Transitions into Stable Employment:
The Effect of Relative Group Size for the Immigrant Second Generation in France

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Abstract: Stable employment seems to be difficult to access for descendants of immigrants in contemporary France. This article discusses relative group size of ethnic communities as a possible explanation. Using data by Enquête Génération 98+7, I find empirical evidence that higher ethnic concentrations of North Africans, Southern Europeans and Asians increase the transition rates of non-immigrants. Particularly high concentrations of North Africans and Asians decrease transition rates in stable jobs for co-ethnics and highly educated North Africans in the private sector.¹

JEL classification: I2, J15, J24, J41

Keywords: second generation immigrants, early career, stable employment, relative group size, France

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Introduction

In France, labour market entrants with immigration backgrounds are more often unemployed or work in atypical or precarious forms of employment than the indigenous population (e.g. Lainé and Okba, 2005; Meurs et al., 2006; OECD, 2008; OECD, 2009; Belzil and Poinas, 2010). Stable employment, i.e. occupation based on permanent contracts, is a requirement in a labour society for an individual's economic security, status attainment or ability to start a family. However, stable employment appears difficult to access for immigrant youth (e.g. Frickey and Primon, 2004; Belzil and Poinas, 2010). Most explanations focus on deficits in individual educational endowments or residential segregation¹ (e.g. Gobillon and Selod, 2007; Duget, 2009; Silberman and Fournier, 2008; Frickey and Primon, 2002). Less attention has been paid on the relationship between contextual factors, such as relative group size, and transitions to the labour market of second generation immigrants.

The main goal of this paper is to investigate the effect of relative group size on transitions into stable employment of descendants of immigrants in France. Firstly, I give a brief overview about the regional distribution of immigrant youth and employment chances across France and about the difficulties in accessing stable jobs for youth with immigrant backgrounds. After presenting theories about relative group size and labour market outcomes for immigrants, I derive five hypotheses stating dependencies of relative group size and transitions into stable employment. I use data of Enquête Génération 98+7 that I analyze with event history analysis techniques.

Immigrant Labour Market Entrants in France

The ethnic origins of the main immigrant groups in France are Maghreb (North Africa), Southern Europe, Sub-Saharan Africa, Asia and Turkey² (INSEE, 2005). Usually, official French statistics and censuses do not survey ethnic origins by asking whether at least one parent was born abroad. Instead, place of birth and citizenship (foreign, French by birth, or acquisition) are commonly interrogated. Therefore, official French statistics cannot make exhaustive conclusions for all people with immigrant background since they fail to capture the second generation immigrants entirely.
In France, young people with immigrant backgrounds live in specific areas. Among youth aged between 15 and 30 years, figure 1 (left panel) reports that youth with immigrant background are concentrated in Île-de-France, in southern (Corse, Provence-Alpes Côte d’Azur, Rhône-Alpes, Languedoc-Roussillon, Midi-Pyrénées) and eastern (Alsace) regions. Few reside in western (Basse-Normandie, Bretagne, Pays de la Loire, Poitou-Charentes) and northwestern (Haute-Normandie, Nord-Pas-de-Calais) regions. Regarding regional unemployment rates of the immigrant populations, figure 1 (right panel) shows particularly high unemployment ratios in the north, northwestern, and southern regions. Regions like Île-de-France, Corse and Rhône-Alpes have the lowest unemployment rates of immigrants. Therefore, immigrant youth are more often settled in regions with moderate employment chances for people of immigrant descent. Exceptions are Provence-Alpes Côte d’Azur, and Languedoc-Roussillon where both ethnic concentration and the unemployment rate for immigrants are at high levels. Île-de-France, Languedoc-Roussillon, Provence-Alpes Côte d’Azur and Rhône-Alpes are regions with large prefectures (Paris, Montpellier, Marseille and Lyon) that are known for high GDP and profitable industries (e.g. automotive, financial, and mechanical engineering, information technology). In France, the population of immigrant descent is particularly concentrated in urban areas (INSEE, 1994) and predominantly employed in the service and industrial sector (Hargreaves, 1995: 66; INSEE, 2005).
Most studies about stable employment in France define stable jobs as occupations based on a permanent contract in the private or public sector (e.g. Givord, 2005; Lollivier, 2000; Lopez, 2004). The stability arises mainly from the indeterminate duration of occupation and a regular income. The maximum probation time in France is four months (Article L1221-19, Code du Travail). Fixed-term contracts have a maximum duration of 18 months, including renewals. If they are not transformed into a permanent contract, employers must pay a 6% termination cost of the employment contract’s total value (Goux et al., 2001).

Second generation immigrants face many difficulties in accessing stable jobs in their early employment phase. For young people of North African origin, their first job will more likely be based on a fixed-term contract. As their careers progress, the chances for a permanent contract remain least likely for Maghrebians. In comparison, young Southern Europeans have similar chances for a permanent contract as young French without immigrant background in their early careers (Frickey et al., 2004; Lainé and Okba, 2005). A study by Belzil and Poinas (2010) also finds lower numbers of stable employment for young Africans, both North-Africans and Sub-Saharan, in their first job and two years later. Moreover, the chanc-
es to be permanently employed in their first job are higher for highly qualified graduates with no immigrant background than for Maghrebian with the same education (OECD 2009).

Theoretical Background
A number of studies have pointed out that contextual effects like relative group size may impact labour market outcomes of immigrants. Contextual factors are features of an individual’s social and personal surrounding that may explain certain behaviours. Such factors are generally independent variables, however, they may arise from aggregated individual behaviour. In this sense, contexts are, for instance, ethnic communities for migrants from different countries including all features of the inhabitants (migrants and natives) that affect integration, segmentation, or ethnic conflicts as contextual factors (Esser, 1999: 428).

