



# **Selections Before The Selection: Earnings Advantages of Immigrants Who Were Former Skilled Temporary Foreign Workers in Canada**

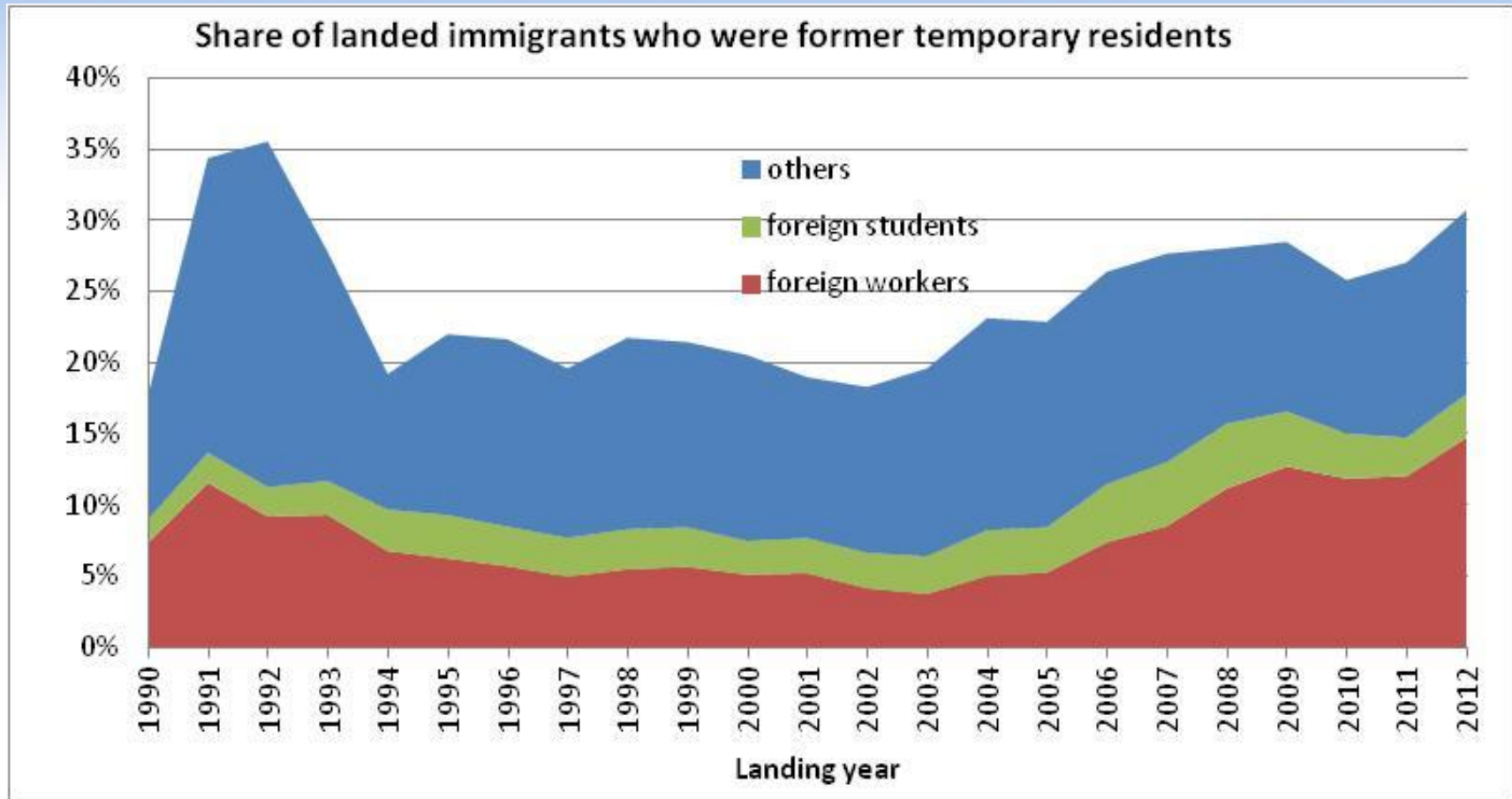
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# Background



- Many immigrants do not benefit from or even are penalized by their work experience acquired abroad.
- Without Canadian work experience to begin with, many immigrants settle in jobs that are not commensurate with their qualifications.
- Immigrants receive high returns to their Canadian work experience.

