

Breaking Barriers: The Labour Market Position of Sub-Saharan Africans in the Netherlands

Diane Prisca Confurius-Ngorouma Abieri

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Printed by Proefschriftspecialist | proefschriftspecialist.nl

Layout and design: Richard Guenne, persoonlijkproefschrift.nl

Cover artwork: Katie McGonigal, persoonlijkproefschrift.nl

ISBN: 978-94-93391-28-4

Breaking barriers: The labour market position of Sub-Saharan Africans
in the Netherlands

ACADEMISCH PROEFSCHRIFT

ter verkrijging van de graad van doctor

aan de Universiteit van Amsterdam

op gezag van de Rector Magnificus

prof. dr. ir. P.P.C.C. Verbeek

ten overstaan van een door het College voor Promoties ingestelde commissie,

in het openbaar te verdedigen in de Aula der Universiteit

op woensdag 25 september 2024, te 14.00 uur

door Diane Prisca Ngorouma Abieri

geboren te Franceville

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Dankwoord

Bij het afronden van mijn promotieonderzoek heb ik vele barrières overwonnen, vergelijkbaar met de uitdagingen die Sub-Sahara Afrikanen op de Nederlandse arbeidsmarkt tegenkomen. Dit onderzoek zou niet mogelijk zijn geweest zonder de steun en begeleiding van een aantal bijzondere mensen, die ik hierbij graag wil bedanken.

Allereerst wil ik mijn dank uitspreken aan mijn promotor Prof. Ruben Gowricharn. Uw rol in het faciliteren van mijn toegang tot de Universiteit van Amsterdam via de 'toen' Promotiekamer was cruciaal. Uw introductie bij Prof. Jaco Dagevos, een expert in minderheden en een bron van troost en aanmoediging tijdens moeilijke momenten, heeft me enorm geholpen. Dank aan Jaco voor uw menselijke kant die me deed volhouden wanneer ik geen eind meer zag in het traject.

Mijn hoofdpromotor, Prof. Herman van der Werfhorst, uw expertise in sociologie, aandacht voor detail en kwantitatieve wetenschappelijke expertise hebben de kwaliteit van mijn onderzoek naar een hoger niveau getild. Uw inbreng bracht de juiste balans tussen wetenschappelijk en menselijk inzicht.

Beste collega's van TNO, de laatste fase van mijn promotieonderzoek was het moeilijkst door de combinatie van privéleven, eigen bedrijf en werk bij TNO. Toch hebben jullie me dagelijks aangemoedigd om door te gaan. Werken bij TNO bood de perfecte omgeving om mijn promotie af te ronden, dankzij de inspirerende wetenschappers om me heen en de ruimte voor praktische vragen. Jullie steun was onmisbaar in deze laatste zware loodjes.

Daarnaast wil ik mijn dierbare echtgenoot Arjen bedanken. Jouw steun voor mijn wetenschappelijke ambities, door me in de weekends en 's nachts te laten werken en ervoor te zorgen dat onze drie kinderen Niels, Jesse en Kathlène de keuze en afwezigheid van mama begrijpen, was van onschatbare waarde.

Als afsluiting wil ik mijn paranimfen Rebecca en Rita bedanken. Vanaf het begin tot het einde van dit traject stonden jullie aan mijn zijde. Bedankt voor jullie onvoorwaardelijke steun en vriendschap.

Dit promotieonderzoek is het resultaat van een gezamenlijke inspanning en ik ben iedereen die mij heeft gesteund ontzettend dankbaar. Samen hebben we

barrières doorbroken en een belangrijke bijdrage geleverd aan de kennis over de arbeidsmarktpositie van Sub-Sahara Afrikanen in Nederland.

Diane



1.

Sub-Saharan Africans in the Dutch labour market: a synthesis



1.1. Introduction

Beyond the meritocracy thesis

For achieving social and economic prosperity in a post-industrial society, the analysis of human abilities to work, their formation, reproduction, and effective functioning is becoming crucial. The figure of a person with their knowledge and creative and intellectual abilities comes to the fore in the realities of globalisation and total informatisation. According to Tiurina and colleagues (2022), “the focus of economics is shifting from the utilisation of labour resources to the creation of a qualitatively new workforce, which takes the form of human capital” (p 415). The concept of human capital attests not only to the crucial role of individuals in the socio-economic system of the post-industrial society but also to the need to ensure effective allocation mechanisms are selected to replace much less effective allocation mechanisms based on origin or gender (Dagevos & Veenman, 1996).

This concept of human capital is embedded in the meritocracy thesis, which emphasises the importance of maximising human talent development in today’s complex society to ensure that the most qualified individuals hold significant societal positions. This implies the magnitude of education to society and a rational selection based on universal criteria, notably the level of education attained. In other words, there is an ongoing process in which acquired characteristics, such as the level of education, are gaining significance in comparison to ascribed characteristics, such as social origin, gender and ethnicity. In parallel to this process, the principle of equal opportunity is being reinforced. This is consistent with the idea that a modern society cannot afford to squander talent due to barriers associated with individuals’ backgrounds.

Despite the principle promoting equal opportunity, reinforced by the idea of rational selection in the labour market, in Western societies, the disparity in occupational attainment between native populations and immigrants has been a persistent concern. There is a disparity concerning human capital, labour attainment, job quality, income and employment prospects (Peijen & Wilthagen, 2023; Cantalini et al., 2022; Gabrielli et al., 2022; Baranowska & Gebel, 2010), although there may be extensive disparities between groups.

From previous studies, it is clear that non-Western immigrants still work less often than natives, have more often flexible contracts and have a lot less to spend than natives. Nonetheless, studies in the Netherlands show different integration levels regarding the demographic origin of migrants (Peijen & Wilthagen, 2023; Zulkarnain & Dagevos, 2021; Bakker et al., 2017). The findings highlight different outcomes across

different groups and the comprehensive research on the labour market position and integration of various immigrant groups in the Netherlands. However, it appears that researchers have overlooked a recent and expanding group of immigrants: the Sub-Saharan group, which, as of 2023, is virtually as substantial as migrants from Suriname and the former Dutch colonies.

Relevancy

No matter the growing presence of immigrants from Sub-Saharan African countries in the Netherlands, there is a lack of information about their integration status. Meanwhile, the Sub-Saharan group in the Netherlands has become a sizeable category, about 304,267 by 2023, up 139% from 2000 (Statistics Netherlands, 2023), and their number is still growing.

At the same time, the lack of quantitative data on the labour market position of Sub-Saharan Africans hinders scientific research in this area (Counted et al., 2019; Choenni, 2004; Van Heelsum & Hessels, 2006). Existing studies are limited in scope and often rely on aggregated data, overlooking differences within ethnic groups (Widmaier and Dumont, 2011: 51). Moreover, many studies are outdated, hence data refreshment is needed to accurately understand the current position of Sub-Saharan African immigrants in the labour market. Additionally, income and contract tenure data are vital for assessing the level of integration in the labour market, but such information is often missing from existing studies.

Much research has been done on the traditional models that are based on human capital factors, segmentation theory and institutional factors. This is especially true for immigrants who have lived in the Netherlands for a long time. The scientific relevance lies in the fact that this study retests these theories on a new immigrant group. This choice is based on the argument that new migrants enter the labour market at a considerable disadvantage during the first few years. This is due to specific characteristics of migrants, such as a large cultural distance, low education, language deficiency, and/or war experiences. Sub-Saharan African immigrants significantly differ from settled migrants in their demographic characteristics. Most of them face challenges such as low labour market participation rates, cultural and educational gaps and heavy reliance on social assistance. Also interesting is the variation in migration motives and socio-economic and cultural differences among countries of origin. Furthermore, Sub-Saharan African immigrants lack historical ties with the Netherlands and language proficiency, and often identify as Muslims, though the group is more diverse. In addition, they encounter barriers in the Dutch labour market due to a

lack of understanding of local job opportunities and foreign education recognition (Widmaier and Dumont, 2011).

Theoretically, this retest of these theories with a new immigrant group and in new circumstances is important to determine how these frameworks still explain the labour market position of new immigrants and to provide new insights in a changing context. Such an investigation is crucial for a possible adjustment of the policy. Although long-term immigrants tend to experience improved occupational outcomes over time, this study focuses on new immigrants, considering the changing landscape of labour market demands and societal dynamics.

Successfully integrating ethnic minorities in Western societies is crucial for social equality and economic efficiency (Crul et al., 2017; Gabrielli & Implicciatore, 2021). Research on Sub-Saharan Africans in the Netherlands serves the public interest by enhancing our understanding of their labour market challenges, contributing to integration debates, shaping policies and bridging the gap between policy formulation and practical implementation.

Objective and research questions

The objective of this study is to examine the disparities in labour market outcomes between Sub-Saharan Africans and native Dutch individuals. The research also aims to explain variations in labour market attainment, wages and contract tenure, explicitly for Sub-Saharan Africans in the Netherlands during the period 2006–2012. The Sub-Saharan African countries considered in this study include Nigeria, Angola, Somalia, Eritrea, Ethiopia, Ghana, Cape Verde, Sudan, the Democratic Republic of the Congo (DRC), Sierra Leone and South Africa. Previous research (Andriessen et al., 2012; Bovenkerk et al., 1995; Dagevos & Huijnk, 2016) has demonstrated the role of human capital in reducing these disparities. Besides examining the human capital theory within a less explored immigrant group, this study extends its scope to the segmentation theory and institutional framework.

This study aims to answer the central question: ***How can the labour market position among Sub-Saharan Africans be characterised in terms of employment, type of contract and earnings in comparison to Dutch natives and how can the presence or absence of a gap between Sub-Saharan Africans and Dutch natives be explained?***

I examine differences in labour market outcomes *between the Sub-Saharan African migrant group and Dutch natives*. Moreover, I compare these outcomes *across the Sub-Saharan group*. The analysis draws upon empirical studies highlighting disparities in labour market outcomes among different migrant groups, as mentioned in the

introduction and further developed in the literature review. The research aims to provide clear, actionable insights that can inform policies and strategies, ultimately promoting a more inclusive and fair labour market landscape for Sub-Saharan African immigrants in the Netherlands.

The analysis investigates the relationship between the population's explanatory factors and labour market status, focusing on unemployment rates, contract tenure and hourly wages. Explanatory factors are categorised into individual characteristics (such as education and work experience) and structural and institutional factors. The hypothesis posits that differences in human capital, especially education, account for disparities in labour market outcomes between Sub-Saharan Africans and the native Dutch, and across the immigrant group. To provide a clearer context for this analysis, Table 1 presents the detailed demographic characteristics of the Sub-Saharan African population in the Netherlands. It outlines the population growth of migrants from African countries, including both North African regions and specific Sub-Saharan countries, for two decades (2000, 2012, and 2023).

A few demographic characteristics of the Sub-Saharan Africans

Table 1. Population of African origin in the Netherlands

Country of origin	2000	2012	2023
Africa	413,523	590,804	785,016
North Africa*	280,886	409,989	480,749
Of which:			
- Morocco	262,221	362,001	425,034
- Egypt	14,398	21,373	31,129
Total Sub-Sahara Africans	103,210	182,704	304,267
Sub-Saharan Africans in the study			
- Sierra Leone	1,432	6,008	6,108
- Angola	4,477	8,575	9,576
- Congo (DRC)	6,115	8,134	9,447
- Sudan	3,919	6,268	9,540
- Nigeria	3,109	11,466	19,381

Table 1. (Continued)

Country of origin	2000	2012	2023
- Cape Verde	18,248	21,550	23,333
- Eritrea	.	2,133	26,719
- Ghana	15,509	21,922	27,807
- Ethiopia	8,997	12,270	31,078
- South Africa	12,524	18,224	41,300
- Somalia	28,780	34,631	42,084
Total	103,210	151,181	246,373
Other Sub-Saharan Africans	29,427	31,523	57,894

Source: CBS StatLine

(*) North Africa: Morocco, Egypt, Tunisia, Algeria, Libya

Sub-Saharan Africans: Reasons for migration

Sub-Saharan African newcomers reached about 304,267 by 2023, up 139% from 2000 (Statistics Netherlands, 2023). The growing number of Sub-Saharan Africans in the Netherlands is influenced by economic difficulties and political instability in their countries of origin.

This growth in the number of Africans from Sub-Saharan countries in the Netherlands can partly be explained by the poor economic conditions in their countries of origin. In the 1980s, gross domestic product (GDP) declined while the Sub-Saharan African population continued to grow (Counted et al., 2019; Angzoorokuu, 2017; Barou, 2002). Even the financial improvements of the 1990s were not enough to draw level with the economic downturn of the 1980s. Meanwhile, the number of jobs in the public sector had fallen sharply in the 1990s. Under international pressure, the aforementioned countries had to restructure their government apparatus (Counted et al., 2019). Here, a large number of public sector jobs were cut, while the government was the main employer in those countries. Due to the lack of prospects in the labour market and frustrations, the emigration of mainly young Africans, both within and outside Africa, is now accelerating.

Alongside the poor economic prospects, political instability in Sub-Saharan countries has also stimulated this migration. Political infighting has led to a large number of wars. The situation in relatively peaceful countries such as Ivory Coast and, more recently, Mali and Niger, has also deteriorated. To illustrate this, Counted and colleagues (2019) and Barou (2002) emphasise that most of the world's wars have taken place in Africa in the last 35 years. In short, the economic downturn in Sub-Saharan countries, together with the political conflicts, has boosted immigration to Europe, including the Netherlands.

For immigrants from Sub-Saharan African (SSA) countries, the Netherlands is primarily a destination for family migration and asylum, although the motivations for immigration show considerable variation across different Sub-Saharan nations. As of 2021, around 27% of immigrants from these countries arrived in the Netherlands as asylum seekers, as indicated in Figure 1. This represents a decrease from the 45% reported in 2012. In the context of 2021, the most significant number of asylum applications were from Somali, Angolan, Sierra Leonean and Sudanese immigrants. This trend reflects the changing dynamics and demographics of the Sub-Saharan African immigrant population in the Netherlands.

Apart from asylum, family reunification ranks as a major motive for immigrating to the Netherlands, accounting for approximately a third of the Sub-Saharan African immigrant population. Specifically, Ghanaians and Cape Verdeans predominantly migrate for family reunification, constituting about 65% of these groups. Other substantial reasons for immigration include employment and education. In 2021, the Immigration and Naturalisation Service (IND) recorded approximately 6,000 individuals from Sub-Saharan countries, with employment as their primary motive. South Africa contributed measurably to this group, with about a third of South Africans immigrating for work.

In 2021, the IND anticipated around 5,472 individuals arriving in the Netherlands for educational purposes. This figure comprises approximately 7% of the Sub-Saharan African population with identified immigration goals. The majority of students come from Ghana, Ethiopia and Nigeria, with Ethiopians notably having a sizeable proportion (about one-fifth) pursuing studies in the Netherlands. Some students benefit from scholarships, often awarded by institutions such as Wageningen University (specialising in agriculture) and the Institute for Social Studies (ISS) in The Hague.

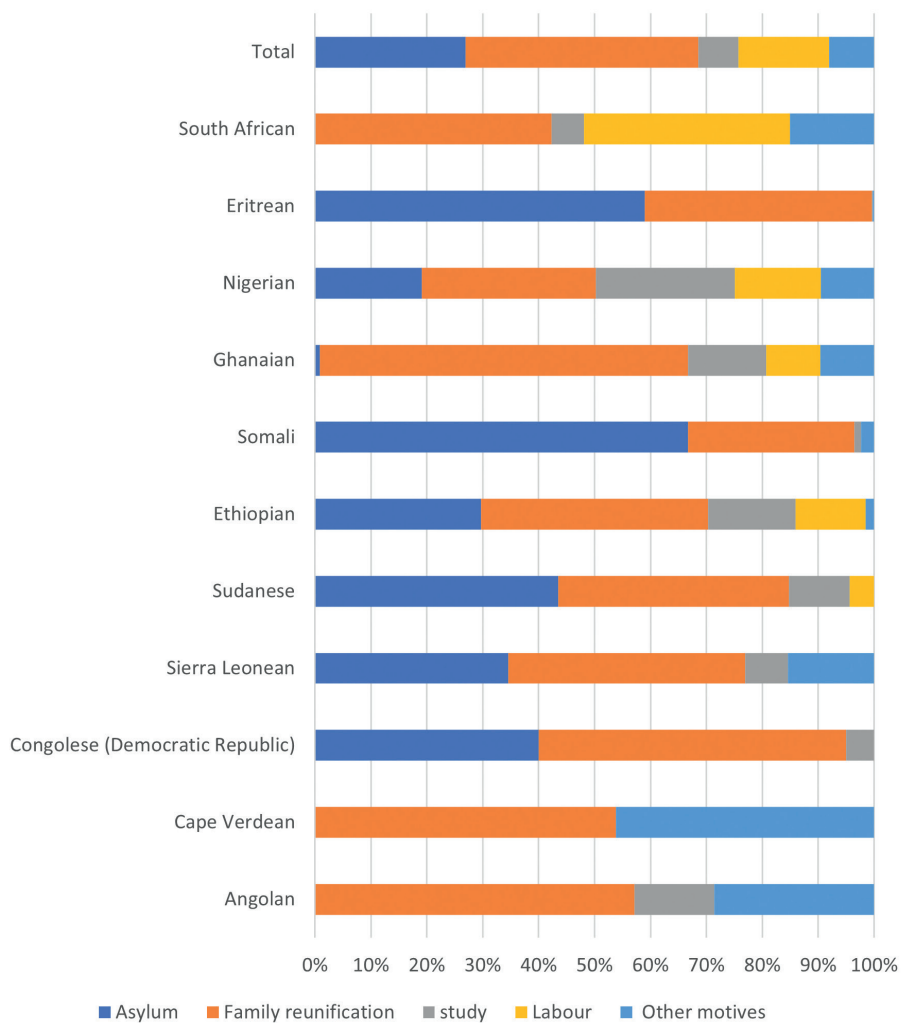


Figure 1. Residence Permits in the Netherlands by Sub-Saharan nationality, 2021

Source: CBS

1.2. Understanding the labour market gap and theoretical framework

Various Dutch studies have provided insights into the factors that impact the integration of migrants into the labour market. Of particular interest is the analysis and questioning of the concept of meritocracy, emphasising the pivotal role of education in labour market integration. In light of these studies, I not only review their findings but also align this study with them. Additionally, parallels with international studies conducted in other Western labour markets are drawn, shedding light on the vulnerability of Sub-Saharan immigrants in diverse settings. By incorporating insights from these international studies, I aim to enrich the framework of this new study with a broader perspective on the challenges faced by Sub-Saharan immigrants in the Western labour market.

1.2.1. Insights from Dutch studies on migrants

Studies of human capital, comprising education and work experience, have long been considered a key determinant of labour market success (Becker, 1962; Mincer, 1974). Previous Dutch studies (Andriessen et al., 2012; Bovenkerk et al., 1995; Dagevos & Huijnk, 2016; Kanas & van Tubergen, 2009) have demonstrated the role of human capital in reducing these disparities. However, Dutch studies on labour market integration have elucidated other critical factors influencing the successful incorporation of migrants into the workforce (Thijssen et al., 2019; de Graaf-Zijl et al., 2016; Andriessen et al., 2014; Fouarge et al., 2012; Van Tubergen & Van de Werfhorst, 2007; Hagendoorn et al., 2003).

Regarding the impact of structural and institutional factors on labour market outcomes, studies by Bevelander and Groeneveld (2012), Nijkamp and Poot (2012) and Damen et al. (2022) have explored policies facilitating migrant integration and affirmative action, offering valuable insights into effective strategies. Notably, policies such as the right to work during the reception period vary based on migrant status, impacting employment opportunities. Extended asylum procedures can hinder labour market access for refugees, affecting their integration. In the US, African migrants also encounter structural barriers and discrimination (Saabneh & Tesfai, 2021). Discrimination poses challenges for highly skilled immigrants, making it difficult for them to renew visas or gain green card application approval, thus hindering their ability to address labour market challenges. Accordingly, high-skilled immigrants, including those from Sub-Saharan Africa, might be discouraged from making long-term economic investments in the US due to their unstable visa status, which ultimately restricts their contributions to the economy.

The segmentation and flexibilisation of the Dutch labour market have led to immigrants, particularly those newly arrived, securing unskilled, nonstandard and poorly rewarded positions, often under flexible work arrangements (Cantalini et al., 2023; Peijen & Wilthagen, 2023; Bolhaar et al., 2018). In the context of Western Europe, Sub-Saharan African immigrants, despite numbering around a million between 2010 and 2018, face challenges in labour market integration (Connor, 2018). Research by Tesfai (2019) in France emphasises occupational segregation, with Sub-Saharan African immigrants, especially women, concentrated in low-skilled jobs due to deep-rooted racial disparities. Similarly, in Spain, unique barriers hinder job access for Sub-Saharan African men, influenced by both national and local contexts. While in Canada, Sub-Saharan African women face challenges in finding 'survival employment' (Creese & Wiebe, 2012; Okeke-Ihejirika et al., 2020) and experience downward occupational mobility, attributed to demands for 'Canadian experience' and everyday racism in the labour market.

Cultural factors and national origin also play a role in migrants' socio-economic standing. With regard to the cultural distance between natives and migrants, those migrants who embrace normative orientations aligned with Dutch values and lifestyles are more likely to improve their socio-economic status over time compared to those who do not. Previous studies (Odé & Veenman, 2003; Pepels & Hagendoorn, 2000) have compared Surinamese individuals to Turkish and Moroccan populations, revealing that Turks and Moroccans occupy the lowest positions in the ethnic hierarchy and face consequential socio-economic disadvantages. These groups encounter barriers due to the social distance between themselves and the Dutch population. Moreover, their cultural practices often diverge from the Dutch way of life, further exacerbating their weaker socio-economic standing. Remarkably, the position of immigrants of Turkish and Moroccan descent in terms of ethnic hierarchy has been quite consistent over the past thirty years (Niesing et al., 1994; Odé & Veenman, 2003; Dagevos & Huijnk, 2016). Previous research by Odé and Veenman (2003) has indicated that (informal) interactions with native Dutch individuals and adaptation to Dutch culture also contribute positively to one's socio-economic standing. This is especially true for higher-educated migrants who have lived longer in the host country or have more contact with natives (McGinnity & Gijsberts, 2018).

Nevertheless, a paradox emerges from recent research findings (Velásquez, 2023). The assumption was that minorities with higher levels of education are more likely to engage in interpersonal contact with members of the ethnic majority and therefore reduce their cultural distance from natives. However, these interactions often result in minorities viewing the majority less favourably. This phenomenon has been referred

to as the 'integration paradox'. Furthermore, the perceived discrimination and societal acceptance experienced by minorities are strongly associated with their attitudes towards the native population and the host society, particularly among those with higher levels of education (de Vroome et al., 2014; Teije et al., 2013).

In this vein, national origin may influence earnings disparities, highlighting the importance of considering diverse African immigrant groups, as observed in the US (Corra & Kimuna, 2009; Nawyn & Park, 2019). Significant earnings differences exist among African, English and French Caribbean immigrant women and African Americans. Even educated African immigrants do not necessarily achieve high earnings in the US (Corra & Kimuna, 2009). Apart from White African men and English-speaking Africans, South African men also have higher earnings than men from selected African countries (Kollehlon & Eule, 2003).

Empirical studies in the US show that African immigrants face persistent racial wage gaps despite high educational credentials (Epstein & Siniver, 2012; Tesfai & Saabneh, 2023; Anderson & Connor, 2018). Discrimination in the labour market, and more specifically, in finding a job in the Dutch labour market, is well documented (Thijssen et al., 2019; Lancee, 2019; Andriessen et al., 2012).

These Dutch studies call the alleged meritocratic society into question, which is based on the principles of equal opportunity and rewards individuals based on their productivity. For the labour market to be efficient, participation must be rewarded based on marginal productivity, the division of labour must exploit individual talents and investment in human capital must be driven by expected productivity gains. These conditions are violated if participation in the labour market or remuneration is not determined solely by expected productivity, which contradicts the widely accepted principles of equal opportunity and meritocracy and perpetuates economic inequality from a normative standpoint. It also reduces the incentives for the unemployed or the poor to invest in human capital, making it more difficult for them to enhance their socio-economic status (Gracia et al., 2016).

This study continues to uphold the tradition of meritocracy as it is essential for human capital theory. Additionally, I pay attention to institutional factors, country of origin and labour market segmentation. Hence, this research not only reaffirms the relevance of these established frameworks but also integrates them to provide a comprehensive analysis of labour market dynamics for immigrants, particularly those from Sub-Saharan Africa.

1.2.2. Studying different outcomes in the Dutch labour market: four sub-questions

In order to answer the main question, I address other possible explanations besides the human capital framework and include country of origin and institutional factors. To guide the study, I have formulated four research sub-questions:

The first sub-question explores ***the extent to which human capital factors contribute to the disparities in labour market attainment between native Dutch individuals and Sub-Saharan Africans***. Human capital, comprising education and work experience, has long been considered a key determinant of labour market success (Becker, 1975; Mincer, 1974). Education acquired in the host country offers higher returns and facilitates cultural integration, enhancing social and cultural capital (Kanas & van Tubergen, 2009; Duleep & Regets, 1999; Borjas, 1994). When examining differences in labour market attainment outcomes and wages, the main approach revolves around studying human capital as the key theoretical explanation.

However, upon arrival, migrants' legal statuses, along with cultural and economic factors, influence their integration prospects in the host country. Economic migrants and family reunion immigrants are allowed to work, contrasting with the limited opportunities for asylum seekers without a work permit (Da Lomba, 2010; Boot et al., 2020). The assumption is that cultural similarity and socio-economic characteristics of the country of origin influence integration (Avola & Piccito, 2020; Brell et al., 2020). These conditions reflect the selection processes implemented by Dutch employers, particularly impacting first-generation Sub-Saharan immigrants. Accordingly, the second sub-question critically examines ***to what extent country of origin characteristics and legal status contribute to explaining employment differences among first-generation Sub-Saharan immigrants in the Netherlands***.

The discussion of labour market segmentation in the Dutch context emphasises a lack of mobility across segments due to limited individual investment in education. Human capital, which traditionally focuses on skills and qualifications, tends to overlook the disparities in opportunities across various segments of the labour market. For migrants, a combination of unfavourable attributes and discrimination often relegates them to secondary labour segments. This has consequences for job characteristics, particularly flexible jobs. Moreover, this is an interesting issue in the context of the flexibilisation of the Dutch labour market. The expectation is that migrants from the Sub-Sahara often have temporary jobs, and little improvement is anticipated in the secondary market. Yet, collective investment in education and skills presents a potential escape from this predicament. While scholars initially anticipated firms'

reluctance to invest in new employees (Arrow, 1973; Lang & Lehman, 2012; Phelps, 1972), the role of unions in advocating for precarious workers in a flexible labour market could promote their inclusion. Trade unions can enhance migrant inclusion not only by explicitly focusing on migrant representation but also by targeting sectors with sizeable migrant representation, such as the cleaning industry (Alberti & Però, 2018; Berntsen, 2016; Doellgast et al., 2018). Nevertheless, research on the significance of workforce composition remains limited. This argument is tested using the cleaning industry as a typical sector for the secondary labour market, given its association with the new migrant group, operating in a 'DDD' (dirty, dangerous and demanding) sector known for lower wages and flexible contracts (Hussein, 2022; Kanas & van Tubergen, 2009; Peijen & Wilthagen, 2023). Even so, it's essential to note that this sector underwent appreciable changes between 2008 and 2012.

The third research perspective involves examining the presence of a gap in labour market contracts between migrant populations and natives, as well as the influence of institutions in the Netherlands on access to education, skill development and employment equality among different groups. The emphasis is on exploring the potential of collective investment as a mechanism to promote more secure employment contracts.

Thus, the third sub-question is: ***What is the gap in flexible contracts between Sub-Saharan Africans and native Dutch and have social packages had any impact on contract tenure between both groups in the cleaning industry?***

On top of working, acquiring an income also leads to economic independence. Such a wealthy position contributes to the socio-economic integration of immigrants. Dutch studies have revealed that non-Western immigrants still have a lot less to spend than native Dutch people (Zulkarnain, A. & Dagevos, 2020). Wage disparities between immigrant and native populations have been frequently attributed to differences in human capital (Chiswick & Miller, 2009). The assimilation theory posits that immigrants who successfully adapt their human capital to the host country's labour market can reduce their wage gap with native individuals (Anderson & Connor, 2018; Strøm et al., 2017). Additionally, insights from human capital and investment in education studies, related to both assimilation and collective investment in education and training, play a crucial role in understanding wage differentials between migrants and natives (Alberti & Però, 2018; Berntsen, 2016; Doellgast et al., 2018). Assimilation, through acculturation to the host country, may lead migrants to acquire skills and knowledge valued in the labour market, potentially resulting in higher wages.

This study's final sub-question probes the hourly wage gap between Sub-Saharan African immigrants and Dutch natives. It explores the role of human capital, individual characteristics, duration of stay, and sector-specific factors in explaining this disparity within the cleaning industry and asks: ***To what extent does human capital explain the hourly wage gap between Sub-Saharan Africans and native Dutch individuals?***

1.2.3. Overview of the study

The paper's theoretical approach and study indicators are summarised in Table 2, using the country of origin as a proxy for social and human capital. Regarding institutions, I departed from the fact that they play a crucial role in shaping labour market dynamics through laws and regulations, acting as gatekeepers via mechanisms like work permits. Furthermore, institutions, including unions and collective agreements, substantially influence minimum wage negotiations and conditions for various employment contracts.

Table 2. Overview of the comparative analysis of theoretical approaches in the four papers

Theoretical approach	Observations	Indicator of labour market outcomes	Chapter 2	Chapter 3	Chapter 4	Chapter 5
Human capital	Including human capital of country origin	Labour market participation	x	x		
		Contract tenure			x	
		Hourly wage				x
Segmentation	Collective agreements	Contract tenure			x	
Institutions	Legislation and legal status	Labour market participation		x		
	Collective agreements	Contract tenure			x	
	Legislation and wages	Hourly wage				x

Chapter titles:

Chapter 2: *Labour market participation of Sub-Saharan Africans in the Netherlands: the limits of the human capital approach*

Chapter 3: *Does countries of origin count? Accounting for labour market disparities in the Netherlands*

Chapter 4: *Flexible labour market and trade unions: Surprising career paths of Dutch Sub-Saharan Africans*

Chapter 5: *Exploring hourly wage disparities: A Study of Sub-Saharan African Immigrants in the Dutch Labour Market*

1.3 Main findings

In this study exploring the labour market position of Sub-Saharan immigrants, critical insights have been gained into the complexities of their integration. I examined various outcomes, such as finding employment, securing a permanent contract and determining compensation. Understanding these differences was the focus of this thesis. Four fundamental questions framed this inquiry, each delving into their experiences.

The first sub-question addressed in Chapter 2 aims to understand *the extent to which human capital factors contribute to the disparities in labour market attainment between native Dutch individuals and Sub-Saharan Africans*. In Chapter 2, the human capital model is extended by including both duration of stay and generation as indicators for the degree of language control. Individual characteristics, such as age and gender, and control variables have been added to the model. This model has been used to account for the differences between the native Dutch and Sub-Saharan Africans, expecting that a considerable part of the disparity would be accounted for by these two variables. Compared to differences found in previous research on other immigrant groups, the results showed that the independent variables did not explain nearly as much of the 53% difference in the disadvantage of the migrant group and left an astonishing 90% of the difference unaccounted for. The outcomes also reveal great differences across the Sub-Saharan groups with Cape Verdeans and South Africans deviating the least from the native Dutch, Ghanaians occupying an intermediate position, while Somalis, Eritreans, Congolese, Sudanese and Sierra Leoneans are in the worst position. The premium position of South Africans is also found in the US, specifically among white South Africans. However, in this study, due to legal restrictions, it is not allowed to differentiate between individuals based on race, whether they are black or white (Nawyn & Park, 2019).

