

**The Visible Minority Population in Canada:  
A Review of Numbers, Growth and Labour Force Issues**

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***Abstract***

In this paper, the Visible Minority Population in Canada: Numbers, Growth and Labour Force Issues, the characteristics of the visible minority population and labour force are examined including those employed by firms under the Legislated Employment Equity Program and the Federal Contractors Program. The future growth of the visible minority labour force and the socio-economic impact of the findings are discussed along with their implications.

***Key Words:*** Visible Minorities; Employment Equity; Immigration



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Canada has been a country of immigrants. Although, various classes of immigrants (e.g., family class, economic, refugee) are admitted, they have been mostly destined to the Canadian labour market. Until the 1950s, Europe was the main source of immigration. Canadian immigration policy discriminated on the basis of race until the 1960s. Reforms of immigration legislation were undertaken during the 1960s and 1970s so as to encourage immigration based on educational attainments and skills, and the needs of the labour market without regard to national origin or race (Basavarajappa, et al., 1993). This opened the doors for immigration from Asia, the Far East and Africa and significant numbers of immigrants began to arrive. Globalization, rapid technological advances, shift to a knowledge-based economy, declining fertility and ageing of the population have changed the requirements and the demand side of the labour force drastically. At the same time, the older members of the baby boom generation are approaching 60 years of age. Hence, the labour force supply will also be affected by the exit from the labour force of a large segment of the ageing “baby boomers” in the next 5 to 25 years.

In 2001, visible minorities numbered almost 4 million out of about 30 million Canadians, or 13.4% of the total population. Among visible minorities, seven out of ten are immigrants or foreign-born persons. The provinces and the territories vary as to the relative proportions of visible minorities who are immigrants or Canadian-born (Statistics Canada (1), 2003). As will be seen later, the impact of visible minorities in the socio-economic make-up of Canada has been significant in terms of population growth, labour force growth and productivity.

### **Characteristics of the Visible Minority Population and the Labour Force**

For a better understanding of the differences in employment, unemployment and earnings related issues between the visible minorities and the rest of the population, a brief description of the differences in the labour force and earnings-related characteristics between the two population groups are presented.

#### **Past Growth and Ethnic Origin**

Between 1981 and 2001, the visible minority population grew from 4.7% of the total Canadian population to 13.4%. Between 1991 and 2001, it increased by 58% compared to a growth rate of about 10% for the total population, i.e., almost 6 times the rate of growth of the total population (*Ibid.*).

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In 2001, the Chinese were the largest visible minority group. One in four of all visible minority individuals in Canada were a Chinese. The next two groups in numerical importance were South Asians, and Blacks (Table 1). Seventy-three percent of all visible minority immigrants lived in the three largest Census Metropolitan Areas (CMAs), Toronto, Vancouver and Montreal, and 96% were located in four provinces, Ontario, British Columbia, Alberta and Quebec.

### **Canadian-born among Visible Minority Persons**

In 2001, three out of ten visible minority individuals were born in Canada. Among selected ethnic groups, Japanese showed the largest proportion of Canadian-born (65%), followed by Blacks (45%), South Asians (29%), Chinese (25%), Arabs and West Asians (21%), Latin Americans (20%) and Koreans (17%), (Statistics Canada (3), 2003). The higher proportions indicate the settlement of groups from earlier waves of immigration, whereas, the lower proportions, from waves arriving in recent years in Canada.

In 2001, in Vancouver, over one-half of the Japanese population was born in Canada, followed by South Asians (36%), Southeast Asians (26%), Filipinos (23%) and Chinese (22%). The proportion of Canadian-born Black population was highest in Halifax, 91% (Statistics Canada (1), 2003).

### **Foreign-born Visible Minority Persons among all Immigrants**

The proportion of visible minority immigrants among all immigrants in Canada has increased from 52% in the 1970s, to 65% in the 1980s and to 73% in the 1990s (*Ibid.*). In 2001, the foreign-born population in Canada amounted to 18% of the total population compared to 22% in Australia and 11% in the U.S.A., the two countries similar to Canada in immigration.

### **Youthfulness**

The visible minority population is youthful relative to the non-visible minority population, the 15-34 year olds constituting 32% vs. 26% respectively. The youthful visible minority workforce contrasts with the older “baby boomer” workers among the non-visible minority workers, the 45-64 year olds constituting 20% vs. 25% respectively (Statistics Canada (4), 2003).

