Gender and Language Proficiency Earnings Gap among Immigrant Youth in Canada

Bosu Seo, PhD
Department of Economics, University of Winnipeg

Lori Wilkinson, PhD
Department of Sociology, University of Manitoba

UNIVERSITY OF MANITOBA

March 2011
Metropolis/ Vancouver

Human capital theory in Canadian immigration

- Basis for the current "point system" to select immigrants
- "highly-skilled, well-educated, English- or French- speaking, upper class male"

  (Abu-Laban and Gabriel, 2002)
- Observed increasing levels of education, but their income decreases
  - Maybe, discrimination against immigrants
  - Lack of recognition of foreign education

Newcomer Youth and Employment

- Over half of all migrants to developed nations are under age 29 years
  - In Canada, 57% of newcomers are under age 29 at arrival
- Finding good employment a marker of social, economics, and civic integration and the transition to adulthood
- Youth between the ages of 15 & 24 comprise 31.1% of all unemployed persons
  - Among youth, immigrants are the most likely to be unemployed
- Only 25% of immigrant youth have job experience by the time they are 18 years, compared with 60% of Canadian-born youth

Shields & Rahi, 2003; Perreira et al., 2007; Kunz, 2003; Omidvar & Richmond, 2003; Anisef, et al., 2007; Beaujot and Kerr, 2007; UN, 2007; Statistics Canada, 2007 & 2003; Anisef et al., 2006; Citizenship & immigration Canada, 2010; Wilkinson, 2008

Earnings gaps by Gender and Language proficiency (usage)

- Research has shown gender earnings gap in Canada (Gunderson, 1989; Finnie and Wannell, 2004)
- Most studies use cross-sectional databases
- However, much less is known for Immigrants, particularly Immigrant youth
- Language in the immigrant labour market (Chiswick, 2007)

Methodology & Data

PHASE ONE

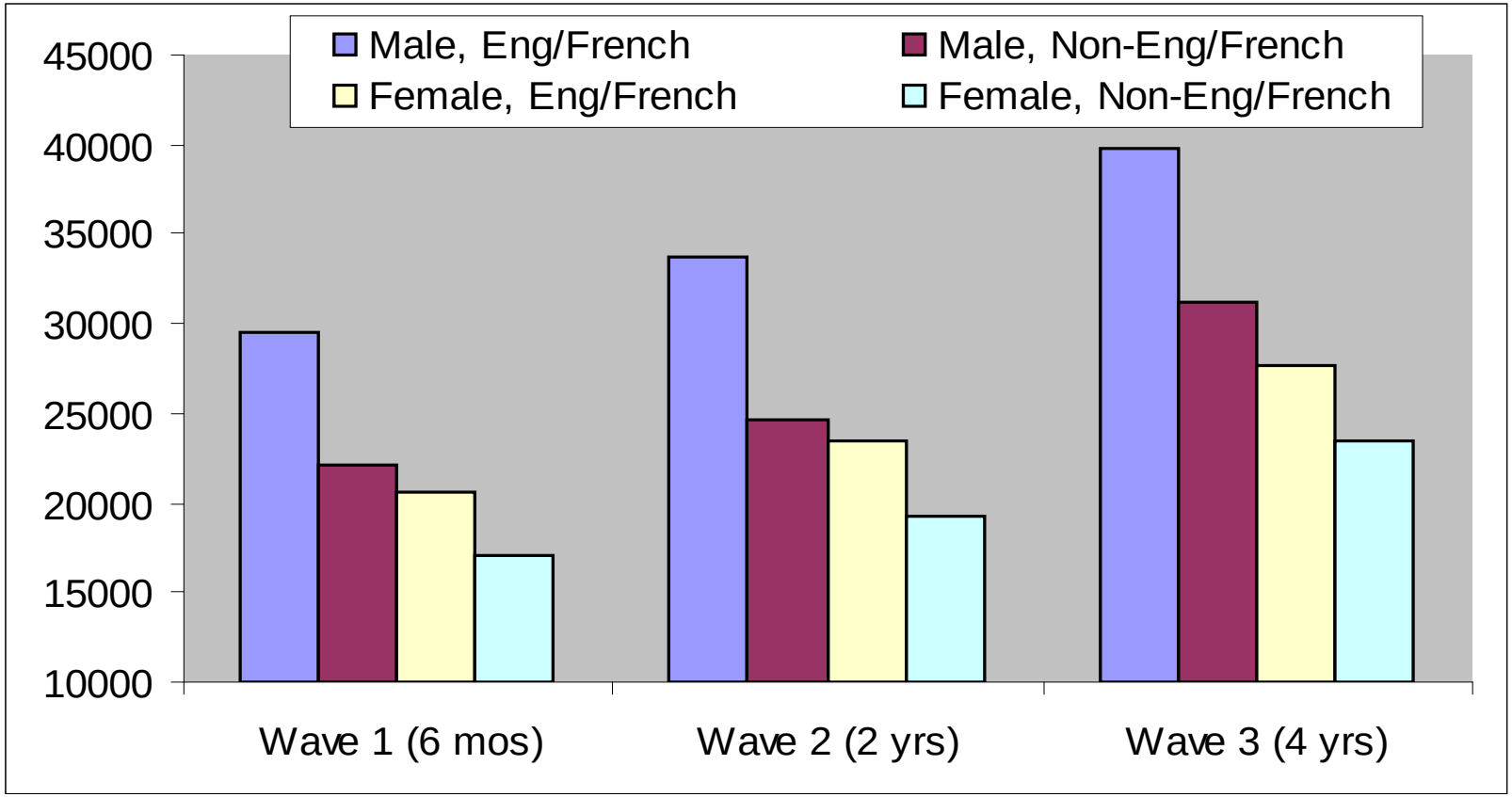
- Quantitative analysis of the *Longitudinal Survey of Immigrants to Canada (LSIC)*
- Canada during autumn Consists of over 7600 immigrants who arrived in 2001
- Randomly selected by Citizenship & Immigration Canada
  - Representative of major immigrant-sending countries
  - Representative of the major entrance classes *(including government/private sponsored refugees)*
  - Not representative of refugee claimants
- Wave 1 (6 months after arrival), Wave 2 (2 years after arrival), and Wave 3 (4 years after arrival)

