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and International Development Studies

# **Employment assimilation of immigrants in the Netherlands: catching up and the irrelevance of education**

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# Background

1. Research on Immigrants has been dominated by the US studies.

‘Immigrants’ LM assimilation= Wage assimilation’

**In Europe; Employment assimilation**

2. Research is fragmented.

This paper is a state of art for the evolution of the labour market position of immigrants in the NL over time.

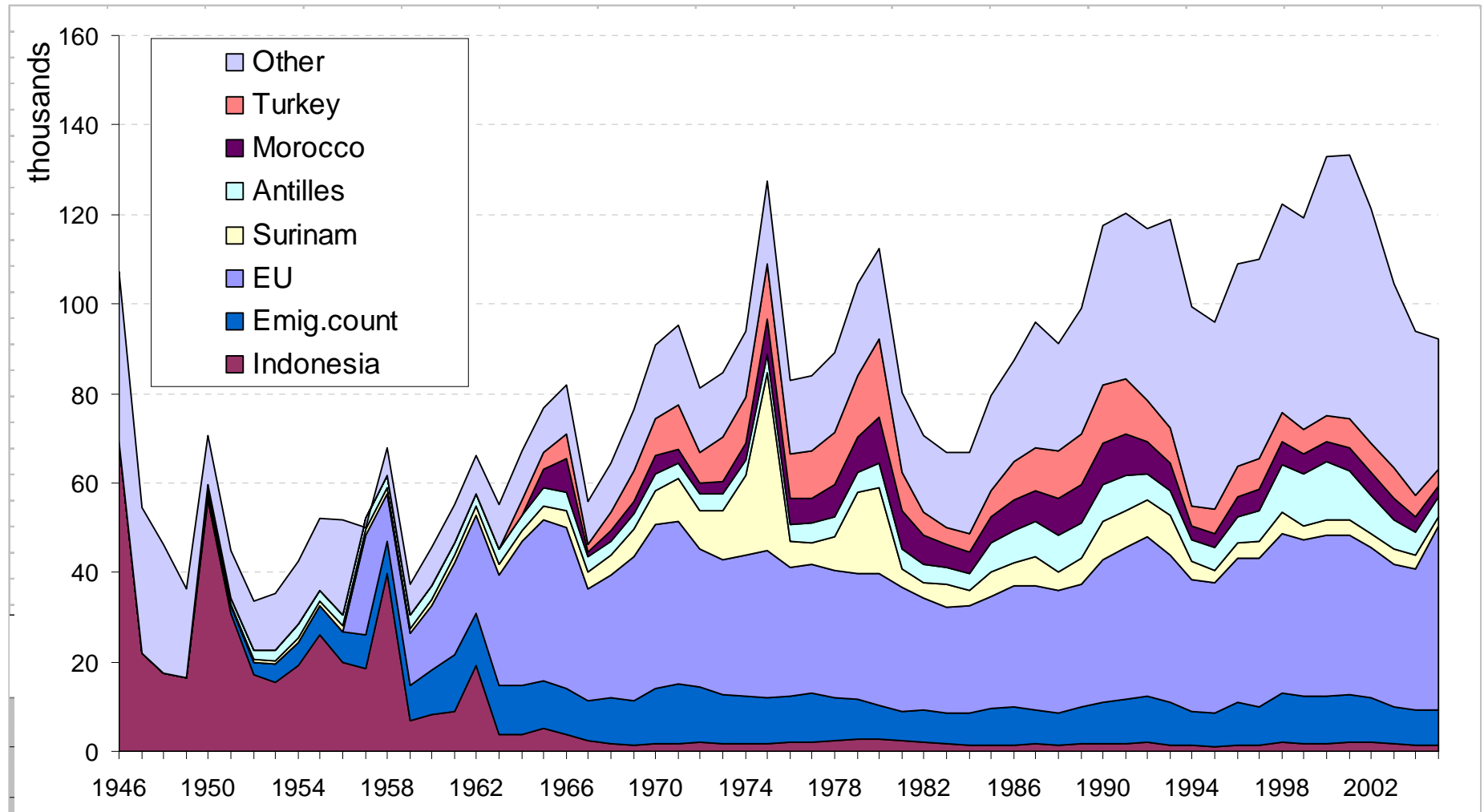


## Outline

- **Immigration to the Netherlands**
- **Data**
- **Methodological issues**
- **Employment assimilation**
  - **Probability of employment**
  - **Quality of jobs**
    - **Social class scheme (EGP)**
- **Conclusions**

