



**Achieving better  
integration  
outcomes**

Fall 2019  
Century Initiative  
[centuryinitiative.ca](http://centuryinitiative.ca)



# Century Initiative | Initiative du Siècle

Century Initiative (CI) is a national non-partisan organization with a mission to enhance Canada's long-term prosperity through population growth. To that end, CI provides research and education, creates opportunities to engage and share viewpoints, and contributes to public policy and solutions design. CI's current areas of focus are: immigration, urban development, early childhood support, employment & entrepreneurship and education. We seek to broaden the conversation on Canada's future, and to work with others on actionable strategies for Canada's long-term success.

## Acknowledgments

Special thanks to **McKinsey Canada**.

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## Background and Context

Canada is increasingly relying on immigration to fuel its growth. Immigration, Refugees and Citizenship Canada (IRCC) has announced plans to steadily increase immigration levels to welcome approximately one million more permanent residents between 2019 and 2021<sup>1</sup>. Coupled with this increased level of immigration, it is important to develop measures to help immigrants successfully integrate into Canada. In this briefing, we examine the economic integration of Canada's immigrants, highlight the notable challenges experienced by them in the labour market, and provide recommendations on how those challenges can be mitigated.

According to Statistics Canada, the unemployment rate and wages of immigrants lags Canadian-born workers<sup>2</sup>. Unemployment rates for immigrants who have landed 5 or less years earlier in Canada are much higher than the rest of the population. In 2018, it stood at 9.4 per cent compared with 6.1 per cent for immigrants who have resided in Canada for over 5 years, and 5.8 per cent for the total population. While it is understandable that immigrants require time to acclimate to the labour market, it is of concern that it takes immigrants over 10 years to catch up to the unemployment rate of the Canadian-born population<sup>3</sup>. Moreover, university-educated immigrants (between the core-working ages of 25-54) do not achieve wage parity with their Canadian-born counterparts. (See Exhibit 1).

1 Immigration, Refugees and Citizenship Canada, Notice – Supplementary Information 2019-2021 Immigration Levels Plan

2 Statistics Canada, Labour force characteristics by immigrant status, annual; Longitudinal Immigration Database (IMDB): Interactive app.

3 Statistics Canada, Labour force characteristics by immigrant status, annual.

## Exhibit I

Core-aged university-educated immigrants do not achieve wage parity with their Canadian-born counterparts

### Average weekly wages of core-aged employees with a university degree by immigrant status, Canada, 2016 and 2017

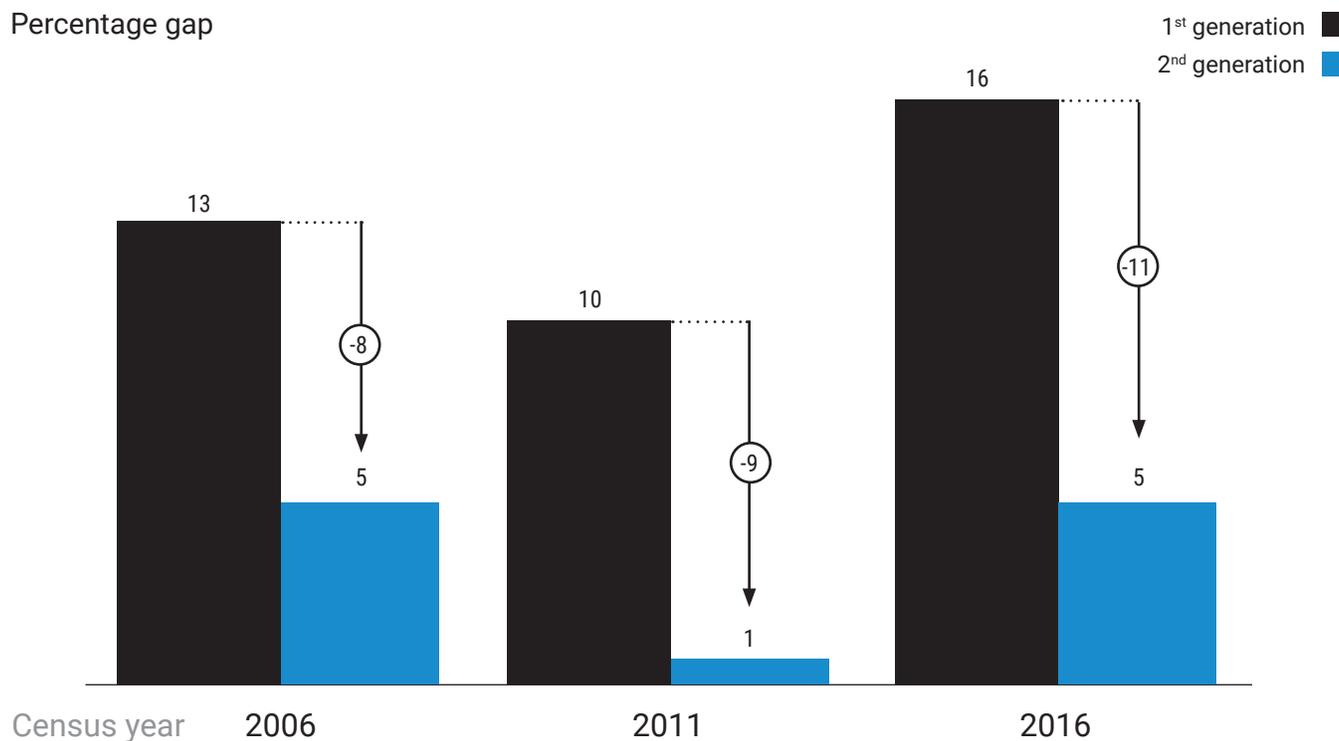
	2016	2017	2016 to 2017
	dollars		percentage change
<b>Average weekly wages</b>			
Landed immigrants	1,111.20	1,150.40	3.5
Immigrants, landed 5 or less years earlier	893.68	925.36	3.5
Immigrants, landed more than 5 to 10 years earlier	980.38	1,032.26	5.3
Immigrants, landed more than 10 years earlier	1,228.34	1,270.11	3.4
Born in Canada	1,315.22	1,326.67	0.9
<b>Immigrants to Canadian-born wage ratio</b>			
Landed immigrants	0.84	0.87	...
Immigrants, landed 5 or less years earlier	0.68	0.70	...
Immigrants, landed more than 5 to 10 years earlier	0.75	0.78	...
Immigrants, landed more than 10 years earlier	0.93	0.96	...
Born in Canada	...	...	...
... not applicable			

