



HUMAN CAPITAL TRANSFERABILITY AND MIGRANTS' LABOR MARKET INTEGRATION

EVIDENCE FROM A NEW RECOGNITION FRAMEWORK IN GERMANY

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Motivation

- Immigrant-native gap in labor market outcomes persists in almost all countries. (Borjas 2015)
- One explanation (besides language skills, networks) is low transferability of foreign human capital due to occupational licensing. (Tani 2017, 2018; Runst 2018)
- Recognition of foreign credentials for regulated occupations has positive effects on earnings and employment. (Brücker et al 2020)
- Evidence about policies facilitating recognition is scarce.

Research Question

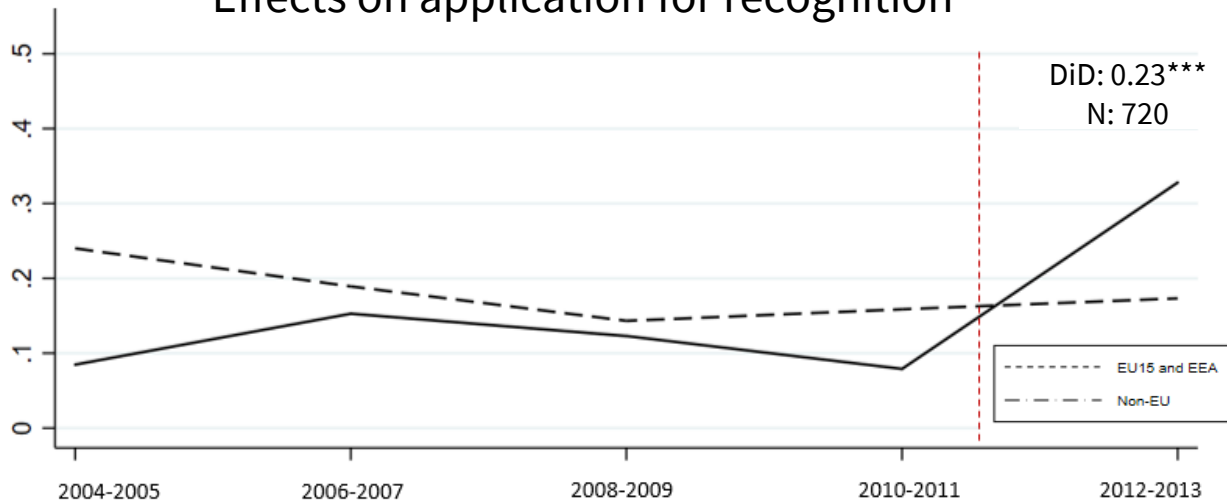
Did the standardization of the recognition framework in Germany increase applications and improve migrants' labor market outcomes?



