

8. Labour Force Experiences

Finding a job is a crucial step in successful settlement into Australian life for migrants who are not dependent family members. Migrants who are able to find employment are able to establish financial independence, to contribute their talents to Australia's productive effort, and to integrate more readily into Australian society via the contacts they make on the job. Key indicators of this experience include participation in the labour force, employment and unemployment. In later sections we look at levels of income and the use of existing qualifications. For a more detailed look at many of the findings that we report here, see Richardson et al, 2001.

We report on the extent to which people who migrate under different visa categories have different labour force outcomes, and on the impact of personal attributes such as English language proficiency, age, formal education, prior work status and gender on labour force experiences.

In the interval between the arrival of Cohort 1 (in the mid-1990s) and the arrival of Cohort 2 (1999-2000), there were several changes in policy and in the economy that were likely to affect the employment outcomes of recent migrants. Unemployment fell from around nine per cent to six and a half per cent. Employment rose by approximately 1.26 million people, or 16 per cent, between September 1993 and February 2001. At the same time, there was a considered change in migration policy that was directed to improving the employment prospects of new migrants, and reducing the demands on taxpayer-supported services and payments. We present evidence on the extent to which these changes in policy and the economy have caused different labour market outcomes for migrants in Cohort 2 as compared with those in Cohort 1.

8.1 A Comparison of Labour Market Characteristics of Migrants in each Cohort

Cohort 2 migrants were rather different from those in Cohort 1. The former group were weighted more to those selected on the basis of likely success in the labour market and less to those selected on family or humanitarian grounds. Compared with Cohort 1, a higher proportion of migrants in Cohort 2 were Independent and Business skills/ENS and a smaller proportion were Humanitarian and Preferential family/family stream. Partly for this reason,

and partly because of the change in eligibility criteria, there were more fluent English speakers, fewer with little English, more with high levels of qualifications and fewer with little education in Cohort 2. These changes alone will improve the aggregate labour market outcomes of Cohort 2.

The difference in levels of qualifications is particularly marked. While qualification levels were already quite high for Cohort 1, by Cohort 2 there was a big increase in the proportion with post-graduate qualifications (from 12 % to 19 %) and, importantly, an even larger fall in the proportion with less than year 12 schooling (from 23 % to 13 %).

Within the two visa categories most affected by the change in eligibility criteria, Concessional family/skilled Australian-linked and Independent, there has been a clear increase in the self-reported level of English competence. There has been a 10-15 per cent increase in the proportion who say they speak English as their only or best language and a slight increase in the proportion saying they speak English very well. Matching this has been the virtual disappearance of people quite unable to speak English and a sizeable fall in the proportion who say they have limited or modest competence in English. These changes for the Concessional family/skilled Australian-linked and Independent categories are not matched for the other visa groups. On this evidence alone, it would appear that the change in migration policy has had a noticeable impact on the levels of English competence among migrants in the affected categories. We know from earlier work, and work reported below, that levels of English language competence have a large impact on the probability of being employed.

8.2 Overall Labour Market Outcomes

The major conclusion of this section is that, on all measures, *the labour market outcomes six months after arrival in Australia are substantially better for Cohort 2 than they were for Cohort 1*. This is true for each of the visa categories other than Humanitarian and Business skills/ENS, and is true for men and women, Primary Applicants and spouses of Primary Applicants. For the Concessional family/skilled Australian-linked, the Independent and the Preferential family/family stream migrants (84% of all Cohort 2 migrants), those in Cohort 2 had higher employment, lower unemployment and lower non-participation in the labour force. Table 8.1 shows the labour force status of the two cohorts (Primary Applicant and migrating unit spouse).

The halving in unemployment among recently arrived migrants (from 21% for Cohort 1 to 10% for Cohort 2) far exceeds the overall fall in unemployment, or the rate of increase in employment, for Australia as a whole over the relevant period.

The categories of employed, unemployed and not in the labour force are rather crude, and the difference between them is not as clear-cut as it appears to be. For example, a person who works a few hours a week for pay is classified as employed, whereas they may mostly be, and see themselves as, unemployed or a student or home maker: certainly, the wages from a couple of hours work are not enough to live on. Similarly, a non-employed person who is not actively looking for work is classified as not in the labour force. The reality may be that they would very strongly wish to work, but are not actively looking because they believe they have little chance of success.

