ECONOMIC IMPACTS OF IMMIGRATION AND POPULATION DIVERSITY

International Workshop

Wednesday 11 April – Friday 13 April 2012

GALLAGHER ACADEMY OF PERFORMING ARTS

University of Waikato
NIDEA thanks the following organisations for their sponsorship and support:

Norface
Department of Labour
Integration of Immigrants Programme (Waikato and Massey)
The Treasury
Motu
Waikato Management School
Auckland Council
Department of Internal Affairs
Hāere mai, welcome to the University of Waikato – Te Whare Wānanga o Waikato

Following several decades of growing numbers of immigrants in the developed world, the populations of host countries have become more diverse: culturally, socio-economically, but also spatially. At the same time there is also greater recognition of the importance of protecting and strengthening the culture and identity of indigenous peoples. An important question is to what extent population diversity – in terms of demographic and socio-economic characteristics and capabilities – contributes positively to economic welfare and development, and to what extent diversity influences inter-group and spatial socio-economic disparity and conflict. The growing diversity of the population affects the host economy through different channels and the net impact depends on the strength of these effects. Workers with different cultural backgrounds can represent complementary skills, problem-solving abilities, ideas and aspirations. They also form various networks. Population diversity can generate various positive economic externalities, such as productivity growth due to knowledge spillovers, trade facilitation, enlightened collective decision making, greater variety of goods and services, etc. However, when there is a great deal of diversity, there can also be fractionalization and clustering that may increase transaction and communication costs, and lower social capital formation. Moreover, diversity may influence subjective wellbeing of individuals in positive or negative ways. Finally, given the growing importance of linkages between migrant source and destination countries through diaspora, the perspectives of migrant source countries should also be considered.

This workshop, hosted by the National Institute of Demographic and Economic Analysis (NIDEA) at the University of Waikato, brings together about 60 economists, other social scientists and policymakers to consider recent research on the economics of diversity, particularly in the context of international migration trends and policies. Besides from the host country, speakers also come from Australia, Europe and the USA. Most of the European participants are involved in a large-scale 2010-2013 research programme on migrant diversity and regional disparity in Europe (MIDI-REDIE) that is co-ordinated at VU University Amsterdam and also includes researchers in the UK, Germany, Finland and Estonia. MIDI-REDIE has been funded by the European research consortium NORFACE, see www.norface-migration.org The workshop provides an excellent opportunity for participants from both sides of the world to become familiar with current research in progress and to consider policy implications of the research findings. 24 paper presentations have been scheduled, grouped in thematic sessions. All participants receive a full set of papers on a USB stick in their workshop bags.

We wish you a productive and enjoyable workshop!

Organising Committee
Jacques Poot (Chair)
Natalie Jackson
David Maré
Roxane Miller
Margaret Amies

Sponsorship
MIDI-REDIE is funded by the NORFACE research programme on Migration. NIDEA wishes to acknowledge the financial support of the following agencies: Department of Labour, Integration of Immigrants Programme (University of Waikato and Massey University), The New Zealand Treasury, Motu Economic and Public Policy Research, Waikato Management School, Auckland Council, Office of Ethnic Affairs – Department of Internal Affairs
Programme

Wednesday, 11 April 2012

12.00 Welcome with light lunch

12.45-13.00 Official opening of workshop by the Deputy Vice-Chancellor of the University of Waikato, Professor Alister Jones, and by the Director of NIDEA, Professor Natalie Jackson
Chair: Jacques Poot (University of Waikato, New Zealand)

13.00-15.00 Measuring diversity and migrant education
Chair: Ian Pool (University of Waikato, New Zealand)

Tahu Kukutai (University of Waikato, New Zealand)
Measuring ethnic diversity in the national census: Observations from a global project on ethnic classification and counting

Tiit Tammaru (Tartu University, Estonia)
Are better educated migrants returning? Evidence from multi-dimensional education data

Steven Stillman (University of Otago, New Zealand)
Migrant youths’ educational achievement: The role of institutions

