

# Overqualified and Undervalued: What is the evidence?



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# The Importance of Immigration

- Australia is a land of immigrants
- Population 21 million
- 44% born overseas or one/both parent born overseas (2006)
- Three quarters of overseas born are from Europe or Asia
- 23% of the workforce were born overseas (generally much lower proportions in other countries)

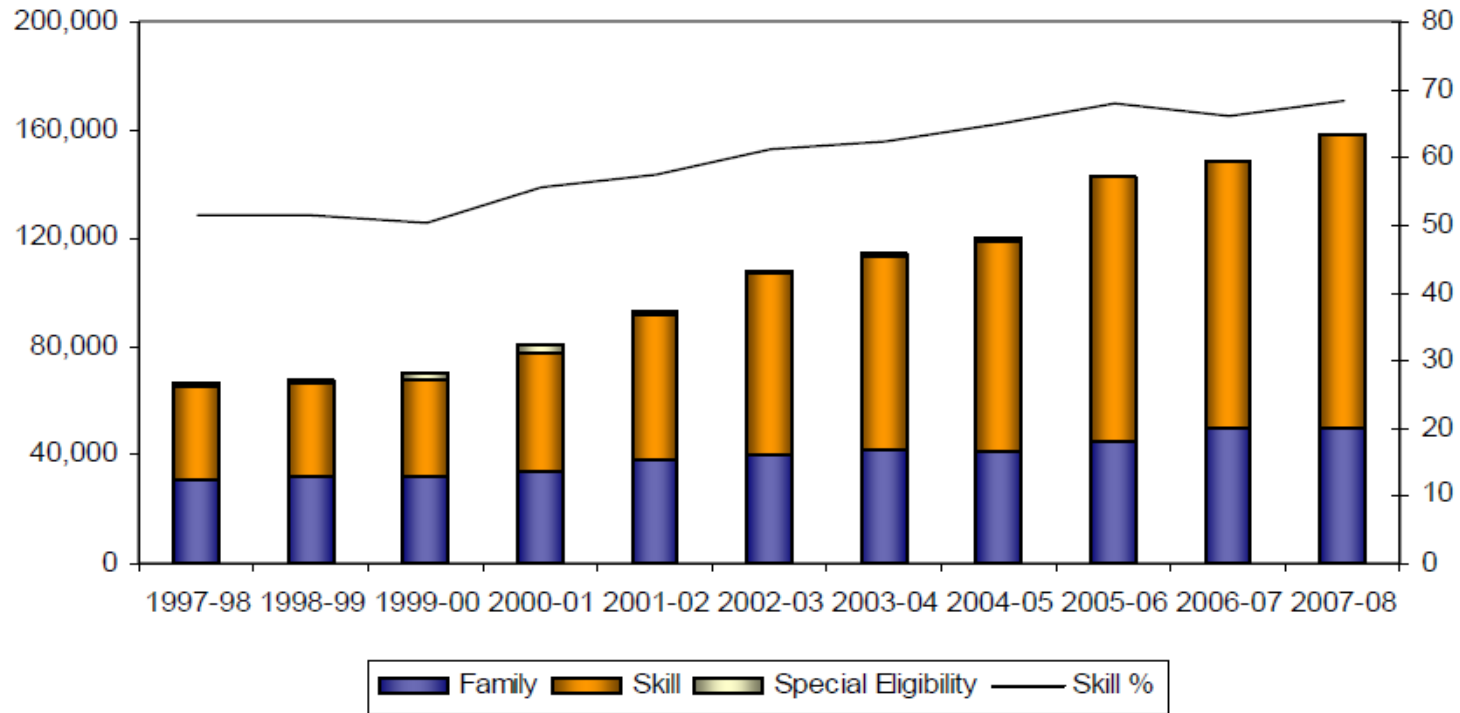


# Levels of Immigration

- 6.8 million immigrants have arrived since World War 2
- Top 10 country of birth groups – UK, NZ, Italy, Vietnam, China, Greece, Germany, Phillipines, India, Netherlands
- Immigration levels over the past decade have risen
- % of skilled migrants has grown strongly
- 2007-8 immigration intake was 158,630
- 58% (108,540) were skilled migrants
- Two thirds of these were professionals or managers
- A quarter were tradespeople
- Top 10 occupations of skilled stream (2005-6 to 2007-8):
  - Accountants, computing professionals, cooks, registered nurses, general managers, hairdressers, marketing specialists, mechanical engineers, business professionals, civil engineers



# Migration Program Outcomes 1997-98 to 2007-8



Source: Dept of Immigration and Citizenship *Report on Migration Program 2007-08*

