

# **Migrants and employment: challenging the success story<sup>1</sup>**

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### **Abstract**

The Australian government claims that its emphasis on skills in the migration program has paid off, with recent migrants achieving superior labour market outcomes than previous cohorts, and contributing more to the 'productive diversity' of the Australian workforce. Such sentiments are supported by most contemporary scholars of migration. Their conclusions stem from the adoption of a human capital approach where migrants' labour market outcomes are seen to directly reflect their individual skills and other attributes, as opposed to social and institutional practices such as discrimination or exclusion. In this article we subject the prevailing 'success story' about skilled migration to scrutiny, and point to both alternative ways of interpreting the empirical evidence (namely, longitudinal survey data) as well as alternative ways of explaining the incorporation of migrants in the Australian workforce.

Over the last thirty years in Australia, there has been continuing popular and academic interest in the question of how migrants fare in the workforce. In the 1970s and 1980s, discussions about migrants and employment centred around the extent to which migrants from non-English speaking backgrounds (NESB) were concentrated in low skill, low paid jobs. While some academics argued that labour markets were blind to social attributes such as ethnicity or immigrant status, others saw migrants as ‘industrial cannon fodder’, recruited to Australia to perform unskilled labour and confined to this role after arrival (Collins 1991:78-87). There was also much concern over high unemployment rates in some ethnic communities, largely a result of economic recession and the decline of the manufacturing sector which had previously provided a substantial portion of migrant jobs (Castles et al 1986; O’Loughlin and Watson 1997; VEAC 1983, 1984).

However, since the late 1980s, discussions about the apparent success of professional and business migrants have supplanted the discourse of migrant disadvantage. As a result of the Federal government’s increasing emphasis on credentials and skills in the migration program, migrants’ human capital endowments have increased, apparently resulting in higher labour force participation rates and better employment outcomes. The government argues that migration is more economically efficient than ever before, with migrants adding to government coffers rather than becoming a drain on the public purse (Ruddock 2003).

Contemporary academic research on migrant employment experiences neatly underscores governmental discourses on migration policy. It is dominated by studies presenting a

‘success story’ narrative of recent, mostly highly skilled, migrants achieving increasingly positive outcomes in the Australian labour market. These are generally economic, quantitative studies based on the Longitudinal Survey of Immigrants to Australia (LSIA) (Cobb-Clark 2000; 2001; Cobb-Clark and Chapman 1999; Richardson et al 2001, 2002; VandenHeuvel and Wooden 1999, 2000).

The LSIA, commissioned by the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), surveyed migrants about their settlement experiences during their first years in Australia. LSIA1 targeted migrants entering Australia between September 1993 and August 1995, surveying them three times: six months (wave 1), 18 months (wave 2) and three and a half years (wave 3) after arrival. LSIA2 targeted migrants entering Australia between September 1999 and August 2000, surveying them twice: six months (wave 1) and 18 months (wave 2) after arrival (see DIMIA 2002, for more information about the LSIA). Weighted data were used in the analyses for this paper to offset the attrition rate in the sample over the three waves.

These studies continue a dominant tradition within the Australian sociology of migration, namely an approach derived from human capital theory. Essentially an ‘application of neo-classical economics to labour markets’ (Wooden 1994:220), human capital theory has become the prevailing wisdom within academic and business circles for explaining the economic success of individuals, firms and nations.

Human capital theory emerged in the 1970s in the writings of economists such as Mincer (1974) and Becker (1975) to explain differences in individual earnings. Income was treated as a function of workers' investment in marketable skills, particularly in the form of training. Individuals were seen as making rational choices about investments in education and training that would increase their productivity and thereby deliver suitable returns to them once evaluated on the market (see Blaug 1976:830).

Applied to immigrants, as Wooden (1994:220) notes, the theory proposes that 'differences in pay, occupational status, probability of employment, and so forth, between immigrants and natives reflect differences in the average productive capabilities of the two groups'. There is no place in the theory for institutional factors, such as firm-specific employment policies, the strategies of professional associations, or the effects of government vocational training and welfare bodies.

Thus if migrants are concentrated in low paid, inferior jobs, it is because of their individual shortages of human capital and low productivity.<sup>2</sup> In some cases, temporary imperfections prevent the market from working in an optimum manner. But in the long run at least, migrants are treated no differently from the native born with the same human capital endowments (Blandy et al 1977; Evans and Kelley 1986; Wooden 1994). At a 1987 conference on immigrants and employment in Australia, the opening speaker summed up this tradition's previous decade of research in the following manner: 'Migration has not created any substantial or permanent underclass of workers, segmented and discriminated against. On the contrary, the evidence is of broadly equal

treatment for equal skills and of relatively quick convergence between the native born and overseas born in economic status' (Withers and Miller 1987:31).

Studies informed by human capital theory typically use multivariate statistical analysis to examine how individual attributes of migrants affect their labour market outcomes.

Current human capital-oriented research tends to compare migrants' employment outcomes with those of other migrants, rather than with the native-born, as was common in earlier research. This reflects the reliance in current research on the LSIA, which does not provide comparisons with the total Australian population.<sup>3</sup> Consequently, these studies draw no conclusions on whether migrants are disadvantaged; but they continue to link employment outcomes directly to human capital attributes, often noting that migrants' human capital is well rewarded in the labour market. They provide a contemporary version of this way of looking at migrant employment experiences, albeit using a new data set.