15.00-15.30 Afternoon tea & coffee

15.30-17.30 International migration and development
Chair: Anna Strutt (University of Waikato, New Zealand)

John Gibson (University of Waikato, New Zealand)
Scientific mobility and knowledge networks in high emigration countries: evidence from the Pacific

Alan Gamlen (Victoria University of Wellington, New Zealand)
The new migration and development optimism

Adrienna Ember (New Zealand Institute for Diversity and Wellbeing)
Thinking alike? Perceptions of migrant networks and governing agencies about bilateral relationships: the case of Hungary and New Zealand

17.45 travel by bus to Viligrad Winery
18.30-19.00 Drinks at Viligrad Winery
19.00-21.00 Dinner at Viligrad Winery
Thursday, 12 April 2012

9.00-11.00  **Diversity and labour markets**
Chair: **Raymond Florax** (University of Purdue, USA)

**Uwe Blien** (IAB Institute for Employment Research, Germany)
*Culture diversity and local labour markets*

**Brigittte Waldorf** (Purdue University, USA)
*Job-education mismatches among immigrants in the US*

**Sholeh A. Maani** (University of Auckland, New Zealand)
*The impact of immigration on the New Zealand labour market*

11.00-11.15  Morning tea and coffee

11.15-13.00  **Expressing cultural diversity in nature.** Presentation & tour of Hamilton Gardens. This includes lunch.

13.30-15.30  **Diversity and productivity**
Chair: **Dave Maré** (Motu Economic and Public Policy Research, New Zealand)

**Peter Nijkamp** (VU University, Netherlands)
*The impact of cultural diversity on firm innovation: evidence from Dutch micro-data*

**Annekatrin Niebuhr** (IAB Institute for Employment Research, Germany)
*Labor diversity and firm’s innovation – evidence from Germany*

**Anette Haas** (IAB Institute for Employment Research, Germany)
*Heterogeneous firms and substitution by tasks: the productivity effects of migrants*

15.30-16.00  Afternoon tea & coffee

16.00-18.00  **Integration of immigrants**
Chair: **Jacques Poot** (University of Waikato, New Zealand)

**Mari Kangasniemi** (Labour Institute for Economic Research, Finland)
*Characteristics and labour market performance of East-European immigrants in Finland, Germany, Netherlands and the United Kingdom*

**Dave Maré** (Motu Economic and Public Policy Research, New Zealand)
*Immigrant segregation in Auckland, New Zealand*

**Bridget Daldy** (University of Waikato, New Zealand)
*Immigrant integration and workplace discrimination in New Zealand*

18.00-19.00  Drinks at the Gallagher Academy of Performing Arts
19.00-21.00  Dinner at the Gallagher Academy of Performing Arts
Friday, 13 April 2012

8.30-10.30 **Entrepreneurship and social capital**
Chair: **Richard Bedford** (University of Waikato, New Zealand)

**Paul Spoonley** (Massey University, New Zealand)
*Immigrant business and labour market outcomes: Relational embeddedness in superdiverse Auckland*

**Karima Kourtit** (VU University, The Netherlands)
*The creative urban diaspora economy: a disparity analysis among migrant entrepreneurs*

**Matthew Roskruge** (University of Waikato, New Zealand)
*Immigrant integration and social capital formation*

10.30-11.00 Morning tea & coffee

11.00-13.00 **Happiness and wellbeing**
Chair: **Yaghoob Foroutan** (University of Waikato, New Zealand)

**Colleen Ward** (Centre for Applied Cross-Cultural Research, New Zealand)
*Demographic, economic and social predictors of the psychological and socio-cultural adaptation of immigrant youth*

**Anu Realo** (University of Tartu, Estonia)
*The relationship between life satisfaction and emotional experience in 21 European countries*

**Simonetta Longhi** (University of Essex, United Kingdom)
*The effect of diversity on wellbeing*

13.00-14.00 Lunch

14.00-16.00 **Attitudes and impacts**
Chair: **Peggy Koopman-Boyden** (University of Waikato)

