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Abstract

This study examines the characteristics of temporary foreign workers with lower-skill occupations who had their first employment in the accommodation and food services industry from 2000 to 2020, as well as their cumulative rates of transition to permanent residency and retention in that industry. This study also compares these outcomes with those of temporary foreign workers with higher-skill occupations and study permit holders employed in the industry. The results show that temporary foreign workers with lower-skill occupations had lower transition rates to permanent residency and lower rates of retention in the accommodation and food services industry after obtaining permanent residency than temporary foreign workers with higher-skill occupations and study permit holders.

Keywords: temporary foreign workers, study permit holders, transition to permanent residency, industrial retention, accommodation and food services

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Introduction

In recent years, foreign workers[1] have become an important source of labour in the accommodation and food services (AFS) industry in Canada. For instance, in 2017, temporary residents who were eligible to work in Canada accounted for 7.2% of the total employment in this industry (Lu, 2020). However, the employment of foreign workers was largely interrupted by COVID-19 travel restrictions. During the economic recovery since COVID-19 restrictions were lifted in Canada, the job vacancy rates in the AFS industry rose substantially from 4.9% in the last quarter of 2018, before the COVID-19 pandemic, to 12.7% in the third quarter of 2021 (Statistic Canada, 2024). Also, the number of job vacancies increased from 68,990 in the last quarter of 2018 to 154,495 in the third quarter of 2021 (Statistics Canada, 2024). After reaching the peak at the third quarter of 2021, the job vacancy rate in the AFS industry decreased to 6.2% in the third quarter of 2023 but remained higher than the job vacancy rate before the pandemic. In a context of record-high job vacancy rates in the AFS industry and several other sectors, it is useful to assess the degree to which foreign workers remain in the AFS industry after becoming permanent residents. Such an assessment informs discussions about sectoral labour shortages in Canada.

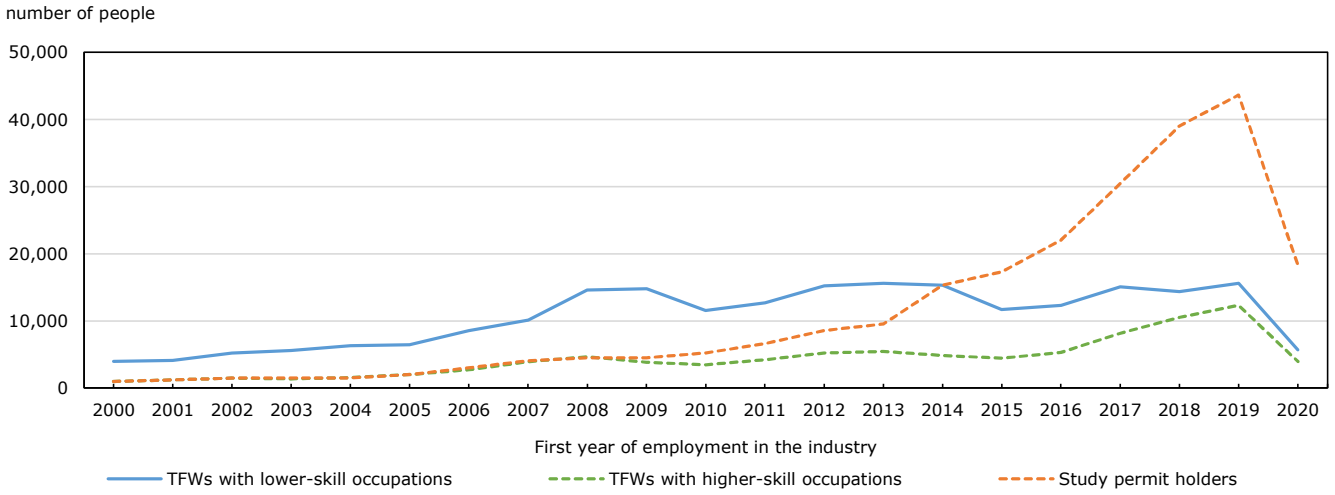
This article examines the number of temporary foreign workers (TFWs) with lower-skill occupations in the AFS industry who transitioned to permanent residency and their subsequent retention in the AFS industry, while using TFWs with higher-skill occupations and study permit holders as comparison groups. Using merged data from the Non-permanent Resident File, Immigrant Landing File and Longitudinal Worker File, this study analyzes TFWs whose first observed employment[2] was in the AFS industry during the 2000-to-2020 period and who had valid work permits with no other type of permit in the year. Of those who worked in multiple industries in the first employment year, only those who had the highest earnings from the AFS industry in that year were included in the analysis. Occupational skill requirement levels of TFWs were based on occupation information from TFWs' work permits. When the occupation information was unavailable, the annual earnings in the TFW's first employment year were used to impute occupational skill requirement levels. Temporary residents who had a study permit, regardless of whether they had a work permit during the same year, are grouped as "study permit holders" (see the data appendix for details).