Since the usual human capital model does not explain much of the difference between Sub-Saharan Africans and the native Dutch, even when language skills are added as an extra variable, I looked at the effects of country of origin and legal status in Chapter 3, along with education and answered the second sub-question: *To what extent do country of origin characteristics and legal status contribute to explaining employment differences among first-generation Sub-Saharan immigrants in the Netherlands?* The legal status included economic migrants, asylum seekers, family reunions, students, diplomats and people with special skills, such as informaticists.

I hypothesised that next to cultural differences between immigrant and native populations, country of origin characteristics would account for the differential labour market participation of immigrants. The most important finding of this chapter is that job attainment in the Dutch labour market of Sub-Saharan Africans depends largely on their legal status rather than on human capital characteristics and the country of origin characteristics. The variation in Sub-Saharans having a job hardly lies in the differences between countries of origin characteristics. Immigrants from less economically developed Sub-Saharan countries have a slight competitive disadvantage in the Dutch labour market. Language has a minor effect on job attainment. More importantly, the findings support the existence of an 'immigrant entry effect' regarding legal status, which reflects migration motives. More specifically, the refugee status hinders integration into the labour market due to the so-called refugee entry effect that affects asylum seekers the most, especially when they come from Muslim societies. The asylum status of migrants prevents their integration into the labour market. This is mainly due to prolonged stays in reception centres and the obligation to undergo an integration programme. Both factors pose obstacles that prevent asylum-seeking migrants from participating in the labour market. In contrast, labour migrants come to the Netherlands for work and often already have a job in prospect upon arrival.

A significant shift in focus led to the realm of contract arrangements. The dynamics of the Dutch labour market, market by flexibilisation, posed unique challenges. Chapter 4 investigates by way of the third sub-question *the existence of an ethnic gap in flexible contracts between the native Dutch population and Sub-Saharan African immigrants between 2006 and 2012*. It also analyses *whether the social packages have had any impact on contract tenure between Dutch natives and Sub-Saharan immigrants in the cleaning industry*. The cleaning sector was closely examined due to the assumption that it is a typical secondary sector labelled as a 'DDD' (dirty, dangerous and demanding) sector with a high likelihood of offering flexible contracts for migrants. Yet, contrary to expectations, this is not the case, thanks to successful union action. The migrant group is taken as a test case of 'outsiders'.

This study found, quite surprisingly and contrary to what several theories predict, that the expected ethnic gap in job status between the two groups disappeared in the six years between 2006 and 2012. The study showed an increase in permanent job opportunities and a switch between sectors from temporary work to the cleaning industry. The quantitative analysis of the Netherlands establishes, though, that there is inclusion among Sub-Saharan migrants in the form of better prospects of obtaining a permanent contract in the cleaning industry. Many Sub-Saharan Africans successfully

transformed their flexible contracts into permanent ones, catching up with the native Dutch by 2012.

Moreover, a new theoretical insight is that this inclusive trend is not the result of individual investment in education but of the actions of unions in the cleaning industry. The analysis of legal regulations revealed that collective agreements negotiated by trade unions, which also covered temporary workers, played a noticeable role in the inclusion of Sub-Saharan immigrants. Due to the high representation of Sub-Saharan Africans in the industry, they disproportionately benefited from these negotiated agreements – a phenomenon which I termed ‘the numerical effect’. Social dialogue also resulted in provisions that supported the employability of the workers through vocational training and language lessons. From 2012–2013, a maximum hiring period of 12 months for temp workers was agreed upon, after which employers had to offer a six-month contract followed by a permanent one.

Finally, the analysis turned to wage disparities, a persistent challenge in migrant integration. Chapter 5 focuses on the hourly wage disparities between Sub-Saharan African immigrants in the Netherlands and answers the last sub-question: *To what extent does human capital explain the hourly wage gap between Sub-Saharan Africans and native Dutch individuals?* The analysis indicates an hourly wage gap of 5% after controlling human capital variables and job characteristics. This gap is negligible compared with discrepancies found in previous research on immigrants with Turkish and Moroccan backgrounds (Zulkarnain & Dagevos, 2020). Lower education among Sub-Saharan immigrants remains the primary factor explaining their wage disadvantage. Also interesting is that, in general, South Africans earn more than the average hourly rate of Dutch natives.

Most importantly, contrary to Chapter 2, this chapter illustrates that the conventional human capital model does account for much of the disparity between Sub-Saharan Africans and the native Dutch, even more so when the model is expanded with the duration of stay. After a duration of stay of more than 25 years, wages earned by Sub-Saharan immigrants catch up with those of natives and slightly even overtake them. In addition, this research demonstrates that investment in human capital contributes to the narrowing of the wage gap. In line with the new theoretical insight developed in this thesis, the 2006–2012 union agreements in the cleaning industry, which supported training and language courses, were not successful in eliminating the wage gap, but they were successful in reducing it to 3%. This means that by supporting education and training, such as paid time off for training, workers acquire new skills and knowledge, making them more valuable to their employers.

1.4. Shortcomings of human capital perspectives and the significance of institutions

In summary, Sub-Saharan African immigrants face persistent disadvantages in employment. Nonetheless, the study indicates convergence in hourly wage and contract tenure between natives and the immigrant group. Interestingly, despite varying contexts, the employment disadvantage is also observed in countries such as France, Spain, Canada and the US (Saabneh & Tesfai, 2021; 2018; Anderson and Connor, 2018; Creese & Wiebe, 2012; Okeke-Ihejirika et al., 2020). It is worth noting that, unlike in the Netherlands, no convergence in wages and contract tenure has been found in these countries. Another finding is that the premium position of South Africans in the US is also found in the Netherlands.

Conventional human capital theory, formulated by Becker (1962), highlights its importance in labour market participation. However, this study discloses deviations from traditional patterns. This dissertation has validated the empirical predictions of human capital theory regarding wage disparities. Based on the findings of this study, the notable deviations from conventional patterns indicate the necessity for a more tailored approach when considering human capital in labour market participation. Despite the proven significance of human capital, it is imperative to account for often-overlooked variables, especially when dealing with the unique challenges faced by Sub-Saharan African immigrants. Since a simple explanation in terms of 'capital' inadequately elucidates the labour market outcomes of Sub-Saharan Africans, alternative explanations may relate to the specific characteristics of the studied groups.

Even though more and more studies indicate that non-cognitive or soft skills, like teamwork and critical thinking, are important parts of human capital (Hansen et al., 2021; Papageorge et al., 2019; Deming, 2017), there has been little progress in defining, measuring and incorporating these skills into human capital models to better understand differences between groups. Moreover, assessing skills among migrants, even when their diplomas are often not recognised in Western countries, is relevant for their integration into the labour market. Their skills and competencies can still be valuable in various industries and sectors.

The substantial deviations from conventional findings suggest that when accounting for human capital in labour market participation, it is essential to be more specific. There is a wealth of research supporting these relationships, making their dismissal unwarranted. Yet, the validity of these relationships may vary across places, times, circumstances or ethnic groups. Secondly, large residuals in the analysis are sensitive

to omitted variables, a well-established principle. In the context of the labour market participation of ethnic minorities, though, certain crucial variables are often overlooked. Legal status, for instance, contributes markedly to a more comprehensive explanation. Despite variations between countries, the findings of this study may have relevance to immigrant flows in the Netherlands, where institutional barriers affect job attainment, specifically the duration of the asylum procedure and uncertainty about permanent residency. The study underscores the importance of residence permits for the integration of asylum seekers.

Aside from individual investments in human capital, collective investment in education and skills may prevent those who have secured employment from being trapped in unstable job positions but also yield broader societal benefits, particularly for overrepresented groups. The findings stress the positive outcomes, especially for Sub-Saharan Africans in sectors such as cleaning. The study emphasises the importance of extending collective agreements to non-union workers, ensuring comprehensive coverage and fostering inclusive workplaces. This specifies the potential of trade unions in promoting migrant inclusion, especially in sectors with substantial migrant representation, such as the 'DDD' (dirty, dangerous and demanding) sectors.

Technological obstacles present a compelling challenge for migrants seeking entry into the labour market. These barriers include limited access to technology, unfamiliarity with digital tools and platforms and a lack of digital competencies. Proficiency in technology is crucial for various tasks in modern workplaces, including job searches, online applications, and remote work. Migrants facing challenges in navigating these technological aspects may encounter barriers that hinder their full access to job opportunities and active participation in the labour market.

Studies demonstrate that individuals with higher digital skills enjoy 4%–6% higher hourly wages and are 10% more likely to be employed (Non, Dinkova, & Dahmen, 2021). Conversely, those with low digital skills are typically older, less educated, more often female, and migrants.

Recognising the multifaceted challenges faced by migrants, unions have successfully played a pivotal role in the integration process within the cleaning industry. While they have traditionally focused on areas such as Dutch language training, there is an opportunity for unions to extend their support to include technology training. By broadening their scope to encompass digital skills training, unions can further empower migrants, thus ensuring they acquire the necessary technological proficiency to navigate and succeed in the modern workforce.

1.5. Policy implications

The findings underscore persistent challenges for immigrants navigating entry barriers into the Dutch labour market. Human capital investments, while of value, fall short of bridging the entry gap, leaving hurdles for migrants. Once Sub-Saharan Africans successfully navigate these obstacles and secure a position, they surmount challenges such as unstable contracts and achieve earnings on a par with their native counterparts.

At the dissertation's outset, I question the so-called meritocratic society, built on equal opportunity and productivity-based rewards. The outcomes are unchanged since the work of Dagevos and Veenman (1996) and Niesing et al. (1994), indicating the near elimination of direct wage discrimination through regulations. The Netherlands' job structure minimises unequal treatment, particularly within sectors like the cleaning industry, in line with Dutch meritocracy principles upheld through collective agreements. However, Dagevos and Veenman's research reveals that migrants, especially the first generation, face indirect wage discrimination through underutilisation. Unfavourable employment prospects prompt migrants to accept jobs below their skill level instead of remaining unemployed.

Policies enforce the principle of 'equal pay for equal work' through regulations such as collective labour agreements (CAOs) and minimum wages. Their effectiveness is evident in addressing challenges, such as a high number of flexible jobs in the secondary sector, through measures or actions by labour unions. A key lesson from this study emphasises the importance of universal policies with favourable consequences for everyone, enhancing manageability in fighting against disadvantage and exclusion.

The Dutch labour market, resembling an imposing castle, presents formidable barriers akin to accessing a heavily fortified main door. The challenges faced by those seeking entry mirror encounters with an impregnable gateway. Successfully overcoming these barriers transforms the labour market into a sanctuary, well-protected and shielded by robust institutions.

The pivotal question remains: how does one break through the fortified main door for migrants? Policy emerges as the key and passport holder, playing a crucial gatekeeping role in determining access and conditions. Institutions not only protect migrants within the labour market but also facilitate their integration, with legal status being a crucial factor in this journey.

This research accentuates the significance of migrants' legal status in labour market entry, sharing similarities with other refugee groups. Emphasis on policy attention to aspects hindering labour market participation, such as reception and integration policies, is crucial. Institutions wield significant power in determining possibilities for labour market access, especially concerning legal status. Policies holding the metaphorical key and passport can pave the way for migrants with asylum status, expediting their journey to employment and kick-starting their professional endeavours.

In essence, breaking through the main door involves not only overcoming physical barriers but also navigating intricate policies and regulations governing entry into the Dutch labour market fortress.

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2.

Labour market participation of Sub-Saharan Africans in the Netherlands: the limits of the human capital approach



Abstract

This paper focuses on the labour disparities between Sub-Saharan African immigrants in the Netherlands, a hitherto undescribed ethnic group, and the native Dutch population. Using unique data with nationwide coverage, the analysis reveals that the labour market position of Sub-Saharan Africans displays an exceptionally large disparity with the native Dutch, compared with discrepancies found in previous research on other immigrant groups. The outcomes also show great differences across the Sub-Saharan groups with Cape Verdeans and South Africans deviating the least from the native Dutch, Ghanaians occupying an intermediate position, while people from Somalia, Eritrea, Congo, Sudan and Sierra Leone are in the worst position. Most importantly, we found that the conventional human capital model does not account for much of the disparity between Sub-Saharan Africans and the native Dutch, even when the model is expanded with language proficiency as an additional variable. Considering these findings, we suggest that alternative explanations, such as society of origin, the operation of norm images and ethnic concentration in specific sectors impeding mobilities should be researched further.¹

Keywords: Sub-Saharan immigrants; human capital; unemployment, the Netherlands.

1 **This chapter is co-authored by Ruben Gowricharn and Jaco Dagevos and is published as** Confurius, D., R. Gowricharn, and J. Dagevos. 2019. "Labour Market Participation of Sub-Saharan Africans in the Netherlands: The Limits of the Human Capital Approach." *Journal of Ethnic and Migration Studies* 45(13): 2328–2347. <https://doi.org/10.1080/1369183X.2018.1497956>.

2.1. Introduction

The difference in labour attainment between native populations and immigrants has been a persistent concern in Western societies. There is a gap across the board, pertaining to human capital, labour attainment, job quality, prospects offered by the jobs, and ultimately mobility. Immigrants are often driven into the less promising labour markets, although there may be substantial differences across the groups. However, despite the fact that the second generation shows an increase in competitive capacity, as indicated by their higher level of education, and despite the diversification of their social networks, as well as their familiarity with the language and culture of the receiving society, the gap between this generation and the native population may have diminished, but still persists (Dagevos & Huijnk, 2016).

Most of these findings were established with reference to established minorities. With regard to the Netherlands, these included former guest labourers (Turks and Moroccans mainly) and people from former colonies (Surinam and the Netherlands Antilles). However, in the last decades, several different categories of immigrants have entered the Netherlands. Some are highly skilled, such as ICT-workers from India, while the resources of others, notably from Sub-Saharan Africa, remain unknown and are under researched (Heelsum & Hessels, 2006; Choenni, 2004). That there is reason for concern is underscored by the fact that over half of the adult Somalis and Eritreans depend on social assistance (Statistics Netherlands, 2015; Dourleijn & Dagevos, 2011; see also Appendix 2.1). Moreover, Widmaier and Dumont (2011) reported that the largest unemployment gap in Europe between natives and Sub-Saharan Africans is found in the Netherlands. Highly skilled Sub-Saharan Africans encounter many barriers when looking for a job, due to their lack of knowledge of the local labour market and the underappreciation of foreign education.

The traditional models based on human capital factors have been widely tested, but only on settled immigrants. In order to disclose the labour market position of Sub-Saharan Africans in the Netherlands, and departing from the persistent feature of a gap between immigrants and the native population, we set out to address not only the gap in labour market attainment between the native Dutch population and the beforementioned African immigrants, but also to address disparities across African immigrants.

Consequently, this paper focuses on the labour disparities between Sub-Saharan African immigrants in the Netherlands, a hitherto undescribed ethnic group, and Dutch natives. Considering the impact of human capital in reducing the disparities as

demonstrated in previous research (Andriessen et al. 2012; Dagevos & Huijnk 2016), we first sought to establish the size of the impact of human capital. The central hypothesis is that differences in human capital will account for the disparities in labour attainment between Sub-Saharan Africans and the native Dutch. Other possible explanations for labour participation of migrants exist apart from their less favourable human capital. Limited command of the host country's language, less effective social networks, labour market segmentation (Van Tubergen, 2010; Doeringer & Piore 1971; Dagevos, 1998), labour market discrimination (Van Beek, 1993; Andriessen et al., 2012; Veenman 2010) and the effects of different welfare systems in different countries play a role in the overrepresentation of migrants among the unemployed.

Using unique data with nationwide coverage, the analysis reveals that the labour market position of Sub-Saharan Africans displays an exceptionally large disparity with the native Dutch population. Most importantly, unlike previous research, we found that the conventional human capital model does not account for much of the disparity between Sub-Saharan Africans and the native Dutch, even when the human capital model is expanded with an additional variable that highlights the language skills of the participants. Considering these findings, we suggest society of origin, the operation of norm images and ethnic concentration in specific sectors impeding mobility as alternative explanations for further research.

In the next section, we elaborate the hypothesis that human capital explains the gap between the Sub-Saharan Africans in the Netherlands and the native Dutch. In the section after we outline the methodology, specifically the origin of the data and the use of the Fairlie decomposition method. Section four presents descriptive statistics, while section five tests the main hypothesis. The final section suggests some lines for further research.

2.2. The labour market: hypothesis

The human capital theory is by far the most popular theory to account for differences in labour market performances. The theory stipulates that education, in addition to work experience, is the key to success (Mincer, 1974; Becker 1964). People need to invest in their schooling in order to obtain a higher income in the future. From this, it may be inferred that high unemployment rates among immigrants can be accounted for by their low educational level or limited work experience. In this context, Duleep and Regets (1999) argued that education obtained in less developed countries is less valued in western countries. Hartog and Zorlu (2009) and Van Duleep en Regets

(1999) found that vocational skills and low education levels are more easily transferable than higher education. Language and accreditation of diplomas by employers remain problematic. As a result, newcomers tend to initially accept jobs below their level.

Language proficiency is also considered a form of human capital with positive economic effects (Geurts & Lubbers, 2017; Van Tubergen, 2010). The economic gains in the form of job opportunities depends on the investment in local skills, which is related to the duration of stay and the place where immigrants were educated. Borjas (1999) argued that migrants will assimilate more the longer they reside in the host country, or in other words, the more they invest in specific local skills such as the language, the higher the probability of being employed. The duration of stay impacts the intention to invest in language proficiency. It is worth noting that this investment is related to its economic returns. Immigrants take into account the potential benefits before they invest in learning or improving their language skills (Van Tubergen, 2010). When the economic gains are expected to be higher, the investment made will also be greater. Hence immigrants who intend to stay for a long time in a new country are more open to invest in their language proficiency. So long-term immigrants will invest more in their language skills. This expectation is supported by research of Geurts and Lubbers (2017). Their study shows that migrants who do not intend to stay, or who plan to circulate between their country of origin and the Netherlands, invest less in their language proficiency. Therefore the variable 'duration of stay' affects the immigrants' adjustments, such as fluency in the language.

Likewise, it has been argued that education in the host country is important in narrowing the unemployment gap between natives and immigrants. Based on their empirical research in the Netherlands, Kanas and Tubergen (2009) showed that the economic returns to schooling acquired in the country of origin are much lower than returns from schooling in countries of residence. The education system not only prepares individuals for work, but also socialises them into the culture of the receiving society (Vermeulen & Penninx, 1994; Engbersen, 2003). Esser (2004) argues that it is impossible to integrate into a new labour market without some knowledge of the rules of the receiving society. Therefore, schooling gives new migrants the opportunity to build and extend their human capital. Schooling in the host country is considered necessary for establishing ethnically diverse relationships. Immigrants enrolled in a the host country schooling system increase their contacts with natives. These contacts are presumed to positively impact on their networks and social influence. Immigrants may take advantage of these networks for job-matching processes or to collect information on job offers. However, studies that addressed the impact of networks and education are controversial. Research conducted by Kanas and Van Tubergen (2009)

among four ethnic minority groups in the Netherlands did not confirm the importance of the networks. They concluded that higher returns to host-country schooling cannot be explained by increased social contacts with natives.

We argue that familiarity with the Dutch language is a form of human capital that enhances the likelihood of having a job. This familiarity with Dutch culture, including the command of Dutch language, is reflected in education, but is indicated by the duration of stay and generation. In addition to education and labour market experience, labour market performance of immigrants benefits from a longer duration of stay, notably when they are born in the host-country. Hence, 'generation' is used as a proxy for language skills.

We therefore formulate our hypothesis in accordance of the human capital explanation: low education is positively related to a low attainment of jobs. Note that the relationship between the possession of human capital and job attainment is expected to vary across African nationalities because of differences in human capital and familiarity with Dutch culture. This hypothesis addresses the topic of the paper and will disclose the gap between recent immigrants from Sub-Saharan Africa and the native Dutch, as well as the gaps between African groups.

In spite of its popularity, the human capital theory suffers from a few flaws. The major flaw is the excessive focus on the job seeker. Studies on job allocation reveal that education and work experience only affect the stage of recruitment and selection. Personal characteristics appear to be decisive for the job interview, the offering of a probation period and the making of a final job decision (Ballafkih, 2017). Secondly, preferences relating to group features, such as gender or ethnicity profiles, are conspicuously absent in this perspective (Gowricharn & Çankaya, 2015; Van Beek, 1993; Veenman, 1995). Job allocation cannot be reduced to individual features, but needs to include group characteristics as well. Neglecting these group characteristics would render the persistence of ethnic hierarchy in the labour market incomprehensible (Gowricharn 2002). Thirdly, the human capital theory centres the explanation of labour market performance at the supply side of the market. Consequently, this bias does not account for the preferences of the employer, the key player in the labour market (Atkinson, 1996; Dagevos, 1998).

It has often been reported that labour market disparities are due to racial or ethnic discrimination. This account is based on the reasoning that identical factors generate similar outcomes across ethnic groups. When discrepancies are observed, these are likely to be attributed to discrimination, besides other unmeasured factors (Arrow,

1973; Lang et al., 2005; Veenman 2006). This has been corroborated by Dutch research, using a variety of methods and perspectives (Van Beek, 1993; Andriessen et al., 2012; Veenman 2010). In this context, Spörlen and Van Tubergen (2014) suggest that differences in societies of origin might be a powerful explanatory variable, since more highly developed societies may connect easier with the host society. In addition, one can also argue that not every ethnic minority group is accepted in the same manner by the host population, as some ethnic groups are preferred above others (Veenman, 1995). Therefore, it ought to be noted that the unaccounted discrepancies reflected in residuals can never be taken as an indicator of discrimination.

2.3. Data and method

This study focuses on the labour participation of Sub-Saharan Africans. The occupational background of the research population is provided by the Social Statistical Database (SSB), which matches information at the individual level with data from other sources: the municipal population registers, the tax authorities, the social security administration, labour force and household surveys. Moreover, it provides information on the sociodemographic characteristics of workers, such as gender, date of birth, marital status, place of residence and household composition. We managed to link the SSB with the education administration databanks, notably students in higher education (CRIHO), students who took an exam in general secondary education (ERR), monthly registration of job-seekers (ERR), and students with grants (UWV, WSD). This exercise enabled us to produce information on education at the individual level and differentiate it by Sub-Saharan nationalities.

The data covered the period 2006-2012. The statistics comprised Sub-Saharan immigrants and the native Dutch population. The African sample focuses on the eleven countries with the largest number of immigrants: Nigeria, Angola, Somalia, Eritrea, Ethiopia, Ghana, Cape Verde, Sudan, Congo (DR), Sierra Leone and South Africa. According to the official definitions of Statistics Netherlands (Statistics Netherlands, Annual Report on Integration, 2016), the immigrant population consists of the first generation, described as persons born outside the Netherlands and with at least one foreign-born parent, while the second generation refers to persons born in the Netherlands with at least one parent who was born outside the Netherlands. Because the education level is the main explanatory variable for the labour market participation, individuals for whom the level of education was unknown (26.7 thousand Sub-Saharan Africans, see Appendix 2.2) or for whom job information was missing were excluded from the selected population. This category included fulltime students,

the self-employed without personnel and persons under 15 or over 64. In this newly constructed database, the remaining population consists of about 24 thousand Sub-Saharan and 1.9 million native Dutch persons.

Dependent variables

The dependent variable consists of the labour market participation. This variable distinguishes between the economically active and inactive populations. The economically active group includes persons who are employed and for whom work represents their main source of income. The self-employed are excluded from the research population as self-employment is marginal among Sub-Saharan Africans and amounts to about 0.1% (according to our own calculations) versus 15% in the case of the native Dutch in 2012 (Statistics Netherlands, 2012). The inactive population are persons without paid work or whose main income comes from social security benefits, such as old age pensions or unemployment, disability or sickness benefits.

Independent variables

The independent variables consist of the human capital and individual variables, education level, age, gender, generation, and duration of stay in years as proxy for language skills. We included controls for household composition, ethnic origin, province of residence, immigration motive (status). These variables are expected to be causally related to attaining a job. The native Dutch population functions as the reference group. The education level of the individual is based on the highest diploma obtained.

Persons with foreign degrees may submit a request to the credential evaluation information centre (IDW) for recognition of their diplomas or an evaluation of their level of education. The evaluation, according to the Dutch education system, is based on the international Lisbon Recognition Convention. Subsequently, the recognised level of education is registered in the education administration database, which is matched with the SSB database. For most young persons, there are integral observations of registrations at schools or universities. Data from surveys such as labour force market surveys is used to complete missing education information in the SSB database. The file is continuously supplemented with the most recent data. In the absence of a credentials request or when no education has been followed in the Netherlands, the level education is registered as unknown in the national education register.

One might argue that the level of education is unknown for 27.5 thousand Sub-Saharan Africans, which is not negligible (see Table 5). This is 52.8 percent of the research population. And a third is from South Africa and Cape Verde. We realise that the

number is large but let's not forget that the limited amount of quantitative research on the labour market position of Sub-Saharan Africans in the Netherlands is related to the poor information on their education level (Heelsum & Hessels, 2006) and the small size of the samples for whom the education is known. Information about education level is registered and provided by national education registers. Statistics Netherlands enriches this information with education information from the most recent surveys in order to increase the population for whom the education level is known. Therefore it is improbable that the coverage of the known education would have been higher than for this study. In addition, none of the previous studies have taken into account such a large Sub-Saharan population. So a coverage of 47.2% is undoubtedly a big step forward. This data reinforces the quality of the present study and makes it unique for this hitherto undescribed ethnic group.

The highest level of education is measured in three categories: lower education (less than secondary level), secondary education (secondary vocational, general and post-secondary) and higher education (college or university).

Gender: the small size of some immigrant groups in the sample, i.e. Eritreans, means that running two separate models for men and women leads to problems for quantitative analysis and to privacy issues. Therefore, only one model has been displayed for both genders.

Household composition is represented by seven groups of variables: singles, singles with children, not married without children, married without children, not married with children, married with children and others, including the institutionalised population.

The place of residence is a twelve categorical variable distinguishing the Dutch provinces. Four age groups are compared to account for the influence of age (15-34; 35-44; 45-54 and 55-64 years). We do not use age as an indirect measure of labour market experience. Note that this measure for potential work experience falls short for new immigrants and women as they have not had a continuous labour market activity in the host country. It is common that new immigrants need some time before they can integrate into a new labour market or that women stop paid work temporarily to give priority to the family responsibilities.

Generation: the immigrants' generation is identified by their place of birth as indicated before. Two categories identify generation: first and second. We are aware that the two chosen identities oversimplify matters. Immigrants who immigrated at a young age have experiences closer to second generation immigrants. They are as socialised

as immigrants born in the host country, they go to school in the host country and probably have the same language fluency as their peers.

Length of stay: we introduce nine categories for the length of stay. It is measured in years since someone's arrival in the Netherlands. As stated before, generation and the length of stay are also used as a proxy of language skills accumulation. The ethnic origin of the Sub-Saharan Africans is represented by the eleven countries cited above and the native Dutch.

Method

A conventional decomposition technique widely used is the Blinder-Oaxaca (1973). This technique decomposes the gap in labour market attainment between two (demographics) groups into the disparity a) accounted for by differences in measured characteristics, and (b) those resulting from unmeasured characteristics (e.g., discrimination or labour segmentation).

The dependent variable in this study is a binary variable that distinguishes the economically active and inactive populations. However, the conventional Blinder-Oaxaca decomposition method cannot be implemented if the outcome is binary and the coefficients are from a logit or probit model (Fairlie, 2005). In the same line as Gomulka and Stern (1990), Fairlie (2005) proposed an alternative decomposition method, where the coefficient estimates from a logit or probit model can be used directly in the decomposition specification. Concerns exist about the ordering of variables and the robustness of the method because of the non-linearity of the decomposition (Fortin & Lemieux, 2011:49). These are addressed by Fairlie (2017; 2005).

As Fairlie (2005) suggests, "first use the pooled coefficient estimates to calculate predicted probabilities for each black (Immigrants) and white (Natives) observation in the sample" (p. 306). Following Fairlie's methodology (2005), observations from both native and immigrant samples are organised based on their predicted probabilities, ensuring that individuals are paired according to their relative position within their respective groups. The decomposition estimates obtained from this procedure depend on the randomly chosen subsample of natives. In practice, Fairlie advice is to draw a large number of random subsamples of natives, match each of these random subsamples of natives to the black (immigrant) sample, and calculate separate decomposition estimates.

The effect of ordering variables in the decomposition may lead to variation in the results (Fortin & Lemieux, 2011:49). This is known as the index problem. In order to control the robustness and solve the index problem, Fairlie (2017) suggests randomising the ordering of variables. By using a large number of simulations, the procedure approximates the averaged composition across all possible orderings of variables. Following Fairlie, we used a random ordering of the variables in addition to the 1,000 random subsamples.

Fairlie method

The mathematical explanation for the decomposition technique is taken from Fairlie (2005). The decomposition of the non-linear-differences in the expected labour market participation, non-linear equation $Y = F(X\hat{\beta}_j)$, where Y is the average value of the dependent variable, can be written as:

$$\begin{aligned} \bar{Y}^W - \bar{Y}^B = & \left[\sum_{i=1}^{N^W} \frac{F(X_i^W \hat{\beta}^W)}{N^W} - \sum_{i=1}^{N^B} \frac{F(X_i^B \hat{\beta}^W)}{N^B} \right] \\ & + \left[\sum_{i=1}^{N^B} \frac{F(X_i^B \hat{\beta}^W)}{N^B} - \sum_{i=1}^{N^B} \frac{F(X_i^B \hat{\beta}^B)}{N^B} \right] \end{aligned}$$

(1)

where, $\bar{Y}^j$ is the average probability of the binary outcome for race j and $\bar{X}^j$ is a row vector of average values of the independent variables and $\hat{\beta}^j$ is a vector of coefficient estimates for race j .

The first term in brackets on the right-hand side represents the contribution of the observed characteristics (age, gender, education, generation, household composition, ethnic origin and residence). The second term in brackets represents the contribution of the coefficients of the difference in the expected labour market participation between natives and immigrants. The second term also reflects the contribution of the gap due to unobserved characteristics. It captures the unexplained part, which can be the result of unobservable characteristics and/or discrimination between natives and immigrants. The standard errors for the estimates can be written as follows:

$$\hat{D}_1 = \frac{1}{N^B} \sum_{i=1}^{N^B} F(X_i^{WW} \hat{\beta}^*) - F(X_i^{BW} \hat{\beta}^*)$$

(2)

The variance can be approximated as:

$$Var(\hat{D}_1) = \left(\frac{\delta \hat{D}_1}{\delta \hat{\beta}^*} \right)' Var(\hat{\beta}^*) \left(\frac{\delta \hat{D}_1}{\delta \hat{\beta}^*} \right)$$

(3)

Where $\hat{\mathbf{X}}_i$ is a row vector of average values of the independent variables and $\hat{\beta}_j$ is a vector of coefficient estimates for race and f is the logistic probability function.

$$\frac{\delta \hat{D}_1}{\delta \hat{\beta}^*} = \frac{1}{N^B} \sum_{i=1}^{N^B} f(X_i^{WW} \hat{\beta}^*) X_i^{WW} - f(X_i^{BW} \hat{\beta}^*) X_i^{BW}$$

(4)

N^B : immigrant sample and N^W : native sample

We assume that $N^B = N^W$;

$\hat{\mathbf{Y}}_i$: calculate predicted probabilities, for each black (Immigrants) and white (Natives) observation.

2.4. The gap in labour market attainment: descriptive analysis

Table 1 shows the comparison of the labour market participation of Sub-Saharan Africans and Dutch natives. The descriptive analyses aim to identify any gap (sub-question 1). The results show that only 27.6 percent of the Sub-Saharan immigrants are active on the labour market versus around 81 percent of natives. The highly educated are more often employed than the less educated, but highly educated Sub-Saharan Africans suffer a greater penalty than their native-born peers. There is a greater difference in labour market participation among the highly educated natives and immigrants (51% points) than among the less educated (47% points).

The outcomes show stark contrasts across age categories. Native individuals aged 15-34 and 35-44 have a higher activity rate (about 86%) than individuals aged 55-64 (74%). Among immigrants, the older individuals have the highest activity rate (about 52%). Another key result is the deviation among age categories: among young and older immigrant groups it ranges from 6.8 to 51.9 percent, while among natives it is a more modest 73 to 85 percent. In other words, being older is more favourable for immigrants than for natives.