Critics of the human capital approach have developed alternative frameworks for understanding migrant employment. In the US, the experiences of black and immigrant workers motivated economists Piore and Doeringer to develop their theory of dual labour markets (Doeringer and Piore 1971; Piore 1979). In Australia, writers such as Storer (1982), Collins (1984) and Castles et al (1986) used theories of dual and segmented labour markets to develop alternative accounts of migrant employment outcomes. These and other researchers developed a rich literature mapping and analysing the poor employment outcomes of many migrant groups, particularly women, ethnic youth,

workers retrenched from the manufacturing industry, those injured at work, home-based outworkers, and immigrants denied equal treatment by employers and professional bodies in various labour markets.

Critics of mainstream analysis of migrant employment experiences challenged the methodological approach used by quantitatively oriented economists and sociologists, as well as their policy conclusions. For example, Jakubowicz and Castles (1986) alleged that economists' multivariate analyses cloaked ideological bias in pseudo-scientific mathematical methods. They claimed that such methods were often used inappropriately, excluded important variables such as ethnicity, ignored internal divisions by operating with overly broad categories, and missed the big picture concerning global mass migration. 'By holding specific characteristics constant in the name of comparability (such as age, education, previous experience) the historical process of recruitment of migrant labour is made meaningless. The whole point about labour recruitment is that it does not lead to migrant populations similar in character to host populations...' they wrote (Jakubowicz and Castles 1986:19).

This article reopens this fruitful engagement, examining the new wave of human capital analyses of migrant employment outcomes, and raising both 'internal' and 'external' questions. That is, we consider both alternative ways of analysing the longitudinal survey data *and*, guided by different theoretical concerns, alternative methodologies for researching immigrant employment. Like Jakubowicz and Castles in an earlier era, we are concerned about the politicisation of research on immigrants in Australia today and

the way that highly selective accounts of migrant experiences depict a generally positive story that is in turn used to justify current government policy.

### **The LSIA studies: education, language and employment success**

The LSIA-based studies documenting the employment outcomes of migrants tend to show that those with higher levels of human capital perform better in the labour market than those with lower levels. Human capital is most commonly operationalised in terms of *educational qualifications* and *English language ability*. These studies show that migrants with higher levels of qualifications and English proficiency achieve superior outcomes in terms of employment and unemployment rates, levels of earnings, and occupational status.

For example, in their analysis of LSIA1, Cobb-Clark and Chapman (1999:11) show that migrants with a university degree were up to 10 percentage points more likely to be labour force participants than those with a technical qualification. VandenHeuvel and Wooden (2000:64) note that in wave 3 of LSIA1, those with a degree were more than 20 percentage points more likely to be in the labour force than those with no post-secondary qualifications. In terms of language ability, VandenHeuvel and Wooden (2000:64) show that almost three-quarters of LSIA1 migrants with good English speaking skills were in the labour force, compared with only about half of those with poor English speaking skills. Additionally, the probability of being unemployed was five times greater for those who had poor, rather than good, English speaking skills.



In many of the studies, *visa category* is used as a proxy for these human capital attributes. Skill stream migrants are more likely to demonstrate high levels of human capital, as they have met criteria relating explicitly to qualifications, English language ability, age, and other factors influencing their employability in Australia.<sup>4</sup> Family reunion and humanitarian entrants are not subject to these requirements, and thus on average have lower levels of human capital.

Thus the authors highlight the close association between the visa category under which migrants enter Australia and labour market outcomes, with migrants entering in the skill stream typically outperforming their counterparts in the family and humanitarian streams. The former are shown to have higher labour force participation rates, lower unemployment rates, higher incomes and occupational status (Cobb-Clark and Chapman 1999; Richardson et al 2001; VandenHeuvel and Wooden 1999, 2000; Williams et al 1997).<sup>5</sup>

The importance of human capital endowments is also alleged in comparisons between the experiences of LSIA1 (cohort 1) and LSIA2 (cohort 2) migrants. Subject to the tighter migration admissions criteria of the late 1990s, cohort 2 were more highly educated and had better English language skills. The proportion of entrants admitted in the skill stream rose from 35 per cent in LSIA1 to 50 per cent in LSIA2. Meanwhile, family stream entrants fell from 49 per cent to 41 per cent (Cobb-Clark 2001:11)<sup>6</sup>.

The more highly skilled second cohort is shown to have achieved better employment outcomes than the earlier entrants. Eighteen months after arrival, almost half of cohort 1 was employed, while for cohort 2, the same proportion was already employed after just six months in the country (Richardson et al 2001:9). Once employed, cohort 2 reported higher levels of occupational status and income than did cohort 1 (Richardson et al 2001:13).

Overall, this literature concludes that by the late 1990s, migrants' human capital (in the form of education and English ability) had improved substantially. As Richardson et al note (2002: x): 'Australia, and the migrants themselves, are better off in two ways in terms of the human capital that has been acquired with the migrants of Cohort 2. The first is that the total level of human capital is very high. The second is that substantial use is being made of that human capital in the workplace.'<sup>7</sup>

The Federal Government has enthusiastically accepted this very positive portrait of recent migrants' labour market experiences, arguing that the policy implications are clear – skilled migration should continue to be emphasised over family and humanitarian migration, because of the numerous economic advantages gained from the entry of highly qualified and employable individuals.<sup>8</sup> A DIMIA 'Fact Sheet' (2001:2) claims that findings from the LSIA 'strongly suggest that a program which is weighted more towards skilled migration will have better overall labour market outcomes and thus a better economic impact than a program which is weighted towards family reunion migration'. It further notes: 'Recognising these factors, the Australian Government has shifted the

balance of the migration program towards skilled migration (the Skill Stream) and away from family reunion (the Family Stream).’

