

ECONOMIC MIGRANTS IN A GLOBAL LABOUR MARKET

**A REPORT ON THE RECRUITMENT AND RETENTION OF ASIAN COMPUTER
PROFESSIONALS BY CANADIAN HIGH TECH FIRMS**

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Executive Summary

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Executive Summary

This research project on the recruitment and retention of Asian computer professionals by Canadian high tech companies is based on detailed structured interviews with high tech professionals and their employers. In all, we interviewed 55 information technology (IT) workers and eight human resource (HR) professionals employed by high tech companies in Ottawa.

The interviews were conducted with the following main objectives:

- a. To investigate the motivations, aspirations, and expectations of Asian IT professionals working in Canada, and their experiences of the Canadian high tech environment. This project seeks to probe the strengths and inadequacies of the high tech workplace, as seen through the eyes of different sections of the IT workforce.
- b. To examine the adequacy of the strategies adopted by Canadian IT industries to deal with the apparent shortage of skilled professionals, and particularly, their attempts to make the work environment attractive to computer professionals, and to understand the high tech sector's experiences with, and perceptions of, Asian IT workers.
- c. To isolate the possible factors that affect the decision of the IT workers to either stay in Canada or go elsewhere, mostly to the United States.
- d. To provide insights for policy and program design in the areas of recruitment and retention in the high tech sector.

The 55 IT professionals were selected through a purposive sample using a snowball technique. They comprise the following four categories:

1. Temporary IT workers from Asia who came under the Software Development Worker Pilot Project.
2. Highly skilled IT professionals from Asia who came to Canada through regular immigration channels.
3. Asian (foreign) graduate students who joined the high tech sector in Canada after their graduation from Canadian universities.
4. Canadian-born IT workers.

Of the 55 interviewees, eight were Canadian-born workers and the remainder were IT professionals who came to Canada from different parts of Asia. Thus the major focus of the interviews was on Asian IT workers. A majority of the IT workers were software designers. Only a handful of them were specialists in computer hardware and some were working as consultants for a big IT consulting company in Ottawa.

In addition to an interview, the IT workers also completed a survey questionnaire that collected information on their technical and socioeconomic profile.

Of the eight high tech firms whose HR professionals were interviewed, three were big companies employing over 2,000 workers each, much more in two cases. Then, there were two companies that employed around 500 workers each. The remaining three were smaller companies that employed between 100 to 150 workers. Of these companies, two were multinational companies not owned by Canadians. The rest were Canadian companies. In terms of their products, broadly speaking, six companies are involved in producing software while one company is a consulting firm and one other manufactures computer hardware.

The sample size of this study is small. Its findings suggest general trends in the recruitment and retention of foreign computer professionals and indicate areas for future research. This pilot project does not provide a sufficient basis for policy prescriptions.

Employees' Perspective

The interviews highlighted several positive aspects of the IT sector in Canada. They portrayed the image of a thriving sector in which employees, by and large, are happy with their work and the conditions under which they perform it. A majority of IT workers (49 out of 55) find their work interesting and challenging. But, only 35 out of 55 respondents felt that their work utilized all their talents, abilities, and skills. Of those who felt underutilized, many were high tech immigrants and recent graduates who were just beginning their careers in Canada.

The level of motivation also appears to be high in the IT sector. Fifty out of 55 interviewees reported that their work atmosphere kept them motivated and 47 of them felt that they were improving their skills, abilities, and knowledge base on their jobs. Because of such encouraging circumstances, IT workers relate to their work well and participate in it enthusiastically. Thus 48 out of 55 employees felt that they provided enough input to the decision-making process in their groups and departments. Among those who did not subscribe to this view were a number of recent recruits who were still getting used to their new workplace. Another salient point was that 51 out of 55 interviewees were happy that their work was being appreciated and recognized. Nearly three-quarters of all IT workers were happy with the training opportunities that their company provided. The remaining one-quarter, many of them employed in smaller companies (i.e., those employing less than 100 high tech workers), reported that all their training was on the job and that, apart from product related training, they did not get any training in soft skills such as communication skills, leadership and managerial skills; and, cultural sensitivity training.