# A rising share of immigrants had Canadian experience before obtaining permanent residence



Source: CIC Facts and Figures 2007-2012

# Why it matters to have Canadian Work Experience Before Permanent Residence



- More years of Canadian experience
- Labour market “institutional selection” – employers’ screen and selection improve skills-job, and demand-supply match
- Immigrant self-selection – “survival of the fittest”



# Previous studies

- **Canadian studies:** Sweetman and Warman (2009), former male TFWs have higher employment rates and earnings in the six months and four years after landing than other skilled-worker principal applicants
- **US studies:** Hao (2013), Hunt (2011), Lofstrom and Hays (2012), Lowell and Avato (2014), Mithas and Lucas (2010), focusing on high-skilled temporary foreign workers and foreign students

# Research questions



- Do former temporary residents (TRs) with skilled, non-skilled work permits, or study permits earn significantly more than other immigrants after becoming permanent residents?
- Are TR immigrants' initial earnings advantages merely a result of longer stay in Canada?
- How long do TR immigrants' earnings advantages last?



# Data

- The Longitudinal Immigration Database (IMDB) plus temporary residents' visa/permit types
- Focus on economic immigrants landed between 1990 and 2006, aged 20 to 54 at landing

# Types of Canadian experience before landing

Percentage distribution of economic immigrants by type of Canadian experience before permanent residence, 1990-2006

		Men	Women
		%	
1	Prior Canadian skilled work experience only	7.9	5.0
2	Prior Canadian skilled work and study experience	4.1	3.0
3	Prior Canadian non-skilled work experience	0.6	0.7
4	Prior Canadian study experience only	2.5	1.9
5	Other prior Canadian residence experience	7.7	12.4
6	No prior Canadian experience	77.2	77.1