A striking feature of these analyses is the narrow framework within which migrant employment experiences are assessed. Writers appear uninterested in many of the issues and themes of earlier research, such as occupational mobility (upward or downward) after arrival; underemployment; or equal opportunity in the workforce. As noted earlier, few comparisons are made between immigrant and local workers, although data from the Australian Bureau of Statistics could easily be used to complement the LSIA in such an enterprise. The main preoccupation has been rather to contrast different classes of migrants – those the government considers less desirable (humanitarian and family entrants) and those it considers more worthy (skilled immigrants). The next section shows how the LSIA data can also show a very different story about migrants’ employment experiences.

### **Downward social mobility**

While the LSIA studies include much analysis of improvements in migrants’ employment outcomes with duration of settlement in Australia, there is almost no comparison of migrants’ outcomes in Australia with their experiences *prior* to migration. This comparison is significant because earlier research has pointed to the existence of a ‘transferability gap’ which often prevented migrants from being fully rewarded in Australia for their overseas gained skills and work experience (Chapman and Iredale

1990; O'Loughlin and Watson 1997; Stromback 1988). This 'transferability gap' meant that migrants often suffered downward occupational mobility after arrival in Australia. Our analysis includes pre- and post-migration comparisons to explore whether recent migrants also face difficulties re-establishing themselves in the workforce after arrival.<sup>9</sup>

As noted above, current studies focus on how migrant employment outcomes vary over time after migration, or how they vary between holders of different visas. For example, VandenHeuvel and Wooden (1999:15) note that between Waves 1 and 3 of LSIA1, the proportion of respondents reporting earning no income fell from 26 per cent to five per cent and the overall unemployment rate halved (VandenHeuvel and Wooden 1999:17, 14). However, while outcomes improve with length of residency in Australia, this often starts from an initial downward mobility associated with the act of migration itself. There are often dramatic changes in employment outcomes associated with crossing borders.

When pre- and post-migration outcomes *are* compared, there is much evidence of downward occupational mobility. Williams et al (1997) study of the LSIA1 shows that less than half (43 per cent) of those employed prior to migration were employed within six months of arrival in Australia. Of those who were employed, most occupational mobility was downward, leading Williams et al to conclude that there had been some 'skill loss' over the immigration process (1997:24). Richardson et al (2001: 40) reached similar conclusions for both LSIA1 and LSIA2 cohorts. But although the data clearly indicate downward mobility among recent migrants, the authors do not examine this, merely noting that overall, the 'quality' of the migrant intake in both cohorts was high

(Richardson et al 2001:43). The discrepancy between migrants' occupational attainment pre- and post-migration is one of the few negative outcomes reported in this study, and yet Richardson et al do not discuss it further.

These oversights are unfortunate particularly given that the LSIA includes a great deal of data on respondents' pre-migration experiences. Wave 1 of the survey included many questions relating to respondents' employment circumstances in the 12 months prior to migration, such as occupation, use of qualifications, job satisfaction, and so on. These could easily have been used to contextualise migrants' experiences in Australia in the light of what they had achieved in their home country.

When one does examine the LSIA data in this way, there is a clear portrait of downward mobility. This can be seen in the occupational data as well as in variables such as employment and unemployment rates, use of qualifications, and reported job satisfaction. As Table 1 shows, migration to Australia was associated with a fall in employment and a rise in unemployment, even three and a half years after settlement. This was the case for both primary applicants and migrating spouses.

Table 1 about here.

After arrival, migrants were less able to secure jobs in which they frequently used their qualifications. Prior to migration, almost three-quarters (74 per cent) of LSIA1 primary applicants with post-secondary qualifications had jobs in which they used their

qualifications *all or most of the time*. After three and a half years in Australia, this figure was only 51 per cent (unpublished LSIA1 data). Migrating spouses fared even worse: prior to migration, 75 per cent reported using their qualifications all or most of the time. After three and a half years in Australia, this proportion had fallen to 47 per cent (unpublished LSIA1 data).<sup>10</sup>

Given the emphasis placed on educational qualifications as a predictor of labour market success, this discrepancy raises questions about how significant qualifications actually are if migrants are *equally likely* to be employed in jobs that do *not* use their qualifications often. This suggests that after arrival in Australia, a substantial proportion of migrants are not able to fully realise their human capital, a conclusion which sits uneasily with the overall ‘success story’ narrative of migrant employment experiences. The next two sections describe other interpretations of the LSIA data that also cast doubt on the optimistic scenario, at least for some migrant sub-populations. We examine aspects of the LSIA data that suggest that employment outcomes may be shaped by more than just human capital attributes. In particular, we look at variations in migrants’ experiences based on their country of birth and gender.

### **Birthplace and employment outcomes**

Clearly there is a case for arguing that migrants with higher levels of skill and English language ability are more successful in the labour market than migrants with lower levels of such human capital attributes (although the difference these skills makes will depend

on the type of job a migrant is seeking). However, is human capital the only factor distinguishing the different migrant streams? Given that these are reports on *migrants*, there is a striking absence of any discussion of birthplace or ethnicity in any of the LSIA studies.