The number of immigrant workers has bolstered the Canadian labour force. In 2001, 82.9% of visible minority immigrants were in the working ages, 15 to 64

**Table 1. Visible Minority Population by Ethnic Origin for Canada, Toronto, Vancouver and Montreal CMAs: 2001 Census**

	<b>Canada</b>	<b>Toronto</b>	<b>Vancouver</b>	<b>Montreal</b>
<b>Total Population</b>	<b>29,639,035</b>	<b>4,647,960</b>	<b>1,967,480</b>	<b>3,380,645</b>
Total visible minority population	3,983,845	1,712,535	725,655	458,330
Chinese	1,029,395	409,530	342,665	52,110
South Asian	917,075	473,805	164,360	57,935
Black	662,210	310,500	18,405	139,305
Filipino	308,575	133,680	57,025	17,890
Arab/West Asian	303,965	95,820	27,330	79,410
Latin American	216,975	75,910	18,715	53,155
Southeast Asian	198,880	53,565	28,465	39,570
Korean	100,660	42,615	28,850	3,760
Visible minority, not included elsewhere	98,920	66,455	3,320	6,785
Multiple visible minority	73,875	33,240	12,495	6,115
Japanese	73,315	17,415	24,025	2,295

Source: Statistics Canada (2), 2003

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years as compared with 67.5% in the non-visible minority population. At entry, almost 50% of all immigrants to Canada were of prime working ages, 20 to 39 years, and almost half were visible minorities (*Ibid.*).

### **Educational Attainments**

In 2001, visible minorities reflected two educational trends. They were over-represented among those having university diplomas, certificates or degrees, and were generally under-represented among those having lower levels of education, less than high school to a college diploma (Statistics Canada (5), 2003).

The visible minority immigrants arriving in 1998, however, showed that 18% had not completed high school compared to 16% of the total population, while 21% had at least a university degree compared to 17% of the total population (Jackson, 2002).

Of the working age population, 58% of visible minority immigrants had a post-secondary degree at landing compared to 43% of the Canadian population (HRSDC, 2002).

### **Entrepreneurship: Small and Medium-sized Enterprises (SME)**

Small and medium-sized enterprises were responsible for the creation of the majority of all jobs in this country, 56.8% in 2000 (Industry Canada, 2003). Self-employment leads to the establishment of business enterprises. In 2000, SMEs represented 6% of all the self-employed in Canada and visible minorities owned 7% of all the SMEs. The visible minority-owned SMEs were concentrated in two sectors: the knowledge-based industries (11%) and wholesale/retail (10%). In 2000, 18% of visible minority-owned SMEs were majority female-owned compared to 15% for all businesses; while 60% of visible minority-owned SMEs were majority male-owned compared to 66% for all businesses. Visible minority SME owners had higher levels of education: 51% with university degrees compared to 31% for all other business owners (*Ibid.*).

## **Prospects for Future Growth**

Although, Canada received about 2.2 million immigrants during the 1990s, accounting for over 50% of the population growth during this period, immigration did not significantly reduce the ageing process of the population.

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Immigrants accounted for about 70% of the growth of the labour force during this period.

Generally, the declining population growth rates have a downward effect on the labour force growth rate. The labour force growth rate has steadily declined from 18% in 1971-76 to 4% in 1991-96 (Denton and Spencer, 1998). Immigration kept the labour force growth rate from declining even faster. Lower Canadian fertility, ageing of the population and the labour force, and the impending retirement of the baby boom workers in the next 5-25 years necessitate continuing immigration.

As the knowledge-based sector of the economy grows, skills shortages are likely to develop. They already exist in some sectors, for example, in construction trades, medical technologies, aircraft servicing and in policing. The exit of the baby-boom workers from the labour force during the next 5-25 years will accentuate these and other shortages. For example, it is estimated that by 2011, there may be a shortage of 100,000 nurses and 30,000 new university faculty members (*Ibid.*). Indeed, immigration is a key policy instrument for the government to manage population and labour force growth and shortage of skills.

Whatever the level of immigration, the visible minority population will increase faster than the rest of the Canadian population (Statistics Canada, 2005). It may be pointed out that the first visible minority projections, published by Samuel (1988), and those published later by Statistics Canada (1996) have all been guarded in their assumptions with respect to the “most probable” scenario and have resulted in underestimates. It remains to be seen how the latest Statistics Canada projections published in 2005 will fare.

The 2005 projections suggest that visible minority population will almost double by 2017 as compared with increases of 1 to 7% for the rest of the Canadian population. The numbers of visible minority persons may range from 6.3 to 8.5 million in 2017, accounting for roughly one Canadian in five. As in 2001, Ontario and British Columbia would continue to have over-representation of the visible minority population in 2017. The two provinces may account for about 57% and 20% of the total visible minority population respectively (Statistics Canada, 2005).

