The Labour Market Experience of Immigrants

Overview

Most immigrants to Canada, regardless of the category in which they were selected, rate finding work as their top priority. As Canada has recently concentrated on attracting immigrants who have a high level of education and previous experience in the labour market, ensuring that immigrants find appropriate work is a priority for Canada too.

Across Canada, governments and non-government organizations, as well as post secondary education institutions, offer programs that have been specifically designed to assist immigrants find employment. More recently, programs have been specifically designed to assist highly trained professionals find work best suited to their expertise.

Nevertheless, many immigrants, particularly those with the best qualifications, are having increasing difficulty finding employment in their own field. Recent studies also show that the income levels of immigrants are declining relative to similarly trained Canadians.

It is broadly agreed that the three most important factors in finding appropriate employment (or conversely, finding the appropriate employee) are education, language (or communication) skills, and prior relevant experience. It appears that in today’s marketplace, employers are unable to properly assess these factors when screening internationally trained applicants into jobs, and immigrants are having difficulties promoting themselves as having the appropriate skills for jobs that are available.

Labour Markets and Immigration

In the past few years, there have been many reports that have discussed the implications of the aging of the Canadian labour force. Almost half of the labour force in 2001 was between the ages of 37 and 55, and by 2011, half of this group will be over 55, and 18% over 60. The Conference Board of Canada predicts 1 million skilled job vacancies in the next 20 years. The Canadian Federation of Independent Business (CFIB) says that there are already 265,000 job vacancies for skilled workers, 70% of them vacant for more than 4 months. Of course these figures vary significantly by occupation. Medical practitioners and teachers are thought to represent a particularly “aged” cohort.

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2 Bloom, M., page x
3 Mallet, page 3
Immigration already accounts for 70% all labour market growth, and this will increase to 100% by 2010.\(^5\) In Toronto, it may already be the case that all labour force growth comes from immigration.

The majority of applicants for immigration to Canada are selected according to a point system, which favours highly educated, younger, skilled workers who are fluent in at least one of Canada’s official languages. Those immigrants selected through family reunification and refugee categories also tend to be highly educated, so that in the year 2002, nearly 70% of all immigrants of working age had completed some form of post secondary education.\(^6\)

A recent Longitudinal Survey of Immigrants by Statistics Canada reported that the lack of Canadian work experience and transferability of foreign credentials were named by immigrants as the most critical hurdles they face in getting work in Canada. 76% had at least one credential earned overseas\(^7\); 61% had not yet started the process of having their credentials evaluated\(^8\); 6 in 10 were working in different occupation fields in Canada than they were in their home country\(^9\).

Recently, increasing attention has been given to improving the ways in which immigrants’ credentials are assessed and recognized. Credential evaluation is a tool to compare formal educational credentials earned in one jurisdiction to that which would have been earned in another. World Education Services (WES) is one such organization which evaluates and provides a report on the equivalency of credentials earned outside of Canada, attesting to the authenticity of the documents reviewed, and the bona fides of the institution issuing them.

The establishment of WES as the province of Ontario’s recognized credential evaluation service was one of the steps taken by the government to address a number of issues arising from the inadequate recognition of education earned overseas.\(^10\) The government believed that by evaluating international credentials, and producing clear and concise reports, institutions and employers to which immigrants were applying would have a reliable tool to assist in recognizing their equivalency.

Employers’ Views

Despite increased media and political attention being given to this issue, the lack of understanding of credential evaluation, and the lack of awareness of services that can assist in evaluation, continues. Last year, in a survey sponsored through the Public

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\(^5\) Denton and Spencer, page 7
\(^6\) Citizenship and Immigration, 2003, page 9
\(^7\) Chui, T, page 23 (html version)
\(^8\) Chui, T, page 24 (html version)
\(^9\) Chui, T., page 21 (html version)
\(^10\) WES was established in 1974, and has been working in Canada since 2000. Its mission is to facilitate the integration of immigrants into the employment and academic settings of their new country through providing credential evaluation services. In 2004, it evaluated the credentials from 7,300 individuals.
Policy Forum, and undertaken by Environics, 82% of the 2,000 employers surveyed could not name an organization that evaluated foreign credentials.\textsuperscript{11}

Six years earlier, in 1998, a survey was done to establish the business case for the establishment of a centralized credential evaluation service in Ontario. At that time, employers indicated that educational attainment was a mandatory requirement for employment in at least 60% of their organizations, and in more than one job category, yet approximately 40% of employers indicated that they would screen out internationally educated applicants because they did not know how to assess their education\textsuperscript{12}.

