



Diversity CLUES

# Immigrant Skills Transferability: Culture in Human Capital

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## INTRODUCTION

*At the last SIETAR BC [1] seminar I attended, Master students from the Department of Electrical and Computer Engineering at UBC delivered a presentation on Global Software Development and Issue of Culture. In the global IT industry, North American organizations outsource offshore, and subcontract software projects to such remote locations as India and China. One of the projects that UBC students researched was one in which Indian software engineers were subcontracted by a Canadian company to develop the software that will be used in Canadian recreational centres. However, when outsourcing the development of this software and saving on cheap labor, the Canadian company did not anticipate facing a 'little' problem. Indian engineers did not quite understand the concept of recreational centres as there is no such thing in India. That is one of many examples of how cultural capital might play a strategic role in the development of a product and why the skills of foreign born and trained professionals sometimes are not enough for people to succeed in the Canadian labor market.*

Canada is in a global war in trying to attract young, educated, and experienced immigrants who will be able to address both the country's skills shortage gap and its demographic crises [McDonald and Kippen, 2001]. Therefore, human capital is the major driving force in the Canadian immigration system. Recently, scholars and media have been discussing the problem of an escalating poverty level in immigrant communities [Vancouver's Foundation, City's Vital Sings, 2006;], the increased unemployment rate among new Canadians, [Reitz, 2004] and the decline of immigrants' entrance wages over the last two decades compared to that of Canadian born workers. [D. Hiebert, 2006b]

A number of factors have led to immigrants' deteriorating labor market outcomes. Some academics point to the highly debated North American phenomenon of a general decrease in the quality of immigrants' human capital [Borjas, 2001]. Others show evidence of a diminished labor market value with regard to immigrants' education and experience obtained outside of Canada [Worshwick, 2004]. Daniel Hiebert provides a four 'whys' framework explaining the 'economic fortunes' of recently arrived immigrants [Hiebert, 2006a]: only a small percentage of immigrants

who are assessed based on their human capital are admitted through point system (roughly, less than 25% of all immigrants coming to Canada annually are principal applicants in economic class); Canadian born workers are better educated than they used to be, so immigrants face more competition in the labor market compared to earlier arrivals; the Canadian economy shifted to the knowledge-based (service sector) direction and educational expectations increased along with English fluency and communication skills requirements; and substantial changes in government social services in general, and for immigrants, in particular, may have resulted in the deterioration of immigrant community economic situation. Lastly, one of the most popular reasons given for the worsened labor market outcomes for immigrants is increased discrimination in the workplace [Li 2000b and 2001; Reitz, 2003 and 2004,]. With rapidly changing immigrant demographics, Canadian employers are having a hard time to assess and make adequate use of newcomers' credentials, experience, and language (communication) facility as well as in fitting immigrants' 'cultural capital' into the workplace. Therefore, the country is wasting immigrants' human capital and according to rough estimates Canada is losing 1.5-2.4 billion dollars annually [2] by not utilizing immigrants' skills to the full extent possible [Reitz, 2004].

In my opinion, those estimates are based on a number of assumptions: that the human capital (skills and talents) that immigrants bring from their home countries can and should be easily transferred into the human capital of the host country without any consideration of the socio-economic and cultural differences of those countries. Therefore, it is assumed that the human capital admitted to Canada and acquired in the home country should bring immigrants the same level of entrance earnings (at least within a year of arrival) as comparable native born workers. In other words, a thirty-year old teacher with five years of experience in China, should be able to get a job as a teacher upon her arrival in Canada [3] and enjoy the same level of earnings as Canadian born teachers with the same socio-economic characteristics (age, education, and years of experience). Based on the above mentioned assumptions, if an immigrant does not get a job in his profession and does not earn a comparable wage within a year of arrival it means that (1) the quality of the immigrants' human capital might have decreased; and / or (2) employers tend to devalue immigrants' experience and education; and / or (3)

employers discriminate against immigrants' based on their demographic characteristics.