Despite the ageing of the visible minority population, their median age in 2017 is expected to be 35.5 years, which is almost 8 years lower than the 43.4 years expected for the rest of the population. The two largest groups, Chinese and South Asians, may number between 3.2 and 4.4 million by 2017, accounting for roughly half of the visible minority population (*Ibid.*).

In 2017, for every 100 visible minority persons old enough to leave the labour force (persons aged 55-64 years), there would be 142 old enough to enter the labour force (persons aged 15-24 years). In the rest of the population, there would just be 75 potential entrants to every 100 leaving the labour force (*Ibid.*). As during the 1990s, the visible minority contribution to the growth of the total labour force during the 2001-2017 period would be disproportionately large. The average annual growth rate of the visible minority labour force during this period would be about 4 times that of the total labour force (Conference Board of Canada, 2004).

### **Labour Force Issues**

In this section, we will look at labour force participation, employment and unemployment. Table 2 shows that the labour force participation rates of visible minorities are roughly comparable to those of the total population. The participation rate of the Canadian-born visible minority group was lower than that of the immigrant visible minority group, mainly because of larger proportions of younger persons within their ranks.

**Table 2**  
**Labour Force Participation Rate (%) by Worker Category**  
**for Canada: 1991, 1996 and 2001**

<b>Worker Category</b>	<b>1991</b>	<b>1996</b>	<b>2001</b>
<b>Total Populattion</b>	67.9	65.5	66.4
<b>Total Visible Minority Population</b>	70.5	63.6	66.0
<b>Visible Minority - Immigrant</b>	72.2	65.1	66.9
<b>Visible Minority – Canadian-born</b>	66.3	61.2	66.2

Source: Statistics Canada (10), 2003

### **Employment and Unemployment**

Table 3 shows that visible minorities were less likely to be employed all-year than all other workers. They had higher rates of interrupted employment during the year, and higher rates of unemployment. Consequently, visible minorities worked three weeks less in a year compared to all other workers. These factors suggest that visible minorities were more likely to be in precarious jobs than all other workers (Jackson, 2002). For visible minorities, fewer weeks of work meant less income and a higher likelihood of living in poverty, as seen later, despite their willingness to work as reflected in their labour force participation rates. Average number of weeks worked (mostly full-time) was 45.6 for the total Canadian population and it was a week less for the visible minorities (Statistics Canada (6), 2003).

**Table 3**  
**Employment Status and Number of Weeks Worked**  
**by Minority Status and Sex for Canada: 1999**

Worker Category	Employed all Year (%)	Unemployed at Least Once in the Year (%)	Weeks Worked
<b>Both Sexes</b>			
Visible Minority	54	12.4	34
All Others	59	11.6	37
<b>Men</b>			
Visible Minority	60	13.7	38
All Others	64	12/2	40
<b>Women</b>			
Visible Minority	49	11.2	31
All Others	53	10.9	33

Source: Jackson, 2002

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The unemployment rate for visible minorities has been persistently higher than that for the total population (*Ibid.*). The visible minority graduates from Canadian universities were as qualified as other graduates but were less likely to find employment (HRDC, 2001). The visible minority men had higher unemployment rates than all other workers. The visible minority women were least likely to be employed all year (Jackson, 2002).

In 1981, the visible minority men and women of prime working ages (25-54 years), who immigrated before 1981, all had lower average unemployment and higher employment rates than their Canadian-born non-visible minority counterparts. But in 2001, the recent visible minority immigrants had poorer labour force outcomes than their Canadian-born non-visible minority counterparts (Ham and Tran, 2004). The unemployment rate of recent immigrants (70% of whom are visible minorities) in prime working ages of 25 to 44 years was 12.1% or two times the unemployment rate of the Canadian-born population (6.4%). The overall unemployment rate for all recent immigrants was about 30% (*Ibid.*).

### **Occupational Representation**

In 1996, visible minorities represented 10.3% of the *Employment Equity Act* related workforce. Using this as a benchmark we can examine how well the visible minorities are represented in each of the major occupational groups. The visible minorities were over-represented (12 to 13%) in low paying jobs such as sales and service, clerical and other manual workers. Their representation seemed fair in professional, intermediate sales and services occupations (10.5%). Both males and females and especially females were underrepresented in more senior and better paying occupations (CLC, 2002).

In 2001, the polarization of visible minority workers at both the high and low paying occupational spectrum was evident. The highest levels of over-representation of visible minority workers in high paying jobs were in the natural and applied sciences and related occupations, and in low paying jobs in processing, manufacturing and utilities (Statistics Canada (9), 2003). In 1996, visible minorities were most over-represented in mainly low paying industries including accommodation and food services, manufacturing and finance and insurance (*Ibid.*).

