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Factors explaining the low income return for education among Asian New Zealanders

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Liza Bolton

Supervisors: Dr Barry Milne, COMPASS Research Centre,
Professor Alan Lee, Department of Statistics



Outline

1. Introduction
2. Exploratory Analysis
3. Results
4. Conclusion

Disclaimer: Access to the data used in this study was provided by Statistics New Zealand under conditions designed to give effect to the security and confidentiality provisions of the Statistics Act 1975. The results presented in this study are the work of the author, not Statistics New Zealand.

Project Origins

While creating the New Zealand Socio-Economic Index (NZSEI), it was noticed that at the 2006 Census, Asian New Zealanders had more than double the prevalence of university degrees compared to any other large ethnic group, yet tended to be in poorly paid jobs.

Common Features in Literature

Australia, Canada, USA and NZ

Observations

- Asians had **double** the prevalence of **Bachelor's degrees** compared to the European population
- Migrants **earn less**
- The children of Asian migrants earn comparable incomes to the general population (2nd generation)

Techniques

- Very basic regression techniques used to consider factors comparing incomes – except in New Zealand

Importance

- Skills shortages
- Asia is an important source of skills
- Our economy is at risk

The Big Picture

Our analysis focuses on New Zealanders:

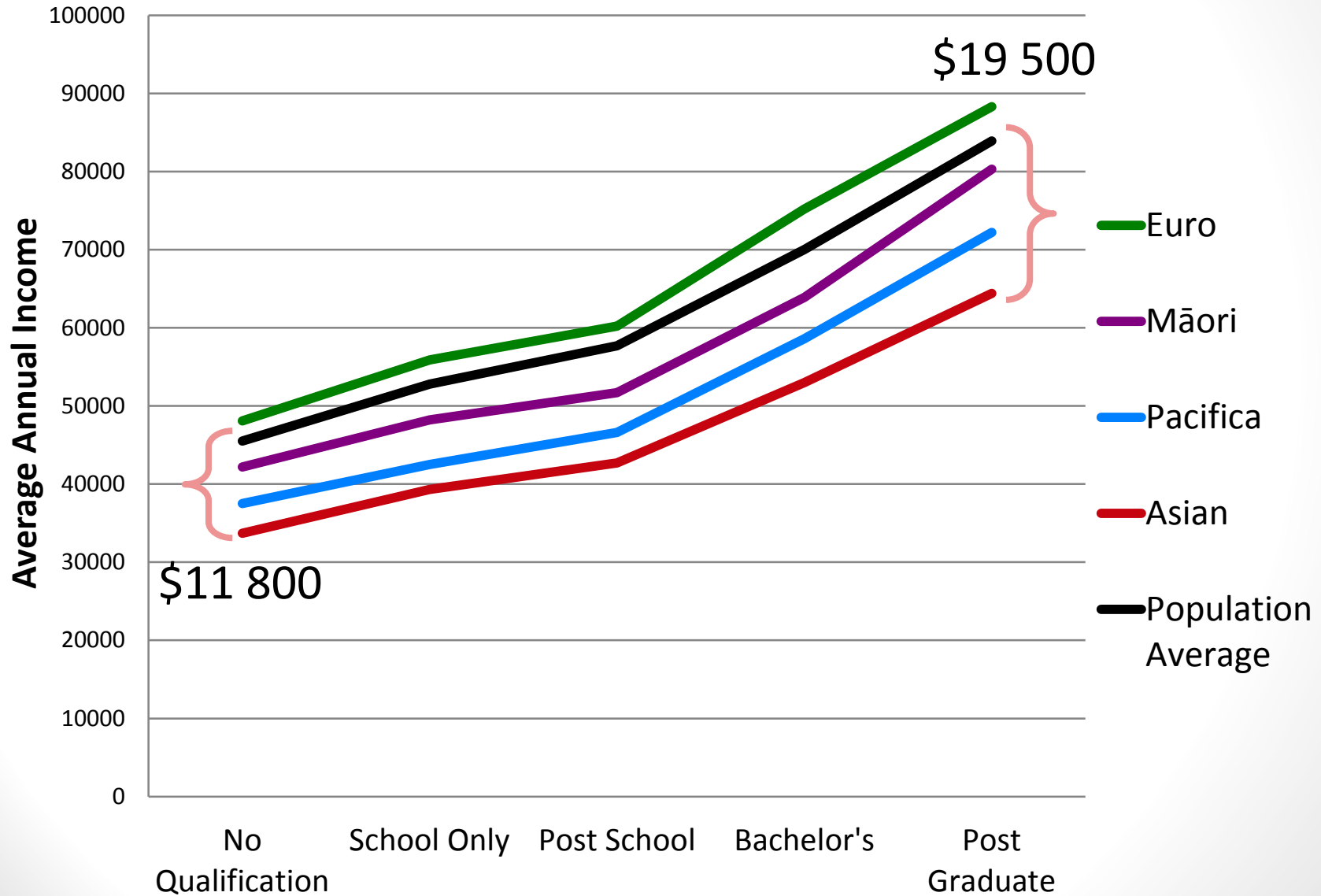
- 21 - 69 years of age,
- with an ANZSCO rating,
 - i.e. in the workforce
- who responded to all relevant 2013 census questions.

