

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

Feng Hou, Statistics Canada

Garnett Picot, Immigration, Refugees and Citizenship Canada

Jue Zhang, Immigration, Refugees and Citizenship Canada

Presented by Jue Zhang

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# Research questions

- ▶ During the widespread lockdown of economic activities in March and April 2020, the Canadian labor market lost 3 million jobs. From May to September, as many businesses gradually resumed their operations,  $\frac{3}{4}$  of jobs were recovered.
- ▶ While 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; Botric 2018), little is known in Canada.
- ▶ Did immigrants and the Canadian born fare differently in the employment disruption induced by the COVID-19 pandemic? If they did, how such differences are related to their socio-demographic and job characteristics?

# Reasons to expect a more severe COVID-19 impact on immigrants in Canada

- ▶ Recent immigrants tend to have shorter job tenure than the Canadian born, and workers with short tenure are more susceptible to layoffs during an economic downturn (Chan, Morissette and Qiu 2020).
- ▶ Recent immigrants are often much more likely to work in lower paying jobs than Canadian-born workers, and the employment losses in March and April were heavily concentrated among lower paying jobs (Lemieux et al. 2020).
- ▶ More broadly, recent immigrants often have difficulty transferring their educational and job qualifications to the labour market and finding steady, good paying jobs.

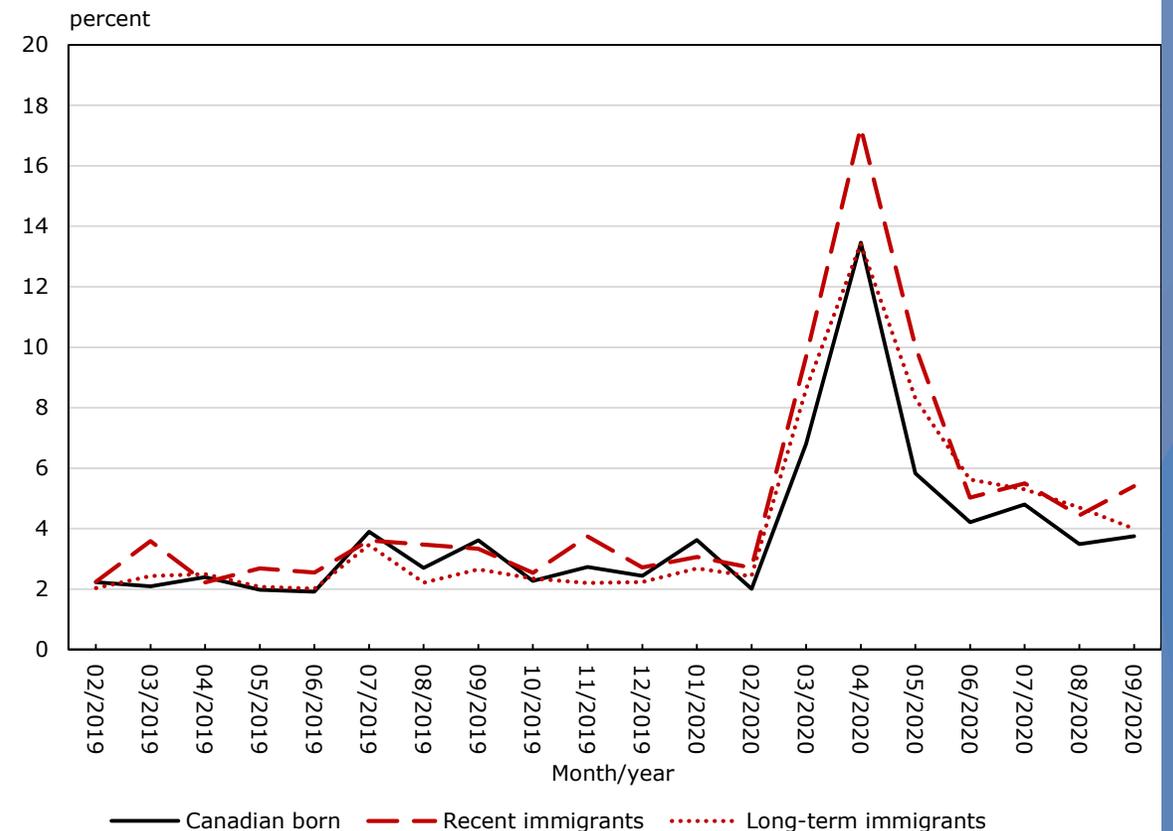
# Data and methods

- ▶ 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 than Canadian-born workers 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 and similar for the three population groups, fluctuating between 2% and 4% over February 2019 to February 2020.
- ▶ As the pandemic hit, the rate jumped for all three groups, but much more so among recent immigrants, peaking in April at 17.3% for recent immigrants and 13.5% for the Canadian born and long-term immigrants
- ▶ From April to September, as the economy began to recover, the rate declined for all three groups.

