
Designer Immigrants?

The Growing Global Demand for International Students as Skilled Migrants



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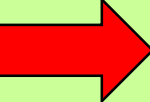
**From Global to Local: Impacts of International Migration,
Mobility and Diversity**

9-11 November 2016

Wellington

The Role of Governments - Establish and (Attempt to) Manage Migration Policy

Ruhs (2014) 'The Price of Rights':

 'The role of nation states is to decide 'how to regulate the number, selection and rights of migrant workers admitted in order to achieve a core set of four inter-related and sometimes competing policy goals':

- Economic efficiency
- Distribution
- National identity
- Social cohesion

AND: Canada, Australia, New Zealand = Nation-building

The Policy Challenge – Which Migration Pathway/s to Prioritise? And What Will Each Deliver?

1. **Bilateral/ multilateral agreements**
2. **Temporary labour migrants (sponsored)**
3. **Permanent skilled migrants (sponsored /independent)**
4. **International students**
5. **Family and Humanitarian category migrants**



The Policy Attraction of the Study-Migration Pathway: 'Designer Immigrants'?

Potential productivity premium:

- Young
- Self-funded education (economic 'win-win')
- Host country language ability and qualifications
- Acculturation
- Length of future productivity – age relative to 'off-shore' labour migrants


 **Advantage (in addition to youth):** Capacity to bypass skills discounting and economic marginalisation

**Medical Case Study - Canada:
Migrant Doctors' Access to Medical Employment by Field
First 5 Years After Arrival (Owusu & Sweetman 2015)**

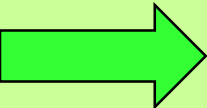
Field of Employment in Canada (2006 Census)	Canada-Born Canada-Trained	Canada-Born Foreign-Trained	Foreign-Born Canada-Trained	Foreign-Born Foreign-Trained
Physician 	89%	62%	 87%	41%
Dentist	86%	36%	86%	31%
Registered Nurse	64%	53%	64%	45%

Medical Case Study - Australia: Migrant Doctors' Access to Medical Employment Compared to International Medical Students (Hawthorne 2015)

Employment outcomes for international medical graduates:

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- 57% employed in medicine within 5 years of arrival
 - All immigration categories (2011 Census data)
 - Average age around 40 years

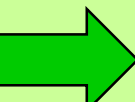
International medical students qualified in Australia:

- 
- An alternative source of supply
 - By 2011 78% retained
 - 99% employed full-time @ 4 months
 - Average age around 24 years

Study-Migration Pathway: Value to OECD + Other Host Governments

Adjunct 'workforce in waiting'

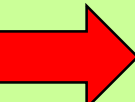
2010 numbers: 4.1 million tertiary international students

 **2025 prediction:** 7.2 million

Typical age: 24 years on graduation

Working life: 40+ years?

OECD (2014):

 **International students:** Now dominate migration flows

Asia as a source: 1.6 million Asian nationals in OECD countries

Retention: 15-30% of international students remain in host country following graduation

Students as a Potential Source of Supply: Scale and Growth of Tertiary Sector Enrolments by Major Host Country (OECD 2014)

Host Country	2005	2011	2011 % of Tertiary Enrolments	2011 % From Asia	2014 National Fertility Rate
United States	590,200	709,600	3.4	71.7	2.06
United Kingdom	318,410	419,900	16.8	51.9	1.90
China	141,100	292,600	0.9	87.4	1.55
France	236,500	268,200	11.9	21.8	1.94
Australia	177,000	262,600	19.8	80.7	1.77
Germany	*177,800	176,700	6.4	31.4	1.43
Japan	125,900	151,500	3.9	93.3	1.40
Canada	75,500	106,300	7.4	54.1	1.59
Singapore	66,000	91,500	N/A	N/A	0.80
Malaysia	#44,400	90,000	N/A	N/A	2.58
Italy	44,900	73,500	3.7	22.8	1.42
Korea	15,500	62,700	1.9	94.1	1.25
Spain	17,700	62,600	3.2	4.4	1.48
Switzerland	*31,700	41,800	16.2	10.5	1.48
New Zealand	40,800	40,900	15.6	67.9	2.05
Netherlands	26,400	38,400	4.9	15.9	1.78
Czech Republic	18,500	38,000	8.5	9.8	1.30
Sweden	18,900	36,500	7.9	46.0	1.67
Greece	15,700	32,800	5.0	46.1	1.41
Turkey	18,200	31,100	0.8	57.0	2.08