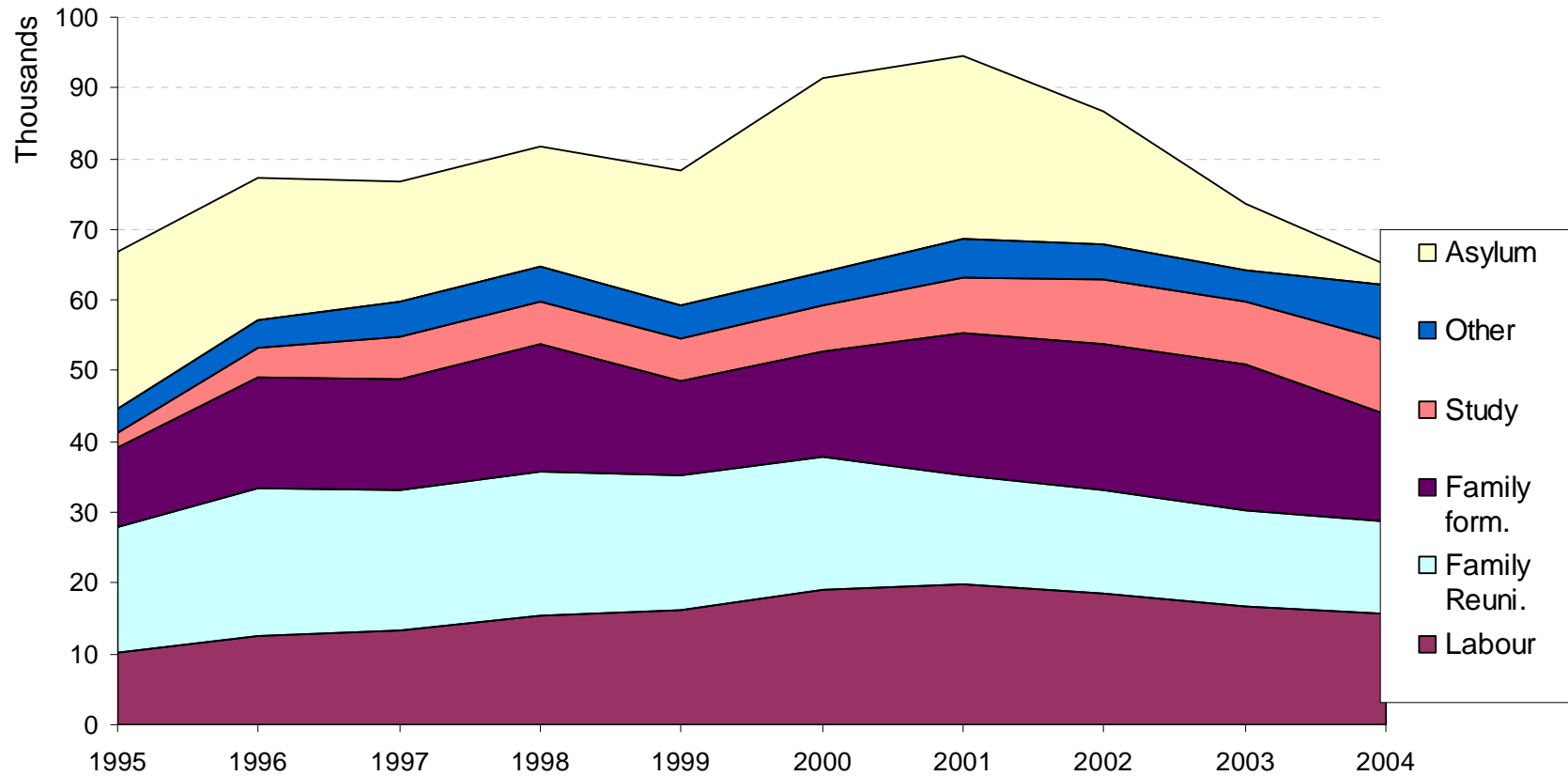


# Immigration to the Netherlands





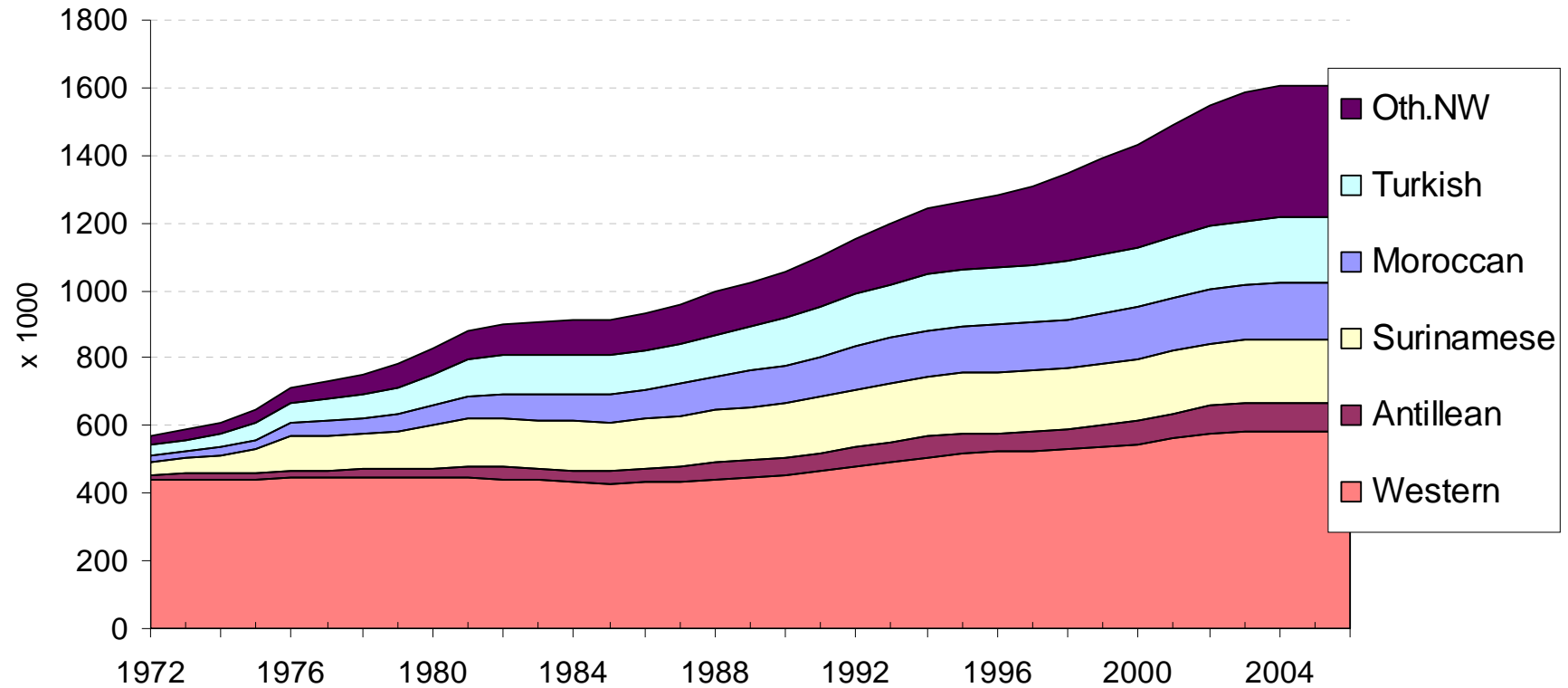
# Immigration by migration motive





# Stock of immigrants

Immigrants in the Netherlands (stock), 1972-2006





# DATA

**Labour Force Survey; 2004, 2005, 25-65 years**

**Sub-populations:**

- **Natives**
- **Immigrant groups**
  - **Turkish/Moroccan**
  - **Caribbean (Surinamese/Antilleans)**
  - **Eastern European**
  - **Asylum (Iranian/Iraqi/Afghani)**
  - **Other Non-western**
  - **Western**
- **Second generation**

# Descriptive statistics

MEN							
	Dutch	TurMor	Car	East	Ref	NW	west
Employed	0.85	<b>0.68</b>	0.78	0.73	<b>0.49</b>	0.72	0.80
Unemployed	0.04	<b>0.18</b>	<b>0.16</b>	<b>0.14</b>	<b>0.29</b>	<b>0.18</b>	0.06
Age	44.79	38.86	41.37	42.77	40.48	40.71	46.00
Second gen		0.15	0.28	0.24	0.01	0.11	0.74
YSM		16.05	15.23	10.06	8.88	12.87	6.06
Education	13.43	10.77	12.52	13.62	13.37	12.63	13.63
Naturalised		0.17	0.65	0.12	0.07	0.32	0.09
N	61333	1728	1160	522	410	971	5333
WOMEN							
	Dutch	TurMor	Car	East	Ref	NW	west
Employed	0.67	<b>0.35</b>	0.65	<b>0.55</b>	<b>0.22</b>	<b>0.50</b>	0.65
Unemployed	0.05	<b>0.10</b>	<b>0.13</b>	<b>0.14</b>	<b>0.14</b>	<b>0.12</b>	0.06
Age	44.64	37.08	41.23	41.04	38.76	39.58	45.36
Second gen		0.19	0.24	0.15	0.01	0.10	0.70
YSM		14.62	15.76	10.31	8.20	11.95	6.46
Education	12.85	9.56	12.26	13.43	11.92	12.06	13.10
Naturalised		0.14	0.66	0.16	0.05	0.30	0.12
N	62136	1716	1549	851	285	1278	5829