**Tiiu Paas** (University of Tartu, Estonia)
*Attitudes to immigrants and integration of ethnically diverse societies*

**Mathias Sinning** (Australian National University, Australia)
*There Goes the Neighbourhood? People’s attitudes and the effects of immigration to Australia*

**Jessie Bakens** (VU University, The Netherlands)
*Economic impacts of cultural diversity in The Netherlands: productivity, utility and sorting*

16.00-16.15 **Reflections and closing of workshop**
Chair: **Jacques Poot** (University of Waikato)
ABSTRACTS
(in alphabetical order of surname of presenter)

Jessie Bakens (with Peter Mulder and Peter Nijkamp)

Economic impacts of cultural diversity in The Netherlands: productivity, utility and sorting

This paper identifies the role of foreign migrants in explaining spatial disparities in wages and housing prices across Dutch cities, using unique individual panel data about workers and homeowners. We distinguish between the effects of interactions-based productivity, consumption amenities and sorting of heterogeneous workers and house owners while controlling for interactions between the labour and housing market. We find that cultural diversity of the population positively impacts equilibrium wages and housing prices, particularly in the largest and most densely populated cities. This result is largely driven by spatial sorting of individuals in both the labour and housing market. After controlling for, respectively, worker and house owner heterogeneity we find that cultural diversity no longer impacts local labour markets and negatively impacts local housing markets. The latter result is driven by a negative causal effect of cultural diversity on neighbourhood quality that outweighs a positive effect of increased diversity in consumption goods.

Uwe Blien (with Jens Suedekum and Katja Wolf)

Cultural diversity and local labour markets

The diversity of nationalities of foreign workers in the German labour market has increased considerably over the period 1995-2006. We investigate the effects of this diversity for native employees at the local level. The higher is high-skilled foreign employment, the higher are local wages and employment levels for natives. These effects are reinforced the more diverse the group of high-skilled foreigners is. For low-skilled foreigners we also find benefits from diversity but only conditional on the overall size of this group. These results suggest that cultural diversity benefits native workers by raising local productivity.

Bridget Daldy (with Matthew Roskruge and Jacques Poot)

Immigrant integration and workplace discrimination in New Zealand

We use micro data from the Confidentialised Unit Record File of the 2008 General Social Survey to examine the determinants of workers’ self-reported discrimination experienced in the workplace. Using logit regression modelling, we find that migrants are significantly more likely than New Zealand-born workers to report that they experience discrimination in the workplace. However, the
likelihood that migrants report discrimination decreases with the number of years a migrant has lived in New Zealand and reaches parity with the New Zealand born after approximately 20 years. There are noticeable gender differences in determinants of discrimination. The highest likelihood of discrimination is found amongst migrants from Asian and Pacific regions. Discrimination is more likely to be reported by those with higher education and those who are mid-career. Employment in the capital Wellington is associated with lower discrimination.

Adrienna Ember

Thinking alike? Perceptions of migrant networks and governing agencies about bilateral relationships: the case of Hungary and New Zealand

During the last half century, the “New World” countries attracted migrants from many European countries. However, in recent decades Europe has itself become the continent with the fastest growth in the number of foreign born. At the same time, the enlargement of the EU is radically changing the European migration system. This paper tests the implications of this for the bilateral relationships between European migrant source countries and New World countries by means of a case study of Hungary and New Zealand. Based on interviews and questionnaires conducted in New Zealand and Hungary (2005; with a follow-up in 2007), the case study provides insights into perceived differences among stakeholders —members of migrants and government agencies— regarding the relevance of fostering bilateral relationships between Hungary and New Zealand. Research participants in both countries came from various sectors: diplomacy, government, education, research, business, culture, and sport. The study reveals an unexpectedly broad level of interaction and achievement in certain areas which can be attributed mostly to migrant networks between the two countries. On the other hand, the lack of bilateral agreements or diplomatic support often limits or prevents the realisation of some promising endeavours. Nonetheless, the case study provides evidence of the importance of ethnic networks in knowledge transfers and trade relations between countries.