Other interesting findings are the variation in employment participation with respect to the presence of children. More than two children substantially increases the inactivity rate. In the reference group, the activity rate ranges from 77 to 62 percent with more than three children. With fewer than three children, the observed occupation rates are about 82 percent. Striking differences were found when there are no children. While the labour activity is the highest among natives without children (82%), immigrants with no children have an even lower participation rate (24%) than the group with three children (28%). Age and duration of stay could be the explanation. Immigrants without children are often young. Their short duration of stay and limited experience on the Dutch labour market hamper them.

Marital status is not relevant to the activity rates of either group, but the presence or absence of a partner and children hampers the participation rate of both. Compared to households with children and a partner (range 32%-38% for immigrants), the participation rate of single-parent households drops to 24 percent. Among natives, 63 percent of the single-parent households have paid work versus 53 percent of households with children and a partner.

The place of residence is also key. The highest activity rates - about 84.5 percent for natives - are found in the provinces Utrecht, Noord-Holland, Zuid-Holland and Brabant. For Sub-Saharan Africans, Noord- and Zuid-Holland offer the best job prospects (33.6 and 39%). Table 2 displays large variations by Sub-Saharan ethnic origin (sub-question 2). South Africans and Cape Verdeans have participation rates of 55 and 61 percent. Among the remaining groups, it varies from 44 (Ghanaians) to 5.1 percent (Eritreans and Sierra Leone). Interestingly, the gap in participation rates with natives gradually disappears after an extended stay: from about 78% points after five years to 10% points after thirty years. Second generation Sub-Saharans almost reach parity with natives, with an activity rate of more than 72 percent - three times higher than that of the first generation. Another finding is that economic migrants participate more often than refugees or immigrants for family reunification. However, the migration motive is known only for 10 percent of the immigrants because the Dutch Immigration

and Naturalisation Service (IND) only started recording it in 1999. So this is not representative for immigrants who arrived earlier.

2.5. The explained part

The gap in labour market disparities is addressed on the basis of the hypothesis formulated in section two. The first analysis dealt only with the variable “level of education” whilst in the second analysis the variable “level of education” is extended with the differences in accumulated language skills between natives and Sub-Saharan Africans.

2.5.1. Human capital

Literature research reveals the importance of human capital as the main factor explaining the disparity between demographic groups. The hypothesis is whether and to what extent level of education and the individual and control variables i.e. gender, age, household composition and place of residence contribute to the gap. Table 3 shows the labour market participation estimates using the non-linear decomposition technique. The gap between natives and Sub-Saharans is 53 percent. What comes as a surprise is that all explanatory variables mentioned before account for just 8.9 percent of that gap. Although low education is the major cause of poor labour market attainment among immigrants, education contributes an estimated -0.0072 (13.6%) to the explanation of ethnic disparities. Age contributes about 7.2 percent (0.03823) to ethnic disparity. The rest of the variables scarcely contribute. This limited contribution of the human capital variables suggests that they cannot explain the position of new migrants on the Dutch labour market.

The comparison by ethnic origin reveals that the smallest gap in labour market participation is found for Cape Verdeans (0.1954) and South Africans (0.2583). The gap for the others varies from 0.4124 to 0.6644. Unexpectedly, ethnic origin only plays a limited role in explaining the gaps (0%-15.3%). The highest contribution is found for Cape Verdeans (15.3%). But even for this group, education level (14.1%) is the main explanatory factor. Cape Verdeans have a much longer migration history in the Netherlands and elsewhere in Northwest Europe than any of the other Sub-Saharan group. None of the selected variables can explain the gap for South Africans.

2.5.2. Language skills

The next analysis pertains to differences in language skills accumulation between natives and Sub-Saharan Africans. Sub-Saharan Africans are grouped by duration

of stay and generation to be used as a proxy for the accumulation of language skills resources.

When the immigrant population is grouped by generation, the outcomes (Table 4) reveal some interesting findings. To start, differences in labour market attainment between the first generation (0.5178) and natives are larger than for the second generation (0.0831) and natives. The explanatory variables account for 7.7 percent of the gap for the first generation and for 44.7 percent of the gap for the second generation. The gap for the first generation is mainly caused by the lower education level (15.4%), while that for the second generation is predominantly explained by age (49.2%). The second generation of Sub-Saharanans is in fact a relatively young group with little labour market experience.

The first generation Sub-Saharan population was also sampled by duration of residence. One major finding of the non-linear decomposition is that the gap decreases with the duration of stay. For migrants whose stay was shorter than 25 years, the native/sub-Saharan gap ranges from 0.7834 (78%) to 0.3193 (32%). For migrants whose stay exceeded 25 years, the gap ranges from 0.1782 to 0.0611. Immigrants almost reach parity with natives after 40 years of residence, the gap is then only 6 percent. A second finding is that the human capital variables are important explanatory factors for migrants who have lived in the Netherlands for more than 15 years explaining 25.8%-66.8% of the gap with natives. For immigrants whose stay is shorter than 15 years, the included variables explain less than 0.3 percent of the gap.

For the 15+ year group, the largest contributors to the difference in labour market attainment between natives and immigrants are education level, gender and age. The importance of these variables varies depending on the duration of stay. Only education level is relevant for immigrants residing in the country between 15 and 25 years, as it contributes to 24.4 percent of the gap. For the 25-40 year residence group, almost half of the native/immigrant gap is attributed to education, whilst gender accounts for 15.8 percent. The 40 year+ residence group almost reached parity with natives (contributions gap 0.0611). Age seems to play a more salient role than education in explaining the gap for this 40 year+ residence group, accounting for a third thereof. Another third is explained by education and gender together. However, conclusions for this group should be drawn with caution because of the small sample size.

2.6. Discussion

The hypothesis is that low education is positively related to a low attainment of jobs. The results reveal that only a minor part of the variations in job participation between natives and immigrants are explained. Even when all variables are included in the analysis, the human capital model explains only 9% of the gap. Analysing closer, the importance of the human capital variables turns out to differ among Sub-Saharan groups. When the human capital is extended with accumulated language skills, the explanatory power of the model becomes slightly stronger.

We started from the assumption that higher education increases the likelihood of having a job. However, Venturini (2017) questions whether it would not be better to refer in terms of 'having a good job match'. If higher education is positively related to having a job, Venturi warns that over-education is an element which should not be overseen. In fact, over-education among immigrants decreases the likelihood of having a good job match, while not having higher education increases the likelihood of having a better job match. For the highly educated immigrants, the years they studied in the host country helps them to align their human capital to the local demand on the labour market, which enhances their job match.

For more recent immigrants, about 80 percent of the first generation in this study, education does not explain their position on the labour market. Probably, at this early stage, other non-measurable factors play a more important role as mentioned earlier in section two. Results show that the 25+ years resident group experiences less language skills disadvantages. This means that new immigrants who invest in language proficiency at an early stage will benefit from education in the long-term. But it will still take more than 25 years for them to significantly reduce the gap with natives. Even so, it is worth to promote language command as early as possible.

Another interesting result is the small gap between long-term migrants and natives. Previous research identified the low return of human capital variables for Sub-Saharan Africans. Research conducted in the UK (Clark and Drinkwater; 2008) revealed that the gap in the probability of employment between immigrants and natives is due to differences in return of human capital characteristics. For the same employment differentials between immigrants and natives, the return of their human capital variables is higher among Chinese immigrants than among Sub-Saharan Africans and Pakistanis. The question is why does a higher age of the immigrant seem to reduce the employment gap between immigrants and natives? The human capital theory states that the higher the age is, the more job experience is acquired. However, age

enhances more than just professional knowledge among immigrants. In addition this group acquires cultural knowledge about the Dutch labour market and social institutions, favouring their job prospects (Venturini, 2017; Edin et al. 2000). The variable age measures the accumulation of human capital and professional knowledge among immigrants. This accumulation of human capital reduces the labour market differentials with their natives in the same age category.

We departed from the logical inference that human capital will account for a significant part of the gap. However, the explanatory power of these variables appears to be rather poor. This has a compelling implication for the residual that is now large: 90 percent of the gap remains unexplained. The existence of a gap is a familiar finding in labour market analyses (Andriessen et al., 2008; Fortin et al., 2010; Kogan, 2010), who have reported an unexplained gap of about 35 percent between natives and Turks/Surinamese. The significant unexplained part of 90 percent makes the case of Sub-Saharan Africans intriguing.

The literature suggests that discrimination is in play, whether or not related to group preferences. However, the residual between natives and Sub-Saharan immigrants is too large (a difference between 35 and 90%), to credibly attribute it only to discrimination. We find it more likely that other unobserved factors impact the size of the gap.

The large size is not the only remarkable finding. The differences across the groups are equally intriguing. Figure 1 displays the labour market participation of Sub-Saharan Africans with low and secondary education levels by country of origin. As expected, ethnic groups with larger numbers of lower educated individuals have the lowest rate of labour market attainment. South Africans have the fewest low and secondary education levels, accounting for about 60 percent, and the highest rate of active persons. One interesting aspect of Figure 1 is the exceptional position of Cape Verdeans, who have the lowest education level, of about 93.7 percent, while displaying the highest rate of labour attainment (60%). South Africans also contrast favourably with other groups, but their education level is higher, while their labour attainment is slightly lower compared to the Cape Verdeans. At the other extreme, we find Somalians, Eritreans, Sudanese, Congolese, and Sierra Leoneans. Their human capital as well as their labour attainment contrast negatively with the South Africans and Cape Verdeans.

Since an explanation in terms of 'capital' does not suffice, we wonder what other alternative explanations are available. We have the following three suggestions. The first relates to the specific properties of the researched groups. Note that immigrants

from Somalia, Eritrea, Sudan, Congo, and Sierra Leone have been fleeing from war zones. That may have affected their social way of life in the Netherlands, for example, by forming closed groups or conversely, by seeking social isolation. Since the allocation of labour is accounted for from a market perspective, these historical and contextual factors are hardly considered. Also the size of the community seems relevant for their integration. Previous research has confirmed the negative relation between large communities and labour market integration. Di Palo and colleagues (2006) showed that less contact with natives due to large communities limits the opportunities to learn the native language and to enlarge a network. Still, the role of the ethnic community is not obvious as it depends on the case study. In the study of Strøm and colleagues (2013), the number of workers and non-workers have been measured in order to assess the size of the community. The researchers found a positive effect between the size of the community and the economic integration of members of the community in the UK. Research in Sweden conducted by Edin et al. (2003) found that living in an enclave plays a positive role on labour market outcomes for less-skilled immigrants in Sweden. So, the large community of Cape Verdeans in the city of Rotterdam (where about 60% of Cape Verdeans in the Netherlands live) might improve the integration of its members.

A second explanation is provided by Gowricharn (2002), who suggests the concept of cultural norm images in the labour market. He argues that the members of an ethnic group are accepted by employers when they fit a culturally desired profile, including work ethos, dress, manners, and other properties, not all necessarily relevant for the job. From this perspective, the labour market inclusion of Cape Verdeans is comprehensible since this group is the oldest among the Sub-Saharan groups and better assimilated. Since we do not know whether South Africans consist of whites or blacks, it is unclear whether cultural norm images account for their favourable position.

A third possible explanation is raised by Spörten and Van Tubergen (2014), who suggest that the society of destination may account for differences in acceptance. Dutch people, for instance, give more credit to people from societies they are familiar with, such as Europe, the USA, South Africa and former Dutch colonies. This variable is often not considered but needs to be included in a credible account of labour market disparities.

2.7. Conclusion

This paper addressed the issue of gaps in labour market performance between the indigenous Dutch population and Sub-Saharan Africans. These gaps predominantly consist of differences in education and command of the language. Consequently, conventional approaches account for this disparity in terms of differences in human capital, notably differences in education. We extended this human capital model by including both duration of stay and generation as indicators for the degree of language control. Individual characteristics, such as age and gender, and control variables have been added to the model. This model has been used to account for the differences between the native Dutch and Sub-Saharan Africans, expecting that a significant part of the disparity would be accounted for by these two variables. Using nation-wide data, the results of our test revealed that the independent variables hardly accounted for the gap and that the unexplained part was about 90 percent, an astonishingly large size.

This outcome is at odds with most research, including Dutch studies that report an unexplained part hovering around 35 percent (Dagevos & Huijnk, 2016; Andriessen et al, 2012). Since the explanatory power of the independent variables is inversely related to the residual, the question comes up as to why the independent account for so little. We suggest three explanations that may apply differently for the researched groups: specificities of the ethnic groups, i.e. that many of them come from African war zones; the operation of cultural norm images; and the impact of the societies of origin. The precise explanation for these concepts is in the dark, hence we suggest them as directions to look for explanations. To these suggestions, we can add the impact of sectoral and regional concentration of the Africans, the state of the economy and differential access to the labour market.

From our results, we suggest two lessons. First, the strong deviations from conventions suggest that the human capital accounting for labour market participation requires specification. There is too much research corroborating these relations to reject them. But this relationship may not be valid in all places, at all times, under all circumstances or for all ethnic groups. Second, large residuals sensitise at variables not included. This is conventional wisdom, but in the case of the labour market participation of ethnic minorities, some crucial variables are often omitted. In our view, all three suggested additional explanations, group specificities, societies of destination and cultural norm images, contribute to a better explanation. Future research will corroborate whether our belief is true.

Table 1. Labour market participation of natives and Sub-Saharan Africans in the Netherlands, 2012.

N (sample)	Native Dutch 1,948,502		Sub-Saharan Africans 23,849		gap % points
	Employees	%	Employees	%	
Total population	1,573,851	80.8	6,579	27.6	53.2
Education					
Lower	311,172	65.5	3,042	20.4	45.1
Secondary	680,563	81.6	2,388	39.3	42.2
Higher	582,116	91.0	1,149	40.1	51.0
Gender					
Man	855,177	90.4	3,659	31.9	58.5
Woman	718,674	71.7	2,92	23.6	48.1
Age					
15-34	73,261	85.2	493	6.8	78.4
35-44	657,1	87.7	2,543	29.4	58.4
45-54	502,693	77.3	2,736	43	34.3
55-64	340,797	73.6	807	51.9	21.7
Number of children					
0	526,153	81.6	2,65	23.7	57.9
1	548,054	81.3	1,63	34.9	46.4
2	384,294	80.8	1,464	34.7	46.1
3	97,057	76.7	623	27.8	48.8
4	14,828	69.4	160	17.1	52.3
> 4	3,465	61.9	52	8.8	53
Province of residence					
Zeeland	24,181	80.2	48	13.1	67.0
Flevoland	27,881	81.3	137	15.6	65.7
Drenthe	38,284	77.1	44	12.3	64.9
Groningen	48,482	75.6	98	15.8	59.8
Friesland	52,668	76.5	72	11.1	65.4
Limburg	81,66	80.6	136	15.2	65.3
Overijssel	90,493	81.8	110	13.1	68.7
Utrecht	104,573	86.5	311	23.2	63.4
Gelderland	154,258	82.4	274	17.1	65.3
Noord-Brabant	193,873	84.7	454	19.5	65.2

Table 1. (Continued)

N (sample)	Native Dutch 1,948,502		Sub-Saharan Africans 23,849		gap % points
	Employees	%	Employees	%	
Noord-Holland	196,245	84	1,749	33.6	50.4
Zuid-Holland	242,317	83.9	2,426	39.2	44.7
Household composition					
Single	189,562	78.6	1,534	20.2	58.4
Not married without children	153,263	85.3	659	31.6	53.7
Married without children	173,191	83	375	35.4	47.6
Not married with children	182,92	84.1	1,025	37.8	46.3
Married with children	771,065	82.4	1,743	34.2	48.2
Single with children	93,713	62.6	1,161	24	38.6
Other household	10,137	63.5	82	19.1	44.4

Table 2. Labour market participation of Sub-Saharan Africans by demographic characteristics, 2012.

Population			
Native Dutch N1= 1,948,502 Sub-Saharans N2= 23,849			
	employees	%	gap % points
Ethnic origin			
Native Dutch	1,573,851	80.8	-
Sub-Saharans	6,579	27.6	53.2
Eritrea and Sierra Leone	107	5.1	75.7
Somalia	362	6.8	74
Sudan	189	13.5	67.3
Congo	203	14.1	66.7
Angola	215	22.9	57.8
Nigeria	449	24.1	56.7
Ethiopia	655	26.5	54.3
Ghana	1,405	39.5	41.2

Table 2. (Continued)

Population			
Native Dutch N1= 1,948,502 Sub-Saharan N2= 23,849			
	employees	%	gap % points
South Africa	1,056	54.9	25.8
Cape Verde	1,938	61.2	19.5
Duration of stay (1st generation)			
<5 years	119	2.4	78.4
5-10	190	5	75.8
10-15	527	11.2	69.6
15 - 20	1,382	38.8	41.9
20 - 25	1,860	60.4	20.4
25 - 30	765	55.8	25
30 - 40	960	70.1	10.6
> 40	168	74.7	6.1
Generation			
1st	5,979	26	54.8
2nd	600	72.5	8.3
Motive of immigration (1st generation)			
Family reunification	135	2.9	77.9
Asylum seekers/refugees	222	3.7	77.1
Economic migrants	226	37.9	42.9
Others	36	3	77.8
Motive unknown	5,360	50.8	30

Table 3. Fairlie non-linear decomposition of Native Dutch and Sub-Saharan Africans in labour market attainment, 2012.

% Sample	Model 1 Sub-Saharan/natives				
	all sub-Saharan Africans	Cape Verde	South Africa	Ghana	Rest
N	23,849	3,165	1,922	3,554	15,208
rate Native Dutch	0.8077	0.8077	0.8077	0.8077	0.8077
rate Sub-Saharan Africans	0.2759	0.6123	0.5494	0.3953	0.1433
gap Sub-Saharan/natives	-0.5319	-0.1954	-0.2583	-0.4124	-0.6644
Contributions from group/demographics differences in :					
	coefficient				
Education	-0.0724	-0.0276	0.0001	-0.0002	-0.0611
standard errors	0.0006	0.0027	0.0000	0.0000	0.0065
contribution to gap (%)	13.6	14.1	0.0	0.0	9.2
Gender	-0.0118	-0.0001	0.0000	-0.0001	-0.0025
standard errors	0.0001	0.0002	0.0000	0.0000	0.0008
contribution to gap (%)	2.2	0.1	0.0	0.0	0.4
Age	0.0382	not sig.	0.0001	0.0001	0.0306
standard errors	0.0004	0.0001	0.0000	0.0000	0.0030
contribution to gap %	-7.2	-0.3	0.0	0.0	-4.6
Number of children	0.0030	-0.0031	0.0000	0.0000	0.0020
standard errors	0.0000	0.0002	0.0000	0.0000	0.0002
contribution to gap %	-0.6	1.6	0.0	0.0	-0.3
Region of residence	0.0006	0.0000	0.0000	0.0000	0.0005
standard errors	0.0001	0.0001	0.0000	0.0000	0.0001
contribution to gap %	-0.1	0.0	0.0	0.0	-0.1
Household composition	-0.0051	0.0004	0.0000	0.0000	-0.0072
standard errors	0.0002	0.0000	0.0000	0.0000	0.0005
contribution to gap %	1.0	-0.2	0.0	0.0	1.1
All included variables	-0.0475	-0.0298	0.0000	-0.0003	-0.0379
contribution to gap %	8.9	15.3	0.0	0.1	5.7
(*) not significant					

Table 4. Fairlie non-linear decomposition of Native Dutch and Sub-Saharan Africans by generation and duration of stay in labour market attainment, 2012.

%	Model 1	Model 2	Model 3
Sample	Sub-Saharan/ natives	Natives/generation	Natives/duration of stay (1st generation)
	all sub-Saharan Africans	1st generation	<5 years
N	23,849	23,021	4,901
		828	6,638
			2,74
			225
rate Native Dutch	0.8077	0.8077	0.8077
rate Sub-Saharan Africans	0.2759	0.7246	0.8077
gap Sub-Saharan/natives	-0.5319	-0.0831	0.8077
			0.8077
			0.0243
			0.0843
			0.4884
			0.6296
			-0.1782
			-0.0611
Contributions from group/demographics differences in :			
	coefficient		
Education			
standard errors	-0.0724	-0.0152	-0.0049
contribution to gap (%)	0.0006	0.0001	-0.0045
	13.6	18.3	0.0002
			0.0016
			0.0017
			44.0
			-15.1
Gender			
standard errors	-0.0118	0.0103	-0.0013
contribution to gap (%)	0.0001	0.0001	-0.0027
	2.2	-12.4	-0.0116
			0.0002
			0.0017
			15.8
			17.5

Age	0.0382	0.0361	0.0409	0.0059	0.0052	0.0125	-0.0111	-0.0207
standard errors	0.0004	0.0003	0.0003	0.0006	0.0003	0.0003	0.0004	0.0013
contribution to gap %	-7.2	-6.6	-49.2	-0.7	-0.7	-3.9	6.2	33.9
Number of children	0.0030	-0.0037	0.0012	0.0007	0.0004	-0.0040	-0.0028	0.0008
standard errors	0.0000	0.0000	0.0000	0.0001	0.0000	0.0001	0.0002	0.0008
contribution to gap %	-0.6	0.7	-1.5	-0.1	-0.1	1.2	1.6	-1.3
Region of residence	0.0006	0.0009	0.0005	0.0000	0.0000	0.0004	0.0000	0.0001
standard errors	0.0001	0.0001	0.0001	0.0000	0.0000	0.0001	0.0000	0.0001
contribution to gap %	-0.1	-0.2	-0.6	0.0	0.0	-0.1	0.0	-0.2
Household composition	-0.0051	-0.0015	-0.0006	-0.0008	-0.0007	-0.0018	0.0013	-0.0024
standard errors	0.0002	0.0001	0.0000	0.0001	0.0000	0.0001	0.0001	0.0004
contribution to gap %	1.0	0.3	0.7	0.1	0.1	0.6	-0.7	4.0
All included variables	-0.0475	-0.0410	0.0371	-0.0005	-0.0023	-0.0823	-0.1191	-0.0237
contribution to gap %	8.9	7.5	-44.7	0.1	0.3	25.8	66.8	38.8
<i>(*) not significant</i>								

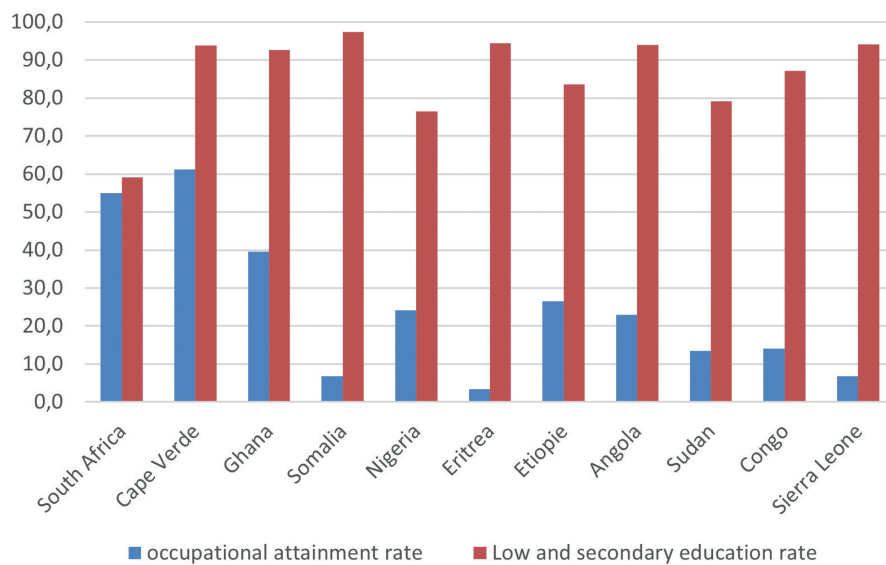


Figure 1. Occupational attainment of low and secondary education of Sub-Saharan Africans, 2012.

Appendices

Appendix 2.1. Sub-Saharan Africans in the Netherlands by country of origin, 2000-2016.

	2010	2012	2016
Eritrea	359	2,133	8,151
Sierra Leone	1,432	6,008	5,776
Sudan	3,919	6,268	6,711
Angola	4,477	8,575	8,365
Congo	6,115	8,134	8,390
Nigeria	5,180	11,466	12,252
Ethiopia	8,997	12,270	16,347
South Africa	12,524	18,224	19,877
Ghana	15,609	21,922	23,168
Cape Verde	18,242	21,550	22,157
Somalia	28,780	34,631	39,465
Total Sub-Saharanans (research population)	105,634	151,181	170,659
Other Sub-Saharanans	16,901	29,634	27,305
Total sub-Saharanans	122,535	180,815	197,964

Appendix 2.2. Share of education level by ethnic group (16-64 years), 2012.

	Low	Secondary	Higher	Total population education known	education unknown	Total	% level education known
South Africa	269	867	786	1,922	3,333	5,255	36.6
Cape Verde	1,875	1,092	198	3,165	4,997	8,162	38.8
Ghana	2,533	757	264	3,554	4,274	7,828	45.4
Somalia	4,623	556	137	5,316	5,596	10,912	48.7
Nigeria	844	581	438	1,863	1,961	3,824	48.7
Eritrea	348	68	25	441	461	902	48.9
Ethiopia	1,326	739	407	2,472	2,250	4,722	52.4
Angola	623	257	57	937	825	1,762	53.2
Sudan	712	396	291	1,399	1,142	2,541	55.1
Congo	798	456	185	1,439	1,033	2,472	58.2
Sierra Leone	959	303	79	1,341	860	2,201	60.9
Total	14,910	6,072	2,867	23,849	26,732	50,581	47.2

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3.

Does the country of origin matter? Accounting for labour market disparities among sub-Saharan Africans in the Netherlands²

² This chapter, co-authored by Herman van de Werfhorst, Jaco Dagevos, and Ruben Gowricharn, is scheduled for submission to an international peer-reviewed journal.

Abstract

This paper examines employment differentials across the first-generation sub-Saharan immigrants in the Netherlands and the native Dutch. In the literature, human capital theory is said to largely account for these disparities. However, this approach accounted little in a previous study. Therefore, we extend individual human capital variables with country of origin characteristics in order to investigate their effects on labour market disparities. In addition, we used the legal status as a third category of variables, including economic migrants, asylum seekers, family union, students, diplomats and people with special skills, as football players. Using unique data with nationwide coverage, a two-level, multilevel, mixed, non-linear regression reveals that the legal status of immigrants contributed the most to the disparities rather than the human capital or the differing characteristics of origin counties.

Keywords: sub-Saharan Africans, legal status, country of origin, human capital, unemployment, the Netherlands

3.1. Introduction

The persistent disparities in employment of ethnic groups and the native population are still an issue of concern in Western societies. This is also the case for sub-Saharan immigrants in the Netherlands, a new group that relatively recently has entered the Dutch labour market. A prior study among sub-Saharan African immigrants reported a gap in employment of 70 percent points with Dutch natives (Confurius, Gowricharn, and Dagevos 2018). However, the study shows great differences across the sub-Saharan group, with Cape Verdeans and South Africans occupying a premium position and deviating the least from the native Dutch, whereas people from Somalia, Eritrea, Congo, Sudan and Sierra Leone are in the worst position. However, human capital variables and other individual characteristics did not explain a major part of differences between the sub-Saharan group and natives. Considering the persistent disparity among sub-Saharan Africans, other factors may have been overlooked.

Cultural forces are likely part of these omitted variables. Spörlein and van Tubergen (2014) have argued that employers prefer immigrants who are culturally closer to the society of destination. This is consistent with Gowricharn (2002) who states that cultural norm images are used in the labour market as a selection device. Employers tend to prefer ethnic groups that fit a culturally desired profile, such as sharing the same ethos or manners and dressing like the native group. Therefore, assimilated immigrants are privileged by employers. Ethnic differences in labour attainment might also be accounted for by differences in religion and cultural values across immigrant groups (Di Stasio et al, 2020; Dis Stasio et al, 20219; Fleischmann and Dronkers 2010; Kao and Thompson 2003).

Next to cultural differences between immigrant and native populations, scholars suggest that the country of origin characteristics may account for differential labour market participation of immigrants. These characteristics include investment in education in the country of origin and spatial, cultural and socio-economic distance between home and host country (Avola and Piccito 2020; Brell, Dutsmann, and Preston 2020; Van de Werfhorst and Heath 2019). Human capital has also been found to be relevant to explain the employment disparities of new immigrants, but as said in the case of sub-Saharans, this was a weak accounting variable (Confurius et al. 2019).

When arriving in the host society, migrants are assigned a legal status, often overlapping with what officially is designated as their migration motive, such as economic migrants, asylum seekers or immigrants coming over to be united with families. Each of these legal statuses offers different opportunities (Da Lomba 2010;

Miltenburg and Dagevos 2020). For example, asylum seekers are not allowed to work unless they are granted a work permit, whereas economic migrants or migrants entering the Netherlands to unite with family are allowed to work. Consequently, the paper examines whether the country origin characteristics and the legal status explain employment differentials across the first-generation sub-Saharan immigrants in the Netherlands.

This paper contributes to the literature, first by considering forces beyond human capital theory. Until recently, human capital theory featured as the sole important approach to account for employment differentials. However, country of origin characteristics as well as legal status have been suggested to account for labour market disparities (Schimdt et al. 2021; Spörlein and van Tubergen 2014; Vink, Prokic-Breuer, and Dronkers 2013). To the best of our knowledge, no study has been reported that combines these three variables, offering a nuanced exploration of their interplay in determining labour market outcomes. By integrating these three perspectives, the study recognises the interconnectedness of individual characteristics with the macro-level characteristics of the origin country, institutional factors, and cultural preferences in the host country. This interconnectedness emphasises that legal status not only governs legal rights but also significantly influences the economic integration of immigrants. This recognition also underscores the interconnectedness between cultural fit, norm images, and employment outcomes, emphasising that labour market selection is influenced by both individual characteristics and group preferences. This approach is highly suitable for assessing the relative significance of variables associated with an individual's legal opportunity structure, country of origin, and personal characteristics.

Second, the paper addresses the employment of a new category of immigrants in the Netherlands, the sub-Saharan Africans, which comprises immigrants from Nigeria, Angola, Somalia, Eritrea, Ethiopia, Ghana, Cape Verde, Sudan, Congo (DR), Sierra Leone and South Africa. Except for one study (Confurius et al. 2019), this category of immigrants has not been researched before. Third, we have used unique data with a nationwide coverage to account for the employment differentials across the immigrants. Taken together, these three contributions represent a unique added value to the literature about differential employment.

3.2. Theoretical considerations

Human capital, including education and work experience, explains individual capacity to obtain jobs in the labour market. A problem with this theory is that it focuses on individuals and disregards forces that operate at a group or national level. Consequently, the theory seems to have limited explanatory power (Confurius et al. 2019). We enrich our conceptual framework by incorporating considerations of institutional factors related to immigration motive and legal status of the immigrants and, country of origin characteristics.

The limits of human capital theory

Traditionally, differentials in labour market participation are accounted for by variations in human capital. Initially presented by Becker (1964) and subsequently elaborated upon by Mincer (1974) and Becker (1975), the human capital theory states that education and work experience are the main factors for success in the labour market. However, within the realm of immigration, a significant differentiation is established between the human capital of the country of origin and that of the destination. There is a contention that employers in host nations place less value on human capital obtained in the country of origin (Bratsberg and Ragan 2002; Chiswick 1978; Kanas and van Tubergen, 2009; Zeng and Xie 2004). Kanas and Van Tubergen (2009) argue that returns from schooling obtained in the host country are higher than from schooling in the origin country. Engbersen (2003) explains that being enrolled in the education system of the host country also helps adopting the norms and knowledge of rules of the new country. Schooling in the host country enhances contact with the receiving population and contributes to the cultural and social capital.

The literature contends that immigrants benefit from the social resources of others, particularly their access to information and influence. Social networks serve as a platform for individuals to directly inform immigrants about available employment opportunities, as well as offer guidance on job search strategies, how to effectively present oneself to potential employers, and effective work conduct (Aguilera 2003; Fernandez-Kelly 1995). In addition, it has been suggested that social connections may impact the process of finding employment by granting access to desirable professions (Lin 1999; Mouw 2003). So, educational attainment and skills acquired in the host country yield higher returns and explain differences in labour market attainment better. We expect that individuals with higher education will have higher employment rates.