In 2003, a study done by the Canadian Labour and Business Centre found that the biggest issues for employers in recruiting immigrants were understanding foreign credentials and ascertaining language skills. Almost half thought more emphasis needed to be given to improve the recognition of foreign credentials, but, at the same time, only 10% of employers saw hiring immigrants as a solution to pending skilled labour shortages.\textsuperscript{13}

These results, as well as those in the above mentioned study by the Public Policy Forum echoed those of previous research: employers’ opinions, while generally positive towards immigrants, are not always well informed. 60% said the education level of their immigrant employees was high school or less, yet 46% had never verified foreign credentials, and more than 80% could not name a credential evaluation service.\textsuperscript{14}

We are also aware of the enormous cost to the Canadian economy that is incurred by the lack of appropriate recognition of immigrants’ qualifications and skills. The Conference Board of Canada in its report \textit{The Brain Gain} has estimated the figure at between $4.1 and $5.9 billion annually;\textsuperscript{15} other researchers have put the figure at $15 billion or more.\textsuperscript{16}

There seems to be a fundamental disconnect between research and reality in the use (or even awareness) of the skills of immigrants as a solution to a growing labour market problem. Research, including that done by employer associations such as CFIB, show a current and growing labour shortage in critical skill areas; labour force growth will be nil or negative without immigration; immigrants are more highly educated than Canadians; employers see the need to better recognize the skills of immigrants, yet few know where to have their credentials evaluated; fewer still see immigration as a solution to future labour shortages, and a large number screen out internationally trained applicants without really looking at their resumes.

Not surprisingly, this environment has coincided with high rates of unemployment and under-employment, and with persistent low-income levels for immigrants.

\begin{thebibliography}{99}
\bibitem{11} Lopes, annex 7, page 14
\bibitem{12} PriceWaterhouse, page 2-12
\bibitem{13} Lochhead, C., page 15
\bibitem{14} Lopes, annex 7, pages 13, 14.
\bibitem{15} Bloom, M., page 21
\bibitem{16} Reitz, J., 2001
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Recent Economic Performance of Immigrants

Despite a high proportion of immigrants with high levels of education, and many resources available to assist them in entering the labour market, the recent economic performance of immigrants has been disappointing.

Traditionally, immigrants to Canada have had low labour force participation and lower than average income than Canadian born when they first arrived. Over time, they have caught up to and eventually exceeded the Canadian born. This pattern has occurred across all age/gender groups, and those with all but the lowest levels of education. What appears to be different in the data generated in last two census periods (2001 and 1996) is that it is taking longer for immigrants’ incomes to converge, even as their level of education has increased. Women (and to a similar, but lesser extent, racial minorities) are having a more difficult time than men.

During this period, the level of education of the Canadian born has increased at a higher rate than the education levels of immigrants (even though immigrants in general are more highly educated than the Canadian born), which has meant greater competition from Canadian born for highly skilled jobs. Competition has also increased from the dramatic rise in the labour force participation of highly educated Canadian born women. Between 1980 and 2000, the number of women in the labour force with a university degree quadrupled, while that of men doubled. 17

Most of the discussion on this issue has been on research coming from the 1996 census. As the 2001 census results are being analyzed, research is showing some, but not significant improvement. This is discouraging, because while the 1996 census followed a recessionary period, the 2001 census followed a boom period.