In this essay, I will challenge the notion of 'must happen' complete human capital transferability from one country to another. I will argue that cultural capital, immigrants' ethnic background, socio-economic and political conditions of their home country, their age at immigration, as well as the 'international value' of human capital plays a crucial role in determining the degree to which immigrants' are able to transfer their human capital. Additionally, I will present evidence that demonstrate that entrance earning is not a good measurement of the stock of immigrant human capital and, therefore, can not provide a direct explanation for the decreased value of immigrants' human capital or employers' discrimination. Finally, I will provide a contemporary literature review of possible solutions proposed to update Canadian immigration policy when addressing the issues of skill transferability.

## **BACKGROUND**

Immigration is a vital component of the Canadian economy and national identity. British and French speaking colonists who immigrated to North America several hundred years ago identified themselves as 'founding members of this country' [Leman, 1998, revised 2006]. Along with their skills and investments, they brought their cultural capital: traditional European cultures, religions, and languages. Western European liberal values such as respect, and tolerance for each other's ways of thinking and living, and the rule of law became the 'foundation' for Canadian economic and social prosperity which later attracted so many new immigrants to this land of opportunity.

At the beginning of the 20<sup>th</sup> century, the majority of immigrants came from Europe. After WW2, Canada, along with the rest of the developed world faced a labor shortage. By the 1950s-60s, Europe's booming economy, along with its developed social welfare system, resulted in a decrease of European migration to North America. This and some other changes in the global arena led to the introduction of the point system in the late 1960s. [D. Hiebert, 2006b] Therefore, the earlier discriminatory exclusion of skilled immigrants from non-European countries was eliminated and Economic Class immigrants were admitted to Canada based on the

scope [points] of their human capital which included education, experience, age, knowledge of one of the official languages, and personal adaptability.

For the last several years, the question of immigration to Canada has been linked to the demographic crises in the country. The working population is aging and with current death and fertility rates, it is predicted that in 20-25 years immigration will account for all population growth and by 2011 immigration is expected to account for all net labor market growth. [Canada Government, 2004] Moreover, a number of recent studies have shown that there is a drastic shortage of people in nursing, management, and skilled trades in Canada. [McMullin and Cooke, 2004] In the global knowledge-based economy, Canada is competing for human capital with other developed countries that are experiencing the same demographic and labor shortage problems [Mahroum, 2001]. Finally, as international markets become more and more competitive and technology oriented, people with unique skill sets are hard to come by. Countries are in a so called 'global war for talent'. [Chambers, 1998; Bever, 2005]

With its current immigration policy, Canada is far ahead in the global race for new population, general labor force, and unique talent. Since 2001, immigration has ranged between 221,352 and 262,236 immigrants per year [CIC, 2005 Annual Immigration (PR) by Category] making Canada the country with the highest per capita immigration rate in the world [Canada Government, 2004]. Also, in the last few decades, the number of immigrants in each immigration category has changed considerably. The proportion of immigrants in the economic category has fluctuated and reached 58.7% in 2000 compared to 34.9% in 1985. [Worswick, 2004] Similarly, the percentage of immigrants coming from Europe and the USA fell from 85% in 1966 to 21% in 2004 (D. Hiebert, 2006a). According to Statistics Canada, in 2004 more than 75% of immigrants came from Asia, Africa, the Middle East, and Latin America [CIC, 2005]. Along with a wealth of knowledge and skills, new immigrants bring their cultural capital to Canada – new traditions, gender relations, religions, ways of communicating, languages, and even their interpretation of the law. [The Economist, Nov 16, 2006]

**CULTURAL COMPONENT IN GENERAL HUMAN CAPITAL TRANSFERABILITY**

There is less of a gap in entrance earnings between immigrants from European and other developed countries and Canadian born workers than there is between native born Canadians and immigrants coming from non-traditional sources countries, such as China, Hong Kong, India, Philippine, Taiwan, i.e. visible minorities [Gozalie, 2002; Pendakur, 2004]. Therefore, it appears that European immigrants' human capital is easier to transfer to the Canadian context. This trend can be explained by the fact that workplace practices and culture in Europe and Canada have more characteristics in common than do workplace practices and cultures in Asian, Latin American or African countries compared to Canada.

Is it possible to transfer skills from one country (culture) to another without any loss in the value of those skills? Is it reasonable to expect that employers in developed countries should have no problems utilizing both immigrants' technical and communication skills which were acquired in very different educational, socio-economic and political systems? There are several theories that might be useful to explore in seeking answers to these questions.