Value to Host Governments/ Institutions: Earnings From the Study-Migration Pathway

Potential 'win-win' of export education:

2005 Annual value of international students:

US = \$US14.5 billion

UK = E7.5 billion

2014

Canada = \$C8 billion

Australia = \$A18 billion

Export education third top industry (1st in Victoria)

 **University:** **23% of IS enrolments** at University of Melbourne generates more funds than all 77% local students

Faculty: **Medical faculty** generates \$A40 million a year (1600 international students)


Assumed Attributes of International Students - As Skilled Migrants (Canada Case Study)

Belkhodja (2011):

'Introduction', *International Migration: The Emergence of the Global Student*

Former international students hailed as '....actors that can increase the economic competitiveness and creativity of their host community. They can become agents of development for an economy seeking greater participation in a more competitive global market, particularly in economic sectors such as new technologies... and services... A dynamic element that can allow small homogeneous areas to move towards intercultural understanding and internationalization.'

Multiple positive reports (past decade):



**Germany... Denmark... Austria... New Zealand...
Australia... (etc!)**

BUT – Scale of Research Evidence Proving the Value of the Study-Migration Pathway?

Negligible empirical investigation of former international students in relation to:

- **Employer preference + host country impacts**
- **Value relative to migrants trained offshore**
- **Value relative to 'local' students**

USA Case Study: Retaining International PhD Students in STEM Fields?

2011: 123,836 international PhD students enrolled

2014 reliance on PhD qualified migrants:

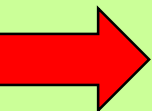
- 50% of PhDs working in maths and computer science
- 57% of PhDs working in engineering

National Science Foundation Indicators (2016):

- Retention by 2011 – 66% stay for at least 5 years
- Source countries – China (85%), India (82%), Europe (62%)
- Employment rates – ‘Recession-proof’
- Value to STEM research – High
- Retention rates – Falling

1998 to 2008:

- US share of the world’s top 1% of scientific papers falls from 62% to 52%




Recent period – Green Card + retention proposal (2013)

The Case Against PhD Retention: US Workforce Complementarity Versus Substitution

Borjas et al (2009):

‘The Impact of Foreign Students on the Earnings of Doctorates’

- 
- Many newly-minted foreign doctorates stay in the US...
 - No study to date of the impact on labour market conditions for US high-skilled workers...
 - Has the foreign student influx into doctoral programs harmed the economic opportunities of competing native workers?
 - Questions foreign students’ ‘intuitively appealing value’
 - (Analysis of Survey of Earned Doctorates and Survey of Doctoral Recipients)

FINDINGS = HARM IS CAUSED

Borjas (et al):

Labour Market Substitution (NOT Enhancement)

Impact of PhD qualified international students:



- *‘a foreign student influx into a particular field at a particular time ha(d) a significant and adverse effect on the earnings of competing doctorates in that field who graduated at roughly the same time’*
- in science and engineering depressed wages by 3-4%
- **‘Supply shock’** led to the *‘increased prevalence of low-pay postdoctoral appointments in fields that have softer labor market conditions’*, and the flight of US scientists to *‘professional occupations that have not been targeted by immigration’* (Borjas, 2009; Borjas et al, 2011).

2016 Election impacts on study-migration pathway?

UK Case Study:

Pressure to Reduce Net Migration by 2016

UK enrolments in 2015 = 436,585 (IS onshore all sectors):

- **EU** – Scale of Eastern Enlargement flows 2004+
-  ➤ **British Council survey** – Scope for migration = key to determining location of study choice!
- **Populist debate + UKIP rise** – Government control of migration
-  ➤ **International students** – Inflate scale of ‘net migration’
- **Value** – To UK employers (including selective recruitment)
- **Cameron – Declares NOM to be reduced below 100,000**

2012+ International student-migration most malleable:

- **Decision NOT research driven or related to work outcomes!**

UK: Reduced Access to 5 Tier Skilled Migration

2007:

5 tier managed migration system (Blair government)

Facilitation of non-EU/EEA migration

Development of one of the most liberal study-migration policies in the world:

Study-migration pathway explicitly created

Tier 4: Work while study

THEN:

Tier 1: Apply for points-based selection as ‘highly-skilled individuals to contribute to growth and productivity’ **or**

Tier 2: Apply as ‘skilled workers with a job offer to fill gaps in the UK labor force’, with the prospect of later securing permanent resident status

UK Study-Migration Pathway - Garotted

2011:

2,081,000 EU citizens resident in UK (872,000 East European citizens)

2012:

15% of international students remaining at least 5 years

Review of study-migration options (from 'complete closure' to maintaining 'status quo')

Education sector submissions: 30,000

Post-Study Work Route closed (April)

Impact:

2012: 38,502 international students secure extensions to stay

2014: Dropped to 6,238 (and lower in other visa pathways)

Major impact on enrolments (unprecedented 29% decline)

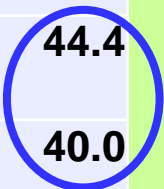
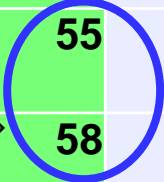
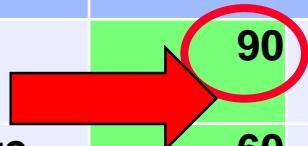
No research-based policy formation

Australia by 2007 - Protective Value of Study-Migration Pathway on Select Source Country PA's (DIBP Data)

Country/ Region	Selection Place	Employed	Unemployed	NILF
English-Speaking Countries	Onshore	86.7	7.2	6.0
	Offshore	92.9	1.8	5.3
Europe	Onshore	91.2	5.3	3.5
	Offshore	91.7	5.6	2.8
India	Onshore	92.2	7.3	0.6
	Offshore	91.1	5.9	3.0
N Africa/ Middle East	Onshore	89.5	10.5	28.6
	Offshore	71.4		
Other Asia	Onshore	87.6	6.9	5.6
	Offshore	80.0	12.2	7.8
China	Onshore	74.8	10.9	14.3
	Offshore	54.7	27.4	17.9

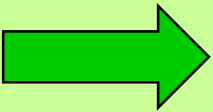
BUT 2009-11: Outcomes for Study-Migration @ 6 Months Compared to Offshore Economic Migrants? (DIBP Data)

Visa Reporting Category	Skilled Job	Other Job	Not Working	Working Full-time	Particip. Rate	Unemploy.	Median Full-time Earnings
6 Months	Job						(\$'000)
Employer Sponsored	90	7	3	92	98	0.5	71.3
Family/State Sponsored	60	31	9	72	98	7	50.0
Offshore Independent	75	12	12	76	97	10	74.6
Onshore Independent	55	37	8	69	98	6	44.4
Skilled Graduates	58	36	5	65	98	3	40.0
Other Skilled	47	33	20	61	86	7	43.0
All Skilled	68	24	8	75	96	5	52.0



WHY? Need for Empirical Research on Study-Migration Outcomes

Australian policy context leading to 2011:



Skewed course enrolments reflected in flows

Australia 'awash' with IS qualified in business, accounting, IT graduates (fields with minimal labour market demand)

Explosion in private college training (vocational courses with poor QA)

Lack of research on employment outcomes by field, level of qualification, student source country, language level (etc)

To What Extent Do Employers Value International Students? Compared to Local Graduates 2007-2011 (Hawthorne & To 2014)

Graduate Destination Survey sample – around 450,000:

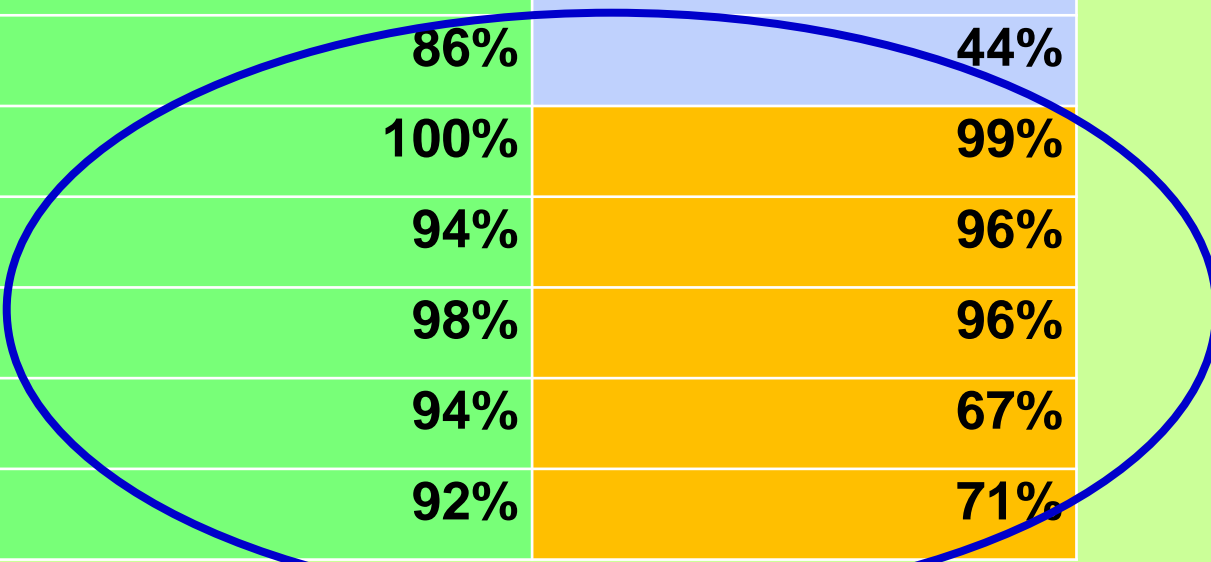
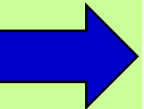
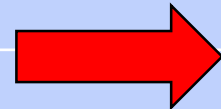
- International students: 80,000
- Domestic students: 372,000
- 11 fields assessed:
 - Sustained demand:** Health
 - Over-supply:** IT, accounting, business & commerce
 - Variable demand:** Engineering
 - Modest demand:** Education, law
- Employment outcomes @ 4 months: Assessed by field, qualification level, language background, source country, wage

Key findings:

1. Employer preference for native or near-native speakers of English (domestic + international students!)
2. The importance of demand by field

A/ Impact of Demand by Field on Former International Students: Full-Time Employment Rates 4 Months After Completing Australian Bachelor Degrees Compared to Domestic Students (2007-11)

Qualification Field	Australian Graduates (Sample = 371,000)	International Students (Sample = 79,000)
Accounting	83%	35%
Business	76%	40%
IT	78%	42%
Engineering	86%	44%
Medicine	100%	99%
Dentistry	94%	96%
Pharmacy	98%	96%
Physiotherapy	94%	67%
Nursing	92%	71%



B/ Impact of Source Country + Demand by Field on Masters Degree Students: **International Student Employment Outcomes by Select Source Country and Field At 4 Months**

Asian Students

Canada/ USA Students

All Fields:

China – 32%

India – 45%

Malaysia – 45%

Indonesia – 36%

Accounting:

China – 29%

India – 47%

Malaysia – 43%

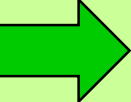
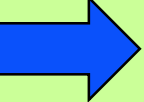
Indonesia – 35%

All Fields:

Canada/USA – 71%

Impact of Qualification Level: Rationale for Prioritising the Retention of PhD Graduates (as in the US)

Full-time employment at 4 months for international compared to domestic students with PhD qualifications:

- 
1. **Engineering: 81%** (compared to 88% of domestic students)
 2. **Law: 80%** (89%)
 3. **Medicine: 78%** of international students (93% of Australians)
 4. **Information technology: 78%** (80%)
 5. **Education: 71%** (91%)
 6. **Business and commerce: 69%** (90%)
 7. **Accounting: 70%** (97%)
 8. **Dentistry: 67%** (93%)
 9. **Pharmacy: 64%** (87%)
- 

Australia's Policy Refinement 2007-16: The Study-Migration Pathway

1. Student interest:

- **Massive**, and highly responsive to policy framework

2. Employer interest:

- **Strong but judicious** (weighing merits of former international students with mature experienced offshore applicants)

3. Key issues determining former students' employment outcomes:

- **English ability**
- **Quality of training**
- **Demand by field**

4. Government responses:

- **Refine the study-migration pathway** (QA oversight, English levels)
- **Focus on degree graduates** (not lower qualifications)
- **Prioritise + fast-track employer selection** (permanent + temporary pathways)

