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'Work First' and Immigrants in Toronto

Andrew Mitchell[*], Ernie Lightman[**] and Dean Herd[***]

[*]*Research Associate and Project Manager at the Social Assistance in the New Economy (SANE) project, University of Toronto Faculty of Social Work*
E-mail: andy.mitchell@utoronto.ca

[**]*Professor of Social Policy at the University of Toronto and Principal Investigator of the SANE project*
E-mail: ernie.lightman@utoronto.ca

[***]*Research Associate of the SANE project*
E-mail: dean.herd@utoronto.ca

This paper examines the experiences of immigrants in Toronto as they pass through, and leave, Ontario Works (OW), a 'Work First' approach to social assistance that prioritizes rapid labour force attachment. We examine the Ontario Works activities of immigrants, compared to native born Canadians, and their respective post-OW job characteristics. We find that immigrants experience a significant relative wage disadvantage after participation, and substantially less wage growth when moving to the second post-welfare job. We conclude that Ontario Works, like most 'work first' employment programs, is ill-suited to addressing earnings disadvantage among immigrants. We suggest that programs 'beyond work first', though not targeted specifically towards immigrants, might nevertheless offer more assistance. The recurring wage disadvantage, however, would remain unaddressed and might require more direct intervention.

'Work first' and immigrants in Toronto

A substantial and growing literature has documented the economic disadvantage of immigrants in Canada (Hum and Simpson, 2002; Reitz, 2005; Li, 2003; Picot and Sweetman, 2005). This disadvantage manifests itself in higher rates of unemployment, a gap between the earnings of immigrants and native-born Canadians, a higher incidence of part-time hours or temporary employment, and poorer working conditions (Reitz, 1998). More difficult experiences in the labour market will, in many cases, result in more frequent recourse to income transfer programs such as Employment Insurance (EI) and social assistance/welfare. In this paper we examine the experiences of immigrants in Toronto as they pass through, and leave, *Ontario Works (OW),* the provincial social assistance program. Ontario Works is a typical 'work first' approach to social assistance, common across the developed countries, in which priority is placed upon rapid labour force attachment through mandatory participation in job search and related activities (Gorlick and Brethour, 2002; Daguerre, 2004).

We undertake a detailed look at how 'work first' interventions affect immigrants, as compared to native born Canadians, in Toronto, within the context of Canada as a 'liberal' welfare state regime (Esping-Andersen, 1990). We question whether the interventions of a typical active labour market policy are effective in reducing or overcoming the wage

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discrimination and economic disadvantage typically faced by immigrants. We argue that 'work first' programs in general, with their focus on immediate labour market entry, are unable to address earnings gaps that have emerged from structural changes in the labour market. Work experience may address some of the barriers to entry to the labour market that immigrants face, but the largest and most significant employment disadvantage faced by immigrants – that in hourly wage rates – appears immune to 'work first' interventions and may entail more direct interventive strategies.

The data for this study comes from a survey, commissioned by the local social services authority, of people who left welfare in Toronto between January and March 2001. A random sample of 3,335 potential respondents was drawn from those who had left the caseload, which averaged 62,000 monthly (City of Toronto, 2002), and 804 telephone interviews were completed in November and December of that year, using a pre-coded, closed-ended questionnaire.[1]

The survey explored a range of subjects including the reasons for leaving assistance, use of Ontario Works employment services, initial and current job characteristics and material hardships experienced both on and off social assistance. The focus of the original survey was not immigrant experiences per se, although immigrant status, among other demographic characteristics, was asked of respondents. Surveys could be conducted in either English or French, although only one interview was conducted in French. Household interpreters completed a further twenty-seven interviews (City of Toronto, 2002).

We begin with an overview of the labour market experiences of immigrants in Canada, followed by a brief discussion of the role potentially played by differing institutional structures internationally. We then describe the typical 'work first' welfare regime and proceed to an examination of our data. After a review of the demographic characteristics of the immigrant and non-immigrant groups, we examine their respective Ontario Works activities, their post-welfare labour market experiences, and, finally, analyze the wage differences between the two groups.

