

**Ethnic Minorities Rewarded:  
Ethnostratification on the Wage  
Market in Belgium**

Sara Vertommen and Albert Martens

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# **Ethnic Minorities Rewarded: Ethnostratification on the Wage Market in Belgium**

## **Summary**

Several previous researches have confirmed the hypothesis of ethnostratification, which holds that the labour market is divided into different ethnic layers. While people of a European origin are over-represented in the top layers (the primary market), people with non-European roots and/or nationalities are more concentrated in bottom layers (the secondary market). Relative to the primary market, this secondary market is characterized by a higher chance of unemployment, lower wages, poorer working conditions and greater job insecurity. This paper deals with a very important condition of work: the wage. Does origin have an impact on the level of wage? We make a distinction between nine origin groups: Belgians, North and West Europeans, South Europeans (from Greece, Spain, Portugal), Italians, East Europeans, Moroccans, Turks, Sub Sahara Africans and Asians. The first part of this article briefly describes the database used for the analyses and presents a few general figures for the total Belgian population. In the second part we examine the impact of origin on wage levels. For each origin group we will give an overview of the average daily wages and the partition over the wage classes. For the “weaker” populations, gender and age are taken into account. Finally, by means of a regression analysis, we will examine the influence of origin while controlling a few other variables that may influence the wage level.

**Keywords:** Origin, Wage Levels and Distributions, Ethnostratification, Valuable Database

**JEL Classification:** J31, J21, J71

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# 1 Introduction

Not everyone has the same opportunities on the labour market. Recent figures of the High Council for Employment show an unemployment ratio of 31.5% for non-EU civilians in Belgium, compared to only 7.4% for the Belgians. In other European countries, these shares are averagely 17.9% for the non-EU populations versus 7.9% for the national population. Belgium is a very bad student in the European class.

Certain ethnic minorities are, partially because of their ethnic origin, more likely to end up in a specific segment of the labour market. Several previous researches (Verhoeven, 2000; Martens et al., 2005; Vertommen & Martens, 2005) have confirmed the hypothesis of ethnostratification, which holds that the labour market is divided into different ethnic layers. While people of a European origin are over-represented in the top layers (the primary market), people with non-European roots and/or nationalities are more concentrated in bottom layers (the secondary market). Relative to the primary market, this secondary market is characterized by a higher chance of unemployment, lower wages, poorer working conditions and greater job insecurity. This paper deals with a very important condition of work: the wage. Does origin have an impact on the level of wage?

In the comparison of ethnic populations, origin instead of nationality must be used. In Belgium, many people with a Moroccan, Turkish or African origin become naturalized Belgian citizens, while those from the EU countries generally maintain their own nationality. In other words the “foreigners” are mainly people of European origin while a significant part of the Belgian citizens are of non-European origin. By using the origin one can differentiate statistically between the native Belgian population, those who are naturalized (new Belgians) and the foreigners. In addition, origin can be used to map diversity within and between the different populations of new Belgians and foreigners. Using nationality as an indicator would ignore the naturalized Belgians and consequently underestimate the ethnostratification problem.

In the first part of this paper we will briefly describe the database and present a few general figures for the total Belgian population. In the second part we will examine the impact of origin on wage levels. For each origin group (new Belgians and foreigners), we will give an overview of the average daily wages and the partition over the wage classes. For the “weaker” populations, gender and age are taken into account. Finally, by means of a regression analysis, we

will examine the influence of origin while controlling a few other variables that may influence the wage level.

## 2 The database

The database consists of data from the National Office for Social Security, the National Office for Employment and the State Register. The Central Social Security Bank linked the data. The linkage with the State Register enabled us to determine the origin of the individuals. As data come from official agencies, we have information only about the regular labour force. Undocumented people and those who work undeclared or are on welfare are not in the database.

The data are from June 2001, the reference year, but there are also data for 1998, 1999, 2000. Here, we will focus on the most recent data.

The 421 325 people in the database population live in Belgium and can be divided into three groups: native Belgians, new Belgians and foreigners. The *native Belgians* are those who have always had the Belgian nationality. The *new Belgians* first had a foreign nationality but have been naturalized and *foreigners* are those who have a foreign nationality. The population includes:

- (1) All the foreigners, between 18-55 years of age, who work as an employee or are not active (N= 234 558).
- (2) 50% of the new Belgians stratified by gender and age, between 18 and 55 years of age, who work as an employee or are not active (N=101 303).
- (3) A sample of native Belgians stratified by gender, age and work situation, between 18 and 55 years of age, who work as an employee or are not active (N= 85 464).

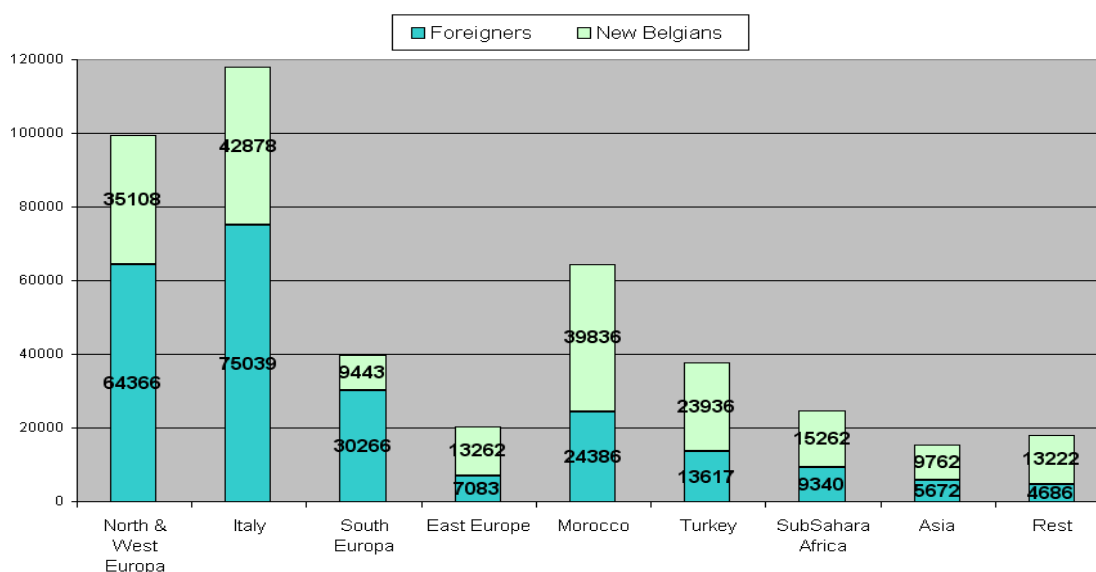
The database contains a number of variables:

- (1) Personal variables: gender, age, origin, nationality, place of residence
- (2) Work related variables: wage, sector of employment, company size, status of the employee (blue- or white-collar or civil servant) and nature of the employer (private or public company)
- (3) For the unemployed: period of unemployment, year of inscription with the National Office for Employment, level of education

An important *missing variable* for the employees is the level of education. The information on employees comes mainly from the administrative database of the National Office for Social Security. This agency has no information on the level of education.

An important *new variable*, that increases the value of the database is the origin. Thanks to origin we are able to differentiate statistically between native Belgians, new Belgians and foreigners. We will distinguish nine origin groups: Belgians, North & West Europeans, South Europeans (from Greece, Spain and Portugal), Italians, East Europeans, Moroccans, Turks, Sub-Saharan Africans<sup>1</sup> and Asians. Except for the native Belgians, every origin group has both new Belgians and foreigners.

**Figure 1:** Number of new Belgians and foreigners by origin, Belgium, June 2001.



**Source:** Central Social Security Bank (CSSB), operations by Center of Sociological Research (CeSR). Catholic University Leuven.

The figure above reflects the number of new Belgians and foreigners in each origin group.<sup>2</sup> The largest group are the Italians (N=117 917), followed by the N&W Europeans (N= 99 474) and the Moroccans (N= 64 222). East Europeans (N= 20 345) and Asians (N= 15 434) constitute the smallest population groups in Belgium.