For example, in VandenHeuvel and Wooden (1999:116), results are almost always disaggregated by visa category only. Similarly, Richardson et al (2001:9) include birthplace data in their introduction of the LSIA respondents, but the rest of the report compares outcomes almost exclusively by visa category or LSIA cohort (as described above). Cobb-Clark and Chapman (1999: 24) present data on English language ability disaggregated by region of origin, but birthplace is not included in discussion of migrants' employment outcomes. Cobb-Clark (2001) makes no mention of ethnicity or country of origin at all.

This neglect of birthplace is a major departure from previous literature on migrant employment in Australia, which typically saw migrants' country of origin as a key explanatory factor. Comparisons were commonly made between migrants from English speaking backgrounds (ESB) and non-English speaking backgrounds, which writers such as Collins (1991), Lever-Tracy and Quinlan (1988) and Castles et al (1986) saw as *the* crucial distinction. Invariably, the former achieved better employment outcomes than the latter.

The neglect of birthplace is all the more surprising given that it is in fact a key differentiating factor between the migration streams. Information that VandenHeuvel and Wooden (1999:116) relegate to the Appendix indicates that as well as human capital, country of origin differs markedly across the streams. Humanitarian entrants are the most likely to have been born in non-English speaking countries, specifically continental Europe and former USSR, Middle East and South-East Asia. Eighty nine per cent came from these regions, compared with 51 per cent of the overall sample and 21 per cent of the Independent category (1999:116).

Our own analysis of LSIA data confirms the salience of migrants' country of birth, and of the NESB/ESB dichotomy. It shows that those from English speaking backgrounds achieved considerably better outcomes than those from non-English speaking backgrounds<sup>11</sup> and that in terms of employment outcomes, the differences between the two groups were *substantially smaller prior to migration*. Both groups tended to be successful labour market participants prior to migration. While ESB migrants often maintained positive employment outcomes after migration, this was much less likely among NESB migrants.

These patterns are evident in data on employment and unemployment rates, occupational status, and use of qualifications. For example, as Table 2 shows, in LSIA1, after three and a half years in Australia, ESB primary applicants had an employment rate that was almost 20 percentage points higher than their NESB counterparts. Although migration was associated with a fall in employment for both groups, the magnitude of the fall was much



greater for the NESB migrants. Meanwhile, the unemployment rate of ESB primary applicants was almost unchanged by migration, unlike NESB unemployment, which after three and a half years, was four times the pre-migration rate, and nine percentage points higher than the ESB rate.

Table 2 about here

LSIA data also show that migrants from ESB are much more likely to be employed in the upper echelons of the labour force in Australia, while NESB migrants are more likely to be found in lower status jobs. As seen in Table 3, migration to Australia had almost no impact on the proportion of ESB respondents in the top three occupational categories.

However, NESB respondents suffered a 17 percentage point fall in the proportion employed in these jobs. After three and a half years in Australia, the proportion of NESB migrants in the top three occupational categories was 17 percentage points lower than the proportion of ESB migrants in these jobs, even though NESB migrants were *more* likely to be in the top jobs prior to migration. Meanwhile, four times as many NESB migrants were employed as labourers after three and a half years compared to pre-migration levels, and the proportion of NESB labourers was more than twice the proportion of ESB labourers.

Table 3 about here

After migration, ESB migrants were more able than NESB migrants to find jobs in which they could use their qualifications, as Table 4 shows. This is despite the fact that prior to migration, NESB migrants reported using their qualifications more often than ESB migrants. While migration led to a reduction in all respondents' use of their qualifications, this fall was much greater for the NESB migrants than it was for the ESB migrants.

Table 4 about here

NESB and ESB migrants also experienced different changes in levels of job satisfaction. As seen in Table 5, there was little change in the proportion of ESB migrants who stated that they loved their jobs or liked them a lot before and after migration. In contrast, the proportion of NESB migrants who loved or liked their jobs fell 16 percentage points after migration.

Table 5 about here

How one interprets these contrasts between ESB and NESB migrant experiences is of course fundamental to the debate about immigrant outcomes. As native English speakers, the ESB migrants have an undoubted advantage over the NESB migrants in Australian labour markets. But it is likely that the ESB advantage (a long standing feature of the Australian workforce) stems from more than just the ability to speak English. Indeed, even Richardson et al (2001:12) note that after controlling for English language ability,

those from the UK, Ireland and North America still have a greater chance of being employed in Australia.

It should be remembered that nearly half (48 per cent) of the NESB immigrants were able to speak English well or very well on arrival (unpublished LSIA1 data), and many immigrants from non-English speaking countries such as Hong Kong and the Philippines have experienced English language education systems. Historically in Australia, as elsewhere, immigrants from NESB have come from poorer and/or war-torn regions, and still today come disproportionately from the global 'South'. This background also contributes to differential employment outcomes in Australia compared with immigrants from the globally dominant and English-speaking regions of North America and the UK. The value employers accord to potential employees and the extent to which they are seen as being able to 'fit in' is systematically influenced by cultural and ideological factors that the human capital approach brackets out of the analysis. As we explain below, analyses that acknowledge the segmented nature of labour markets are better able to explain the different employment experiences of ESB and NESB migrants.

### **Gender and employment outcomes**

The LSIA studies also fail to recognise how employment experiences vary according to migrants' gender. There is typically no discussion of the different experiences of male and female migrants, and in most cases, analysis is limited to experiences of migrants who entered Australia as primary applicants, ignoring migrating spouses (e.g. Cobb-

Clark 2000; Cobb-Clark and Chapman 1999; VandenHeuvel and Wooden 1999, 2000).

