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Foreign workers in Canada: Industry retention after transitioning to permanent residency among work permit holders for work purposes

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Temporary foreign workers (TFWs) have become an important source of Canada's labour supply, especially in some lower-paying sectors. For example, in 2021, TFWs accounted for 18% of the workforce in the agriculture sector and 10% in the accommodation and food services sector.¹ TFWs can also play a long-lasting role in alleviating labour shortages because, on average, one-third of work permit holders transitioned to permanent residency (PR) within five years after receiving their initial work permit (Lu & Hou, 2024). However, not all TFWs remain in their initial industries after gaining PR. Understanding TFWs' industry retention can assist industries and policy makers in developing workforce programs tailored to the needs of both the industry and its workers.

A few previous Statistics Canada studies have examined the industry retention of TFWs in primary agriculture, food manufacturing, and accommodation and food services. These studies found that, five years after transitioning to PR, 20% to 50% of TFWs stayed in the same industry of their first employment in Canada, depending on their occupational skill level and initial industrial sector (Xu et al., 2024; Zhang et al., 2024; Zhong et al., 2024).

This article provides a more comprehensive analysis of the industry retention of TFWs after their PR transition by examining all TFWs who held paid employment in Canada as work permit holders for work purposes (hereafter referred to as WPPRs).² The analysis focuses on WPPRs who made the PR transition from 2011 to 2020 and assesses their industry retention by work permit type and industrial sector. Industry retention in this article is defined as the continuation of paid employment in the same industry where the WPPRs were employed before their PR transition (for further details, see the "Data and definitions" section). Not remaining in the same industry could result from shifting to other industries, becoming self-employed,³ not being employed or not being observed in tax records.

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1. Authors updated the estimates in the study by Lu & Hou (2023).
 2. Work permit holders for study purposes and for humanitarian and compassion reasons, as well as permanent resident applicants, are not included in the analysis.
 3. The industry of self-employed workers cannot be identified in the Longitudinal Worker File used in this article.

Over two-thirds of work permit holders for work purposes remained in the same sector one year after transition, with large variation across work permit programs

One year after their transition to PR, the majority of WPPRs continued to work in the same sector where they worked as work permit holders. Specifically, 72% to 81% of Temporary Foreign Worker Program (TFWP) participants (except for agricultural workers and live-in caregivers), international agreement and arrangement participants, and intra-company transferees were employed in the same industry after their PR transition (Table 1).

Table 1
Industry retention of work permit holders who transitioned to permanent residency by previous work permit program

	Person count	One year after transition					Worked in the same industry by the fifth year
		Same industry	Different industry	Self-employed	Not employed	Not in tax file	
	number	percent					
Transition to permanent residency from 2011 to 2015	184,110	68.4	20.8	2.6	4.9	3.2	43.2
Temporary Foreign Worker Program							
Agricultural programs	2,800	68.8	25.8	2.5	2.1	0.9	43.3
Live-in caregiver programs	16,970	50.3	40.6	3.0	5.3	0.8	28.6
Other, higher skilled	42,130	77.6	14.3	2.6	2.8	2.7	53.4
Other, lower skilled	13,510	75.3	19.4	1.9	2.5	0.9	46.0
International Mobility Program							
International agreements or arrangements	17,950	75.0	16.8	2.2	2.9	3.2	46.8
Intra-company transferees	6,740	77.2	13.1	0.9	2.3	6.5	51.4
Youth exchange program	13,530	59.6	25.7	3.6	5.0	6.0	33.1
Spouses of skilled workers	16,380	64.8	18.3	3.4	10.5	3.0	41.5
Spouses of students	2,590	58.0	19.4	3.2	15.6	3.8	33.4
Post-grad employment	40,150	64.7	22.0	2.5	6.2	4.5	39.0
Other, for work purposes	11,370	69.0	21.2	2.3	4.8	2.7	44.7
Transition to permanent residency from 2016 to 2020	274,740	67.6	21.4	2.9	5.0	3.1	..
Temporary Foreign Worker Program							
Agricultural programs	2,690	49.5	40.9	4.9	3.3	1.5	..
Live-in caregiver programs	12,320	48.7	44.2	2.0	4.7	0.4	..
Other, higher skilled	28,990	73.9	16.3	3.1	3.9	2.7	..
Other, lower skilled	8,380	74.6	17.2	3.1	4.0	1.2	..
International Mobility Program							
International agreements or arrangements	27,460	72.4	18.4	2.6	4.0	2.7	..
Intra-company transferees	11,860	81.2	11.5	0.6	1.8	4.9	..
Youth exchange program	24,270	64.7	22.7	3.3	3.7	5.5	..
Spouses of skilled workers	27,950	63.2	21.0	3.6	9.7	2.5	..
Spouses of students	6,100	61.6	22.0	4.2	10.5	1.8	..
Post-grad employment	113,810	67.3	22.1	2.8	4.8	3.0	..
Other, for work purposes	10,920	69.9	17.6	3.0	4.6	4.8	..

