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Patrick, Grady

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Global Economics



How are the Children of Visible Minority Immigrants Doing? An Update Based on the National Household Survey

By
Patrick Grady

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Abstract:

This paper examines the performance of the children of immigrants (called 2nd generation immigrants) to Canada using data from the 2011 National Household Survey, which was administered along with the 2011 Census. While concerns have been expressed about the reliability of this survey given its voluntary nature, it is the most recent data available and is of suitable quality for the purpose at hand.

As the composition of immigration inflows has shifted after 1980 from the traditional European source countries to the Third World, the analysis in the paper focuses on the labour market performance of 2nd generation immigrants who belong to visible minorities. This is to determine if the poor labour market performance of first generation visible minority immigrants is having any adverse effects on the educational and labour market outcomes of their children.

An encouraging fact revealed by the data is that 2nd generation visible minority immigrants are becoming more highly educated than both 2nd generation non-visible minority immigrants and non-immigrants – 53.4 per cent of 2nd generation visible minority between 25 and 44 with employment income had earned university certificates or degrees compared to only 35.4 per cent of non-visible minority 2nd generation immigrants and 25.2 per cent of non-immigrants in the same age groups. However, the educational attainment among groups varied from the high levels achieved by Asians to the low levels of Latin Americans and Blacks.

But, while 2nd generation visible minority immigrants obtained more education than 2nd generation non-visible minority immigrants and non-immigrants, their performance as a group did not measure up so well in the labour market. In the 25 to 44 age group 2nd generation visible minority immigrants earned on average \$42,206, which was higher than the \$40,431 earned by non-immigrants, but less the \$49,202 earned by 2nd generation non-visible minority immigrants.

The labour market performance varies significantly among different visible minority groups. 2nd generation Chinese immigrants in the 25 to 44 age group actually earned \$47,879 and South Asians \$46,662. Because of the large number of Chinese and South Asians included as 2nd generation immigrants, this buoyed up the overall average and masked the unfortunate fact that many other visible minority groups are actually doing much worse than average overall and falling short of non-immigrants.

Another troubling fact is that, for any given level of education, 2nd generation Black and Latin American immigrants earn substantially less than non-immigrants and especially non-visible minority immigrants.

The paper provides encouraging evidence that the children of the visible minority, immigrants who are now performing so poorly in Canada's labour market will do much better than their parents and catch up or surpass the earnings of non-immigrant groups, but will have a hard time keeping up with their non-visible minority counterparts. The

results, while broadly in line with its predecessor (Grady, 2011), are more encouraging concerning the performance of 2nd generation visible minority immigrants.

JEL Classification Codes: J23 – Labour demand; J24 – Human Capital; Skills; Occupational Choice; Labour Productivity; J61 – Geographic mobility, immigrant workers.

Keywords: wages, 2nd generation immigrants to Canada, immigration policy, human capital

Introduction

A series of Statistics Canada studies (Picot, 2008; Picot and Sweetman, 2005; Picot and Hou, 2008) has highlighted the poor and deteriorating performance of recent immigrants in labour markets and the resulting growth of poverty among immigrants. The poor performance has been confined largely to visible minority immigrants as non-visible minority immigrants have continued to do relatively well (Grady, 2010). This naturally raises questions about the future labour market performance of the children of these visible minority immigrants, which was examined in an earlier study using data from the 2006 Census (Grady, 2011).

This study updates the results of that study using data from the 2011 National Household Survey, which amidst much controversy replaced the long form census (Grady, 2015). While concerns have been expressed about the reliability of this survey given its voluntary nature, it is the most recent data available and, as was argued in Grady and Grubel (2015, pp.4-6) is of suitable quality for the purpose at hand.

More specifically, this study examines and compares the average education levels and incomes of three groups of people: 2nd generation visible minority immigrants (defined as those so classifying themselves in the 2006 Census as both visible minority and children of immigrants), 2nd generation non-visible minority immigrants (similarly defined as those so classifying themselves), and non-immigrants (defined as those born in Canada).

The Evidence

The Public Use Microdata File (PUMF) of the 2011 National Household Survey contains data on the employment statistics by geography, work activity status, generation status, visible minority status, age group, education, and gender. These data are taken from the 30-per-cent Census sample and include the numbers in the groups, and their median employment income and average employment income reported for 2010. The analysis presented here uses the data on average employment income for total work activity including both part-time and full time. For purposes of analysis, it is broken down by gender, educational level, and visible minority group.