The number of study permit holders has outpaced that of work permit holders in the accommodation and food services industry since 2015

The number of TFWs with lower-skill occupations in the AFS industry remained relatively stable during the 2010s. It increased from about 4,000 in 2000 to just over 10,000 in 2007, then fluctuated within a range between 11,000 and 15,000 over the next decade (Chart 1). Compared with TFWs with lower-skilled occupations, fewer TFWs with higher-skill occupations worked in the AFS industry. Their number was lower than 3,000 before 2006, stabilized between 4,000 and 5,500 from 2007 to 2016, jumped to over 8,000 in 2017, and further climbed to 12,000 in 2019. Because of travel restrictions during the pandemic in 2020, the number of TFWs with lower- and higher-skill occupations dropped more than 60%. Overall, approximately three-quarters of TFWs (excluding study permit holders) in the AFS industry were TFWs with lower-skill occupations during the 2000-to-2014 period. This proportion decreased to below 60% in 2019.

1. The term "foreign workers" in this study refers to temporary residents who were eligible to work in Canada, including work permit holders and study permit holders who were authorized to work off campus without a work permit after 2014.
2. The first tax year available in the tax data is 1989.

Chart 1
Number of temporary foreign workers by occupational skill level and study permit holders with first year working in the accommodation and food services industry, 2000 to 2020



Note: TFW refers to "temporary foreign workers."
Source: Statistics Canada, Canadian Employer–Employee Dynamics Database.

In the 2010s, the number of study permit holders was similar to that of TFWs with higher-skill occupations. Since 2014, study permit holders enrolled in a postsecondary academic, vocational or professional training program or a secondary-level vocational training program (in Quebec only) have been allowed to work off campus without a work permit up to 20 hours per week during regular school terms or semesters and work full time during scheduled breaks in the school year. Study permit holders benefited from this policy reform, and their number working in the AFS industry surged year over year. They became the major source of foreign workers in the AFS industry. In 2019, the number of study permit holders in the AFS industry reached 43,650 and was 1.6 times higher than the total number of TFWs in this industry.

Temporary foreign workers and study permit holders in the accommodation and food services industry differed in sociodemographic characteristics

Table 1 summarizes the demographic characteristics of TFWs with lower-skill occupations in the AFS industry compared with those of TFWs with higher-skill occupations and study permit holders in five entry cohorts: 2000 to 2004, 2005 to 2009, 2010 to 2014, 2015 to 2019, and 2020 (listed as a special cohort during the pandemic).

Approximately 90% of TFWs whose first jobs were lower-skill occupations in the AFS industry were aged 34 or younger in all five entry cohorts. Nearly 60% of these workers were women.

More than 90% of them were employed in four provinces: Ontario, British Columbia, Alberta and Quebec. Alberta and British Columbia experienced higher shares of inflow of TFWs with lower-skill occupations than Ontario and Quebec during the period from 2005 to 2014, largely because of the Expedited Labour Market Opinion pilot project implemented from 2007 to 2010. This allowed employers faster access to foreign workers to fill vacancies in lower-skill occupations (Government of Canada, 2007).

The major source regions of TFWs with lower-skill occupations were East Asia, Western Europe, Northern Europe, and Oceania and other during the 2005-to-2019 period. In 2020, the latter two regions were replaced by South Asia and West Asia. Workers with lower-skill occupations from Southeast Asia increased significantly from 2005 to 2014, accounting for about 20% of the annual total numbers of TFWs with lower-skill occupations in the AFS industry during that period. Recruitment from this region declined quickly after 2015.

