

Visible minorities in the labour force: 20 years of change

by Kelly Tran

Over the past several decades the Canadian population has become more ethnically and culturally diverse. Immigration patterns have changed dramatically with people from Europe no longer dominating the flow of immigrants. More and more, immigrants are from Asia, Latin America, Africa and the Middle East. As a result, the visible minority population has been steadily increasing. Between 1981 and 2001, the visible minority population grew from 1.1 million to nearly 4.0 million, growing from 5% to 13% of the population in 20 years. According to the 2001 Census of Population, two-thirds of visible minorities were foreign-born, and one third were Canadian-born, some having lived for generations in Canada.

CST What you should know about this study

This article uses data from the 1981, 1986, 1991, 1996 and 2001 Censuses of Population. It examines the labour market experiences of visible minorities and non-visible minorities in the 25- to 54-year-old age group over the 20-year period from 1981 to 2001 using employment and unemployment rates.

Four groups are compared: foreign-born visible minorities, Canadian-born visible minorities, foreign-born non-visible minorities and Canadian-born non-visible minorities. Visible minorities, as defined by the *Employment Equity Act*, are "persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour". In Canada, the visible minority population includes the following groups: Blacks, South Asians, Chinese, Koreans, Japanese, Southeast Asians, Filipinos, Arabs and West Asians, Latin Americans and Pacific Islanders.

As visible minorities and non-visible minorities have very different demographic profiles, employment and unemployment rates have been age-standardized using the non-visible minority age distribution as the reference. This eliminates the impact of different age distributions of visible and non-visible minorities upon the rates.

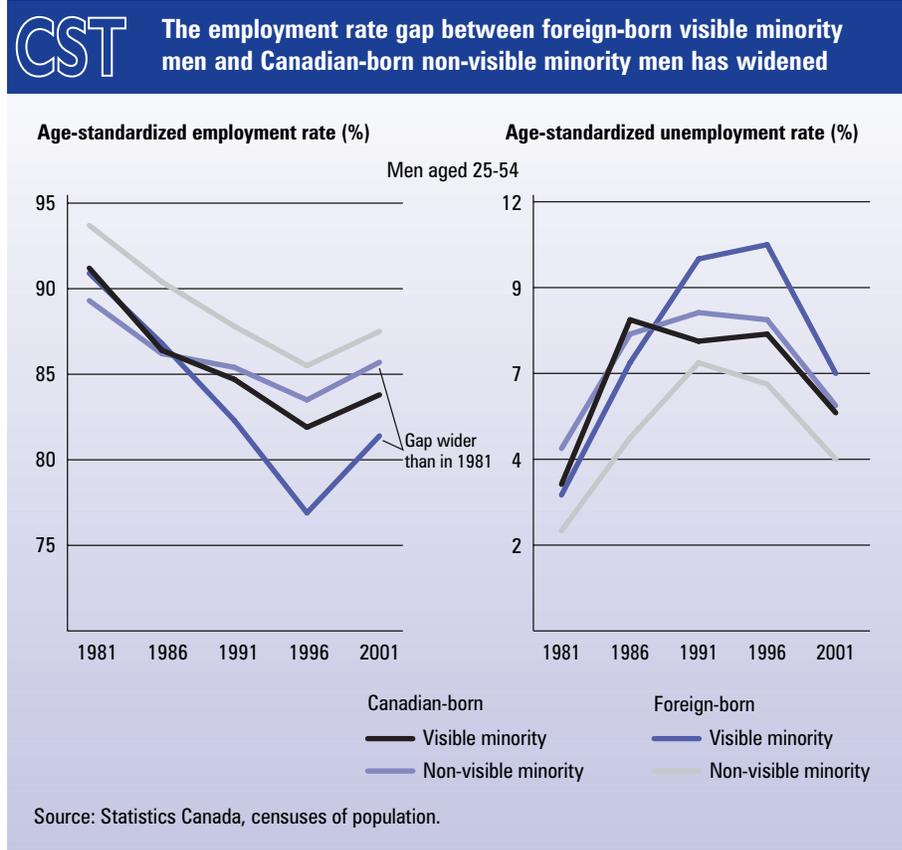
Employment rate: Also known as the employment/population ratio. It represents the number of employed people during the week prior to the Census as a percentage of the population aged 15 and over. The employment rate for a particular group (age, visible minority group, place of birth, etc.) is the number employed in that group expressed as a percentage of the population for that group.