Relative group size of a population as a contextual factor is expected to predict the probability for intra- and intergroup relations. The population structure, conceptualised as people’s distributions in a multidimensional social space, may influence social relations by circumscribing the opportunities and limiting the choices in a population (Blau, 1994: 28f). Social relations are more likely to occur with growing contact opportunities. Smaller groups are expected to have a higher likelihood for intergroup contacts and relations among its members while the chances for intragroup interactions and relations increase in larger groups. Applied to migrant populations, relative group size indicates the chance for intra- and inter-ethnic relations of every kind (Esser, 2008: 89). The relationship of group size and probable occurrence of inter- and intraethnic relations lead to diverse assumptions and hypotheses about labour market returns for individuals with immigration background. I will provide an overview of the main theoretical approaches in this field and their empirical tests.

Tolnay (2001) suggests a differentiation between endogenous and exogenous effects of relative group size for socioeconomic outcomes. If an ethnic minority is affected by the group size of his/her own group, then there is an endogenous effect. If it is affected by the group size of a different group, there is an exogenous effect. Negative endogenous effects may arise from discriminatory behaviour of the dominant native-born group that occurs, if the ethnic minority is regarded as an economic threat, to the local labour market (Blalock, 1967). A larger group size makes an ethnic minority more visible and leads to the competition for labour market opportunities with the indigenous population (Granato, 2009). Therefore, discrimination on the labour market becomes a means to exclude immigrants from more
favourable jobs. I assume such practices could occur in both private and public sector (Lewin-Epstein and Semyonov, 1994).

(1) Economic Threat Hypothesis: If the relative group size of an immigrant group increases, the chances to access stable jobs are lower for co-ethnics.

Aside from that, there is a debate about the extent that some immigrant groups are able to construct a parallel economy that provides job opportunities for co-ethnics (Kaplan and Li, 2006). The enclave-economy hypothesis (Wilson and Portes, 1980) suggests that immigrant workers in enclave economies receive similar labour market benefits from human capital investments as workers in the primary market sector. As stable employment is a feature of the primary sector (Doeringer and Piore, 1971), immigrant employees could achieve this outcome as well. An enclave economy is a concentration of immigrant groups in a distinct spatial location where a variety of enterprises could emerge that are beneficial for the immigrants’ own ethnic market and the general population (Portes, 1981). In these enclaves, minority-owned businesses provide occupational opportunities for co-ethnics due to ethnic solidarity. The successful operation of enclave economies requires a minimum level of institutional completeness (Portes and Jensen, 1987). Institutional completeness means that distinct-ethnic social organisations exist that serve the immigrants’ requirements for religion, politics, economic, or leisure activities substituting for such institutions in the host-society (Breton, 1964). Because of this spatial constraint, ethnic enclaves appear to be a relatively rare phenomenon (Lee, 2013). Generally, the formation of enclaves could depend on group size: institutional completeness is more likely to be accomplished at larger group sizes (Zhou, 2004).

If such an enclave exists, Tolnay (2001: 583) suggests to distinguish between a “strong” and “weak” version of the enclave-economy hypothesis. The strong version formulates a positive linear relationship between the group size of an ethnic minority and its probability of occupational success. The weak version postulates a non-linear relationship in which labour market returns are only available when ethnic concentration is particularly high (see also Tigges and Tootle, 1993: 283). Compared to other studies (e.g. Kogan and Kalter, 2006), these non-linear relationships are more likely to exist in France because there are several French départements that have high ethnic concentrations for North Africans and Southern Europeans.
such as *Seine-Saint-Denis, Paris, Val-de-Marne, Hauts-de-Seine* or *Val d’Oise* (Tribalat, 1993: 1935). Hence, the following hypotheses are derived from this:

**(2a) Enclave-Economy Hypothesis (strong version): If the relative group size of an ethnic minority increases, the formation of enclave economies is more likely which could increase the chances to find a stable job for co-ethnics.**

**(2b) Enclave-Economy Hypothesis (weak version): Only if the relative group size of an ethnic minority is particularly high, the formation of enclave economies is more likely which could increase the chances to find a stable job increase for co-ethnics.**

However, the positive effect on labour market returns in enclave economies is also doubted. Empirically, Sanders and Nee (1987) do not find differences in advantages for Chinese immigrants who work inside or outside the city. Theoretically, enclave economies are also expected to worsen socioeconomic attainment. Wiley’s (1967) *ethnic mobility trap* model postulates that upward mobility into comparable occupational positions on the local labour market is limited. The enclave economy can offer internal careers to its members. Such careers are assumed to be less risky, more comfortable and safer but have a lower ceiling. Pursuing a course in the “outside” direction by investing in extra-group capital can open the access into mainstream labour markets, i.e. the primary sector. Critics of the enclave-economy hypothesis assume that enclave economies cannot provide opportunities of such scale to co-ethnics. Despite their high benefits, external careers are more risky and costly. A correction of the decision for an internal career is difficult and costly due to expensive investments in extra-group capital that is necessary to leave this track. For this reason, the career within the ethnic community can become a trap. Especially for second generation immigrants, enclave economies are assumed to be disadvantageous (Portes and Zhou, 1993). However, the mobility trap model focuses more on those persons who already possess substantial resources (e.g. educational credentials entitling for higher education) since upward mobility is only likely for those with greater resource endowments. Enclave economies establish in the private sector (Wilson and Portes, 1980; Portes and Jensen, 1987) because they are based primarily on small businesses owned by ethnic entrepreneurs who employ co-ethnics (Light and Bonacich, 1988). My hypothesis is as follows:
(3) Ethnic Mobility Trap Hypothesis: If the relative group size of an ethnic minority increases, the possibility for stable employment is decreased for highly qualified co-ethnics.

