

Chapter 5

Explaining the Ethnic Minority Disadvantage in Subjective Well-Being: A Multilevel Analysis of European Countries

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Introduction

Social inequality is one of the classic problems studied in sociology (Lanski 1966). The research on social inequality and stratification has broadened from a focus on class divisions in society to a focus including the dividing lines of race and ethnicity, which often intersect with class divisions (Anthias 2001). Consequently, many studies have provided evidence for the disadvantaged position of ethnic minorities in societies, mainly focusing on economic indicators such as employment and income (De Jong and Madamba 2001; Rooth and Ekberg 2003; Van Tubergen 2006).

More recently, psychologists have argued that measures of subjective well-being, such as life satisfaction and happiness, can be important additional indicators of inequality in society (Diener 2000; Veenhoven 2004). Measures of subjective well-being can be an important addition to traditional economic indicators of inequality, because they more closely reflect what people themselves find important in life (Veenhoven 2004). When research can show evidence for determinants of subjective well-being, then policies could be developed that improve quality of life from the perspectives of citizens themselves.

Research has shown that subjective well-being encompasses distinct components, with the clearest distinction being made between life satisfaction, on the one hand, and happiness on the other (Angner 2010). Life satisfaction is the more cognitive component of subjective well-being, and can be defined as people's evaluations and judgments about their quality of life as a whole, while happiness is the more experiential component, which can be defined as people's feelings about whether they are generally in a positive mood (Angner 2010; Diener 2000). In this

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study, we focus on both of these important aspects of subjective well-being. We investigate the differences in subjective well-being between ethnic minorities and majority members in European societies.

Previous research on immigrant populations strongly suggests that levels of subjective well-being are lower among ethnic minorities than among majority group members. A cross-national study among first and second generation immigrants in 13 European countries showed that life satisfaction and happiness were lower among these groups, compared to natives (Safi 2010). Several national studies on immigrant populations showed similar results, across different destination countries in Western Europe and different immigrant origin countries, such as from Eastern Europe, Asian and African countries (Bălăţescu 2007; De Vroome and Hooghe 2013; Verkuyten 2008).

Importantly, however, these previous studies in Europe have focused on minorities with an immigrant background, rather than on ethnic minorities. The distinction is crucial, because ethnic minorities can also include indigenous minorities. Moreover, the terms ‘immigrant’ and ‘second generation immigrant’ are becoming increasingly contested when it comes to the descendants of immigrants, because the terms itself can have a stigmatizing effect, on the one hand, and because individuals whose families have settled in a country more than two generations ago can still consider themselves as members of an ethnic minority group, on the other (Ahmed et al. 2007; Thomassen 2010). In this study, therefore, we focus on self-defined ethnic minority status, whether this status is related to immigration history or experience or not.

The aim of this study is to explain the gap in subjective well-being between those citizens who define themselves as a member of an ethnic minority group and those who define themselves as a member of the majority population. To explain this gap, we use the need-gratification theory, which is based on Maslow’s theory of human motivation (Oishi et al. 1999). From this perspective, we make the connection between the economically disadvantaged position and experiences of discrimination among minority group members, on the one hand, and their lower levels of life satisfaction and happiness, on the other. We investigate both whether economic position and perceived discrimination can explain the gap in subjective well-being between majority and minority members, and to what extent economic position and discrimination have a similar effect on subjective well-being among these groups.

To answer our research questions, we use the fifth edition of the European Social Survey (ESS), which was administered over the course of 2010 and 2011. These data allow us to conduct a multilevel analysis of subjective well-being among majority and minority members across 20 European countries.

Economic Position, Discrimination and Need-Gratification

Need-gratification theory is especially well-equipped to study the differences in subjective well-being that can be observed between members of the native majority and those who define themselves as ethnic minorities. The need-gratification approach argues that subjective well-being is based on the extent to which universal human needs are fulfilled. These needs include basic physiological needs such as food and water, the needs for a sense of safety, love and belonging, esteem and positive regard, and the desire for personal growth (Maslow 1970; Oishi et al. 1999; Veenhoven 1991).

Many studies have shown that, on average, minority groups in Western societies are facing disadvantaged socio-economic positions (Nazroo 2003; Van Tubergen 2006). Moreover, these socio-economic disadvantages have been convincingly shown to be associated with inequalities in health, which can also be considered an important component of quality of life (Cooper 2002; Nazroo 2003). These medical studies further suggest that socio-economic disadvantage can frustrate the gratification of physiological needs. Moreover, economic position can be related to the needs for esteem and personal growth, as professional activities are a clear source of respect and an outlet for creativity. The perception of discrimination, on the other hand, can be negatively related to the need for esteem and a sense of belonging, and can furthermore threaten individuals' sense of safety. Because members of ethnic minority groups have often been found to hold disadvantaged socio-economic positions in Western societies, and because minority group members are likely to perceive higher levels of discrimination than majority members, we focus on these two factors to explain majority-minority differences in subjective well-being.