Alan Gamlen

The new migration and development optimism

“Migration can benefit everybody if the policies are right”, says the new migration and development optimism - encapsulated in a host of reports from international organizations, influential think tanks, and leading migration scholars. According to this view, migration can be a triple-win for migrants and countries of origin and destination, as long as it is managed through appropriate policies. Such rosy views are not entirely new, and they have a flip-side in alarmist fears of migration and migrants. What are the key features of the new migration and development optimism? How and why has it emerged in recent years?
John Gibson (with David McKenzie)

Scientific mobility and knowledge networks in high emigration countries: evidence from the Pacific

Economic development depends in part on a nation’s capacity for innovation. Small island nations have the highest rate of highly skilled emigration, so possible ‘brain drain’ effects from the departure of researchers may weaken local knowledge networks and impair the capacity for innovation. Offsetting this effect, a highly skilled diaspora may facilitate knowledge transfer from host countries to the sending country, improving the capacity for innovation and catch-up economic growth. While the role of skilled diaspora networks in stimulating growth and innovation in China, India and Taiwan are well known, these experiences may be less relevant for the much smaller island countries facing the highest rate of skilled emigration. This paper examines the nature and extent of knowledge flows that result from the international mobility of researchers whose initial education was in small island countries. We find that current migrants produce substantially more research than similar-skilled return migrants and non-migrants, and that once we control for age, return migrants have no greater research impact than individuals who never migrate. However, return migrants do appear to be the main source of research knowledge transfer, being a bridge between international and local researchers in co-authorship, and attending both local and international conferences. Our results contrast with previous claims in the literature that too few migrant researchers ever return to their home countries to have much impact, and that there is no productivity gain to researchers from migration.

Anette Haas (with Michael Lucht and Norbert Schanne)

Heterogeneous firms and substitution by tasks: the productivity effects of migrants

Economic debate about the consequences of immigration in Germany has largely focused on the wage effects for natives at an aggregate level. A new topic is to focus on the firm level by estimating production functions in an equilibrium framework to gain information about substitution elasticity. Additionally recent literature emphasizes the impact of the task dimension beside the qualification of workers: migrants are heavily concentrated in agglomerations and work in different jobs than natives do. Our contribution in this article is manifold: we construct a simple model with a monopolistic competition framework à la Dixit-Stiglitz considering heterogeneous firms with different productivity levels and two type of jobs for migrant and natives. We show that the increase of productivity might be explained by a higher migrant share. The conclusions of the model are in line with two empirical facts in Germany. Firstly, the wage difference between migrants and natives increases in the share of migrants. Secondly, less productive firms are more likely to employ a higher share of migrants, as wage advantages and productivity acts as a substitute. Finally we give an outline about the estimation strategy.
Mari Kangasniemi (with Merja Kauhanen)

*Characteristics and labour market performance of East-European immigrants in Finland, Germany, Netherlands and the United Kingdom*

The purpose of this paper is to investigate labour market performance of immigrants from the new EU member states from Eastern Europe in Finland, Germany, the Netherlands, and the United Kingdom. In the analyses we use European micro-level labour force survey data from years 2004-2009. We first look at the composition of immigrants from the new member states in these four host countries and then investigate their labour market outcomes in comparison to native population and other immigrants. We use several measures of labour market performance such as labour force participation, employment and self-employment. Our preliminary results show that there exist substantial differences between the host countries in the labour market outcomes of the immigrants from the new member states compared to natives. As regards employment probabilities immigrants from the new member states seem to do best compared to the native population in Britain after controlling for observable characteristics. In the Netherlands immigrants appear to have the largest disadvantage compared to natives.