In terms of Tolnay, an exogenous effect of group size argues that relative group size decreases the labour market success of other ethnic minorities in the same labour market. The concept of occupational crowding, sometimes referred as economic competition approach, contends that immigrants of different origins compete with each other for the same jobs within a secondary market sector where the supply of preferred occupational positions is limited (Bergmann, 1974; Stevans, 1998). The appearance of an ethnic group could worsen occupational attainment of a different group in the same market. Stevans shows that wages of one immigrant group are negatively related to the relative size of another immigrant group in the population. The reason for decreasing wages is that the exclusion from these jobs “crowds” them into low-paid jobs at the lower occupational hierarchy. Stevans assumes that crowding is due to wage or job discrimination in internal or dual labour markets. Stable employment is not a feature of internal secondary jobs. However, the crowding hypothesis focuses on unskilled first generation immigrants or recent immigrant entrants with lacking language skills who are mainly located in this sector. It seems not plausible that their offspring who pass the educational system in the host society and have higher labour market opportunities compete for this type of secondary employment. Compared to their parents, they are more likely to be located in the primary than secondary market. However, in the primary sector, the described effects of crowding out of well-paid and stable jobs are also likely to occur if there is job discrimination. On the contrary, the queuing model assumes that returns of employment of one ethnic group depend on the size of another if there is ethnic stratification on the labour market (Thurow, 1975; Lieberson, 1980). Jobs follow a ranked order according to the most favourable. The ethnic preferences of the employer determine a certain queue of applicants. If an ethnic group is positively perceived by reaching higher positions in the queue and if the size of this group within an area is high then other more negatively perceived groups are “pushed away” because of the great quantity of the more favoured group. Queues according to ethnic group rankings have been assumed to exist for professional occupations (Lieberson, 1980) and employment versus unemployment (Hodge, 1973). Such queues are also plausible for permanent jobs where those located at its tail have to queue in unemployment or temporary jobs waiting for a permanent position (Galtier and Gautié, 2002). In comparison to queuing, the crowding approach ignores the
relative ranking of ethnic groups. The increase in size of one group happens at the expense of the other group. If queuing is applied on labour markets, an increase in one group will not decrease the chances of another group if the increasing group has a lower ranking. Inversely, if the increasing group has a higher ranking than the non-increasing group, the chances for the increasing ethnic group will be higher. In France, the ranking order of groups on the job market is assumed to have changed across immigrant generations because they differ between certification levels. Therefore, the ranking could differ among immigrant generations (Silberman and Fournier, 2008). Young people of North African and Sub-Saharan origins gained little occupational advantages compared to their parents who have the poorest employment chances among immigrants. Furthermore, these second generations who are most exposed to unemployment despite a more favourable economic context are more likely to feel discriminated than any other ethnic group. Crowding and queuing could occur both in the private and public sector. From this, I derive the following two hypotheses:

(4) Crowding Hypothesis: If the relative group size of an ethnic minority increases, the chances to find a stable job decrease for other ethnic groups.

(5) Queuing Hypothesis: If the relative group size of one immigrant group increases and if this group has a high ranking, the chances for stable employment decrease for the other immigrant group whose size remains constant and who has a lower ranking.

The empirical findings for group size effects on labour market returns are somewhat ambiguous, however, most studies share one result: there is a significantly positive effect of group size on the labour market chances for the non-immigrant population. Compared to USA, few studies have been conducted for European countries. Kogan and Kalter (2006) confirm occupational queues in Austria. The occupational status of ex-Yugoslavs is positively related to the relative group size of Turks. In Sweden, Grönqvist (2006) does not find that size of enclaves affects earnings. However, second generation immigrants who grew up in an ethnic enclave have a lower probability of graduating from higher education. In Germany, Granato (2009) finds support for the ethnic mobility trap hypothesis concerning highly educated Turks. On the other hand, Lee (2013) shows that employment in high-tech ethnic niches is associated with higher earnings for qualified Asian immigrants. Van Tubergen et al. (2004) do not find any effect for relative group size in 18 European countries. Most of these studies conclude that contextual factors could provide additional explanations for ethnic differences.
on the labour market. However, the actual causes for these disadvantages (e.g. discrimination) remain unclear.

**Data and Method**

The data employed in this article originate from the survey *Enquête Génération 98+7* conducted by the Cereq Institute (*Centre d’études et de recherches sur les qualifications*). The survey provides information about 22,000 young adults who left the educational system in 1998 for the first time and did not return to school within one year. The data has been retrospectively collected in 2001, 2003 and 2005. Thus, the sample period concerns 96 months per person with information about employment status, job characteristics, profession, income and other socio-economic features.

The ethnic origin of second generation immigrants is determined based on the birthplace of themselves and their parents (North Africa, Sub-Saharan Africa, Asia or Southern Europe), the parents’ citizenship status, and the residence of the interviewee at the beginning of sixth class level. The interviewee’s citizenship status is not taken into account in *Enquête Génération 98+7*. A person is determined to have an immigrant background if one parent was born outside of France, including former colonies. Parents and children born in France who possess French citizenship are not considered immigrants. If both parents were foreign-born with mixed ethnic origins then the father’s birthplace is classified as the child’s ethnic origin. Lastly, in terms of geographical definitions, North African background consists of people with origins in Morocco, Tunisia, and Algeria. Sub-Saharan Africa is comprised of Cameroon, Congo, Mali, Senegal and other African countries⁵. While, Asian countries are composed of Cambodia, Laos, Vietnam and other Asian or Oceanian countries. Finally, Southern Europe is constituted by Spain, Portugal and Italy. No immigrant background is assumed if a person and their parents were born in France (native-born French with native-born parents).