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

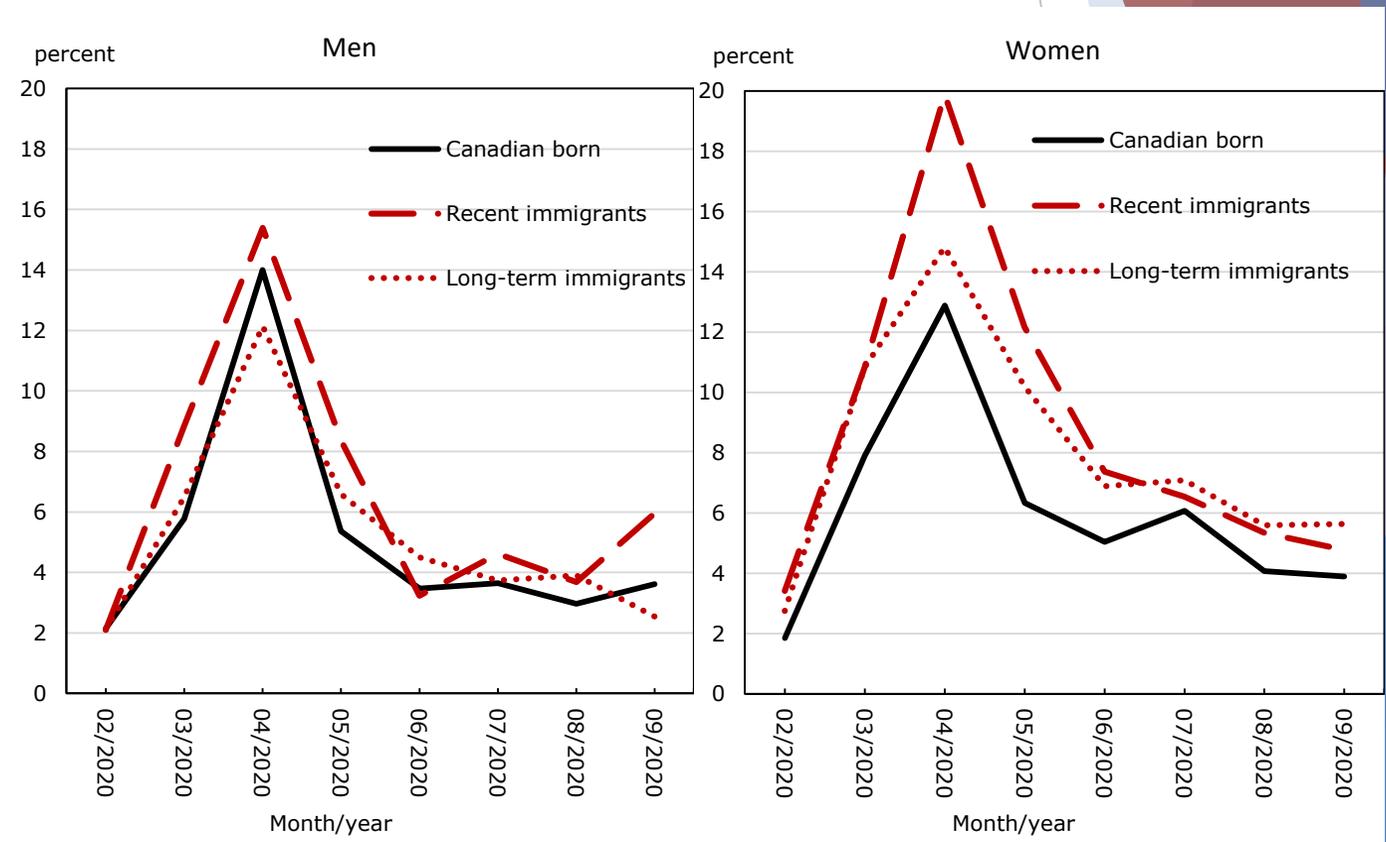


Source: Statistics Canada, Labour Force

# Female recent immigrants experienced the largest increase in the rate of transition to non-employment during the contraction.

