

Back to Work after Incapacity Benefit: Differences between Ethnic Minority and Native Dutch Workers

Erik Snel and Frank Linder

Abstract

Contemporary pleas for an activating welfare state and social security system emphasize that getting benefit claimants back to work is more important than providing income compensation for social risks connected with unemployment or illness. The Dutch system of incapacity benefits, however, is far removed from this normative ideal of a proactive social security system. Resumption of work after a spell of incapacity benefit is the exception rather than the rule. This article examines possible ethnic differences in resumption of work following incapacity benefit. We use a unique register data file from Statistics Netherlands that contains information about all incapacity benefit claimants in the Netherlands in 1999. In the analysis we follow these benefit claimants for three years and examine what their labour market position was in 2002. We find that resumption of work after incapacity benefit is even more the exception for migrant workers with a Turkish or Moroccan ethnic background. Contrary to our assumption, this difference from native Dutch workers cannot be explained by unfavourable personal characteristics of Turkish or Moroccan benefit claimants – their personal characteristics (gender, age, low educational level) appear to be rather favourable for resumption of work. In the current literature, these differences in outcomes between ethnic groups are often attributed to certain ‘ethnic-specific’ or cultural factors. This article argues that we should be careful of explaining different outcomes between ethnic groups by (alleged) cultural phenomena. There are other explanations possible such as differences in work motivation, lack of ‘transition facilities’ in companies and differential treatment by employers or social security officials.

Keywords

Activating welfare state; Incapacity; Work resumption; Migrant workers; Transitional labour markets; Netherlands

Address for correspondence: Erik Snel, Department of Sociology, Erasmus University Rotterdam (EUR), PO Box 1738, 3000 DR Rotterdam, Netherlands. Email: snel@fsw.eur.nl. Frank Linder, Statistics Netherlands, PO Box 24500, 2490 HA Den Haag, Netherlands. Email: flnr@cbs.nl

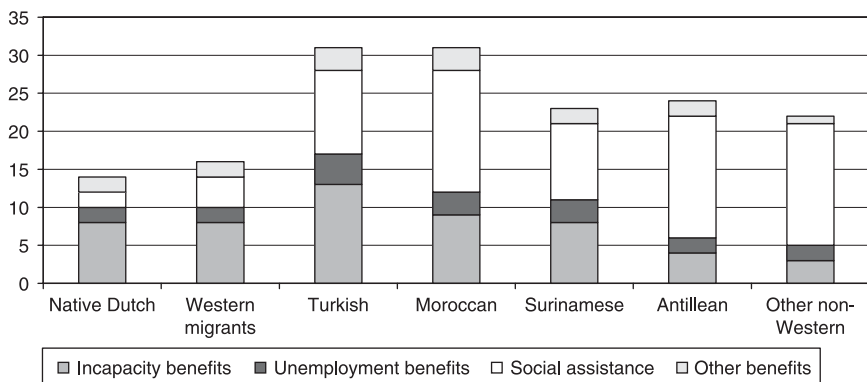
Introduction: Minority Workers and Dependence on Social Benefits

In the Netherlands, as elsewhere in Western Europe, there is a lasting concern about the inferior socio-economic position of ethnic minority groups. One aspect of the position of ethnic minorities is their over-representation in social security. This article focuses on the dependence of ethnic minority workers living in the Netherlands on incapacity benefits. Following new theoretical insights about ‘transitional labour markets’ (TLM) (Schmid 1998, 2000, 2002a, 2002b), we will focus more specifically on the extent to which social benefit claimants with a minority background are able to escape from incapacity benefits and return to the labour market. TLM theorists like Schmid argue that, in contemporary labour markets, having a social benefit as such is not a great problem provided that the situation is temporary and social benefit claimants are not irrevocably excluded from the labour market.

As official Dutch statistics show, individuals with a non-Western immigrant background (Dutch statistics always include both first- and second-generation migrants) are over-represented among social benefit claimants. This is especially true for individuals with a Moroccan or Turkish background. As figure 1 shows, no fewer than 30 per cent of all Turkish or Moroccan adults (aged from 15 to 64) receive social benefit compared with 13 per cent of all native Dutch adults. The data in figure 1, however, still underestimate the over-representation of Turkish and Moroccan individuals receiving incapacity benefit (IB). Since the IB scheme is an employees’ insurance for which only individuals with an employment history are eligible, one should calculate the incapacity risk relative to the (employed or unemployed) labour force and not, as in figure 1, to the total population (Snel *et al.* 2002).¹ First, given the

Figure 1

Social benefit claimants in the Netherlands, age 15–64, by ethnic background, 2003
(% of total population age 15–64)



Source: Statistics Netherlands, Statline.

size of their labour force, the chance of receiving IB is 1.5 times or twice as great for workers with a Moroccan or Turkish background as for native Dutch workers.² Second, surprisingly, this over-representation of workers with a Turkish or Moroccan ethnic background in IB is not limited to male workers with a history of heavy work in the traditional industries (the former 'guest workers'): younger workers, and especially women from these ethnic groups, are also heavily over-represented among the IB claimants in the Netherlands. This over-representation of Turkish and Moroccan workers in the Dutch incapacity schemes can partly, but not completely, be explained by their low levels of education and consequent characteristics such as working in unskilled jobs. Other non-Western migrant groups (Surinamese, Antilleans and other non-Western immigrants) are not over-represented among the IB claimants in the Netherlands (Snel *et al.* 2002).