The IT sector seems to be a good place to work as a majority of workers had positive things to say about their work environment, access to facilities, and other privileges. All IT companies have adopted flexible working hours; many have made provisions for their employees to work from their homes. The work atmosphere is friendly and is based on mutual trust and respect. Thus all but one respondent reported that their colleagues were helpful and friendly. Companies allot work to their employees and expect them to complete it within specified deadlines. When and how one works is entirely left to the discretion of individual employees. Such freedom and trust have served as motivating factors. All companies require their workers to put in 37.5 hours of work. While a couple of them pay overtime wages to their workers, most do not. Regardless, IT workers reported that they voluntarily put in, on average, 45 to 55 hours per week. Interestingly, 51 out of 55 workers said that they were happy with the extra hours of work they put in and a similar number reported that they did not consider their job stressful. All of which

underscore the fact that, cutting across the four categories, by and large, IT workers in Canada are happy with their companies, the work environment, and the rewards and recognition – in the form of promotions, performance bonuses, stock options, gift items and the like – they receive for their contributions. It is no surprise, therefore, that most employees (45 out of 55) feel that their employers make genuine efforts to keep them working at their present jobs.

IT companies too have reciprocated the goodwill and hard work of the workers by providing a variety of benefits, awards, rewards, stock options, and generous compensation to high achievers. As well, they have put in place several measures to deal with diversity and harassment-related issues. These include awareness-raising programs and cultural sensitivity training.

The focus of this study was on the experiences and perceptions of Asian computer professionals. Generally speaking, they reported satisfaction with the resources, challenges, facilities, and benefits that their jobs offered. Thirty-three out of 47 Asian professionals reported that they did not know much about Canada and Canadian high tech companies before coming here. Even those who had heard about the IT companies knew only about the big and internationally renowned companies and no more.

On the question of getting their visa/immigration papers, 41 out of 47 Asian workers said they did not experience any difficulties for themselves. Yet, several Asian respondents complained that they experienced difficulties while trying to get their parents and spouses here, even for a brief visit. Some of them stated that the Canadian visa and immigration procedures were complicated and tough when compared to the United States. This perception, however, was based on anecdotal evidence and not on any clear understanding of the rules and regulations guiding immigration and visa procedures in both countries. The fact is that both Canada and the United States have reasonably comparable policies for visitors and family reunification. It would, perhaps, be helpful to clear up such misconceptions among Asian professionals.

On the whole, at the risk of some simplification, it can be said that there is not much difference in the perceptions of Canadian and non-Canadian IT workers regarding workplace related issues, except on a couple of matters such as taxation, moving to the United States, and staying in Canada for good. Another highlight of the interviews with Asian workers was that about a quarter of them (12 out of 47) complained that there was subtle discrimination at the workplace. On balance, the grievances were not serious in nature and could have arisen due to lack of proper communication.

On the question of moving to the United States to work, 29 out of 47 Asian workers said they were thinking of moving to the United States, mainly because they felt they could get better compensation, pay lower taxes, and access more opportunities. In contrast, only two out of eight Canadian-born workers expressed their desire to work in the United States. Though the sample size for this project is small and can, at best, only be suggestive of a trend, it was clear that the Canadian-born workers, who were slightly older and well-settled here with family and children, were reluctant to move because of their family ties. But, Asian workers were relatively young and, in most cases either single or recently married. They did not have many ties to Canada such as an extended family network, and hence felt they could move to the United States easily. The retention of Asian IT workers, therefore, seems to be influenced considerably by their family situation and demographics. It would, perhaps, be a good strategy to recruit workers with

families instead of singles, as the former are more likely to stay put in Canada. Regardless of their family situation, it would be useful to keep in mind that since Asian IT workers are essentially economic migrants, they tend to gravitate to a place that offers more money and opportunities.