Karima Kourtit (with Peter Nijkamp)

*Urban development and migrant entrepreneurship: A new performance analysis for ‘Business Champions’*

This paper highlights the importance of migrant entrepreneurship as a major driver of urban change and economic vitality. It provides a general account of the background and socio-economic implications of migrant entrepreneurship, and emphasizes the heterogeneity among different groups of migrant entrepreneurs. This diversity calls for new insights into the differences in business performance among various migrant entrepreneurs. In the paper, a recently developed and amended version of Data Envelopment Analysis (DEA) is presented and applied to a group of high-skilled Moroccan entrepreneurs in four large cities in the Netherlands. The aim is first to identify the best-performing firms (so-called ‘business champions’), while next the results are analysed. The paper ends with some concluding remarks.
Tahu Kukutai (with Victor Thompson)

Measuring ethnic diversity in the national census: Observations from a global project on ethnic classification and counting

Ethnic identity forms an important part of migrant diversity, with a vast literature attesting to the social and economic significance of ethnicity beyond the first generation. While decisionmakers in wealthy immigrant-receiving nations acknowledge the existence of ethnic group inequality, the issue of whether to count and classify populations by ethnic criteria remains contentious. A basic but fundamental question to arise from the dramatic changes in immigration flows is whether countries have moved towards greater recognition of ethnic diversity in the official statistical sources that provide the basis for evidence-based policy. Numerous case-studies have examined how and why governments in particular times or places count their populations by ethnicity but studies that are both cross-national and longitudinal are rare. In this paper we present preliminary findings from a unique database of ethnicity questions drawn from the national censuses and population registers of more than 200 countries for the period 1985 to 2011. We identify dominant conceptualisations of ethnicity around the world and outline key patterns with respect to the terminology, dimensionality and structure of ethnicity questions in national censuses and how these have changed over time. In contrast to the prevailing case-study approach, we argue that state practices of ethnic enumeration are not the unique by-product of parochial histories and conditions, but are a much broader global phenomenon influenced by factors, including immigration, that have similar effects across states. The relevance of our project for studying immigrant outcomes - including ethnic attachments to group identity and language - is discussed.

Simonetta Longhi

The Effect of Diversity on Wellbeing

Individual subjective wellbeing is likely to influence, and be influenced, by interactions with other people in the community. Do people prefer to live in more (or less) diverse areas, surrounded by people with different (or the same) country of birth, ethnicity, religion, education, and/or doing a different (similar) type of job?

If diversity has a negative impact on individual wellbeing more diverse communities might be characterised by lower social capital and social cohesion. While the previous literature has mostly focused on the impact of ethnic diversity, this paper compares the relevance of different types of (cultural and economic) diversity.
Sholeh A. Maani (with Michael M. H. Tse)

The impact of immigration on the New Zealand labour market

A large segment of the population in New Zealand is made up of foreign-born individuals; in particular many arrived in the last decade. Despite the significant role that foreign-born individuals play in the New Zealand society, little research has been done to address the impact of immigration on the native workforce. This paper re-examines the impact of immigration in New Zealand using the national level methodology introduced by Borjas (2003). Applying a panel analysis of skill groups, we estimate the effects of immigrant supply shocks on native earnings and employment. Via the use of six years of the New Zealand Income Survey, 2002 to 2007, individual level data is analysed at the national level. We define skill groups based on education and work experience, and examine the changes in the economic opportunities of native skill groups that are due to the supply of immigrant workers. We extend the model to include regions and various market values given to different types of human capital. The results indicate immigration causes little impact on the economic opportunities of native workers.

David Maré (with Ruth Pinkerton and Jacques Poot)

Immigrant segregation in Auckland, New Zealand

This paper quantifies and analyses residential sorting patterns of immigrant groups in Auckland, New Zealand. We use 1996, 2001 and 2006 unit record census data aggregated up to the level of Area Units (equivalent to a suburb with a population of 3000-5000). The data include country of birth, year of arrival, income and languages spoken. Arrival cohorts are defined based on key countries of birth: China, Korea, South Africa, UK and India. Global measures of residential sorting include the segregation index, the isolation index and Moran’s I. Local analysis is based on Getis and Ord G* The main conclusions are that: (1) immigrant residential segregation appears to be increasing; (2) there is no clear evidence that immigrants disperse geographically with increasing years of residence although some move from the city centre to the suburbs; (3) new immigrants locate where previous immigrants already reside; (4) high income immigrants are more clustered than immigrants generally; (5) there is significant clustering by language groups; and (6) local measures of clustering based on spatial correlation show often patterns that are different from Auckland-wide measures of segregation or isolation.

