Country-Specific Preferences and Employment Rates in Europe

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Motivation

- European countries exhibit large differences in employment rates of adult males (Eurostat, 2015): Table

$\Rightarrow$ are employment differentials only the outcome of shocks and inefficient institutions e.g. unionization, unemployment insurance, and labour taxation (Arpaia and Mourre, 2012)?

- Beliefs, preferences and values (e.g. family ties) are important determinants of individual labor market decisions:

$\Rightarrow$ do cross-country differences in labor-leisure preferences matter for employment rate differentials in Europe?

Motivation, cont'd

- Basic economic theory predicts that the amount of labor supplied, thus employment depends crucially on the relative preferences of an individual for labor versus leisure (Borjas, 2015 CH2). Figure

$\Rightarrow$ Where do individual preferences come from?

- They are partly individual-specific (taste), and partly culturally-transmitted (e.g. knowledge, understanding, practices; see Fernández, 2008,2011).
- While the individual-specific component may evolve overtime (e.g. individual experience), culturally-transmitted preferences are persistent across generations.
- Several studies have studied immigrants, and their children to identify culturally-transmitted features (Fernández, 2007).

This paper

1. Investigates **a culture-specific component of labor-leisure preferences**.
2. It analyzes whether this component **affects individual labor market outcomes**.
3. It tries and isolate the effect of preferences relative to **other transmittable factors** e.g. skills, language abilities, other values, beliefs, perceptions.
4. To what extent cultural differences in work preferences can explain employment differentials across European countries?

preview

Related literature

1 **Cross-country differences in individual labor market outcomes.**

- Taxation vs. coordinated leisure decisions (e.g. Prescott, 2004; Alesina et al., 2006).
- Eugster et al. (2016) analyze "cross-cultural" differences in preferences:
  - cultural discontinuities (Latins vs. Germans) in Switzerland;
  - individual job search effort.

2 **Family attitudes and the labor supply of households**.

- Attitudes towards/within family, with a focus on women, youth, elderly outcomes (e.g. Fernández et al., 2004; Algan and Cahuc, 2005).
- Giavazzi et al. (2013) analyze the value of leisure and hours of work:
  - value attached to holidays in a job;
  - IV strategy rests on attitudes from higher generation migrants in the US;
  - outcome: aggregate number of hours worked in a country.

Equilibrium employment

$$l_{ior} = \left(\frac{\delta}{\eta}\right)^{\frac{1}{\eta-\delta}} \theta_{ior}^{\frac{1}{\eta-\delta}} e_i^{\gamma} A_r^{\gamma} A_o^{\gamma}.$$

- Individual preferences for work (in logs): $\ln(\theta_{ior}) = \ln(\overline{\theta}_o) + \ln(\overline{\theta}_{or}) + \ln(\theta_i)$,

$$\ln(l_{ior}) = \alpha + \beta \ln(\overline{\theta}_o) + \beta \ln(\overline{\theta}_{or}) + \beta \ln(\theta_i) + \gamma \ln(e_i) + \gamma \ln A_r + \gamma \ln(A_o), \quad (1)$$

where $\alpha = \ln\left(\frac{\delta}{\eta}\right)^{\frac{1}{\eta-\delta}}$ and $\beta = \frac{1}{\eta-\delta}$.

- β is our main parameter of interest, which we estimate from $ln(\overline{\theta}_o)$.
- $ln(\overline{\theta}_o)$ retrieved from natives/stayers in the origin country (Fernández 2007).

Retrieving $ln(\bar{\theta}_o)$ from data

- Individual information on the extent of agreement to the statement **I would enjoy having a paid job even if did not need the money**.
- We construct a dummy variable $(work\_preference)_{io}$, equal to one if the person agrees / strongly agrees and equal to 0 otherwise.
- We estimate the following equation on the sample of natives $(r = o)$:

$$(work\_preference)_{io} = \varphi_o + b_1 X_{it} + b_2 X_{it}^{Par} + \epsilon_{io}.$$

- We use the predicted FE as our proxy of country-specific preferences for work, $(work\_preference)_o$. Results

Empirical specification

We estimate the following equation on the sample of migrants ($r \neq o$):

$$l_{iort} = a + b(work\_preference)_o + \phi_{rt} + b_1 X_{it} + b_2 X_{it}^{Par} + b_3 C_{ot} + b_4 Values_{it} + \varepsilon_{irot},$$

- l_{iort}: labor outcome of individual i from origin o, in country r at time t,
- X_{it}, X_{it}^{Par}: individual, parental characteristics of individual i at time t,
- C_{ot}: country of origin characteristics at time t,
- $Values_{it}$: other values, preferences beliefs of individual i at time t,
- ϕ_{rt}: country of residence by year dummies,
- ε_{irot}: error term.

Data and main variables

European Social Survey data for 36 countries over 2002-2012 (six waves).