This article explores the factors behind the relatively large numbers of IB claimants among *some* ethnic minority groups in the Netherlands. These could be the result of either a large inflow of workers with a Turkish or Moroccan background into the IB scheme or a relatively small outflow – or a combination of both. Previous research has shown that the inflow into the Dutch IB scheme is 2.5 times larger for Turkish and Moroccan workers than for native Dutch workers (Copinga and Selten 2003: 3).³ The reasons for the higher inflow of both minority groups into the IB scheme can be numerous, ranging from socio-economic or ethnic health differences, the fact that members of both ethnic groups are often employed in economic branches with a high incapacity risk (cleaning companies, temporary work agencies), to possible ethnic-specific ways of coping with illness that prevent them from returning to work earlier (Snel *et al.* 2002: 4).⁴ Earlier research has also revealed that company doctors unintentionally contribute to a larger inflow of minority workers into the IB scheme (distorted communication, ethnic stereotyping, etc.) (Meershoek *et al.* 2005, 2006).

Here we will explore the issue of the relatively large numbers of Turkish and Moroccan IB claimants from another angle. They can also be the result of a relatively low outflow of these minority categories from the IB scheme. Linder (2005) has already demonstrated that resumption of work after a period on IB is rather exceptional in the Netherlands. Of all the 850,000 IB claimants in 1999, only 8 per cent had resumed work three years later (including those who worked alongside their IB).⁵ The present article builds further on Linder's analysis and for the first time gives detailed figures of IB outflow specified by the ethnic background of IB claimants.

Our *research questions* are twofold: are there differences in resumption of work between native Dutch and ethnic minority IB claimants? And, if so, how can we explain these differences? We will answer these questions by using a rich and unique register data file, the Social Statistical Database (SSD) from Statistics Netherlands. The advantage of this database is that it is not a survey with a limited number of respondents, but a collection of administrative data concerning *all* incapacity benefit claimants in the Netherlands in the years under examination. This enables us for the first time to carry out detailed statistical analyses of a relatively rare phenomenon such as work resumption following incapacity benefit and other IB outflow.

In the remainder of this article we explore some possible reasons why it may be harder to escape from IB for ethnic minorities than for native Dutch benefit claimants. Since there is little specific research available, we will in the next section derive these explanations in part from more general ideas of TLM theory about the outcomes of labour market transitions. Next, we will give further information about the empirical source. The outcomes of our analyses consist of a descriptive section, followed by an explanatory one. We conclude with a short discussion of our main findings.

Transitional Labour Markets, Social Security and Social Exclusion

As Schmid (1998, 2000, 2002a, 2002b) argues, employees in advanced Western economies are increasingly being faced with consecutive transitions in their labour careers. These may be both transitions within the sphere of employment (from one job or 'working hours regime' to another) and transitions from employment to other social activities (care, education, leisure, but also temporary unemployment and illness). Schmid and authors in his footsteps tend to evaluate these labour market transitions as something rather positive, because labour market transitions, including temporary interruptions of employment (for caring obligations, educational leave, temporary unemployment or illness) provide employees with opportunities to enhance their human capital and balance their professional career with changes in their private lives. The danger is, however, that these temporary movements out of employment may unintentionally become permanent, and result in lasting exclusion from the labour market. Schmid therefore speaks of 'critical transitions':

Critical transitions are always like exit doors that close behind the back whereas opening doors in front are still uncertain. Thus, the danger is great that they kick off processes of social exclusion. (Schmid 1998: 9)

Some of these transitions are critical in a sense that they may lead to downward spirals of job careers ('exclusionary transitions'), ending in recurrent unemployment or (finally) in long-term unemployment, poverty, discouraged inactivity or violent protest. (Schmid 2000: 93)

TLM theorists thus argue that receiving a social benefit is not such a problem as long as this is a temporary situation; escaping from social benefits and avoiding permanent exclusion from the labour market is crucial.

From this perspective, the Dutch IB scheme is particularly unfavourable. For many years, discussions of the Dutch system of incapacity benefits touched a raw nerve in Dutch social politics. Despite successive reforms of the IB system in the 1990s, the number of IB claimants was approaching 1 million at the end of the decade – out of an active labour force of around 8 million! The IB system appeared to be a trap: once you have been on IB, it is hard to escape from the scheme (Snel *et al.* 2002). According to Wilthagen (2002: 274) the Dutch IB system is a typically reactive form of social security:

it compensates loss for medical reasons, but 'it takes risks and hazards more or less for granted and is at most indirectly geared to prevention and change'. This reactive social security was adequate for traditional social risks such as unemployment because of company closure or disability resulting from years of heavy work, i.e. social risks with external causes over which those involved have no influence. Contemporary social risks, however, are often 'manufactured risks', i.e. (unintended) consequences of human action (Giddens 1994). Contemporary IB claimants are not workers worn out after years of heavy work, but often employees with mental problems (stress, burnout) due to heavy workloads or unresolved work conflicts (Aarts *et al.* 2002). These social risks are related to the attitude and behaviour of both employees and employers. The new risks therefore require a proactive social security, more oriented towards coping with and controlling social risks ('risk management') than towards income compensation. A proactive disability scheme would primarily aim to activate sick employees and benefit claimants to resume work.

The Dutch IB system, however, until recently contained only a few arrangements 'facilitating certain maintenance transitions within companies or within work situations. These transitions could be preventive ("opting out") while at the same time – for disabled persons – offering the possibility of reintegration' (Nagelkerke and Wilthagen 2002: 168). As a result of the reactive character of the Dutch IB scheme, illness, stress and incapacity in the Netherlands too often result in permanent labour market dropout and persistent benefit dependency – the opposite of the ideals of TLM theorists.

The crucial question, then, is why some people manage to escape from social benefits and resume work, while others remain unemployed or incapacitated indefinitely. To our knowledge TLM literature so far gives few answers to the question of what determines the outcomes of labour market transitions (in terms of work resumption or permanent exclusion from the labour market). Schmid (1998: 8; 2002b: 185) assumes that the outcomes of labour market transitions depend both on successful individual coping strategies ('successfully adjusting to critical events'), which in turn also depend on how these life events are perceived, and on the support of formal institutions and informal social networks.