The dependent variable is the first stable occupation. Stable employment is defined by a permanent contract in the public or private sector. To check the hypotheses that are concerned with enclave economies I observe transitions into permanent contracts in the private sector only. Self-employed persons are excluded from the analysis. To eliminate possible probation periods, only a permanent contract that lasted at least 4 months indicates stable employment.
The impact of relative group size as a contextual effect is measured by the concentration of an ethnic group in the French départements (96 in metropolitan France). The data are provided by the statistical office of the European Union (Eurostat). To measure ethnic concentration, I use the person’s nationality. The departmental level is the smallest spatial unit available. Départements do not capture local, i.e. metropolitan, labour markets perfectly because they are not small enough. However, the average size of départements separates large cities from each other and Paris is even clustered in three départements. Therefore, départements may serve as a sufficient proxy. Data about nationality in Eurostat are derived by the French census 2001. In Eurostat, data is only available for North Africans, Sub-Saharan Africans, Southern Europeans, and Asians. The data of the départements are matched with Enquête Génération 98+7 using the départements of the individuals’ last or current place of work since the current place of residence is not surveyed. If the place of work is not available, the place of residence after leaving school was used. Since data on departmental or at least regional level are only available for first generation immigrants in official French statistics, the employed variable could be problematic to capture the entire ethnic concentration. Therefore, I compared the distribution of the second generation in Enquête Génération 98+7 with the group size data by Eurostat. Figure 2 shows that the geographical distributions are rather equivalent to each other and the group size variable employed in the analysis is a useful proxy.
Firstly, I test the ‘Economic Threat Hypothesis’ by analyzing the transition rates of persons without migration background. The hypothesis is confirmed if an increase of the relative size raises the transition rate of the non-immigrants and lowers the transition rates of co-ethnics. I calculate interaction terms of immigrant background and their proportion that shall indicate the latter effect. Interaction terms are difficult to interpret so I give an example for Southern Europeans. The main effect is the concentration of Southern Europeans. The interaction term is Southern Europeans and their ethnic concentration (Southern Europeans * % Southern Europeans). Both coefficients indicate a transition rate. The two transition rates are added. The new coefficient is interpreted as the transition rate of ‘Southern Europeans who live in areas with a high concentration of co-ethnics’.

Secondly, separate models for the immigrant groups that are larger in size are estimated. The models include squared proportions to capture possible non-linear impacts that are asserted by the weak version of the ‘Enclave-Economy Hypothesis’ (see also Tolnay, 2001). The squaring emphasizes higher values. This allows studying the transition rates in areas with especially high ethnic concentrations. The strong version of the hypothesis is confirmed if both coefficients are positive. The weak version is confirmed if only the squared coefficient
is positive. A negative squared and positive unsquared coefficient would indicate that a high proportion of the immigrant group of interest leads to disadvantages in finding a stable job for co-ethnics.

In a further step, a separate model tests the relationship of relative group size and ethnic origin for highly educated persons with North African origin (‘Ethnic Mobility Trap Hypothesis’). These persons have at least graduated from premier cycle (2 years in the pre-Bologna post-secondary educational system). I include squared and unsquared proportions to capture possible non-linear effects.

To analyze the ‘Crowding Hypothesis’ and ‘Queuing Hypothesis’, I calculate separate models for the immigrant groups that are larger in size. For instance, the model for North Africans includes the ethnic concentration of Southern Europeans. The model for Southern Europeans is constructed vice versa. Crowding out of North Africans could be evident if a high share of Southern Europeans leads to a negative significant transition rate for North Africans. Inversely, a high share of North Africans lowers the chances of Southern Europeans. As I described earlier, the crowding hypothesis does not assume stratifications among ethnic groups. Queuing, however, would be evident if a greater concentration of North Africans (for instance) leads to higher transitions rates for Southern Europeans and to a lower transition rate for North Africans if the share of Southern Europeans is high. All models also introduce squared proportions to capture possible non-linear relationships between ethnic concentration and transitions into stable employment.

Other control variables are gender, educational degree, marital status, age in 1998⁴, departmental unemployment rate, and type of community. Crucial factors affecting labour market returns, such as language skills and social capital are not surveyed in Enquête Génération 98+7 and cannot be controlled. The beginning of the observation for each respondent is the first period after leaving school.

Transitions into stable employment are estimated using different techniques of event history analysis (Blossfeld et al., 2007). Event history analysis is concerned with analyzing the time to the occurrence of an event, i.e. the failure time. Two important concepts of event history analysis are the hazard rate and survivor function. The hazard (or transition) rate is the propensity to change the state if the event has not already occurred. It is closely related and
convertible into a survivor function that is the probability that an event has not already occurred in an episode (duration time). The impact of relative group size at time points of the duration is not clearly describable and no reasonable assumptions about the shape of the transition rate can be made. Therefore, I use non-parametric and semi-parametric models to estimate the hazard rates. The Kaplan-Meier Product-Limit-Estimator is a descriptive method that provides an estimation of a survivor function without assuming the shape of the hazard rate. The product limit estimate of the survivor function $\hat{G}(t)$ is defined by

$$\prod_{j: \tau_j < \tau_1} \left(1 - \frac{E_j}{R_j}\right)$$

(1)