Overall, Statistics Canada census data shows that immigrants have a 16% gap in wages compared with Canadian-born workers. (Exhibit 2). Interestingly, while this gap does decrease significantly for 2nd generation immigrants (i.e., Canadians born to immigrant parents), a gap still exists as they earn approximately 5% less than the Canadian-born population.

## The wage gap between immigrants and Canadian born residents persists across generations

### Wage gap between immigrants and Canadian born residents

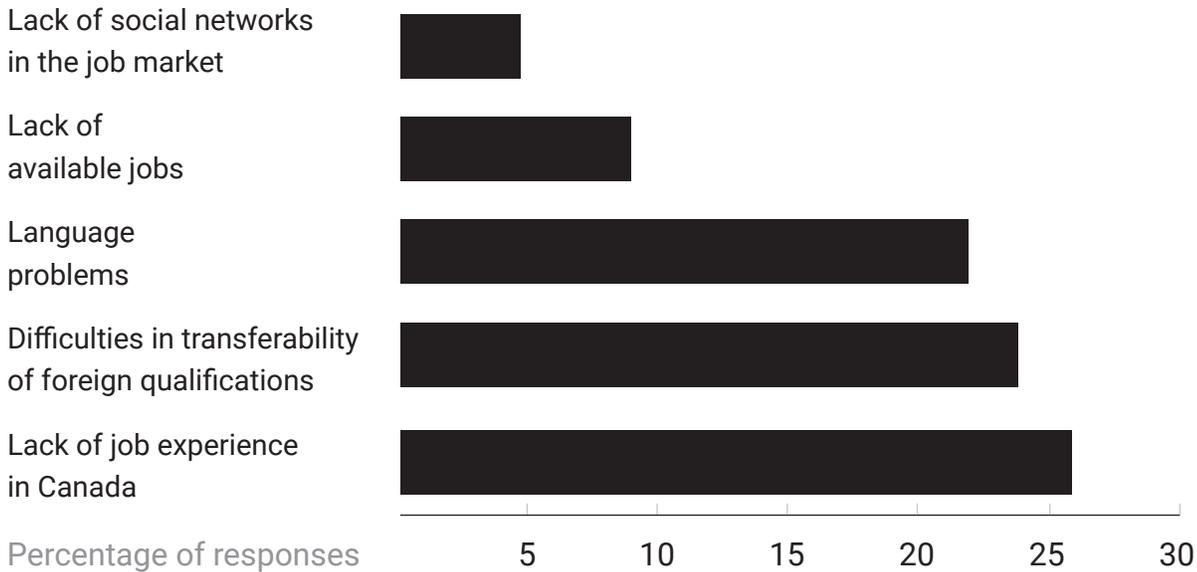
Percentage gap



These facts demonstrate the significant work ahead for Canada in terms of helping its immigrants realize their full economic potential. The underlying reasons for these outcomes are elucidated by a longitudinal survey conducted by Statistics Canada. As shown in Exhibit 3, the three greatest difficulties experienced by immigrants are challenges with language proficiency, difficulties in obtaining recognition of their foreign credentials, and lack of Canadian work experience. We examine each of these challenges in additional detail below.

