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Social and Human Capital: The Determinants of Economic Integration of South Asian Immigrants in Canada

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A thesis submitted in partial fulfillment of the requirements for the degree in Doctor of Philosophy

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**SOCIAL AND HUMAN CAPITAL: THE DETERMINANTS OF
ECONOMIC INTEGRATION OF SOUTH ASIAN IMMIGRANTS IN
CANADA**

(Thesis format: Integrated Article)

by

Muhammad Munib Raza

Graduate Program in Sociology

A thesis submitted in partial fulfillment
of the requirements for the degree of
Doctor of Philosophy

The School of Graduate and Postdoctoral Studies
The University of Western Ontario
London, Ontario, Canada

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**SOCIAL AND HUMAN CAPITAL: THE DETERMINANTS OF
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Chair of the Thesis Examination Board

ABSTARCT

The labor market outcomes of immigrants have been a primary focus of the research to comprehend the integration of immigrants in Canada. The focus of the research is largely on human capital approaches for the investigation of the earnings of immigrants. This thesis takes a distinct approach in three ways: first, unlike traditional research that compares the earnings of immigrants with native born of the same ethnic/racial groups or with white native born population, the dissertation compares the earnings of visible minority immigrants with non-visible minority immigrants. Comparing across foreign born populations is important to neutralize the impact of exposure to the social institutions of the host society. Second, instead of treating South Asians as a homogenous group, the focus of the present research is on the economic performance of various South Asian sub-groups. This approach is useful to understand the inter group difference. Third, this research considers both human and social capital perspectives to understand the labour market performance of visible minority immigrants in Canada. The overall purpose of the research is to determine the impact of both human and social capital on the labour market performance of the visible minority immigrants. The analysis seeks to determine the extent to which different visible minority groups and South Asian sub-groups differ in terms of their earnings, after the adjustment of various human and social capital factors.

The thesis begins with a comparison between visible minority immigrants and non-visible minority immigrants, and then moves on to investigate particularly the earnings of specific South Asian sub-groups in comparison to British/Irish immigrants. The three analytic chapters demonstrate not only an earnings gap between visible

minority immigrants in comparison to non-visible minority immigrants, but also earnings differences among South Asians in comparison to British/Irish. In terms of period of residency, a longer period of stay in Canada has a positive impact on the earnings, but this impact is not equal across different visible minority groups. Although social capital have an impact on the earnings differences, the human capital factors have the largest impact. The study applies Ordinary Least Square (OLS) regression models to analyze data from the 2002 Ethnic Diversity Survey (EDS) and the 2006 Census.

Based on the 2002 EDS, the second chapter determines the impact of human and social capital on the labour market outcomes of visible minority immigrants. In particular, this chapter asks to what extent bonding and bridging social capital are useful to improve the economic conditions of non-white immigrants. The findings show that controlling for human and social capital variables reduces the earnings disadvantage associated with visible minority status, but the gap remains significant for all but Chinese. In terms of social capital, individualization (weak ties) in comparison to integration (strong ties) was associated with higher income, for men and for the category of other/multiple visible minorities, and for white immigrants.

Chapter three analyzes the earnings of different cohorts of visible minority immigrants arrived in Canada at different points of time. The findings show that bridging associational participation remains significant, except for the 1982-91 arrivals. The earnings of South Asian immigrant men with a longer period of residency exceed the earnings of non-visible immigrant of the same period, while the Chinese are no longer statistically different from the reference group. Bridging associational participation is not significant for the earnings of women immigrants. The non-significance of bonding and

bridging social capital for those who arrived in the period 1982-91 suggests that social capital is not useful in periods of economic downturn, while human capital remains significant during such periods.

Comparing the earnings of various South Asian sub-groups with British/Irish, chapter four analyzes the 2006 Census data. Although all of the South Asian groups reduce their earnings gap with British/Irish immigrants, they remain significantly disadvantaged after the adjustment for socio-demographic factors, work related factors and the size of CMA. Although both South Asian men and women earn significantly less than British/Irish, South Asian women face smaller gaps than South Asian men. For the second generation South Asians, the findings show an optimistic situation for Indians and Pakistanis, though Sri Lankan second generation face significant earnings gap in comparison to British/Irish second generation. It seems that being educated in Canada, proficiency in one or both official languages and better exposure to Canadian social institutions pay off for second generation, however, benefits of being raised in Canada are not equally distributed among all second generation South Asians.

Key words: Visible minorities, South Asians, Human capital, Social capital, Bonding and bridging social capital

CO-AUTHORSHIP STATEMENT

Chapter 2, Social Capital and the Economic Integration of Visible Minority Immigrants in Canada, has been published online in the *Journal of International Migration and Integration*, on March 16, 2012. Roderic Beaujot and Geberimariam Woldemicael have contributed to this work as second and third authors respectively.

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DEDICATION

To my family;

my mother Ruqia Baigum,

my father Shamshad Ahmed,

my brother Kashif Raza,

my sisters Riffat and Sumera,

my beloved wife Shazia Mazhar,

my son Amaz Raza,

my daughters Mirha Raza and Eshal Raza

For their enormous affection, love and prayers

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LIST OF ABBREVIATIONS

EDS	Ethnic Diversity Survey
ESCS	Equality, Security and Community Survey
GSS	General Social Survey
OLS	Ordinary Least Squares
RDC	Research Data Centre
SLID	Survey of Labour and Income Dynamics
U.S.	United States

CHAPTER 1

INTRODUCTION

1.1. Introduction

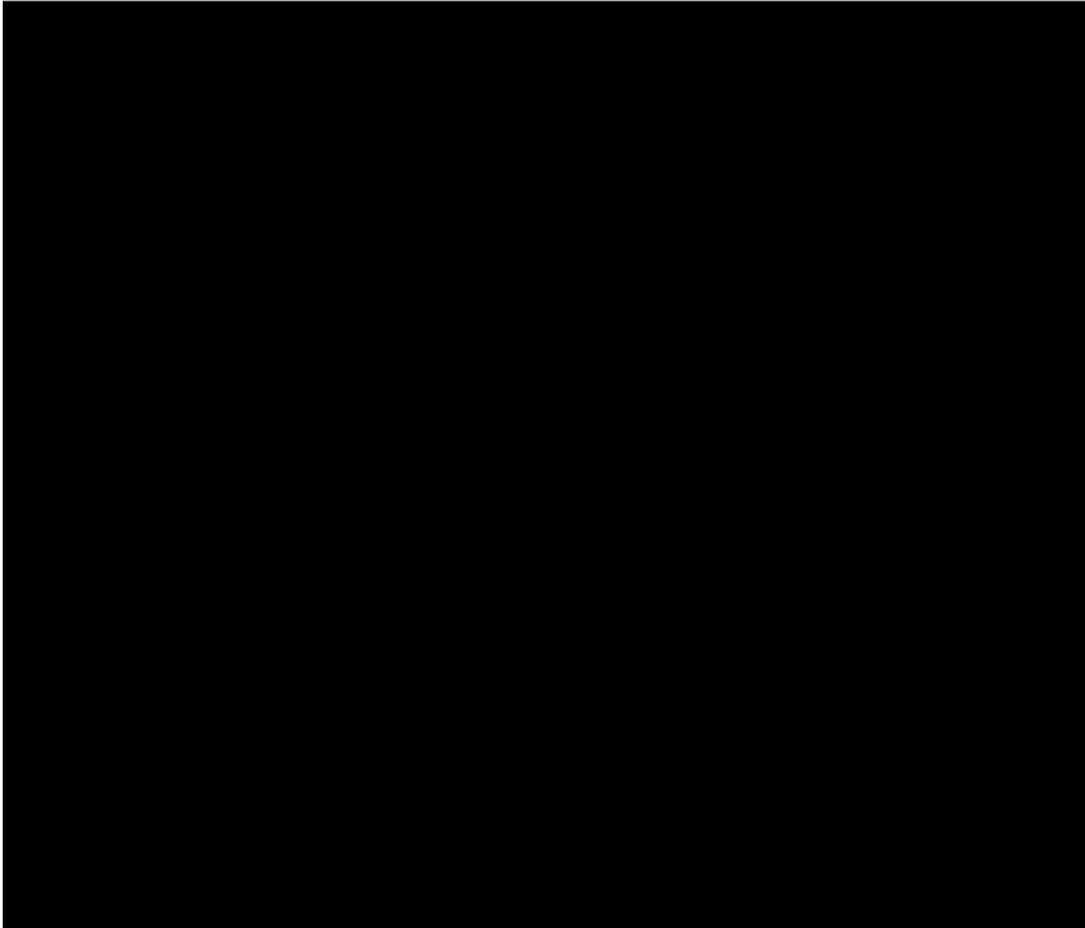
Economic motivation is considered one of the most compelling factors for international migration. All international migration has an economic dimension, in terms of the causes and consequences of economic integration of immigrants, and especially in terms of economic development both at the place of origin and destination. These economic questions are of prime importance for immigrants and for sending and receiving countries (Castles and Miller, 2009). These issues become even more salient when the receiving country is diversified on the basis of race and ethnicity.

Canada is one of the leading immigrant receiving countries and it also encourages diversity through its official multicultural policies. However, the diversity of the Canadian population is a recent phenomenon, dating back to 1962 when **systemic racism** was reversed (Satzewich and Liodakis, 2010). The ‘point system’ introduced in 1967 was the indication that Europe and Britain were no longer the preferred principal continent and country of immigrant origin. Before 1962, Canada’s immigration was characterized by a distinct preference for white immigrants from Europe and the United States. Only a small number of visible minority immigrants were allowed entry to Canada given the highly restrictive quota arrangements. The policy of multi-culturalism, enacted in 1971, showed an open attitude towards immigrants other than those of British/Irish origin (Beaujot and Raza, 2012). Since then the numbers of visible minority immigrants from non-traditional source countries have been rising constantly. For example, visible

minorities have grown from constituting 4.7% of the total Canadian population in 1981 to 16.2% in 2006 (Figure 1.1).

Figure 1.1.

Number and Share of Visible Minority Persons in Canada, 1981 – 2006



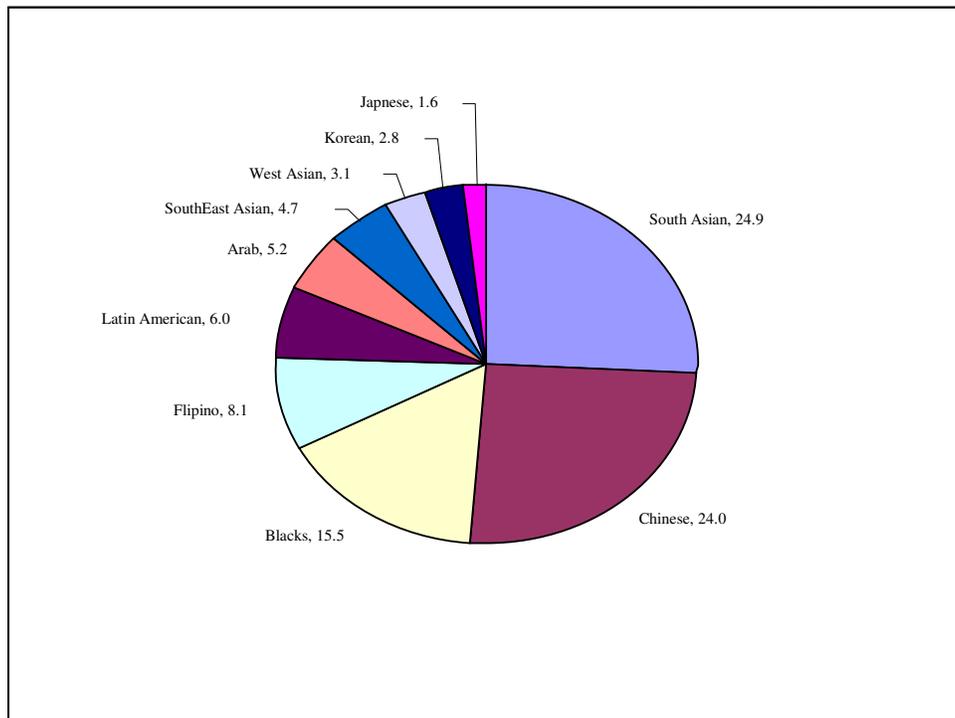
Sources: Canada Year Book 2011, Ch 13, Statistics Canada, Censuses of population, 1981 to 2006

Among the visible minorities, South Asians and Chinese, the two leading visible minority groups, comprise about 50% (24.9 and 24% respectively) of the total visible minority population (Figure 1.2). According to demographic projections by 2031, South Asians could represent 28% of the visible minority population, while the share of the Chinese population could decline to 21% from 24% in relation to the visible minority

population in Canada (Statistics Canada, 2011). These trends also show that Canada’s Black and Filipino populations, the two largest visible minority groups after the South Asians and Chinese, could double in size by 2031. The Arab and West Asian groups could more than triple—the fastest population growth among all groups. With current demographic trends, 47% of the second generation will belong to a visible minority group in 2031, nearly double the proportion of 24% in 2006. By 2031, 29% to 32% of Canada’s population—between 11.4 and 14.4 million people—could belong to a visible minority group; this is nearly double the proportion (16%) and more than double the number (5.3 million) reported in 2006 (Statistics Canada, 2011). In contrast, the rest of the population is projected to increase by up to 12%. Sustained immigration, slightly higher fertility rates and a young population will bolster the visible minority population’s growth.

Figure 1.2.

Distribution of Visible Minority Population, Canada, 2006



Source: Human Resources and Skills Development Canada, Archived – 2006 Designated Group Profiles 2006 Census

The picture emerging from the above statistics points to three interrelated phenomena. First the landscape of Canadian immigration has been changed by the large inflows of visible minority immigrants. Second, the future projections indicate that these trends will continue for decades to come. Third, South Asian people now form the largest visible minority group in Canada. These trends have implications for not only immigrants but also for Canadian society. For example, if highly educated and skilled immigrants end up working in jobs below their skill level, then in effect their skills are wasted. According to Simmons (2010), Canada needs, wants, and recruits skilled immigrants; however, it is not clear whether the human capital of visible minority immigrants is not fairly rewarded or immigrants are being discriminated on the basis of their skin color and/or ethnicity. The available evidence on the economic performance of visible minority immigrants suggests that these groups are facing earnings disadvantages, and they are more likely than non-visible minority immigrants to be in low income regardless of their length of stay in Canada (Baker and Benjamin, 1997; Pendakur and Pendakur, 1998; Kazemipur and Halli, 2001; Balakrishnan, 2001; Swidinsky and Swidinsky, 2002; Palameta, 2004). It is also noted that newly arrived immigrants have experienced reduced employment success, even though immigrant education levels are at an all-time high (Frenette and Morrissette, 2003). It is important to know whether the low earnings among recently arrived immigrants are temporal or long-term. If the relative low earnings for visible minority foreign born persons remain for a long period, the problem could be more serious for immigrants and for Canada. Thus an analysis of immigrant earnings inequality will provide further insights into the economic welfare dynamics and help assess the effectiveness of recent immigration policies formulated on the question of human capital.

Simmons (2010) observes that Canadian immigration policy emphasizes the potential social and economic success of immigrants. It is expected that immigrants are future partners in the economic prosperity of the Canadian economy and nation. The earnings of immigrants would normally reflect the value of immigrant work. However, when diversity results in socio-economic inequality, the ethno-racial diversity may adversely affect a society's cohesiveness (Reitz and Bannerji, 2007). Given the situation where visible minority populations are not rewarded in the labor market commensurate with their qualifications, it is likely that policies that aim to bring cohesiveness and to encourage diversity would be unsuccessful. The fact that the present flows show no sign of receding can be a strong factor that may affect immigrant adaptation, due to the continual replenishment of immigrant communities with new, unassimilated first-generation members (Massey, 1995). Thus keeping in view the diversity and future projections of visible minority population in Canada, the present thesis is focused on investigating the labor market performance of visible minority immigrants in general, and South Asians in particular. Since South Asians are the largest visible minority group, it is appropriate to examine their labour market outcomes and their economic integration.

1.2. Study Objectives and Research Questions

The mainstream literature on the labour market outcomes of visible minority immigrants compares the earnings of visible minority foreign born persons with the native born of the same ethnic and racial groups, or with the white Canadian population. This analysis is inadequate to reflect the true scenario for the following reasons. First, these comparisons do not take into account the differential opportunities of the native and foreign born in various institutions. For instance, foreign born persons may be excluded from certain

training and skill enhancing programs. Second, the lack of experience with the public institutions of the receiving country may itself be a disadvantage. Furthermore, a foreign degree may not be sufficient for foreign born individuals to compete successfully in the labour market because of their knowledge regarding the functions of labor market institution. Thus investigating the economic outcomes for foreign born and native born on the basis of their education, labour market experience, skills and language abilities may produce incomplete results. In addition to positive evaluation of their degrees, the native born would have an advantage in the labour market by their learning of institutional values. In other words, the advantage of knowing social and institutional values associated with the labour market of the host country cannot be accounted for by controlling human capital. Third, in much of the research, various immigrants are often treated as a homogenous group, disregarding differences at the sub-group level (Pendakur and Pendakur, 2007; Hum and Simpson, 2000). Various sub-groups may differ in terms of their migration history, group size, culture and religion, which might be overlooked when treating them as a single category. It is likely that an analysis that overlooks sub-groups may overestimate or underestimate the earnings advantage or disadvantage for some of these groups (Kazemipur and Halli, 2001). Thus it is necessary to extend the investigation of the economic performance of visible minorities at the sub-group level.

Human capital models have dominated the focus of the immigration literature in explaining how immigrants fare in the labour market. Although useful, they do not provide a comprehensive explanation of why immigrants are still disadvantaged in spite of possessing high levels of human capital when compared to their native-born counterparts. By considering education, age, work experience, and knowledge of official

languages as contributing factors to their labour market outcomes, individuals are held responsible for their own poor economic performance without considering the role of structural and ascribed factors such as place of origin, ethnicity, discrimination and visible minority status. In light of these above mentioned concerns, the following objectives are set for this thesis:

1. To investigate the earnings of foreign born visible minority persons in comparison to non-visible minority foreign born persons;
2. To compare different arrival cohorts of visible and non-visible minority immigrants;
3. To employ different social capital models, while acknowledging the utility of human capital models, to explain the labour market performance of visible minority immigrants; and
4. To evaluate the earnings of south Asian subgroups in comparison to their British/Irish counterparts.

Since the concepts of “South Asian” and “visible minority” are used in all chapters, these should first be defined. Visible minority status is derived from the population group question. This question asks: “Is this person:” and respondents are to mark with an “x” the category(ies) that apply in the list showing the following options: White, South Asian, Chinese ... Japanese, Other (specify). The categories analyzed are Chinese, Black, Other/multiple visible minorities, non-visible minorities (persons indicating “white” and no other response), while Asians is the combination of South

Asian and South East Asians. For Chapters 2 and 3, the following variables were used in the measurement: BK_Q110, BK_S110A and BK_S110B. For Chapter 4, the South Asians categories variable is based on the question asked about the ethnic origin of respondents. Ethnic origin refers to the ethnic or cultural origins of the respondent's ancestors. Respondents were asked to specify as many origins as applicable. Four lines were provided for write-in responses and up to six ethnic origins were retained. This measure includes all those who declared their ethnic/cultural origin as Indian, Pakistani, Sri Lankan, and Bangladeshi.

Based on the objectives indicated above, Chapter 2 seeks to answer the following questions. To what extent do human capital and social capital factors help explain the earnings differentials between the visible and non-visible minority foreign-born persons? In particular how does social capital in the form of bonding (within-ethnic) and bridging networks (cross-ethnic) serve to explain the earnings differentials?

Following classical assimilation assumptions that successful integration occurs over time, Chapter 3 considers period of residency to determine whether long term visible minority immigrants perform better than their short and mid-term counterparts in comparison to non-visible minority immigrants of the same cohorts. To what extent do human and social capital factors account for the earnings of short, medium and long term visible minority immigrants in Canada? It is assumed that with the passage of time, immigrants will improve their qualifications and skills, learn the language, and develop the social capital necessary to improve their economic performance. Hence, long term visible minority immigrants are expected to have their earnings disadvantage reduced or reach earnings parity with their white counterparts.