.. not available for a specific reference period

Note: The person count is rounded to the nearest 10. As a result of rounding, the sum of subcategories may not equal to the total.

Sources: Statistics Canada, Non-permanent Resident File and Longitudinal Worker File.

About half of live-in caregivers worked in the same sector one year after their transition—the lowest proportion among the various types of work permit programs. In agricultural programs, 69% of those who received their PR in the 2011-to-2015 period stayed in the same sector one year after the transition, while the retention rate dropped to 49% for the 2016-to-2020 cohort.

Overall, about 92% of WPPRs continued to work (including in self-employment) one year after transition in both cohorts. Roughly 5% of WPPRs did not report employment income,⁴ and another 3% were not found in tax records.⁵

WPPRs who were spouses of foreign workers or students had the highest non-employment incidence (10% to 16%) one year after their PR transition. In contrast, inter-company transferees and youth exchange program participants had the highest rate of not being observed in the tax files (5% to 7%).

Five years after the PR transition, the industry retention rate of the 2011-to-2015 cohort dropped to 43%, 25 percentage points lower than the first-year retention rate. Among major work permit programs, only higher-skilled TFWP participants⁶ and intra-company transferees maintained a five-year retention rate above 50%. The lowest retention rate (29%) was observed among live-in caregivers.

Work permit holders for work purposes who worked in utilities, health care and social assistance, and finance and insurance were most likely to stay in the same sector after transitioning to permanent residency

Industry retention varied significantly not only across work permit programs, but also across sectors in which WPPRs were previously employed.

For both the 2011-to-2015 and 2016-to-2020 transition cohorts, WPPRs who worked in the utilities, health care and social assistance, and finance and insurance sectors registered high retention rates one year after the transition, ranging from 75% to 81% (Table 2).

In contrast, low retention rates, ranging from 37% to 53%, were seen for WPPRs who were previously employed in agriculture, forestry, fishing and hunting; real estate and rental and leasing; and management of companies and enterprises.

The retention rates of the 2016-to-2020 cohort differed markedly from those of the 2011-to-2015 cohort in certain industrial sectors, such as mining, quarrying, and oil and gas extraction (a decline of 13 percentage points).

Relatively higher rates of self-employment one year after the PR transition (5% to 7%) were observed among former WPPRs who worked in construction; transportation and warehousing; and arts, entertainment and recreation.

4. Other employment income reported in personal tax returns, such as tips and gratuities, is not considered in this analysis.

5. Those who were not captured in the tax administrative data files may not have resided in Canada in the given year.

6. Most work permits under the TFWP specify the intended occupation based on the 2016 National Occupational Classification. “Higher skilled” refers to occupational skill levels “O” (management), “A” (professionals) and “B” (skilled and technical). “Lower skilled” refers to levels “C” (intermediate and clerical) and “D” (elemental and labourers).

Table 2
Industry retention of work permit holders who transitioned to permanent residency by industry