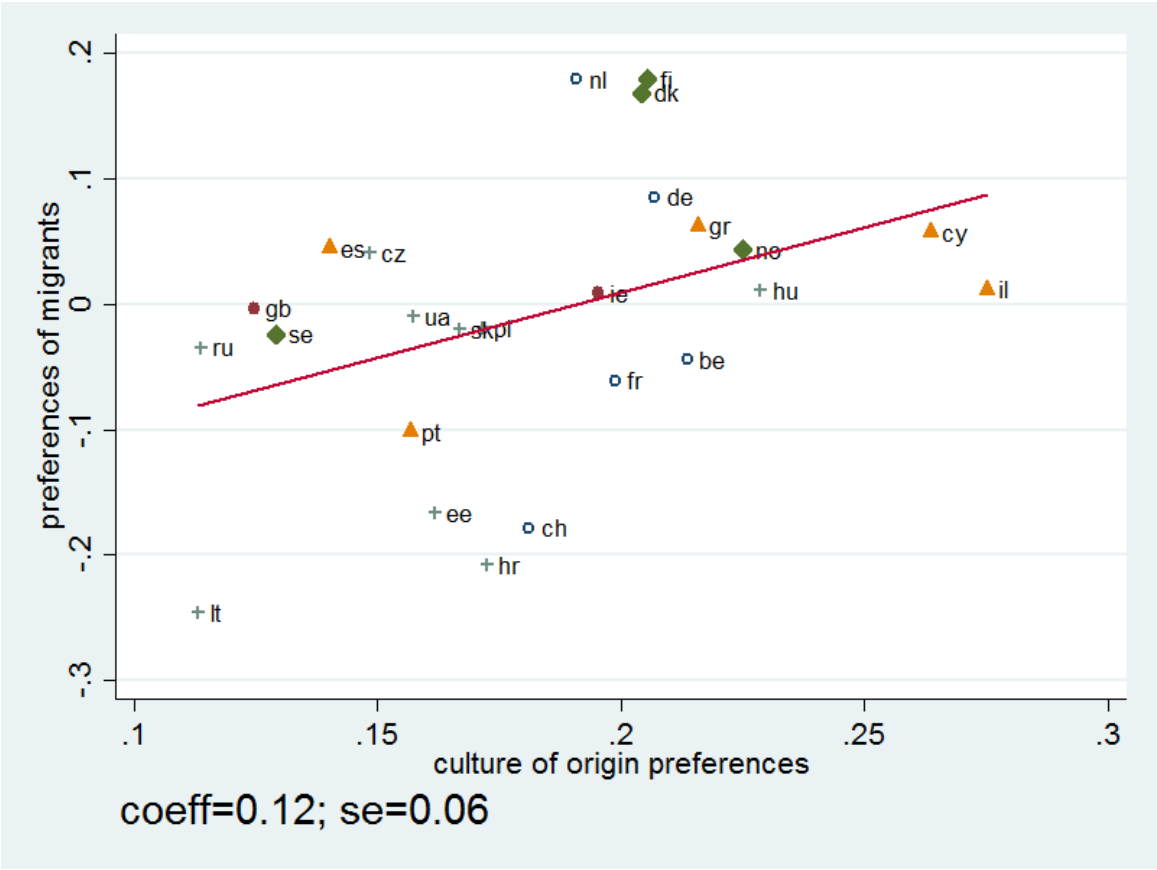
- Detailed information on personal, family characteristics, labor market outcomes and history, individual preferences and beliefs.
- Migration identifiers (parents' country of birth) only for 2004-2012:

→ country of origin= father's country of birth.

- Information on preferences for work available only for the 2010 ESS wave.
- Focus on working age males.
- We consider only within sample migration.

Baseline sample covers 26 countries during the period 2004-2012, and includes 55742 individuals, of which 53068 natives and 2674 migrants (1st and 2nd generation). stats

Culture of origin and preferences of migrants



Notes: labor-leisure preferences of migrants, conditional on country of residence FE (y-axis) vs. culture of origin preferences (x-axis). Regression

Baseline results (1): employment probability

	[1]	[2]	[3]	Obs.
(a) OLS, natives and migrants, 2010	–0.08***	–0.08***	–0.08***	9564
	(0.01)	(0.01)	(0.01)	
(b) reduced IV, natives and migrants, 2010	0.54***	0.37***	0.32***	9564
	(0.06)	(0.06)	(0.05)	
(c) reduced IV, natives and migrants, 2004-2012	0.29***	0.28***	0.24***	48027
	(0.05)	(0.03)	(0.03)	
(d) reduced IV, migrants only, 2004-2012	**0.53*** **	**0.50*** **	**0.41*** **	**2674**
	(0.05)	**(0.05)**	**(0.05)**	
(e) reduced IV, migrants age 20-50, 2004-2012	0.40***	0.37***	0.32***	1919
	(0.06)	(0.06)	(0.06)	
country-by-year FE	yes	yes	yes	
individual controls	no	yes	yes	
parental controls	no	no	yes	

Notes: Robust standard errors, clustered by residence and origin country in parentheses.
Significance levels: $*$: 10% $**$: 5% $***$: 1%

Baseline results (2): hours of work and unemployment

	[1]	[2]	[3]	Obs.
(a) labor force participation	0.12***	0.12***	0.12***	2623
	(0.02)	(0.02)	(0.02)	
(b) weekly hours per employee (FTE)	0.07***	0.07***	0.09***	2273
	(0.01)	(0.01)	(0.01)	
(c) weekly hours per person (FTE)	0.48***	0.45***	0.40***	2569
	(0.03)	(0.02)	(0.02)	
(d) currently unemployed	–0.45***	–0.40***	–0.31***	2527
	(0.04)	(0.05)	(0.04)	
(e) ever had short unemployment spell	–0.73***	–0.53***	–0.39***	2569
	(0.10)	(0.12)	(0.14)	
(f) ever had long unemployment spell	–0.27**	–0.40***	–0.32***	2569
	(0.10)	(0.12)	(0.11)	
(g) never had a paid job	–0.08***	–0.08***	–0.06***	2569
	(0.01)	(0.01)	(0.01)	
country-by-year FE	yes	yes	yes	
individual controls	no	yes	yes	
parental controls	no	no	yes	

Notes: based on the preferred specification (d) in Table 1 i.e. reduced form IV, migrants only, 2004-2012. Short unemployment spell is between 3 and 12 months. Long unemployment spell is over 12 months. Robust standard errors, clustered by residence and origin country in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1%

Extensions and checks

- **Culture of origin and residence:**
  - cultural integration in the residence country, here
  - cultural transmission (only 2^{nd} generation). here
- **The role of the mother:**
  - the motherly cultural channel, here
  - additional mother's controls. here
- **Alternative measurement and specifications:**
  - measurement and additional controls (1^{st} stage), here
  - alternative definitions of country-specific preferences for work. here
- **Country of origin characteristics:**
  - quality of education, here
  - economic conditions, here
  - other origin-specific factors. here
- **Alternative explanations based on preferences**, here
- **The role of redistribution:**
  - individual attitudes towards redistribution, here
  - labor market institutions. here

Concluding remarks

- Culturally transmitted preferences explain about one fourth of 90-10 differentials in employment rates in Europe.

$\Rightarrow$ If a country like Spain converged to the same institutional structure of a country like the Netherlands, we would still observe an employment differential of roughly 4 percentage points, due to cultural preferences.

- Welfare policies to prevent work aversion?

$\Rightarrow$ Health & safety-at-work, better contractual arrangements.

$\Rightarrow$ Effects on individuals' preferences (e.g. avoid formation of bad social norms) may have long-lasting effects.

Thank you for your attention

Preview of our results

1 **Individual labor-leisure preferences have a cultural component:**

- preferences from the country of origin persist in workers that no longer reside (1^{st} gen. migrants), or never resided (2^{nd} gen. migrants) there.

