

Ethnic Clustering in Schools and Early Career Outcomes*

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Abstract

How does ethnic clustering during compulsory schooling affect career paths of ethnic minority students? We evaluate the impact of foreign language-speaking students' on other foreign language-speaking students. A higher share of foreign language speakers in a cohort increases such a student's probability of entering vocational rather than academic education. This effect is amplified if peers speak the same foreign language as the student observed. Furthermore, such clustering leads foreign language speakers to enrol in less difficult vocational education and to earn less. These peer effects are mainly driven by language acquisition, while ethnic networks play a minor role.

Keywords: foreign language speakers, ethnic concentration, peer effects, education, early career outcomes.

JEL Classification: I21, J15, J24, J30.

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