

**OVERQUALIFICATION**  
**as an indicator of**  
**labor market integration of**  
**highly educated immigrants:**  
**findings from the Labour Force Survey in Belgium**

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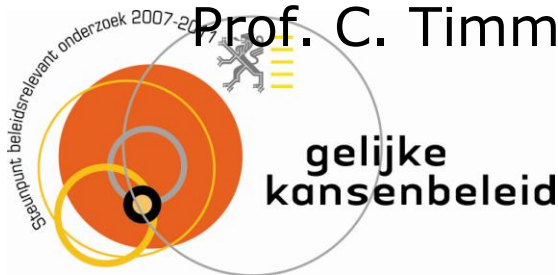
Arbeidsmarktcongres Steunpunt WSE

Voorbij de crisis? Over jongeren en de uitdagingen voor de  
arbeidsmarkt van morgen

25/11/2010

Promotors:

Prof. C. Timmerman & Prof. D. Mortelmans

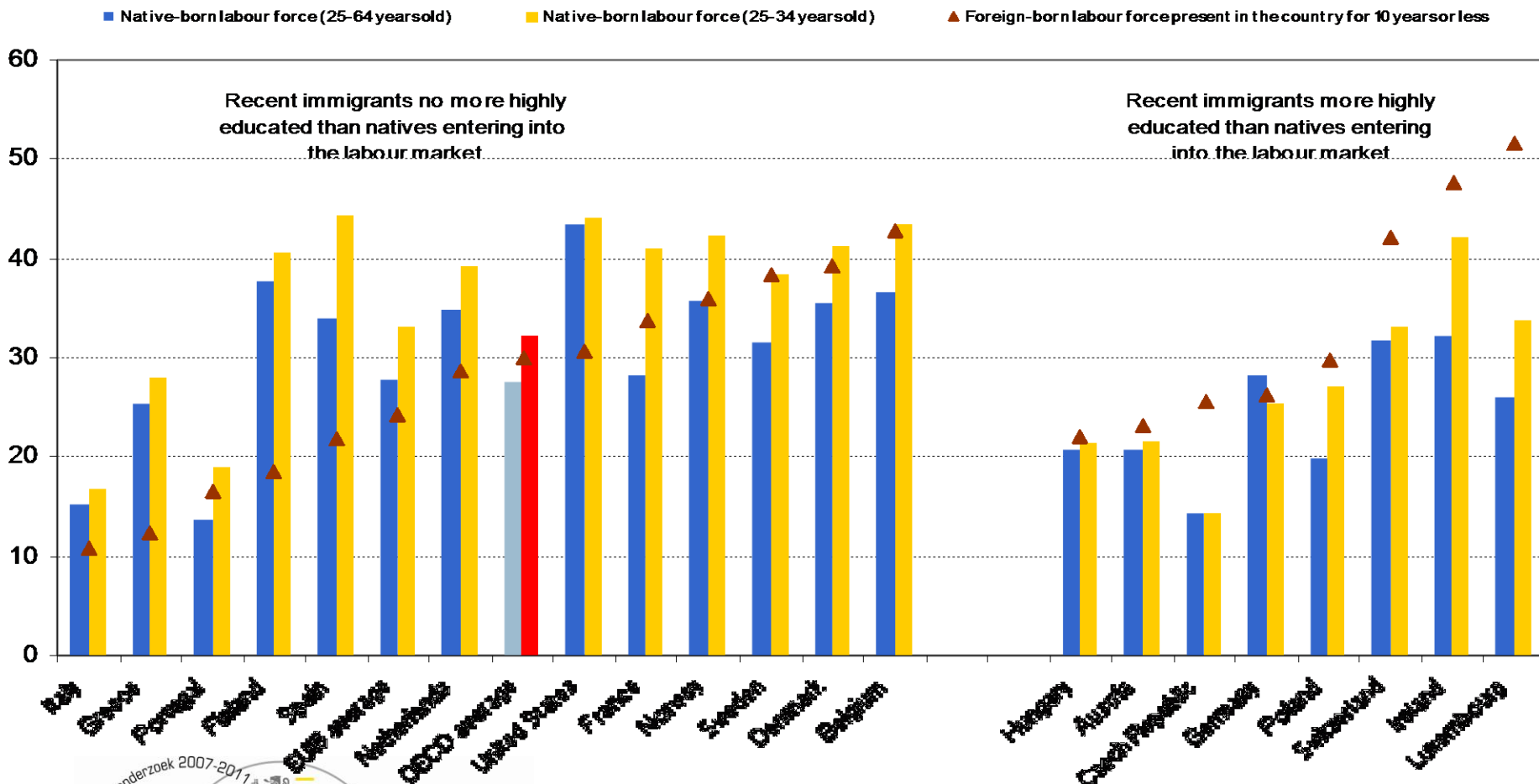


# Labor market integration of highly educated immigrants

- Why?
  - Increase
  - Problematic 'human capital transfer' (Chiswick ea., 2003)
    - 'jobmismatch' & 'overqualification'
- Vulnerable groups 'jobmismatch'
- Conceptualisation
- Consequences of mismatch



# Percentage of foreign-born labour force and of the native-born labour force aged 25-34 and 25-64 with a tertiary qualification; 2005 (OECD)



# Increase

Table: Level of education of the labour force (15-64 years old) by nationality (group) and length of stay, average for 2007 and 2008, Belgium

	<b>Low (%)</b>	<b>Intermediate (%)</b>	<b>High (%)</b>
<b>Belgian natives</b> (85%)	32	39	29
<b>Belgian non-natives</b> (6%)	45	31	24
<b>EU-15 (excl. Bel.)</b> (6%)	37	33	30
<b>EU + 12</b> (0,6%)	35	38	27
<b>Turks</b> (0,4%)	74	20	6
<b>Moroccans</b> (0,8%)	65	23	12
