

Labour Market Outcomes across Generations of Immigrants in Canada

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By definition:

- The first generation immigrants are those who were born outside Canada.
- The second generation immigrants are those who were born in Canada and have at least one parent born abroad.
 - Mother is immigrant
 - Father is immigrant
 - Parents are immigrants
- The third generation are those who were born in Canada and whose parents were also born in Canada.

Introduction

Numerous studies have mainly focused on how immigrants integrate into the economy and social structure of the host country.

- The results from these studies show that immigrants are worse off

But the success of the immigrant's offspring in the labour market is an important measure of the success of immigration in the long term.

Background

Canadian Studies

- Census
 - Tu (2010)
 - Aydemir and Sweetman (2006)
- SLID
 - Hum and Simpson (2007)

Studies in other countries

- Ethnicity
 - Behrenze and et al. (2007)
 - Rooth and Ekberg (2003)
- Skills Gap
 - Nordin and Rooth (2007)
 - Neal and Johnson (1996)

The Canadian component of the 2003 International Adult Literacy Survey (**IALS**)

- Adequate information including parents birth of place and parental Education
- Data on literacy skills: Prose, Document, Numeracy and Problem Solving skills
 - Educational attainments are used to control the unobservable human capital skills but direct measure of skills (literacy) can be more appropriate predictor to control the human capital skills.
- Comparison of the results with the results from other surveys

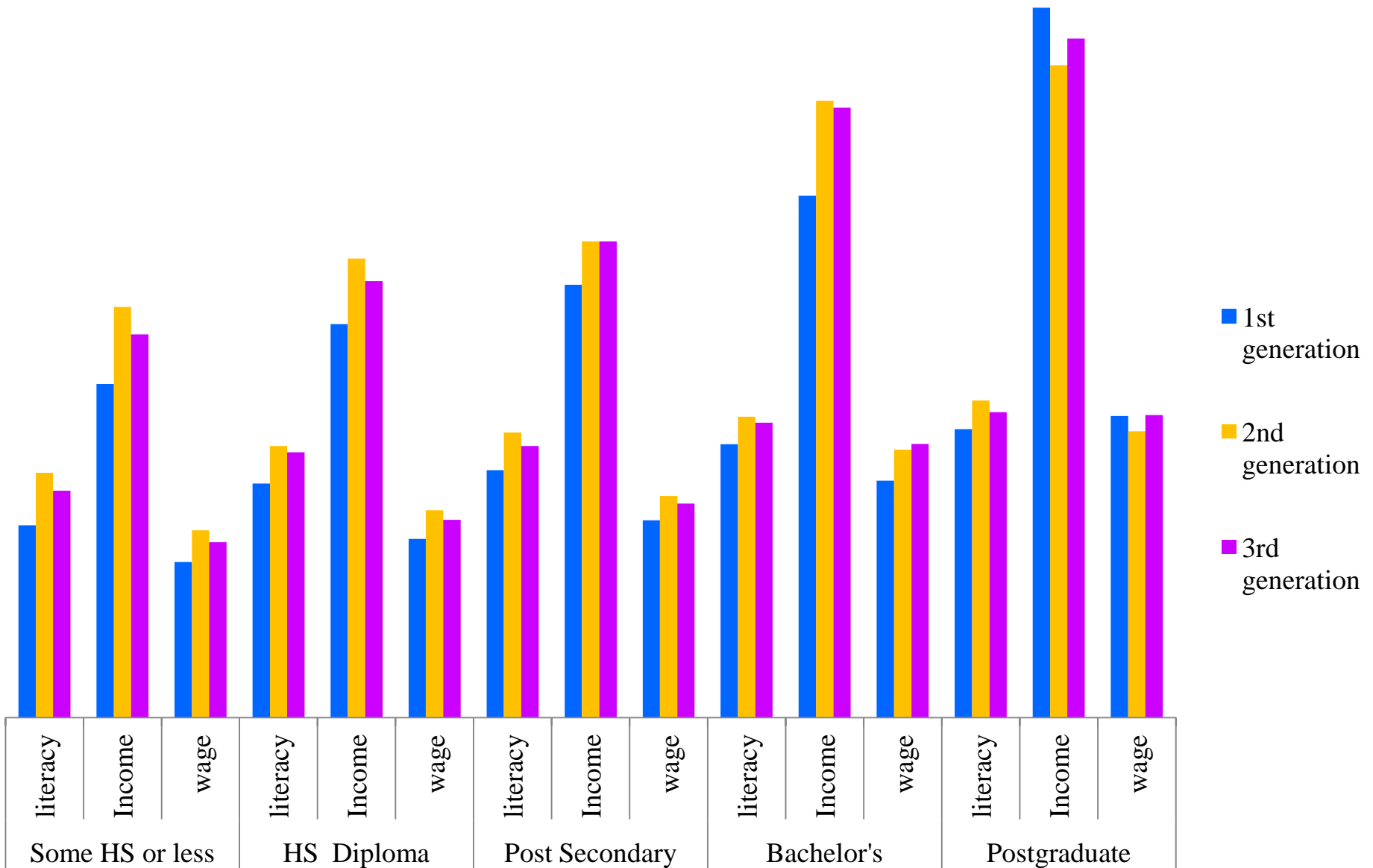
Males-Mean

Variables	1st gen	2nd gen_Mother	2nd gen_Father	2nd gen_Both	3rd gen
Age	44.39	44.55	44.09	41.70	43.07
Income	50214	51548	51619	55231	50673
wage	22.58	23.69	22.69	25.16	22.87
Experience	21.63	23.79	23.54	20.96	22.07
Schooling	14.70	13.75	13.95	14.42	13.34
Prose	262.05	297.18	290.07	304.77	282.69
Document	270.04	299.39	294.53	309.36	285.74
Numeracy	271.91	296.65	291.07	304.12	282.06
P.Solving	257.08	289.67	283.17	295.10	276.89
Literacy	265.27	295.72	289.71	303.34	281.84
Observations	674	91	132	134	2326

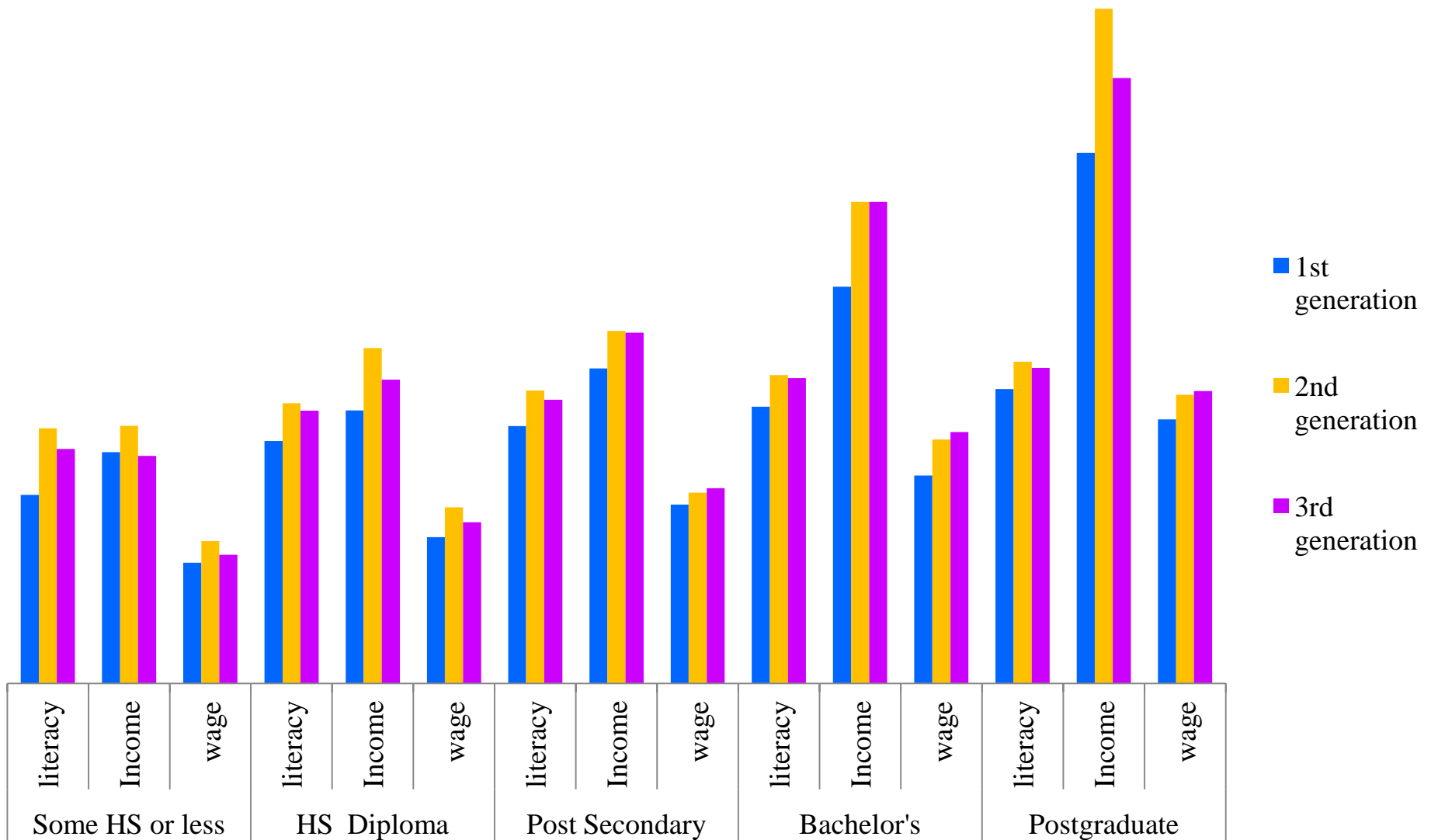
Females-Mean

Variables	1st gen	2nd gen_Mother	2nd gen_Father	2nd gen_Both	3rd gen
Age	43.16	43.54	44.27	40.37	42.93
Income	33892	39308	39402	41059	36070
wage	18.08	20.44	20.24	21.14	19.30
Experience	17.39	17.75	18.19	17.10	18.06
Schooling	14.25	14.20	14.19	14.92	13.59
Prose	263.08	308.25	299.91	311.15	292.65
Document	261.59	303.06	294.31	304.84	285.79
Numeracy	251.59	284.99	280.79	288.36	271.02
P.Solving	253.57	297.57	288.03	294.68	280.60
Literacy	257.45	298.47	290.76	299.76	282.52
Observations	628	99	135	132	2846

Literacy and Labour market characteristics by Educational Attainments for Males



Literacy and Labour market characteristics by Educational Attainments for Females



$$\text{Earnings} = f(\text{GEN}, \text{EDU}, \text{Literacy}, \text{Experience}, \text{Experience}^2, X, \text{AUG})$$

Dependent variable:

- *Earnings* : Log of hourly wages (Yearly Income)

Independent variables:

- *GEN*: Vector of generation groups
- *EDU*: Vector of educational attainments
- *X*: Vector of basic socio-economic variables including Age, Dependent child, Language, Respond's community size
- *AUG*: Vector of augmented variables to control for province of residence, parental education and ethnicity
- *Literacy*: Average test scores of Prose, Document, Numeracy and Problem Solving skills

Results

Dependent variable: Hourly Wage

		Control for socio economic Characteristics		
		Edu	Edu+Lit	Edu+Lit+Prov
Males				
	1st gen	-0.074**	-0.047	-0.072**
	2nd_Mother	0.003	-0.013	-0.035
	2nd_Father	-0.015	-0.023	-0.042
	2nd_Both	0.096**	0.046	0.017
Females				
	1st gen	-0.021	0.023	-0.004
	2nd_Mother	0.069	0.046	0.027
	2nd_Father	0.005	0.001	-0.038
	2nd_Both	0.095**	0.064	0.012

Results

Dependent variable: Yearly Income

	Control for socio economic Characteristics		
	Edu	Edu+Lit	Edu+Lit+Prov
Males			
1st gen	-0.089**	-0.061	-0.088**
2nd_Mother	-0.055	-0.072	-0.092
2nd_Father	0.006	-0.002	-0.021
2nd_Both	0.112**	0.058	0.032
Females			
1st gen	-0.011	0.038	0.020
2nd_Mother	0.077	0.051	0.039
2nd_Father	0.072	0.067	0.035
2nd_Both	0.108*	0.074	0.032

Results

Wage Equation	Male		Female	
	literacy	0.003***		0.003***
Prose		0.000		0.002***
Document		0.001**		0.001
Numeracy		0.002***		0.001***
Problem Solving		-0.001		-0.001*

Dependent variable: Hourly Wages by Level of Education

	Less HS	Some HS	HS	PS	Bachelor's	PG
Males						
1st gen	0.500	-0.041	-0.101	0.023	-0.129*	-0.029
2nd_Mother	0.419	-0.055	0.079	-0.023	-0.010	-1.953***
2nd_Father	0.443	-0.112	0.021	-0.005	-0.114	0.142
2nd_Both	0.000	0.102	0.030	0.044	-0.025	0.048
Females						
1st gen	-0.575	0.163	0.054	-0.022	-0.064	-0.091
2nd_Mother	0.000	0.063	0.099	0.013	-0.014	-0.09
2nd_Father	-0.541	0.031	0.017	-0.134*	-0.056	-0.011
2nd_Both	0.000	0.450	0.145*	-0.069	0.011	0.049

Conclusion

- 2st Generation immigrants are unconditionally better off in the labour market but conditionally, there is no significant difference in income compared to 3rd generation group
- 2nd Generation immigrants are better off in Educational attainment against 3rd generation and has the highest literacy scores
- Above results are stronger for 2nd Generation immigrants with both migrated parents than another subgroup of 2nd generation
- 1st Generation immigrants are worse off in labour market outcomes against 3rd generation although they have higher Educational attainment against 3rd generation but obtained the lowest test scores

Conclusion

Important Determinant variables in the earnings and wage equations to account for human capital skills

- Educational attainment and Schooling
- Literacy skills: Mainly Numeracy