The labour market experiences of immigrants in Canada

The traditional pattern of earnings progression among immigrants has been to experience an initial earnings gap compared with native-born Canadians, followed by catch-up or 'assimilation'. However, there is now mounting evidence that this gap is closing more slowly than in the past. Among earlier cohorts, the earnings gap reduced over time so that by 2001 the immigrants from the period 1975–1979 were earning 8 per cent more than Canadian-born workers (Picot and Sweetman, 2005).

In fact, the earnings gap faced by new immigrants has widened over time with entry to the labour market of successive cohorts of immigrants. Picot and Sweetman (2005) found that between 1980 and 2000 the earnings of recent immigrants to Canada who were working full-time and full-year fell by 13 per cent among men and rose 6 per cent for women, while among Canadian-born workers, earnings rose 10 per cent and 11 per cent among men and women respectively. In 1980, recently arrived male immigrants earned about 80 per cent of what Canadian-born men earned, but by 1996, that figure had dropped to about 60 per cent (Reitz, 2005). Li (2003) found that the earnings of both male and female recent immigrants were lower for immigrants who came in the 1990s than those who came in the 1980s, despite the fact that recent cohorts of immigrants were

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more likely to have a university degree. However, while immigrant levels of education have risen (Picot and Sweetman, 2005), their *relative* position may have declined as a result of more rapidly rising education among Canadian-born workers (Reitz, 2001).

Bloom, Grenier and Gunderson (1995) found that recent groups of immigrants have tended to have greater difficulty entering the workforce. The unemployment rate is higher among immigrants than among people born in Canada (Teelucksingh and Galabuzi, 2005). In 1980, the employment rate for newly arrived immigrant men was 86.3 per cent, compared with 91 per cent for Canadian-born men. However, by 1996 the employment rate for newly arrived immigrant men had fallen by about a fifth, to 68.3 per cent, while the rate for Canadian-born men had only fallen to 85.4 per cent (Reitz, 2005). Krahn *et al.* (2000) found much higher rates of unemployment, part-time and temporary employment, and downward occupational mobility, among refugee immigrants to Alberta, despite high educational attainment. The deterioration in relative entry level earnings is reflected in the incidence of low income among recent immigrants, which rose from 25 per cent in 1980 to 36 per cent by 2000. However, the deterioration in low-income rates occurred among all immigrant groups from most source countries (apart from those who had resided in Canada for over 20 years), regardless of education or age (Picot and Sweetman, 2005).

Kazemipur and Halli (2001) identify diminished returns for immigrants' human capital (work experience and education), as factors behind the higher rates of poverty among immigrants. Alboim, Finnie and Meng (2005) found that foreign work experience was valued at one-third that of Canadian work experience, while education acquired abroad was considered only 70 per cent as valuable as Canadian education. A university degree from abroad received the largest discounting, valued at just one-third that of a degree held by a Canadian born resident. White immigrants however did not suffer this discounting and received recognition of their university education at parity with Canadian born residents. However, immigrants of all races received similar returns on any university education received in Canada.

Lending some credence to these findings is a survey of Canadian employers which showed that as many as one-half of employers surveyed either required Canadian work experience, or discounted the value of work experience gained in other countries, noting that employers tend to be more familiar with the experience and education of Canadian born applicants (Public Policy Forum, 2004). However others, while confirming the decline in entry earnings for successive cohorts of immigrants, found no evidence of any discounting of foreign education, or any decline in its valuation (Abdurrahman and Mikal, 2005). In addition to traditional explanations rooted in discrimination, Bevelander (1999) argues that changes in the economy have increased the importance of 'soft' skills, culturally specific social competencies and language skills, which tend to favour the native-born. Krahn *et al*. (2000) argued that refugees were disadvantaged because of unfamiliarity with the Canadian labour market, limited English language skills and extended employment gaps.

Picot and Sweetman (2005) identified three major causal factors: changes in the characteristics of immigrants (source regions, rising education), which accounted for one-third of the increasing earnings gap; decreasing returns to foreign work experience; and general decline in labour market outcomes of *all* new entrants to the Canadian labour market. On this latter point, general economic conditions improved in the late 1990s, and as such, are not associated with the declining circumstances of immigrants, but a

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more polarized labour market may have manifested itself in poorer outcomes for all new labour market entrants, including and perhaps especially immigrants (Reitz, 1998; Picot and Sweetman, 2005).

