Labour Market Issues for Young Educated Workers in Newfoundland and Labrador

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Abstract

In recent years, the labour market in Newfoundland and Labrador has declined mainly due to outmigration. Many people, especially younger residents, move out of Newfoundland and Labrador to find jobs in other provinces in Canada. For example, from 2002 to 2003, 50% of people who outmigrated from Newfoundland and Labrador were ages 15 to 29 (Morrissey, 2005). In fact, the province lost 22,000 young people age 15 to 29 between 1996 and 2001 (Statistic Canada, 2001). One key reason is that during recent years, the unemployment rate in Newfoundland and Labrador was consistently the highest in the country high (Tang & MacLeod, 2006; Statistics Canada, 2008). The reasons for these young workers choosing outmigration are various. Some want to try a different lifestyle, and some seek for higher pay and more job opportunities in other regions. It is true that only a minority of those leaving the province have high education. For example, only 11% of outmigrants from NL had university degrees in 1996. Looked at another way, though, 30% of people who have university degrees chose outmigration in 2001 (Morrissey, 2005). That is, more educated workers have more options. Moreover, a survey of the post-secondary class of 2002 revealed 78.4% of graduates stayed in the province, but the number of those leaving with degrees or diplomas was increasing (Morrissey, 2005). The Government of Newfoundland acknowledges brain drain, with Newfoundlanders leaving the province for opportunities elsewhere, an aging population and existing jobs that are demanding new and up-dated skills (Skills Task Force, 2007).

This study explores some of the implications of the labour market for young educated workers in Newfoundland. In particular, this presentation will shed light on questions like: Given the current economic environment, what are university students’ career choices? How many graduates expect versus prefer to stay and work in Newfoundland? What are the factors that these young people use when making career choices? Is it too difficult to find a good job locally? Literature shows that career choices for students are not only influenced by culture, gender, age, and family but also by other various factors. According to Agarwala (2008), further research has identified career choice influencing factors what have focused largely on personality, such as individuals’ aptitudes, interests, opportunities, etc. Other studies show that socio-cultural as well as political changes affect the career choices of students, and that economic conditions have affected the values of university students (Bai, 1998).

Perhaps surprisingly then, an emerging skilled labour shortage is also one of the biggest problems in Newfoundland and Labrador. The skilled worker shortage is visible in different industries, such as health care, oil and gas, mining, skilled trades, marine industry, human resources, and retail & food services (Newfoundland seeks skilled migrants, 2007). In Canada, the labour shortage was exacerbated by skilled
people moving to the US to escape higher Canadian taxes (DeCloet, 1999, as cited by Cohen and Zaidi, 2002). Unfortunately, employees complain that they earn less income in Newfoundland and Labrador than in other provinces, such as Ontario and Alberta. According to Statistic Canada (2008), the average weekly revenue in August 2008 was $744.49 in Newfoundland and Labrador, $826.48 in Ontario and $871.85 in Alberta.

Due to its economic challenges and new opportunities, and to encourage population growth, the provincial government has implemented policy responses, such as giving the parents of every newborn and adopted baby $1,000 (CBC News, 2007). The minimum wage per hour will also rise to $10 in 2010 (Human Resources, Labour and Employment, 2008). Fortunately, the ongoing operation and expansion of the offshore oil projects and other major construction plans offer the possibility of up to thousands of additional high-quality jobs being created in Newfoundland and Labrador for those with the relevant skills. The provincial government has also launched province’s first immigration policy to attract and retain new immigrants, and an Office of Immigration and Multiculturalism was established to implement the various goals of the immigration strategy (Newfoundland Seeks Skilled Migrants, 2007). Of course, young educated people are an important part of the future labour market in the province. As noted by Beale (2008, p1) said: “how can this region succeed if we cannot retain the energy, talent and creativeness of our youth, of our best and brightest”. Thus, keeping these young and educated people to stay and work in Newfoundland’s labour market becomes one of the biggest challenges.

Thus, provincial government policy can play an important role in students’ career choice decision making. The government cannot only consider how to keep population, but also should research how to attract outmigrants back to the province. For example, Dustmann and Weiss (2007) indicated that many migrants left only temporarily and returned back home within ten years. Compounding the issue is that several provincial governments have already implemented solutions to retain their keep post-secondary students, such as tax-rebate programs (The Year in HR, 2008). That said, young workers are likely to be influenced by a strong economic climate, and/or by factors that they perceive to provide a good quality of life (Shannon, 2007). It’s also fair to say that students generally prefer to stay in their home province, or the province in which they are educated.

Multiple sources of data are used for this study. First, 182 post-secondary students in Newfoundland and Labrador were surveyed on their expectations and preferences for their first job after graduation. Second, a convenience sample of interviews with ten different business executives within the NL energy sector was undertaken. Third, ten public sector employees were interviewed to understand their perceptions of the quality of their job, and the impact of any nonstandard work arrangements that they endure.