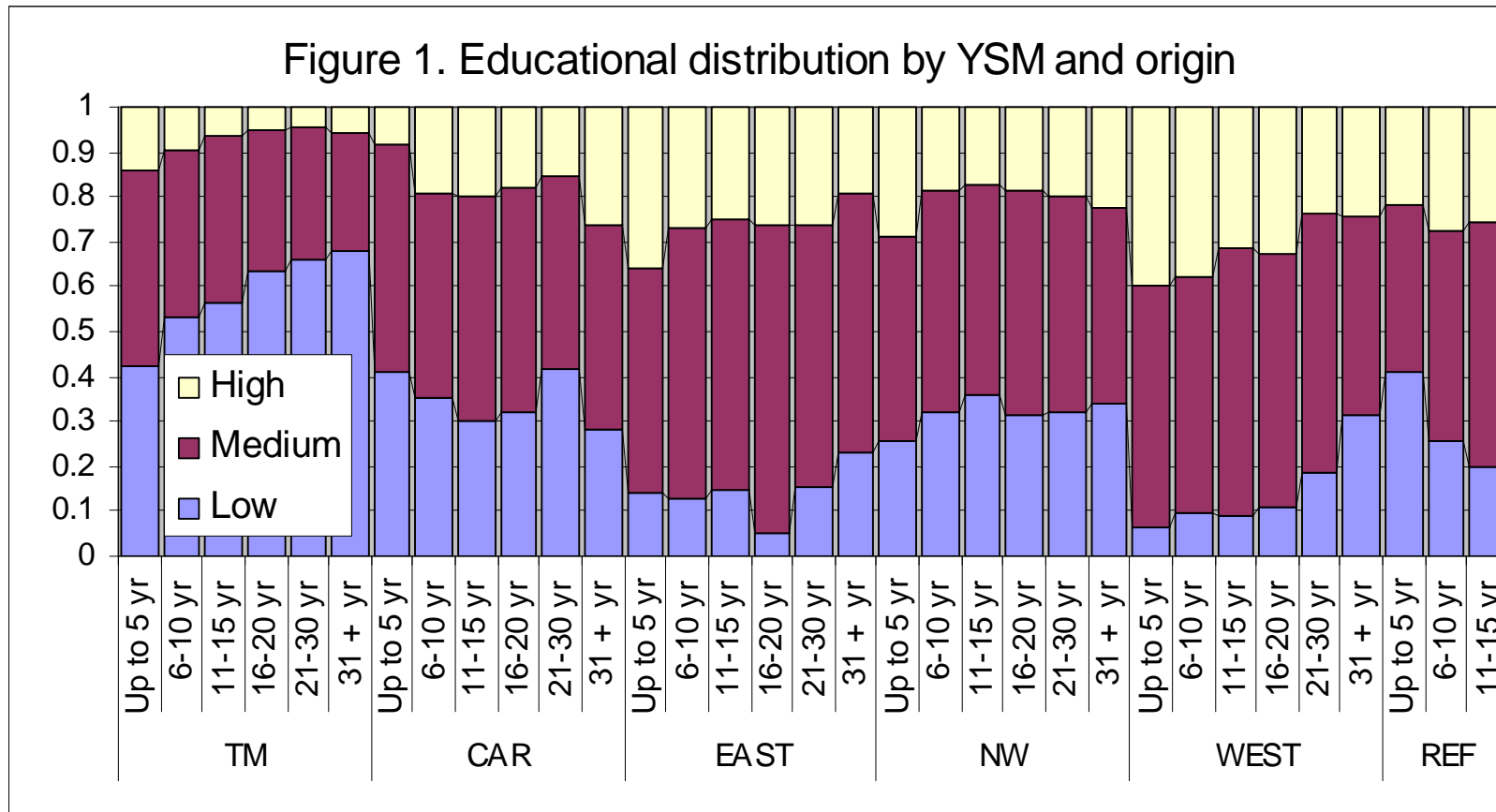
# Methodological issues

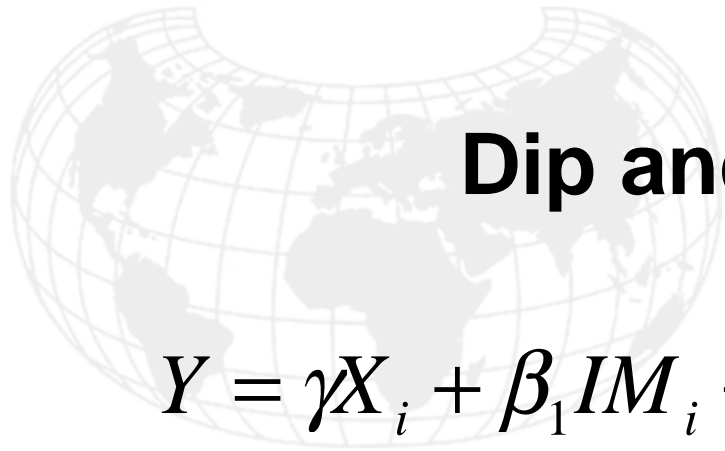
- **Cohort Quality**
  - Quality of cohorts could change due to
    - Changing composition of immigration flows by migration motive
    - increasingly more restrictive immigration policy
- **Selective return migration**
  - Intuitively, successful immigrants return relatively more likely if a generous welfare state discourages the return migration of less skilled
- **Labour market conditions at arrival**  
**Differentiated effects of macro economic shocks**  
Bad starting can generate path-dependence due to skill depreciation during inactive period

**no clear picture!**      **Hard to assess with cross-section data**  
However, our results still look plausible!



# Cohort quality





## Dip and Catch-up model

$$Y = \gamma X_i + \beta_1 IM_i + \beta_2 YSM_i + \beta_3 YSM_i * IM + \varepsilon_i$$

