

Intercultural marriage and the economic success of immigrants

Who is the driving factor—the native spouses or the immigrants themselves?

Keywords: integration, education, immigration, marriage

ELEVATOR PITCH

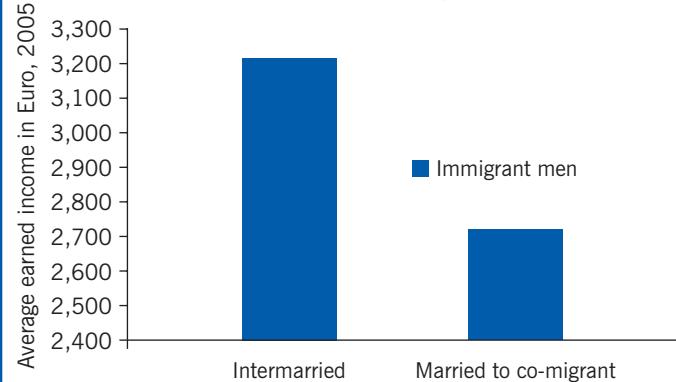
Marriages between immigrants and natives (intermarriages) are often associated with economic success and interpreted as an indicator of social integration. Interculturally married immigrant men are on average better educated and work in better paid jobs than noninterculturally married immigrant men. In this context, native spouses could deliver valuable insights into the host country and provide business contacts. However, intermarriage may not be the driving factor of economic success but instead be its byproduct, as better education and personal characteristics could be both economically beneficial and increase the likelihood of meeting natives. Intercultural marriage might also be more “suspense-packed” (positively and negatively) and can thus be associated with an increase in severe stress and a higher risk of divorce.

KEY FINDINGS

Pros

- ⊕ Intercultural marriage is more prevalent among second-generation immigrants and indicates high social integration.
- ⊕ Interculturally married immigrant men have on average better education and language skills and earn more than noninterculturally married immigrant men.
- ⊕ Interculturally married immigrant men are more likely to live outside ethnic enclaves, suggesting that they are better able to adapt to a new social environment.
- ⊕ Native spouses can provide access to social networks that help their immigrant partner enter paid employment or remain successful when self-employed.

Interculturally married immigrant men earn on average more than men married to co-migrants



Source: Based on O. Nottmeyer. *Inter-Ethnic Partnerships: Key Characteristics and What They Reveal about Successful Integration*. DIW Berlin Weekly Report No. 15, 2010.

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Cons

- ⊖ The native spouse might not be the driving factor of economic success but one of its consequences, because the direction of causality is not clear.
- ⊖ Interculturally married immigrants are less likely to enter self-employment/entrepreneurship.
- ⊖ There is a higher risk of divorce in intermarriage, indicating a high level of stress from, say, stigma and social pressure.
- ⊖ There seem to be fewer benefits from intermarriage for women and natives, possibly reflecting the different role of intermarriage in the prevalent social norms.

AUTHOR'S MAIN MESSAGE

Interculturally married immigrant men seem to be better integrated economically—while results for women are less clear. Determining the causal impact of intermarriage on economic outcomes is challenging, but empirical findings suggest that intermarriage has some causal beneficial effects on the economic success of immigrants, measured by higher earnings and greater entrepreneurial success. So, policies encouraging association with natives in schools and the workplace may foster these positive outcomes and, ultimately, the economic integration of immigrants.

MOTIVATION

Being married to and living with a person of a different ethnic and cultural background can be challenging and may require extra efforts from both partners, especially if ethnic and cultural differences are large. But being with somebody who has different perspectives and unfamiliar attitudes can be inspiring and open your eyes to new experiences and innovative approaches. It can help build bridges between social groups and bring multiethnic societies closer together. In this context, intermarriage—in this article, marriage between immigrants and natives—can be interpreted as an indicator of social integration and assimilation, and used as a measure of social proximity [1].

Defining intermarriage

There are different approaches to defining immigrant status, marriage, and intermarriage.

- Nationality, country of origin, ethnicity, or race are often used to define immigrant status, but other concepts have been introduced in recent years. In 2005, the German Microcensus introduced “people with/without migration background,” and among those with a migration background “people with/without own migration experience.” This classification differentiates first and subsequent immigration generations.
- Marriage is often used interchangeably with cohabitation even though there are noticeable differences between these types of unions, as in legal rights and duties, and thus in spouse bargaining power and position.
- Intermarriage can be defined along the lines of different ethnicity, nationality, country of origin, or race. Marriages between members of different ethnic or racial groups, from different countries of origin, or with different nationalities are therefore also called “interethnic,” “intercultural,” or “interracial.” Another common term in the literature is “exogamy,” in contrast to “endogamy.” This could include marriages between people with Asian and Mexican origin, for instance. But most often the term “intermarriage” is used for marriages of immigrants with members of the native society.

