

The fit between regulatory instruments and targets: Regulating the economic integration of migrants

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Abstract

This article adopts a novel regulatory perspective on the conditions that facilitate and obstruct economic equality between migrants and natives. Regulation scholars have long emphasized that regulatory interventions need to be geared towards the needs of regulatory targets. We contribute to this research by examining the fit between regulatory instruments and targets' human capital skills. We develop a theoretical framework that captures how economic integration regulations (EIRs) influence economic equality by supporting or restricting migrants in the labor market and as entrepreneurs. We argue that EIRs foster economic equality when they are responsive to the professional needs of specific types of regulatory targets (in terms of language and education skills). We apply the framework in the context of OECD countries. A fuzzy-set Qualitative Comparative Analysis reveals how the specific configurations of EIRs in 26 OECD countries coincide with either high or low economic equality between migrants and natives. Our approach contributes to the conceptual understanding of a pressing regulatory problem: the successful economic integration of migrants.

KEYWORDS

Economic regulation, fuzzy-set Qualitative Comparative Analysis, migration, regulatory instruments, regulatory targets

1. Introduction

This article provides a novel regulatory perspective on the factors that facilitate and obstruct the economic integration of migrants. Regulation scholars have long emphasized that regulatory interventions need to be geared towards the needs of regulatory targets in order to achieve desired outcomes. There is now considerable research in regulatory governance that analyzes the fit between regulatory instruments and regulatory targets as an important precondition for regulatory success (Howlett 2018; May 1991; Moseley & Stoker 2013; Schneider & Ingram 1990; Weaver 2009, 2014).

Much research on the fit between regulatory instruments and targets focuses on the motivation of targets to comply with particular regulations (e.g. Ayres & Braithwaite 1992; Braithwaite 1995; Gofen 2015; May 2004). In many contexts, however, a motivation to comply is not enough because regulatory targets do not have the necessary skills and capabilities to comply (Weaver 2014). This particularly applies to the economic integration of migrants. Migrants can be expected to be generally motivated to advance economically, but they often cannot employ their capabilities and skills to exploit economic opportunities because of regulatory barriers. For example, migrants are often unable to employ professional skills because receiving countries do not recognize them. We argue that in these situations, the fit between regulatory instruments and targets crucially depends on the consideration of targets' human capital skills.

We view the economic integration of migrants as a commodification process where regulatory interventions influence integration outcomes (Levi-Faur 2017). To this end, we propose thinking of migrants as market actors that integrate into the receiving economy through

the labor market or as entrepreneurs. Economic integration regulations (EIRs), meaning the programs, rules, and institutions that shape integration outcomes in the economic field (Freeman 2004, Pasetti 2019), substantially influence migrants' opportunities in the labor market or as entrepreneurs. EIRs form the institutional dimension of the opportunity structure (Brubaker 1992; Koopmans et al. 2005) that supports or restricts migrants in their quest to advance in the receiving economy. EIRs are path-dependent regulatory patterns that empower and/or restrain migrants and thereby influence how they can commodify their labor power (Bertossi & Duyvendak 2012; Levi-Faur 2017; Koopmans et al. 2012; Manatschal & Bernauer 2016; Pasetti 2019). We argue that the more EIRs support migrants in the labor market and/or as entrepreneurs, the higher the economic equality between migrants and natives. However, migrants' skills¹ should play an important role in how they can take advantage of the opportunities and restrictions that emanate from particular EIRs. For example, migrants who have a command of the language of the receiving country and possess a high level of school education are often viewed as much more labor market or entrepreneurship ready than other types of migrants (Boucher and Cerna 2014; Bilgili et al. 2015).

By also considering language and education skills, our approach allows us to examine interactions between stylized migrant types (in terms of language and education skills) and regulatory instrument configurations. Whereas many receiving countries include skill-based criteria in their migrant selection process (e.g. points-based systems to facilitate the entry of skilled migrants) (Boucher & Cerna 2014; de Haas et al. 2016; Gest & Boucher 2018), we know little about whether countries design EIRs to favor specific skill sets, or whether they try to create the same opportunities for all migrants regardless of their skills. Thus, our theoretical approach incorporates structural and agency-based explanations of migrants' economic performance (Bakewell 2010; Corrigan 2013).

In the empirical section, we use fuzzy-set Qualitative Comparative Analysis (fsQCA) to assess how specific EIRs in 26 OECD countries coincide with either high or low economic equality between migrants and natives. We apply an outcome-based measure of economic equality by measuring the difference in median household income between migrants and natives. We find that EIRs come along with high economic equality when they enable specific migrant types (in terms of language and education skills) to advance economically in areas that allow them to best employ their skills. While high-educated migrants who do not speak the native language primarily need a predictable long-term perspective in the receiving country, low-skilled migrants seem to primarily require access to the labor market. Our findings demonstrate that EIRs that adequately address the capabilities of specific migrant types support them to advance economically. Our approach contributes theoretical insights and empirical evidence to an emerging school of regulatory design (see also Batory 2012) and helps to create a better understanding of a pressing regulatory problem: the successful economic integration of different migrant types.

This article first theorizes how EIRs support or restrict the economic progress of migrants in a country's economy. After outlining our explanatory framework, we proceed to the empirical application. We then present its results and discuss the main findings and their implications.

2. A framework for the explanation of economic (in)equality between migrants and natives

Our theoretical framework incorporates regulations and migrant characteristics to strike a balance between structural and agency-based explanations of economic (in)equality (Bakewell 2010; Corrigan 2013; Bilgili et al. 2015).² The economic integration of migrants into the receiving economy is often associated with human capital skills, such as native language and education. This is because human capital skills are the most important individual-level factors

that explain the economic performance of both migrants and natives (Basilio et al. 2014; Bilgili et al. 2015; Boucher & Cerna 2014; Pichler 2011; Portes & Rumbaut 2006). In addition to these migrant characteristics, regulatory interventions should matter (Bakewell 2010; Corrigan 2013; Hollifield & Wong 2014; Lutz 2019). States usually formulate multiple, although not always well coordinated, integration programs and regulations (Freeman 2004; de Haas et al. 2016).

The first integration regulations and policies in Europe in the second half of the twentieth century targeted the economic integration of migrants because European countries were primarily concerned with labor market integration. Integration as a policy paradigm only gradually spread to other policy sectors, ranging from education to culture (Pasetti 2019). EIRs form the institutional dimension of the opportunity structure that enables or restricts the economic performance of migrants (Brubaker 1992; Koopmans et al. 2005). EIRs regulate migrants' activities in the labor market and with regard to entrepreneurship. Although EIRs are not fixed national models, they constitute path-dependent regulatory patterns that address the economic integration of migrants in specific ways (Bertossi & Duyvendak 2012; Pasetti 2019).