Unemployment rate: Refers to the unemployed (i.e. not employed and looking for work) expressed as a percentage of the labour force in the week prior to Census Day. The unemployment rate for a particular group is the number of individuals unemployed in that group, expressed as a percentage of the total number in the labour force in that group.

This article examines employment and unemployment rates of visible and non-visible minority groups aged 25 to 54 using census data from 1981 to 2001. These rates have been age-standardized to account for demographic differences between the groups. Canadian-born and foreign-born visible minorities are compared to their non-visible minority counterparts to understand the relationship between labour market outcomes and immigration issues, such as recognition of foreign education qualifications or language abilities. Employment and unemployment rates are examined separately by gender as men and women had different employment trends over the last 20 years.

Between 1981 and 2001, significant economic changes occurred in Canada, which may help to explain trends in visible and non-visible minority employment and unemployment rates. During the recession of the early 1980s, employment growth slowed compared with the previous decade.¹ The early 1990s also saw slow employment growth in conjunction with a weak economy.² Only in 1997 did the labour market show signs of increased job creation, helping to push up the employment rate in the 2001 Census compared with the rate observed in 1996.³

Other factors also contributed to visible minority labour market outcomes. Foreign-born visible minorities face greater challenges in workplace integration than Canadian-born visible minorities and non-visible minorities do. Barriers such as lack of fluency in an official language, lack of recognition of educational credentials, lack of relevant Canadian employment experience and discounting of previous work experience outside Canada are obstacles to favourable labour market outcomes.⁴ Although immigrants may face these barriers regardless of their visible minority status, trends suggest that the foreign-born visible



minority groups experience more labour market difficulties than non-visible minorities. All of these factors may contribute to foreign-born visible minority difficulties in the labour market.

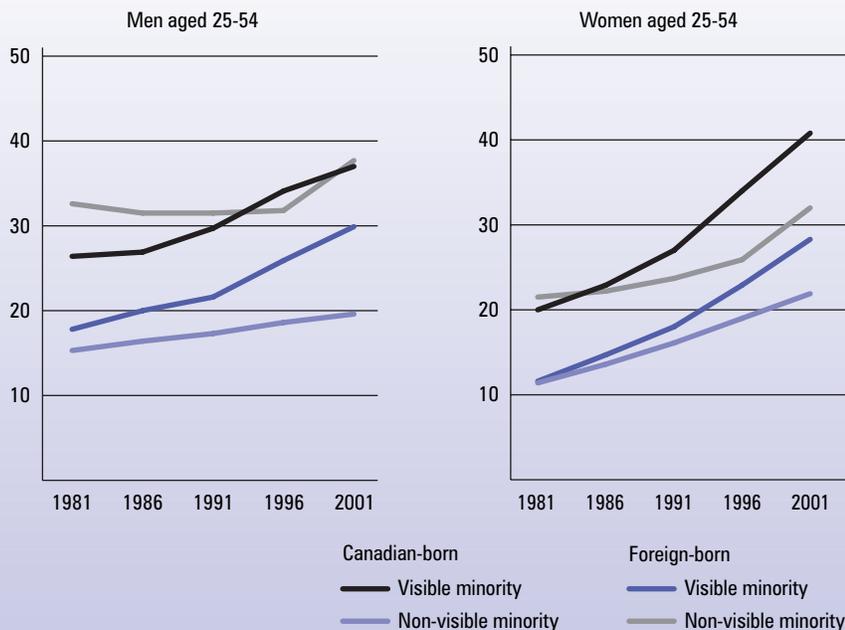
Employment outcomes of foreign-born visible minority men deteriorated during the 1980s and early to mid-1990s

While in 1981 foreign-born visible minority men aged 25 to 54 had better employment and unemployment rates than Canadian-born non-visible minorities, the 1980s and early to mid-1990s saw their employment situation deteriorate more quickly than that of other men of prime-working age.⁵ By 1996, a wide gap had developed between foreign-born visible minority men of prime-working age and Canadian-born non-visible minority men.⁶ In 2001, this gap had narrowed compared with 1996, but was still larger than it had been in 1981.