with failure times $\tau_1, \ldots, \tau_q$ where $q$ is the number of distinct events observed in the data. $E_j$ is the number of failures at time $\tau$ and $R_j$ is the number of individuals at risk at time $\tau$. The piecewise constant exponential model (PCE-model) is a semi-parametric modelling technique to estimate the impact of covariates on the hazard rate without necessarily having a clear idea about its shape. The non-parametric part of this model means to split the time axis into time periods while the parametric part assumes that the hazard rates in each of these intervals are constant but can change between them. The time axis is portioned into $l$ intervals $l = 1, \ldots, L: I_l(t | t_l < t \leq t_{l+1})$ so that the hazard rate $h_k(t)$ of the destination state $k$ is given by

$$h_k(t) = \exp\left\{\beta_l^{(k)} + x_{(k)}^l \beta^{(k)}\right\}$$

(2)

where $\beta_l^{(k)}$ is a constant coefficient within the $l$-th interval to the destination state $k$ and $x_{l}^{(k)} \beta^{(k)}$ is a vector of covariates and its associated coefficients that are assumed not to vary across time periods. The standard errors have been calculated using the method of robust variance estimation due to possible autocorrelation of the observations.

**Results**

Table 1 shows that the mean survival times, i.e. the waiting time for a stable job, between the groups are quite similar. However, youth with North African origin have the highest mean survival time. On average, the survival time for North Africans is more than half a year
longer than for non-immigrants. This difference is significant at the 1 per cent level. Compared to youth without immigrant background the mean survival times of Southern Europeans and Asians mean survival do not differ significantly. The survival time of youth with Sub-Saharan origin is with 60.9 months slightly higher compared to the mean of non-immigrant youth. However, the difference of almost 2 months is not significant. Among the people who receive stable employment, 87.5 per cent (7455 persons) work in the private sector.

Educational levels differ sharply among ethnic groups. Young North Africans and Sub-Saharan Africans often lack educational certificates compared to other ethnic groups. They mostly received vocational training and secondary education, which is also true for Southern Europeans. They are least likely to have graduated from higher education. Interestingly, Asians graduated more frequently from universities than persons without immigrant background.

The majority of second generation immigrants live in French urban centres while about half of indigenous French live or work in urban areas. Compared to the immigrant youth, less than one third is situated in peripheral areas. Concerning ethnic concentrations, North Africans show the highest median (2.2 per cent) and maximum proportion (7.2 per cent) in départements.
The Product-Limit-Estimator of the survivor function in figure 3 demonstrates that the transition into stable employment strongly deviates across time between non-immigrants and North Africans of the second generation. In part, there is also a gap between non-immigrants and youth of Sub-Saharan African origin. At the beginning of their careers, all groups perform quite evenly. As time goes on, the gap between the North Africans and the other groups widens. North Africans continue to have the highest survival rate across time. Thus, their employment is least often based on a permanent contract. Non-immigrants, Southern Europeans and Asians show equally lower distributed survival rates while Sub-Saharan Africans range between them and North Africans. After six years, more than the half of North Africans has not received a stable job yet. Compared to other groups, less than 40 per cent are not stably employed at this time point.
The transition rates into stable employment were estimated by the piecewise constant exponential model. A positive sign denotes a higher risk for failure, i.e. shorter duration times, while a negative sign indicates a lower risk of failure, i.e. longer transitions into stable employment. In table 2 (model 1), reports that young adults of North African origin have the lowest negative log hazard ratio. Their transition rate, i.e. their chance for stable employment, is 19 per cent lower compared to non-immigrants\(^5\). Thus, they obtain stable employment more slowly than non-immigrants. Concerning the other ethnic groups, there are no significant effects.

Model 2 considers the relative group size. There are significant negative effects for youth with North African, Asian and Sub-Sahara-African origin. The variables ‘% North Africans’, ‘% Sub-Sahara Africans’, ‘% Southern Europeans’ and ‘% Asians’ report the change in the transition rate for non-immigrants if the size of the corresponding group increases. Persons with no immigrant background show significantly higher transition rates when the proportion of North Africans, Southern Europeans, and Asians increases. A comparison of Akaike’s information criterion (AIC) between model 1 and model 2 shows that the inclusion of relative
group size improves the goodness of fit. Therefore, relative group size appears to be a powerful variable in the explanation of ethnic inequality in turning into stable employment.

In model 3, the interaction effects of immigrant background and proportion are included. Considering the interactions terms, there are significant effects for Southern Europeans and Asians. For Southern Europeans, the chances for stable employment through an increase of their ethnic concentration are lower (+0.22 - 0.28 = -0.06). The same is true for Asians (+0.10 - 0.14 = -0.04). This suggests, at first sight, that transition rates for Southern Europeans and Asians decrease if their relative group sizes increase. These results are studied further. Firstly, a Wald-test confirms that including the interaction terms significantly improves the fit of the model ($\chi^2(4) = 14.16, p < 0.01$). Therefore, the interaction terms are overall significant. Secondly, I calculate the standard errors for the transition rates of Asians and Southern Europeans who live in areas with high concentrations of co-ethnics. The coefficient for Southern Europeans (-0.06) who live in areas with a high concentration of co-ethnics is not significant (standard error: 0.11, p-value: 0.49). The interaction effect of Asian origin and their proportion (-0.04) is also insignificant with a standard error of 0.06 and a p-value of 0.56. The observation that an increase of the relative group size of Southern Europeans and Asians lowers their chances to turn into stable employment has not proven to be significant. However, the chances for the non-immigrant population improve if there is an increase in the concentrations of three immigrant groups (model 2). Therefore, one of two predictions of the economic threat hypothesis are empirically confirmed.
Table 2. Transitions into stable employment after leaving school. PCE-model (Log Hazard Ratios)

