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

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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.

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