



Canadian Labour Market and Skills Researcher Network

Working Paper No. 44

Working in a Regulated Occupation in Canada: an Immigrant – Native-Born Comparison

Magali Girard
McGill University

Michael Smith
McGill University

October 2009

CLSRN is supported by Human Resources and Social Development Canada (HRSDC) and the Social Sciences and Humanities Research Council of Canada (SSHRC). All opinions are those of the authors and do not reflect the views of HRSDC or the SSHRC.

Working In a Regulated Occupation in Canada: An Immigrant - Native-Born Comparison

Magali Girard, Michael Smith, Department of Sociology, McGill University

Keywords: Immigration, regulated occupations, place of education, foreign credentials, Canada

Mots-clés : Immigration, professions réglementées, lieu de scolarisation, titres de compétences étrangers, Canada

JEL Classification : J24, J61 and L50

Abstract: The number of immigrants working in regulated and unregulated occupations is unknown. A major contribution of this study is that we use Statistics Canada data to classify occupations, across provinces, into regulated and unregulated categories and then to examine the covariates of membership in a regulated occupation. In aggregate, immigrants are not less likely to work in a regulated occupation. Immigrants educated in Asia prove to be much less likely to secure access to a regulated occupation than either the native-born or other immigrants.

Résumé: Le nombre d'immigrants travaillant dans des emplois réglementés reste inconnu à ce jour. La principale contribution de cette étude est que nous avons utilisé des données de Statistique Canada pour classer les professions en deux catégories, soit réglementées et non réglementées, et ce, pour chacune des provinces; par la suite, nous avons examiné les caractéristiques des travailleurs d'emplois réglementés. Dans l'ensemble, les immigrants n'ont pas moins de chances de travailler dans un emploi réglementé. Par ailleurs, les immigrants formés en Asie ont beaucoup moins de chances d'accéder à des emplois réglementés que les non-immigrants et les immigrants natifs d'autres pays.

Executive Summary

On average, immigrants to Canada are better educated than the native-born. Despite this apparent human capital advantage, there is strong evidence of continuing immigrant disadvantage in the labour market. A range of possible explanations has been proposed, many of them linked to the fact that the sources of immigrants have shifted from Europe to other parts of the world, particularly Asia. One of the common explanations is the problem of transferring credentials – which will be the focus of our paper.

The average return on education is lower for immigrants who were educated abroad, rather than in Canada. This might be a consequence of the poorer quality of education provided in some immigrant home countries, but it might also be a consequence of difficulties in securing recognition of the real value of an overseas education. Immigrants often cite lack of foreign credential recognition, as well as lack of Canadian work experience, as the two main problems they confront in securing employment that match their skills.

The issue of foreign credential recognition in Canada is different for regulated and unregulated occupations. An occupation is regulated if access to it requires a licence from a professional association or a government agency. In Canada, licensure is a provincial responsibility; it is provincial associations or agencies that grant licenses. While many unregulated occupations require significant amounts of education (e.g., university faculty, government service); regulated occupations are likely to be distinguished by the higher level of education and/or training they require compared to unregulated professions generally speaking. This is one of the reasons why, on average, regulated professions may be expected to provide higher pay.

A major contribution of this study is that we use Statistics Canada data to classify occupations across provinces, into regulated and unregulated categories and then to examine the covariates of membership in a regulated occupation. In this study, we contribute to understanding the immigrant credential recognition process in the following ways: i) we determine how many immigrants and non-immigrants work in regulated and unregulated occupations, and ii) we look at how education (level and place) is associated with the likelihood of working in a regulated occupation.

We used a tool from the Government of Canada's website "Working in Canada" to categorise all four-digit codes from the National Occupational Classification into either a regulated or unregulated category. The "Working in Canada" website is designed to provide detailed information about the labour market, and help prospective and new immigrants to decide where to live and how to find work. To analyse the determinants of access to regulated occupations we used data from the January 2008 Labour Force Survey (LFS). Our sample includes all labour

force participants, native-born Canadians and landed immigrants, aged 15 and over.

We propose three hypotheses: 1) other things being equal, immigrants are less likely to enter a regulated occupation than the native-born; 2) immigration duration in the host country increases the likelihood that they will enter a regulated occupation; 3) a lower probability of entry into a regulated occupation is most likely for immigrants educated outside Canada, the United States and Europe.

What our results suggest most strikingly is that where the immigrant's education was provided is a strong determinant of likelihood to enter a regulated occupation. We found that almost 86% of our sample were employed in an unregulated occupation. Given the concern with access to regulated occupations, it is surprising that the proportion of immigrants in regulated occupations is not very different from that of the native-born. One might have expected to find a larger immigrant presence in regulated occupations because of their higher level of education, but our findings suggest otherwise. Education is a minimal requirement for licensing so these results may indicate a problem of access to regulated occupations.

There are several possible explanations for the absence of an aggregate difference in access to regulated occupations. i) The programs established by governments, educational institutions, and regulated professions to facilitate diploma recognition no doubt help in some, perhaps many, cases. ii) Some new immigrants who fail to get their foreign diploma recognized, secure a Canadian qualification instead, and in doing so increase their likelihood of working in a regulated occupation. iii) It is possible that the immigration screening process means that a larger proportion of immigrants than of the native-born population have an education that would qualify them for a regulated occupation. Consequently, while many fail to get their qualification recognized, the larger number of them seeking recognition generates similar proportions of immigrants and of the native-born in regulated occupations. iv) It is also possible that the occupational options available for native-born who would qualify for a regulated occupation are broader than those available to immigrants. Some of the native-born with law or engineering degrees may find it to their advantage to work in unregulated occupations. Our data will not allow us to assess the relative plausibility of these accounts, but the absence of an aggregate access difference does suggest that these are worthwhile questions to be answered in future research.

Controlling for place of education, duration in the country does not improve the likelihood that immigrants will enter a regulated occupation. Education is very strongly related to access to a regulated occupation; the likelihood increases with each additional level of education, no matter where the education was completed. Immigrants educated in Asia prove to be *much* less likely to secure

access to a regulated occupation than either the native-born population or other immigrants. Given that the main source countries for new immigrants to Canada are China and India, it is worrying that Asian degree holders are significantly less likely to work in a regulated occupation. This finding suggests that initiatives to assist Asian immigrants in finding employment, such as the Canadian Immigration Integration Project funded by the Government of Canada's Foreign Credential Recognition Program, may prove valuable and important.