Economic Position

Economic position is one of the most important explanations of subjective well-being that has been investigated in previous research. Especially among those who occupy the lower positions on the socio-economic ladder, research has shown that access to material resources can have a strong impact on subjective well-being (Cheung and Leung 2004). For those who occupy the lower socio-economic strata, increments in economic position can mean that more of the basic human needs can be fulfilled, and a sense of safety can be improved by, for instance, higher quality housing and reduced employment insecurity. Among those who find themselves in the higher socio-economic strata of society, the effect of an increase in economic resources is much more modest, as this will have much less of a marginal effect on their opportunities to satisfy basic human needs (Cheung and Leung 2004).

Relatedly, the extent to which income has a positive effect on subjective well-being is fiercely debated in the literature. Studies on the relation between income

and subjective well-being often find a positive but rather weak effect (Headey et al. 2004; Moghaddam 2008). This is due to the fact that, as one moves higher up on the income distribution, the effects on subjective well-being become increasingly small or non-existent. From the perspective of need-gratification theory, therefore, it is necessary to assess the impact of economic position with additional measures that are qualitatively different from the income operationalization. Unemployment and economic inactivity can deny people the opportunity for a professional source of positive regard, interpersonal contact, and self-actualization, while participation in higher education can have the reverse effect. Moreover, measures that more directly tap people's experience of economic well-being may show a much clearer relation between economic position and subjective well-being than a measure of income (Moghaddam 2008). Especially among minority group members, measures of job satisfaction and experienced financial problems can be very relevant, as underemployment and financial insecurity are likely much more prevalent among these groups (De Jong and Madamba 2001; Slack and Jensen 2002). The expectations on economic disadvantage among ethnic minority members and the relation between economic position and subjective well-being lead to the following hypothesis:

H1. The differences in subjective well-being between majority group members and ethnic minorities can be explained by differences in economic position.

Perceived Discrimination

Zick et al. (2008) have noted that ethnic discrimination does remain a widespread problem throughout Europe. Partly as a reaction, minority individuals show lower national attachment, or in other words a more negative attitude towards society (Jasinskaja-Lahti et al. 2009). This means that discrimination is associated with reduced feelings of belonging, which can in turn have a negative impact on subjective well-being.

In relation, there is already research evidence available demonstrating the relation between perceived discrimination among minority groups and subjective well-being. Safi (2010) has concluded on the basis of a cross-national study in European countries that discrimination is perhaps the most consistent correlate of life satisfaction among first and second generation immigrants. Other studies, in Europe and Canada, have also indicated a strong relation between perceived discrimination and subjective well-being among immigrant groups (Verkuyten 2008; Vohra and Adair 2000).

Regarding ethnic minority groups, research in a US context shows similar results. Studies among African American, Asian American and Latino American individuals indicate that discrimination significantly reduces quality of life outcomes among ethnic minority groups (Branscombe et al. 1999; Utsey et al. 2002). Beyond the frustration of a need for belonging, the mechanisms in the relation

between perceived discrimination and subjective well-being include decreased personal and group self-esteem, and heightened stress and decreased mental health (Cassidy et al. 2004; Williams et al. 2003). Though discrimination does not only occur on ethno-racial, cultural or religious grounds, but can also focus on characteristics such as gender, age, sexual preference or disability, it can be expected that members of ethnic minority groups perceive more discrimination in society than members of majority groups. Therefore, our second hypothesis is the following:

H2. The differences in subjective well-being between majority group members and ethnic minorities can be explained by differences in experienced discrimination.

Do Economic Position and Discrimination Equally Affect Majority Members?

Our main argument is that economic position and perceived discrimination can have a mediating role, meaning that they can possibly explain differences between minority and majority group members in subjective well-being. However, we also want to explore the extent to which economic position and discrimination have a different impact on subjective well-being among majority group members than they have among members of minority populations, in other words the interaction effects.

Because the effects of discrimination, and to a lesser extent economic position, have often been studied from within a discourse of minority disadvantage, one could ask whether these factors are equally important for the subjective well-being of those who consider themselves a member of the majority in their country. Moreover, previous research suggests that the explanations of subjective well-being can differ between countries and cross-culturally, and between social groups defined by class positions (Cheung and Leung 2004; Diener and Diener 1995; Oishi et al. 1999).

Regarding the effects of income, recent studies suggest that minority groups may benefit more from income mobility, in terms of their subjective well-being, than members of majority populations (Bartram 2011; Olgiati et al. 2013). This can be related to the economically disadvantaged position of minority communities in most societies. Need-gratification theory suggests that gratification of the more basic needs, such as nutrition and safety, takes precedence over gratification of the higher order needs such as esteem and self-actualization (Oishi et al. 1999). For minority group members, incremental improvements in economic position may be more strongly related to the lower-order physiological and safety needs of both themselves, but also of their wider social circle, thereby having a relatively greater impact on subjective well-being.