The different proportions of new Belgians and foreigners are immediately evident. The Italians and the North, West and South Europeans form a significant larger share of foreigners. The new Belgians represent respectively 36%, 35% and 24% of their total populations. In the other origin groups we note the contrary, an over-representation of new Belgians, on average 62%. As

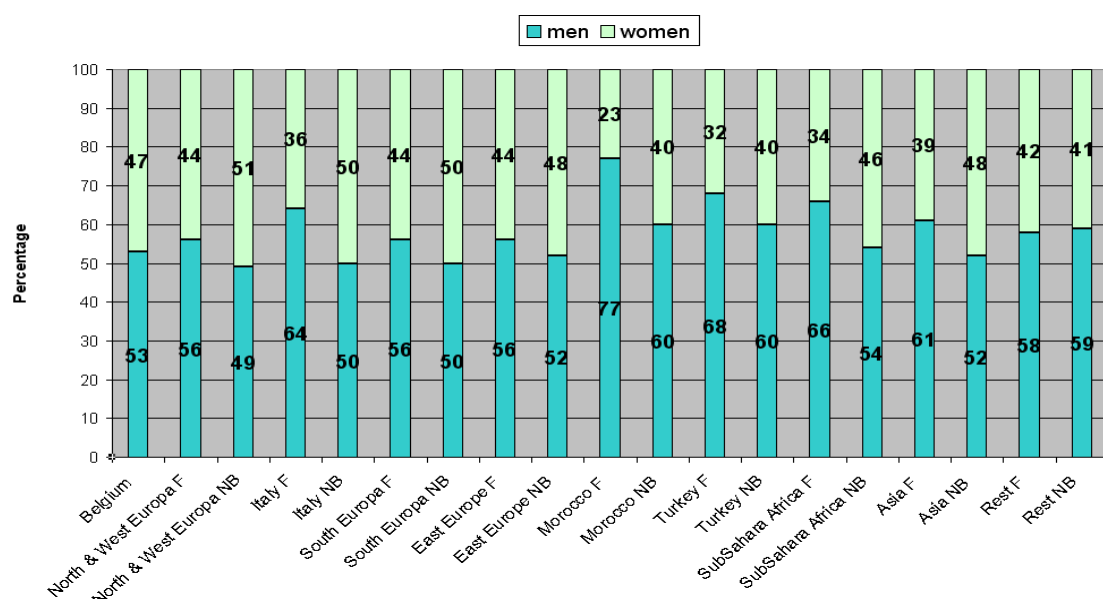
<sup>1</sup> Sub-Saharan Africa signifies the African continent with exception of Morocco.

<sup>2</sup> The rest category contains people with the values 'indefinite', 'unprecedented' and 'other' on the origin variable. Because of the variety of this 'rest group', we will not discuss it in the analyses.

noted in the introduction, people with a non-EU origin acquire the Belgian nationality to a relatively greater extent.<sup>3</sup>

The next figures represent the origin groups partitioned by gender, age and work situation. Note however, that the distributions reflect the Belgian labour force and not the complete Belgian population. A larger share of men on the labour force does not mean that there are more men than women in Belgium. The foreigner (F) and the new Belgian (NB) populations in the origin groups will be treated separately.

**Figure 2:** Origin groups distributed by gender, Belgium, June 2001.



**Source:** CSSB, operations CeSR.

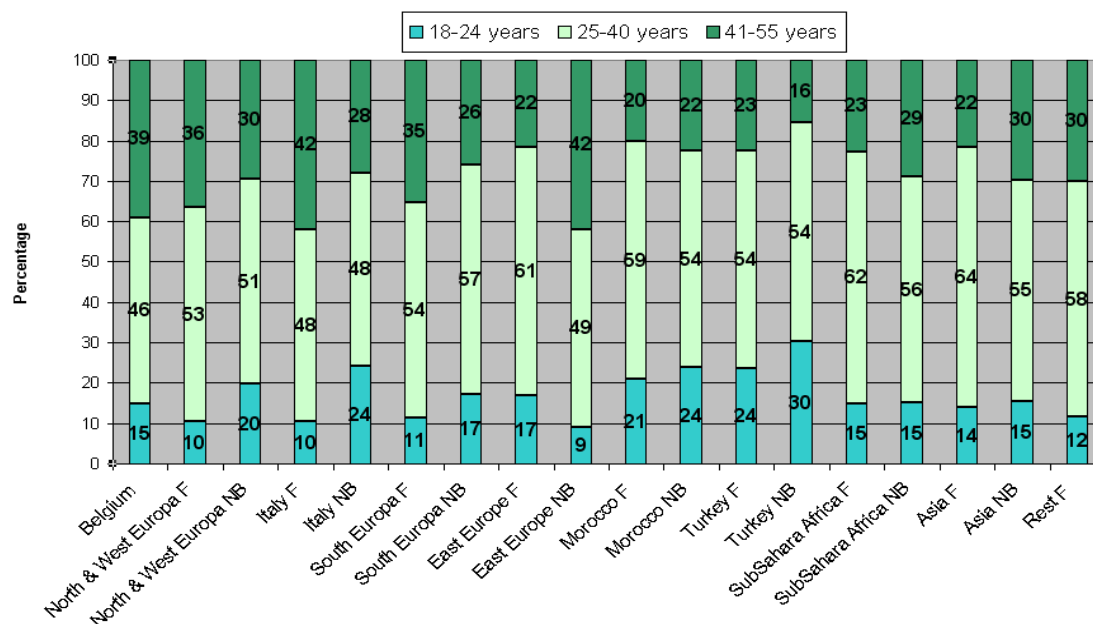
\* NB= new Belgians, F= foreigners

Most of the origin groups are more or less equally distributed over the gender classes. In Moroccan and Turkish populations however, we note a significant larger share of men, which means that a lot of women have not entered the labour market, are on welfare or are working undeclared. For the Moroccans this share of men rises to almost 80% of the foreign population. The same trend, although to a lesser degree, is apparent for the Italian (64%) and Sub-Saharan African foreigners (66%).

Within the origin groups, the gender distributions for foreign populations are always more disproportionate than those for new Belgians. Again, this is the most striking for the Moroccans (a 17% difference between foreigners and new Belgians).

<sup>3</sup> The data are dated June 2001. The East European countries were not yet members of the European Union, which accounts for the large share of foreigners in this origin group.

**Figure 3:** Origin groups distributed by age classes, Belgium, June 2001.



**Source:** CSSB, operations CeSR.

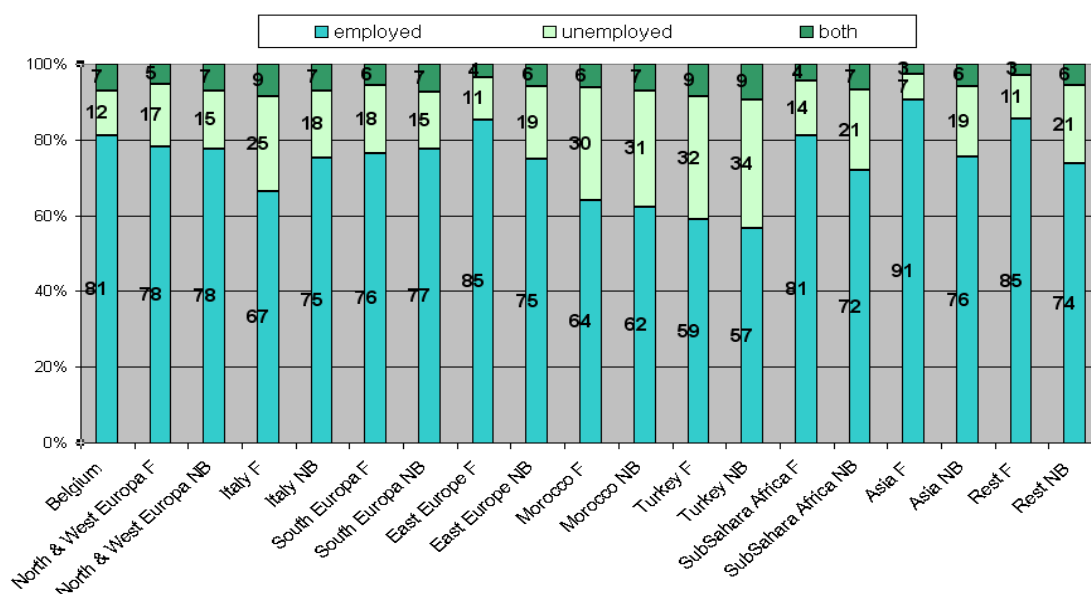
\* NB= new Belgians, F= foreigners

Compared to the native Belgians, the Turkish and the Moroccan working populations are on the average younger, the share of 18-24 year olds being significantly larger and the older group being on the average half the amount. In contrast to their foreign counterparts, whose distribution resembles the native Belgians, the Italian and N&W and South European Belgians also have a relatively younger population.