Chapter 4 specifically focuses on South Asians by analyzing the earnings of the foreign born persons belonging to different South Asian sub-groups in comparison to the foreign born British/Irish. It is also pertinent to examine the labour market performance of the South Asian second generation given their host country credentials, knowledge of the official language(s) and their exposure to social institutions. Consequently when comparing second generation South Asians to those of British/Irish origin, this labour market disadvantage should not be as apparent as it occurs in the comparison between foreign born South Asians and their British/Irish born counterparts.

Any study aimed at evaluating the earnings of visible minority immigrants would be incomplete without analyzing the labour market experiences of men and women separately. Immigrant women are economically disadvantaged not only on the basis of their race, ethnicity, and class but also by virtue of their gender (Hellermann, 2006). Thus, each of the analytical chapters utilizes human and social capital models to examine the extent to which women may (or may not) experience earnings disadvantage when compared to their non-visible minority counterparts.

1.3. Research Methods and Data

The main sources of data used to address the objectives of this thesis are the 2002 Ethnic Diversity Survey (EDS) and the 2006 Census. Master files of these data sets were accessed through the Research Data Center (RDC). The EDS, a post Census survey, contains human capital measures as well as a variety of social capital variables appropriate to address the questions raised above. For social capital measures, this thesis takes advantage of information on trust, community participation, associational

participation, and sense of belonging to one's own ethnic community and to community at a broader level.

While the sample size of the EDS is sufficient to analyze the labour market outcomes for various groups of visible minority foreign born persons, the numbers of cases are not enough for specific sub-groups of second generation visible minorities. This is especially so when analyzing the different South Asian sub-groups. The 2006 Census is employed in Chapter 4 to examine the earnings of South Asians, both foreign born and second generation. It contains more than 6 million cases, along with measures such as age, age at immigration, education, the location of highest degree obtained, ethnic background, and working status which conveniently allow examining the earnings of both foreign born and second generation South Asians.

A mix of descriptive and multivariate methods is utilized in the three analytical chapters. For multivariate analysis, Ordinary Least Square (OLS) regression models are used to investigate the earnings of South Asians, Chinese, Blacks and other/multiple visible minorities. The dependent variable in the three chapters is annual personal income. The common selection criteria in these papers includes persons aged 25-64, who were employed at the time of the interview and who have positive earnings. Further details on data, measurement of the explanatory variables and methodology are provided in each analytical chapter.

1.4. Background, Concepts, and Literature Review

1.4.1 Visible Minorities

The term 'visible minorities' was developed by the Canadian federal government to meet the data needs of the federal employment equity legislation in the 1980s (Boyd, 2008).

Visible minorities are defined in this act as “persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour.” Using this definition, regulations specify the following groups within the visible minority population: South Asian, Chinese, Black, Arab, West Asian, Filipino, Southeast Asian, Latin American, Japanese and Korean (Pandakur and Pandakur, 2002). The inclusion of ‘visible minorities’ as a designated group in *The Employment Equity Act* highlights the disadvantaged position of visible minorities that the Canadian government wants to rectify.

The way visible minorities are defined is complicated. The social construction of the term ‘visible minorities’, implies that it is not a static concept and may therefore change over time. For example, Italian and other Southern British/Irish immigrants were initially not considered ‘white’ when they first arrived in North America (Alba and Nee, 1997; DeWind and Kasinitz, 1997). This changed over time however with increasing duration of residence, commensurate with improvements in their economic status, suggesting that visibility status is indeed a fluid and variable concept. Also it is not merely the skin color which places certain individuals in the category of visible minorities; rather place of origin is sometimes used as a proxy for visible minority status. For example, most of the immigrants from the Middle East have white skin color, but they are treated as visible minorities by Statistics Canada.

It seems that visibility status hinges on power relations and this status does not have a direct relation with numerical minority. According to demographic projections, the visible minority population in at least two Canadian cities Toronto and Vancouver would be about 60% and 50% respectively by 2031 (Statistics Canada, 2011). However, being the numerical majority will not guarantee that visible minorities necessarily fare better

than whites. Pendakur and Pendakur (2002) found that there is a weak positive relationship between visible minority numbers and their earnings in a particular city. Aydemir and Skuterud (2005) used census data for 1981- 2001 and found that for both men and women roughly one third of the deterioration in their earnings can be explained by compositional shifts in the language abilities and region of origin of recent immigrant cohorts. According to Ostrovsky (2008) the region of origin is not just a geographic location, it is a proxy for ethnic attributes of immigrants. The negative effect of the immigrant origins on their earnings is generally high in the first several years, and remains strong long after entrance to the labour market. Thus it is likely that the visible minority status will result in lower earnings in comparison to the mainstream white population and this disadvantaged status may persist for a long time. Therefore, in the current situation the term 'visible minority' maintains its analytical utility at least for labor market outcomes.

The disadvantaged status of visible minority immigrants has been frequently observed, and national policy makers have tried to reduce such inequalities with the implementation of various initiatives (Tubergen et al., 2004). In Canada, for example, The Employment Equity Act and multicultural policies are attempts to reduce these labour market inequalities. In spite of these initiatives, the earnings disadvantage of visible minorities is still quite apparent (see Pendakur and Pendakur, 2007; Aydemir and Skuterud, 2005). Although the earnings disadvantage is largely attributed to individual characteristics such as education, language abilities, work experience, place of birth and length of time in Canada (Ostrovsky, 2008), it is important to note that even after controlling for these factors, a large proportion of earnings disparity remains unexplained.

The greater emphasis placed on individual characteristics prevents the consideration of structural factors responsible for the economic plight of visible minority immigrants.

The earnings inequality is not only observed among visible minority immigrants who have been in Canada for a long time, it is even more pronounced among new immigrants (Picot and Hou, 2003). Given that long term immigrants are less disadvantaged than newly arrived immigrants, there is also interest to see how second generation visible minorities fare in the labor market.

The difficulties faced by immigrants in the labor market are not expected to be observed among their Canadian-born offspring since the latter have been educated in Canada, have fluency in English and/or French and have greater familiarity with workplace practices and customs (Boyd, 2000; Reitz and Somerville, 2004). At the same time, their expectation of social acceptance, economic opportunity, and equal participation may be greater than that of their parents (Reitz and Somerville, 2004). A systematic analysis of the earnings of second generation visible minorities would determine whether they are able to materialize their expectations regarding socio-economic mobility.

According to Boyd (2008), an analysis of the second generation is useful for two reasons. First, it provides a longer time horizon for assessing the economic situation of immigrant origin groups, with an emphasis on outcomes for a subsequent generation, a generation armed with a greater knowledge about the host society. Second, it usually indicates whether the negative experiences of specific immigrant groups persist or disappear for the next generation. The persistence of disadvantages may indicate the continuity of blocked mobility for some ethnic and racial groups; earnings parity with

second generation non-visible minority or the third plus generation would suggest the opposite.

1.4.2. Classical Assimilation

There are two competing theoretical perspectives employed for analyzing the socio-economic integration of immigrants. The classical assimilation models date back to Robert Park and the Chicago School, and they assume a positive linear relationship between assimilation and period of residency. The other perspective, segmented assimilation argues for different paths of assimilation rather than the ‘straight line’ assimilation. For economic assimilation, the first perspective emphasizes human capital factors while the second considers both human and social capital as important for the economic assimilation of immigrants.

The classical assimilation model assumes a linear relationship between immigration adaptation and the duration of exposure to the host society. With each successive generation, immigrants become more assimilated, as they lose their racial and ethnic distinctiveness and become part of the “mainstream” (Alba and Nee, 1997). Like socio-cultural assimilation, economic incorporation rests on the implicit assumption that as new immigrants settle in the host society, they make contact with the local institutions and populations, and compete with the native born for scarce resources in order to improve their living conditions. A process of accommodation occurs as immigrants learn the local languages and the host society’s cultural values. This is followed by full assimilation. This framework is based on the notion of a natural process whereby diverse ethnic groups will gradually distance themselves from their country of origin’s cultural and behavioural traits and adopt the host society’s cultural values, including learning the

host country's labor market values, as they become part of the mainstream society (Alba and Nee, 1997; Zhou, 1997). This perspective argues that assimilation is an inevitable outcome of migration and a time bound process.

Gordon (1966) further elaborated seven stages in the process of assimilation: cultural, structural, marital, identificational, attitude-receptional, behaviour-receptional, civic assimilation (Zhou, 1997). Structural and acculturation processes are considered the most important of Gordon's assimilation stages. Acculturation is defined as the process of a minority group's adoption of the cultural traits of the dominant culture, while structural assimilation refers to the entry of members of minority ethnic groups into primary group relationships with the majority group (Alba and Nee, 1997). Although Gordon offered a detailed process of assimilation, his model does not show a clear order of these processes. Zhou (1997) argues that this definition is vague about how groups move from one stage to another and what the precursor of change may be.

The classical assimilation models are subject to criticism for not taking into account the racial and ethnic characteristics of migrants. In response to this criticism, Alba and Nee (1997) argue that assimilation does not suggest erasing ethnic identities completely as a factor in assimilation but it indicates a social process whereby people of different racial and ethnic origins become part of the main stream society. However some scholars argue that this framework was introduced at a time when migration was largely from Europe and that classical assimilation models are inadequate for capturing the experiences of the post 1960s migrants (Zhou, 1997; Reider and Steinlight, 2003). While Alba and Nee (1997) acknowledge that assimilation takes place within racially and economically heterogeneous contexts, they do not offer any framework to incorporate

race and ethnicity in assimilation models. Portes et al. (2005) criticize this approach and argue that assimilation is being defined so broadly that the concept is on the verge of losing its meaning. In light of the above mentioned criticism, Portes and Zhou (1993) presented a new assimilation model called “segmented assimilation”.

1.4.3. Segmented Assimilation

Segmented assimilation theorizes in terms of divergent paths of incorporation of immigrants, rather than ‘straight line’ assimilation into the mainstream middle class of the host society. Contrary to the assumption of successive generations, neither generation nor length of residence has been found significant on the educational and occupational outcomes of immigrant offspring (Zhou, 1997). The basic tenet of the segmented assimilation perspective is that all societies are segmented on the basis of race, ethnicity and class (Neckerman et al., 1999; Zhou and Bankston, 1998) and there are different paths available to immigrants for their incorporation. Portes and Zhou (1993) identified three pathways of incorporation: conventional upward, or “straight-line,” assimilation into white middle class, the “downward mobility” pattern of integration into the underclass, and upward mobility to white middle class but with deliberate preservation of the immigrant community’s values and solidarity.

It is pertinent to note that after 1960s immigrants came from a much wider variety of socioeconomic backgrounds than earlier immigrants, suggesting that different groups will start out on different rungs of the host society. This makes any single, uniform model of immigrant incorporation less appropriate than it may have been for earlier immigrants who were relatively homogeneous. Beyond the socio-economic characteristics, the adoption of a particular path of assimilation may also be conditional on the size, internal

and external resources and institutional completeness of a particular ethnic community of the newly arrived individuals.

Although segmented assimilation offers a comprehensive framework for understanding the fragmented adaptation process for immigrants, this standpoint has certain limitations. This line of reasoning can essentialize inner-city black culture as an underclass (Alba and Nee, 2003). A variety of cultural models such as middle class black groups can be found among urban Afro-Americans. It is thus simplistic to assume that assimilation into the native minority culture is necessarily downward assimilation into the underclass.

Analyzing whether segmented assimilation perspective is equally applicable to the Canadian situation, Boyd (2002) uses the 1996 panel of the Survey of labour and Income Dynamics (SLID) to study the educational attainment of adult offspring of immigrants in Canada. She found that, contrary to the U.S experience, in Canada the adult offspring of visible minority immigrants have done much better than those from non-visible minority groups. Boyd concluded that contrary to the U.S evidence of “second generation decline” and segmented “underclass”, in Canada adult visible minority immigrant offspring do not have lower educational attainments. She offered three explanations for these different findings for the U.S and Canada: 1) the history of race relations in Canada differs from that of the U.S; 2) there is difference of population scale between the two countries, Canada has much lower population than the U.S but has higher proportion of foreign born population; and 3) the source of immigration is different in both countries.

The segmented assimilation model is also silent on the economic integration of gender and does not differentiate between the assimilation experiences of females and

males. Like classical assimilation models, segmented assimilation considers migration permanent and ignores the increasing volume of temporary and circular migration. Whether ‘straight line’ or segmented assimilation, the role of human capital is very important for the economic welfare of immigrants

1.4.4. Human Capital Theory

According to Waters and Jimenez (2005) socio-economic status is defined as educational attainment, occupational specialization, and parity in earnings; it is a key standard measure of immigrant assimilation. In terms of earnings, Becker (1985) and Mincer (1974), evaluate how improvement in the skills and talents of workers influences future real income. Human capital includes education, labour market experience, (training), health (both mental and physical), and knowledge about the labor market. The human capital approach posits that wage differentials result from differences in human capital accumulation and specialization. Immigrants gain information about the functioning of the Canadian labor market and they invest in human capital in the new country; their earnings increase and can reach and even exceed the earnings of natives (Chiswick 1978; McBride 2000). According to human capital approaches, economic assimilation occurs when immigrants and the native born are indistinguishable in terms of their earnings.

Although human capital models are useful in accounting for labour market outcomes, these models have certain limitations. The main problem lies in the inability to explain the lack of exposure of immigrants to the mainstream social institutions. This perspective is incapable of addressing issues such as race and ethnicity (McBride, 2000). The question of ethnic identity and the linguistic differences between employer and employee are not incorporated in this perspective. For example, an individual’s ethnic

identity may become a liability in the labor market, while the same ethnic identity within the ethnic enclave may become an asset. Human capital models also assume the existence of a perfect competitive market while at the same time ignoring the structural barriers faced by ethnic and racial groups.

1.4.5. Segmented Labour Market Theory

The 'Dual Labor Market' theory postulates that workers are sorted into primary or secondary job sectors on the basis of gender or/and racial status (Piore, 1979). Primary sector jobs are standardized and well paid, while secondary sector jobs are non-standard and poorly paid. The basic assumption of this approach is that there is not a single, open labour market operating. Therefore different labour markets are available to different individuals on the basis of their color, gender and ethnicity. Certain types of workers, visible minorities and women, for example, are concentrated in the low paid job sectors. The segmentation approach highlights the barriers that limit the entry of many qualified individuals into primary sector jobs, along with the ability of privileged primary labour market workers to maintain their advantaged position.

Although useful for understanding the ethno-racial and gender inequality in the labor market, the segmented labour market perspective fails to explain why some of the visible minority groups fare better than others. The issue of power and class is not explicitly addressed in this perspective. It is not clear whether segmentation can also be influenced by the class of workers. There is an ambiguity whether all visible minority immigrants regardless of their skill levels end up in secondary jobs, or whether they are divided on the basis of their skill level. These models argue that race and gender are the primary factors that split the labor market, whereas ethnic enclaves could also be the

source of segmentation within the labor market. This perspective does not explicitly explain why employers in the primary sector are willing to pay more wages and benefits to their employees than the employers in the secondary job sector.

1.4.6. Vertical Mosaic

For the socio-economic mobility of different ethnic groups in Canada, Porter (1965) found that immigration and ethnic affiliation were important factors in the stratification of Canadian society. Porter argues that Canadian society is like a ‘vertical mosaic’ hierarchically structured in terms of the differential distributions of wealth and power among its constituent ethnic groups. The people from British background hold the position of power and advantage in the social, economic, and political realms. Examining the Canadian labour market, Porter found that ethnic groups were unequally represented in the occupational structure. Ethnic affiliations were a strong source to blocked mobility for different ethnic groups. The improvement in the entrance status for any ethnic group could be determined by their behavioural and structural assimilation. It is argued that the ‘less preferred’ groups that arrived in Canada later than the Charter groups were subject to an ‘entrance status’. These less preferred ethnic groups were employed in lower status occupations and were subject to the assimilation processes laid down by the Charter groups (Porter, 1965). Consequently the ethnic affiliations of these groups served to block their socio-economic mobility. Upward mobility of the minority ethnic groups depended upon the culture of the ethnic group in question and the degree to which it conformed to the rules of assimilation laid down by the Charter groups.

Porter’s perspective is systematically criticized by Ogmundson (1993) who argued that the traditional imagery of ‘vertical mosaic’ is obsolete and should be

abandoned. Similarly, Lian and Mathews (1998) analyzed the 1991 Census and found that at most educational levels people from French backgrounds earned significantly more than British ethnics when other variables are controlled. They further note that there are no significant earnings differences within educational levels among British/Irish ethnic groups once other social variables are controlled. Contrary to these findings, Nakhaie (1997) found that although the French and members of other ethnic groups have improved their occupational attainment, they are still under-represented among political and economic elites in relation to their populations. This shows that a moderate decline in the significance of ethnicity in determining occupation status has occurred, but the impact of ethnicity has not been totally eliminated. Lautard and Guppy (2007) argue that occupational inequality along ethnic lines is still substantial enough to justify a vertical mosaic image of Canada. However, the vertical mosaic persists in a racialized form and now Canada could be characterized by a color coded vertical mosaic (Galabuzi, 2006). In other words now the site of stratification has been shifted from ethnicity to visible minority status. In this situation, it would be interesting to compare members of visible minority immigrant groups with the British to see whether the stratification on the basis of ethnicity still persists. The labour market outcomes for different visible minority groups in comparison to the British can be an indicator of how different visible minority immigrant groups are placed in a system of social hierarchy.

1.4.7. Social Capital

Social capital is a resource and a process whereby individuals gain access to information and to the networks necessary for socio-economic mobility. Social capital as a resource resides in the relationships with others, and as a process these relationships need to be

maintained consistently. Social capital could be defined as one's active relationships with other people (Coleman, 1988; Putnam, 2000) which facilitate an individual's access to and use of resources, to improve his/her life chances, possessed by others (Portes, 1998). In other words, social capital is conditional on group membership (Bourdieu 1986; Portes 1998). However, individual well-being is limited by the resources that a network can provide as not all networks have equal resources (Bourdieu, 1986; Putnam, 2000).

While challenging the optimistic picture of social capital, Hero (2003) argues that social capital may be a blessing but its benefits accrue mostly to the majority (white) members of society. That is, higher levels of social capital do not always lead to better outcomes for minorities. Sometimes high levels of social capital are associated with more racial inequality. This is an important assertion about the benefits of social capital which implies that the power and class aspect associated with social capital may lead to negative outcomes. According to Bourdieu (1986), possession of social capital may depend upon other types of capital such as cultural and economic capital. However, the role of human agency should not be undermined by this line of argument because class and structure are neither permanent nor fixed. Although Bourdieu's conceptualization is useful to avert overemphasis on benefits, by ignoring the negative side of social capital, the positives of social capital also need to be appreciated.

The definition of social capital implies that it resides in the resources that are productive and accessible. This implies that it is not the structure of the relationships but rather the ability to utilise these resource that produce benefits for individuals (Adler and Kwon 2002). While being part of the same structure, some individuals may benefit more than others because they have the better ability to activate and access resources at the

time of need. Thus it is emphasized that a distinction is necessary between types of relationships or networking to see which type of networking is more useful than others. This means that social capital has relational utility. For example, resorting to networking or relationships within one's own ethnic group might be useful to gain access to community resources such as emotional and psychological support. It is also possible that ethnic networking or relationships may not be as useful in a job search as cross-ethnic group networking. Ryan et al. (2008) note that social networks are often conceptualized rather loosely, with little attention to the varieties of networks and the different forms of support they may provide. It is imperative that a distinction be made between different forms of social capital. Nakhaie and Kazemipur (2012) argue that social capital based on networks of family and friends or ethnic ties/enclaves, have little effect or possibly a negative effect on labour market integrations of ethno-racial minority groups in general and that of immigrants in particular. In contrast, social capital based on distant ties and cross ethnic ties have a positive effect on the economic mobility of immigrants. This implies the need to create a distinction between different types of social capital.

1.4.7.1. Bonding and Bridging Social Capital

Social capital is not a new concept, but the importance of different types of social capital is less explored. In terms of different types of social capital, Woolcock (2001) provides a useful distinction between bonding and bridging social capital. Bonding social capital is based on ties that connect people to similar others, such as family, friends and neighbours. These close ties provide a sense of identity, affiliation, shared purpose, support and information. Bridging social capital is about the ties that connect people to others who are somewhat distant. These distant ties can span professional boundaries and

facilitate access to new ideas, information and knowledge. Similarly, Putman (2000) differentiates two kinds of networks: first networks that are diverse and episodic, not durable and are based on relations with unlike others (bridging); second, networks that are single stranded and rigorous based on intimate relationships with those who are alike (bonding). Both of the above categorizations are based on internal and external relationships which could be described according to other criteria such as strong or weak ties, horizontal or vertical, open or closed, structural or cognitive.