The Canadian rate of taxation was one issue that evoked a near unanimous response. Fifty-one out of 55 employees felt that the tax rate was high. When asked if the taxes were justified considering the social security benefits that the government provides, overall, 38 respondents answered in the negative. Of these, the most vocal were Asian IT workers. Only 4 out of 8 Canadian-born workers seemed to think that the taxes were not justified, but they later qualified their comments stating that they were not opposed to taxes per se – they feared that the government would mis-spend their monies. In the case of Asian IT workers, however, their opposition to taxation was unmistakable. Their views were based on a widely shared perception that the tax rates in the United States are much lower than in Canada. Besides, their argument was that they should not have to pay for services they are not likely to use now. While it is true that the level of taxation is lower in the States, the misperception of the interviewees centered around the extent and degree of difference in taxation levels. Also, most Asian interviewees seemed to be oblivious to “hidden costs” in the United States such as user fees for services, high cost of living, and the like.

The different responses of Canadian and non-Canadian workers point to their vastly different orientations and motivations. As stated earlier, Asian workers are market-driven migrants with no roots or sense of belonging in Canada, so they see little point in supporting services that they think they do not need. Why pay for health care, for instance, when the employer provides full coverage, is their argument. Most Asian IT workers seemed to be under the mistaken impression that the American employer covers **all** health care related expenses when, in fact, most US companies do not provide full coverage. They do provide some degree of “top up” funding or full coverage for expenses not covered by health insurance. This misunderstanding needs to be clarified.

One can conclude that Asian workers are primarily interested in maximizing their earning potential and opportunities and do not seem to have a sense of belonging here, which is why they oppose taxation. So, any policy that ignores their orientation and motivation is not likely to succeed in retaining them here or in attracting new workers. It seems that an effective way of dealing with this situation would be to educate Asian workers not only about the several short and long-term benefits that Canada offers, but also the importance of paying for the privileges they enjoy here. Again, it must be emphasized that since the sample size of this study is small, a detailed study, based on a more representative sample would, perhaps, provide a richer account of the motivations and interests of Asian IT workers.

Opinions between Canadian and Asian workers also diverge on whether or not they should stay here permanently. All but one Canadian respondent want to stay in Canada permanently because they have family ties, Canadian roots, and a sense of identity here. But, 39 out of 47 Asian workers said they were not sure whether they would remain in Canada permanently. And yet, overall, 54 out of 55 respondents said that they would recommend Canada to a friend or family member. This figure included all but one Asian respondent. If they are happy to recommend Canada to others, then, why would Asian workers not want to live here? The answer is that though Asian workers appreciate the positive features of life in Canada, they are more concerned

about their economic security. They seem to think that they can attain economic security by working in the United States, while Canada is good for retirement. This ambivalence appears to be rooted in a misconception that they cannot achieve economic security in Canada given the high rate of taxes and the weak Canadian dollar. Interestingly, Asian workers did not see any contradiction in earning money in the United States and enjoying the health care benefits and high quality of life in Canada after retirement.

A significant finding of the interviews was that most Asian workers have a number of flawed impressions about living and working in the United States. For instance, they did not seem to have much awareness of the high cost of living in the United States, particularly in Silicon Valley. Some who talked about the high cost of housing in California seemed to think that their higher compensation would offset such expense. They strongly believe that the United States is almost a tax haven where as Canada taxes its workers heavily. Similarly, though a majority of Asian workers spoke highly about the high quality of life in Canada, they did not seem to care much about whether or not they would get a comparable quality of life in the United States. Asian workers thus have a notion that America is a land of opportunities and wealth, and low tax rates, where one can earn and save a great deal of money. Canada, they seem to think, lacks these qualities. Such simplistic views are based either on lack of information or plain misinformation. A major policy implication, therefore, seems to be that proper information needs to be disseminated among Asian workers about life in both countries and particularly about exciting possibilities in Canada.