While we build on previous research by considering both human capital skills and institutional opportunity structures to explain economic (in)equality between migrants and natives, we add a novel perspective on how skills and opportunity structures interrelate. We perceive the economic integration of migrants as a commodification process whose outcome crucially depends on regulatory interventions (Levi-Faur 2017). EIRs consist of regulatory instruments that restrain and/or empower migrants in their attempts to commodify their labor power in the receiving economy. The basic argument of our framework is that the more EIRs are designed to favor migrants' integration in a country's labor market or as entrepreneurs, the more successful the commodification process and, accordingly, the less economic inequality between migrants and natives. However, we expect that human capital skills mediate the effect of EIRs on economic inequality. EIRs should produce different effects on economic equality

due to the fact that countries design them to favor either high-skilled migrants, to create the same opportunities for all migrants regardless of skills, or to specifically support the most disadvantaged migrants. Governments can target specific migrant types with their EIRs, or they may refrain from doing so.

Our framework thus allows us to analyze the fit between regulatory instruments and targets from a capabilities perspective. Research on responsive regulation explains successful regulatory outcomes mainly with targets' motivation to comply (Ayres & Braithwaite 1992; Braithwaite 1995). For migrants, however, it is reasonable to assume that they are generally motivated to commodify their labor power in the best possible way. What is crucial for the economic integration of migrants is that they possess the required capabilities to exploit the economic opportunities that specific EIRs offer them. As Weaver (2014) emphasizes, the lack of capabilities (notably human capital skills) is an important barrier to achieving regulatory goals. Regulatory instruments that take migrants' capabilities seriously should lead to a superior commodification outcome.

2.1 Factors That Influence Economic (In)Equality

We argue that migrants' advancement in the labor market or as entrepreneurs crucially influences economic (in)equality between migrants and natives. In addition, a long-term perspective in the receiving economy positively impacts the economic performance of migrants in the labor market or as entrepreneurs. This section expands on how EIRs support or restrict migrants in these areas.

Long-term perspective in the receiving economy (LTP). We presume that migrants are motivated to perform in the labor market or as entrepreneurs if they have a long-term perspective in the receiving economy. Receiving countries have established a variety of temporary and permanent immigration programs (Boyd 2014). The more certain migrants' legal

residency status and the less conditionalities that countries attach to moving between different statuses, the higher the chances for their successful economic integration (Corrigan 2013). Conversely, migrants are reluctant to invest in place-specific skills if their status in the receiving country is temporary or insecure because the likelihood of a ‘return on investment’ becomes uncertain (Castles 2006; Hainmueller et al. 2017). The factor *long-term perspective in the receiving economy (LTP)* thus captures all residency regulations that influence migrants’ long-term perspective of residency and the prospect of family reunification. We expect that a more permanent and certain residency status for migrants and their families motivates migrants to invest in labor-related and place-specific skills or to start their own business since they can count on a long-term perspective in the receiving economy.

Easy access to the labor market (ACS). Labor power is the most important economic asset that migrants possess (Schlegel 2018). For migrants to commodify their labor power, they must have access to the labor market. If countries impede migrants from working in certain areas (e.g., the public sector) or do not allow them to work at all, the latter have to commodify their labor in informal segments of the economy (Lindbeck & Snower 1988). Easy access to the labor market can also result in lower rates of over-qualification among migrants, as it allows them to find jobs that match their qualifications (Aleksynska & Tritah 2013). The factor *easy access to the labor market (ACS)* encompasses the policies and regulations that influence the ease and speed with which migrants can obtain a work permit, the restrictions to particular sectors of the labor market, and the access modalities for migrants that enter the country under family reunification. We expect that regulations that facilitate access to the labor market lead to higher levels of economic equality between migrants and natives.

High competitiveness in the labor market (COM). Labor market access is not the only factor that influences migrants’ performance in the labor market; how migrants can compete with natives and other migrants in the labor market is also decisive. Migrants, for whom the same

‘rules of the game’ apply as for all other participants, have a stronger incentive to compete and advance in the labor market (OECD 2014, 67). *High competitiveness in the labor market (COM)* is conditional on the recognition of academic and professional qualifications and anti-discrimination laws that extend to the labor market. However, it is not only migrants’ levels of competitiveness upon entry into the labor market that count; so does the possibility of continuously enhancing their competitiveness (Kogan 2007, 46). Participating in vocational training and tertiary education helps migrants become competitive in the labor market. We expect that EIRs that recognize academic and professional qualifications and protect migrants from discrimination when competing in the labor market facilitate a higher level of economic equality between migrants and natives.

Entrepreneurial opportunities (OPT). When migrants cannot easily access and compete in the labor market, they often manage to circumvent these barriers by becoming ‘entrepreneurs out of necessity’ (Mata & Pendakur 1999; Zhou 2004). *Entrepreneurial opportunities (OPT)* thus create an alternative path through which migrants can advance economically. Regulations create entrepreneurial opportunities by reducing the costs and barriers to starting one’s own business and by facilitating access to different forms of ownership (Rath & Schutjens 2016). Hence, we expect that EIRs that do not restrict access to self-employment lead to higher levels of economic equality between migrants and natives.

Migrant characteristics: Presence of native language skills (LG) and high level of education (ED). As explained above, economic (in)equality between migrants and natives does not only depend on the institutional opportunity structure that consists of variously configured EIRs. It also depends on what language skills and levels of formal education migrants bring when they enter the receiving economy (Pichler 2011). According to the OECD, the “single most important skill is knowledge of the host-country’s language” (OECD 2014, 41). The *presence of native language skills (LG)* enhances migrants’ chances for competing as employees and

entrepreneurs. Native language skills allow migrants to transfer their skills across countries and labor markets, and facilitates the activation of other types of acquired skills (Chiswick 1991; Chiswick & Miller 2014; Friedberg 2000). Thus, native language skills allow migrants to more easily overcome the barriers posed by unfavorably configured EIRs. In addition, the better migrants' formal education, the more economic opportunities they have, and the less they are affected by unfavorably configured EIRs (Kogan 2007, 43-47; Pichler 2011). There is generally a high demand for high skilled workers, and highly educated migrants are more capable of activating and adapting their skills to different economic sectors as employees or entrepreneurs (Boucher and Cerna 2014). We thus expect that migrants with *high levels of education (ED)* can more easily overcome the barriers presented by particular EIR configurations. In general, both native language skills and high levels of education increase the transferability of skills and make migrants less dependent on EIRs.

These human capital factors do not capture all relevant migrant characteristics. For example, different EIRs affect migrants with different types of residency statuses. To ensure comparability, we refrain from selecting EIRs that target migrants with very specific residency statuses (such as asylum seekers, undocumented migrants, or students). Nevertheless, we argue that these differences are not decisive for a general understanding of how EIR configurations interact with migrant characteristics to affect economic (in)equality. The EIRs contained in our framework apply to the large majority of migrants in OECD countries, as 85% of all migrants enter OECD countries under labor migration or family migration procedures (OECD 2017, 18). Once these labor-related and family-related migrants enter a country, their residency status and the concomitant work-related rights are similar, making these different migrant types comparable. In the next section, we show how our framework can be applied to analyze how real-life regulatory contexts, by interacting with migrants' skills, affect economic (in)equality between migrants and natives.