*The 'Habitus' Concept*

Recently, several scholars have attempted to employ Bourdieu's theory of 'habitus' to explain immigrants economic outcomes [Bauder 2005a, 2005b, and 2006; Nee and Sanders, 2001; Nohl, 2006].

The original meaning of 'habitus' is 'the clothing characteristic of one's social position' [Encyclopedia of Marxism]. The contemporary meaning of the term was introduced by the anthropologist Marcel Mauss who referred to 'habitus' as 'non-discursive knowledge that 'go without saying' for a specific group' or 'body techniques'. Bourdieu's conceptualization of 'habitus' was developed in the early 1970s when 'starting from a version of Panofsky's tool to explain Gothic architecture, Bourdieu arrived at the conclusion that people possess an inherited experiential concept of society...' [Bourdieu, Hillier, and Rooksby, 2002] In his book, Bourdieu described 'habitus' as a system of long lasting but not eternal dispositions "...structures of perception, conception and actions'.

Bauder, the Canadian academic, has employed the 'habitus' concept framework in a number of experiments where he seeks to understand (1) if immigrants' cultural capital (ethnic origin) becomes a barrier or a resource in the contemporary Canadian labor market? [Bauder, 2005a], (2) does immigrant ethnic background, class of immigration and gender influence their attitudes towards self-employment? [Bauder, 2005b], and, finally, (3) if immigrants' general attitudes towards work depend on their origin and whether are they connected to immigrants' labor market outcomes? [Bauder, 2006]

According to the 'habitus' concept, as a part of their human capital immigrants bring along cultural capital, which includes not only their language or religion but their **cultural** understanding of how things work [Bauder, 2005a] Therefore, along with their skills and education (or '**what?**') immigrants bring their cultural experiences (or '**how to?**') into the labor market: how to look for a job, how to behave during an interview, and, finally, how to interact with co-workers and customers in the workplace. The Bourdieu theory suggests that being unfamiliar with Canadian labor market rules put immigrants in a disadvantaged position, which is often referred to by some researchers and the media as discriminatory practices. Indeed, there are some studies which provide evidence, mostly anecdotal, that Canadian workplace practices produce obstacles for immigrants' economic integration. [Pendakur, 2005; Li 2000a; Reitz 2001b] However, when those studies explain the disadvantages and inequalities faced by immigrants, they do not elaborate explicitly why it is happening or explain the 'mechanisms of this particular phenomenon' [Nohl, 2006].

In a recent paper, Harold Bauder attempted to understand immigrants' economic misfortunes based on their cultural capital and origin. He asked: 'how do Canadian labor market rules and workplace conventions constrain or enable immigrant groups to integrate into the Canadian labor market?' [Bauder, 2005a] The researcher studied the labor market behaviors of two immigrant groups: former Yugoslavians and South Asians. In addition to the analyses of quantitative data, about forty service providers along with employers who served or employed one or both immigrant groups were interviewed. It was revealed that the 'habitus' of immigrants in the labor market differ from 'that expected in the Canadian labor market'. For example, immigrants did not know how to use networking connections in their job search, did not want to 'sell' themselves in the interview process, did not understand

the concept of a job finding club, and the concept of reference checks. Also, the meaning of work was interpreted differently by both groups. The research revealed that immigrants from the two groups used group or (origin) specific strategies to deal with employment disadvantages in the labor market. South Asians had the advantage of a developed community network in Vancouver that resulted in a high density of immigrants working in the taxi industry. Yugoslavians did not have this advantage, but due to cultural specifics which value free rent, many Yugoslavians can be found in building managers positions. As a result of this research, Bauder came to the conclusion that unfamiliarity with Canadian workplace norms and labor market rules were 'important employment barriers for newcomers' and that they could be explained by Bourdieu's concept of 'habitus'.

However, in a further research paper, Bauder made an attempt to reject 'cultural essentialism that attributes labor market outcomes to ethnic origin' [Bauder, 2005b; Bauder, 2006] In the course of his research, several hundred Chinese and South Asian immigrant and non-immigrant residents of the Greater Vancouver area were interviewed. Those included Mandarin and Cantonese speakers, Punjabi and Hindu speakers and English speaking residents. The research goal was to measure immigrant and non immigrant groups' attitudes towards work, self-employment, and work practices using a number of immigrants' categories (origin, migration history, urban vs. rural background, and labor market status etc.).