So, is it worthwhile to develop policies that encourage association between immigrants and natives? Answering is not easy. Being surrounded by other immigrants may ease the transition to a new country since immigrants may know best where to apply for jobs that match a newly arriving immigrant’s qualifications. But engaging with natives may improve outcomes for immigrants in the long term. Empirical evidence shows that intermarried immigrants are often better educated, earn higher wages, have better knowledge of the host country language, and possess different personal characteristics, such as those measured by the big five personality traits, than nonintermarried immigrants. But are economic advantages driven by the native partner? Or is it the better integrated immigrants—the ones with better education, higher earnings, and better language skills—who go out and meet native partners? Ultimately, intermarriage may not be a determinant of economic success but a consequence. Determining cause and effect is thus crucial, but not easy.

Linking intermarriages to potential public policies is also not straightforward. But if intermarriages have positive economic effects and produce better socio-economic

The big five personality traits

There is growing interest in including measures of personality such as the big five personality traits, typically used in psychology, to explain economic behavior, e.g. financial decisions, entrepreneurial success, or academic motivation—to name just a few. The big five are:

- openness to experience,
- extraversion,
- neuroticism/emotional stability,
- agreeableness, and
- conscientiousness.

One survey that publishes self-reported measures of the big five characteristics is the German Socio Economic Panel (GSOP). In order to capture the five traits the GSOEP asks respondents about:

Openness to experiences, measured by: (a) I have lively fantasies; (b) I am original, and contribute new ideas; (c) I value artistic, aesthetic experiences.

Extraversion, measured by (a) I am communicative, talkative; (b) I can let myself go, am social; (c) I am reserved.

Neuroticism, measured by: (a) I easily become nervous; (b) I worry a lot; (c) I am relaxed, can deal well with stress.

Agreeableness, measured by: (a) I am considerate and friendly with others; (b) I can forgive; (c) I can sometimes be a bit rude with others.

Conscientiousness, measured by: (a) I work hard; (b) I accomplish tasks effectively and efficiently; (c) I am rather lazy.

All of these answers are rated on a scale from 1 (=strongly disagree) to 7 (=strongly agree). For further information see <http://www.diw.de/en/soep>.

Source: O. Nottmeyer. *Inter-Ethnic Partnerships: Key Characteristics and What They Reveal about Successful Integration*. DIW Berlin Weekly Report No. 15, 2010. Online at: http://www.diw.de/documents/publikationen/73/diw_01.c.356680.de/diw_wr_2010-15.pdf

outcomes for immigrants, this could be taken as (suggestive) evidence that broader association with natives might have similar effects. So, policies that encourage social interaction between immigrants and natives could foster these positive effects. This could inform related policy issues such as family reunification or common marriage legislation. How easy should it be for immigrants to import spouses from abroad? And how strict should preconditions be for binational marriages?

DISCUSSION OF PROS AND CONS

Determinants of intermarriage

To determine cause and effect in such labor market outcomes as wages, employment, and entrepreneurship, it is important to understand the factors and characteristics that facilitate intermarriage since they may also be a key to economic success.

Availability and education

People usually have a preference for marrying somebody with a comparable bundle of “resources.” This implies not that partners have to match in each dimension, such as beauty or wealth, but that less of one factor should be “compensated” for by more of another, so that the value of the bundle is comparable. Many people prefer to marry somebody in their own ethnic group and with a similar level of education [2], so matching on both ethnicity and education is considered important. But there are search costs related to the availability of potential spouses with these characteristics. So, even if everybody has the same preferences, some will be willing to exchange similarities in ethnicity for similarities in education if there is too little supply of potential partners with the same ethnic background [3].

One important determinant for interethnic marriage is the ethnic gender ratio—the share of people of the opposing sex in the same ethnic group. The higher the availability of potential partners within the own-ethnic group, the less likely intermarriage becomes. Accordingly, intermarriage is more likely if the group-specific gender ratio is less even—if there is a shortage of female co-ethnics, for instance—and if the size of the own-ethnic group is small. In reverse, the greater the availability ratio and the larger the size of the own-ethnic group, the less likely intermarriage becomes [4]. Living in ethnic enclaves and in regions with many co-ethnics thus reduces the probability of intermarriage.