3. Empirical application

We assess and compare the effects of EIRs on economic (in)equality between migrants and natives in 26 OECD countries. OECD countries are ideally suited for applying our framework. First, they have free, but selectively regulated, modern economies in which regulations significantly influence the working and employment conditions of citizens. Second, OECD countries typically attract immigration from lower-income regions. Third, these countries share a practical interest in unleashing the economic potential of migrants to maintain and boost the productivity of their economies, alleviate workforce shortages, and stabilize their welfare systems. We could not analyze 15 OECD countries due to a lack of available data, as we explain in Online Appendix A3.

Table 1 summarizes the factors that compose the framework (hereafter called ‘conditions’) and the theoretically expected effects of these conditions on economic (in)equality. However, since we expect that the interplay between regulations and migrant characteristics matters, our empirical analysis focuses on their combined, rather than their isolated, occurrence. Uppercase letters indicate the presence of a condition or the outcome – for example, a high level of education among migrants – and lowercase notation indicates its absence (such as a low level of education of migrants).

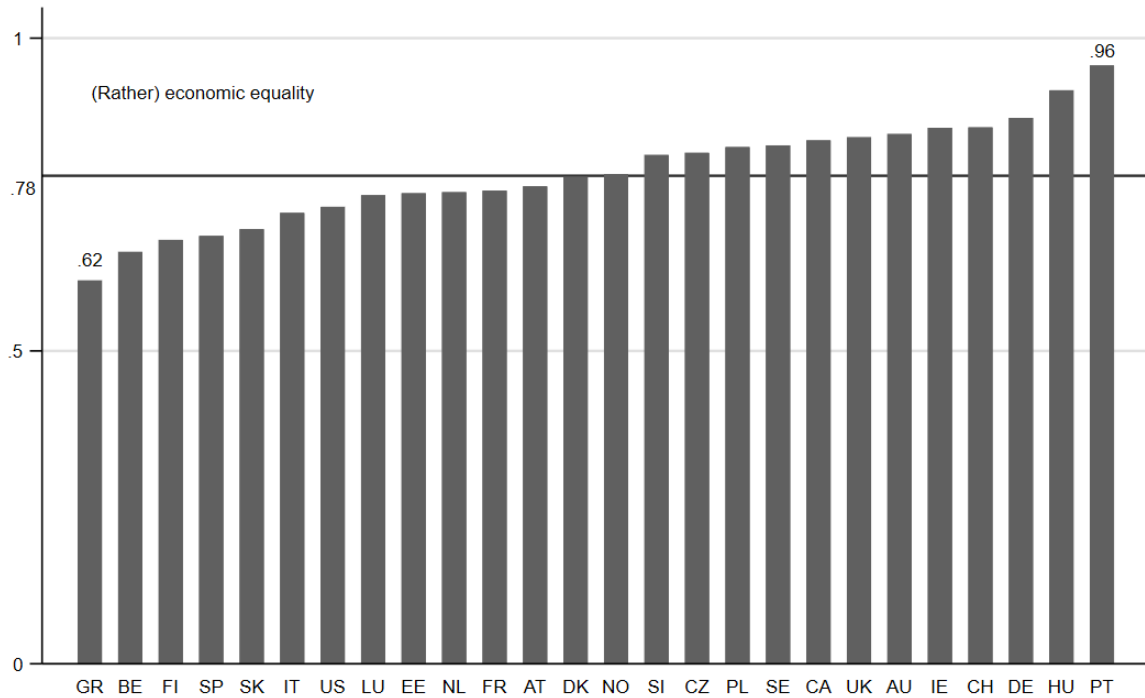
Table 1 Conditions for economic (in)equality and directional expectations

Condition	Ceteris paribus, condition produces economic equality (EQU) when...	Ceteris paribus, condition produces economic inequality (equ) when...
<i>EIRs affecting uncertainty</i>		
Long-term perspective in the receiving economy		
LTP	Present	Absent
Easy access to the labor market		
ACS	Present	Absent

High degree of competitiveness in the labor market		
COM	Present	Absent
Entrepreneurial opportunities		
OPT	Present	Absent
<i>Migrant characteristics</i>		
Presence of native language skills		
LG	Present	Absent
High level of education		
ED	Present	Absent

Notes: Directional expectations denote counterfactual arguments rather than empirically testable hypotheses (Schneider and Wagemann 2012, 168-177).

We measure the economic (in)equality between migrants and natives by focusing on differences in household income using current OECD data (2015). We assess the share of migrants' median household income relative to natives' median household income. This allows us to examine how EIRs influence the opportunity structures that migrants face in their receiving economies beyond the variety of labor markets and entrepreneurial opportunities that are similar for all market actors (natives and migrants alike). As Figure 1 illustrates, the differences in household income between migrants and natives vary considerably across OECD countries.⁴ For instance, while migrants in Greece earn on average only 62 percent of what natives earn, in Portugal, migrants' average household income amounts to 96 percent of natives' household income.

Figure 1 Economic (in)equality between migrants and natives.

Median household income of migrants as % of that of natives in 2012 (OECD 2015). Sample mean 0.78.

Key of country abbreviations: AT=Austria, AU=Australia, BE=Belgium, CA=Canada, CH=Switzerland, CZ=Czech Republic, DE=Germany, DK=Denmark, EE=Estonia, ES=Spain, FI=Finland, FR=France, GR=Greece, HU=Hungary, IE=Ireland, IT=Italy, LU=Luxembourg, NL=Netherlands, NO=Norway, PL=Poland, PT=Portugal, SE=Sweden, SI=Slovenia, SK=Slovak Republic, UK=United Kingdom, US=United States.

3.1 Method

Our choice of method follows two core features of our theoretical argument. First, we assume that EIRs influence migrants' economic opportunities in combination rather than in isolation. Second, we expect specific migrant types to react differently to the possibilities and constraints that emanate from these EIRs. Accordingly, we are not interested in the discrete effects of single regulations. Instead, we analyze how combinations of EIRs and migrant characteristics coincide with varying levels of economic (in)equality. To this end, we employ Fuzzy Set Qualitative Comparative Analysis (fsQCA) to identify necessary and/or sufficient (combinations of) conditions for high or low levels of economic equality between migrants and natives (Ragin 2008; Rihoux and Ragin 2009; Schneider and Wagemann 2012 (software: R packages QCA and SetMethods; Dusa 2018; Medzihorsky et al. 2017)). Contrary to other methods, QCA

models this kind of complexity, which has three elements. *Conjunctural patterns* indicate that EIRs affect economic equality between migrants and natives in combination rather than in isolation. *Equifinality* means that various configurations of EIRs with specific migrant types can lead to economic equality. Lastly, *asymmetry* means that different combinations of EIRs may matter for economic equality than for economic inequality. It is important to note that our analysis, based on highly aggregated observational data, is indicative rather than allowing for causal inferences without additional case-level evidence. FsQCA focuses on configurations of variables as sets in which cases do or do not have membership. Set membership requires a statement about a qualitative state: cases are either (more or less) *in* a set or (more or less) *out* of a set. The attribution of cases to sets is called ‘calibration’. Qualitative anchors determine the stage at which the condition is deemed to be fully present (fuzzy value ≥ 0.95) or fully absent (fuzzy value ≤ 0.05), with an indifference (or crossover) point at 0.5.

