Dynamic of Labor Market Concentration of Immigrants

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Introduction

Context

– Labor Market Concentration affects wages, employment dynamics, and firm market power

– Workers in highly concentrated markets face lower wages and fewer job options

– Little is known about how labor market concentration evolves for immigrants over time.

Introduction

Context

– *Share of Immigrants in Top 3 Industries by Year Since Landing*
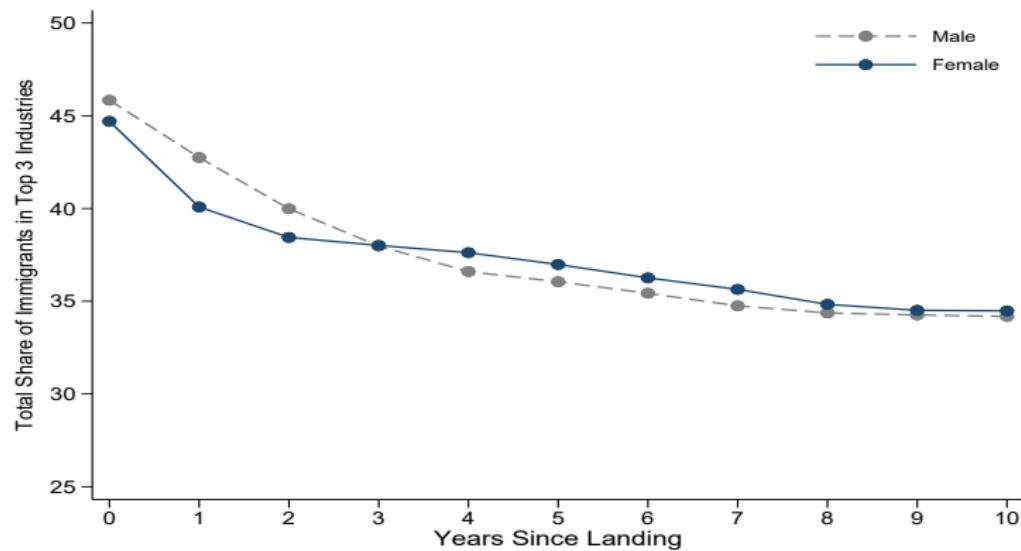
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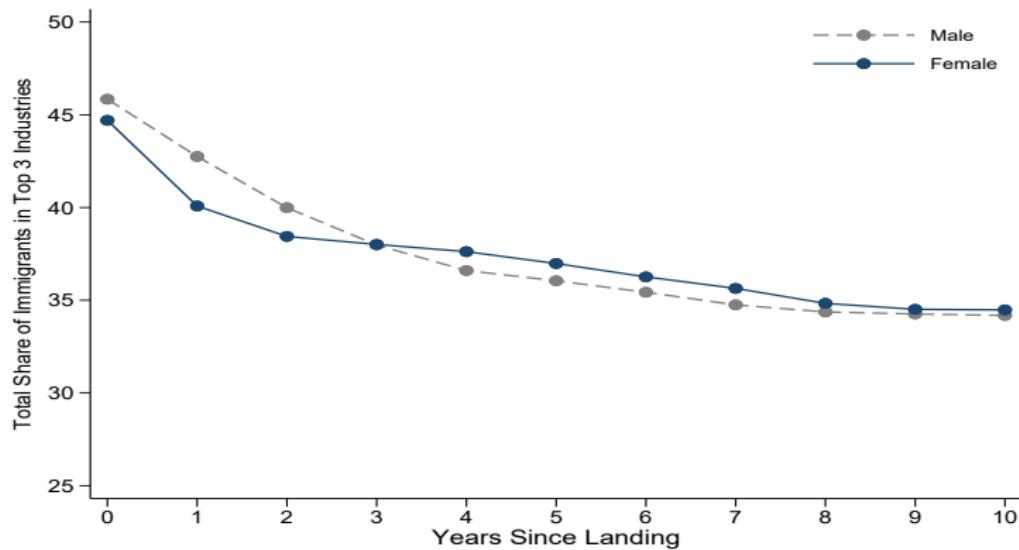
- How does the labor market concentration of immigrants evolve over time?

Immigration Policy & Data

Immigration Policy in Canada

– Immigration policy in Canada is governed by both federal and provincial authorities.

