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Inquiry into Multiculturalism

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Employment success of skilled and professional NESB migrants: the most important measures of Australian multiculturalism

This submission focuses on the issue of workforce integration of Australian skilled immigrants from NESB backgrounds. It covers several sub-themes from which it will become clear why this is a crucial issue in the further development of Australian multiculturalism.

The subthemes briefly covered below are:

1. The increased focus on skilled immigrants within the total immigration program
2. Two ways of judging the 'employment success' of skilled settlers
3. There is room for improvement in the area of employment success of NESB settlers
4. 'Multicultural middle class' in the Australian society

1. The increased focus on skilled immigrants within the total immigration program

Since the introduction of the points test in 1979, skilled component of the total immigration program has been growing in absolute and relative terms. The majority of people who enter Australia as either temporary or permanent migrants receive their visas on the basis of their skills and employability. There is an exponential growth in numbers of temporary skilled entrants, especially '457' visa holder. Skilled settler numbers are also on the rise over the past decade, now representing 60% of the total settler intake. On the basis of such preference, Australia has enjoyed international approval for its successful selective immigration. Comparable countries such as Canada and US have not been as successful in focusing their immigration on skills. Over the past decade, immigration has become even more sharply focused on job-readiness of skilled applicants. The list of occupations in demand is regularly

updated and the process of focusing the immigration towards the immediate needs of the labour market has been praised for shortening the time that new arrivals need to find employment (Hawthorne 2008). This applies especially to settler—people who come to Australia with intentions to stay permanently—and who are, unlike some other visa categories, fully free actors on the labour market. This submission emphasizes that the policy to basically leave them to their own devices in the labour market may not be the best strategy of getting the best use for their human capital.

2. Two ways of judging the 'employment success' of skilled settlers

Given such as strong emphasis on immigrant skills, what happens to them, i.e. how well they are put to use—should be of greatest concern to Australia. In a way, it is: the host country is concerned that they become economically active as soon as possible and thus become taxpayers rather than a 'burden to the taxpayer'—a phrase so often used in the debate on immigration. This is indeed the main fault line in the ongoing debate about immigration numbers and the composition of the immigration intake. Such a national interest perspective counts all those who achieve economic independence—by getting a job or starting a business—as success. This is a logical and justifiable position, but it is too simple and insufficient. Whether skilled immigrants achieve a job status and income corresponding to their educational qualifications and expectations is equally important. While for host countries the crucial point is that new arrivals do not contribute to the unemployment statistic, for immigrants themselves joining the workforce is only the beginning of the story. Most analysts consider the issue of employment integration as central to an overall settlement success (Phillips 1989; Richardson et al. 2004; McKay 2009; Colic-Peisker 2009).

From the perspective of the immigrant being able to achieve employment commensurate to one's qualifications and expectations is crucial for the feeling of inclusion and belonging to the host society. Such an outcome is also central for quality of life (Colic-Peisker 2009). For example, highly qualified African and other humanitarian arrivals filling low-skilled positions in the skill-shortage sectors may be great for Australian employers but it is disadvantageous for immigrants (Colic-Peisker and Tilbury 2006). The immigrant can be underemployed (in terms of work hours) but s/he can also be employed below their skill level which represents a skill waste for both the country of origin and host country, and a waste of the migrant's educational and more broadly 'human capital' investment. While a temporary loss of job status is rather common in recent arrivals, the problem for the immigrant is created if such a situation persists. Adequate employment assures social status comparable to the one enjoyed before migration and leads to satisfactory social networks and a desired lifestyle. In this context it is easy to argue that the host country should also be concerned with its settlers overall settlement success, life satisfaction and a feeling of social inclusion. This is not only to the individual immigrant's benefit but also to the benefit, social as well as economic, of Australia. People who feel well placed in the employment market are more likely to be productive workers, as well as good neighbours and loyal citizens.

3. There is room for improvement in the area of employment success of NESB settlers

Previous research from Australia and comparable countries, primarily Canada, the US and New Zealand, shows that the ethno-cultural minorities and especially those who speak minority languages (in Australia referred to as 'NESB' or 'CALD') have poorer employment outcomes than either the native-born or those who originate in other English-speaking countries. On top of language proficiency, which is commonly considered crucial for employment success, 'similar' cultural background has also been shown to facilitate successful employment transition following

migration to Australia (Jupp 2002; Colic-Peisker and Tilbury 2007). This clearly makes it more difficult to culturally more distant groups from non-European source countries—those who in fact make the majority of the skilled immigration numbers, as Table 1 shows.

Table 1. Top ten source countries of points-tested permanent settlers in the skill streams, 1999-2009

Rank	Source country	Number of entrants
1	UK	168,264
2	India	111,337
3	China	90,626
4	South Africa	58,160
5	Malaysia	33,562
6	Philippines	25,952
7	Indonesia	24,993
8	South Korea	22,996
9	Singapore	20,999
10	Sri Lanka	20,531

Source: DIAC 2010

While the traditional source of immigrants to Australia, the UK, is still strongly predominant in the skill category, eight out of the ten top source countries of skilled settler are Asian countries. Over the past decade, China and India have become the largest Asian sources of immigrants to Australia and also the greatest sources of international students (potential settlers) in Australia. It should be noted that New Zealand arrivals, the second largest immigrant group, are not represented within the two settler streams because they are not subject to the visa regime.

