

Why does unemployment differ for immigrants?

Unemployment risk varies greatly across immigrant groups depending on language skills, culture, and religion

Keywords: unemployment, immigrants, human capital

ELEVATOR PITCH

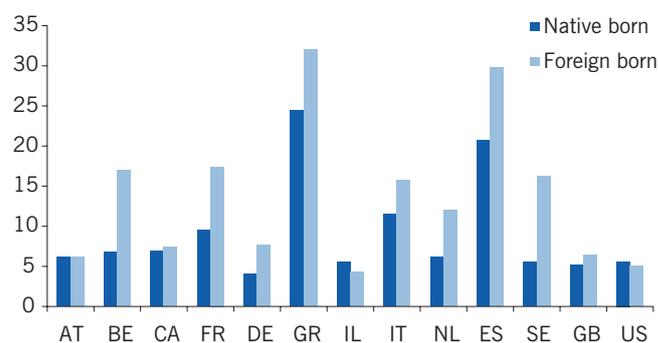
The adverse effects of unemployment are a cause for concern for all demographic groups but they will be most acute for those experiencing the highest unemployment rates. In particular, high levels of unemployment are observed for a range of immigrant groups across many countries. However, there is considerable variation both across and within countries. It is therefore important to determine the factors that are most likely to cause high rates of unemployment, especially from a migration perspective, and to identify appropriate policy responses (e.g. enhancing human capital and improving job search effectiveness).

KEY FINDINGS

Pros

- ⊕ Unemployment rates are lower for some immigrant groups than for the native born population.
- ⊕ The impact of economic downturns is lessened for more highly educated immigrants.
- ⊕ Policies that enhance human capital levels can be effective in reducing the high rates of unemployment experienced by immigrant groups.
- ⊕ Improving language skills is crucial for increasing the employment prospects of immigrants.

Unemployment rates for native and foreign born residents in selected countries, 2015



Source: Author's own calculations based on OECD data. Online at: <https://data.oecd.org/migration/foreign-born-unemployment.htm>

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Cons

- ⊖ Certain immigrant groups, such as those with low levels of education, experience extremely high rates of unemployment, especially during recessions.
- ⊖ The unemployment rates of immigrants can be higher in countries that have more rigid labor market regulations and institutions.
- ⊖ Comparing countries can be difficult due to differences in their migration histories.
- ⊖ Newly arrived immigrants are often disadvantaged in terms of their country-specific skills and their knowledge of the labor market.

AUTHOR'S MAIN MESSAGE

Unemployment often produces a range of adverse consequences for the individuals experiencing it and for the communities in which it is concentrated. A variety of factors can contribute to the high rates of unemployment experienced by some immigrant groups; these include human capital, cultural and religious differences, and discrimination. Appropriate government policies should recognize such inter-group differentials and group-specific determining factors. Such policies include the scheduling of courses to enhance human capital levels, such as skills in the host country's main language.