Native-immigrant wage gaps: Is it worth moving upstream?

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Emergence of Global Value Chains

A higher firm’s **upstreamness** leads to:
- higher added value
- higher wages
- a higher gender wage gap

Important native-immigrant wage gaps explained by:
- difference in human capital
- sectoral and occupational segregation
- wage discrimination

The potential role of upstreamness has not been determined yet

We investigated the contribution of upstreamness to native-immigrant wage gaps along the wage distribution

| Are migrants unequally distributed in less upstream firms in the value chain, leading to lower wages? |
| Are migrants unequally distributed in less upstream firms in the value chain, leading to lower wages? (Compositional effect) |
| Do migrants gain less from upstreamness than natives? |
| Do migrants gain less from upstreamness than natives? (Wage structure effect = Discrimination) |

Upstreamness increases workers’ wages differently according to their origin, especially at the top of the wage distribution

These results are even worsened when workers are employed in high technology/high knowledge intensity sectors

The estimated native-immigrant wage gap increases along the wage distribution and is due to:

- a different distribution of workers along the Global Value Chains, even though its explanatory power is relatively small
  - Compositional effect

- different returns of upstreamness on wages according to workers’ origin, which has a substantial explanatory power especially at the top of the wage distribution
  - Wage structure effect = Discrimination

Results are robust to different definitions of wage, in particular when removing compensating differentials

Wage gap decomposition along the wage distribution

- Part of the wage gap linked to other factors
- Wage structure effect of upstreamness
- Compositional effect of upstreamness