Despite these imprecisions at the margins of the groupings, the distinctions between the three states are for the most part real and important, and they provide satisfactory classifications at this point. In recognition of the blurred boundaries, however, we report also on the employment to population ratio. This ratio expresses the number of employed people from a specific group as a proportion of the total number of people who are in that group (for example, women Primary Applicants). It is the single most useful figure for assessing the labour market success of a group. It does not distinguish between people who are not employed because they are not looking for work, and people who are unemployed.

Table 8.1 Labour Force Status of Primary Applicant and Migrating Unit Spouse, Cohorts 1 and 2 (per cent)

Labour Force Status	Cohort 1	Cohort 2
Employed	33	49
Unemployed	21	10
Not in labour force	46	41

8.3 Labour Force Status

We saw in Table 8.1 that the labour force status of the two cohorts is quite different, with Cohort 2 having much higher rates of employment and half the rate of unemployment. For each of the two cohorts as a whole, the employment/population ratio has risen from 33 per cent for Cohort 1 to 50 per cent for Cohort 2. This is a very major change in the space of six years. Table 8.2 shows the change by visa category. The improved employment performance is apparent for each visa category except Humanitarian (where employment rates in both cohorts are very low) and Business skills/ENS. The decline in employment of the latter group in the face of the general improvement for Cohort 2 is a surprise. One possible explanation is that there has been a rise in the proportion of Business skills/ENS migrants who have non-employed spouses. Closer inspection suggests that this is not the reason. Nearly all the Primary Applicants in the Business skills/ENS category had spouses but the proportion of spouses did not change across the cohorts. The fall in employment applies also to Primary Applicants considered on their own. We note that the Business skills/ENS group is one of the categories, which has been least subject to change in selection criteria over the period. Some people in the Business skills/ENS group report not being employed because they are still in the process of setting up their own business.

Figure 8.1 summarizes the same information as Table 8.2, but distinguishes the unemployed from those who are not in the labour force. It is immediately apparent that for the Concessional family/skilled Australian-linked, the Independent and the Preferential family/family stream migrants, those in Cohort 2 had higher employment, lower unemployment and lower non-participation in the labour force. The fall in unemployment is particularly striking for Independent migrants. The slight fall in employment among the Business skills/ENS and Humanitarian migrants is matched, not by a rise in unemployment but by a rise in non-participation in the labour force.

A more detailed look at the employment to population ratio (not illustrated here) shows how widely spread is the gain in employment. Both men and women, Primary Applicants and spouses have increased their probability of being employed if they migrated as Concessional family/skilled Australian-linked, as Preferential family/family stream or as Independent. About 80 per cent of migrants come within one of these visa categories.

Figure 8.1: Labour Force Status of Primary Applicants and Spouses, by Visa Category and Cohort (per cent)