Similarly, Buitendam (2001) distinguishes *transition capacities* and *transition facilities*. He argues that the outcomes of labour market transitions, on the one hand, depend on personal characteristics (flexibility, independence) and social competences of the individuals involved, the 'cognitive and social capacities that... enable people to make smooth transitions' (cited by Nagelkerke and Wilthagen 2002: 167). We assume that these 'cognitive and social capacities' of employees are strongly related to educational qualifications. Highly educated professionals have better chances of positive outcomes of labour market transitions than low-skilled workers. Since many minority workers in the Netherlands, especially those with a Turkish or Moroccan background, belong to the latter category, we may expect them to have lower odds of work resumption following IB than the 'average' native Dutch worker.

On the other hand, transition facilities in companies and in the social security system may promote quick resumption of work following illness or incapacity. Examples of transition facilities are organizational or technical

arrangements at the workplace that enable workers with health limitations to remain employed or to resume work, but also regulations and incentives in social security systems that promote resumption of work. One can imagine, however, that employers are more inclined to apply such measures for highly educated (and thus expensive) professionals than for low-skilled migrant workers who are easy to replace. Moreover, migrant IB claimants often report unresolved conflicts and discriminatory experiences on the shop floor (Snel *et al.* 2002). Tensions between migrant workers and their (former) employers even reduce the odds of employers taking (sometimes expensive) measures to enable migrant workers with health limitations to resume work.

In conclusion we can say that we expect lower odds of work resumption by IB claimants with a migrant background because of both adverse individual 'transition capacities' (especially low educational levels) and unfavourable 'transition facilities'. In the literature such differences between various ethnic categories are often attributed to (alleged) 'ethnic-specific' or cultural factors. This, however, is not necessarily so. Differences in social security dependence or work resumption could just as well result from more *general* differences in educational attainment, gender and age differences, benefit duration, kind and degree of incapacity, etc.

As previous Dutch research (Aarts *et al.* 2002; Hoff and Jehoel-Gijsbers 2003) showed, these individual and benefit-related characteristics are indeed of influence on the odds of work resumption following IB. Younger IB claimants resume work more often than older benefit recipients because they have fewer health limitations and will be more motivated to resume work. Previous research found no gender differences in the odds of resuming work. There is, however, a clear relationship between benefit duration and resumption of work. The longer people are on a social benefit, the lower the odds of work resumption. The kind and degree of incapacity also appear to influence the odds of work resumption. Partially incapacitated IB claimants and those with mental health limitations resume work more often than fully incapacitated benefit recipients and IB claimants with physical health limitations. Lastly, work resumption seems to be related to the economic branch in which IB claimants are (were) employed. In some economic branches (such as cleaning, industrial production, but also healthcare), work resumption occurs less often than in other branches, partly because of the lack of integration activities.

In our statistical analysis we will examine the extent to which differences in resumption of work following IB between the various ethnic categories can be explained by such general factors. By doing so, we also say something indirectly about possible cultural explanations for these differences. When the (expected) differences in work resumption between native Dutch and non-Western immigrant IB claimants can be explained completely by the general factors, there is no room for additional cultural or other ethnic-specific factors.

Empirical Data

The empirical data used in this article are obtained from the Social Statistical Database (SSD) (Bakker 2002). This database is unique because it contains large-scale administrative data from a number of mutually linked sources such

as tax and social security administration. Here we make use of administrative data from the Dutch Employee Insurance Agency (UWV), responsible for administering incapacity benefits, supplemented by data from population registers and from large-scale survey research (Dutch Labour Force Survey). In the SSD, information from different sources is linked and integrated on a micro-level. We use information about *all* incapacity benefit claimants in the Netherlands who received IB at the end of September 1999 ($N = 687,800$). The SSD contains longitudinal information about Dutch citizens. This enables us to trace the IB claimants of 1999 and examine their labour market position three years later, at the end of September 2002.

Information about the ethnic background of IB claimants is derived from Dutch population registers (GBA). Use of official statistics implies that one is committed to official definitions. In Dutch statistics migrants are both first- and second-generation immigrants. First-generation migrants are persons born abroad with at least one parent born abroad. Second-generation migrants are born in the Netherlands with at least one parent born abroad. In our analysis we only include immigrants and their offspring originating from non-Western countries; Western migrants (EU, North America, etc.) are not included in the analysis. We distinguish four non-Western migrant categories: two former guest worker groups (Turks, Moroccans), post-colonial Caribbean immigrants (from Surinam, Netherlands Antilles and Aruba) and other non-Western immigrants. We compare their labour market position with that of the native Dutch.

Descriptive Analysis: Outflow from Incapacity Benefits

We first focus on possible differences in resumption of work and other IB outflow between the native Dutch population and the various non-Western migrant categories.

Table 1 shows the labour market position in 2002 of the 687,800 IB claimants of 1999. The table distinguishes between recipients of 1999 who had only IB ($N = 483,500$) and those who had an additional labour income ($N = 204,200$). From this point on we will refer to the latter category as 'IB plus work'. The table clearly shows that for the large majority of IB claimants of 1999, the situation did not change in the following three years: this goes for 73.2 per cent of all persons having 'only IB' in 1999 and for 57.3 per cent of all recipients of 'IB plus work' in 1999.⁶ The table distinguishes between two types of outflow: demographic and other outflow. Demographic outflow indicates that people left IB because they retired at the age of 65⁷ (10.9 per cent of all IB recipients in 1999), died or emigrated (3.9 per cent of all IB recipients in 1999).⁸ Three different situations can be seen as resumption of work:

- having 'only IB' in 1999, and 'IB plus work' in 2002 (4.2 per cent of all cases with 'only IB' in 1999);
- having 'only IB' in 1999, and 'only work' in 2002 (2.2 per cent of all cases with 'only IB' in 1999); and
- having 'IB plus work' in 1999, and 'only work' in 2002 (12.7 per cent of all claimants of 'IB plus work' in 1999) (figures marked in bold in table 1).