## Exhibit III

### Notable difficulties immigrants experience when entering the Canadian labour market

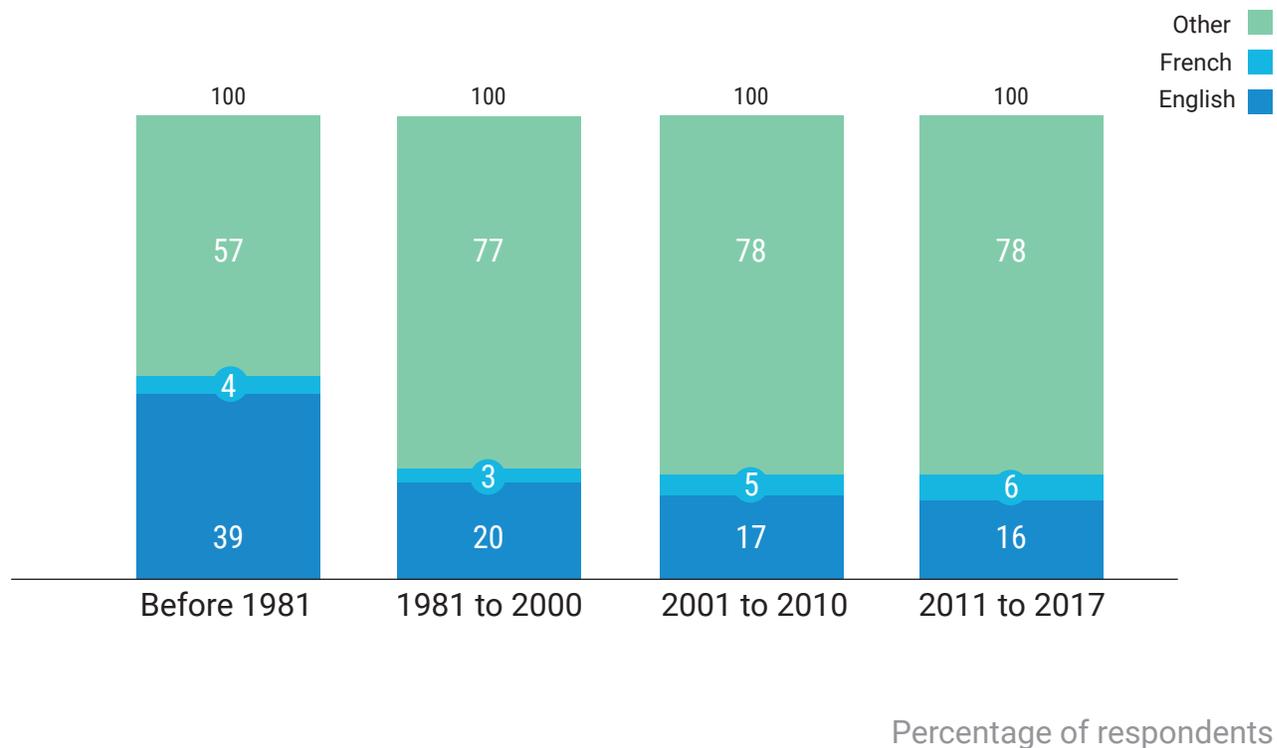


## Language Proficiency

Language proficiency is a key determinant of labour market success. One of the main reasons immigrants experience barriers in the labour market is due to the increasing share of non-native English- and French-speaking newcomers arriving to Canada since the 1980s. (See Exhibit 4). Statistics Canada data shows there is a correlation between English language proficiency and stronger outcomes in the labour market. The wage gap is much smaller among immigrants that speak English at home (they earn 6% less than Canadian-born workers) compared with immigrants that do not speak English at home (a 27% wage gap relative to Canadian-born workers). The wage gap is a staggering 46% for 2nd generation immigrants that do not speak English at home. (See Exhibit 5).