With exception of the East Europeans, we can state that, within the origin groups, the foreign populations are generally older than the new Belgian ones.

The figure below reflects the work situation-partitioning of the origin groups. The people who score 'both' are working and receiving a benefit of the National Office for Employment at the same time.

**Figure 4:** Origin groups distributed by work situation, Belgium, June 2001.



**Source:** CSSB, operations CeSR.

\* NB= new Belgians, F= foreigners

The share of unemployed Moroccans and Turks is on average twice as large as that of the other origin groups (32% compared to 15%). Italian foreigners also have a significantly larger share of unemployed, namely 25%. Except for these three groups, an average of more than three quarters of the populations is employed. East European and Asian foreigners have a very large share of employed, respectively 85% and 91%.

The Belgian Italians score better than their foreign counterparts. For the East Europeans, Sub-Saharan Africans and Asians, we see the contrary. The differences between foreigners and new Belgians in the other groups are negligible. Thus, having or acquiring the Belgian nationality does not necessarily improve the work situation. Quite the contrary is the case.

We can conclude that the different origin groups on the Belgian labour market are not equally distributed by gender, age and work situation. Compared to the figures of the native Belgians, Moroccans and Turks show the largest differences. North & West and South Europeans enclose the partitioning of the native Belgians the most. East Europeans, Africans and Asians but also Italians, especially the foreigner group, are in between these two clusters of groups.

After the presentation of a few general figures for the Belgian population, we start with the analysis of the central research question of this paper: *'does origin have an impact on wage levels on the Belgian labour market?'*

### 3 Origin ⇒ wage level

The research population of 340 152 individuals includes those people who work as employees. Table 1 reflects the number of new Belgians and foreigners per origin group. The composition of the sample population has already been discussed above.

**Table 1:** Research population and total employed population (18-55y) by origin, Belgium, June 2001.

| Origin                  | Research population<br>(N) | Total population<br>(N) |
|-------------------------|----------------------------|-------------------------|
| Belgium                 | 75 585                     | 2 705 511               |
| N&W Europe (F)          | 53 877                     | 53 877                  |
| N&W Europe (NB)         | 14 927                     | 29 854                  |
| Italy (F)               | 56 640                     | 56 640                  |
| Italy (NB)              | 17 713                     | 35 426                  |
| South Europe (F)        | 24 903                     | 24 903                  |
| South Europe (NB)       | 3 976                      | 7 952                   |
| East Europe (F)         | 6 293                      | 6 293                   |
| East Europe (NB)        | 5 378                      | 10 756                  |
| Morocco (F)             | 17 140                     | 17 140                  |
| Morocco (NB)            | 13 786                     | 27 572                  |
| Turkey (F)              | 9 219                      | 9 219                   |
| Turkey (NB)             | 7 936                      | 15 872                  |
| Sub-Saharan Africa (F)  | 8 086                      | 8 086                   |
| Sub-Saharan Africa (NB) | 6 020                      | 12 040                  |
| Asia (F)                | 5 294                      | 5 294                   |
| Asia (NB)               | 3 975                      | 7 950                   |
| Rest (F)                | 4 149                      | 4 149                   |
| Rest (NB)               | 5 255                      | 10 510                  |
| Total (F)               | 185 601                    | 185 601                 |
| Total (NB)              | 78 966                     | 157 932                 |
| <b>TOTAL</b>            | <b>340 152</b>             | <b>3 049 044</b>        |

**Source:** CSSB, operations CeSR.

\* NB= new Belgians, F= foreigners

The first part of this section presents the average daily wage for each of the origin groups and examines the degree to which the daily wage is distributed over the wage classes. How do the different origin groups relate to each other in this respect? Next, age and gender are brought into account for the “weaker” origin groups on the wage market. Finally, by means of a regression analysis, we will examine the unique influence of origin on wage.

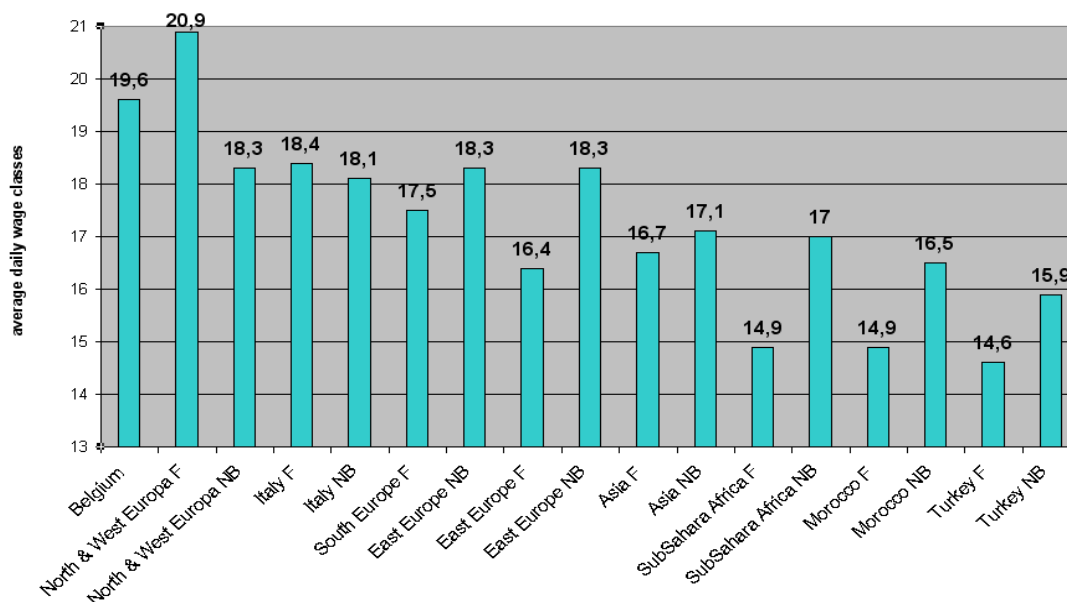
### 3.1 Who earns more, who deserves better?

As data concerning wages are scarce and available resources are incomplete, we use a rough variable provided by the National Office for Social Security, namely the *average daily wage*, which is based on the gross remuneration.<sup>4</sup> The variable is divided into 36 wage classes. Every wage class has a range of 5 €.

#### 3.1.1 The average daily wage

The average native Belgian earns 96 to 100 € per day. For the average new Belgian and foreigner this is 81-85 € and 86-90 €. The new Belgians earn on average less than the non-Belgians do.

**Figure 5:** Average daily wage class by origin, Belgium, June 2001.



**Source:** CSSB, operations CeSR.

\* NB= new Belgians, F= foreigners

However, when the average wages are computed for each of the origin groups (figure 5)<sup>5</sup>, we observe that, except for of the N&W Europeans and the Italians, the average new Belgian earns more than his non-Belgian counterpart. The average wage of the foreigner population is 'biased' by the

<sup>4</sup> The gross remuneration is the basis for social security contributions and is corrected for part-time employment. Only the pay that relates directly to labour performances are taken into account (this means no double holiday pay, premiums, profit participation, etc.).