Table 1

Characteristics of temporary foreign workers and study permit holders with first year working in the accommodation and food services industry by entry cohort

	TFWs with lower-skill occupations					TFWs with higher-skill occupations					Study permit holders				
	2000-to-2004 entry cohort	2005-to-2009 entry cohort	2010-to-2014 entry cohort	2015-to-2019 entry cohort	2020 entry cohort	2000-to-2004 entry cohort	2005-to-2009 entry cohort	2010-to-2014 entry cohort	2015-to-2019 entry cohort	2020 entry cohort	2000-to-2004 entry cohort	2005-to-2009 entry cohort	2010-to-2014 entry cohort	2015-to-2019 entry cohort	2020 entry cohort
	number o fpeople														
Person counts	25,300	54,580	70,480	69,100	5,700	6,660	17,190	23,260	40,830	3,980	6,810	18,160	45,360	152,470	18,380
	percent														
Age at first employment															
24 or younger	45.7	39.1	38.0	42.1	28.1	30.9	29.4	26.1	28.1	10.0	71.3	69.0	64.4	73.4	71.1
25 to 34	43.2	47.6	51.0	47.3	48.2	45.7	46.6	50.6	51.7	51.4	24.6	28.4	33.5	23.9	24.8
35 to 44	7.6	10.0	8.7	7.7	16.5	16.7	17.4	18.0	15.5	29.9	3.4	2.2	1.9	2.3	3.2
45 or older	3.5	3.2	2.3	2.9	7.1	6.7	6.7	5.4	4.6	8.7	0.7	0.4	0.3	0.5	0.8
Gender															
Male	42.8	43.0	41.4	39.5	41.7	64.7	66.0	61.4	54.2	61.4	50.9	48.8	51.7	50.1	49.5
Female	57.2	57.0	58.6	60.5	58.3	35.3	34.0	38.6	45.8	38.6	49.1	51.2	48.3	49.9	50.5
Province of first employment															
Newfoundland and Labrador	x	0.2	0.7	0.5	x	x	0.4	1.2	0.7	x	0.3	1.0	1.1	0.9	0.6
Prince Edward Island	x	0.1	0.2	0.1	x	x	0.2	0.5	0.2	x	0.4	0.4	0.3	0.4	0.2
Nova Scotia	0.6	0.6	1.0	0.9	1.4	0.8	1.2	1.7	1.4	2.3	4.9	4.1	2.8	2.3	1.7
New Brunswick	0.2	0.3	0.4	0.4	0.7	0.5	0.6	0.9	1.0	1.5	4.0	2.7	0.9	0.8	0.9
Quebec	11.2	7.4	6.7	9.3	15.6	13.6	10.1	8.9	9.4	11.4	8.0	8.8	9.1	11.7	13.4
Ontario	32.5	18.5	21.6	30.7	36.5	40.5	20.1	20.9	24.0	17.8	45.3	26.4	36.1	48.1	50.1
Manitoba	0.6	0.6	0.9	1.6	2.3	1.2	1.5	2.0	1.4	2.3	2.7	3.7	3.3	3.5	3.7
Saskatchewan	*0.4*	1.6	2.3	1.3	2.2	0.9	2.8	4.3	3.5	6.5	0.9	2.3	4.6	1.7	2.1
Alberta	19.8	34.4	31.3	15.3	12.6	20.4	37.2	35.8	25.1	23.5	18.8	22.0	13.4	5.4	5.4
British Columbia	34.2	36.4	34.8	39.9	27.4	21.5	25.9	23.8	33.1	33.6	14.6	28.6	28.4	25.3	21.8
Source region															
Central America	3.0	4.3	2.4	1.5	3.1	3.3	4.0	2.5	2.5	2.9	2.6	2.7	1.9	1.5	1.6
Caribbean	1.2	2.3	1.9	1.1	1.8	1.6	1.6	1.4	1.0	1.1	2.7	1.8	1.1	1.2	0.8
South America	3.4	2.2	2.1	3.9	4.5	4.0	2.2	2.6	4.1	3.0	7.5	5.6	6.8	4.0	3.2
Western Europe	4.1	8.4	10.2	12.4	10.2	10.2	12.1	10.2	10.2	7.7	2.5	3.8	2.8	2.6	2.2
Northern Europe	13.6	9.5	7.9	12.7	6.1	5.5	6.9	7.5	10.2	2.8	1.1	0.8	0.4	0.3	0.1
Southern Europe	1.0	0.8	2.7	2.5	2.1	2.1	1.4	4.4	4.4	2.8	1.2	0.5	0.9	0.5	0.4
Eastern Europe	3.0	2.0	3.8	2.8	2.4	4.4	2.6	6.1	4.2	1.9	4.2	3.2	2.6	1.1	0.7
Africa	4.1	2.2	1.8	3.1	5.6	5.0	3.5	2.5	3.9	8.0	13.6	7.8	6.2	6.3	6.8
South Asia	7.2	4.0	3.7	5.3	13.6	14.9	13.0	12.9	13.4	26.0	13.2	9.2	31.9	47.1	45.2
Southeast Asia	1.7	21.6	19.5	3.1	5.7	4.1	11.1	16.2	9.6	19.6	4.2	4.4	5.0	6.6	10.2
East Asia	35.8	25.0	31.9	37.4	29.8	17.5	18.2	20.8	23.8	18.3	35.2	53.3	36.8	25.1	23.3
West Asia	3.4	1.5	1.3	3.0	9.8	3.8	1.8	1.4	1.7	3.6	6.6	3.2	2.1	2.6	4.7
Oceania and other	17.8	15.1	9.9	10.3	4.5	17.8	17.3	7.8	9.1	1.6	1.1	0.4	0.2	0.1	0.1
North America	0.9	0.9	0.8	0.9	0.8	5.8	4.4	3.8	2.0	0.8	4.1	3.3	1.3	0.9	0.7