FsQCA uses the logical operators OR (+) and AND (*). The logical AND depicts combinations of conditions, subsequently called configurations or paths. The logical minimization process identifies the shortest possible expression that depicts the combinations of factors that imply (\rightarrow) the outcome – the solution term. This is a straightforward procedure that relies on basic set theory: For example, if we observe both LTP*COM*ED and LTP*COM*ed \rightarrow EQU, then whether or not a high share of migrants are high-educated is obviously not relevant. Accordingly, we can reduce this to the statement: LTP*COM \rightarrow EQU.

In order to evaluate our results, we use consistency and coverage measures. The values of these fit indices can range from 0 (low) to 1 (high) (Schneider and Wagemann 2012, 128). *Consistency* is the extent to which the results are in line with the statements of necessity or sufficiency. ‘Deviant cases consistency in kind’ (cases with different membership in kind in the condition set and the outcome set) weaken this relationship. Consistency should not be below 0.75 for sufficient conditions and not below 0.9 for necessary conditions (Ragin 2008, 46).

Coverage generally expresses how well the results explain the available empirical information. For sufficient conditions, coverage depicts how well the model explains the available empirical information. Raw coverage expresses how much a single configuration covers and unique coverage indicates how much it uniquely covers. Low coverage means that the model has a limited capacity to explain the outcome.

We find that only about 31 per cent of the logically possible combinations of EIRs and migrant characteristics are actually observed in our cases. The source of limited diversity here is arithmetic: the number of cases is smaller than the number of possible configurations, as is not unusual in applied QCA (Schneider and Wagemann 2012). We employ three strategies to address potential problems posed by limited diversity for our analysis. First, we check whether unobserved configurations (logical remainders) displayed some systematic patterns that could point to biases in our analytic model or case selection. However, we do not find a specific combination of EIRs and migrant characteristics that is systematically not observed (see the discussion section for more details). Second, we revisit our explanatory framework to consider the possibility of reducing the number of conditions. However, given that our consideration of EIRs already operates at a high level of aggregation and that we only include the two most important migrant characteristics, we conclude that our model cannot be further simplified or aggregated.

Third, we apply the Enhanced Standard Analysis (ESA) procedure and interpret the intermediate solution. This means that we make theoretically informed, counterfactual assumptions about empirically unobserved truth table rows (logical remainders) in order to disentangle relevant factors from irrelevant ones. We elaborate on how these assumptions affect our results in the discussion section. Moreover, we ensure that the coding of the outcome in the truth table does not contradict prior findings of necessity or sufficiency (see Schneider and Wagemann 2012, 198-211). The raw data and fuzzy set scores, the truth tables, directional

expectations, complex and parsimonious solution terms, simplifying assumptions, and replication codes all appear in Online Appendix B.

3.2 Measurement and calibration

Calibration decisions influence the results and should be well reasoned, transparent, and based on theoretical and empirical case knowledge (Schneider and Wagemann, 2012, 32-35, 287-291). Due to limited space, we only briefly discuss the measurement and calibration of the conditions here and summarize it in Table 2. All decisions, descriptive statistics, skewness tests, and indicators of data stability over time are outlined in detail in Online Appendix A.

We measure the outcome ‘economic equality’ through the share of migrants’ median household income relative to natives’ median household income in 2012 (OECD 2015). There is economic equality between migrants and natives (EQU) when the median household income of migrants approaches that of natives, which we consider to be the case at 80 percent or more (crossover point; see Figure 1).

To operationalize the four EIR categories, we use MIPEX 2010 data. MIPEX (2010) provides 167 indices covering a wide range of integration regulations in OECD countries. MIPEX is the most reliable and often-used index of integration and citizenship policies by qualitative and quantitative researchers. We made a theory-driven informed choice by selecting the relevant indicators that comprehensively capture the four EIR categories (see Table 5 in the Appendix).

Table 2 Measurement and calibration

		<i>Calibration (set membership)</i>			
		<i>Fully out</i>	<i>Neither in nor out</i>	<i>Fully in</i>	
<i>Set</i>	<i>Measurement</i>	<i>0.05</i>	<i>0.5</i>	<i>0.95</i>	
<i>Outcome</i>	Economic equality between migrants and natives (EQU)	Share of migrants' median household income relative to natives' median household income (OECD 2015)	.70 .61	.80 .78	.95 .96
	Long-term perspective in the receiving economy (LTP)	Average index value of 5 indicators ranging from 0-100 (MIPEX 2010)	40 40	79 69.81	100 95
	Easy access to labor market (ACS)	Average index value of 5 indicators ranging from 0-100 (MIPEX 2010)	40 30	79 73.85	100 100
	High degree of competitiveness in labor market (COM)	Average index value of 7 indicators ranging from 0-100 (MIPEX 2010)	40 29	75 68.73	100 100
	Entrepreneurial opportunities (OPT)	Average index value of 2 indicators ranging from 0-100 (MIPEX 2010)	40 0	79 66.35	100 100
<i>Migrant characteristics</i>	Presence of native language skills (LG)	Percentage of the total migrant population originating from a country with the same official language as the country of residence in 2009 (OECD 2012a)	0 0	25 22.11	75 78.9
	High level of education (ED)	Percentage share of high-educated migrants in relation to total amount of migrants in 2010/2011 (Arslan et al. 2014)	10 10.6	25 27.2	50 52.1

Notes: See Table 5 in the Appendix for the EIRs' indicators.
Calibration anchors for **concept- and case-driven** / sample-driven strategy.

3.3. Results

Measurement error and discretionary analytic decisions can affect the robustness of QCA results (Maggetti and Levi-Faur 2013; Thiem et al. 2016). To address the issue of arbitrariness, we test the robustness of our results against specific alternative manipulations that follow particular analytic logics to account for four potential error sources. Due to limited space, we

explain and discuss the robustness tests in detail in Online Appendix A. In the following, we refrain from making causal interpretations of how EIRs influence the decision-making context of individual migrants. Available data only allows us to analyze the coincidence of EIR configurations combined with average migrant types (in terms of language and education skills) and economic equality. We address this issue in the next section.

Independent of the calibration strategy, we did not find any consistently necessary, empirically relevant condition for high or low levels of economic equality (see Table B3). Table 3 presents the five paths that indicate economic equality between migrants and natives (EQU) and another six paths that indicate economic inequality (equ). Each column represents a sufficient path. Black dots indicate the presence of a condition, white dots indicate its absence, and blank spaces indicate its irrelevance. Below we list the single cases that are covered by this solution, the consistency and coverage indicators for the single paths, and the overall solution. Cases can display several paths. To facilitate the interpretation of each path, we start with the migrant type that the particular configurations of EIRs target. We then theorize how the specific configurations of EIRs support or hamper migrant types who are on the way to economic equality. Additionally, we discuss typical cases for each path.