Annekatrin Niebuhr (with Cornelius Peters)

Labour diversity and firm’s innovation – evidence from Germany
Increasing international labour mobility and demographic change have important effects on the workforce composition of firms in Europe. The consequences of these changes for firm performance are largely unexplored. Some recent studies consider the impact of workforce composition, especially of a culturally diverse workforce, on productivity and employment growth. However, evidence on the significance of staff diversity for innovation is still scarce. We use a linked employer-employee dataset to analyse the relationship between workforce characteristics and the likelihood of innovation at the firm level for a sample of German establishments. The panel dataset contains detailed information on the generation of new products and services, determinants of innovation success and labour force composition for the period 1996 to 2008. We investigate the link between innovation and diversity in terms of ethnicity, age and gender. Moreover, we consider the composition of the entire staff as well as diversity among specific occupational groups such as management or research and development. In order to deal with unobserved heterogeneity and bias due to endogenous regressors we include firm fixed effects in the regression model and apply instrument variable estimation.

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**Peter Nijkamp** (with Ceren Ozgen and Jacques Poot)

*The impact of cultural diversity on firm innovation: evidence from Dutch micro-data*

An imperative question for firms and policy makers is whether there are productivity-enhancing externalities gained from growing diversity—demographically and culturally—in the workforce of individual firms. Migration studies have demonstrated positive economic impacts of cultural diversity on productivity and innovation at the regional level, but there remain considerable knowledge gaps regarding links between innovation and migrant diversity at the firm level. We construct and analyse a unique linked employer-employee micro-dataset of 4582 firms, based on a wealth of data obtained from Statistics Netherlands. Endogeneity issues (e.g., migrants may be attracted to diverse firms) are addressed by an instrumental variables approach with a hitherto not earlier applied instrument. We find that firms in which foreigners account for a relatively large share of employment are somewhat less innovative. However, there is strong evidence that firms that employ a more diverse foreign workforce are more innovative, particularly in terms of product innovations.

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**Tiiu Paas** (with Vivika Halapuu)

*Attitudes to immigrants and integration of ethnically diverse societies*

The paper discusses some theoretical arguments and empirical evidence of Florida’s 3T (Technology, Talent and Tolerance) approach that determine conditions for regional economic growth. We claim that economic growth is driven by educated and innovative people, who prefer to live and migrate to countries that are diverse, tolerant and open to newcomers. Future economic growth depends on
how tolerant is a society to newcomers and how supportive are public policies and institutions integration them. When managed in a right way, countries and regions may experience several gains from immigration. We analysed peoples’ attitudes to migration in the European countries based on the micro-data of the European Social Survey fourth round database. The outcomes of the empirical analysis show that European peoples’ attitudes toward immigrants vary depending on 1) personal characteristics of the respondents (sex, age, education, experience of working abroad, religion, ethnic group, place of living, etc); 2) country’s characteristics (institutions; path-dependence); 3) peoples’ attitudes towards countries’ institutions and socio-economic risks (e.g. to political and legal system, to police work, households’ economic stability). The results of the study provide empirical evidence based grounds for development of policy measures in order to improve peoples’ attitudes to immigration and to integrate ethnically diverse human capital taking into account the composition of countries’ population and their attitudes to institutions and households’ economic stability.