<sup>5</sup> The origin groups are classified from highest to lowest average daily wage class. This origin order is based on the average daily wage class of new Belgians and foreigners within the origin groups.

N&W Europeans. This group represents a large share of the foreign population (almost 30%, table 1). Without the N&W Europeans, the average wage of the foreign population decreases to 76 to 80 €, which is less than the new Belgian population.

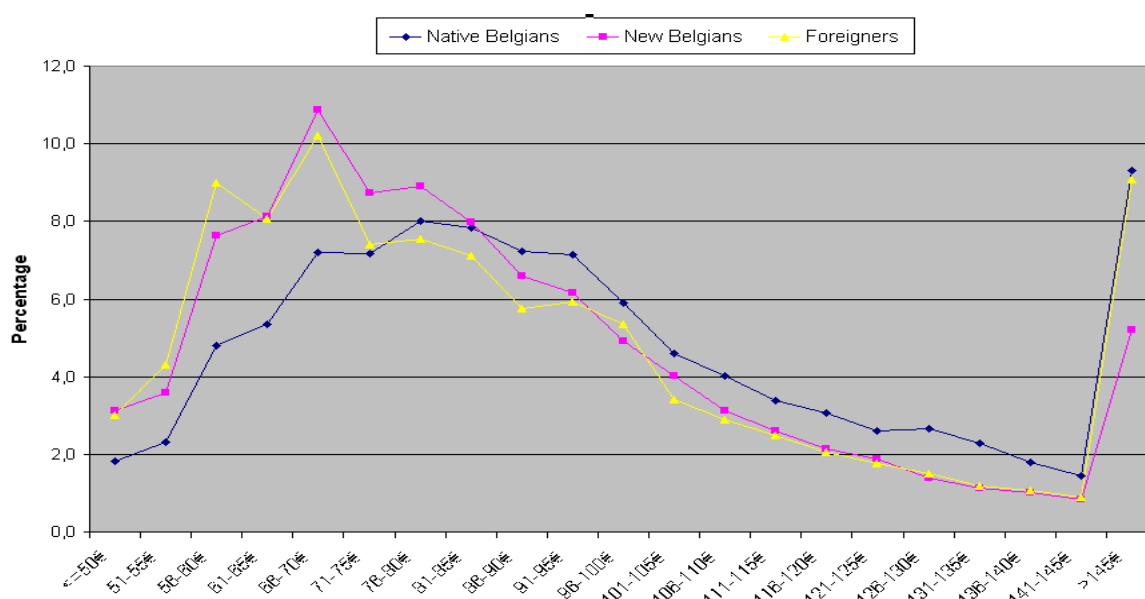
The Turks receive on average the lowest wage, followed by the Moroccans, Sub-Saharan Africans, Asians and East European foreigners. Moreover, compared to the other origin groups, the wage variation (= range between minimum and maximum wage) within these ethnic groups is also less. Only the N&W European foreigners earn more (101-105 €) than the native Belgians do. Their Belgian counterparts are positioned in the 86-90 € wage category, together with the Italians, the South Europeans and the East European Belgians.

### 3.1.2 The daily wage class distribution

Figure 6 shows the daily wage class partitioning of the native Belgians, the new Belgians and the foreigners. The ten lowest wage classes were merged because of the small shares of employed and the same was done for the seven highest wage classes.

The three subpopulations show different wage-class distributions. More than a third of the foreign population (yellow line) earns between 56 and 75 € per day, the new Belgians (pink line) are concentrated in the wage classes from 61 to 80 € and for the native Belgians (blue line) the classes from 71 to 90 euro include the most dense population. The native Belgians are under-represented in the lower wage classes and over-represented in the higher ones. For the new Belgians and the foreigners, we see three wage waves: the lower categories are dominated by the foreigners, the middle ones are populated to a greater extent by the new Belgians and their shares are more or less equal in the higher classes.

**Figure 6:** Partitioning of the research population by origin and daily wage class (detail), Belgium, June 2001.

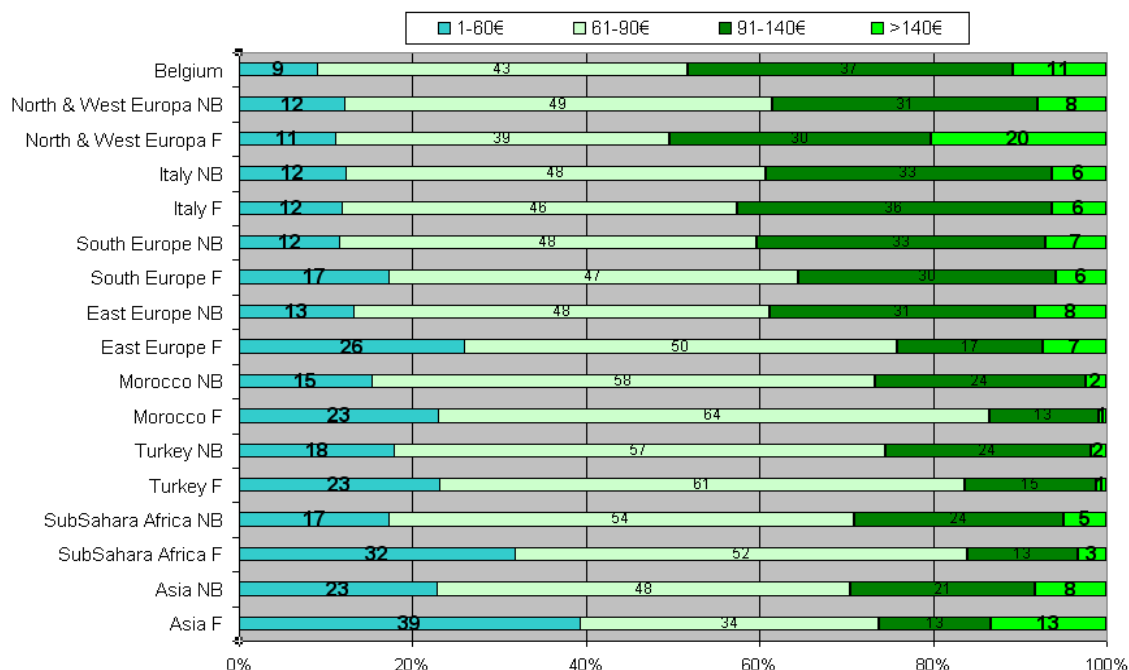


Source: CSSB, operations CeSR.

The highest wage class (> 145 €) however, is an exception to these findings: the share of foreigners is almost as large as that of the native Belgians. When dissecting the foreign population in this wage class, it appears that almost 61% has a N&W European nationality. The shares of Turks (0.6%), Moroccans (0.7%) and Sub-Saharan Africans (1.4%) however are negligible. N&W Europeans are more employed in larger/international companies, have a more favourable employment status and/or work on a higher level in the hierarchy. Without this group, the foreigner share in the highest wage class declines to 4.6%, while their presence in the lower wage classes increases.

Next, we examine the daily wage-class distribution for each origin group. We reduce the number of wage classes to four and use the native Belgian population as a reference group. The first wage class (1-60 €) includes the 10% of native Belgians employees that have the lowest daily wage, the highest wage class (>140 €) contains the top 10% native Belgians on the wage market. The second (61-90 €) and the third wage class (91-140 €) both include 40% of the native Belgian working population, respectively from the 2<sup>nd</sup> to the 5<sup>th</sup> decile and from 6<sup>th</sup> to the 9<sup>th</sup>.

**Figure 7:** Partitioning of the research population by origin (detail) and daily wage class, Belgium, June 2001.



Source: CSSB, operations CeSR.