Table 1

Incapacity benefit recipients of 1999 and their socio-economic position in 2002 (absolute numbers and %)

	Incapacity benefit recipients in 1999 (000)	Socio-economic position in 2002 (%)					
		Demographic outflow		Situation unchanged + other outflow			
		Retirement (age 65+)	Death/migration	Only IB	IB plus work	Only work	Other outflow
Overall	687.8	10.9	3.9	58.6	20.0	5.3	1.4
Only IB	483.5	14.7	4.4	73.2	4.2	2.2	1.3
IB plus work	204.2	1.8	2.7	24.0	57.3	12.7	1.5

Numbers in bold type = work resumption.

Source: Statistics Netherlands, Social Statistical Database (SSD).

These figures confirm that resumption of work following an IB is rather the exception. Only 8 per cent of all IB claimants of 1999 resumed work (partially or completely) in 2002 (figure not in the table). Table 1 describes two more types of outflow. Someone may have had 'IB plus work' in 1999 and 'only IB' in 2002. This transition ('relapse into only IB') occurs in 24 per cent of all claimants of 'IB plus work' in 1999. Lastly, there is some remaining outflow: IB is terminated for other than demographic reasons and without resumption of work. Some of these former IB claimants are eligible for unemployment or social assistance benefit; others are no longer eligible for any social benefit (especially if they have a partner with an independent income). Just over 1 per cent of all IBs of 1999 were terminated for these other reasons.

To examine possible ethnic differences in resumption of work and other IB outflow, we rearranged the figures from table 1 and distinguished five ethnic categories (table 2). The table shows some remarkable findings. First, IB claimants again appear to be a very stable category. For at least two-thirds of all IB claimants of 1999, in all ethnic categories, the situation has not changed in 2002. In both years they had 'only IB' or partial 'IB plus work'. Receipt of IB is an even more stable situation for IB claimants with a Moroccan or Turkish background (no change for 74 and 78 per cent, respectively) than for the other ethnic categories (native Dutch, Surinamese, Antillean and other non-Western immigrants).

Table 2 distinguishes between the four types of IB outflow. Demographic outflow (because of retirement, death or emigration) is the most common type. Demographic outflow is highest for the native Dutch group: almost 15 per cent of all native Dutch IB claimants in 1999 left the scheme for

Table 2

Socio-economic position in 2002 of incapacity benefit recipients of 1999, by ethnic origin (%)

	Situation unchanged ^a	Demographic outflow ^b	Resumption of work ^c	Relapse into only IB ^d	Other outflow ^e
Native Dutch	68.1	14.9	8.4	7.3	1.2
Moroccan	74.2	11.0	5.7	5.6	3.5
Turkish	78.0	8.8	5.8	4.3	3.2
Surinamese, Antillean/ Aruban	69.1	9.7	11.0	7.3	2.9
Other non-Western origin	67.5	8.5	11.6	7.7	4.7

^aOnly IB in both 1999 and 2002, or IB plus work in both 1999 and 2002.

^bOutflow because of retirement, death or emigration.

^cIB in 1999 and work or IB plus work in 2002, or IB plus work in 1999 and only work in 2002.

^dIB plus work in 1999 and only IB in 2002.

^eOutflow because of reasons not mentioned before.

Source: Statistics Netherlands, Social Statistical Database (SSD).

demographic reasons. For all immigrant categories, demographic outflow fluctuates between 8 and 11 per cent. This difference can largely be explained by age differences between native Dutch and immigrant IB claimants. On average, native Dutch incapacitated workers are older and therefore retire more often than claimants in other groups. Then comes resumption of work, our main topic of interest. As explained above, we define three different outflows as resumption of work (from 'only IB' to 'only work' or 'IB plus work', and from 'IB plus work' to 'only work'). Resumption of work occurs least often in the Turkish and Moroccan groups: less than 6 per cent of all Turkish or Moroccan IB recipients in 1999 resumed or partially resumed work in 2002. The proportion of work resumption is higher for the native Dutch group (8.4 per cent) and highest for the other non-Western immigrant groups (11.0 and 11.6 per cent).

The next column in table 2 shows 'relapse into only IB', i.e. when recipients of 'IB plus work' in 1999 have 'only IB' in 2002. This transition occurs least often in the Turkish and Moroccan groups, although we should add that there were only a few Turkish and Moroccan claimants of 'IB plus work' in 1999. The fifth column in table 2 shows the remaining outflow (not for demographic reasons and without resumption of work). This 'other outflow' occurs more often with all non-Western immigrant categories than with the native Dutch.

With this information we can now answer our descriptive research question. We found that the population of IB claimants is an extremely stable social category. For the large majority of all IB recipients in 1999 the situation did not change in the subsequent three years. The main reasons for discontinuation of IB were of a demographic nature: because the claimant had retired, died

or emigrated. Resumption of work after IB is quite rare: only 8 per cent of all IB recipients in 1999 resumed work (partially or completely) in 2002. We observed some ethnic differences in the IB outflow. Demographic outflow is most common for native Dutch IB claimants, because they are generally older than claimants with an immigrant background, and therefore more likely to retire. Resumption of work is least common for Turks and Moroccans, and most common for claimants with a Surinamese, Antillean or other non-Western immigrant background. Native Dutch benefit recipients take a position between the two. Relapse from 'IB plus work' into 'only IB' is least likely for the Turkish and Moroccan groups. Lastly, other outflow affects all immigrant groups significantly more than native Dutch benefit recipients.

Explanatory Outcomes: How to Explain These Differences?