In their article in the June 2004 issue of *Perspectives on Labour and Income* (Statistics Canada), Diane Galarneau and Rene Morissette show that during the 1990’s university educated immigrants were twice as likely as the Canadian born counterparts to be underemployed. During that time, 25% of immigrants with a university education held jobs requiring only a high school education, compared to 12% of the Canadian born.

Those most likely to be under employed in 2001 were from South or South East Asia, with a mother tongue other than English or French. 37% of men from South Asia, and 48% from South Asia had a university degree but were working in jobs requiring a high school education. The corresponding numbers for women were 55% and 61%.

Even worse, these underemployed immigrants had earnings 20% lower than their similarly underemployed Canadian born counterparts.

The difficulty in obtaining university-level jobs is not necessarily a short-term phenomenon. Even after more than 10 years in Canada, at least 21% of employed,

17 Picot and Hou, page 21.

The premium that immigrants used to gain from having a university education has deteriorated over the past decade. Using data from the 2001 census, another Statistics Canada report\(^\text{18}\) showed that in 2000, a university educated immigrant with ten years in Canada would only make 71% of what a Canadian born male with the same education would make. Ten years earlier, such an immigrant would have made 86% of a Canadian born.

Jeff Reitz, in his recent article in *IRPP Choices: “Tapping Immigrant Skills”*,\(^\text{19}\) suggests that the real problem is not with the skills immigrants bring, but with the extent to which these skills are recognized and utilized. He clearly outlines some of the institutional capacity issues faced by employers in fully utilizing immigrant skills. The assumption behind current immigration policy seems to be that immigrant skills will be in demand by employers, and in a knowledge economy, the qualifications and credentials of immigrants are essential. However, the assumption that employers have the means to assess these skills may be misplaced.

Reitz notes that “the effective functioning of any labour market presupposes the existence of institutionalized means by which employers can assess the productive value of prospective workers’ skills.\(^\text{20}\) As noted earlier, most employers in Canada are not aware of resources available to assess credentials earned in another country, nor are they comfortable comparing non-Canadian work experience to that gained in Canada. The lack of an institutionalized means to assess the productive value of immigrants’ qualifications has had a predictable consequence.

There are, of course, dangers to our community in the downward trends of immigrant employment and earnings, one of them being the development of an underclass. Although the majority of immigrants do well, an increasing percentage of the poor in cities like Toronto are immigrants and visible minorities.

In April 2004, the United Way of Greater Toronto published a report *Poverty by Postal Code*, which found that low income families were increasingly concentrated in low income neighbourhoods, rather than living in mixed income areas. These same neighbourhoods also tended to be dominated by immigrants and visible minorities. The research showed that in 1981, Canadian born families out numbered immigrants living in high poverty neighbourhoods, but that in 2001, immigrant families represented 62% of the population in these areas. In 2001, 24% of immigrant families were living in poverty compared to 15% 2 years before. The researchers spoke of the risk of creating low income immigrant ghettos.

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\(^\text{18}\) Statistics Canada, 2003, page 13
\(^\text{19}\) Reitz, 2005.
\(^\text{20}\) Reitz, 2005, page 9
Some Recent Encouraging Initiatives

While the performance of immigrants in the labour market falls below the expectations of policy makers, and the aspirations of those arriving in Canada, the public policy and private sector response to the situation provides some hope.

Historically, governments at the federal and provincial levels have provided funding to organizations to assist immigrants in finding employment. In recent years, more attention has been given to specifically address the needs of those who are highly educated. This is happening at both the federal and provincial levels.

The recent provincial budget in Ontario highlighted program initiatives to assist in the integration of immigrants into the labour market. For example, they expanded the successful Bridge Training programs which help skilled immigrants “bridge” the skills gap they experience when seeking to enter regulated professions. Projects based on this model and other initiatives are being developed in provinces across Canada. In one particularly successful program in Ontario called CARE for Nurses, internationally educated nurses have been given occupation specific language training, and assistance in preparing for a multiple choice type exam (with which many had no familiarity). More than 70% of the applicants who had been in this program passed the exams of the College of Nurses of Ontario, while in the past more than 70% had failed it.