\* NB= new Belgians, F= foreigners

The shares of N&W Europeans, Italians and East European Belgians in the bottom wage class are more or less equal to that of the reference group, approximately 10%. The South European foreigners and the Moroccan, Turkish and Sub-Saharan African Belgians are the next best group with an average of 16%. Except for the N&W Europeans and the Italians, foreigners always score worse than their Belgian counterparts. Those with a non-EU nationality have on average a quarter of their population in the lowest wage class. The most striking and alarming finding is that four out of ten Asian foreigners are positioned at the bottom of the wage hierarchy. However, the Moroccans, Turks and Sub-Saharan Africans account for a proportionally larger share of employed in the second wage class, while the average Asian presence is comparable to and even smaller than that of the European origin groups.

When adding up the two weakest wage classes, we can distinguish four clusters of origin groups. The first one contains the native Belgians and the Belgian N&W foreigners with half of their population having a daily wage between 1 and 90 €. The second cluster includes the Belgian North, West and East Europeans and the Italians and the South Europeans with an average presence of 60%. The third cluster (70%) concerns Asians, East European foreigners and Moroccan, Turkish and Sub-Saharan African Belgians. In the final and most disadvantaged cluster, namely Moroccan, Turkish and Sub-

Saharan African foreigners, more than eight out of ten people are positioned in the two lowest wage classes. These populations of foreigners are generally in a worse position than their Belgian counterparts. Possible explanations are their short stay, poor knowledge of the national language(s) and the Belgian culture and a low level of education.

The top of the wage chain has a different look than the bottom. The N&W European foreigners have a share (20%) that is twice as large as that of the native Belgians (11%) and 2.5 times larger than their Belgian counterparts (8%). Surprisingly, also the Asian foreigners, who were heavily over-represented in the lowest wage class, have a large presence (13%). Turks, Moroccans and Sub-Saharan Africans have an average share of barely 2.3%. Within these groups, new Belgians do not score better than non-Belgians.

It is clear that Moroccans, Turks and Sub-Saharan Africans have a more problematic position on the wage market than do the other origin groups. Previous research has shown that wage levels are strongly gender and age dependent. Women and younger employees generally earn less than men and older employees. In the next part we examine more closely the bottom and the top of the wage market for the 'weaker' origin groups to see if their problems are gender- and/or age related.

Note again that we have information only on people who are registered with the National Office for Social Security and/or the National Office for Employment. When we state for example that the top wage class has a share of 3.7 % of the Belgian African women, we do not mean that 3.7 % of all Belgian African women in the Belgian society receives a top wage, but that 3.7 % of the Belgian African women *on the labour market* do.

### 3.1.3 The wage basement in the picture

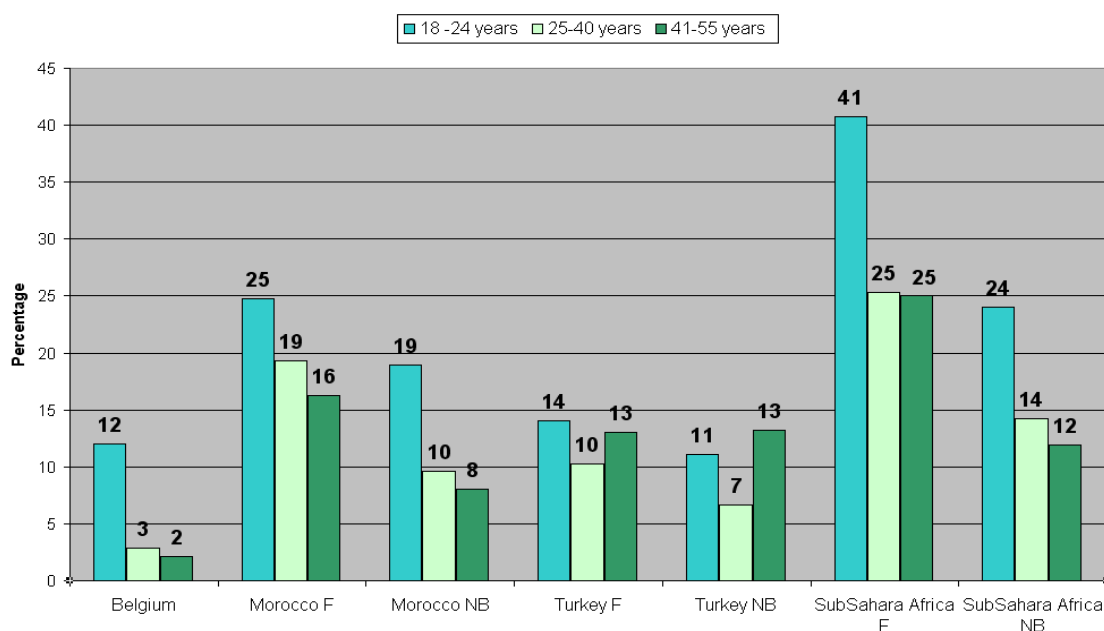
Looking at the youngest group of men (figure 8), we see that the shares of Turks (NB and F) resemble that of the native Belgians (12%). Construction is for both Turkish and native men the largest sector of employment. 18 to 24 year olds with a Sub-Saharan African nationality are strongly over-represented (41%); they work mainly in low wage sectors such as hotel and catering industry (27%) and agriculture (17%). This African over-representation declines in the older age categories but remains significantly greater than that of the other groups.

In general and not surprisingly, the Turks, Moroccans and Sub-Saharan Africans account for a larger share of middle-aged and older employees in the

poorest wage group than native men do. The risk of being at the bottom of the wage market should decrease as age advances, which is true for the four origin groups although the proportions are different. In case of the native men the eldest category (2%) is times smaller than the younger group (12%). For Moroccan and African employees this proportion is one to two and for Turks it is more or less one to one. The eldest and youngest groups of Turkish men are equally represented in the weakest wage class, which results in U-shaped age distributions; the share of 41-55 year olds is greater than that of the middle-aged group.

Within the groups, foreigners are worse off than their Belgian counterparts. This differences are the smallest for the Turks.

**Figure 8:** Share of men in the bottom wage class (1-60 €) by origin and age, Belgium, June 2001.

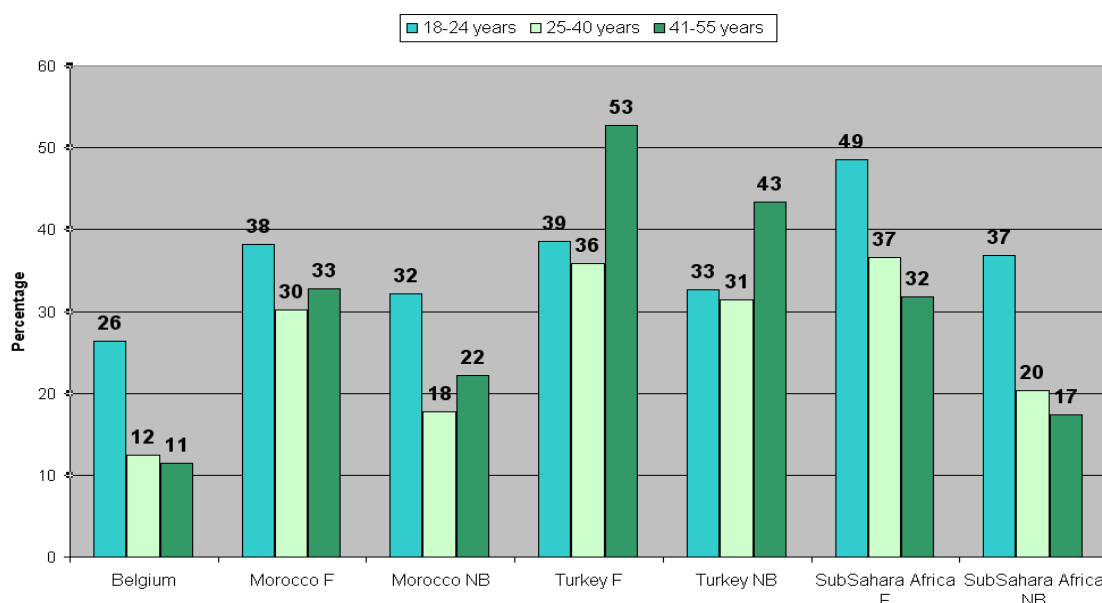


**Source:** CSSB, operations CeSR.

\* NB= new Belgians, F= foreigners

The shares of women in the poorest wage category are, for the three age groups, larger than those of their male counterparts. The gender differences are the smallest for the Sub-Saharan Africans.