Another crucial determinant of intermarriage is education. Intermarried immigrants are often a positively selected subgroup for education [5]. On average, immigrants are less educated than natives, at least in the US and in several European countries. Within this group, it is the better educated immigrants—the ones whose education levels differ significantly from (exceed) that of their own-ethnic peers—who live outside ethnic communities and enclaves. Better educated immigrants are thus more likely to meet and socialize with people from outside their own ethnic group, especially with natives.

Better educated immigrants are also more likely to attend better schools, go to university, and work in better paid jobs. They are thus more likely to meet (and date) natives at university and in the workplace. In this sense, going to college is an “eye-opening experience” that may diminish immigrants’ preferences for marrying co-ethnics or within their own racial group [5]. Better educated immigrants are more likely to find a partner with a similar education level than with the same ethnic background—as a study of second-generation immigrants in the US shows [3]. Thus, “positive assortative matching by education” (having a spouse with a very similar education level) is more prominent among intermarried immigrants than for nonintermarried immigrants.

This kind of assortative matching is also more pronounced among those who immigrated at a young age than those who immigrated as teenagers. And there are significant differences in assortative matching among cultural groups. Similar education seems to play only a minor role for the marriage decisions of people of Asian origin while it is very important for white Americans and not so much for those of Hispanic origin [6].

Better education often goes hand in hand with better host-country language abilities [3], facilitating communication with natives. Socializing becomes easier the closer the home and host country language are. Empirical evidence for the US shows that linguistic distance of the immigrant’s mother tongue from English is “a negative predictor of

intermarriage for immigrants” [3]. Results are similar for Belgium and the Netherlands. So, the greater the linguistic distance, the less likely intermarriage becomes.

Better education may also increase the ability to adapt to new social environments and to different customs and norms, making it easier (and hence more likely) to live with someone from a different ethnic group, especially with a native. But the empirical support for this “adaptability effect” on intermarriage is mixed [4].

Other factors determining intermarriage

Intermarriage is more likely the longer the immigrant has lived in the host country. Accordingly, immigrants who immigrated at a young age and those who have lived in the host country for a long time are more likely to intermarry than those who immigrated as adults and arrived only recently [3]. This can be explained by the time it takes to accumulate host-country-specific human capital (building up knowledge about specific customs, norms, and habits, for instance) and to acquire sufficient language abilities and skills. At the same time, immigrants may lose some of their ethnic-specific human capital over time [3]. In line with this, second-generation immigrants are more likely to intermarry than first-generation immigrants [1].

However, the intermarriage rates for second-generation immigrants differ significantly by ethnic group. And also for first-generation immigrants there are significant differences in the likelihood of intermarriage. According to a study looking at (first- and second-generation) immigrants in Germany, the share of Turkish immigrants who are intermarried is very small compared with immigrants from Spain, for instance. Differences are similar for specific ethnic groups in the US, where people of Hispanic origin are among the most likely to marry white Americans and African Americans are less likely. These ethnic differences in intermarriage patterns persist over time and can be attributed to differences in ethnic group size, educational attainment, preferences, and third-party interference.

Cultural distance and the intervention of third parties can reduce the likelihood of intermarriage [2]. If cultural differences are large—say, in relation to religion or gender roles—the likelihood of intermarriage declines. Parents, other relatives, and friends might be critical of ethnically mixed relationships and thus lower the probability of intermarriage. This kind of social pressure might increase the potential for conflict that already exists in culturally mixed partnerships, and is linked to a higher level of severe psychological stress [7]. While the higher social status of a native partner can make intermarriage preferable to marriage to a co-immigrant, the lower socio-economic status of an immigrant partner might increase stress for the native spouse. In line with this, Hispanic men seem to prefer intermarriage over co-ethnic marriage, while native wives in the US face higher levels of stress in interethnic relationships [7].

Intermarriage can also be associated with social stigma and skepticism, so that divorce rates are higher for intermarriages. In the US, divorce rates for marriages between white women and black men are higher than for marriages between white men and white women. This finding is supported by another study for the Netherlands showing that intermarriages that are heterogeneous in religion or in national origin are more likely to end in divorce than homogeneous marriages. The risk of divorce increases with the cultural difference between the two ethnic groups, as shown in a study on exogamy and union dissolution in Sweden. Accordingly, ethnically mixed marriages face a higher risk

of divorce than ethnically endogamous marriages, and the risk of divorce increases with dissimilarity between the spouses.

