

Wage discrimination against migrants: Do country of birth and product market competition matter?

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1. Motivation

- Important influx of migrants in Belgium
- Presence of wage differences between migrant and native workers, explained by:
 - human capital differences
 - occupational/sectoral segregation
 - **discrimination**
- Wage discrimination when 2 equally productive workers are \neq paid because of their \neq non-productive characteristics (gender, origin, age)
- Past literature tried to quantify discrimination **but**
 - use of less adequate type of data
 - use of broad groups of migrants that hide heterogeneity in terms of country of birth
 - \Rightarrow **Goal 1: Test relationship between wage discrimination and migrants according to their region of birth**
 - Theoretical predictions for the relationship between wage discrimination and product market competition tested but preliminary results and use of less adequate type of data
 - \Rightarrow **Goal 2: Test relationship between wage discrimination and product market competition**

2. Model

Bartolucci (2014) equation:

$$\log(w_{j,t}) = \beta_0 + \beta_1 I_{j,t} + \beta_2 \log(p_{j,t}) + \beta_3 X_{j,t} + \delta_t + \varepsilon_{j,t}$$

with

- $w_{j,t}$ the average hourly wage
- $I_{j,t}$ the average share of hours worked by migrants
- $p_{j,t}$ the average hourly added value
- $X_{j,t}$ a vector containing worker and firm characteristics aggregated at the firm level
 - Education, tenure, age
 - Gender
 - Share of part time jobs, type of contract
 - NACE codes, firm-level collective agreement, number of employees in full time equivalent, region
- δ_t the time dummies
- $\varepsilon_{j,t}$ the error term

3. Data

Matched employer-employee firm-level panel data over the 1999-2010 period about the private sector in Belgium

\Rightarrow 13,631 firm-year observations

Region of birth	% of hours worked
Workers born in EU15 countries (\approx native population)	91.6
Workers born outside EU15 countries (\approx migrant population)	8.4

4. Results

Goal 1		
Equally productive workers born:	Estimator of wage discrimination	
in EU15 countries	Ref.	
outside EU15 countries	-0.061***	
- in Northern Africa	-0.083***	
- in Subsaharan Africa	-0.041	
- in North-West Asia	0.017	
- in Asia	-0.175***	
- in Eastern Europe	-0.120***	
- in Latin and Northern America	0.160**	
- in South Pacific and other countries	-0.059***	
Goal 2		
Equally productive workers born:	Estimator of wage discrimination	
	In firms facing medium or low product market competition	In firms facing high product market competition
in EU15 countries	Ref.	Ref.
outside EU15 countries	-0.058***	-0.018
- in Africa	-0.068**	-0.097
- in Eastern Europe and Asia	-0.095***	-0.048
- in other countries	-0.006	0.115

Data source: SES-SBS-National Register-Statistics Belgium 1999-2010
***, **, * significant at 1, 5 and 10% levels, respectively

5. Future research

Does wage discrimination disappear with tenure?