	Person count	One year after transition					Worked in the same industry by the fifth year
		Same industry	Different industry	Self-employed	Not employed	Not in tax file	
	number	percent					
Transition to permanent residency from 2011 to 2015							
Agriculture, forestry, fishing and hunting	2,810	52.8	39.1	2.8	3.6	1.7	24.1
Mining, quarrying, and oil and gas extraction	2,350	74.7	16.9	0.5	3.1	4.8	43.0
Utilities	580	80.3	14.9	0.7	1.4	2.8	58.0
Construction	8,820	70.3	16.5	5.8	3.9	3.4	47.3
Manufacturing	15,050	74.0	18.8	1.5	3.2	2.5	48.9
Wholesale trade	7,040	60.1	27.2	2.7	5.9	4.2	32.3
Retail trade	19,040	64.1	23.4	2.7	6.4	3.3	35.5
Transportation and warehousing	4,460	70.4	17.1	5.6	4.7	2.3	49.0
Information and cultural industries	5,990	68.9	21.1	2.4	3.4	4.2	36.9
Finance and insurance	7,190	77.1	13.8	1.5	3.8	3.9	55.2
Real estate and rental and leasing	4,650	46.2	42.2	3.6	6.3	1.7	19.4
Professional, scientific and technical services	23,090	69.9	19.2	2.1	4.0	4.7	45.1
Management of companies and enterprises	920	36.7	52.6	2.3	4.6	3.8	8.7
Administrative and support, waste management and remediation services	10,650	54.3	32.7	3.4	5.9	3.8	21.6
Educational services	10,260	66.3	16.4	3.0	7.8	6.6	46.7
Health care and social assistance	13,700	81.4	10.1	2.3	4.3	1.9	64.9
Arts, entertainment and recreation	1,920	62.9	24.4	4.7	3.9	4.1	28.7
Accommodation and food services	33,250	76.0	16.0	1.5	4.6	1.9	46.9
Other services (except public administration)	10,820	45.5	41.2	4.2	6.8	2.3	20.8
Public administration	1,550	72.0	19.7	1.5	3.4	3.4	51.2
Transition to permanent residency from 2016 to 2020							
Agriculture, forestry, fishing and hunting	3,670	47.8	40.4	4.9	4.8	2.1	..
Mining, quarrying, and oil and gas extraction	1,680	61.5	26.8	0.8	4.5	6.3	..
Utilities	610	75.4	17.7	2.3	1.7	3.0	..
Construction	12,740	62.1	21.4	7.2	5.1	4.1	..
Manufacturing	23,750	72.3	19.4	2.2	3.6	2.5	..
Wholesale trade	12,090	58.9	29.3	2.7	5.5	3.5	..
Retail trade	29,930	59.3	27.0	3.3	7.3	3.0	..
Transportation and warehousing	11,360	70.5	17.1	4.7	5.3	2.5	..
Information and cultural industries	12,050	70.3	22.1	2.2	2.8	2.7	..
Finance and insurance	15,310	79.6	13.0	1.5	3.1	2.8	..
Real estate and rental and leasing	6,650	45.1	42.4	3.7	6.1	2.6	..
Professional, scientific and technical services	41,870	74.6	16.6	2.0	3.2	3.7	..
Management of companies and enterprises	1,130	51.8	38.9	1.7	4.0	3.6	..
Administrative and support, waste management and remediation services	17,230	54.4	32.9	3.4	6.0	3.2	..
Educational services	14,760	69.8	15.5	3.2	6.1	5.4	..
Health care and social assistance	16,320	79.5	11.4	2.5	4.5	2.2	..
Arts, entertainment and recreation	2,650	60.2	25.6	5.4	4.6	4.2	..
Accommodation and food services	39,480	69.7	19.7	2.2	6.1	2.3	..
Other services (except public administration)	8,910	55.9	31.3	3.9	6.5	2.4	..
Public administration	2,580	83.5	12.1	0.7	1.7	2.0	..

.. not available for a specific reference period

Note: The person count is rounded to the nearest 10.

Sources: Statistics Canada, Non-permanent Resident File and Longitudinal Worker File.

Five years after PR transition, the retention rates decreased in all sectors but with varied magnitudes. More than half of the 2011-to-2015 cohort who previously worked in utilities (58%), finance and insurance (55%), and health care and social assistance (65%) still worked in the same sector as they did before their transition. At the lower end of the spectrum, the five-year retention rate was 19% for those who previously worked in real estate and rental and leasing, and 9% in management of companies and enterprises.

In summary, many permanent residents who previously held work permits for work purposes and were employed before transitioning to PR continued working in the same sector in the first year after receiving PR status. Among WPPRs who transitioned to PR from 2011 to 2020, about 92% remained in employment (including self-employment) one year after their transition, with over two-thirds staying in the same sector. However, five years after the transition, the industry retention rate significantly declined to 43% for the 2011-to-2015 cohort.

Across work permit programs, participants in live-in caregiver programs exhibited the lowest industry retention rates. Given that most live-in caregiving jobs are physically and mentally demanding and often require round-the-clock availability, many participants may seek jobs with more favourable working conditions after transitioning. Conversely, participants in other TFWP categories (except agricultural programs), international agreement and arrangement participants, and intra-company transferees demonstrated higher industry retention rates. These groups generally reported high annual earnings while employed as TFWs (Lu & Picot, 2024).

By industrial sector, low industry retention rates after transitioning to PR were seen for WPPRs who previously worked in agriculture, forestry, fishing and hunting; real estate and rental and leasing; and administrative and support, waste management and remediation services. In contrast, those employed in utilities, finance and insurance, and health care and social assistance tended to have relatively high industry retention rates. These differences in retention rates across sectors are likely related to variations in wage levels, working conditions, job stability, specific skill requirements and other potential factors.

Data and definitions

The data on WPPRs are obtained from the Non-permanent Resident File (NPRF), which contains information on all temporary residents who have received a temporary permit (excluding visitor permits) to enter Canada between 1980 and 2022. Employment information is obtained by linking the NPRF with the Longitudinal Worker File, which currently has individual records from the T1 and T4 administrative files up to 2021.

This analysis focuses on former TFWs aged 25 to 54 at immigration who transitioned to PR from 2011 to 2020 and had their last pre-transition paid employment in Canada with work permits for work purposes. Records for pre-transition employment that occurred more than five years before transition or lacked a North American Industry Classification System code are not included (about 16,000 individuals, or 4%).

Authors

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