The Number of 2nd Generation Immigrants

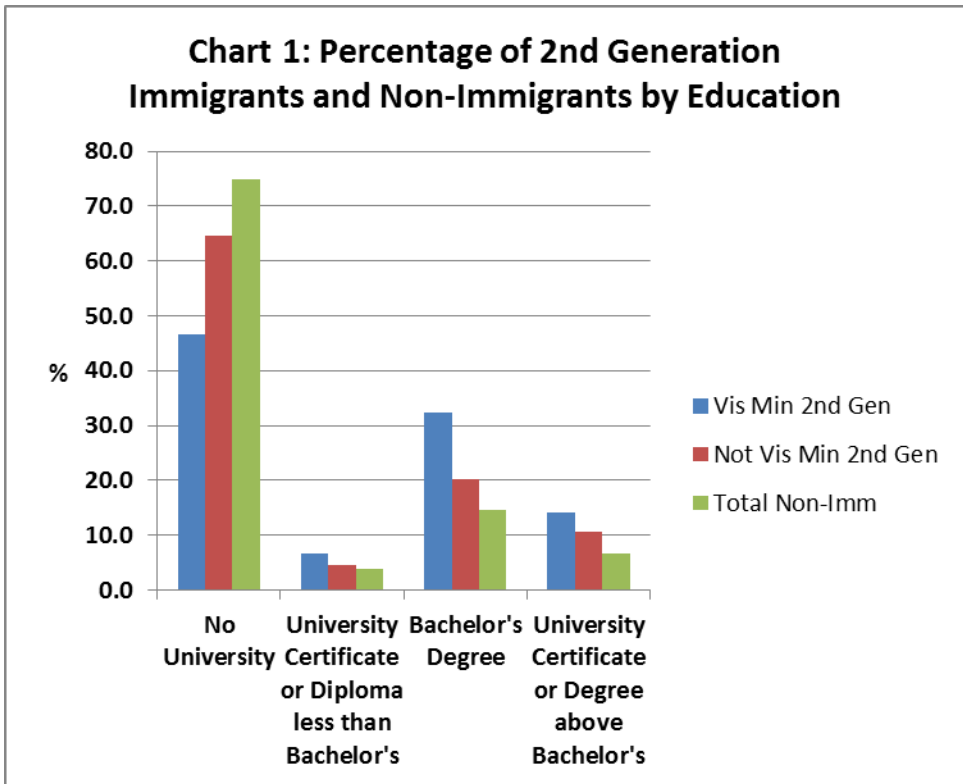
The number of 2nd generation visible minority immigrants reporting employment income included in the sample was further narrowed for purposes of analysis to those in the 25 to 44 age group. This was done to allow sufficient time for those included in the sample to complete their education and to become established in the labour market, and to make comparisons with non-immigrants more meaningful. It consequently excludes the very small group of 2nd generation visible minority immigrants in the over 45 to 64 group as they are not representative of the children

of the recent increased wave of visible minority immigrants which began in the 1980s.

The number of 2nd generation visible minority immigrants included in the sample is only 8,084 compared to 27,285 non-visible minority 2nd generation immigrants and 292,974 non-immigrants. This is not yet a very significant proportion of the total (Table 1A, 1B and 1C), which makes any conclusions drawn from their labour market performance still very tentative and preliminary. However, the number should be large enough to at least provide an idea of how the children of visible minority immigrants born in Canada are doing in the labour market.