The majority (80 per cent in LSIA1) of these spouses are women, who, migrating as dependents, often have quite different employment experiences to (male or female) primary applicants. In excluding these respondents, the LSIA studies ignore the experiences of a large cohort of migrants, and remove individuals from their household context.

Cobb-Clark (2001: 474) herself notes, 'Although one of the primary strengths of the LSIA data is their ability to capture all individuals within the primary applicant's household, the experiences of migrating-unit spouses and immigrant families have been relatively under-studied.' And Cobb-Clark and Chapman comment that in focusing only on primary applicants, they have 'ignored the fundamental role of households in the immigration process' (1999:28), in particular, ignoring 'interdependencies between members of households with respect to labour market decisions and outcomes' (1999: vi). However, even when authors in this literature acknowledge the limitations of examining only experiences of primary applicants, they do not explain why they have made this methodological decision.

The decision is all the more inexplicable given that there are substantial gender differences according to visa category, with men vastly outnumbering women in all the skill-based categories (for example, men comprised 85 per cent of Business migrants and 77 per cent of Independent migrants), and women (62 per cent) outnumbering men in the Preferential Family category (VandenHeuvel and Wooden 1999:116). Given the gender disparities among classes of visa-holders, are there independent gender-based

explanations for the classes' different employment outcomes? The LSIA studies' emphasis on human capital attributes precludes any investigation into this question.

In fact, there is evidence of gender effects, independent of other variables. For example, while labour force participation rates clearly vary according to visa category, within each visa category, women's participation rates are consistently lower than men's. At Wave 3 of LSIA1, Independent (skilled) visa holders' participation rates were 95 per cent for men and 87 per cent for women; for Preferential Family visa holders, rates were 77 and 46 per cent respectively (VandenHeuvel and Wooden 1999: 27). Thus even when women were skilled migrants, they were still less likely to be in the workforce than their male counterparts.

Our own analysis of LSIA data (Table 6 and Figure 1 below) clearly shows that men and women achieve quite different employment outcomes in their first few years in Australia, particularly in relation to labour force participation. LSIA1 data suggests that migration to Australia is associated with an initial fall in the labour force participation rates of male and female primary applicants. However, after three and a half years in the country, while men's employment rates had largely recovered, women's remained very low.

Meanwhile, at wave 3, the proportion of women engaged in 'home duties' had more than doubled.

Table 6 about here

The fall in labour market participation is even more dramatic for female spouses of primary applicants. Even after three and a half years in Australia, the proportion of employed women was almost 20 percentage points lower than pre-migration levels. This was accompanied by a substantial increase in the proportion of women reporting their main activity as 'home duties' (unpublished LSIA1 data). While a majority of male spouses (61 per cent) were employed after three and a half years in Australia, this was true for only a minority (33 per cent) of female spouses (unpublished LSIA1 data).

Women's comparatively low workforce participation after migration is also reflected in their lower income levels. As Figure 1 shows, after three and a half years in Australia, women were more than twice as likely as men to have no income, and those with incomes had lower earnings than their male counterparts.

Figure 1 about here

For those in the workforce, men tended to be in higher status occupations compared to women. For example, after three and a half years in Australia, 34 per cent of male primary applicants were employed as managers, administrators or professionals, compared to only 25 per cent of females (unpublished LSIA1 data). The 'gender gap' in occupational attainment was *smaller prior to migration*, indicating that migration is associated with a widening of the gender difference in occupational status.

Summing up the picture described above, it is clear that women are much less likely than men to be in the workforce, even in cases where they were admitted as skilled migrants.

Once in the workforce, men tend to be employed in higher status occupations than women. These factors largely explain the gender differences in migrants' level of income, with men tending to earn more than women. While the LSIA studies differentiate employment outcomes on the basis of visa category and skill levels, there is evidence that regardless of human capital endowments, there are independent gender-based differences in employment outcomes.

Within migrant families, women's careers are often considered secondary. This reflects women's tendency to migrate for family reasons, in contrast to men, who are more likely to migrate as independent, skilled migrants (Fincher et al 1994). This means that upon arrival, men's employment generally assumes priority within migrant families, while women's primary responsibility is to facilitate the settlement of the family into a new environment, with their employment considerations assuming secondary status.<sup>12</sup> As such, the skilled migrant 'success story' is likely to look very different for men and women. In sidelining demographic attributes such as gender, and in some cases, completely ignoring the experiences of migrating spouses, the LSIA studies cannot inform us about how male and female migrants' experiences differ, and thus fail to recognise the gendered nature of migration and migrant settlement.

### **Alternative paradigms for understanding migrants' experiences**

While human capital attributes are clearly crucial in explaining migrants' employment outcomes, there are often instances where migrants with similar human capital profiles

achieve dramatically different employment outcomes in Australia. The LSIA studies' almost exclusive focus on human capital attributes precludes any exploration of other labour market processes that can explain such outcomes.

As we saw above, in the LSIA, ESB and NESB migrants had similar occupational achievements prior to migration, but after arriving in Australia, the experiences of the two groups diverged substantially. Table 7 shows graphically that despite their very high rate of educational qualifications compared to the local population, migrants from some parts of Asia were in the mid-1990s found in relatively low status jobs in Australia – jobs not occupied by Australian born people with such qualifications.

Table 7 about here

These more disaggregated data suggest a more complex picture than Richardson et al's (2002:x) conclusion that 'substantial use' is being made of migrants' human capital in the workplace.