The next question is how to explain these observed differences in IB outflow between the ethnic groups. In the following models, we specifically examine the extent to which differences in IB outflow between ethnic groups can be explained by general factors such as differences in educational levels, age and gender, benefit duration, the nature of incapacity, and so on. In the following we present two different tables. Table 3 examines the transitions from 'only IB' to 'IB plus work' and to 'only work'. Table 4 examines the transitions from 'IB plus work' to 'only work' and to 'only IB'. The first three transitions are considered as 'resumption of work'; the last transition was previously labelled as 'relapse into IB'. In the remainder of this article we will not examine the other IB outflow further (because of its relatively small share). For each transition we compare two models. The first examines differences in IB outflow between different ethnic categories; this is basically the same information as we provided previously (although we have now included migrants and their offspring from Western countries in our models). In the second model these differences in IB outflow between ethnic groups are controlled for differences in various individual and benefit-related characteristics. The models are multinomial logit-regression models that analyse the probability for different kinds of IB outflow against the probability of remaining on benefit. The models in tables 3 and 4 compare the IB outflow of various non-Western and Western immigrant groups with the IB outflow transitions of the native Dutch reference category. The figures in the tables are odds ratios (OR). An OR of 1 implies that the probability of this kind of IB outflow for the migrant group in question equals the probability of the same kind of IB outflow for the native Dutch reference category. An OR higher (or lower) than 1 indicates a larger (or smaller) chance of this kind of outflow for the migrant group compared with the native Dutch reference group.⁹

In the discussion of our findings we will first concentrate on the influence of the general factors on the odds of IB outflow (model 2). After that we will examine what the inclusion of these general factors in our models implies for the observed differences in IB outflow between the various ethnic categories.

Gender appears to be an important factor for resumption of work: men resume work following an IB significantly more often than women. This outcome is different from what we expected on the grounds of previous

Table 3

Transition from IB in 1999 to a different situation in 2002, demographic outflow not included (odds ratios OR) ($N = 145,514$ sample size)

	Transition from 'only IB' to (reference: situation unchanged, remains 'only IB') ^{a,b}							
	IB plus work				Only work			
	Model 1		Model 2		Model 1		Model 2	
	OR	Sign.	OR	Sign.	OR	Sign.	OR	Sign.
<i>Personal and household characteristics</i>								
Ethnic origin (ref. Native Dutch)								
Moroccan	0.523	**	0.355	**	0.811	**	0.506	**
Turkish	0.556	**	0.409	**	0.842	**	0.576	**
Surinamese, Antillean/Aruban	0.942		0.811		1.708	**	1.381	**
Other non-Western origin	1.182	*	0.689	**	1.890	**	0.966	
Western origin	0.837	**	0.901		0.986	**	1.070	
Gender (reference: female)								
Male			1.932	**			1.743	**
Age (reference: 50–64)								
15–34			4.445	**			7.751	**
35–49			3.154	**			3.226	**
Position in household (reference: couple without children)								
Single			1.273	**			0.872	
Couple with children			1.447	**			1.061	
Single parent			1.898	**			1.488	**
Other			1.665	**			0.968	
Educational attainment (reference: primary level or less)								
Secondary level first stage (lbo,mavo,vmbo)			1.304	**			1.451	**
Secondary level second stage (mbo,havo,vwo)			1.475	**			1.697	**
Tertiary level (hbo,wo)			1.830	**			2.046	**
<i>Characteristics of incapacity benefit and former job</i>								
Degree of incapacity (reference: fully incapacitated (80–100%))								
Partially incapacitated (15–80%)			4.915	**			2.829	**
Nature of incapacity (reference: mental)								
Physical			1.078				1.120	*

Table 3 (Continued)

	Transition from 'only IB' to (reference: situation unchanged, remains 'only IB') ^{a,b}							
	IB plus work				Only work			
	Model 1		Model 2		Model 1		Model 2	
	OR	Sign.	OR	Sign.	OR	Sign.	OR	Sign.
Duration of incapacity benefit (reference: 5 years or longer)								
0 < 1 years			3.310	**			8.288	**
1 < 2 years			2.474	**			4.462	**
2 < 5 years			1.754	**			2.083	**
Economic sector of former job (reference: other service activities)								
Agriculture, forestry and fishing			1.127				1.232	*
Manufacturing, mining and quarrying			1.319	**			1.003	
Construction, electricity, gas and water supply			1.461	**			0.965	
Trade and repair, hotels and restaurants			1.192	**			1.233	**
Transport, storage and communications			1.375	**			1.164	
Financial and business activities			1.329	**			1.288	**
Education			0.957				0.782	
Care			1.262	**			1.090	

The results in tables 3 and 4 are not based on observations of the complete population involved but on a large 33 per cent weighted sample. This is because observations on education are not available for the complete population.

**Significant at 1% level. *Significant at 5% level.

Age, position in household, educational attainment, degree and nature of incapacity as in September 1999; duration of benefit measured from start until September 1999.

^aMain effect 'ethnic origin' significant at 5% level in model 1. All main effects significant at 5% level in model 2 (significance of main effect simultaneously for all transitions based on Likelihood Ratio test).

^bThe transition from 'only IB' to 'other outflow' not included because of its relatively small share in the total of transitions from 'only IB'.

Source: Statistics Netherlands, Social Statistical Database.

research. But it applies only to the transitions from 'only IB' in 1999 to 'IB plus work' or 'only work' in 2002. There are no gender differences in the transition from 'IB plus work' to 'only work'. Furthermore, male claimants of 'IB plus work' have a significantly lower chance of relapsing into 'only IB' than female claimants of 'IB plus work'.