<b>Other OECD</b> (0,2%)	12	14	74
<b>Other non-OECD</b> ( 1,6%)	46	30	24
<b>Total</b> (100%)	34	38	<b>28</b>
<b>&lt; 10 years</b> ( <b>7%</b> )	40	30	<b>30</b>
<b>≥ 10 years</b> ( <b>6%</b> )	47	30	23

Source: ADSEI (LFS)



# Increase

Table: Level of education of the labour force (15-64 years old) by nationality (group) and length of stay, average for 2007 and 2008, Brussels-Capital Region

		<b>Low (%)</b>	<b>Intermediate (%)</b>	<b>High (%)</b>
<b>Belgian natives</b>	(53%)	32	30	38
<b>Belgian non-natives</b>	(18%)	47	28	25
<b>EU-15 (excl. Bel.)</b>	(14%)	28	23	49
<b>EU + 12</b>	(3%)	31	41	28
<b>Turks</b>	(1,3%)	72	18	10
<b>Moroccans</b>	(4,3%)	67	22	11
<b>Other OECD</b>	(0,6%)	8	8	84
<b>Other non-OECD</b>	(5,6%)	41	31	28
<b>Total</b>	(100%)	37	28	<b>35</b>
	<b>&lt; 10 years (23%)</b>	36	27	<b>37</b>
	<b>≥ 10 years (21%)</b>	47	26	27

Source: ADSEI (LFS)



# Labor market integration of highly educated immigrants

- Why?
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  - Problematic 'human capital transfer' (Chiswick ea., 2003)
  - 'jobmismatch' & 'overqualification'



# Problematic 'human capital transfer'

## 1. Micro-level

- Residence status
  - Temporary / Permanent
- Inactivity
- Knowledge of Dutch
- Financial obligation toward family members in country of origin (cf. Rettab, 1995)