International Student Migration Pathways: Provide Certainty to Stay (PR + TR Options)

Post-study stay+work rights:

- Bachelor = 2 years
- Masters = 3 years
- PhD = 4 years

2014-15 Permanent Economic Category Intake:

Total = 128,550 (out of 203,000 migrant/ refugee places)

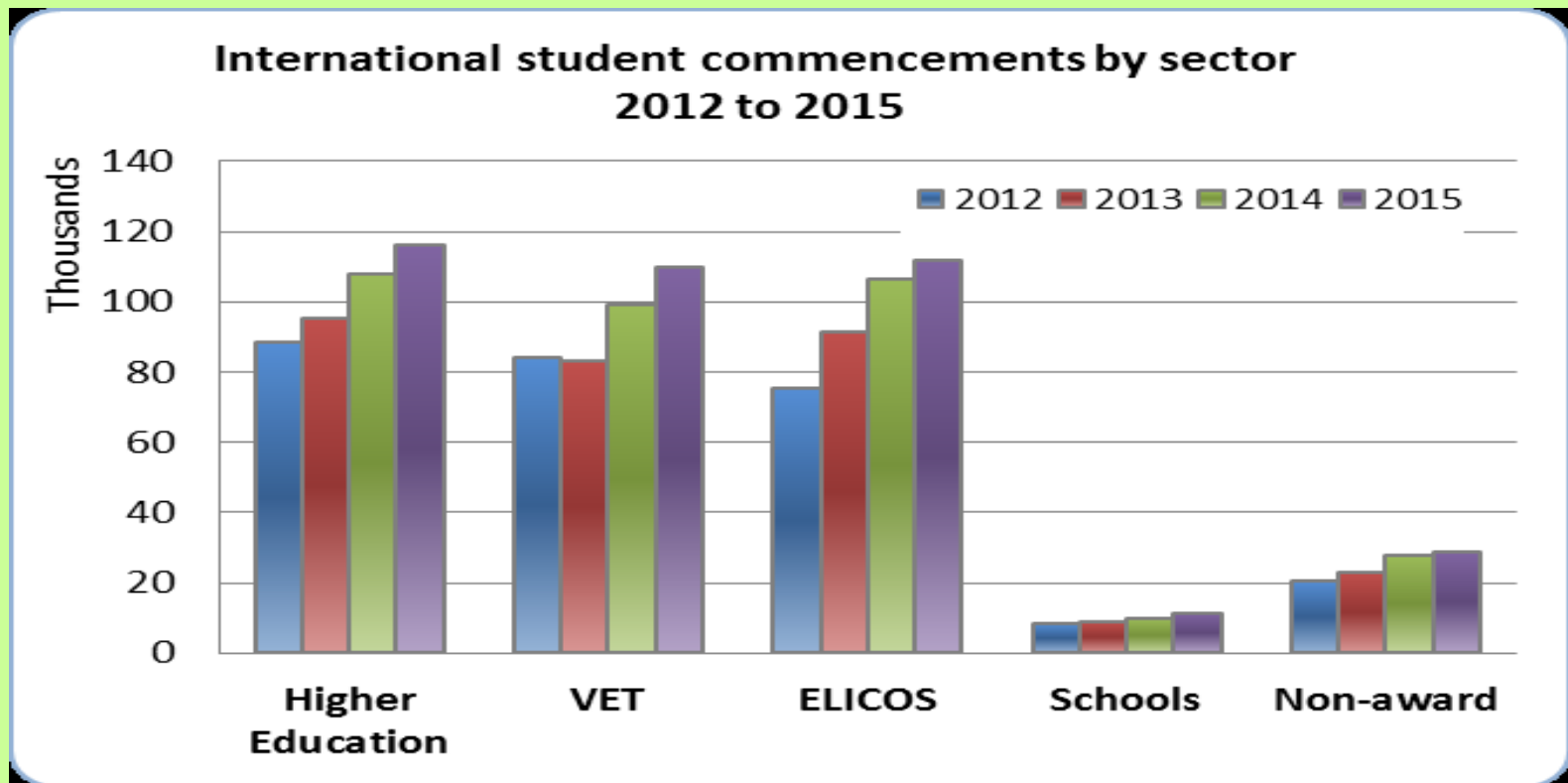
- Employer-sponsored = 48,250
- Independent (points tested) = 43,990
- State/regional sponsored = 28,850
- Business innovation + investment = 7,260
- Distinguished talent = 200

2014-15 Temporary Worker Intake = uncapped!