Educational Attainment

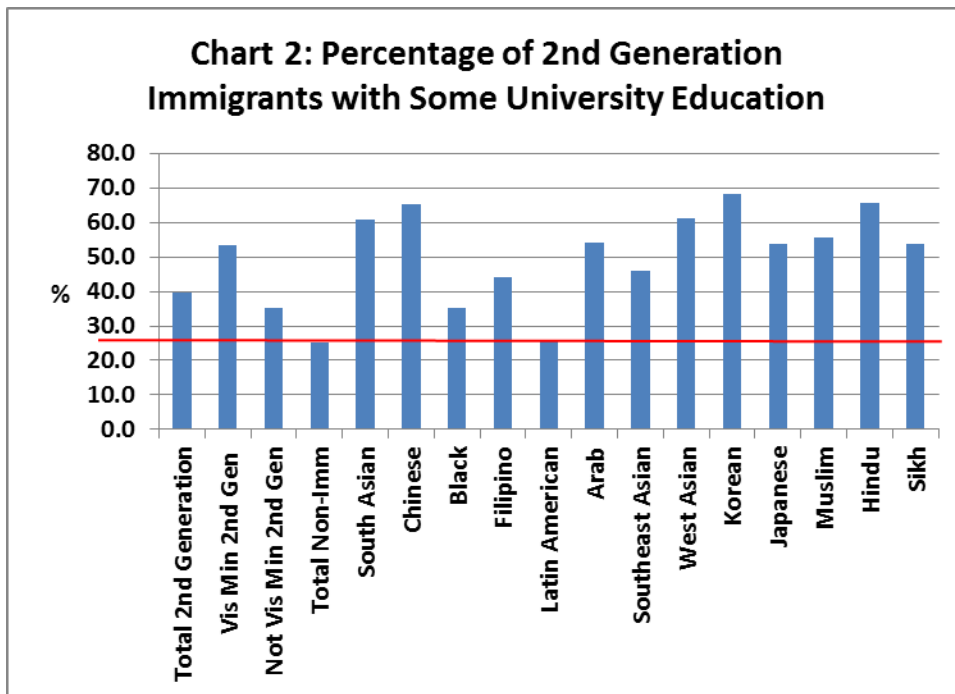
An encouraging fact revealed by the data is that 2nd generation visible minority immigrants are becoming more highly educated than both 2nd generation non-visible minority immigrants and non-immigrants (Chart 1 and Table 1A, 1B and 1C) – 53.4 per cent of 2nd generation visible minority between 25 and 44 earning employment income had earned university certificates or degrees compared to 35.4 per cent of non-visible minority 2nd generation immigrants and 25.2 per cent of non-immigrants in the same age groups (Table 1A). Interestingly, women 2nd generation immigrants have achieved even higher levels of education than men (Tables 1B and 1C).



Moreover, some groups of 2nd generation visible minority immigrants are getting much more education than others – 68.1 per cent of 2nd generation Korean immigrants between 25 and 44 have a university degree or certificate, 65.3 per cent of Chinese, and 60.9 per cent of South Asians (of which 65.7 per cent for Hindus). This certainly supports the popular perception that Asians excel academically (Table 1A and Chart 2). Again women are outperforming men across all visible minority groups (Tables 1B and 1C).

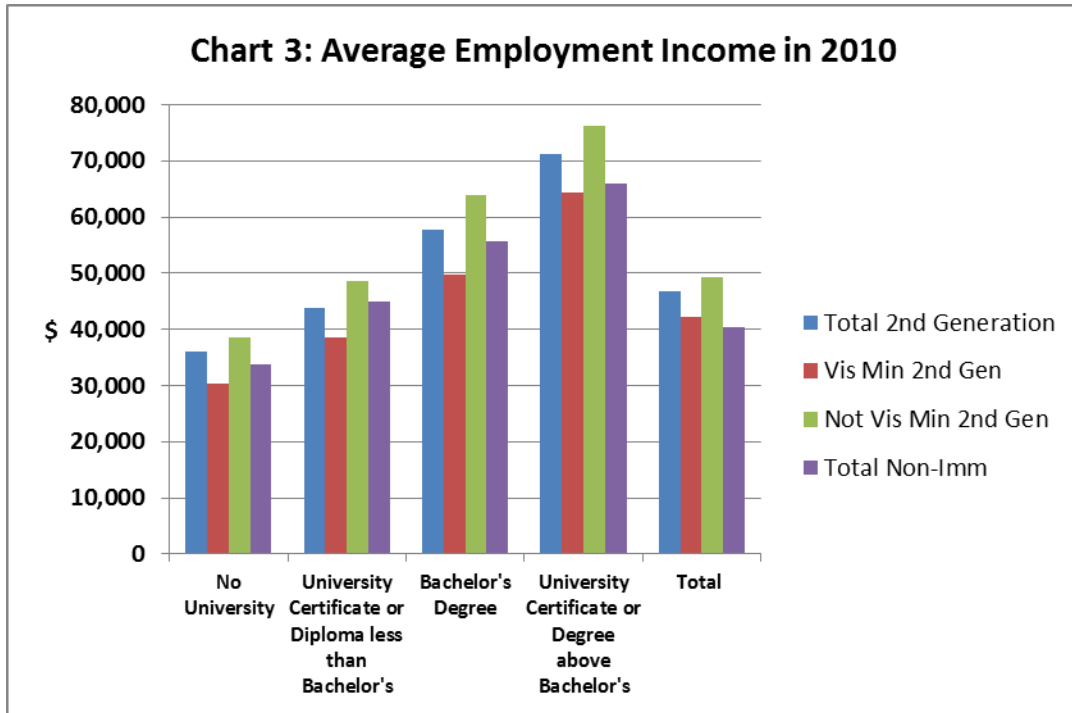
The same holds true for advanced degrees – 14.2 per cent of 2nd generation visible minority between 25 and 44 earning employment had earned university certificates, diplomas or degrees above the bachelor’s compared to 10.7 per cent of non-visible minority 2nd generation immigrants and 6.7 per cent of non-immigrants in the same age groups. Again the educational attainment of some groups stands out – 22.3 per cent of Koreans in the 25-to-44 age group have more than a bachelor’s degree, 20.6 per cent of South Asians (of which 23.5 percent for Hindus), 19 per cent of Arabs, and 14.8 per cent of Chinese. These relatively high levels of educational achievement might reflect the high value traditionally put on education by these, particularly Asian, cultures.