Finally, immigrants may exhibit differences in the big five personality traits, which might explain differences in the likelihood of intermarriage. Descriptive statistics for Germany show that intermarried immigrants report being more open to new experiences and, for women, having higher values for extraversion. They also seem to feel less discriminated against, be less risk averse, and more interested in politics than nonintermarried immigrants. Additionally, intermarriage in the US is more frequent among people who report multiple ancestries and those who were married before [3]. This might indicate different states of mind and attitudes toward life and possibly toward love and marriage.

Comparing the economic outcomes of intermarried and nonintermarried immigrants

Theoretical links between intermarriage and economic success

Why should one expect positive economic impulses from intermarriage for immigrants? Because the native partner can improve the immigrant's economic situation by:

- providing valuable knowledge about the local labor market and its institutions and explaining host-country-specific customs, norms, and habits that will be helpful in finding one's way in the host-country labor market;
- providing useful contacts and access to better social networks that can lead to better job offers; even though research shows that ethnic networks are more efficient in providing jobs that match an immigrant's qualifications [8];
- fostering language acquisition and communication skills that can help the immigrant socialize with native colleagues in the workplace and thus increase the immigrant's prospects of getting and keeping a good job; and
- helping the immigrant spouse to gain citizenship and legal status, which in turn opens up new job opportunities, as in public services.

Intermarriage might also signal greater commitment to the host society, possibly improving the likelihood of employment since employers might expect the immigrant to stay in the country longer and to have a legal status that simplifies procedures for business trips.

Research from several countries shows that intermarried immigrants are indeed employed more often and earn on average more than nonintermarried immigrants. However, it is not always clear how causality runs, since all the factors mentioned above might be in play even before an immigrant meets and marries a native. They may even be a precondition for finding a native partner: As discussed, better education might be the driving factor for better language abilities, for better jobs, and, possibly through those channels, for finding a native partner. Empirical estimations try to account for this possibility, but it is not easy to judge whether the advantageous economic status of intermarried immigrants is influenced by the native spouse or is a precondition to finding that native partner.

A large share of (early) research is purely descriptive, showing mostly correlations. Detecting causality is more difficult since unobserved factors, omitted variables, and

reverse causality may bias estimation results. Finding external factors that provide a framework of treatment and control is hard, so researchers have tried to tackle these difficulties by instrumenting endogenous variables or by using panel data and advanced estimation methodologies.

Intercultural marriage and earnings

Among the first to study the causal relationship between intermarriage and higher earnings is a study on immigrants in Australia [9]. The authors use a specific ethnic gender ratio and “the probability to marry within one’s own ethnic group” to account for endogeneity—this is related to the discussion above of the availability of partners in the relevant marriage market. Rather than differences in labor market qualification on arrival, an intermarriage premium indicates faster assimilation of intermarried immigrants. So, this finding supports the hypothesis that intermarried immigrants are more successful in the labor market thanks to their native partners.

The same set-up analyzed intermarriage for immigrants in France, finding again that intermarried immigrants earn significantly more (around 17%) than endogamously married immigrants. The intermarriage premium is even higher for those with better knowledge of the French language before migration.

But does this premium remain if one accounts for unobserved heterogeneity and selection into certain types of marriages? People who intermarry may possess certain characteristics that are beneficial not only in the marriage market but also in the labor market. So, the positive economic outcomes of intermarried immigrants might be due not to intermarriage but to these characteristics. Accordingly, other studies using US data [10] and German panel data [11] find that the intermarriage premium vanishes once selectivity and unobservable characteristics are taken into account. Similarly, a study in Sweden that looks at annual incomes, also using panel data, finds that intermarriage premiums most likely result from the positive selection of immigrants into this type of marriage [12].

Intercultural marriage and (self-)employment

Another economic outcome of general interest is employment. In this context, native partners may provide valuable contacts and access to social networks. A paper using US data shows that intermarriage indeed has a positive effect on the employment probability of immigrant men [8]. So, networks obtained through intermarriage are an important factor in explaining the relationship between intermarriage and better employment opportunities for immigrants.

Better access to local networks through intermarriage also plays a crucial (positive) role in self-employment. Another US study that analyzes the effect of intermarriage on the transition into and out of entrepreneurship finds that access to local networks obtained through intermarriage significantly influences business survival [13]. For male immigrants in the US, intermarriage reduces the likelihood of starting a business but increases the likelihood of survival for those who do start a new business [13].

