

# **Lifting Barriers to Skill Transferability: Immigrant Integration through Occupational Recognition (discussion)**

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- This paper evaluates the labor market impact of Germany's 2012 Federal Recognition Act, which standardized and simplified the recognition of foreign qualifications, especially benefiting non-EU immigrants.
- They use social security records and IAB-SOBEP migration sample database.

## What they find

- Using a difference-in-differences (DiD) design with EU immigrants as a control group, the authors show that:
  - Recognition of foreign qualifications increased by 15% for non-EU immigrants.
  - This led to a 19% rise in employment in licensed occupations and a 4% wage increase for non-EU immigrants.
  - There was no evidence of negative effects (crowding out or wage pressure) on native workers.
- Their estimates are robust to the pre-trends and identification threats

## Comments

- While the paper argues that the reform induced more applications, the decision to apply for recognition may still be endogenous—driven by unobserved motivation, planning, or labor market attachment. Consider using an instrumental variable or selection model to better isolate effects of recognition itself.
- Is the gain due to a signal to employers or better job matching?
- In two-way FE specification, you should put individual and time fixed effects separately. What is the group FE?
- Once you put worker FE's gender and age FE's would be omitted.
- You are using below and above median exposure in the native effects of recognition. You can directly put this variable and interact with the post reform period (or all time periods for event study).

- Regarding the employment effects of the reform, it would be useful to estimate transitions from non-licensed to licensed occupations, as well as from unemployment to employment in licensed occupations.