PHASE TWO

- Qualitative, semi-structured interviews with 82 youth in Toronto, Hamilton, Winnipeg & Vancouver
- Similar characteristics to those in LSIC
- Special interest in comparing the trajectories for those with high school education, trade/technical school education or university education
- Extensive questions about educational and work history prior to arrival, at arrival & post-arrival

Sample: immigrant youth arriving to Canada between ages 15 and 29 years

Earnings by Gender and Language Proficiency



Statistics Canada, LSIC

Earning regression

- Dependent variable: log of earnings
  - So, its interpretation is the proportional effect of earning of a one unit change in the given independent variable

- Independent variables:
  - Age, Age square
  - Education (ref. Less than High school)
  - Marital status, Sex, Language, Hours of work
  - Region (ref. Manitoba, Saskatoon, and Atlantic etc)
  - Immigration entrance class (ref. Business)

Oaxaca-Blinder Decomposition (e.g. gender)

- Male earnings equation:

$$w_M = \alpha_M + \beta_M S_M$$

- Female earnings equation:

$$w_F = \alpha_F + \beta_F S_F$$

- Decomposition:

$$\Delta\overline{w} = \overline{w_M} - \overline{w_F} = (\alpha_M - \alpha_F) + (\beta_M - \beta_F)\overline{S_F} + \beta_M(\overline{S_M} - \overline{S_F})$$