In terms of preliminary survey results, the most important reasons for choosing Newfoundland and Labrador as the preferred workplace were living in hometown, staying with family and friends, owning properties here, and loving this place. On the other hand, there were 48.5% students would prefer to find the jobs outside of this province after graduation or completion of their current program. Most of them thought that there were more job opportunities and pay in some other provinces and countries. The other reasons include going back to their hometown, looking for different lifestyles, experience and weather, and finding jobs which were not available in NL.

Among the employees interviewed, the number one outcome desired by participants was benefits. Since benefits are the primary monetary difference between permanent and temporary work arrangements and can account to 30% of total compensation costs, it is clear why employers might favour nonstandard work arrangements. Not only do employers have the ability to increase or decrease the amount of employees with business demand, but they also need only pay an hourly wage, saving on the total cost per employee. From an employee view, not accessing benefits is detrimental. One participant noted that they had not been to the dentist in over two years because they lacked insurance. Nonstandard workers have no real job
security or set income. It could be argued that these workers are much more in need of benefits than permanent employees. Other outcomes desired by participants varied by individual and age-group, however, the majority of participants, even those not seeking permanent employment, expressed a desire for more hours and more workweeks per year. The majority of participants appeared to be ‘auditioning’ for a full-time permanent job opportunity within the public sector. Participants noted that employment in the public sector paid well, had room for growth and offered benefits such as health and dental, vacation and a pension. These participants did not voluntarily choose temporary work, rather they seen it as a ‘stepping stone’ to a better career. It is interesting to note here that only one participant explicitly desired a career their field of study. The remaining participants were concerned primarily with working with the public sector, not in their particular field of study per se. This may indicated that employees are settling for a particular type of job primarily for monetary and security purposes.

Turning to the interviews with business executives, the consistent view is that brain drain (i.e. the outmigration of skilled workers) poses a real threat to the development of economic initiatives with many Newfoundlanders now in Alberta. Initiatives to bring them back to the province will assist companies for form links with government and other big businesses. Various options for skills shortages experienced by employers were utilized: altering recruitment practices, reviewing wage and compensation packages, lowering entrance requirements, developing stronger links with educational institutions and investing in training and development of new employees.
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:


Finding Employment: Strategies and Barriers in Recessionary Times
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Abu-Laban (1998) describes an overall shift in immigration policy in Canada from multiculturalism to self-sufficiency and integration into Canadian society that occurred in the 1990s. With this policy shift has come increasing interest in the labour market experiences of immigrants chosen for their ability to “integrate” into the Canadian economy. The resulting academic research has provided many indications that immigrants are facing barriers to full participation in the labour market (Reitz, 2007).

One of the first steps to immigrant resettlement in their destination country is the attainment of meaningful employment (Lamba, 2003). Reitz (2007) states that, based on Canadian census data, newly arrived immigrant men (5 years or less since immigration) experienced a 15% lower employment rate than Canadian-born men in the mid-1990’s, as compared with a 5% lower employment rate seen amongst newly arrived immigrant men in the 1980. Newly arrived immigrant women experienced a greater decline over the same period of time (20% lower than Canadian-born women in 1996 compared to only 4% lower in 1980). The problem faced by immigrants is further exacerbated by higher than average levels of involuntary part-time employment (Gilmore, 2009).

Lower employment rates amongst immigrant men and women, particularly amongst those newly arrived in Canada, suggest the need for increased research into how employment searches are conducted, and the barriers faced when seeking work. Frijters, Shields and Price (2005) found that immigrant job search strategies are less successful than those of individuals born in the UK. Furthermore, their results indicate that immigrants are more likely to obtain employment when using formal as opposed to informal strategies, and that employment success is positively related to years since immigration. Goel and Lang (2009) found that immigrants with strong social ties obtain employment more rapidly than those who do not.

Data from the Longitudinal Survey of Immigrants to Canada showed that the most significant barriers to employment reported by immigrant respondents in Canada in the early 2000’s include lack of job experience in Canada, difficulties of transferability of foreign qualifications, language problems, lack of available jobs and lack of social networks (Chui, 2003). Oreopoulos (2009) analysed the effects of names on resumes on call-back rates and found that applicants with English sounding names with Canadian education and experience were three times more likely to received interview requests compared to those with Chinese, Indian or Pakistani names whose resumes included foreign education and experience. This study, as well as other indicating barriers faced by immigrants resulting from negative perceptions and biases against immigrants, present important questions regarding not only which strategies are being used by immigrants and Canadian born who are successful in finding employment, but also whether they differ between groups. Furthermore, examining the barriers encountered by immigrant and Canadian-born respondents, and the characteristics of those who remain unemployed, will increase levels of understanding of the systemic forces which exclude individuals from full participation in the labour market, and assist employers in identifying and utilizing all available talent.