### Probit estimator

- Employment:

$Y = 1$  if employed, 0 otherwise

- Unemployment:

$Y = 1$  if UNemployed, 0 employed



# Dip and Catch-up model

(Duleep and Regets 1999)

- ∅ Immigrants with low initial skill transferability will have greater human capital investment and hence greater earnings growth than immigrants with greater skill transferability
- ∅ If initially untransferable human capital is useful in producing new human capital, education will do more to encourage investment among low skill transferability immigrants than among high skill transferability immigrants

This suggests:

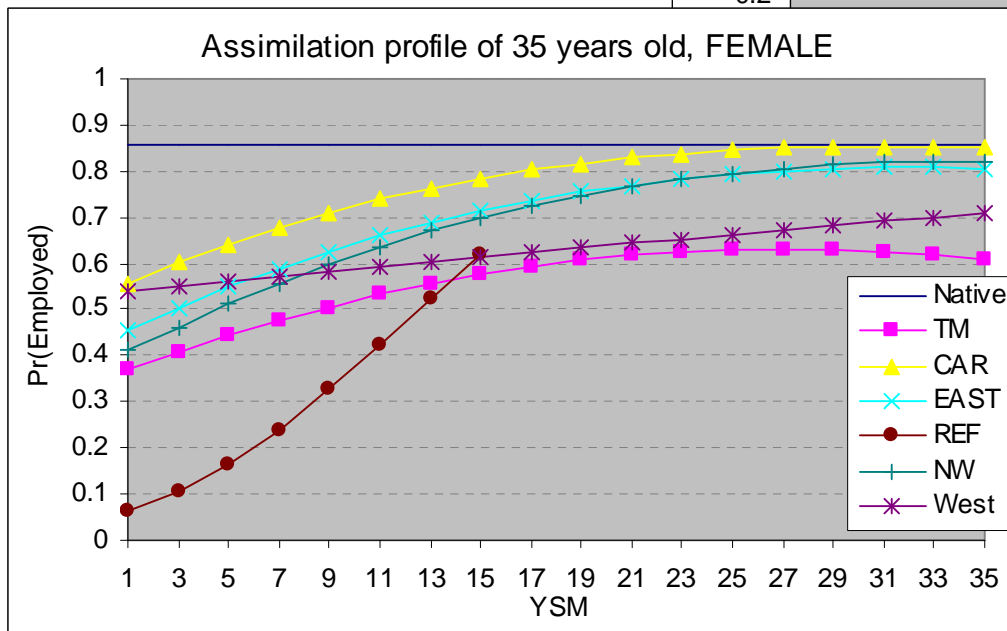
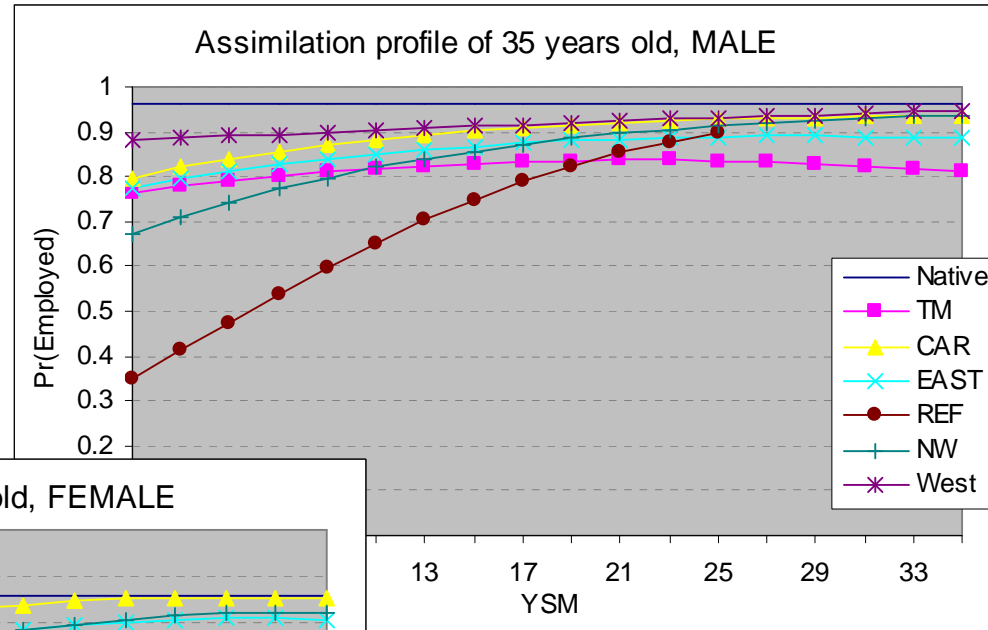
- Initial earnings and earnings growth, conditioned on age and source country schooling, should be negatively related

**Tendency towards equilibrium:**

- Earnings differences between low skill transferability and high skill transferability should narrow over time
- Immigrants will have faster earnings growth than natives, due to both greater human capital investment and greater value over time of source-country skills