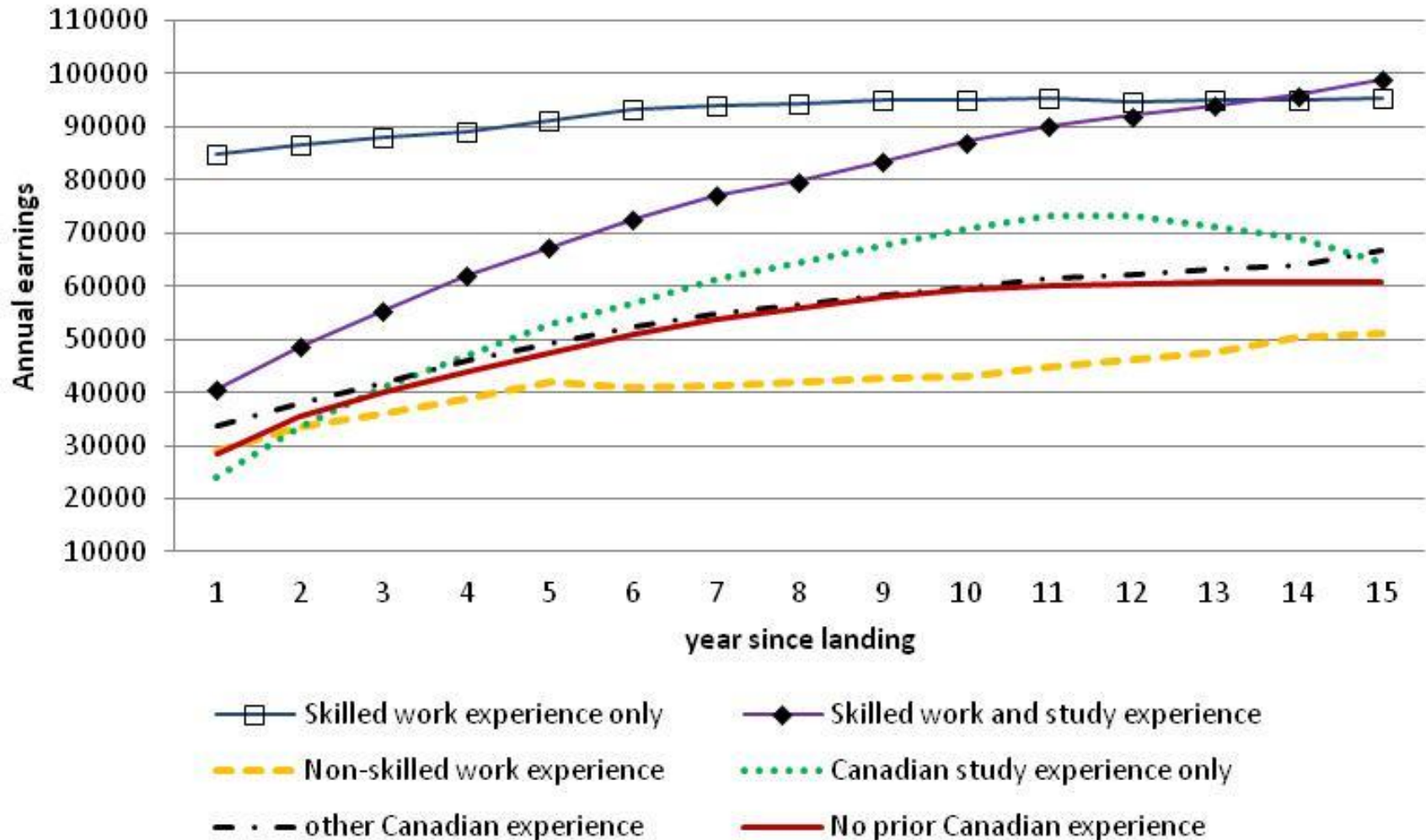


# Skilled temporary worker immigrants more likely to speak English/French mother tongue and from US/Europe

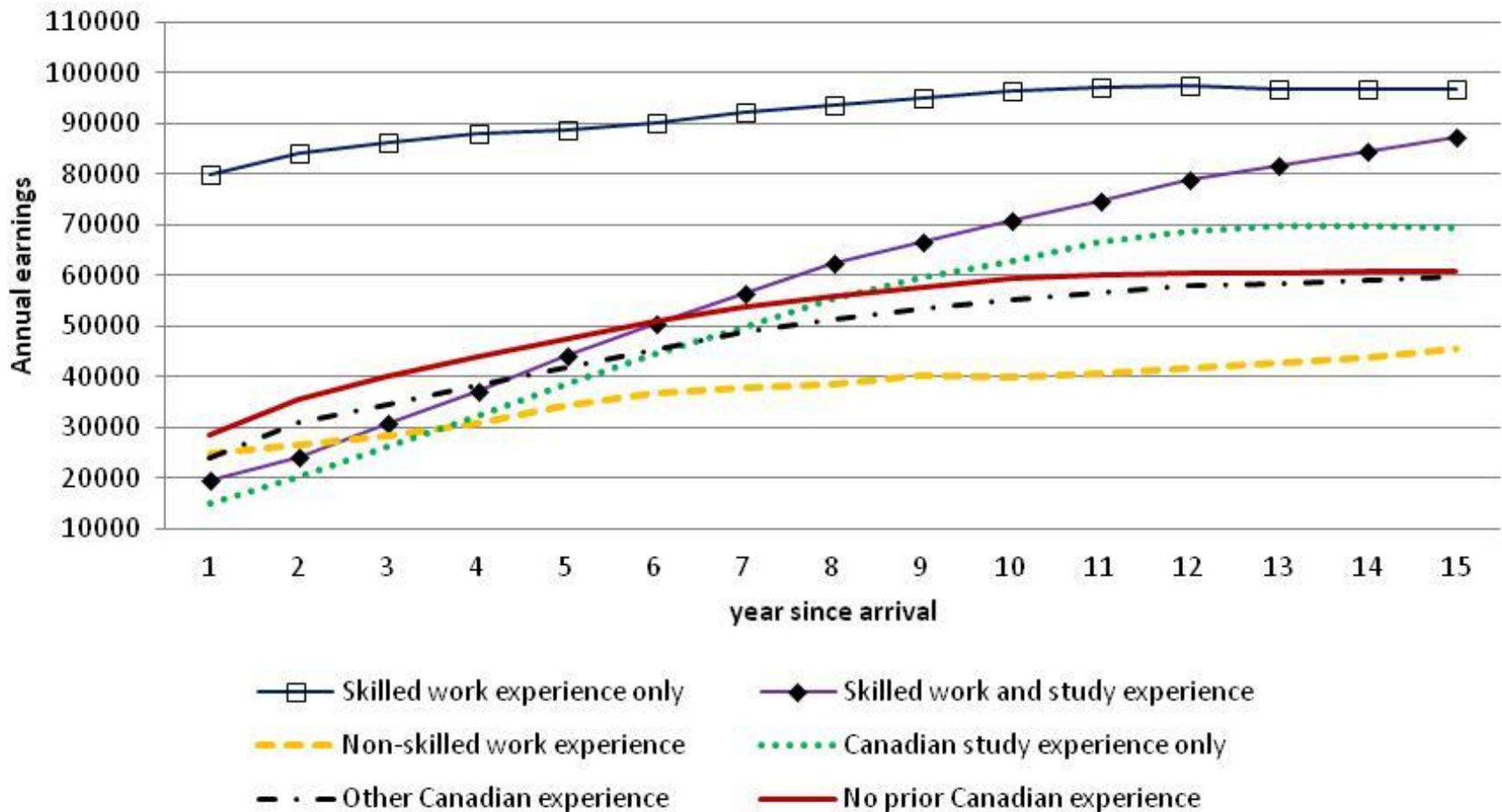
Age, education, language and source regions by type of prior Canadian experience

	Age at landing <30	With university degrees	English / French mother tongue	From US, Europe
	percent			
Prior Canadian skilled work experience only	19.5	67.5	44.8	55.8
Prior Canadian skilled work and study experience	48.1	89.3	25.0	18.4
Prior Canadian non-skilled work experience	30.9	38.0	29.1	52.6
Prior Canadian study experience only	55.1	87.9	19.7	16.2
Other prior Canadian residence experience	25.5	58.6	19.4	23.1
No prior Canadian experience	24.5	67.5	15.3	24.9