The following section considers the strengths and weaknesses of the human capital approach in analysing migrant employment in Australia and suggests alternative perspectives that can produce a more comprehensive understanding of the migrant workforce experience. In essence, we argue that downward mobility after arrival, and the variations in migrant employment outcomes based on country of origin and gender may be better explained by exploring the structures of demand for migrant labour, and the



employer, employee, and institutional practices that produce and reproduce these structures.

The strength of human capital-based analyses is in our view two-fold. First, they are able to bracket out the detail of variation within group experiences to present a powerful generalising account. Abstracting from questions about the equivalence of skills and education around the globe, from the complexity of the differing language demands of various occupations and the peculiarities of the local labour markets into which migrants are incorporated, the LSIA studies present a simple and uniform picture that can be translated directly into government policy.

Second, the model of the individual economic actor making rational-instrumental decisions to invest in skills that will deliver returns in overseas (or local) labour markets does speak to the experiences of certain types of labour migrants. As we have suggested, however, the model neglects the household context of decision-making and it also overplays the 'long termness' of the way individuals plan their lives. However, as Piore perceptively argued in the late 1970s, migrant workers in the early stages of a migration process come closest to neo-classical economics' *homo economicus* conception of human behaviour. With their identity rooted in their life in their country of origin, work in the host country is a means to an end (Piore 1979:54). And increasingly government immigration policy has required potential immigrants to calculate in this way – the sheer personal and financial costs associated with the application process and the demand that immigrants be almost completely self-sufficient after arrival means people must think

primarily in money terms in weighing up the huge outlays of migration to Australia against the potential benefits.

However, once in Australia, the evidence is that immigrants encounter a very different reality to the neutral sorting machine model of the labour market depicted in the LSIA studies. Rather, variations between different ethnic groups, and between male and female migrants reflect processes of segmentation in specific Australian labour markets. Peck offers a succinct summary of the assumptions of the segmentation approach (1996:60):

Primacy is accorded to the demand side of the labour market, as the area where job structures are shaped and the level and form of demand is determined; ... and institutions and social forces are taken to be the central determinant of the structure and organisation of employment.

For example, the way employers value education from different parts of the world can systematically channel workers from different ethnic backgrounds into industry sub-sectors that then become seen as 'migrant'. For example, in a study undertaken at a time of nursing shortage in Australia, Hawthorne (2001:218) documented the 'instancy of professional acceptance' for nurses from the UK, as opposed to the 'doubt and penury' experienced by non-English speaking background nurses. Her analysis found that particular birthplace groupings were more likely to work in the most exploitative sectors – public hospitals and nursing homes – and that the latter was 'a sector in the process of redefinition as for "foreign labour."' In contrast, ESB nurses passed seamlessly into

employment and senior employment. They were more likely to be found in high status areas such as private hospitals (2001:227).

Other authors have pointed out that formal qualifications and education may not be employers' main criteria for selecting employees. Criteria vary across labour markets – for example, employers' requirements in selecting technicians are likely to be different to those where perceived attitudes and 'soft skills' – behavioural and performative traits – are emphasised (Shih 2002). Even in areas of work where technical expertise is sought, like engineering or information technology, employers may see criteria such as the *range* of previous job experiences, the perceived ability to fit into a team, or to represent the company to its customers as more salient than the level of the qualification (Watson 1996).

Employers' definition of these 'soft skills' and other informal criteria may be constructed around particular migrant groups' ethnicity or class (as well as of course, their gender). As Jakubowicz and Castles pointed out in 1987, Australian employers and local workers in the post-war decades had a clear interest in utilising a workforce that was not only ethnically distinguishable from the local workforce but also considered to be largely unskilled and little educated, rendering it suitable for hard, low paid, dead end jobs. Waldinger and Lichter argue that essentially the same set of interests are at work in contemporary service industry jobs, where employers prefer workers who have 'the ability to keep a smile regardless of how unpleasant the customers or the working conditions' (2003:16). In the case of dirty, menial work this can result in employer

preference for workers they would disdain to have as friends: ‘the messy hotel room would be surely more of an embarrassment were it to be cleaned by someone with a claim to equality’ (2003:40).

Indeed, there is a wealth of theoretical and empirical literature from Australia as well as the US and Europe that indicates a far more complex workforce reality to that assumed by the human capital school. Studies that focus simply on the ‘supply side’ – the characteristics of the immigrants themselves – are comforting to *laissez faire* governments, as they disregard non-benign behaviour by employers, and barriers to equal opportunity erected by government itself.

For example, among the state policies that channel and constrain immigrants in Australian labour markets are visa requirements limiting overseas students to part-time jobs, the widespread use of temporary visas which mean that their (mainly NESB) bearers face unaffordable overseas student fees for bridging and retraining programs, the lack of childcare support, and the discriminatory effects of income support arrangements on recently arrived immigrants and on women whose husbands are employed.

Finally, the human capital approach omits any role for employees themselves as active subjects, or rather reduces employees’ sphere of action to pursuing returns for their ‘investment’ in human capital. In the US a huge literature documents how migrants use ‘social capital’ – ties and social networks – to establish themselves in certain occupations and industries (Portes 1998; Waldinger and Lichter 2003). In Australia, Xiang has

documented the use of transnational friendship and kin ties to cement a place for Indian IT professionals in the IT industry (Xiang 2001). On the other hand, lack of connections to more senior employees may mean that migrants reach 'glass ceilings' that local workers manage to break through (Watson 1996).

