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ARE IMMIGRANT WAGES AFFECTED BY THE SOURCE OF JOB SEARCH INFORMATION?

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KEY POINTS:

- Employed immigrants who found their current job through news stories, union postings, and recruitment agencies had the highest average hourly wages.
- Employed immigrants who found their current job through personal initiative, family or friends, and Canada Employment Centres had the lowest average hourly wages.
- Recent immigrants had higher wages when they found their job through the internet or by personal initiative.
- Immigrants are more likely to have found their current jobs through sources of information resulting in lower wages (family and friends, personal initiative), than those providing access to higher wages (union postings, news stories or recruitment agencies).
- Immigrants who had found their current job through news stories, job fairs, the internet, Canada Employment Centres, or help wanted ads earned more than Canadian-born.
- The longer immigrants have been in Canada, the higher their average hourly wages.
- Immigrant women fare worse than Canadian-born women, Canadian-born men, and immigrant men.

INTRODUCTION TO TIEDI

The Toronto Immigrant Employment Data Initiative (TIEDI) seeks to assist organizations whose mandate includes the better integration of immigrants into Toronto's labour force. Such partner organizations include immigrant service agencies and advocacy groups, labour organizations, regulatory bodies, professional associations, training organizations, and credential assessment agencies.

The purpose of the project is to provide organizations with free access to statistical data and analysis on various aspects of immigrant labour market integration. The goal is to help organizations access the quantitative data they need in order to: identify priorities, develop programs and services, compose proposals and reports, and carrying out advocacy and public education endeavours.

TIEDI provides a unique service in which community organizations' data needs are met by a team of academic researchers and student analysts. Our partners define the data that they need - the project is thus driven by their agendas and not by academic research priorities.

TIEDI is based at York University, with a team of academic researchers drawn from York, the University of Toronto, and Ryerson University. Core members of the project team also include representatives of the Ontario Council of Agencies Serving Immigrants (OCASI), the Toronto Region Immigrant Employment Council (TRIEC) and World Education Services. The project is funded by the Social Sciences and Humanities Research Council of Canada under its Knowledge Impact in Society program, and by York University.

The datasets used by the project include a range of large-scale surveys such as the Census, the Longitudinal Survey of Immigrants to Canada, the Ethnic Diversity Survey, the Workplace and Employee Survey, the Survey of Labour and Income Dynamics, the Labour Force Survey and the Permanent Residents Data System.

TIEDI Analytical Reports provide tabulations of data, some brief analysis and contextualization, and some necessary caveats about the limitations of the data and analysis. Since the data presented have not been treated to detailed statistical analysis, any conclusions must be seen as preliminary and as starting points for further, more detailed, research.

For further information, contact the TIEDI Principal Investigator, Dr Philip Kelly (pfkelly@yorku.ca), or the TIEDI Project Coordinator, Maryse Lemoine (mlemoine@yorku.ca).

While the research and analysis are based on data from Statistics Canada, the opinions expressed do not represent the views of Statistics Canada.

RESEARCH QUESTION

What are the labour market outcomes – in this case defined as average hourly wages – for currently employed immigrants, based on the source of information used to find their job?

BACKGROUND

The answer to this research question is important because the way job seekers search for employment “is likely to influence the outcomes of their job-search” (Saks and Ashforth, 2000: 278). It is assumed that a change in job-search behaviour may enable job seekers who have been unsuccessful to become successful. It is currently unclear if particular methods of job search are more or less likely to lead to desired labour market outcomes (Saks and Ashforth, 2000). The general thought is that “building a desirable pool of job opportunities depends largely on the sources used to secure information about employment opportunities” (Huffman and Torres, 2001: 128).

It is particularly important to underscore the importance of personal contacts as a social resource in one’s job search. Friends and family – one’s network – provide access to valuable information that is unavailable through more formal means. Previous research suggests that using family and friends, as opposed to more formal channels of job search, is the most common way to find a job (Dreentea, 1998). Previous research also suggests that networks tend to guide individuals into better jobs with higher earnings (Pellizzari, 2004). Given that workers frequently locate jobs through friends and family, this source of information for finding a job may play an important role in determining labour-market outcomes (Montgomery, 1992).