x suppressed to meet the confidentiality requirements of the *Statistics Act*

Notes: TFW refers to "temporary foreign workers." The entry cohort is based on the year when a temporary work permit holder and study permit holders started their first employment in this industry in Canada. Counts are rounded to the nearest 10 and may not add up because of rounding.

Source: Statistics Canada, Canadian Employer–Employee Dynamics Database.

TFWs with higher-skill occupations included a higher percentage of older and male workers than TFWs with lower-skill occupations. The provincial distribution of TFWs with higher-skill occupations was similar to that of TFWs with lower-skill occupations. Major source regions of TFWs with higher-skill occupations were similar to those of TFWs with lower-skill occupations, except the latter had larger concentrations of TFWs from East Asia.

As for study permit holders, most were aged 24 or younger. Males and females had close to equal shares. The percentage of study permit holders working in the AFS industry in the Atlantic region was larger than that of TFWs. After 2014, Ontario accounted for almost half of study permit holders who worked in the AFS industry, whereas Alberta's share declined significantly. International students who worked in the

AFS industry came mainly from East Asia, South Asia and Africa. After 2014, students from South Asia accounted for almost half of international student workers in the AFS industry.

Temporary foreign workers with lower-skill occupations had relatively lower rates of transition to permanent residency

Table 2 provides the cumulative rates of transition to permanent residency for TFWs with lower- and higher-skill occupations and study permit holders after the first year of employment in the AFS industry.

Table 2
Cumulative rates of transition of temporary foreign workers and study permit holders to permanent residency after the first year of employment in the accommodation and food services industry by entry cohort

	TFWs with lower-skill occupations					TFWs with higher-skill occupations					Study permit holders				
	2000-to-2004 entry cohort	2005-to-2009 entry cohort	2010-to-2014 entry cohort	2015-to-2019 entry cohort	2020 entry cohort	2000-to-2004 entry cohort	2005-to-2009 entry cohort	2010-to-2014 entry cohort	2015-to-2019 entry cohort	2020 entry cohort	2000-to-2004 entry cohort	2005-to-2009 entry cohort	2010-to-2014 entry cohort	2015-to-2019 entry cohort	2020 entry cohort
	number of people														
Total number before transition	25,300	54,580	70,480	69,100	5,700	6,660	17,190	23,260	40,830	3,980	6,810	18,160	45,360	152,470	18,380
Years since the first year working in the industry	percent														
1	7.4	4.1	3.1	5.1	14.0	10.5	6.1	6.2	6.8	17.3	10.5	4.8	2.3	0.9	2.6
2	14.2	9.7	8.5	12.0	…	19.5	14.6	19.8	19.6	…	19.9	11.6	9.5	5.1	…
3	19.1	16.7	16.6	…	…	26.3	24.4	33.0	…	…	29.0	20.1	21.3	…	…
4	22.1	22.3	24.0	…	…	32.3	32.5	40.6	…	…	36.5	28.5	36.5	…	…
5	24.2	27.3	29.1	…	…	36.1	37.8	45.0	…	…	43.6	36.5	49.3	…	…
6	25.7	31.4	32.1	…	…	38.7	41.3	47.5	…	…	49.1	43.5	56.1	…	…
7	26.7	34.2	34.1	…	…	41.2	43.9	49.1	…	…	53.4	48.8	61.5	…	…
8	27.5	36.2	…	…	…	42.9	45.7	…	…	…	56.7	52.6	…	…	…
9	28.0	37.5	…	…	…	44.1	46.7	…	…	…	58.7	54.8	…	…	…
10	28.5	38.2	…	…	…	44.9	47.5	…	…	…	59.8	56.1	…	…	…