The country of origin

The view that country of origin characteristics matter is supported by a number of studies. These show that success on the labour market in the host country varies according to the macro-characteristics of the country of origin, such as economic development, labour market structure, educational system and command of the language (Chiswick 1978; Duleep and Regets 1999; Maskileyson, Semyonov, and Eldad 2021).

Bratsberg and Terell's findings on the relationship between pre-migration schooling returns and education quality, as well as Friedberg's analysis on the transferability of education for immigrants, are explored in the work of Kanas and van Tubergen (2009). Kanas and van Tubergen summarise that Bratsberg and Terell (as cited in Kanas & Tubergen, 2009) found that factors such as lower pupil-teacher ratios and higher educational expenditures in the country of origin can enhance the impact of the education received there. Furthermore, Friedberg's insights (as cited in Kanas & Tubergen, 2009) indicate that Western immigrants to Israel typically see greater returns on their pre-migration education compared to those from Asia and Africa.

In the Netherlands, academics postulated that academic credentials acquired in Suriname and the Dutch Antilles are held in higher regard than those acquired in Turkey and Morocco (Kanas and van Tubergen 2009; Van Tubergen and Van de Werfhorst 2007). As former Dutch colonies, Suriname and the Dutch Antilles possess a labour market and an educational system that are more akin to those of the Netherlands, which reduces uncertainties and disparities in terms of transferability. Using large-scale survey data on Turkish, Moroccan, Surinamese and Antillean immigrants residing in the Netherlands, Kanas and van Tubergen (2009) revealed that returns on investment in education are greater for emigrants from Surinamese and Antillean countries (i.e., former Dutch colonies) compared to those from Turkey and Morocco.

Most non-Western countries may be categorized as less and medium developed societies, whereas Western societies are considered to be developed countries. Immigrants from the medium level countries relate positively to the labour market participation in the Western countries as their countries of origin invest more in education and are closer to the educational level of the receiving society. Following human capital theory, the degree of job attainment of immigrants from medium developed societies tends to be higher. Moreover, immigrants from these countries are favoured because their human capital characteristics are more transferable to the destination country (Avola and Piccito 2020; Brell et al. 2020; Duleep and Regets 2002; Spörlein and van Tubergen 2014). Gross domestic product (GDP) and Gini are

often used as indicators to measure disparities in the level of economic development across countries and across education systems.

Countries with higher gross domestic products tend to invest more in their education systems. It is assumed that individuals from nations with lower levels of inequality, as determined by the Gini index, and higher levels of economic development (higher GDP) would have higher rates of labour market participation. The Gini index measures inequality, and investment in education systems is inversely related to it. As a country progresses into its post-industrial development stage, income inequality tends to decrease as a result of a more educated labour force composition (Thomas, Wang, and Fan 2013).

The fact that developed economies create high levels of education is not sufficient for a country to achieve high levels of educational equality. Political stability, including several forms of conflicts and incapacities, also fosters continuity in the education system and helps to conduct pedagogical programmes from start to finish (Aisen and Veiga 2013; Büttner, Grimm, and Soubeiga 2021; Nir and Kafle 2013). Fleischmann and Dronkers (2010) found that immigrants from politically stable, liberal, developed and rich countries are more often employed in Western societies. Therefore, we expect that migrants coming from developing countries will be preferred by employers and have higher employment rates compared to those coming from poorer countries.

Immigration motive and legal status

Although country of origin features are brought in as explanatory variables, the features of the country of destination, in combination with the origin country, may also be relevant. These include the perceived motive of immigration and the legal status as indicators of selection by Dutch employers. In the Netherlands, residency statutes are assigned on the basis of migration motive, including migrants entering to work, asylum seekers, family reunion or other motives such as medical reasons. This leads to different opportunities when entering the Dutch labour market.

Economic migrants consist of people who are accepted by a Dutch employer and granted a work permit before they enter the Netherlands. Along with the workers' qualifications, employers try to find indicators for motivation, skills, commitment and intention and duration to stay in order to reduce uncertainty (Bakker, Dagevos, and Engbersen 2017; Brell et al. 2020; Khattab et al. 2020; Kogan 2007). That is to say, employers also rely on the legal assessment made by official Dutch agencies. For those without experience in the host labour market, their legal status signals their motivation to work. The motivation to work is considered to be high for economic migrants. Some

scholars argue that immigrants from distant countries are better motivated to attain a job as they have to cover the high costs of travel (Fleischmann and Dronkers 2010; Grogger and Hanson 2011; Spörlein and van Tubergen 2014). Hence, we include spatial distance as an additional variable between the origin and the host society to account for employment disparities.

Employers also assume that an immigrant with the intention to stay will invest in the host country's human capital (Peters, Vink, and Schmeets 2018). This attitude is detrimental for asylum seekers who are subject to periodic reassessment. After having granted a permit by the Immigration and Naturalisation Service (IND), asylum seekers are authorized to stay and work. However, the system makes it possible to extend the asylum procedure a few times, pending a final decision of the IND that may take several years. Without a resident permit, asylum seekers have limited access to social security services and education. These restrictions lead to uncertainty about the future, resulting in social isolation, marginalization, mental health issues and economic dependence (Bakker et al. 2017; Da Lomba 2010; Miltenburg and Dagevos 2020).

Moreover, asylum seekers' human capital deteriorates due to limited opportunities to work (Kosyakova and Brenzel 2020). Brell et al. (2020) reference the findings of Bakker et al. (2014), who reported that 'a longer stay in asylum accommodation decreases the likelihood and quality of future employment' (Bakker et al., 2014, p. 441). These barriers support the existence of the so-called refugee entry effect regarding the legal status (Connor 2010).

Labour market selection is also governed by cultural preferences of employers. Studies on job allocation show that, in addition to individual characteristics, group preferences appear to be decisive for the selection of employees. Gowricharn (2002) argued that some immigrant groups are preferred, because they fit cultural norm images, ideal conceptions of workers, of employers. The concept of norm images postulates that ethnic groups should fit a prevailing cultural profile, such as sharing the same ethos, manners and adopting the lifestyles of the host population. These cultural features reflect the distance between natives and the minority group. This is most obvious for Muslim women wearing the hijab and men having traditional Muslim beards (Khattab et al. 2020) or for groups speaking languages different from that of the host country (Koopmans, Veit, and Yemane 2019). Previous studies showed that immigrants having a command over the language of the host country have more chances to have a job (Bol et al. 2019; Chiswick and Miller 2003; Spörlein and van Tubergen 2014). Employers tend to prefer individuals from their own or culturally related groups (Confurius et al. 2019).

3.3. Data and methods

For this study, we have used unique data about sub-Saharan Africans with nationwide coverage from Statistics Netherlands. The researched population is restricted to the first generation. This group is described by Statistics Netherlands as persons born outside the Netherlands or with at least one foreign-born parent. The second generation has been excluded from this study as they are born in the host country and do not share the same migration history as their parents.

The data used is based on the Social Statistical Database (SSB). This database provides information on the occupational background of the research population. We match the SSB individual information with the education databases. The latter registered information on students in higher education, in secondary education, students with grants and students seeking jobs. In our study, the base data file contains the following information concerning eleven sub-Saharan African nationalities and Dutch natives: the socio-economic background of the workers such as gender, date of birth, marital status, place of residence and household composition; labour market characteristics; and the level of education.

The data covers the year 2012. The sub-Saharan immigrant population consists of Africans from the following countries: Nigeria, Angola, Somalia, Eritrea, Ethiopia, Ghana, Cape Verde, Sudan, Congo (DR), Sierra Leone and South Africa. Together they represented the largest number of sub-Saharan immigrants in the Netherlands in 2016 (Statistics Netherlands 2016).

The study is restricted to persons for whom the education level and job information are known. In the selected population, full-time students, the self-employed without personnel (a minor group among sub-Saharan Africans of about 0.1%) and persons under 15 or over 64 were also excluded. By 2012, the 15–64 year group was referred to as the economically active population. In this newly constructed database, the remaining population consists of about 23,000 sub-Saharan Africans.

Dependent variable

The dependent variable is the labour market participation and differentiates the economically active from the inactive persons. The economically active population consists of persons who are employed and whose work represents their main source of income. The inactive group includes persons without paid work or whose main income comes from Social Security benefits, such as old age pensions or unemployment,

disability or sickness benefits. The binary dependent variable takes a value of 1 if the individual is active, and 0 otherwise.

Independent variables

The independent variables consist of the human capital, legal status and characteristics of the country of origin.

Human capital

For the human capital variable, we used the completed educational level which is divided into three categories: lower education (less than secondary level), secondary education (secondary vocational, general and post-secondary) and higher education (college or university). We consider that gender differences may impact the employment opportunities and therefore specify these options for males and females. Similarly, we probe the impact of demographic size of immigrant groups, the household composition (including the marital status and number of children), the Dutch region of residence and age groups, restricted to the first generation. We add the square of age to the model to capture a non-linear relationship with the dependent variable as migrants enter the host labour market at different ages.

The duration of stay has not been incorporated due to a prior study in the same group (Confurius et al. 2019), which revealed that even when including the duration of stay in the model, it barely accounted for the labour market position of this group of immigrants. About 90 percent of the gap in labour market position remained unexplained.

Legal status

As already mentioned previously, in the Netherlands residency statutes are assigned on the basis of migration motive. The different legal statuses comprise several positions of which the economic migrants, asylum seekers, family union, students, diplomats and people with special skills, as football players, are most known. Each of these statuses, we hypothesize, has different consequences. Note that the registration of legal status began after 1999. The population whose legal status is unknown consists mainly of people who arrived in the Netherlands before 1999.

Origin country: macro-level economic and sociocultural variables

The macroeconomic variables include the following: the economic development of the country of origin as indicated by GDP. *Per capita GDP* measures the value of everything produced in a country during a year, divided by the number of people. The unit is in international dollars, fixed in 2011 prices. According to the World Bank, countries with

a GDP lower than 2,000 are considered as the less developed countries and those with a GDP higher than 20,000 as rich countries. In this study, we classified GDP into four categories: GDP<1,000; GDP 2,000–3,000; GDP 3,000–5,000; GDP>5,000. The political regimes of the home society also impact the employment opportunities in the host society. Politically unstable societies render high numbers of refugees, and these people are most often assigned the legal status of asylum seekers. Therefore, the political regime affects the job attainment. This *political regime* variable is measured by the level of freedom of political institutions (Marshall and Jaggers 2003). The *Gini ratio* (destination/origin) measures the income distribution within a value of 0, which represents absolute equality, and a value of 1, or 100 percent inequality.

The sociocultural variables include *Dominant language*. This is the language spoken by more than 40 percent of the population in the country of origin is considered to be the dominant language. We are aware that in most African countries, more than one language is spoken by the majority of habitants. We chose both the most spoken language and the official language as dominant languages. We assume that immigrants from a country that shares the same national language as the host country, such as English, French or Dutch, have more chances to have a job. Further, we distinguish for the *religious society* three categories: Christian, Islamic and other religions.

Geographical distance is the distance between the capitals of the country of origin and Amsterdam (the capital of the Netherlands) in kilometers using the great circle mapper. A quadratic term of geographical distance is included to take into account that travel costs may increase at a diminishing rate with increasing distance.

Our population is nested by the country of origin. We use a two-level multilevel mixed non-linear regression to model the labour market occupation of sub-Saharan immigrants. The multilevel method helps to deal with the nesting structure and the interdependence between variables from the same origin country. In order to have a parsimonious model with variables with strong explanatory power, we control whether each country dummy variable affects the stability of the model. If a likelihood ratio test shows that the dummy specification did not modify coefficients of other variables, then the model is considered as stable, and we choose to keep the variable in the model. All the variables are listed in Appendix 3.1.

3.4. Sub-Saharan employment in the Netherlands

Table 1 displays differences in labour market participation of sub-Saharan Africans and Dutch natives by individual characteristics. The gap between the first generation and the Dutch natives is 54.8 percent. Dutch natives are more often active (80.7%) than sub-Saharan immigrants. These results show that highly and secondary educated sub-Saharan Africans participate the most. About 37 percent of these categories have a job.

Women migrants are less active (21.9%) than men (30.3%). Regarding legal status, economic migrants deviate the least from natives (42.9%). Family reunification and asylums suffer the greatest penalty in labour market participation. They have a job attainment of less than 4 percent.

Table 1. Employment of sub-Saharan Africans, individual characteristics, 2012

	Population	% Population Employed	Gap % points
Ethnic origin			
Native Dutch	N = 1,573,851	80.8	-
Sub-Saharans' first generation	5,979	26.0	54.8
Education level			
High education	964	36.5	44.3
Secondary education	2,086	36.8	44.0
Lower education	2,929	19.9	60.9
Gender			
Women	2,621	21.9	58.9
Men	3,358	30.3	50.5
Legal status			
Labour	226	37.9	42.9
Asylums	222	3.7	77.1
Family reunification	135	2.9	77.9
Students au pair	17	2.2	78.6
Others	19	4.3	76.5
Status unknown	5,360	50.8	30.0

Table 2 shows the comparison of the labour market participation of sub-Saharan Africans and Dutch natives by country of origin characteristics. The table shows that some characteristics of the country of origin affect the labour market participation of immigrants. When we compare sub-Saharan immigrants to the native population, immigrants from Portuguese- and English-speaking countries show the highest employment rate (about 50%), whereas immigrants from French-, Somali-, Tigrinya- and Dinka-speaking countries show the lowest labour market participation (less than 28%). Regarding religion, immigrants from Muslim countries have the highest unemployment rate, about 88 percent. Immigrants from Christian (Catholic and Protestant) countries outperform Muslim immigrants. The political system in the country of origin also affects the labour market participation of immigrants. The results show that immigrants from countries with a full democracy regime have, on average, a higher participation rate (60%) than open or closed anocracy-autocracy regime (11.5% and 20.1%, respectively).

Regarding the GDP, less than 30% of the immigrants coming from the less developed African countries, with a GDP lower than 3,000, have a job. African immigrants from South Africa, with a GDP of \$8,842, have a much higher rate of job attainment. They deviate the least from the native group with a job attainment of about 50 percent.

We include the spatial distance and assume that immigrants coming from the remote countries are better motivated to attain a job. Distance is an indicator of the willingness and motivation to migrate. Those who travel longer distance can be assumed to be more positively selective on skills and/or motivation to work (Van de Werfhorst and Heath 2019). The results do not support this hypothesis, as the immigrants from remote and the less remote countries have the lowest gap in labour market participation compared to Dutch natives.

The results reveal huge differences regarding ethnic background. South Africans and Cape Verdeans deviate the less from the Dutch with a gap that varies between 20 and 31 points, whereas Somalians, Sierra Leoneans and Eritreans occupy the worst position with a less than 7 percent job attainment.

Table 2. Employment of sub-Saharan Africans by macro-characteristics, 2012

Population				
Native Dutch $N_1 = 1,948,502$; Sub-Saharanans $N_2 = 23,021$				
Ethnic origin	GDP per capita	Population	% Population Employed	Gap
Native Dutch	35,645	1,573,851	80.8	-
Sub-Saharanans' first generation	2,494	5,979	26.0	54.8
Eritrea and Sierra Leone	735	105	5.1	75.7
Somalia	931	362	6.8	74.0
Sudan	2,382	184	13.2	67.6
Congo	346	201	14.0	66.8
Angola	4,459	215	22.8	58.0
Nigeria	2,047	429	23.4	57.4
Ethiopia	637	640	26.1	54.7
Ghana	1,356	1,405	39.5	41.3
South Africa	8,842	778	49.6	31.2
Cape Verde	3,209	1,602	60.4	20.4
GDP per capita	SE means	Employees	%	Gap
The Netherlands	35,645	1,573,851	80.8	
Sub-Saharan countries	2,494	5,979	26.0	54.8
<1000	678	1,308	11.9	68.9
1,000–2,000	1,356	1,405	39.5	41.3
2,000–3,000	1,928	2,018	29.7	51.1
3,000–5,000	3,834	1,875	50.9	29.9
>5,000	8,842	778	49.6	31.2
Gini				
The Netherlands	22.0	1,573,851	80.8	.
Sub-Saharan countries	45.1	5,979	26.0	54.8
33.2–34.0	33.6	745	18.0	63.2
42.1–45.7	43.4	2,867	23.3	57.4
52.8–63.4	58.1	2,367	36.3	44.4
Political regime				
The Netherlands, Full democracy		1,573,851	80.8	
Sub-Saharan countries		5,979	26.0	54.8
Full democracy		1,662.0	60.4	20.4

Table 2. (Continued)

Population				
Native Dutch $N_1 = 1,948,502$; Sub-Saharan $N_2 = 23,021$				
Ethnic origin	GDP per capita	Population	% Population Employed	Gap
Democracy		2,273.0	35.2	45.6
Open anocracy		992.0	11.5	69.3
Closed anocracy-autocracy		1,052.0	20.1	60.7
Language				
The Netherlands, Dutch		1,573,851	80.8	
Sub-Saharan countries		5,979	26.0	54.8
French		201	14.0	66.8
English		2,564	27.9	5..9
Tigrinya-Somali		377	6.5	74.2
Dinka Nuer		184	13.2	67.6
Portuguese		1,875	50.9	29.9
Zulu-Engels		778	49.6	31.2
Dominant Religion				
The Netherlands, Christianity, Roman Catholic		1,573,851	80.8	
Sub-Saharan countries		5,979	26.0	54.8
Christianity Roman Catholic		3,481	40.1	40.7
Christianity Protestant Reformed		778	49.6	31.2
Christianity Protestant Methodist		429	23.4	57.4
Islam		1,291	11.8	69.0
Square distance				
The Netherlands – distance = 0 Km ²		1,573,851	80.8	
Sub-Saharan countries		5,979	26.0	54.8
23,532		1,662	60.4	20.4
25,858		534	14.7	66.0
27,081		1,405	39.5	41.3
32,149		640	26.1	54.7
33,512		184	13.2	67.6
40,399		201	14.0	66.8
44,609		362	6.8	74.0
46,457		213	22.8	58.0
79,691		778	49.6	31.2

3.5. Results

We have identified individual human capital and country of origin characteristics and legal status to explain variations in job attainment among sub-Saharan African immigrants. We performed multilevel analysis distinguishing two levels: the level 'origin country' and the level 'individual' (see Appendix 3.1).

Variance component model

To get an impression of the relative partition of the overall variance, we estimated intercept-only models based on the variance components. The component variance in Table 3 reveals that the labour market participation in the Netherlands varies considerably among countries of origin.

Table 3. Variance across labour market attainment of sub-Saharans

	Model 1	
<i>N Sub-Saharan Africans</i> = 23,021	Mean	Sig.
Constant	1.426	***
Random-effects parameters		
Level 2: country var(const)	1.215	
Proportion between-country variation in job attainment	0.270	

* $p < .05$ (two-tailed); ** $p < .01$ (two-tailed); n.s.: not significant; (***) high significant effect on labour market attainment

Given that non-linear logistic multilevel models have a fixed individual-level variance of magnitude ($\pi^2/3$), one could estimate the between-country variance component by adding the between-country variance and $\pi^2/3$. Thus, looking at table 3, this means that $1.215/(1.215+(\pi^2/3)) = 27$ percent of the variance in finding employment is found between countries.

Explanatory variables

In model 2 in Table 4, we adjust for individual characteristics: age, age squared, number of children, education level, household composition, region of residence. The between-country variance component decreases slightly from 27 to 23 percent. In other words, a small part of the between-country variance can be explained by including individual-level variables in the model. The number of children and household composition appear not to be relevant to attain a job in the Netherlands, except for migrants

from Muslim societies (see Appendix 3.2). Gender seems to be a solid predictor. That may be accounted for the generally lower education of African women (Bakker et al. 2017). Nevertheless, the coefficient for gender is higher than that of education. A similar finding was reported by Confurius et al. (2019). The higher coefficient and lower educational level of women are most likely accounted for by their employment in the cleaning sector that demands low-skilled labourers. Young age does not play in favour of having a job. The positive effect of age and the negative effect of age squared mean that as immigrants get older, a higher age seems to play in favour of their labour market outcomes in line with the human capital theory that states that the higher age facilitates acquisition of professional knowledge.

Table 4. Random intercept with individual characteristics of sub-Saharan Africans in labour job attainment, 2012

	Model 2	
Model 2	Mean	Sig.
Individual characteristics (level 1)		
Gender	0.8685	***
Age	0.4862	***
Age squared	-0.0047	***
Number of children	0.0083	n.s.
Region of residence	-0.0067	***
Education level	0.3700	***
Household composition	0.0484	n.s.
Constant	-14.075	***
Random-effects parameters		
Level 2: country var (cons)	0.954	
Proportion between-country variation in job attainment	0.230	

* $p < .05$ (two-tailed); ** $p < .01$ (two-tailed); n.s.: not significant; (***) high significant effect on labour market attainment

(-): means a negative effect on labour market attainment

In Table 5, human capital characteristics are complemented with macroeconomic and socio-cultural variables of the country of origin in order to explain the variation in job attainment between the sub-Saharan countries. When country of origin variables (GDP, Muslim society, full democracy) are added one by one, the between-country variation in job attainment decreases to between 14-19 percent. This suggests that a

lower level of development of the country, political regime or coming from a country that shares the same religion affects the labour market attainment of sub-Saharan Africans.

Table 5. Determinants of sub-Saharan Africans' labour market participation, 2012

	Model 2 Ind. characteristics	Model 3 Political regime and economic development			Model 4 Sociocultural characteristics	Model 5 Legal status
	Characteristics	Full democracy	Regime autocracy	GDP<1,000	GDP 3,000–5,000	Legal status
Individual variables	Mean	Mean	Mean	Mean	Mean	Mean
	Gender	0.8685	0.8685	0.8685	0.8685	1.0586
	Age	0.4862	0.4860	0.4862	0.4857	0.3136
	Age squared	-0.0047	-0.0046	-0.0046	-0.0046	-0.0032
	Number of children	0.0083 ^{n.s.}	0.0082 ^{n.s.}	0.0082 ^{n.s.}	0.0081 ^{n.s.}	0.0080 ^{n.s.}
	Region of residence	-0.0067	-0.0067	-0.0067	-0.0067	-0.0022**
	Education level	0.3700	0.3700	0.3690	0.3700	0.3709
Household composition	0.0484 ^{n.s.}	0.0483 ^{n.s.}	0.0483 ^{n.s.}	0.0483 ^{n.s.}	0.0483 ^{n.s.}	0.0483 ^{n.s.}
Country of origin						
Full democracy	.	2.007*	.	.	.	1.1730*
Autocracy	.	.	-1.643*	.	.	-0.8267 ^{n.s.}

Models 3 and 4 show that coefficients of the human capital variables remain constant when five variables, that is, GDP, language, distance origin-destination, religion and political regime, are added to the model as dummy's. Travelling from a long distance, speaking English, Gini dummy variables are statistically not relevant to explain the variance in job attainment between the different nationalities as their p value is not significant (see Appendix 3.2). The analysis of the dummy variables also shows that coming from a country with a GDP<1,000, thus from one of the poorest countries, affects labour market participation among sub-Saharan Africans negatively. That is to say, the higher the GDP of the country of origin, the higher the labour market participation.

Model 5 is expanded with the five significant macro-variables in models 3 and 4 and the categorical legal status variables. Sub-Saharan Africans are grouped by six legal statuses: family reunion, asylum seekers, economic migrants, students/au pairs, other motives and unknown ($n = 10,553$). One major finding is that when legal status is included in the model, the difference between countries decreases from 1.215 (Table 3) to 0.232 (Table 5), implying a reduction of the between-country variance from 27 to 6 percent. Economic migrants are more likely to have a job than asylum seekers and family reunion migrants. If the legal status is asylum, then the chance of having a job is about a half of economic migrants.

When we control for the legal status, the variation between sub-Saharan countries in job attainment almost disappears. The variation decreases from 27 to 6 percent. That is a tremendous decline, revealing that the legal status is the major factor that accounts for the employment differences across sub-Saharan immigrants.

It also appears that the dummy GDP variables GDP<1,000 and GDP = 3,000–5,000 lose their discriminatory power in model 5. This means that the impact of GDP diminishes when accounting job attainment. Immigrants from countries with a full democracy regime have, on average, a higher participation than those from countries with anocracy or autocracy regimes. This finding is in line with Fleischmann and Dronkers (2010) and Van Tubergen (2006), who report that immigrants from politically stable, liberal and wealthy societies are often more employed. We are aware that the number of African countries with full democracy regime is limited.

We performed additional analyses to account for gender differences in labour market participation. The analysis reveals no significant differences between men and women. The presence of children affects the job attainment positively, slightly in favour of women compared to men from a Muslim country (see Appendix 3.2). But generally,

coming from a country with a majority Muslim religion also affects job attainment negatively. This finding is in line with Beek and Fleischmann (2020), Fleischmann and Dronkers (2010) and Van Tubergen (2006), who revealed that immigrants coming from countries with a majority Muslim religion have lower rates of employment than immigrants from Western European countries. They attribute the lower job attainment of Muslim minorities to direct and indirect discrimination. Lancee (2019) suggests that the highly polarized debates around the immigration and integration of Muslim minorities in the Netherlands have led to negative perceptions of the group. It is a specific form of cultural distance supported by the study of Thijssen, Coenders, and Lancee (2019), who found that minorities with a non-Western background, specifically from African and Arab origins, experienced greater cultural and religious distance from Dutch natives and are most discriminated.

With regard to Christian society, we found no significant effects. This absence is supported by Spörlein and van Tubergen (2014), who argue that racial effects might have been underestimated when focusing on the religious distance explanation. Even if 40 percent of the sub-Saharan group comes from a Christian society, they are still racially different from the native Dutch. That racial difference might have more impact on the hiring decision of employers than closeness of religion.

3.6. Discussion and Conclusion

This paper examines the employment differentials across the first-generation sub-Saharan immigrants in the Netherlands. Using unique data with nationwide coverage and deploying human capital indicators, legal status and macro-socio-economic characteristics, the study reveals great differences between immigrants from these societies. The most important finding of this study is that job attainment in the Dutch labour market of African immigration depends largely on their legal status rather than on human capital indicators and the country of origin characteristics. These findings support the existence of an “immigrant entry effect” where legal status, reflecting migration motives, plays a crucial role. This is particularly evident in light of the Dutch Council of State’s decision in November 2023 to invalidate the legislation that limited asylum seekers’ work to no more than 24 weeks a year, aiming to facilitate refugee integration.

More specifically, refugee status hinders integration into the labour market due to the so-called refugee entry effect that affects asylum seekers the most, especially when they come from Muslim societies. Refugees face heightened vulnerability due to their

legal status, which permits full participation only during the initial period of their stay. Upon arrival, refugees are granted a temporary residence permit, which led to the Dutch cabinet imposing a 24-week work limit on asylum applicants. This limitation created uncertainty about their future and leading to potential (social) isolation, mental health issues, and dependency (e.g., Bakker et al. 2014; Damen et al. 2022).

This precarious legal status, now being to addressed through the legislative changes, hindered refugees from complete participation and puts their socio-cultural starting positions at a disadvantage. Simultaneously, academics caution against changes in refugees' socio-cultural starting positions during their reception centre stay. It is imperative for policymakers and academics to delve into refugees' socio-cultural starting positions, established during their time in reception centres, as this significantly impacts their integration into the labour market.

Extended stays in reception centres further complicate matters. Post-migration indicators show correlations with the socio-cultural backgrounds of Syrians (Damen et al. 2022). Prolonged stays may result in a stronger orientation towards their own group and a weaker connection to the receiving society potentially due to limited interaction with the host society or the development of a passive attitude (Ghorashi, 2005; Larruina and Ghorashi, 2016). Active engagement during the reception period, such as volunteering and language acquisition, often weakens allegiance to the origin group, enhancing the potential for rebuilding human capital resources, including cultural knowledge, social connections, and abilities (Bakker et al., 2018; Ryan et al., 2008). From a policy perspective, the decision to overturn the 24-week work limit supports the argument for a shortened and more active stay in reception centres to aid in rebuilding these resources.

The variation in sub-Saharanans having a job hardly lies in the differences between country of origin characteristics. Immigrants from less economically developed sub-Saharan countries have a little competitive disadvantage in the Dutch labour market. Our study provides evidence that immigrants from democratic countries and Christian societies are more often employed than immigrants from countries suffering from political oppression or having an Islamic society. Language has a minor effect on job attainment, but the effect of religion, specifically Islam and Christianity, is highly significant.

A few limitations of this study are worth mentioning. Data used for this study does not provide information on skin tone. It remains undisclosed whether employers favour workers with a lighter skin tone. This is relevant as most immigrants from

outside Europe and the USA have different skin shades or wear religious symbols. In addition, despite differences between countries, the findings of this study may bear relevance to the flows of immigrants in the Netherlands as institutional barriers affect job attainment, specifically the duration of the asylum procedure and uncertainty about permanent residency.

Appendices

Appendix 3.1. Overview of variables

Level	Name
Level 1: individual	• Individual identifier • Education level: numeric (1, 2, 3) • Education level category: - (1) low - (2) secondary - (3) high • Age • Age squared • Gender: - (0) male - (1) female • Legal status: - (1) family reunion - (2) asylums - (3) economic - (4) student and au pair - (5) others - (6) unknown • Number of children • Household composition: number of people • province of residence: num (1–12)
Level 2: country of origin	• Country identifier: LAND • Gross domestic product per capita: GDP (num) • Gross domestic product per capita category: 0/1 ◦ Dum GDP1 <1000; 0/1 ◦ Dum GDP2 1000–3000; 0/1 ◦ Dum GDP3 3000–5000; 0/1 ◦ Dum GDP4 >5000; 0/1 • Political regime: 0/1 ◦ Dum 1: Full democracy; 0/1 ◦ Dum 2: Democracy; 0/1 ◦ Dum 3: Open anocracy; 0/1 ◦ Dum 4: Closed anocracy; 0/1 ◦ Dum 5: Autocracy; 0/1 • Dominant language ◦ DUM1: English; 0/1 ◦ DUM2: not English: French, Tigrinya-Somali, Dinka Nuer, Portuguese; 0/1 • Gini: numeric

Appendix 3.1. *(continued)*

Level	Name
	• Gini category: 0/1 ◦ Dum Gini1: <40; 0/1 ◦ Dum Gini2: 40–50; 0/1 ◦ Dum Gini3: >50; 0/1 • Geographic square distance from the Netherlands: num • Geographic square distance km² category ◦ DUM1: 0–25,000; 0/1 ◦ DUM2: 25,000–50,000; 0/1 ◦ DUM3: 50,000–75,000; 0/1 ◦ DUM4: 75,000–100,000; 0/1 • Religion category: 0/1 ◦ DUM 1: Christian (Catholic or Protestant); 0/1 ◦ DUM 2: Islam; 0/1
Dependent variable	• The labour market participation: ◦ Active 0: economically active ◦ Inactive 1: inactive population
Population	11 Sub-Saharan Africans (SSA) countries. <i>N</i> = 23,021

Appendix 3.2. Determinants of sub-Saharan Africans' job attainment, 2012

	Model 2 Individual characteristics	Model 3 Country of origin Economic development and political regime									
		Gini <40	Gini 40–50	Gini >50	GDP <1,000 3,000	GDP 1,000– 3,000	GDP 3,000– 5,000	GDP >5,000	Full democracy	Autocracy	
N Sub-Saharan Africans = 23,021 Individual variables	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	
	Gender	0.8685	0.8685	0.8685	0.8685	0.8381	0.8685	0.8685	0.8685	0.8685	
	Age	0.4862	0.4862	0.4862	0.4862	0.0755	0.4862	0.4862	0.4862	0.4860	
	Age squared	–0.0047	–0.0046	–0.0046	–0.0046	–0.0046	–0.0046	–0.0046	–0.0046	–0.0046	
	Number of children	0.0083 n.s.	0.0082 n.s.	0.0082 n.s.	0.0082 n.s.	0.0520**	0.0082 n.s.	0.0083 n.s.	0.0082 n.s.	0.0082 n.s.	
	Region of residence	–0.0067	–0.0067	–0.0067	–0.0067	–0.0087	–0.0067	–0.0067	–0.0067	–0.0067	
	Education level	0.3700	0.3700	0.3700	0.3690	0.3814	0.3700	0.3687	0.3700	0.3700	
	Household composition	0.0484 n.s.	0.0483 n.s.	0.0483 n.s.	0.0483 n.s.	0.0036 n.s.	0.0483 n.s.	0.0484 n.s.	0.0483 n.s.	0.0483 n.s.	
	Country of origin										
	Gini <40	0.9288 n.s.									
Gini 40–50		0.2131 n.s.									
Gini >50			0.6155 n.s.								