# Australia's Dependence on Skilled Migrants

- Major skills gap have emerged in the Australian labour market since the 1990's
- Health sector workforce is a good example –
  - In 2006, 50% of all general practitioners, 42% of all specialists, 47% of dentists and 27% of nurses were overseas born (ABS, 2006)
- Accounting, IT and civil engineering are other skill gap jobs
- Gaps still exist despite the GFC
- Employer sponsorship accounted for 15% of skilled migrants in 2007-8
- Overall, matching skilled migrants to jobs in haphazard

# Obstacles Faced by Skilled Migrants

- Lack of social security safety net for the first two years
- Little access to free employment services
- Lack of local references and employment networks
- Unfamiliarity with Australian work system
- Adjusting to a new country
- Cost and time of having qualifications assessed
- Language barriers
- Financial pressures to take any job (OECD, 2006; Bertone, 2009)

Note that these barriers **can** be addressed by policy changes, if there is a will.

# Problems of Job Matching for Skilled Migrants

- Major problems in matching them to relevant jobs (international problem)
- Skilled migrants are more likely to be over-educated for their jobs
- NESB migrants are three times more likely to be over-educated than ESB migrants (Flatau, 1995)
- More recent data shows that 36% of Asians, compared to 31% of NESBs were over-educated, relative to 22% of ESB migrants (Green et al., 2004)
- Kler, 2006 found that ESB migrants were best matched to their jobs (just 16% over-educated, followed by other NESB (39%) and Asians (49% over-educated)
- Note that for Asians, the likelihood of over-education is still three times higher
- Significant earnings differences between groups (Kler, 2006), Asians earning 70% of ESB immigrants' average weekly wage (79% for NESBs)
- Concluded that qualifications held by Asians are not as highly regarded



# Migrants in the Public Sector

- Relatively few studies but existing data suggest that migrants are under-represented (Bertone et al., 2005; APS, 2008)
- In Victoria, 25% of population is overseas born, yet only 17.5% of Victorian public servants were overseas born (2005)
- NESB people were under-represented by close to 50% - 9.4% compared to an expected 17% in the general workforce
- Low language diversity in the VPS compared to population – 9% compared to 21% of Victorian population



# Implications

- VPS does not reflect the population it serves
- Speaks insufficient languages to offer bi-lingual services
- Equity and access considerations
- VPS not a leader in cultural diversity management
- Some groups are highly under-represented or missing eg. Vietnam, Italy, Greece, Phillipines, Poland, Malta, Yugoslavia
- British and North Americans are over-represented

# Employment Equity

- Multivariate analysis shows that recruitment and promotion systems work against NESB people
- Lower returns to education received by NESBs in the VPS
- NESBs more likely to report having no promotions or fewer promotions
- NESB women most disadvantaged in this regard
- APS – no similar studies done recently, however, 6% of APS survey respondents were NESB (compared to 14% in general workforce)
- Yet NESB migrants are generally more qualified than others

# Problems of Unemployment for Skilled Migrants

- Higher rates of unemployment for NESB migrants demonstrated since the 1980's (see Beggs & Chapman, 1990)
- Hawthorne found that 1-5 years after arrival, only 30% of degree-qualified migrants were employed (2001)
- By 2005, Hawthorne stated that unemployment among migrants had halved
- Thapa, 2004, however, found that male migrants consistently faced higher unemployment than the average Australian-born male



# What Factors are Contributing to These Outcomes?

- Possession of non-Anglo Saxon name (Riach & Rich, 1991; Wilson, 2005; Leigh, 2009)
- Poor transferability of overseas qualifications and experience (as above)
- Discrimination based on cross-cultural differences (Wagner & Childs, 2006; Colic-Peisker & Tilbury, 2007)
- Lack of local work experience
- Poor language proficiency
- Lack of local experience and social networks
- Gender issues – childcare, stereotypes etc.



# What are the Costs?

- Waste of labour power/skills
- Loss of productive capacity for the economy
- Poor image abroad
- Demoralising for migrants
- Loss of earning power
- Lower attachment to Australia
- Undermines the skilled migration program

# Are There Solutions?

## Yes!

- Best practice – Accor Hotels – anonymous application process
- TRIEC Foundation (Canada) – Hire a skilled migrant advertising campaign  
– Use of local mentors
- Internships
- City of Auckland (modelled on TRIEC approach)
- Extend employment services to all newly arrived migrants
- Subsidise fees for qualifications recognition
- Extend income support to those in need
- Campaigns against racism in employment
- Develop more proactive equal employment opportunity legislation (as in Canada)
- Make equity in employment for NESB people a public sector goal
- Introduce programs to value language diversity and utilisation on the job
- Provide high profile demonstration projects
- Set up NESB support committees to consult with those affected