Table 4

Transition from IB plus work in 1999 to a different situation in 2002, demographic outflow not included (odds ratios OR) ($N = 85,706$ sample size)

	Transition from IB plus work to (ref: situation unchanged: remains in 'IB plus work') ^{a,b}							
	Only work				Only IB			
	Model 1		Model 2		Model 1		Model 2	
	OR	Sign.	OR	Sign.	OR	Sign.	OR	Sign.
<i>Personal and household characteristics</i>								
Ethnic origin (ref. Native Dutch)								
Moroccan	1.889	**	1.225		3.088	**	2.803	**
Turkish	1.604	**	1.059		2.632	**	2.527	**
Surinamese, Antillean/Aruban	1.902	**	1.351	*	1.560	**	1.319	*
Other non-Western origin	1.776	**	1.310		1.655	**	1.560	*
Western origin	1.074	**	1.100		1.279	**	1.208	**
Gender (reference: female)								
Male			0.950				0.658	**
Age (reference: 50–64)								
15–34			3.186	**			0.625	**
35–49			1.651	**			0.519	**
Position in household (reference: couple without children)								
Single			0.952				1.013	
Couple with children			0.987				0.779	**
Single parent			1.262	**			0.871	
Other			0.808				0.840	
Educational attainment (reference: primary level or less)								
Secondary level first stage (lbo,mavo,vmbo)			1.013				0.884	*
Secondary level second stage (mbo,havo,vwo)			1.064				0.793	**
Tertiary level (hbo,wo)			1.189				0.743	**
<i>Characteristics of incapacity benefit and former job</i>								
Degree of incapacity (reference: fully incapacitated (80–100%))								
Partially incapacitated (15–80%)			0.920				0.369	**
Nature of incapacity (reference: mental)								
Physical			1.039				1.053	

Table 4 (Continued)

	Transition from IB plus work to (ref: situation unchanged: remains in 'IB plus work') ^{a,b}							
	Only work				Only IB			
	Model 1		Model 2		Model 1		Model 2	
	OR	Sign.	OR	Sign.	OR	Sign.	OR	Sign.
Duration of incapacity benefit (reference: 5 years or longer)								
0-<1 years		4.885	**			3.227	**	
1-<2 years		2.822	**			2.915	**	
2-<5 years		1.445	**			1.478	**	
Economic sector of former job (reference: other service activities)								
Agriculture, forestry and fishing		1.127				0.931		
Manufacturing, mining and quarrying		0.583	**			0.864		
Construction, electricity, gas and water supply		0.843				1.092		
Trade and repair, hotels and restaurants		1.065				1.233	**	
Transport, storage and communications		0.941				1.324	**	
Financial and business activities		1.223	*			1.382	**	
Education		0.706	**			1.321	**	
Care		0.926				1.083		

The results in tables 3 and 4 are not based on observations of the complete population involved but on a large 33 per cent weighted sample. This is because observations on education are not available for the complete population.

**Significant at 1% level. *Significant at 5% level.

Age, position in household, educational attainment, degree and nature of incapacity, economic sector as in September 1999; duration of benefit measured from start until September 1999.

^aMain effect 'ethnic origin' significant at 5% level in model 1. All main effects significant at 5% level in model 2 (significance of main effect simultaneously for all transitions based on Likelihood Ratio test).

^bThe transition from 'IB plus work' to 'other outflow' not included because of its relatively small share in the total of transitions from 'IB plus work'.

Source: Statistics Netherlands, Social Statistical Database.

Age is also a crucial factor for IB outflow. For young claimants (15–35 years), the chances of work resumption are 3 to almost 8 times larger than for the oldest category (50–65 years). The intermediate age category (30–50 years) also has significantly better chances of resuming work than the oldest

age group. Here as well we can observe that age differences have a stronger effect on the transitions from 'only IB' to 'IB plus work' or 'only work' (table 3) than on the transition from 'IB plus work' to 'only work' (table 4). Younger IB claimants also have less chance of relapsing from 'IB plus work' into 'only IB'. These strong effects of age on the odds of IB outflow are not very surprising and are probably related both to actual health differences between younger and older IB claimants and to differences in their motivation to resume work.

Position in the household also has some effect on IB outflow. Single parents receiving IB resume work more often than the reference category (partner in a couple without children). Singles, on the other hand, have less chance to relapse from 'IB plus work' into 'only IB'. On the whole, however, the effects of gender and age on IB outflow are much stronger than differences in household positions.

As we expected, the chance of work resumption varies with the *educational level* of benefit recipients. This is especially true for the highest-qualified IB claimants: their probability of work resumption from 'only IB' is twice that of the least-educated benefit recipients (primary education or less) (table 3). Furthermore, there is a reverse effect of educational level on the transition from 'IB plus work' to 'only IB' ('relapse into only IB') (table 4). There are, however, two limitations of the effect of educational level on the odds of work resumption. First, education only affects resumption of work for IB claimants with 'only IB' (table 3). Second, education especially favours those with the highest qualifications. The differences between IB claimants with only primary education and those with a secondary-level education are small. In general, the effect of education on the odds of resumption of work is smaller than was expected.

Several *benefit-related characteristics* also appear to have some influence on the odds of resumption of work, starting with the *duration of the benefit*. Benefit duration strongly influences the odds of work resumption: the longer one lives on social benefits, the smaller the chance of resumption of work. The probability of the transition from 'only IB' to 'only work' is no less than eight times greater for recent benefit recipients (with a benefit lasting up to 1 year) than for long-term claimants (receiving a benefit for at least 5 years) (table 3). But recent benefit recipients also have a higher probability of relapsing from 'IB plus work' to 'only work'. Long-term benefit recipients are probably in general a more stable category.

The *degree of incapacity* also has an effect on the odds of resumption of work. Obviously, benefit recipients who are only partially incapacitated resume work more often than those who are completely incapacitated (80–100 per cent). The next issue is the *nature of incapacity*. As we saw, previous research found that IB claimants with mental health limitations resume work less often than recipients with physical health problems. In our analysis, we see hardly any differences in IB outflow between IB claimants with mental or physical health limitations.

A final factor in our analysis is the *economic sector* in which IB claimants worked prior to incapacity or still work alongside IB. In general there is little variation in outflow changes between the economic sectors, but there are a few exceptions. For example, benefit recipients who (used to) work in educational

occupations definitely have a smaller probability of other outflow than those in other sectors.