A similar argument can be made regarding the effect of perceived discrimination on subjective well-being. In principle, being discriminated against can be expected to have a negative impact on subjective well-being for all members of society, and

our main argument implies simply that minority group members will encounter more discrimination than majority group members. However, a sense of collective identity may be especially salient and directly related to subjective well-being among ethnic minority groups, relative to other discriminated groups in society such as women, elderly people or the disabled. Indeed, research shows a strong relation between discrimination and collective self-esteem among minority groups, suggesting that social identity mechanisms may be especially relevant for ethnic minority individuals compared to other discriminated individuals in society (Cassidy et al. 2004). Our third hypothesis is therefore that:

H3. The effects of economic position and experienced discrimination on subjective well-being will be stronger among ethnic minorities than among majority group members.

Data and Methods

Our analysis is based on the fifth edition of the European Social Survey, with supplemental country level data, which is necessary for our multilevel approach. The data applied here is based on the ESS Multilevel Data Repository. The individual level data is taken from the surveys that have been administered over the course of 2010 and 2011, in 27 European countries in total. The country level data is provided by Eurostat and the OECD, and prepared and made publicly available by the Norwegian Social Science Data Services (NSD).

Because country level living conditions are important to take into account from the perspective of need gratification theory, only the 20 countries for which the additional macro data was available from Eurostat and the OECD were included in the analysis presented here. These countries are Belgium, Switzerland, the Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, United Kingdom, Greece, Hungary, Ireland, the Netherlands, Norway, Poland, Portugal, Sweden, Slovenia and Slovakia. We have deleted cases with missing values listwise, with two exceptions discussed below. All in all, our analyses are therefore based on a sample that includes 36,969 respondents.

The ESS data have some great advantages for the purpose of the present paper, as they include a broad selection of European countries, measures of two important components of subjective well-being, and sufficient information on individual and household economic positions. However, due to time and budget limitations, a disadvantage is that most constructs were measured with only a limited number of items, frequently only one survey question. Moreover, due to the fact that minority groups were not intentionally oversampled, as is done in many national and experimental studies on migration issues, the number of respondents that self-identify as member of a minority group is relatively low. Our sample contains 1,586 minority group members, which does not allow extensive country level

comparisons. Therefore, we take the most important country level control variables into account, but focus on individual level theoretical explanations.

It is also worthwhile to note that the number of respondents who self-identify as a member of an ethnic minority group is about half the number of the respondents that are foreign-born, and about a quarter of the respondents that are either foreign born or would be classified as second generation immigrants (people of whom one or both parents are foreign-born). This underlines the fact that part of the foreign-born and ‘second-generation immigrants’ originate from families that once already lived in the current country of residence, in other words have returned to the country of their ancestors, and that these and other people who would externally be classified as a first or second generation immigrant do not necessarily consider themselves a member of an ethnic minority group. In fact, slightly more than a third of first generation immigrants and only slightly more than a tenth of the second generation immigrants in our sample self-identify as ethnic minority group member. Conversely about a third of the respondents in our sample who self-identify as an ethnic minority group member would externally be classified as natives, which means that this group is made up of indigenous minorities or descendants of migrants from more than two generations ago (see Appendix Table A.1).

Dependent Variables

The ESS survey has two questions on subjective well-being, one addressing life satisfaction and the other addressing happiness. The variable for life satisfaction was measured with the question: ‘All things considered, how satisfied are you with your life as a whole nowadays?’. The variable for happiness was measured with the question: ‘Taking all things together, how happy would you say you are?’. Both questions were answered on 11-point scales, running from 0 (extremely dissatisfied/unhappy) to 10 (extremely satisfied/happy).

Independent Variables

The crucial independent variable for our analysis is self-identification as member of an ethnic minority group. This variable was measured with the question: ‘Do you belong to a minority ethnic group in [country]?’. Respondents could answer to this question by replying ‘yes’ or ‘no’.

We use three objective indicators of economic position. First, we use a measure of current employment status, with four categories, distinguishing those respondents who are currently in paid employment, from students, people who are unemployed and looking for work, and people who are inactive on the labour market (including people who are retired, disabled, or fulltime housekeeping).

Second, we use a variable for occupational prestige. Questions that measure the respondents' profession were also asked to respondents who were not currently in employment but had worked in the past. Because the occupational prestige of these respondents is also relevant, especially considering life satisfaction, we also take their occupational prestige into account. We have recoded the respondents' profession into the International Socio-Economic Index (ISEI), which is an internationally comparable measure of occupational prestige (Ganzeboom et al. 1992). ISEI scores represent a continuous approach to occupational stratification and reflect a weighted sum of the average education and average income of occupational groups (Ganzeboom et al. 1992). In our sample, the ISEI scores range from 19 to 90. We include a dummy variable which indicates that for part of the respondents, about 9 %, the occupational prestige measure was not available. This method is to be preferred over removing such a large portion of respondents by listwise deletion. Respondents with missing information on occupational prestige were given the mean score on occupational prestige, which means that this group does not influence the effect of occupational prestige in our models.