In occupations that affect the safety and security of Canadians, visible minority representation was very low. As compared with their overall representation in the workforce of 11%, their representation among fire chiefs was 0.08%, police

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chiefs 3.0%, fire fighters 1.5%, police officers 3.0%, and judges 4.0% (Galabuzi, 2001).

### **Visible Minorities in the Legislated Employment Equity Program (LEEP)**

The 2004 Annual Report to Parliament on the *Employment Equity Act* reported that in 2003, the representation of visible minorities increased and surpassed the workforce availability rate for the first time. Banking continued to have the highest representation (19.3%) followed by communications (11.9%), transportations (8.3%) and the 'other' sector (7.2%) (Labour Program, 2004, 2005).

The levels of visible minority representation in the work force of 11.7% in 2001 and 12.7% in 2003 are considered to be significant improvements over the level of 5% reached in 1987 when the reporting started.

Eight out of ten visible minority workers were found in five occupational groups: middle and other managers (8.3%), professionals (18.2%), administrative and senior clerical personnel (7.7%), clerical personnel (37.3%), and semi-skilled manual workers (9.5%).

The 2004 *Annual Report* indicates that the representation of visible minorities has increased in several occupational groups, notably among supervisors, administrative and senior clerical personnel, intermediate sales and service personnel and other sales and service personnel. With the result, their representation was above the overall workforce average in some of the categories. But it also reported a decrease in representation in two occupational groups, skilled crafts and trades workers and other manual workers. The net improvement is however, noteworthy. This may indicate a slight upward mobility in the employment among those employed in the federal and private sectors.

### **Hiring and Termination**

In 2003, in line with the trend established since 1995, 1,000 more visible minority employees were hired than those terminated. Almost 77% of all hiring in the private sector that falls within the ambit of the *Employment Equity Act* occurred in three occupational groups: professionals, clerical personnel and semi-skilled manual workers. Less than 0.1% of visible minority persons were hired in the senior management category. In 2003, the communications sector

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accounted for 38.7% of all visible minorities hiring followed by transportation (29.5%), banking (29.0%) and other (2.7%) (*Ibid.*).

### **Promotions and Salaries**

The share of promotional opportunities received by members of the visible minority groups increased from 15.2% in 2002 to 16.4% in 2003, the highest level received since 1987 (*Ibid.*). Almost 87.0% of these promotions occurred in the banking and communications sectors.

In 2003, the earnings gap widened between visible minority men and all other men as well as between visible minority women and all other women. The visible minority women earned 95.0 % of the average salaries of all women, while visible minority men earned 92.50% of the average of all men. Nevertheless, the fact remains that in 2003, 10.3 % of visible minority men earned less than \$30,000 per year compared to 7.1% of all other men in the portion of the private sector work force that falls under the *Employment Equity Act*. At the other end of the salary spectrum, 45.8% of visible minority men earned more than \$50,000, compared to 52.2% of all men; 16.6% of visible minority women earned \$30,000 or more compared to 29.3% of all women (*Ibid.*).

These findings confirm that the visible minority women remain behind other women in every salary band and behind men.

### **Earnings**

As seen above, the labour market outcomes, employment, unemployment, weeks worked, and representation in better paying jobs for visible minorities have been found to be poorer when compared with non-visible minority persons. Further, research has shown that access to job opportunities, upward mobility, earnings and income have also been poorer (Pendakur *et.al.*, 2000; Pendakur and Pendakur, 2002; Jackson, 2001). Among visible minorities, different ethnic groups experienced different disadvantages and outcomes.

Table 4 below shows the average employment income gap (a negative difference) between visible minority workers and all other workers in 2000. The differences in earnings for visible minority workers were due to fewer weeks of employment and lower earnings per week (CLC, 2002; Statistics Canada (6), 2003).

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Both in absolute and in relative terms, the employment income gap between visible minority women and all other women (\$-2749 and -7.9%) was smaller than the corresponding gap in income between the visible minority men and all other men (\$-6847 and -13.9%). The reason is that the male-female difference among the visible minority workers (-24.1%) is less than that among all other workers (-29.1%)<sup>1</sup>. Pendakur and Pendakur (2002) found varying earnings differences for different ethnic groups and confirmed that Blacks experienced the largest earnings gap. They also showed that the differences in earnings were different for visible minority men compared to visible minority women. Further, the earnings gap for visible minority workers aged 25-64 years has not only been persistent but has also been steadily increasing over the past 25 years (*Ibid.*).

In 1996, among women, the visible minority groups that fared the worst were Blacks with an earnings gap of -22%, and South Asians with -8%. At the same time, Japanese and Chinese women fared the best with 14% and 10% positive earnings differentials respectively (*Ibid.*).