The final question is what the inclusion of all these individual and benefit-related factors in our models implies for the initial differences in IB outflow between native Dutch and ethnic minority benefit claimants. To answer this question we compare the outcomes of model 1 and model 2 in both tables.

We start with table 3, which shows IB outflow from a situation of having 'only IB'. Earlier we saw that Turkish and Moroccan claimants with 'only IB' resume work significantly less often than the native Dutch group. This is also apparent in table 3 (odds ratios <1 in model 1). To what extent do the newly added, general background factors in model 2 explain the observed outflow differences in model 1? The most striking finding in table 3 is that the included background variables *do not* explain the low incidence of work resumption for Turkish and Moroccan IB claimants. On the contrary, after inclusion of the individual and benefit-related variables in the analysis the differences in work resumption between Turkish and Moroccan benefit claimants and the native Dutch reference category become even greater! This means that the fact that Turkish and Moroccan IB claimants with 'only IB' resume work less often than native Dutch IB claimants cannot be explained by general individual benefit-related characteristics (low educational levels, gender and age differences, benefit duration, etc.) of these migrant groups. Given their rather *favourable* characteristics (many male, young and relatively recent benefit recipients), one would expect Turkish and Moroccan IB claimants to resume work not less but more often than the native Dutch. Their generally lower educational levels explain part of the low incidence of resumption of work, but as we saw, education has only a limited effect on the chances of work resumption.

With regard to the other non-Western immigrant groups (Surinamese, Antilleans, other non-Western immigrants), we have already seen that they tend to resume work following IB more often than the native Dutch group (particularly from 'only IB' in 1999 to 'only work' in 2002). As model 2 in table 3 makes clear, the observed higher incidence of work resumption for these migrant groups can largely or even completely (as far as other non-Western immigrant groups are concerned) be explained by their favourable background characteristics. As far as migrants coming from Western countries are concerned, table 3 shows no differences in the odds of work resumption from the native Dutch group.

Table 4 shows the IB outflow of claimants of 'IB plus work'. The table describes two different transitions: from 'IB plus work' to 'only work' and from 'IB plus work' to 'only IB' (or 'relapse into only IB'). We have already seen that the first transition occurs in all non-Western migrant groups significantly more often than in the native Dutch group. This is also apparent in table 4 (odds ratios >1 in model 1). We have also already mentioned, however, that the absolute number of migrant claimants of 'IB plus work' is relatively small. The odds ratios in model 2 (table 4) now make clear that the higher incidence of work resumption of migrant claimants of 'IB plus work' can largely (for the Surinamese and Antillean groups) or even completely (for all other non-Western migrant groups) be explained by the general background factors added in model 2.

A final issue is relapse from 'IB plus work' into 'only IB'. We have already seen that this transition is more common for all non-Western migrant groups, as also becomes clear from table 4 (odds ratios >1 in model 1). Relapse from 'IB plus work' into 'only IB' happens even more with the Turkish and Moroccan groups than with the other non-Western migrant groups. We should, however, bear in mind that in absolute numbers there are only relatively few migrant claimants of 'IB plus work'. The odds ratios in model 2 (table 4) now make clear that the higher incidence of relapse into 'only IB' of the migrant groups cannot (for the Turkish and Moroccan groups) or can only with difficulty (for all other non-Western migrant groups) be explained by the general background factors added in model 2. After inclusion of these background factors in the analysis, all non-Western migrant groups still relapse significantly more often from 'IB plus work' into 'only IB' than the native Dutch reference category.

Discussion

In this article we have examined differences between native Dutch and ethnic minority workers regarding the odds of resuming work following a period on incapacity benefit (IB). In the view of 'transitional labour market' theorists and other adherents of an activating social security system, getting benefit claimants back to work is far more important than providing generous income compensation for social risks such as unemployment and incapacity. We assumed that the over-representation of some ethnic minority groups among the IB claimants in the Netherlands not only results from the higher inflow of minority workers in IB – and thus from a higher risk of becoming incapacitated for work – but also from a lower outflow.

In our statistical analysis we examined whether there are differences in IB outflow between various ethnic categories and to what extent these differences between ethnic groups can be explained by general social characteristics such as educational level, gender and age differences, and several benefit-related characteristics. The idea was, of course, that different outcomes for various ethnic groups do not necessarily reflect cultural or other 'ethnic-specific' characteristics of the categories involved, but may also be the result of differences in general characteristics.

We found that resumption of work following incapacity benefit is rather the exception for all ethnic categories. Of all IB claimants in the Netherlands in 1999, only 8 per cent managed to resume work in the following three years (including those IB claimants who swapped 'only IB' for 'IB plus work'). Having said that, however, we did observe significant differences in resumption of work between ethnic groups. Whereas 8.4 per cent of all native Dutch IB claimants resumed work in the following three years, this was true for less than 6 per cent of the claimants with a Turkish or Moroccan background. For the other non-Western immigrant categories (Surinamese, Antilleans, other non-Western immigrants and their offspring), the work resumption rates were considerably higher than average (11 to 12 per cent).

We then examined to what extent these differences in work resumption and other IB outflow can be explained by differences in general characteristics

of the ethnic groups involved. We found that the lower rates of work resumption (from 'only IB' to 'IB plus work' or 'only IB') for IB claimants with a Turkish or Moroccan background cannot be explained by the general factors in the analysis. On the contrary, after inclusion of the general factors into our models the differences in work resumption between the Turkish and Moroccan groups on the one hand and the native Dutch on the other increased. Given the apparently favourable personal and benefit characteristics of IB claimants with a Turkish and Moroccan background, one would expect these groups to resume work more and not less often than the native Dutch. Turkish and Moroccan IB claimants are more often male, are generally younger and have received IB for a shorter period of time than native Dutch recipients. Turkish and Moroccan IB claimants on the other hand are generally less educated than native Dutch recipients, but we found that education has less effect on the odds of work resumption than we expected. To conclude, the lower rates of work resumption for Turkish or Moroccan IB claimants with 'only IB' cannot be explained by differences in general characteristics.