The conclusion that Bauder came to, based on the results of this survey, in some ways contradict his previous finding. His verdict was that immigrant origin background does not play an important role in labor market outcomes. Using quantitative analysis, he provides evidence that, for example, 'attitudes towards self-employment and business practices are indeed to a degree related to 'habitus', but they are more defined by rural-urban backgrounds than by ethnicity. [Bauder, 2005b] He suggests that general attitudes to work are different among immigrants of different ethnicity, men and women, and immigrants with urban or rural backgrounds, which also supports the 'habitus' concept. However, he claims that those attitudes do not shape immigrants labor market outcomes but that work attitudes change 'in response to 'historically particular circumstances as well as social and political context' at the place of settlement. For example, because of the lack of employment opportunities for their husbands, South Asian women need to enter the



labor market, therefore, they see work as a means of survival. As a matter of fact, Bauder's finding does not contradict Bourdieu's theory. On the contrary, and to a certain degree, it reinforces the French sociologist's ideas. As 'habitus' is not something that people were born with it can be changed over time (by history) and through new experiences, education or training (immigration), making unconscious elements of habits partially conscious. [Bourdieu, 2002] A good example of the unconscious 'habitus' in Chinese culture is spitting in public places which is not acceptable in Canada. Chinese people need to make efforts to adjust their 'habitus' (making the unconscious conscious). However, some 'habitus' (linguistic, for example) can not be changed completely in spite of significant efforts.

#### *Hofstede Nation Culture Scores*

Similarly, Johansson in his presentation at the Pacific Region Forum emphasized that culture affects nearly all aspects of management skills [Johansson, 1994]. Culture influences managers' strategies in manufacturing and marketing, how they manage their employees, and how they treat customers. It also plays a role in decision making and in analyzing and planning processes. "Culture is the underlying framework which guides individuals' perceptions of observed events and personal interactions and the selection of appropriate responses in social situations", says Johansson. He looks at the effectiveness of managerial skills in the transnational firms in North America, Japan, and Western Europe through Hofstede's dimensions of nation culture score [Hofstede, 1991] (1. individualism vs. collectivism; 2. power distance; 3. masculinity vs. femininity; 4. uncertainty avoidance; 5. long vs. short term orientation). So, Japan, for example, which is similar to China [4], receives a high score on collectivism and power distance, whereas North America and the majority of Western European countries score high on individualism and low to medium on power distance [Tse, 1988; Henrich, 2000]

The implications of this concept are reflected in the differences in functional, and people and decision making skills of managers from Asia and Western Europe or North America. For instance, observations were made that 'Japanese business people travel in groups, follow established meeting protocols, and tend to slow down their decision making' [Johansson, 1994], whereas Western and North American managers are expected to make quick decisions and rely on their intuition.

Additionally, in countries with 'high power distance' (Asia) expatriates-American managers who seek involvement from local employees might be seen as weak and non competent. [Newman, 1996] Those stereotypes might sound too general and questionable in terms of validity as 'there is a wide degree of individual variations within a culture' [Hofstede, 1991] and countries identities might change over time. However, this concept provides insights into not only the differences in how managers with different ethnic and cultural backgrounds interact and make their decisions, but also into why recent immigrants tend to have more difficulties obtaining managerial jobs or promotions in Canadian companies. Managers and executives play important roles in the strategic development of companies and although one might argue that in the global 'war for talent' companies should take advantage of new ideas and strategies that foreign born and trained managers/workers bring to their companies, there is empirical and anecdotal evidence that companies rarely see any benefit in it. For example, Australian employers involved in international business did not see 'the ability to speak the language of the country they were trading with as a competitive advantage' (Hawthorne, 2005). They reported 'difficulties in hiring immigrants with poor English skills and not adequate ethics', but highly appreciated 'good communication skills and up-to-date market skills'.