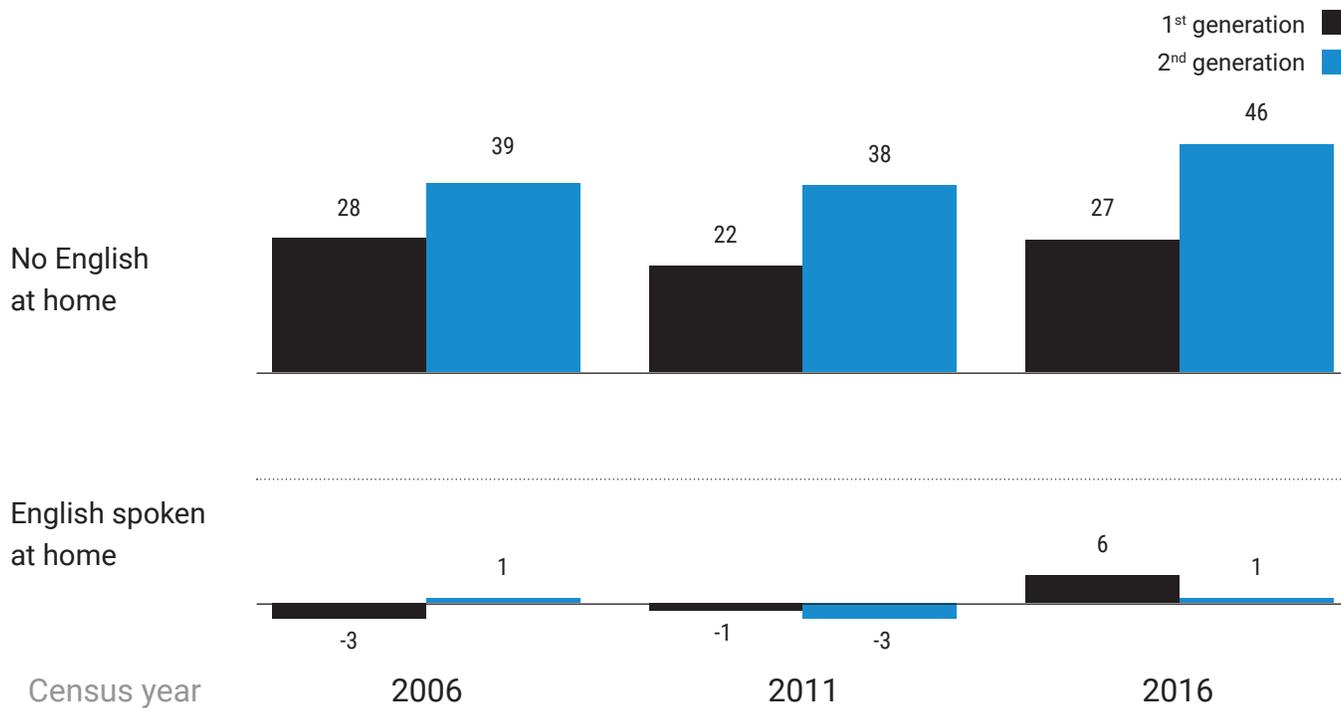
Source: Longitudinal survey of immigrants to Canada, 2001

### Distribution of the immigrant population, by mother tongue



## Exhibit V

### Wage gap between immigrants and Canadian-born



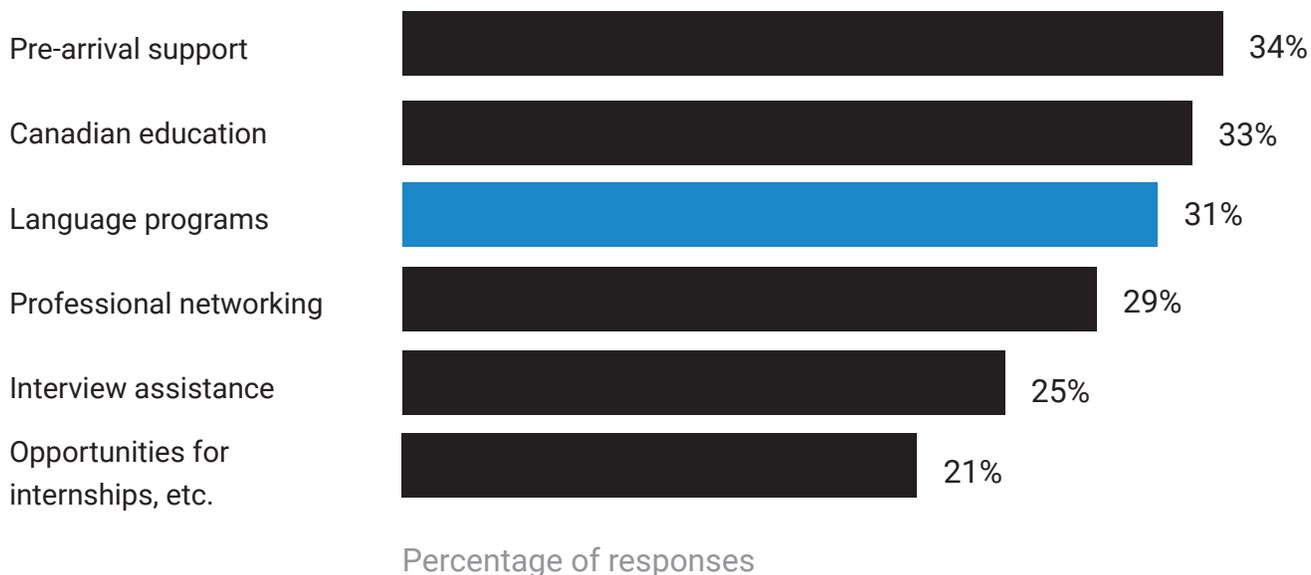
Providing newcomers with language supports is vital to facilitating their labour market integration. According to an Employment and Social Development Canada survey, 31% of immigrant respondents attributed language training as a key contributor to helping them obtain work in Canada commensurate with their skills. (See Exhibit 6).