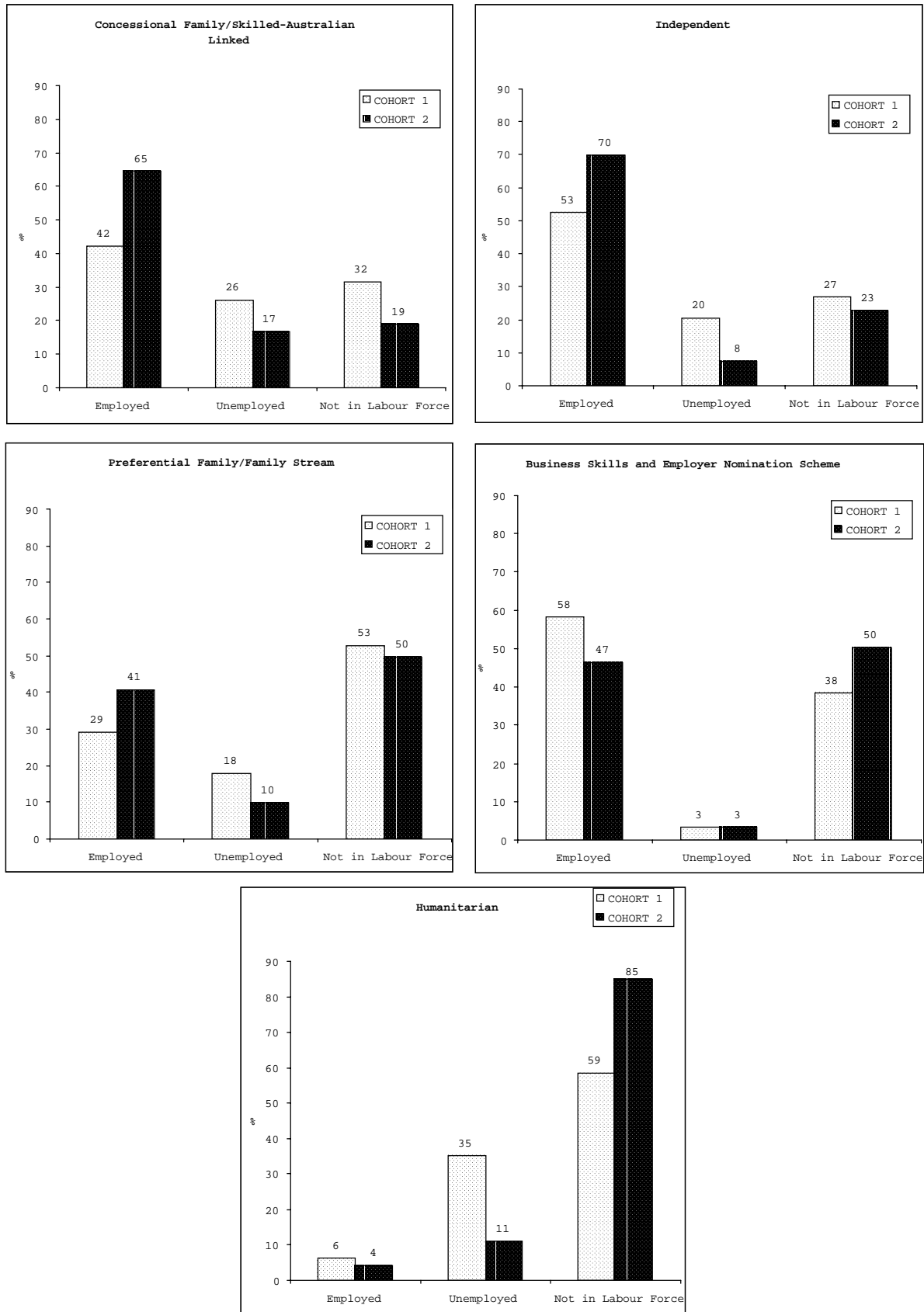


Table 8.2: Employment-to-Population Ratios for Primary Applicant and Spouse, by Visa Category (per cent)

Visa Category	Cohort 1	Cohort 2
Concessional family/skilled Australian-linked	42	65
Independent	53	70
Preferential family/family stream	29	41
Business skills/ENS	58	47
Humanitarian	6	4
Total	33	50
(Sample size)	(6960)	(4181)

The improvement in employment has been particularly strong for the Concessional family/skilled Australian-linked category and within this group, for spouses of the Primary Applicant. Note that the fall in employment in the Business skills/ENS category that was noticed previously is mainly among the female Primary Applicants (and not among female migrating unit spouses, who in fact have a slightly higher rate of employment in Cohort 2).

