This dissertation addresses the importance of culture, networks and language for the economic position of migrants. It tackles the following issues in a logical order: the cultural gravity force for migrants in the choice of location, the determinants of social network formation upon arrival at the destination country, and the economic payoffs to their networks as well as the linguistic skills.

Chapter 2 analyses the impact of cultural composition on regional attractiveness from the perspective of international migrant sorting behaviour on a European regional NUTS1 level. We use an attitudinal survey to quantify cultural distances between natives and immigrants in the region concerned, and estimate the migrants’ varying preferences for both cultural diversity and cultural distance. To account for regional unobserved heterogeneity, our econometric analysis employed artificial instrumental variables, as developed by Bayer et al., [2004a. An equilibrium model of sorting in an urban housing market. NBER no. 10865]. The main conclusions are twofold. On the one hand, cultural diversity increases regional attractiveness. On the other hand, average cultural distance greatly weakens regional attractiveness.

Chapter 3 investigates the consequences of local labour market conditions on immigrants’ social network formation, with an emphasis on the co-ethnic contact and the contact with the natives. A job and residential search model is derived and empirically tested for the case of immigrants in the Netherlands. I find that a higher job arrival rate, and a larger wage difference between the ethnic labour market and the host labour market, both lead to more co-ethnic network developed, less native network developed, and the residential choice of more ethnically concentrated areas. A paradox of economic prosperity and social integration seems to exist in the sense that immigrants spontaneously assimilate less into host society in good times of the economy at the destination country.
Chapter 4 examines the impacts of social contacts and Dutch language proficiency on adult foreign-born men's earnings, employment and occupational status, using longitudinal data on immigrants in the Netherlands for the years 1991, 1994, 1998, 2002. The main conclusions are as follows. On average, social contacts and a good mastery of the Dutch language enhance immigrants’ economic performances. The effects are stronger for immigrants with low-skill-transferability than for immigrants with high-skill-transferability, and are stronger for economic migrants than for non-economic migrants. Contact with Dutch people and Dutch organisations unambiguously enhances all aspects of immigrants’ economic performance, however, we find no evidence for a positive effect of co-ethnic contact on employment status.

Chapter 5 examines in particular the heterogeneous impacts of foreign language use at work on earnings of both native-born workers and foreign-born workers, using a longitudinal survey, viz. the European Community Household Panel (ECHP) running from 1994 to 2001. Our findings are the following. First, for native-born workers, using a foreign language at work is found to have an unambiguously positive impact on their earnings (3 % on average). Second, for foreign-born workers, however, foreign language use at work is highly complementary to educational level. It appears that only workers above the upper secondary educational level earn a wage premium from using a foreign language at work. Those foreign language users below the upper secondary educational level earned significantly less (-11 %) than those who do not use foreign languages at work. Third, with regard to language types, non-EU official languages are rewarded the most; English comes in second place; and other EU official languages rank the lowest. This holds for both native-born and foreign-born workers. Fourth, we find that the local language plays a significant role in affecting the foreign-born workers’ choice of the use of foreign languages and the use of the mother tongue at work.