– Three main immigrant categories:

- **Economic immigrants**: 35% (1980) $\rightarrow$ 61% (2021)
- **Refugees**: 35% (1980) $\rightarrow$ 16% (2021)
- **Sponsored by Family**: 30% (1980) $\rightarrow$ 23% (2021)

▶ Share of admitted by Category

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Data

– Canadian Employer-Employee Dynamics Database

– Longitudinal Immigration Database (IMDB)

Immigration Policy & Data

Sample restrictions

- Year of landing: First Job with CAD 10,000 after arriving in Canada

- Applicant Type: Principal applicant (Refugee and Economic categories).

  ▸ Male Sample-Distribution across Industries   ▸ Mobility by Category of Admission

Immigration Policy & Data

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▸ Male Sample-Distribution across Industries   ▸ Mobility by Category of Admission

Distribution of Female Across Industries - Landing Year
(Female Sample)

Immigration Policy & Data

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▸ Male Sample-Distribution across Industries   ▸ Mobility by Category of Admission

Distribution of Female Across Industries - 10 Years Later
(Female Sample)

3 Top Industries at Landing Year
- First Industry
- Second Industry
- Third Industry

Proportion of Workers at the Landing Year

Values (left to right):
16.91, 8.8, 8.77, 7.66, 7.55, 7.34, 6.96, 6.59, 6.27, 4.82, 4.44, 4.35, 2.38, 1.94, 1.71, 1.31, .76, .71, .49, .25

Industries (left to right): Health/social assistance, Manufacturing, Retail trade, Accommodation/food, Public administration, Finance and insurance, Educational services, Professional/scientific/technical, Administrative/support, Management/enterprises, Wholesale trade, Other services, Transportation and warehousing, estate/rental, Information/cultural, Arts/entertainment/recreation, Construction, Agriculture, Mining, Utilities

Labor Market Concentration

Measuring Labor Market Concentration

– Markets: are defined as combinations of province and 2-digit NAICS industry

Market #	Province	2-digit NAICS	Market Description
1	Quebec	31	QC - Food manufacturing
3	Quebec	41	QC - Wholesale trade

Labor Market Concentration

Measuring Labor Market Concentration

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2	Ontario	31	ON - Food manufacturing

Labor Market Concentration

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Measuring Labor Market Concentration

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– **Labor market concentration** (Herfindahl-Hirschman Index -HHI)

$$HHI_{mt}^g = \sum_{j=1}^{N_{mt}} (s_{j,mt}^g)^2 \qquad (1)$$

  – HHI_{mt}^g measures employer concentration in market m at time t in population g $\in$ {Immigrants, Natives}.

  – $s_{j,mt}$: employment share of firm j in labor market m at time t.

▶ Distribution of HHI of markets

Labor Market Concentration
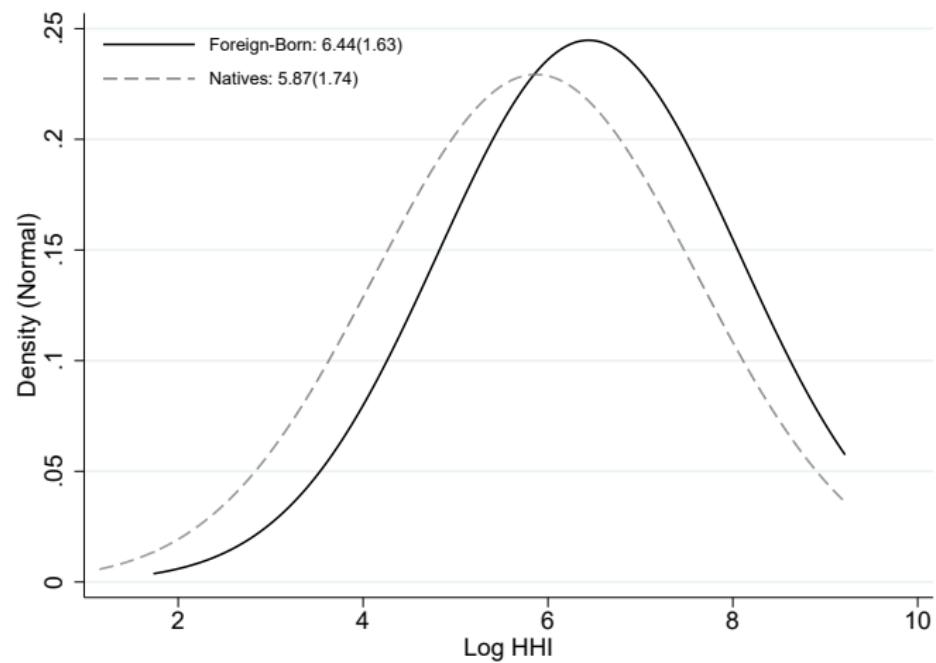
Figure 1: Distribution of Labor Market Concentration: Foreign-Born vs. Natives