Scale of International Student Enrolments: Surge Year to December 2015 (AEI 2016)

Numbers: 645,185 enrolled in Australia
Annual growth: 10.0% annual growth
University sector: 42% of enrolments
Main markets: China (36%) and India (13%)



Skilled Category Pathways: Which Do Former International Students Use for Two-Step Migration? (2008-09 to 2014-15) PLUS TR Visa!

Category	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Skilled Independent	8,028	3,934	11,905	9,582	8,576	2,871	3,142	48,038
Skilled Regional	2,037	576	3,541	2,496	2,793	1,313	340	13,096
State/Territory Nominated	1,798	1,181	2,050	1,500	1,465	964	1,330	10,288
Employer Sponsored	565	332	1,204	1,902	2,213	1,474	1,291	8,981
Business Innovation and Investment	11	7	7	24	69	18	13	149
Distinguished Talent	15	18	5	17	29	16	20	120
Grand Total	12,454	6,048	18,712	15,521	15,145	6,656	6,136	80,672

Source: Analysis of unpublished Department of Immigration and Border Protection data, 2008-09 to 2014-15

Latest Data to June 2015: Where Did Australian Employers Recruit Economic Migrants (ENS Sub-Category Primary Applicants)?

**Permanent = 22,098 PAs
(2014-15)**

On-shore = 20,028 (91%)

Top source countries:

UK (22%), **India** (17%), Ireland (10%), Philippines (8%), **China** (6%)

Off-shore = 2,070 (9%)

Top source countries:

UK (23%), India (13%), China (19%), Ireland (4%), Philippines (3%)

**Temporary Stock = 38,134
(2014-15 Stock Resident)**

On-shore = 18,510 (49%)

Top source countries:

UK (20%), **India** (17%), Ireland (9%), **China** (8%), USA (5%)

Off-shore = 19,624 (51%)

Top source countries:

India (32%), UK (15%), USA (8%), Philippines (6%), South Africa (2%)

Who is Most Likely to Participate in Two-Step Migration in Australia: Temporary Foreign Workers or Former International Students?

Latest data 2014-15:

Temporary foreign workers (457 visa 4+ years):

Scale: 4,388 PA's

Status: Professionals (89%), Trade workers (9%)

Former international students:

Scale = PA's 6,136

Status: Professionals (74%), Trade workers (12%)

International Student Immediate Visa Transition by Field: To Permanent Skilled Migration On Course Completion (2008-09 to 2014-15)

Field	2014-15 Number Selected	2008-09 to 2014-15 Total Selected
Accounting	1,197	23,481
Food Trades	245	12,508
IT	658	9,187
Engineering	793	6,923
Health	810	5,061
Other Trades	148	3,843
Education	144	1,279
Total (All Fields)	4,812	71,422

Top Study-Migration Source Countries by Field: Overwhelmingly Asian (+ Iran and Colombia)

Accounting	IT	Engineering	Health
China (43%)	India (40%)	India (25%)	China (21%)
India (20%)	China (21%)	China (22%)	India (14%)
Malaysia (5%)	Sri Lanka (5%)	Malaysia (13%)	Malaysia (13%)
Nepal (4%)	Pakistan (4%)	Iran (6%)	Philippines (10%)
Indonesia (4%)	Nepal (4%)	Indonesia (5%)	Korea (8%)
Sri Lanka (3%)	Indonesia (3%)	Sri Lanka (4%)	Nepal (6%)
Bangladesh (3%)	Bangladesh (3%)	Bangladesh (3%)	Singapore (3%)
Pakistan (2%)	Malaysia (2%)	Pakistan (3%)	HK (3%)
Vietnam (2%)	Vietnam (2%)	Singapore (3%)	Vietnam (2%)
Korea (2%)	Iran (2%)	Colombia (2%)	Kenya (32%)
TOTAL (23,481)	TOTAL (9,187)	TOTAL (6,923)	TOTAL (5,061)

Competing to Attract + Retain International Students ?