2 **Country-specific preferences matter for individual labor market outcomes:**

- employment, participation, hours of work, unemployment.

3 **Country-specific preferences explain about 24% of the 90-10 percentile difference in employment rates in Europe:**

- sizeable magnitude but much smaller than labor market institutions (e.g. labor taxation, social insurance).

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Cultural integration in the residence country

	[1]	[2]	[3]	Observations
Panel A: Length of Stay (LoS) in the residence country				2674
(Preferences for work)*(LoS<20)	1.01***	1.07***	1.01***	
	(0.08)	(0.08)	(0.08)	
(Preferences for work)*(LoS>20)	0.11***	0.07	–0.05	
	(0.04)	(0.05)	(0.04)	
pvalue on test of equal coefficients	*0.00*	*0.00*	*0.00*	
Panel B: Citizenship of the residence country				2673
(Preferences for work)*(not citizens)	0.30***	0.44***	0.44***	
	(0.07)	(0.09)	(0.08)	
(Preferences for work)*(citizens)	0.62***	0.46***	0.32***	
	(0.07)	(0.06)	(0.06)	
pvalue on test of equal coefficients	*0.00*	*0.88*	*0.25*	
Panel C: Important to understand different people				2599
(Preferences for work)*(not important)	0.93***	0.87***	0.75***	
	(0.07)	(0.10)	(0.08)	
(Preferences for work)*(important)	0.50***	0.48***	0.39***	
	(0.05)	(0.06)	(0.07)	
pvalue on test of equal coefficients	*0.00*	*0.00*	*0.00*	

Notes: The dependent variable is a dummy equal to one if the individual is employed in the reference week. In each panel we include the interaction of $(work\_preferences)_o$ with a dummy defined in the first column. In panel A the effect is separated by length of stay, in panel B by citizenship and in panel C by individual attitudes. Robust standard errors, clustered by host and origin country in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1%. back

Cultural transmission (only 2^{nd} generation)

	[1]	[2]	[3]	[4]	[5]	[6]
Panel A: Origin based on father						
Preferences for work	0.06***	0.05*	–0.01	0.64***	0.71***	0.78***
	(0.02)	(0.03)	(0.05)	(0.09)	(0.11)	(0.10)
Native mother				0.19***	0.22***	0.25***
				(0.03)	(0.03)	(0.03)
(Preferences for work)*(Native mother)				–0.94***	–1.11***	–1.35***
				(0.11)	(0.13)	(0.10)
Observations	1203	1203	1203	1203	1203	1203
Panel B: Origin based on mother						
Preferences for work	0.78***	0.75***	0.77***	1.41***	1.65***	1.77***
	(0.07)	(0.10)	(0.10)	(0.07)	(0.10)	(0.09)
Native father				0.24***	0.32***	0.34***
				(0.03)	(0.04)	(0.04)
(Preferences for work)*(Native father)				–1.04***	–1.52***	–1.70***
				(0.18)	(0.18)	(0.22)
Observations	1240	1240	1240	1240	1240	1240

Notes: The dependent variable is a dummy equal to one if the individual is employed in the reference week. The entry of the table represents the estimated coefficient on the variable of interest, listed in the first column. Columns [1] and [4] include country-by-year FE as controls. Columns [2] and [5] include country-by-year FE and individual characteristics as controls. Columns [3] and [6] include country-by-year FE, individual characteristics and father characteristics as controls. Native father and mother are defined as father, mother born in the country of residence of the child. Robust standard errors and reported in parenthesis, clustered by residence and origin country. Significance levels: $*$: 10% $**$: 5% $***$: 1%.

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Baseline results: motherly cultural channel

	[1]	[2]	[3]	Observations
(a) OLS, natives and migrants (2010)	–0.08***	–0.08***	–0.08***	9595
	(0.01)	(0.01)	(0.01)	
(b) reduced form IV, natives and migrants (2010)	0.47***	0.34***	0.33***	9462
	(0.07)	(0.06)	(0.07)	
(c) reduced form IV, natives and migrants (2004-2012)	0.39***	0.39***	0.35***	47575
	(0.10)	(0.08)	(0.07)	
(d) reduced form IV, migrants only (2004-2012)	0.65***	0.69***	0.63***	2588
	(0.06)	(0.05)	(0.06)	
(e) reduced form IV, migrants with age 20-50 (2004-2012)	0.60***	0.67***	0.64***	1847
	(0.05)	(0.05)	(0.07)	
country-by-year FE	yes	yes	yes	
individual controls	no	yes	yes	
parental controls	no	no	yes	

Notes: The dependent variable is a dummy equal to one for working during the reference week and 0 otherwise. The sample includes working age male natives and first, second generation migrants. In rows (b)-(e), we show the coefficient on the culture of origin preference for working obtained from the auxiliary regression where the culture of origin is based on mother's country of birth. Column [1] includes country-by-year FE only. Column [2] includes country-by-year FE and individual characteristics (dummies for age, education, marital status, child living in family, dummy for migrant spending less than 20 years in a country) as controls. Column [3] includes country-by-year FE, individual characteristics and father characteristics (dummies for father's education, employment status and occupation when respondent was 14 years old) as controls. Robust standard errors, clustered by host and origin country in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1%.

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Including motherly controls in the second stage

	fatherly cultural channel		fatherly cultural channel	
	[1]	[2]	[3]	[4]
Preferences for work	0.37***	0.27***	0.63***	0.54***
	(0.06)	(0.05)	(0.06)	(0.05)
Mother secondary education		0.07***		0.06***
		(0.01)		(0.01)
Mother tertiary education		0.05***		0.05***
		(0.01)		(0.01)
Mother self-employed		0.00		0.00
		(0.00)		(0.00)
Mother not working		–0.05***		–0.05***
		(0.00)		(0.00)
Mother absent-died		–0.12***		–0.12***
		(0.01)		(0.01)
R sq.	0.09	0.11	0.10	0.11
N	2572	2446	2572	2446