Event Study – Labor Market Concentration

– We estimate the following event-study specification:

$$HHI_{imt} = \alpha + \sum_{\tau=0}^{k} \beta_\tau D_{\tau,imt} + X_{imt}\gamma + \delta_p + \delta_s + \epsilon_{imt} \quad (2)$$

- HHI_{imt}: Labor market concentration (Herfindahl-Hirschman Index) for individual i in market m at time t

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- X_{imt}: Control variables (age, education, region of origin, etc.)
- δ_p: Province fixed effects
- δ_s: Industry fixed effects

Event Study – Labor Market Concentration

All Admission Categories
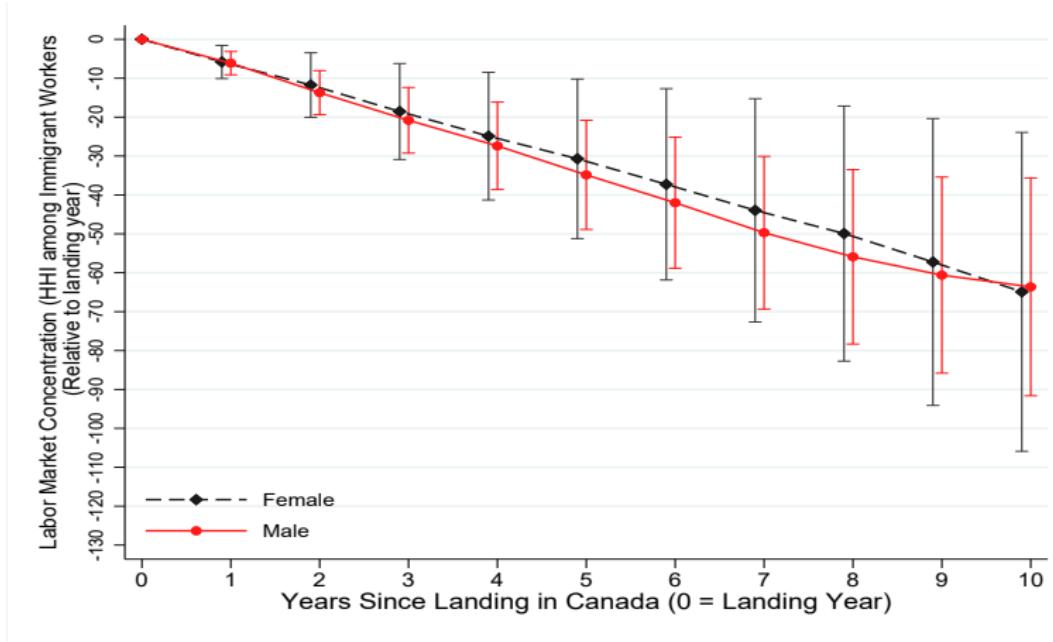
Figure 2: Event Study of Labor Market Concentration by Years Since Landing