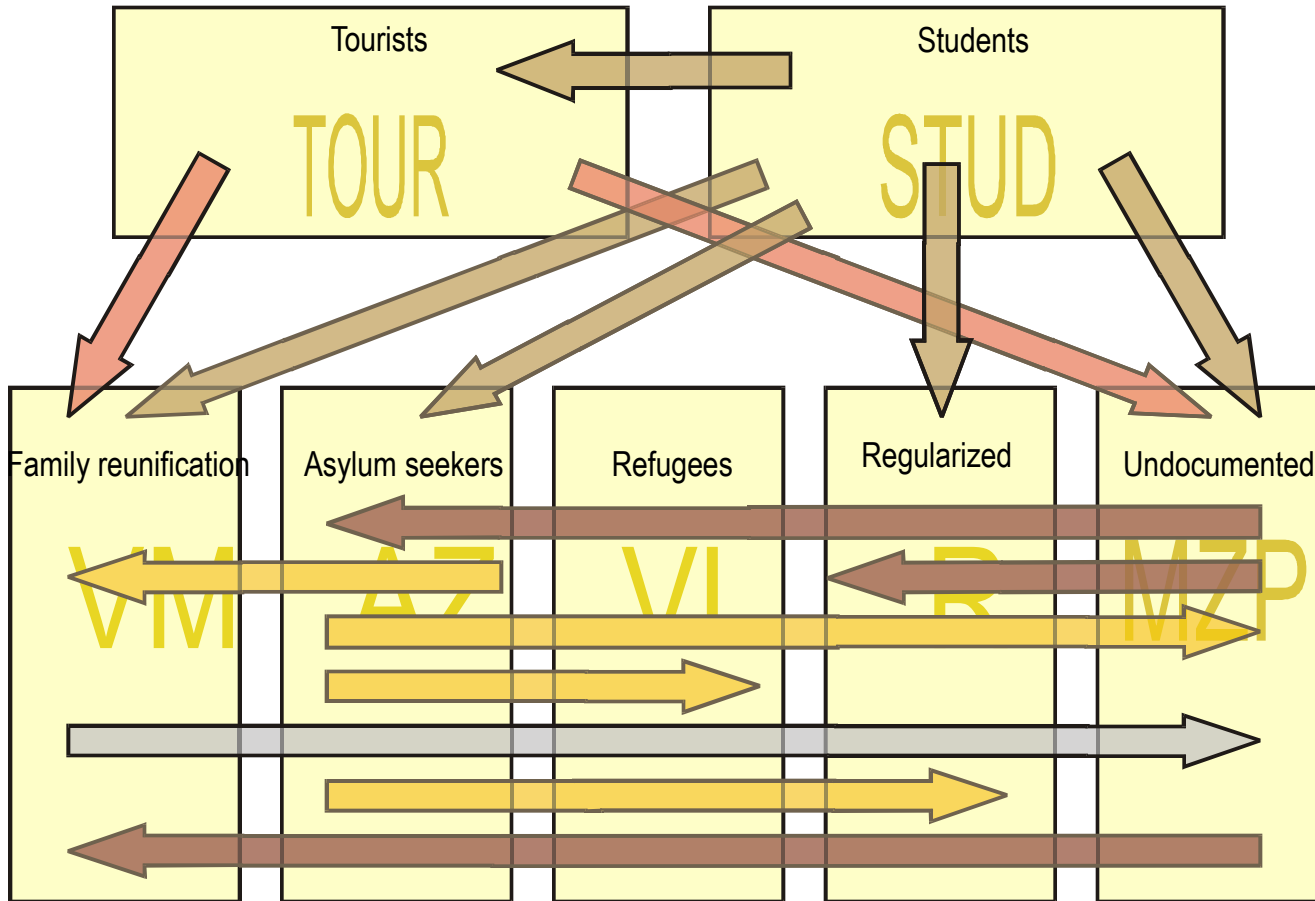
## 2. Meso & macro-level

- Recognition of Foreign Qualifications/Competences
  - Labor: Experience Certificate
  - Education: homologation of foreign degree
- Language & vocational training
- Labor market characteristics
  - Flexibility and rigidity
  - Bottleneck Professions
- Differences between countries

