



The conditional returns to origin-country human capital among Turkish and Moroccan immigrants in Belgium



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ABSTRACT

This study extends the analysis of the economic returns to pre-migration human capital by examining the role of the receiving context, co-ethnic residential concentration, and post-migration investments in human capital. It uses large-scale survey data on Turkish and Moroccan immigrants in Belgium. The analysis demonstrates that regarding employment, Moroccan immigrants, that is, those originating from former French colonies receive larger returns to their origin-country education and work experience in French- vs. Dutch-speaking regions. Other than the positive interaction effect between co-ethnic residential concentration and work experience on employment, there is little evidence that co-ethnic concentration increases the returns to origin-country human capital. Speaking the host-country language facilitates economic returns to origin-country work experience. Conversely, immigrants who acquire host-country credentials and work experience receive lower returns to origin-country education and experience, suggesting that, at least among low-skilled immigrants, pre- and post-migration human capital substitute rather than complement each other.

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1. Introduction

In recent years, considerable attention has been devoted to the study of immigrant economic outcomes. The main finding from previous research is that immigrants in Western countries are at an economic disadvantage. After arrival in the host country, immigrants have difficulties finding jobs, and when they are employed, they often have low-status and low-paid jobs (e.g., [Catanzarite, 2002](#); [Chiswick et al., 2003](#); [Duvander, 2001](#); [Friedberg, 2000](#); [Kogan, 2006](#); [Slack and Jensen, 2007](#)). To explain immigrants' disadvantage in Western countries, it has been argued that, on average, immigrants are less skilled than natives. Because many immigrants come from less-developed countries where less money is spent on education and training, they are often lower educated and less trained than native majority residents ([Bratsberg and Ragan, 2002](#)). Furthermore, it has been argued that human capital received in the country of origin is often less valued than human capital acquired in Western host countries because origin-country-specific skills are lower quality and difficult to transfer, and employers are often uncertain about these skills ([Bratsberg and Ragan, 2002](#); [Bratsberg and Terrell, 2002](#); [Kanas and Van Tubergen, 2009](#); [Zeng and Xie, 2004](#)).

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Several studies have shown that immigrants who received their education and work experience in their country of origin have lower-status jobs and earn less than immigrants who received their education and work experience in the Western host country (Bratsberg and Ragan, 2002; Bratsberg and Terrell, 2002; Friedberg, 2000; Kanas and Van Tubergen, 2009; Li, 2001; Zeng and Xie, 2004). The differential returns to origin- and host-country education are less evident for immigrants' employment, however. To obtain a job, education acquired in the host country seems to be as important as origin-country education (Kanas and Van Tubergen, 2009), and may even be detrimental (Duvander, 2001).

The purpose of this study is to extend the analysis of the economic returns to origin-country-specific human capital among immigrants in Belgium. This study achieves this aim in three ways. First, we examine whether economic returns to origin-country schooling and origin-country work experience depend on the region of residence in the host country. Previous research has shown that immigrants who have some understanding of the host country's language at arrival and whose origin countries have similar education and labor market systems as the receiving society receive larger returns to their origin-country-specific schooling and work experience than those who have a dissimilar background (Bratsberg and Ragan, 2002; Bratsberg and Terrell, 2002; Friedberg, 2000; Kanas and Van Tubergen, 2009; Zeng and Xie, 2004). However, these studies compared immigrants from various origin countries; therefore, the group differences that were found in the returns to origin-country human capital may be due to unmeasured characteristics of immigrants' countries of origin. In this study, we adopt a design in which we compare the same groups in different destination contexts. Specifically, we focus on Moroccan and Turkish immigrants in Belgium, which is a multilingual country with a predominantly French-speaking region (Wallonia and Brussels) and a predominantly Dutch-speaking region (Flanders).

Because Morocco was a French colony, many Moroccan immigrants have been exposed to French language and culture in their origin country (Angrist and Lavy, 1997; Van Tubergen and Wierenga, 2011), leading to increased transferability and reduced uncertainty among employers toward Moroccan human capital in French-speaking Wallonia and Brussels.

In this study, we compare economic returns to origin-country schooling and work experience among Moroccan and Turkish immigrants who reside in more or less 'favorable' regions. We expect that Moroccan immigrants will receive higher returns to their human capital in French-speaking Wallonia and Brussels than Moroccan immigrants in Dutch-speaking Flanders.

Second, we study whether economic returns to origin-country education and work experience depend on residential co-ethnic concentration. A number of studies have examined the direct effects of residential co-ethnic concentration on immigrants' economic outcomes (e.g., Catanzarite and Aguilera, 2002; Chiswick and Miller, 2002, 2005; Kogan and Kalter, 2005). Recently, evidence has been found for indirect (negative) effects of co-ethnic concentration through the decreased acquisition of the host-country language (Bauer et al., 2005; Chiswick and Miller, 2002, 2005). As an explanation for this finding, researchers have argued that residing in co-ethnic concentrated areas enables immigrants to communicate in the origin-country language and makes the learning and use of the host country's language unnecessary (Van Tubergen and Kalmijn, 2005). However, little research has examined the presumed positive interaction between residential co-ethnic concentration and origin-country education and work experience. It could be argued that working among many co-ethnics facilitates the transferability and reduces the uncertainty of origin-country credentials and skills, thereby increasing economic returns to origin-country human capital. In this study, we examine whether the economic returns to origin-country education and work experience are larger in regions with a large concentration of co-ethnics as compared to the regions with few co-ethnics.

Third, this study extends prior theoretical work by hypothesizing and testing whether host-country human capital is a complement or a substitute for origin-country human capital. A few studies that have examined the interaction between origin- and host-country human capital have shown that the host country's language and credentials complement origin-country credentials (Bratsberg and Ragan, 2002; Friedberg, 2000). We contribute to the growing research on this issue by examining whether acquiring the host country's language, education, and work experience increases the economic returns to origin-country education and work experience.

Previous studies that have examined the differential returns to origin- and host-country human capital have predominantly focused on earnings and income (Bratsberg and Ragan, 2002; Bratsberg and Terrell, 2002; Chiswick and Miller, 2002, 2005; Friedberg, 2000; Zeng and Xie, 2004). Although income is a valid marker of socio-economic success, it is only one indicator. This study extends the existing work by considering employment and occupational status.

2. Belgian setting

Before formulating the hypotheses, we briefly discuss the two groups studied here and the Belgian context. Immigrants from Turkey and Morocco are the largest non-Western immigrant groups in Belgium, representing approximately 16% of the total immigrant population in Dutch-speaking Flanders and 7.5% of the total immigrant population in French-speaking Wallonia (Statistics Belgium, 2004). Many Turks and Moroccans came to Belgium in the 1960s as a part of the guest worker programs, which allowed immigrants to temporarily reside and work in industrial sector low-skilled jobs (Lesthaeghe, 2000a; Phaet and Swyngedouw, 2003). Although the migration of Turks and Moroccans was initially planned as a temporary government program, many immigrants settled permanently, and chain migration in the form of family reunification and family formation further increased immigration from these countries.

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