**Figure 9:** Share of women in the bottom wage class (1-60 €) by origin and age, Belgium, June 2001.



**Source:** CSSB, operations CeSR.

NB= new Belgians, F= foreigners

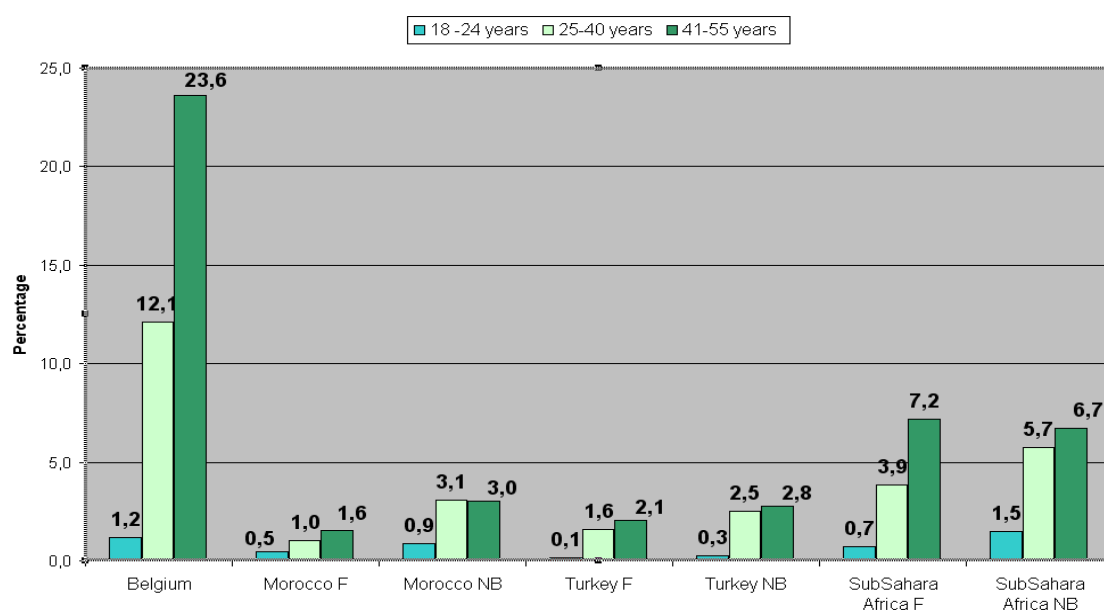
Except for the foreign African women (49%), the youngest groups of women have an average presence of 36%, compared to 26% for the native women. The situation of middle-aged and older Belgian African women is more or less parallel to that of the native women. For the Turkish women however, age does not have the same favourable effect. Similar to the men, both Turkish age distributions are U-curved. On average, no less than one out of two older Turkish women has a very poor wage. Again, the sector of employment is an important explanatory variable. When taking a closer look at the most populated sectors, we note that 50 % of the Turkish women works in agriculture and 25% in industrial cleaning; both poorly paid sectors. Native Belgian women on the other hand are concentrated in public administration and defense and compulsory social security (21%), education (20%) and health and social work (20%). The Belgian African women are concentrated in the same sectors with respectively 16%, 7% and 36%.

The age distributions of Moroccan women, as opposed to the men, display the same U-shape as the Turkish groups. Nevertheless they are still better off than: the share of the eldest group is still smaller than that of the youngest.

### 3.1.4 Top of the wage hierarchy

For the men, we see a linear relation between age and concentration in the top wage class. However, the slope is much steeper for the native Belgians than for the other origin groups. The shares of young native, Moroccan and African Belgians are still quite similar but that is as far as the similarities go. Moroccans and Turks are the least represented at the top of the wage chain. Sub-Saharan Africans hold a middle-position.

**Figure 10:** Share of men in the top wage class (> 140 €) by origin and age, Belgium, June 2001.



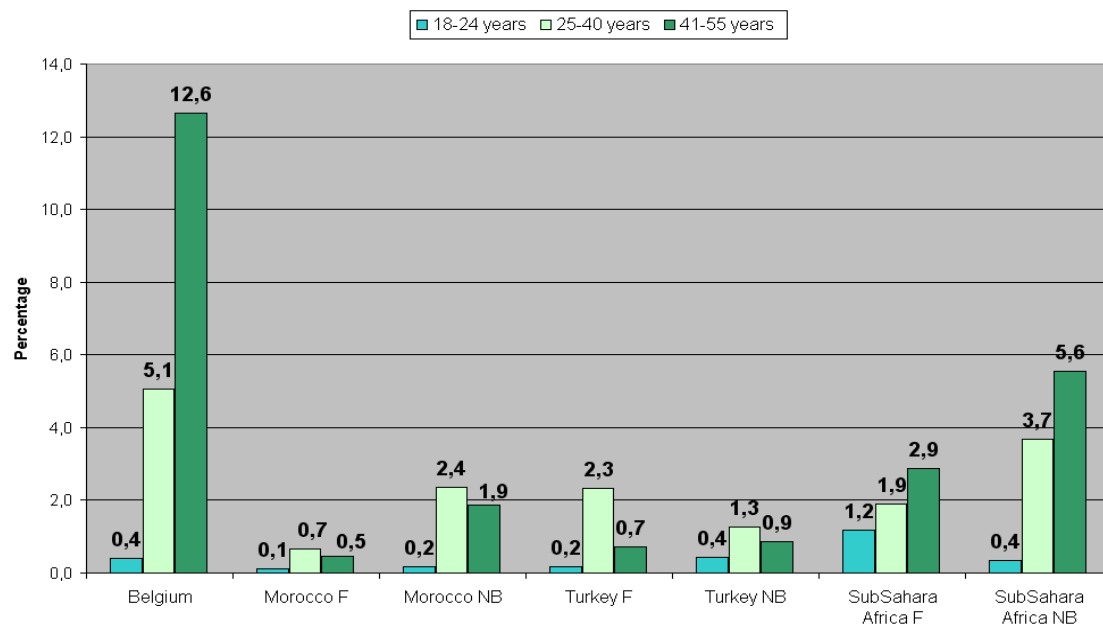
**Source:** CSSB, operations CeSR.

\* NB= new Belgians, F= foreigners

The share differences between men and women in the top wage class are smaller than the gender differences in the bottom wage class.

African young women are equally or more present than native Belgian young women, which is rather surprising. Also Turkish young women score rather well. Native Belgian and African women display a clear linear relation between age and wage level. For Moroccan and Turkish women, age (seniority) does not seem to play an important part in determining wage base. These women are employed in low-wage sectors, such as agriculture, industrial cleaning, the hotel and catering industry and temporary-employment agencies.

**Figure 11:** Share of women in the top wage class (> 140 €) by origin and age, Belgium, June 2001.



**Source:** CSSB, operations CeSR.

\* NB= new Belgians, F= foreigners

In conclusion, the bottom and the top wage class have a totally different appearance. The weakest origin groups are over-represented in the bottom wage class and have a very small share of top earners. New Belgians are not in a favourable position but are slightly better off than the foreign populations. Gender and age do not seem to have a large effect on wage base for these groups. The share differences between men and women and younger and older employees are much more significant for the native Belgians.

### 3.2 The influence of origin under the microscope

The first part of this article presented a rough picture of the Belgian wage market and the position of the different origin groups. However, descriptive statistics are not an appropriate tool for explaining wage differences. Hence, by means of a regression analysis, we will examine the influence of origin under control of other variables that may have an impact on wages. Does origin have a significant unique influence if we control for a number of other characteristics?