Third, we use a variable for household income. The European Social Survey uses a decile approach to income, meaning that respondents are placed in ten equal income categories within the income distribution of their own country. This results in a variable with scores from one to ten, with a score of one meaning that a respondent finds his or her household income in the bottom 10 % of the national income distribution. As is often the case in survey research, quite some respondents have refused to answer the question on their income. Moreover, income data was unavailable for the respondents from Portugal. Therefore, we have created a dummy variable indicating whether income information was missing, which applies to about 24 % of the respondents. These respondents were given the mean score on household income, which means that this group does not influence the effect of household income in our analysis.

Furthermore, we use two subjective indicators of economic position, job satisfaction and experienced financial difficulties. Regarding job satisfaction, respondents were asked: 'How satisfied are you in your main job?'. Respondents could answer on an 11-point scale ranging from 0 (extremely dissatisfied) to 10 (extremely satisfied). Regarding financial difficulties, respondents were asked: 'Which of these descriptions comes closest to how you feel about your household's income nowadays?', to which respondents could answer (1) 'Living comfortably on present income', (2) 'Coping on present income', (3) 'Finding it difficult on present income', or (4) 'Finding it very difficult on present income'. We have recoded this measure as a dichotomous variable, with the first category indicating that respondents do not experience any financial difficulties (0) and the other category indicating that respondents have to do their best (cope) or even find it difficult to make ends meet (1).

Regarding perceived discrimination, respondents were asked 'Would you describe yourself as being a member of a group that is discriminated against in this country?', to which respondents could answer 'yes' or 'no'. This results in a

Table 5.1 Descriptive statistics of life satisfaction, happiness and independent variables

	Range	Majority N = 35,383		Ethnic minority N = 1,586	
		Mean/proportion ^a	SD	Mean/proportion ^a	SD
<i>Dependent variable</i>					
Life satisfaction	0–10	6.97	2.18	6.50	2.44
Happiness	0–10	7.25	1.92	6.99	2.14
<i>Economic position</i>					
Employment status					
Employed	0/1	.48		.49	
Student	0/1	.09		.10	
Unemployed	0/1	.05		.08	
Inactive	0/1	.39		.33	
Occupational prestige	19–90	44.42	13.93	42.66	13.38
Occupational prestige missing	0/1	.09		.13	
Household income	1–10	5.31	2.42	4.77	2.39
Household income missing	0–1	.24		.22	
<i>Economic experience</i>					
Job satisfaction	0–10	7.42	1.30	7.26	1.51
Financial difficulties	0/1	.71		.81	
<i>Discrimination</i>					
Perceived discrimination	0/1	.05		.32	
<i>Individual level control variables</i>					
Female	0/1	.53		.52	
Age	14–101	48.63	18.61	42.13	16.90
Education	0–6	2.63	1.85	2.67	1.95
<i>Country level control variables</i>					
Population size	1.34–81.78	22.98	25.61	22.31	26.30
Unemployment rate	3.50–20.10	9.78	4.00	10.35	4.41
Social expenditures	13.00–28.40	21.52	3.83	20.31	4.30

Source: Own calculations (ESS 5)

^aProportions are reported for dichotomous variables

dummy variable indicating whether respondents perceive discrimination (1) or not (0).

We use three individual level control variables in the analysis; age, gender and educational level. The variable for education has seven categories that are based on the ISCED classification of education used in the European Social Survey. We also include three country level control variables, namely the population size, the unemployment rate, and social expenditure (in percentage of GDP, based on figures from 2007). Table 5.1 shows the descriptive statistics for all variables included in our analysis.

Methods

First, it could be argued that the more subjective measures that we use of economic position and discrimination (job satisfaction, financial difficulties and the measure of perceived discrimination) are conceptually and may be empirically quite closely related to subjective well-being. Therefore, it should be noted that we have first explored the extent of endogeneity of these factors with subjective well-being by inspecting the bivariate correlations. The analysis shows that the two dependent variables, life satisfaction and happiness, are highly correlated (Pearson's $r = .72$). The bivariate correlations between life satisfaction and happiness, on the one hand, and job satisfaction, financial difficulties and perceived discrimination, on the other, are much lower. Regarding financial difficulties these correlations are highest, though only moderate in strength (Pearson's r with life satisfaction = $-.43$; with happiness = $-.39$). Regarding job satisfaction they are lower (Pearson's r with life satisfaction = $.24$; with happiness = $.22$), and regarding perceived discrimination they are lowest (Pearson's r with life satisfaction = $-.10$; with happiness = $-.08$) also among the subsample of ethnic minorities (Pearson's r with life satisfaction = $-.17$; with happiness = $-.16$). While some element of endogeneity is almost inevitable, the bivariate correlations thus suggest that this does not invalidate the current research design.