Given that all these categorizations are used interchangeably, it is useful to see how these types of social capital can be instrumental for economic benefits. Weak ties or vertical ties are based on relationships that connect with people who are unlike us and in dissimilar situations, institutions or in positions of authority. These ties allow people to access useful resources (such as information) across a range of networks (Granovetter, 1973). The information which flows through these ties is vital for labor market mobility because this information is generally not accessible to other persons who do not have weak ties or bridging social capital. Likewise, such information may also help employers to gain information about those persons who they want to hire. Thus employers save on transaction costs. In other words the utility of weak ties or bridging social capital lies in its ability to generate interaction between individual actors and social structure at the societal level.

According to Marsden (1990) systematic network analysis helps to describe and explain the constraints and opportunities that social structures impose on individual action. While people are expected to benefit from bridging networking, bonding networks based on intimate and strong interlocking relationships are likely to be less beneficial.

However, bonding ties and informal contacts are not only important for emotional, psychological and social needs (Granovetter, 1983), these networks may also be helpful for migration decision making and for initial settlement at a new place of destination.

In terms of gender, Gidengil and O'Neill (2006) argue that gender analysis of social capital underscores the importance of the distribution of social capital, the differentiated nature of social capital, and the way social capital is used. In other words, the location of the social actors in the social structure is important. Since females are placed lower in social hierarchies predominantly controlled by males, females possess less influential social capital than males. For example, Fujimoto (2004) has shown that social capital factors create different types of opportunities for men and women. In terms of participation in networks and voluntary associations, Inglehart and Norris (2003) note that memberships in political parties, unions, and professional associations are male-dominated, while women tend to join organizations associated with education, the arts, religious institutions, and care-oriented activities. This implies that women have limited opportunities to expand their networking. In terms of bonding and bridging networking, women are likely to participate more in bonding networks than bridging networks. Gendered analysis of social capital highlights the unequal power relations that limit women's ability to build the social capital that is necessary for economic mobility. Bourdieu (1986) argues that social capital depends on other types of capital such as economic capital. The roles assigned to women in society constrain their access to economic capital, creating a disadvantage for women in terms of their social capital. While social capital could be instrumental in examining the labor market outcomes of women, a further challenge would be to see whether different types of social capital and

associational participation are differentially significant for the earnings of women and men.

Compared to human capital, social capital is particularly difficult to observe and measure. At its core, the concept of social capital refers to social relationships and networks (Kazemipur, 2006). Besides the distinction between different types of networks, the dynamism of networks is also important to the study of migrants' social ties (Ryan et al., 2008). Networks are not static; rather they are variable and fluid. As the needs and circumstances of immigrants change over time, the types of networks individual join may also change. This dynamic nature of social capital is particularly hard to measure

1.5. Thesis Outline

The present thesis is based on three individual, though logically interrelated, papers supported by the introduction and conclusion chapters. The specific review of the literature, methodology, findings and discussion are elaborated separately in each chapter. This is followed by a general conclusion to the thesis.

The second chapter entitled "Social Capital and Economic Integration of Visible Minority Immigrants in Canada" was published on-line in the March 2012 *Journal of International Migration and Integration*. This chapter analyzes the role of human and social capital in the labour market performance of visible minority foreign born persons in comparison to foreign born non-visible minority persons. The main focus of the chapter is to ascertain whether ethnic networks (bonding) and cross-ethnic networks (bridging) are significant for the earnings of visible minority immigrants in relation to non-visible minority immigrants. The acculturation model proposed by Barry (1980) is

utilized with slight modifications to create proxy measures for bonding and bridging social capital. The chapter also examines separate models for inter groups and gender analysis. The chapter reveals that the individualization (weak bonding and weak bridging) category had an advantage for the earnings of all foreign born persons. For gender, individualization had significant advantage for males but not for females. Social capital measures are significant for the earnings of non-visible minority and other/multiple visible minority immigrants, while not significant for the earnings of Chinese, Asians (South Asian and South East Asian) and Blacks.

The third chapter entitled “Economic Integration and Period of Arrival: Investigation of the Earnings of Visible Minority Immigrants in Canada” is currently under revision for the journal *Work and Occupations*. This chapter compares the earnings of three arrival cohorts of visible minority foreign born persons in relation to the earnings of the non-visible minority immigrants of the same arrival cohorts. It investigates the extent to which human capital and social capital mitigate the earnings disadvantage for visible minority foreign born persons. The role of social capital is determined by the associational participation in the form of bonding, bridging and no participation. Separate models for men and women belonging to the three cohorts are also analyzed to comprehend gender differences in the role of human and social capital. Among the long term residents, only other/multiple visible minority women and Black men exhibit an earnings disadvantage. The chapter further reveals that the bridging associational participation remained significant for the earnings of immigrants even after controlling for all factors including human capital. Although the utility of human capital models

holds in this analysis, a case is established for the recognition of social capital to explain the labour market experiences of visible minority foreign born persons

The fourth chapter specifically focuses on the largest visible minority group, South Asians, in Canada. For the investigation of earnings, instead of treating South Asians as a homogenous group, different South Asian foreign born sub-groups are compared with foreign born British/Irish (British, Scottish and Irish). Keeping in view the importance of gender, separate models for South Asian foreign born males and females are also analyzed. Separate regression models are also run to make a comparison of the earnings of South Asian second generation and second generation British/Irish. This chapter shows differences among South Asian sub-groups regarding their labor market outcomes. The chapter underscores that portrayal of a homogenous South Asian identity would underestimate or/and overestimate earnings advantage/ or disadvantage for some of the South Asian sub-groups. Similarities among South Asian groups are also observed, for example, Pakistani and Bangladeshi men and women seem to display similar impact of various control factors. Due to the lack of availability of sufficient data, the chapter relies only on human capital measure for this analysis.

In general, the thesis compares the earnings of visible and non-visible minority immigrants to assess the extent to which human and social capital factors account for the earnings disadvantage for visible minority immigrants. Overall the second and third chapters assess the role of both human and social capital to explain the earnings of different visible minority groups in Canada in comparison to non-visible minority immigrants. The classification of bonding and bridging social capital is employed specifically to account for earnings differences. Having the advantage of using a large

data set, the 2006 Census, chapter four seeks to determine the impact of human capital measures on the earnings of South Asian sub-groups in comparison to British/Irish immigrants. Although social capital, bridging networking, have important implications for the earnings of immigrants, human capital measures seem to exert strong impact on their labour market performance. An investigation at the South Asian sub-group level draws attention to the incomplete story of the labour market outcomes if different groups are merged into one category such as the South Asian.

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CHAPTER 2

SOCIAL CAPITAL AND ECONOMIC INTEGRATION OF VISIBLE MINORITY IMMIGRANTS IN CANADA¹

2.1. Introduction

The widening earnings disparities between immigrants and the native born have brought much attention to the economic integration of the foreign born. This widening gap is particularly puzzling in the context that immigrants are increasingly selected on questions of economic capital (see Li, 2000; Reitz, 2001, Picot and Sweetman, 2005). Although human capital approaches are considered important for explaining these economic inequalities (Buzdugan and Halli, 2009), various authors have explored the possible role of social capital in the economic integration of immigrants (see Granovetter, 1973; Portes, 1998; Woolcock, 2001; Adler & Kwon, 2002; Uslaner, 2004; Li, 2004; Nakhaie, 2007; Lancee, 2010; Nakhaie and Kazemipur, 2012). This research starts with the assumption that social capital is a vital resource enabling immigrants to exploit their economic potential in the host society. Social capital, in the form of ethnic and cross-ethnic networks, would be important in the adaptation, integration and economic wellbeing of immigrants.

Although social capital has been analyzed in a variety of contexts, such as education, family, civil society, and community development (see Bourdieu, 1986; Coleman, 1998; Putnam, 1993; Zhou and Bankston, 1994 and Horvat et al., 2003), less attention has been paid to within group networking and cross ethnic networking (Lancee,

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2010). Networks may influence not only the social and cultural resources available to immigrants but also help immigrants to integrate economically. We are particularly interested to know how instrumental ethnic networks (bonding) and cross ethnic networks (bridging) would be for the earnings of visible minority immigrants compared to the non-visible immigrants.

This paper uses the 2002 Ethnic Diversity Survey (EDS), which has a number of measures of networks, trust, community participation, sense of belonging to ethnic/cultural group, and sense of belonging to city/town/municipality. The purpose is to analyze whether there are differences in terms of the relevance of human and social capital to the economic integration of different visible minority immigrant groups. The investigation of the earnings of visible minority immigrants is important for at least two reasons. First, the Canadian population has become more diverse; especially since the change in the immigration policy in 1962 removed the national origin restrictions and consequently changed the source countries from mainly British/Irish to non-British/Irish (Beaujot and Raza 2012). The introduction of a ‘points system’ in 1967 and the multiculturalism policies of 1971 augmented the arrival of various visible minority immigrants. For example, the visible minority population has increased from 4.1% in 1981 to 16.2% in 2006, and is expected to reach 29% to 32% of the total Canadian population by 2031 (Statistics Canada, 2010). Secondly, there is ample empirical evidence that the earnings of visible minorities are not converging over time with native born (Hum and Simpson 2004; Palameta 2004; Li 2000 and Aydemir & Skuterud 2005). For example, Picot and Sweetman (2005) analyze the data from the Census of 1981 to 2001 and conclude that immigrants will not reach a level of earnings comparable to the

native born. The above mentioned situation underlies the importance of research to determine what measures can best explain the labor market outcomes for visible minority immigrants. The particular focus of the present research is to ascertain the role of human and social capital factors in the earning differences between visible and non-visible foreign born persons.

2.2. Theoretical Background

Bourdieu, Coleman and Putnam are much quoted in the conceptual and theoretical literature on social capital. Bourdieu (1986) focuses on the roots of social inequality and argues that social, economic and cultural capital are interdependent. For instance, he proposes that the volume of social capital depends both on the size of networks and on the volume of other forms of capital (Lusis and Kelly, 2006). It is argued that social capital is based on networks of relationships which emerge through membership in groups.

Bourdieu's focus is on networks of institutionalized relations, while Coleman (1998) sees social capital as the sum of expectations and obligations of trust and reciprocity. He considered social capital as part of a wider exploration of the nature of social structures. For Coleman, human capital is the ultimate resource being considered, and social capital is important in its development and valuation. He highlights how the productive nature of social capital might offset deficiencies in other capital such as human capital.

Rather than focusing on benefits at the individual level, Putnam (1993) describes social capital as features of social organization, such as networks, trust, and norms that produce coordination and cooperation and their associated benefits. He argues that social

networking produces reciprocity and trust which enhance the quality of “civicness”. He suggests that reducing economic disadvantage may depend upon how individuals network across ethnic social circles. Since social capital is based on networking, it may be challenging for immigrants to penetrate into the existing thickly knitted social networks at the place of destination (Ryan et al. 2008).

Bourdieu and Coleman emphasize individuals interacting and networking in developing social capital, while Putnam focuses on how groups or communities build social resources. The central interest of all these perspectives is to explore the elements and processes in the production and maintenance of the collective assets that can be utilized at the individual and group level.

While the theoretical development provided by Bourdieu, Coleman and Putnam helps to specify the concept of social capital, Portes and Sensenbrenner (1993) define social capital as expectations within a group or community that affect the economic goals, and goals seeking behavior, of its members. The goal seeking behavior of immigrants can be realized through the communal norms, bounded solidarity and enforceable trust. One may argue that communal norms, bounded solidarity and enforceable trust are outcomes of in-group ties. This conceptualization does not consider the utility of out-group networking. Adler and Kwon (2002) see social capital as the goodwill available to individuals and groups. It is argued that the source of social capital lies in the structure and content of the actor’s social relations. Schaefer-McDaniel (2004) and Aguilera (2002) seem to follow Coleman while maintaining that social capital is resources acquired through relationships with others. These resources in turn are information and behavior that influence economic action.

Despite variations in conceptualization, there seems to be an agreement among scholars that social capital resides in the structure of social relations. As described by Anthias (2007), social capital refers particularly to social networks, and taking advantage of ties of mutuality and trust. The social relations of trust, reciprocity and networking are instrumental for economic action. Networks are the conduits which may link people to potential employers. Given the importance of these networks, it is natural to ask what kind of networking can be more useful for obtaining resources that are convertible into economic gains.

Putman (2000) differentiates two kinds of networks: first, networks that are diverse and episodic, which are not durable and are based on relations with unlike others (bridging); secondly, networks that are single stranded and rigorous based on intimate relationships with those who are alike (bonding). Networking within ethnic and cultural groups provides information which is largely limited and redundant but might be useful in the early years of settlement (Lancee, 2010), while networking with cross-ethnic communities may provide new, diverse and useful information (Ryan et al. 2008) that can be converted into economic benefits (Granovetter, 1973).

On the basis of shared racial, cultural, ethnic or regional characteristics, individuals develop inward-group attitudes channeled through trust, reciprocity and mutual cooperation (Marshall and Stolle, 2004). In addition, the social interaction with dissimilar groups is useful to diminish inter-group biases. The heuristic value of such approaches is useful to understand acculturation processes. Berry (1980) proposed a bi-directional acculturation model, which explains how individuals may adopt different approaches for assimilation. Such cultural assimilation approaches may be helpful in

understanding the economic integration of immigrants. However, individuals and groups are known to vary greatly in the degree to which they participate in acculturation or assimilation processes (Berry, 1990). Johnston and Soroka (2001) suggest that the ethno-racial background of immigrants may include attributes and behaviors that have differential impact on their integration. For example, Chinese and South Asians are considered to be more reliant on ethnic resources compared to other visible minority immigrants. Given the variation among different ethnic and racial groups, it is useful to create a distinction between bonding and bridging networking (Ryan et al. 2008) in the integration of different visible minority groups. In particular, networking with similar people (bonding) might be useful for psychological and social support group, while networking and relationships with other diverse groups (bridging) might be more useful for job related resources necessary for the economic integration of immigrants.

2.3. Previous Research on Human and Social Capital in Immigrant Integration

In this section we will consider research on both human and social capital with regards to the economic integration of visible minority immigrants. The human capital perspective explains lack of economic integration of visible minorities through the devaluation and non-recognition of foreign credentials and the lack of knowledge of official languages. The social capital perspective considers trust, community participation, and networking as important to the economic integration of immigrants.

Various previous studies have shown that foreign education is discounted in the Canadian labor market (Boyd et al. 1985). For example, using data from the Censuses of 1981 to 1996, Ferrer and Riddell (2004) found that highly educated immigrants work in occupations which required lower levels of education. Likewise, Chiswick and Miller

(2002) analyzed the 1991 Census and showed low returns to foreign education after controlling for demographics, human capital and duration of residence in Canada. Akin to these findings, Buzdugan and Halli (2009) have shown that, the degrees obtained in Western and Northern Europe and in Australia have greater value in the Canadian labor market than degrees obtained elsewhere, including Canada (see also Aydemir and Skuterud 2005).

Besides the devaluation of foreign credentials, English language ability is another factor that has been found to be important for the earnings of visible minority immigrants in Canada (Rooth and Saarela 2007). For example, Finnie and Meng (2002) in their analysis of the Survey of Literacy Skills in Daily Use (LSUDA) found that language proficiency is an important feature of human capital that enhances economic opportunities for immigrants. Chiswick and Miller (2002) note that immigrants, who speak an official language at home, earn 12% more than who do not use an official language at home. Likewise, analyzing the 2002 Ethnic Diversity Survey Nakhaie (2007) found that speaking official languages increases earnings by 15%.

Visible minority status is also associated with the earnings disadvantages of immigrants in Canada (Baker and Benjamin, 1997). Palameta (2004) analyzes 1993-2001 Survey of Labor and Income Dynamics (SLID) longitudinal data and finds that visible minority immigrants are significantly more likely than other immigrants to be in low income jobs, regardless of their time in Canada. Pendakur and Pendakur (1997) analyze the 1991 Census and found discrimination against visible minority immigrants resulting in earnings disadvantage. Likewise, Swidinsky and Swidinsky (2002) analyzed the 1996 Census and found disadvantages associated with the earnings of visible minority men,

and that Black men and women are particularly disadvantaged. After controlling for age, education, language skills, and age at migration, Kazemipur and Halli (2001) found that visible minority status had a strong and significant relationship with lower earnings.

Although a useful concept, human capital appears insufficient to explain the economic wellbeing of various groups of immigrants. Human capital approaches, in effect hold individuals responsible for their lower performance in the labor market (Loury, 1981) and do not pay attention to the institutional and structural factors, such as visible minority status, the educational system at the place of origin and the recruitment procedures at the place of destination. Human capital is important in understanding differential outcomes by education, language ability and other personal attributes; other approaches are necessary to provide insights into other structural and institutional factors responsible for the poor economic performance of immigrants (Buzdugan and Halli, 2009).

Various authors have proposed that social capital is important for the integration of immigrant populations (Portes and Zhou 1993). For instance, ethnic group networking would produce social capital by enabling immigrant families to receive support and guidance from other families in achieving community standards (Zhou & Bankston, 1994). In his study of ethno-racial groups and their earnings, Nakhaie (2007) finds that social capital has a positive but limited impact on the earnings of visible minority immigrants. In particular, his measure of social capital, based on trust, associational and religious participation, family contact and ethnic networks, does not alter the 12% income gap between visible minority males and British males. He measures associational participation through voluntary participation in different organizations. However,

Nakhaie does not distinguish between bonding and bridging participation. For women, he did find that associational participation had a stronger impact on the earnings of visible minority immigrants than the British.

While studying social capital and economic outcomes for immigrants and ethnic minorities, Li (2004) concludes that social capital can be useful for individuals and groups depending on the amount of their human capital. He sees social capital as complementary to human capital. Using the 2002 Ethnic Diversity Survey, Hou (2009) found that those immigrants who are concentrated in ethnic networks have lower educational level, language proficiency and average earnings in comparison to those who are not concentrated in ethnically homogenous settings. This indicates that persons possessing low human capital tend to rely on ethnic social capital for their economic activities. Analyzing social networks, Aguilera (2002) employed the U.S Social Capital Benchmark Survey and found differential impact of social capital across ethnic and racial groups; in particular, blacks receive higher return for social capital as compared to Latinos and Whites.

Chelpi-den Hamer and Mazzucato (2010) study the role of support networks in the Netherlands and found that weak tie networks have limited bridging capacity for West African newcomers. Likewise, Aguilera (2005) did not find evidence that social networks are positively associated with the earnings of either Puerto Rican males or females. It might be that tight networking with co-ethnics, far from generating economic capital, may signal social disadvantage (Kelly and Lusia, 2006).

Trust plays an important role for social networking (Uslaner, 2004). Putnam (2000) sees social trust as facilitating mutual cooperation among members of a society. In

their analysis of the Canadian Equality, Security and Community (ESCS) Survey of 2000-2001, Soroka et al. (2007) found that visible minority persons are more trusting than persons of British/Irish origin in locations where the minority population is, in fact the local majority. Uslaner (2004) distinguishes generalized trust from particularized trust, where the former is trust in strangers and the latter is based on the relations with people like oneself. This implies that generalized trust is an important factor in the creation of bridging networking, while adherents of particularized trust stick to their own kind and rely upon what Granovetter (1973) called “strong” ties.

Although there is ample empirical evidence that men and women are placed differently in the social structure, the social capital literature has been relatively less focused on the existence and implications of gender inequalities (Anthias, 2007; Gidengil and O’Neill, 2006). George and Chaze (2009) conducted in-depth interviews of 50 South Asian women in Toronto and found that women rely more on informal networks of friends and relatives as the most extensive and reliable source of information and orientation (see also Fujimoto 2004). However, these informal networks may not be useful in the long run for economic mobility (Ryan, 2007). Based on data from refugees in Portland, Maine, over the period 1998-2004, Allen (2009) found that family reunification and the refugee experience have unequal social capital costs by gender. For example, excessive obligations and stricter adherence to social norms create barriers to women’s work, hence lowering the earning prospects of female immigrants (Anthias, 2007). Moore (1990) analyzed data from the U.S. 1985 General Social Survey (GSS) and found that men and women have different opportunities for networking. Similarly, in her

analysis of women's job placement in Japan, Fujimoto (2004) found that social capital factors create different job market opportunities for men and women.