A group of just under **1.7 million** people were used in this analysis.

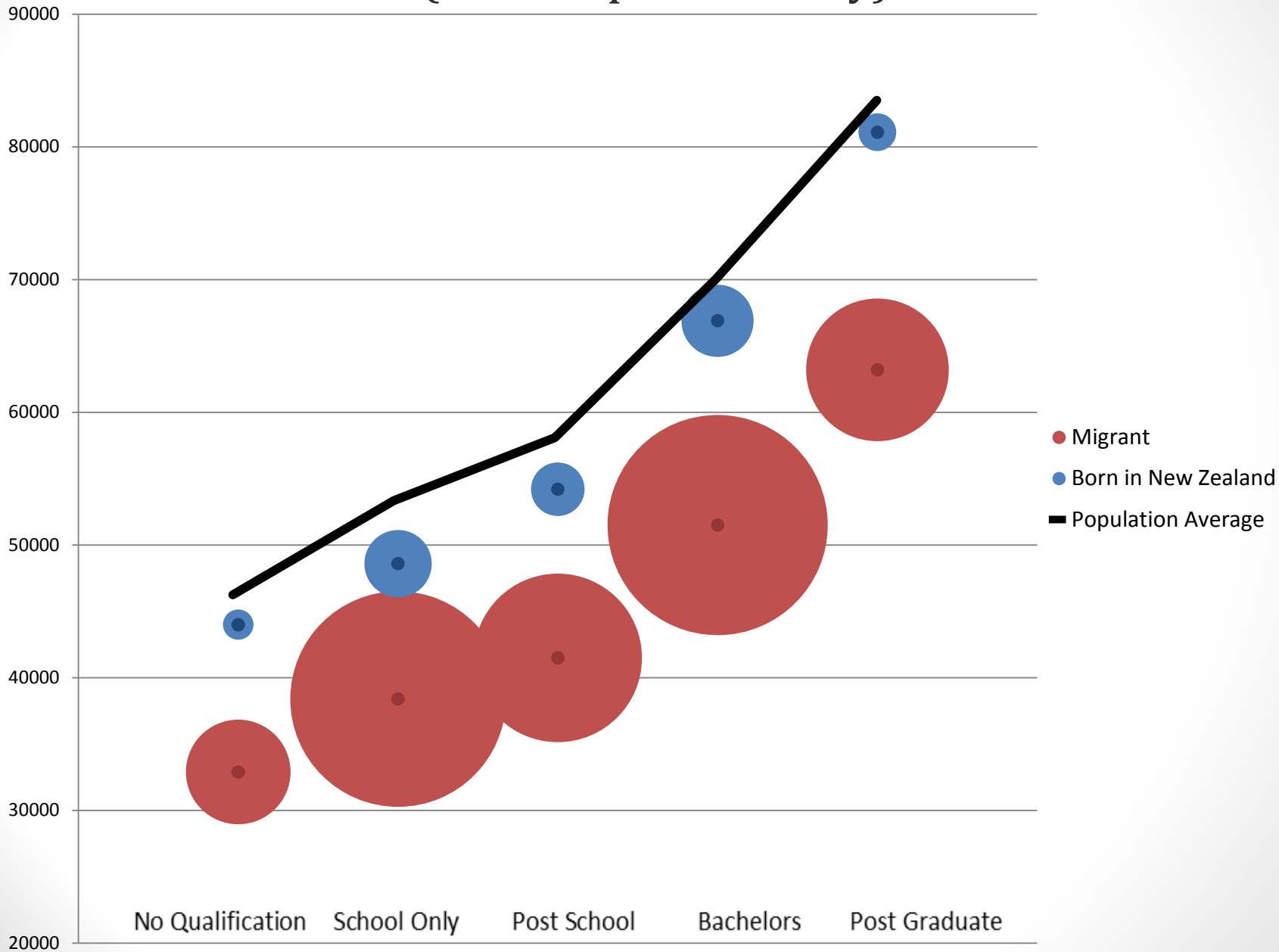
Of these, about **190,000** identify as Asian with **2/3 living in Auckland** and **90% born overseas**.