GDP <1,000	.	.	.	-1.239	.	.	.
GDP 1,000–3,000	.	.	.	.	0.1500 ^{n.s.}	.	.
GDP 3,000–5,000	.	.	.	.	1.20*	.	.
GDP >5,000	.	.	.	.	1.460 ^{n.s.}	.	.
Full democracy	.	.	.	.	2.007*	.	.
Autocracy	.	.	.	.	-1.643*	.	.
0–25,000 m ²	.	.	.	.	.	.	.
25,000–50,000 m ²	.	.	.	.	.	.	.
50,000–75,000 m ²	.	.	.	.	.	.	.
75,000–100,000 m ²	.	.	.	.	.	.	.
Constant	-14.075	-13.818	-14.172	-14.252	-13.504	-14.210	-14.260
Random-effects parameters							
Level 2: country var(_cons)	0.954	0.782	0.9446	0.8714	0.577	0.990	0.6126
Country variation in job attainment	0.23	0.19	0.22	0.21	0.15	0.23	0.16
							0.19

All variables in the table have a *p* value less than 0.001 in the overall chance of having a job. Except for variables with an asterisk indicating a significant effect (**) or a moderate or weak effect (*).
n.s.: not significant.

GDP <2,000 poorest countries; GDP >20,000 rich countries.

Appendix 3.2. (Continued)

	Model 4									
	Country of origin									
	Sociocultural characteristics and distance origin-destination									
Individual variables	English speaking	Non-English speaking	Muslim society	Christian society	Muslim society women	Muslim society men	0–25,000 km ²	25,000–50,000 km ²	50,000–75,000 km ²	75,000–100,000 km ²
	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean	Mean
	0.8685	0.8685	0.8685	0.8685	0.8685	0.8685	0.8685	0.8685	0.8685	0.8685
	0.4862	0.4862	0.4857	0.4860	0.5178	0.4857	0.4862	0.4862	0.4862	0.4862
	–0.0046	–0.0046	–0.0046	–0.0046	–0.0051	–0.0046	–0.0046	–0.0046	–0.0046	–0.0046
N = 23,021										
Age squared							0.0082 ^{n.s.}	0.0082 ^{n.s.}	0.0082 ^{n.s.}	0.0082 ^{n.s.}
Number of children	0.0082 ^{n.s.}	0.0081 ^{n.s.}	0.0081 ^{n.s.}	0.0082 ^{n.s.}	0.0945	–0.0053	–0.0067	–0.0067	–0.0067	–0.0067
Region of residence	–0.0067	–0.0067	–0.0067	–0.0067	–0.0072	0.2632	0.3700	0.3700	0.3700	0.3700
Education level	0.3700	0.3700	0.3700	0.3700	0.5088	0.0699 ^{n.s.}	0.0483 ^{n.s.}	0.0483	0.0483 ^{n.s.}	0.0483 ^{n.s.}
Household composition	0.0483 ^{n.s.}	0.0484 ^{n.s.}	0.0483 ^{n.s.}	0.0483 ^{n.s.}	0.0243 ^{n.s.}	0.8685	0.8685	0.8685	0.8685	0.8685
Country of origin										
English speaking	0.6110 ^{n.s.}									
Non-English speaking		–0.6110 ^{n.s.}								
Muslim society			–1.33							
Christian society				–1.332						
Muslim society women					–1.437					

[illegible]

All variables in the table have a *p* value less than 0.001 in the overall chance of having a job. Except for variables with an asterisk indicating a significant effect (***) or a moderate or weak effect (*),
n.s.: not significant.

GDP <2,000 poorest countries; GDP >20,000 rich countries.

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4.

Flexible labour market and trade unions: Surprising career paths of Dutch sub-Saharan Africans



Abstract

Starting from the empirical evidence that minorities are more likely to work on flexible contracts, we investigated the existence of an ethnic gap in flexible contracts between the native Dutch population and sub-Saharan African immigrants between 2006 and 2012. The migrant group is taken as a test case of 'outsiders'. This study found, quite surprisingly and contrary to what several theories predict, that the expected ethnic gap in job status between the two groups disappeared in the six years between 2006 and 2012. Many sub-Saharan Africans successfully transformed their flexible contracts into permanent ones, catching up with the native Dutch by 2012. The analysis of the statutory provisions showed that the workforce numerical composition in the cleaning industry was important for the inclusiveness of sub-Saharan immigrants. This numerical composition effect was facilitated by the collective agreements negotiated by trade unions, agreements that were extended to temp workers. Sub-Saharan Africans, overrepresented in the cleaning industry, have benefited disproportionately from the settled agreements. We thus conclude that trade unions can improve inclusion of migrants not only by explicitly focusing on migrant representation but also by targeting sectors with an overrepresentation of migrants.³

Keywords: sub-Saharan immigrants, trade union, flexibility, labour market, Netherlands

3 This chapter is co-authored by Herman van de Werfhorst, Jaco Dagevos and Ruben Gowricharn and is published as Confurius, Diane, Herman van de Werfhorst, Jaco Dagevos, and Ruben Gowricharn. 2023. "Flexible Labour Market and Trade Unions: Surprising Career Paths of Dutch Sub-Saharan Africans." *British Journal of Industrial Relations* 61(2):336–65. A short summary of this paper has been published in Dutch as: Confurius, D. (2023). Sub-Sahara Afrikanen in de Nederlandse schoonmaakindustrie: een succesverhaal van vakbonds-betrokkenheid. *Tijdschrift voor Arbeidsvraagstukken*, 39(2), 284–286.

4.1 Introduction

Differences in job quality and career prospects between the native population and immigrants are a major concern in western labour markets. Immigrants are more likely to work on temporary contracts, whereas permanent work is considered a pathway to successful integration and upward mobility. Flex work is often associated with poor, low status jobs. Academics are sceptical about job mobility prospects for flex workers. The accumulation of labour market experience and the investment in education are limited in the flexible segment, so workers run a serious risk of staying trapped in poor jobs (Doeringer & Piore 1971; Lindbeck & Snower 2001; Nelen & De grip 2009; Piore & Safford 2007). Research on labour market integration points out the long-lasting effects of temporary contracts. Workers can move from fixed-term contract to fixed-term contract leading to uncertainty of job stability among immigrants, and no progression towards better jobs (Baranowska & Gebel 2010; De Lange et al. 2014; Kogan 2004, 2010).

The high prevalence of temp workers in the Netherlands makes the flexible segment unavoidable for new migrants (Bolhaar et al. 2018). Different theories seek to account for the overrepresentation of migrants in flex jobs. Human capital theory focuses on the lower human capital of migrants, specifically the low education level, the low evaluation of foreign diplomas, limited experience in the local labour market and less functional social and cultural capital (Becker 1975; Dagevos & Gijsberts 2009; Fouarge et al. 2012; Lancee & Bol 2017; Van Tubergen & Van de Werfhorst 2007; Wachter & Fleischmann, 2018). Racial discrimination is another explanation (Andriessen et al. 2012). The segmentation theory states that flex workers have limited opportunities to move on to jobs in the primary sector with better working conditions and permanent jobs (Dagevos 1998; Dekker & de Beer 2015; Giesecke & Schindler 2008). The combination of unfavourable characteristics and discrimination of migrants operating in a segmented labour market means that migrants often end up in the secondary segments.

At the same time, collective bargaining is considered a key mechanism to avert inequality by addressing job flexibility and security issues (Crouch & Keune 2012; Marginson & Galetto 2016; Wilthagen et al. 2013:356). But it remains a challenge for unions to respond effectively to the precariousness of workers trapped in the secondary segment, due to the ambivalent relationship between unions and migrant workers (Danaj et al. 2018). Migrants may not embrace classical union norms of improving labour conditions (Danaj et al. 2018). Instead of acting collectively when austerity threatens their jobs, unions are suspected by migrants of maintaining

political and organisational control and preserving advantages of insiders rather than investing in basic bargaining arrangements to protect precarious members (Danaj et al. 2018; Doellgast et al. 2018). In ethnically segmented labour markets, 'good workers,' in the eyes of employers, accept lower remuneration to privilege security of their job and reject contestation and collectivism as ways to regulate labour markets (Alberti & Però 2018; Berntsen 2016; Doellgast et al. 2018, chap 1, pp. 4 and 24; Piore 1979).

Research into how trade unions can serve the interests of migrants, and help to close the gap between migrants and natives, has focused on two approaches. First, according to an institutional theory, unions can mobilise (all) workers to play a direct role in improving their conditions, thereby improving institutions for all, without a specific concern to the interests of migrants. For a summary of this approach, see Alberti and Però (2018), Berntsen (2016), Doellgast (2018), Tapia and Holgate (2018). However, an overseen consequence of the institutional perspective is that the numerical composition of the workforce matters for the inclusive results towards migrants. Second, established unions can direct dedicated action towards migrants and incorporate their interests and demands into the union's bargaining strategy (Danaj et al. 2018). Our study offers a third complementary line of discussion, which takes a mid-way between these approaches. In line with the institutional approach, trade unions serve the interests of all of their workers, and a large representation of a group would then benefit this group disproportionately. However, in line with the migrant-targeted model, the agreements that are made for a sector can serve particularly the interests of migrant workers simply because they form a large group of the workforce explaining their particular interests. Certainly in the context of general extension of labour agreements to non-members, as is the case in our country of interest the Netherlands, migrants profit from these labour agreements even if their trade union membership is not high. However, the numerical composition of the trade union members does have specific impacts on the regulations that are agreed.

The case of the cleaning industry in the Netherlands shows how valuable unions can be for migrants. The industry mainly employs lower educated women and migrants. The traditionally precarious working conditions in the sector, worsened by the 2008 financial crisis, created an opportunity for the established unions to be innovative in their mobilisation and bargaining strategies. Outsourcing, which started in the early 1980s, had led to the fragmentation into thousands of small cleaning firms, 62 per cent of which were self-employed without personnel, and several large companies dominating the market (Kloosterboer 2007; Knotter 2017). Competition was fierce in this saturated, largely unregulated market, leading to price cuts to survive. Clients could easily change contractors, resulting in worsening labour conditions for the

cleaners. It came to the point that unions decided to step in and organise and mobilise the cleaners.

Their new campaigns offered a strategic alternative by targeting the client organisation rather than the direct employer (Alberti & Però 2018). The FNV Bondgenoten union invested financial and personal resources in training leaders and stimulating cleaners to be self-active in the highly professionally organised strikes of 2006–2012. Memorable were the demonstrations at Schiphol Airport with the slogan 'Schiphol Schoon Genoeg' ('Schiphol is clean enough'/'Schiphol we've had enough').

One particular migrant group that was well-represented among the workforce in the cleaning industry is the group of sub-Saharan immigrants, which makes it an interesting 'outsider test-case' for our third model of numerical composition-plus-interests. Using Dutch registry data, our study found, quite surprisingly and contrary to what several theories suggest, that the expected ethnic gap in contract status between the native Dutch population and sub-Saharan Africans had disappeared by 2012. To better understand what happened in the cleaning industry, we investigated the negotiated collective agreements between the employers' Organisation of Cleaning and Business Services (OSB) and the unions to assess which statutory provisions influenced cleaning contracts in 2006–2012.

The quantitative analysis reveals that better prospects for the immigrant group were not the result of individual investment in education but of developments within the cleaning industry itself. We argue that a specific combination of a numerical composition of the sectoral workforce and the targeted regulations serving the interests of well-represented groups created an environment in which the labour market position of migrants was enhanced. When unions bargain successfully at the sector level, irrespective of ethnicity, gender or class, overrepresented groups benefit, first of all, disproportionately from the settled agreements due to their high numbers, as a pure compositional effect served by general institutions. However, agreements are made that specifically address the needs of migrant workers, such as language courses. Importantly, our study reveals that trade unions can successfully improve the human capital of workers, with mechanisms that deviate from the classical human capital theory that focuses on individual rational investments. We conclude that the improved position of sub-Saharan workers in the cleaning industry can be seen as a success story of trade union involvement.

4.2 Trade unions and migrants

The discussion around the segmentation of the Dutch labour market emphasises an absence of mobility between segments due to low individual investment in education. In case of migrants, the combination of unfavourable characteristics and discrimination of migrants means that migrants often end up in the secondary segments. Besides individual investment in human capital, collective investment in education and skills may prevent them from staying trapped in the flexible segment. Although academics expected that firms would be reluctant to invest in the human capital of new employees (Arrow 1973; Geurts & Lubbers 2017; Lang & Lehman 2012; Phelps 1972), still the ability of unions to stand up for the rights of precarious workers in a flexible and unfavourable segment of the labour market might lead to the inclusion of these outsiders. We review how collective investment could be a stepping stone to more secure contracts.

4.2.1. Three perspectives on inclusive trade unions for migrants

The literature on how trade unions can serve the interests of migrants has focused on two arguments. First, according to the institutional theory, unions can mobilise (all) workers to play a direct role in improving their conditions, thereby improving institutions for all, without a specific concern to the interests of migrants. For a summary of these approaches, see Alberti and Però (2018), Berntsen (2006), Doellgast (2018), Tapia and Holgate (2018).

The second perspective is a migrant-directed argument of unions to better serve the interests of migrants. This is possible through self-organisation by migrants. To achieve this, case studies of unions' campaigns suggest that unions have to innovate their strategies to better organise and represent migrants (Alberti & Però 2018; Berntsen 2006; Danaj et al. 2018; Holgate 2005; Tapia & Holgate 2018). As was illustrated by the Latin American workers in London, their innovative collective initiatives led to crucial negotiated settlements in response to conditions of exploitation and exclusion (Alberti & Però 2018). Other interesting cases were the peaceful campaigns for janitors and the Drywall strike in the 1990s (Milkman 2000). However, successful cases of self-organisation by migrants are rare (Danaj et al. 2018). Even when migrant workers are ready to represent themselves, they depend on external assistance to organise professionally (Danaj et al. 2018; Milkman 2000).

However, Danaj et al. (2018) have a more nuanced view. Examples of successful migrant unions may be rare, but including migrants in established unions helps to incorporate their interests and demands in the union's bargaining strategy. In their study case,

they show that Finnish unions were successful in protecting migrant workers by incorporating migrants. However, in Greece and Italy migrants who joined unions face the conservatism of unions despite union efforts of inclusiveness. Migrant members encountered difficulties in joining, and established unions were reluctant to change structurally. Unions were still operating within their comfort zone by representing the 'insiders', the core workforce, and therefore failed to respond effectively to migrants' problems.

The case of the Dutch cleaning industry adds around unionisation and migrants a third line of discussion, which takes a mid-way between the institutional and the migrant-targeted approaches. We offer a third argument for how trade union action can mitigate the gap in labour relations between migrants and natives. We argue that the numerical composition of the workforce is as important as the identity of a group and therefore cannot be neglected. When unions bargain successfully at the sector level, the overrepresented groups benefit disproportionately from the agreements. This numerical compositional argument runs in two distinct ways. First, generic agreements that benefit all workers then disproportionately benefit overrepresented groups. Second, specific agreements targeted at migrants can be more effectively made if migrants form a large fraction of the labour force in an industry. This numerical compositional effect is especially powerful if these agreements also apply to non-union workers, which is traditionally the case in the Netherlands in the context of the general extension of labour agreements to non-members. The numerical composition of the workforce can have specific impacts on the regulations that are agreed, even if trade union membership among migrants is not high.

Actually, this numerical composition argument does not mean that numerical composition is coincidental. It results from an endogenous process driven by trade unions by recruiting specific groups (Connolly et al. 2017). This was due to changes in the union's organisation based on the U.S. 'organising model' by extending membership to underrepresented workers such as migrants. Our perspective is still even more relevant: specific regulations were needed to address the interests of the high number of migrants in the industry.

In line with the institutional approach, trade unions serve the interests of all of their workers, and a large representation of a group would then benefit this group disproportionately. However, in line with the migrant-targeted model, the agreements that are made for a sector can serve particularly the interests of migrant workers simply because they form a large group of the workforce explaining their particular interests.

4.2.2. Collective labour agreements in the Netherlands

It is by now a well-known fact that trade union strength equalises labour agreements such as wages and types of contract (Western & Rosenfeld 2011). However, the institutional literature mostly focuses on national policies and legal frameworks when addressing job security. This limited view has been widely criticised (Burroni & Keune 2011; Marginson & Galetto 2016; Wilthagen et al. 2013), as regulations at regional, local, industry and company levels also profoundly influence job security and wage distributions.

For our study, the sector and company levels are relevant when addressing job security, because of the Dutch centralised wage and contract settings process (Bertrand-Cloodt et al. 2011; Fouarge et al. 2012). About 85 per cent of Dutch employees are covered by a collective bargaining agreement (Boumans & Keune 2018; Bekker & Wilthagen 2017; de Beer & Keune 2018). The Dutch 'polder model' is characterised by social dialogue between the social partners at three levels: national, sectoral and company, without government intervention in collective bargaining in the past three decades.

About 60–70 per cent of employees fall within the sector level scope of collective agreements; about 11 per cent in the company level (Bekker & Wilthagen 2017; Bekker & Wilthagen 2017).

At the national level, social partners outline the main objectives and reforms. They do not establish frameworks or targets. They take these into account in sector level negotiations. The power of sector bargaining reposes on the fact that agreements are codified in collective agreements and that 'package' deals are binding for the entire sector, including non-unionised employees. The Ministry of Social Affairs and Employment generally declares the agreed collective labour agreements binding at the request of the social partners.

Another relevant aspect of the dominance of the sector level agreement in the Netherlands is that the agreements usually exceed the minimum provisions in the Dutch labour law, providing higher wages and more holidays and leave.

Self-employed and workers working through employment agencies (temp workers) form a challenge for collective bargaining, as they hardly benefit from collective agreements. How can protection be extended to this group? The many clauses resulting from the flexibility in sector agreements provide the opportunity to extend their coverage to flex workers, at least temporarily. Social partners are allowed to deviate from Dutch law by the use of A and B regulations. A regulations prescribe the

minimum standards, for example working hours or maximum temporary contracts. B regulations allow deviations (Bekker & Wilthagen 2017). Approximately 40 per cent consists of general remarks that allow for decentral deviation. In the cleaning agreements the B part applies to those engaged permanently in specialty cleaning operations (e.g. industrial cleaning).

Sector level negotiations between unions and employers lead to multi-employer bargaining arrangements, which allow effectively governing developments at the company level and result in binding collective agreements that also cover non-unionised employees. The unions actually represent the workforce at the sector and company levels. The agreements take the form of large package deals addressing pay, working hours, employment, life-course measures, social entitlements, training and education. This is relevant for this paper, as training and life course measures enhance employment and income security.

The package deals lead to variations in agreements on flexibility and security across sectors. Agreements address either one form of flexibility or one form of security. Marginson and Galetto (2016) showed that in the metal industry, provisions on pay address either wage flexibility or income security but not both, while provisions on training and education all addressed functional flexibility and employment security. To illustrate, Dutch package deals concluded at the sector level involved wage moderation in exchange for more job security, and training opportunities which might facilitate access to more permanent jobs.

In short, unions are crucial agents in promoting working conditions and can benefit the inclusion of migrants in particular. But how? We investigated collective labour agreements in the cleaning sector, where the majority of sub-Saharan Africans are active. In 2012 about 38 per cent of sub-Saharan Africans worked in the cleaning industry and 18 per cent in the temp sector (Figure 5). Natives are not concentrated in a few sectors, yet the majority are employed in the wholesale and retail trade (27%) and health and welfare (18%). Which union measures have been favourable for the career prospects of flexible entrants? We used collective agreements in the cleaning sector to analyse the provisions concerning tenure and education and to assess which statutory provisions influenced contractual changes between 2006 and 2012.

4.3 Methods

For the study, we combine qualitative and quantitative analysis. This exploration allows us to verify whether *collective* actions or investment in *individual* human capital (education) might be responsible for the change of contract settings among the migrant group. The sub-Saharan group is an interesting case of outsiders as they were well-represented among the workforce in the cleaning industry. Their vulnerability is linked to their lack of experience in the Dutch labour market and less favourable human capital characteristics. They are young, lower-educated (Confurius et al. 2019) and have just entered the lowest job levels which resulted in high risks of having flexible contracts. In addition to discrimination, sub-Saharan immigrants have less social capital because of their recent arrival and flex jobs constitute a significant part of employment in the Netherlands.

4.3.1. Qualitative analysis and collective actions

We investigated the negotiated collective agreements between the employers' OSB and the unions to assess which statutory provisions influenced cleaning contracts in 2006–2012. The method used is an analysis of the officially negotiated collective agreements between the employers' OSB and the Federations of Dutch Trade Unions (FNV) and Christian Trade Union Federation (CNV) between 2005 and 2014. This information was complemented by branch reports. We focus specifically on training and contract tenure clauses negotiated between these three parties on behalf of the 750 OSB members and the 110,000 employees. Due to the large representation coverage (65%), the negotiated agreements are extended to the whole sector. We confine the analysis to 2005–2006, 2008–2009, 2010–2011 and 2012–2013. The national council for the cleaning industry⁴ provided the official documents of the provisions. Table 1 displays the main provisions related to contract tenure, schooling, training and temp or flex workers. As discussed in Section 4.2, these negotiated agreements lead to a decrease in the gap in permanent contracts between natives and sub-Saharan Africans by almost 9 per cent points.

4.3.1. Quantitative analysis: data and population

We used a quantitative approach to assess trends in the contract gap between sub-Saharan African migrants with natives and the effect of individual investment in education. The register data originates from the Polisikbus database of Statistics Netherlands, a monthly registration of job characteristics of the active Dutch labour force. It contains detailed information on the type of contract and records occupation,

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job tenure and contract type. Furthermore, it provides information about the employer, such as the sector of activity or industry.

The Social Statistical Database (SSB) provides the occupational background of employees, by matching data on individuals with other sources: the municipal population registers, the tax authorities, the social security administration and the labour force survey (LFS). It provides valuable information on the socio-demographic characteristics of workers such as gender, education, date of birth, marital status, place of residence and household composition. Information which, until this study, has not been used for studying the integration of new sub-Saharan immigrants. For the empirical analyses, we examined Statistics Netherlands data from 2006, 2008, 2010 and 2012. Our unique data set pertains to the same individuals who worked in December 2006, 2008, 2010 and 2012. After matching, it contains information about 45,000 immigrants and 3.7 million native Dutch. We excluded individuals for whom the contract tenure or job information was unknown, students, the self-employed without personnel, and people younger than 15 or over 64.

This study is restricted to sub-Saharan immigrants and the native Dutch whose labour market history has been observed. The population consists of the most represented sub-Saharan immigrants: from Nigeria, Angola, Somalia, Eritrea, Ethiopia, Ghana, Cape Verde, Sudan, Congo (DR), Sierra Leone and South Africa. The Dutch immigrant population from Turkish and Moroccan guest workers and their families and people from the former colonies Surinam and the Netherlands Antilles is sizeable (Statistics Netherlands 2017), but many new immigrants have arrived for economic and humanitarian reasons. The Netherlands has become a sought-after destination for Syrian, Polish, former Yugoslav and African migrants. Sub-Saharan African newcomers reached 200,000 by 2017, up 61 per cent from 2000 (Confurius et al. 2019). The total population is shown in Appendix 4.1.

Variables

Our study focuses on the influence of several features on the relation between flexible and permanent contracts. We compared workers with flexible and with permanent contracts. The labour market indicator of the type of contract is a dichotomous

variable: (1) permanent contract and (2) flexible⁵ contract. The explanatory variables are the individual characteristics: age, gender, level of education, generation, household composition, ethnic origin. Following Statistics Netherlands definition, immigrants are born outside the Netherlands, while the second generation is born in the Netherlands and has at least one foreign-born parent.

The education level is coded into three categories: (1) lower (primary education or less and lower secondary); (2) secondary (secondary vocational, general and post-secondary); and (3) higher (university). The education level is the highest level of education attained in the Netherlands. The Dutch credential evaluation information centre (IDW) validates the equivalence of foreign diplomas (Confurius et al. 2019). Their databank is included in the SSB database and is regularly updated with information on education from surveys.

Individuals whose information on education level was unknown were only excluded for the Margin analysis. Gender is categorised into a dummy variable. The five age groups included are 15–24, 25–34, 35–44, 45–54 and 55–64 years. To control for regional variations, we made an additional differentiation for the region of residence. Besides country of origin, details concerning period since immigration (duration of stay), immigration motive and generation were reported. The duration of stay and

5 CBS (2022) defines the type of contracts as:

Flexible contracts

People working on a flexible contract (flex workers) are not employed on a permanent basis. They have a temporary contract (less than one year) or their working hours are not laid down in the employment contract.

Flex workers can be categorised by type of contract:

- *persons employed on a temporary basis with the prospect of a permanent contract and fixed working hours*
- *persons working on a temporary basis of twelve months or longer and fixed working hours*
- *people with fixed working hours in other temporary employment arrangements*
- *on-call and replacement workers*
- *temp workers*
- *persons working on a temporary contract without fixed working hours*
- *temporary employees without fixed working hours*

Permanent contracts

Persons who have a permanent employment contract and whose working hours are laid down in the employment contract.

the four years of study (2006, 2008, 2010 and 2012) made it possible to analyse the transition between permanent and flexible contracts in the long term.

The sector variable is classified according to the SBI⁶ standard classification and coded into nine categories: (1) agriculture and manufacturing, (2) wholesale and accommodation, (3) transportation and communication, (4) financial and other support services, (5) temporary agency work, (6) cleaning industry, (7) public administration and education, (8) health and welfare and (9) other sectors. We assigned individuals working in the temp work agency to a distinct model and studied them apart from the other sectors. This is because they mostly work with temporary contracts and therefore the composition of flex workers and permanent workers is very different from the other sectors. This issue is further discussed in section 5 where the importance of the distinction into sectors is highlighted.

4.4 Results

4.4.1. Analysis of collective labour agreements in the Dutch cleaning industry

Table 1 displays the main provisions related to contract tenure, schooling, training and temp or flex workers.

The social partners agreed on directives facilitating the transformation of fixed-term into open-ended contracts. The collective agreements contain regulations concerning flexible contracts, a very sensitive issue given the high number of workers involved. The duration of fixed-term contracts was limited and conditions for permanent contracts were set. Provision 9 limits the number of fixed-term contracts to 3×6 months and no longer than two years for new applicants. Provision 5 limited the number of consecutive temporary contracts for temp workers. In 2012, cleaning companies could not hire temp workers for more than one year on a temporary contract. After this they had to offer a six-month contract followed by a permanent one. Another agreement includes the percentage of temp workers per company: a quarterly maximum of 7.5 per cent of the total contracted hours.

6 SBI: Standard Industrial Classifications. The SBI 2008 is based on the activity classifications of the European Union (NACE) and the United Nations (ISIC). The first four digits of the SBI are the same as the first four digits of NACE, and the first two digits of the SBI and NACE are the same as the first two digits of ISIC.

In addition, social partners provided a mechanism to verify and enforce compliance of temp agencies in 2008. Provision 5 required accreditation of temp agencies in the cleaning industry, obliging them to respect regulations on social contributions, taxes and worker identification. The cleaning sector employs many non-native workers, often low-skilled women, on low hourly wages. These employees are vulnerable to exploitation. This provision aims to protect them. In 2011, the employers' OSB started accreditation for its members. Temp agencies in cleaning needed the SNA certification (Stichting Normering Arbeid – Labour standards certification) against fraud by closely implementing the NEN4400-1-norm on the statutory provisions of identification, taxes and social contributions.

Complementary measures were concluded for investment in skills development. Their main objective was to contribute to the sustainable employability of employees. Investment in training strengthens employee positions, helping them to reduce gaps between skills requirements and educational attainment or to increase their career opportunity by signing a permanent contract (Doeringer & Piore 1971; Lindbeck & Snower 2001; Nelen & De Grip 2009; Piore & Safford 2007). The more employable, the longer they can stay in the branch, which increases their chance of obtaining open-ended contracts. Here we assume that the investment in training is positively correlated to higher employability of a worker (permanent contract). The social partners laid down several important provisions for training and education.

Training contracts are key as they allow workers to acquire more skills. Trade unions and social partners prioritised employability. Until December 2007, employers had to provide the opportunity to acquire the high-level knowledge, skills and technical knowledge most needed in the branch. According to provision 49, employees have the right to take courses offered by the branch organisation.⁷ So the employer must facilitate this. The worker is entitled to an allowance from the training and development funds for the cleaning sector in accordance with the applicable hourly wage. The employer can get a 50 per cent reimbursement.

There were some important innovations in the 2008–2009 collective agreement. The parties had identified critical skills in language proficiency and the social partners reached an agreement to include language courses in the SVS (Schoonmaak Opleidingen Basis- Basis education in cleaning) vocational training package. This was ground-breaking for the sector, as academics expected that firms would be reluctant to invest in the human capital of new employees. They fear that workers could use

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these new skills in other, often competing, firms and therefore not to receive the benefits of this investment in training (Arrow 1973; Geurts & Lubbers 2017; Lang & Lehman 2012; Phelps 1972). A language certificate helps strengthen the position of workers without sufficient Dutch language skills and offers perspective to people with a great distance to the labour market. The agreement specified the period to obtain the language certificate and an A2 minimum proficiency level. New agreements in 2010–2011 provided an allowance of €750 for Dutch lessons for up to 750 workers. In 2012–2013, the allowances were increased to €4000 and coverage was extended to 1000 workers (RAS 2013).

In the 2012–2013 agreement, the 50+ age group received specific attention. To keep them in employment as long as possible and to prevent skills obsolescence (Nelen & De Grip 2009), social partners and employers worked together to optimise training possibilities for them. Career planning was introduced through individual interviews recording their specific needs, and training programmes were developed to strengthen their position until retirement.

We can distinguish two types of agreements: the first ones are generic arrangements that aim to provide higher skills and technical knowledge to all workers. Even though migrant workers were not represented in unions, extensions of these arguments allowed all workers and also migrants to benefit disproportionately from these arguments because of overrepresentation in the sector. This was also true because they are mostly less educated. The second group of agreements are specific agreements that targeted the lack of Dutch control by migrants. These specific arguments were reached because of the high number of migrants in the labour force in the cleaning sector. The social partners designated about 7 million euros for implementation. In 2005–2006, they invested mainly in technically skilled personnel at the lower secondary and intermediate educational level (MBO 1–4). This was in line with the 2006 collective agreement in which each new worker got the right to attend basic vocational-skills training. The quality of the training was assured by the RAS certification institute. As a result, vocational level diplomas in cleaning rose from 700 in 2009 to about 9000 in 2013 (RAS 2014:31). In 2010–2011, language training resulting from the collective agreements was funded in part by municipal integration budgets. However, later budgetary constraints in public administration meant the sector had to self-finance more. After the 2012–2013 agreement, the cleaning industry financed the language courses from the RAS budget: 4 million euros for a thousand workers.

The nationally negotiated collective agreements are legally binding for the entire branch. Trade unions successfully restructured the working conditions in the cleaning

industry. Did these measures result in the inclusion of sub-Saharan Africans? To answer this, we augmented our qualitative analysis with quantitative data from Statistics Netherlands. The quantitative exploration also allows us to verify whether investment in individual human capital (education) might be responsible for the change of contract settings among the migrant group.