8.4 Unemployment

Much of the higher rate of employment for Cohort 2 is mirrored by a fall in unemployment. Over the period 1994 to 2000, the overall unemployment rate in Australia fell from 9.7 per cent to 6.6 per cent⁵. The halving in unemployment among recently arrived migrants (from 21% for Cohort 1 to 10% for Cohort 2) far exceeds this Australian average experience. It is to be expected that when the labour market is improving, the impact on new entrants to the labour force will be greater than the impact on the workforce as a whole. Apart from migrants, the main source of new entrants is young people looking for their first job. In many ways these young people are not comparable with migrants, since most migrants have substantial labour force experience. Nonetheless, it is useful to compare the fall in unemployment among youth over the relevant period with the fall experienced by recent migrants. For young people age 15-24, the unemployment rate has fallen from 17 per cent on average in 1994 to 12.6 per cent on average in 2000 (the comparable figures for those aged 20-24 are 13.6 and 9.5)⁶. The proportionate fall in unemployment for youth of about one-quarter, is less than the one-third fall for the whole population and considerably smaller than the 50 per cent fall for recent migrants.

⁵ ABS catalogue no. 6291, Table 91

⁶ ABS catalogue no. 6291, Table 91

8.4.1 Unemployment by Visa Category

Figure 8.2 gives a quick visual impression of where the falls in unemployment are concentrated. It shows the unemployment rate (ie, the number unemployed expressed as a percentage of the number employed plus unemployed) for different visa groups in Cohort 1 (measured on the horizontal axis) compared with that for Cohort 2 (measured on the vertical axis). If the unemployment rate was the same in each cohort, the relevant dot would be on the diagonal. All visa groups except Business skills/ENS have recorded a fall in unemployment, with Independent and Concessional family/skilled Australian-linked showing the greatest falls. For Cohort 1, the Business skills/ENS migrants had by far the lowest levels of unemployment six months after arrival. Independent migrants had levels of unemployment that looked more like those of the Preferential family/family stream and Concessional family/skilled Australian-linked. For the second cohort, unemployment among Business skills/ENS migrants was still very low, but now it was almost matched by the levels for the Independent migrants. While unemployment in total has halved between Cohorts 1 and 2, the really big gain has been among the Independent migrants: for them, unemployment has fallen by two-thirds, from 28 to 10 per cent. Humanitarian migrants had high levels of unemployment in both cohorts.

Among the main visa categories, the fall in unemployment is to be found for both men and women and for Primary Applicants and spouses. Female migrating unit spouses, who in Cohort 1 had the highest rates of unemployment, seem to have gained the most from the improvements for Cohort 2. In all visa groups except Concessional family/skilled Australian-linked their unemployment rates were lower than those of male migrating unit spouses.