… not applicable

Notes: TFW refers to "temporary foreign workers." The entry cohort is based on the year when a temporary work permit holder and study permit holders started their first employment in this industry in Canada.

Source: Statistics Canada, Canadian Employer–Employee Dynamics Database.

TFWs with lower-skill occupations had lower cumulative transition rates over the years after their first employment in the AFS industry than the other two comparison groups. Among TFWs with lower-skill occupations, the 2000-to-2004 cohort had higher cumulative transition rates than the other cohorts during the first three years after the first employment in the AFS industry; they fell behind afterwards. After 10 years, 29% of the 2000-to-2004 cohort achieved transition, and this rate was reached by other cohorts after 5 years. By comparison, TFWs with higher-skill occupations had higher cumulative transition rates than TFWs with lower-skill occupations for all entry cohorts up to 10 years after the first employment, with the largest gap at 16 percentage points.[3] For entry cohorts from 2000 to 2014, study permit holders had cumulative transition rates 10 to 30 percentage points higher than TFWs with lower-skill occupations 5 to 10 years after entry into the AFS industry. However, study permit holders of entry cohorts after 2015 had much lower cumulative transition rates than the corresponding cohort of TFWs with lower-skill occupations in the first two years after the first employment in the AFS industry.[4]

3. This study's findings are not comparable to the findings of Picot et al. (2022) on TFWs' transition rates by skill level. The target populations in the two studies are different (see the data appendix for details). The differences in transition rates between TFWs with lower- and higher-skilled occupations in the AFS industry may not reflect those of the overall work permit holders.
4. It is perhaps partly because the majority of first-time study permit holders intended to study at the postsecondary level or higher (Crossman et al., 2021), which normally requires multiple years. Most study permit holders are eligible to apply for immigration only after graduating and obtaining sufficient working experience in Canada.

Although TFWs with lower-skill occupations had lower transition rates than TFWs with higher-skill occupations for every entry cohort and study permit holders for entry cohorts from 2000 to 2014, the number of TFWs with lower-skill occupations who became permanent residents was larger for all cohorts (except for the 2010-to-2014 cohort 5 years after the first entry to the AFS industry, compared with study permit holders). It was nearly double or even more than double the size of the transition numbers of the other two groups for most of the first 10 years after entry into the AFS industry. This is because TFWs with lower-skill occupations were much more numerous than each of the other two groups in the AFS industry before 2014. After 2014, although the number of study permit holders surpassed that of TFWs in the AFS industry, their transition rates were much lower than those of TFWs in the first two years after entry in the AFS industry.

Temporary foreign workers with lower-skill occupations had lower rates of retention in the accommodation and food services industry than temporary foreign workers with higher-skill occupations

Table 3 shows retention rates in the AFS industry of foreign workers who were first employed between 2000 and 2018 and became permanent residents between 2001 and 2019. Among TFWs with lower-skill occupations, about 60% to 70% remained in the AFS industry in the landing year, while 30% or less stayed five years after landing for landing cohorts from 2001 to 2010, and nearly 40% stayed five years after landing for the 2011-to-2015 landing cohort. By comparison, TFWs with higher-skill occupations had higher retention rates, while study permit holders were more likely to move to other industries after the transition. For example, 76% to 83% of TFWs with higher-skill occupations worked in the industry in the landing year and 39% to 52% worked there after five years. By contrast, 39% to 53% of international students remained in the industry in the landing year, and at most 20% of them still worked in the industry five years after landing.