<table>
<thead>
<tr>
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<th>(Model 1)</th>
<th>(Model 2)</th>
<th>(Model 3)</th>
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<tbody>
<tr>
<td></td>
<td>Basic specification</td>
<td>Economic threat</td>
<td>Economic threat</td>
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<tr>
<td>25-48 months</td>
<td>-0.36*** (0.03)</td>
<td>-0.35*** (0.03)</td>
<td>-0.35*** (0.03)</td>
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<td>49-60 months</td>
<td>-0.95*** (0.05)</td>
<td>-0.93*** (0.05)</td>
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<td>61-84 months</td>
<td>-1.13*** (0.05)</td>
<td>-1.10*** (0.05)</td>
<td>-1.10*** (0.05)</td>
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<td>85-96 months</td>
<td>-1.48*** (0.07)</td>
<td>-1.44*** (0.07)</td>
<td>-1.43*** (0.07)</td>
</tr>
<tr>
<td>Immigrant background</td>
<td></td>
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<tr>
<td>North African</td>
<td>-0.21*** (0.05)</td>
<td>-0.30*** (0.05)</td>
<td>-0.22* (0.08)</td>
</tr>
<tr>
<td>Sub-Sahara African</td>
<td>-0.02 (0.12)</td>
<td>-0.23* (0.12)</td>
<td>-0.10 (0.18)</td>
</tr>
<tr>
<td>Southern European</td>
<td>-0.03 (0.05)</td>
<td>-0.07 (0.05)</td>
<td>0.22* (0.12)</td>
</tr>
<tr>
<td>Asian</td>
<td>-0.08 (0.08)</td>
<td>-0.21** (0.08)</td>
<td>-0.04 (0.10)</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vocational training</td>
<td>0.20*** (0.05)</td>
<td>0.21*** (0.05)</td>
<td>0.21*** (0.05)</td>
</tr>
<tr>
<td>Secondary education</td>
<td>0.11* (0.05)</td>
<td>0.11* (0.05)</td>
<td>0.12* (0.05)</td>
</tr>
<tr>
<td>Higher education</td>
<td>0.41*** (0.06)</td>
<td>0.38*** (0.06)</td>
<td>0.38*** (0.06)</td>
</tr>
<tr>
<td>Ethnic concentration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% North Africans</td>
<td>0.05** (0.02)</td>
<td>0.05** (0.02)</td>
<td></td>
</tr>
<tr>
<td>% Sub-Sahara Africans</td>
<td>0.01 (0.04)</td>
<td>0.03 (0.04)</td>
<td></td>
</tr>
<tr>
<td>% Southern Europeans</td>
<td>0.20*** (0.04)</td>
<td>0.20*** (0.04)</td>
<td></td>
</tr>
<tr>
<td>% Asians</td>
<td>0.10*** (0.02)</td>
<td>0.10*** (0.02)</td>
<td></td>
</tr>
<tr>
<td>Interaction terms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Africans x % North Africans</td>
<td>-0.03 (0.03)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-Sahara Africans x % Sub-Sahara Africans</td>
<td>-0.13 (0.13)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Europeans x % Southern Europeans</td>
<td>-0.28* (0.11)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asians x % Asians</td>
<td>-0.14* (0.05)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Type of community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Semi-urban area</td>
<td>-0.03 (0.03)</td>
<td>0.03 (0.03)</td>
<td>0.03 (0.03)</td>
</tr>
<tr>
<td>Rural area</td>
<td>-0.13*** (0.03)</td>
<td>-0.00 (0.03)</td>
<td>-0.00 (0.03)</td>
</tr>
<tr>
<td>Departmental unemployment rate</td>
<td>-0.02*** (0.00)</td>
<td>-0.02*** (0.00)</td>
<td>-0.02*** (0.00)</td>
</tr>
<tr>
<td>Children (yes/no)</td>
<td>0.02 (0.03)</td>
<td>0.01 (0.03)</td>
<td>0.01 (0.03)</td>
</tr>
<tr>
<td>Age in 1998</td>
<td>0.06*** (0.01)</td>
<td>0.05*** (0.01)</td>
<td>0.05*** (0.01)</td>
</tr>
<tr>
<td>Women</td>
<td>-0.25*** (0.02)</td>
<td>-0.24*** (0.02)</td>
<td>-0.24*** (0.02)</td>
</tr>
<tr>
<td>Constant</td>
<td>-5.49*** (0.12)</td>
<td>-5.70*** (0.12)</td>
<td>-5.71*** (0.12)</td>
</tr>
<tr>
<td>N</td>
<td>14983</td>
<td>14983</td>
<td>14983</td>
</tr>
<tr>
<td>Events</td>
<td>8517</td>
<td>8517</td>
<td>8517</td>
</tr>
<tr>
<td>AIC</td>
<td>39222.98</td>
<td>38721.63</td>
<td>38712.76</td>
</tr>
<tr>
<td>Wald Chi-squared (df.)</td>
<td>1931.37 (17)</td>
<td>2415.53 (21)</td>
<td>2433.67 (25)</td>
</tr>
</tbody>
</table>

Source: Enquête Génération 98+7, own calculation
Robust standard errors in parentheses
Ref.: 1-24 months, no immigrant background, no qualification, urban area, no children, males
* p < 0.10, ** p < 0.05, *** p < 0.01, **** p < 0.001

In the next step, I test the enclave-economy hypothesis. Note that the estimations refer solely on the private sector. In table 3 (model 1, 2 and 3), I estimated the transition rates for the unsquared group size and squared group size of North Africans, Southern Europeans and Asians for each subsample. Youth with North African origin (model 1) turn into stable employment quicker if they are located in areas with small or moderate concentrations of their co-ethnics. This effect declines when a certain relative group size is reached. The estimated
relative group size for this decrease is 5.9 per cent. For persons of Southern European origin, the effects indicate a non-linear relationship between turning into stable employment and relative group size (model 2). However, they are not significant. Moreover, the results of model 3 indicate significant longer duration times concerning stable employment for youth with Asian origin if their relative group size is particularly high. This is denoted by the positive transition rate for the unsquared variable and the negative value for the squared variable. The estimated turning point is reached with an ethnic concentration of 2.8 per cent. Over all, there is no evidence for the suggested enclave-economy hypothesis. In fact, larger group sizes decrease the chances for stable employment for co-ethnics.