→ Hypothesis : 'jobmismatch' & 'overqualification'



# Residence status





# Problematic 'human capital transfer'

## 1. Micro-level

- Residence status
  - Temporary / Permanent
- Labor market position of the highly skilled immigrants :
  - Employment rate </ length of unemployment > / temporary contract > / full time > / laborer >
  - Gender difference:
    - » Inactivity high skilled immigrants ( : 29% - : 12%)
    - » Working high skilled immigrants ( : 64% - : 80%)
- Knowledge of Dutch
- Financial obligation toward family members in country of origin (cf. Rettab, 1995)

## 2. Meso & macro-level

- Recognition of Foreign Qualifications/Competences
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# Problematic 'human capital transfer'

Table: Employment rate according the level of education of the labour force (15-64 years old) by nationality (group) and length of stay, average for 2001 - 2005, Belgium

	<b>Low %</b>	<b>Intermediate %</b>	<b>High %</b>
<b>Belgian natives</b>	43	66	85
<b>Belgian non-natives</b>	35	57	76
<b>EU</b>	43	63	80
<b>Turcs/Moroccans</b>	23	38	51
<b>Other</b>	30	39	52
<b>Total (without Belgian natives)</b>			
<b>&lt; 10 years</b>	34	47	<b>66</b>
<b>≥10 years</b>	35	58	77
<b>Always</b>	42	62	80

Source: ADSEI (LFS)



# Problematic 'human capital transfer'

## 1. Micro-level

- Residence status
  - Temporary / Permanent
- Inactivity
- Knowledge of Dutch
- Financial obligation toward family members in country of origin

## 2. Meso & macro-level

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- Differences between countries

→ **Hypothesis : 'jobmismatch' & 'overqualification'**



# Labor market integration of highly educated immigrants

- **Why?**
- Vulnerable groups 'jobmismatch'
  - school leavers
  - women
  - highly skilled
  - ethnic minorities & especially immigrants
- Fundamental debates:
  - Return on investment
  - discrimination ↔ skill deficit
  - Labour integration
  - Labour migration
- Conceptualisation
- **Consequences of mismatch**



# Conceptualisation: 'overqualification'

- **Alignment Study - Work :**
  - two types of mismatch: vertical & horizontal (ex. philosophy – ICT)
  - interaction
- **Methods of measurement of mismatch**
  - Objective method: alignment jobexperts
  - Statistical method: # years training required
  - Subjective method



# Conceptualization: 'overqualification'

- Empirical methods of measurement compared (Verhaest, 2006)

Table: The proportion of over- and under-skilled in the first job on the basis of six alternative methods (Flemish Region) (Source: Verhaest, 2006)

	Subject. 1	Subject. 2	Subject. 3	Objectiv.	Statist. 1	Statist. 2
Over-skilled	26,4	29,5	39,2	50,6	7,9	11,6
Adequately skilled	68,7	62,3	57,4	41,4	78,0	67,9
Under-skilled	4,9	8,2	3,4	8,0	14,1	20,5