However, there is also evidence that women are not always disadvantaged in utilizing social capital. Based on the Latin American Migration Project data, Aguilera (2005) found that Puerto Rican migrant women benefited more than men from bridging social capital, in terms of hourly earnings. Ryan (2007) interviewed 50 Irish migrant women in England and found that women not only rely on ethnic and family networks, but they also establish cross-ethnic networks. Similarly, Smith (2000) did not find evidence that social networks provide more employment advantage to white men than women.

Thus the empirical literature is inconclusive on the benefits of social capital for the economic performance of immigrants. Some studies find a strong relationship between social capital and earnings (Zhou & Bankston 1994; Aguilera 2002; and Tiepoh & Reimer 2004), while others find little relationship (Nakhaie, 2007; Chelpi-den Hamer and Mazzucato, 2010). Nonetheless, the literature suggests that the interaction of gender and ethnicity may be important in the analysis of the role of social capital in the economic integration of immigrants (Chelpi-den Hamer & Mazzucato 2010; Soroka et al. 2007; Tiepoh and Reimer 2004; George and Chaze 2009; Allen 2009; Aguilera 2002, 2005; Anthias, 2007).

On the basis of this review, we hypothesize that controls for human and social capital will reduce the earnings differences associated with visible minority status. With regards to social capital considerations, we expect that trust in others, participation in community organizations and both bridging and bonding networking, but especially

bridging networking, will have a positive relationship with personal income. We further hypothesize that women will have low returns on both social and human capital.

2.4. Data, Measures and Methods

This paper uses the 2002 Ethnic Diversity Survey (EDS), conducted jointly by Statistics Canada and the Department of Canadian Heritage. The EDS targeted the population aged 15 and older living in private residences in the ten provinces of Canada. The total respondents were 42,476 persons, representing a response rate of 75.6%. The present study is based on a sub-sample of 3541 persons aged 25 - 64, born outside Canada, working full-time and having positive earnings. All results are weighted in order to properly represent the target population.

The outcome variable, personal income is based on the question asking “What is your best estimate of your total personal income before taxes and deductions including wages/salary, tips, commissions and bonuses.” Since this variable includes income both from employment and self employment, we excluded those who reported loss or no income. Logarithmic transformation was performed to correct the skewness of the income variable.

Four sets of independent variables are introduced: social capital, human capital, visible minority status and demographic variables. The social capital variables are trust in family, neighbour and co-workers, membership in community organizations, sense of belonging to ethnic and cultural group, and sense of belonging to city/town/municipality. The trust variable is based on the question whether generally most people can be trusted. Membership in community organization is measured through whether the respondent is a member of or has taken part in activities of any group or organization over the last 12

months. Based on Berry et al. (2006) the “sense of belonging” variables are used as measures of bridging and bonding social capital variables (see Figure 1). It is assumed that sense of belonging to ethnic/cultural group is an indicator of bonding social capital, while sense of belonging to city/town/municipality would be a proxy for bridging social capital (see also Long and Perkins, 2007; Sanders, 2002). Sense of belonging to an ethnic community or to the society at large depends upon the individual’s participation in informal and formal institutions (Xu et al. 2010).

Figure 2.1.
Measurement of Bridging and Bonding Social Capital

Sense of belonging to ethnic/ cultural group (Bonding)	Sense of belonging to city/town/municipality (Bridging)	
	Strong	Weak
Strong	Integration	Separation
Weak	Assimilation	Individualization

Source: adapted from Berry et al. (2006)

Berry’s model of acculturation includes four categories. In this typology: assimilation occurs when individuals withdraw from their own cultural identity and adopt the dominant culture; integration occurs when individuals hold on to their own cultures and ethnic group while also adopting some of the traits of the mainstream culture; separation happens when individuals stay within their own group and have limited contacts with the dominant group; and marginalization occurs when individuals associate neither with their own group nor do they maintain contacts with the mainstream group (Berry, 1990; Berry et al. 2006). Bourhis et al. (1997) modified Berry’s acculturation model to describe the orientations of immigrant groups to the dominant culture. Specifically, they re-conceptualized two marginalization variants, namely anomie and individualism, in order

to describe individuals who experience cultural alienation or the rejection of group ascriptions, respectively. We make a similar modification, proposing “individualization” to refer to the category of weak bridging and weak bonding ties. While our analysis is based on one point in time, it is important to observe that categorization of individuals is not necessarily static and it may change over time (see Ryan et al. 2008; Granovetter 1985).

In our classification, the category of integration captures strong bonding and strong bridging social capital. Separation captures strong bonding and weak bridging. Assimilation represents weak bonding and strong bridging social capital and finally, individualization measures weak bridging and weak bonding. Our model assumes that the integration category would have earning advantage for immigrants compared to other categories.

The visible minority status variable is coded as a dummy variable: Asians (referring here to South Asians and South East Asians)², Chinese, Blacks, other visible minorities, and non-visible minority immigrants (reference group). The coding of other variables is shown in Table 1.

2.5. Analysis

Table 2.1 shows the percentage distribution and average income of the foreign-born, aged 25-64 and working full-time by demographic, human and social capital measures. These

² The word “Asians” is a combination of South and South East Asians and should be read accordingly in rest of the manuscript.

Table 2.1.**Characteristics and Associated Average Incomes, Foreign Born Persons, Working Full-time, Aged 25-64, Canada, 2002**

	Percent	Average Income
Sex		
Males	54.11	45,770
Females	45.89	29,050
Marital Status		
Married/common-law	70.09	40,510
Separated/Divorced/Widowed	12.69	31,480
Single/never married	16.31	33,410
Age at Arrival		
0-24	58.80	41,040
25-39	32.10	37,160
40 & above	9.10	29,570
Canadian Citizenship		
Yes	74.09	40,720
No	25.91	31,100
Visible minority status		
Not a visible minority	38.72	43,820
Asians (South Asians and South east Asians)	19.57	37,020
Chinese	14.54	37,560
Blacks	8.64	30,750
Other/Multiple Visible minorities	18.53	32,040
Educational attainment		
Less than high School diploma (Including no school)	13.19	25,560
High school Diploma	19.87	32,720
Trade, technical, vocational or business school/some university	29.43	34,370
University degree	37.51	48,640
Highest level of Schooling Attained		
Attained Inside Canada	33.96	43,190
Attained out side Canada	66.04	35,780
Language used most at home		
Official languages	58.18	43,000
Non-official languages	41.82	31,550
Language used most with friends		
Official languages	74.56	41,550
Non-official languages	25.44	28,390
Trust		
People can be trusted	52.51	42,720
You cannot be too careful in dealing with people	47.49	33,570
Participation in community/group		
Yes	38.04	43,400
No	61.96	35,010
Social capital (bridging and bonding)		
Integration ref.	42.07	33,930
Assimilation	23.98	44,890
Separation	18.89	38,930
Individualization	15.04	40,480
Total sample size & average income	3541	42,160

Note: Average age at interview is 42.8 years.

The numbers are rounded to nearest 10th. Source: 2002 Ethnic Diversity Survey

descriptive results indicate that immigrants who are not visible minorities have higher average income than the visible minority groups. Within the visible minority groups, Blacks have the lowest (30,750), while the Chinese have the highest average income (37,560) followed by the Asians (37,020).

Multivariate models are estimated to determine the independent effect of each variable on the personal income, while controlling for the effects of other variables. Since the income variable is natural log of income, the results are presented as relative ratios after taking the antilog of coefficients³.

In all models of Table 2.2, age at interview, marital status and citizenship status are controlled (not shown in the tables). Model 1 shows that immigrants who arrived at younger ages are more likely to earn higher average income in comparison to those who arrived at older ages. The effect of age at arrival remains significant even after controlling for other variables. Although the Blacks showed the lowest average income in the descriptive analysis, this pattern of relationship is not evident when demographic variables are adjusted. In Model 2, the other/multiple visible minority group (22% compared to the non-visible) emerges as the most disadvantaged followed by the Asians (17%) and Blacks (16%). The Chinese (11%) are the least disadvantaged, whether other variables are held constant or not.

As expected, education is positively associated with income. Similarly, those foreign-born persons who obtained their highest level of education in countries other than Canada have significant income disadvantage compared to those who hold a Canadian

³ For example, if $\text{LN}(Y) = \beta_0 + \beta_1 * (\text{females})$ where the coefficient for females is (-0.514), the coefficient in the original scale of income is the ratio of the mean income for females over males, i.e. $\text{Exp}(-0.514) = 0.5981$. In terms of percentage change, we subtract $(0.5981 - 1) = -0.402$. Now we can say that females earn 40.2% less than males.

degree. The estimated coefficients in Model 3 also show significant income disadvantage for the immigrants who use mostly non-official languages at home or with friends compared to those who use official languages. In general, the addition of the human capital factors in Model 3 shows that Asians are significantly disadvantaged by about 10%, Blacks by 12%, and other visible minorities by 19% in comparison to non-visible minority immigrants, but the relative incomes of the groups retain the same order. The inclusion of the human capital factors in Model 3 improves the explanatory power of the model by 5% ($R^2=0.196$). Overall, human capital plays a more important role in reducing the initial disadvantage of the Chinese than other visible minority categories.

Model 4 adds the social capital variables. A significant income advantage is observed for those who report that they generally trust other people. It is possible that having established trust among individuals belonging to different ethnic groups would help people to establish networks whereby people gain access to valuable labour market information necessary for economic mobility. Lack of participation in community organizations was associated with lower earnings. The category “individualization” is associated with an earnings advantage, while the differences of the “assimilation” and “separation” categories are not statistically significant, in comparison to the “integration” category. It could be that being engaged in community will be costly and , therefore, takes away the time and energy that could have been invested in economic activities.

The introduction of the social capital variables, especially bonding and bridging factors, helps to reduce the disadvantage associated with the income of visible minorities (the individual impact is not shown in the table). Control for “trust” decreases the

Table 2.2.

Annual Personal Income Ratios, Foreign Born Persons, Working Full-time, Aged 25-64, Canada, 2002

	M1	M2	M3	M4
Age at arrival :				
0-24 (Ref)				
25-39	0.825***(.032)	0.844***(.032)	0.824***(.035)	0.816***(.036)
40 and above	0.636***(.054)	0.667***(.055)	0.655***(.057)	0.649***(.059)
Sex: Males (Ref)				
Females	0.598***(.028)	0.599***(.028)	0.614***(.027)	0.632***(.028)
Visible minority status:				
Not a visible minority (Ref)				
Asians (South & South East Asians)		0.826***(.039)	0.895***(.038)	0.918***(.040)
Chinese		0.888***(.044)	0.977(.045)	0.951(.046)
Blacks		0.838***(.052)	0.878***(.050)	0.919***(.052)
Other/Multiple visible minorities		0.777***(.039)	0.812***(.038)	0.824***(.039)
Educational status:				
Less than high school/ including no school (Ref)				
High school Diploma			1.239***(.048)	1.256***(.050)
Trade, technical, vocational or some university			1.387***(.047)	1.394***(.049)
university degree			1.868***(.046)	1.820***(.048)
Highest level of Schooling Attained:				
Attained in Canada(Ref)				
Attained outside of Canada			0.992***(.037)	1.004(.038)
Language used most at home:				
Official languages(Ref)				
Non-official language			0.868***(.033)	0.904***(.034)
Language used most with friends:				
Official languages(Ref)				
Non-official language			0.882***(.034)	0.887***(.038)
Do you trust people:				
Yes(Ref)				
No				0.911***(.028)
Participation in Community organization: Yes(Ref)				
No				0.913***(.028)
Bonding and bridging:				
Integration(Ref)				
Assimilation				1.048(.036)
Separation				1.058(.038)
Individualization				1.102**(.042)
R²	0.133	0.145	0.196	0.218
N	3541	3541	3541	3541

Significance levels: **p< 5%; ***p< 1%; Standard errors are shown in brackets

Besides the variables shown in M1, Model 1 also controls for age at interview, marital status and Canadian citizenship which are not shown due to space limitation. Model 2 adds visible minority status, Model 3 adds human capital predictors, and Model 4 adds social capital.

Source: 2002 Ethnic Diversity Survey

earnings gap for Asians, as is also the case for “community organization”. It is possible that visible minority immigrants face a trust deficit which would undermine the formation of social capital. In Model 4, Asians earn (8%) less than non-visible immigrants, that is, after adjusting for demographic, human and social capital. As in Model 3, no change to the situation of Chinese is observed. The disadvantaged situation of Blacks is lessened through the statistical control of social capital variables.

Although the introduction of social capital variables reduces the disadvantage for all visible minority groups, the earnings remain in the same order, and all are lower than the control group who are immigrants not from visible minorities. After the adjustment of social capital factors in Model 4, both Asians and Blacks have a significant earnings gap of 8% and other visible minorities are disadvantaged by 18%, while the Chinese are not significantly different from the whites.

Regarding other variables, controlling for social capital predictors has reduced the income advantage associated with higher educational categories, but the systematic relationship between education and personal income remains statistically significant. It is noteworthy that there is no longer a statistically significant disadvantage associated with the foreign degree or diploma, but the disadvantage of having a non-official home language and language spoken with friends remains significant.

Having estimated the influence of demographic, human capital and social capital factors for the whole sample, Table 2.3 applies these models to the separate categories of immigrants, by visible minority groups. In this table, Model 3 shows that a university degree has a similar relationship with personal income in each of the visible minority groups as was the case in Table 2.2. Interestingly, with the control of social capital

variables (Model 4), Asians have increased their advantages at higher levels of education, while the advantage of higher levels of education is lowered by the adjustment for social capital in the other groups. Having the highest level of schooling from outside Canada is not a statistically significant disadvantage for any of the groups, after controlling social capital. In particular, the adjustment of social capital removes the significant disadvantage associated with a foreign degree for Asians and other visible minorities. It seems that Asians and the category of “other visible minority immigrants” are disadvantaged in terms of their social capital. Since with the control of social capital the significant disadvantage associated with foreign degree is no longer there, it is possible that there is a relationship between social capital and foreign credentials.

Turning to the social capital indicators within groups, individualization is significant only for non-visible and other visible minorities, showing that individualization is not a significant advantage for Asians, Chinese and Blacks. For the most part, these bridging and bonding categories are not statistically significant for Asians, Chinese and Blacks. However, we should note that the sample size is substantially lower in the analyses of Table 3, which might have affected the significance levels of predictors. Trust is associated with higher income for all foreign born categories, but it is not significant for the “other visible minorities”. Non participation in community organizations has a statistically significant disadvantage only for the other visible minorities and non-visible minority immigrants⁴.

⁴ When introducing social capital variables one by one (not shown in the table), the introduction of bonding and bridging social capital removes the disadvantage associated with not speaking an official language with friends, for Asians, Chinese and Blacks.

Table 2.3.

Annual Personal Income Ratios, Foreign Born Persons Belonging to Visible Minority Groups, Working Full-time, Aged 25-64, Canada, 2002

	Not Visible minority		Asians (South & South East Asian)		Chinese		Blacks		Other/multiple VM	
	M3	M4	M3	M4	M3	M4	M3	M4	M3	M4
Educational status:										
Less than high school/ no schooling (Ref)										
High school Diploma	1.336*** (.084)	1.257*** (.086)	1.166*** (.090)	1.264*** (.096)	0.999 (.152)	1.001 (.152)	1.153 (.110)	1.203 (.102)	1.121 (.128)	1.129 (.137)
Trade, technical, vocational, some university	1.586*** (.078)	1.493*** (.080)	1.297*** (.094)	1.387*** (.099)	1.094 (.145)	1.051 (.155)	1.374*** (.114)	1.405*** (.105)	1.125 (.123)	1.116 (.132)
University degree	2.096*** (.078)	1.941*** (.082)	1.662*** (.083)	1.761*** (.090)	1.631*** (.140)	1.597*** (.148)	1.419*** (.119)	1.392*** (.109)	1.657*** (.122)	1.560*** (.131)
Highest level of Schooling Attained:										
Attained in Canada(Ref)										
Attained outside of Canada	0.937 (.062)	0.917 (.063)	0.950** (.075)	0.990 (.076)	1.031 (.113)	1.033 (.116)	0.993 (.091)	0.945 (.085)	0.791** (.094)	0.849 (.099)
Language used most at home:										
Official languages(Ref)										
Non-official language	0.859** (.060)	0.871** (.062)	0.784*** (.063)	0.832*** (.066)	0.748*** (.099)	0.759*** (.102)	0.932** (.100)	0.947 (.095)	1.022 (.068)	1.095 (.071)
Language used most with friends:										
Official language (Ref)										
Non-official language	0.814*** (.075)	0.834** (.078)	0.891 (.070)	0.911 (.057)	0.829** (.086)	0.820 (.090)	0.773** (.109)	0.939 (.105)	1.053 (.076)	1.035 (.081)
Do you trust people : Yes(Ref)										
No		0.875*** (.048)		0.906** (.057)		0.914** (.080)		0.845** (.071)		0.992 (.070)
Participation in community organization: (Yes) Ref.										
No		0.872*** (.047)		0.977 (.059)		1.065 (.082)		0.949 (.64)		0.775*** (.070)
Bonding and bridging:										
Integration(Ref)										
Assimilation		1.117 (.060)		0.871 (.073)		1.021 (.099)		0.910 (.105)		1.097 (.097)
Separation		1.105 (.066)		0.990 (.073)		0.862 (.113)		1.033 (.089)		1.226** (.089)
Individualization		1.129** (.072)		0.882 (.090)		1.196 (.113)		1.102 (.086)		1.121** (.103)

N	1371	1371	693	693	515	515	306	306	696	696
R ²	.213	.237	.322	.343	.210	.218	.251	.278	.211	.229

Significance levels: **p< 5%, p< ***1%. Standard errors are shown in brackets. M3 controls for demographics and human capital, while M4 adds social capital. Source: 2002 Ethnic Diversity Survey

The separate results for males and females suggest that some of the above generalizations do not apply to visible minority immigrant women (Table 2.4). In particular, after the adjustment of all factors, the Chinese women are significantly advantaged, and only the “other visible minorities” women are significantly disadvantaged, when compared with non-visible immigrant women. In contrast, men belonging to all groups are significantly disadvantaged, compared to non-visible men. Also, women obtain higher returns than men for having a university degree compared to those with less than a high school diploma. While the coefficients remain negative, women and men having a foreign degree do not show a statistically significant disadvantage.

The disadvantage of speaking non-official languages with friends is greater for women than men. Not having trust in other people poses an earning penalty for men but not for women. It is also noteworthy that not participating in community organization presents a statistically significant disadvantage for men. In comparison to the “integration” category, the other bridging and bonding categories are positive for both men and women, however, it is only the individualization category that has a statistically significant advantage for men’s earnings. It is observed that the adjustment of human and social capital (transition from Model 2 to 4) shows a greater advantage for Asian and Chinese women than men when compared with their counterparts.

Table 2.4.