Table 3 Sufficient conditions for economic (in)equality between migrants and natives (intermediate solutions)

Outcome: Economic equality (EQU)						Outcome: Economic inequality (equ)					
Path	1	2	3	4	5	1	2	3	4	5	6
Long-term perspective in the receiving economy LTP	○			●		○	○	●	●	○	●
Easy access to the labor market ACS		●	○	●	●	●		○		○	○
High degree of competitiveness in the labor market COM		●	○	●			●			○	●
Entrepreneurial opportunities OPT			●	●	○		○		●	○	○
Presence of native language skills LG	●	●				○	○	○	○	●	
High level of education ED	●	●	●	●	○	●	●	○	○	○	
<i>Consistency</i>	.722	.745	.961	.796	.856	.949	.980	.945	.943	.971	.927
<i>Raw coverage</i>	.465	.344	.275	.352	.288	.377	.252	.328	.282	.197	.233
<i>Unique coverage</i>	.125	.010	.044	.046	.051	.078	.031	.047	.029	.033	.029
<i>Cases</i>	CH,IE, LU; UK; CA	UK; CA; AU	HU	SE	DE	NO; US; DK; NL	EE; DK	SK	IT; FI	FR	BE
<i>Solution consistency</i>					.760						.943
<i>Solution coverage</i>					.730						.645

Black circles indicate the presence of a condition and white circles its absence. Blank spaces indicate the irrelevance of a condition. Large circles indicate the (enhanced) parsimonious solution, small circles indicate conditions that additionally appear as relevant in the intermediate solution. Cases separated with semicolons belong to different truth table rows. Bold letters are deviant case consistency in kind. Raw consistency thresholds and untenable assumptions can be found in Online Appendix B and directional expectations in Table 1.

Four of five sufficient EIR configurations for economic equality between migrants and natives (EQU) can be assumed to facilitate the economic integration of high-educated migrants, who sometimes even speak the native language. As a result, these migrants perform (almost) equally to natives. The different EIR configurations suggest that high-educated migrants are flexible enough to take different routes to reach economic equality. However, the case of Germany is a highly interesting exception to this rule. It shows that if EIRs facilitate access to the labor market even low-educated migrants can achieve a high level of economic equality with natives.

Specifically, paths 1 and 2 depict five countries whose regulations address high-educated and native language speaking migrants (LG*ED). Four of these countries deny these migrants a long-term perspective in the receiving economy (ltp; path 1). Two of these four (Canada and the UK), plus Australia, provide migrants with easy access to the labor market and a fair chance to compete in it (ACS*COM; path 2). This suggests that low regulatory barriers in the labor market can enhance the economic equality of high-educated native language speaking migrants (path 2). However, it is remarkable that these migrants do not depend on a predictable long-term perspective in the receiving country (path 1). These English-speaking or multilingual receiving countries stand out as they have well-functioning and knowledge-intensive economies that primarily attract high-educated and native language speaking migrants that are mobile and flexible regarding their future job locations (Smith and Favell 2006). These migrants do not need a long-term perspective in one specific receiving economy as they are mobile and competitive in receiving economies worldwide.

In the other three paths, language skills are no longer decisive. Hungary's EIRs mostly restrict high-educated migrants' access to the labor market (acs*com), but simultaneously create entrepreneurial opportunities (OPT). Accordingly, high-educated migrants, primarily

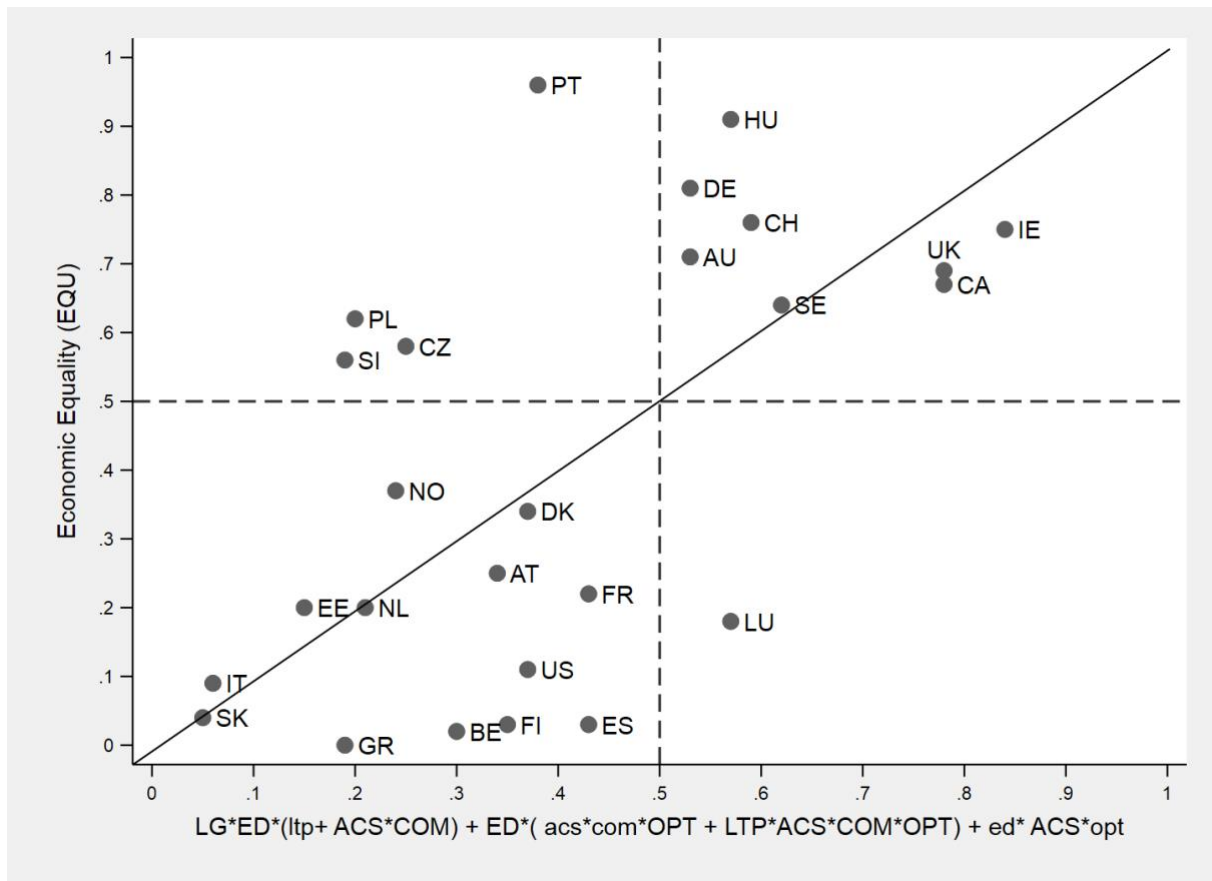
attracted by Budapest's increasingly knowledge-intensive economy (Strykiewicz et al. 2010), can circumvent barriers to labor market access and take the self-employment route instead in order to reach economic equality with natives. This configuration aligns with research that shows that high-educated migrants can significantly contribute to the receiving economy via entrepreneurship (Kerr 2013).