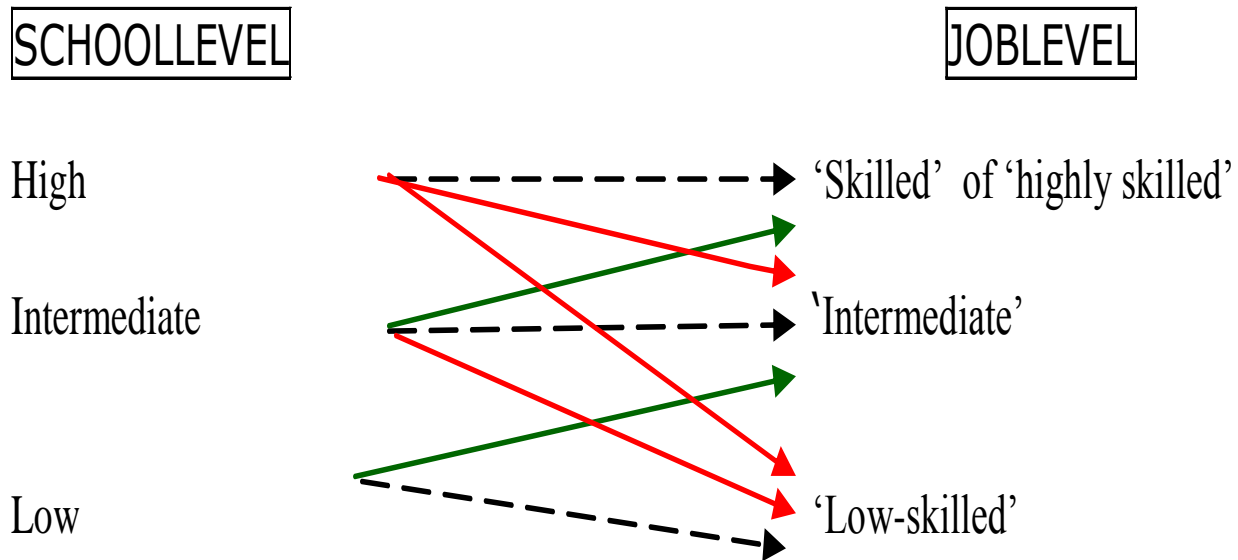
# Labor market integration of highly educated immigrants

- Why?
  - Vulnerable groups 'jobmismatch'
  - Consequences of mismatch
    - < Job satisfaction, > jobturnover, < wages
    - Temporary or permanent? Trap versus bridge hypothesis
    - Labor market characteristics: flexible – rigid
- differences between countries