Immigrant economic disadvantage in an international context

Economic disadvantage among immigrants is not restricted to Canada, having been documented in countries as diverse as Australia, Germany, Sweden and the United States (Reitz, Frick, Calabrese and Wagner, 1999; Bevelander, 1999; Reitz, 1997).

Reitz (1998) argued that differing institutional structures – immigration policy, labour markets and the welfare state – form components of an inter-related institutional system that influences the economic success of immigrants and shapes these outcomes. Büchel and Frick (2005) found that significant cross-country differences in the immigrant/native-born performance exist even after controlling for socio-economic characteristics of the household and indicators of the degree of integration. They concluded that institutional factors specific to each country were important in producing these outcomes.

However, institutions, particularly welfare state institutions, do not simply differ; they differ systematically among nations, according to national priorities and values (Esping-Andersen, 1990). Büchel and Frick (2005) make an analogous argument for immigration policy. The values and priorities that shape one institutional sector are likely at play in others as well (Reitz, 1998: 205). This suggests the possibility of investigating the shape of specific welfare state institutions and their impact on immigrant economic circumstances.

Labour market outcomes and welfare state institutions are of course, highly inter-dependent (Esping-Andersen, 1990). Differences among states in immigration policy, but especially labour market institutions and social welfare systems, might manifest themselves as differences in earnings and un-employment, subsequent risks of unemployment and the consequent need for social assistance among different groups (for example immigrants versus native born). These differences spill over into differences in economic vulnerability among immigrants, who often occupy more precarious positions in the labour market. Varying economic vulnerability may translate into differences in use of income transfers such as unemployment insurance and social assistance across jurisdictions. Reitz (1998) observes that the lower earnings of immigrants in the United States translate into higher rates of welfare use, compared with Canada and Australia.

Baker and Benjamin (1995) found that for Canada, immigrants have *lower* participation rates in social assistance than the native born. However they also found that more recent cohorts have higher participation rates, as well as evidence that with additional years in Canada immigrants 'assimilated' to Canadian levels of social assistance receipt. The latter two findings were disputed by Crossley, McDonald and Worswick (2001), who did not find any increasing likelihood of social assistance receipt among recent immigrants, or clear evidence of an 'assimilation' effect.

Immigrant economic disadvantage is common among diverse nations and welfare regimes. Active Labour Market Policies, in the form of 'work first' welfare-to-work programs have also become increasingly common among western countries with differing socio-political configurations and historical paths. The research literature, both Canadian and international, however, has yet to explore the possible links between 'Work First' programs and immigrant economic disadvantage, specifically to consider whether the

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interventions typical of 'Work First' can be effective in overcoming the economic disadvantage faced by immigrants. It is to that question we now turn.

'Work first' systems of welfare

The movement from 'passive' to 'active' social assistance programs has been documented among countries as divergent as the United States, Sweden, Finland, Denmark, Austria, France, Germany, The Netherlands, Switzerland, Great Britain, Israel, Australia, New Zealand, and Canada (HRDC, 2000; Gorlick and Brethour, 2002; OECD, 2002; Lightman, 2003; APEC, 2005). Implied in this has been a restructuring of social assistance into programs with an explicit welfare-to-work orientation, designed to increase the employability of the unemployed. While there is no single model of 'active' labour market policy, there is an emerging orthodoxy around certain common elements, including making benefits conditional upon job search and/or a demonstrated willingness to improve employability (OECD, 2002). Among neo-liberal states, including Canada, the convention quickly solidified around 'work first' approaches.

'Work first' programs tend to favour individualistic explanations of poverty and unemployment and hence focus on individual characteristics such as education or work experience, and/or moral failings such as dependency or poor work habits. Consequently they downplay larger labour market issues such as aggregate demand or the structure of employment opportunities. Programs stress the 'shortest route to paid employment' and rely on low-cost and short-term interventions to *compel* participants to enter the labour market as rapidly as possible (HRDC, 2000; Gorlick and Brethour, 2002; Gray, 2003). Complicating this is the fact that implementation 'on the ground' often departs from the intentions of policy makers, with the result that programs frequently look very different from what might be expected based on the rhetoric of workfare (Brodkin, 1997; Schaan, 2005; Lightman, Herd and Mitchell, 2006).