On the other hand, there are some visible minority groups of 2nd generation immigrants that are getting significantly less education than non-visible minority and non-immigrants groups. Only 25.6 per cent of Latin Americans, 35.1 per cent of Blacks earned university certificates or degrees. And only 6.2 per cent of Latin Americans, 7.6 per cent of Filipinos, and 8.6 per cent of Blacks had university certificates, diplomas or degrees above the bachelor’s. But still even these groups had higher educational attainment than non-immigrants (showed by the height of the bar above the red line in Chart 2).



Average Employment Earnings

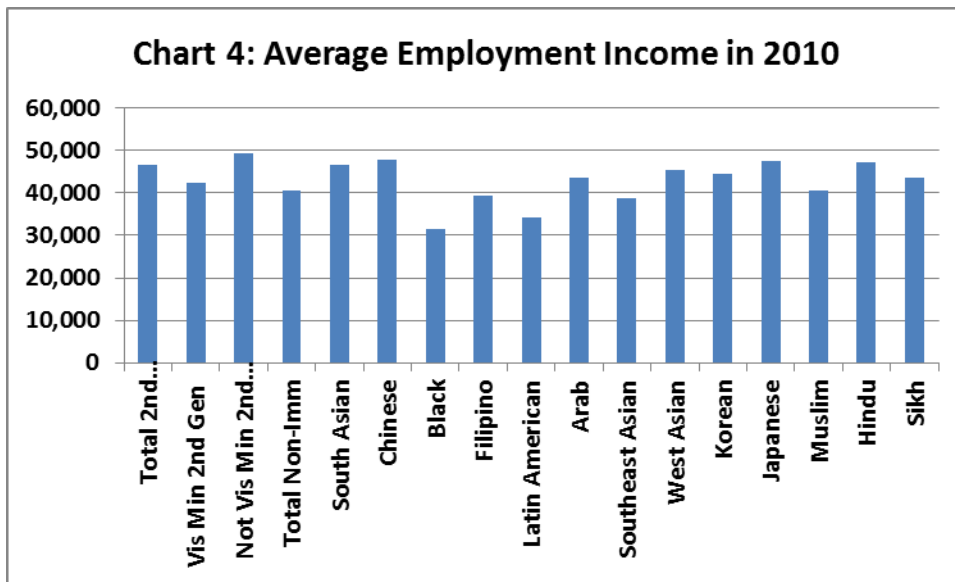
While 2nd generation visible minority immigrants obtained more education than 2nd generation non-visible minority immigrants and non-immigrants, their performance as a group did not fully measure up in the labour market. In the 25 to 44 age group, 2nd generation visible minority immigrants on average earned \$42,206, which while higher than the \$40,431 earned non-immigrants, was substantially less than the \$49,202 earned by 2nd generation non-visible minority immigrants (Table 2A and Chart 3). Not surprisingly, 2nd generation visible minority immigrant women earned substantially less than men (Table 2B and 2C).