The percentages of TFWs with lower-skill occupations who switched to other industries increased over the years after the transition to permanent residency, from around 20% in the landing year to over 40% in the fifth year after landing, across different landing cohorts. The pattern was similar for TFWs with higher-skill occupations, although on a smaller scale. By contrast, international students' shifting to other industries emerged at a much larger extent. Almost half of study permit holders who had first employment in the AFS industry worked in other industries in the landing year for landing cohorts from 2006 to 2019. Even for the relatively less mobile cohort of 2001 to 2005, over 30% of study permit holders moved to other industries in the landing year. Three years after landing, 55% or more of them moved to other industries.[5,6,7]

5. Further analysis (table not presented) shows that movers tended to have higher median earnings and enjoyed faster earnings growth than stayers, especially for landing cohorts from 2001 to 2015. This pattern was observed for TFWs with lower- and higher-skilled occupations, as well as study permit holders. It is possible that movers tended to leave the AFS industry to pursue higher earnings outside the industry.
6. Some TFWs with lower-skilled occupations did not work for any employer in Canada after landing. However, the majority of these TFWs with lower-skilled occupations were still identified from T1 tax files with self-employment income, employment insurance income or education deduction amounts. For example, T1 records showed that one year after landing, about 83% to 87% of them filed personal income taxes, more than 40% with self-employment income, employment insurance income or education deduction amounts. Other landed TFWs who were not found in T1 tax files may include those who stayed in Canada but did not file tax returns or those who left Canada.
7. On average, the percentages of people with no T4 earnings among landed TFWs with lower-skilled occupations and among landed study permit holders were higher than that among landed TFWs with higher-skilled occupations for every cohort. That may imply more self-employment, start-up businesses and unemployment among TFWs with lower-skilled occupations and study permit holders after the transition to permanent residency; this suggestion needs further investigation.

Table 3

Industrial retention for temporary foreign workers and study permit holders who started first employment in the accommodation and food services industry by landing cohort

	2001-to-2005 landing cohort			2006-to-2010 landing cohort			2011-to-2015 landing cohort			2016-to-2019 landing cohort		
	Stay	Move	No T4 earnings	Stay	Move	No T4 earnings	Stay	Move	No T4 earnings	Stay	Move	No T4 earnings
	percent											
TFWs with lower-skill occupations												
Landing year	61.4	22.6	16.0	59.5	23.6	16.9	71.8	18.5	9.7	66.4	23.2	9.8
Year 1	47.4	33.9	18.8	49.9	32.0	18.1	62.7	26.7	10.6	55.1	32.0	11.3
Year 2	40.3	37.5	22.2	41.6	37.9	20.4	54.0	33.8	12.1	...	...	...
Year 3	35.5	39.1	25.4	36.4	40.6	23.0	47.8	39.0	13.2	...	...	...
Year 4	31.9	40.5	27.6	32.9	42.9	24.2	42.9	42.9	14.2	...	...	...
Year 5	28.1	41.5	30.4	30.2	44.5	25.3	38.8	45.7	15.6	...	...	...
TFWs with higher-skill occupations												
Landing year	76.1	16.1	7.7	77.0	15.2	7.8	82.5	11.8	5.7	80.3	14.2	6.2
Year 1	62.7	24.4	12.9	66.4	22.6	11.0	73.0	19.1	7.9	66.4	24.6	8.0
Year 2	54.8	29.5	15.8	59.1	27.2	13.8	65.1	25.3	9.6	...	...	...
Year 3	49.3	33.0	17.7	53.6	30.6	15.8	60.0	29.1	10.9	...	...	...
Year 4	43.7	35.1	21.2	49.4	32.8	17.8	55.7	32.4	12.0	...	...	...
Year 5	38.9	37.3	23.9	46.5	34.0	19.5	51.6	34.9	13.5	...	...	...
Study permit holders												
Landing year	52.7	31.8	15.5	38.6	46.5	14.9	43.7	46.1	10.2	38.9	53.2	8.9
Year 1	40.0	45.7	14.3	28.8	54.5	16.8	32.1	54.8	13.2	27.2	61.2	12.1
Year 2	31.6	51.4	17.0	22.8	58.9	18.3	25.2	59.3	15.5	...	...	...
Year 3	26.8	55.0	18.2	19.5	59.6	20.9	21.1	62.3	16.5	...	...	...
Year 4	23.8	54.8	21.4	17.5	59.4	23.2	18.2	63.8	18.0	...	...	...
Year 5	19.9	55.0	25.1	16.1	58.4	25.6	15.7	64.8	19.5	...	...	...