Event Study – Labor Market Concentration

Female   ▸ Without person fe
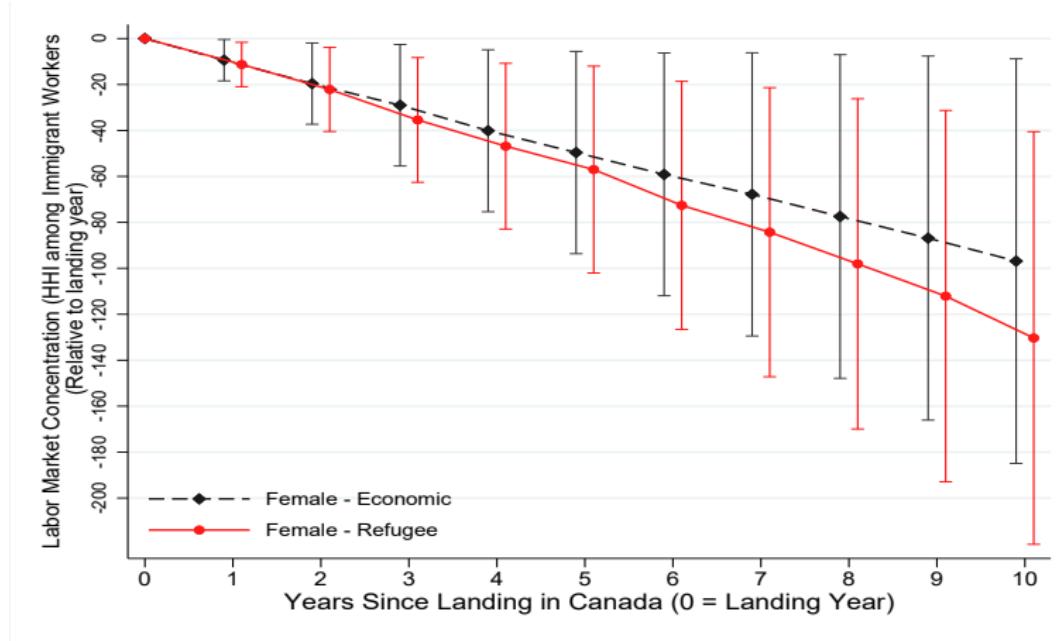
Figure 3: Event Study of Labor Market Concentration by Years Since Landing

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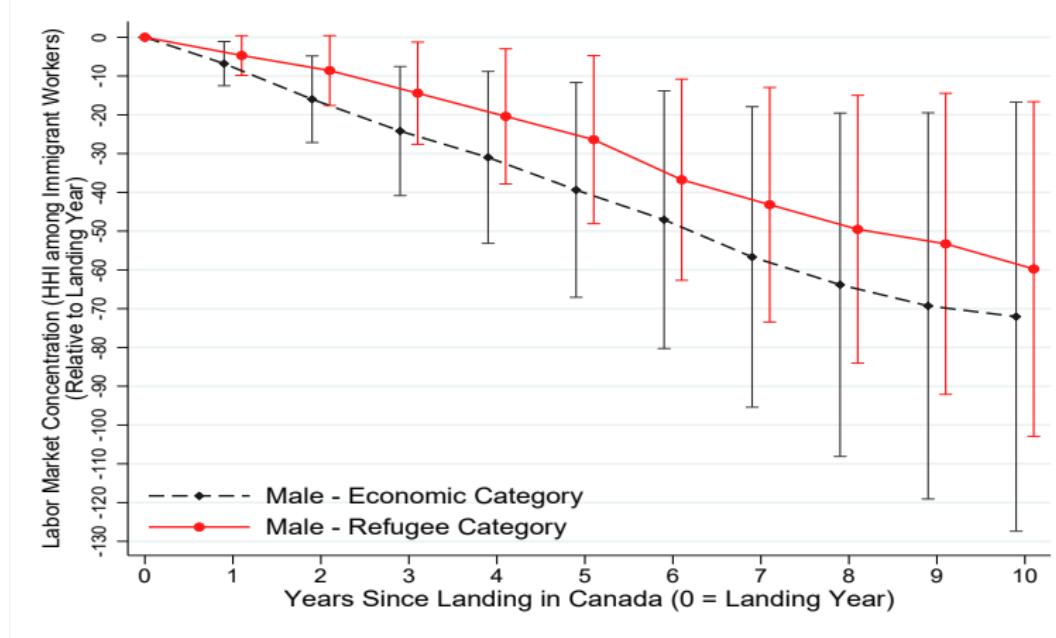
Figure 4: Event Study of Labor Market Concentration by Years Since Landing

Conclusion

– Labor market concentration declines steadily over the first 10 years after landing, indicating gradual integration.

– This trend is consistent across gender, admission category, and region of origin.