# Differences between countries

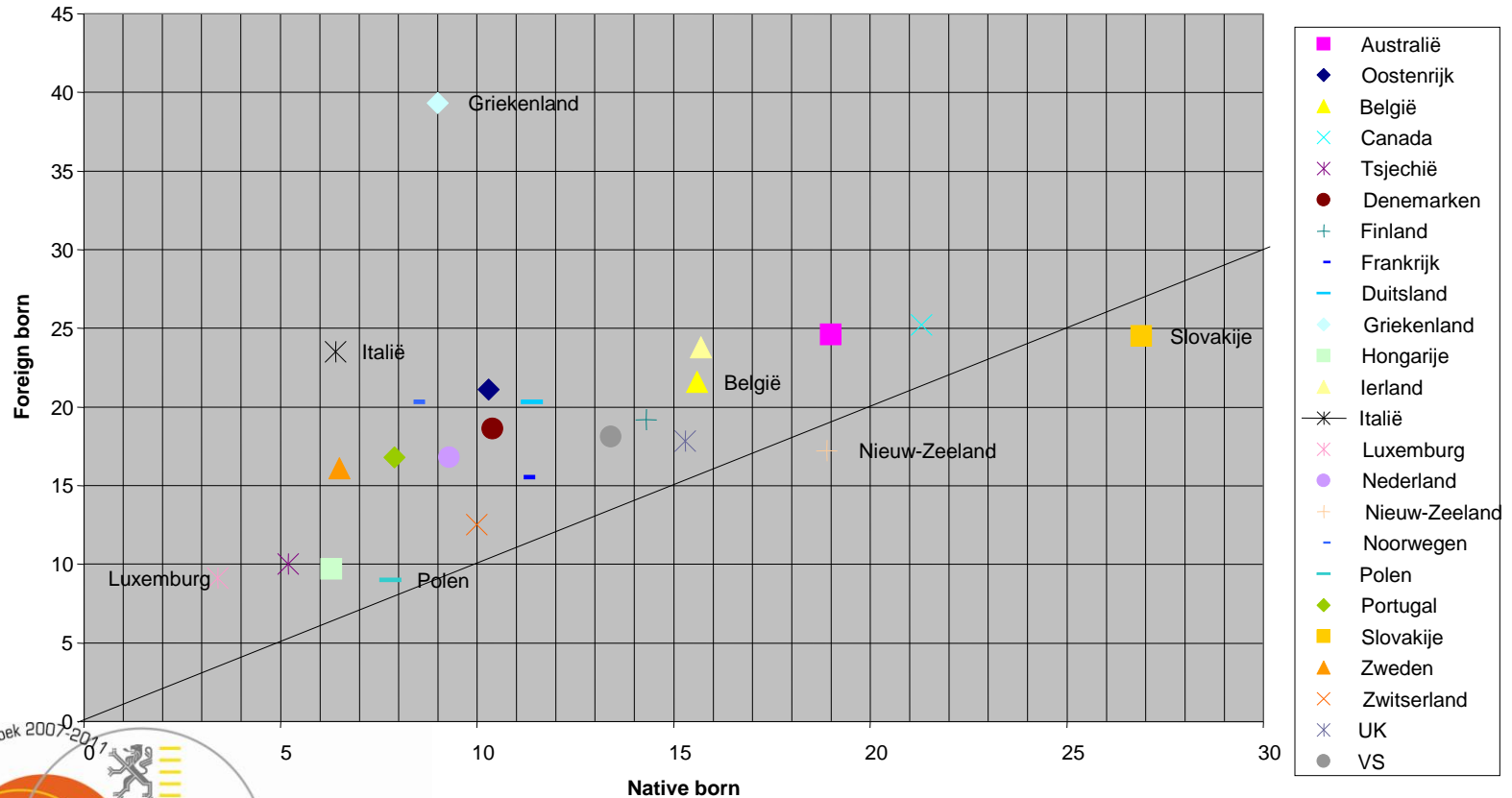
## OECD-model 'overqualification'





# Differences between countries

Overqualification degree 'native' versus 'foreign-born' 2003-2004 (Bron: Eurostat OECD, 2007)



# Differences between countries

- **In general :**

- Women > men
- immigrants > native population

**BUT** ... Variation depending on migration-, integration- & welfare regime, etc.

- **New Zealand :**

- Overqualification degree 'foreign born' < 'natives'
- Migration regime

- **Canada:**

- Overqualification degree for foreign born & natives very **high**
- difference between them is small
- education regime (schooling inflation)

