Dynamic Effects of Co-Ethnic Networks on Immigrants’ Economic Success

Date: Thursday, 14 December 2017 – 2 pm
Venue: Seminar Room, Department of Economics and Management
Speaker: Michele Battisti – University of Munich

Abstract
This paper investigates how the size of co-ethnic networks at arrival affected the economic success of immigrants in Germany. Applying panel analysis with a large set of fixed effects and controls, we isolate the association between initial network size and long-run immigrant outcomes. Focusing on those who were assigned to an initial location independently of their choice allows a causal interpretation of the estimated coefficient. We find that immigrants initially located in places with larger co-ethnic networks are more likely to be employed at first, but have a lower probability of investing in human capital. In the long run they are more likely to be mis-matched in their job and to earn a lower wage.