

### *Immigrant Transitions from Underemployment to Skills-commensurate Employment*

#### **What is the issue?**

Underemployment differs from unemployment in that a person is working, but lacks an adequate “person-job” fit. These situations include:

- underpaid or lower job status compared to workers with similar skills and education;
- not receiving adequate hours at work and/or preference for full-time status;
- working outside one’s field of formal education and training;
- having greater skills and/or work experience than required for a given job;
- individual perception that a job is generally lacking or unfulfilling<sup>1</sup>

Underemployment is usually tied to one’s career history, job search strategies, employee characteristics, and personal work preferences. It also has antecedents in economic factors (such as recessions), job type, and demographic characteristics (e.g. race, gender, age, or education).

#### **Why does it matter?**

Underemployment is a major concern for the Canadian-born, but it is a much more complex issue for immigrants due to systemic issues of skill/credential transferability and recognition. For immigrants, one of the most common forms of underemployment is skills incommensurate employment. Specifically, work that requires less education, skill, training and experience than the employee has acquired. The result is often significant wage gaps by level of education as underemployed skilled immigrant workers earn less than Canadian-born workers in higher paying, skills commensurate jobs.

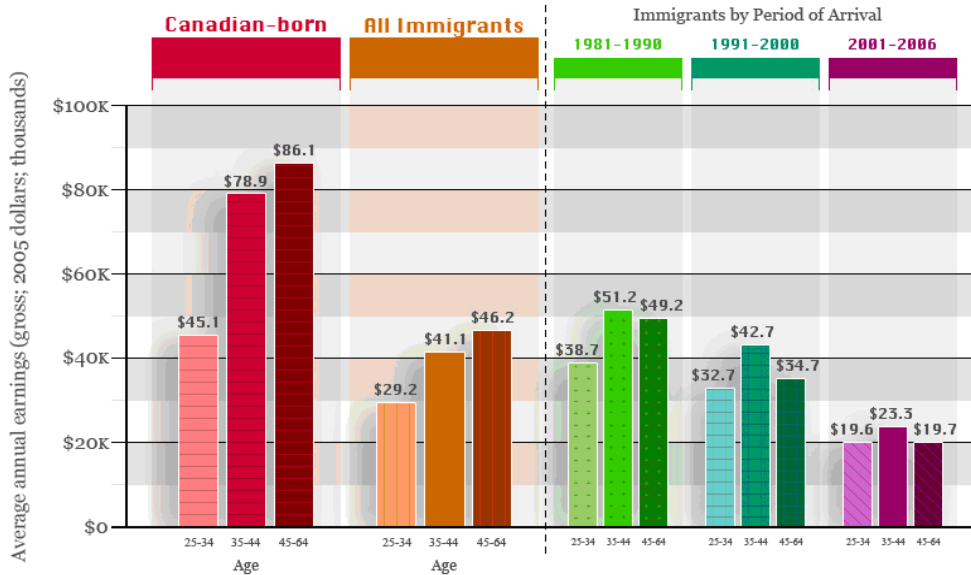
This tends to affect highly skilled/educated immigrant workers more, particularly if immigrant underemployment is in full-time but low-skilled, mismatched work. This “survival employment” can have serious effects on access to bridging programs and skills/education upgrading. Although immigrant work prospects tend to improve over time, immigration during a recession, and the resulting effects this tends to have on initial employment, can increase the risk of underemployment over longer periods. When this is combined with the growing amount of racialized immigrants being received, the effects of workplace racism on access to skilled professions and skills-matched, full-time work becomes more pronounced<sup>2</sup>.

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<sup>1</sup> See McKee-Ryan, F.M. and J. Harvey. 2011. “I have a job but...”: A Review of Underemployment. *Journal of Management* 37(4): 962-996.

<sup>2</sup> See Liu, E. November 2007. A Descriptive Study of Employers’ Attitudes and Practices in Hiring Newcomer Job Seekers. *CERIS Policy Matters* 31; Reitz, J.G. 2005. Tapping Immigrants’ Skills: New Directions for Canadian Immigration Policy in the Knowledge Economy. *Choices* 11(1): 1-18.

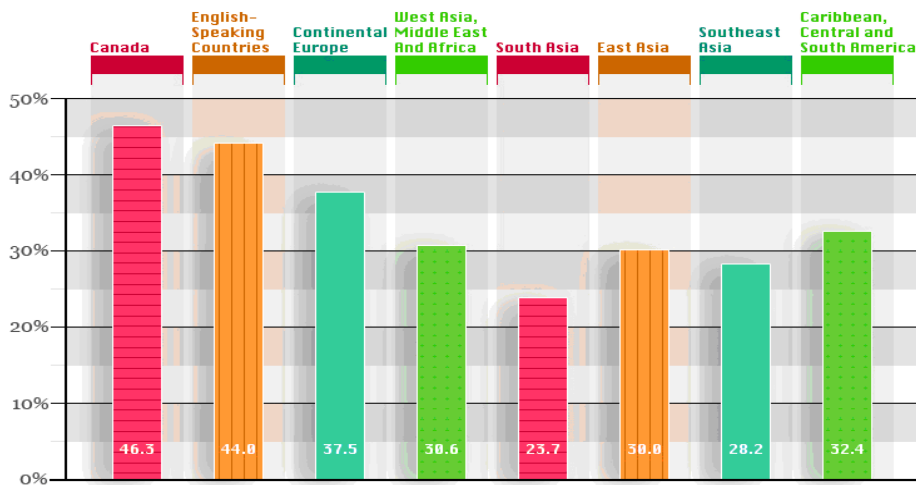
**Figure 1 : Average annual earnings (gross; 2005 dollars) for Canadian-born & Immigrants by Educational Attainment, Period of Immigration and Age, Toronto CMA**



Adapted from TIEDI Analytical Report #16, Table 6 using data from the 2006 Census.