A similar concept to the one that Johansson used was employed in the cross-cultural examination of Korean vs. American corporate websites [Cho and Cheon, 2000]. It was reported that Korean companies used more consumer-consumer interactivity in their websites (high collectivism) and fewer channels of communication with marketers (high distance power). The findings of this research revealed that the Hofstede dimensions' play a role in the way Eastern and Western companies (people with certain cultural backgrounds) interact and share information.

#### *New vs. Post-Industrialized Economies or*

#### *Pre-Immigration Context in Post-Immigration Conduct*

Additionally, Karl Froschauer argues that differences in pre-migration contexts cause disparity in post-migration immigrant entrepreneurial behaviors. [K. Froschauer, 2001] His theory goes beyond the role of immigrant ethnic origins in their post migration behavior and is based on differences in political-institutional processes and structural developments in the new (Asian) vs. post-industrialized (European)

economies. According to Froschauer, Asian entrepreneurs upon their arrival in Canada are more likely to use their native language in their businesses and in communication with employees compared to with European immigrants who see English as the main channel of communication: 'You come to Germany do business, you learn German. You come to Canada – learn English'. Lack of institutionalized English training in Asian countries vs. European ones was named as one of the reasons why Asian immigrants tend to keep their native language in Canadian business settings.

Furthermore, Asian immigrants frequently change their production lines, whereas Europeans usually continue with the same type of product they dealt with prior to their immigration to Canada. If Asians use templates or copy designs for their products from catalogues, European business immigrants develop unique products. Those practices reflect Europe's long history of industrialization and its widespread formal education among European immigrants vs. 'informal paths of acquiring production skills' in new industrial economies, such as Asia. Additionally, Asians were more likely to hire employees of the same origin and language background, whereas Europeans were open to a more diverse workforce in their enterprises. In general, East Asian entrepreneurial immigrants were more likely to get upset with the 'Canadian work ethic', 'low investment returns', and 'expensive Canadian workers, particularly Caucasians, who do not work hard enough.' Finally, gender relationship in East Asian enterprises reflected patriarchal structure. In conclusion, the researcher states that although East Asian and European business immigrants had to deal with the same business set-up conditions, their experiences in the 'pre-migration context' led to substantial differences in their 'post-migration conduct'. The research revealed that the 'nature of product design' is deeply rooted in immigrants' ethnicity. So, the formal training which was brought to Canada by European immigrants as a crucial part of their human capital appeared to be more transferable to the running of business enterprises in BC than East Asian immigrants' informal methods.

To summarize, immigrants' 'habitus', the socio-economic and political characteristics of their home country, influence the way immigrants behave in the host country. Additionally, integration of highly skilled immigrants into the labor market should not only take into consideration formal 'professional titles' but also the cultural component of the immigrants' general human capital and how certain components of

human capital are 'bound to specific places '[Nohl, 2006] where they can or can not be valued and/or transferred from one country to another.

### **THE TRANSFERABILITY OF THE SKILLS AND IMMIGRANTS' ENTRY EARNINGS**

According to the economic theory of international migration, immigrants move because their skills or human capital can be more highly rewarded in other places [Borjas, 1989]. However, the latest studies revealed that recent immigrants tend to earn less when compared to earlier generations [Reitz 2001a]. Some researchers argue that this is happening because the education of recent immigrants is of a lower quality, or that the skills gained in the home country are not valued in the current Canadian context [Worswick, 2004]

#### *Immigration and Status Passages*

In their recent study proposal on Cultural Capital During Migration, Amd-Michael Nohl, along with three other academics suggested that the gap in immigrants' entry earnings compared to those of native born workers could be explained from the perspective of 'status passages' or 'life circles' concept [Nohl, 2006]. According to this concept, all people go through certain status passages during their lives: from birth to death, from being a son/daughter to having their own kids, from being a student to becoming a worker. While going from one entity to another, a person goes through a transitional period which implies certain social risks and losses. For example, when a student graduates and enters the labor market (in the same country) he/she is likely to experience some difficulties in finding a job, for which he will be paid a salary which is commensurate with his qualifications. Additionally, 'to prove his abilities' he/she needs to work harder than more experienced workers. That may require that he works over time to transfer his theoretical knowledge into the practical results. Most of the time, the fresh graduate won't be paid as much as the other workers doing the same job but who have more experience.