The concrete outcomes of 'work first' programs are typically modest, and an extensive research literature (largely American) confirms the marginal employment conditions of most of those in welfare-to-work programs. While welfare reform in the US has been successful in getting people off the system, the likelihood of returning to welfare is typically high and the jobs tend to be low paid, insecure and often of limited duration, in keeping with the needs of liberal markets (Brauner and Loprest, 1999; Lichter and Jayakody, 2002; Moffitt, 2002; Scott *et al*., 2004).

In Ontario 'active' welfare reform manifested itself in *Ontario Works*, in many ways a typical 'work first' program. Although the employment assistance component of Ontario Works includes a traditional menu of work-oriented programs such as unpaid work-for-welfare (called 'community participation'), job search or literacy training, the priority is on rapid labour market entry. The first and governing principle of Ontario Works is 'determining and taking steps that represent the shortest route to paid employment. . .' (Ontario Ministry of Community and Social Services**,** 1999a). To the limited extent that short-term programs of education and training are available, referral depends on such programs representing the 'shortest route to paid employment' (Ontario Ministry of Community and Social Services, 1999b).

Against this backdrop we examine the experiences of immigrants within – and, more importantly, after – their involvement in *Ontario Works*. After the introduction of Ontario Works in 1997, very little was known, province-wide, about what happened to people

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Table 1 Characteristics of immigrants versus non-immigrants

Characteristic	Immigrants	Non-immigrants	Significance
Gender (% Female)	57%	59%	ns
Age (mean years)	38	35	$p < .0001$
Family type			$p < .0001$
Single	37%	50%	
Single parent	27.4%	34.9%	
Couple with children	23.6%	10.5%	
Couple, no children	12%	4%	
Education			$p < .0001$
Grade school or less	10%	8%	
Some high school	16%	31%	
Graduated high school	28%	25%	
Some post secondary	11%	14%	
Post-secondary or greater	34%	21%	
Education in Canada (percent yes)	43%	95%	$p < .0001$

Note: Significance for categorical variables measured using chi-square statistics. Significance for continuous variables measured using difference of means tests. NS = not significant.
Source: City of Toronto, 2002.

when they left the system apart from two telephone surveys of recent welfare leavers (Ontario MCSS, 1998). The Toronto survey was undertaken to help to fill some of these gaps in knowledge.

Findings

Demographic characteristics

Table 1 reports on the demographic profiles of immigrants in the sample compared to those of non-immigrants. The immigrants were 3 years older on average and significantly more likely to be couple families, whether with or without children. Canadian-born respondents, by contrast, were more frequently found in single person or single-parent families.

While comparable proportions of immigrants and non-immigrants had grade school education or less, nearly twice as many of the native-born Canadians had not completed high school, compared with the immigrants. Another significant gap occurs at the level of post-secondary education. Just over one-third of the immigrants had a post-secondary education or greater, compared with one-fifth of the Canadian-born. Forty-three per cent of the immigrants received some or all of their education in Canada, compared with almost all (95 per cent) of those born in Canada.

Though not reported in the table, over 37 per cent of the respondents were recent immigrants, having arrived in Canada in 1995 or later. The largest groups were from South and Central Asia, followed by Africa, Eastern Europe and the Caribbean. The immigrant respondents had been in Canada on average 11.8 years, and 56 per cent of the group had been resident less than ten years. This compares with 43 per cent of all immigrants in Toronto who had been in Canada less than a decade (Census of Canada, 2001).

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Table 2 Ontario works activities of immigrants versus non-immigrants

Employment activity (% yes)	Immigrants	Non-immigrants	Significance
Used employment resource centre	45.6%	53.5%	$p < .05$
Used employment agency	38.3%	34.3%	ns
Attended employment workshop	41.2%	23.8%	$p < .0001$
Attended training course	27.0%	18.4%	$p < .01$
Upgraded education	35.5%	25.3%	$p < .02$
Attended ESL	43.7%	3.3%	$p < .0001$
Self-employment agency	3.8%	3.4%	ns
Volunteer work	40.6%	34.7%	ns
Received money for transportation	32.2%	26.4%	ns
Used drug card	72.5%	73.4%	ns
Percent satisfied or very satisfied with OW services	64.6%	52.4%	$p < .01$

Note: Significance for categorical variables measured using chi-square statistics.

