

Exploring the Labour Market Transitions of New Immigrants to Canada

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Short Abstract

In previous research the authors examined the impact of critical national and international events on the success, or lack thereof, that immigrants had in establishing themselves in the local labour market. The findings indicate that the primary significant factor that determined the speed with which an immigrant obtained paid employment was age. The current paper takes the analysis two steps further. First, the transitions into and out of the labour market are unpacked to allow more detailed analysis of the factors that contribute to the transition. Second, data from the second wave of observation in the Longitudinal Survey of Immigrants are used to assess the impact of changes in the social and human capital characteristics of the immigrants on their labour market transitions. The authors use event history analysis with time varying covariates to model the dynamics of labour market transitions.

Long Abstract

We know from previous research on the topic and from the current literature that immigrants experience varying degrees of success in accessing the labour market (Renaud and Goldmann, 2005). The reasons for this outcome include exogenous factors such as labour market conditions at the time of immigration. It was also proposed in previous research by the authors that exogenous factors such as national and international events might affect labour market penetration by immigrants. However, the authors have shown that such events have very little, if any, influence on the time it takes for immigrants to find paid employment (Renaud and Goldmann, 2004)

Labour market transitions can be considered analogous to some of the classical demographic transitions that map changes in the life course. For example, individuals enter into and out of marriage at various stages of their lives. Similarly, migration is not always a simple movement between two points that occurs only once in the life cycle. When considering labour market transitions one has to be conscious of the fact that people move into the labour market, people change their employment once in the labour market and people move out of the labour market, either voluntarily or involuntarily.

In the Canadian context “... the goal of integration is to encourage newcomers to be fully engaged in the economic, social, political and cultural life of Canada” (Dorais, 2002:4). For immigrants, labour market penetration is a key factor that will allow them to become fully engaged members of Canadian society. Therefore, it is important to understand the nature of the labour market transitions that immigrants experience in the first few critical years of their settlement process. A number of paths are possible: (1) An immigrant may take the first job that is available as an interim step towards gaining employment in his or her chosen field; (2) An immigrant succeeds in obtaining employment upon entry into Canada in which he or she is prepared to stay for an extended period of time; (3) an immigrant may leave his or first job either voluntarily or involuntarily due to labour market conditions or personal reasons (other than seeking another job); and (4) an immigrant may experience great difficulty in penetrating the local labour market, resulting in lengthy period of unemployment (and likely hardship). Other trajectories are possible and will be considered in the analysis.

It is important to understand the factors that may contribute to a given trajectory for immigrants. Certainly, demographic factors such as age and sex have an influence. In fact, previous research by the authors has shown that age is a very significant factor towards immigrants obtaining their first paid employment when arriving in Canada (Renaud and Goldmann, 2005). One must also consider the influence of the human and social capital characteristics of the immigrant when as possible explanatory variables when analysing labour market trajectories. Clearly, the ability to function in either English or French, the individual’s education and previous work experience should reduce the time it takes someone to find suitable paid employment, whether as a first job when arriving in Canada or as subsequent employment. Similarly, it is reasonable to expect that well established social networks ease the transition into the labour market for immigrants.

Two other factors need to be considered in this analysis. Labour market trajectories are not necessarily the same for individuals of different ethnic origins. It is possible that socio-cultural characteristics have a greater bearing on labour market outcomes for immigrants of certain ethnic origins. This notion is supported by an extensive body of literature on earnings for people who are classed as visible minorities (see Pendakur and Pendakur, 2003). It is also necessary to consider the geographic location within Canada. The labour markets differ across Canada, both with respect to job availability and with respect to the structure of the market (e.g. service sector versus manufacturing sector).

In a previous article the authors used the time required by an immigrant to obtain his or her first paid job as a measure of labour market success. This article extends the analysis in three ways. First, it takes into account a more complex structure of labour market trajectories that include entries into and exits from the labour force as well as changes in employment. In other words, the authors consider labour market mobility as a range of dependent variables. Second, the analysis incorporates a broad range of explanatory variables that include the immigrant’s human and social capital characteristics, demographic characteristics, geographic location within Canada and the socio-cultural characteristics of the individual. Third, the data source includes two waves of observations covering the first two years of the immigrant’s life in Canada. Respondents

to the Longitudinal Survey of Immigrants to Canada were interviewed 6 months after their arrival in Canada in Cycle 1 and again 2 years after arrival in Canada in cycle 2. This period covers a crucial stage for immigrants attempting to establish themselves and to integrate into the host society. The analysis considers the possible impact on labour market trajectories of changes in key characteristics between the two periods of measurement.

In addition to mapping the labour market trajectories of immigrants, the authors perform event history analysis using Cox regression models with time varying covariates to examine the impact of the explanatory variables on given labour market outcomes. The primary data source for the analysis are the first two waves of the Longitudinal Survey of Immigrants to Canada, giving measures 6 months and two years after arrival in Canada.

In a recent statement the Prime Minister of Canada, the Right Honourable Paul Martin, declared that immigration was an important policy issue for Canadian society (The Globe and Mail, 2005). Analyses of the nature presented in this paper should help to inform public policy on issues related to how immigrants adapt when they come to Canada.