- Côté, M. 1990. "The labour force: into the '90s." *Perspectives on Labour and Income* (Statistics Canada Catalogue no. 75-001-XIE) 2, 1: 8-16.
- Picot, G. and A. Heisz. 2000. "The performance of the 1990s Canadian labour market." *Canadian Public Policy* 26, 1: S7-S24.
- Sunter, D. and G. Bowlby. March 2001. "Demography and the labour market." *Canadian Economic Observer* (Statistics Canada Catalogue no. 11-010-XPB) 14, 3: 3.1-3.24.
- Heisz, A., A. Jackson and G. Picot. 2002. "Winners and losers in the labour market of the 1990s." *Analytical Studies Branch Research Paper Series* (Statistics Canada Catalogue no. 11F0019MIE 2002 184).
- In 2001, Canadian-born non-visible minorities represented 77% of men of prime-working age, but foreign-born visible minorities represented 12%, the second largest group of men in this age group.
- Chui, T., J. Badets and K. Tran. 2003. *Labour Market Performance of the 1990s Immigrants to Canada*. Paper presented at the 29th annual meeting of the Canadian Population Society, June 5, Halifax.

Visible minorities are more likely to be university-educated than non-visible minorities

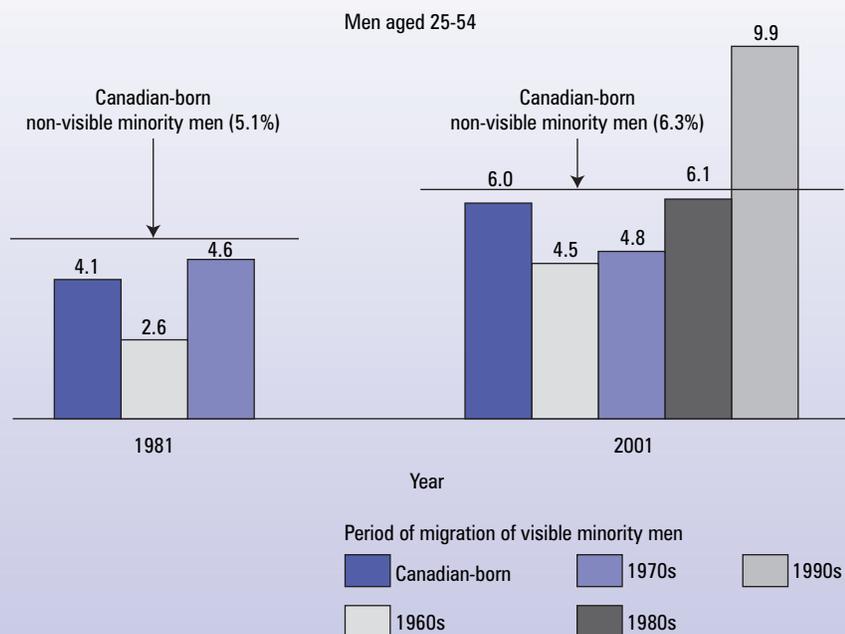
% with a university education



Source: Statistics Canada, censuses of population.

In 2001, foreign-born visible minority men who arrived in Canada during the 1990s had higher unemployment rates than non-visible minority men

Age-standardized unemployment rate (%)



Source: Statistics Canada, censuses of population.

The widening gap in labour market performance occurred even though visible minorities were more likely to be university-educated than non-visible minorities and the educational advantage of foreign-born visible minorities over Canadian-born non-visible minorities had increased. This pattern contradicts the widely-held view that workers benefit from more skills, education and experience and are in greater demand.