Next, I test if there are endogenous effects for highly skilled Maghrebians when their ethnic concentration increases (‘Ethnic Mobility Trap Hypothesis’). Such an increase could indicate enclave entrapment. I did not model the transitions for highly skilled Southern Europeans due to a small number of cases. In model 4, the signs of the coefficients indicate that there could be a non-linear relationship leading to declining chances for highly skilled North Africans to find stable employment if their group size increases particularly high. The transition declines at an (estimated) ethnic concentration of 5.3 per cent of co-ethnics. Both coefficients are significant. The distribution of the proportions of North Africans in France shows that less than 5 per cent of youth who have graduated from higher education live in départements with an ethnic concentration greater than 5.3 per cent. That means that the negative effect of increased group size has disadvantages for few highly educated young adults of North African origin. For approximately 95 per cent of them, an increase in relative group size does not lower their chances to go over into stable employment. However, the hypothesis would be confirmed for départements with a particularly high share of North Africans.
### Table 3. Transitions into stable employment after leaving school from the PCE-model (Log Hazard Ratios)

<table>
<thead>
<tr>
<th></th>
<th>(Model 1) Economic enclave Southern Europeans</th>
<th>(Model 2) Economic enclave Asians</th>
<th>(Model 3) Ethnic mobility trap Higher educated North Africans</th>
</tr>
</thead>
<tbody>
<tr>
<td>25-48 months</td>
<td>-0.24*** (0.13)</td>
<td>0.16 (0.21)</td>
<td>-0.38** (0.21)</td>
</tr>
<tr>
<td>49-60 months</td>
<td>-0.74*** (0.22)</td>
<td>-0.72** (0.39)</td>
<td>-1.10*** (0.36)</td>
</tr>
<tr>
<td>61-84 months</td>
<td>-0.88*** (0.21)</td>
<td>-0.42 (0.33)</td>
<td>-1.66*** (0.37)</td>
</tr>
<tr>
<td>85-96 months</td>
<td>-0.90*** (0.28)</td>
<td>-0.91* (0.51)</td>
<td>-1.05** (0.41)</td>
</tr>
</tbody>
</table>

**Education**
- Vocational training: 0.53* (0.22), 0.45 (0.38)
- Secondary education: 0.57* (0.24), 0.26 (0.39)
- Higher education: 0.71* (0.25), 0.83* (0.42)

**Ethnic concentration**
- % Southern Europeans: -0.30 (0.41)
- Squared % Southern Europeans: 0.21 (0.18)
- % Asians: 0.66** (0.25)
- Squared % Asians: -0.12 (0.05)
- % North Africans: 0.27 (0.18)
- Squared % North Africans: -0.02 (0.02)

**Type of community**
- Semi-urban area: 0.03 (0.22), 0.17 (0.27)
- Rural area: 0.23 (0.28), 0.22 (0.31)
- Departmental unemployment rate: 0.00 (0.03), -0.08** (0.03)
- Children (yes/no): 0.19 (0.21), -0.17 (0.19)
- Age in 1998: 0.01 (0.04), 0.06* (0.03)
- Women: -0.05 (0.17), -0.09 (0.16)
- Constant: -5.11*** (0.56), -5.94*** (0.77), -5.15*** (0.77)

<table>
<thead>
<tr>
<th>N</th>
<th>711</th>
<th>284</th>
<th>252</th>
</tr>
</thead>
<tbody>
<tr>
<td>Events</td>
<td>413</td>
<td>165</td>
<td>168</td>
</tr>
<tr>
<td>AIC</td>
<td>1916.45</td>
<td>758.71</td>
<td>717.38</td>
</tr>
<tr>
<td>Wald Chi-squared</td>
<td>77.50</td>
<td>35.67</td>
<td>36.67</td>
</tr>
</tbody>
</table>

**Source:** Enquête Génération 98+7, own calculation

Robust standard errors in parentheses

Ref.: 1-24 months, no qualification, urban area, no children, males

*p < 0.10, **p < 0.05, ***p < 0.01, ****p < 0.001

Finally, I examine the ‘Crowding Hypothesis’ and ‘Queuing Hypothesis’ (table 4). In model 1 and 2, the signs of the unsquared proportions are positive and the signs of the squared proportions are negative. That means that the chance for stable employment for an ethnic group first increases and then decreases if the group size of another group grows. This would reject assumptions about crowding effects in areas with small or moderate ethnic concentrations and confirm the hypothesis in spaces with particularly high concentrations. However, the unsquared proportion of North Africans in model 1 has a relatively high standard er-
ror and is not significant at the 10 per cent level. Furthermore, both the squared proportions of North Africans and Southern Europeans are not significant. Therefore, neither crowding nor queuing is confirmed.