Based on a salary questionnaire, Sels and Overlaet (1999) tested the explanatory contribution of several variables for white-collar workers and

civil servants.<sup>6</sup> Their model included 16 variables and explained 65.9% of the observed wage differences. The five most important determinants were work experience, level of education, hierarchical level in the company, sector of employment and the nationality of the parent company. The total explanatory share of personal variables turned out to be much larger than that of the job- and company-related characteristics.

Our model, which is limited to the variables available in the database, includes the following predictors of wage level: origin, gender, age, status of the employee, sector of employment, company size and region of residence. The estimated equation is:

$$\text{Daily wage} = \alpha + \beta_1 \cdot \text{origin} + \beta_2 \cdot \text{gender} + \beta_3 \cdot \text{age} + \beta_4 \cdot \text{status of the employee} + \beta_5 \cdot \text{sector of employment} + \beta_6 \cdot \text{company size} + \beta_7 \cdot \text{region of residence}$$

The seven independent variables explain 42% (R<sup>2</sup>) of the total variance in daily wage level. The model explains a large share of the differences in wage despite the absence of important determinants such as work experience and level of education.

**Table 2:** Uniqueness indexes classified by size.

|                        |      |
|------------------------|------|
| Sector of employment   | 9.2% |
| Status of the employee | 7.7% |
| Age                    | 3.4% |
| Gender                 | 2.5% |
| Company size           | 2.3% |
| Origin                 | 1.5% |
| Region of residence    | 0.2% |

**Source:** CSSB, operations CeSR.

To understand the nature of the relationship between the criterion and the predictors, it is very useful to compute the uniqueness index for each  $\beta$  variable in the equation (table 2). This index represents the percentage of variance in a criterion that is accounted for by a given variable, above and beyond the variance accounted for by the other predictor variables in the equation. It is one measure of a  $\beta$  variable's importance as a predictor: the

<sup>6</sup> Personal variables: work experience, level of education, gender.

Job related variables: hierarchic level in the company, functional domain, size of the managed budget, number of working hours per week, number of subordinate employees, level of responsibility, level of job autonomy, experienced work pressure, job difficulties.

Company related variables: sector of employment, nationality of the parent company, size of the company, region of activity

greater the amount of unique variance accounted for by a predictor, the greater its usefulness. Not surprisingly, sector and status have the largest explaining value, followed by age and gender. The unique contribution of origin amounts to 1.5%. The origin index is rather small, but proves that origin has an influence apart from the other variables. The sum of the indexes (27%) does not equal the total percentage of explained variance (42%). This refers to composition and interaction effects between the predictor variables, although they are not significantly correlated.

Table 3 gives the standardized ( $\beta$ ) and non-standardized (b) coefficients for each of the predictor variables. We created dummy variables for the different origin, gender and statute groups, the sectors of employment<sup>7</sup> and regions of residence.<sup>8</sup> The coefficients are to be interpreted in relation to the reference category of each predictor variable. These categories are native Belgians (origin), men (gender), white-collar workers (status of the employee), the chemical industry (sector of employment) and Flanders (residence region).

As expected, women receive a lower daily wage than men ( $\beta = -1.83$ ). Blue-collar workers ( $\beta = -0.39$ ) and civil servants ( $\beta = -0.04$ ) earn less than white-collar workers, and age and company size seem to have a positive effect on wage: the older the employee and the bigger the company, the higher the wages. The chemical industry pays the highest daily wages and the average employee living in Brussels earns slightly more than an employee in Flanders. Those in Wallonia earn the least.

The origin coefficients are rather small. This can be explained by the fact that the origin groups are concentrated in different sectors of employment (ethnostratification of the labour market). A very large share of people with Turkish and Moroccan roots works in industrial cleaning, agriculture, hotel or catering industry. The shares of Native Belgians and N&W Europeans in these (low-wage) sectors are very small.

When controlling for other variables, only N&W European and 'rest group' foreigners receive a higher daily wage than the native Belgians do. The Moroccans and the foreigners with Sub-Saharan African roots are at the bottom of the wage hierarchy, followed by the Belgian Africans, the Italian and South European foreigners and the Turks.

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<sup>7</sup> The sector coefficients can be found in appendix.

<sup>8</sup> The coefficients for the sector dummies can be retrieved in the appendix of the article.

**Table 3:** Regression coefficients with daily wage as criterion, Belgium, June 2001.

| N= 339 093                            |                           |            |                               |
|---------------------------------------|---------------------------|------------|-------------------------------|
| Origin                                | Standardized coefficients | Chi square | Non standardized coefficients |
| Intercept                             | 0                         |            | 21.87***                      |
| <b>Origin (Belgium)</b>               |                           |            |                               |
| Morocco (F)                           | -0.05400                  | -35.07     | -1.72***                      |
| Sub-Saharan Africa (F)                | -0.04663                  | -33.29     | -2.13***                      |
| Morocco (NB)                          | -0.04427                  | -30.30     | -1.56***                      |
| Italy (F)                             | -0.03787                  | -21.95     | -0.71***                      |
| South Europe (F)                      | -0.03213                  | -20.78     | -0.81***                      |
| Turkey (F)                            | -0.02919                  | -20.20     | -1.25***                      |
| Sub-Saharan Africa (NB)               | -0.02800                  | -20.49     | -1.48***                      |
| Turkey (NB)                           | -0.02592                  | -18.54     | -1.19***                      |
| Italy (NB)                            | -0.02154                  | -14.81     | -0.67***                      |
| Asia (NB)                             | -0.01543                  | -11.45     | -1.00***                      |
| East Europe (F)                       | -0.01297                  | -9.44      | -0.67***                      |
| South Europe (NB)                     | -0.01262                  | -9.41      | -0.82***                      |
| N&W Europe (NB)                       | -0.01252                  | -8.88      | -0.43***                      |
| East Europe (NB)                      | -0.01121                  | -8.29      | -0.62***                      |
| Rest (NB)                             | -0.00758                  | -5.61      | 0.65***                       |
| Asia (F)                              | -0.00163                  | -1.18      | -0.42 (n.s.)                  |
| Rest (F)                              | 0.01031                   | 7.61       | 0.65***                       |
| N&W Europe (F)                        | 0.05152                   | 31.04      | 0.98***                       |
| <b>Gender (men)</b>                   |                           |            |                               |
| women                                 | -1.8332                   | 120.53     | -2.61***                      |
| <b>Age</b>                            | 0.19403                   | 140.46     | 0.74***                       |
| <b>Statute (white-collar)</b>         |                           |            |                               |
| Blue-collar                           | -0.39164                  | -211.25    | -5.45***                      |
| Civil servant                         | -0.04196                  | -20.74     | -0.94***                      |
| <b>Company size</b>                   | 0.19344                   | 11.76      | 0.86***                       |
| <b>Region of residence (Flanders)</b> |                           |            |                               |
| Wallonia                              | -0.04887                  | -30.75     | -0.68***                      |
| Brussels                              | 0.00632                   | 3.95       | 0.10***                       |

**Source:** CSSB, operations CeSR.

NB= new Belgians, F= foreigners

the standardized regressions coefficients are classified by size.

\*\*\* significance level < 0.01

The regression analysis shows that Moroccans are the most disadvantaged origin group on the Belgian wage market; both the new Belgian and the foreigner population are in the top or should we say bottom 3. We illustrate with an example: a Moroccan young man who lives in Brussels and works as a blue-collar worker in a big sized chemical company earns less than a native Belgian with the same characteristics does.

As opposed to figure 5, where Turks were in the least favourable position, we observe in the origin coefficient hierarchy that the Turkish groups (F and NB)

occupy a rather good place (6<sup>th</sup> and 8<sup>th</sup> place). This implies that having a Turkish origin has fewer disadvantageous consequences on the wage market than having Moroccan or African roots. This does not necessarily mean that Turks are better off. They mainly work in low-wage sectors, namely construction, industrial cleaning, agriculture and temporary-employment agencies and are disproportionately blue-collar workers. 86% of the Turkish employees are blue-collar workers compared to 73% for Moroccans and 55% for Sub-Saharan Africans. In other words, if we do not control for sector and status, Turks would fall to the bottom of the wage hierarchy. However, by taking important wage predictors into account and keeping them constant, it is possible to track the influence of origin more clearly. For Turkish people, this influence is significant but in every way less than for some other origin groups.