The labour market performance varies significantly among visible minority groups. 2nd generation Chinese immigrants in the 25-to-44 age group actually earned \$47,879, which was substantially more than non-immigrants who only earned \$40,431, but less than 2nd generation non-visible minority immigrants who earned \$49,202. Because of the large number of Chinese included as 2nd generation visible minority immigrants, this buoyed the overall average earnings for 2nd generation visible minority immigrants. Other visible minority groups in the 25-to-44 age group that outperformed non-immigrants, but not 2nd generation non-visible minority immigrants, were South Asians (\$46,662) (of which Hindu \$47,416), and Japanese (\$47,419). On the other hand, Blacks (\$31,468) and Latin Americans (\$34,322) experienced the largest earnings shortfalls in average employment earnings relative to non-immigrants.

On average, 2nd generation visible minority women earned 79 per cent of men (Table 2B and 2C). This was a much higher proportion than for both 2nd generation non-visible minority immigrants (64 per cent) and non-immigrants (66 per cent).

But there were wide variations across visible minority groups, probably reflecting cultural differences. To cite the extremes, Black women earned almost as much as men and Arab women only earned 60 per cent of men, which was significantly less than both non-visible minority immigrants and non-immigrants.



It is troubling that Black and Latin American 2nd generation immigrants earn substantially less than non-immigrants and especially non-visible minority immigrants for almost any given educational level (Table 2A and Chart 3). Some will undoubtedly be inclined to attribute these differences in labour market performance to discrimination. But to make a convincing case, they will have to be able to explain why other 2nd generation immigrant groups, particularly Asian, are able to overcome any obstacles they face and become so successful both in attaining an education and in the labour market.

Another cause for concern is that the current labour market performance of 2nd generation visible minority immigrants may not be a reliable indicator of the labour market performance of 2nd generation visible minority immigrants in the future. The reason this might be the case is that many in the current group of 2nd generation visible minority immigrants of prime labour force age are the children of cohorts of visible minority immigrants who came to Canada in much smaller numbers than are being admitted currently before immigration was liberalized. These cohorts of visible minority immigrants were able to perform much better in the labour market than the post-1990 cohorts for whom the earnings deterioration was observed to be most marked and consequently they would be better positioned to assist their offspring in attaining education and getting established in the labour market.

Conclusions

The results from this study are broadly in line with its predecessor (Grady, 2011), but offer more encouragement for an improved performance of 2nd generation visible minority immigrants.

The good news from the 2011 National Household Survey is that the Canadian-born children of some visible minority immigrants, particularly Koreans, Chinese and South Asians are getting more education than non-visible minority 2nd generation immigrants and non-immigrants.

It also offers encouraging evidence that the children of the visible minority, particularly Asian immigrants who are now performing so poorly in Canada's labour market will be able to catch up or surpass the earnings of non-immigrant groups, even if they will have a hard time keeping up with their non-visible minority counterparts.

However, it provides no grounds for complacency that the children of the recent non-Asian visible minority immigrants, particularly Black and Latin American, who are performing so poorly in Canada's labour market, will be able to catch up with non-immigrant groups in their earnings, or especially do as well as the descendants of non-visible minority immigrants who are still continuing to out-earn non-immigrant groups.

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Table 1A: Numbers of Individuals of Both Genders 25-44 Years of Age Reporting Average Employment Income in 2010

Groups	No University	University Certificate or Diploma	Bachelor's Degree	University Certificate or Degree above Bachelor's	Total Number
		less than Bachelor's	Shares (%)		
Total 2nd Generation	60.5	5.0	22.9	11.6	35,556
Vis Min 2nd Gen	46.6	6.7	32.5	14.2	8,084
Not Vis Min 2nd Gen	64.6	4.5	20.1	10.7	27,285
Total Non-Immigrant	74.8	3.9	14.6	6.7	292,974
<i>Breakdown by Visible Minority Group</i>					
South Asian¹	39.1	7.4	33.0	20.6	2,043
Chinese	34.7	5.1	45.3	14.8	2,271
Black	64.9	7.8	18.7	8.6	1,546
Filipino	55.9	7.4	29.1	7.6	594
Latin American	74.4	3.8	15.6	6.2	289
Arab	46.0	9.0	26.0	19.0	289
Southeast Asian²	53.9	7.2	25.7	13.2	304
West Asian³	38.7	6.5	22.6	32.3	31
<i>Breakdown by Religion</i>					
Korean	31.9	5.4	40.4	22.3	166
Japanese	46.5	5.1	30.3	18.2	99
Muslim	44.3	7.4	28.0	20.2	672
Hindu	34.3	7.7	34.5	23.5	469
Sikh	46.3	8.5	29.4	15.8	704

Source: Statistics Canada (2014a), Tabulations from 2011 National Household Survey PUMF.