Annual Personal Income Ratios, Foreign Born Males and Females, Working Full-time, Aged 25-64, Canada, 2002

	Males			Females		
	M2	M3	M4	M2	M3	M4
Visible minority status:						
(Not a visible minority) Ref.						
Asians (South and South east Asian)	0.8011*** (.043)	0.849*** (.041)	0.856*** (.043)	0.830*** (.069)	0.957 (.069)	0.998 (.077)
Chinese	0.805*** (.049)	0.853*** (.050)	0.847** (.052)	1.005 (.077)	1.161** (.078)	1.095** (.080)
Blacks	0.722*** (.061)	0.738*** (.058)	0.766*** (.060)	0.957 (.087)	1.040 (.085)	1.095 (.089)
Other/Multiple visible minorities	0.736*** (.046)	0.792*** (.044)	0.763*** (.046)	0.811*** (.065)	0.870** (.064)	0.877** (.067)
Educational status: less than high school/no schooling. Ref.						
High school Diploma		1.172*** (.055)	1.174*** (.058)		1.300*** (.082)	1.354*** (.086)
Trade, technical, vocational or some university		1.242*** (.054)	1.262*** (.056)		1.567*** (.079)	1.568*** (.083)
University degree		1.694*** (.052)	1.654*** (.056)		2.128*** (.078)	2.079*** (.083)
Highest level of Schooling attained in Canada: Ref.						
Attained outside of Canada		0.939** (.042)	0.956 (.043)		0.945** (.064)	0.948 (.066)
Language used most at home : (Official languages) Ref.						
Non-official language		0.865*** (.037)	0.904*** (.038)		0.862** (.058)	0.890** (.061)
Language used most with friends: (Official languages) Ref.						
Non-official language		0.917** (.042)	0.908** (.043)		0.833*** (.062)	0.853** (.065)
Do you trust people: (Yes) Ref.						
No			0.884*** (.032)			0.919 (.050)
Participation in community organization: (Yes) Ref.						
No			0.913*** (.032)			0.920 (.050)
Bridging and bonding: (Integration) Ref.						
Assimilation			1.052 (.040)			1.013 (.065)
Separation			1.044 (.043)			1.055 (.066)
Individualization			1.080** (.048)			1.114 (.071)
R2	.067	.189	.205	.029	.196	.199
N	1926	1926	1926	1625	1625	1625

Significance levels: **p< 5%; ***p< 1%; Standard errors are shown in brackets
M2 controls for demographic and visible minority status variables; M3 adds human capital, while M4 adds social capital. Sources: 2002 Ethnic Diversity Survey

2.6. Summary and Discussion

The study started by asking what role human and social capital can play in explaining variations in the labour market outcomes of foreign born persons in Canada, particularly the influence of ethnic and cross-ethnic networks for the earnings of visible minority immigrants. Based on a sample of foreign-born persons aged 25-64 who are working full-time, we first analyze the influence of demographic, human and social capital on the earnings of Asians (used here to refer to South and Southeast Asia), Chinese, Blacks and other visible minority immigrants, compared to non-visible foreign born. At the second stage of the analysis we compared the influence of human and social capital on the earnings in each group. Finally we analyze gender differences in the impact of human and social capital on the earnings of the various minority status groups. Although our findings suggest that all visible minorities, except Chinese, are disadvantaged compared to the non-visible, the effect of human and social capital varies across groups. The analysis within gender suggests that foreign born visible minority women fare better than their male counterparts, when compared to the non-visible foreign born of the same gender.

We hypothesized that considerations of human and social capital would help explain the income disadvantages of visible minority immigrants. In effect, once the controls were introduced for human and social capital factors, the relative disadvantages of the Chinese foreign born disappeared, while that of the Asians, Blacks and “other/multiple” visible minorities declined in magnitude. The results by gender are quite different. For men, all visible minority groups including the Chinese have remained disadvantaged after controls. For women, it is only the other/multiple visible minorities that have a statistically significant disadvantage, while the Chinese women have

advantage and the Asians and Black women are not significantly different from the non-visible women. For men, there may be unobserved structural considerations associated with visible minority status that pose disadvantages, beyond those that can be attributed to human and social capital.

Consistent with Cohn and Addison, (1998) and Chiswick and Miller (2002), education shows a positive association with the earnings. However the results within groups are particularly noteworthy. Controlling for social capital increases the earnings advantage associated with education for the Asians. Consistent with Li (2002), this implies that social capital adds value to human capital. However, a university degree carries greater advantage for women's earnings than men's earnings when compared with their non-visible counterparts.

Consistent with Buzdugan and Halli (2009), having a foreign degree or diploma presents an earnings disadvantage. However this disadvantage is related to human and social capital factors. For the whole sample, as well as for men and women considered separately, the disadvantage of a foreign degree is no longer statistically significant after controls for social capital factors, and this is also the case within the Asian and other/multiple categories.

We further hypothesized that social capital factors would have a positive association with personal income. This was confirmed for the measure of "trust," where those who express trust in others have higher incomes. This is consistent with scholars who found a positive effect of trust on the integration of immigrants (Soroka et al., 2007; Uslaner, 2004; Nakhaie 2007). A relationship of trust implies a sense of community and a

collective sense (Putnam, 2000). This collective sense would be instrumental in achieving economic goals as individuals can take advantage of group resources.

As expected, those who did not participate in community organizations had an income disadvantage, for the total sample, for men, and for the other/multiple visible and for non-visible immigrants. However it should be noted that the community participation measure, whether the respondents participated in any type of community organization during the last 12 months, is not clear about the type of participation. The nature of the question does not enable us to know whether community participation involves the ethnic community or the community at large. However, the positive impact of participation on earnings suggests that community participation is a means of networking and access to resources (Adler & kwon 2002).

The bonding-bridging distinction was used to distinguish between different kinds of social capital (see Ryan et al. 2008). The bridging and bonding social capital was measured through four categories: integration, separation, assimilation and individuation⁵. We hypothesized that bridging social capital, a strong sense of belonging to both ethnic community and community at broader level would have a positive effect on the income of immigrants. However, the opposite was largely found to be the case: the individualization category, a weak sense of belonging to own ethnic community and to community at broader level, had the most advantage. By gender, individualization had advantages for men, but the relationship was not statistically significant for women. For

⁵ Due to the proxy measures for bridging and bonding social capital, the causality of relationship of bridging and bridging social capital with the earnings of immigrants may present spurious relationship. Furthermore, given the dynamic nature of bonding and bridging social capital, the categorization of individuals may change over time and these trajectories cannot be measured in our data. See Ryan et al. (2008) for a detailed discussion of dynamic nature of bonding and bridging social capital.

visible minorities, individualization presented advantages for the other/multiple and for non-visible minority, while it presented the expected disadvantages, though not statistically significant, for Asians, Chinese and Blacks. Given the larger size of the specific ethnic groups, it may be that these groups can derive more benefits from ethnic networks. Similarly, Sanders et al. (2002) observed that Asians and Chinese tend to rely on ethnic networks and family resources.

These results largely confirm the findings of Lancee (2010), who found that bridging social capital (weak ties) is associated with higher income. However, it was contrary to our expectations where we hypothesized that strong ties (strong sense of belonging to both own ethnic community and to community at broader level) would be more useful than weak ties (weak sense of belonging to both own ethnic community and the community at a broader level) for the earnings of immigrants. There are two possible explanations of our results to the effect that persons with weak ties have more advantages. The methodological explanation would be that all of our measures of social capital may be measures of bonding within the group rather than bridging across groups. In particular, it may be that persons indicating a strong sense of belonging to city/town/municipality were in fact thinking of ties to their own ethnic group in this location.

An alternative explanation for the income advantages of the individualization category might be taken from Granovetter (1973) who speaks of “the strength of weak ties.” That is, weak ties are more likely to link members of diverse communities. These relations are not based on strong ties but are based on less permanent forms of association that are more useful in labor market than long-term connections (Sennett, 1998).

Moreover, well educated persons may have confidence in their own abilities, rather than depending on groups, and thus they would have a weak sense of belonging or weak ties with their own ethnic group and the community at large. For example, Weakliem (2002) found that the highly educated have less confidence in institutions and have more confidence in their own abilities to make decisions. The cross tabulation of education with bridging and bonding social capital shows that the proportion of persons with university degree is higher in the individualization (weak ties) than in the integration (strong ties) category. This may suggest that weak ties are likely to be the characteristic of individuals having higher human capital.

The study contributes to the existing literature by highlighting the role of the bridging networks based on weak ties. The network approach proposes that social relationships are based on cooperation, reciprocity, cohesion, trust, and information (Putnam, 2000). The cooperation associated with strong bonding ties is largely based on cultural norms, while the cooperation associated with bridging networks is based on weak ties. Nonetheless, migrants who establish strong, trusting relationships with their co-ethnics and who develop the necessary skills, such as language, may be able to adapt these skills to establish more extensive relationships, weak ties, beyond their own ethnic group (Ryan et al. 2008).

2.7. Limitations

By analyzing the income of foreign born persons working full-time, we are not able to study the impact of human and social capital on the likelihood of working full-time, nor on the income of part-time workers. There are also limitations associated with our proxy measures of bridging and bonding social capital. Nannestad et al. (2008) have proposed

that, under certain circumstances, bonding social capital may facilitate the development of bridging social capital, but our measures cannot take into account this relationship. Given the cross-sectional nature of the data, there remains uncertainty regarding the direction of causality. In particular, higher incomes may generate more trust and self-confidence or individualization. Also higher earnings can also produce more individualization which may create the problem of measurement. It is hard to determine the causal order: whether individualization causes higher earnings or higher earnings produce individualization. Also the strong sense of belonging to city/municipality/town may be caused by the strong sense of belonging to an ethnic/cultural group that is predominant in this location. Given the theoretical complexity, various research approaches are needed, including the use of personal narratives to appreciate the interaction of human and social capital in the income generation and social mobility of visible minority immigrants.

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CHAPTER 3

ECONOMIC INCORPORATION AND PERIOD OF ARRIVAL: INVESTIGATION OF THE EARNINGS OF VISIBLE MINORITY IMMIGRANTS IN CANADA

3.1. Introduction

A number of studies in Canada have analyzed the association between duration of stay and the economic incorporation of immigrants. These studies have largely used census data with a focus on human capital considerations (Hum and Simpson, 1999, 2004; Aydemir and Skuterud, 2005; Pendakur and Pendakur, 2002). Human capital theory posits that wage differentials result from differences in human capital accumulation and specialization. Investment in human capital in the host country would appear to increase the set of opportunities for employed persons (Donato et al., 2008; Chiswick and Miller, 2005). The underlying assumption is a temporal one which postulates increased time spent in the host country is related to the acquisition of country-specific skills, especially education and language skills, which are positively correlated with the income of immigrants (Hagan et al., 2011).

Human capital models, however, do not fully explain the differential economic returns for various visible and non-visible minority immigrants. These models ignore sociological perspectives about economic outcomes and instead only address the traditional supply-side concerns of economists (Donato, 2008). Although the human capital approach is useful for understanding earnings dynamics, it is not clear why visible minority immigrants are disadvantaged compared to whites despite having the same or

even higher levels of human capital. The earnings differentials have been attributed to the discrediting of credentials and devaluation of skills (Reitz, 2004; Bauder, 2005) and racial and ethnic discrimination (Pendakur and Pendakur, 1998; Li, 2000). However, scholars have suggested including other theoretical perspectives such as social capital, to account for the remaining unexplained variation in the earnings of visible minority immigrants (see for example, Kanas et al., 2009; Godin, 2008).

With the assumption that immigrants in Canada, especially visible minorities, suffer from an earnings disadvantage compared to native born and whites, scholars have adopted different methodological approaches and have employed different data sources to assess the economic performance of various groups of immigrants in Canada. For example, studies using quasi-panel data have shown that the economic performance of recent immigrants is lower than that of the native born (Frenette and Morrissette, 2003). The explanation for this lower economic performance is often attributed to entry deficits. The wage disadvantage faced by immigrants at entry is seen to persist through out their lifetime (Hum and Simpson, 2004).

The focus of the mainstream research on the economic incorporation of immigrants is mostly on the comparison of newly arrived immigrants with those who have been in Canada for a long time. Also these studies generally do not make a distinction between visible and non-visible minority immigrants. Considering different ethnic and racial groups as homogenous ignores the group differences regarding the economic adjustment of immigrants (Li, 2003).

The studies investigating the economic conditions of non-white immigrants largely do not consider the other possible ways in which immigrants can circumvent

blocked mobility in the labour market (Hagan et al., 2011). As a consequence, these studies could miss the opportunities in adopting ways to improve immigrants' economic conditions. For instance, immigrants could improve their economic position through drawing on social capital. Possessing social capital in the form of networks, especially bridging networks, increases economic opportunities (Kanas and Tubergen, 2009). The particular interest with regards to social capital is to ascertain the role of bonding and bridging associational participation in regards to their labour market outcomes.

Therefore, this study seeks to determine the extent to which controlling for human and social capital measures can reduce the earnings gap between visible and non visible minority immigrant cohorts who arrived in Canada at different time periods. Given especially visible minority immigrants' differential situation with regards to social capital, the analysis further considers the gender differences in economic incorporation.

3.2. Theoretical Approach

The classical assimilation model assumes a linear relationship between immigrants' assimilation and time spent at the place of destination. Assimilation is considered to be time bound and an integral part of the immigration process. The classical assimilation theory dates back to Robert Park and the Chicago School in the 1920s. Park's theoretical model rests upon four stages: contact, competition, accommodation, and assimilation (Alba and Nee, 1997). This framework is based on the notion of a natural process whereby diverse ethnic groups will gradually lose their cultural and behavioural traits to assimilate into the mainstream society over an extended period of time. Hence the path of assimilation will lead to residential incorporation and economic and occupational achievements (Alba & Nee, 1997; Zhou, 1997). These models were deemed appropriate

to understand the assimilation processes of early British/Irish immigrant waves to North America. However, in the wake of increasing diversity of immigrants, the relevance of classical assimilation models for the economic incorporation of visible minority immigrants have been questioned (Rumbaut, 1997). Keeping in view the diversity of immigrants in Canada, the present study analyzes whether classical assimilation models are still relevant in understanding the economic incorporation of immigrants.

The present research investigates the earnings differential of visible minorities, in relation to their length of stay in Canada. Although traditional classical assimilation models argue that assimilation occurs over each successive generation, the focus of this study considers the length of residency in accounting for the passage of time. It examines the impact of human and social capital factors on the earnings of three categories of immigrants based on their residency in Canada. It is assumed that with the passage of time, visible minority immigrants will improve their qualifications and skills, learn the language and acquire the social capital necessary to improve their economic conditions relative to non-visible minority immigrants. Hence, visible minority immigrants who have been in Canada for a longer period are expected to improve their earnings disadvantage and should have wages at par with their white counterparts. On the other hand, those who have been in Canada for only a short period are even expected to have lower earnings than white immigrants of the same period. In other words, if the entry disadvantage is due to visible minority status, this disadvantage would have been overcome by improving human and social capital over time.

It is useful to analyze the economic incorporation of immigrants by different lengths of residence. First, in the short term, the foreign-born strive to become familiar

with the local culture, language, and the social and labour market institutions. According to Park (1950) this stage of contact occurs when immigrants establish connections with other racial and ethnic groups. Such contacts can be beneficial not only in learning about other cultures but also the local language, and in understanding the mechanisms of the labour market. During the medium term period of incorporation, immigrants might have had the chance to improve their education, and upgrade the skills necessary to qualify for the professions associated with their credentials (Godin, 2008). This second stage of incorporation might be envisaged as the combination of Park's competition and accommodation, whereby immigrants would be in a better position to compete in the labour market. At the third stage of incorporation (long-term), several obstacles of incorporation would have been overcome. Many immigrants may have re-entered their profession of choice, while others may have pursued occupations that are outside their initial expertise. This stage of incorporation may be viewed as the assimilation stage. At this stage, one can establish whether successful economic incorporation has been achieved by examining the extent to which earnings differentials are no longer apparent between visible minorities and their white counterparts.

3.3. Previous Research on the Economic Incorporation of Immigrants

Prior studies have shown that immigrants face an entry earnings disadvantage compared to the native born (Hou and Coulombe, 2010; Pendakur and Pendakur, 1998; Hum and Simpson, 1999; Frenette and Morrissette, 2003). In terms of individual level characteristics, Picot and Sweetman (2005) identified three sources of the larger earnings disadvantage for more recent cohorts and these include the change in the characteristics of immigrants and rising levels of educational attainment among the native born,

decreasing economic returns to foreign work experience and finally, a general decline in the labour market performance of new entrants to the labour force, be they immigrants or native born. On the rising levels of education in Canada, Hiebert (2006) found that in 1981, 9.8 percent of the Canadian population 15 years old or more had completed a university degree, diploma or certificate, while in 2001 the overall proportion had grown to 17.9 percent, posing serious competition to new immigrants. Although the education attainment level of the local population has improved, some of the immigrant groups are still highly educated compared to the native born. For example, Hou and Coulombe (2010) found that Chinese and South Asian men and women's advantage in education offsets their disadvantage in work experience. For Blacks, however, education appears to have little relevance to their earnings relative to whites.

Several studies have taken up the issue of initial lower earnings of immigrants by analyzing how long it will take for the earnings of immigrants to converge with the native born (Li, 2003; Wanner, 2003; Godin, 2008). Using different data sets, and employing human capital, socio-demographic and place of origin measures, these studies largely find that the earnings of immigrants are likely to converge with the earnings of the native born with a variation in time for different racial groups. The rate of convergence is faster for British/Irish immigrants than immigrants from Africa, Asia and Middle East. Wang and Lo (2005) used LIDS (Landed Immigrant Data System) files consisting of landing records for all the immigrants who came to Canada between 1980 and 2000. They found that it took more than 20 years for the Chinese-origin immigrants to reach income parity with the general Canadian population. Frenette and Morissette (2003) have shown that within the first five years of arrival in Canada, the earnings of immigrant men who

arrived in the 1980s were 17% less than their Canadian born counterparts, while it was 40% less for those who arrived in 2000. They conclude that in comparison to the earlier cohorts, the earnings of the late 1980s and 1990s cohorts will likely take a much longer time to converge with the Canadian-born. Both of these studies, however, did not account for the prevailing economic conditions at the time of arrival of these immigrant cohorts. It is likely that the impact of length of residency on the economic integration of immigrants is also influenced by economic conditions such as unemployment and economic recession.

Prevailing economic conditions can have consequences for all immigrants and for visible minority immigrants in particular. For example, Aydemir and Skuterud (2005) found that visible minority populations face more severe consequences from economic recessions than non-visible minority populations. Beach et al. (2008) note that in times of recession, the higher unemployment rates in Canada discount the average skill level of the entering immigrants. That is, immigrants who entered a new country in times of economic recessions are likely not to perform as well in the labour market in comparison to the immigrants who entered at a time of economic prosperity. According to Statistics Canada (2011), the unemployment rate gap between non-visible and visible minority immigrants in the mid 1990s (recession period) was in the range of 3-10 percent, while in 2001 this gap dropped to 2-4 percent. It is worth noting that consideration of the prevailing economic conditions does not guarantee better economic outcomes for immigrants. For example, controlling for the business-cycle fluctuations in labour demand, Frenette and Morissette (2003) have observed that a 20 percent gap persisted in the average entry-level earnings of newly-arriving immigrants compared to native born.

This implies that even if the economic conditions are taken into account, visible minorities are still confronted with a large earnings gap.

The review of prior studies has shown that the earnings of immigrants are likely to converge, but over various time periods. The British/Irish foreign born face lower earnings gap on arrival and their earnings are expected to converge with native born in a shorter time than visible minority immigrants. Nevertheless, human capital measures do not fully explain the differential entry earnings for visible and non-visible minority immigrants. Brown and Lauder (2004) argue that human capital models are unable to recognize that skills are socially constructed and defined. The employers may find origin-country knowledge and skills difficult to assess. Social capital in the form of networking is considered important for removing uncertainty about the skills and knowledge possessed by immigrants, and could be instrumental for the entry of immigrants into the labour market (Donato et al., 1992).

3.4. Social Capital and the Economic Incorporation of Immigrants

Social capital is generally considered as an essential resource for both individuals and societies (Putnam, 1993). Despite the multiplicity of definitions and descriptions of social capital, at the individual level social capital refers to the resources acquired through social networks (Flap, 1999; Burt, 1997; Portes, 1998). Social capital consists of both structure and content, in the form of social networks and a set of attitudes that facilitate collective action, respectively (Putnam, 1993, 2000; Hooghe & Stolle, 2003).

Although there is evidence that access to social capital does matter for immigrants (Aguilera, 2005), a much-debated issue is the interpretation of social capital. In the context of immigrant labour market outcomes, one influential argument is that family,

friendship and neighbourhood ties (bonding) help people get by, while diverse networks (bridging) help people get better (Stone et al., 2003). However, in the context of incorporation of immigrants, it is yet to be determined whether a more heterogeneous social network (bridging) results in a better economic outcome compared to a more homogeneous network (bonding).

Lack of access to social networks is often associated with immigrants' lack of social capital (Fernandez-Kelly, 1995). This lack of social capital results in no or very little information about jobs, adding to the earnings disadvantage of immigrants. According to Aguilera (2003) and Sanders et al. (2002) immigrants are at a disadvantage in the labour market because they have less social capital than natives. Despite these concerns, however, minimal attention has been paid to the empirical investigation of the influence of social networks on the economic performance of newcomers (Xue, 2008).

Highlighting the relationship between length of time and social capital, Alba and Nee (1997) argue that sources of social capital (bounded solidarity and enforceable trust) manifest themselves over time and in aggregates of multiple individual transactions. This indicates that social capital increases over time (Bauder, 2005). Baer (2008), while analyzing the 2007 General Social Survey, concludes the same and reports that recent immigrants have significantly lower levels of engagement than their same ethnic origin compatriots who have been in Canada for a longer time. This implies that building networks is a time bound process which requires investment of effort and resources.