Canada, similar to other countries, offers multiple programs to offer language support for people who are new to the country. However, there are structural challenges that create roadblocks for people to benefit from such programs. For instance, Immigration, Refugees and Citizenship Canada analysis shows there is a positive correlation between an immigrant's human capital and improvements to their language skills<sup>4</sup>. Since many immigrants arrive under the family and refugee classes, and from countries with native languages that are considerably different from English and French, it can be difficult for them to get their language skills up to standard. As another example, immigrants seeking a job in highly-skilled roles and jobs where safety is paramount face even bigger hurdles as having basic English skills are insufficient to performing their tasks

4 Immigration, Refugees and Citizenship Canada, Evaluation of the Settlement Program.

## Exhibit VI

Top areas of support identified by immigrants that have helped them find employment in Canada commensurate with their skills



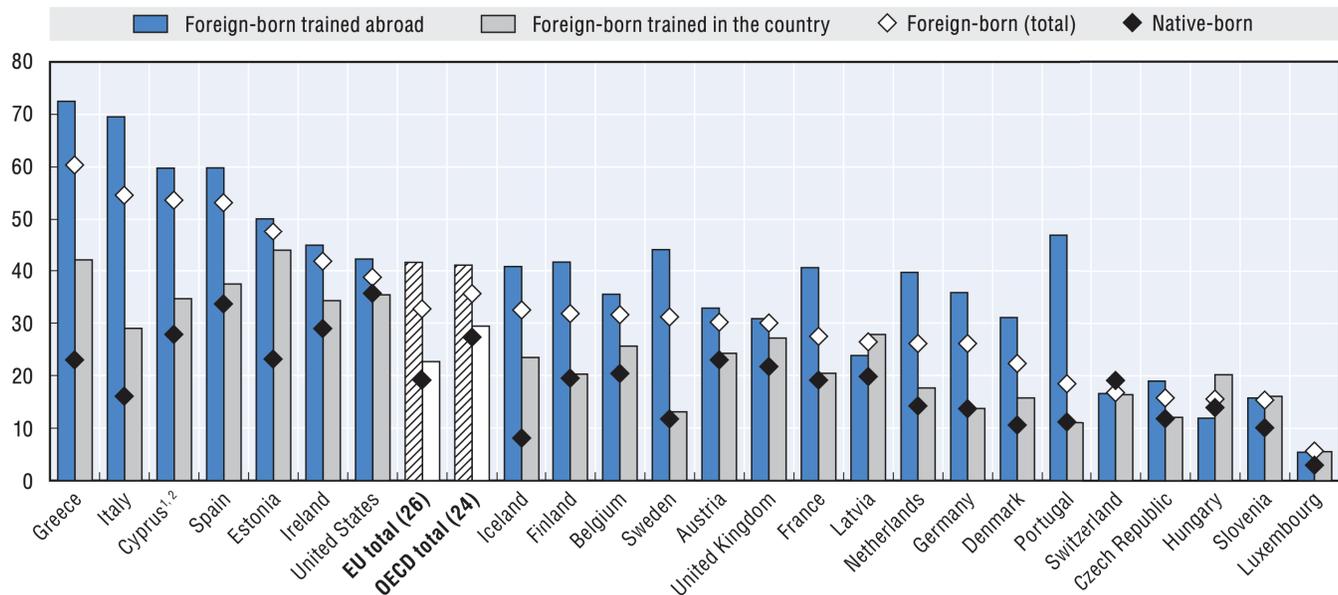
## Re-credentialing in regulated professions

One of the primary reasons for the disparity in unemployment rates and wages is the inability of immigrants to find work commensurate with their skills. In comparison to other OECD countries, Canada ranks among the bottom 5 countries (and far below the overall average) in terms of being able to skill-match immigrants (Exhibit 7).

## Canada ranks amongst the bottom 5 OECD countries with respect to skill matching

**Figure 6.A1.4. Overqualification rates among the native- and foreign-born 15-64 year-olds who are not in education, whether or not they obtained their qualification in the host country, 2011-12**

Percentage of highly educated employed



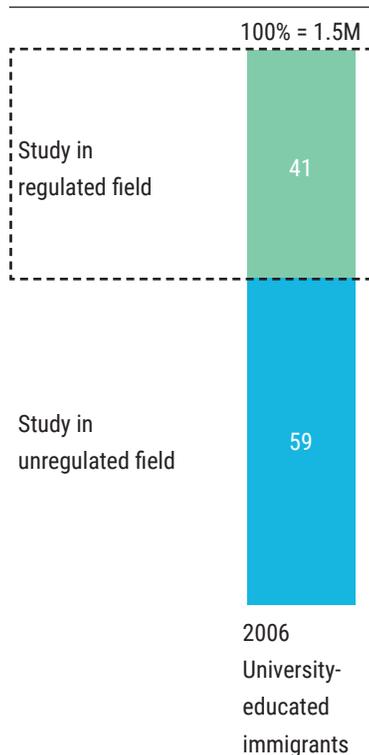
The 2006 Census found that 41% of university-educated immigrants had degrees in a regulated field ( i.e. fields that require professional credentials to practice). As can be seen in Exhibit 8, these regulated fields span the spectrum of occupations, from engineering to nutrition, from teaching to architecture.