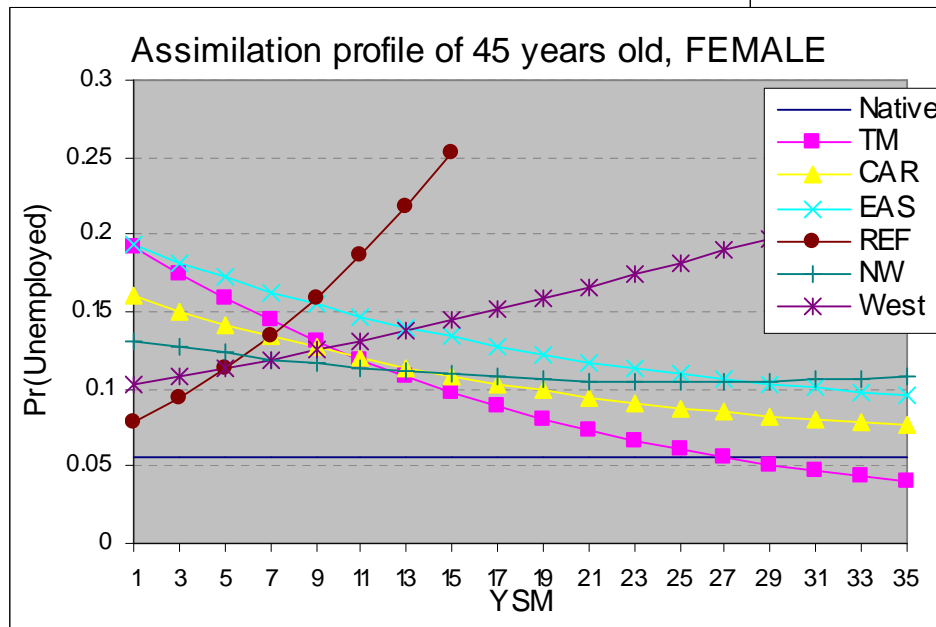
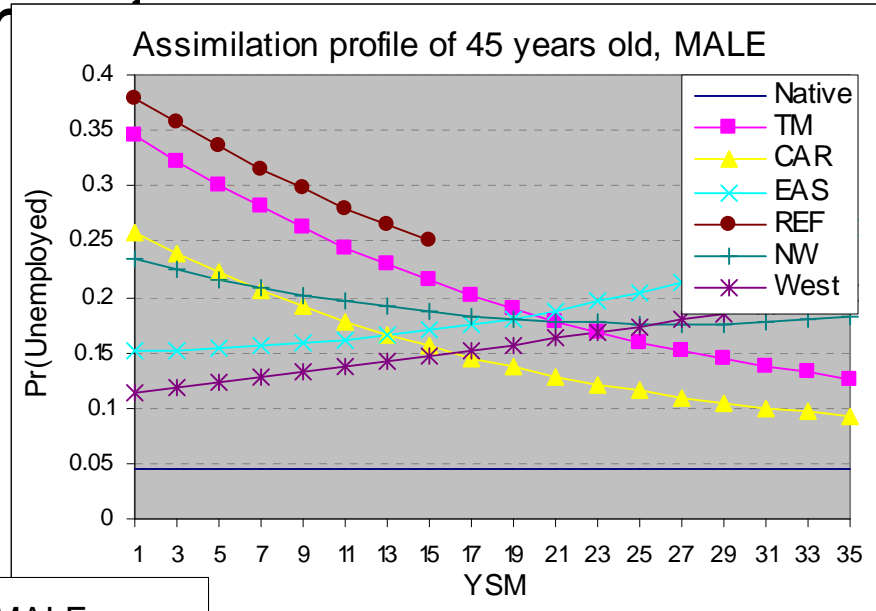


# Results: Employment





# Results: Unemployment





## Quality of jobs:

### Erikson, Goldthorpe and Portocarero (EGP) Social class scheme

The categories:

1. **Service class** (Professional and Managerial jobs)
2. **Intermediate jobs**
3. **Working class jobs** (semi- and un-skilled jobs)

The categories are defined on the basis of educational and skill requirements, wages, employment status, power relations in production process, routines of tasks and promotion possibilities etc.