- **Luxembourg :**

- Overqualification degree very **low** for both
- Lower for women than men

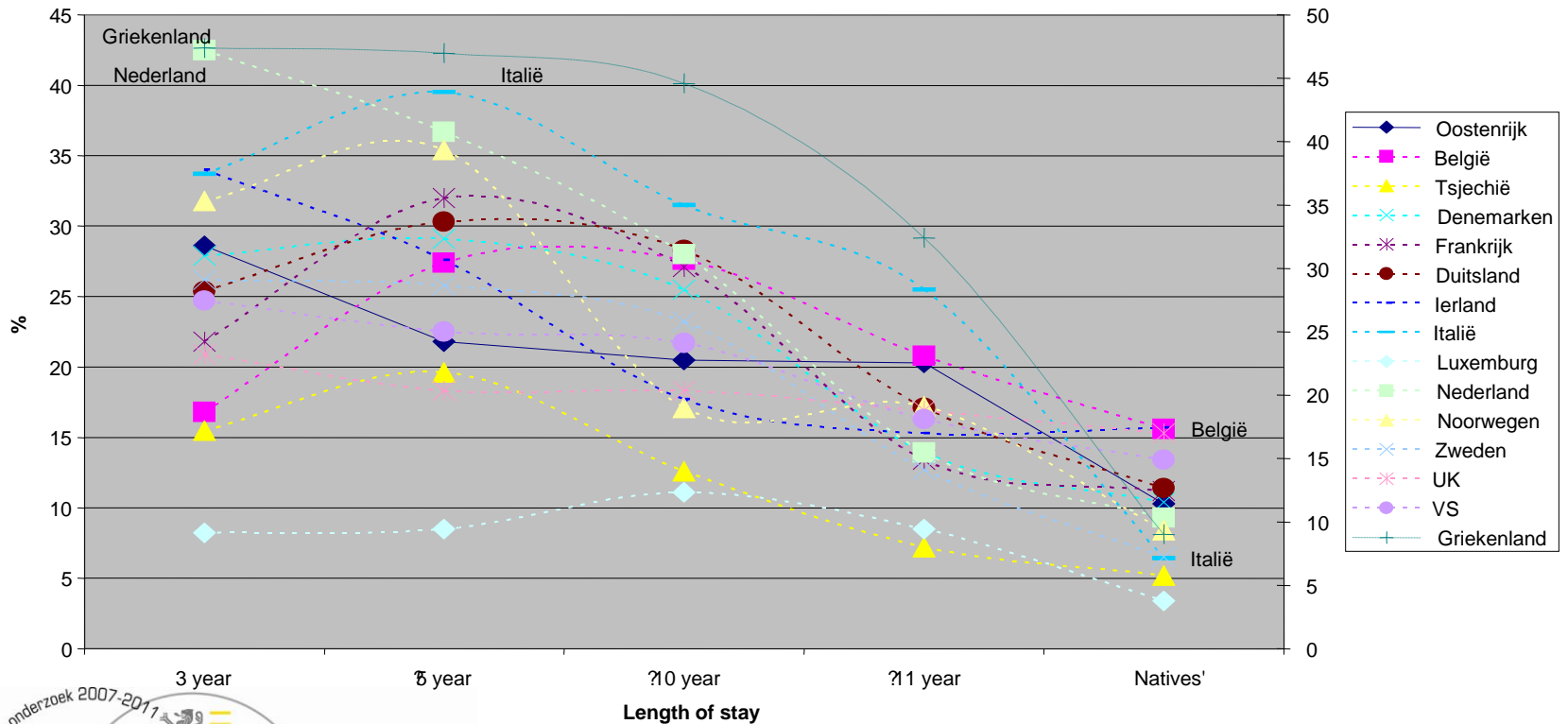
- **Greece :**

- Highest for immigrant **women** (53%)



# Differences between countries

Overqualification degree according length of stay, 2003 - 2004  
(Source: Eurostat in OECD, 2007)



# Jobmatch

Table: Jobmatch of the workforce (15 - 64 years) by ethnic origin and residence time, Belgium (2007 & 2008)

	Overqual. (%)	Adequate (%)	Underqual. (%)
<b>Belgian natives</b>	12	60	28
<b>Belgian non-natives</b>	15	54	31
<b>EU-15 (excl. Bel.)</b>	12	56	32
<b>EU + 12</b>	20	49	31
<b>Turks / Moroccans</b>	19	48	33
<b>Other OECD</b>	19	72	9
<b>Other non-OECD</b>	25	46	29
<b>Total</b>			
< 10 years (7%)	<b>18</b>	55	27
≥ 10 years (6%)	<b>12</b>	54	34
Highly qualified & < 10 years (6%)	<b>31</b>	69	-
Highly qualified & ≥ 10 years (5%)	<b>24</b>	76	-

Source: ADSEI (LFS)



gelijke  
kansenbeleid



# Jobmatch

Table: Jobmatch of the **highly skilled** workforce (15 - 64 years) by ethnic origin / nationality, Belgium (2007 & 2008)