Notes: All specifications include the usual set of individual characteristics, characteristics of the father, and residence-by-year fixed effects. Robust standard errors, clustered by residence and origin country in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1%

back

Quality of education in the origin country

Panel A: Expenditure in education	[1]	[2]	[3]	[4]	[5]	[6]
Preferences for work	0.37***	0.36***	0.28***	0.53***	0.49***	0.40***
	(0.03)	(0.04)	(0.04)	(0.07)	(0.07)	(0.06)
Education expenditure, % of GDP	0.02***	0.02***	0.01***			
	(0.00)	(0.00)	(0.00)			
Education expenditure, % of public exp.				−0.00*	−0.00**	−0.00**
				(0.00)	(0.00)	(0.00)
Observations	2674	2674	2674	2674	2674	2674
Panel B: Enrollment rates						
Preferences for work	0.50***	0.47***	0.39***	0.53***	0.50***	0.40***
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
Enrollment rates, primary	0.03***	0.03***	0.03***			
	(0.01)	(0.01)	(0.01)			
Enrollment rates, secondary				0.02	0.01	0.01
				(0.01)	(0.01)	(0.01)
Observations	2674	2674	2674	2674	2674	2674
Panel C: Pupils-to-Teachers ratio (PtT)						
Preferences for work	0.44***	0.39***	0.30***	0.54***	0.52***	0.42***
	(0.07)	(0.07)	(0.07)	(0.05)	(0.05)	(0.04)
PtT, primary school	−0.04**	−0.05*	−0.05*			
	(0.02)	(0.03)	(0.03)			
PtT, secondary school				−0.02***	−0.03***	−0.03***
				(0.01)	(0.01)	(0.01)
Observations	2674	2674	2674	2674	2674	2674
Panel D: PISA scores						
Preferences for work	0.43***	0.39***	0.30***	0.43***	0.41***	0.32***
	(0.08)	(0.08)	(0.07)	(0.07)	(0.07)	(0.07)
PISA, reading	−0.00	−0.01*	−0.01**			
	(0.00)	(0.00)	(0.00)			
PISA, science				0.00	−0.00	−0.00
				(0.00)	(0.00)	(0.00)
Observations	2472	2472	2472	2472	2472	2472

Notes: Columns [1] and [4] include country-by-year FE as controls. Columns [2] and [5] include country-by-year FE and individual characteristics as controls. Columns [3] and [6] include country-by-year FE, individual characteristics and father characteristics as controls. Robust standard errors, clustered by host and origin country are reported in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1% back.

Economic conditions in the origin country

	[1]	[2]	[3]	[4]	[5]	[6]
Panel A: Economic performance, growth						
Preferences for work	0.55***	0.55***	0.47***	0.27***	0.26***	0.19***
	(0.05)	(0.06)	(0.06)	(0.04)	(0.05)	(0.05)
GDP per capita (logs)	–0.00	–0.01***	–0.01***			
	(0.00)	(0.00)	(0.00)			
GDP per capita (growth)				–0.01***	–0.01***	–0.01***
				(0.00)	(0.00)	(0.00)
Observations	2674	2674	2674	2674	2674	2674
Panel B: Labor market performance						
Preferences for work	0.38***	0.32***	0.20***	0.53***	0.49***	0.39***
	(0.08)	(0.08)	(0.08)	(0.05)	(0.05)	(0.04)
Employment to population ratio	–0.03***	–0.04***	–0.04***			
	(0.01)	(0.01)	(0.01)			
Unemployment rate				0.02*	0.02*	0.03**
				(0.01)	(0.01)	(0.01)
Observations	2674	2674	2674	2674	2674	2674
Panel C: Income inequality						
Preferences for work	0.20***	0.20***	0.14**	0.25***	0.25***	0.17***
	(0.05)	(0.06)	(0.06)	(0.05)	(0.06)	(0.06)
80/20 percentile ratio	–0.02***	–0.02***	–0.02***			
	(0.00)	(0.00)	(0.00)			
90/10 percentile ratio				–0.08***	–0.07***	–0.07***
				(0.01)	(0.01)	(0.01)
Observations	2662	2662	2662	2662	2662	2662

Notes: Columns [1] and [4] include country-by-year FE as controls. Columns [2] and [5] include country-by-year FE and individual characteristics as controls. Columns [3] and [6] include country-by-year FE, individual characteristics and father characteristics as controls. Robust standard errors, clustered by host and origin country are reported in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1%.

back

Other individual attitudes and beliefs

	[1]	[2]	[3]	[4]	[5]	[6]
Panel A: Religious intensity						
Preferences for work	0.54***	0.51***	0.42***	0.55***	0.52***	0.45***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Attend service > once a week	–0.02**	–0.04***	–0.04***			
	(0.01)	(0.01)	(0.01)			
Pray > once a week				–0.04***	–0.05***	–0.05***
				(0.01)	(0.01)	(0.02)
Observations	2658	2658	2658	2649	2649	2649
Panel B: Self-Interest, distrust						
Preferences for work	0.55***	0.52***	0.43***	0.54***	0.51***	0.41***
	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
Loyal to friends: not like me	0.02**	0.01	0.01			
	(0.01)	(0.01)	(0.01)			
Distrust other people				–0.04***	–0.03***	–0.04***
				(0.01)	(0.01)	(0.01)
Observations	2636	2636	2636	2665	2665	2665
Panel C: Conservative work culture						
Preferences for work	0.68***	0.69***	0.46***	0.27***	0.33***	0.22***
	(0.06)	(0.08)	(0.10)	(0.07)	(0.07)	(0.06)
Job security important	0.03***	0.03***	0.03***			
	(0.00)	(0.01)	(0.01)			
Jobs scarce: more right to men				–0.04	–0.04**	–0.04**
				(0.02)	(0.02)	(0.02)
Observations	933	933	933	1544	1544	1544

Notes: Columns [1] and [4] include country-by-year FE as controls. Columns [2] and [5] include country-by-year FE and individual characteristics as controls. Columns [3] and [6] include country-by-year FE, individual characteristics and father characteristics as controls. Robust standard errors, clustered by host and origin country are reported in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1%

back

Measurement and additional controls in the first stage

	[1]	[2]	[3]	Obs.
(2) Entire pool of natives (including immigrants)	0.62***	0.62***	0.53***	2623
	(0.05)	(0.06)	(0.06)	
(3) Average preferences by origin (unconditional)	0.50***	0.46***	0.36***	2623
	(0.05)	(0.05)	(0.05)	
(4) Religious intensity, denomination (1^{st} st.)	0.49***	0.47***	0.39***	2623
	(0.06)	(0.06)	(0.06)	
(5) Distrust, conservative work culture (1^{st} st.)	0.53***	0.51***	0.41***	2623
	(0.05)	(0.06)	(0.05)	
(6) Latin language spoken (1^{st} st.)	0.54***	0.52***	0.42***	2623
	(0.05)	(0.06)	(0.05)	
(7) Unemployed, discriminated (1^{st} st.)	0.54***	0.52***	0.41***	2623
	(0.05)	(0.05)	(0.05)	
(8) Individual wages (1^{st} st.)	0.47***	0.44***	0.34***	2623
	(0.05)	(0.05)	(0.04)	
(9) Important to be rich (1^{st} st.)	0.53***	0.50***	0.40***	2623
	(0.05)	(0.06)	(0.05)	

