



Labour Market Matters

Special points of interest:

- Immigrants found to face significant barriers to entry into regulated occupations in Canada
- Zero economic return found for pre-immigration work experience for new immigrants to Canada

“[!]t takes approximately a decade for immigrants to be as likely as native-born individuals to work in a regulated occupation. Foreign credential recognition was found to be a barrier to access to regulated occupations, even for those trained in the USA and Europe.”



Michael Smith
(McGill University)

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Odds are stacked against skilled immigrants trying to enter regulated occupations in Canada

About 20% of Canadians work in regulated occupations. On average, regulated occupations are expected to provide higher pay because they generally require a high level of education and/or training, and the regulations governing access to these occupations tend to restrict entrance into them. Canada's immigration policy favors immigrants with high educational backgrounds, which can lead to working in regulated occupations. About 60% of Canadian immigrants fall into the economic category (skilled workers and business immigrants), as opposed to the family reunification and refugee categories. Access to regulated occupations, is directly linked with the issue of foreign credential recognition – a widely-recognized disadvantage for immigrants in the labour market. Estimates of the loss to the Canadian economy from the underuse of immigrant skills vary between \$2 and \$5.9 billion each year.¹ The economic position of immigrants in Canada is well documented. However, the number and proportion of immigrants working in regulated and unregulated occupations is unknown. A study by CLSRN affiliates Magali Girard (University of Montreal Hospital Research Centre) and Michael Smith (McGill University) entitled [“Working in a Regulated Occupation in Canada: An Immigrant – Native Born Comparison”](#)² tries to determine whether individuals with foreign education are indeed less likely to be employed in a regulated occupation than someone with domestic credentials, and if so, what are the factors that influence this situation.

Using 2006 Canadian Census data, the researchers find immigrants who enter regulated occupations tend to do so after a substantial delay. The researchers found that it takes approximately a decade for immigrants to be as likely as native-born individuals to work in a regulated occupation. Foreign credential recognition was found to be a barrier to access to regulated occupations, even for those trained in the USA and Europe, but education from certain regions of the world, such as Asia and Latin America, has even greater detrimental effects. Indeed, the likelihood of access to a regulated occupation rises with education, but falls considerably if that education was completed in Asia, Latin America, or the Caribbean. A graduate degree awarded in Canada increases the likelihood more than four times, but a degree awarded in Asia, Latin America, or the Caribbean only approximately doubles it. Moreover, a trade certificate from anywhere outside Canada significantly decreases the likelihood of gaining access to a regulated occupation.

Limits on the access to regulated occupations of foreign-trained workers are harmful to immigrant economic integration, especially since immigrants to Canada are more likely than the native-born to have been trained for regulated occupations, prior to their arrival in Canada. Knowing how many newcomers work in regulated occupations, as well as their characteristics, can give an indication of the extent to which effort should be made in assisting professional associations and employers to better maximize under-used immigrant skills.



Magali Girard
(University of Montreal)

Given the finding that immigrants educated in Asia, Latin America and the Caribbean may have stunted access to regulated occupations; policy initiatives to assist Asian, Latin American and Caribbean immigrants in finding employment may prove to be valuable, as Canada's main source countries for new immigrants are China and India. An aging Canadian workforce and the challenge of global competitiveness makes it more imperative now than ever for ways to address the problem of immigrant skill recognition and labour market integration.

¹ Reitz, J. G. (2001). Immigrant skill utilization in the Canadian labour market: implications of human capital research. *Journal of International Migration and Integration*, 2(3), 347–378 / Watt, D., & Bloom, M. (2001). Exploring the learning recognition gap in Canada. Ottawa: Conference Board of Canada. Retrieved from http://www.conferenceboard.ca/Libraries/EDUC_PUBLIC/RecogLearn.sflb.

² A previous version of this paper was released in the [CLSRN Working Paper Series](#).

Zero Economic Return found for Pre-immigration experience for Newcomers to Canada

Pre-immigration human capital's portability and relevance in the host country are important contributing factors to the earning outcomes of recent immigrants in many developed nations. Given Canadian immigration policy's emphasis on attracting highly-educated individuals, immigrants to Canada are very likely to have worked in high-skilled occupations prior to immigrating. Following immigration however, many do not find employment in high skill occupations. In a paper entitled: "[The Portability of New Immigrants' Human Capital: Language, Education and Occupational Matching](#)"¹ CLSRN affiliates Arthur Sweetman (McMaster University), Casey Warman (Dalhousie University) and Gustave Goldman (Carleton University) examine the implications of human capital portability for new immigrants to Canada for earnings – including interactions between education, language skills and pre- and post-immigration occupational matching.

Using Canadian data that identify immigrant source country



Gustave Goldman
(Carleton University)

occupation and education, the researchers first examine immigrants' success in obtaining employment in the occupation in which they last worked prior to immigrating, in their "intended" occupation as declared in the immigration process, or in an occupation with a skill level comparable to either. They then examine the correlation of earnings with pre-migration work experience, education, language proficiency, and occupational matching. Next they explore extensions focussing on professionals and those working in licensed/regulated occupations, and matching among the Skilled Worker Principal Applicant stream subject to Canada's immigration points system. The study analyzes whether the mismatch between source and host country occupation can account for the low observed returns to human capital among immigrants.



Arthur Sweetman
(McMaster University)

Interestingly, pre-immigration experience and intended post-immigration occupation are found to differ appreciably. Immediately following arrival, compared to either pre-migration or intended occupation, there is a

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drop in the skill level for the jobs found in Canada. Over time, the post-migration skill level increases, but even after four years only slightly over 25% of males, and under 20% of females, match their pre-immigration occupation. Occupational matching is associated with a large earnings premium, but surprisingly, the study found that for both genders those who obtain employment post-immigration in the same occupation as that in which they have pre-immigration experience receive zero economic return for their pre-immigration labour market experience, although they do have a positive return to their pre-migration education. Conversely those who do not obtain an occupational match receive no benefit from their pre-immigration education. English, and to some degree French, language skills are the sole form of human capital studied that is beneficial to both those who do, and do not, match their occupational experience. Overall, these findings suggest that

occupational matching, and language skills, are associated with higher earnings in the Canadian labour market for new immigrants.



Casey Warman
(Dalhousie University)

The small proportion of occupational matches, and the skill atrophy associated with gaps in employment, may represent a loss of human capital. The mismatching and delays may occur because of imperfections in the Canadian labour market, and/or may reflect underlying issues regarding the relevance of pre-immigration human capital in the Canadian labour market. There also appear to be language barriers that prevent occupational and educational skill utilization. That pre-migration labour market experience is not valued in the Canadian labour market even for those who obtain an occupational match is an unexpected finding, as is the negligible return to education for those without a match.

¹ CLSRN-funded paper. A previous version of the paper was released in the [CLSRN Working Paper Series](#).

Endnotes

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