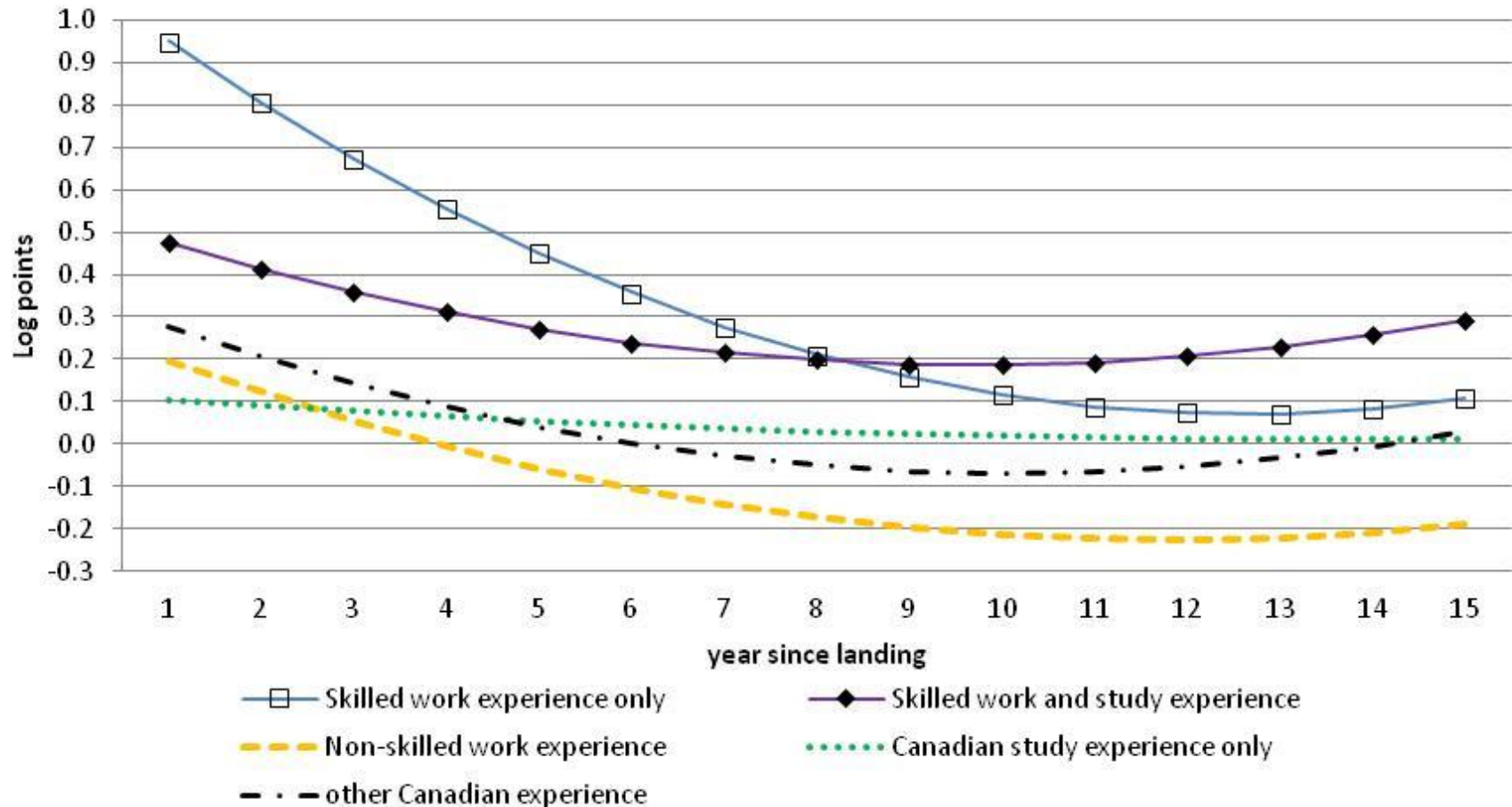
# Observed earnings growth of immigrant men starting from the landing year