- ▶ Almost 20% of those employed in March were not employed in April, 7 percentage points higher than among Canadian-born women.
- ▶ This gap mostly disappeared since July as the rate increased slightly among Canadian-born women.

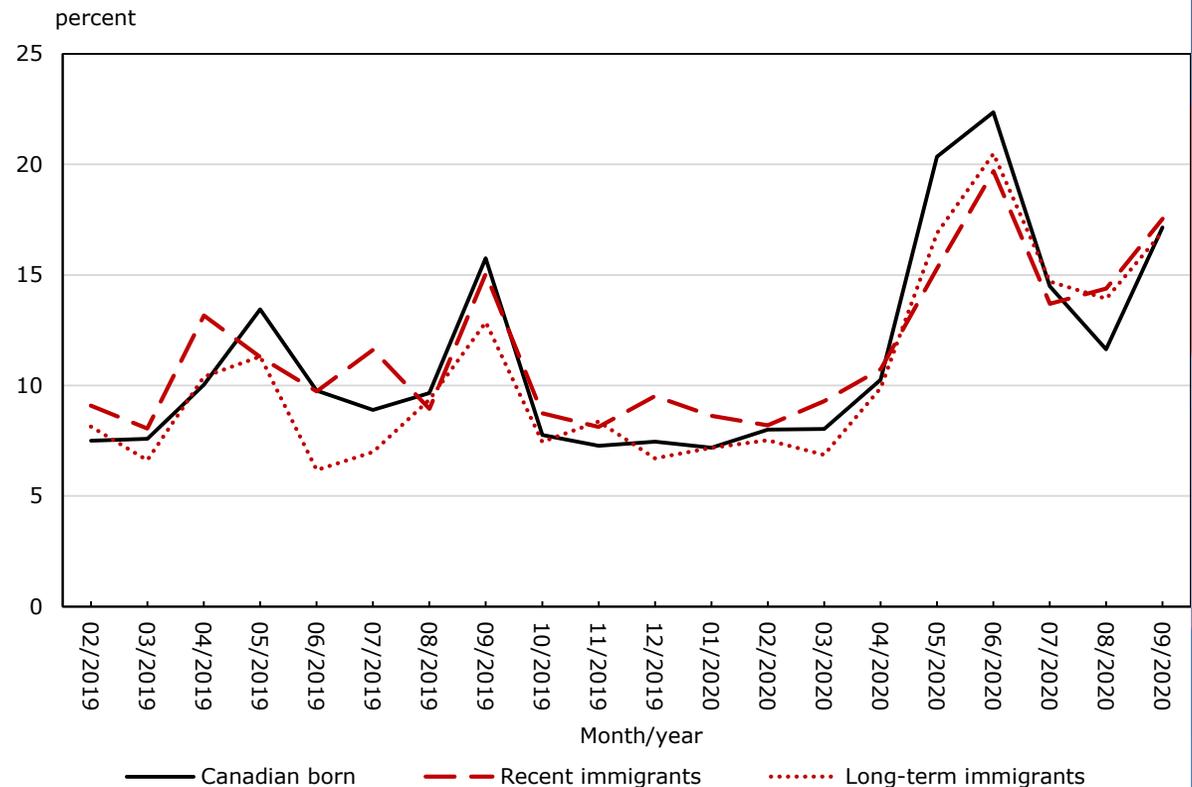
Rates of transition from employment to non-employment among individuals aged 20 to 64, February to September 2020



# Recent immigrants had lower rates of transition from non-employment to employment at the start of partial 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 than the Canadian born in most months.
- ▶ As the transition to employment increased during the partial recovery, recent immigrants had transition rates that were 5 percentage points lower than those of Canadian-born individuals in May and 3 points lower in June.