Having a foreign origin, more specifically 'a more southern appearance', seems to have a significant perverse effect on wage levels. Moroccans, Sub-Saharan Africans but also Italians and South Europeans receive lower wages than origin groups with a more Belgian appearance, such as East and N&W Europeans and even Turks for that matter.

In addition, having a foreign look in combination with not having the Belgian nationality has even bigger effects on the wages. Within the origin groups, we observe that the foreign population always earns less than the new Belgian group, with exception of the N&W Europeans and the 'rest category'.

## 4 Conclusion

The analyses above demonstrate the large diversity within the populations of new Belgians and foreigners. The categories 'new Belgians' and 'foreigners' are too hybrid to map the variation on the Belgian labour market.

Linking labour-market data from the National Office for Social Security and The National Office for Employment with the State Register enhanced the value of the database. Thanks to this linkage, it was possible to examine the history of nationality of people. By including the origin, we could discern a statistical difference between native Belgians and the different groups of new Belgians and foreigners. It allowed us to outline the statistical distribution of these different populations on the Belgian wage market.

In accordance with previous research, we confirm the ethnostratification hypothesis. Origin has a significant impact on wages. Having a southern origin/appearance has a negative impact, and resembling the native Belgian population increases the chances of obtaining a higher pay. By means of a regression analysis we were able to distinguish the following ethnic strata on the regular wage market:

1. Native Belgians and N&W Europeans (F)
2. East Europeans (NB and F) and N&W- and South Europeans (NB) and Asians (NB)
3. Turks (NB and F) and Italians (NB) and Sub-Saharan Africans (NB)
4. South Europeans (F) and Italians (F)
5. Moroccans (NB and F) and Sub-Saharan Africans (F)

New Belgians are generally in a slightly better position than their foreign counterparts. The acquisition of the Belgian nationality seems to reduce the origin effect a little. But is naturalization really worthwhile? People with Moroccan or Turkish roots are barely represented in high wage sectors and classes, while N&W European foreigners are over-represented in those classes. Apparently there are still other factors at play. A proportional labour and wage participation of the origin groups demands an urgent unlocking of certain segments of the labour market.

Specific action plans to improve the position of people with a foreign origin do not exist on a federal level, but do on a regional one. For more than six years Flanders is trying to enlarge the recruitment of people with a foreign origin by means of different diversity measures, such as subsidies and positive action plans. In 2002, The Flemish government made a pact with the

social partners (Pact of Vilvoorde, 2001). By 2010, the Flemish labour market should be a reflection of the ethnic composition of the population. In spite of these good intentions, the diversity policy does not seem to be very effective (Lamberts et al., 2005). Employers keep on stressing that people with a foreign origin are generally poorly educated and lack competences and an apt labour ethos. Other figures show however that highly educated foreigners also have a lot of difficulties finding a job (Martens, et al., 2005). In other words, the engagement level of the diversity measures is too weak and the succeeding of actions depends too much on the goodwill of individual employers. If voluntary measures do not improve the current situation, employers and companies will be forced to recruit a certain share of people with a foreign origin (quota).

There is no doubt about it, the Belgian labour market is confronted with a fundamental problem of discrimination. To monitor the discrimination impact, the effect of different national labour force measures and the implementation of the two Council directives (the Directive 2000/43/EC implementing the principle of equal treatment between persons irrespective of racial or ethnic origin, and the Directive 2000/78/EC establishing a general framework for equal treatment in employment and occupation) researchers, but also minority organisations and action groups demand statistical data based on a sound ethnic registration. Without registration, a significant part of people with a foreign origin will vanish in the statistics, and the biased figures will result in an underestimation of the discrimination problem.

The need for ethnic registration has been observed in several countries (Simon, 2004). However, the sensitive nature of this issue results in significant opposition and obstacles that prevent its realization. Close monitoring of the labour market requires immediate desensitization of the registration debate.

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## 6 Appendix

**Table 4:** Sector coefficients with daily wage as criterion, Belgium, June 2001.

| N= 339 093  |          |            |
|---|----------|------------|
| Sector of employment<br>(chemical industry)   | $\beta$  | Chi square |
| Public administration and compulsory social security  | -0.31192 | -99.94***  |
| Retail trade, except motor vehicles and motor cycles  | -0.29887 | -114.60*** |
| Health and social work  | -0.21848 | -75.04***  |
| Employment agencies and temporary employment  | -0.21392 | -89.00***  |
| Hotel and catering  | -0.21264 | -80.46***  |
| Agriculture   | -0,17969 | -98,65***  |
| Land transport; transport via pipelines   | -0.14784 | -67.57***  |
| Education   | -0.14521 | -58.34***  |
| Industrial cleaning   | -0.14248 | -67.68***  |
| Construction  | -0.11033 | -38.66***  |
| Wholesale trade and commission trade, except motor vehicles and motor cycles  | -0.10058 | -41.06***  |
| Manufacture of food products and beverages  | -0.09728 | -48.36***  |
| Post and telecommunication  | -0.09697 | -54.44***  |
| Other services  | -0.09496 | -56.47***  |
| Sale, maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel  | -0.08858 | -47.65***  |
| Recreational, cultural and sporting activities  | -0.08817 | -52.34***  |
| Manufacture of fabricated metal products, except machinery and equipment  | -0.08422 | -42.05***  |
| Supporting and auxiliary transport activities; activities of travel agencies  | -0.07535 | -44.50***  |
| Legal, accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy; holdings | -0.06832 | -28.72***  |
| Manufacture of textiles   | -0.06791 | -41.91***  |
| Renting of machinery and equipment without operator and of personal and household goods   | -0.06785 | -43.20***  |
| Labour recruitment and provision of personnel   | -0.06557 | -45.84***  |
| Miscellaneous manufacturing n.e.c.  | -0.05758 | -36.99***  |
| Activities of membership organizations n.e.c.   | -0.05673 | -33.49***  |
| Manufacture of machinery and equipment n.e.c.   | -0.05661 | -32.02***  |
| Manufacture of wearing apparel; dressing and dyeing of fur  | -0.04089 | -28.46***  |
| Manufacture of electrical machinery and apparatus n.e.c.  | -0.03973 | -25.98***  |
| Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials                                     | -0.03742 | -26.49***  |
| Financial intermediation, except insurance and pension funding  | -0.03719 | -19.30***  |
| Manufacture of motor vehicles, trailers and semi-trailers   | -0.03015 | -16.01***  |
| Manufacture of rubber and plastic products  | -0.02970 | -19.39***  |
| Manufacture of other non-metallic mineral products  | -0.02757 | -16.39***  |

|   |          |           |
|---|----------|-----------|
| Publishing, printing and reproduction of recorded media                       | -0.02717 | -16.31*** |
| Sewage and refuse disposal, sanitation and similar activities                 | -0.02683 | -19.38*** |
| Manufacture of medical, precision and optical instruments, watches and clocks | -0.02315 | -16.77*** |
| Manufacture of electrical machinery and apparatus n.e.c.                      | -0.01845 | -12.96*** |
| Research and development  | -0.01818 | -12.86*** |
| Manufacture of basic metals   | -0.01431 | -7.88***  |
| Manufacture of office machinery and computers                                 | -0.01132 | -7.67***  |
| Mining of minerals  | -0.01131 | -8.30***  |
| Forestry, logging and related service activities and fishing                  | -0.00748 | -5.69***  |
| Computer and related activities   | -0.00647 | -3.80***  |

**Source:** CSSB, operations CeSR.

The standardized regressions coefficients are classified by size.

\*\*\* significance level < 0.01