Sweden, in turn, has EIRs that are 'ideally configured' so as to generally create few barriers for its typically high-educated migrants across all four EIR categories (LTP*ACS*COM*OPT; path 4). This configuration mirrors the Swedish integration model, whose liberal understanding of immigration and support for ethnic minorities also extends to the economic realm (Brochmann 2014). As we would expect, this configuration coincides with a high level of economic equality between migrants and natives.

Finally, and interestingly, Germany is the only country in our sample that successfully deals with low-educated migrants (ed; path 5). German regulations restrict migrants' participation in entrepreneurial activities but compensate for this by facilitating their access to the labor market (ACS*opt). These EIRs reflect the 'Agenda 2010' under Gerhard Schröder's chancellorship, whose economic reforms created a service economy that strongly relies on cheap labor (Blyth 2013). The results suggest that easy labor market access facilitates the economic integration of low-educated migrants. This regulatory configuration may help Germany to integrate large numbers of rather low-educated refugees over the years to come.

Overall, and as Figure 2 illustrates, this solution has a satisfactory consistency and explains eight out of 12 cases of economic equality. Luxembourg is a deviant case consistency in kind: although it provides a long-term perspective in the receiving economy for high-educated, native language speaking migrants, migrants' median household income is not equal to that of natives. We discuss this issue below.

Figure 2 Sufficient conditions for economic equality (EQU).|



Cases situated above the diagonal are consistent. The upper left quadrant shows the deviant cases for coverage. The lower right quadrant contains deviant cases consistency in kind. The lower left quadrant is irrelevant (Schneider and Rohlfing 2013).

We found six sufficient paths for economic inequality between migrants and natives (equ). Economic inequality can generally be observed if the EIRs of a given country do not specifically reduce barriers in the areas that are most relevant for the respective migrant type. High-educated migrants that are unable to speak the native language are particularly sensitive to the lack of a predictable long-term perspective. Low-educated non-native language speaking migrants mainly perform unequally when there are barriers to and in the labor market; a credible long-term perspective in the receiving economy does not lead to economic equality. Furthermore, the case of Belgium demonstrates that incoherent EIRs coincide with economic inequality.

Paths 1 and 2 mainly cover Northern European countries and the USA. These countries mainly receive high-educated migrants who are often not proficient in the local language (ED*lg). Their EIRs do not offer migrants a predictable long-term perspective (ltp). Additionally, their regulations only selectively reduce barriers in the short term. Concretely, they either grant migrants access to the labor market (ltp*ACS) or provide them with a realistic chance to compete in the labor market while not creating entrepreneurial opportunities (ltp*COM*opt). In other words, migrants may work, but only under rather uncertain residency conditions. These results suggest that for high-educated migrants who face language barriers, EIRs that only selectively reduce labor market barriers and exacerbate the formation of a long-term perspective are not conducive to producing economic equality between migrants and natives. Such regulations reduce migrants' incentives to invest in skills that are specific to the host country (such as learning the language), because they are unsure whether these investments will pay off in the longer run. Such EIRs pose barriers to the upward social mobility of high-educated non-native language speaking migrants. For the USA, this insight points to a gap between a merit-based economic integration narrative, on the one hand, and regulations that limit a long-term perspective, on the other.

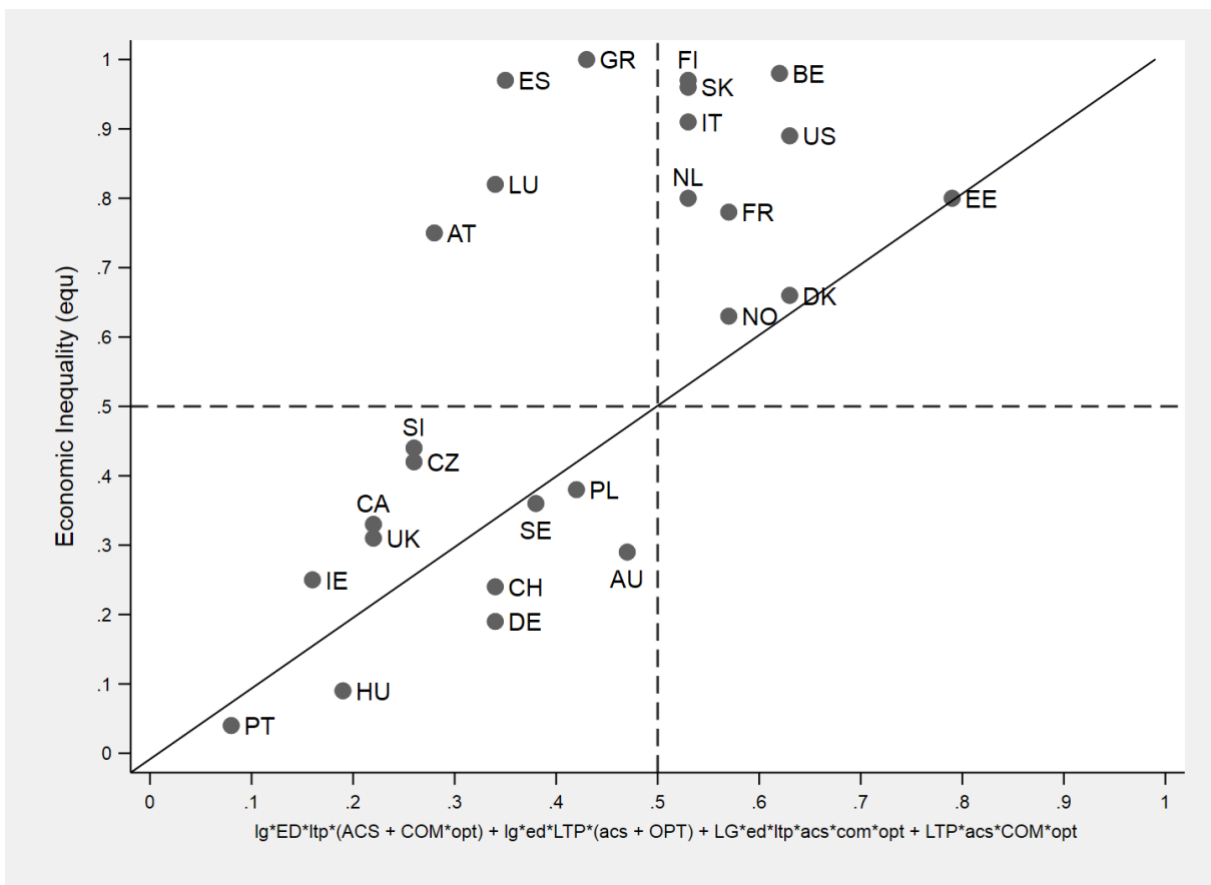
Paths 3 and 4 cover countries that mainly receive low-educated migrants who do not speak the native language (lg*ed). EIRs in these countries provide a predictable long-term perspective (LTP). Additionally, the Slovak Republic restricts access to the labor market (acs; path 3), while Italy and Finland facilitate entrepreneurial opportunities (OPT; path 4). Despite these selective opportunities, there is economic inequality between migrants and natives. Entrepreneurial opportunities and a long-term perspective are not enough to approximate the median household income of low-educated non-native language speaking migrants to that of natives. As the aforementioned German case suggests, this migrant type is more likely to benefit from regulations that remove labor market barriers.