Education: 'University'

**Figure 2 Percent population in relevant employment by place of study of highest education, 2006, Canada**



Adapted from TIEDI Analytical Report #14, Table 4 using data from the 2006 Census.

Underemployment can have severe psychological and social consequences for those experiencing it, can negatively affect reemployment possibilities and long term labour market outcomes, and can have negative impacts on one's social determinants of health.<sup>3</sup>

Given that employment and earnings gaps are growing substantially between immigrants and the Canadian-born<sup>4</sup>, and the 2008 recession seems to have had negative effects on immigrant employment generally<sup>5</sup>, more detailed studies of the dimensions of immigrant underemployment are needed.

### Data Limitations

Measurement of underemployment tends to be complex (given the subjective and objective dimensions of the category). Statistics Canada's most complex measure of underemployment is the "R8" category in the Labour Force Survey (LFS), which combines other measures of unemployment to include those who are in "involuntary part-time employment", which is specifically a measure of "visible" (or hours) underemployment. This measure does not include what it considers to be "invisible underemployment" - skills not being fully used or when a job is considered substandard because of wages and/or other unfavourable job characteristics.<sup>6</sup>

Various Statistics Canada data sources exist that measure the job satisfaction of immigrants<sup>7</sup> - the Longitudinal Survey of Immigrants to Canada ("LSIC" - a broad ranging survey of immigrant characteristics) and the Workplace and Employee Survey ("WES" - a longitudinal survey designed to explore a broad range of issues relating employers and employees). The LFS unfortunately, does not disaggregate immigrants from its R8 results, making immigrant underemployment difficult to study over the short term. Keeping in mind that the R8 does not include "invisible underemployment", this is a significant limitation with regards to immigrants.<sup>8</sup>

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<sup>3</sup> See Friedland, D.S. and R.H. Price. 2003. Underemployment: Consequences for the health and well-being of workers. *American Journal of Community Psychology* 32: 33-45.

<sup>4</sup> See TIEDI Report 22, <http://www.yorku.ca/tiedi/doc/AnalyticalReport22.pdf>

<sup>5</sup> Galarneau, D. and R. Morissette. 2008. Immigrants' education and required job skills. *Perspectives*. Retrieved on January 20, 2012 from : <http://www.statcan.gc.ca/pub/75-001-x/2008112/pdf/10766-eng.pdf>

<sup>6</sup> See Gilmore, J. and S. Larochelle-Coté. 2011. Inside the labour market downturn. *Statistics Canada - Perspectives*. Retrieved from Statistics Canada website on January 10, 2012 from: <http://www.statcan.gc.ca/pub/75-001-x/2011001/article/11410-eng.htm#b2>

<sup>7</sup> For a TIEDI study on immigrant job satisfaction see: TIEDI Report 12, <http://www.yorku.ca/tiedi/pubreports12.html>

<sup>8</sup> The 2006 Census also added the question of 'country of highest education received' so researchers can now test out whether 'place of where they received their highest education' matters or not- studies show that they do matter- for instance, those with foreign credentials are less likely to be working in their field of study and tend to earn less compared to those with Canadian credentials. See e.g. TIEDI report 14, <http://www.yorku.ca/tiedi/doc/AnalyticalReport14.pdf>

### **Policy Challenges**

As the Canadian immigration points system has shifted to demand higher educational/skill requirements from immigrants, the risk for overqualified (especially recent) immigrants, experiencing underemployment has increased. Many recent immigrants are hired outside of their field of study, and with changes in recruitment/hiring, problems with credential recognition, an ongoing economic recession, weakening settlement services, and racism in workplaces, this can lead to long-term effects on pay, job satisfaction, and career prospects. At the same time, there is evidence of skills shortages in several industries which may be addressed by locating underemployed immigrant workers in the same sector or, in some cases, the firm itself.

### **Discussion Questions**

For the purposes of this roundtable, we will focus on the question of those who are underemployed in situations where there is the potential for appropriate employment often with the same employer.

1. What data would help us to better understand the dimensions of underemployment within a given sector or workplace?
2. What are the challenges of moving from skills mismatch to skills commensurate employment from the perspective of skilled immigrants, employers, service providers, and government/policy makers?
3. What program and policy initiatives would support immigrants moving into appropriate levels of employment? What would work from the perspective of skilled immigrants, employers, service providers and program funders?

### **About 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.

Website: <http://www.yorku.ca/tiedi/index.html>