Position Relative to Global Competitors

Australian advantages:

- Certainty of stay post-study
- Scale of permanent + temporary visa pathways
- Employment outcomes

Growth in global competition (policy targets):

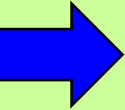
- Canada
- EU – the most palatable form of skilled migration?
- New Zealand
- Singapore.... (etc)

US: 16 years from arrival to secure PR status

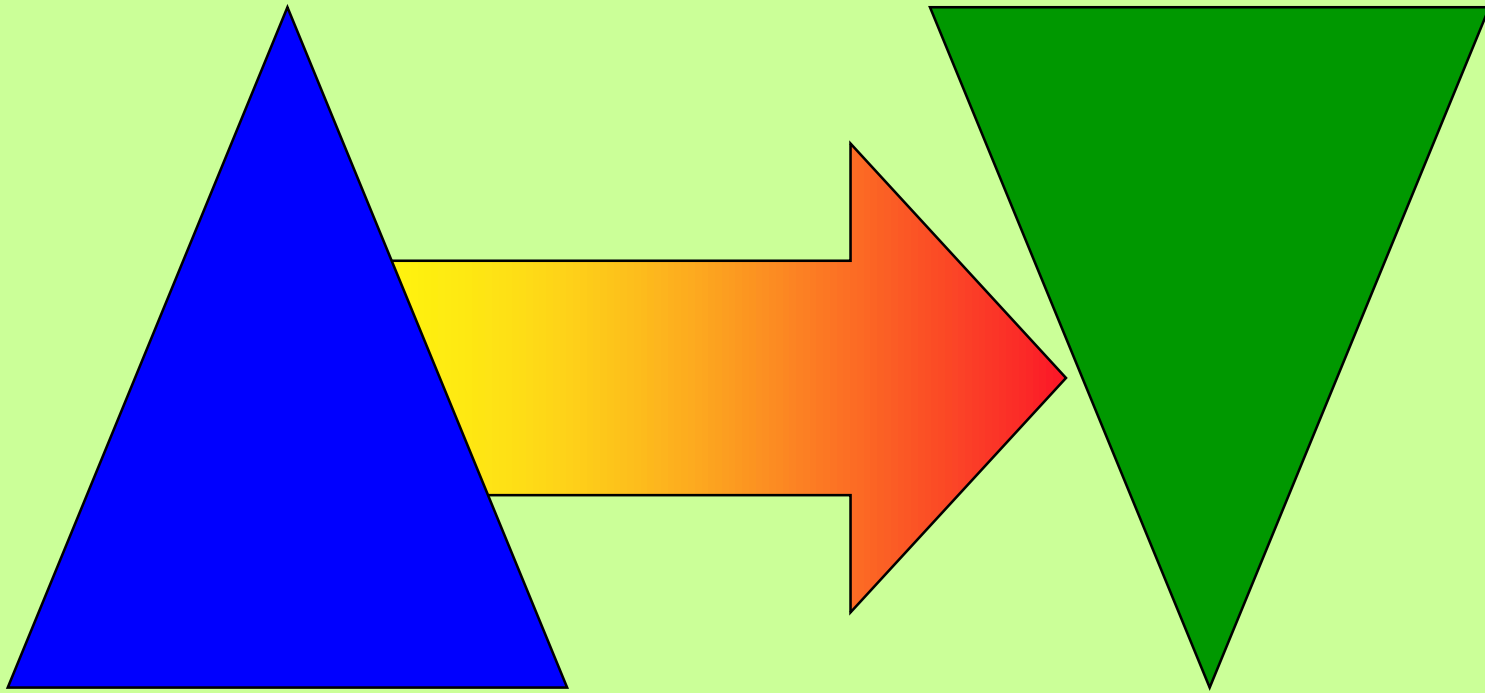
UK: Vastly contracted options

Future Certainty of Demand for Study-Migration: Fertility Rates in Select Countries (2015 CIA World Fact Book)

Select Country	Fertility Rate in 2014 by Rank Order
Papua New Guinea	3.2
Philippines	3.1
Malaysia	2.6
India	2.5
Fiji	2.5
Indonesia	2.2
New Zealand	2.0
USA	1.9
United Kingdom	1.9
Australia	1.8
Canada	1.6
China	1.6
Japan	1.4
Republic of Korea	1.3
Hong Kong SAR	1.2
Singapore	0.8



Future – Certainty of Global Demand for International Students



Traditional population structure

Emerging population structure