Thank You!
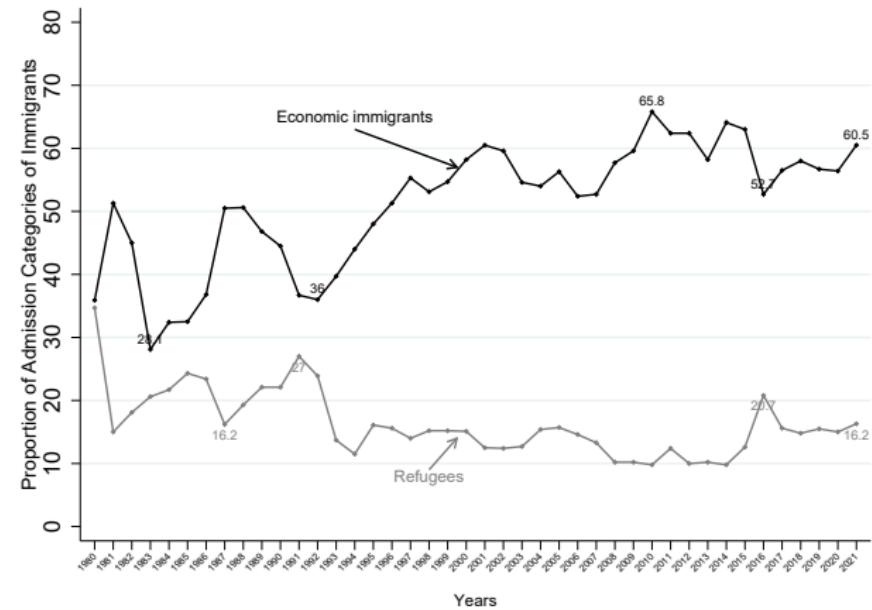
Figure 5: Share of admitted Category from 1980 to 2021
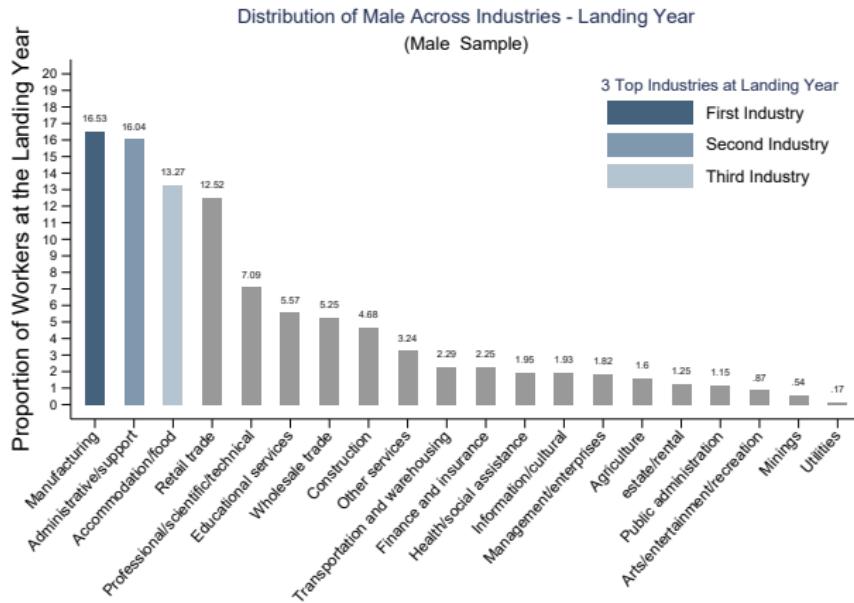
Figure 6: Distribution of Immigrants Across Industries at Landing Year
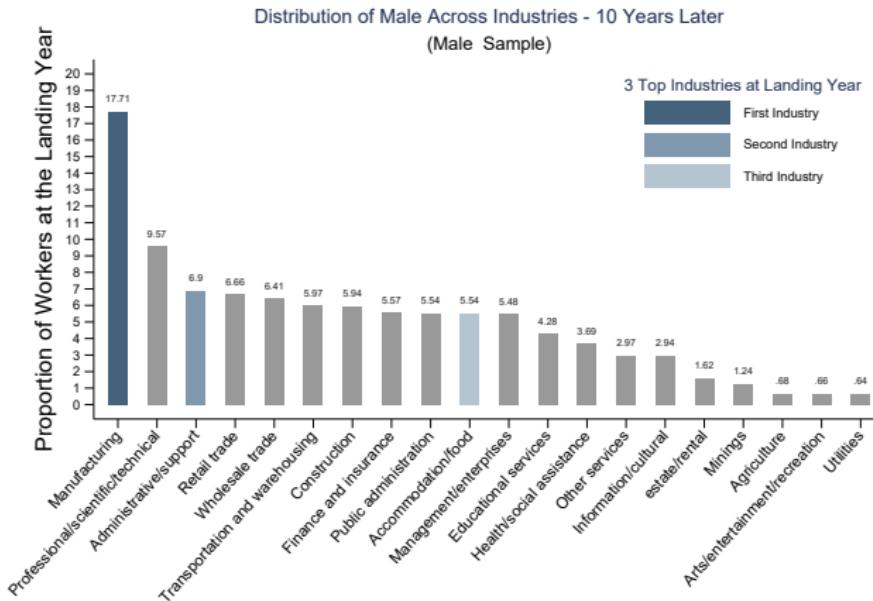
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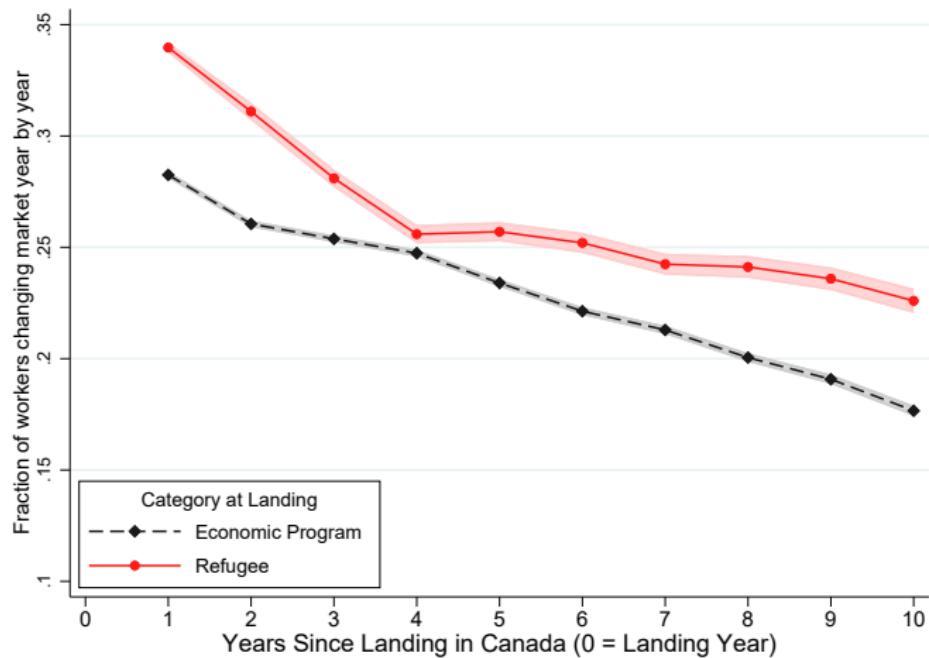
Figure 7: Share of Immigrants Changing Market year by year

