



Labour Market Matters

Special points of interest:

- Immigrants with mother tongues significantly dissimilar to English found face significant wage penalty compared to those who speak languages linguistically more similar to English.
- Official language fluency found to be of paramount importance in allowing high-skill immigrants to translate skill and education into appropriate jobs.

“[A]n immigrant whose first language shares no linguistic branches with English experiences a wage that is approximately 33 percent lower. The closer an individual’s native language is to English (that is, the more branches it shares with English), the lower the wage penalty.”



Alicia Adsera
(Princeton University)

Volume 6, Issue 12

December 2014

The degree of linguistic dissimilarity to English affects immigrants’ labour market returns

While not speaking either English or French is widely understood to be a serious barrier to employment and gainful remuneration in Canada, a study entitled ***“The effect of linguistic proximity on the occupational assimilation of immigrant men”*** ([CLSRN Working Paper no. 144](#)) by Alicia Adsera (Princeton University) and Ana Ferrer (University of Waterloo) finds that the extent of linguistic proximity – the degree of linguistic similarity between an immigrant’s mother tongue and the destination country’s language – has a significant impact on the evolution of the job-skill content of immigrant jobs over time, and can also have an impact on immigrant wages.

Combining broad samples of Canadian Census data from 1991-2006 with a novel measure of linguistic proximity of the immigrant’s mother tongue relative to the language of the destination country, along with information for the occupation skills embodied in the jobs immigrants hold, the researchers examine the role language plays in the labour market performance of immigrants in order to better study their career progression relative to native-born individuals. The measure of “linguistic proximity” between languages ranks languages depending on how many levels of the linguistic family tree two languages share. For example, Chinese shares zero of 4 branches of the linguistic family tree with English (linguistic proximity = 0), while most Nordic languages share two out of 4 branches of the

linguistic tree with English (LP = 2). Relative to a native-born individual, an immigrant with English as first official language in their country of birth, and working a job with similar levels of required skills receives a wage 6 percent lower, and an immigrant whose first language shares no linguistic branches with English experiences a wage that is approximately 33 percent lower. The closer an individual’s native language is to English (that is, the more branches it shares with English), the lower the wage penalty.

The wage penalty for lack of linguistic proximity is greater for highly-educated individuals than for less-educated individuals. The researchers found that linguistic distance imposes larger wage penalties to the university-educated men than to non-university-educated. University educated immigrants with no linguistic proximity to English have wages 20 percentage points below those of university-educated native born, whereas the equivalent wage difference is only of 10 percentage points between non-university educated immigrants and native-born individuals.

Higher linguistic proximity can help immigrants to get better jobs – jobs with higher content of analytical and social skills and lower content of strength skills. Indeed, immigrants with low linguistic proximity were found to be more likely to work in jobs that require higher levels of strength (more physical jobs), lower levels of social interaction, and



Ana Ferrer
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lower levels of required analytical skill compared to native-born individuals. Immigrants with the highest levels of linguistic proximity were found to be more likely to work in jobs that are similar to those of comparably-educated native-born workers. However, there was no evidence that higher linguistic proximity – by facilitating the acquisition of the host country language - helped immigrants to improve the skill content of their jobs over time. The study also found that high linguistic proximity enables the transfer of formal education from the immigrant to the host-country economy. Typically, university educated immigrants with high degrees of linguistic proximity work in better jobs than those with lower degrees of linguistic ability and linguistic proximity seems to erase all differences in job-required skills between educated immigrant and native-born.

Lack of official language fluency may be relegating highly-educated immigrants to low-skill jobs

The selection and admittance of increasingly well-educated immigrants to Canada since the 1990s, has not led to a large improvement in immigrant earnings as may have been expected given the growth of computerization in the workplace increasing the importance of non-routine cognitive skills. In a study entitled **“Technological Change and Declining Immigrant Outcomes, Implications for Income Inequality in Canada”** ([CLSRN Working Paper no. 145](#)), CLSRN affiliates Casey Warman (Dalhousie University) and Christopher Worswick (Carleton University) find that the marked movement away from traditional immigrant source countries where individuals are more likely to have strong fluency in English (such as Western Europe) and towards non-traditional immigrant source countries where strong levels of English fluency prior to immigration are less likely (such as Asia) may be tied to the lack of improvements in immigrant wage outcomes despite the admittance of increasingly well-educated immigrants.

Declining earnings outcomes of successive immigrant arrival cohorts to Canada since the 1970s has been of considerable concern to policy makers and academia. Examining earnings from the Canadian Census and occupational skill data, Warman and Worswick investigate the underlying causes of the poorer performance of new immigrants

by focusing on the different types of occupational task requirements of the jobs held by immigrants and the Canadian born. The study finds that there have been declining returns to non-routine cognitive and analytical tasks for immigrants over the past few decades despite the push to select increasingly educated immigrants since the 1990s. The researchers suggest that recent new immigrants with limited English language abilities may have struggled in the Canadian labour force despite their high levels of education as they may have difficulty interacting effectively with colleagues and consequently may be forced to take jobs with higher manual task requirements.

Selecting skilled immigrants based on occupational shortages in Canada versus selection based on general human capital has been a point of contention since the introduction of the points system in Canada. The researchers suggest that both



Casey Warman
(Dalhousie University)

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human capital and occupational task requirements should be considered important predictors of the future success of immigrants. Rather than only selecting immigrants based on tight occupational targeting, along with language testing – which appears to be the current trend in immigrant selection – the researchers suggest that both human capital and occupational task requirements should form the basis for immigrant selection. Both factors, along with language fluency, are important predictors of the future success of immigrants in Canada. The researchers recommend that employing occupational dictionaries, such as the [Occupational Information Network \(O*NET\)](#), could allow policy makers to develop an occupation specific point system

selection grid that would assess immigrants for skill sets most pertinent for the immigrants’ intended occupations. An occupation-specific selection grid would allow for more efficient selection of future immigrant cohorts – who will be more readily integrated into the economy while also allowing for better post migration economic outcomes than a point system based on education and language fluency alone.



Christopher Worswick
(Carleton University)

The results of the study suggest that careful consideration of the links between education, intended occupation and language fluency in the selection of economic immigrants appear to be of paramount importance in ensuring the labour market success of immigrants in Canada. Increased emphasis on immigrant language testing since the early 2000s may lead to better labour market outcomes for immigrants in the future.

Endnotes

[Labour Market Matters](#) is a publication of the Canadian Labour Market and Skills Researcher Network (CLSRN). The CLSRN is supported by the Social Science and Humanities Research Council of Canada (SSHRC) under its Strategic Research Clusters program. Opinions expressed in this publication do not necessarily reflect the views of the SSHRC. Articles in *Labour Market Matters* are written by Vivian Tran - Knowledge Transfer Officer, CLSRN, in collaboration with the researchers whose works are represented. For further inquiries about *Labour Market Matters* or the CLSRN, please visit the CLSRN Website at: <http://www.clsrn.econ.ubc.ca> or contact Vivian Tran at: Vivian.Tran@ubc.ca