Employers' Perspective

The interviews with HR professionals also produced consistent findings. All eight HR professionals confirmed that they were facing a serious shortage of skilled technical personnel. The short-term solutions to this problem they offered were: reducing taxes, particularly on stock options; relaxing the restrictions on the issuance of stock options; relaxing immigration and visa rules to enable Asian workers to bring their families; and hiring IT graduates from universities abroad.

Among the long-term measures, all HR professionals favoured a joint initiative involving government, educational bodies, and IT industries. They wanted better partnerships with high schools and universities to graduate more students specializing in IT. For example, collaborating with the Ottawa-Carleton Research Institute to train immigrants, refugees, and new Canadians with core competencies in computing was a strategy they favoured strongly.

All HR professionals spoke highly about Asian professionals and their technical competence, although a couple of them expressed concerns about their ability to communicate. They also claimed that they were not aware of any serious instance of discrimination and said that they had compulsory diversity training for managers to deal effectively with a diverse workforce. On the question of under-representation of women in the workforce, HR professionals conceded that they were aware of it but pleaded helplessness on the ground that there were not enough female applicants for them to hire. Some of them mentioned that to encourage female IT professionals, they had instituted scholarships in local high schools and universities.

It must be pointed out that though the suggestions of HR professionals seem to be relevant and are based on their experiences in recruiting and retaining IT workers, some of the changes they

suggest do not lend themselves to easy implementation. For instance, facilitating the migration of the family members of IT workers alone and not of those in other sectors, could lead to potential problems. Besides, even if the rules were streamlined across the board for all types of foreign workers, they could potentially conflict with the general objectives of family class immigration and / or visa policies.

On a related note, many of the eight HR professionals interviewed seemed to have based their views on inaccurate information, particularly with respect to immigration policies. Hence, they too could benefit from the dissemination of correct information.

Key Conclusions and Issues

The situation in the IT sector in Canada and elsewhere in the world has changed considerably since the time the interviews were conducted. The pace of growth in the IT sector has slowed down considerably, thereby reducing the demand for high tech workers. The value of stock options has diminished. Another significant development is the move in the United States to further reduce taxes. Though Canadian governments have initiated similar measures, it could trigger the demand for a fresh round of tax cuts. Obviously, given its size and geography, Canada cannot remain immune from changes taking place south of the border. The fluctuations in the global labour market for IT-related skills has also affected recruitment and retention strategies in Canada. Opinions about the likely impact of these changes and their duration are divided. Some of these changes are considered transient while others are likely to have far-reaching consequences. Regardless of the current downturn in the demand for IT skills, which some think will change in the near future, this study has yielded useful insights about the recruitment and retention of high tech workers.

Briefly, the key conclusions and issues arising from the interviews are as follows:

1. In the newly emerging, IT-driven world economy, Asian computer professionals are “citizens of the world.” In other words, they are market-driven migrants whose main objective is to seek career opportunities that will enable them to maximize their earnings and savings in the shortest possible time. Asian IT workers have uprooted themselves from their homelands and come here in their quest for a better life. However, in most cases, Canada does not seem to be their final destination. Though they see many positive features in their jobs and in their lives in Canada, Asian IT professionals have not sunk roots in this country. Instead, the majority of them are attracted to the United States as it offers better career prospects, more disposable income, and the opportunity to work with some of the best and brightest people in their areas. It would be useful to appreciate these factors while framing policies concerning recruitment and retention.
2.
 - a) In stark contrast to their fascination for the United States, the majority of Asian high tech professionals did not know much either about Canada or its IT industries before they came here. From the interviews, it became apparent that with greater publicity about our world class IT companies and our thriving IT sector, more knowledge workers might be interested in coming to Canada. Thus, agencies of the federal government, including embassies and high commissions, could collaborate with IT industries, professional

bodies, and trade-related bodies to launch a publicity campaign in countries such as India and China.