All visible minority men had an earnings gap of -15% in 1996. Among visible minority men, those in Halifax fared the worst with an earnings gap of -24%. In 1996, among men, the visible minority groups that fared the worst were Blacks with an earnings gap of -36%, followed by South Asians -22% (*Ibid.*).

The wages of visible minority women were 13.4% lower than visible minority men, 9.4% lower than non-visible minority women and 45.8% lower than non-visible minority men (Christofides and Swidinsky, 1994).

### **Earnings of Foreign-born Visible Minorities (Immigrants)**

Frenette and Morissette (2003) examined the question of whether the earnings of immigrants who arrived in the last 20 years would converge to the earnings of Canadian-born workers. In this study, they took into account education, work experience and other immigrant characteristics. They found that in 1980, earnings of the then recent immigrant men were 17% less than those of their Canadian-born counterparts. But, in 2000, similar differences in earnings of recent immigrants were 40% less. The differential was similar for women. The authors concluded that the earnings of immigrants who came to Canada in the last 20 years would have to increase at an “abnormally high rate” to converge to the earnings of Canadian-born workers. These abnormally high rates imply doubling or tripling of the fastest earnings growth rates observed for immigrants who arrived in Canada over the last 25 years, a phenomenon impossible to

**Table 4. Average Annual Earnings (\$) and Earnings Gap (%) of Workers by Minority Status and Sex for Canada: 1999**

Worker Category	Average Annual Earnings \$			Income Gap*	
	Both Sexes	Male	Female	\$	%
Visible Minority Workers	19,895	25,655	14,638	-11,017	-42.9
All Other Workers	23,764	30,927	16,612	-14,315	-46.3
Earnings Gap** \$	-3,869	-5,272	-1,974		
Earnings Gap** %	-16.3	-17.0	-11.9		

\* Income gap relates to female workers compared to male workers.

\*\* Income gap relates to visible minority workers compared to all other workers.

Source: Statistics Canada (9), 2003

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materialize. Although, tough economic times of the early 1990s may have contributed to this to some extent, it means that visible minorities suffer substantial losses of earnings over their life cycle compared to their non-visible minority counterparts.

Generally, higher education tends to result in higher earnings. As the period of residence for visible minority immigrants in Canada increases, the earnings gap decreases (Statistics Canada (8), 2003). Those who came during the 1980s seemed to have fared better than those who came during the 1990s. Part of this may be explained by difficult economic conditions of the 1990s, the deep recession accompanied by significant organizational downsizing and the jobless recovery that followed. However, irrespective of educational attainments, recent visible minority immigrants, and immigrants in general (two thirds of whom are visible minority persons), earned significantly less than their Canadian-born counterparts (Statistics Canada (13), 2003; CLC,2002).

#### **Earnings of Canadian-born Visible Minorities**

About a third of visible minority workers are Canadian-born and they numbered about 253,000 in 1995. Their earnings differed from those of the foreign-born visible minority and all other workers. They had an average income of \$18,565, which was 30% lower than that of all other workers (Statistics Canada (7), 1998).

Three factors stand out among the Canadian-born visible minority workers: they generally had higher levels of education; they were younger relative to the other Canadian-born workers; and only one-third of them worked full-time, full-year compared to one-half of the other Canadian-born workers.

Analysis showed that when these three factors were taken into account, the average income gap between the Canadian-born visible minorities and other earners dropped from 30% to 4% (*Ibid.*). Hum and Simpson (1999) found that there was no significant earnings gap between visible minority and non-visible minority Canadian-born workers except for Blacks.

Table 5 presents average wages & salaries and gaps in average wages and salaries in constant dollars in 2000 of workers by minority status, sex and birthplace. The wages & salary gaps are calculated by comparing the visible minorities to all other workers. It may be seen that while Canadian-born visible minority workers experienced disadvantages ranging from 20 to 34% when compared with their non-visible minority counterparts, visible minority

**Table 5. Average Wages & Salaries (\$) and Wages & Salary Gaps\* (%) in Constant Dollars in 2000 of Paid Workers 15 Years and Over by Minority Status, Sex and Place of Birth\*\* for Canada: 1995 and 2000**

Worker Category	Both Sexes		Male		Female	
	1995	2000	1995	2000	1995	2000
Visible Minority Workers (CB)	20,360	22,676	23,116	25,530	17,432	19,755
All Other Workers (CB)	29,051	31,861	35,054	38,439	22,337	24,720
Earnings Gap (%)	-29.9	-28.8	-34.1	-33.6	-22.0	-20.1
Visible Minority Workers (FB)	25,581	28,461	29,478	33,173	21,308	23,442
All Other Workers (FB)	30,825	33,565	37,146	40,554	23,584	25,857
Earnings Gap (%)	-17.0	-15.2	-20.6	-18.2	-9.7	-9.3

\* Wages & Salary gaps relate to visible minority workers compared to all other workers.