Ontario Works employment activities

Ontario Works, like 'work first' programs in general, promotes rapid labour force attachment through a narrow range of compulsory programs to enhance the 'employability' of social assistance recipients. Associated with this process is a variety of support activities in which recipients may be required, or choose, to participate. Table 2 reports on the differential use of these services within the immigrant and native-born population groups. Not surprisingly, immigrants were far more likely to have attended ESL (English as a Second Language) classes and also to have attended an employment workshop ($p < .001$). They were also more likely to have attended a training course and to have upgraded their education ($p < .01$). On the other hand, non-immigrants had a greater probability of having used an employment resource centre ($p < .05$). Whether these findings reflect greater motivation among the immigrants cannot be determined a priori. But what is clear is that nearly two-thirds of the immigrants pronounced themselves satisfied or very satisfied with the Ontario Works services, compared with 52 per cent of the Canadian-born ($p < .01$).[2]

Post-welfare employment characteristics

Table 3 reports on the post-welfare employment experiences of the sample and shows a number of key differences between the experiences of the immigrants and non-immigrants. Two-thirds of the immigrants were employed at the time of the survey, compared with 59 per cent of the native-born Canadians ($p < .05$). However, three-quarters of those born in Canada perceived their current job to be permanent, compared with two-thirds of those born outside the country ($p < .10$). Though not reported in the tables, the immigrants were more likely to be found in low paid and low status occupations such as cleaner, taxi driver, general labourer and retail sales. On the other hand immigrants were also more likely to be found in health care occupations and skilled and semi-skilled trades. The Canadian-born respondents were more likely to report managerial or office worker occupations. Only a minority of Canadian-born and immigrant respondents alike reported any non-wage benefits, apart from paid vacation which is mandated by law.

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Table 3 Employment characteristics of immigrants versus non-immigrants

Characteristic	Immigrants	Non-immigrants	Significance
Employment:			
Percent currently employed (*n*)	67% (545)	59% (235)	$p < .05$
Percent of these permanent	66%	75%	$p < .10$
Dental plan (%)	29%	34%	ns
Drug or medical (%)	38%	45%	ns
Pension (%)	34%	34%	ns
Paid vacation (%)	60%	66%	ns
Hourly wages (*n*)	(321)	(117)	$p < .05$
Less than $7	10%	7%	
$7.00 – $9.99	32%	19%	
$10.00 – $13.99	33%	40%	
$14 +	25%	34%	
Mean weekly hours of work (n)	35.7 (376)	35.4 (140)	ns
Mean weekly earnings (n)	$430 (327)	$472 (118)	$p < .05$
Mean hourly wages (n)	$11.96 (321)	$14.48 (117)	$p < .0001$
Wage mobility – wage increase from first to current job (n)	3.2% (36)	43.9% (20)	$p < .0001$

Note: Significance for categorical variables measured using chi-square statistics. Significance for continuous variables measured using difference of means tests. NS = not significant.
Source: City of Toronto, 2002.

It is in the area of earnings that the discrepancy between immigrants and Canadian-born respondents becomes most clear. The average hourly wage for immigrant respondents was $11.96 an hour, compared to $14.48 an hour for Canadian-born respondents ($p < .0001$). Taking $10 per hour as an unofficial but widely used cut-off for low earnings (Saunders, 2003), nearly three-quarters (74 per cent) of Canadian-born respondents were above this threshold, compared to only 58 per cent of the immigrant group. Weekly earnings for the immigrant respondents were $430, compared to $472 for the non-immigrants ($p < .05$). However, as there was no significant difference in weekly hours of work, with both groups reporting full time hours of about 35 hours on average, this gap in weekly earnings is primarily attributable to the significant difference in hourly wages ($p < .0001$).

Although the immigrants had lower average wages it might be that changing jobs allowed them to catch up to those born in Canada.[3] However, within the limits imposed by the small number of survey respondents who experienced a job change, it appears that even in the area of wage mobility the immigrants were disadvantaged. While the native-born Canadians who reported job changes experienced wage increases of nearly 44 per cent between first and current jobs, among the immigrants, wages increased only 3.2 per cent. This suggests that job mobility for those born abroad manifested itself largely as a process of 'churning' – job changes with little upward progression – while for those born in Canada, shifts in employment led to distinctly upward wage mobility.