Notes: In Rows (2),(3) country-specific preferences are predicted from all people coming from the same origin, including migrants to a different destination, and measured as (unconditional) averages of natives, respectively. In Rows (4)-(9) we included in the first stage: dummies for attending religious services more than once a week, praying more than once a week, and religious denomination (Row 4); generalized distrust, importance of job security and preference for men's work when jobs are scarce (Row 5); main spoken language belonging to the Latin group (Row 6); unemployed or discriminated individual (Row 7); individual (log) wages (Row 8); importance attached to being rich (Row 9). Robust standard errors, clustered by residence and origin country in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1%

back

Alternative measures of country-specific preferences

(10) Put effort in work to keep my job	0.10***	0.13***	0.16***	2623
	(0.03)	(0.03)	(0.03)	
(11) Work is important in life	0.08***	0.13***	0.13***	2617
	(0.03)	(0.04)	(0.04)	
(12) Work always come first	0.17***	0.21***	0.21***	2617
	(0.02)	(0.03)	(0.03)	
(13) Work is a duty towards the society	0.13***	0.12***	0.09**	2617
	(0.04)	(0.04)	(0.04)	
(14) Work is needed to develop talents	0.14***	0.18***	0.19***	2617
	(0.03)	(0.04)	(0.03)	
(15) People turn lazy without working	0.06	0.13**	0.16***	2617
	(0.04)	(0.05)	(0.05)	
(16) Leisure is important in life	–0.30***	–0.38***	–0.42***	2617
	(0.04)	(0.05)	(0.04)	
(17) Holidays are important in job	–0.17***	–0.16***	–0.13***	2617
	(0.02)	(0.02)	(0.02)	

Notes: In Rows (10)-(17) preferences are the predicted origin FE from regressions of the alternative individual evaluation of working versus leisure reported in each row, after controlling for the usual set of individual and parental characteristics. Measures used in Rows (11)-(17) are constructed using European Value Study data in the first stage. Robust standard errors, clustered by residence and origin country in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1%

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Additional controls in the 2^{nd} stage

	[1]	[2]	[3]	Obs.
(1) Preferences for work, baseline	**0.53*** (0.05)**	**0.50*** (0.05)**	**0.41*** (0.05)**	**2674**
(2) Emigration rates from origin	0.55*** (0.06)	0.51*** (0.06)	0.42*** (0.06)	2623
(3) Emigration rates from origin (high skilled)	0.44*** (0.06)	0.39*** (0.06)	0.31*** (0.06)	2623
(4) Share of co-immigrants with tertiary education	0.37*** (0.04)	0.33*** (0.04)	0.23*** (0.05)	2623
(5) Geographical and cultural distance between destination and origin	0.55*** (0.06)	0.53*** (0.07)	0.44*** (0.07)	2594
(6) Size of co-immigrants' group in destination	0.47*** (0.05)	0.44*** (0.05)	0.36*** (0.05)	2623
(7) Quality of labor force in origin	0.57*** (0.06)	0.54*** (0.06)	0.44*** (0.06)	2467

Notes: Robust standard errors, clustered by residence and origin country in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1%

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Controlling for other individual characteristics

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
Preferences for work	0.53***	0.49***	0.44***	0.29***	0.34***	0.22***	0.20***	0.22***	0.14***
	(0.05)	(0.05)	(0.05)	(0.08)	(0.07)	(0.05)	(0.07)	(0.06)	(0.05)
Protestant religion	–0.00	–0.01	–0.01				–0.02	–0.03	–0.04
	(0.01)	(0.01)	(0.01)				(0.02)	(0.02)	(0.02)
Jewish religion	0.13***	0.11***	0.08***				0.16***	0.13***	0.10***
	(0.01)	(0.01)	(0.01)				(0.01)	(0.01)	(0.01)
Islamic religion	–0.00	–0.01	0.02				0.23***	0.19***	0.21***
	(0.06)	(0.07)	(0.06)				(0.01)	(0.01)	(0.02)
Other or no religion	–0.00	0.00	0.00				–0.01	0.00	–0.00
	(0.01)	(0.01)	(0.01)				(0.02)	(0.01)	(0.01)
Attend service > once a week	–0.01	–0.02**	–0.03***				–0.02**	–0.05***	–0.05***
	(0.01)	(0.01)	(0.01)				(0.01)	(0.01)	(0.01)
Pray > once a week	–0.04***	–0.04***	–0.05***				–0.04*	–0.05**	–0.04**
	(0.02)	(0.01)	(0.01)				(0.02)	(0.02)	(0.02)
Distrust other people				–0.04**	–0.02	–0.02	–0.02	–0.00	–0.00
				(0.02)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)
Jobs scarce: more right to men				–0.04	–0.04**	–0.05**	–0.07**	–0.07***	–0.07***
				(0.02)	(0.02)	(0.02)	(0.03)	(0.02)	(0.02)
R sq.	0.08	0.10	0.10	0.08	0.12	0.13	0.08	0.10	0.10
Observations	2145	2145	2145	1567	1567	1567	1340	1340	1340

Notes: In column [1] the reference group is the group of countries speaking German language. The other explanatory variables are described in the previous tables. "Conservative work culture" is measured as dummy variable =1 if the respondent answers "I Agree strongly" or "I Agree", to the statement: *When jobs are scarce, men should have more right to a job than women*, 0 otherwise. All specifications include country by year FE, individual and father characteristics. In the last column the explanatory variables are subtracted of their means and divided by their standard deviation. Robust standard errors, clustered by host and origin country are reported in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1%. back