\*\*CB = Canadian-born

\*\*FB = Foreign-born

Source: Statistics Canada (12), 2003

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immigrant workers experienced disadvantages ranging from 9 to 21%. However, it may be noticed that the wages & salaries gap has reduced during 1995 to 2000.

In an earlier study, the CLC (2002) summarized the data from a Canadian Race Relations Foundation report, *Unequal Access*, to show the systemic disparity relating to education and earnings/income between the visible minorities and the non-visible minorities born in Canada. Almost half of visible minority workers aged 25- 34 years had university degrees compared to just over a quarter among the non-visible minority workers of same ages. About a third of visible minority workers aged 35-64 years had university degrees compared to a fifth among the non-visible minority workers (see Table 6). It may be seen that visible minority men and women had higher proportions with university degrees, but their shares in the top income quintiles were less than those of the non-visible minority counterparts, indicating that their earnings were not commensurate with their educational attainments.

**Table 6**  
**Percentage of Canadian-born Workers of Selected Ages**  
**with University Education and in Top Income Quintile**  
**by Minority Status and Sex for Canada: 1999**

Age and Sex	Visible Minority	Non-visible Minority
	<b>Percent with University Education</b>	
<b>25-34 Years</b>	47.5	26.6
<b>35-64 Years</b>	32.3	21.0
	<b>Percent in Top Income Quintile</b>	
<b>Men</b>	36.5	49.8
<b>Women</b>	21.8	25.6

Source: CLC, 2002

The earnings gap relating to education between visible minority men and their non-visible minority counterparts was larger than that between the visible minority women and their non-visible minority counterparts. This is because; the male-female difference in earnings among the visible minority population is less than that among the non-visible minority population. Table 5 also confirms this finding.

Another study found that even after accounting for the effects of educational levels and fields of study, visible minorities had earnings penalties of 1 to 10 percent (HRDC, 2001).

Table 7 shows that Canadian-born Black workers aged 25-54 years were as likely to be university educated as all Canadian-born workers of same ages, but had lower average earnings and employment rates, and higher unemployment rates (Milan and Tran, 2004).

### **Language Proficiency and Earnings**

The visible minority immigrants with English only or English and French language skills, regardless of the year they immigrated to Canada, had higher earnings than immigrants who spoke only French, or neither of the official languages (Prefontaine and Benson, 1999). Also, immigrants with English or French language knowledge had 21% to 30% higher earnings than those with no knowledge of official languages (Chui and Zietsma, 2003). This has implications for policies related to immigrant selection and settlement.

The visible minority immigrant degree holders with English or English and French language skills had earnings close to the average of their Canadian-born counterparts. Visible minority immigrant degree holders with only French language skills earned \$3,638 less and those without English or French earned \$9,794 less than that of the Canadian-born persons (Li, 2001).

### **Union Membership and Earnings**

The visible minorities, including recent immigrants, have lower unionization rates than the overall population. Reitz and Verma (2000) note that for visible minorities, race, recency of immigration and gender affect union status. In 1999, collective agreement coverage was lower for visible minority workers (22%) than for all other workers (32%) (Jackson, 2002).

The earnings gaps for visible minorities belonging to unions have been smaller than those for the non-unionized visible minorities (Galabuzi, 2001). The earnings of unionized visible minority workers were higher when compared with their non-unionized counterparts (28.7% for males and 34.3% for females) (CLC, 2001). However, within the unionized labour force, there remain gaps in the earnings between the visible minority workers and all other workers (Jackson, 2002). The challenge for unions will be to organize visible minority

**Table 7. Percentage With University Education, Employment and Unemployment Rates and Average Income, for All Canadian-Born and Canadian-Born Black Workers Aged 25-54 Years for Canada: 1991 and 2001**

Variable / Population Category	All Canadian-Born		Canadian-Born Blacks		All Canadian-Born		Canadian-Born Blacks	
	1991	2001	1991	2001	1991	2001	1991	2001
University Educated (%)	17	21	15	21	21	21	21	21
Age-standard Employment Rate (%) [1]	78	81	72	81	81	81	76	76
Age-standardized Unemployment Rate (%) [1]	9.0	6.0	12.5	6.0	6.0	6.0	7.9	7.9
<b>Employment Income (\$)</b>	<b>1990</b>	<b>2000</b>	<b>1990</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>	<b>2000</b>
Average \$	34,100	37,200	29,200	37,200	37,200	37,200	29,700	29,700
Age-standardized Average \$	34,100	37,200	30,000	37,200	37,200	37,200	32,000	32,000

[1] The Black population has a younger age structure than the total population. In order to compare, the data were age-standardized to the same age distribution as the all Canadian-born population in the 25 to 54 year age-group.  
Source: Milan and Tran, 2004

workers concentrated in precarious, low paying and short-term jobs and high paying sectors of the new economy.