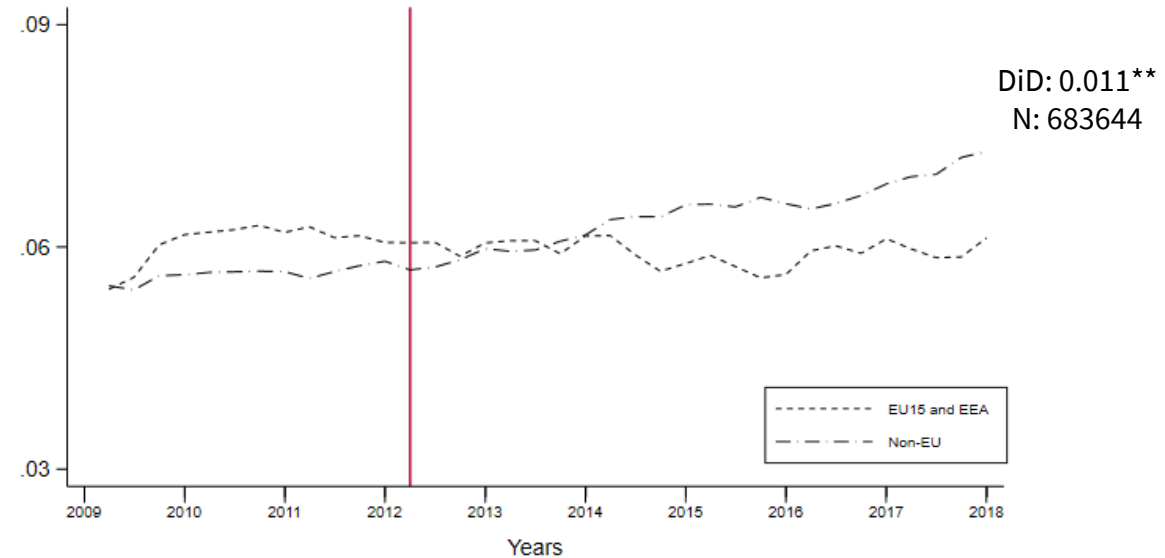
METHODS AND MAIN RESULTS

- **German Federal Recognition Act (1.4.2012)**
Standardized recognition open to all migrants with vocational and professional qualifications
- **Diff-in-diff approach**
T: non-EU migrants
C: EU15 migrants
- **Data:** IAB-SOEP Migration Sample
German social security records

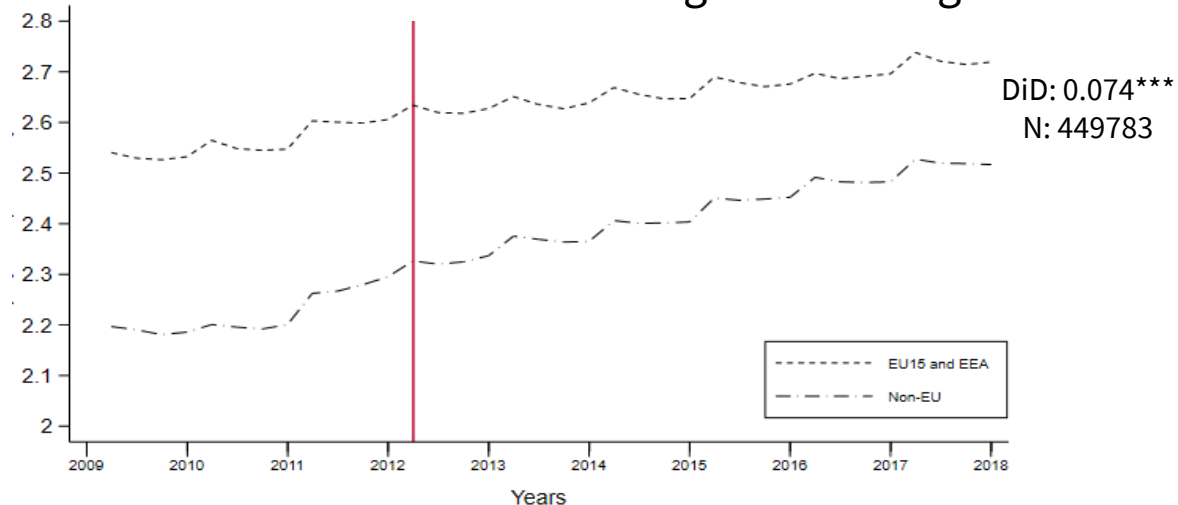
Effects on application for recognition



Effects on employment in regulated occupations



Effects on full-time wages for all migrants



SUMMARY AND CONCLUSION

The new recognition framework increased applications and migrants' labor market outcomes

- Applications of non-EU migrants increased by 23 pp.
- Employment of non-EU migrants in targeted regulated occupations increased by 1 pp, which represents a 16% increase with respect to the baseline.
- Wage of non-EU migrants increased overall by 7.3% and by 4.7% in targeted regulated occupations.
- Results are robust to several robustness checks and placebo estimations.

Extending the possibility of recognition to non-EU migrants have benefitted their labor market integration.

Easier access to recognition and regulated occupation can be an important tool for migrants' integration into the host country labor market.