In spite of the overall success of the Australian immigration program, much research has shown that migrants' skills are often wasted. Highly skilled immigrants are constrained by various structural forces and often forced to accept jobs below their qualifications (Ho and Alcorso 2004; Colic-Peisker and Tilbury 2007). This is also the case in other Western immigrant-receiving countries (Lamba 2003; Rydgren 2004; Valtonen 2001) and happens more often to migrants in specific migration streams (e.g. humanitarian entrants) and to birthplace groups that are perceived as culturally distant and therefore likely to be exposed to employment discrimination (Wooden 1990; Colic-Peisker and Tilbury 2006; Rydgren 2004). The labour market is not necessarily rational and 'blind to ethnic prejudice' (Evans and Kelley 1991). NESB immigrants in general are shown to be the part of the Australian workforce that has the most problems achieving the job status which corresponds to their educational qualifications and are worse off than both Australia-born and Anglophone (ESB) immigrants. Jones (1989:144) argued that 'just as the Australian labour market penalises some ethnic groups (relative to Australia-born workers), other groups get unduly high returns for their human capital endowments' (see also Watson 1996). According to Flatau and Wood (1997:44) birthplace exerts 'a major independent influence on employment outcomes irrespective of visa category'. For example, South Africans, who have considerably higher incomes than any other birthplace group (including the Australia-born) may reap the benefits of their 'whiteness' and English-speaking background: directly through ethno-racial prejudice that works in their advantage and indirectly through the fact that they were a privileged white minority in their country of origin, and therefore they accumulated more human as well as financial capital. The complexity of issues influencing immigrant employment cannot be overestimated, especially when the issues of equity and fairness come into play.

My own analysis of the 2006 Census data, using variables of the education level, type of job, length of residence and English proficiency for select NESB immigrant groups, one ESB group (UK) and the Australia-born shows that birthplace still makes a difference in the employment success. In other words, different birthplace groups are able to translate their skills into an appropriate job to unequal degrees, when controlling for English proficiency and length of residence. NESB immigrants have worse employment outcomes than the Australia-born and UK-born overall but some NESB groups match the success of the Anglophone groups in the vocational sector employment. Among the tertiary educated, the employment outcomes of the Australia-born are better than those of all immigrant groups to a statistically significant level, closely followed by the UK-born and two other European groups. This means that equally qualified non-Europeans, and some non-Western European groups, are still likely to face additional obstacles in their quest to achieve full labour market success (Ho and Alcorso 2004; Hawthorne 2005; Colic-Peisker 2011a and 2011b, forthcoming).

The most prominent factors that determine one's employment success outside the central human capital factors, qualifications and language proficiency, can be articulated as follows. Australian and foreign qualifications clearly do not have the same worth, both formally and informally. Length of residence, which can be considered a proxy for acculturation, and is a crucial aspect of learning not only the formal and informal methods of job search in the new environment but also the subtle culturally-specific rules of social interaction that influence one's success in the job search and advancement, and more generally. Social capital is another factor. Established ethnic communities have over time developed social capital, especially 'bridging' social capital outside 'ethnic' networks. In other words, social capital is not just about social networks of an individual migrant, but also about the social acceptance that one's 'ethnic group' has achieved in the host society. In this respect, older groups, better known to the general community, may be exposed to less prejudice, leading to better employment outcomes, while more recently arriving groups are usually the main targets of mistrust and prejudice and their status should be the central target of remedial policy.

The author of this submission is happy to supply additional material on this research.

4. 'Multicultural middle class' in the Australian society

After the war, the newly created federal Immigration Department planned the first large contingent of NESB immigrants. From the late 1940s until the economic restructuring of the 1970s, planned immigration intake of NESB settlers was primarily a source of low-skill labour meant to address post-war labour shortages in building and manufacturing sectors (Jupp 2002). Such policy created European 'working-class' migrant communities. These communities are literally dying out these days: the average age of an Italy-born person in Australia is 65 years (according to the 2006 Census, so perhaps close to 70 now).

The introduction of the 'points test' in 1979 marked a paradigm shift in the Australian immigration policy and a progressively stronger emphasis on skilled immigration, which reflected a switch to the service economy and a large-scale outsourcing of manufacturing to overseas countries. Over the past 30 years, the points test selected large numbers of highly qualified NESB settlers. Since the 1980s onwards, a 'multicultural middle class' (MMC) has increased in Australia. It has been created from two sources: the intake of highly skilled NESB immigrants and upwardly mobile second and third NESB migrant generations (e.g. from southern and eastern European ancestries). Table 2 illustrates this.