Other studies have made similar observations. One found differences in education, earnings, income, and labour force participation between visible minority groups and non-visible minorities.⁷ According to another study using 1991 Census data, visible minorities earned less than non-visible minorities.⁸ Another study found that although visible minorities are more likely to be university-educated than non-visible minorities, this education did not necessarily lead to better jobs or higher income.⁹

The labour market problems experienced during the 1990s by foreign-born visible minorities are directly related to the difficulties recent immigrants have had. In 2001, although visible minority prime-working age men who immigrated in the 1990s were more likely to be university-educated than Canadian-born men, their unemployment rate was higher than Canadian-born non-visible

7. Pendakur, K. and R. Pendakur. 1998. "The colour of money: Earnings differentials among ethnic groups in Canada." *Canadian Journal of Economics* 31, 3: 518-548; Hum, D. and W. Simpson. November 1998. "Wage opportunities for visible minorities in Canada." *Income and Labour Dynamics Working Paper Series* (Statistics Canada Catalogue no. 75F0002M); Chui, Badets and Tran. 2003.

8. Pendakur and Pendakur. 1998.

9. Kunz, J.L., A. Milan and S. Schetagne. 2000. *Unequal Access: A Canadian Profile of Racial Differences in Education, Employment and Income*. Toronto: Canadian Race Relations Foundation.

minority men (9.9% versus 6.3%). However, those who arrived earlier had similar or lower unemployment rates than Canadian-born non-visible minorities. In contrast, in 1981, foreign-born visible minority men who had recently immigrated had lower unemployment rates than Canadian-born non-visible minority men.

Canadian-born visible minority and non-visible minority employment outcomes for prime-working age men are similar

Most visible minorities are immigrants, but in 2001, about 90,000 men aged 25 to 54 were Canadian-born visible minorities (1% of men aged 25 to 54). They probably were educated in Canada and able to speak at least one official language and in 2001 were nearly twice as likely to be university-educated than Canadian-born non-visible minority men. This education advantage grew throughout the 20-year period, but employment outcome trends remained very similar to Canadian-born non-visible minority men, with a small but growing disadvantage in employment rates during the 1990s.

Visible minorities are very diverse, originating from different countries

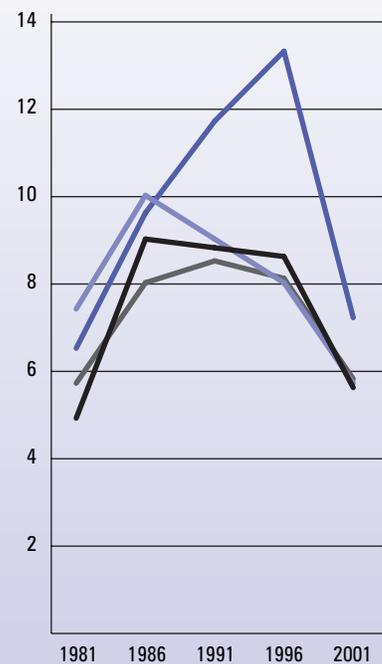


The employment rate advantage of foreign-born visible minority women disappears

Age-standardized employment rate (%)

Age-standardized unemployment rate (%)

Women aged 25-54



Canadian-born
 — Visible minority
 — Non-visible minority
 Foreign-born
 — Visible minority
 — Non-visible minority

Source: Statistics Canada, censuses of population.

CST Employment Equity Act

In 1986, the Canadian government responded to the growing diversity of the work force and the disadvantaged position in the workplace of some groups by implementing the *Employment Equity Act*. This act identified four target groups as under-represented or disadvantaged in the workplace: Aboriginal people, women, people with disabilities and visible minorities. The aim of the *Employment Equity Act* was to increase representation of disadvantaged groups in the workforce by addressing issues such as hiring, occupational segregation and earnings gaps.¹ The goal was to ensure that an

individual's qualifications and abilities were to be the only criteria for employment opportunities. The act covers private and public sector employers under federal jurisdiction that employ 100 or more employees. After the passage of the *Act*, many provincial governments followed suit, signalling an awareness of possible discrepancies between different groups in the labour market.

1. Stelcner, M. 2000. "Earnings differentials among ethnic groups in Canada: A review of the research." *Review of Social Economy* 58, 3: 295-317.

with widely varying education and cultural backgrounds. In 2001, three-quarters of the Canadian-born visible minority men aged 25 to 54 were from the three largest groups: Blacks (31%), Chinese (29%) and South Asian (15%). About half of the Chinese and South Asians in this group were university-educated compared with less than one fifth (18%) of Blacks. This large difference in education levels may contribute to Canadian-born male Blacks of prime-working age having lower employment rates and higher unemployment rates than either of the other two large Canadian-born visible minority groups.¹⁰

Foreign-born visible minority women go from first to last in employment rates

Over the last 20 years, women in general, and especially women with children, have substantially increased their involvement in the labour market. While in 1981 foreign-born visible minority women aged 25 to 54 had the highest employment rate among women in that age group, by 2001 they had the lowest. They were the only group of prime-working age women to experience a decrease in employment rates between 1981 and 2001. This may reflect a shift in immigration from Europe to Asia, Latin America, Africa and the Middle East. Women from these regions were less likely to participate in the labour force. In fact, previous research has found that women in Canada who were born in Europe, Southeast Asia or the United States had higher employment rates than Canadian-born women, while those born in Western Asia and the Middle East had lower employment rates.¹¹

All other women had increasing employment rates. Canadian-born visible minority women had higher employment rates than Canadian-born non-visible minority women. This is not surprising because Canadian-born

visible minority women are nearly twice as likely to be university-educated.

Unemployment rates for women increased between 1981 and 1986 and continued to increase for foreign-born visible minority women until 1996. Between 1986 and 1996, unemployment rates remained stable or decreased slightly for other prime-working age women. In 2001, unemployment rates decreased for all women and especially for foreign-born visible minorities, but rates for this group of women remained above those of other groups of prime-working age women. Unemployment rates were quite similar for Canadian-born women, regardless of their visible minority status, despite the education advantage of Canadian-born visible minority women.

Summary

Over the past 20 years, the visible minority population in Canada has nearly quadrupled, bringing increased diversity, especially in Canada's largest cities. In 1981, foreign-born visible minority men and women of prime working age had higher employment rates and lower unemployment rates than Canadian-born non-visible minority men and women. The situation changed in the 1980s and 1990s as employment rates dropped and unemployment rates increased for both visible and non-visible minority men. Foreign-born visible minority men, especially recent immigrants, saw their labour market outcomes deteriorate faster than Canadian-born non-visible minority men. This gap in labour market outcomes for men of prime working age was largest in 1996, and subsided somewhat by 2001. For women, employment rates increased for all except foreign-born visible minorities although foreign-born visible minority women were more highly educated than most other women.

The gap in labour market outcomes for foreign-born visible minorities may be related to incidents of discrimination

or unfair treatment. According to the Ethnic Diversity Survey, about 20% of visible minorities aged 15 and over said they had sometimes or often experienced discrimination or unfair treatment in the previous five years because of their ethnicity, culture, race, skin colour, language, accent or religion. These incidents most often occur at work or when applying for a job or promotion.¹² More research needs to be done to pinpoint the causes of the gaps in labour market outcomes between visible minorities and non-visible minorities.

10. In 2001, foreign-born Blacks were more likely to be university-educated than Canadian-born Blacks (24% versus 18%), yet had a higher unemployment rate (8.7% versus 7.9%).

11. Chui, T. and M.S. Devereaux. Spring 1995. "Canada's newest workers." *Perspectives on Labour and Income* (Statistics Canada Catalogue no. 75-001-XPE) 7, 1: 17-23.

12. Statistics Canada. 2003. *Ethnic Diversity Survey: Portrait of a Multicultural Society* (Statistics Canada Catalogue no. 89-593-XIE).



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