

Recent Immigrants are the Most Educated and Yet Underemployed in the Canadian Labour Force

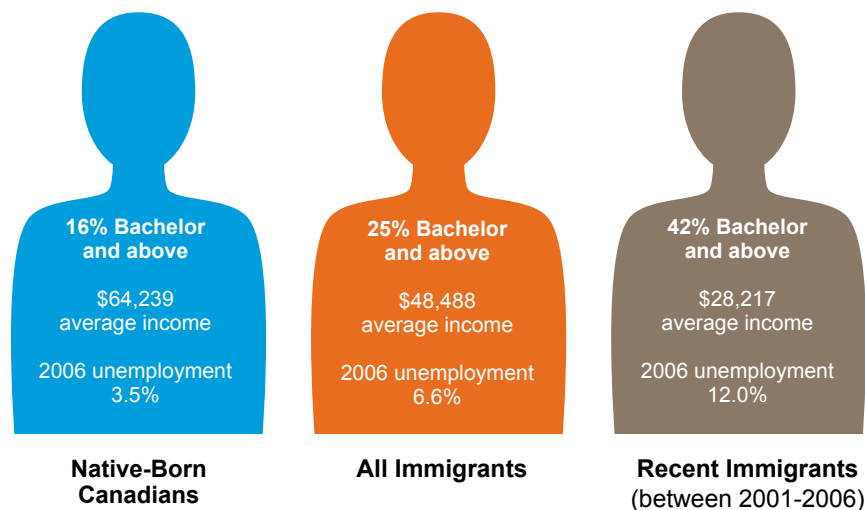
Every year over 200,000 immigrants move to Canada, many of them in search of economic opportunity. But is there actual opportunity to be found? It seems that for every story of a recent immigrant who struck it big in Canada, there is a story of an Indian engineer who must work as a cab driver, or a Chinese surgeon that cannot obtain credentials. Analysis of recently released 2006 data, confirms that educated immigrants are underemployed in the Canadian labour force.

Immigrant Underperformance in Canada

Canada's recent immigrants are better educated, on average, than native-born Canadians but they fare worse in the job market. While 15.8% of native-born Canadians had a bachelor's degree or higher in 2006, 25.4% of Canadian immigrants were degreed. Despite this difference, native-born Canadians earn an average total income of \$64,239 compared to \$48,488 for immigrants. And unemployment for Canadian immigrants was 6.6% -nearly twice of what it was for native-born Canadians (3.5%).

The gap between immigrants and native-born Canadians is most pronounced among immigrant receiving provinces and metropolitans. Degreed immigrants earn 70% of the incomes that native-born Canadians do in Ontario, but 90% in Prince Edward Island.

The same pattern can be observed among metros as well. In Toronto the average income of immigrants was 58.8% of native-born Canadians. Meanwhile, in Barrie and Guelph well educated immigrants earned 93% of native-born Canadians, and degreed immigrants in Thunder Bay, Kingston and Sudbury earned higher incomes than their native-born Canadian counterparts.



Explaining Immigrant Underperformance

Deeper analysis reveals that the newest immigrants face the most job market constraints. Unemployment rates for the immigrant population vary by arrival cohort with those arriving prior to 1991 with the lowest (3.7%) and most similar to the Canadian-born while the most recent arrivals, those between 2001 and 2006, had the highest rates of unemployment (12.0%). Incomes for degreed immigrants who arrived between 1996 and 2001 were 60% of what they were for native-born Canadians, while immigrants who arrived before 1961 earned 21% **more** than native-born degree holders.

Addressing Immigrant Underperformance

Canada's commitment to open immigration is commendable but the analysis reveals that the country is not fully utilizing the talents of new immigrants. Even though immigrants are better educated on average, they face higher unemployment and underemployment often earning lower incomes. If Canadian jurisdictions are to maximize the creative potential of their citizens, then they must close this significant achievement gap. Maximization of immigrant talent will boost national incomes and productivity, making the country even more attractive to subsequent generations of immigrants.

Canadian governments would benefit from shortening the amount of time it takes to integrate into the labour market. Currently, degreed immigrants who arrived before 1980 are integrated-earning incomes that are equal or higher than degreed native-born Canadians. In order to integrate immigrants more effectively, jurisdictions should consider:

1. Expanding Employment Opportunity Driven programs, which encourage immigrants to migrate to smaller communities where demands for labour in specific sectors are especially high.
2. Expanding immigrant settlement services outside of the gateway cities of Toronto, Vancouver and Montreal, in order to encourage immigration to less immigrant dense locations where labour outcomes may be better.
3. Redoubling efforts to certify the credentials of qualified immigrants, and “top up” the skills of others.

The Martin Prosperity Institute (martinprosperity.org) at the [University of Toronto's Rotman School of Management](#) is the world's leading think-tank on the role of sub-national factors – location, place and city-regions – in global economic prosperity. Led by Director [Richard Florida](#), we take an integrated view of prosperity, looking beyond economic measures to include the importance of quality of place and the development of people's creative potential.

This Martin Prosperity Insight is part of the “Ontario in the Creative Age” series, a project we are conducting for the Ontario Government and is supported by Karen M. King's working paper “[The Geography of Immigration in Canada: Settlement, Education, Labour Activity and Occupation Profiles](#)”. The project was first announced in the 2008 Ontario Budget Speech, and its purpose is to understand the changing composition of Ontario's economy and workforce, examine historical changes and projected future trends affecting Ontario, and provide recommendations to the Province for ensuring that Ontario's economy and people remain globally competitive and prosperous. The series will involve a number of Insight releases over the course of the coming months.