However, research has shown that networks may not help women as much as men because women may have “inferior access to influential people” (Dreentea, 1998: 323). The implication is that women are less likely to be steered into jobs that have higher pay, more authority and autonomy, better benefits, etc. (Dreentea, 1998). In a broader sense, this could mean that the source of information for finding a job contributes to various forms of gender inequality (Huffman and Torres, 2001). The same can be said for immigrants, given that women and immigrants often face some similar barriers to labour market success. In fact, the data in this report show that immigrants who found their current job through family or friends earned on average less than immigrants who had used other sources of information. Immigrants may not be as “well-connected” as Canadian-born workers and therefore “do not benefit because of the job information and influence they receive through their social ties” (Mouw, 2003: 868).

Other ideas stemming from existing literature concern the use of the internet and government agencies. Job search via the internet has grown more and more prevalent (Kuhn and Skuterud, 2000). Previous findings have been mixed: some have found that when using the internet as a source of information, the usual result is “shorter unemployment spells”, but there is some evidence that internet job search methods are largely ineffective when it comes to desired labour market outcomes (Kuhn and Skuterud, 2004: 218).

People who resort to formal methods may be those who either lack the right personal contacts or used formal methods after informal methods failed (Dreentea, 1998). Previous research has suggested that the jobs found through government agencies “do not last” and that they are “lower paying” (Addison

and Portugal, 2002: 528). However, the explanation may be that the job-seeker is not as easily employable (Wong and Henson, 2000). This raises the question of whether government agencies are a preferable source of information (Bridges and Villemez, 1986).

THE DATA: WORKPLACE AND EMPLOYEE SURVEY

The Workplace and Employee Survey (WES) is designed to explore a broad range of issues relating to employers and their employees. The survey is unique in that employers and employees are linked at the microdata level; employees are selected from within sampled workplaces.

The WES offers potential users several unique innovations: chief among these is the link between events occurring in workplaces and the outcomes for workers. In addition, being longitudinal, it allows for a clearer understanding of changes over time. The WES permits the examination of the effect of workplace characteristics, in addition to industry and firm size effects (Statistics Canada, 2009).

This report uses survey data collected in 2005. The time period leading up to the WES data collection in 2005 was marked by economic growth, strong employment gains, and earnings growth in Canada (Lin, 2008: 5). Existing economic conditions (see Table 1 for basic economic data) and government policies may affect the trajectories of respondents. The outcomes of the respondents presented in this report may not therefore be comparable to the experiences of all employed immigrants.

Table 1: Economic Performance Indicators, Canada, 2001-2005

	2001	2002	2003	2004	2005	Overall average
Growth in Real GNP	1.8 %	2.9 %	1.9 %	3.1 %	3.1 %	2.6 %
Unemployment Rate	7.2 %	7.6 %	7.6 %	7.2 %	6.8 %	7.3 %

Source: Maslove, 2008: 228

The WES sample design for workplaces is based on a fixed panel of workplaces, which means that the panel is subject to attrition over time. A second concern with the use of a fixed panel design is the deterioration in the efficiency of the stratification over time as the business universe changes. Also, as with any dataset, there are issues of outliers, imputation and estimation.

A further limitation of the WES data is that the sample size restricts the use of local data. When cases are selected to limit the data to respondents from Toronto, the cell counts become too small for meaningful results.

Table 2 shows the distribution of Canadian-born and immigrant employees according to the source of information through which they learned about the job opening for their current position. More immigrants (in the immigrant population) use family or friends or personal initiative as a means of searching for work than do Canadian-born (in the Canadian-born) population. Canadian-born employees are more likely than immigrants to use help-wanted ads or be directly recruited by employers.

Table 2: Percentage of Canadian-born (as a percentage of all Canadian-born employees) and immigrants (as a percentage of all immigrant employees) per source of information, Canada

	CANADIAN-BORN**	IMMIGRANT **
Family or friend	39.7 %	42.1 %
Personal initiative	21.6 %	22.2 %
Help wanted ad	15.0 %	13.7 %
Directly recruited by employer	14.7 %	13.2 %
Internet	3.3 %	4.9 %
Recruitment agency (headhunter)	2.5 %	4.5 %
Canada Employment Centre (or government agency)	3.0 %	2.9 %
News story	1.8 %	2.9 %
On-campus recruitment	2.6 %	2.5 %
Union posting	0.6 %	0.9 %
Job fair	0.4 %	0.6 %
Other	9.1 %	7.6 %

** : Percentages do not add up to 100% because respondents could select multiple choices.

It is also useful to note that sources of information used varies according to the type of occupation found. While family and friends and personal initiative (walk-ins or cold calls) were the two most important sources of information for all major occupational groups (managers, professionals, technical/trade, marketing/sales, clerical/administrative, and production), percentages varied greatly between occupations. For example, while 58.8% of immigrant workers working in manufacturing production had found their job through family or friends, only 30.8% of immigrant managers did so. On the other hand, immigrants who had found their job through Canada Employment Centres were more likely to work in clerical/administrative occupations (4.5%), production (3.5%) or as professionals (3.3%) than as managers (1.3%).