France has the least favorable EIR configuration in our sample (path 5). There, despite having native language skills (ed*LG), low-educated migrants face regulatory barriers in all four areas (ltp*acs*com*opt). France's integration regime is mainly geared towards civic integration, and it deems economic integration comparatively less important (Brubaker 1992, Favell 1998). These regulations obstruct the economic integration of primarily low-educated and French-speaking migrants who mostly originate from former colonies.

Finally, in the Belgian case (path 6), migrant characteristics are not relevant for explaining economic inequality between migrants and natives.⁵ Belgium receives rather low-educated Dutch or French-speaking migrants from its former colonies and a significant share of high-educated but not Dutch or French-speaking migrants from European countries. In Belgium, migrants have a predictable long-term perspective in the receiving economy and can compete in the labor market (LTP*COM). However, Belgium restricts their access to the labor market and opportunities to engage in entrepreneurial activities (acs*com). A long-term residential perspective and competition in the labor market are of little use if a country limits labor market access and entrepreneurial opportunities. These incoherently configured EIRs seem to prevent economic equality.

Overall, Figure 3 illustrates that this solution has excellent consistency and covers ten out of 14 cases of economic inequality.

Figure 3 Sufficient conditions for economic inequality (equ).



Cases situated above the diagonal are consistent. The upper left quadrant shows deviant cases for coverage and in the lower right quadrant are deviant cases consistency in kind. The lower left quadrant is irrelevant (Schneider and Rohlfing 2013).

3.4 Discussion of unexplained and contradictory cases

Post-QCA case discussions help us shed light on cases that we could not explain (deviant cases coverage) and the puzzling case of Luxembourg (deviant case consistency). We adopt a comparative logic to compare the deviant cases with cases that display similar constellations of explanatory conditions but the opposite outcome (see Table 4; cf. Schneider and Rohlfing 2013).

Table 4 Post-QCA case discussions

<i>Case</i>	<i>Type of case</i>	<i>Comparison with</i>	<i>Question</i>
Analysis of economic equality			
PT	Deviant case for coverage with economic equality	Case with an identical configuration of conditions and economic inequality: ES	Which additional condition distinguishes Portugal from Spain and which fosters economic equality in Portugal?
LU	Deviant case consistency in kind: configuration of conditions should imply economic equality, but did not	Case with an identical configuration of conditions and economic equality CH	Which additional condition(s) does Switzerland lack and which foster(s) economic inequality in Luxembourg?
Analysis of economic inequality			
ES	Deviant case for coverage with economic inequality	Case with an identical configuration of conditions and economic equality: PT	Which additional condition distinguishes Spain from Portugal and which fosters economic inequality in Spain?

Based on Schneider and Rohlfing 2013.

First, why is there economic equality between migrants and natives in Portugal but not in Spain? Both former colonial powers have similar regulations and deal with the same type of low-educated migrants who speak the native language. However, in Spain, many migrants are employed in crisis-prone sectors, such as agriculture, hospitality services, and household services. Conversely, in Portugal, more migrants work in stable sectors such as health or education (OECD 2012b, 96). Accordingly, during the height of the economic crisis in Europe (2008-2011), 12.1 percent of the Spanish migrant workforce lost their job, as compared to only 5.4 percent in Portugal (OECD 2012b, 63). This development lowered migrants' median household income in Spain more strongly than in Portugal (see Online Appendix A2). This comparison suggests that we neglected the possibility that migrants are often overrepresented in crisis-prone economic sectors. This is an additional relevant explanatory condition for economic (in)equality. During times of economic crisis, migrants' median household income may be more negatively affected by rising unemployment than the household income of natives.

A second question is why there is economic inequality between migrants and natives in Luxembourg but not in Switzerland. The median native household income in Luxembourg is higher (30'637 EUR) than the median native household income in Switzerland (27'048 EUR), whereas a median migrant household in Luxembourg (22'947 EUR) earns more or less the same as in Switzerland (23'191 EUR). This is puzzling because both countries are very small, wealthy, and multilingual, with almost identical and very favorable EIRs and migrant types. One possible reason is that a measurement limitation could distort the native income statistics in Luxembourg. Given higher housing costs in Luxembourg and the small size of the country, young, comparatively lower-income Luxembourg citizens (between 25-34 years) tend to move across the border but continue to work in Luxembourg (OECD 2012b, 250). This means that they are no longer represented in the income statistics. This reverse migration phenomenon pushes the native median household income of Luxembourg upwards. This might explain the observed difference in economic (in)equality between Luxembourg and Switzerland.

4. Discussion

Our analysis shows that the interplay between specific EIRs and the main migrant type in a country coincides with either a high or a low level of economic equality between migrants and natives. Our results support findings from the migration literature that conclude that migrants' language and education skills are relevant for their economic integration. High-educated migrants with native language skills often contribute more to the receiving economy. We argue that irrespective of the configuration of EIRs, the educational and language skills of these high-educated migrants enable them to participate in the receiving economy rather easily. In general, high-skilled migrants seem to react most flexibly to unfavorably configured EIRs. They can afford to ignore the absence of entrepreneurial opportunities if the receiving country grants them access to and competition in the labor market and vice versa. Conversely, low-skilled migrants are less flexible in circumventing or compensating for unfavorably configured EIRs.

However, regulations also matter: specific EIR configurations may create barriers or facilitators for migrants and influence how migrants can apply their skills. We identify four overarching types of EIR configurations. A *fully accommodating* EIR configuration that favors migrants' integration in a country's economy in all of the four EIR categories, which is present in countries such as Sweden (path 4, EQU). This configuration appears to be more conducive to the economic equality of 'average' migrants than *fully restraining* EIRs like those present in France, which provide barriers to migrants' economic integration across the four categories (path 1, EQU; path 5, equ). In-between these two EIR configurations there are several *partially accommodating* but not incoherent EIR configurations, namely an EIR configuration that facilitates integration in the labor market (paths 2 and 5, EQU; paths 1 and 2, equ), or an EIR configuration that facilitates economic integration through entrepreneurship (path 3, EQU; path 4, equ). Finally, an EIR configuration can be *incoherently designed* as the cases of Belgium and the Slovak Republic demonstrate (paths 3 and 6, equ): migrants are granted a long-term perspective, but they cannot take advantage of it because the labor market remains closed and there are limited entrepreneurial opportunities.

Limited diversity also affects our results. We only observe some of the logically possible configurations of EIRs with target characteristics in our sample. When inspecting logical remainders, we note that we empirically observe the two "ideal types" (fully accommodating and fully restraining) comparatively often. This indicates that a stringent concept tends to underlie EIRs in OECD countries. Conversely, most of the "partially restraining" EIRs did not materialize in these OECD countries. Similarly, incoherent EIRs combined with low levels of economic competitiveness tend to be the exception in these countries (additional information can be found in Online Appendix B).

