

The Economic Return on New Immigrants' Human Capital: the Impact of Occupational Matching*

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April 2009

Abstract

Using a data set that provides information on source country employment, we examine the effect of source and host country occupational matching on earnings and the economic rate of return to the foreign human capital of immigrants in Canada. Examining occupational distributions we find that immigrants converge very quickly to the skill distribution of the Canadian population in terms of the main job worked, although four years after landing they are still below the source country distribution. We also find that for a large proportion of immigrants, their intended occupation differs from their source country occupation. Although immigrants who are able to match their source and host country occupations obtain higher earnings, successful occupational matching does not have any impact on the return to foreign potential work experience. However, immigrants who match their source and host country occupations do have a higher return to schooling, particularly for females.

JEL Code: J24, J31, J61

Keywords: Immigrants, Occupational Matching, Human Capital, Canada

* We thank the Canadian Labour Market and Skills Researcher Network for funding this research and its reviewers for helpful comments. We would also like to thank seminar participants at the CLSRN 2007 Workshop on Immigration in Canada for their helpful comments. While the research and analysis are based on data from Statistics Canada, the opinions expressed do not represent the views of Statistics Canada.