The same concept could be applied to the process that immigrants go through during migration. Immigrants go through 'multi-dimensional status passages' (new country, new language, new culture, new people, new networks, new jobs, etc.) while moving to another country. One of the major transitions for many skilled

immigrants is looking for and finding a job in a new country. The process they go through to some degree can be compared to the process new graduates experience. Even though immigrants frequently have at least several years (or more) of experience, most new graduates also have some work experience in their profession (through practicums). Where immigrants may be more experienced in technical skills, new graduates have the advantage of understanding the 'non written/non verbal rules and clues' of the Canadian workplace culture. Considering the emerging importance of Essential Skills (fundamental literacy; communication, problem-solving, and responsibility skills; positive attitude and adaptability; and a certain understanding of initiativeness, leadership and team work, etc.) in the contemporary Canadian labor market, this advantage could be vital [NVMCLFD Report, 2005]. The fact that Canada is losing billions of dollars is based on the assumption that immigrants have **ALL** the skills necessary to be successful in obtaining wages comparable to Canadian born workers with similar socio economic characteristics. While not arguing that there is a need for better employment integration practices for highly skilled immigrants, if the concept of 'status passages' is to be applied to newcomers, there is always going to be a transitional period of integration and consequently social risks associated with this transition. The time spent in transition will depend not only on external factors (labor market conditions, demand for profession, regulated vs. non regulated profession, employers hiring practices etc.) but also on the internal characteristics of the job seeker (skills, qualifications and personal adaptability to the local social and workplace culture) This might involve a temporary decrease in the wages and temporary shift in social status. In addition to the time that immigrants need to spend on adjusting their general human capital (receiving licenses and developing networks in their profession- similar to new graduates), they also need to take time to adjust their cultural capital component by enhancing and sometimes learning Essential skills in the Canadian context.

Therefore, the entrance wages of immigrants reflect neither their decreased education nor diminished value of their general human capital. Their theoretical knowledge was obtained in a different educational setting and their practical skills were acquired in different labor market conditions, so their overall human capital is not worse but just different and requires adjustment over time in order to be fully utilized.

*Inverse Relationship Between Immigrant Entrance Earnings and Earning Growth*

Another framework explaining why entrance wages of skilled immigrants is not a good measurement of their human capital stock was offered by Harriet Orcutt Duleep and Mark Regets. They provide empirical evidence of an 'inverse relationship between immigrant entry earnings and earning growth' [Duleep, 2002]. If immigrants move for economic reasons, they are more likely to reach parity in earnings with native born workers. How fast they can reach this parity depends on the 'international transferability of their human capital' [Bauer, 2000]. The lower the international transferability of the immigrant human capital the higher the income disadvantage immigrants face. According to the theory of 'inverse relationship', the greater the gap in the income immigrants experience upon arrival, the more 'investments' (learning languages, taking courses, etc.) they are likely to make to reach parity with native born workers.

There are two aspects in the findings of this theory. Firstly, that highly skilled immigrants have '**transferable skills**' obtained through their life experience, formal (at school) and practical (at work, at home etc.) learning: such as being able to learn quickly, analyze data, produce decisions, etc. Those skills help them to acquire more quickly another country's specific human capital. So, for example, if a trade person has already cut wood with a certain tool in his country, even though he will probably need to learn how to use another tool in Canada, he already knows how to use similar equipment. The second aspect is that the less skilled immigrants earn upon arrival, the more motivated they are to earn more. This corresponds to their finding that European immigrants did not have large differences in earnings with US workers at the point of entry, but they also did not have substantial growth in their earnings in the first 10 years after their arrival. On the contrary, Asian and Latin American skilled immigrants experienced a high entrance income gap but enjoyed substantial growth in their incomes during the next 10 years. This can be explained because Europe and the US have similar economic and social context whereas Asian or Latin American countries contexts (educational institutions, labor market, and economy) are quite different from those of the US.