On the other hand, we found that partially-incapacitated claimants with a Turkish or Moroccan background resume work more often than the native Dutch (from 'IB plus work' to 'only IB'). This finding, however, has two limitations. First, the absolute number of Turkish or Moroccan claimants having 'IB plus work' is rather small. Second, this difference from the native Dutch group can be fully explained by differences in general background characteristics. This is also roughly true for the higher rates of work resumption following IB that we found for the Surinamese, Antillean and other non-Western migrant groups. Only the higher rate of work resumption for the Surinamese and Antillean groups that we found with the transition from 'only IB' to 'only work' cannot be explained by the general factors in the analysis. Finally, we found that the Turkish and Moroccan groups especially 'relapse into only IB' (the transition from 'IB plus work' to 'only IB') more often than the native Dutch, and this difference cannot be explained by differences in the general background characteristics.

In general, we can say that the inclusion of the general background characteristics in our models explained less than we expected. All else being equal, IB claimants with a Turkish or Moroccan ethnic background still resume work less often after having an IB and relapse from 'IB plus work' to 'only IB' more often than the native Dutch. This, of course, raises the question of how these differences in IB outflow can be explained. In both public and social-scientific debates nowadays there is a strong tendency to explain different outcomes for ethnic minority groups in terms of their (alleged) cultural or otherwise ethnic-specific characteristics. We are rather wary, however, of such cultural explanations of different labour market outcomes of ethnic minorities, because they often imply essentialist notions of culture (such as 'Moroccan workers refuse even to think about work resumption until they are fully recovered from their illness'). As Vermeulen (2001: 3) points out, this kind of cultural explanation is not only generalizing but often also circular since it declares certain behaviour to be typical for a certain group. The implicit assumption, then, is that someone's culture determines his/her

behaviour, that individual actors are like puppets steered by their culture (cf. Snel 2003).

In this article we have tried to avoid this 'culturalistic' argumentation (Vermeulen 2001; Snel 2003) by examining whether differences in work resumption between ethnic groups can be explained by differences in their background characteristics. As we found, however, that these general characteristics hardly explain the observed differences in work resumption between ethnic groups, the question remains how we explain these differences. Returning to the ideas of TLM theorists, we could suggest two different explanations for the observed differences in work resumption. First, these differences may be the result of certain individual transition capacities that are unrelated to differences in educational level (such as work motivation). Second, the differences may also be explained by non-existent or insufficient organizational transition facilities (including discriminatory practices). Perhaps Turkish or Moroccan IB claimants resume work less often than the native Dutch because their employers refuse to facilitate work resumption, because these migrant workers previously experienced discrimination, or because company doctors or social security officials unintentionally discourage quick work resumption by migrant workers (if only by *thinking* that migrant IB claimants are unable or unwilling to resume work). Unfortunately, the empirical data we had at our disposal did not enable us to examine these factors.

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Notes

1. The Netherlands has in fact three separate incapacity benefit schemes: for (former) employees (Dutch acronym: WAO), for the self-employed (Dutch acronym: WAZ), and for individuals disabled since their youth and never able to work (Dutch acronym: WAJONG). The data in figure 1 refer to IB claimants in all of these three schemes.
2. Using data from 1999, Snel *et al.* (2002: 54) calculated the incapacity risk as: the number of IB claimants (only WAO-recipients!) as a share of the total labour force. The labour force was calculated as the total of the working and non-working labour force plus the number of IB claimants. We now did the same calculations for data from 2003. This leads to the following incapacity risks per ethnic category in 2003: 8.8 per cent for the native Dutch group, 15 per cent for the Moroccan group and 19.5 per cent for the Turkish group. This means that, given the size of their labour force, the chance of receiving IB for the Moroccan and Turkish group in 2003 was still about 1.5 to 2 times larger than for native Dutch workers.
3. Like Snel *et al.* (2002), Copinga and Selten (2003) examined inflow in IB for employees (WAO).

4. According to Dutch regulations, one is eligible for IB after one year (now two years) of illness. This means that a lower tendency to resume work during the first year or two years of illness results in higher incapacity rates.
5. Linder's (2005) data refer to all IB claimants, including recipients of IB for the self-employed and for individuals disabled since their youth (see note 1).
6. Including benefit claimants receiving a supplement to the benefit from their employer.
7. Note that outflow because of early retirement before the age of 65 is not categorized as retirement but as other outflow.
8. Emigration does not always imply the termination of IB. IB claimants who emigrate to countries that have a treaty with the Netherlands, such as Turkey and Morocco, are allowed to export their benefit. These persons have to be available for medical examination to test their incapacity for work. Our analysis, however, is restricted to incapacity benefit recipients living in the Netherlands.
9. In our explanation, the odds ratio (OR) is interpreted as though it is a relative risk (RR). In fact the interpretation of the OR is a bit more complex. An OR is to be considered as the ratio of the odds in the group concerned to that of the reference group. The odds in our Turkish example are the probability of a transition from 'only IB' in 1999 to 'IB plus work' in 2002, divided by the probability of an unchanged situation. The OR compares these odds for Turks with those of the reference group (the native Dutch):

$$OR = \frac{[P(IB \rightarrow IB + work)/P(situation unchanged)]_{Turks}}{[P(IB \rightarrow IB + work)/P(situation unchanged)]_{Natives}}$$

From the fact that in our analysis the value of the numerator in the odds is much smaller than that of the denominator (for natives and all ethnic minority groups) the OR is by approximation equal to the relative risk:

$$RR = [P(IB \rightarrow IB + work)]_{Turks} / [P(IB \rightarrow IB + work)]_{Natives}$$

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