# Exhibit VIII

## University-educated immigrants by occupation and location of study

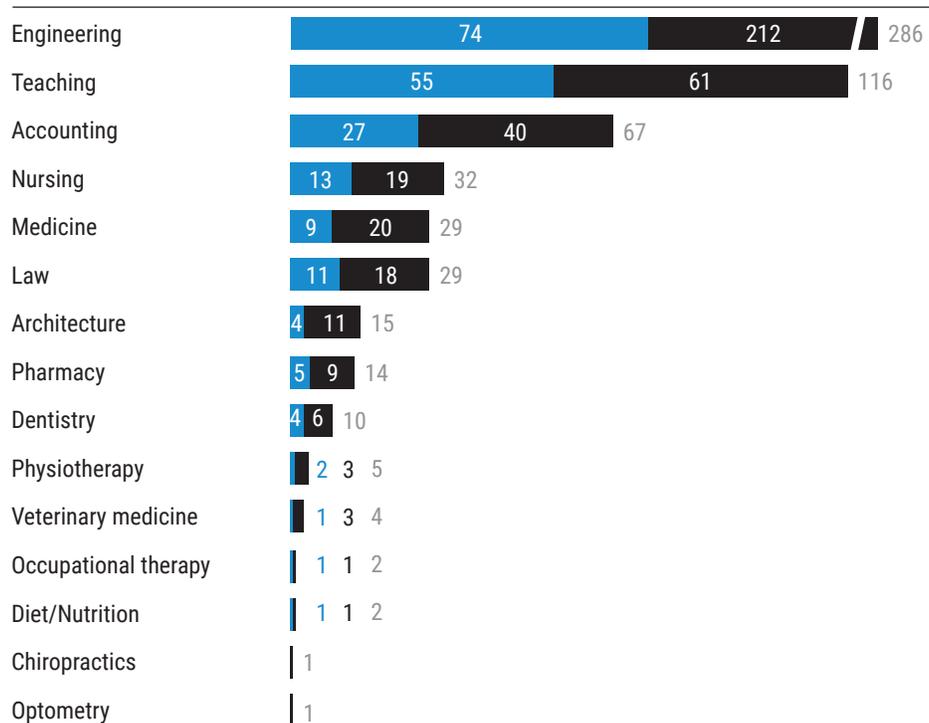
Studied in Canada ■  
 Studied outside of Canada ■

### University-educated immigrants, percentage



### Breakdown by occupation and location of study

000's



Source: Statistics Canada, Census of Population, 2006.

Re-credentialing in Canada can be a lengthy process. Applicants need to fulfill a variety of requirements that typically fall into seven categories:

1. Assessment of education commonly involves verifying that the candidate attended a reputable institution with appropriate curriculum.
2. Examinations are written tests that evaluate whether the candidate has the appropriate knowledge and technical skills.
3. Certificates allow the candidate to practice partially or fully.
4. Assessments of conduct evaluate prior conduct, health and character to assess fitness to practice.
5. Completion of a training program usually involves the candidate working under supervision for a period of time in Canada.
6. Language proficiency is a requirement in order to ensure the candidate has sufficient knowledge of English or French to work effectively.
7. Landed immigrant status or citizenship is often needed before the re-credentialing process starts.

To illustrate these requirements in specific fields, we summarize them for three example professions in Exhibit IX.

## Exhibit IX

### Re-credentialing requirements for selected professions

Requirement	Example profession	Physicians	Nurses	Engineers (P.Eng)
1. Assessment of education		Hold a degree in Medicine from acceptable, accredited medical school	Complete a nursing education program	Hold degree in engineering
2. Examinations		Medical Council of Canada Examination, which includes verification of medical degree Two-part Medical Council of Canada Qualifying Examination Provincial Certification Examinations	Registration examination Jurisprudence examination	Professionalism and Ethics examination
3. Certificates		Postgraduate Education Certificate Independent Practice Certificate	N/A	N/A
4. Assessment of conduct		N/A	Past Offences and Findings Health and Conduct	References to attest to good character
5. Completion of a training program		Entry Residency Program. Entry is gained through a competitive matching program and requires PR status/citizenship and language proficiency. Residency lasts 2-4 years, and positions are limited.	Show evidence of practice	Four years of Canadian work experience
6. Language proficiency		Yes	Yes	N/A
7. Landed immigrant status or citizenship		Yes	Yes	N/A

Taking physicians as an example, the most significant barrier to re-credentialing is the requirement to complete a two-to-four-year residency program. These placements are highly competitive, even though some positions are set aside for internationally-trained medical graduates. Similarly, engineers are required to have four years of Canadian work experience, which is also problematic, as we discuss in the next section.