The first part of this finding is, at first glance, contradictory. But there seems to be an asymmetric role of intermarriage in starting a new business and in having that business

survive. Better access to local networks through intermarriage seems to increase the possibility of entering other forms of employment, such as paid employment, and thus reduces the likelihood of becoming an entrepreneur. But the same access to better local networks helps the immigrant entrepreneur to stay in business and be successful. So in the end, intermarried immigrants who start a new business are more likely to be successful in that business and less likely to exit entrepreneurship.

LIMITATIONS AND GAPS

Defining immigrant status and intermarriage is not as simple as it seems. Immigrants and natives can be defined either by nationality or by country of birth, for instance. But nationality can change over time if immigrants naturalize, and the country of birth can be misleading too. Second-generation immigrants born in the host country would not be counted as immigrants even though they might still be highly attached to the culture of their parents' country of origin. In this case, marriage between a foreign-born immigrant and a second-generation immigrant would be considered intermarriage even though it might be more similar to a marriage between two immigrants.

The German Microcensus in 2005 tried to account for such ambiguity by differentiating between people with and without a "migration background," and, among those with a migration background, between those with and without "own migration experience." By capturing naturalized immigrants and second-generation immigrants born in the host country, this definition is more precise than nationality or country of birth alone. But it also has its own flaws. For example: When does "migration background" diminish? In the third generation or the fourth?

Another difficulty arises when interpreting intermarriage as a "willingness" to integrate. Several factors influence the intermarriage decision, such as group size and the availability of partners. For members of small ethnic groups, the number of suitable partners from the same ethnicity might be very small. So intermarriage is not a matter of choice but the result of a lack of opportunities. In reverse, a low rate of intermarriage among members of large ethnic groups should not automatically be interpreted as less "willingness" to integrate. It could just be a result of the better opportunity structure of the ethnic marriage market.

Most important for the social and economic effects of intermarriage is causality. It is very difficult to control for unobservable characteristics and reverse causality and to show clear causal relations. Many studies use cross-sectional data and instrumental variable approaches to control for these issues. But the results might still be biased if instruments are weak or important data are missing. Finding good instruments that are clearly exogenous to the marriage decision can help reduce that bias, and panel data observing the same people over a longer period of time are crucial. But finding valid instruments and good data is still difficult.

Finally, more research is needed on the advantages and disadvantages of intermarriage for natives. There is, so far, not much evidence on the types of natives who intermarry and on the resulting economic and social consequences, if any exist. Studies for the US find no intermarriage premium for natives and no significant differences between intermarried and nonintermarried natives. So, what is in it for natives? Why do they intermarry? Is it simply for love?

SUMMARY AND POLICY ADVICE

Intermarriage can serve as an indicator of social proximity and as a driving factor for the economic success of immigrants. It could thus shed some light on the mechanisms that enable successful integration.

Research shows that intermarried immigrants often are better educated, have better language skills, and have lived in the host countries for longer. They earn higher wages, are more often employed, and, if self-employed, stay in business longer than nonintermarried immigrants. Such empirical findings thus support the hypothesis that intermarriage has some (causal) beneficial effects on immigrant earnings, employment probabilities, and entrepreneurial success.

But how much of this can be attributed to the native partner and how much to the immigrants? There is some evidence that wage effects may be spurious, attributable to unobserved factors that bias estimation results. In addition, ethnically mixed partnerships bear a higher risk of divorce and marriage dissolution, and may lead to more severe stress levels.

Even so, the consequences of intermarriage are relevant for policymakers since they can proxy for social connections with natives more generally. This is relevant in placing new immigrants and refugees, for instance. Placing immigrants in areas with many co-ethnics might ease their transition to their new country by providing a more familiar environment. But if immersion with natives fosters economic success and long-term integration, it might be more beneficial for immigrants to engage more with the native population. The same issue arises for immigrant children. For instance, Germany has “transition classes” (*Übergangsklassen*) to help young immigrants with low German language skills to better find their way in the German school system. The idea being to enable them to move into “regular classes” (*Regelklassen*) with natives by first improving their German language skills. But instead of supporting immigrants’ integration based on individualized care, these classes can result in social exclusion and slow integration. So, rather than placing young immigrants in specialized classes, it might be better to encourage them to engage more with natives in ethnically mixed groups. At the same time natives should be aware of their positive role in the successful integration of immigrants.

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Competing interests

The IZA World of Labor project is committed to the *IZA Guiding Principles of Research Integrity*. The author declares to have observed these principles.

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