... not applicable

Notes: The total number of temporary foreign workers (TFWs) with lower-skill occupations who became immigrants was 4,180 for the 2001-to-2005 landing cohort, 9,060 for the 2006-to-2010 landing cohort, 23,280 for the 2011-to-2015 landing cohort and 23,020 for the 2016-to-2019 landing cohort. The corresponding total numbers were 1,590, 4,440, 11,100 and 11,060 for TFWs with higher-skill occupations and 1,730, 5,180, 14,360 and 30,680 for study permit holders.

Source: Statistics Canada, Canadian Employer–Employee Dynamics Database.

Conclusion

This study examined TFWs with lower-skill occupations whose first employment was in the AFS industry, in terms of their transition to permanent residency and retention in the AFS industry after transition, compared with TFWs with higher-skill occupations and study permit holders.

Overall, the number of TFWs with lower-skill occupations was multiple times that of TFWs with higher-skill occupations in the AFS industry in the 2000s and early 2010s. Since 2014, study permit holders have outnumbered TFWs with lower- and higher-skill occupations and have become the major source of foreign workers in the AFS industry.

TFWs with lower-skill occupations in the AFS industry had lower cumulative rates of transition to permanent residency than TFWs with higher-skill occupations and study permit holders. However, because of their large population size, the number of TFWs with lower-skill occupations who transitioned to permanent residency was larger than that of TFWs with higher-skill occupations and study permit holders, except for the 2010-to-2014 cohort. In that cohort, TFWs with lower-skill occupations were outnumbered by study permit holders starting from the fifth year after entry in the AFS industry. In addition, TFWs with lower-skill occupations had lower rates of retention in the AFS industry than TFWs with higher-skill occupations, by 10 to 15 percentage points across different cohorts.

Data appendix

This study defined TFWs with lower-skill occupations in a two-step approach that was developed in a paper by Picot et al. (2022). The approach used the information on the occupational skill requirement levels, when available, and the annual earnings when occupation information was unknown.[8] In the first step, the designated occupation information from TFWs' work permits was examined. Based on the 2016 National Occupational Classification (NOC), occupations with NOC skill levels C (intermediate and clerical) and D (elemental and labourers) were deemed occupations with lower skill requirements, while NOC skill levels O (managerial), A (professional) and B (skilled trades and technical) were grouped as those with higher skill requirements. In the case of multiple work permits for the same TFW, the highest skill level from all the valid work permits held in the first employment year was kept. When the occupation information was not available or missing (mostly for open work permit holders), the second step used full-year equivalent annual earnings, which adjust total earnings reported on the T4 tax return with the length of the work permit in the year, as a proxy of a TFW's occupational skill requirement levels.[9] In this analysis, if the full-year equivalent annual earnings were less than half of the national median earnings in that year, the TFW was assigned as a TFW with a lower-skill occupation.[10] Otherwise, the TFW was assigned as a TFW with a higher-skill occupation. The majority of the TFWs in the AFS industry had open work permits without occupation information (Lu and Hou, 2019). Therefore, their occupational skill requirement levels were imputed with the annual T4 earnings.

The analysis also included study permit holders who had earnings from the AFS industry during the period from 2000 to 2020 as a comparison group, regardless of whether they held work permits in the first employment year. If foreign workers had a work permit and a study permit in a given year, they were considered study permit holders in this study.

Among TFWs who had their first employment in the AFS industry before landing, those who still received positive earnings from the AFS industry after landing (not necessarily the highest earnings if they had earnings from multiple industries) were defined as stayers, and as movers or non-earners otherwise.

8. The target population in this study is different from that of Picot et al. (2022). Their target population covered work permit holders whose first permit was a work permit, excluding those who had a first permit for study or asylum and subsequently obtained a work permit. For instance, among those who obtained their first work permits during the 2010-to-2014 period, about 27% were excluded because they initially had a study permit or were asylum seekers. Their study also included work permit holders who did not receive any T4 earnings after the work permit was issued. By contrast, the target population for TFWs in this study was restricted to those who had their first employment in the AFS industry and received T4 earnings in that year, including those with a valid work permit in the year regardless of their initial permit type. In general, having T4 earnings is associated with a higher rate of transition to permanent residency among work permit holders, regardless of the skill level.
9. If a TFW did not have a full-year work permit in the year of their initial employment in Canada, the full-year annual earnings are recalculated as actual annual earnings divided by the number of days of all work permits in the year times 365.
10. Earnings are used to proxy occupational skill requirements because information about education, knowledge or experience is unavailable in the data.

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