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## Requirement for “Canadian Experience”

As shown by the longitudinal survey of immigrants, the requirement for “Canadian experience” by employers poses great difficulty for immigrants. This is understandable since it is difficult to find employment without Canadian experience and it is difficult to gain Canadian experience without being employed. On this issue, one respondent to a survey conducted by the Ontario Human Rights Commission wrote:

“The main reason that they cited [in support of their decision not to hire me] is lack of Canadian experience. I have all the qualifications and over 12 years of experience in a multi-cultural and fast-paced work environment, and I feel that I have good communication skills too. I have even offered to work without wages for a few weeks so that they can judge me and my work. I have started getting frustrated and am planning to go back. They say they need skilled workers but don’t recognize your overseas experience.<sup>5</sup>”

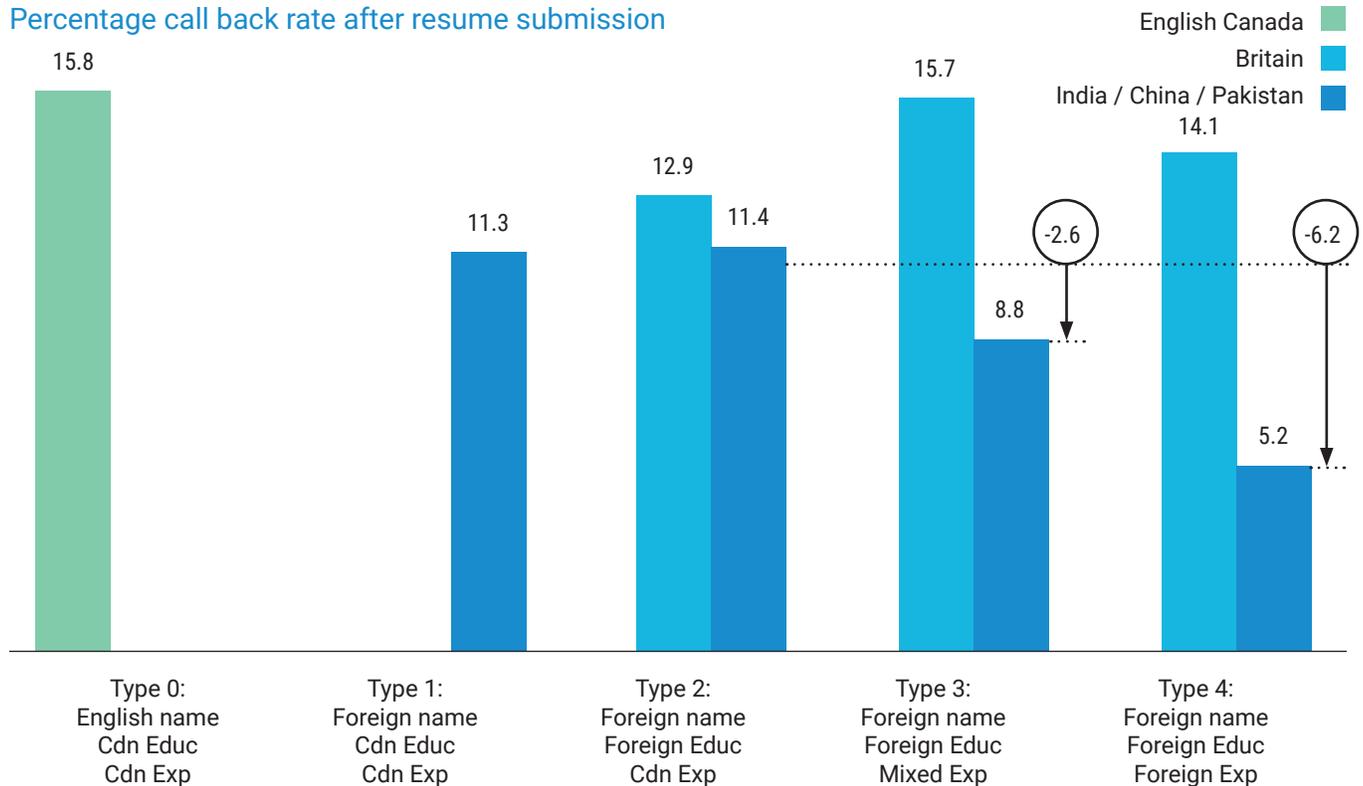
Employers’ strong preference for “Canadian experience” is not just a perceived challenge by immigrants. An experiment conducted by researcher Philip Oreopoulos (and published in the National Bureau of Economic Research) demonstrates this is a real phenomenon. In the experiment, thousands of resumes were sent in response to online job postings in Toronto. The resumes were varied based on three factors: 1) English name vs. ethnic sounding name; 2) educated in Canada vs. educated in a foreign country; and 3) Canadian job experience, foreign job experience, or mixed job experience. There were 6 combinations of the above factors tested on the resumes, and interview call back rates were measured. Exhibit 9 shows the results of the experiments, which clearly demonstrates employers’ strong preference for Canadian experience.