**SOLVING THE PROBLEM OF HUMAN CAPITAL TRANSFERABILITY IN CANADIAN CONTEXT**

The Canadian immigration point system has recently been changed. The philosophy of the contemporary Canadian immigration system is now based on the assumption that people change careers several times in their lives, so their general ability to learn and apply learned skills is more important than their specific knowledge. [Canada Government, 2003] The point system has further shifted towards a general human capital model. Specific 'occupational factor' and 'on the job training in addition to formal education' have been removed. Points for general education have increased from 16 to a maximum of 25, for work experience from 8 points to a maximum of 21, and for knowledge of English and French from 6 to a maximum of 24. [CIC, 2006]

Will the changes in the Canadian immigration policy solve the problem of immigrant skills transferability and utilization? Canadian and international academics have expressed different points of view on this issue. Some suggest that the entry conditions need to be changed; others recommend changes in settlement integration policies.

Christopher Worswick, for example, argues that points for work experience should be changed as there is 'a growing consensus that the returns on the foreign work experience are low for recent immigrants', so the increase in points for work experience (from 8 to 21) is 'difficult to justify' [Worswick, 2004]. Additionally, he suggested that points should be different for education and work experience as certain experiences and education are more easily recognized by Canadian employers. Also, he believes that younger immigrants should be given privileges in the system. This notion is supported by Joseph Schaafsma and Arthur Sweetman research which revealed a direct negative correlation between the return on education and related earnings and age at immigration. [Schaafsma and Sweetman, 2001]

Borjas, in his book "Heaven's Door", praises the Canadian immigration model, while at the same time suggesting a very contradictory, if not racist idea, of '***pick and chose policy***' - '...long run implications of pursuing a policy that seeks to improve the skills of immigrants. Such a policy would have a major impact on the national

origin of the immigrant population. Because national origin and immigrant skills are so intimately related...' He also suggests that it is necessary to regulate immigration on the basis of the existing economic situation because during economic crises immigrants become substitutable rather than complementary labor and cause damage to the wellbeing of native born residents. Daniel Hiebert also suggested that there is a need to maintain a link between immigration levels and business cycles [Hiebert, 2006a]. This makes sense because immigrants face higher unemployment levels and local competition during economic downturns

Another well known international migration professor, Leslyanne Hawthorne, endorses the concept of 'acceptable human capital' (Australian case) vs. concept of altruism in immigration practices (Canadian case) [Hawthorne, 2005]. The researcher says that there are several major differences between Australian and Canadian immigration policies, which make Australian skilled immigrants more successful in terms of employment outcomes [Hawthorne, 2006]. The major difference is that Australia gives preferences to immigrants with specific occupational skills – MODL [5] and Canada has moved to a general human capital model of selection. So, the Australian federal government policy goal is migrants 'who can quickly make a positive contribution to the ...economy, labor market and budget', therefore, Australia shifted towards mandatory pre-migration screening for English language facility and credential recognition as well as an increased emphasis on local education and work experience (especially useful in the acculturation process for international students). In spite of the cut in subsidies for newly arrived immigrants, recently introduced rules in the immigration process have resulted in an increase in immigrants' employment rates, salaries, and satisfaction. Hawthorne shows strong support for bridging programs for immigrants which speed up both skills transferability and acculturation processes [Hawthorne, 2005] As there is evidence of a much higher correlation between official language facility and immigrants' earnings in comparison with their education and earnings relations [Hiebert, 2005], English screening has been partly [6] implemented in the modern Canadian immigration policy. However, implementation of pre-migration credential screening could be a much more complex issue as different levels of government are in charge of immigration and professional licensing in Canada.



Jeffrey Reitz is among those researchers who believe that skills utilization and transferability and, consequently, better immigrant employment outcomes should be achieved through changes in institutional structures, such as the upgrading of employment related information channels for immigrants, in both, pre and post immigration periods and improvement in the effectiveness of existing credential assessment services as well introduction of bridge-training and wage subsidy programs for immigrants and, finally, education for employers and human resource managers on immigrants' challenges [Reitz, 2004]

## **CONCLUSION**

When skilled immigrants arrive in Canada, or any other developed country, they hope that they will be able to utilize their skills better than in their home country. The degree of utilization will be reflected in their better life quality and their higher incomes. So, they need to transfer their skills and experiences into the new labor market conditions with minimal losses to the value of those skills. However, that is not always possible due to the different international value of human capital received in different countries. Socio-economic, institutional and political settings of the immigrant country of origin, as well as immigrant cultural and ethnic background ('habitus') play their roles in the transferability of human capital. Immigrants, in some ways, are similar to new graduates as they go through a certain transition period or 'status passage' (entering labor market) which might incorporate social and income loss. Additionally, the more differences there are between the host and home country, the greater the income gap immigrant will experience upon arrival. However, skilled immigrants who experience larger income disparities with native workers will be highly motivated to invest into the country specific human capital which will result in higher income growth in comparison with the immigrant who did not experience this gap upon arrival.

