

Migrant Qualification Recognition and Labour Market Outcomes

Many OECD countries currently face protracted skill deficits, while concurrently welcoming record numbers of immigrants. A potentially important, and yet largely unexplored policy lever, is to make better use of those migrant skills already in-country. This paper conducts the first judicious evaluation of Mutual Recognition Agreements – signed between peak professional bodies that certify regulated professions – on migrant’s labour market outcomes. It employs rich administrative data comprising the universe of Australian residents between 1999/2000 and 2019/2020 with a difference-in-difference design with individual fixed effects. It uncovers large wage effects across occupations, with the largest wage and employment effects in Engineering occupations. Delving into the mechanisms at play, it finds strong support in favour of credential recognition driving our results. Migrants previously not working in their nominated field, enter waged employment following an MRA being enacted, where they earn a wage premium relative to their previous occupation. Migrants already in their nominated field however, rather access higher-status positions i.e. directorship roles.