5. Ontario Human Rights Commission, Policy on Removing the “Canadian experience” barrier.

## Exhibit X

### Interview call back rates by resume type and ethnic origin sent out in experiment

Percentage call back rate after resume submission



In particular, the call back rate drops 2.6 percentage points for foreign applicants with a mix of foreign and Canadian work experience. The gap in call back rate is even greater, at 6.2 percentage points, for applicants with foreign work experience in comparison with Canadian experience.

Given the reality of these challenges, immigrants attempt to fulfill the Canadian experience requirement

through a number of different mechanisms, including seeking volunteer positions in local organizations and internships (both paid and unpaid). Several universities and colleges also offer bridging programs, particularly for immigrants aiming to work in regulated fields. In addition, immigrants seek out mentors through organizations such as Ten Thousand Coffees and initiatives such as the Connector Program to build their professional networks and get advice on how to enter their desired profession.



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## Recommendations

As Canada's population ages, immigrants will have an increasingly important role to play in its economic and fiscal health. Research by the Conference Board of Canada shows that immigrants already account for 100% of net labour force growth<sup>6</sup> and will contribute to one-third of real GDP growth by 2030<sup>7</sup>. Improving the economic integration of immigrants can only serve to enhance their already profound economic impact. The Conference Board estimates that immigrants would stand to gain \$10-13 billion more in annual income if were their qualifications, skills, and work experience better recognized<sup>8</sup>. Canada must do more in the areas of language proficiency, credential recognition, and Canadian work experience to help immigrants realize their full potential.

**Canada should increase the number of language support centers across the country, especially outside of major urban centres.** In addition, government offered support programs should be clearly communicated and highlighted as a part of the entry process for new immigrants, preferably in multiple languages. Lastly, incentivizing organizations to hire or offer internship opportunities for immigrants with technical skills but limited language proficiency can help integrate them faster and effectively.

**To facilitate the re-credentialing process for immigrants, two main steps can be taken.**

First, immigrants should be allowed to start the re-credentialing process prior to immigrating or landing (physicians, for example, can only begin the process after they have landed immigrant status). The re-credentialing process can take months or even years. For the immigrant, the decision to come to Canada will likely be influenced by whether they can practice their profession of choice, and Canada is a more attractive home if that is the case.

<sup>6</sup> The Conference Board of Canada, Can't Go it Alone: Immigration is Key to Canada's Growth Strategy.

<sup>7</sup> The Conference Board of Canada, 450,000 Immigrants Annually: Integration is Imperative to Growth.

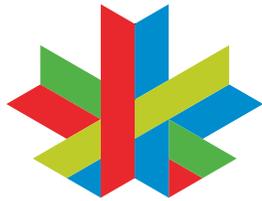
<sup>8</sup> The Conference Board of Canada, 450,000 Immigrants Annually: Integration is Imperative to Growth.

Second, greater collaboration between government, professional bodies, and industry is imperative to widen bottlenecks in re-credentialing processes. Certain steps in the re-credentialing process limit the total intake of foreign trained professionals. Though these limits are sometimes intentional, such as in the case of trades, there are other situations where the limits are an unintended consequence. For example, completion of a training program is problematic in medicine because there are insufficient positions available. More opportunities can be created for hard-to-fill specialties or geographies. Similarly, in engineering (to become licensed), the training requirement effectively becomes a requirement for Canadian experience.

**Lastly, the requirement for Canadian experience is problematic for immigrants, especially given that it remains unclear what exact skills or capabilities are sought by employers that set this requirement.**

The Ontario Human Rights Commission goes so far as to posit that a strict requirement for Canadian experience is discriminatory on its face and can only be used in very limited circumstances. With this in mind, it is important to work with government agencies and advocacy groups to limit the requirement for Canadian experience to very specific circumstances in which it has clearly demonstrable value. Employers must be better informed and educated on hiring best practices for immigrants (e.g., frame job requirements as objectively as possible, provide immigrants with training, resources and other support that would bridge any skills gaps). Government can also facilitate this process by creating incentive schemes that encourage employers to hire immigrants and help them succeed in the work place.





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