4.4.2. Quantitative analysis: the absence of a gap

(a) *Descriptive analysis*

We compared flexible contracts between sub-Saharan Africans and the native Dutch in 2006–2012. The findings in Table 1 and Figure 1 indicate that sub-Saharan Africans in 2012 worked as often with permanent contracts as the native Dutch. We expected an ethnic gap between both groups, and that immigrants would remain trapped in flex jobs, as several theories suggest. The empirical evidence shows the contrary. In terms of contract arrangements, sub-Saharan Africans reached parity with Dutch natives by 2012. So in six years' time, the immigrant group was able to catch up.

In 2006–2012 the number of workers on permanent contracts rose faster among sub-Saharan immigrants than among natives. In 2006, just 25 per cent of the natives had flexible contracts, almost 9 per cent points less than sub-Saharan Africans. Six years later, the difference was a mere 1.8 per cent (Table 2). The comparison reveals a large variation in mobility according to demographic characteristics. Immigrants with a long duration of stay, and the second generation, were also able to move up to more permanent contracts (Appendix 4.5).

Table 2 shows that 25 per cent of the sub-Saharan immigrants had flexible contracts in 2012, with men, the 35–44 age group, and the low educated having the highest rates. Among the native Dutch the highest rates are found among people with secondary education and those aged 15–34.

Close comparison of the two groups gave some unexpected outcomes. *Educationwise*, the lower-educated category minimised the ethnic gap most. In 2012, 27 per cent of the lower-educated sub-Saharan immigrants had flexible work arrangements, and 3 per cent points less than their native Dutch counterparts.

Genderwise, sub-Saharan women had relatively more permanent contracts than native women. In 2012, 17 per cent of sub-Saharan women and 26 per cent of native Dutch women had flexible contracts. So the gap was in favour of immigrant women. Sub-Saharan men (32%) also deviated from their male counterparts (27%) but negatively.

Agewise, for immigrants age plays a more favourable role than for the native Dutch. Among individuals aged 45–54 and 55–64, the ethnic gap in flexible contracts varied between 3 and –7 points. The 55+ sub-Saharan group more often held permanent contracts than natives. Young people tend to start their careers on flexible contracts. So the 15–24, 25–34 and 35–44 age groups more often had a flexible contract than older individuals in both ethnic groups.

Origin also has an impact. Immigrants from Cape Verde, South Africa and Ghana, representing 61 per cent of the research population, have the highest permanent contract rates (Appendix 4.2). In 2012 less than 20 per cent had flexible contracts. There are, however, significant differences between sub-Saharan immigrant groups (Appendices 3 and 4). Somalians and Sierra Leoneans have the highest rates of flexible contracts (about 47%). Surprisingly, the comparison between the first and the second generation and natives reveals no major differences for 2012 (Appendix 4.5).

These results are surprising and inconsistent with empirical evidence among other ethnic groups. The prevalence of minorities in the flexible segment and the unfavourable skills characteristics of newcomers are convincing arguments for the existence of an ethnic gap. Flex jobs among minorities with a Turkish, Moroccan, Surinamese or Antillean background are common. This is particularly true for young people and is reflected in their low turn-out rate of permanent employment (Andriessen & Huijnk 2016; Kanas & Van Tubergen 2009; McGinnity et al. 2005). This assumption of an ethnic gap was also linked to the vulnerability due to their lack of experience and high unemployment (Confurius et al. 2019) and the composition of the group. About half of the sub-Saharan group is aged under 25, twice the figure of their native Dutch counterparts. Moreover, about 63 per cent are lower-educated (Confurius et al. 2019) and have just entered the lowest job levels. Young, lower-educated immigrants are most likely to have flexible contracts. In addition to discrimination and having less favourable supply characteristics, the expectation that sub-Saharan immigrants will be well represented in temp jobs is also based on the fact that flex jobs constitute a significant part of employment in the Netherlands. The huge share of flexible employment, about 23 per cent (two million) of the active population in 2017, leads to segmentation due to the dramatically widening gap in ratios of flexible and fixed contracts between the young, migrants and the rest of the general workforce (Bolhaar et al. 2018; Eichhorst et al. 2017; Finelang & Lyon 2017).

(b) Is it education?

So sub-Saharan immigrants have the same permanent employment levels as native Dutch workers. These findings are remarkable and inconsistent with research among

other immigrant groups (Andriessen et al. 2017; De Vroome & Van Tubergen 2014; Marginson & Galetto 2016). In section 2 we reviewed the pivotal role unions played in securing equity in labour arrangements. Academics, however, argue that investment in education may prevent being trapped in the flexible segment (Doeringer & Piore 1971; Lindbeck & Snower 2001; Nelen & De Grip 2009; Piore & Safford 2007). Departing from that point we can assume that the better prospects of stable contracts among the sub-Saharan group might also have been the result of individual investment in education. We performed additional analyses to provide a solid ground for establishing whether education facilitated getting permanent contracts.

Estimation approaches and decomposition of the effects, KHB method

Before testing this hypothesis, we measured which part of the odds of getting a flexible contract is explained by education level. To clarify this point, univariate logistic regression models were calculated to estimate the relationship between education level, the sector of industry, years (2006, 2008, 2010, 2012) and contract arrangement. Next we used the Karlson, Holm and Breen (KHB) method (Karlson et al. 2012) to assess the effects of the main variable, education level into direct and indirect effects, considering sector of industry and year as mediator variables. The method is detailed in Appendix 4.6.

Table 3 displays the logistic regression models. Results in Tables 4 and 5 show that all variables of interest influenced the likelihood of having a flex job among natives, while the effect of education remains insignificant among sub-Saharan Africans. When excluding gender in the sub-Saharan model, the coefficient for education level is statistically significant. This statistical significance disappears when we include gender. Therefore, the effect of education probably overlaps with the effects of sector of industry, year or gender.

Hence, we use the KHB method to estimate to what extent contract tenure is related to education and gender and whether years and sector mediate the relationship between education level and contract tenure. To this end, the effects of education on a flexible contract are deconstructed into direct and indirect effects. Considering education level as mediator, we examined the direct effect of education level and the indirect effect through different levels of education. We also controlled for industry sector and gender.

Considering education as a categorical variable (1 = lower education; 2 = secondary education; 3 = higher education), Table 3 reveals that a higher education level decreases the odds of having a flexible contract by 0.1205 among natives and increases

it by 0.1801 among sub-Saharan Africans. When we control for the sector, years and gender, the result shows that the significance of education disappears, leaving an indirect effect of about 98 per cent due to the sector and gender among the immigrant group. Among natives the mediation of the sector is about 81 per cent. Table 4 shows that about 9.7 per cent of the effect is due to education and gender among natives.

Margin analysis

The margin analysis reveals similar results as the KHB method. Figure 2 shows that the adjusted probability of flexible employment varies strongly between the two ethnic groups. Among the native Dutch, education turns out to be favourable for tenure, results among immigrants show the opposite trend. In 2006, the lower educated among both groups were most likely to have a flexible contract, and in 2012, the results were opposite. A higher level of education, as expected, increased the probability of permanent contracts, but only among the natives. In 2006–2012, the probability of flexible employment increased from 0.250 to 0.302 among the lower educated native Dutch, while decreasing by 5 per cent points to 0.193 among highly educated. In 2012, the highly educated were least likely to have a flexible contract.

In line with our argumentation, it is impossible to draw the same conclusions for sub-Saharan Africans. In 2006, the low-educated sub-Saharan Africans had the highest probability of having a flexible contract ($pr = 0.419$). However, contrary to natives, this probability later decreased sharply. In 2012 they had the lowest chance of a flexible contract ($pr = 0.270$), 3.2 per cent points less than their native Dutch counterparts.

While greater investment in education helps explain upward mobility in permanent employment among the native Dutch, it is not positively associated with more flexible work among sub-Saharan Africans. Compared to 2006, a lower education level in 2012 seems to offer more opportunities for a permanent contract for immigrants. We conclude that the better prospects for the immigrant group are not the result of greater individual investment in education level.

(c) Sector analysis

Time trend analysis and the cleaning industry

Table 6 displays the logistic analysis. We controlled for year, ethnic origin, sector of industry and interactions between year and ethnic origin. The cleaning industry ($B = 0.084$) offers the lowest chance of a flexible contract. In model 3 the logistic analysis is restricted to the cleaning industry. The results show that time reduces the probability of flexible contracts for both groups. The model is highly significant and

coefficient B varies from -0.451 in 2008 to -0.517 in 2012. Time accounts for a lower chance of having a flexible contract in 2008, 2010 and 2012. This is exactly the period during which new package deals offered more security and equity. The interaction effects between ethnic origin and year are significant, meaning that year affects the two groups differently, to the advantage of sub-Saharanans.

Switch between sectors: from the temp to the cleaning industry

Better prospects of stable jobs in the cleaning industry were accompanied by a sector change among sub-Saharan Africans in 2006–2012. Many switched from temp jobs to working in cleaning. In 2006 33 per cent worked with temp agencies versus 18 per cent in 2012 (Figure 3) whereas the cleaning industry saw an impressive increase from 16 per cent in 2006 to about 38 per cent in 2012.

To assess if the cleaning industry truly offered better job opportunities, we compared the permanent contract opportunities of all sectors. To estimate the sector effect on the probability of having a flexible contract in 2006 and 2012 per ethnic group, we used marginal effect to compute the adjusted predictions. See Appendix 4.6 for the method. Our results show that working in the cleaning industry, public administration and agriculture and manufacturing offered the best chances of a permanent contract in 2006 and in 2012 for both groups. Among natives, the highest increase in flexible contracts was found in the financial sector, 6 per cent in 2006 versus 14 per cent in 2012 (Figure 5). So the financial sector did not offer better prospects for contract security than in 2006, nor did the wholesale and retail, or the transportation and communication sectors. Among the 'safe sectors', the cleaning industry offered the best perspective in 2012. Compared to the financial sector, the increase in probability of having a flexible contract was modest. Among natives, the highest increase was about 2 per cent points, while the sub-Saharan group saw a decrease from 6 per cent in 2006 to 4 per cent in 2012 (Figure 4).

The culture and other services sectors show surprising variation. In general, incomes in culture are low and contracts often irregular. In the economic crisis of 2008 contract arrangements came under pressure. About 20,000 jobs were lost when permanent workers were replaced by trainees and volunteers. However, the number of sub-Saharan Africans working in the other services is a mere 2 per cent, so the results for this group must be considered with some caution.

4.5 Discussion and conclusion

Our main research question was whether it was the investment in individual human capital or the actions of the trade unions in the cleaning industry that accounted for the convergence in contract arrangements between native Dutch and sub-Saharan Africans in the period 2006–2012. Sociological debates on dualisation often assume that trade unions focus on protecting insiders rather than ‘outsiders’ such as migrants, who are overrepresented in the flexible segment. Our quantitative analysis on the Netherlands reveals, however, that there is inclusion among sub-Saharan migrants in the form of better prospects of obtaining a permanent contract in the cleaning industry. Moreover, we demonstrated that this inclusive trend is not the result of individual investment in education, but of developments in the cleaning industry itself. Collective agreements at the sector level allowed a reduction in the gap in contract arrangements between permanent workers and flexible workers. In the six-year period we studied, we saw an increase in permanent job opportunities and a switch between sectors from temp work to the cleaning industry.

The increase in permanent contracts among sub-Saharan Africans can be explained by improved provisions in the cleaning industry. One key issue was the extension of the social protection to flex workers. Social dialogue also resulted in provisions that supported employability of the workers by vocational training and language lessons. In 2012–2013 a maximum hiring period of 12 months for temp workers was agreed. After this they have to offer a six-month contract followed by a permanent one.

This case, concerning Dutch sub-Saharan Africans, shows how encompassing collective agreements also resulted in the protection of workers with weaker bargaining power such as migrants, thus leading to institutional inclusiveness. This institutional approach complements existing literature on migrants based on case studies of union campaigns. This literature suggests that to better address migrant issues, unions should encourage migrant workers to play a prominent role in improving their conditions (Alberti & Però 2018; Berntsen 2016; Danaj et al. 2018; Tapia & Holgate 2018). Rather, in the logic of inclusive solidarity, Danaj et al. (2018) argue that migrants’ interests and demands can be protected if migrant workers join established unions.

Another important finding from our study is the effect of collective agreements on individual groups. Our findings complement Danaj et al (2018), who argue that the identity of a specific group should be taken into account through self-organisation, and Alberti and Però (2018), who consider that migrants should be included in established unions. We offer a third line of discussion. The results show that even if

unions represent and voice the interests of their insider members, their actions can improve conditions for the entire workforce. Our results reveal that the convergence of contracts between Dutch natives and sub-Saharan Africans is also associated with the way the cleaning industry's workforce is composed. When unions bargain successfully at the sector level, irrespective of ethnicity, gender or class, overrepresented groups benefit disproportionately from the settled agreements due to their high numbers. In the case of the cleaning industry, the effects then positively impacted the large groups of migrants and women. This numerical composition effect is facilitated if collective agreements also apply to non-union workers. The legal extension of collective agreements to cover the entire industrial sector is actually the primary mechanism for ensuring that collective agreements are all-encompassing. In other words, migrants are included even if they are non-union.

Pulignano, Meardi and Doerflinger (2015) report similar findings in Belgium among temporary agency workers. The authors compared Belgian and German plants of multinationals and showed that trade unions reduced inequality between permanent and agency workers in Belgium but not in Germany. Belgian unions succeeded in concluding more equal arrangements for agency workers and strengthening their position. Palier and Thelen (2010) argue that European trade unions intend to protect all workers, insiders and outsiders, but that they are weakened by the institutional environment for union representation and collective bargaining. In Germany, despite their willingness for equal protection, trade unions less often use extensions. Paster et al. (2019) question the limited use of extensions in Germany, a country with a comparable union strength. Both countries allow extensions, but German unions more often encounter employer resistance through employers' vetoes. German government reforms to facilitate extensions were unsuccessful due to the unwillingness of employers to give up their veto power. This actually reflects the balance of power relations between workers and employers in Germany (Grimshaw & Rubery 1998; Palier & Thelen 2010).

Besides the composition of the workforce and extensions, success in the Dutch cleaning industry is also due to inclusive solidarity from union members and the union bargaining strategy. Inclusive solidarity from insiders allows for the extension of attained results to workers with a weaker bargaining position (Doellgast et al 2018, chap 1, p. 23). This is possible when insiders share the same interests with outsiders. In the case of the cleaning industry, they had difficult working conditions and the high number of flexible contracts in common. Also, the strength of their bargaining strategy involved the use of their strike 'weapon', going public and showing the economic leverage of their actions for the clients.

Based on the case of sub-Saharan Africans, the next challenge for unions should be to take inspiration from the results achieved in the cleaning industry and apply this experience to less-regulated sectors of the Dutch economy where migrants are overrepresented, such as domestic work, agriculture and the retail industry (Connolly et al. 2017).

Collective agreements in the Dutch cleaning industry built on state regulation through extending representation have led to questioning the legitimacy of established unions. Connolly et al. (2017), who studied organising in the Dutch cleaning industry between 2008 and 2012, show that besides the numerical composition effect of the workforce facilitated by extensions highlighted in our study, success in the cleaning industry was also due to changes in the union's organisation based on the U.S. 'organising model'. This had led to success in recruiting new members and increasing mobilisation of underrepresented workers such as migrants. By extending membership to underrepresented groups, the intent of unions was not only to mobilise them. Rather, it was more an attempt to reinforce union representative legitimacy. With respect to the declines in union membership, the highly centralised Dutch unions with a membership density in the cleaning sector of about 12.5 per cent in 2010 (Connolly et al. 2017) but with a relatively high collective bargaining coverage of 85 per cent question the representative legitimacy of unions. By extending their representation to the underrepresented, they aimed to reestablish their legitimacy, since the low density actually does not undermine their bargaining position. Unlike an Anglo-Saxon system which is not underpinned by social regulation, collective bargaining agreements in the Netherlands are not dependent on membership strength.

Danaj et al. (2018) point out concerns about conservatism encountered by migrants when joining established unions. The case of the cleaning industry, using new tactics of organising, has also encouraged internal discussion on the purpose and identity of unions in the Netherlands (Connolly et al. 2017; De Beer 2013). This has indirectly contributed to a process of internal reform and democratisation within unions, promoting organisational changes in terms of structure, culture and purpose. But the impact of internal reform is a long-term process that is also difficult to measure. This opens new avenues for future research.

The findings also bring new elements to the discussion around the segmentation of the Dutch labour market, which emphasises an absence of mobility between segments due to low individual investment in education. While other scholars still contest the power of unions in helping to institutionalise norms of equity, our results suggest that movement between segments is possible when accompanied by a collective

approach. In this line, groups that are overrepresented in the industry will profit disproportionately from the settlements due to extensions to outsiders. If changing contract arrangements of flex workers is possible, previous research warns for a low mobility to higher level jobs. With this in mind, the next question to explore is the occupational mobility in industries where migrants are the most active.

Table 1. Summary of collective bargaining in the Cleaning Industry, 2005–2013

Year	Provisions	Collective agreements
2005–2007		
Contract tenure	Provision 8	• Fixed-term contracts - Max. fixed-term contract 3×6 months and no longer than 2 years - 18 months + 1 × 3 months - Max 2 months' probation - Max 36 months for special works
	Provision 9	• On-call workers
Schooling and training	Provision 49	- Certification after training courses - Branch-specific training courses
Education fees	Provision 49	- Vocational basis training, courses of SVS - reimbursement of the fees - O&O funds for training and schooling - Employer 50% of the training costs covered
Agency staff, temp workers	Provision 9	- Maxi 36 months' contract - Max temp workers 7.5% of the total workforce (art. 54)
2008–2009		
Contract tenure	Provision 9	- Max fixed-term contract 3×6 months and no longer than 2 years - Max 2 months' probation
Schooling	Provision 32	- <12 months training courses and certification - Within 12 months Dutch lessons with certificate
Education fees	Provision 33	- 50–100% Reimbursement education fee for the employer by the branch (RAS) - Schooling allowance for the worker - The O&O funds: to stimulate training courses

Table 1. (Continued)

Year	Provisions	Collective agreements
Temp workers	Provision 5	• Certification NEN0044-1 Temp agencies • Max temp workers 7.5% of the total workforce
2010–2011		
Contract tenure	Provision 9	• Max fixed-term contract 3×6 months and no longer than 2 years • Max 2 months' probation
Schooling	Provision 36	• Dutch language courses: <6 months; Certificate required at level A21 for reading by instance • Dutch language course: Allowance of € 750 pp. for max. 700 candidates • General cleaning training course and certification
Schooling fees	Provision 37	• Reimbursement 50–100% training for the employer
Temp workers	Provision 5	• Certification NEN4400-1 Temp agencies
2012–2013		
Contract tenure	Provision 9	• Fixed-term contract: - Max fixed-term contract 3×6 months and no longer than 2 years - Max 2 months' probation • Specific clauses for temp workers: • Max. 12 months hiring temp workers • After 12 months: 6 months' contract before a permanent one
Schooling	Provision 36	• Dutch language courses: • Training Funds for 1000 workers • Allowance € 4000 • Higher requirement for Dutch level certificate • Training and vocational branch courses - Special attention extra training for the 50+ group - Preliminary collect information for the new multiservice jobs in the cleaning
Schooling fees	Provision 37	• Reimbursement of education fees to the employer

Table 2. Flexible contract distribution among Sub-Saharan Africans and native Dutch, 2012

	Sub-Saharan Africans					Native Dutch				Gap sub-Saharan Africans / Natives	
	Total population	Total flexible	Total flexible %	Flexible per category %	Total population	Total flexible	Total flexible %	Flexible per category %	% Points		
	13,191	3242	25	25	1,004,928	264,778	26	26	-1.8		
Man	7016	2217	17	32	494,531	133,280	13	27	5		
Woman	6175	1025	8	17	510,397	131,498	13	26	-9		
Education level											
Lower	3836	1047	8	27	293,331	88,861	9	30	-3		
Secondary	1762	0.570	4	32	499,593	134,937	13	27	5		
High	0.465	0.161	1	35	199,528	38,665	4	19	16		
Unknown	7128	1464	11	21	12,476	2,315	0	19	2		
Age 15-24	0.296	0.139	1	47	434,165	162,382	16	37	10		
Age 25-34	2330	0.919	7	39	231,921	49,916	5	22	17		
Age 35-44	4614	1183	9	26	147,920	22,187	2	15	11		
Age 45-54	4659	0.887	7	19	126,668	20,131	2	16	3		
Age 55-64	1292	0.114	1	9	64,2540	10,162	1	16	-7		

Table 3. Average marginal effects for having a flexible contract by ethnic origin, 2006–2012

Dependent variable: Flexible Contract	Sub-Saharan Africans			Native Dutch		
	Model 1a	Model 1a	Model 1c	Model 2a	Model 2b	Model 2c
Education level	0.1685*** (0.0220)	0.0940*** (0.0237)	0.0000 (0.0247)	-0.1206*** (0.0018)	-0.2123*** (0.0018)	-0.2101*** (0.0018)
Sector of industry	.	0.4648*** (0.0098)	0.5542*** (0.0104)	.	0.1245*** (0.0005)	0.1341*** (0.0005)
Gender	.	.	-1.2810*** (0.0344)	.	.	-0.1761*** (0.0026)
Observations	N =21,872	N =21,872	N =21,872	N =3,699,418	N =3,699,418	N =3,699,418
Pseudo R ²	0.01	0.11	0.17	0.02	0.02	0.02

Note: standard errors in parentheses. Significance levels: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 3 displays Average Marginal Effects (S.E), representing per cent change in the likelihood of labour market exit by one step between the answers.

Table 4. Decomposition of the effect of education on flexible contract

		Sub-Saharan Africans	Native Dutch
		Education (categorical)	
Mediator	Reduced model (without mediator)	0.1801 ***	-0.1205 ***
	Full model (including sector, year and gender)	-0.012670 (not sig.)	-0.2025***
Sector of industry	% of total effect	47	81.26
Year	% of total effect	7.35	5.97
Gender	% of total effect	54.3	7.78

***, **, *, + indicate significance levels at 0.1, 1, 5 and 10%, respectively

Table 5. Decomposition of the effect of sector of industry on flexible contract

		Sub-Saharan Africans	Native Dutch
		Sector (categorical)	
Mediator	Reduced model (without mediator)	0.4871 ***	0.1132 ***
	Full model (including education, year and gender)	0.5563 ***	0.1336 ***
Level of education	% of total effect	-0.04	-9.76
Year	% of total effect	-0.52	-0.11
Gender	% of total effect	-13.66	-8.33

***, **, *, + indicate significance levels at 0.1, 1, 5, and 10%, respectively

Table 6. Logistic analysis of Native Dutch and Sub-Saharan Africans by ethnic origin, sector of industry, education and year

	Model 1 All sectors Excl. Year. Incl. education		Model 2 All sectors Incl. Year, excl. education		Model 3 Cleaning industry	
Native Dutch						
sub-Saharan Africans						
	B	sig	Stand. errors	B	sig	Stand. errors.
Ethnic origin (ref. sub-Saharan Africans)						
Natives	0.306	***	0.031		50,532	
Education		***			14,141	
Lower-educated (ref.)						
Secondary educated	0.175	***	0.004			
Higher educated	0.190	***	0.005			
Sector of industry						
Agriculture and manufacturing (ref)						
Wholesale and accommodation	1.576	***	0.006	1.575		
Transportation and communication	1.367	***	0.007	1.367		
Financial and other support services	0.456	***	0.008	0.478		
Cleaning industry	0.131	***	0.018	0.084		
Temporary agency work	5.079	***	0.008	5.087		

Table 6. (Continued)

	Model 1 All sectors Excl. Year. Incl. education		Model 2 All sectors Incl. Year. excl. education		Model 3 Cleaning industry	
Public administration and education	0.108	***	0.010	0.139	***	0.010
Health and welfare	0.962	***	0.007	0.978	***	0.007
Other sectors	1.200	***	0.012	1.220	***	0.011
Ethnic origin*education						
Ethnic origin	-0.164	***	0.050	.	.	.
(natives)*secondary educated				.	..	.
Ethnic origin*higher educated	-0.153	*	0.080	.	.	.
Ethnic origin*Year	.	.	.	.	.	.
Ethnic origin*year 2008	.	.	.	+0.002	n.s.	0.066
Ethnic origin*year 2010	.	.	.	-0.091	n.s.	0.074
Ethnic origin*year 2012	.	.	.	-0.006	n.s.	0.067
Year (ref. 2006)						
2008	.	.	.	-0.146	**	0.004
2010	.	.	.	0.133	*	0.005
2012	.	.	.	0.252	***	0.004
Constant	-3.061	***	0.007	-3.022	***	0.006

***, **, *, + indicate significance levels at 0.1, 1, 5 and 10%, respectively. n.s.: not significant

Appendices

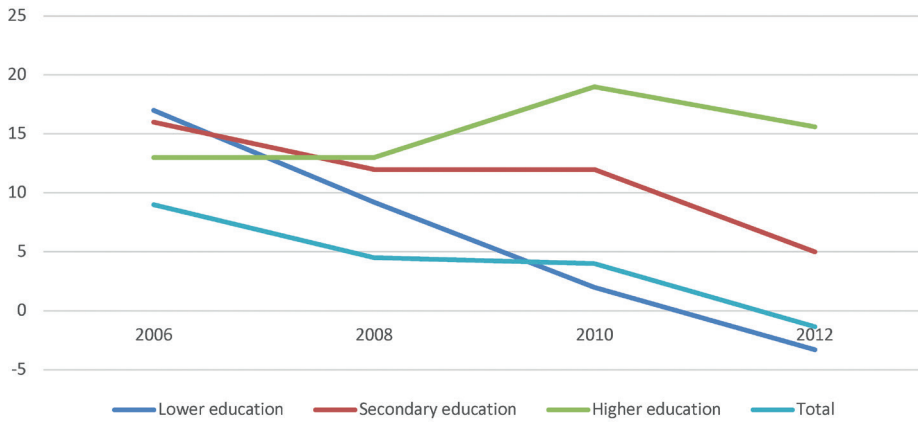
APPENDIX 4.1. Research population

	Sub-Saharan Africans	Native Dutch
2006	8,131	844,662
2008	15,585	1,118,144
2010	8,233	783,811
2012	13,195	1,004,928

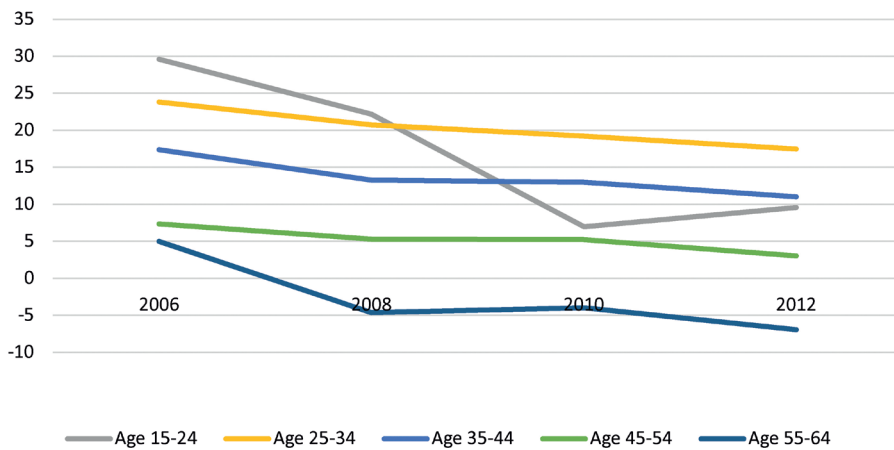
APPENDIX 4.2. Gap flexible contracts sub-Saharan Africans-Native Dutch by country of origin, 2012

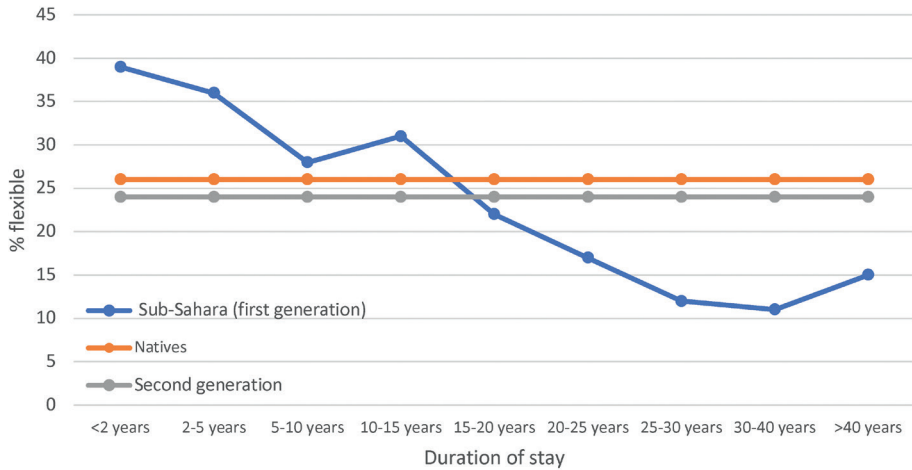
Sub-Saharan Africans	Total	Total Flexible	%	% flexible	Natives % flexible	% gap Natives-sub-Saharan
South Africa	695	127	1	18	26	-8
Ethiopia	765	167	1	22	26	-5
Ghana	3,757	719	5	19	26	-7
Angola	550	203	2	37	26	11
Congo	578	207	2	36	26	9
Cape Verde	3,670	478	4	13	26	-13
Nigeria	945	359	3	38	26	12
Somalia	1,073	509	4	47	26	21
Sierra Leone	641	295	2	46	26	20
Sudan	396	134	1	34	26	7
Eritrea	121	44	0	36	26	10
Total	13,191	3,242	24.58			

APPENDIX 4.3. Gap in flexible workers between native Dutch and sub-Saharan Africans by education level, %



APPENDIX 4.4. Gap in flexible workers between native Dutch and sub-Saharan Africans by age group, 2006–2012 (%)



APPENDIX 4.5. Flexible employees by duration of stay and ethnic origin (%), 2012**APPENDIX 4.6***Method Marginal effect**KHB method*

We first measured which part of the odds of having a flexible contract is explained by education level. Univariate logistic regression models are performed to estimate the relationship between education level, the sector of industry, years (2006, 2008, 2010, 2012) and contract arrangement. These variables are first included and tested as single predictors of the type of contract, with gender and generation as control variables. Second, the Karlson, Holme and Breen (KHB) method (Karlson et al. 2012) is used to assess the effects of the main variable, level of education into direct and indirect effects, considering sector of industry and year as mediator variables. Gender is added as a controlled variable and used as a mediator. The interaction Z-variable aims to assess the indirect effect of years and sector of industry on the odds of having a flexible job. Analyses are run separately by ethnic group.

Different models are run separately for both groups, and background measures (education, age, gender, year) are added. Model 1 includes sub-Saharan Africans and model 2 for natives. Model 1a and 2a add the level of education. Models 1b and 2b add the sector of industry and finally models 1c and 3c add gender.

Method Marginal effect

To assess any gaps in the type of contract arrangements in the period 2006–2012 at the sector level, we first identified the likelihood of having flexible contracts by sector of industry. To estimate the effect of the sector of industry on the probability of having a flexible contract in 2006 and 2012 with regard to the ethnic group, we used the marginal effect to compute the adjusted predictions.

To predict the likelihood of having a permanent or a flexible contract we controlled for individual characteristics, education level and the sector of activity. The sector variable is classified according to the SBI standard classification and coded into nine categories: (1) agriculture and manufacturing, (2) wholesale and retail trade and accommodation, (3) transportation and communication, 4) financial and other support services, (5) temporary agency work, (6) cleaning industry, (7) public administration and education, (8) health and welfare and (9) other sectors. Individuals working in the temp sector have been displayed separately. This is because the composition of flex workers and permanent workers is very different from the other sectors as the majority of workers in this sector work with temporary contracts. The cleaning industry has also been assigned to a distinct category because the majority of the immigrant population works in this sector.