None of these or other factors that severely constrain some migrants' options in Australia need be investigated if outcomes are seen simply as a function of human capital endowments, although the latter clearly play a part in occupational patterning. Moreover, investigation of the benefits for employers in some labour markets in utilising vulnerable workforces for undesirable jobs, and their role in recruiting and allocating workers differentially is also precluded (Alcorso 2003).

## **Conclusion**

Much of the current literature on migrant employment in Australia is based on the LSIA, a rich and comprehensive data set on recent migrant settlement experiences. However, as we have seen, the LSIA data can be made to show a *prima facie* case for both the very optimistic account favoured by the human capital school and government, and a more complex picture that examines downward social mobility in Australia and the extent to which migrants' country of origin and gender also shape their employment experiences.

Since 1996, there has been a severe dearth of research on migration and settlement which has not emanated from a human capital perspective. In part this is a product of the

Howard Government's abolition of key institutions (such as the Bureau of Immigration, Multicultural and Population Research) that previously facilitated this research. As Jupp notes, 'There has been almost no 'social' or 'cultural' research funded directly by the Commonwealth in recent years' (2002:62), and advocacy, access and equity monitoring, and social and economic research are 'greatly diminished' (2002:78). Current research is dominated by studies of economic criteria and the settlement outcomes of the various visa categories, and is largely controlled by the Department of Immigration. Not only is it highly selective in its focus and emphases, it is underpinned by untenable assumptions about the existence of an economy-wide 'market' that recognises only a couple of small aspects of the qualities workers bring to the workforce and the qualities employers require. Indeed, the analyses leave out most of what we want to know about migrant workers as social beings.

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**Table 1: Employment and unemployment rates, primary applicants and migrating unit spouses, before and after migration to Australia**

		<b>12 months prior to migration %</b>	<b>6 months after arrival %</b>	<b>3½ years after arrival %</b>
<b>Primary applicants N=3,753</b>	Employed	71	36	55
	Unemployed	3	22	10
	Other	26	42	35
<b>Migrating unit spouses N=1,411</b>	Employed	58	17	38
	Unemployed	2	18	9
	Other	40	65	53

Source: LSIA1 (migrants arriving between September 1993 and August 1995)

**Table 2: Employment and unemployment rates of primary applicants from ESB and NESB, before migration and 3½ years after arrival in Australia**

	Before migration %		3½ years after arrival %	
	ESB <i>N</i> =799	NESB <i>N</i> =2953	ESB <i>N</i> =798	NESB <i>N</i> =2949
Employment rate	82	69	70	51
Unemployment rate	2	3	3	12
Not working other	16	28	27	37

Source: LSIA1 (migrants arriving between September 1993 and August 1995)

*p* = .000

**Table 3: Occupational status of primary applicants from ESB and NESB, before migration and 3½ years after arrival in Australia**

	Before migration % *		3½ years after arrival % **	
	<i>ESB</i> N=673	<i>NESB</i> N=2045	<i>ESB</i> N=585	<i>NESB</i> N=1,615
Managers, administrators, professionals and assoc. profs	47	49	49	32
Labourers	5	6	10	23
Other	48	45	41	45

Source: LSIA1 (migrants arriving between September 1993 and August 1995)

\*p = .324 \*\*p = .000

**Table 4: How often use qualifications, primary applicants from ESB and NESB, before migration and 3½ years after arrival in Australia**

	Before migration % *		3½ years after arrival % **	
	ESB <i>N=503</i>	NESB <i>N=1416</i>	ESB <i>N=484</i>	NESB <i>N=1,241</i>
<b>All of the time/very often</b>	52	57	47	31
<b>Never</b>	19	13	24	33
<b>Other</b>	29	30	29	36

Source: LSIA1 (migrants arriving between September 1993 and August 1995)

\*p = .005 \*\*p = .000

**Table 5: Feelings about job, primary applicants from ESB and NESB, before migration and 3½ years after arrival in Australia**

	Before migration %		3½ years after arrival %	
	<i>ESB</i> N=674	<i>NESB</i> N=2054	<i>ESB</i> N=585	<i>NESB</i> N=1615
<b>Love it, best job I ever had</b>	19	27	21	14
<b>Like it, a really good job</b>	49	41	49	38
<b>Not a good job or awful job</b>	3	2	2	2
<b>Other</b>	29	30	28	46

Source: LSIA1 (migrants arriving between September 1993 and August 1995)