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**Anu Realo** (with Liisi Kõöts-Ausmees and Jüri Allik)

*The Relationship between Life Satisfaction and Emotional Experience in 21 European Countries*

In the current study, the relationship between life satisfaction (LS) and the affective components of subjective wellbeing (SWB) was examined in a sample of 40,487 people across 21 European countries using data from the European Social Survey. After running multilevel confirmatory factor analyses in order to establish the measurement invariance of the constructs across the countries, the individual-level dataset was linked to available country-level aggregate personality traits. Analyses conducted with the Hierarchical Linear Modeling (HLM) program showed that LS is best predicted by hedonic balance (HB), but may also be predicted by the degree of mixed emotions (ME). At the country level, national mean scores of Extraversion and Neuroticism moderated (in different directions) the relationship between LS and ME, whereas neither of the personality traits had a moderating influence on the relationship between LS and HB. Our research indicates that it is essential to consider emotional complexity in studying the relationships among SWB components; simply analyzing either NA or PA or both together as hedonic balance may not capture the entire meaning of affective experience in SWB.

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**Matthew Roskruge** (with Arthur Grimes, Philip McCann and Jacques Poot)

*Immigrant Integration and Social Capital Formation*

This paper tests the hypothesis that social capital plays an important part in the integration of migrants. We hypothesize that due to migrants entering their new country with low stocks of local social capital, they have a greater incentive to invest in local social capital compared to native born individuals, and that this investment will assist in economic convergence with similar native born
individuals over time. We test this hypothesis using micro-data obtained from New Zealand’s participation in the 2006 wave of the Adult Literacy and Life Skills survey and construct regional indices of clustering by birthplace to test if clustering of migrant groups impacts on individual social capital investment. We find that compared to native born individuals, migrants have significantly higher rates of participation and volunteerism over the first few years of their move to the host country. This rate appears to converge to that of native born after a period of time, and then diverges again when the migrants approach their retirement years. This supports the hypothesis that migration encourages investment in the local community and that this social capital formation can act as a means of assimilating into a host country. The findings favour a life-cycle approach to the understanding of migrant investments in social capital, with the incentives varying over time along with the optimal form of investment.

Mathias Sinning

There Goes the Neighbourhood? People’s Attitudes and the Effects of Immigration to Australia

This paper compares the effects of immigration flows on economic outcomes and crime levels to the public opinion about these effects using individual and regional data for Australia. We employ an instrumental variables strategy to account for non-random location choices of immigrants and find that immigration has no adverse effects on regional unemployment rates, median incomes, or crime levels. This result is in line with the economic effects that people typically expect but does not confirm the public opinion about the contribution of immigration to higher crime levels, suggesting that Australians overestimate the effect of immigration on crime.

Paul Spoonley

Immigrant Business and Labour Market Outcomes: Relational Embeddedness in Superdiverse Auckland

In seeking economic immigrants, especially skilled, entrepreneurial and those with capital to invest, settler countries such as New Zealand have assumed that national and city labour markets and economies will gain by adding to the human capital pool and supply as well as creating new activities of various sorts. However, the gains have tended to be in niche activities (food, leisure and tourism), often involving immigrant “small world” economies (ie those targeted at co-ethnics) and has involved the significant discounting of the original human capital that was assessed at the time of immigrant recruitment. Research on immigrant participation in the Auckland labour markets indicates a significant sideways and often downwards shift in terms of occupational status and returns from labour market participation for immigrants. This participation, both as labour but also as small business owners, reflects the nature of mixed embeddedness (Kloosterman and Rath) and especially the relational embeddedness (Portes) of particular immigrant groups, typically in this case
from Asia. This is most apparent in relation to both social and economic networks, the deployment of human capital and immigrant engagement strategies and transnational activities. This paper will compare the labour market experiences and strategies of five major immigrant groups in an Auckland context.