### **Discussion of Socio-economic Impact and Related Issues**

When the changing economy demands highly educated and skilled workers, why do visible minority immigrants with education and skills have poorer labour market outcomes, such as earnings? While, there may be other factors responsible for this phenomenon, factors, such as: systemic discrimination; less worth and value awarded to immigrants' human capital (e.g. foreign education/credentials and language skills); and lack of a coordinated approach to address visible minority labour force issues, cannot be ruled out as possible contributory causes.

#### **Discrimination in the Work Place**

Many workers seem to ascribe the source of harassment and workplace discrimination to racism. In 2002, almost one in four visible minority workers reported that they had experienced racial harassment or discrimination in the workplace (Hum and Simpson, 1999; Pendakur and Pendakur, 2002). In the Ethnic Diversity Survey, Statistics Canada (2003) found that 56% of participants who perceived discrimination or unfair treatment identified that they most commonly encountered such treatment in the workplace, particularly during job applications and promotions. An Ipsos-Reid Survey (The Dominion Institute) in 2005 found that 17% of Canadians have been victims of racism at some point. The differences in labour force outcomes between the Canadian-born visible minorities and their non-visible minority counterparts who have similar human capital characteristics such as, education and language skills, seem to point to the existence of discrimination.

#### **Polarization of Work Force**

The visible minority workers seem to have been polarized in two segments: a primary segment with stable, high skilled, better paying jobs with advancement possibilities which is mostly professional; and a secondary segment with insecure, low skilled, poorly paying "dead end" jobs. Even in the primary segment, they have not been equitably compensated commensurate with their higher levels of education and skills relative to the non-visible minority counterparts. In addition, lack of promotion for visible minorities, the "glass ceiling" effect, takes a toll on their life-cycle earnings (Beck, Reitz and Weiner, 2002; Reitz, 2005).

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In the secondary segment, visible minorities have “dead end” jobs with few prospects for improvements. In these jobs, workers were unlikely to gain more skills or education, or opportunities for upward mobility. In addition, some visible minority workers with higher levels of education/ skills were underemployed in the secondary segment. The longer these under-employed visible minority workers stay in the secondary segment, the more likely they will be de-skilled, and less likely to access jobs or professional networks that are commensurate with their education and skills (Badets and Howatson-Leo, 1999).

In some cases, under-employed immigrants who entered the secondary segment may remain at these jobs for the rest of their working lives in order to better the chances of their children (Hiebert, 1997).

### **Non-recognition of Foreign Credentials**

The undervaluing or lack of recognition of foreign credentials and education is one of the major barriers for visible minority immigrants resulting in loss of income. Reitz (2005) discusses underutilization of immigrant skills. He says that institutional barriers seem to be at the root of this problem. Several institutional challenges related to institutional complexity, timing and racial attitudes are pointed out as factors responsible. Complexity arises because of the number of different players involved: employers, occupational regulatory and licensing bodies, labour unions, educational institutions, government and non-governmental agencies. Strong coordination and concerted efforts are needed to improve the situation. In a study that examined racial barriers to access to professions and trades in Ontario, Samuel (2004) concludes that in spite of federal and provincial governments and accreditation agencies professing interest in resolving the issues, nothing concrete has emerged so far. He wonders whether this would have been the case, had most of the affected immigrants had come from Europe!

It is estimated that foreign credentials of more than 340,000 Canadians are not recognized in this country. This group is most likely to have come from China, India, the Philippines and Guyana (Bloom and Grant, 2001).

In a study, it was found that 30% of respondents, who were immigrants had skilled, professional or managerial jobs before immigrating to Canada but this dropped to 10% after their arrival. Fully, 73% claimed that their qualifications were not recognized in Canada (Prefontaine and Benson, 1999; see also Jackson and Smith, 2002; CRRF, 2000). It was estimated that visible minority immigrant men and women with foreign degrees had incomes, 47% and 56% less

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respectively, than those of the Canadian-born visible minority men and women degree holders due to non-recognition of foreign credentials (Li, 2001).

