.

Estimating the casual effect of interethnic marriage on immigrants' economic integration is not easy for the following reasons. First, intermarriage can be endogenous to labor market outcomes due to reverse causality. Marrying a native increases the human capital accumulation of the immigrant, thus improving immigrant's position in the labor market or it can be argued that the casual relationship is the opposite: An immigrant with higher earnings and a more prestigious job (with a better labor market outcome) might be more likely to marry a native. Second, intermarried immigrants might be a selected subsample from the population of all married immigrants. It is possible that intermarried immigrants may have some unobserved characteristics, such as physical appearance, social skills that may also affect their labor market outcomes. Ignoring these problems leads to biased and inconsistent coefficient estimates.

To endogeneize the intermarriage decision, I need at least one instrument that affects the likelihood of intermarriage but does not have a direct effect on the labor market outcomes except through its effect on intermarriage. I consider the group-specific sex ratio as an instrument for the probability of intermarriage. The ratio measures the number

---

report on international migration points out that tenured employment is very different from temporary one in terms of employment protection in the Netherlands. Therefore, having a tenured job is an important aspect of the labor market position.

<sup>5</sup> I use the term "first generation" to refer to people who were born abroad. Second generation is defined as those who are born in the Netherlands but have at least one foreign born parent. Native is defined as native-born persons of two native-born parents.

<sup>6</sup> The data contain information on the country of birth of the main respondent, his/her partner, the parents and the parents-in-law.

of group members of the opposite sex divided by the number of group members of the same sex. I expect a negative relationship between the instrument and the probability of intermarriage. Examining the patterns and determinants of ethnic intermarriage in the Netherlands, Kalmjin and Tubergen (2007) find that intermarriage occurs more frequently when the group-specific sex ratio is more unbalanced. Moreover, when estimating the earning/job prestige score equations for the female sample, I have to take into account the selection problem in terms of their labor market participation. Previous studies show that the presence of children has a negative effect on females' labor force participation decision. I consider the number of children as an instrument to identify the participation equation.

The data used in this study come from the SPVA, The Dutch Social Position and Use of Provisions Survey. The SPVA is a large-scale, cross-sectional<sup>7</sup> immigrant-specific survey. (Van Ours & Veenman, 2003). The aim of this survey is to collect information on socio-economic and socio-cultural position of the four largest ethnic minorities in the Netherlands: Turks, Moroccans, and Surinamese and Antilleans. The SPVA comprises random samples of the population in thirteen cities, including the four largest in the Netherlands. The first survey was conducted in 1988 and repeated thereafter in 1991, 1994, 1998, and 2002. I pool the five surveys to increase the sample size. In the SPVA, the main respondent is the head of the household who is interviewed through an extensive questionnaire. In addition, partners and offspring of 12 years and older are interviewed with the shortened version of the main questionnaire. The SPVA surveys contain extensive information on immigrants' labor market outcomes, their migration history, education, and cultural attitudes.

---

<sup>7</sup> It is important to note that the SPVA contains a small panel, about 10% of the sample. I use the sub-samples of the SPVA surveys comprising those who were interviewed for the first time.

## Empirical Strategy

The key interest of this paper is to investigate whether immigrants married to a native have a better labour market outcome than those married within their own group. I examine four important aspects of economic integration: earnings, employment, occupational status and job tenure. The standard economic approach to the study of immigrant integration is based on human capital theory. In this approach, human capital theory has been augmented to include variables that capture economic integration. In this paper, I follow the similar approach. Table 1 summarizes the empirical strategy for estimating the intermarriage premium.

**TABLE 1: Summary of Empirical Strategy**

<b>Labor Market Outcomes:</b>	<b><u>EARNINGS</u></b>	<b><u>EMPLOYMENT</u></b>	<b><u>OCCUPATIONAL STATUS</u></b>	<b><u>JOB TENURE</u></b>
<b>Sample</b>	Females & Males	Males	Females & Males	Males
<b>Dependent variable</b>	Log monthly wages	A binary variable takes on value one if the immigrant is employed including self-employment.	The ISEI job prestige score ranks between 10 to 90	A binary variable takes on value one if the immigrant has a tenured job position
<b>The variable of interest:</b>	A binary variable takes on value one if the immigrant married to a native and zero if the immigrant married within his/her own group.	A binary variable takes on value one if the immigrant married to a native and zero if the immigrant married within his/her own group.	A binary variable takes on value one if the immigrant married to a native and zero if the immigrant married within his/her own group.	A binary variable takes on value one if the immigrant married to a native and zero if the immigrant married within his/her own group.
<b>Problem(s)</b>	The <i>endogeneity</i> of intermarriage & The <i>selection</i> problem( the female sample)	The <i>endogeneity</i> of intermarriage	The <i>endogeneity</i> of intermarriage & The <i>selection</i> problem( the female sample)	The <i>endogeneity</i> of intermarriage
<b>Method(s)</b>	Male: <b>2SLS</b> Female: <b>3-equations Model</b> (Wooldridge,2002.p567-570)	<b>Probit Model with Binary Endogenous variables.</b> (Wooldridge,2002.p477-479)	Male: <b>2SLS</b> Female: <b>3-equations Model</b> (Wooldridge,2002.p567-570)	<b>Probit Model with Binary Endogenous variables.</b> (Wooldridge,2002.p477-479)

## REFERENCES

- Borjas, George J. (1985). Assimilation, changes in cohort quality, and the earnings of Immigrants. *Journal of Labor Economics*, 3, pp. 463-489.
- Borjas, George J. (1995). Assimilation and changes in cohort quality revisited: what happened to immigrant earnings in the 1980s? *Journal of Labor Economics*, 13(2), pp.201-245.
- Borjas, George J. (1999). Economic Assimilation. *Handbook of Labor Economics*, Volume3, edited by O.Ashenfelter and D.Card, 1721-1740, Elsevier Science B.V.
- Chiswick, Barry R. (1978). The effect of Americanization on the earnings of foreign-born men. *Journal of Political Economy*, 86(5), pp.897-921.
- Euwals, R., Dagevos, J., Gijsberts, M., & Roodenburg, H. (2007). Immigration, Integration and the Labour Market Turkish Immigrants in Germany and the Netherlands. *IZA Discussion Paper*, no.2677, March
- Gordon, Milton M. (1964) *Assimilation in American Life*, New York, Oxford University
- Kalmijn, M. & van Tubergen, F. (2007). Ethnic Intermarriage in the Netherlands: Confirmations and Refutations of Accepted Insights. *European Journal of Population Studies*, forthcoming
- Kalmijn, M. (1998). Intermarriage and homogamy: Causes, patterns, trends. *Annual Review of Sociology*, 24, 395–421.
- Kantarevic, J. (2004). Interethnic marriages and economic assimilation of migrants. *IZA Discussion Paper*, no. 1142, May
- Meng, X. Gregory, Robert G. (2005) .Intermarriage and Economic Assimilation of Immigrants. *Journal of Labor Economics*, 23(1), pp.135-176.
- Muttarak, R. (2004). Marital Assimilation: Inter-ethnic Marriage in Britain. *Presented at the Australian Population Association Conference*. 15-17 September 2004.
- Van Ours, J. C. & Veenman, J. (2003). The educational attainment of second-generation immigrants in the Netherlands. *Journal of Population Economics*, 16, 739–753.
- Wooldridge, J. (2002). *Econometric Analysis of Cross Section and Panel Data*. Cambridge, MA: MIT Press, pp 477-479 / 567-570.