Steven Stillman (with Deborah A. Cobb-Clark and Mathias Sinning)

*Migrant Youths’ Educational Achievement: The Role of Institutions*

This paper contributes to this emerging literature on the role of education policies and institutions in student achievement by carefully analyzing cross-national differences in the nativity gap in cognitive-test scores. Our objective is to understand which education systems, policies, and institutions are most effective in promoting the cognitive development and educational integration of immigrant children. To this end, we take advantage of Programme of International Student Assessment (PISA) data for 2009 which provide us with standardized math, science and reading test scores for immigrant and native-born students nearing the end of compulsory schooling across a range of countries. The PISA is designed to measure broad competencies -- rather than understanding of the specific school curriculum -- and are therefore useful in understanding the extent to which students have acquired the knowledge and skills that are essential in adulthood. We differentiate students with a migration background by their age at migration in order to account for the point at which they entered the host-country educational system as well as the language spoken in their home. We then utilize a number of macro indicators capturing the nature of the welfare state, immigration policy, and education system within each host country to shed light on which educational policies and institutional arrangements are most effective in facilitating the educational integration of immigrant children.

Tiit Tammaru (with Enel Pungas and Ott Toomet)

*Are better educated migrants returning? Evidence from multi-dimensional education data*

This study examines the relationship between migrants’ education and their intentions to return. Previous research has presented mixed evidence on the association between the level of education and return migration. This study takes a multidimensional approach by analysing, aside from the level of education, the type and country of education and over-education as predictors of intentions to return based on a unique survey of Estonian migrants in Finland. The results indicate that the level of education is not related to the tendency to return. The most important education variable that shapes return migration is over-education — migrants who work below their training express higher intentions to return back home. We also find some evidence that education obtained in the host country improves the socialisation prospects later on.
Brigitte Waldorf (with Julia Beckhusen, Raymond Florax and Jacques Poot)

*Occupational Mismatch in the US Labor Market: A Comparison between Immigrants and the Native Born*

This research assessed the prevalence and determinants of occupational mismatch of immigrants in the US between 1980 and 2009 using data from the 1980, 1990 and 2000 U.S. Census and 2009 American Community Survey. Educational attainment levels match occupational education requirements only for about one third of the immigrants. The prevalence of undereducation is very high among Mexican immigrants, whereas immigrants from the main Asian origins tend to be overeducated. Overeducation among non-Mexican immigrants is substantially higher than that of the native workforce, and has been increasing from about 31 percent in 1980 to 37 percent in 2009. To identify salient characteristics of occupational mismatch, a battery of ordered probit models of belonging to one of the ORU categories (over / required / undereducated) were estimated. The results suggest that sojourn length has a negative impact on the overeducation probability and that the chances of immigrants being overeducated are lower in deprived economies. In light of this rampant brain waste, the costs and benefits of attracting more brain power require careful examination.

Colleen Ward (with Jaimee Stuart)

*Demographic, Economic and Social Predictors of the Psychological and Socio-cultural Adaptation of Immigrant Youth*

A key area of focus in psychological research on immigration concerns the adaptation of new immigrants in their society of settlement; that is, their experiences of “feeling well” and “doing well.” Accordingly, the current research utilizes multilevel modeling techniques to investigate the prediction of psychological and socio-cultural adaptation of immigrant youth (aged 13-18) in 13 receiving societies in North America, Europe and Australasia. Positive and negative indices of immigrant adaptation (life satisfaction, school adjustment, psychological problems and antisocial behaviours) were based on survey research with 5365 adolescent immigrants in the International Comparative Study of Ethnocultural Youth (ICSEY). Demographic (e.g., % of immigrants), economic (e.g., GDP per capita, % GDP investment in education) and social (e.g., positive and negative attitudes toward immigrants) indicators were drawn from archival data from the World Bank and the International Social Survey and examined as predictors of adaptation. Controlling for immigrant age, gender and generation, results indicate that economic and social characteristics of the society of settlement impact immigrant adaptation. Greater per capita GDP and more investment in education predict better school adjustment and fewer antisocial behaviours; educational investment is also associated with decrements in psychological symptoms. Furthermore, positive attitudes towards immigrants predict better school adjustment, fewer antisocial behaviours and greater life
satisfaction in young immigrants whereas negative attitudes predict increased psychological problems and antisocial behaviours. The results highlight the role that receiving societies play in the psychological and socio-cultural adaptation of immigrant youth, and the findings are discussed in relation to advancing theory on immigrant acculturation and adaptation.

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