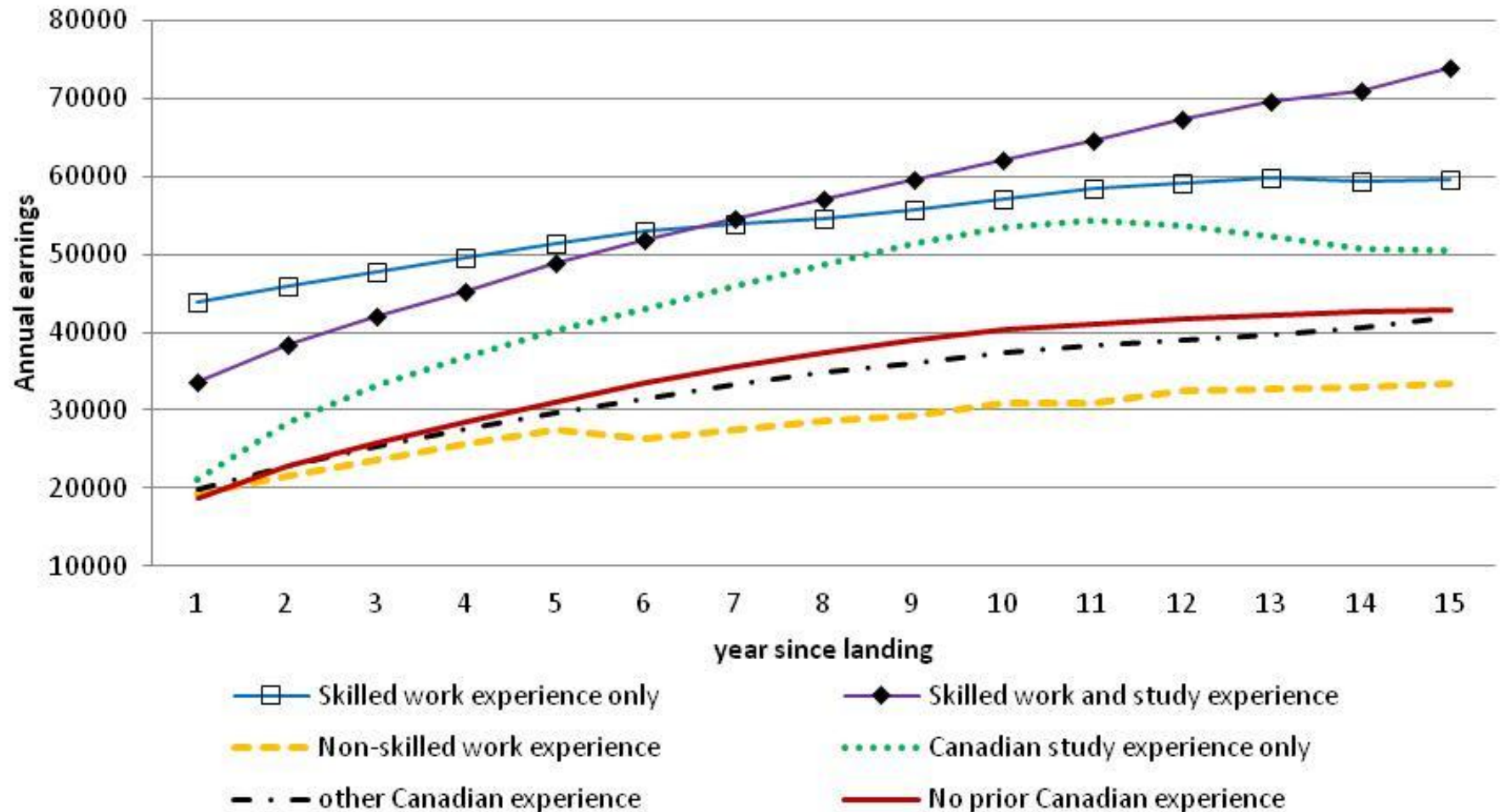
# Observed earnings growth of immigrant men starting from the arrival year



# Estimated differences in log earnings with immigrants without prior experience



# Similar patterns among immigrant women



# Summary (1)

- Temporary foreign workers and students have been an increasingly important source of permanent residents to Canada
- From the perspective of improving immigrant labour market outcomes, not all types of Canadian experience before landing count.

# Summary (2)



- Immigrants with prior Canadian skilled work experience had large earnings advantages. Likely related to employers' role in selecting foreign workers and subsequent on-the-job screening, and self-selection among skilled temporary foreign workers.
- Immigrants with only Canadian non-skilled work experience had the lowest initial earnings and earnings growth. TFWs who were specifically recruited to work in low-paying, low-skilled jobs had difficulties to move up.

# Summary (3)



- Immigrants with both prior Canadian study and skilled work experience also had large earnings advantages
- Immigrants with only prior Canadian study experience but no Canadian skilled work experience had low initial earnings and moderate earnings growth. Canadian education in and of itself does not necessarily generate a clear advantage unless it is validated by the labour market.





**Comments and suggestions are welcome**

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