Some analysts argue that such immigration policy measures as favoring younger people, implementing mandatory pre-migration English language and credential assessment, as well as maintaining the linkages between economic cycles and level of immigration will increase positive employment outcomes for immigrants and decrease income/earning gaps between immigrants and native born workers. Others

suggest enhancing immigrants' settlement and economic integration practices. Since we are living in the world of critical demographic crises and 'global war for talent', I believe Canada is moving in the right direction in accepting immigrants with high general human capital. In December 2006 a new law was passed in Ontario which aims to help highly skilled immigrants get licensed in their professions. The Fair Access to Regulated Professionals Act requires Ontario professional associations make licensing processes for immigrants 'fair, clean and open' and ultimately speaks to the issue of skills utilization. Additionally, the new 2004 changes in Canada's immigration system have partly addressed the importance of English language fluency, education, and experience acquired in Canada. I strongly support the adoption of tighter mandatory screening for English facility as it has proven to be one of the most important indicators of immigrants' successful economic as well as social integration. Local work experience and education also should be given more consideration (entry points) as it helps immigrants to go through the process of acculturation more quickly and transfer their general human capital and adapt their cultural capital with fewer losses.

To conclude, the role that cultural capital plays in the transferability of immigrant skills is hard to overestimate. Being an immigrant myself, I got a chance to appreciate that when I became involved in community development work in Vancouver. Four years after my arrival in Canada, in a telephone conversation with Ukrainian friends, I tried to explain to them in my home country language what I actually did for a living in Canada. I experienced tremendous difficulty doing that. Firstly, there is no similar concept of community work in a post Soviet Union country as it exists in North America. Secondly, as I had worked in a corporate environment and had received my economic and accounting education in Ukraine, so I was hardly involved in social services and, therefore, I could not find adequate vocabulary in my native language to explain my current duties and projects. The North American cultural component of the 'community development' concept and English vocabulary appeared to be so strong that it was difficult for me to explain the concept and duties in my native language.

**ENDNOTES**

1. SIETAR BC – is an abbreviation for Society for Intercultural Education Training And Research British Columbia. It is a non profit organization with mission 'to encourage the development and application of knowledge, values and skills, which enable effective intercultural, inter-racial and inter-ethnic relations at the individual, group, organization and community levels' (<http://www.sietar.bc.ca/mission.html>)
2. Reitz calculated in his 2001 research (Immigrant Skill Utilization in the Canadian Labour Market: Implications of Human Capital Research) that immigrants earned \$2.4 billion less than native-born Canadians with comparable skills because of working at lower skill level. Reitz argued that at least 2/3 of those comparable skills are transferable.
3. Immigrants entrance wages are usually calculated within a year of their arrivals.
4. According to Tobias Komischke [2003], since Hofstede had no data available for China for the dimensions of Power Distance, Individualism, Masculinity and Uncertainty Avoidance, these scores were estimated using the average scores of the Asian cultures of Japan, Taiwan, South Korea and Hong Kong.
5. MODL – Migration occupation in demand list in Australia. The MODL is used to target skilled immigrants with high in demand skills. It includes occupations in national demand in the following categories: managers and administrations; professionals; associate professionals; and trades persons. The list composition is based on the Department of Employment and Workplace Relations research and it is being reviewed twice a year. However, the MODL is changed during the year only if there are substantial changes in the Australian labor market. (<http://www.immi.gov.au/skilled/general-skilled-migration/skilled-occupations/occupations-in-demand.htm>)
6. Applicants from English and French speaking countries, who have received education in those languages and can provide evidence to support their claims, are subject to language text exemption. Those from non English or French speaking countries can be exempted from the text if they can provide prove that they have been educated in one of the Canadian official languages. [Hawthorne, 2006]

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