Exploratory Analysis

Income by Educational Level for Different Ethnic Groups (as at 2013 Census)

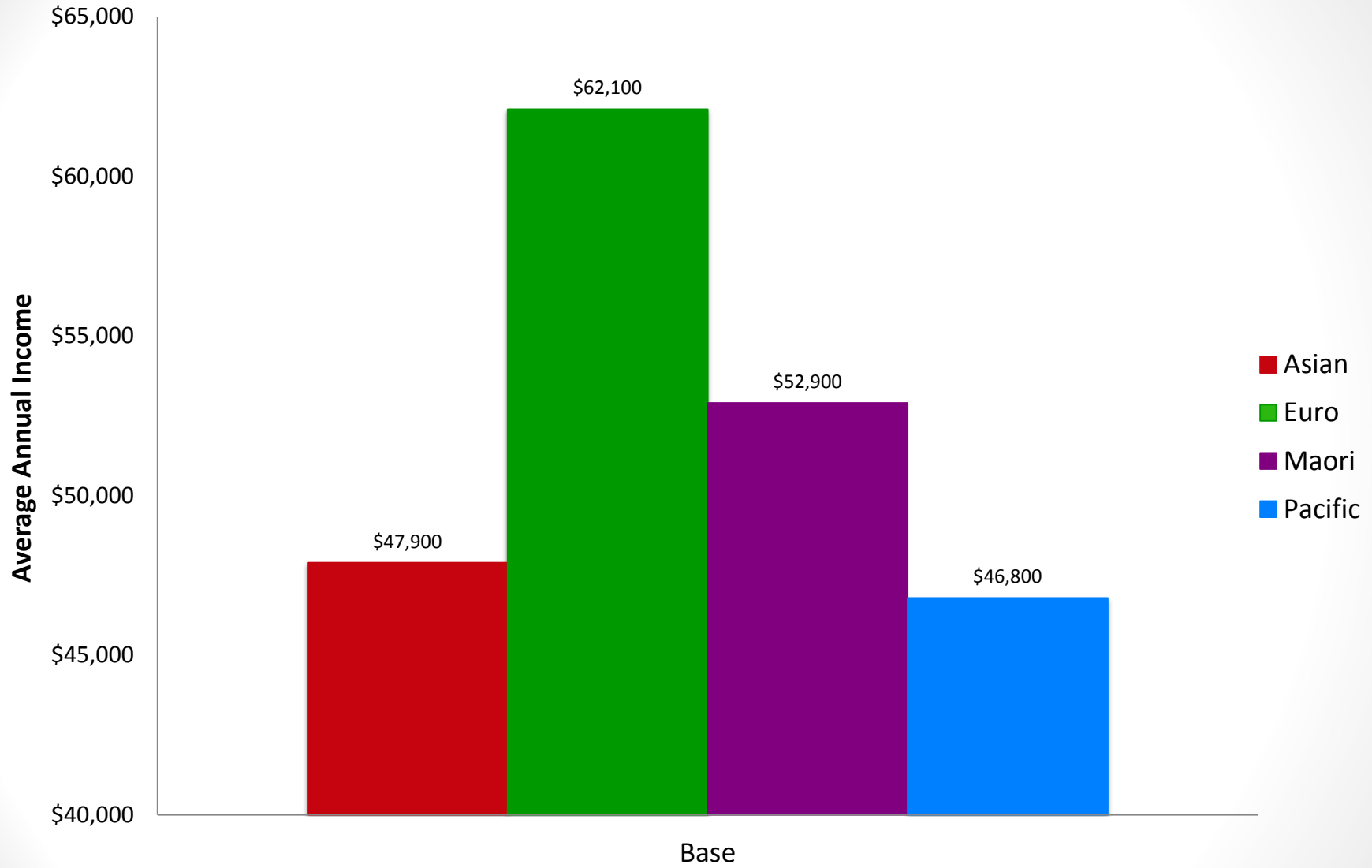


Born in NZ (Asian Population Only)