Exploring wage differences

Table 3 showed that the average hourly wages of immigrants who left welfare were 17 per cent lower than those of the Canadian born group. This difference cannot be

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Table 4 Explaining wage differentials

Variable	Parameter estimate	t-value	Significance	Percentage change in hourly wages
Intercept	2.623	22.98	<.0001	
Immigrant	−0.115	−1.84	<.10	−10.9
Gender (female = 1)	−0.09377	−1.86	<.10	−9.0
Age	0.00341	1.37	ns	0.3
Grade school or less (0 = no, 1 = yes)	−0.24549	−2.5	<.05	−21.8
Some high school (0 = no, 1 = yes)	−0.08891	−1.3	ns	−8.5
Some post-secondary (0 = no, 1 = yes)	−0.05469	−0.63	ns	−5.3
Graduated post secondary or greater (0 = no, 1 = yes)	0.10334	1.71	p < .05	10.9
Education abroad (1 = yes)	−0.18534	−3.16	<.01	−16.9
Used Employment Resource Centre	−0.10038	−1.81	<.10	−9.6
Used Employment Agency	0.01931	0.37	ns	1.95
Attended employment workshop	−0.04703	−0.81	ns	−4.59
Attended training course	−0.01811	−0.32	ns	−1.79
Upgraded education	−0.0172	−0.32	ns	−1.71
Attended ESL	0.00563	0.1	ns	0.56
Agency self-employment	0.26784	2.1	p < .05	30.71
Performed volunteer work	−0.01092	−0.22	ns	−1.09
Received money for transportation	0.02423	0.45	ns	2.45
Used drug card	−0.07439	−1.43	ns	−7.17
$F = 3.19$ ($p < .0001$)				
Adj. $R^2 = .0881$				
$N = 408$				

easily attributed to inferior human capital attainments, as average educational levels were significantly higher among those respondents born abroad.[4] To further explore possible causes of this significant earnings differential, a multivariate analysis was undertaken, using a standard ordinary least-squares (OLS) regression to determine the individual influence of different factors on the hourly wage. The natural log of the hourly wage was regressed against the variables of immigration status (immigrant/non-immigrant), level of education, whether the education took place in Canada or not, dummy variables for the Ontario Works employment programs used, gender and age.[5] The results are reported in Table 4.

Consistent with our bivariate results, after controlling for age, gender, education, and where the person's education occurred, the immigrants earned less on an hourly basis than the native-born Canadians, post-welfare. The coefficient for immigrant status had a negative sign, which when converted out of logs showed that the immigrant respondents earned 11 per cent less per hour than their Canadian-born counterparts.

Where one's education was obtained – a variable distinct from place of birth – also made a significant difference with respect to earnings. Respondents who were educated outside of Canada had earnings approximately 17 per cent less than those who were educated in Canada, holding all else constant ($p < .01$). The combined effect of being born and educated abroad is the cumulative total of the two factors, or nearly a 28 per cent differential in hourly wages, all else held constant.

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The results of the regression model can be translated into simple, readily understandable differences in hourly wages: the reference case in the data, a male, age 36, born in Canada with a high school education received in Canada would have a predicted hourly wage of $15.81 upon leaving welfare. Our results indicate that a person born outside of Canada, but with otherwise identical attributes, would suffer a wage penalty of 10.9 per cent, earning approximately $14.09 per hour. This disadvantage would be compounded if the person also received their education outside of Canada. A person both born and educated outside of Canada would have predicted hourly wages of $11.41, a cumulative penalty of nearly 28 per cent. People working full time at these lower wages could expect to earn nearly $8,000 per year less than their Canadian-born counterparts. Level of education was also an important factor in determining earnings: those with a grade school education or less earned hourly wages that were nearly 22 per cent lower than those in the reference category – a completed high school education – while those who completed post-secondary education or greater, had hourly wages that were 11 per cent greater. Both differences were significant at the 0.05 level.