The federal government has made similar commitments in the past three Throne Speeches to strengthen efforts to better recognize the credentials of skilled immigrants. The Foreign Credential Recognition program is a six-year initiative, which was recently expanded to an Internationally Trained Worker Program, incorporating related initiatives on Enhanced Language Training, Anti-Racism, and a web-based information portal.

Credential evaluation services such as WES are being promoted more widely, and employers, as well as professional licensing bodies and academic institutions are making increasing use of their services. This in turns has encouraged more immigrants to have their credentials evaluated, and to see what the comparable value of their education really is.

There has also been a major effort to engage the private sector in activities designed to assist skilled immigrants find appropriate employment. As noted earlier, most private, and even public sector employers have not had a good track record in effectively recruiting highly educated immigrants into positions for which they have been trained, nor have they seen this talent pool as one from which they can fill skilled labour shortages.

The Toronto Region Immigrant Employment Council (www.triec.ca) was created in 2003 as a joint initiative of business, government, educational institutions, and community agencies. It recognized that one of the key factors for future growth in the city, and one of
the key competitive advantages that Toronto has, are skilled immigrants. They also recognized that not enough was being done to make best use of this advantage.

Since the inception of TRIEC, a full range of projects have been undertaken by members of the council, including an internship program called Career Bridge where skilled immigrants are pre-screened for their educational equivalencies and language ability, and offered three month paid internships in the field of their expertise. Other projects include a mentorship program linking skilled immigrants to professionals in their field, a toolkit and website for employers interested in hiring more skilled immigrants, and public education and media relations initiatives. Employers say that when potential applicants to their companies are pre-screened to ensure their language skills are appropriate, and that their educational credentials are compared and authenticated, the risk they perceive in hiring immigrants is minimized. Most of those who have offered internships have maintained the employment of the interns, and have signed on to receive more. The internship program uses the credential evaluation services of WES.

The provincial government’s recent budget allocated $4 million for projects related to working with employers to assist them in understanding how to recruit and retain qualified immigrants,

Other recent initiatives include studies on employer attitudes by the Conference Board of Canada, the Canadian Labour and Business Centre and the Public Policy Forum; a best practices guide for employers produced by the Canadian Manufacturers and Exporters (Take a Look At What's Working), and advocacy by the Toronto Board of Trade.

Conclusion

Canadian attitudes towards immigrants continue to be more positive than in any other country. In fact, attitudes seem to be becoming more positive recently, and certainly more positive in the young than in the older generations in Canada. Canadians appear to be proud of the diversity of our population, and our celebration of this diversity. I have not read any research explaining why Canadians are unique in the world in their positive attitudes, but it may speak to the success of the many policies and programs that have been introduced over the past two decades that aim to promote human rights, fight racism, and increase access for people of immigrant background and/or racial minorities. It is important to recognize this success, and not forget that there is still work to be done in this area.

At the same time, the apparent success of these policies of “social inclusion” has not yet been translated into economic equity. Is it that we, as Canadians, are happy to promote and encourage diversity in the broad community, but not when it comes to our own workplaces; is it that we have only gone so far on a path towards real equity and equality, but will get there eventually; have the demographic changes in the workplace in the past twenty years (e.g. growth in the percentage of women working) created a surplus of

21 Centre for Research and information on Canada
skilled workers; or is it some combination of factors including those we have not yet considered?

The changing labour force demands of the next 25 years will require us to develop the skills, tools and attitudes to identify and assess the qualifications of individuals from countries and institutions we have no familiarity with. We live in a world of increasing mobility, where people will not just be changing jobs or careers several times in their lives, but most likely also changing countries.

There are resources, broadly available in the community, which can provide reliable and consistent information about the validity of international credentials and their equivalency to Canadian credentials. There are similarly valid and available tools to determine individuals’ level of English. While the awareness of these tools by employers is still limited, better use of them by both employers and occupational regulatory bodies will go a long way towards ensuring the appropriate recognition of international credentials, and the faster integration of skilled immigrants into the Canadian labour market.
References