Taken together, our analysis suggests that the *fit* between regulatory instruments and regulatory targets – an EIR configuration and migrants' language and education skills – could

be crucial for economic equality between migrants and natives. Different migrant types are sensitive to regulatory barriers and opportunities in specific areas. For example, high-educated migrants who do not speak the native language primarily need a predictable long-term perspective in the receiving country. Low-skilled migrants seem to require access to the labor market. In sum, high levels of economic equality between migrants and natives coincide with EIR configurations that facilitate the economic integration of specific migrant types in the areas where they are most sensitive to regulatory barriers. This suggests that EIR configurations that adequately respond to the needs of their main migrant types – their ‘regulatory targets’ – can support migrants on the road to economic equality. Our framework thus adds important new insights into the determinants of economic equality between migrants and natives. While EIRs are not easy to change due to their path-dependent development and the whole political process of policy formulation (Koopmans et al. 2012; Manatschal & Bernauer 2016), countries can still gradually adjust them to the needs and characteristics of their target groups in order to enhance the economic equality between migrants and natives.

As already outlined, the empirical analysis does not allow us to make causal interpretations about how EIRs influence the economic equality of individual migrants. Our macro-level data only allows us to develop fairly abstract claims about how EIR configurations influence the economic equality of average migrant types (in terms of language and education skills). In order to develop causal interpretations about how EIRs influence migrants’ work-related decision-making, our approach needs to be applied at a lower level of generality, for example by analyzing the influence of specific EIRs on individual migrants. However, at this stage the approach already helps us grasp major explanatory dynamics – a precondition for “insightful leaps to overarching accounts” (Parsons 2007, 16).

Finally, we want to emphasize that an adequate EIR configuration is unlikely to fully eliminate economic inequality between migrants and natives. The institutional opportunity

structure in which market actors are embedded is not the only factor that influences how they make work-related decisions; other factors such as social relationships are also relevant. For instance, (ethnic) social networks and other social contacts that provide migrants with support and orientation may positively influence their overall economic performance (e.g., Bloemraad 2005; Kanas et al. 2012), and particularly their performance as entrepreneurs (Solano 2015). This article focuses on EIRs since regulatory interventions play an important role in boosting economic integration. A better understanding of the interplay between migrant characteristics and regulatory configurations is crucial for deriving practical regulatory implications (Bakewell 2010; Corrigan 2013).

5. Conclusion

As Howlett (2018, 115) highlights, “[r]ather than un- or subconsciously adopt the wrong tool for the job, policy makers should be much more careful about understanding the behavioural aspects of both [regulatory instruments] and targets and ensure that these are matched up in an effective compliance regime”. This article built on research that emphasizes the fit between regulatory instruments and their targets as an important precondition for regulatory success (Batory 2012; Moseley & Stoker 2013). While previous research emphasized targets’ motivation to comply with regulatory instruments as an important basis for the fit between instruments and targets, this article focused on targets’ skills and capabilities to comply (Weaver 2014).

We developed a new approach for analyzing the mediating effect of economic integration regulations (EIRs) on migrants’ economic equality in the receiving country. We focused on regulations that affect four interrelated areas in which migrants face opportunities and barriers to economic integration and applied this framework to 26 OECD countries using the fsQCA methodology. This enabled us to generate first insights into how EIR configurations influence the economic (in)equality of stylized migrant types. First, we identified four configurations of

EIRs in OECD countries: fully accommodating, fully restraining, partially accommodating, or incoherently designed. We then matched these configurations with stylized ‘average’ migrant types and illustrated how the fit of EIR configurations with targets coincides with specific outcomes of economic (in)equality. We found that high levels of economic equality between migrants and natives coincide with EIR configurations that facilitate the economic integration of specific migrant types in the areas where they are most sensitive to regulatory barriers. While high-educated migrants who do not speak the native language primarily need a predictable long-term perspective in the receiving country, low-skilled migrants seem to primarily require access to the labor market. Adopting such a configurational understanding of EIRs and how they match with regulatory targets’ capabilities significantly advances current perspectives on migrant integration regulations and their effects. Our results add to existing evidence (Batory 2012) that regulatory designs that carefully match tools with targets have great potential to improve societal outcomes (Howlett 2018; Moseley and Stoker 2013; Schneider and Ingram 1990; Weaver 2009, 2014).

Beyond shedding light on instrument-target configurations from a capabilities perspective, our study makes original contributions to migration studies and to the study of the impact of regulatory instruments on the economic integration of migrants. Specifically, our study adds a new element to recent migration literature by examining the interplay between regulations and skills. Our findings thus answer the calls of migration scholars to account for structural and agency-based explanations (Bakewell 2010) and to take migrants, as targets of regulatory interventions, and their capabilities into account (Triandafyllidou 2017; Lutz et al. 2019). If future research were to examine migrants’ interactions with specific regulatory configurations at the micro-level, our framework would have the potential to generate concrete regulatory implications. EIRs that facilitate the economic integration of particular groups of

migrants may help to boost their economic contribution to the receiving economy. This benefits both migrants and receiving countries.

Endnotes

¹ We are aware of the significant disagreements in migration praxis and regulation about what constitutes a skill and that such definitions are politically and socially constructed and contested (see also Boucher & Cerna 2014).

² See Bilgili et al. (2015) for a literature overview on the effects of human capital skills as well as policies and regulations on the economic integration of migrants.

⁴ This indicator measures household earnings from capital and labor before accounting for social benefits and taxes (OECD 2015, 162). See Online Appendix A1 for a more detailed discussion of the measurement reliability of this indicator.

⁵ Migrant characteristics only become irrelevant when relying on counterfactual assumptions.

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Appendix

TABLE 5 MIPEX indicators for operationalizing the EIR categories

<i>MIPEX Nr.</i>	<i>Name</i>	<i>Sample mean</i>
Long-term perspective in the receiving economy (5 Indicators)		
17	Required time of legal residence and documents taken into account for family reunification	66.35
28	Duration of validity of permit for family members	78.85
76	Required time of habitual residence and documents taken into account to obtain long-term residency	46.15
83	Duration of validity of long-term residency	96.15
84	Renewable long-term residency	61.54
Easy access to the labor market (5 indicators)		
1	Immediate access to employment for third-country nationals	50.00
2	Access to private sector for third-country nationals under equal conditions	86.54
3	Access to public sector for third-country nationals	55.77
36	Access to employment and self-employment of persons that enter the country under family reunification	8.62
91	Access to employment, self-employment, and other economic activities, and working conditions for people with a long-term residency	92.31
High degree of competitiveness in the labor market (7 indicators)		
8	Recognition of academic and professional qualifications acquired outside the EU	59.62
9	State facilitation of recognition of skills and qualifications obtained outside the EU	65.38
15	Equal working conditions for third-country nationals	96.15
35	Access to education and training for persons that enter the country under family reunification	90.38
42	Access and support to access and participate in vocational training	46.15
43	Access and support to access and participate in higher education	46.15
122	Anti-discrimination law covers employment and vocational training	76.92
Entrepreneurial opportunities (2 indicators)		
4	Immediate access to self-employment for third-country nationals	59.62
5	Access to self-employment under equal conditions	73.08