The effect of social networks on immigrants' earnings varies with the use of different social capital measures. For example, in the U.S, Chiswick and Miller (1996) and Bertrand et al. (2000) use language as proxy for social networking and found that

linguistic concentration of the home language negatively affects the earnings of immigrants. This implies that living in areas where a given home language predominates, results in homophilious relations or bonding relations which result in low economic outcomes. Similarly, Kanas et al. (2009) argue that it is likely that immigrants who have more connections, particularly with natives, more strongly improve their language skills and perform better in school and at work.

Borjas (1995) and Warman (2005) used residential segregation of ethnic groups to measure the influence of social capital on the wages of immigrants. They found a negative influence of ethnic enclaves on wage growth. Additionally, differences are observed in terms of associational participation between, and within, immigrant groups along ethnic and gender lines (Baer, 2008; Couton and Gaudet, 2008). These differences shrink as time spent in Canada increases (Scott et al., 2006).

There is paucity of research in Canada on the associational or voluntary participation of visible minority immigrants (see Grabb et al., 2007; Baer, 2008), specifically on the relation between associational participation and earnings of immigrants. However there are a few studies that analyzed membership in associations. Richmond and Goldlust (1977) analyzed a sample of immigrants in Toronto and concluded that Jewish immigrants had the highest membership in comparison to Asians, Blacks, Italians and various other immigrant groups, but it is not clear in this study whether these groups had more membership in bonding or bridging associations. Breton et al. (2004) analyze Canada-wide data collected by Environics Research in 1997 and found that Western British/Irish have the highest community membership followed by Eastern British/Irish, British, French Canadians, visible minorities in general and others.

More recently, Grabb et al. (2007) conducted an analysis of over 4000 respondents including different ethnic groups and found that East Asians have the lowest membership in associations compared to Canadians, while Jews and other groups have significantly higher membership. However, on ethnic group participation, East and South Asians show above average participation levels.

While the above review tells us about membership in associations, it does not explain whether this membership is passive or active. The research tells us little about whether these immigrants regularly participate in associational activities, and how this associational participation is useful for upward economic mobility. What type of membership and participation is more useful for labour market outcomes? We know from this research that the associational participation rate is lower among visible minorities compared to non-visible immigrants. It is not known whether the participation rate remains the same after spending a sufficient amount of time in Canada. Additionally, we know that visible minority persons participate more in ethnic associations than in non-ethnic associations.

For investigating the role of associational participation, it is important to distinguish between bonding and bridging participation. Participation in bonding networks or networks based on homophilious relationships facilitates entry into low paid jobs (McPherson et al., 2001). In a homophilious relationship, individuals tend to socialize with similar individuals. Associational participation based on strong cultural similarities often operates as a source of emotional support and cultural comfort. The downside of this type of networking, however, is that it limits the opportunities accessible

to individual members to those that are available within their ethnic communities (Kazemipur, 2004).

Networking with other ethnic communities and natives may enlarge the horizon of job related information. The native born and mainstream ethnic community members are generally well informed about specific job openings, about how to find jobs, and about how to present themselves to employers (Kanas et al., 2009). It is possible that as immigrants spend time in a new country, they extend their participation from bonding to bridging networks (Ryan et al., 2008). It is likely that over time networks become more diversified. However, building networks requires effort and resources. It is likely that having fewer resources upon arrival, immigrants face difficulties in networking. There is a possibility that as long-term immigrants increased their resources, they would have more diversified and extended networks than newly arrived immigrants, hence converting their networks into economic benefits.

The role of trust is very important in the production of network-based social capital. Uslaner (2004) classified trust as generalized and particularized trust. According to Uslaner, generalized trust includes the moral belief that people who are unlike us are part of our broader community, while particularized trust is embedded in close relationships such as family members and friends (Putnam, 2000). Newton (1997) argues that weak ties based on thin trust [generalized trust] link members of diverse social groups, and are therefore the basis for incorporation in contemporary society. It is argued that thick trust [particularized] invigorates ethnic and family relationships which results in bonding networking.

Using the Longitudinal Survey of Immigrants to Canada, Wave 1, 2 and 3, Xue, (2008) compares the economic performance of immigrants with more co-ethnic social networks, relative to those with a diversified network. He found that more ethnically diverse networks increase the probability of economic assimilation of immigrants in the initial four years of residence. He further found that in the initial years in Canada, the extent of weak ties – networking with diverse ethnic groups - had few impacts on improving immigrants' employment probability. Since this study covers a short period of the initial four years after migration, it may not measure the influence of weak ties (bridging network) on the economic performance of immigrants over the long term.

Bauder (2005) used multiple data sources, including the 2001 Longitudinal Immigration Data System (LIDS), the 1996 census, and face to face interviews, to compare the settlement patterns of South Asian and Yugoslavian immigrants in Vancouver. He finds that South Asian immigrants developed and relied more on ethnic networks to overcome labour market barriers than Yugoslavian immigrants. Similarly, using data from the Families, Social Capital and Citizenship (FSAC) survey of 1,506 Australians, conducted in 2001, Woolcock and Narayan (2000) found that network diversity is a key to success of immigrants in the labour market.

The above review suggests that there are differences among ethnic groups in terms of their associational membership. It is also observed that it is useful to distinguish bridging and bonding associational participation. Bridging associational participation seems to be more useful for the economic wellbeing of immigrants than bonding associational participation, especially over the longer term. Therefore, the present research distinguishes bonding and bridging associational participation in terms of the

impact on the earnings of visible minority immigrants who differ in their period of residency in Canada.

3.5. Gender and the Economic Incorporation of Immigrants

In the analysis of the economic performance of immigrants, there are various reasons to investigate the earnings of male and female immigrants separately. First, immigrant women aged 25-64 composed 43% of the foreign born employed persons in Canada (Statistics Canada 2011). Second, foreign born women are not only disadvantaged compared to men, they are also facing inequality in the labour market compared to native born women. Beach and Worswick (1993) have noted a double-negative effect on the earnings of many immigrant women, especially for highly educated women. Using 2001 Census data, Lindsay and Almey (2005) found that the initial earnings disadvantage decreases very little over the female worker's career. Immigrant women persistently have lower earnings than native-born women, and the recent visible minority immigrant women in general earned 20% less than the average of all women and 30% less than the men of the same group.

According to Hondagenu-Sotelo (2003) the institution of work is gendered and it has consequences for minority immigrants and in particular for female immigrants.

Immigrant women, more often than men, end up taking lower-status jobs when joining the labour market and are less likely to remain employed than men (Raijman and Semyonov, 1997). According to dual labour market line of reasoning, labour markets are segregated on the basis of gender, race and ethnicity. Minority immigrants are classified into different occupations; they are concentrated into secondary (sector) jobs which are degraded and non-standard (Krahn and Lowe, 2002). Immigrant women are more likely to work in low paid services and production jobs compared to men (Donato et al., 2008).

Furthermore, immigrant women are part of a saturated labour market, i.e., there are many women available for work in a small number of female dominated and traditionally female occupations (Raijman and Semyonov, 1997). This implies that women are deemed fit for certain types of jobs and when they compete in non-traditional job sectors, i.e., engineering, accounts and other hard sciences, women are likely to face greater challenges. For example, in the USA, Donato et al. (2008) used the Mexican Migration Project (MPP) data to investigate gender differences in five employment conditions: hourly wages, hours worked, likelihood of receiving wages in cash and paying federal and social security taxes. They found that women work less hours and earn significantly less than men. They concluded that working conditions for Mexican migrants are highly gendered and immigrant minority women are highly vulnerable workers.

The problem of credential recognition is more severe for immigrant women than men. Salaff and Greve (2003) note that overall foreign work experience is not recognized in Canada and female immigrants have attained considerably lower status jobs than men even when taking their relative credentials and experience into consideration. Period of arrival, as argued in mainstream economic literature, does not have much impact on the earnings of women. For example, Bloom et al. (1995) found that irrespective of the period of arrival, the earnings of immigrant women never catch up with those of the Canadian born women.

Although human capital measures are useful for understanding the disadvantaged position of immigrant women, these measures are not sufficient for reflecting the structurally disadvantaged position of minority women in the labour market (Donato et al., 2008). Since gender is built into the institution of work which reinforces the

patriarchal ideology at home and at work, other perspectives such as social capital, based on social networks, are needed to provide insights for comprehending minority women's disadvantaged position in the labour market. In particular, the role of networks could be instrumental for realizing the mechanism whereby women are disadvantaged in the labour market.

Social networks operate in gendered ways to produce systematic differences in labor market outcomes for men and women. Some studies suggest that voluntary associations are gender-segregated (Inglehart and Norris, 2003). Inglehart and Norris (2003) note that membership in political parties, unions, and professional associations, is male-dominated, while women tend to join organizations associated with education, the arts, religious institutions, and care-oriented activities. McPherson and Smith-Lovin (1982) demonstrated that men usually belong to core economic organizations, providing access to information about possible jobs, business opportunities and chances for professional grooming. Similarly, Moore (1990) argues that men's networks include co-workers, advisors and friends, while women's networks are usually family oriented. The different dynamics of men's and women's social relations of work and the extent to which women's and men's job networks are linked to co-ethnic and non-ethnic networks are crucial for the labour market outcomes.

The bonding ties women form within their families and the ethnic communities are significantly less effective for job related information. Erickson (2004) observes differing opportunities available for men and women to generate social contacts. She notes that men compared to women possess more strategic locations in social structures and are better placed to meet others, and to enter their networks. Moreover, such analysis

shows that these differences can be consequential because women's involvement in bonding networks brings them into contact with a less diverse range of persons. The redundant information transmitted through strong ties of kinship and community is more likely to be the characteristic of women's networks than information circulated through men's networks.

Length of residence also affects differentially the building of networking for men and women. For example, Hagan (1998) observed that as the length of time in Canada increases for male immigrants, they forge links with non-ethnic neighbours and coworkers, and begin to take advantage of the bridging social capital generated through membership in different types of associations, thus making their associational participation instrumental to bridge and maximize information flows. Women, however, are largely concentrated in occupations where limited opportunities for interaction with other non-ethnic members are available. Moreover, due to women's domestic obligations, work career disruptions and fewer opportunities to participate in associations, limit their networking to family members, relatives, friends and neighbours. Thus over time, the structure of networks differs in its nature and functions for men and women.

The above review suggests that not only do women face inequality based on human capital, they are also disadvantaged in terms of social capital. Their particular structural location in the domestic sphere and in the labour market is influenced by patriarchal ideology which limits their ability to form bridging networks that could be instrumental for their economic mobility. The networks of females over time remain relatively less diversified than that of males.

3.6. Hypotheses

On the basis of the above survey of the literature, the following hypotheses are formulated.

3.6.1. Hypothesis 1:

Long-term visible minority immigrants are expected to reduce their relative entry earnings disadvantage through their human and social capital and eventually catch up with the non-visible minority immigrants.

3.6.2. Hypothesis 2:

Keeping in view the structurally disadvantaged position of visible minority immigrant women and their higher participation in bonding than bridging associations, it is expected that the earnings of foreign born visible minority women would be lower relative to non-visible minority foreign born women.

3.7. Data, Measures, and Methods

The 2002 Ethnic Diversity Survey (EDS) is employed for the analysis. This survey contains variables that can be used to gauge the influence of human and social capital factors on the earnings of visible minority immigrants over short, medium and long term periods in Canada. The Ethnic Diversity Survey conducted by Statistics Canada provides information on the ethnic and cultural backgrounds of people in Canada and how these backgrounds relate to their lives. The survey covered topics such as ethnic or cultural identity, family background, language use, social networks, trust, interaction with others and organizational participation. About 42,500 people aged 15 years and older were interviewed by telephone in the 10 provinces.

Given the interest in analyzing economic incorporation, the sample was restricted to persons working in jobs or self-employed, aged 25-64 and having positive earnings. The comparison groups include South Asians, Chinese, Blacks, other visible minorities (consist of Arabs and West Asians, Latin Americans, Japanese, Koreans and Southeast Asians) and non-visible minority immigrants (reference). The sample for the study includes 896 persons who arrived after 1991, 848 persons who arrived between 1991-1981, and 1977 persons who arrived before 1981. These samples are further divided into men (521), (490), (1140) and women (375), (358) and (837) respectively for short, medium and long term periods of Canadian residency.

The outcome variable is comprised of personal income earned through salaries or self employment. Given the skewness of the earnings variable, natural logarithmic transformation is performed on the outcome variable.

The first group of independent variables are socio-demographic: age at interview (continuous variable), age at arrival in Canada, gender, marital status, and citizenship. The second batch of independent variables includes various measures of social capital (see also Table 1). Among the social capital variables, trust is conceptualized as generalized trust and particularized trust⁶. There are three trust variables: amount of trust for people in the family; amount of trust for people in the neighbourhood; and amount of trust for people at work or school. These variables are originally measured on five-point Likert scales ranging from 1) cannot be trusted at all ----- 5) can be trusted a lot. Frequency of contact with family in Canada is also originally a five category variable

⁶ The factor analysis for trust in neighbours, trust in co-workers and trust in family places trust in neighbours and trust in co-workers on a single scale. Trust in neighbours and trust in co-workers is treated as generalized trust. Trust in family, a five point likert scale variable, is used in its original form for the conceptualization of particularized trust. The reliability score is .669 (Cronbach's alpha).

consisted of 1) at least once a week; 2) at least once a month; 3) at least three times a year; 4) once or twice a year; and 5) not at all. The first two categories were collapsed to represent strong contact (reference category), third and fourth categories combined represented weak or very low contact, while the last category was classified as no contact with family in Canada. There are several questions in the EDS asking if the respondent is a participant or member of a particular association or group. Respondents are asked the following: are you a member of, or have you taken part in the activities of, ethnic or immigrant association at anytime in the past 12 months? On the basis of these questions, associational measures are constructed. Associational participation is conceptualized as bridging and bonding social capital: no organizational participation (reference category), bridging associational participation and bonding associational participation⁷.

For human capital measures, the education variable is coded as less than high school/or no schooling (reference category), High school diploma, less than university degree, and university degree. Languages spoken most often at home, with friends and at work are used as a single factor⁸. Finally working status is coded as working full time (reference category) and working part time.

3.8. Analysis

Keeping in view the particular focus of the analysis, Table 3.1 only shows the average earnings by social capital characteristics. All of the visible minority immigrants have

⁷ A two factor analysis places participation in religious organization, participation in sports, participation in children's school, school volunteer and participation in school related association into one factor which is conceptualized as bridging associational social capital. Participation in community organization and participation in ethnic organizations and charity organizations form the second factor which is conceptualized as bonding associational social capital. Kazemipur (2004) argues that faith based charity organizations connect people of shared cultural values which may provide feeling of comfort and strong ties (bonding social capital). Non-participation is used as the reference category.

lower average earnings compared to non-visible immigrants, both for the short and medium term periods of residency. There is an exception among immigrants who arrived before 1982: the earnings of South Asians (\$56,420) exceed the earnings of non-visible foreign born persons (\$51,700). It is observed that the average earnings of all the long term immigrant cohorts are greater than the more recent cohorts of the same ethnic/racial group. The proportionate earnings gap for all the short term non-white cohorts is greater than the long and medium term cohorts in comparison to their White counterparts except for the long term South Asians whose proportionate earnings are greater than Whites of the same cohort (see second row of Table 3.1).

For the social capital measures, strong trust in neighbours, co-workers and family shows higher earnings for foreign born persons at three of the arrival periods. The mean personal earnings of those who arrived before 1982 and after 1991 (\$50,800 and \$45,130 respectively) and have stronger contact with family in Canada are higher than the earnings (\$39,860) of those who came in the period 1982-91 and have strong contact with family in Canada. Bridging associational participation shows earnings advantage compared to no participation and bonding associational participation categories at all the periods of arrival. The average earnings (\$57,350) of those who arrived before 1982 and participated in bridging associations are greater than the earnings of those immigrants who came at other periods and also participated in bridging associations.

3.8.1. Multivariate Models

Multivariate models are used to further explore the determinants of earnings of different visible minority groups while adjusting for the demographic, social and human capital

⁸ The variables language used most often at home, at work and with friends were categorical variables (official languages = 0 and non-official languages = 1). Principal component factor analysis loaded these

factors. The outcome variable is the natural log of annual earnings of foreign born persons. The difference in log annual earnings (when multiplied by 100) can be interpreted as approximate percentages⁹.

Table 3.2 (extracted from appendix Tables 3.A.1- 3.A.3) presents the earnings of visible minority immigrants in relation to non-visible minority immigrants over the three periods of arrival. Model 1 only deals with the unadjusted earnings of visible minorities. Those visible minority immigrants who arrived after 1991 and in the period of 1982-91 have earnings significantly less than their white counterparts, while among long term foreign born persons South Asians and Chinese are not significantly different from their non-visible minority counterparts. However Black immigrants and the other visible minorities¹⁰ who arrived before 1982 are still having 21% and 23% earnings deficit respectively when compared with the non-visible immigrants of the same period.

variables on a single scale. The reliability score was .616 (Cronbach's alpha).

⁹ According to Hou and Coulombe (2010) the logarithm transformation reduces the influence of very high earnings and increases the influence of very low earnings compared with raw data. The extent to which the difference in log annual earnings between two groups approximates the percent difference in actual earnings depends on the size of the difference as well as the wage distribution of each group. Large log wage differences often overestimate the percentage difference. However if the logged ratio are tightly grouped around 1, say, 0.9 to 1.1, the coefficients can be interpreted as approximate percentages after multiplying by 100.

¹⁰ The 'other visible minorities' category consists primarily of Arab and West Asian, Latin American, Japanese, Korean and Southeast Asian respondents. Those who are considered in the "non visible minorities" category described themselves as White in the visible minority question.

Table 3.1.

Distribution of Social Capital Characteristics of Foreign Born Persons, Aged 25-64, Employed, by Three Periods of Arrival, Canada, 2002

	After 1991					1982-1991					Before 1982							
	Non-visible	South Asian	Chinese	Black	Other visible	Average earnings	Non-visible	South Asian	Chinese	Black	Other visible	Average earnings	Non-visible	South Asian	Chinese	Black	Other visible	Average earnings
Average earnings	45,110	34,570	37,780	30,270	32,180	35,980	46,060	37,160	39,850	35,460	34,430	38,590	51,970	56,420	50,770	42,370	44,760	49,260
Earnings proportion to non-visible	1	0.77	0.84	0.67	0.71	-----	1	0.81	0.87	0.77	0.75	-----	1	1.09	0.98	0.82	0.86	-----
Trust people in family																		
Cannot be trusted	4.3	4.5	2.6	12.0	3.6	34,490	4.1	5.3	1.8	8.4	1.6	25,270	3.0	1.6	2.8	10.7	3.8	34,520
Can be trusted a lot	95.7	95.5	97.4	88.0	96.4	43,340	95.9	94.7	98.2	91.6	98.2	38,030	97.0	98.4	97.2	89.3	96.2	50,370
Trust People in neighbourhood																		
Cannot be trusted	35.3	40.4	42.5	62.7	37.6	37,160	37.6	43.4	41.2	52.2	37.5	34,740	28.5	31.5	48.3	53.4	41.4	43,320
Can be trusted a lot	64.7	59.6	57.5	37.3	62.4	46,770	62.4	56.6	48.8	47.8	62.5	42,550	71.5	68.5	51.7	46.6	58.6	52,770
Trust people at work or school																		
Cannot be trusted	30.2	25.2	35.8	51.6	30.8	40,930	32.9	38.5	39.7	49.0	35.0	33,800	26.2	25.9	28.1	56.1	34.5	43,360
Can be trusted a lot	69.8	74.8	64.2	48.4	69.2	45,260	67.1	61.5	60.3	51.0	65.0	41,290	73.8	74.1	71.9	43.9	65.5	53,400
Frequency of contact with family in Canada																		
Strong contact (ref)	4.8	42.3	46.7	29.6	42.3	45,130	46.0	16.1	39.1	30.4	35.2	39,860	17.2	10.9	14.6	18.8	15.2	50,800
No contact/or no family	83.6	54.7	43.3	59.2	47.4	38,750	46.4	78.5	47.8	60.9	57.0	40,210	72.6	77.2	69.1	73.2	77.9	49,410
Weak or very low contact	11.5	3.0	9.6	11.2	10.2	43,340	7.5	5.4	13.0	8.7	7.8	37,490	10.2	11.9	16.3	8.1	6.8	50,450
Organizational participation																		
No participation (ref)	53.0	73.6	65.4	52.4	68.6	41,820	60.2	56.3	73.9	53.7	71.3	37,910	55.4	58.5	63.8	53.0	56.2	46,780
Bridging participation	36.7	14.4	19.7	31.5	19.7	49,340	24.5	24.5	11.3	25.4	13.8	43,990	32.3	23.8	22.6	24.2	29.1	57,350
Bonding participation	10.3	11.9	14.9	16.1	11.7	42,220	15.3	19.2	14.8	20.9	15.0	40,570	12.3	17.6	13.6	22.8	14.7	51,910
Males	148	116	98	49	110	-----	152	88	67	54	129	-----	735	111	103	67	124	-----
Females	114	67	68	47	79	-----	106	54	52	43	103	-----	507	74	73	65	118	-----
N	262	183	166	96	189	-----	258	142	119	97	232	-----	1242	185	176	132	242	-----

Note: Trust variables are collapsed into two categories for the descriptive purpose; otherwise trust variables are originally 5 point Likert scale variable converted into two factors for regression analysis. The 'other visible minorities' category consists primarily of Arab and West Asian, Latin American, Japanese, Korean and Southeast Asian respondents. Source: Tabulated on the basis of the 2002 Ethnic Diversity Survey.