Table 4. Transitions into stable employment after leaving school. PCE model (Log Hazard Ratios)

<table>
<thead>
<tr>
<th></th>
<th>(Model 1) Crowding and Queueing</th>
<th>(Model 2) Crowding and Queueing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>North Africans</td>
<td>Southern Europeans</td>
</tr>
<tr>
<td>25-48 months</td>
<td>-0.38 (0.12)</td>
<td>-0.26 (0.13)</td>
</tr>
<tr>
<td>49-60 months</td>
<td>-0.79** (0.19)</td>
<td>-0.76** (0.22)</td>
</tr>
<tr>
<td>61-84 months</td>
<td>-0.86*** (0.18)</td>
<td>-0.90*** (0.21)</td>
</tr>
<tr>
<td>85-96 months</td>
<td>-1.21*** (0.25)</td>
<td>-0.92*** (0.27)</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vocational training</td>
<td>-0.04 (0.17)</td>
<td>0.55* (0.22)</td>
</tr>
<tr>
<td>Secondary education</td>
<td>0.13 (0.18)</td>
<td>0.60* (0.24)</td>
</tr>
<tr>
<td>Higher education</td>
<td>0.56** (0.20)</td>
<td>0.73** (0.25)</td>
</tr>
<tr>
<td><strong>Ethnic concentrations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Southern Europeans</td>
<td>0.96* (0.38)</td>
<td></td>
</tr>
<tr>
<td>Squared % Southern Europeans</td>
<td>-0.24 (0.16)</td>
<td>0.16 (0.11)</td>
</tr>
<tr>
<td>% North Africans</td>
<td></td>
<td>-0.02 (0.02)</td>
</tr>
<tr>
<td>Squared % North Africans</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Type of community</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Semi-urban area</td>
<td>0.11 (0.14)</td>
<td>-0.02 (0.14)</td>
</tr>
<tr>
<td>Rural area</td>
<td>0.19 (0.17)</td>
<td>-0.09 (0.16)</td>
</tr>
<tr>
<td>Departmental unemployment rate</td>
<td>-0.02 (0.01)</td>
<td>-0.01 (0.02)</td>
</tr>
<tr>
<td>Children (yes/no)</td>
<td>-0.01 (0.12)</td>
<td>-0.20 (0.13)</td>
</tr>
<tr>
<td>Age in 1998</td>
<td>0.05** (0.02)</td>
<td>0.02 (0.02)</td>
</tr>
<tr>
<td>Women</td>
<td>-0.14 (0.09)</td>
<td>-0.28** (0.10)</td>
</tr>
<tr>
<td>Constant</td>
<td>-6.36** (0.47)</td>
<td>-5.30*** (0.51)</td>
</tr>
</tbody>
</table>

Source: Enquête Génération 98+7, own calculation
Robust standard errors in parentheses
Ref.: 1-24 months, no qualification, urban area, no children, males
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$, **** $p < 0.001$

Conclusion

The aim of this paper is to examine the ethnic differences in the transitions into stable employment between second generation immigrants and non-immigrant young adults in France. Stable employment is crucial for creating prospects and life chances. This is mainly due to an indeterminate duration and a regular income. In France, various studies show that especially youth with North African origin face difficulties in getting a permanent contract compared to other ethnic groups or non-immigrants. In the literature on labour market out-
comes of immigrants and their offspring, contextual effects such as relative size of ethnic groups are discussed to have substantial explanatory power. The paper aims at applying these theories with regard to turning into stable employment.

Generally, descriptive analysis and multivariate methods of event history modelling report that some ethnic groups of the immigrant second generation do not wait significantly longer for stable employment than non-immigrant young adults. However, North African youth (and in part Sub-Saharan Africans) show the longest waiting times for stable employment. Concerning relative group size, the main finding is that an increase in the ethnic concentration of North Africans, Southern Europeans and Asians increases the chances for non-immigrants. However, this increase does not significantly lower the chances for co-ethnics in terms of an economic threat. Studying the groups separately reveals that particularly high concentrations of North Africans and Asians decrease transition rates in stable jobs for co-ethnics and highly educated North Africans. Therefore, enclave economies, in case they exist, would worsen the waiting time for stable jobs. Assumptions about crowding out and queuing are not confirmed.

The empirical result that relative group size is advantageous for non-immigrants is consistent with most of the comparable studies in this field (e.g. Cohen, 1998; Tolnay, 2001; Kogan and Kalter, 2006; Granato, 2009). In this sense, the study also confirms that theories on relative group size could be applied to other labour market outcomes such as stable employment. In most European countries, the flexibilisation of labour markets during the last two decades particularly affects labour market entrants (Blossfeld et al., 2008). Their first jobs are more often based on fixed-term contracts and their waiting time for permanent jobs is prolonged compared to older generations on the labour market. This process is more likely to affect second generation immigrants (Crul and Vermeulen, 2003). Further empirical studies are needed to observe this main development of contemporary labour markets in Europe. Relative group size appears to have further explanatory power for inequalities in attaining a stable job between non-immigrant young adults and second generation immigrants. It is therefore reasonable to further pursue this theoretical branch concerning stable employment.
1. Residential segregation refers to the separation of a spatial unit into neighbourhoods. It can lead to a spatial mismatch between place of residence and employment chances due to reductions in the quality of the social networks in segregated areas used in job-search activities or labour market discrimination (neighbourhood stigmatisation and redlining) (Gobillon and Selod, 2007).

2. Youth with Turkish origin are not analyzed in this article because there are no relative group size data available for them.

3. Both autre Afrique and autre Asie, Océanie are categories in the questionnaire of Enquête Génération 98+7.

4. Age, cohort and period effects (ACP) are assumed to be collinear with the process time. However ACP progress linear in time thus they are included in the baseline. It is sufficient to control for the age in 1998.

5. \( \exp(-0.21) - 1 \times 100 \approx -18.9\% \)

6. \(- (0.47) ÷ (2 * (-0.04)) \approx 5.87\% \)

References