Labor Concentration – ▸ Back
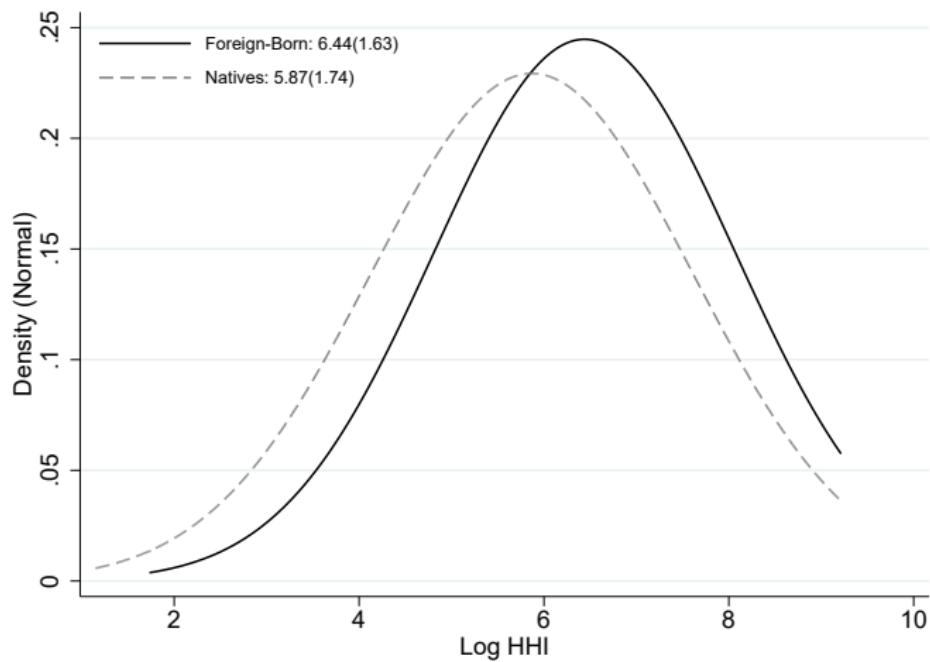
Figure 8: Distribution of Labor Market Concentration: Foreign-Born vs. Natives