For our main analysis, we have estimated multilevel regression models with the 'xtmixed' procedure in STATA 12. This method allows simultaneous modelling of the effects of the country-level and individual-level independent variables (Hox 2002; Snijders and Bosker 1999). With multilevel modelling, variance explained by factors at the country level and variance explained by factors at the individual level can be distinguished and standard errors are estimated correctly. We have centred the independent variables on the overall mean because we also include interactions in our models. Furthermore, we have applied the design weights provided in the ESS data, which correct for country differences in sampling.

Results

The descriptive statistics in Table 5.1 already suggest that subjective well-being is indeed lower among ethnic minority members than among majority members. T-tests indicate that the group differences in observed mean scores in life satisfaction ($t(36,967) = 8.345$, $p < .001$) and happiness ($t(36,967) = 5.248$, $p < .001$) are significant. Furthermore, the differences in the indicators for economic position and perceived discrimination are also in the expected direction. It can be observed in Table 5.1 that ethnic minority members are on average more often unemployed, have lower occupational prestige scores, lower household income, lower job satisfaction, more financial difficulties, and that they perceive more discrimination.

The descriptive results therefore warrant further testing of our hypotheses with multilevel regression models.

Multilevel Analysis of Life Satisfaction

When we estimate an ‘empty model’ for life satisfaction, without including explanatory variables, we can see that the individual level variance (4.181) is substantially larger than the variance at the country level (.640). Though country level factors are of course important, this suggests that there is more variation in life satisfaction within countries than there is between countries in Europe.

Turning to the results presented in Table 5.2, the first model confirms that there is a significant difference in life satisfaction between people who identify as a member of an ethnic minority group and those who consider themselves part of the majority population, also when we take into account the individual and country level control variables. Model 2 in Table 5.2 shows that the difference between minority members and majority members becomes smaller when we introduce the objective economic indicators to the model, but the difference remains significant. In the third model of Table 5.2, the difference between minority members and majority members is again reduced, now by including the subjective economic indicators in the model, but the difference still remains significant. Finally, in the fourth model of Table 5.2, we include perceived discrimination and in this model the difference between ethnic minority and majority members is reduced to non-significance. This means that the differences in perceived discrimination and economic position between ethnic minority and majority members together fully mediate, in other words explain, the group differences in life satisfaction.

Looking at the final model of Table 5.2, we see that both economic position and perceived discrimination are related to life satisfaction, while self-identification as a member of an ethnic minority group is not. The model shows that life satisfaction is higher among students and lower among the unemployed, compared to respondents in paid employment. Furthermore, occupational prestige, household income and job satisfaction are shown to be positively related to life satisfaction, while experiencing financial difficulties and discrimination is associated with lower life satisfaction. Regarding the control variables, we find that both the individual level variables and the country level variables are not significantly associated with life satisfaction.

Multilevel Analysis of Happiness

An ‘empty model’ for happiness, which does not include any explanatory variables, shows that the individual level variance (3.348) is much larger than the variance at

Table 5.2 Multilevel regression analysis of life satisfaction

	M1: + origin group			M2: + economic position			M3: + economic experience			M4: + discrimination		
	b	se	p	b	se	p	b	se	p	b	se	p
<i>Origin group</i>												
(Majority = ref.)	–			–			–			–		
Ethnic minority	–.466	.106	***	–.324	.101	**	–.268	.100	**	–.086		.091
<i>Economic position</i>												
Employment status (Employed = ref.)				–			–			–		
Student				.600	.086	***	.502	.071	***	.497		.073
Unemployed				–.810	.093	***	–.812	.087	***	–.794		.089
Inactive				–.023	.038		–.021	.043		–.010		.043
Occupational prestige				.006	.002	***	.003	.002	*	.003		.002
Occupational prestige missing				.143	.049	**	.099	.045	*	.094		.047
Household income				.139	.014	***	.091	.014	***	.088		.014
Household income missing				.079	.052		.086	.050		.083		.050
<i>Economic experience</i>												
Job satisfaction							.279	.010	***	.275		.010
Financial difficulties							–.652	.053	***	–.637		.052
<i>Discrimination</i>												
Perceived discrimination										–.697		.087
<i>Individual control variables</i>												
Female	.024	.031		.048	.034		.055	.033		.054		.033
Age	–.007	.002	**	.000	.003		–.002	.002		–.003		.002
Education	.094	.016	***	.031	.014	*	.008	.012		.025		.014