# Distribution

		Men				Women		
	Service	Interm	Working		Service	Interm	Working	
Native	43.5	34.7	21.7		37.7	36.2	26.1	
TurMor	15.4	26.8	57.9		17.7	26.8	55.4	
Carib	30.7	34.8	34.6		31.4	32.3	36.3	
EAST	25.5	41.8	32.7		28.7	28.7	42.6	
Asylum	13.8	30.1	56.2		41.1	24.5	34.5	
ONW	26.3	31.9	41.9		23.0	27.4	49.6	
Western	49.0	29.2	21.8		40.8	32.2	27.0	

# Basic model

$$EGP = \gamma X_i + \beta_1 IM_i + \beta_2 YSM_i + \beta_3 YSM_i * IM + \varepsilon_i$$

**Covariates (X):** Age, Education, Naturalised, Urbanisation degree, the presence of children 0-11 years, Marital Status

**Multinomial Logit estimator:**

the base category: Working class jobs

$$\Pr(Occ = k | X_i, YSM) = \frac{\exp(x\delta_{k|b})}{\sum_{j=1}^J \exp(x\delta_{j|b})}$$

# Immigrants' disadvantage

$$[\text{Pr}(\text{EGP}=\text{Working} | x)_{\text{Dutch}} - \text{Pr}(\text{EGP}=\text{Working} | x)_{\text{IM}}]$$

$$[\text{Pr}(\text{EGP}=\text{Interm} | x)_{\text{Dutch}} - \text{Pr}(\text{EGP}=\text{Interm} | x)_{\text{IM}}]$$

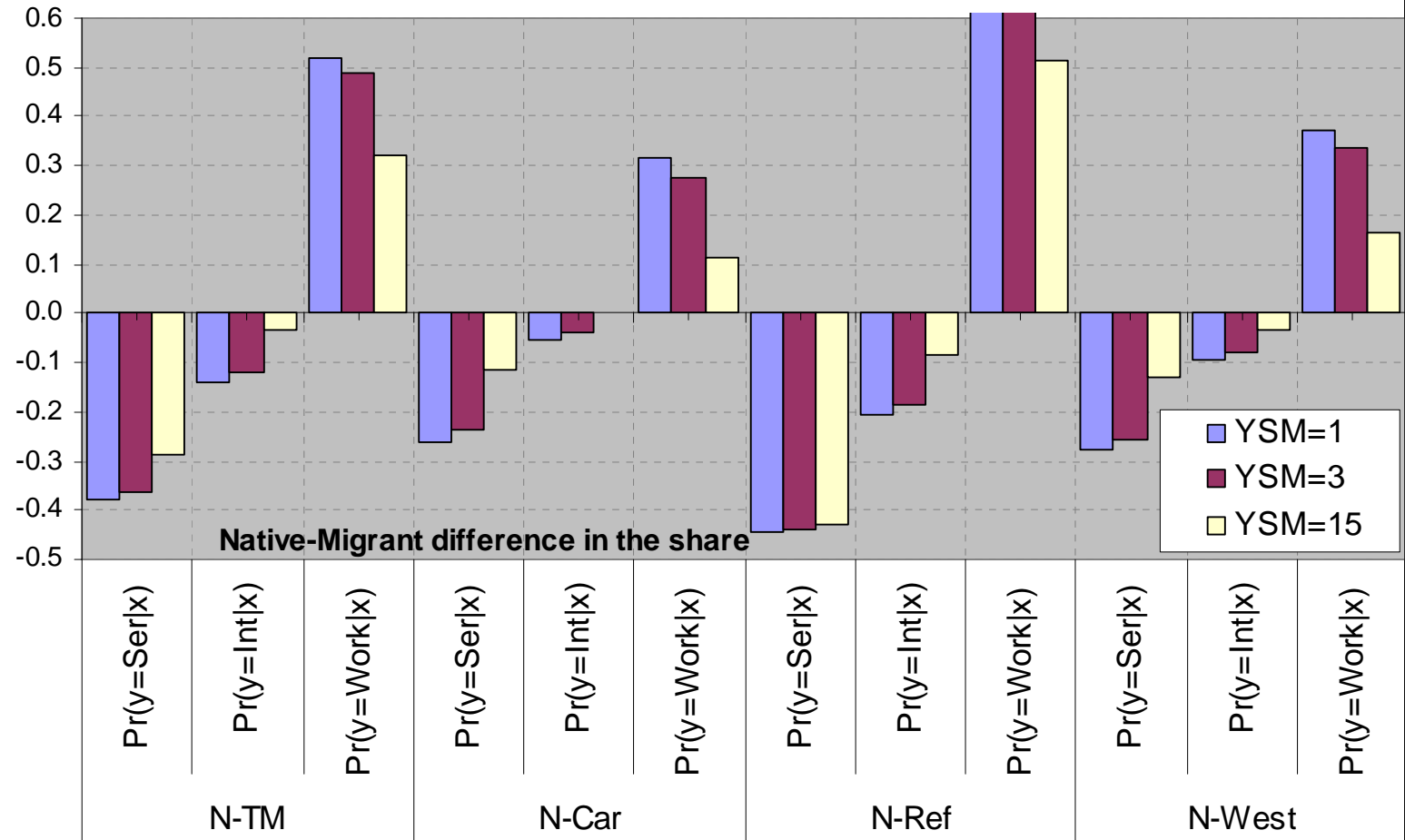
$$[\text{Pr}(\text{EGP}=\text{Service} | x)_{\text{Dutch}} - \text{Pr}(\text{EGP}=\text{Service} | x)_{\text{IM}}]$$