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

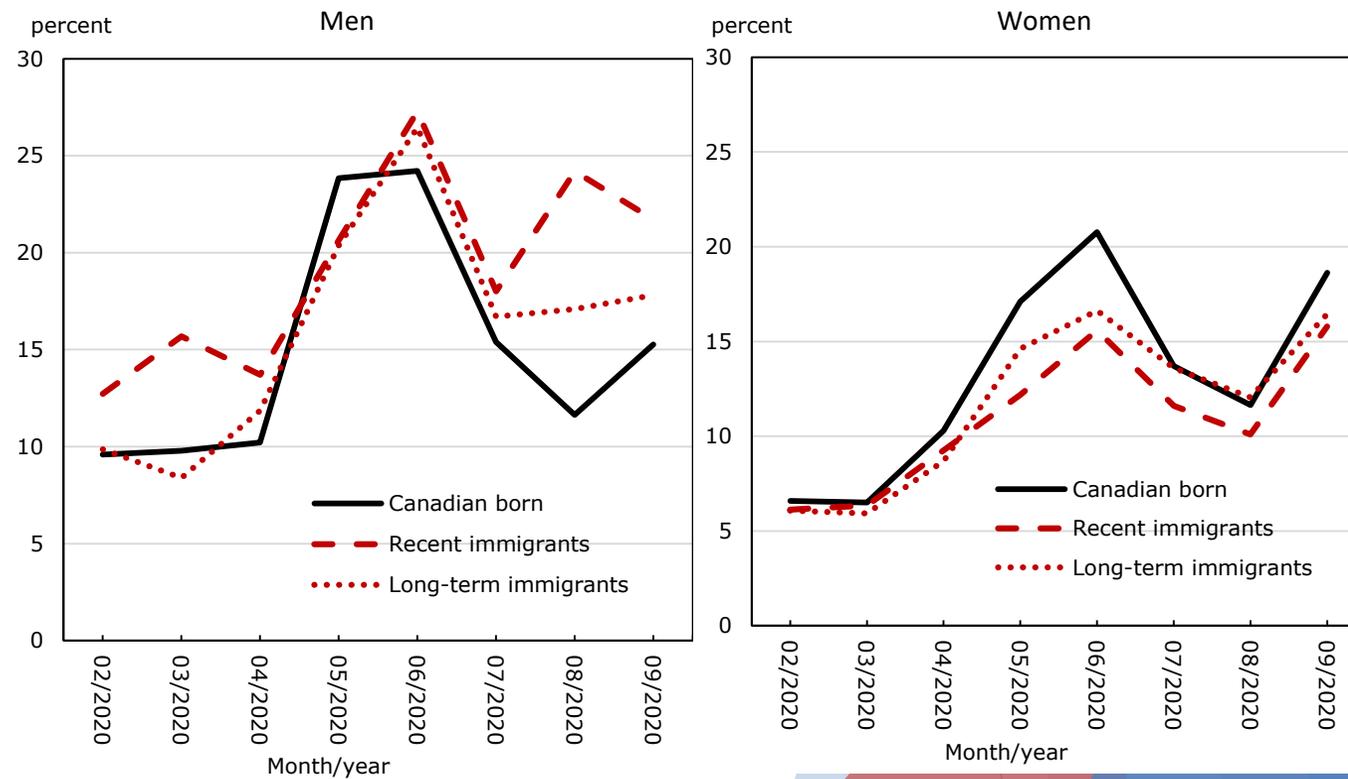


Source: Statistics Canada, Labour Force Survey.

# 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



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

- ▶ Regression models were constructed to examine the extent to which the gap between immigrants and the Canadian-born in the rate of transition out of employment was accounted for by differences in socio-demographic and job characteristics.
- ▶ The higher share of recent immigrant women holding lower-wage jobs accounted for 30% of their 7 percentage-point gap with Canadian-born women in the rate of transition out of employment in April, while their higher shares with shorter tenured jobs and in accommodation and food services each accounted for another 15% of the gap.
- ▶ The higher share of recent immigrant men with shorter tenured jobs accounted for 30% of their 3 percentage-point gap with Canadian-born men in March, while their higher shareholding lower-wage jobs and living in the three largest metropolitan areas each accounted for another 15% of the gap.

# Conclusions

- ▶ During the March-April contraction, recent immigrants had higher rates of transition out of employment than the Canadian-born, although they had similar rates prior to the downturn.
- ▶ These differences were attributable primarily to recent immigrants' higher shares holding low-paying and shorter-tenured jobs.
- ▶ 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.

# Thank you!

Jue.zhang@cic.gc.ca

- ▶ Full report: Hou, Feng; Picot, Garnnet; Zhang, Jue (2020). Transitions into and out of employment by immigrants during the COVID-19 lockdown and recovery. Statistics Canada COVID-19: Data to Insights for a Better Canada. <https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00070-eng.htm>
- ▶ The monthly Labour Force Survey data used in this presentation have been updated to September, 2020, while in the full report, the monthly data were up to July, 2020.