<i>Country control variables</i>										
Population size	-.003	.005	-.002	.005	-.001	.004	-.002	.004	-.002	.004
Unemployment rate	-.084	.049	-.080	.048	-.062	.038	-.063	.038	-.063	.038
Social expenditures	.027	.039	.024	.037	.011	.031	.012	.031	.012	.031
Intercept	7.423	1.090	6.205	1.020	5.202	.846	5.264	.846	5.264	.847
N		36,969		36,969		36,969		36,969		36,969
-2*Log Likelihood		156,964		155,215		153,168		152,915		152,915
Δ -2*Log Likelihood (df)		948	(7)	1,749	(7)	2,047	(2)	253	(1)	253
Variance components										
Individual level variance		4.076		3.888		3.679		3.654		3.654
% explained		2.5		7.0		12.0		12.6		12.6
Country level variance		.424		.400		.275		.278		.278
% explained		33.8		37.5		57.0		56.7		56.7

Source: Own calculations (ESS 5)

The relation is statistically significant at *** p < .001, ** p < .01, * p < .05

Note: One-tailed test for hypothesized effects

the country level (.387). Like with life satisfaction, this suggests that there is more variation in happiness within countries than there is between countries in Europe.

Regarding the results presented in Table 5.3, Model 1 confirms that there is a significant difference in happiness between people who identify as a member of an ethnic minority group and members of the majority population, when taking into account the effects of the individual and country level control variables. Model 2 in Table 5.2 shows that this difference between minority members and majority members already becomes smaller when we include the objective economic indicators in the analysis, but the variable for ethnic minority membership remains significant. In the third model of Table 5.2, the difference between minority members and majority members is further reduced by introducing the subjective economic indicators to the model.

When we include perceived discrimination in the fourth model of Table 5.3, the association between ethnic minority membership and happiness is reduced to about zero, actually even being slightly positive instead of negative. This means that the differences in happiness between ethnic minority and majority members can be fully explained by the group differences in economic position and perceived discrimination. Taking together the findings on life satisfaction and happiness, we thus find support for our first and second hypothesis.

Looking at the final model of Table 5.3, we see that both economic position and perceived discrimination are related to happiness. The model shows that happiness is higher among students and lower among the unemployed, compared to respondents in paid employment. Furthermore, occupational prestige, household income and job satisfaction are shown to be positively related to happiness, while experiencing financial difficulties and discrimination is associated with lower life satisfaction. Regarding the control variables, happiness is higher among women, among younger respondents and among the higher educated, while the country level control variables are not significantly associated with happiness.

Interaction Effects

Tables 5.2 and 5.3 have only clarified the main effects of minority group status and the other hypothesized correlates of life satisfaction and happiness. However, it could also be that the economic factors, such as household income, or perceived discrimination, are differently related to subjective well-being among majority members than among those who self-identify as member of an ethnic minority group. To investigate this possibility, we turn to the results of a test of interaction effects presented in Table 5.4. All the interaction effects in Table 5.4 were tested in separate models that also control for the variables included in the final models of Tables 5.2 and 5.3. In case the interaction effects show up to be significant, this means that for instance perceived discrimination has a different impact on life satisfaction or happiness among the majority population than it does among ethnic minority group members.

Table 5.3 Multilevel regression analysis of happiness

	M1: + origin group			M2: + economic position			M3: + economic experience			M4: + discrimination		
	b	se	p	b	se	p	b	se	p	b	se	p
<i>Origin group</i>												
(Majority = ref.)	–			–			–			–		
Ethnic minority	–.258		.061 ***	–.143		.055 **	–.101		.056 *	.038		.051
<i>Economic position</i>												
Employment status (Employed = ref.)												
Student				.400		.074 ***	.332		.063 ***	.327		.063 ***
Unemployed				–.620		.095 ***	–.631		.099 ***	–.618		.101 ***
Inactive				–.013		.031	–.012		.032	–.004		.032
Occupational prestige				.004		.001 **	.002		.001	.002		.001 *
Occupational prestige missing				.007		.061	–.029		.060	–.033		.061
Household income				.117		.011 ***	.083		.012 ***	.081		.012 ***
Household income missing				.052		.041	.059		.041	.057		.041
<i>Economic experience</i>												
Job satisfaction							.240		.013 ***	.237		.013 ***
Financial difficulties							–.429		.037 ***	–.418		.036 ***
<i>Discrimination</i>												
Perceived discrimination										–.534		.070 ***
<i>Individual control variables</i>												
Female	.049		.033	.076		.035 *	.080		.035 *	.079		.035 *
Age	–.009		.002 ***	–.004		.002	–.006		.002 **	–.007		.002 **
Education	.087		.016 ***	.031		.014 *	.027		.014	.027		.014 *

(continued)

Table 5.3 (continued)