- b) On a related note, the visibility and profile of Canada among people abroad appears to be much lower than that of other Western industrialized nations, particularly the United States. Creating greater awareness about the positive aspects of life in Canada would be very helpful. Most people abroad do not seem to know much about the high quality of life in Canada, its multiculturalism, flourishing economy, and the myriad opportunities it provides for developing one's potential. Canada could highlight its strengths as one of the best places to live in the world. Those who know about Canada seem to have the impression that it is good for living peacefully, but that for professional success, entrepreneurial work, and accumulation of wealth, the United States is the best place. Such misconceptions could be corrected through providing objective and up-to-date information about what life is like at other high tech destinations in the United States. Simultaneously, Canada could be marketed as a unique country where one can enjoy both professional success and a superior quality of life.
3. One of the most significant findings of the interviews is that Asian IT workers appear to be misinformed or have misconceptions about a number of issues relating to life in Canada and the United States. Specifically, they have incorrect information in three areas: tax rates in Canada and the United States, cost of living and opportunities in both countries, and rules and regulations guiding visa and immigration procedures. Generally speaking, Asian workers subscribe to the notion that the United States offers better career opportunities and charges less taxes. While it is true that tax levels in America are lower than in Canada, Asian IT workers seem to be misinformed about the extent and degree of difference in taxation rates. They also seemed to be oblivious to the hidden costs in America. Furthermore, Asian IT workers think that it is slightly easier to bring one's spouse or parents to the United States when compared to Canada. Again, their impressions seem to be based on anecdotal evidence since both the United States and Canada have reasonably comparable rules regarding visas and immigration policies. Most important, Asian workers do not seem to be aware of the high cost of living in big American cities and quality of life issues. It would be helpful, therefore, if government and high tech industries make efforts to erase such erroneous impressions among Asian workers and apprise them of the factual situation in Canada and the United States. Asian workers could be informed about the significance of all that Canada offers and the importance of contributing for the privileges one enjoys here. Newly arrived IT workers could be provided better orientation to their rights and responsibilities as prospective citizens. Imaginative programs and policies that foster a sense of belonging to the communities in which they live might be a good strategy for retaining IT workers in Canada.
4. One of the most effective recruitment and retention strategies could be to enable Asian IT workers to bring their educated relatives from their homelands and develop their own kinship network in Canada. This appears to be a promising measure as it could provide compelling reasons for high tech workers to stay in Canada. However, extending this privilege just to IT workers is problematic and might potentially conflict with the overarching objectives of family visitor and immigration policies. High tech industries could consider offering their foreign workers an annual or biennial expense-paid trip to their country of origin.

5. Canadian governments at all levels could facilitate closer interaction and partnerships between educational institutions and the high tech sector. Also, they could consider investing more in technical education at both the high school and post-secondary levels and explore the possibility of subsidizing high tech education. Special attention to enlist women in high tech education and careers might help as well. They could be encouraged through a combination of financial incentives such as generous scholarships and aggressive awareness campaigns.
6. Smaller Canadian IT companies could pay special attention to providing general training to their workers in soft skills such as communication and managerial skills, team building and leadership skills, cultural sensitivity training and so on, in addition to the product-specific training that is provided on the job.
7. Due to the limitations of the small sample, one cannot definitively state that discrimination based on ethnicity is widespread, but as some of the respondents spoke about it, it would be fair to conclude that there is, at least, a perception of discrimination among some Asian IT workers. A proactive approach by employers that emphasizes the acceptance of diversity, difference, and special needs might help to allay the apprehensions of visible minority workers.
8. Some workers, particularly those with graduate level qualifications and working in big companies, voiced concerns that the work atmosphere in their company was not challenging enough in that it did not fully use their advanced training and abilities. They also said that instead of acquiring smaller companies in order to gain access either to their technologies or their workers, their employers could use their talents and reward them well. It would, perhaps, be helpful if big IT companies could address the concerns of workers with advanced levels of training and consider their views before acquiring smaller companies.
9. This report is based on a small sample. It can only indicate areas for future research. A larger study and a more thorough analysis of what IT firms and governments in other countries have done to attract and retain workers could offer insights about ways of improving our policies.