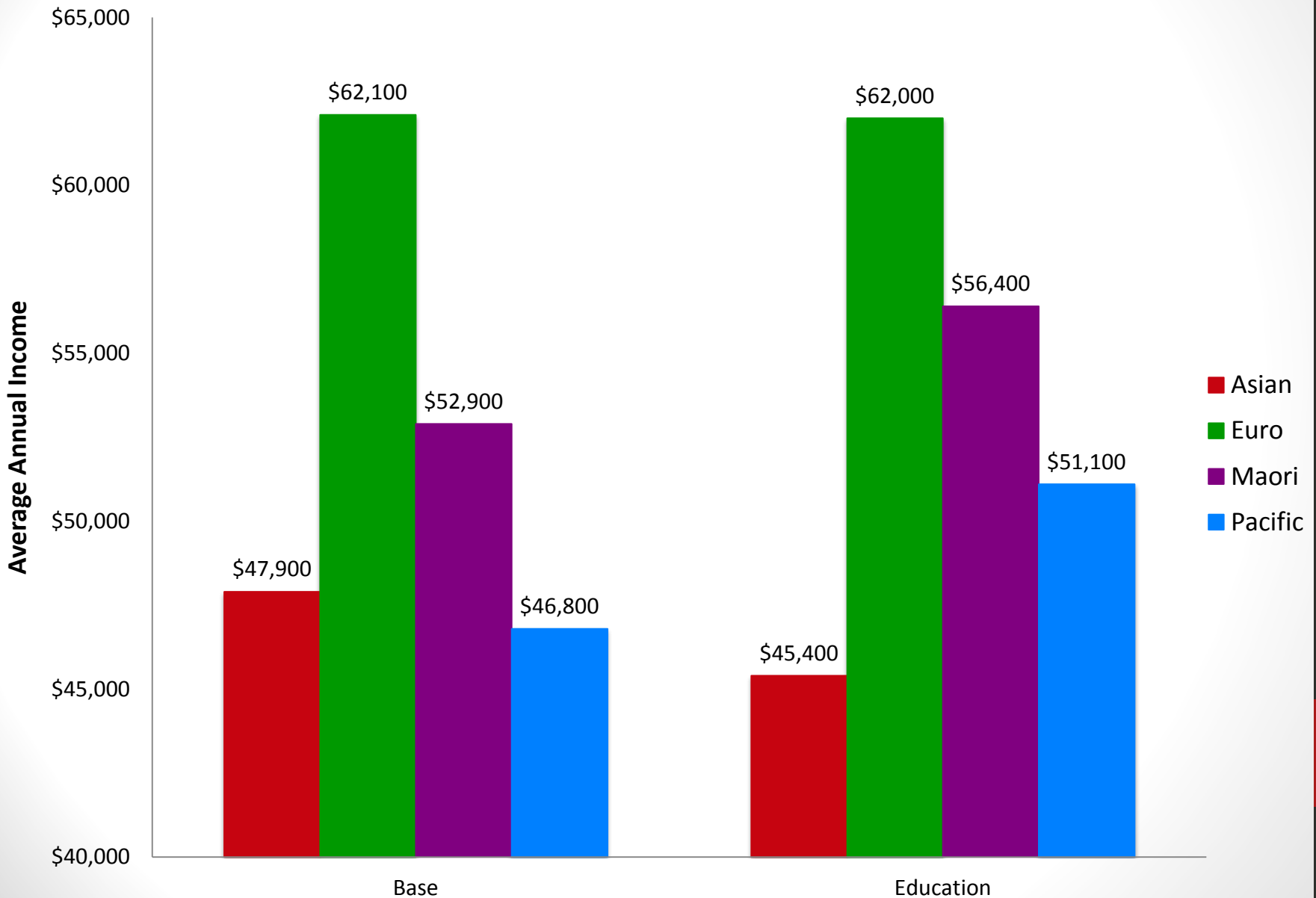
Counterfactual Models

Base Model

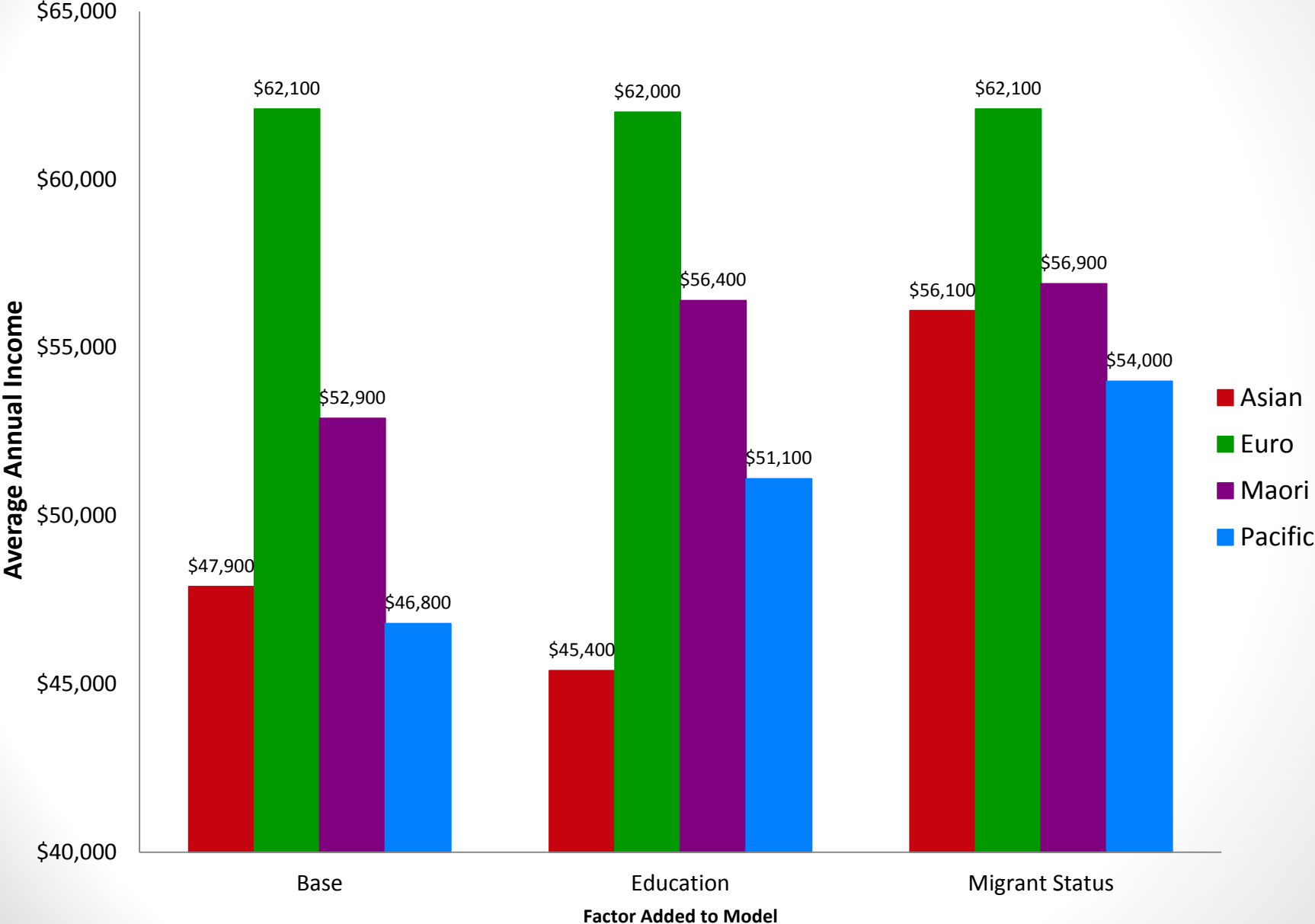