	M1: + origin group			M2: + economic position			M3: + economic experience			M4: + discrimination		
	b	se	p	b	se	p	b	se	p	b	se	p
<i>Country control variables</i>												
Population size	-.001	.004		-.001	.003		-.000	.003		-.000	.003	
Unemployment rate	-.059	.038		-.056	.037		-.043	.029		-.044	.029	
Social expenditures	.033	.027		.030	.025		.021	.021		.022	.021	
Intercept	7.400	.774	***	6.500	.740	***	5.470	.604	***	5.518	.603	***
N		36,969			36,969			36,969			36,969	
-2*Log Likelihood		148,162			146,837			145,218			145,034	
Δ -2*Log Likelihood (df)		1,506	(7)		1,325	(7)		1,619	(2)		184	(1)
Variance components												
Individual level variance					3.100						2.953	
% explained					7.4						11.7	
Country level variance					.227						.156	
% explained					41.3						59.7	

Source: Own calculations (ESS 5)

The relation is statistically significant at *** p < .001, ** p < .01, * p < .05

Note: One-tailed test for hypothesized effects

Looking at the first column of Table 5.4, it becomes clear that the effects of economic position and perceived discrimination differ very little between ethnic minority and majority group members. Regarding life satisfaction, only the interactions between ethnic minority membership and being unemployed and between ethnic minority membership and economic inactivity are significant. This means that unemployment and economic inactivity more strongly depress life satisfaction

Table 5.4 Final models (Model 4, Tables 5.2 and 5.3) + interactions, N = 36,969

	Life Satisfaction								
	Interaction effect			Simple slope among majority			Simple slope among ethnic minority		
	b	se	p	b	se	p	b	se	p
<u>Economic position</u>									
x Student	-.173	.247		.501	.073	***	.328	.249	
x Unemployed	-.564	.283	*	-.758	.097	***	-1.322	.246	***
x Inactive	-.309	.148	*	.003	.045		-.305	.141	*
x Occupational prestige	.002	.005		.003	.002		.005	.005	
x Household income	.010	.028		.088	.014	***	.098	.031	**
<u>Economic experience</u>									
x Job satisfaction	-.051	.047		.278	.011	***	.228	.041	***
x Financial difficulties	-.140	.136		-.632	.051	***	-.773	.151	***
<u>Discrimination</u>									
x Perceived discrimination	.172	.139		-.729	.084	***	-.556	.160	***
	Happiness								
	Interaction effect			Simple slope among majority			Simple slope among ethnic minority		
	b	se	p	b	se	p	b	se	p
<u>Economic position</u>									
x Student	-.284	.213		.338	.067	***	.054	.200	
x Unemployed	-.202	.133		-.607	.107	***	-.810	.105	***
x Inactive	-.307	.128	*	.010	.032		-.297	.128	*
x Occupational prestige	-.000	.005		.002	.001		.002	.005	
x Household income	.024	.023		.080	.012	***	.103	.026	***
<u>Economic experience</u>									
x Job satisfaction	.020	.035		.236	.013	***	.256	.033	***
x Financial difficulties	.040	.112		-.420	.037	***	-.380	.101	***
<u>Discrimination</u>									
x Perceived discrimination	.047	.102		-.543	.070	***	-.496	.116	***

Source: Own calculations (ESS 5)

The relation is statistically significant at *** p < .001, ** p < .01, * p < .05

Note: Significant interaction effects and respective simple slopes in bold print. All interaction effects were tested separately in models that further include all the variables of the final model (Model 4 of Tables 5.2 and 5.3). Full models available from the authors

among minority groups than among the majority population. Regarding happiness, only the interaction between minority group membership and being inactive on the labour market is significant. For all other indicators of economic position, and regarding perceived discrimination, the association with subjective well-being is the same for majority group members and ethnic minority members.

The interaction effect between ethnic minority membership and being unemployed, regarding life satisfaction, modestly goes in the direction of our third hypothesis. This becomes clear from the results in the second and third column of Table 5.4, which show that the simple slopes for the effect of being unemployed are negative for both groups, but the estimate is larger for ethnic minority members. Concerning the significant interactions between minority group membership and economic inactivity, regarding both life satisfaction and happiness, the simple slopes indicate that the effect of being inactive is about zero for majority members and negative for ethnic minority members, which is consistent with our third hypothesis. All in all however, we find limited support for our hypothesis that economic position and perceived discrimination are more strongly related to subjective well-being among ethnic minority members than among members of the majority.

Discussion

Our study confirms the expectation that subjective well-being, in terms of life satisfaction and happiness, is lower among people who self-identify as a member of an ethnic minority group compared to those who consider themselves to be part of the majority population. The most important conclusion, however, is that these differences can be fully explained by the fact that ethnic minority members occupy more disadvantaged socio-economic positions in European societies and experience more discrimination. This is an important addition to previous studies among immigrant populations in Europe, which have concluded that levels of life satisfaction among immigrants are lower than among the majority population and which have suggested explanations for these differences (De Vroome and Hooghe 2013; Safi 2010). Where these previous studies emphasized the disadvantage in life satisfaction of minorities that are externally classified as first or second generation immigrant, our study adds that the qualitatively different group of people who self-identify as a member of an ethnic minority group are faced with a similar disadvantage.