As well, among the Ontario Works employment activities and supplementary benefits tested, those who used the Employment Resource Centres had wages that were nearly 10 per cent lower than those who did not, while those in self-employment programs had hourly wages 30 per cent higher. None of the other employment resources and activities in Table 4 had a statistically significant impact on hourly wages. Nor did receiving extra money for transportation or use of the drug card that is available to all Ontario Works recipients have an impact on wages. Other research has suggested money for transportation may have facilitated a wider job search and led to improved jobs while use of the drug card has appeared to act as a proxy for poorer health status and might have been expected to lower wages (Lightman, Mitchell and Herd, 2005).[6]

Discussion

Immigrants face barriers in the Canadian labour market including credentialism, the discounting of foreign education and work experience, and overt discrimination. 'Work first' welfare-to-work reform, with its 'one size fits all' emphasis on immediate labour market entry addresses none of these barriers and appears unsuited to meeting the needs of this group. It might be argued that labour force attachment programs such as Ontario Works at least promote the acquisition of Canadian work experience. However, that work experience may not improve human capital nor help overcome systemic and structural discriminatory barriers, outcomes that are compatible with our survey findings on wage mobility. That work experience may also be in a job below the profession or credentials of the individual, in which case it might simply relegate individuals to lower status and lower paying jobs than their credentials and experience would otherwise dictate. Any of these scenarios would bring into question the implicit assumption underlying initiatives such as Ontario Works that a poor job today at least provides access to a 'stepping stone' to a better job tomorrow.

The Community Participation/workfare stream of Ontario Works was promoted, in part, as an opportunity for social assistance recipients to gain work experience. In practice, however, the positions are unpaid and there is no requirement that a placement require a person to exercise existing skills in the Canadian context or to acquire new job-related skills. Arguably, a restructured and more genuine work experience program might provide

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some opportunities for recent immigrants to overcome traditional barriers in the labour market.

When asked what would help them either keep their present job, or find a better one, one-third of both the immigrant and the native born respondents identified skills training and upgrading as their top priority, significantly higher than all other possible answers. Higher earnings was the number two factor identified by both groups, while ESL training and additional work experience were items identified by small numbers of immigrant respondents.

Beyond 'work first' for immigrants

While simple activation programs such as Ontario Works have reduced caseloads and increased employment levels, particularly where strong economic conditions existed, a wealth of evaluation research has revealed low pay, insecure employment and high likelihood of returning to welfare, all characteristics of 'Work First' reforms (Brauner and Loprest, 1999; Acs and Loprest, 2001; Loprest, 2003; Lightman *et al*., 2005; Urban Institute, 2005). Among policy makers, recognition of the failure of 'work first' reforms to create *welfare-in-work*, particularly for those with multiple barriers to work, has led many to explore next steps in welfare reform that go beyond simple 'work first' strategies (OECD, 2005a, 2005b). And while it may be accurate to place immigrants among those who face barriers to the labour market, those barriers are typically different from those experienced by the population traditionally thought of as 'harder to serve'.

Herd (2006) has suggested these 'next steps', reflecting a number of discrete stages in the transition from welfare to employment, can be characterized as: identifying and meeting immediate client needs by improving services within existing welfare systems ('building survival systems'); improving recipients links and supports to entry to the permanent labour market ('building support systems'); and attempting to 'make work pay' and ensure sustainable futures in the labour market ('building sustainable systems'). The latter two (of these three) steps most directly address the issues of labour market entry and quality employment. Pre-employment supports such as child care, transportation and health care are intended to facilitate labour market entry. The immigrants were as equally likely as non-immigrants to have left social assistance for employment (about 56 per cent of respondents overall), and were *more* likely to be employed at the time of the survey, which suggests that such services may have value for the large minority of social assistance recipients who do not leave welfare for employment, including immigrants (although not more so than native-born Canadians).

Those programs that seek to link recipients and employers, to engage in demand-led strategies, or that seek to develop Intermediate Labour Markets (ILMs) and Transitional Employment Programs (TEPs) can include a range of functions including pre-employment support in the form of outreach, assessment and employability development; recruitment in the form of identifying opportunities, job matching and temporary employment and retention in the form of workplace induction, mentoring troubleshooting and ongoing career development.

While these strategies are considered particularly important in assisting the 'hard to serve' it is easy to imagine variants of these strategies providing additional support to immigrants. Linking immigrants to employers, in effect taking over a part of the employment screening function, may overcome some of the bias against foreign-earned

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education and work experience and provide a route to culturally specific social competencies and language skills, which currently hinder immigrants. Retention services per se may be less relevant to immigrants, who were more likely to be employed at the time of the survey than the Canadian-born.