Average income based on ethnicity, age, sex and marital status

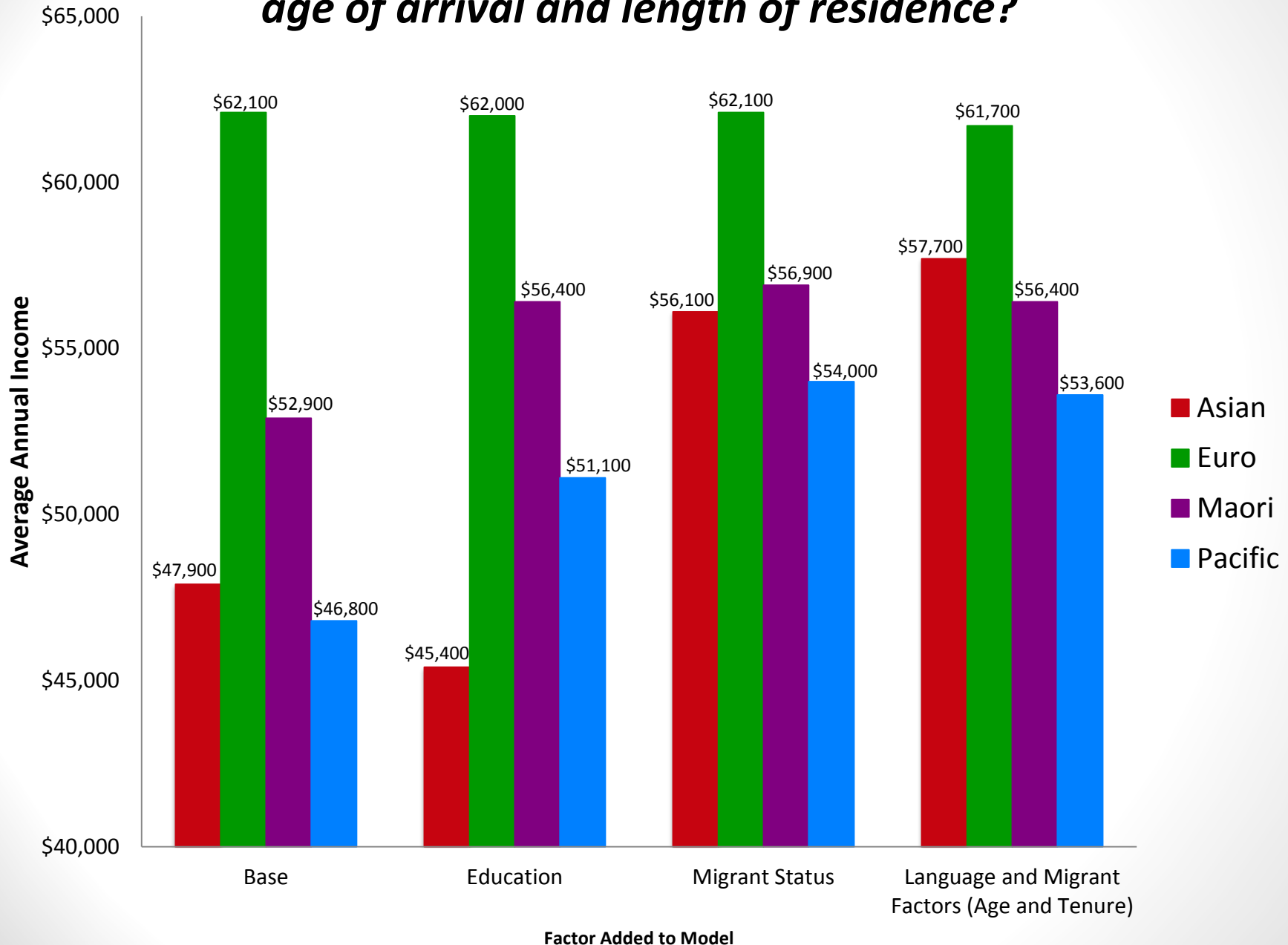
What if all ethnicities had the same distribution of educational qualifications?