8.4.2 Unemployment and Age

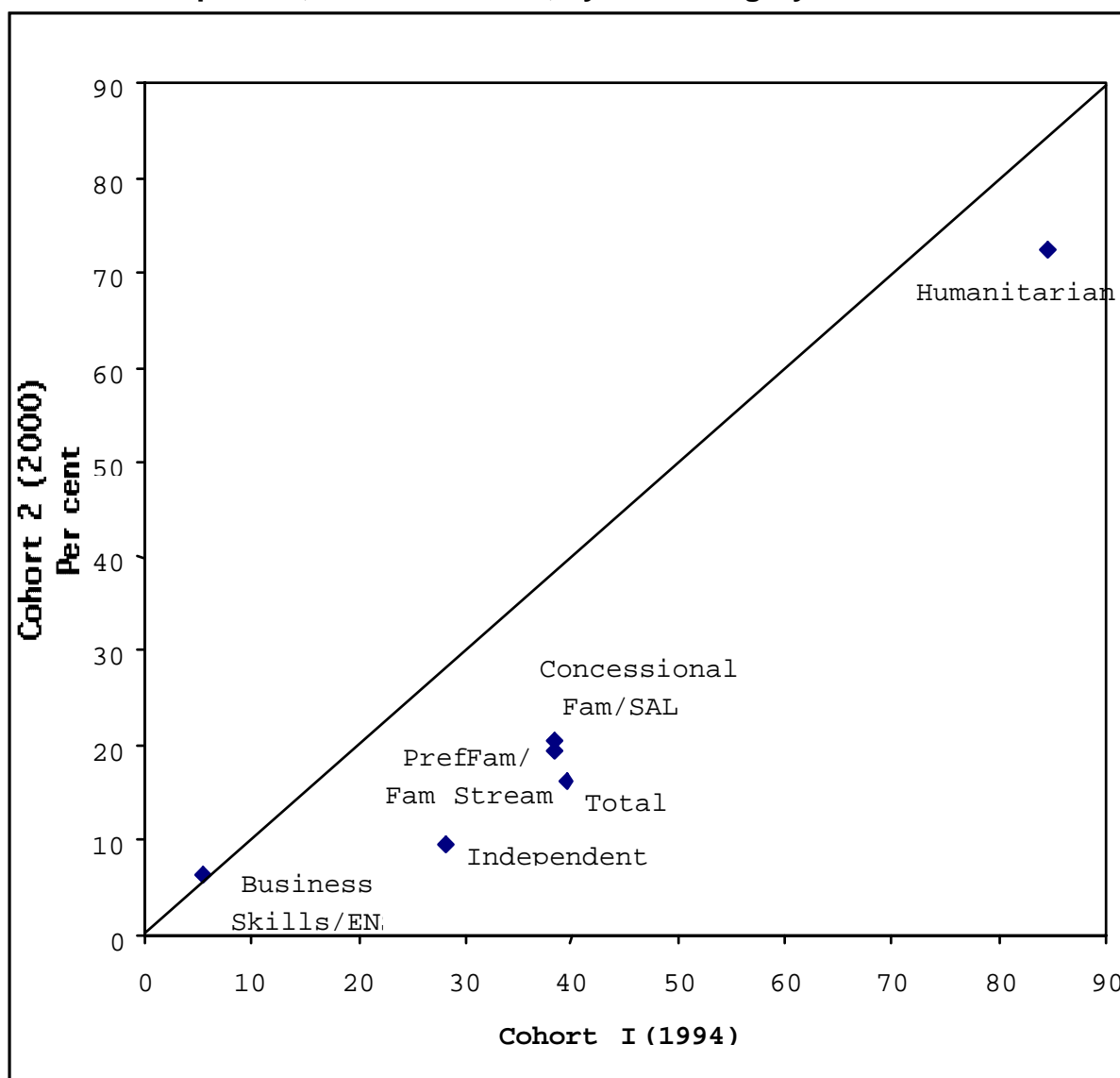
For the whole Australian labour force, there is a modest fall in the unemployment rate as one moves from younger to older age groups, if we put to one side the high unemployment rate among youth. In November 2000, the unemployment rate for people aged 25-34 was 5.9 per cent. It fell for each 10-year age bracket to a low of 3.7 for those aged 55 to 59. Among Australian workers who were born overseas, the comparable figures are 6.7 and 4.1⁷. With

⁷ ABS catalogue number 6203, Tables 22 and 23.

this context in mind, we look at the relation between unemployment and age between the two cohorts of recent migrants.

For recent migrants of both cohorts there is a tendency for unemployment to be higher for older people. For Cohort 2 the tendency has diminished, especially among the Concessional family/skilled-Australian-linked and Independent groups. For the latter, unemployment is low and confined to those aged 25 to 44: all those aged 45-54 who were in the labour force were employed. Amongst the Preferential family/family stream, the 45-54 group has done particularly well compared with the earlier cohort. Employment for this age group has risen

Figure 8.2: A Comparison of Unemployment Rates for Primary Applicants and Spouses, Cohorts 1 and 2, by Visa Category



dramatically and unemployment has fallen below that of the 35-44 age group. Any age differential in unemployment rates among Independent migrants has largely disappeared for

Cohort 2. Thus the propensity to higher unemployment among older workers has been attenuated for Cohort 2.

8.4.3 Unemployment by State

There are modest variations in the labour markets across the States that might have an influence on the success of recent migrants in obtaining employment. As has been noted before, Cohort 1 migrants who went to Queensland had higher employment rates than would be expected from their personal characteristics. Table 8.3 shows whether Queensland continues to look different if the focus is unemployment rather than employment, and whether there is much difference in experience of unemployment across the two cohorts, by State. The Table presents unemployment rates for the whole migrant group by cohort, for each State. It shows that Victoria had a particularly high rate of unemployment for Cohort 1 (57%) while Queensland had a particularly low rate. However, by Cohort 2, migrants to Queensland fared relatively badly, with an unemployment rate above that in WA, SA and NSW.