Although, the foreign credentials factor explains about 50% of income disparity between Canadian-born degree holders and immigrants with foreign degrees, the remaining 50% was due to other sources of inequality such as race and gender. The approach to the recognition of foreign credentials has to take into account all these sources of inequality in devising solutions (*Ibid.*). Further, foreign credential recognition only affects those who require formal certification, but does not address the labour force disparities of those with foreign credentials that do not require such certification. It has been suggested that labour force discrimination may be related also to “audible minority” factor, affecting immigrants who speak English or French with an accent.

### **Incidence of Poverty<sup>2</sup>**

Poverty (low income) can be attributed to lower employment rates, higher unemployment rates, lower wages and earnings, insecure employment, fewer weeks worked and labour force discrimination (Kunz, *et.al.*, 2000; Galabuzi, 2001). The incidence of poverty among visible minority families was 26% in 2001 compared to the national average of 12.9% (National Visible Minority Council, 2004, p.53). Using the 1996 Census data, Ornstein showed that in Toronto, the poverty rate for all families of non-European origin was 34.3%, which was twice that for families of European origin (quoted in Reitz, 2005). Poverty of unattached individuals has always been much higher than that of families. In 2001, the incidence of poverty for unattached visible minority individuals was 52.8% compared to the national average of 38% (Statistics Canada (14), 2003).

The incidence of poverty among immigrants (almost half of whom are visible minorities), and recent immigrants in particular (almost three-quarters of whom are visible minorities), has been steadily growing (Statistics Canada (11) and (12), 2003). The poverty rates increased among recent immigrants across all educational levels, ages, knowledge of official languages and family statuses. The visible minority individuals and their families have been absorbing the impacts of poorer labour force attachment and outcomes. Continued disparities in recognition of their educational credentials, access to professions and trades, and skills training would lead to further marginalization and isolation of visible minorities from the larger society.

### **Productivity, Income and Competitiveness**

Using resources, including human capital, more efficiently can enhance Canada's productivity level. The Conference Board (2004) states that more equitable workplace opportunities for visible minorities, who are on average, a highly educated and skilled segment of the labour force, would contribute to increasing their employment rate and productivity. This could help to close the gap in incomes and in the standard of living between Canada and the U.S.A. Ninety percent of the Canada-U.S. income gap was due to lower productivity and 10% to the lower employment rate in Canada (*Ibid.*).

A study commissioned by the Conference Board of Canada found that 540,000 Canadians would have an additional \$8,000 to \$12,000 of income each year if the learning recognition gap were closed – that is, if employers recognized and compensated equitably the education and work experience acquired in other countries. This gap translates into an estimated loss of between \$4.1 and \$5.9 billion annually (Bloom and Grant, 2001).

### **Issues to be Addressed and Conclusions**

In sum, in the new global economy, Canada needs to develop a well-educated workforce with high levels of transferable skills. Canadian-born and immigrant visible minorities, who are generally well educated and highly skilled, can be key players in responding to these needs. However, the visible minority workers have neither been fully utilized nor been equitably compensated for in the labour market for their education and skills compared to the rest of the Canadian labour force. Although, the reduction in wage gap between the visible minority workers and other workers observed between 1995 and 2000 may be due to the impact of the *Employment Equity Act* and the government action to eliminate labour market discrimination within the federal public service, much remains to be done (Public Service Commission of Canada, 2000).

The annual compound rate of growth in output in Canada and in turn the GDP (Gross Domestic Product) averaged approximately 3% from 1992 to 2001 (Conference Board of Canada, 2004). Of this, roughly 1% was due to growth in the quantity of labour. The visible minorities who comprised about 11% of the labour force contributed about a third of this 1%, (which was disproportionately large), with the other two thirds coming from the remaining 89% of Canadians. To face the challenges of tomorrow more effectively, Canada needs to address meaningfully, fuller integration of visible minority workers into the Canadian labour market. They have to be provided with equal opportunities in the work

world, so that, they may experience better labour force outcomes and become full and productive members of the society instead of being underutilized and often marginalized as at present.

1. From Table 4, it is easy to verify that if the male-female differences in income among the visible minority workers were the same as those among all other workers (-29.1% instead of -24.1%), earnings of visible minority female workers would be \$30,045 instead of the observed \$32,143. This would give rise to a difference of -13.9% between the visible minority female workers and all other female workers, instead of the observed -7.9%.
2. Poverty can be measured in two distinct ways: absolute and relative. Absolute poverty is measured by comparing a person's total income against the total cost of purchasing a specific 'basket' of goods and services representing the essentials of daily life. People with inadequate income to purchase this basket of items are considered to be living in absolute poverty. Relative poverty compares a person's total income and spending patterns with those of the general population. People with lower income who spend a larger portion of their income on a basket of goods and services, compared with some threshold that is more typical of the general population, are considered to be living in relative poverty. It's the latter that is used in most Canadian studies.

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