Since education is included as an explanatory variable, cases where information on education level was missing were excluded. The model helps to estimate the statistical link between the individual's characteristics, the sector and the likelihood of having flexible employment. In the next specification, we assumed that an individual i with a contract J ($j=0$ or $j=1$) can be expressed as the logistic conditional probability function $U_i = F(X_i \beta)$, where U_i is the expected probability function that individual i th ($i=1, \dots, N$) has a contract j , X_i is a vector of individual characteristics of individual i that are expected to affect his contract outcome. Individual characteristics include individual level of education, age, ethnic background, sector and a variable year to control for each year. β is a vector of coefficients to be estimated. As the contract type is restricted to values zero and one, the logistic model can be expressed by a binomial logit model:

$$U_i = F(X_i\beta) = \frac{1}{1 + e^{-X_i\beta}} \quad (1)$$

And

$$\text{Log} \left(\frac{U_i}{1 - U_i} \right) = X_i\beta \quad (2)$$

Marginal effect: Average Adjusted Predictions (AAPs) by sector

We adjusted predictions to specify values for each of the independent variables and then computed the probability of having a flexible or permanent contract for each individual for each year (2006, 2008, 2010 and 2012). The approach used is to adjust predictions of probability in the period 2006–2012 and to compute the average adjusted predictions for each year. We used marginal effects because they offer a good estimation of the effects. A marginal effect (ME) or partial effect usually measures the effect on the conditional mean of y if a change occurs on one of the regressors X_k (Cameron & Trivedi 2005). It is interesting to estimate the change in the chance of a contract type.

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5.

Exploring hourly wage disparities: A Study of Sub-Saharan African Immigrants in the Dutch Labour Market



Abstract

This paper focuses on the hourly wage disparities between Sub-Saharan African immigrants in the Netherlands, a hitherto undescribed ethnic group, and the native Dutch population in 2012. Using unique data with nationwide coverage, the analysis shows an hourly small wage gap of 5% after controlling for human capital variables and job characteristics. The analysis reveals that, over a stay exceeding 25 years, Sub-Saharan immigrants catch up and slightly surpass native earnings. This wage gap is negligible in comparison to the substantial gap in labour market participation observed among the same group of immigrants in a previous study.

The study demonstrates that human capital investment significantly contributes to narrowing the wage gap. Notably, union agreements focusing on training and language courses in the cleaning industry successfully reduced the gap to 3%, showcasing the impact of institutional interventions. This research emphasises the pivotal role of institutions for migrants already positioned in the Dutch labour market, highlighting that overcoming initial hurdles leads to earnings on a par with their native counterparts. The enforcement of 'equal pay for equal work' principles through policies, including collective labour agreements (CAOs), exemplifies the power of institutions in achieving wage parity.⁸

Keywords: Sub-Saharan immigrants; wage gap, labour market, the Netherlands

⁸ This chapter is scheduled for submission to an international peer-reviewed journal.

5.1. Introduction

A large amount of literature demonstrates that newly arrived immigrants lack specific local skills and are likely to be employed in unskilled, nonstandard and poorly rewarded job positions in the secondary segment of the labour market (Cantalini et al., 2022; Reyneri & Fullin, 2011). People with ethnic minority backgrounds still earn significantly less than Dutch natives. In 2019, the wage difference between Turkish and Moroccan individuals, respectively, earned 26% and 31% less than Dutch natives (Jongen et al., 2020). They typically worked more frequently under flexible arrangements and at lesser pay (Bolhaar et al., 2018; Andriessen, 2019; Strockmeijer et al., 2020). Their lower incomes are also linked to the deterioration of their human capital as a result of inactivity or unemployment (de Grip & van Loo, 2002).

According to previous research (Anderson, 2015; Edin et al., 2000; Venturini, 2017), migrants' wages can increase with the duration of their stay in the host country. As migrants become more acculturated to the host country, they may acquire skills and knowledge that are valued in the labour market, leading to higher wages. Yet, many ethnic minorities engage in a vicious cycle of insecure work punctuated by intervals of unemployment or inactivity (Peijen & Wilthagen, 2023; Mattijssen et al., 2020). Investment in skills would increase their chance to work in better-paid jobs, but, in the secondary segment, where they are mainly active, this investment is limited. Unions, though, can facilitate the acquisition of these skills by advocating for training and development opportunities for their members.

Among new immigrants, Africans from the sub-Saharan form a growing immigrant group in the Netherlands. Their number has reached about 304,267 by 2023, up 139% from 2000 (see chapter 1 Introduction of this thesis). Despite their growing numbers and their low labour market participation, no attention has been paid to their earnings. There are, though, theoretical reasons for the existence of a wage gap between sub-Saharan Africans (SSA) and the native Dutch, especially because the majority of Sub-Saharan migrants in our study mostly comprise the first generation and are at the beginning of their stay. Their lack of local human capital and labour market experience limits their access to job opportunities and would result in being offered jobs with lower wages. Furthermore, the existing literature pays limited attention to the time it takes for new immigrants to reach wage parity with natives, even though it provides important insights into the economic integration of immigrants into the host society and contributes to developing policies that facilitate this process. Our study addresses this lack of knowledge by including the duration of stay in our analysis and questioning

to what extent the duration of stay affects the wage gap between natives and Sub-Saharan migrants.

Also relevant is that this new group is mainly active in the cleaning industry (Confurius et al., 2023), a *DDD* (dirty, dangerous and demanding) sector known for its lower wages. Our concerns are voiced by the lack of investment in skills and the lower career growth opportunities provided by employers in the secondary segment (Kanas & van Tubergen, 2009; Peijen & Wilthagen, 2023; Hussein, 2022). Nevertheless, the cleaning sector underwent profound changes between 2008 and 2012. An earlier study by Confurius and colleagues (2022) showed that the collective agreements negotiated by trade unions have led to parity in permanent contracts between Sub-Saharan migrants and natives in the cleaning industry. The sector had identified a lack of critical technical skills and language proficiency. In response, the social partners reached collective agreements to address these shortcomings. The 2006–2012 packages provided the opportunity to the migrants to acquire the relevant competencies, language skills and technical knowledge most needed in the branch.

Segmentation theory typically explains the existence of a wage gap between migrants and natives. However, the cleaning industry presents an intriguing case study by which to analyse wage differences, especially given its significant changes. These changes, largely driven by collective actions, have markedly reshaped employment dynamics in the sector. Our empirical study focuses on the existence of a wage gap between natives and migrants in the cleaning industry in this context, specifically noting the active participation of Sub-Saharan Africans in this secondary labour market segment. To investigate these dynamics, we have chosen the cleaning industry as a representative example of the secondary labour market segment. By focusing on the cleaning industry, we aim to shed light on the broader implications of these dynamics in similar market segments.

Therefore, this study offers an opportunity to test human capital theory, assimilation theory and segmentation theory on this new group migrants using a wage model of discrimination using the Kitagawa (1955) and Blinder-Oaxaca decomposition method (1973). From each of these theoretical perspectives, we use human indicators and job characteristics to assess how wage gaps can be explained.

Using register data from Statistics Netherlands, this paper is the first to examine (pre-tax) hourly wage inequality between sub-Saharan migrants and Dutch natives in 2012. The central question aims to determine the existence of a wage gap between natives and sub-Saharan Africans and how we can explain this gap. First, we study to

what extent human capital and individual characteristics explain the gap. Secondly, we analyse the impact of the duration of stay on the wage gap. Finally, we focus on the cleaning sector and study the presence of a wage gap.

5.2. Explanation of Immigrant-Native wage disparities

Wage differentials between immigrants and natives are likely partly caused by differences in human capital (Borjas, 2002). The following section discusses whether and how theoretical and empirical insights into human capital (Anderson, 2015; Edin et al., 2000; Venturini, 2017) or institutional factors (Alberti and Però, 2018; Berntsen, 201; Doellgast et al., 2018) support the causal mechanisms affecting wage differentials between migrants and natives.

Human capital theory: individual investment

Experience in the labour market and level of education are the main providers of human capital. Therefore, under the human capital model, individuals with equal experience and education level should receive the same wages because human capital is a signal of productivity (Borjas, 2002). Wage differentials between natives and immigrants occur because the return on human capital might differ between both groups. Chiswick & Miller (2008), as cited in Lancee & Bol (2017), discuss the concept that human capital acquired in the country of origin is not fully transferable to the host country. Additionally, Lancee & Bol (2017) explain, based on Chiswick & Miller's work, that being educated abroad can result in lower wages, 'not only because of the limited transferability of skills but also because of the limited transferability of degrees' (p. 697). Such transferability problems are usually not (only) explained by human capital theory, but result from uncertainties among employers about the skills indicated by foreign qualifications. While qualifications are used by employers to reduce such uncertainties (Spence, 1973), foreign qualifications provide less information than local ones (Lancee & Bol, 2017). Thus, skill-demand in the host country may differ from skills accumulated at the place of education. Since human capital is country-specific, country-specific knowledge gains in education is not fully transferable and so immigrant's skills are not fully exploited (Reitsma 2015; Lancee & Bol, 2017; Kanas and Tubergen, 2009; Bram & Bol, 2017). As a consequence, immigrants often occupy jobs for which they are overqualified (Bakker: 2015:75).

We expect that education level obtained and skills acquired in the host country are positively related to higher wages. Hence, we use the highest level of education obtained in the Netherlands or registered according to the Dutch education system

and hypothesise that for the same level of education natives and Sub-Saharan Africans will receive the same wages (H1).

Assimilation theory and duration of stay

The literature not only indicates the importance of the human capital of the destination country but also cites the duration of the stay as a reason for wage differences. The assumption is that as immigrants live longer in the destination country, the inequality with the natives decreases.

When immigrants acquire more experience, have more control of the local language and have more social capital and a larger network, they probably switch to other sectors with higher remuneration. For new immigrants, the secondary segment is most often the first step on the labour market. At this early stage of immigration, new immigrants suffer not only from a lack of experience in the host labour market but also their limited control of the language. Therefore, investment not only in education but also in language skills will favour their wage earnings in the long term.

From assimilation theory, immigrants who are able to adapt their human capital to the host country labour market would be able to reduce their wage gap with natives. According to previous studies, the assimilation of immigrants into the labour market occurs after a long duration of stay (Anderson, 2015; Edin et al., 2000; Venturini, 2017), leading to an increase in the immigrants' wages and reducing the immigrant-native wage gap. We expect that the wage gap between natives and migrants will be higher at the beginning of the stay of migrants but will decrease in the long term (H2).

Labour market segmentation

While human capital and assimilation theories emphasise the characteristics of migrants, the features of the labour market, particularly institutional factors such as trade unions and collective bargaining, play a crucial role in reducing the immigrant-native wage gap. Labour markets are not perfectly competitive or completely open to immigrants; workers often cannot freely choose jobs based on their preferences and abilities (Leontaridi, 1998). Newly arrived immigrants, lacking specific local skills that are gained through on-the-job training, are likely to enter the secondary segment of the labour market, where opportunities to transition to the primary segment – a pathway to higher wages – are limited.

The secondary segment is often associated with poor, low-status jobs offering lower remuneration. Here, the accumulation of labour market experience and investment in education is limited, posing a risk of immigrants becoming trapped in low-wage

jobs (Doeringer & Piore, 1971; Lindbeck & Snower, 2001; Nelen & De Grip, 2009; Piore & Safford, 2007). Occupational segregation (Fouarge et al., 2012; Lancee & Bol, 2017) reinforces this and can result in ethnically segregated labour markets (Chiswick, 1978; Friedberg, 2000).

For some occupations, education degrees are used to regulate access. There are regulated professional and technical fields that are subject to certain professional competence requirements called job-specific skills. This is the case, for example, if you want to work as a pharmacist, doctor or physiotherapist.

Nonetheless, institutional changes, especially the role of trade unions, can considerably alter this dynamic, as demonstrated in the cleaning industry. This sector, a part of the secondary segment where immigrants, especially sub-Saharan Africans, are well-represented, provides a compelling example of how collective bargaining can reshape labour market outcomes for immigrants (Alberti and Però, 2018; Berntsen, 2016; Doellgast et al., 2018). Confurius et al. (2023) demonstrated that collective agreements negotiated by trade unions were crucial to the inclusiveness of sub-Saharan immigrants in the Netherlands' cleaning industry. Between 2006 and 2012, the ethnic gap in job status between sub-Saharan Africans and other groups diminished, not as a result of individual educational investment but due to collective agreements. These agreements included provisions for vocational training and language lessons extended to temp workers, benefiting sub-Saharan Africans disproportionately.

This underscores the pivotal role of institutions in not only protecting the wages of workers but also in shaping equitable wage-setting policies for a diverse workforce. Consequently, the case of the cleaning industry in the Netherlands suggests that institutional factors and collective actions can significantly influence the employment dynamics within the secondary labour market. This challenges the traditional view of the inevitability of the immigrant-native wage gap in the secondary segment and highlights the importance of examining institutional influences.

Following segmentation theory, we hypothesise the existence of a wage gap between natives and migrants since new migrants are mostly active in the secondary segment (H3). To explore this, we use the cleaning industry as a case study for the secondary segment. However, the cleaning industry's example demonstrates that factors other than migrants' individual characteristics, such as the actions of trade unions and collective agreements, can affect this wage gap.

5.3. Methodology

We used employee micro data from Statistics Netherlands to test our hypotheses. Data on workers' wages are drawn from tax data reported by employers and available through the Social Statistical Database (SSB) of 2012. The database is matched for individuals with data from the municipal population registers, the tax authorities, the social security administration and the labour force survey (LFS). The tax data information contains detailed information on the type of contract, hourly wage, number of worked hours and job tenure. For workers with multiple jobs, we include each job as a separate observation. We rely on the SSB data base for information on socio-demographic characteristics of workers, such as gender, education, date of birth, marital status, place of residence and household composition. This is a unique data set as it contains information about all employed persons in the Netherlands.

For this study we examined the hourly wage of Sub-Saharan immigrants and native Dutch in 2012. The Sub-Saharan population comprises immigrants from Nigeria, Angola, Somalia, Eritrea, Ethiopia, Ghana, Cape Verde, Sudan, Congo (DR), Sierra Leone and South Africa. These are the most represented Sub-Saharan immigrants in the Netherlands. The population comprises those who were employed in 2012 because the collective agreements negotiated by trade unions were covered in that period. Individuals for whom education, contract tenure or job information were unknown were excluded from the selected population. Students and the self-employed were also excluded. The result is a set with about 4,918 Sub-Saharan Africans and about 1,082,581 native Dutch.

Dependent variable

Groot (2010) defines the metric for analysis as "log hourly wages, defined as the natural logarithm of the deflated pre-tax wage divided by the number of hours worked" (p. 4). To ensure that, we apply the following restrictions. First, workers aged 15–64 are included. This corresponds to the official working age group in 2012. Second, the hourly wage should exceed the minimum wage of 2.52 euro in 2012 conforming to Dutch legislation. Third, wages should not exceed twenty times the median wage to avoid an excess impact of extremely high incomes.

Independent variables

The *education level* is coded in three categories: 1) lower education (primary education or less and lower secondary); 2) secondary education (secondary vocational, general and post-secondary); and 3) higher education (college and university). The education level is the highest level of education obtained in the Netherlands. For individuals who

studied abroad, the Dutch credential evaluation information centre (IDW) validates the equivalence of the diploma (Confurius et al., 2019) which is registered in the education administration databank. This databank is included in the SSB database and is regularly updated by information on education from surveys.

Individuals whose information on their education level was missing were excluded from the study. Gender is categorised in a dummy variable. *Age* is included in five age groups: 15–24; 25–34; 35–44; 45–54; and 55–64 years. *Duration of stay* is measured in years since immigration. To control for regional variations, we made an additional differentiation for the *region of residence*. Also *country of origin*, *immigration motive* and *generation* are reported.

We use *age* as a proxy for *experience*, which captures different sources of human capital, job- and industry-specific skills and job seniority (Becker, 1962; Mincer, 1974). We do realise that the years of experience cannot capture all the job-specific skills accumulated. We add *the square of age* to the model to capture a non-linear relationship with the dependent variable as migrants enter the host labour market at different ages.

The *sector* variable is classified to conform with the SBI standard classification for business activities and coded in nine categories: 1) agriculture and manufacturing; 2) wholesale and accommodation; 3) transportation and communication; 4) financial and other support services; 5) temporary agency work; 6) cleaning industry; 7) public administration and education; 8) health and welfare; and 9) other sectors. The *contract tenure* variable includes temporary and permanent contracts.

A critical aspect to consider is the presence of unobserved variables that may not be included in a wage model. When observing a wage gap, it is crucial to recognise that it could be related to these unobserved variables or be indicative of potential discriminatory practices. Variables such as social networks, discrimination in promotions or differences in job assignments that are not explicitly measured can substantially contribute to observed wage differentials. Acknowledging these potential factors is essential for a comprehensive understanding of the complexities surrounding wage gaps in the labour market.

Kitagawa-Blinder-Oaxaca decomposition method

We used the Kitagawa (1955), Oaxaca (1973) and Blinder (1973) decomposition technique to decompose the ethnic hourly wage gap into two components. The aim is to assess the remaining gap after control of individual characteristics and other

relevant variables. The explained portion is due to observable individual characteristics – for example, the gender, sector of activity and unexplained component due to unobserved or unmeasurable endowments. It is interesting to test the relevancy of human capital variables on a new group of immigrants that is mostly composed of first generation. At this stage of their migration, other variables than human capital characteristics such as their duration of stay, might be prominent for their wage setting. Moreover, this technique allows testing whether the same variables included in the wage decomposition are relevant indicators for the hourly wage of both groups.

The standard linear regression Kitagawa-Blinder-Oaxaca of the natives/Sub-Saharan Africans (SSA) wage gap in the average value of the dependent variable can be written:

$$\bar{Y}^N - \bar{Y}^{SSA} = (\bar{X}^N - \bar{X}^{SSA})\bar{\beta}^N + [\bar{X}^{SSA}(\bar{\beta}^N - \bar{\beta}^{SSA})]$$

In this expression, $\bar{X}^j$ is a row vector pf average values of the independent variables such as observable characteristics – and $\bar{\beta}^j$ is a vector of coefficient estimates for the ethnic group j .

N^{ssa} : immigrant sample and N^N : native sample. We assume that $N^B = N^w$; $\bar{Y}$ calculate predicted probabilities in log hourly wage, for each immigrant and native observation.

First, we decompose the wage for both groups in all industries and by duration of stay. Then, we analyse the wage decomposition in the cleaning industry. The results of the estimation of wage differentials using the Kitagawa-Blinder-Oaxaca decomposition technique are shown in Tables 3, 4 and 5.

5.4. The hourly wage gap

We compared the hourly wage between native Dutch and Sub-Saharan Africans in 2012. Tables 1 and 2 show descriptive statistics for natives and Sub-Saharan Africans. On average, Sub-Saharan Africans earn less than natives. In 2012, Sub-Saharan Africans received a mean hourly wage of 18.2 euro. This is 3.1 euro less than natives (15%).

The sector of industry

First the differences across sectors reveal that working in public administration and the financial sector offered the best chance of having the highest wage. In 2012, Sub-Saharan Africans and natives earn almost the same hourly wage, about €26.5, in the financial sector. The lowest wage is in the cleaning industry, transportation and the temp sector with a wage ranging from €12.7 to €16.5. For both groups, workers with a permanent contract earn about 75%–100% more than flexible workers. Half of the Sub-Saharan population is concentrated in the cleaning industry and in the temp sector. These two are the ones with the lowest remuneration. Sub-Saharan Africans in the cleaning industry earn about 12.7 euro an hour while the native Dutch earn about 14.6 euro. This is an hourly wage gap of 1.9 euro (13%).

Individual characteristics

Higher educated Sub-Saharan Africans earn more than the less educated. At the same time, the higher educated Sub-Saharan Africans suffer from a greater wage ratio penalty when comparing to highly educated natives. In 2012, lower-educated immigrants earn about 1.3 euro per hour more than natives while higher educated earn €8.5 less than their native-born peers.

The variation by age is also striking. In the Netherlands, older individuals receive a higher pay rate than younger. Yet, older migrants are not paid as much as natives of the same age category. In the 55–64 age category, the wage ratio is 60%. They earn about 12 euro less than natives while there is no wage difference among the younger, 15–25 years group. One possible explanation could be their duration of stay interferes with their age. Short-term migrants have less experience in the host country labour market while a long duration of stay is positively related to more experience in the host country. Therefore, older migrants with a short duration of residence receive lower wages.

Gender is also a key variable. Men earn more than women, yet the gender gap is higher among women of both ethnic minority groups. Native women earn about 20% more than Sub-Saharan women. Among men, the gap is 11%. The gender pay gap in the Netherlands is often explained by the fact that women more often than men work part-time in sectors with lower remuneration (Meekes and Hassink, 2022; Booth & Van Ours, 2013). Even so, the wage gap between the native-born women and immigrant women is substantial.

The duration of stay

Table 2 also displays the wage ratio by duration of stay and country of origin characteristics. When the first generation is sampled by duration of stay, we find interesting results. First, short-term migrants suffer a wage disadvantage compared to natives. One major finding is that the gap not only decreases with the duration of stay but that Sub-Saharanans almost reach parity after 25 years of residence and then even overtake the native group. For migrants whose stay is shorter than 25 years the wage ratio ranges from 60% to 93%. After 35–30 years of residence, the wage ratio is 102%. Finally, long-term immigrants with a duration of stay longer than 30 years and those having been born in the Netherlands seem to have higher wages. The second generation earns about 7.7 euro per hour more than natives. However, the number of Sub-Saharan Africans of the second generation is small (140 individuals), therefore the results for this group must be considered with some caution.

South Africans receive higher wages than natives, with a wage ratio of 136% in 2012. Their motive of immigration may have favoured their higher wages; several of them might work as expats with privileged remuneration. Due to the dataset, we lack empirical evidence on their position level. At the opposite end, immigrants from Sierra Leone and Ghana have the lowest hourly wages; their wage ratio ranges from 61% to 80%.

Table 1. Pre-tax hourly wage ratio native Dutch and Sub-Saharan Africans, 2012

	Native Dutch		Sub-Saharan Africans		Difference	Wage ratio %
	Population	Mean hourly wage	Population	Mean hourly wage		
	1,082,581	21.3	4,918	18.2	3.1	85
Education						
Lower	315,965	14.3	3,056	15.6	-1.3	109
Secondary	545,090	20.8	1,466	21.9	-1.1	105
Higher	221,526	32.8	396	24.3	8.5	74
Gender						
Man	522,419	21.9	2,533	19.4	2.5	89
Woman	560,162	20.8	2,385	16.8	3.9	81
Age						
15-25	480,941	12.7	154	12.7	0.0	100
25-35	248,690	24.3	1,085	18.0	6.3	74
35-45	154,078	31.3	1,840	18.2	13.1	58

Table 1. (Continued)

	Native Dutch		Sub-Saharan Africans		Difference	Wage ratio %
	Population	Mean hourly wage	Population	Mean hourly wage		
45-55	132,977	30.7	1,558	18.6	12.1	61
55-64	65,895	31.4	281	18.8	12.6	60
Sector of industry						
A-F Agriculture and Manufacturing	135,029	24.4	408	27.1	-2.7	111
G-I Wholesale and retail trade and Accommodation	283,960	13.7	354	18.9	-5.2	138
H-J Transportation information and communication	129,858	16.0	481	15.2	0.8	95
K+N+M Financial institutions; Consultancy, other business support services	120,782	26.8	289	26.4	0.4	99
N18 Cleaning industry	16,357	14.6	1,514	12.7	1.9	87
N52 Temporary work agency	115,343	15.7	1,060	16.5	-0.8	105
O+P Public administration and Education	57,998	35.6	97	37.0	-1.4	104
Q Human health and wellcare	205,247	29.4	703	22.8	6.7	77
R Culture, sports and (99) other service activities	18,007	26.0	12	21.5	4.5	83
Contract type						
Permanent contract	786,383	23.4	3,510	22.1	1.3	94
Flexible contract	296,198	15.8	1,408	12.3	3.5	78

Table 2. Pre-tax hourly wage ratio native Dutch and Sub-Saharan Africans by duration of stay and other country of origin characteristics, 2022

	Native Dutch		Sub-Sahara Africans		Difference	Wage ratio %
	Population	Mean hourly wage	Population	Mean hourly wage		
	1,082,581	21.3	4,918	18.2	3.1	85
Generation						
First generation	.	.	4,778	17.8	3.5	83.8
Second generation	.	.	140	29.0	-7.7	136.3
Duration of stay (first generation)						
<2 years	.	.	38	12.7	8.6	59.5
2-5	.	.	606	14.4	6.9	67.7
5-10	.	.	964	16.4	4.9	76.8
10-15	.	.	1,042	17.4	3.9	81.8
15-20	.	.	783	17.4	3.9	81.7
20-25	.	.	739	19.9	1.4	93.4
25-30	.	.	318	21.7	-0.4	101.9
>30	.	.	288	23.9	-2.6	112.1
Ethnic origin						
South Africa	.	.	304	29.0	-7.7	136.3
Ethiopia	.	.	368	18.7	2.6	87.8
Ghana	.	.	1,247	15.2	6.1	71.4
Angola	.	.	239	16.3	5.1	76.3
Congo	.	.	309	16.9	4.4	79.5
Cape Verde	.	.	983	19.9	1.4	93.4
Nigeria	.	.	385	17.9	3.4	84.0
Somalia	.	.	514	18.4	2.9	86.6
Sierra Leone	.	.	322	16.1	5.2	75.8
Sudan	.	.	188	17.7	3.6	83.1
Eritrea	.	.	59	18.3	3.0	85.8
Immigration motive						
Family reunification	.	.	1,229	15.2	6.1	71.2
Asylum seeker/ refugee	.	.	879	16.1	5.2	75.6
Economic migrant	.	.	148	20.6	0.7	96.5
Student, au pair	.	.	102	18.0	3.3	84.5
Other	.	.	89	14.1	7.2	66.0
Motive unknown	.	.	2,331	19.9	1.4	93.4

5.5. Decomposition of the hourly wage

We decompose the gap into an explained and unexplained gap with the Kitagawa-Blinder-Oaxaca decomposition method. The results of the estimation of wage differentials using the Kitagawa-Blinder-Oaxaca decomposition technique are illustrated in Tables 3, 4 and 5.

Sub-Saharan Africans and native Dutch

After controlling for human capital and job characteristics, the wage gap between both groups decreases from 15% (3.1 euro) to 5% (1.05 euro) (coef. 0.055), but it does not totally disappear. However, it is important to note that this remaining gap is relatively small when compared to disparities found in earlier research focused on Sub-Saharan Africans. In contrast, empirical studies from the United States reveal that African immigrants, even those with high educational qualifications, continue to encounter substantial racial wage gaps. Research by Epstein and Siniver (2012), Tesfai and Saabneh (2023) and Anderson and Connor (2018) supports this finding. Furthermore, Corra and Kimuna (2009) observed that high education does not necessarily translate to high earnings for African immigrants in the US.

An exception to this trend is noted among certain groups. Specifically, white African men and English-speaking African immigrants, such as those from South Africa, often report higher earnings compared to men from other selected African countries, as highlighted in the study by Kollehlon and Eule (2003).

Table 3 reveals a logarithm of the hourly wage gap (coef. 0.055) between natives and Sub-Saharan Africans. The gap is fully explained by endowments (coef. 0.054). Education and age are by far the major factors explaining the gap. Education contributes an estimated -0.109 to the explanation of the wage gap and age an estimated 1.13. While lower education of the immigrant group is the major cause of the hourly wage penalty of this group, the region of residence to a lesser extent plays a favourable role to the sub-Saharan African immigrants.

The positive effect of age and the negative effect of age squared mean that as immigrants get older, a higher age seems to play in favour of their wages, which is in line with human capital theory that states that the higher age facilitates acquisition of professional knowledge. Having a permanent or a flexible contract (coef. -0.001) has no major impact on the hourly wage penalty of the immigrant group; the coefficient is not highly significant. This means that permanent workers among both groups earn almost the same when all individual characteristics are controlled for.

Our results display that the conventional human capital model does account for much of the disparity in hourly wage between Sub-Saharan Africans and the native Dutch. This contrasts with a previous study among Sub-Saharan Africans. In 2018, Confurius and colleagues revealed that only a minor part of the variations in job participation between the native Dutch and Sub-Saharan Africans were explained by the conventional human capital model. Even when all variables were included in the analysis, the human capital model explained only 9% of the gap.

The limited hourly gap between both groups can also be the result of selectivity bias. We observed only those who have jobs. Unobserved factors that are not correlated with wages can affect the likelihood of being employed and therefore be included in the wage data. This is known as selectivity bias. To control whether we face a selectivity issue, we reweighed the data on the inversed probability of being in the data. To that end, we applied the inverse probability weighting (IPW) method. By doing so, groups that have a lower likelihood of being observed in the data get a higher weight in the results.

Appendix 5.1 displays the estimation of the difference in wages using the IPW method and the Kitagawa-Blinder-Oaxaca decomposition method. The outcomes show no major wage difference between both methods. The difference in hourly wage between both methods is barely 0.03 euro. This means that in the case of selectivity bias, both methods capture this effect quite well.

Duration of stay

For the decomposition, the first generation group is grouped by duration of stay (Table 4). The results reveal that the wage gap sharply decreases after control of the variables in the model. Among the first generation, the wage gap decreases almost by three from 3.5 euro to 1.07 euro (coef. 0.066).

The analysis of the first generation shows that the hourly wage gap with the Dutch natives is fully explained by the variables in the model. The low education level is the main explanatory variable for the disadvantage of the first generation group. The sector of industry and the region of residence narrows the gap. Their coefficients are, respectively, -0.040 and -0.026.

Regarding the duration of stay, the wage gap between natives and migrants varies from 1.14 euro among migrants with a duration of stay shorter than 15 years (coef. 0.129) to 0.89 euro (coef. -0.113) in the advantage of migrants residing longer than

25 years. For immigrants with a stay of 12–25 years, the wage difference is only 1.03 euro (coef. 0.306).

With respect to assimilation theory, we expected that the wage gap between natives and migrants will be higher at the beginning of the stay of migrants but will decrease in the long term (H2). However, the decomposition partly confirms our hypothesis because after a long duration of stay, wages earned by Sub-Saharan immigrants catch up with those of natives and even overtake natives with only 0.89 euro (Table 4). The fact that Sub-Saharan immigrants after a long duration earn more than natives is quite intriguing.

The hourly wage of immigrants benefits from a longer duration of stay. The decrease of the gap with the duration of stay supports the importance in skills accumulation for the wage setting. Besides human capital variables included in the model, control of the local language, reflected in by the duration of stay, probably enhances the likelihood of having higher wages.

Also interesting is that the low level of education playing to the disadvantage of the immigrant group is, though, tempered by their sector of industry. Among immigrants with a duration of stay shorter than 15 years, education plays the major role in explaining the gap (coef. 0.163), but the sector of activity plays a favourable role in reducing the gap (coef. -0.485). We will return to that point in the next section.

The cleaning industry

Table 5 displays the decomposition of the hourly wage gap between workers in the cleaning industry. After control of human capital and other variables, the wage gap in 2012 decreases from 13% (1.9 euro) to 2.7% (coef. -0.146). This is about 0.89 euro an hour in the disadvantage of sub-Saharan Africans.

We hypothesised the existence of a wage gap between natives and migrants because new migrants are mostly active in the secondary segment. The presence of a wage gap confirms this hypothesis. But the level of the gap, slightly 2.7%, is quite negligible compared to the gap found for all sectors (5.5%), and among other ethnic groups (Jongen et al., 2020; Lancee and Bol, 2015; Gheasi et al., 2017). Another remarkable finding is that about 77% of the gap is explained by endowments (coef. 0.113). Education, age and age squared are by far the main factors explaining the gap. They contribute an estimated -0.026 to 0.399 to the explanation of the gap. This means that human capital variables do account for the majority of the wage gap in the cleaning industry. This high return on endowments is interesting. In the previous section, we

found that the sector of activity plays a favourable role in reducing the gap between natives and the immigrant group. The majority of immigrants work in the cleaning industry. Considering the fair practices in the cleaning industry, it appears that training and language provisions negotiated by unions may have played a role in narrowing the wage gap between the migrant group and natives.