We cannot make a true comparison of risk of unemployment across the States unless we control for visa categories. When we do that, the sample size becomes too small for meaningful numbers to be reported for the smaller States and Territories. Thus only data for NSW, Victoria, Queensland, SA and WA are examined. They show that the broad story given by the aggregate unemployment rates applies when they are disaggregated by visa group.

Table 8.3: Current Unemployment Rate of Primary Applicants and Spouses by Intended State of Residence, Cohorts 1 and 2 (per cent)

	Cohort 1	Cohort 2
New South Wales	37	16
Victoria	57	20
Queensland	18	19
South Australia	42	17
Western Australia	33	11
ACT	28	12

8.4.4 Duration of Unemployment

The economic and psychological costs of unemployment are strongly linked to the time that a person spends looking for work. If a given level of unemployment among, say, Preferential family/family stream migrants, is widely shared but of short duration, then it is likely to be much less stressful than if a smaller group experience long periods of joblessness. With this in mind, we examine the average duration of unemployment experienced by those people who had any unemployment. Note that at the time of interview migrants had only been in Australia about six months (slightly longer on average for Cohort 2). This, of course, puts an upper limit on the duration of any unemployment.

The average duration of unemployment for people who were unemployed at the time of interview was the same (14 weeks) for each of the cohorts. The duration of unemployment of people who had gone on to find jobs or who had withdrawn from the labour force was also similar (indeed, slightly higher for Cohort 2). The difference in the extent of unemployment between the two cohorts is thus explained by the greater proportion of people in Cohort 1 who experienced a spell of unemployment. For Cohort 2, 38 per cent experienced some unemployment during their first six months in Australia. The comparable figure for Cohort 1 is 50 per cent. This implies that the greater unemployment experienced by Cohort 1 was largely a reflection of more people experiencing some unemployment in the process of job search, rather than people typically being stuck in long periods of unemployment. The better unemployment experience of Cohort 2 is also reflected in the movement out of unemployment. Of all the people who had experienced some unemployment, 59 per cent for Cohort 2 and only 38 per cent of Cohort 1 had found a job by the time of first interview (about six months after arrival): 24 per cent (Cohort 2) and 42 per cent (Cohort 1) were still unemployed.

8.5 Getting a Job

Respondents were asked to nominate if they had had difficulties in finding a job, and if so what those difficulties were. We report the responses for each of the two cohorts as a whole, ie, not by visa group. This is necessary because the numbers in each cell become unreliably small if further disaggregation is attempted. In Table 8.4 we show the number of people who reported each of a range of difficulties, and the percentage of all those who had problems that this represented.

English language difficulties were clearly the major obstacle to getting a job for Cohort 1, one-third of respondents indicating this problem. By Cohort 2 only 20 per cent gave this as a problem, fewer than the number who reported no particular problem or insufficient local experience. The inability to have qualifications recognised was cited by only a small percentage of people. Since 60 per cent of Cohort 1 and 70 per cent of Cohort 2 Primary Applicants and migrating unit spouses arrived in Australia with some sort of post-school qualification, this suggests that the recognition systems in place are working commendably well.

It is notable that only half as many people in Cohort 2 said that the main reason that they could not get work was that there were not enough jobs. This is the most direct evidence available in the survey data that an improvement in the labour market was one of the important reasons why Cohort 2 has had much better outcomes than did Cohort 1.

In brief, the big differences between the cohorts in the type of problems they encountered in finding work are a) a reduction in problems caused by inadequate English and b) a reduction in problems caused by insufficient jobs. Both a general improvement in the labour market and the effects of the changes in migrant selection criteria seem to be at work here.

The views of migrants about the importance of English skills for getting a job is reinforced by multivariate analysis that predicts the probability of being employed.

Table 8.4: Problems that Primary Applicants and Spouses had in Finding Work, Cohorts 1 and 2 (per cent)

	Cohort 1	Cohort 2
English language difficulties	34	20
Qualifications not recognised	6	5
Lack of training, experience	9	8
Not enough jobs	16	9
No particular problem	11	22
Insufficient local experience	8	24
Discrimination	4	2
Other	13	9

English language competence is an important predictor of the probability of being employed for all visa groups.