Result 1. Gender gaps

	Wave 1			Wave 2			Wave 3		
(%)	Beta	X	Total	Beta	X	Total	Beta	X	Total
Age	9.2	5.6	14.8	-74.0	10.5	-63.5	9.2	5.6	14.8
Age^2	10.0	-5.3	4.7	50.9	-10.2	40.7	10.0	-5.3	4.7
Edu - HS	0.2	0.0	0.3	2.2	-0.1	2.0	0.2	0.0	0.3
Edu - Some Col	-0.7	-0.1	-0.8	-0.5	0.0	-0.6	-0.7	-0.1	-0.8
Edu - Univ	1.5	0.3	1.8	0.9	0.1	1.1	1.5	0.3	1.8
Married	2.1	-0.4	1.7	9.6	-1.2	8.4	2.1	-0.4	1.7
Language	0.1	0.3	0.4	2.6	0.0	2.6	0.1	0.3	0.4
Working hours	-16.2	11.0	-5.2	-8.0	8.5	0.4	-16.2	11.0	-5.2
Quebec	0.1	0.0	0.1	2.0	0.0	1.9	0.1	0.0	0.1
Ontario	-4.2	0.0	-4.2	1.0	-0.3	0.8	-4.2	0.0	-4.2
Alberta	-0.2	0.0	-0.2	0.7	0.0	0.7	-0.2	0.0	-0.2
BC	-2.0	0.3	-1.7	1.1	1.0	2.1	-2.0	0.3	-1.7
Family	34.2	-1.0	33.2	0.1	-0.3	-0.2	34.2	-1.0	33.2
Skilled	42.3	1.7	43.9	1.9	1.6	3.6	42.3	1.7	43.9
Refugee	29.5	0.0	29.5	-24.9	-0.1	-25.0	29.5	0.0	29.5
Constant	-89.2	0.0	-89.2	52.1	0.0	52.1	-89.2	0.0	-89.2
Total	**16.7**	**12.4**	**29.1**	**17.8**	**9.4**	**27.1**	**16.7**	**12.4**	**29.1**

Result 2. Language gaps

	Wave 1			Wave 2			Wave 3		
(%)	Beta	X	Total	Beta	X	Total	Beta	X	Total
Age	66.6	12.8	79.5	664.1	64.9	729.0	79.8	17.9	97.6
Age^2	-17.7	-10.4	-28.1	-307.2	-54.7	-361.8	-22.1	-13.8	-35.9
Edu - HS	1.0	-0.8	0.2	1.2	0.1	1.2	1.5	-0.6	1.0
Edu - Some Col	-0.6	0.1	-0.5	6.0	0.1	6.1	1.0	0.7	1.8
Edu - Univ	1.1	4.5	5.5	0.9	2.9	3.7	-1.7	1.2	-0.5
Married	-0.6	-0.1	-0.6	-3.6	-0.1	-3.7	-2.5	0.0	-2.5
Sex	0.1	0.4	0.5	4.6	0.0	4.6	0.1	0.8	1.0
Working hours	12.4	-0.8	11.6	-103.5	0.4	-103.1	14.6	-1.3	13.4
Quebec	-2.9	-1.4	-4.3	-0.5	-0.9	-1.5	-1.2	-0.5	-1.6
Ontario	-14.2	-0.4	-14.5	-12.3	-0.9	-13.1	-11.7	-0.4	-12.1
Alberta	-1.4	0.1	-1.3	-0.5	0.5	0.0	-1.9	0.3	-1.7
BC	-3.8	0.8	-2.9	-3.1	1.7	-1.4	-2.7	1.3	-1.4
Family	6.3	-0.6	5.7	8.5	-0.3	8.2	13.4	-0.2	13.2
Skilled	18.4	3.4	21.8	14.2	3.1	17.2	9.4	2.7	12.0
Refugee	19.3	-0.1	19.3	-74.6	1.4	-73.2	3.8	-0.2	3.7
Constant	-72.8	0.0	-72.8	-186.8	0.0	-186.8	-65.3	0.0	-65.3
Total	**11.2**	**7.8**	**19.1**	**7.5**	**18.0**	**25.5**	**14.5**	**8.1**	**22.5**

Result 3. Decomposition of Earnings Differentials

	Wave 1	Wave 2	Wave 3
Gender gaps (Females - Males)			
Log wage differential	-0.291	-0.271	-0.255
Due to difference in skills	-0.124	-0.094	-0.180
Due to unobservable facotrs (e.g. discrimination)	-0.166	-0.178	-0.075
% of Unexplained	**57.3%**	**65.5%**	**55.8%**
Language gaps (Non Eng/Fr - Eng/Fr)			
Log wage differential	-0.190	-0.255	-0.225
Due to difference in skills	-0.078	-0.180	-0.081
Due to unobservable facotrs (e.g. discrimination)	-0.112	-0.075	-0.145
% of Unexplained	**58.9%**	**29.3%**	**64.3%**

Acknowledgements

- Statistics Canada Research Data Centres
  - Dr. Ian Clara, Analyst, Manitoba RDC
- SSHRC/Metropolis Strategic Joint Initiative
- National Metropolis Project