Licensing Requirements and Occupational Mobility Among New Immigrants in Canada

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Canada’s immigrant population represents a vital source of human capital for employers. Although immigrants are increasingly important to the Canadian economy, this group has been found to experience significant barriers in the labour market (Hum and Simpson 2004). Among those who find jobs, many newly arrived immigrants are forced to work in fields unrelated to their education and previous experience. The proposed study explores the occupational displacement and mobility of newly arrived immigrants from their pre-migration occupation, to their first job in Canada, and to subsequent jobs. In particular, the study aims to understand how occupational licensing requirements affect new immigrants’ post-migration occupational adjustment.

To date, most analyses of immigrants’ labour market integration have been based on cross-sectional data, using years since immigration as the time-related measure (see Bloom, Grenier and Gunderson 1995; Frenette and Morissette 2003; Reitz 2001; Aydemir and Skuterud 2005). In cross-sectional analyses, new immigrants’ future labour market success is estimated using the patterns of previous cohorts of immigrants. This methodology has been criticized since the experiences of previous cohorts may not accurately predict the success of newer immigrants (Borjas 1985). To gain a clearer picture of how immigrants integrate over time, longitudinal data is imperative. Furthermore, most studies of immigrants’ labour market integration have focused on wage as the outcome variable of interest. While wage is a crucial measure of immigrants’ integration, using it as the sole indicator may be misleading, since immigrants could improve their wages by accepting high-risk or undesirable jobs that do not coincide with their skills and qualifications. Occupation captures not only socioeconomic position, but also skill utilization, and therefore is also an important indicator of immigrants’ labour market success.

The only known study of immigrant occupational mobility using longitudinal data was conducted by Chiswick, Lee and Miller (2005). Using Australian data, they described the occupational mobility of new immigrants as a “U” shaped curve. They found that occupational status declines from the last job in the country of origin to the first job in the destination country, and then improves with time in the destination country. They also concluded that immigrants in the economic class (rather than refugees or family class) with more transferable skills and higher levels of education are most successful in occupational adjustment.

In the proposed study, occupation is converted into a continuous measure of occupational status or prestige using a socio-economic status index which has been developed for Canadian occupational codes by Boyd (2008). The outcome variable is a series of repeated measures of individual i’s occupational status at time t (starting with the pre-migration occupation).

The main explanatory variable represents the licensing requirements of the pre-migration occupation. Certain fields, such as engineering and medicine, are strictly regulated by licensing bodies with bureaucratized procedures for assessment of credentials. Licensing requirements should affect occupational mobility since it has a direct effect on how employers assess qualifications. On the one hand, new immigrants may enjoy greater success within regulated occupations since licensing bodies use standardized criteria for assessing qualifications and often have special arrangements for recognizing foreign credentials. On the other hand, new immigrants may be especially disadvantaged within regulated occupations.
which often require Canadian work experience to become licensed. Goldberg (2002) noted that new immigrants within regulated occupations report experiencing considerable difficulties in becoming licensed. Within unregulated occupations, credentials are evaluated by employers on an ad-hoc basis. This type of assessment is often quite subjective and thus may either advantage or disadvantage immigrant workers depending on the attitudes of the employer. Due to the conflicting theoretical perspectives on this issue, the relationship between licensing requirements and occupational mobility are determined empirically in the proposed study.

To conduct the study, I utilize the Longitudinal Survey of Immigrants to Canada (LSIC, waves 1 to 3). The LSIC was created jointly by Statistics Canada and Citizenship and Immigration Canada, and follows the same group of newly arrived immigrants during their first few years in Canada (n=10,000). The LSIC is a unique and well-suited dataset for the proposed study for a number of reasons. First, it is a longitudinal panel: wave 1 data were collected about six months after the immigrants’ arrival, wave 2 data were collected two years after arrival and wave 3 data were collected about 4 years after arrival. Second, the LSIC includes detailed information on new immigrants’ pre-migration and post-migration occupations, including licensing requirements. Such comprehensive information on immigrants is not available in any other Canadian dataset.

Given the longitudinal nature of the data, traditional methods of analysis are inappropriate for this study. Instead, I utilize Growth Curve Modeling (GCM) to examine the occupational mobility of new immigrants. Growth curve modeling is a relatively new statistical technique now widely used to examine the unique trajectories of individuals and groups in longitudinal data. This methodology overcomes some of the limitations of traditional techniques and offers additional benefits and information. Growth curve models estimate both intra-individual trajectories and inter-individual differences in trajectories. They can model linear and nonlinear change, and allow inclusion of individuals even if they are not assessed at all time points (Singer and Willett 2003). Using GCM, I model the effect of occupational licensing requirements on the immigrants’ occupational status trajectories, while controlling for a vector of other factors such as gender, level of education, country of origin, location of settlement, etc. Following the findings of Chiswick et al. (2005), I allow for nonlinearity in the occupational status trajectories.

The proposed study breaks new ground by using a longitudinal data source and specialized methodology to model the effect of licensing requirements on the occupational mobility of new immigrants in Canada. With the growth of the ‘knowledge economy’, the demand for high skilled workers has increased dramatically. The aging of the Canadian population has amplified the reliance on immigrant workers to fill these high skilled jobs. If current immigration rates continue, it is estimated that immigration could account for nearly all labour force growth by 2011 (Statistics Canada 2003). Therefore, the disadvantages that immigrants face in the labour market have repercussions not only for immigrants themselves, but for Canada as a host society. As such, the results of my study will have important policy implications for numerous stakeholders including employers, government and occupational licensing bodies.
References:


