

Transitions into and out of employment by immigrants during the COVID-19 lockdown and recovery

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Research Objectives

- During the widespread lockdown of economic activities in March and April 2020, the Canadian labour market lost 3 million jobs. From May to September, as many businesses gradually resumed their operations, 3/4 of jobs were recovered.
- Studies in the United States and Europe suggest that immigrants are often more severely affected by economic downturns than the native born (Borjas and Cassidy 2020; OECD 2020).
- Little is known about whether immigrants and the Canadian born fared differently in the employment disruption induced by the COVID-19 pandemic and, if so, how such differences are related to their socio-demographic and job characteristics.
- This study compares immigrants and the Canadian-born population in their transitions out of employment in the months of heavy contraction and into employment during the months of partial recovery.

Reasons to expect a stronger COVID effect on immigrants

- Recent immigrants tend to have shorter job tenure than the Canadian born. In February, 31% of employed recent immigrants had been in their jobs for less than one year, compared with 15% of Canadian-born workers.
- Recent immigrants are often much more likely to work in lower paying jobs than Canadian-born workers. In February, 22% of recent immigrants were in low-wage jobs, compared with 12% among Canadian-born workers.
- More broadly, recent immigrants often have difficulty transferring their educational and job qualifications to the labour market and finding steady, good paying jobs.



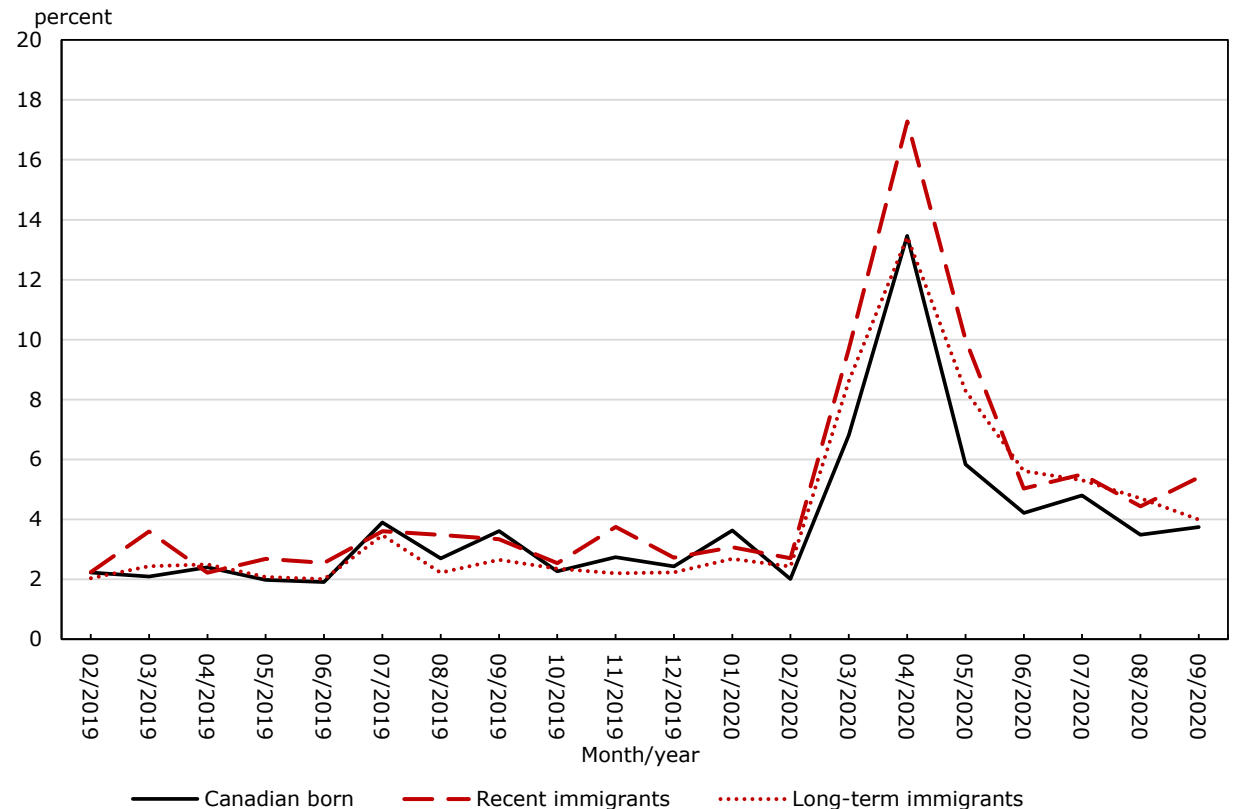
Data – Labour Force Survey

- The monthly Labour Force Survey is Canada's official data source of employment and unemployment statistics
- The monthly survey covers over 50,000 households, resulting in the collection of labour market information for 100,000 individuals
- This study focuses on the population aged 20 to 64
- Immigrants are grouped into recent immigrants (arrived within 10 years) and long-term immigrants (arrived more than 10 years earlier). The monthly sample size: about 4000 for recent immigrants, 8000 for long-term immigrants, and 50,000 for the Canadian born
- The analysis is based on individual-level monthly panel data and examines changes in individuals' employment status in two adjacent months

Recent immigrants were more likely to move out of employment

- The rate of transition from employment to non-employment is the share of individuals employed in the previous month who are not employed in the current month.
- Prior to the lockdown, the rate of transition to non-employment was low for the three groups.
- As the pandemic hit, the rate jumped for all three groups, much more so among recent immigrants, peaking in April at 17% for recent immigrants and 13% for the Canadian born and long-term immigrants.
- The rate remained higher among recent immigrants during recovery

Rates of transition from employment to non-employment among individuals aged 20 to 64, 2019-2020

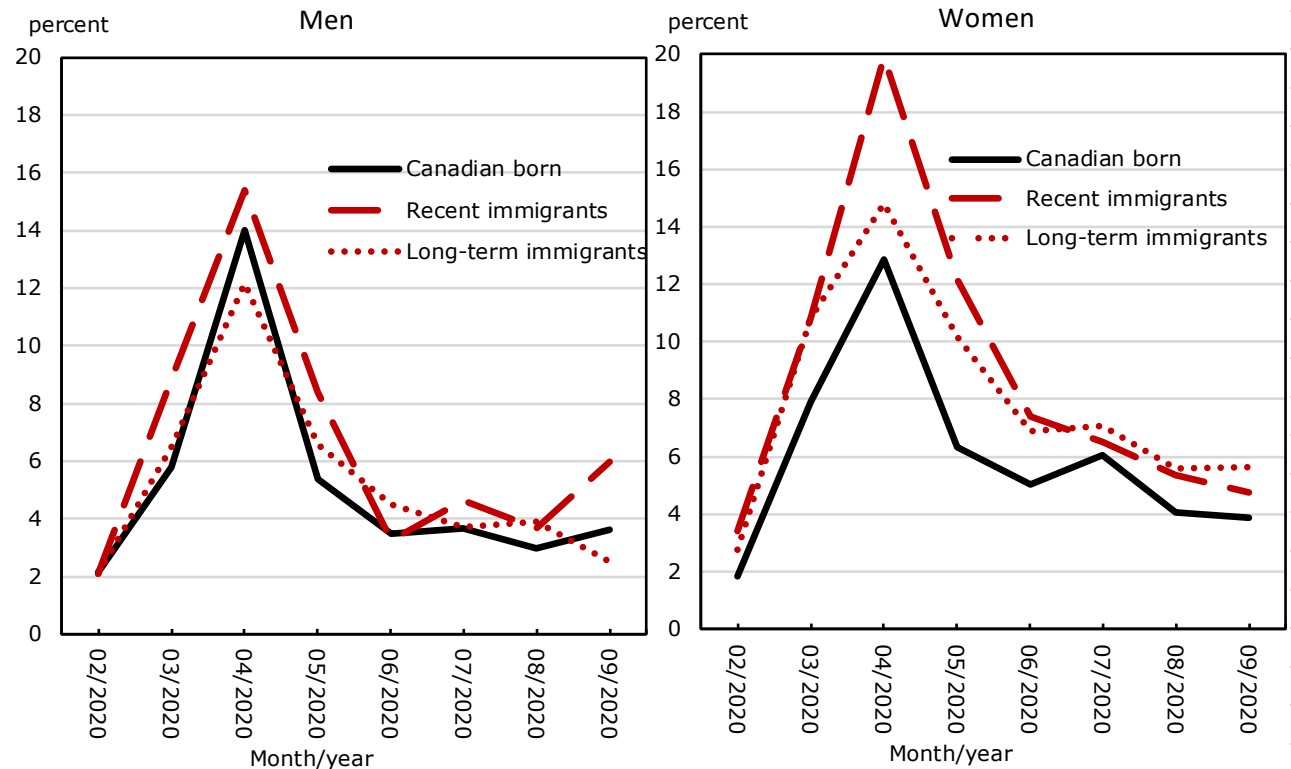


Source: Statistics Canada, Labour Force Survey.

Shorter job tenure and over-representation in lower-wage jobs are key reasons for the stronger COVID effect on recent immigrants

- Female recent immigrants experienced the largest increase in the rate of transition to non-employment
- The higher share of recent immigrant women with lower-wage jobs, shorter tenured jobs and in accommodation and food services accounted for 60% of their 7 percentage-point gap with Canadian-born women in April
- The higher share of recent immigrant men with shorter tenured jobs, lower-wage jobs and living in the three largest metropolitan areas accounted for 60% of their 3 percentage-point gap with Canadian-born men in March

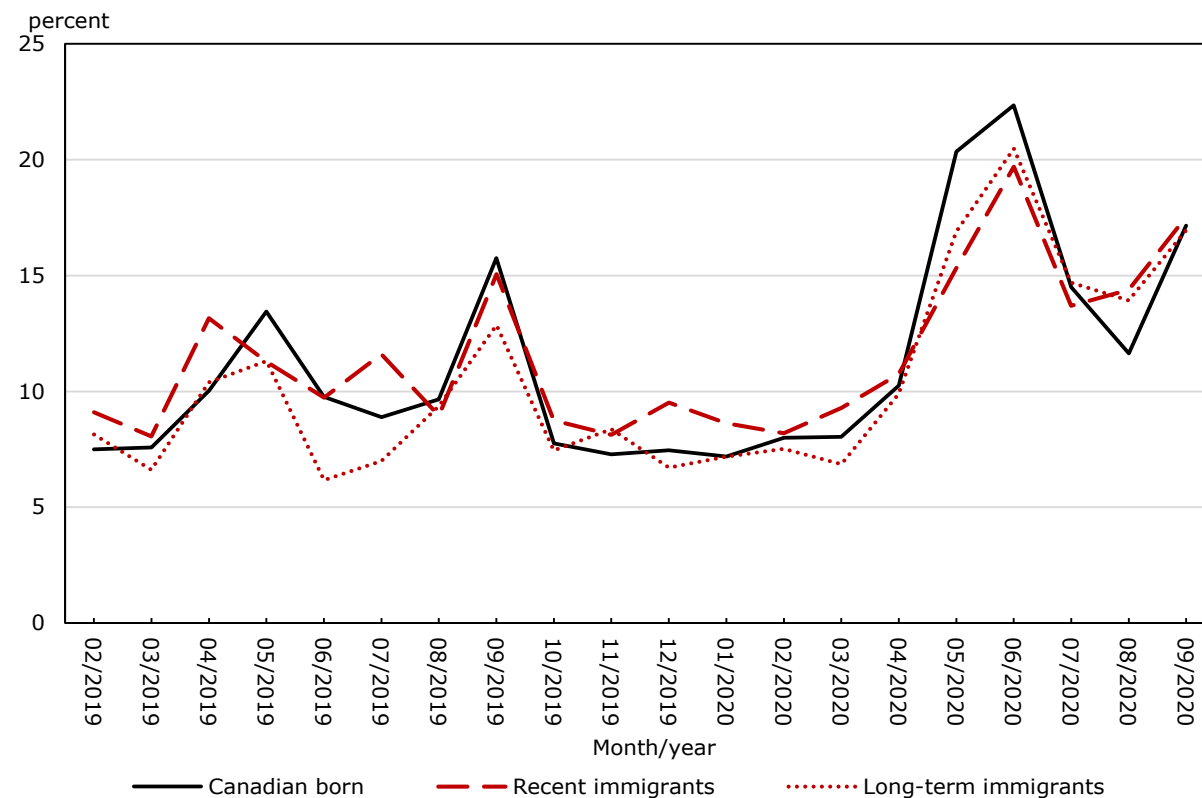
Rates of transition from employment to non-employment among individuals aged 20 to 64, February to September 2020



Recent immigrants had lower rates of transition from non-employment to employment during the initial period of recovery

- The rate of transition from non-employment to employment is the share of people not employed in the previous month who are employed in the current month.
- From February 2019 to April 2020, the three groups had similar rates of transition into employment, with recent immigrants having a slightly higher rate in most months.
- During the initial recovery, recent immigrants had transition rates that were 5 percentage points lower than those of the Canadian born in May and 3 points lower in June

Rates of transition from non-employment to employment among individuals aged 20 to 64, 2019-2020

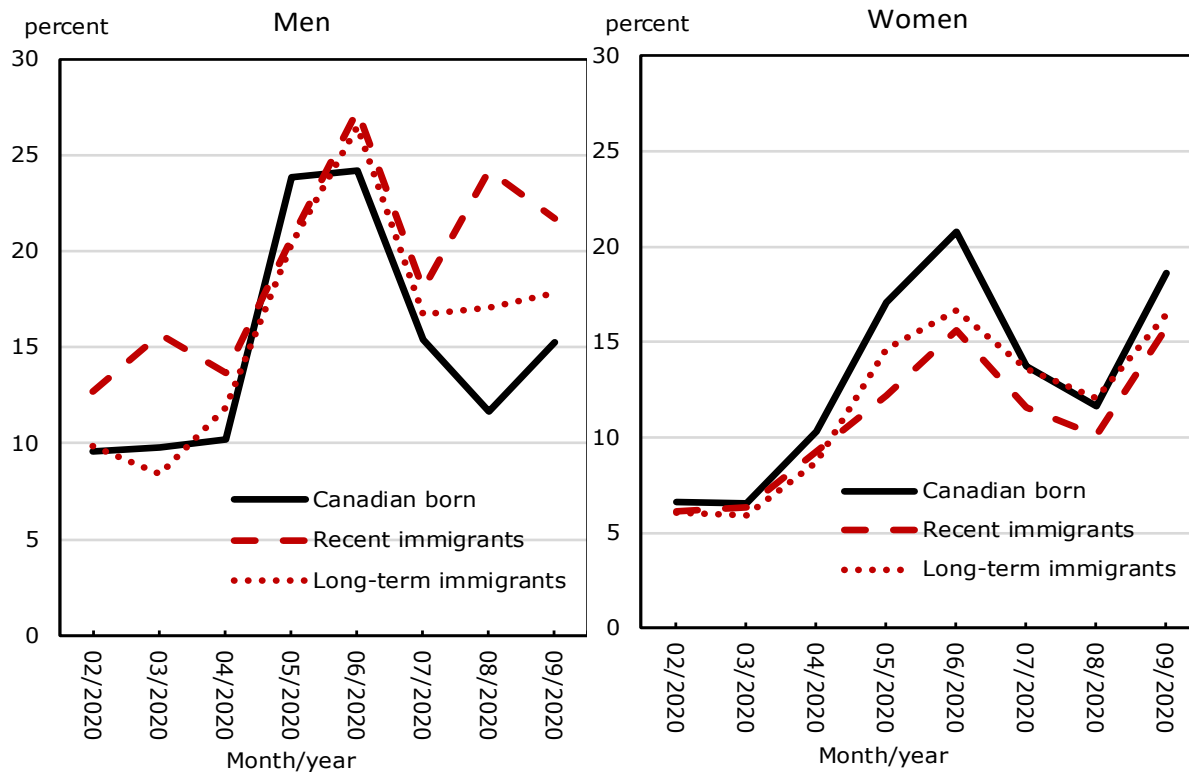


Source: Statistics Canada, Labour Force Survey.

The rate of transition into employment during recovery was particularly low among recent immigrant women

- Recent immigrant women had the largest gap with their Canadian-born counterparts, at 5 percentage points in both May and June, and 2 points from July to September
- These gaps for female recent immigrants became even larger after taking into account their differences with Canadian-born women in terms of age, education, and geographical location
- These gaps were likely driven by differential employment growth between recent immigrant and Canadian-born women by industrial sector and wage level

Rates of transition from non-employment to employment among individuals aged 20 to 64, February to September 2020



Conclusion

- Immigrants and the Canadian born were affected differently by the COVID-19 pandemic
- Recent immigrants were more likely than Canadian-born workers to move out of employment during contraction, mainly because of their shorter job tenure and over-representation in lower-wage jobs, but over 1/3 of the difference was not accounted for by demographic and job characteristics
- In the initial months of recovery, recent immigrants, particularly women, had lower rates of transition from non-employment into employment than their Canadian-born counterparts