MIGRANTS’ QUALIFICATIONS AND SKILLS AND THEIR LINKS WITH LABOUR MARKET OUTCOMES

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Introduction

• Virtually all EU and OECD countries favour highly-qualified immigration.

• In 2011, on average about 30% of the foreign-born in the OECD had tertiary education and the share of the highly-qualified has been growing over the past decade.

• Evidence that immigrants find their qualifications less valued in the labour market than the native-born. Why is this the case?
  – Language problems?
  – Do employers have difficulties in judging foreign qualifications?
  – Is the «value» of immigrants’ qualifications – measured in terms of skills – lower?
I. The qualifications of immigrants

II. The value of immigrant qualifications in the labour market

III. From qualifications to skills: the PIAAC survey
Host-country vs. foreign qualifications

• 70% of immigrants in both Europe and the U.S. have foreign qualifications

• In Europe, 40% of the foreign-born have qualifications from a non-EU country

• For those with tertiary education, broad fields of study are remarkably similar both among the four immigrant groups – EU vs. non-EU, foreign vs. host-country education – and compared with the native-born

• Data
  – 2009/2010 European Labour Force Survey for the 27 EU countries plus Norway and Switzerland
Immigrants are on average less educated than the native-born, but the differences are driven by those with foreign qualifications...

...and larger in the United States than in Europe
Education of the foreign-born with foreign education has increased over time in both regions.
In Europe, the returns to foreign qualifications in terms of employment are lower than those to host-country education...

Employment rate by education level in Europe

...and those to non-EU qualifications are lower than those to EU qualifications at all levels of education.
The picture is broadly similar in the U.S. – but fewer differences between immigrants with host-country and foreign education.
In Europe, the incidence of over-qualification among the employed tertiary-educated is much higher among immigrants.

Overqualification rates for tertiary-educated immigrants compared with native-born; by origin of qualifications.
Category of migration: the single most important determinant of outcomes

• An important factor for policy: only labour migrants are directly selected – but category of migration is rarely considered in analyses of migrants’ outcomes.

• Migrants who came for work or study have higher qualification levels than family or humanitarian migrants, but still lower than the native-born.

• The returns to qualifications are higher for labour migrants (and for study migrants) than for the other two groups but still tend to be lower than for the native-born.
Host-country language proficiency is an important determinant of outcomes

- The foreign-born who lack host-country language proficiency are a group with cumulative disadvantages (lower education levels, more likely to have foreign education and to be humanitarian migrants, etc.).

- But even after accounting for these, they face a 14%-point lower employment rate than other immigrants…

  …and an over-qualification rate that is on average 17%-points higher.

- For labour migrants without language problems, one observes no longer a higher incidence of overqualification.
• 25% of the foreign-born with tertiary education have applied for recognition

• Two groups of migrants are most likely to apply:
  – Migrants who pursue further studies in the host country
  – Migrants with qualifications in the health sector

• The foreign-born who have their foreign qualifications formally recognised have a 10 %-point lower over-qualification rate, accounting for the origin of the qualifications, the category of migration and the field of study.
Measuring skills in addition to education credentials: what is in PIAAC?

Detailed labour market outcomes

**Personal characteristics:**
- age, gender, highest qualification, years of schooling

**Migrant characteristics:**
- country of birth, year of arrival, foreign qualification, languages spoken

**Training, skills used at work, etc.**

**Literacy, numeracy proficiency / problem solving**
A first exploration of PIAAC data for migrants

- Examine how migrants are faring in terms of literacy (mainly) and numeracy proficiency relative to natives.
- Study the link between education level and literacy proficiency.
- Analyse employment, overqualification and wages of migrants relative to natives.
- Identify different groups of migrants based on:
  - Origin (EU/non-EU)
  - Foreign/ host-country qualification
  - Age at arrival
  - Duration of stay in the host country
  - Foreign/native language
- Estimate the remaining gap between migrants and natives after all relevant factors have been taken into account.

Key determinants of literacy/numeracy proficiency and labour market outcomes
Differences in average literacy proficiency between migrants and natives within and across countries

Source: Survey of Adult Skills, 2012
Important heterogeneity in literacy proficiency within education levels

Source: Survey of Adult Skills, 2012
Language and the country where the highest qualification was obtained account for 2/3 of the difference in literacy proficiency between migrants and natives.

Source: Survey of Adult Skills, 2012
Literacy and numeracy proficiency are important determinants of overqualification.

Differences in literacy and numeracy proficiency between migrants and natives account for about 30% and 26% respectively of the overqualification gap.

Source: Survey of Adult Skills, 2012
Foreign university degrees are less valued than those acquired in the host country

Wage returns to tertiary education, by country of acquisition of highest qualification

Source: Survey of Adult Skills, 2012
In terms of literacy proficiency and labour market outcomes:

- Migrants who are native-speakers of the host-country language,
- Those who acquired their qualifications in the host country,
- Those who migrated as young children,
- Migrants from EU countries,
- Migrants who have been in the host country for 5 years or longer,
- International students who have recently entered the labour market (in comparison with native-born recent labour market entrants).

In the majority of OECD countries covered in the analysis, the gaps in labour market outcomes between migrants and natives get *smaller* or become *non-statistically significant* when all these factors as well as literacy proficiency have been accounted for.
Main findings and policy discussion

- Great degree of heterogeneity within the growing group of university graduates:
  - immigrations policies that select people only on the basis of their educational attainment may not be successful in identifying and attracting the most skilled ones.
  - emphasis should also be placed on language proficiency or specific work-related skills which should be tested prior to migration.

- Language skills are key determinants of labour market success:
  - Appropriate language training is needed prior to migration and after arrival
  - Combine language training with some form of host-country short qualification or certification which would validate prior education.
Education and professional experience acquired abroad are strongly discounted in the host-country labour market in comparison with those acquired domestically:

- Need to encourage recognition and certification of experience in addition to qualifications obtained abroad.
- International students: a potential pool of migrants with good literacy scores and better labour market outcomes than those who migrate after completing their studies.
- Scope for policies that select younger people who have acquired little experience before migrating?

Literacy proficiency is higher and labour market outcomes are better for migrants who arrived as young children and completed their education in the host country:

- Policies that facilitate and encourage rapid family reunification in families with young children.
Thank you for your attention!

www.oecd.org/migration