Table 3. Wage decomposition components: Sub-Saharan African and Native Dutch, 2012

	Regr. Coef.	Stand. errors	Z	Significance
Dutch Natives N=1,082,581	2.758	0.007	3971.94	***
Sub-Saharan Africans N=4,918	2.702	0.008	351.48	***
Wage Differentials	0.055	0.008	7.140	***
Endowments	-0.281	0.003	76.36	***
Endowments				
<i>Education</i>	-0.109	0.002	-48.85	***
<i>Gender</i>	0.003	0.001	4.540	***
<i>Age squared</i>	-0.773	0.012	-62.63	***
<i>Age</i>	1.130	0.001	80.19	***
<i>Contract tenure</i>	-0.001	0.001	23.36	*
<i>Sector of industry</i>	0.023	0.001	-1.96	***
<i>Region of residence</i>	0.007	0.001	10.62	***
<i>Number of Children</i>	0.001	0.000	4.51	***
<i>Household composition</i>	0.000	0.000	4.41	***
Unexplained	-0.337	0.007	-43.41	***
<i>Education</i>	-0.059	0.036	-3.10	***
<i>Gender</i>	-0.070	0.024	-2.86	***
<i>Age squared</i>	1.638	0.145	11.30	***
<i>Age</i>	-3.354	0.272	-13.05	***
<i>Contract tenure</i>	-0.121	0.021	-5.78	***
<i>Sector of industry</i>	0.019	0.004	4.05	***
<i>Region of residence</i>	-0.020	0.011	-1.73	*
<i>Number of Children</i>	0.028	0.020	1.41	Not sig.
<i>Household composition</i>	-0.005	0.016	-0.31	Not sig.
Constant	1.807	0.128	14.08	***

‘***’, ‘**’, and ‘*’ denotes that difference is significantly different from zero at the 1, 5 and 10% levels.

Table 4. Kitagawa-Blinder-Oaxaca wage decomposition of Native Dutch and Sub-Saharan Africans by duration of stay

	First generation N =4,778				Duration of stay< 15 years N= 2,650			
	Regression coef.	Standards errors	Contribution to the gap %	Sig.	Regression coef.	Standards errors	Contribution %	Sig.
Native Dutch N=1,802,581	2.758	0.001		***	2.758	0.001		***
Sub-Saharan Africans	2.691	0.008		***	2.629	0.000		***
Wage Differentials	0.066	0.008		***	0.121	0.009		***
Explained	0.070	0.004	106%	***	0.067	0.005	53%	***
Explained								
<i>Gender</i>	-0.005	0.001	-8	***	-0.001		-1	***
<i>Education</i>	0.162	0.003	245	***	0.163		128	***
<i>Contract tenure</i>	0.004	0.001	6	*	0.020	.	16	*
<i>Sector of industry</i>	-0.044	0.001	-66	***	-0.048	.	-38	***
<i>Region of residence</i>	-0.022	0.000	-34	***	-0.025	.	-20	*
<i>Number of Children</i>	-0.018	0.001	-28	***	-0.032	.	-26	*
<i>Household composition</i>	0.002	0.000	4	***	0.001	.	1	not sig
Unexplained	-0.004	0.008		Not sig.	0.060	0.010	47%	***.
<i>Gender</i>	0.004	0.030		***	-0.080	0.030		***
<i>Education</i>	0.230	0.024		***	0.266	0.024		***
<i>Permanent contract</i>	-0.067	0.007		***	-0.010	0.008		***
<i>Sector of industry</i>	0.275	0.027		***	0.261	0.027		***
<i>Region of residence</i>	0.001	0.014		Not sig.	0.027	0.014		*
<i>Number of Children</i>	-0.235	0.025		***	0.027	0.025		***
<i>Household composition</i>	-0.280	0.019		***	-0.079	0.019		***
Constant	-0.280	0.043		***	-0.183	0.043		***

'***', '**', and '*' denotes that difference is significantly different from zero at the 1, 5 and 10% levels.

Duration of stay 15-25 years N=1,522				Duration of stay >25 years N=606			
Regression coef.	Standards errors	Contribution %	Sig.	Regression coef.	Standards errors	Contribution %	Significance
2.758	0.001		***	2.758	0.001		***
2.727	0.014		***	2.871	0.025		***
0.031	0.014		*	-0.114	0.025		***
0.084	0.007	641%	***	0.049	0.012	-43%	***
-0.002	0.019	.	***	0.007	0.003	-6	*
0.171	0.005	.	***	0.139	0.009	-122	***
-0.011	0.003	.	***	-0.030	0.004	26	***
-0.041	0.003	.	***	-0.318	0.005	280	***
-0.027	0.001	.	***	-0.021	0.001	19	***
-0.001	0.002	.	Not. sig	-0.004	0.003	3	Not sig.
0.006	0.001		***	-0.002	0.001	2	**
-0.053	0.014	.	***	-0.163	0.024	-57%	***
0.092	0.045	-	*	0.175			**
0.231	0.363		***	0.167			**
-0.047	0.007		*	-0.025			***
0.030	0.036		***	0.195			***
-0.037	0.023		Not sig.	-0.001			Not. Sig.
-0.269	0.039		***	-0.054			Not sig.
0.079	0.030		***	0.060		-	not sig
-0.400	0.076		***	-0.673			***

Table 5. Kitagawa-Blinder-Oaxaca wage decomposition of Native Dutch and Sub-Saharan Africans in the cleaning industry, 2012

	N _{Sub-Saharan} = 1,514 N _{Natives} = 16,357			
	Regression coef.	Standards errors	Contribution %	Significance
Sub-Saharan Africans	2.419	0.012		***
Dutch natives	2.565	0.003		***
Wage Differentials	-0.146	0.013		***
Explained	0.113	0.005	77%	***
Explained				
<i>Education</i>	-0.027	0.002		***
<i>Gender</i>	0.005	0.002		***
<i>Age squared</i>	-0.271	0.015		***
<i>Age</i>	0.399	0.017		***
<i>Contract tenure</i>	-0.000	0.000	.	Not sig.
<i>Region of residence</i>	0.005	0.003		Not sig.
<i>Number of Children</i>	0.002	0.000		***
<i>Household composition</i>	0.000	0.000		Not sig.
Unexplained	-0.259	0.005	23%	***
Constant	0.707	0.284		*

'***', '**', and '*' denotes that difference is significantly different from zero at the 1, 5 and 10% levels.

5.6. Discussion and conclusion

This paper is the first to address the hourly wage gap and differences in return on individual characteristics between sub-Saharan Africans and Dutch natives. After controlling for human capital and job characteristics with the Kitagawa-Blinder-Oaxaca decomposition model, the study reveals an hourly wage gap of 5% in 2012, to the disadvantage of Sub-Saharan Africans. The existence of a wage gap supports our main hypothesis.

The main explanation of this small gap is the returns of human capital and individual characteristics. A remarkable finding is that human capital variables account for much of the wage gap, while in a previous study among the same group of immigrants (Confurius et al., 2019), the explanatory power of these variables appears to be rather poor to explain their labour market attainment: only 10% of the gap was explained. Lower education obtained in the Netherlands or registered according to the Dutch education system is by far the major factor explaining the hourly wage penalty for this group. This is in line with human capital theory (H1) and supports the importance of education as the main component of wage payment.

Besides human capital, the duration of stay is relevant to explaining the gap. With respect to assimilation theory, we expected that the wage gap between natives and migrants would be higher at the beginning of their stay but would decrease in the long term (H2). Our outcomes support this hypothesis, showing that after control of human capital, the gap decreases from 1.19 euro for immigrants with a duration of stay shorter than 15 years to 0.89 euro when the duration of stay is longer than 25 years. This unexpected outcome is not in line with previous studies that have presented the persistence of a wage gap in the disadvantage of 'old' migrants, such as Turkish and Antillean migrants in the Netherlands (Jongen et al., 2020; Lancee & Bol, 2017; Gheasi et al., 2017). According to Dagevos et al. (1996) and Niesing and Veenman (1990), this discrepancy might be due to the Netherlands' distinctive institutional environment and its strong anti-discrimination laws. It is noteworthy that, unlike in the Netherlands, no parities in wages has been found in countries such as France, Spain, Canada and the US (Tesfai, 2021; 2019; Anderson & Connor, 2018; Okeke-Ihejirika et al., 2020), where Sub-Saharan Africans face notable wage discrimination.

In particular, the high returns on human capital of immigrants might be associated with their school-to-work pathway. In the view of Bol and colleagues (2019), a good occupational match with the following education provides high-paying jobs in countries where occupation and credential are highly linked. At the same time, in

such countries, the wage disadvantage is even higher in cases of mismatch. In an institutional environment, such as the Dutch one, that provides a school-to-work pathway, the premium wage of the long-term immigrant group might be because they probably occupy jobs that well match their educational level and field of study. Moreover, the job structure in the Netherlands aims to minimise unequal treatment, adhering to meritocratic principles upheld through collective agreements. As a result, it is possible to interpret the Netherlands' successful assimilation of long-term Sub-Saharan immigrants due to sustained institutional support for occupational and educational alignment.

Nonetheless, the persistence of this small wage gap among migrants could be attributed to unaccounted-for characteristics, such as those not incorporated into our model. Factors extending beyond formal education influence wage determinations. Regrettably, the datasets at our disposal were not explicitly designed for this investigation, which means certain economic and socio-economic variables, including job position or proficiency in Dutch, were omitted. According to Gutman and Schoon (2013) and Lancee and Bol (2017), intangible factors, such as non-cognitive skills like motivation and teamwork or cognitive skills like abstract reasoning, also play a role in the wage anomaly. Another explanation is indirect wage discrimination, as put forth by Dagevos and Veenman (1996), which emphasises the plight of migrants, particularly the first generation, who struggle with the underemployment of their educational backgrounds and skill sets. This predicament compels migrants to assume positions beneath their skill level rather than face unemployment – a situation that is particularly relevant for Sub-Saharan Africans, a relatively new migrant category facing considerable unemployment rates in the Netherlands.

Indirect wage discrimination also stems from credentialism (Collins, 1979; van de Werfhorst, 2011), a phenomenon where the recognition and valuation of foreign qualifications are fraught with challenges. Such underemployment, where individuals' skills and qualifications are underutilised, contributes to lower wages and is further exacerbated by the principle of social closure, which aims to restrict the labour supply and augment wages for insiders, as discussed by Weeden (2002).

Our final hypothesis (H3) addresses segmentation theory. We hypothesised the existence of a wage gap between natives and migrants since new migrants are mostly active in the secondary segment. To explore this, we used the cleaning industry as a case study for the secondary segment. This sector, particularly between 2006 and 2012, has seen significant impacts from social policies, resulting in comparable job opportunities for Sub-Saharan immigrants and natives. Contrary to the expectations

set by segmentation theory, the wage difference in the cleaning sector is minimal, at only 3%, and is lower than expected, given that the secondary labour market is cited in the literature as one of the primary explanations for the lower wages of immigrants (Cantalini et al., 2022; Reyneri & Fullin, 2011).

This finding highlights the role of union involvement in mitigating marginalisation within the flexible labour segment. The strategies implemented by unions are twofold: addressing labour market segmentation and enhancing human capital through training and language courses. These efforts have notably shifted Sub-Saharan Africans from precarious jobs to more stable positions (Confurius et al., 2023), leading to an almost equal hourly wage. While language programmes alone may not directly increase earnings, as observed in Norway and Denmark (Anderson, 2015; Hayfron, 2001), they contribute to skill development. Combined with employment, this skill development helps maintain wage levels. Furthermore, recent research by Gathmann and Garbers (2023) indicates that acquiring citizenship enhances bargaining power, expands job opportunities and boosts earnings. Further research examining the impact of citizenship status on the labour market outcomes of migrants would provide valuable insights into the mechanisms driving wage disparities.

In conclusion, this research demonstrates the crucial role that institutions play for workers who have already secured a position. After overcoming the initial challenges of job market entry, Sub-Saharan Africans achieve earnings comparable to their native counterparts. The influence of institutions is evident as policies enforce the principle of 'equal pay for equal work' through regulatory measures, including collective labour agreements (CAOs) and minimum wages.

Appendices

Appendix 5.1

Estimators of the wage gap: IPW vs. Kitagawa-Blinder-Oaxaca, Sub-Saharan Africans and Native Dutch, 2012

	IPW (Inverse Probability Weights) estimators : Average treatment effect (ATET)			<u>Kitagawa-Blinder-Oaxaca</u>	
	No explanatory variables	includes the set of explanatory variables (+)		includes the set of explanatory variables (+)	
	Regr. Coef.	Regr. Coef.	Significance	Regr. Coef.	Significance
Dutch Natives N=1,082,581	2.758 (0.001)	2.759 (0.001)	***	2.758 (0.007)	***
Sub-Saharan Africans N=4,918	2.703 (0.007)	2.726 (0.025)	***	2.702 (0.008)	***
Wage Differentials -	0.055 (0.008)	0.032 (0.026)	***	0.055 (0.008)	***
Difference in €	€1.06	€1.03		€1.06	

All propensity scores follow a logistic link function. Panel (a) presents results for the Average Treatment Effect for the overall population, whereas panel (b) presents the analogous results with the Kitagawa-Blinder-Oaxaca decomposition.

(+) The endowments variables in hourly analysis are: Education, Gender, Age squared, Age, Contract tenure, Sector of industry, Region of residence, Number of Children. Outcome: Ln hourly wage.

'***', '**', and '*' denotes that difference is significantly different from zero at the 1, 5 and 10% levels.

Standard errors (in parentheses) allow for arbitrary patterns of heteroscedasticity and dependence across units residing in the same household at baseline.

Appendix 5.2.

Wage decomposition components: Sub-Saharan Africans (excl. South Africans) and Native Dutch, 2012

	Regr. Coef.	Stand. errors	Z	Significance
Dutch Natives N=1,082,581	2.758	0.007	3971.94	***
Sub-Saharan Africans (excl. South Africans) N=4,614	2.676	0.008	348.42	***
Wage Differentials	0.081	0.008	10.58	***
Endowments	-0.171	0.004	-36.89	***
Endowments				
<i>Education</i>	0.156	0.003	53.71	***
<i>Gender</i>	-0.004	0.008	-5.12	***
<i>Age squared</i>	0.128	0.002	49.42	***
<i>Age</i>	-0.380	0.005	-73.67	***
<i>Contract tenure</i>	0.003	0.001	2.82	***
<i>Sector of industry</i>	-0.027	0.001	-23.72	***
<i>Region of residence</i>	-0.036	0.001	-49.27	***
<i>Number of Children</i>	-0.006	0.000	-14.26	***
<i>Household composition</i>	-0.002	0.000	-5.72	***
Unexplained	0.258	0.009	30.79	***
<i>Education</i>	0.218	0.019	11.25	***
<i>Gender</i>	0.059	0.024	2.45	**
<i>Age squared</i>	-0.448	0.106	-4.19	***
<i>Age</i>	1.286	0.113	11.32	***
<i>Contract tenure</i>	-0.036	0.021	-7.47	***
<i>Sector of industry</i>	0.142	0.004	6.50	***
<i>Region of residence</i>	0.000	0.012	0.04	Not sig
<i>Number of Children</i>	-0.108	0.020	-5.35	***
<i>Household composition</i>	0.039	0.016	2.42	*
Constant	-0.903	0.501	-18.01	***

‘***’, ‘**’, and ‘*’ denotes that difference is significantly different from zero at the 1, 5 and 10% levels.

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A.

Appendices



Co-authorship and Publications

Chapter 2 is co-authored by Ruben Gowricharn and Jaco Dagevos and is published as Confurius, D., R. Gowricharn, and J. Dagevos. 2019. "Labour Market Participation of Sub-Saharan Africans in the Netherlands: The Limits of the Human Capital Approach." *Journal of Ethnic and Migration Studies* 45(13): 2328–2347. Diane Confurius developed the concept, wrote the article, and carried out the empirical analysis. Dagevos and Gowricharn provided supervision for the manuscript.

Chapter 3 is co-authored by Herman van de Werfhorst, Jaco Dagevos, and Ruben Gowricharn. This chapter is scheduled for submission to an international peer-reviewed journal as: Confurius, Diane, Herman van de Werfhorst, Jaco Dagevos, and Ruben Gowricharn, "Does the Country of Origin Matter? Accounting for labour market disparities among Sub-Saharan Africans in the Netherlands." Diane Confurius conceptualised, wrote the article, and conducted the empirical analysis. Dagevos, Gowricharn, and Van de Werfhorst assisted in the conceptualization of the chapter and contributed to the manuscript.

Chapter 4 is co-authored by Herman van de Werfhorst, Jaco Dagevos, and Ruben Gowricharn and is published as Confurius, Diane, Herman van de Werfhorst, Jaco Dagevos, and Ruben Gowricharn. 2023. "Flexible Labour Market and Trade Unions: Surprising Career Paths of Dutch Sub-Saharan Africans." *British Journal of Industrial Relations* 61(2):336–65. A summary of this paper has been published in Dutch as: Confurius, D. (2023). "Sub-Sahara Afrikanen in de Nederlandse Schoonmaakindustrie: Een Succesverhaal van Vakbondsbetrokkenheid." *Tijdschrift voor Arbeidsvraagstukken*, 39(2), 284–286. Diane Confurius conceptualised, wrote the article, and conducted the empirical analysis. Dagevos, Gowricharn, and Van de Werfhorst assisted in the conceptualization of the chapter and contributed to the manuscript.

Chapter 5 is based on a single-authored article. This chapter is scheduled for submission to an international peer-reviewed journal as: Diane Confurius, "Exploring Hourly Wage Disparities: A Study of Sub-Saharan African Immigrants in the Dutch Labour Market."

Summary

Breaking Barriers:

The Labour Market Position of Sub-Saharan Africans in the Netherlands

In Western societies, disparities in occupational attainment between native populations and immigrants persist, despite the principle of fostering equal opportunities, which is bolstered by the concept of rational selection in the labour market. There is a significant gap concerning human capital, labour attainment, job quality, income, and employment prospects, although extensive disparities exist between groups. Sub-Saharan Africans, a rapidly growing group nearly as large as migrants from Suriname and former Dutch colonies, face considerable challenges in the Dutch labour market, with approximately 300,000 individuals in 2023.

Despite the growing number of Sub-Saharan African immigrants in the Netherlands, information on their integration remains limited. This group faces low labour market participation and a strong dependence on social assistance, yet there is a lack of quantitative data on their labour market position. Existing studies on their labour market outcomes are outdated or insufficiently detailed, leaving the specific challenges facing Sub-Saharan Africans underexplored.

This study aims to investigate the disparities in labour market outcomes between Sub-Saharan Africans and native Dutch. Additionally, it seeks to explain variations in employment, wages, and contract types among Sub-Saharan Africans in the Netherlands from 2006 to 2012. The sub-Saharan countries considered include Nigeria, Angola, Somalia, Eritrea, Ethiopia, Ghana, Cape Verde, Sudan, the Democratic Republic of Congo (DRC), Sierra Leone, and South Africa. The central question addressed is: How can the labour market position of Sub-Saharan Africans be characterised in terms of employment, contract type, and earnings compared to native Dutch individuals, and how can the presence or absence of a gap between these groups be explained?

The outcomes provided critical insights into the complexities of Sub-Saharan Africans' integration into the labour market. Chapter 2 explores the extent to which human capital factors contribute to disparities in labour market attainment. The findings show a 53% employment gap disadvantaging the migrant group, with 90% of the difference unexplained by human capital variables. Sub-Saharan groups showed significant differences, with Cape Verdeans and South Africans deviating the least from native Dutch, Ghanaians occupying an intermediate position, and Somalis, Eritreans, Congolese, Sudanese, and Sierra Leoneans in the worst position.

Chapter 3 investigates the impact of country of origin and legal status on employment differences among first-generation Sub-Saharan immigrants. The study found that job attainment largely depends on legal status rather than human capital or country-of-origin characteristics. Asylum status hinders labour market integration due to prolonged stays in reception centres and mandatory integration programmes, whereas labour migrants often have job prospects upon arrival.

Chapter 4 examines the existence of an ethnic gap in flexible contracts between native Dutch individuals and Sub-Saharan African immigrants from 2006 to 2012. Contrary to expectations, the expected ethnic gap in job status disappeared, with an increase in permanent contracts and a shift towards the cleaning industry. This inclusive trend is attributed to union actions in the cleaning industry, which result in better prospects for permanent contracts for Sub-Saharan Africans.

Chapter 5 addresses hourly wage disparities between Sub-Saharan African immigrants and native Dutch individuals. The analysis reveals a 5% wage gap after controlling for human capital and job characteristics, with lower education among Sub-Saharan immigrants being the primary factor. South Africans, however, earn more than the average hourly rate of native Dutch individuals.

Sub-Saharan African immigrants face persistent employment disadvantages, yet there is convergence in hourly wages and contract tenure between natives and the immigrant group. This study underscores the importance of considering legal status and institutional factors, as a simple focus on human capital is insufficient. Legal status and union actions play a crucial role in labour market integration, particularly in sectors like cleaning, where collective agreements have led to positive outcomes.

This research highlights the need for policies that enforce 'equal pay for equal work' through collective labour agreements and minimum wages. Universal policies with favourable consequences for everyone enhance manageability in fighting against disadvantage and exclusion. The Dutch labour market presents significant entry barriers, akin to a fortified castle. Legal status is a critical factor in labour market access, and policy attention is required to address hindrances such as prolonged asylum procedures and foreign diploma recognition.

In essence, breaking barriers involves navigating complex policies and regulations governing entry into the Dutch labour market. Institutions play a key role in facilitating migrants' integration and ensuring equal opportunities for all.

Nederlandse Samenvatting

Barrières doorbreken:

De arbeidsmarktpositie van Sub-Sahara Afrikanen in Nederland

Het principe van gelijke kansen, dat versterkt wordt door het idee van meritocratische selectie op de arbeidsmarkt, stelt gelijke arbeidsprestaties tussen groepen. Toch blijft in westerse samenlevingen het verschil in arbeidsprestaties tussen mensen zonder migratieachtergrond en immigranten een aanhoudende zorg. Er bestaat een kloof in termen van menselijk kapitaal, arbeidsprestaties, kwaliteit van banen, inkomen en vooruitzichten, hoewel er aanzienlijke verschillen kunnen zijn tussen verschillende groepen immigranten. Vooral de Sub-Sahara Afrikanen, een snel groeiende groep van ongeveer 300 duizend in 2023 die bijna even groot is als migranten uit Suriname en de voormalige Nederlandse koloniën, ervaren grote uitdagingen op de Nederlandse arbeidsmarkt.

Ondanks het grote groeiende aantal immigranten uit de Sub-Sahara in Nederland, ontbreekt het aan informatie over hun integratie. Deze groep heeft te maken met een lage arbeidsmarktparticipatie en een sterke afhankelijkheid van sociale bijstand. Er is een gebrek aan kwantitatieve gegevens over hun arbeidsmarktpositie in Nederland en de meeste studies hierover zijn verouderd of onvoldoende gedetailleerd, waardoor hun huidige specifieke uitdagingen op de arbeidsmarkt onderbelicht blijven.

Het doel van deze studie is om de verschillen betreffende arbeidsmarktpositie tussen Sub-Sahara Afrikanen en Nederlanders zonder migratieachtergrond te onderzoeken. Daarnaast streeft het onderzoek ernaar om ook binnen de groep Sub-Sahara Afrikanen verschillen in het hebben van een baan, lonen en type contract te verklaren gedurende de periode 2006-2012. De Sub-Sahara Afrikaanse landen die in deze studie worden beschouwd zijn Nigeria, Angola, Somalië, Eritrea, Ethiopië, Ghana, Kaapverdië, Soedan, de Democratische Republiek Congo (DRC), Sierra Leone en Zuid-Afrika. Deze studie dient de centrale vraag te beantwoorden: Hoe kan de arbeidsmarktpositie van Sub-Sahara Afrikanen worden gekarakteriseerd in termen van werkgelegenheid, contracttype en inkomsten in vergelijking met Nederlanders zonder migratieachtergrond en hoe kunnen deze verschillen worden verklaard?

In deze studie zijn cruciale inzichten verkregen in de complexiteit van de integratie van Sub-Sahara immigranten op de arbeidsmarkt. De eerste deelvraag, behandeld in Hoofdstuk 2, streeft ernaar te begrijpen in hoeverre factoren van menselijk kapitaal bijdragen aan de verschillen in de positie op de arbeidsmarkt tussen Nederlanders zonder migratieachtergrond en Sub-Sahara Afrikanen. De resultaten tonen een

verschil in het hebben van een baan van 53% in het nadeel van de migrantengroep. De verklarende variabelen laten een verbazingwekkende 90% van het verschil onverklaard. De uitkomsten laten ook grote verschillen zien tussen de Sub-Sahara groepen onderling, waarbij Kaapverdianen en Zuid-Afrikanen het minst afwijken van Nederlanders zonder migratieachtergrond. Ghanezen nemen een tussenpositie in, terwijl Somaliërs, Eritreeërs, Congolezen, Soedanezen en Sierra Leonen de slechtste positie hebben. De bevoorrechte positie van Zuid-Afrikanen specifiek onder blanke Zuid-Afrikanen wordt in de VS gevonden.

Het gebruikelijke model van menselijk kapitaal geeft geen goede verklaring voor het verschil tussen Sub-Sahara Afrikanen en de Nederlanders zonder migratie achtergrond, zelfs niet wanneer taalvaardigheden als een extra variabele worden toegevoegd. Daarom heb ik in Hoofdstuk 3 gekeken naar de effecten van land van herkomst, verblijfsstatus en opleidingsniveau, en beantwoordde ik de tweede deelvraag: in hoeverre dragen kenmerken van het land van herkomst en de verblijfsstatus bij aan het verklaren van verschillen in het hebben van een baan onder migranten van de eerste generatie uit Sub-Sahara Afrika in Nederland.

De belangrijkste bevinding van dit hoofdstuk is dat het verkrijgen van een baan op de Nederlandse arbeidsmarkt voor deze groep grotendeels afhankelijk is van hun verblijfsstatus en niet van kenmerken van menselijk kapitaal of van het land van herkomst. De asielstatus van migranten voorkomt hun integratie in de arbeidsmarkt. Dit komt voornamelijk door het langdurige verblijven in opvangcentra en de verplichting om een integratieprogramma te volgen. Beide factoren vormen obstakels voor de deelname van asielzoekende migranten aan de arbeidsmarkt. Daarentegen, arbeidsmigranten komen naar Nederland voor werk en hebben vaak al bij aankomst een baan in het vooruitzicht.

Hoofdstuk 4 onderzoekt door middel van de derde deelvraag het bestaan van een verschil in flexibele contracten tussen Nederlanders zonder migratieachtergrond en Sub-Sahara immigranten tussen 2006 en 2012. Er wordt ook bekeken of de in de schoonmaakindustrie cao's enige invloed hebben gehad op het verschil in type arbeidscontract tussen Nederlanders zonder migratieachtergrond en Sub-Sahara immigranten. De schoonmaaksector werd nauwkeurig onderzocht vanwege de aanname dat het een typisch secundaire sector is, bestempeld als een 'DDD' (dirty, dangerous and demanding) sector, met een hoge kans op het aanbieden van flexibele contracten voor migranten. Toch is dit, in tegenstelling tot de verwachtingen, niet het geval dankzij succesvolle vakbondsacties.

Deze studie vond, vrij verrassend en in tegenstelling tot wat verschillende theorieën voorspellen, dat de etnische kloof in type contracten tussen de twee groepen in de zes jaar tussen 2006 en 2012 verdween. De studie toonde niet alleen een toename van permanente contracten voor de Sub-Sahara immigranten aan, maar liet ook een verschuiving tussen sectoren zien en dan met name van de uitzendbranche naar de schoonmaakindustrie. Veel Sub-Sahara Afrikanen hebben hun flexibele contracten met succes omgezet in vaste contracten, waardoor ze in 2012 Nederlanders zonder migratieachtergrond hebben ingehaald.

Bovendien is er een nieuw theoretisch inzicht dat deze inclusieve trend niet het resultaat is van individuele investeringen in opleiding, maar van de acties van vakbonden in de schoonmaakindustrie. De analyse van wettelijke regelingen onthulde dat door vakbonden onderhandelde collectieve arbeidsovereenkomsten, waarvan ook tijdelijke werknemers profiteren, een opmerkelijke rol speelden in de inclusie van Sub-Sahara immigranten. Door de hoge vertegenwoordiging van Sub-Sahara Afrikanen in de industrie, profiteerden zij onevenredig veel van deze onderhandelde arbeidsovereenkomsten - een fenomeen dat ik 'het numerieke effect' heb genoemd. Sociale dialoog resulteerde ook in voorzieningen die de inzetbaarheid van de werknemers ondersteunden door middel van beroepsopleidingen en taallessen.

Tot slot richtte de analyse zich op loonverschillen, een aanhoudende uitdaging bij de integratie van migranten. Hoofdstuk 5 focust op de loonverschillen tussen Sub-Sahara Afrikaanse immigranten in Nederland en beantwoordt de laatste deelvraag: In hoeverre verklaart menselijk kapitaal het verschil in uurloon tussen Sub-Sahara Afrikanen en Nederlanders zonder migratieachtergrond? De analyse wijst op een loonkloof van 5% na controle van variabelen van menselijk kapitaal en baankenmerken. Een lagere opleiding onder Sub-Sahara immigranten blijkt de primaire factor die hun loonnadeel verklaart. Ook interessant is dat Zuid-Afrikanen in het algemeen meer verdienen en een hoger gemiddelde uurloon hebben dan Nederlanders zonder migratieachtergrond.

Samengevat, Sub-Sahara immigranten worden geconfronteerd met een aanhoudend slechtere positie betreffende werkgelegenheid. De studie toont aan dat er een convergentie is in uurloon en contractduur tussen Nederlanders zonder migratieachtergrond en de immigrantengroep, maar laat ook zien dat er aanzienlijke uitdagingen blijven bestaan. Een simpele focus op menselijk kapitaal is niet voldoende om verschillen te verklaren; institutionele factoren zoals verblijfsstatus en vakbondsacties spelen een cruciale rol. Langdurige asielprocedures en gebrek aan erkenning van buitenlandse diploma's blijven grote obstakels.

Naast individuele investeringen in menselijk kapitaal kan collectieve investering in opleiding en vaardigheden helpen voorkomen dat werknemers vast komen te zitten in instabiele banen. De bevindingen tonen positieve resultaten, vooral voor Sub-Sahara Afrikanen, in sectoren zoals de schoonmaakindustrie. Het uitbreiden van collectieve arbeidsovereenkomsten naar niet-vakbondsarbeiders kan inclusieve werkplekken bevorderen en migrantenintegratie verbeteren, vooral in sectoren met een aanzienlijke migrantenvertegenwoordiging.

Beleid dat het principe van 'gelijk loon voor gelijk werk' handhaaft, zoals collectieve arbeidsovereenkomsten en minimumlonen, blijkt effectief in het aanpakken van uitdagingen zoals flexibele banen in de secundaire sector. Universele beleidsmaatregelen met gunstige gevolgen voor iedereen bevorderen inclusie. De Nederlandse arbeidsmarkt kan worden gezien als een imposant kasteel met aanzienlijke hindernissen die moeilijk binnen te dringen is. Verblijfsstatus speelt een cruciale rol bij het betreden van de arbeidsmarkt. Aandacht voor ontvangst- en integratiebeleid is essentieel om de toegang tot de arbeidsmarkt te vergemakkelijken. In essentie kunnen barrières alleen doorbroken worden door te navigeren tussen de complexe beleidsregels die de toegang tot de Nederlandse arbeidsmarkt reguleren.

About the Author

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Before obtaining her doctorate, Diane graduated in Agronomy from the prestigious Ecole des Ingénieurs VetAgro Sup in Clermont-Ferrand, France. Following her graduation, she gained valuable experience as a Statistics researcher at Statistics Netherlands before transitioning into a role as a Data Scientist consultant. Since 2021, Diane has been a senior data scientist at TNO (the Netherlands Organisation for Applied Scientific Research). In this role, Diane's field of expertise includes contributing to various projects involving artificial intelligence, human centricity, energy transition, and skill demand. She coordinates TNO's European projects, such as SEISMEC, and participates in others, such as SkilMeet.



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This research was conducted with the support of the Amsterdam Institute for Social Science Research (AISSR).