After the adjustment of socio-demographic factors, Model 2 illustrates that 1982-91 visible minority cohorts are significantly disadvantaged compared to non-visible minority immigrants. Black immigrants and the other/multiple visible minority immigrants show an earnings disadvantage at all three periods of arrival after the control of socio-demographic factors. As in Model 1, the pre-1982 South Asians and Chinese are not significantly different from the white counterparts. In contrast, Black immigrants and other visible minority persons have a significant earnings disadvantage, though this disadvantage is reduced for those arriving before 1982, compared to the disadvantage of those who arrived after 1982. For example, Black immigrants make 14.6% less while other visible minority immigrants make 21.3% less in the long term period compared to whites. Also, Blacks and the other visible minority cohorts in the short term period are having a 36.6% and 33.9% earnings gap respectively in comparison to white immigrants.

Even when controlling for socio-demographic and social capital factors, each of the visible minority groups remain significantly disadvantaged for those arriving since 1982, except in the case of the Chinese who arrived in 1982-91, where the adjusted income is not significantly different from the non-visible immigrants. For those who arrived before 1982, the situation remains as was in Model 2. The control of social capital factors in Model 3 demonstrates that particularized trust and bridging associational participation remains significant at all three periods of arrival, while family contact is significant only for the earnings of immigrants who arrived in 1982-91 (see appendix Tables 3.A.1- 3.A.3).

Table 3.2.**Log Predicted Earnings of Foreign Born Persons, Aged 25-64, Employed, by Arrival Cohort, Canada, 2002**

	Arrived after 1991			
	M1	M2	M3	M4
South Asians	-.329(.068)***	-.283***(.065)	-.222***(.067)	-.078(.059)
Chinese	-.195(.069)***	-0.011(.064)	-.131**(.067)	-.006(.061)
Blacks	-.332(.099)***	-.366***(.093)	-.306***(.094)	-.304***(.082)
Other visible minorities	-.359(.065)***	-.339***(.061)	-.295***(.062)	-.271***(.054)
Non-visible (ref)				
Constant	10.412	4.256	1.679	1.872
R2	.047	.187	.204	.375
N	896	896	896	896
	Arrived 1982-1991			
South Asians	-.235(.062)***	-.233***(.061)	-.242***(.062)	-.137***(.058)
Chinese	-.136(.068)**	-.137**(.067)	-.097(.068)	-.046(.065)
Blacks	-.310(.083)***	-.281***(.080)	-.311***(.081)	-.270***(.076)
Other visible minorities	-.261(.054)***	-.244***(.053)	-.223***(.054)	-.167***(.050)
Non-visible (ref)				
Constant	10.593	11.047	10.228	9.376
R2	.037	.148	.175	.311
N	848	848	848	848
	Arrived before 1982			
South Asians	.087(.051)	.059(.049)	.053(.048)	.096**(.047)
Chinese	.019(.052)	.010(.050)	.028(.050)	.076(.050)
Blacks	-.213(.057)***	-.146***(.055)	-.127**(.055)	-.117**(.053)
Other visible minorities	-.231(.044)***	-.213***(.043)	-.221***(.043)	-.133***(.042)
Non-visible (ref)				
Constant	10.649	7.424	6.941	6.174
R2	.023	.147	.167	.278
N	1977	1977	1977	1977

Note: *** Significant at 1%, ** significant at 5%.

Standard errors are given in brackets.

M1 Includes visible minority status, M2 adds demographic factors, M3 adjusts for visible minority status, demographic, and social capital predictors, M4 adjusts for visible minority status, demographics, social capital and human capital factors.

Table 2 is extracted from appendix Tables A1, A2 and A3.

Source: 2002 Ethnic Diversity Survey

It is interesting to note that controlling for visible minority status, socio demographic, and social capital factors, bridging associational participation is significant at all periods, while bonding associational participation is only significant for those who

arrived after 1991 (see column 3 of appendix Table 3.A.1). This may indicate that bonding associational participation is important for immigrants in the early settlement period. Overall the South Asian cohorts of the short term period reduced their earnings gap from 36% to 30% through the control of social capital, while the situation of the medium term and the long term South Asian cohorts remained unchanged. Interestingly, the Chinese cohorts of the short term period are significantly disadvantaged after the adjustment of social capital, while the medium term Chinese are no longer significantly different from the reference group. Although the situation did not change for the Blacks and the other/multiple visible minority cohorts of the medium and the long term periods, the short term Black and other/multiple visible minority cohorts reduce their earnings disadvantage when accounting for social capital.

The further adjustment of human capital factors in Model 4 of Table 3.2 shows no noticeable change for Blacks and other/multiple visible minorities who arrived after 1991, while South Asians and Chinese are not significantly different from the non-visible immigrants in the same period. Hence the earnings gap of the short term Chinese and the South Asians relative to Whites is accounted for by human capital factors. With the exception of the Chinese, all other visible minority groups who arrived in 1982-91 are significantly disadvantaged after the adjustment of all factors. It is worth noting that among the pre-1982 arrivals, South Asians show about 10% earnings advantage in comparison to the non-visible immigrants. The South Asians who arrived before 1982 show improvement in their situation after the control of education and working status. For the long term residents, Black immigrants and other visible minorities still show an earnings gap of 12% and 13% relative to whites, after the adjustment of all factors. While Black immigrants and other visible minorities still show lower earnings than White

counterparts for all three time periods, this gap is somewhat lower for those who arrived before 1982 (see Table 3.2). A cross-tabulation between language and associational participation for all periods combined shows an impact of speaking official language at work and with friends on the bridging associational participation. For example, the majority of those who speak an official language with friends and at work have a strong association with bridging associational participation (chi sq 98.832, Cramer's v .23 and Sig .00). It is worth noting that, for the short and long term periods of residency, bridging associational participation remains significant even after the adjustment of human capital factors though its advantage is reduced by one half for those who arrived most recently.

3.8.2. Gender Differences

Table 3.3 shows the final Models separately for men and women at the three periods of arrival after controlling for visible minority status, socio-demographic, social capital and human capital factors. South Asian men of the short and medium term periods of residency have a significant earnings gap, while those who arrived before 1982 are not significantly different from their non-visible minority counterparts. South Asian women in the short term period have significant advantage while at medium and long term period they are not statistically different from non-visible minority women of the same periods. Although South Asian women who arrived after 1991 have a significant earnings advantage of 23%, this advantage over non-visible women is not the case for those who arrived before 1991. It is possible that in the initial period of settlement, immigrant women are more often involved in economic activities so that they can provide support to their male partners in completing accreditation or improving qualifications (Iredale, 2005). Once husbands complete their accreditation, women may reduce their economic activities in the labour market to stay at home and take care of the children. Chinese men and

women are not significantly different from the non-visible minority immigrant men and women at any of the three periods of residency. Black immigrant women are also not significantly different from non-visible minority women in all three time periods, whereas Black immigrant men face significant earnings gap in comparison to non-visible immigrant men at all the three periods. The pre-1982 other/multiple visible minority men are also not significantly different from non-visible minority immigrant men. Overall none of the socio-demographic variables is significant either for men or for women arriving in 1982-91. It should be noted here that the splitting of the sample into men and women separately may have been affected the significance level.

The social capital variables are not statistically significant for men and women in the most recent arrival period. For the arrival period 1982-91, particularized trust, bonding and bridging associational participation are positive, while 'no contact with family' is negatively associated with the earnings of men. Among women for this same arrival period, weak or low contact with family is negatively related with their earnings. Particularized trust and bridging associational participation is beneficial for pre-1982 men while none of the social capital variables is significant for pre-1982 women.

Table 3.3 also reflects that human capital factors operated in the expected direction both for men and women with varying degrees at all three periods of residency. Having a university degree is positively associated with male and female earnings in comparison to less than high school/or no schooling at all the periods of residence. Not speaking official languages is significant and negatively associated with the earnings of both men and women at all periods of residency. Working part time carries greater disadvantage than working full time for both men and women at all periods.

Table 3.3.

Log Predicted Earnings of Foreign Born Men and Women, Aged 25-64, Employed, by Arrival Cohort, Canada, 2002

	After 1991	1982-1991	Before 1982	After 1991	1982-1991	Before 1982
	-----Men-----			-----Women-----		
South Asians	-.220***(.075)	-.321***(.078)	.084(.062)	.232**(.100)	-.135(.089)	.100(.072)
Chinese	-.073(.079)	-.144(.086)	.010(.065)	.141(.104)	.147(.104)	.142(.077)
Blacks	-.519***(.111)	-.315***(.103)	-.248***(.073)	-.048(.133)	-.188(.119)	.010(.076)
Other visible minorities	-.395***(.070)	-.200***(.068)	-.102(.057)	-.094(.093)	-.098(.0760)	-.200***(.061)
Non-visible (ref)						
Age at interview	-.279***(.059)	.005(.061)	-.097***(.032)	.035(.091)	-.035(.075)	-.177***(.037)
Age2 at interview	3.500***(.749)	.122(.760)	1.351***(.424)	-.333(1.135)	.423(.943)	1.561***(.489)
Age at arrival 25-39	-.232**(.110)	-.088(.088)	-.023(.050)	.007(.119)	.073(.099)	.067(.062)
40 and above	-0.13929202	-.332(.188)	.248(.309)	-.290(.180)	.141(.084)	.046(.267)
Age at arrival < 25 years (ref)						
Single/never married	-.327***(.084)	-.063(.086)	-.279***(.059)	.200**(.098)	-.021(.193)	.005(.065)
Divorced/sep/widowed	.106(.153)	-.012(.101)	-.113**(.057)	-.015(.107)	.016(.084)	-.030(.049)
Married/common-law (ref)						
Not a Canadian citizen	-.210***(.054)	.092(.070)	-.160***(.052)	-.243***(.070)	.074(.082)	-.130**(.061)
Canadian citizen (ref)						
Generalized trust	.008(.026)	.002(.026)	.005(.018)	.029(.034)	-.006(.029)	.013(.022)
Particularized trust	.041(.052)	.154***(.055)	.064**(.032)	.113(.061)	.107(.061)	.027(.035)
No contact/no family	-.023(.055)	-.136**(.057)	-.021(.046)	-.009(.072)	-.106(.065)	.000(.055)
Weak or low contact	-.045(.129)	-.038(.094)	-.035(.050)	.185(.145)	-.212**(.107)	-.004(.077)
Strong contact with family in Canada (ref)						
Bridging associational participation	.085(.064)	.155**(.063)	.117***(.038)	.131(.090)	-.031(.078)	.075(.048)
Bonding associational participation	-.061(.083)	.170**(.075)	.058(.050)	.109(.091)	-.044(.077)	.049(.055)
No associational participation (ref)						
High school diploma	-.075(.108)	.119(.091)	.092(.057)	.056(.143)	-.051(.112)	.113(.074)

Less than University	.295**(.137)	.061(.111)	.071(.066)	.272(.161)	.096(.137)	.0383***(.082)
Bachelor degree or higher	.308***(.098)	.338***(.087)	.290***(.049)	.347**(.133)	.276**(.111)	.466***(.069)
Less than high school (ref)						
Non-official languages	-.076***(.015)	-.044***(.015)	-.091***(.014)	-.063***(.019)	-.073***(.020)	-.071***(.019)
Official Languages ref						0
Part-time work	-.495***(.089)	-.369***(.082)	-.250***(.056)	-.469***(.074)	-.403***(.070)	-.410***(.042)
Full-time work (ref)						
R2	.414	.251	.200	.342	.279	.248
Constant	-.151	9.159	5.833	10.342	8.531	4.950
N	521	490	1140	375	358	837

Note: *** Significant at 1%, ** significant at 5%. Standard errors are given in brackets

The above models are final models for each period adjusting for visible minority status, demographics, and social and human capital factors. Source: 2002 Ethnic Diversity Survey
 Non-visible men and women for three periods are (148 & 114; 152 & 106, 735 & 507), South Asians (116 & 67; 88 & 54; 111 & 74), Chinese (98 & 68; 67 & 52; 103 & 73),
 Blacks (49 & 47; 54 & 43; 67 & 65), and other /multiple visible minorities (110 & 79; 129 & 103; 124 & 118).

The overall findings of this separate analysis for men and women suggest that social capital, particularly bridging associational participation and particularized trust, presents advantages for men who arrived before 1991 and this advantage remains significant even after the control of human capital. Among women, having weak/low contact with family is associated with lower earnings for the 1982-91 arrival cohorts.

3.9. Discussion

This research started with the assumption that although human capital measures and individual characteristics are useful for understanding the economic mobility of immigrants, they do not fully explain their labour market disadvantages. It was postulated that social capital is useful to remove structural barriers for the labour market performance of immigrants, and that associational participation, in the form of bonding and bridging social capital, would be instrumental to minimize earnings differences between visible and non-visible minority immigrants.

The study compared the earnings of three arrival cohorts of visible minority foreign born persons in relation to the earnings of the non-visible immigrants of the same arrival cohorts. Based on the classical assimilation models, it was hypothesized that as visible minority immigrants would spend time in Canada, they would utilize their human and social capital as a means of reducing their initial earnings gap, and eventually gain parity with their white counterparts. Since women in general and immigrant women in particular are constrained with cultural and social values associated with patriarchal ideology, they were not expected to benefit as much from their human capital and associational participation for their economic mobility. On the other hand, visible minority men were expected to achieve parity with non-visible men.

The first hypothesis assumes a positive relationship between relative earnings and length of residence. This relationship partially holds for the South Asians and Chinese. For example, South Asians who arrived after 1991 were disadvantaged, while those who arrived before 1982 earned more than whites after controlling for human capital factors. In the case of Blacks and “other” visible minorities who arrived after 1991, their earnings gap relative to whites was 30% and 27% respectively. However, the long term residents still show an earnings disadvantage, albeit at 12% and 13% when compared to non-visible minority immigrants. In the case of South Asians, the results are partially consistent with those of Beenstock et al. (2010) showing that duration in the destination plays an important role in the economic adjustment of immigrants. The long term South Asians have shown advantage over their White counterparts. However the situation of Blacks and other/multiple visible minority immigrants confirm the findings of Skuterud (2010), where the earnings gaps can remain even after spending considerable time at the new place of residence. It is possible that visible minority immigrants faced less competition in early 1980s because they were selected and highly educated persons, while the educational attainments of native born Canadian were relatively lower than that of immigrants. For example, there were only 4% native born university graduates in 1980 in comparison to 17% in 2006. Thus the entry of immigrants into the labour market in early 1980s was relatively less competitive (see Reitz, 2004). There is evidence in the literature that Blacks are relatively more prone to discrimination than other visible minority groups and the level of this discrimination holds for them even after spending a reasonable time in Canada (see Anisef & Kilbide, 2003).

Bridging associational participation has a significant and positive association with the earnings for the pre 1982 and post 1991 arrival cohorts (see appendix Tables A3.1 &

A3.3). As far as the first hypothesis is concerned, it is clear that economic incorporation is not merely a function of human capital; bridging associational participation also plays a significant role. While length of residence plays a role, the results do not support fully the findings of Li (2003) and Wanner (2003) who suggest that with varying degrees of time the earnings of all immigrant groups eventually converge.

Despite the fact that a higher proportion of Blacks and other/multiple visible minorities participated in bridging associational participation, this did not provide any advantage in removing or even reducing their earnings differences with their White counterparts. This is contrary to the findings of Xue (2008) and Gransberry and Enrico (2011) who found a positive impact of bridging social capital on the earnings of immigrants. These findings may point to the importance of class and network quality. That is, association with mainstream group members would be beneficial for the economic mobility of non-white immigrants, but people with similar backgrounds (class, gender, social status) tend to associate with one another (Mow, 2006). Thus some of the individuals may have participated in bridging associations and developed relationships with those mainstream group members who are not in a position to lend support. It is suggested that although bridging networks are useful for economic integration, there is a need to consider also the socio-economic status of the individuals with whom immigrants build networks. Bourdieu (1986) has argued that the development of social capital depends on other types of capital such as cultural and economic capital. In recessionary times, it may be difficult for those who belong to lower socio-economic status to utilize their bridging networks to improve their economic conditions. That is, there may be different opportunities to access and participate in networks at times when there is labour market

downturn. Thus it is possible that during recessions immigrants, in particular visible minority immigrants, have limited opportunities to build bridging networks.

The second hypothesis proposed that visible minority women would not reach earnings parity with non-visible minority women. To a large extent this hypothesis does not hold. The findings show that all the categories of visible minority women who had arrived before 1982, except, the “other” visible minority group, are not significantly different from their white counterparts after controlling for human and social capital factors. This is consistent with Wilkinson et al. (2006) and Hiebert (2006) who found that visible minority immigrant women achieve earnings parity with the native born women. In the mainstream literature, however, the earnings disadvantage of immigrant women is more pronounced because they are compared with the general population which includes men. For example, the findings of the current study show that in the main model women are significantly disadvantaged in comparison to men. However when the earnings of visible minority women are compared with the White women, this is in the context of the overall lower earnings of women (Reitz, 2001). Regardless of the status, whether immigrant, native born or White, women are structurally disadvantaged as they are heavily concentrated in low paid services, education and health occupations.

Overall, in light of the assimilation perspective, it is understandable that immigrants need time for their economic incorporation to occur, but various racial groups differ in terms of their economic incorporation. For example, those ethnic communities who are institutionally complete lend better support to their newly arrived community members than those communities who have not yet developed their own religious, recreational and educational institutions.

The present study has shown that except for the Chinese, all of the visible minority immigrants who arrived in the 1982-91 period demonstrate significant earnings gap with White immigrant men. None of the women in the same period are significantly different from the reference category, after controlling for all factors. It is likely that the different cohorts who arrived at different periods of time might have been influenced by the prevailing economic situation such as periodical unemployment and recession. Although not directly observed in the study, the economic recession of the early 1980s, and the higher unemployment rates in 1982-91 period of arrival, might have negatively affected the earnings of visible minorities arriving during that period (Baker and Benjamin, 1994). Immigrants, especially visible minorities, are more likely to be affected severely by the harsher economic conditions. McDonald and Worswick (1998) have shown that immigrants have higher unemployment probabilities than non immigrants with the difference being larger in recession years.

3.10. Conclusion

While the importance of human capital is well appreciated, it is also important to consider other perspectives such as social capital for analyzing the economic conditions of immigrants. Bridging associational participation promotes trust among diverse communities (Putnam, 2000). The present study found that the bridging associational participation remained significant for the earnings of immigrants even after the adjustment of human capital. For example, in the short term and long term periods of residency, immigrants with bridging associational participation show an earnings advantage of about 11% compared to those with no participation even after controlling for human capital factors. The bridging associational participation may function as a conduit between immigrants and the labour market information necessary for their economic mobility.

However, the disadvantaged position of Blacks and other/multiple visible minorities calls for a focus on the quality of bridging networking.

There are two important points to highlight. First, although the study points to the importance of social capital as a potential contributor to the economic welfare of immigrants, the impact of human capital remains more important than social capital. Among social capital considerations, after controlling for other factors, only bridging associational participation remains significant and only for the earnings of those immigrants who came before 1982 and after 1991. The magnitude of the coefficient dropped by almost half once human capital is taken into account. Second, in the mid term period (1982-91) when the Canadian economy experienced economic downturns, the associational participation was not significant for the earnings of immigrants, while the contribution of human capital was much stronger. This situation suggests that bridging associational participation may only be useful when the economy is flourishing.