	<b>Overqual. (%)</b>	<b>Adequate (%)</b>	<b>Underqual. (%)</b>
<b>Belgian natives</b>	22	78	-
<b>Belgian non-natives</b>	28	72	-
<b>EU-15 (excl. Bel.)</b>	22	78	-
<b>EU + 12</b>	28	72	-
<b>Turks / Moroccans</b>	<b>62</b>	38	-
<b>Other OECD</b>	22	78	-
<b>Other non-OECD</b>	<b>57</b>	44	-
<b>Total</b>	23	78	-
<i>&lt; 10 years (7%)</i>	<b>18</b>	55	27
<i>≥ 10 years (6%)</i>	<b>12</b>	54	34
Highly qualified & <i>&lt; 10 years (6%)</i>	<b>31</b>	69	-
Highly qualified & <i>≥ 10 years (5%)</i>	<b>24</b>	76	-

# Multivariate analyses

## LFS 2007 & 2008

- **Hypotheses 'overqualification risk' :**

- Background variables:

- Women > men
- Women + children > men + children (Statistical discrimination theory)
- Householdposition: > single parents
- Age: ↓ (jobshift cfr. Human Capital theory)
- Length of stay: ↓ (proxy of 'Human Capital')
- Nationality: non OECD ↔ OECD

- Education variables

- Level: academic < professional (cfr. Signal theory: displacement)
- Area : broad > professional oriented (ex. ICT, medical)
- Additional training: ? (compliment or substitute)

- Employment variables

- Seniority: ↓ (cfr. Human Capital theory ↔ Segmentation theory)
- Contract: temporary > regular
- Work regime: part-time > full-time (cfr. Signal theory)
- Sector: public < private (cfr. Credential theory)
- Number of employees: ↓ (internal mobility)
- Supervision: ↑



# Multivariate analyses LFS 2007 & 2008

• Results **highly educated** labor force & immigrated highly educated labor force

-Background variables:

- Women > men: **ns** / **ns**

-Interaction sex + length of stay: **sig.** / **sig.** native Belgian male < male oldcomers < male newcomers < native Belgian women < female oldcomers < female newcomers

-Women + children > men + children: **ns** / **ns** (nevertheless: < employment odds / > odds longterm unemployment / > odds part-time work)

- Householdposition: > single parents: **ns** / **ns** (nevertheless: > odds longterm unemployment )

-Age: ↓ (jobshift cfr. HC) **sig.** ↑ / **ns**

-Nationality: OECD: **ns** / **ns**; non-OECD + Turks: **sig.** > / **sig.** >

-Schoolleaver: ↑ **ns** / **ns**

-Education variables

-Level: academic < professional (cfr. Signal theory: displacement): **sig.** / **sig.**

-Area : broad > professional oriented (ex. ICT, medical) **sig.** / **sig.**

-Additional training : ? (compliment or substitute) **sig.** < / **sig.** <



# Multivariate analyses LFS 2007 & 2008

- Employment variables
  - Seniority: ↓ **sig.** / **sig.**
  - Contract: temporary > regular **ns** / **ns**
  - Work regime: part-time > full-time **sig.** / **sig.**
  - Sector:
    - public < private (cfr. Credential theory): **sig.** / **sig.**
    - Financial sector : **sig. >** / **sig. >** (cfr. Internal Job Market Theory 'efficiency wages')
  - Number of employees: ↓ **sig.** / **ns**
  - Supervision: ↑ **sig.** / **sig.**
- R<sup>2</sup>
  - Total 32% - 39 %
  - Schooling: 19% - 21% (mainly area & level)
  - Employment: 13% - 18% (mainly sector & professional statute)

## → Theoretical framing

**H<sub>0</sub>** : Human Capital Theory: = human capital (education) → = overqualification risk (BUT limits LFS: unmeasured capital, no productivity indicators, wages ... )

**H<sub>0</sub>** : Segmentation Theory : = segment → = overqualification risk (BUT limits LFS : no mobility indicators ... )

