



## ABSTRACT WORKING PAPER 3.8

### SKILL MISMATCHES IN THE EU: IMMIGRANTS vs. NATIVES

January 2013

The situation of immigrants within their host countries' labour markets is generally worse than the situation of natives. We focus our interest in the analysis of the differences in skill mismatches between immigrants and natives in EU countries. We use microdata from the Adult Education Survey (AES) carried out in 2007. This dataset allows us to analyse the incidence of different types of skill mismatches (vertical and horizontal) among native and immigrant workers. We do not find any significant difference in the probability of having horizontal mismatch between natives and immigrants once individual characteristics are controlled for. However, we find that immigrants are more likely to be overeducated than natives, and that this effect is higher for immigrants coming from non-EU countries than for those coming from other EU countries. Nonetheless, the pace of the assimilation process in the host country is faster for the first group. By means of the Yun decomposition, we also find that immigrants from the EU have a higher probability of being overeducated than natives because they have worse observable characteristics which influence positively the probability of overeducation, whereas results for immigrants from non-EU countries suggest the opposite: the gap is explained by differences in the returns to observable characteristics. This result suggests that immigrants from non-EU countries have a limited transferability of their human capital that pushes their situation of overeducation in the host country.