p = .000

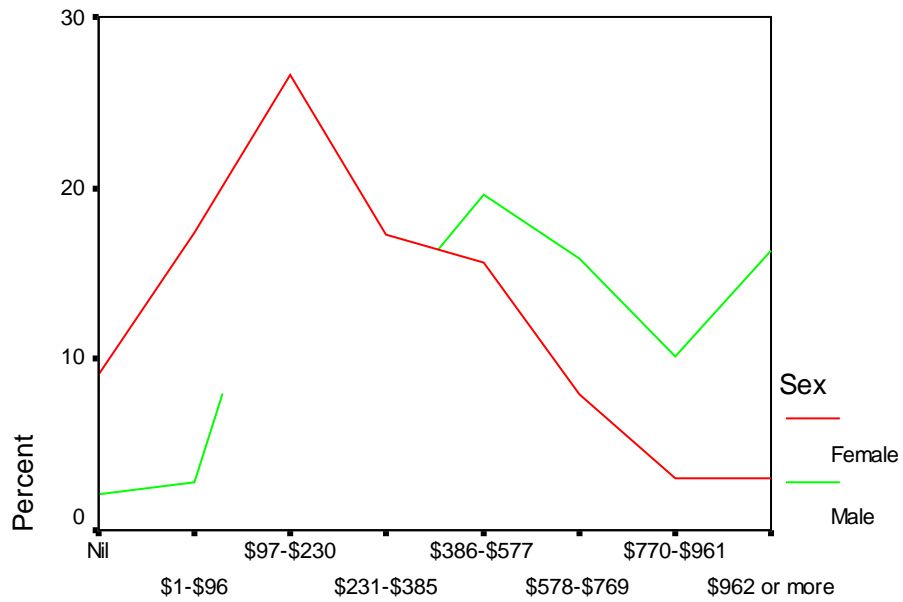


**Table 6: Main activity of female and male primary applicants, before and after migration**

	12 months prior to migration %		3½ years after arrival %	
	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>
<b>Employed</b>	63	79	39	70
<b>Unemployed</b>	3	4	8	12
<b>Studying</b>	11	8	6	6
<b>Home duties</b>	18	-	37	1
<b>Other</b>	5	9	10	11
<b>Total</b>	100	100	100	100

Source: LSIA1 (migrants arriving between September 1993 and August 1995)  
 N=3,753; p = .000

**Figure 1: Total weekly income, Female and Male Primary Applicants, 3½ years after arrival**



incomeW3

Cases weighted by NEWEIGHT

Source: LSIA1 (migrants arriving between September 1993 and August 1995)

**Table 7: Selected birthplace by selected occupation, and qualification, NSW employed people, 1996**

Birthplace		Qualification %		
		<i>Degree, diploma or certificate</i>	<i>Lower or none</i>	<i>Total</i>
<b>Australia</b>	Business & IT professionals	68	32	100
	Cleaners	10	91	100
<b>North East Asia</b>	Business & IT professionals	79	21	100
	Cleaners	63	36	100
<b>South East Asia</b>	Business & IT professionals	77	23	100
	Cleaners	38	67	100
<b>Total</b>	All jobs, all birthplaces	41	60	100 N=2,588,700

Source: ABS, 1996 Census of Population and Housing, unpublished data. Percentages may not add to 100 due to rounding.

<sup>1</sup> We would like to thank Ian Watson (ACIRRT), Gabrielle Meagher (University of Sydney) and the anonymous referees for their very helpful comments.

<sup>2</sup> It should be noted that the Australia literature on migrants rarely explores the human capital theory argument that it is the higher productivity of the better-endowed (in human capital terms) that allows them to command greater rewards in the labour market. It is *assumed* that employers prefer higher qualified, better-educated people with more English skills, but the mechanisms are not discussed. Because the literature tends to avoid explanatory argument, we have used the term ‘human capital approach’ rather than ‘theory’ when discussing Australian work. We are indebted to Ian Watson for bringing this point to our attention.

<sup>3</sup> Gregory and Meng’s (2001) analysis of census data is an exception.

<sup>4</sup> The Skill stream within the Australian migration program includes the Skilled-Australian linked, Independent, Business Skills and Employer Nomination Scheme categories.

<sup>5</sup> Humanitarian entrants are often singled out as the key group performing badly in the labour market. These migrants, normally accepted as refugees fleeing persecution in their former countries, tend to have lower levels of education and English language ability. The LSIA studies show that once in Australia, they generally experience financial difficulties, relying mostly on social welfare payments as their main source of income and experiencing a slower integration into the labour market (Richardson *et al* 2001).

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<sup>6</sup> NB There was also in 1998 a definitional change whereby one group from the family stream ('concessional family') were reclassified within the 'skill stream' as 'skilled-Australia linked'. A shift in the composition of the immigrant intake occurred independently of this redefinition.

<sup>7</sup> In addition to changes in migrant selection criteria, the improvement in migrants' labour market outcomes is also explained by the improvement in general labour market conditions at the end of the 1990s, and changes in income-support policy which excluded most immigrants from social welfare payments for the first two years after arrival. Unable to access unemployment benefits and other payments, cohort 2 were more likely to actively pursue employment.

<sup>8</sup> For example, in 2002, the Government argued that as a result of its new emphasis on skilled migrants, each Australian would be \$334 better off by 2007/2008 (Ruddock 2002).

<sup>9</sup> While we conducted bivariate analysis only, the results show clear patterns that cast doubt on the analyses we review.

<sup>10</sup> However, as Richardson et al (2001:11) and Cobb-Clark and Chapman (1999:vi) note, only a small percentage of respondents cited non-recognition of qualifications as a major obstacle to obtaining a job. This could indicate that although migrants had their qualifications officially recognised, this did not necessarily result in employment that allowed them to use these qualifications often.

<sup>11</sup> In this analysis, English-speaking countries are the UK, Ireland, South Africa, the US and Canada, while other countries are included as non-English speaking. Unvisaed New Zealanders are not included in the LSIA.

<sup>12</sup> Economists have argued that migrant women are 'tied movers' (Mincer 1978) and 'secondary workers' (Baker and Benjamin 1997; Chiswick and Miller 1994; Cobb-Clark and Crossley 2001; Duleep and Sanders 1993) whose labour force participation can be explained by the employment preferences and activities of their male partners. However, this household analysis is absent in the current LSIA studies.