Notes:

1. South Asian includes, for example, 'East Indian', 'Pakistani', 'Sri Lankan', etc.
2. Southeast Asian includes, for example, 'Vietnamese', 'Cambodian', 'Malaysian', 'Laotian', etc.
3. West Asian includes, for example, 'Iranian', 'Afghan', etc.

Table 1B: Numbers of Men 25-44 Years of Age Reporting Average Employment Income in 2010

Groups	No University	University Certificate or Diploma		University Certificate or Degree		Total Number
		less than Bachelor's	Bachelor's Degree	above Bachelor's	Bachelor's	
Shares (%)						
Total 2nd Generation	63.9	4.8	20.8	10.5	17,754	
Vis Min 2nd Gen	52.0	6.8	29.0	12.3	4,110	
Not Vis Min 2nd Gen	67.6	4.2	18.3	9.9	13,552	
Total Non-Immigrant	77.7	3.2	12.9	6.2	143,941	
<i>Breakdown by Visible Minority Group</i>						
South Asian	44.3	6.9	29.7	19.1	1,014	
Chinese	38.6	6.0	41.9	13.4	1,191	
Black	74.3	6.7	13.5	5.5	764	
Filipino	61.3	8.0	26.2	4.5	313	
Latin American	79.5	2.6	14.6	3.3	151	
Arab	43.8	11.3	26.9	18.1	160	
Southeast Asian	60.1	6.5	22.0	11.3	168	
West Asian	53.8	0.0	23.1	23.1	13	
Korean	40.5	8.9	30.4	20.3	79	
Japanese	50.0	5.2	27.6	17.2	58	
<i>Breakdown by Religion</i>						
Muslim	45.5	8.7	24.8	21.0	343	
Hindu	41.8	7.1	25.8	25.3	225	
Sikh	54.4	7.6	24.9	13.0	353	

Source: Statistics Canada (2014a), Tabulations from 2011 National Household Survey PUMF.

Table 1C: Numbers of Women 25-44 Years of Age Reporting Average Employment Income in 2010

Groups	University Certificate or Diploma less than Bachelor's Degree			University Certificate or Degree above Bachelor's Total	
	No University	Bachelor's	Degree	Bachelor's	Number
	Shares (%)				
Total 2nd Generation	57.0	5.2	25.1	12.6	17,802
Vis Min 2nd Gen	41.0	6.6	36.1	16.3	3,974
Not Vis Min 2nd Gen	61.7	4.8	21.9	11.6	13,733
Total Non-Immigrant	72.0	4.6	16.2	7.2	149,033
<i>Breakdown by Visible Minority Group</i>					
South Asian	33.9	7.9	36.2	22.0	1,029
Chinese	30.5	4.1	49.1	16.4	1,080
Black	55.6	9.0	23.8	11.6	782
Filipino	49.8	6.8	32.4	11.0	281
Latin American	68.8	5.1	16.7	9.4	138
Arab	48.8	6.2	24.8	20.2	129
Southeast Asian	46.3	8.1	30.1	15.4	136
West Asian	27.8	11.1	22.2	38.9	18
Korean	24.1	2.3	49.4	24.1	87
Japanese	41.5	4.9	34.1	19.5	41
<i>Breakdown by Religion</i>					
Muslim	43.2	6.1	31.3	19.5	329
Hindu	27.5	8.2	42.6	21.7	244
Sikh	38.2	9.4	33.9	18.5	351

Source: Statistics Canada (2014a), Tabulations from 2011 National Household Survey PUMF.