Although immigrants ranked education and skills training highly in their list of services they thought would help them keep a job or find a better job, education and training in this context largely refers to high school equivalency and basic skills. This is not as relevant to the needs of the majority of immigrants, who tended to have higher levels of education than the Canadian born in this survey. However, for the one-quarter of the immigrant respondents who had less than a high school education this strategy may be more relevant. For the remainder the issue might be *Canadian* education and training, or at least Canadian recognition of their skills.

Because the greatest difference between the employment experiences of immigrants and native-born Canadians is in hourly wages, and the opportunity for upward wage mobility (at least when making the first post-welfare job change), perhaps policies to 'make work pay' offer the greatest potential for assistance to immigrants. As above, the furtherance of education and training may be related to a perceived need for credentials that Canadian employers will recognize and value. While only a minority of all employed welfare leavers enjoyed non-monetary benefits, presumably the provision of non-wage benefits, such as drug, dental or pension, would be of tremendous advantage to immigrants and non-immigrants alike.

However, as we have seen, the crux of the disadvantage that immigrants face is a lower wage level, amounting to 11 per cent for having been born outside of Canada, and 28 per cent if a person's education was outside of Canada as well. While wage supplements and tax credits will raise the income of immigrants and non-immigrants, it is both the low level of earnings and the gap between the immigrants and non-immigrants that is at issue. Such policies on their own will do nothing to directly address the gap in earnings. Indirectly, the linking of services and further education and training may address some of the root causes of lower wages among immigrants – discrimination and the discounting of education and experience earned abroad.

While this article, based only on a single survey of welfare leavers in Toronto cannot provide a complete assessment, 'work first' welfare reform of the type favoured in liberal economies appears to offer little to immigrants to help them overcome structural disadvantages they face in the labour market. Current trends 'Beyond Work First', while not intended to address the specific disadvantages faced by immigrants, nevertheless, may offer some hope of overcoming some of these historic sources of disadvantage. But the largest, and most significant, the wage disadvantage, remains unaddressed and may require more direct kinds of intervention strategies in response.

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Notes

1 This reflected a 24% completion rate. The timing of the survey meant that potential respondents would have been off social assistance for less than one year. In comparison to the entire population the respondent group under-represented single persons, people under age 25, short-term (less than six months) recipients, those with no earnings, people with less than a high school education, and people with lower shelter costs. Those who were over-represented included: families with children, people aged 35–44, people with more than a high school education, longer term recipients (over 24 months on OW), those with earnings and those with higher shelter costs. To compensate for these differences a weighting procedure was employed whereby the representation of under-represented groups was increased and that of over-represented groups decreased to make the respondent group more representative of the sample of those who left welfare between January and March of 2001 (Toronto, Community and Neighbourhood Services, 2002). A comparison of the unweighted and weighted samples with statistics from the entire Toronto Ontario Works caseload from the Fall of 2002 indicate that the weighting procedure improved the representativeness of the respondent sample, however the sample remained over-represented among families with children, those between the ages of 25 and 44, and those with at least some post-secondary education, and under-represented singles, young people and those with limited education. These, and possibly other, unmeasured differences remained between the respondent group and the sample, and the survey results must be read with this possibility in mind. The weighting procedure led to improved results over the unweighted sample. A table showing details of the resulting changes in the weighted composition of the sample is available from the authors. All results cited in the paper are for the weighted sample.

2 This perhaps reflects previous experience in countries with more limited social welfare institutions.

3 The data used here provides only limited opportunities for exploring wage mobility. The survey explored working conditions in the first job held after leaving social assistance and the current job, if different, and did not explore wage changes within jobs. The time frame is also somewhat short as the respondents had left social assistance less than a year prior to the survey. Only about 64 out of the 544 respondents (12%) who had worked since leaving assistance reported a job change.

4 The survey contained no information about accumulated work experience, in Canada or abroad, which is another important component of human capital. Work experience gained abroad is typically discounted by Canadian employers (Picot and Sweetman, 2005; Kazemipur and Halli (2001).

5 A natural log transformation of the hourly wage variable allowed the regression equation to satisfy all standard assumptions and diagnostic tests for OLS regression procedures and facilitates the interpretation of results as percentage differences in wages.

6 An identical analysis undertaken with only the immigrant respondents yielded similar results.

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