Immigrant: Immigrants are defined as permanent residents, naturalized Canadian citizens, visa holders and temporary foreign workers. Basically, all respondents who are not Canadian-born are included in the immigrant category.

RESULTS

a) Average hourly wages by source of information

Table 3 shows the average hourly earnings of Canadian-born and immigrants. This is a 'converted' hourly wage, which includes extra earnings (such as overtime payment, tips, commission, piecework, bonuses, profit sharing, etc) in the 2005 calendar year.

Table 3: Average hourly wage (2005 dollars) for Canadian-born and immigrants by period of immigration and source of information for finding current job, Canada

	CANADIAN-BORN	IMMIGRANT				
		ALL IMMIGRANTS	BEFORE 1980	1981-1990	1991-2000	2001-2003
Family or friend	\$ 20.60	\$ 20.10	\$ 23.30	\$ 24.20	\$ 16.30	\$ 14.80
Personal initiative	\$ 20.80	\$ 20.00	\$ 22.90	\$ 19.20	\$ 16.70	\$ 19.40
Help wanted ad	\$ 21.00	\$ 22.00	\$ 24.50	\$ 21.10	\$ 19.40	\$ 14.80
Directly recruited by employer	\$ 24.10	\$ 22.20	\$ 24.00	\$ 20.40	\$ 20.80	\$ 18.30
Internet	\$ 22.90	\$ 24.90	\$ 26.60	\$ 22.50	\$ 25.10	\$ 23.80
Recruitment agency (headhunter)	\$ 30.40	\$ 27.30	\$ 31.00	\$ 28.30	\$ 23.30	n/a
Canada Employment Centre (or government agency)	\$ 18.20	\$ 20.10	\$ 22.30	\$ 22.70	\$ 17.80	\$ 14.30
News story	\$ 20.60	\$ 29.40	\$ 31.70	n/a	n/a	n/a
On-campus recruitment	\$ 30.70	\$ 26.80	\$ 29.90	\$ 28.50**	\$ 17.00	n/a
Union posting	\$ 28.60	\$ 28.10	\$ 32.20	n/a	n/a	n/a
Job fair	\$ 19.60	\$ 23.00	\$ 21.80	n/a	n/a	n/a
Other	\$ 25.20	\$ 28.10	\$ 33.40	\$ 25.10	\$ 21.10	\$ 28.20**

n/a: Data suppressed due to reliability and/or confidentiality issues

** : Potential reliability issues. Use with caution.

The way immigrants search for employment greatly influences their outcomes in terms of wages. For immigrant workers, news stories, union postings, and recruitment agencies provided access to jobs with higher hourly wages (\$29.40, \$28.10, and \$27.30, respectively). As seen in Table 2, the highest wages among all immigrants are associated with sources of information that immigrants do not make great use of: news stories (2.9%), union postings (less than 1%), and recruitment agencies or headhunters (4.5%). The lowest wages among all immigrants are associated with personal initiative (\$20.00), Canada Employment Centres (\$20.10) and family or friends (\$20.10). Family/friends and personal initiative were the two most commonly used sources of information for all immigrants (42.1% and 22.2%, respectively).

As for recent immigrants (those who immigrated between 2001 and 2003), immigrants who found their current job through the internet or by personal initiative had the highest average hourly wages (\$23.80 and \$19.40 respectively). Recent immigrants who found their position through Canada Employment Centres or other government agencies (\$14.30), help wanted ads or family and friends (both \$14.80) earned lower hourly wages.

The sources of information used would appear to yield different results when Canadian-born and immigrant wages are compared. While Canadian-born earn on average more than immigrants, immigrants earned more than Canadian-born when they had found their current position through news stories, Canada Employment Centres, job fairs, the internet and help wanted ads. The widest gaps in wages between immigrants and Canadian-born are associated with on-campus recruitment (a difference of \$3.90) and recruitment agencies (\$3.10).