– How does the concentration of foreign-Born in the market of for immigrants over time since landing?
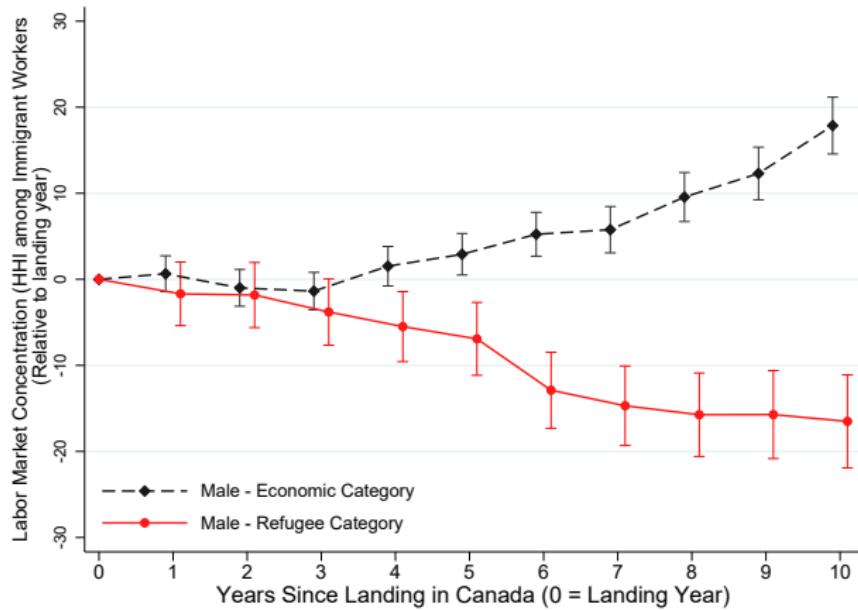
Figure 9: Event Study of Labor Market Concentration by Years Since Landing

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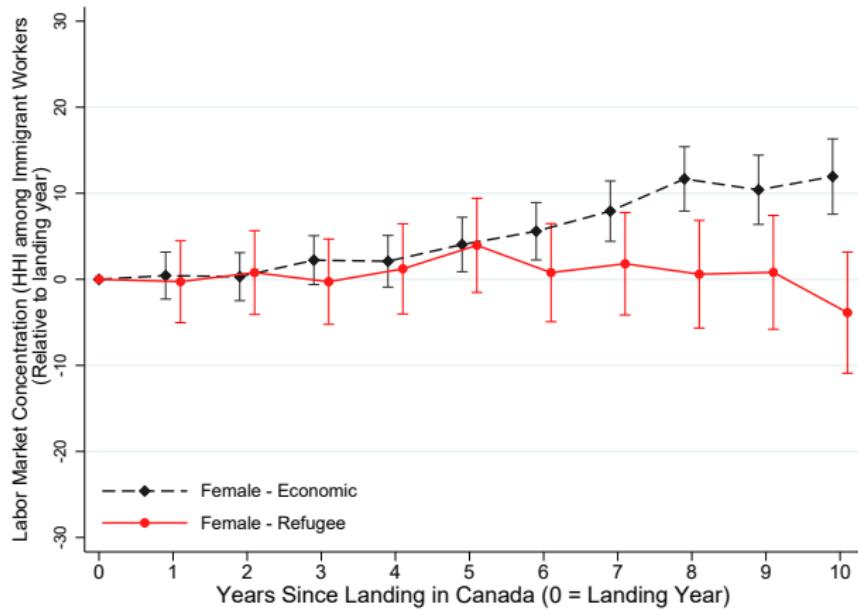
Figure 10: Event Study of Labor Market Concentration by Years Since Landing