Table 2A: Average Employment Income of Both Genders in 2010 (\$)

Groups	No University	University Certificate or Diploma less than Bachelor's	Bachelor's Degree	University Certificate or Degree above Bachelor's	Total
Total 2nd Generation	36,064	43,877	57,685	71,176	46,694
Vis Min 2nd Gen	30,412	38,575	49,635	64,349	42,206
Not Vis Min 2nd Gen	38,452	48,500	63,822	76,188	49,202
Total Non-Imm	33,717	44,868	55,703	65,865	40,431
<i>Breakdown by Visible Minority Group</i>					
South Asian	32,256	43,008	50,176	69,182	46,662
Chinese	33,618	41,149	52,167	65,447	47,879
Black	25,470	34,143	41,263	52,910	31,468
Filipino	32,446	36,341	48,447	57,812	39,352
Latin American	29,788	33,091	54,652	37,389	34,322
Arab	35,459	26,333	47,406	64,416	43,491
Southeast Asian	23,783	42,190	46,513	82,688	38,696
West Asian	55,250	4,000	45,143	45,889	45,346
Korean	37,212	58,625	42,970	54,223	44,403
Japanese	36,828	43,000	49,333	66,929	47,419
<i>Breakdown by Religion</i>					
Muslim	29,030	24,458	51,208	56,185	40,634
Hindu	29,228	46,029	44,918	77,496	47,196
Sikh	36,339	46,052	46,725	57,074	43,562

Source: Statistics Canada (2014a), Tabulations from 2011 National Household Survey PUMF.

Table 2B: Average Employment Income Men in 2010 (\$)

Groups	No University	University Certificate or Diploma less than Bachelor's	Bachelor's Degree	University Certificate or Degree above Bachelor's	Total
Total 2nd Generation	42,815	52,433	71,007	93,029	55,342
Vis Min 2nd Gen	34,240	43,004	56,970	80,287	47,149
Not Vis Min 2nd Gen	46,585	61,387	82,016	102,381	59,908
Total Non-Immigrant	41,913	56,245	70,126	81,569	48,832
<i>Breakdown by Visible Minority Group</i>					
South Asian	37,234	52,394	58,493	91,312	55,078
Chinese	35,825	42,295	57,144	76,720	51,215
Black	28,244	38,674	43,742	59,868	32,642
Filipino	35,286	32,880	57,160	66,357	42,233
Latin American	34,875	60,000	64,911	46,400	40,602
Arab	49,605	23,188	58,789	68,324	52,712
Southeast Asian	25,379	47,600	50,486	105,606	41,197
West Asian	59,600	NA	71,333	36,333	56,455
Korean	34,281	67,000	48,750	61,125	47,013
Japanese	39,950	22,500	63,385	86,000	54,791
<i>Breakdown by Religion</i>					
Muslim	39,987	23,321	61,688	64,800	49,430
Hindu	33,626	50,333	51,836	102,926	56,856
Sikh	40,189	60,577	54,221	73,816	49,662

Source: Statistics Canada (2014a), Tabulations from 2011 National Household Survey PUMF.

Table 2C: Average Employment Income of Women in 2010 (\$)

Groups	No University	University Certificate or Diploma less than Bachelor's	Bachelor's Degree	University Certificate or Degree above Bachelor's	Total
Total 2nd Generation	27,810	35,742	47,410	54,426	37,998
Vis Min 2nd Gen	25,336	34,001	43,657	52,316	37,147
Not Vis Min 2nd Gen	28,819	37,214	50,363	55,867	38,533
Total Non-Immigrant	24,397	37,527	45,955	55,290	32,217
<i>Breakdown by Visible Minority Group</i>					
South Asian	25,967	35,167	43,513	50,488	38,516
Chinese	30,293	39,030	47,530	56,017	44,208
Black	21,809	30,985	39,989	49,799	30,335
Filipino	28,500	40,895	40,517	53,953	36,115
Latin American	23,458	17,714	43,905	33,923	27,468
Arab	19,255	32,625	30,769	60,038	31,763
Southeast Asian	21,123	37,273	42,927	62,182	35,590
West Asian	48,000	4,000	25,500	50,667	37,200
Korean	41,679	NA	39,744	48,965	42,006
Japanese	29,889	63,500	36,286	41,500	37,194
<i>Breakdown by Religion</i>					
Muslim	17,242	26,050	42,824	46,157	31,613
Hindu	23,254	42,800	41,260	51,585	38,685
Sikh	30,672	34,250	41,103	45,381	37,372

Source: Statistics Canada (2014a), Tabulations from 2011 National Household Survey PUMF.