When comparing periods of immigration, recent immigrants almost always earn less than more established immigrants. This is consistent with the “years-since-immigration-effect” which suggests that immigrants “start at a significant disadvantage relative to [Canadian-born] when they enter the

country, but then catch up over time” (Alboim, Finnie and Meng, 2005: 2).

It follows that the average hourly wage for Canadian-born and immigrants who immigrated in the 1980s is fairly similar. In contrast, there is a significant wage disparity between Canadian-born and recent immigrants who arrived between 2001 and 2003. Differences in wages range from \$1.40 (personal initiative) to \$6.20 (help wanted ads) per hour. Other wide wage gaps between Canadian-born and recent immigrants are associated with direct recruitment by the employer (\$5.80), family or friends (\$5.80) and Canada Employment Centre (\$3.90).

The only exception to the “years-since-immigration-effect” is for recent immigrants who found their current job through the internet or by personal initiative. Not only do those recent immigrants earn higher hourly wages than some of the immigrants who arrived previously, but their hourly wages are similar to Canadian-born.

b) Average hourly wages by source of information and gender

Table 4 shows the average hourly wages for male and female Canadian-born and immigrants. This is a ‘converted’ hourly wage, which includes extra earnings (such as overtime payment, tips, commission, piecework, bonuses, profit sharing, etc) in the 2005 calendar year.

Table 4: Average hourly wage (2005 dollars) for Canadian-born & immigrants by period of immigration, gender and by source of information for finding current job, Canada

	MALE						FEMALE					
	CANADIAN-BORN	IMMIGRANT					CANADIAN-BORN	IMMIGRANT				
		ALL IMMIGRANTS	BEFORE 1981	1981-1990	1991-2000	2001-2003		ALL IMMIGRANTS	BEFORE 1981	1981-1990	1991-2000	2001-2003
Family or friend	\$ 22.70	\$ 22.50	\$ 26.70	\$20.20	\$19.40	\$14.60	\$ 18.40	\$ 17.70	\$ 20.00	\$18.70	\$14.30	\$15.20
Personal initiative	\$ 23.70	\$ 22.50	\$ 27.40	\$21.80	\$16.90	\$22.60	\$ 18.60	\$ 18.20	\$ 20.10	\$17.20	\$16.60	\$15.90
Help wanted ad	\$ 25.10	\$ 24.50	\$ 26.90	\$22.90	\$24.20	n/a	\$ 18.40	\$ 20.20	\$ 22.70	\$19.30	\$17.40	\$12.90
Directly recruited by employer	\$ 27.30	\$ 25.50	\$ 30.10	\$21.20	\$24.10	\$16.80	\$ 21.00	\$ 18.80	\$ 18.90	\$19.30	\$17.40	n/a
Internet	\$ 25.70	\$ 28.20	\$ 28.60	\$26.40	\$28.80	\$27.80	\$ 20.80	\$ 18.40	\$ 19.40	\$17.50	\$20.20	\$13.40
Recruitment agency (headhunter)	\$ 36.80	\$ 31.70	\$ 39.80	n/a	\$24.80	n/a	\$ 25.70	\$ 21.40	\$ 22.10	n/a	\$19.80	n/a
Canada Employment Centre (or govt agency)	\$ 20.60	\$ 22.40	\$ 26.70	\$24.60	\$18.20	n/a	\$ 16.40	\$ 18.20	\$ 20.40	\$13.30	n/a	\$15.50
News story	\$ 22.00	\$ 32.50	\$ 34.30	n/a	n/a	n/a	\$ 19.20	\$ 20.10	\$ 21.40	n/a	\$17.10	n/a
On-campus recruitment	\$ 37.80	\$ 32.60	\$ 36.00	n/a	\$17.40	n/a	\$ 23.80	\$ 20.10	\$ 23.30	n/a	n/a	n/a
Union posting	\$ 30.70	\$ 30.60	\$ 34.40	\$31.80	\$17.70	n/a	\$ 24.80	n/a	\$ 25.70	n/a	n/a	n/a
Job fair	\$ 22.20	\$ 31.30	\$ 34.20	n/a	n/a	n/a	\$ 17.10	\$ 14.60	\$ 14.20	n/a	n/a	n/a
Other	\$ 27.80	\$ 29.80	\$ 35.50	\$25.80**	\$20.00	n/a	\$ 22.60	\$ 18.50	\$ 30.30	\$24.80	n/a	n/a

n/a: Data suppressed due to reliability and/or confidentiality issues

** : Potential reliability issues. Use with caution.

For both male and female, Canadian-born and immigrant workers, recruitment agencies and on-campus recruitment provide access to jobs with higher hourly wages. News stories also give access to higher paid jobs for immigrant men and women. The highest wages for immigrant men (\$32.60) are associated with on-campus recruitment (which implies the benefits derived from acquiring further education in Canada). The highest wages for immigrant women (\$21.40) are associated with recruitment agencies.