If <0: Immigrants' overrepresentation

If >0: Immigrants' underrepresentation

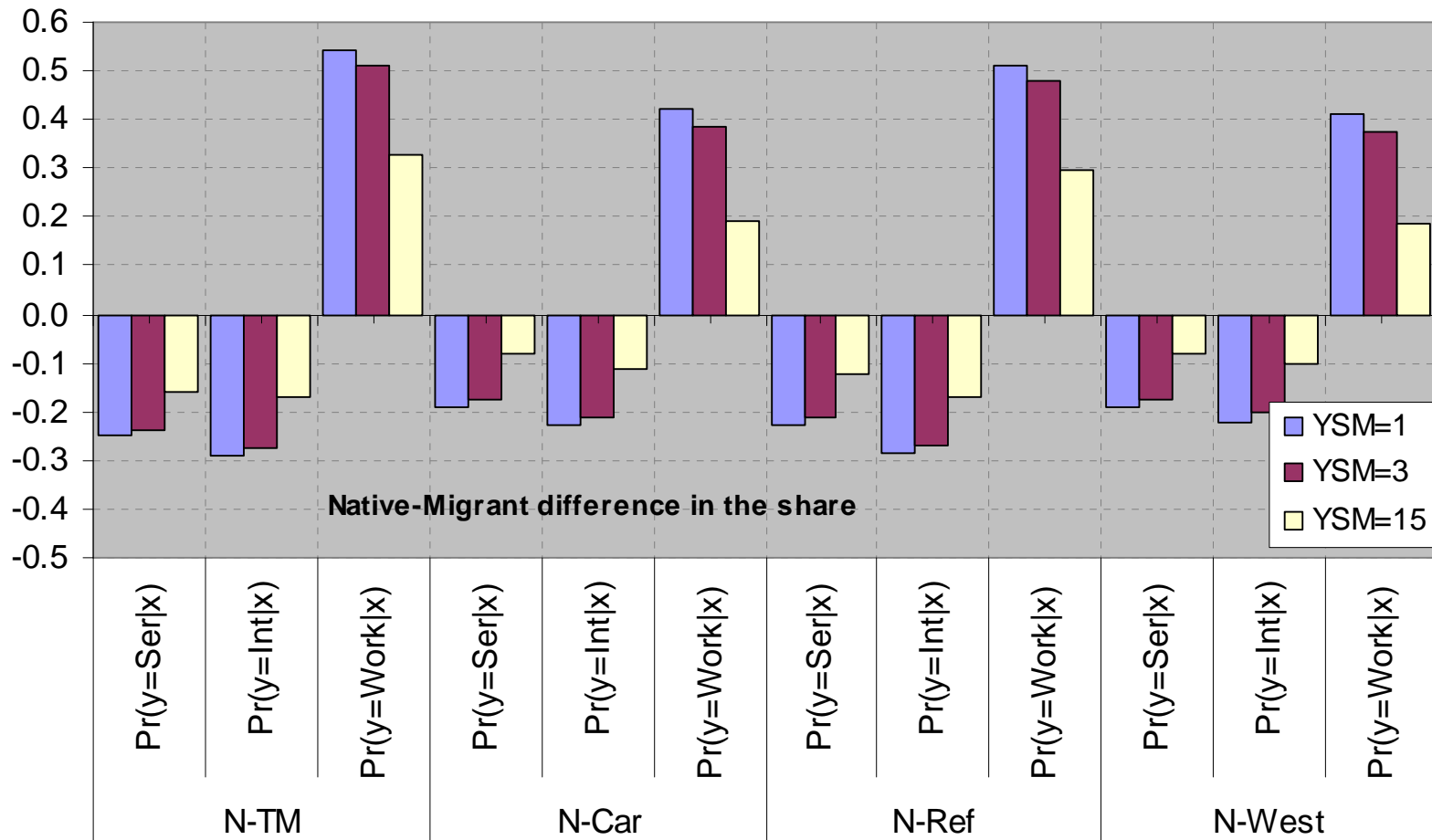


Predicted Native-migrant difference in the occupational attainment, 35 years old,  
**MEN**





Predicted Native-migrant difference in the occupational attainment, 35 years old,  
**WOMEN**





# The impact of education

$$Y = \dots + \beta_4 EDU_i * IM + \beta_5 YSM_i * EDU + \varepsilon_i$$

## Result:

- Education has no significant effect on the rate of assimilation
- Return to education does not differ across immigrant groups

# Conclusion

- Poor performance of Non-western immigrants: low employment, high unemployment and 'bad' jobs
- Particularly Turkish, Moroccan and Refugee migrants.
- Caribbean migrants perform relatively well. Caribbean women catch up!
- Comparing with native gender counterparts, immigrant men are in general relatively more disadvantaged, compared to immigrant women
- The quality of jobs is lower for immigrant women, compared immig. men
- Refugees are more likely inactive upon arrival and start with a low-qualified job and their position sharply improves with the time elapsed in the Netherlands.
- Western immigrants is similar to natives
- Education does not accelerate assimilation process!



Thanks