Using recent survey data collected between January and April 2009 from 1,425 respondents, this paper explores the strategies used and barriers faced by immigrant respondents in a difficult economic climate, as compared to the experience of Canadian-born respondents. The top five most selected strategies for employed immigrants were “Searched advertisements in the newspaper or online”, “Asked friends and family about opportunities”, “Visited employment centres”, “Contact potential employers directly”, “Attended courses or seminars on finding a job”. The top five most selected strategies for employed Canadian-Born persons were “Searched advertisements in the newspaper or online”, “Asked friends and family about opportunities”, “Contact potential employers directly”, “Networked with friends and professionals in my field”, “Used referrals from another employer”. 
The top five barriers that unemployed immigrants faced were “I do not have enough Canadian work experience”, “I cannot find jobs in my field of expertise”, “I do not have any connections in the job market”, “I do not have enough job references from Canada”, and “I do not have enough work experience”. Predictably, Canadian-born individuals faced a different set of barriers when looking for a job. The top five most selected barriers faced by Canadian-born respondents were “I did not have enough money (e.g. for clothes, transportation)”, “I do not have a driver’s license and/or access to a car”, “I do not have enough education”, “I do not have enough work experience”, and “I do not have any connections in the job market”.

Immigrants and Canadian-born respondents had substantially different levels of education. Over 68% of all employed immigrants had obtained a bachelors degree or higher while only 45% of employed Canadian-born individuals had obtained this same level of education. There is an even greater difference in education levels between unemployed Canadian-born and immigrants in our sample. Only 8% of all unemployed Canadian-born individuals had obtained a bachelors degree or above while almost 54% of all unemployed immigrants had at least a bachelors degree or higher. However, the average ages of the immigrant respondents were higher than those who were born in Canada: the average ages of Canadian-born employed and unemployed individuals were 35.8 and 34.4 years respectively, as compared to 40.6 years and 39.5 years. In addition, immigrant and Canadian-born respondents also had different average tenures with their current organization. Employed immigrants had an average tenure of 3.5 years while employed Canadian-born individuals had been with their current organization for an average of 4.6 years.

This paper plans to further explore the incidence of employment and unemployment for both the immigrant and Canadian-born respondents.

References


L’insertion socioprofessionnelle de travailleurs immigrants formés au Québec dans un secteur en demande de main-d’œuvre – résultats préliminaires

Résumé

Certains secteurs de la haute technologie au Québec et au Canada semblent présenter la situation parfaite pour intégrer les personnes immigrantes à la recherche d’un emploi qualifié. C’est le cas du secteur québécois des technologies de l’information (TI). Celui-ci n’a pas été globalement affecté par la récente crise financière. Les ouvertures de postes y sont nombreuses, particulièrement dans les entreprises. De plus, les natifs québécois sont peu enclins à choisir les professions liées au domaine de l’informatique, ce qui laisse le champ libre aux personnes immigrantes spécialisées en TI à occuper un poste dans ce secteur. Cette situation incite même certaines entreprises à rechercher spécifiquement les services de ce groupe de travailleurs, voire à les quérir dans leur pays d’origine.

Notre équipe a entamé une étude longitudinale auprès d’immigrants déterminés à occuper un emploi en TI et, à cette fin, à « mettre toutes les chances de leur côté ». En effet, en suivant au préalable un programme de formation spécialisée dans les établissements d’enseignement québécois, ces personnes essaient d’acquérir une formation adaptée avec ce qu’il convient d’appeler les besoins du secteur. Faire ce choix exigeant vient contrer le risque de voir leur candidature refusée pour des raisons de formation inadéquate lorsque cette dernière a été réalisée à l’étranger. Notre étude vise à suivre une cohorte de finissants de ces programmes spécialisés aux niveaux collégial et universitaire, depuis la sortie de l’école jusqu’à la première année suivant leur entrée sur le marché du travail. Nous avons réalisé des entrevues avec des étudiants sur le point d’obtenir leur diplôme et pour qui les portes du marché du travail ont de bonnes chances de s’ouvrir.

La communication vise à présenter des résultats préliminaires de cette étude en faisant état d’abord de la préparation (spécifique ou non à leur situation d’immigrant) à l’entrée sur le marché du travail. Nous exposerons également leurs souhaits et leurs appréhensions particuliers à leur situation de main-d’œuvre réputée « attendue » sur le marché du travail. Nous décrirons le processus de leur insertion, tel qu’ils le projettent, pour ensuite le comparer avec eux à des étapes ultérieures de la recherche. L’effet des débats sur l’intégration des immigrants, spécifiques au Québec ou à d’autres régions du monde, sera également exploré. Nous tenterons enfin de jauger leur degré d’appartenance à diverses sphères socioprofessionnelles (sociétés québécoise, canadienne et ville de résidence; secteur des TI, profession, entreprise visée à titre de futur employeur), tout en étant attentif à leur crainte concernant d’éventuelles manifestations de discrimination.