Canada Employment Centres and job fairs often result in lower hourly wages. Immigrant men and women who found their current job through family or friends or personal initiative reported lower hourly wages. The lowest wages for immigrant men (\$22.40) are associated with Canada Employment Centres. The lowest wage for immigrant women is associated with job fairs (\$14.60).

The lowest wages for recent immigrant men are found in jobs obtained via family or friends (\$14.60) or when recruited directly by an employer (\$16.80). The lowest wages for recent immigrant women are found in jobs obtained via help-wanted ads (\$12.90) or the internet (\$13.40).

An important element to note is that wages are consistently lower for women, especially immigrant women. This indicates that immigrant women fare worse than 1) Canadian-born women; 2) Canadian-born men; and 3) immigrant men. This is likely a result of the compounded labour market barriers that accompany women and immigrants.

As is the case with the differences between Canadian-born and immigrant wages, the differences between men and women vary according to sources of information. The widest gaps in wages between immigrant and Canadian-born men are associated with on-campus recruitment (a difference of \$5.20) and recruitment agencies (\$5.10). The widest gaps in wages for immigrant women – compared to Canadian-born – are associated with on-campus recruitment (which falls below the Canadian-born wage by \$3.70), and recruitment agencies (\$4.30). In some cases the immigrant wage exceeds the Canadian-born wage (more so for immigrant men than for women), for example, when using Canada Employment Centres or news stories.

It is again apparent that the “years-since-immigration-effect” holds for both Canadian-born and immigrant men and women. Both male and female immigrants from the 1980s have wages that are relatively on par with their Canadian-born counterparts, whereas the wage gap between Canadian-born and more recent immigrants is more varied.

The most pronounced wage gaps between Canadian-born and recent immigrant men are found in jobs obtained through direct recruitment by the employer (\$10.50) and family or friends (\$8.10). The most pronounced wage gaps between Canadian-born and recent immigrant women are found in jobs obtained via recruitment agencies (\$10.50), the internet (\$7.40) and help-wanted ads (\$5.50).

It deserves attention that both male and female recent immigrants experience consistently low wages when friends and family are the source of information for finding one’s current job, whereas Canadian-born men and women do not.

CONCLUSIONS

Clearly, only tentative conclusions can be reached from the data compiled in this report. In part, this is because the source of information is only one factor that might contribute to labour market outcomes. It is also worth bearing in mind that the data presented here represent a relatively small sample of employed immigrants that does not differentiate between permanent residents, naturalized Canadian citizens and visa holders.

In terms of the specific labour market outcomes that we examined, the following conclusions emerge:

- Immigrants who found their current job through news stories, union postings, and recruitment agencies had the highest average hourly wages, while immigrants who found their current job through personal initiative, family or friends, and Canada Employment Centres had the lowest average hourly wages.
- Immigrants who had found their current job through news stories, job fairs, the internet, Canada Employment Centres, or help wanted ads earned more than Canadian-born who had found their job through the same source of information.
- Immigrants are more likely to have found their current jobs through sources of information resulting in lower wages (i.e. family and friends and personal initiative), than those providing access to higher wages.
- The longer immigrants have been in Canada, the highest their average hourly wages.
- Among immigrants with lower wages, recent immigrants and women fare the worst. Recent immigrants however had higher wages when they found their job through the internet or by personal initiative.
- Immigrant women fare worse than Canadian-born women, Canadian-born men, and immigrant men.

APPENDIX

RELEVANT QUESTIONS FROM WES SURVEY QUESTIONNAIRE:

1. **4 (a)** – When you were first hired, how did you learn about the job opening?
2. **35 (c)** – What is your wage or salary, before taxes and other deductions?
3. **44** – Gender
4. **46** – Were you born in Canada?
5. **46 (a)** – In what year did you immigrate to Canada?

Questionnaire: http://www.statcan.gc.ca/imdb-bmdi/instrument/2615_Q1_V7-eng.pdf

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