Alternative outcomes: preferences for redistribution

	[1]	[2]	[3]	Obs.
(a) important the government ensures safety	–0.63***	–0.62***	–0.53***	2593
	(0.17)	(0.16)	(0.17)	
(b) gov. resp. for living standards of unemployed	–0.62***	–0.66***	–0.55***	619
	(0.05)	(0.16)	(0.11)	
(c) ever member of a trade union	–0.31	–0.74***	–0.71***	2657
	(0.21)	(0.20)	(0.21)	
(d) leftwing ideology	–0.17	–0.18	–0.15	2345
	(0.11)	(0.16)	(0.17)	
(e) important treating people equally	–0.34	–0.34	–0.40	2600
	(0.26)	(0.30)	(0.33)	

Notes: The dependent variable in each regression is the variable described in the first column. Column [1] includes country-by-year FE as controls. Column [2] includes country-by-year FE and individual characteristics as controls. Column [3] includes country-by-year FE, individual characteristics and father characteristics as controls. Robust standard errors, clustered by host and origin country, are reported in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1%. back

Labor market institutions and taxation in the residence

	[1]	[2]	[3]	[4]	[5]	[6] *standardized coefficients*
Unemployment benefits	–0.601***	–0.379***	–0.355***	–0.393***	–0.396***	–0.049***
	(0.025)	(0.017)	(0.016)	(0.015)	(0.015)	(0.002)
Union density	–0.047					
	(0.052)					
$ln(ret100)$		0.619***	0.336***	0.630***	0.629***	0.089***
		(0.029)	(0.033)	(0.029)	(0.029)	(0.004)
$ln(ret67)$			0.174***			
			(0.015)			
$ln(ret167)$			0.157***			
			(0.030)			
$ln(\frac{ret67}{ret167})$				0.044***	0.039**	0.002**
				(0.016)	(0.016)	(0.001)
Preferences for work					0.264***	0.010***
					(0.040)	(0.002)
R sq.	0.05	0.05	0.05	0.05	0.05	0.05
N	46869	46869	46869	46869	46869	46869

Notes: In Panel B, retention rates are computed as ret$j = 1 - ATRj$ for $j \in \{67\%, 100\%, 167\%\}$ with respect to the average wage (AW). See Lehmann et al. (2015) for details. All specifications include country of residence and time fixed effects. All specification include individual and father characteristics. Specifications in panel B also include controls for union density and unemployment benefits replacement rates. In the last column, the explanatory variables are subtracted of their means and divided by their standard deviation. Robust standard errors, clustered by host and origin country are reported in parentheses. Significance levels: $*$: 10% $**$: 5% $***$: 1%. back

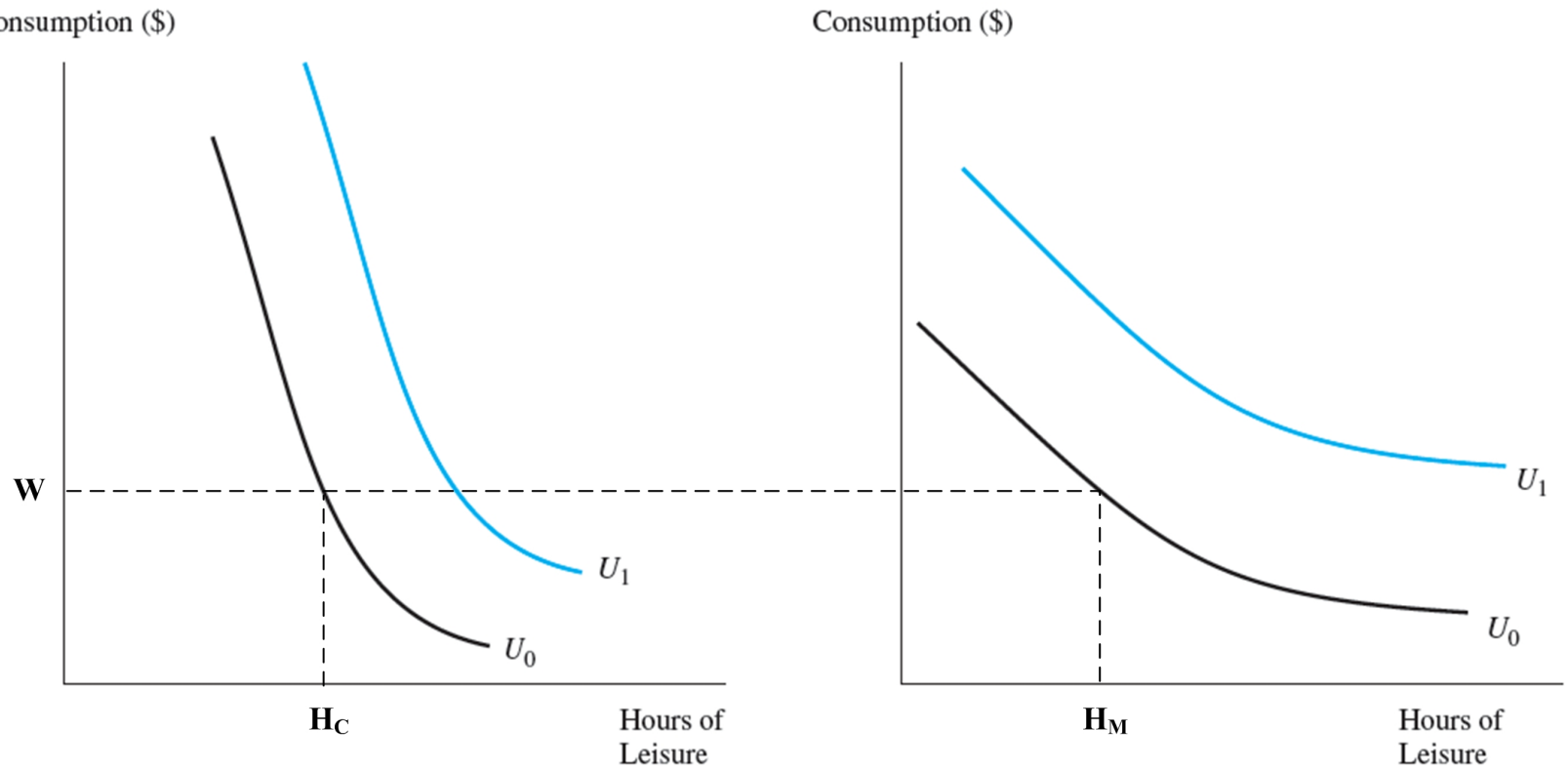
Country	Employment rate	Country	Employment rate
Switzerland	**84.8**	Slovenia	67.9
Netherlands	**79.0**	Romania	67.6
Germany	**77.5**	Belgium	66.7
Norway	77.3	Poland	66.5
Austria	75.9	Slovakia	66.4
Sweden	75.8	Portugal	66.3
Denmark	75.5	Italy	66.1
United Kingdom	75.2	Ireland	64.2
Czech Republic	75.0	Latvia	63.8
Luxembourg	72.5	Hungary	62.7
Cyprus	70.5	Bulgaria	62.4
Finland	70.0	Greece	62.3
Turkey	68.8	**Lithuania**	**62.0**
Estonia	68.7	**Spain**	**61.7**
France	68.0	**Croatia**	**59.5**

Notes: employment rates, males 15 to 64 years, 2011-2014 Average (Eurostat, 2015). back

Culture of origin and preferences of migrants

FIGURE 2-4 **Differences in Preferences across Workers**

(*a*) Cindy's indifference curves are relatively steep, indicating that she requires a substantial bribe to give up an additional hour of leisure. (*b*) Mindy's indifference curves are relatively flat, indicating that she attaches a much lower value to her leisure time.



(*a*) Cindy's Indifference Curves

(*b*) Mindy's Indifference Curves

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Culture of origin and preferences of migrants

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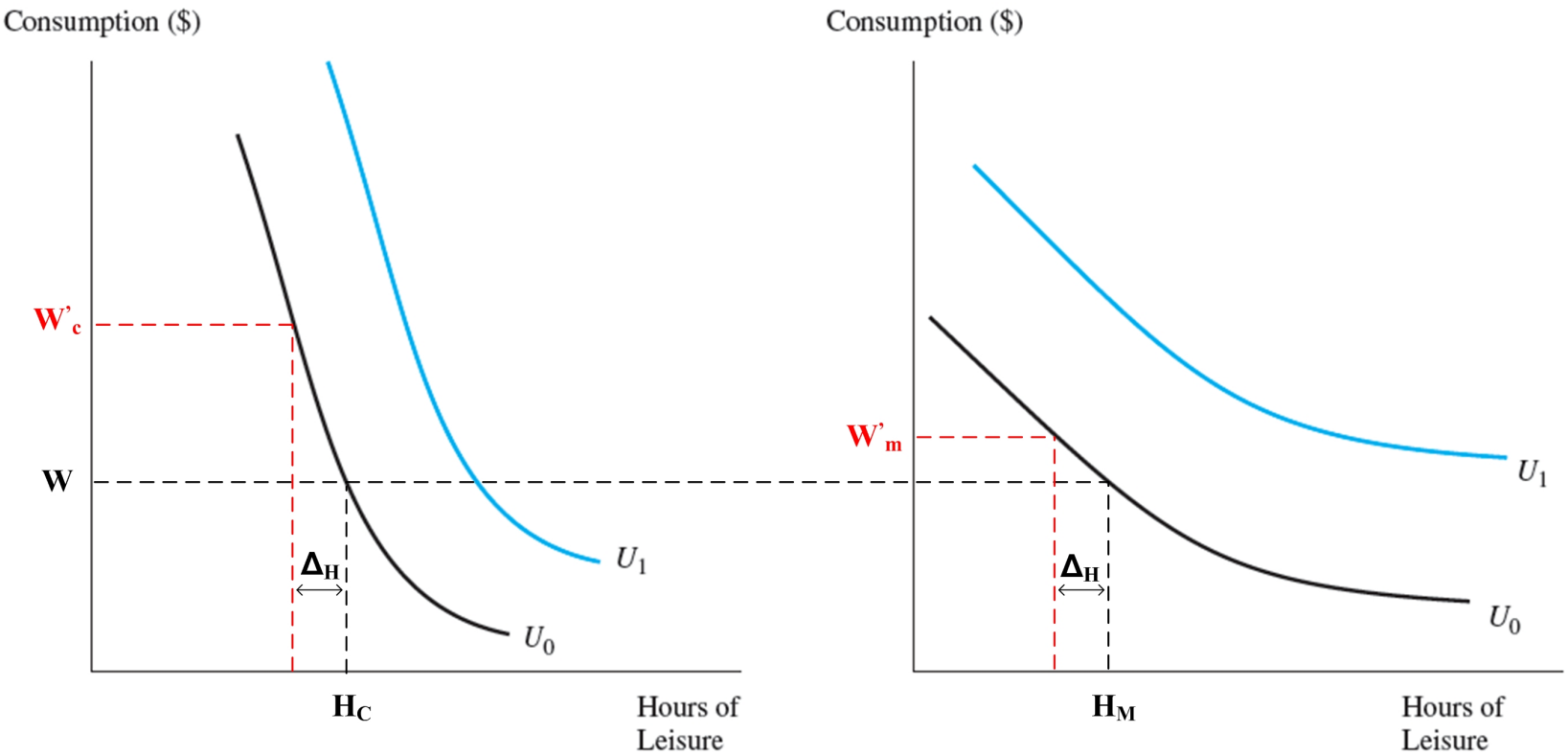

(*a*) Cindy's Indifference Curves

(*b*) Mindy's Indifference Curves

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Country	$(Work\_preference)_o$	Country	$(Work\_preference)_o$
Belgium	0.21	Ukraine	0.16
Bulgaria	0.35	Hungary	0.23
Switzerland	0.18	Ireland	0.20
Czech Republic	0.15	Israel	0.28
Cyprus	0.26	**Lithuania**	**0.11**
Germany	**0.21**	Netherlands	0.19
Denmark	0.20	**Norway**	**0.23**
Estonia	0.16	Poland	0.17
Spain	0.14	Portugal	0.16
Finland	**0.21**	**Russia**	**0.11**
France	0.20	Sweden	0.13
UK	**0.12**	Slovenia	0.10
Greece	0.22	Slovakia	0.17
Croatia	0.17		

Notes: Predicted FE from individual OLS regressions on 25526 native individuals, from ESS 2010. Regression include individual controls (dummies for female, age, education, marital status and children in the family) and parental controls (father education and occupation). The dependent variable in the regression is preference for work measured by a dummy equal to 1 if the respondent strongly agrees with the statement "*I would enjoy having paid job even if did not need money*". back

