Assimilating to the country of the fathers? Pre-migration performance and wage assimilation of ethnic German immigrants

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The paper analyzes the wage assimilation of ethnic German immigrants to Germany. Using unique administrative data including immigrants’ pre-migration wages and employment careers since migration we find that they experience a substantial initial wage disadvantage compared to natives. During their first 15 years in the host country immigrants manage to close a considerable part of this gap, though convergence is only partial. When controlling for (pre-migration) educational attainment, a 10% higher pre-migration wage translates into 1.6% higher wages in Germany, thus pointing at partial transferability of human capital acquired in the source country to the host country’s labor market. Allowing for different assimilation profiles by source country and pre-migration labor market performance, we also find that wage convergence is significantly accelerated for immigrants with higher pre-migration wages. Source-country differences in assimilation profiles seem to reflect immigrants’ different proficiency in German.