Moreover, our results at first sight contrast the results of previous research among immigrant populations in Europe. Safi (2010) concludes, on the basis of a cross-national study in European countries, that a difference between native majority populations and first and second generation immigrant groups remains after controlling for important correlates of life satisfaction, including perceived discrimination, which is shown to be a consistent predictor of life satisfaction. Though we focus on a different type of minority group, close inspection of our results is actually in line

with the interpretation that discrimination is perhaps the most crucial explanatory factor with regard to the subjective well-being of minority groups in society. The differences in subjective well-being between majority group members and minority group members are fully explained when we take into account both perceived discrimination and a broad set of indicators of economic position, and behind the disadvantaged economic position of the ethnic minority groups in our study may very well lie processes of structural discrimination.

In any case, our study provides strong support for a need-gratification theory of subjective well-being. In line with this theoretical perspective, our study shows that adverse living conditions among ethnic minority populations lead to differences in subjective well-being between majority and ethnic minority groups, as both economic positions and discrimination can be related to universal needs for safety, belonging, esteem and self-actualization. Our study therefore adds further support to macro-level country comparisons and national studies that have previously found support for a need-gratification approach to subjective well-being (de Vroome and Hooghe 2013; Oishi et al. 1999; Veenhoven 1991). Furthermore, the fact that we find only few significant interaction effects suggests that the explanatory factors derived from need-gratification theory apply equally well to very diverse groups in European societies, in this case ethnic minority members and majority group members. In addition to need-gratification theory and the related role of discrimination, our results also seem to be in line with a social comparison theory of subjective well-being, as the lower consumption levels and loss of status that are associated with income and financial difficulties play an important role (Guillen-Royo 2008). We would therefore conclude that these theoretical approaches to subjective well-being are largely complementary.

From a policy perspective, it is important to note that levels of life satisfaction and happiness are not inevitably lower among ethnic minority populations than among majority populations. With specific policies aiming to reduce prejudice and structural discrimination, steps can be taken to improve the living conditions of ethnic minority populations. Our results indicate that these steps are necessary if policy makers would want to achieve equal levels of quality of life among diverse population groups. Because a sense of relative deprivation among ethnic minority groups can be associated with socially disruptive behaviour, such as criminality and radicalism, the perspective that inequalities in subjective well-being between social groups can feasibly be reduced to zero should be encouraging.

A remarkable finding is that the relation between perceived discrimination and subjective well-being is similar for minority and majority group members. We had actually hypothesized that the negative effect of perceived discrimination would be stronger among minority group members, as a sense of collective identity and self-esteem is likely more salient among these groups. Though it goes beyond the scope of our present analysis, perhaps the role of social identity processes should be considered more extensively in future studies on differences in subjective well-being between population groups, as the literature further suggests that ethnic identification can also have a positive impact on subjective well-being among

minority groups (Kennedy and Cummins 2007; Verkuyten 2008). Relatedly, it is possible that the relatively strong social networks within minority communities have a positive impact, which could contrast with the community spirit among members of the general population that is sometimes thought to be declining (Putnam 2000).

We also want to mention some limitations to the present study. First, it has to be noted that the more subjective measures of economic position and the measure of perceived discrimination may be endogenous to subjective well-being to some extent. Analysis shows that the bivariate correlations between these factors and the measures of happiness and life satisfaction are not that strong, however, suggesting that they are clearly independent constructs rather than alternative indicators for subjective well-being. Therefore, the level of endogeneity in these measures, which is to some extent inevitable with subjective indicators, does not seem to invalidate our research design. Second, because the data we use here is cross-sectional, they do not allow us to test in a strict manner the causality of the proposed relations. However, our explanations are theoretically derived, and regarding perceived discrimination the reverse causal order is much less logical. Regarding economic position, the possible impact on subjective well-being is also well-established in the literature, though a bidirectional relationship remains possible.

Appendix

Table A.1 Cross-classification of externally defined migration status and self-classification as majority or ethnic minority group member

Immigration status	Self-defined classification		Total
	Majority	Ethnic minority	
Native	30,891	484	31,375
% within self-defined classification	87.4 %	30.7 %	84.9 %
First generation immigrant	2,338	850	3,188
% within self-defined classification	6.6 %	53.8 %	8.6 %
Second generation immigrant	2,134	245	2,379
% within Minority group	6.0 %	15.5 %	6.4 %
Total	35,363	1,579	36,942
% within self-defined classification	100.0 %	100.0 %	100.0 %

Note: The total N (39,942) is slightly lower than in the main analysis, due to missing information on immigration status

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