	Natives		Migrants, 1st		Migrants, 2nd		Total	
	mean	sd	mean	sd	mean	sd	mean	sd
Enjoy paid job, strongly agree	0.10	0.31	0.11	0.31	0.05	0.22	0.10	0.30
Enjoy paid job, agree or strongly agree	0.50	0.50	0.56	0.50	0.44	0.50	0.50	0.50
Employed	0.89	0.31	0.88	0.33	0.88	0.32	0.89	0.31
Hours of work (Full Time Equivalent)	1.00	0.44	0.97	0.45	1.00	0.46	1.00	0.44
Unemployed	0.09	0.28	0.10	0.30	0.10	0.30	0.09	0.28
Ever unemployed for 12 months or more	0.13	0.34	0.13	0.34	0.15	0.36	0.13	0.34
Never employed	0.01	0.10	0.01	0.11	0.01	0.08	0.01	0.10
Tertiary educated	0.39	0.49	0.42	0.49	0.40	0.49	0.39	0.49
Secondary educated	0.44	0.50	0.42	0.49	0.49	0.50	0.44	0.50
Age 20-50	0.72	0.45	0.76	0.43	0.68	0.47	0.72	0.45
Married	0.62	0.49	0.67	0.47	0.60	0.49	0.62	0.49
Father with tertiary education	0.22	0.41	0.32	0.46	0.23	0.42	0.22	0.41
Less than 20 years spent in the country	0.00	0.00	0.64	0.48	0.00	0.00	0.01	0.12

Notes: All the statistics are calculated on the population of Male individuals in working age (age 15-64), merging all the waves of the survey (years 2002-2012)

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Preferences for work and migration decision

	[1]	[2]	[3]
$(work\_preference)_o$	–2.25	–2.24	–2.22
	(13.55)	(13.45)	(13.36)
R sq.	0.04	0.04	0.04
N	47991	47991	47991
country-by-year FE	yes	yes	yes
individual controls	no	yes	yes
parental controls	no	no	yes

Notes: linear probability model. Dependent variable is a dummy equal to if individual lives in country $r \neq o$. Robust standard errors, clustered by residence and origin country in parentheses.

Significance levels: $*$: 10% $**$: 5% $***$: 1%

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Culture and preferences for work of migrants

	[1]	[2]	[3]
$(Work\_preference)_o$	0.38***	0.33**	0.36**
	(0.10)	(0.15)	(0.17)
R sq.	0.08	0.16	0.18
Obs.	521	521	521
country-by-year FE	yes	yes	yes
individual controls	no	yes	yes
parental controls	no	no	yes

Notes: Dependent variable is $(work\_preference)_{iort}$. Robust standard errors, clustered by residence and origin country in parentheses.

Significance levels: $*$: 10% $**$: 5% $***$: 1%

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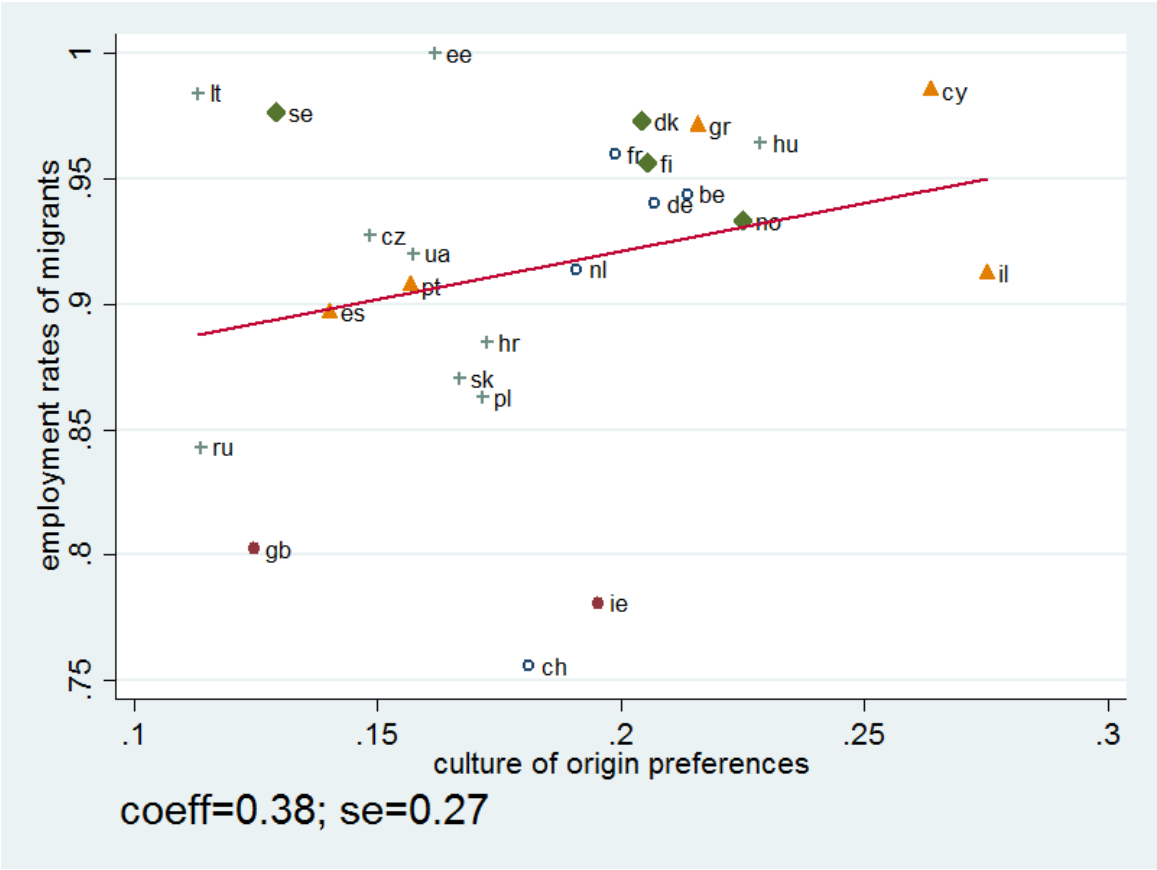
Culture of origin and employment rate of migrants



Notes: employment rate of migrants predicted by origin country FE (y-axis) vs. culture of origin preferences (x-axis).