

Competition for Skilled Migrants:
Issues and Evidence
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- Skilled Labour is both domestically and internationally mobile. Countries face competition for their skilled workers, facing the same retention issues that firms do.
- National mobility of skilled workers and the competition of firms for these workers is the subject of a large literature and is viewed as a continuous process. (Search models.)
- Traditionally, the literature on skilled international mobility dealt with, for example, brain drain issues, largely considered as a once-for-all move.
- More recently the literature has examined the international mobility of skilled workers in terms of repeated moves, including return migration and “stepping stone” migration.

An International Labour Market: Lower Barriers to Movement

- Historical international movement of skilled labour is well documented, but mobility restrictions across national boundaries limited the development of a global labour market.
- Many developments in recent years have facilitated the development of an international labour market.
 - Agreements such as NAFTA and the EU labour mobility regulations have lowered many of the formal barriers.
 - A major expansion of international air travel and, in Europe, fast train travel have facilitated international movement.
- Some barriers remain, e.g. credential recognition, but in many cases these may be lessening.

General Issues Raised by an International Market for Skilled Labour

- In many sectors, e.g. software development, PhD level academic institutions, sports, culture, domestic firms have to compete in an international market for skilled labour.
- The retention problem for these firms is affected by government policy - most obviously, tax policy.
- There is also a retention problem for countries.
 - Recruiting skilled labour is costly for firms, and in order to get a return they have to have a good retention policy, especially in terms of keeping competitive salaries
 - Recruiting skilled immigrants and educating the native born is costly for countries, making retention policy equally important for countries.

Sources of Canada's Human Capital Stock

- Canada's advanced education system produces a relatively highly skilled native born workforce.
- The use of the points system in Canada has often been cited as the reason for the relatively high level of skill of immigrants to Canada, supplementing the native born.
- The high level of skill of these immigrants is an important source of additional human capital for Canada.
- While the points system focuses on who comes into Canada, if skilled workers are to be retained in an international market, it is equally important to consider who leaves Canada and what influences retention.

Retention in a Global Labour Market

- Retention is an issue for both immigrants and native born
- Retention for native born is influenced by firm behaviour (e.g. competitive wage offers), and by government (e.g. tax policy, value of the Canadian dollar.)
- Retention for immigrants will, in addition, be influenced by firm behaviour (e.g. credential recognition) and by government (e.g. integration policy.)
- Feedback from immigration of skilled labour can also affect retention of native born skilled labour through effects on skilled wages (Aydemir & Borjas).

Census Based Evidence on Retention of Immigrants

TABLE 2

Census based Retention Rates at 5, 10, 15 and 20 Years after Landing: Males

		Retention rates at various years after landing			
		5 years	10 years	15 years	20 years
Year	Landings				
All males					
1981	63,470	80.9	77.5	71.6	68.8
1986	49,380	90.22	86.6	82.7	..
1991	116,720	72.6	64.0	..	..
1996	111,290	76.3	..	..	..
Males aged 25 to 35 at landing					
1981	18,040	76.2	76.9	70.8	67.6
1986	15,580	88.6	86.3	78.5	..
1991	40,860	63.7	57.2	..	..
1996	32,920	65.8	..	..	..

Notes: The number of landings are from the Landings Records and are for the calendar year. The retention rates are based on the census counts in the relevant census years of individuals recording their year of migration.

.. – not available for a specific reference period.

Source: Landing Records (LIDS) and Census data.

Tax Filing Based Evidence on Retention Rates

TABLE 3
Tax filing Retention Rates at 5, 10, 15 and 20 Years after Landing:
Males aged 25 to 35 at Landing

		Retention rates at various years after landing			
		5 years	10 years	15 years	20 years
Year	Landings				
1981	18,040	78.6	70.0	67.1	65.5
1986	15,580	84.5	81.5	78.5	..
1991	40,860	77.7	73.4	..	..
1996	32,920	77.0	..	..	..

Notes: The number of landings is from the Landings Records. The retention rates are based on the assumption that non-tax-filing in 4 consecutive years in the IMDB constitutes emigration.

.. – not available for a specific reference period.

Source: Calculations by authors based on Landing Records (LIDS) and the Longitudinal Immigration Data Base (IMDB) data.

Selection Issues in a Global Labour Market

- **Inflow:** There is well known selection of immigrants into Canada from the points system.
 - Will this system continue to ensure a high quality selected inflow?
 - Supplement with increased attention on attracting graduate students? (US success.)
- **Outflow** The brain drain is a commonly discussed concern.
 - Quite apart from the *quantity* of inflow and outflow, are the best of the native born workers leaving Canada?
 - Similarly, are the best of the immigrants leaving after a relatively short time in Canada?
- **Back and Forth** Tax file data (Finnie, Aydemir & Robinson) shows shows selection in back and forth movement.

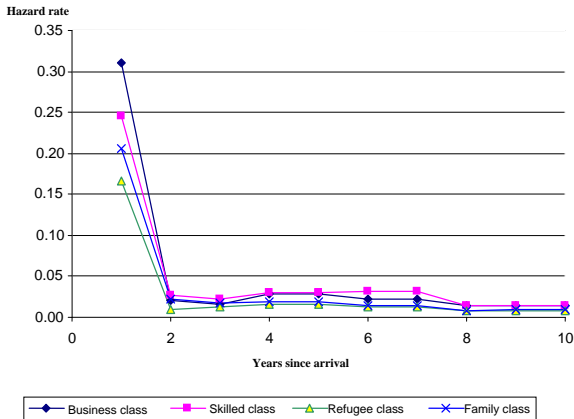
Evidence on Selection

- Good evidence on selection is difficult to obtain since there is no systematic data collection on exit.
- National Graduate Survey suggests that the MAs and PhDs who leave Canada for the US were the better students.
- Evidence from studies of return migration generally shows large variation in the rates of return migration across source country and other factors
- Evidence from Aydemir and Robinson (2008) shows strong selection effects by visa class, with higher rates of return migration for those entering under the skilled worker class.
- It is more difficult to know if the best workers in the skilled worker class are leaving. (Potentially offsetting effects.)

Evidence on Selection in Return Migration: Hazard Rates by Visa Class

- Conditional probability of leaving (hazard rate) is high for skilled class.

FIGURE 3
Discrete Hazard Rates by Visa Class: Separate Visa Class Samples



- There is increasing evidence that skilled workers are highly mobile internationally, and that mobility is highly selective.
- This high mobility has implications for Canada's human capital stock:
 - There is competition for skilled immigrant workers who have several destination options to choose from. Supplement with increased foreign graduate students?
 - Retention of both skilled native born and immigrants will require increased attention as mobility increases.
 - Evidence on selection suggests increased attention will have to be paid to retaining the very best workers, native born or immigrant.