Table 2.

Second and further generation population size and percentage of the tertiary educated and those in professional employment among the 25-34 age group for the Australian-born of southern European ancestries

Ancestry	2nd and further gen.	Tertiary qualifications	Professional employment
Italian	601,000	26	19
Greek	233,000	31	21
Croatian	65,000	29	20
Maltese	110,000	20	16.4

Source: 2006 Australian Census

The distinction between ‘working class’ and ‘middle class’ is primarily used to denote the difference in occupation/profession, which strongly correlates with differences in educational qualifications and income. The working class (‘blue collar’) consists of those who perform manual work (unskilled or skilled), usually have no tertiary qualifications and earn incomes within the bottom three quintiles (bottom 60%) of the income distribution. Many routine white-collar occupations also belong to the working class by their income levels and occupational status. The middle classes are the upper echelons of ‘white collar’ workers and professionals, usually with tertiary qualifications and whose incomes are likely to fall within the top three quintiles (top 60%). Apart from the type of work performed, business ownership and work autonomy are also important designators of class.

Does creation and a gradual growth of the multicultural middle-class spell a new era in Australian multiculturalism? While it is certainly true that Australian society is becoming more inclusive towards NESB immigrants, it is hard to precisely establish the scope and speed of this process. Social changes have compound causes that reinforce or interfere with each other and the case of the social mobility of NESB people in Australia is no exception. Opposite tendencies and resistance to this process are also at work. Easing a way of skilled and professional NESB arrivals into the Australian workforce is of obvious economic and social benefit, not to mention various other benefits of a fair and equitable society, from international reputation to lower crime rates (see Wilkinson and Pickett 2010).

In conclusion, the increasingly visible and prominent multicultural middle-class does not mean that all is well in the Australian multicultural workplace. Birthplace is still far from being a neutral factor in the Australian multicultural workforce in the first decade of the 21st century. It influences the employment integration of immigrants, not only via employers’ ethnic prejudice and discrimination, but also via qualification recognition and other institutional and systemic factors. The field is complex and it is extremely difficult to quantify these factors. Even the fact that mainstream Australia needs time to get used to various (non-native) English accents may be a factor in employment success. Migrants need to secure jobs where they can be heard by more than their closest workmates, that is, jobs in services and professions. In the latter case, as teachers, doctors, journalists, managers, social and community workers, researchers, accountants etc., they are heard by larger segments of the public. Seeing and hearing members of diverse migrant groups in higher status jobs is the best antidote against ethnic prejudice. However, this may be similar to stating that success breeds more success—apparently, it is necessary to reiterate that immigrants should not be left fully to their own devices in the labour market and workforce: various affirmative action and anti-discrimination policies need to continue, and new ones, more appropriate to service-focused highly-skilled 21st century labour market in Australia need to be devised.

Recommendations:

1. Establish government-sponsored employment advisory services, information sessions and short courses for skilled and professional settler migrants

In the current system, skilled settlers are left to the labour market forces. They get informed about Australian-style job search and get useful tips from sparse government leaflets, or via their extended family or acquaintances already in Australia. They are meant to be able to fend for themselves. This is largely true in terms of finding any job. But if they accept 'any job' skilled and professional people quickly diminish their chances of returning to their career path. This is due to technological dynamism in virtually all skilled occupations and professions. A gap in the CV of a year or two can be fatal.

My research shows that the mainstream employment services are inefficient, especially to the highly qualified recent arrivals.

Skilled immigrant advisory services, information sessions and short courses could be developed in collaboration with professional organisations and migrant organisations. These services could partly rely on volunteers. Volunteers should be not too difficult to obtain: many immigrants who went through the Australian employment filter and came out as winners would be happy to share their experiences with the new arrivals and help them out. A pool to draw from—the MMC described above— is large. Such remedial services focused on realising human capital of skilled migrants should not be left to private for-profit initiatives (see for example ACMA 2011). On the other hand, it could be possible to organise such employment assistance with limited government resources through engaging other interested stakeholders.

2. Formal qualification recognition is barely a beginning of the journey to appropriate employment : educating the public, and especially employers, is needed

Official recognition of overseas qualifications in Australia may be a necessary condition for getting a job in the Australian public sector, but it is neither a necessary nor sufficient condition in the private sector. Recruiters / employers are those who pass the ultimate judgment on the value of a person's skills (including foreign work experience) through the offer of employment. More 'objectively' measurable factors such as formal skills, and English proficiency for those from NESB, are at the same time those most crucial for job performance, but other 'soft skills', such as 'cultural fit'—which in many cases simply reflects the employer's cultural stereotypes and prejudices—also come into play. In a multicultural workforce such as Australia's, cultural stereotyping, prejudice and discrimination based on them may be affecting a significant portion of the workforce to at least some degree. Australian employers need to be better informed about standards of education in various countries, at various foreign universities etc. An educational campaign with such goals in mind could and should be ongoing in an increasingly multicultural society such as Australia.

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