The effect of less than perfect English is similar for all the visa groups, and reduces the probability of employment substantially. For example, for Independent migrants, those who do not speak English well have a one-in-four chance of being employed compared with those who speak English fluently, all other attributes being the same. Note that even after controlling for English language ability, being born in the UK, Ireland or North America confers still greater chance of being employed.

Men are much more likely to be employed than are women in all visa groups, especially Concessional family/skilled Australian-linked and Preferential family/family stream. Migrating as a spouse also reduces the likelihood of being employed, except for Preferential family/family stream. Migrants who had visited Australia prior to migrating have a significantly higher chance of being employed than migrants who had not. Younger people, other things equal, have a higher chance of being employed.

An important outcome of the multivariate analysis is that the advantages of being fluent in English, of being male and the Primary Applicant, of having visited Australia and of being employed prior to migration and of being younger are all similar for the two cohorts. This suggests that it was not so much the change in the requirements of the labour market, as the change in the attributes of migrants that improved the employment outcomes for Cohort 2. (For further discussion of the predictors of being employed, see Richardson et al, 2001).

8.6 Level of Job and Use of Qualifications

For the many who did get a job, two-thirds (66%) of Cohort 2 were working as associate professionals, professionals or managers and administrators prior to migration: after migration, half (51%) were. The comparable figures for Cohort 1 are 55 per cent and 39 per cent. Thus the “quality” of the migrant intake in both cohorts, and particularly Cohort 2, is high and is reflected in the level of jobs they are able to obtain.

The high quality of the migrants is apparent also in the level of the qualifications that they have obtained prior to migration. These qualifications are only beneficial (from a labour market perspective) if they are used in the jobs that the migrants were able to get. For the cohort as a whole, migrants in Cohort 2 report a small fall in the overall proportion that made extensive use of their qualifications compared with migrants in Cohort 1. However, within each visa group the reverse was the case. Substantially more people in each visa group used

their qualifications very often in Cohort 2 than was true for Cohort 1. This is an unusual case where the overall outcome is at odds with the detailed movements within each visa category. This is made possible by the change in the visa composition of the total migrant intake.

The use of qualifications varied quite substantially between the different visa categories. Business skills/ENS and Independent migrants were the ones most likely to make extensive use of their qualifications. Between 42 (Independent) and 58 (Business skills/ENS) per cent of Cohort 1 said they used their qualifications all the time, while 14 (Business skills/ENS) to 52 (Preferential family/family stream) per cent said they used them rarely or not at all. By Cohort 2, the percentage using their qualifications all the time had risen to 62 for Business skills/ENS and 58 for Independent migrants.

Preferential family/family stream migrants were the ones least likely to use their qualifications, with about half saying that they rarely or never used them—in both cohorts. However, Cohort 2 was more likely to use them very often. There was a sizeable increase between the cohorts in the proportion of the Concessional family/skilled Australian-linked group who made extensive use of their qualifications.

8.7 Why did Cohort 2 have better Employment Outcomes?

We conclude that the most likely explanations for the improvement in the employment outcomes of Cohort 2 six months after arrival are that:

- ❖ they had better levels of English and educational qualifications and fewer people with low levels of each of these attributes;
- ❖ they are likely to be of higher employability in ways that are not captured in the observed variables;
- ❖ there was an overall strengthening of the labour market;
- ❖ they may have more actively sought jobs soon after arrival.

It is probable that the improved outcomes for Cohort 2 are in large part a product of the changes to eligibility criteria. They may also be influenced by the reduction in the size of the migrant intake, and by denial of access to social welfare benefits for two years after arrival. The impact of the last two of these probably arises from the self-selection that occurs among intending migrants, so that those who did migrate assessed themselves as having relatively

good employment prospects. The better employment outcomes for Cohort 2 do not seem to be the result of some change in the labour market that meant that, for example, qualifications were more valued or English language skills more important. In drawing these conclusions, we emphasise that our analysis was not comprehensive and more detailed work may produce alternative interpretations