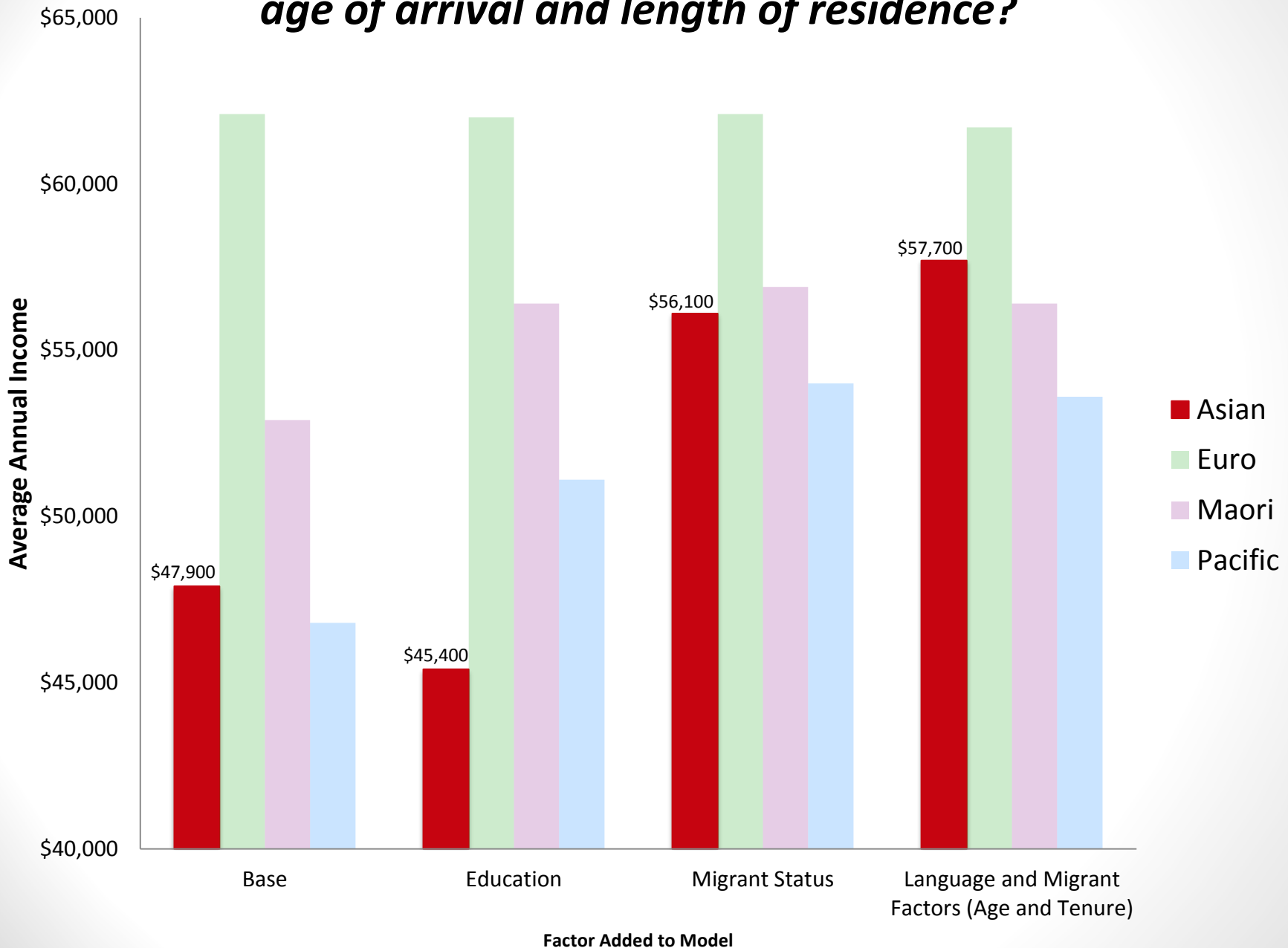
What if all ethnicities had the same distribution of migrant status?



What if all ethnicities had the same distribution of language, age of arrival and length of residence?



What if all ethnicities had the same distribution of language, age of arrival and length of residence?



Conclusions

- Migrant status
 - The biggest factor in the conversion of education into income for Asian New Zealanders
- Age at arrival, years of residence and language also important
- Other factors of culture and background
 - Despite having access to some factors that once controlled for explain more of the ethnicity effects, we are still left with ethnicity effects

Limitations

Of this data set

- Missing data
 - Where education or income data was missing, this may not be at random.
 - This was not found to be overly different between migrants and the overall population
- Accuracy of self-report
 - Especially for variables like language

Of the scope of this analysis

- Missing factors
 - What would we have liked to have but didn't?
 - Sensitivity of measures, like language fluency
 - Where educational qualifications are from
 - **Non census style data about cultural differences or racism might hold the key**

Next Steps

- Explore publishing options
- Further explorations of these variables through qualitative studies and survey to design social and political solutions

Questions and Comments?

liza.bolton@auckland.ac.nz

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