The positive assumptions associated with bridging associational participation and the economic incorporation of immigrants further needs to be investigated with sophisticated data that could consider the different dimensions of the membership of any particular association that immigrants might join. For example, the socio-economic status of members, sources of income, the public recognition and the political influences of associations is likely to influence the economic mobility of its members. Some associations may have membership fees, thus restricting entry of those persons who have low socio-economic status. The assumption that migrants are able to enter dense networks within close-knit local communities simplifies the experiences of newly-arrived migrants, underestimating difficulties they may face in accessing support (Ryan et al., 2008). Although the study has shown that bridging associational participation is relevant for the

earnings of immigrants, the big challenge at the policy level would be to take a broader approach by considering both human and social capital for the economic welfare of visible minority immigrants.

Policies aimed at promoting bridging networking may prove helpful to remove social distance between white and non-white members of society (Johnson, 2006), but this social cohesiveness would only be fruitful once the human capital of immigrants is recognized. For example, the investment in networks to connect Canadian employers with immigrant associations and with immigrant entrepreneurs can be a useful source of job related information, but the information gained through networking would be instrumental only when foreign credentials are recognized. Otherwise most of the diversity programs such as employment equity, wage equity and multiculturalism will not produce the desired results. That is, human and social capital should not be seen as alternatives, but rather as substantiating each other. Nonetheless, more research on the effectiveness of social capital particularly the bridging associational participation, is suggested for analyzing the labour market outcomes for non-white immigrants. Research based on direct measures of bridging and bonding associational participation, rather than proxy measures, would enlighten literature and policy on the economic incorporation of visible minority immigrants.

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3.12. Appendices

Table 3.A.1.

**Log Predicted Annual Earnings of Foreign Born Persons, Aged 25-64, Employed,
Arrived After 1991, Canada, 2002**

	M1	M2	M3	M4
South Asians	-.329(.068)***	-.283***(.065)	-.222***(.067)	-.078(.059)
Chinese	-.195(.069)***	-0.011(.064)	-.131**(.067)	-.006 (.061)
Blacks	-.332(.099)***	-.366***(.093)	-.306***(.094)	-.304***(.082)
Other visible minorities	-.359(.065)***	-.339***(.061)	-.295***(.062)	-.271***(.054)
Non-visible (ref)				
Age at interview		-.171***(.053)	-.222***(.056)	-.213***(.048)
Age ² at interview		2.123***(.681)	2.757***(.706)	2.715***(.613)
Age at arrival 25-39		-.011(.088)	-.042(.091)	-.180**(.079)
40 and above		-.179 (.128)	-.133(.133)	-.225**(.116)
Age at arrival < 25 years (ref)				
Females		-.360***(.047)	-.325***(.047)	-.272***(.042)
Males (ref)				
Single/never married		-.112***(.068)	-.157**(.069)	-.135**(.061)
Divorced/sep/widowed		.030(.092)	-.046(.097)	-.013(.084)
Married/common-law (ref)				
Not a Canadian citizen		-.290***(.047)	-.271***(.048)	-.217***(.042)
Canadian citizen (ref)				
Generalized trust			.000(.023)	.006(.020)
Particularized trust			.144***(.043)	.066(.039)
No contact/no family			-.020(.049)	-.005(.043)
Weak contact			.099 (.112)	.052(.097)
Strong contact with family in Canada (ref)				
Bridging associational participation			.200***(.059)	.102**(.052)
Bonding associational participation			.149**(.068)	.040(.060)
No associational participation (ref)				
High school diploma				.006(.018)
Less than university degree				.287***(.096)
Bachelor degree or higher				.347***(.078)
Less than high school diploma (ref)				
Non-official languages				-.067***(.011)
Official Languages ref.				
Part-time				-.519***(.055)
Full-time work (ref)				
Constant	10.412	4.256	1.679	1.872
R2	.047	.187	.204	.375
N	896	896	896	896

Note: *** Significant at 1%, ** significant at 5%. Standard errors are given in brackets

M1 includes visible minority status, M2 controls for visible minority status and demographic, M3 controls for visible minority status, demographic and social capital predictors, M4 controls for visible minority status, demographic, social capital and human capital predictors.

Source: 2002 Ethnic Diversity Survey

Table 3.A.2.

Log Predicted Earnings of Foreign Born Persons, Aged 25-64, Employed, Arrived 1982-1991, Canada, 2002

	M1	M2	M3	M4
South Asians	-.235(.062)***	-.233***(.061)	-.242***(.062)	-.137***(.058)
Chinese	-.136(.068)**	-.137**(.067)	-.097(.068)	-.046(.065)
Blacks	-.310(.083)***	-.281***(.080)	-.311***(.081)	-.270***(.076)
Other visible minorities	-.261(.054)***	-.244***(.053)	-.223***(.054)	-.167***(.050)
Non-visible (ref)				
Age at interview		.013(.047)	.005(.045)	-.003(.046)
Age ² at interview		-.133(.621)	-.017(.626)	.138(.574)
Age at arrival 25-39		.059(.065)	.066(.069)	.002(.064)
40 and above		.015(.142)	-.033(.144)	-.187(.132)
Age at arrival < 25 years (ref)				
Females		-.409***(.041)	-.393***(.042)	-.353***(.039)
Males (ref)				
Single/never married		.012(.062)	.024(.061)	-.044(.059)
Divorced/sep/widowed		.043(.067)	.065(.063)	.023(.064)
Married/common-law (ref)				
Not a Canadian citizen		-.022(.055)	-.021(.054)	-.078(.052)
Canadian citizen (ref)				
Generalized trust			.019(.020)	-.005(.018)
Particularized trust			.097**(.045)	.127***(.041)
No contact/no family			-.122***(.046)	-.136***(.042)
Weak or low contact			-.207***(.077)	-.105(.070)
Strong contact with family in Canada (ref)				
Bridging associational participation			.145***(.052)	.090(.048)
Bonding associational participation			.072(.057)	.086(.053)
No associational participation (ref)				
High school diploma				.060(.070)
Less than university degree				.096(.085)
Bachelor degree or higher				.344***(.067)
Less than high school (ref)				
Non-official Languages				-.051***(.011)
Official Languages ref.				
Part-time work				-.391***(.053)
Full-time work (ref)				
Constant	10.593	11.047	10.228	9.376
R2	0.037	0.148	0.175	0.311
N	848	848	848	848

Note: *** Significant at 1%, ** significant at 5%. Standard errors are given in brackets

M1 includes visible minority status, M2 controls for visible minority status and demographic, M3 controls for visible minority status, demographic and social capital predictors, M4 controls for visible minority status, demographic, social capital and human capital predictors

Source: 2002 Ethnic Diversity Survey

Table 3.A.3.

Log Predicted Earnings of Foreign Born Persons, Aged 25-64, Employed, Arrived Before 1982, Canada, 2002

	M1	M2	M3	M4
South Asians	.087(.051)	.059(.049)	.053(.048)	.096**(.047)
Chinese	.019(.052)	.010(.050)	.028(.050)	.076(.050)
Blacks	-.213(.057)***	-.146***(.055)	-.127**(.055)	-.117**(.053)
Other visible minorities	-.231(.044)***	-.213***(.043)	-.221***(.043)	-.133***(.042)
Non-visible (ref)				
Age at interview		-.083***(.026)	-.087***(.026)	-.092***(.024)
Age ² at interview		1.077***(.346)	1.135***(.342)	1.264***(.320)
Age at arrival 25-39		.026(.041)	.023(.041)	-.001(.039)
40 and above		.190(.223)	.186(.218)	.166(.202)
Age at arrival < 25 years (ref)				
Females		-.420***(.028)	-.400***(.028)	-.321***(.027)
Males (ref)				
Single/never married		-.192***(.047)	-.179***(.047)	-.145***(.044)
Divorced/sep/widowed		-.076(.040)	-.076**(.040)	-.080**(.037)
Married/common-law (ref)				
Not a Canadian citizen		-.134***(.043)	-.150***(.043)	-.156***(.040)
Canadian citizen (ref)				
Generalized trust			.010(.015)	.009(.014)
Particularized trust			.060**(.025)	.043(.024)
No contact/no family			-.041(.038)	-.028(.035)
Weak or low contact			-.092**(.045)	-.017(.042)
Strong contact with family in Canada (ref)				
Bridging associational participation			.146***(.031)	.106***(.030)
Bonding associational participation			.055(.039)	.058(.037)
No associational participation (ref)				
High school diploma				.080(.045)
Less than university degree				.195***(.051)
Bachelor degree or higher				.354***(.040)
Less than high school (ref)				
Non-official Languages				-.088***(.011)
Official Languages ref.				
Part-time work				-.355***(.034)
Full-time work (ref)				
Constant	0.023	0.147	0.167	0.278
R2	10.649	7.424	6.941	6.174
N	1977	1977	1977	1977

Note: *** Significant at 1%, ** significant at 5%. Standard errors are given in brackets

M1 includes visible minority status, M2 controls for visible minority status and demographic, M3 controls for visible minority status, demographic and social capital predictors, M4 controls for visible minority status, demographic, social capital and human capital predictors

Source: 2002 Ethnic Diversity Survey

CHAPTER FOUR

LABOUR MARKET PERFORMANCE OF FOREIGN BORN AND SECOND GENERATION SOUTH ASIANS IN CANADA

4.1. Introduction

Migrants leave behind a familiar social and economic context and hope to adapt to a new environment that can be challenging. Their experiences can be aggravated if immigrants do not succeed in integrating into the host society's labour market, a state often associated with ethnic affiliation, language proficiency, lack of local work experience, non-recognition of credentials and other human capital factors. This situation has become more pronounced since the immigration policy reforms of 1960s. The transition from an exclusionist to a more universal and non-racist approach changed the landscape of Canadian immigration. The removal of restrictions on the place of origin in 1962 and the introduction of a point system in 1967 opened the doors of immigration for people from regions other than Europe (Green & Green, 2004; Satzewich & Lioudakis, 2010). The policy shift reinforced the non-discriminatory aspects of immigration policy by clearly outlining the 'education, training, skills and other special qualifications' under which immigrants were to be selected from all over the world (Beaujot and Raza, 2012). This changed the Canadian population landscape where visible minorities now form the majority of the recent immigrant population.

Among visible minorities, the South Asians have been an important immigrant group, playing a vital role in the Canadian society and economy. It is curious, however, that there has been relatively less systematic analysis of South Asian immigration in

general and analysis of different South Asian sub-groups in particular (Wilson & Samuel, 1996). The visible minority population has increased from 13.4% in 2001 to 16.2% in 2006 and even more striking is that the South Asians have now become the single largest visible minority group in the country (Statistics Canada, 2006). The present research addresses this gap in the literature in two ways. First it examines the economic integration of foreign born South Asians (Indian, Pakistani, SriLankan and Bangladeshi) in Canada by comparing their earnings with their foreign born British/Irish counterparts. In other words, the study seeks to know how the different subgroups of South Asian immigrants fare in the Canadian labour market when compared to the British/Irish immigrants. Secondly, the implications of the growth of the South Asian population extends to the next generation; hence, the labour market outcomes of the children of South Asian immigrants will also be examined by comparing their average employment incomes to the British/Irish second generation.

4.2. Who Are the South Asians?

A South Asian (sometimes referred to as East Indian in Canada and Asian Indian in the United States) may be defined as any person who reports an ethnicity associated with the southern part of Asia or who self-identifies as part of the South Asian visible minority group (Tran et al., 2005). This definition encompasses a variety of people from a great diversity of ethnic backgrounds, including those national and sub-national ethnicities such as Bangladeshi, Bengali, East Indian, Goan, Gujarati, Hindu, Ismaili, Kashmiri, Nepali, Pakistani, Punjabi, Sikh, Sinhalese, South Asian, Sri Lankan, Sinhalese and Tamil ancestry. While South Asians could be defined in a number of ways, the present research only considers those South Asians who declared their first ethnicity as Indian, Pakistani, Sri Lankan and Bangladeshi in the 2006 Census.

Although South Asian migration to Canada started at the turn of the 19th century, the South Asian community in Canada remained relatively small and homogenous (mainly comprised of Sikhs) throughout the early 1900s because of restrictive immigration laws prohibiting Asians and Indian immigration (Kurian, 1991; Tran et al., 2005). The real influx of South Asian migration to Canada occurred in the last quarter of the 20th century. Politically and historically, Bill C-24, the Immigration Act of 1976 set immigration priorities for the classes of immigrants: independent, family and refugee. It was through the 1970s that an increasing number of South Asians moved to Canada (Buchignani & Indra, 1985). According to Kurian (1991), South Asians were 1.2% of the total Canadian population in 1991, while according to the 2006 census, South Asians are 4% of the Canadian population. Currently South Asians are 24% of the visible minority population in Canada, making this group the largest visible minority group in Canada (Statistics Canada, 2010). According to the 2006 Census, Indian and Pakistani are among the top ten sources of immigration to Canada, while Sri Lankan are amongst the top fifteen source countries.

According to Gosh (2007), South Asians suffer from the problem of over generalisation. A homogeneous identity is often projected for a diverse group of South Asian people, based on the illusion of a common culture. Numerous and significant differences exist within and between the various subgroups from the Indian subcontinent with respect to their social and economic characteristics and their period of arrival in Canada. It is also worth mentioning that similar to South Asians, the category of 'white' or non-visible minority is also used indiscriminately in the literature. There are various white or non-visible ethnic groups who differ from each other on the basis of language, religion, culture and other characteristics. It is important to note that not all non-visible ethnic

groups perform equally well in the labour market. For example, Lian and Mathews (1998) analyzed the 1991 Census and found that Greeks, Portuguese, Italians and Spanish did not get equal returns for their educational levels compared to the British. They were, in fact, disadvantaged, more so than some "visible" minorities. For example, Greeks made less in all educational levels except in the category of "trade certificates". This implies that any analysis between visible and non-visible minorities should be specific and the ethnic groups should clearly be identified. Hence, instead of using all non-visible minority groups, the present analysis employs instead British/Irish as a reference in comparison to the earnings analysis of South Asians. Since no statistically significant differences were observed in the sample for the earnings of British, Scottish and Irish, they jointly represent the British/Irish category for the present paper.

4.2.1. South Asian Immigration to Canada in Historical Perspective

During the colonial period, the Indian sub-continent was collectively referred to as British India (Jyoti, 2005). With the end of colonial rule in 1947, the two countries, India and Pakistan, came into being. The division of India and Pakistan was influenced by the two nation theory which argued that in British India there lived two distinct nations that have different religions, cultures, values and ideologies. Pakistan was comprised of two units East Pakistan (now Bangladesh) and West Pakistan (Pakistan). In 1971, due to political, geographical and economic reasons, East Pakistan seceded from West Pakistan and became the new country, Bangladesh. However, the historical events leading up to the birth of Bangladesh must be seen in the light of the legacy of imperial India and its post-colonial successor nation-states, India and Pakistan (Crawley, 2010). Sri Lanka, known as Ceylon, was also colonized by the British. Sri Lanka became an independent country during the process of decolonization in 1947. Hence it is the legacy of colonization and

not culture that is the common and uniting factor among these nations. Prior to 1947, it was hard to distinguish on the basis of origin except in terms of religion. It was only after the de-colonization in 1947, that ethnic identity related to place of origin became a distinguishing factor for South Asians.

According to Jha (2010) many Sikhs sought opportunities in Canada, and the first significant wave of Indian immigrants were comprised of about 5000 Sikhs who came to Canada between 1903 and 1918 who were largely engaged in agricultural activities. In the early 20th century, this led to a fairly ethnically homogenous Indian community in western Canada (Agrawal and Lovell, 2009). Initially settling mostly in British Columbia, Indians are now living at all urban centres of Canada. The Indian immigrants who came in the 1960s and onward were mostly professionals, such as engineers, doctors, and information technology experts. By 1969, India became one of the top 10 source countries for Canadian immigration and in 2006, the Indian population became the second largest immigrant population after the Chinese (Statistics Canada, 2010; O'Neill, 2006). In terms of religious affiliations, Indian immigrants in Canada were composed of 49.5% Sikhs, followed by 27.1% Hindus, 11.1% Christians, 7.5% Muslims, and 2.2% with no religion (Agrawal and Lovell, 2006).

Pakistanis began to migrate to North America in significant numbers since the mid-1960s, when immigration policies in both the United States and Canada abandoned racial quotas. Pakistani immigrants who came in the 1960s and 1970s, almost all Muslims, tended to be well-educated professionals, engineers, scientists, and pharmacists (Zaman, 2010). Those Pakistanis had been exposed to Western culture in Karachi, Lahore, Rawalpindi, and other major urban centers in Pakistan. In Canada, Pakistanis have been concentrated in the industrial centers of Ontario, Vancouver, Montreal, Edmonton,

Calgary, and Winnipeg. Pakistani immigration to Canada increased in the 1980s, and after the 1990s, Pakistan became one of the top 10 source countries of immigration to Canada (Statistics Canada, 2010).

Significant Sri Lankan immigration did not begin until independence in 1948, when many educated Tamils and Sinhalese began to leave as the country moved toward socialism (Amarasingham, 2008). In 1951, Canada initiated a quota system for South Asian immigrants, including a provision for 50 Sri Lankans, 150 Indians and 100 Pakistanis annually. Up to the mid-1980s, there were still only about 5,000 Sri Lankans of various ethnic groups in Canada. The civil conflict between the Sinhalese and Tamils in 1983 gave impetus to significant migration including refugees (Amarasingham, 2008). In 2001 and 2002, Sri Lanka was second only to Afghanistan in the number of refugees admitted to Canada. The majority of Sri Lankans adhere to Buddhism, followed by others who identify their religious faith as Hinduism, Christianity and Islam

Like most other South Asian immigrants, almost 90 percent of Bangladeshis in Canada live in the urban centers throughout Ontario, British Columbia and Quebec. Unlike other South Asians, Bangladeshi immigration to Canada is fairly recent. During the first wave of immigration following independence in 1971, most Bangladeshi immigrants were well-educated professionals, fleeing the political turmoil of their country; they were frequently granted refugee status (Encyclopedia of Immigration, 2011). In the first decade of uncertainty following independence, fewer than 1,000 Bangladeshis immigrated to Canada. The number of immigrants began to rise gradually during the late 1970s. After the mid-1980s, as earlier immigrants began to sponsor their family members, Bangladeshi immigration to Canada accelerated significantly. More than 83 percent of Bangladeshi

immigrants in Canada arrived during the period between 1991 and 2006. Islam is the dominant religion among Bangladeshi immigrants.

Despite the variability in ethnic and religious affiliations, South Asian immigrants share a value system that is characterized by a strong family orientation (Assanand et al. 1990). In contrast to the individualistic orientation of the host society, South Asian families emphasize interdependence among family members across the life span. Kwak and Berry (2001) compared the cultural adaptation of South Asian immigrants in Canada with other Asian immigrant groups. They found that South Asian parents and young adults reported the highest levels of maintenance of their cultural identity, value system, hierarchical family structure, and traditional customs after immigration.

In terms of demographics, South Asians are relatively young compared to the overall Canadian population, with greater numbers of men than women. The majority are married, and most know at least one of the official languages. A greater proportion of South Asians are university graduates compared to the overall Canadian population (Lindsay, 2001). A young and highly educated population such as South Asians could play a vital role in the development of any nation like Canada, particularly when selection of immigrants is heavily guided by a human capital approach.

According to Qadeer et al. (2010), South Asians share a geographic region and some racial and cultural characteristics, but with differences that are notable in languages, religions and nationalities. South Asians share commonalities in family norms and traditions concerning success and education (Bhattacharya and Schoppelrey, 2004), and a history of British colonization as well as an education system that is based on the English language (Myles and Hou, 2004). So unlike other non-English speaking immigrant communities in Canada, South Asians are generally well versed in the English language.

Given these similarities and differences and the differing contexts of entry of these groups into Canada, it is likely that the various South Asian immigrants groups will also differ in their labour market outcomes. These socio-cultural, ethnic and religious differences might also have different implications for men and women calling for separate analysis by gender. While there is a general consensus that visible minority immigrant groups often face significant and substantial labour market disadvantage, there is debate over the degree to which minorities born in Canada are subject to similar disadvantage (see Stelcner, 2000). The economic integration of the second generation, may be different from that of their parental generation, since they would have obtained their education in Canada, are proficient in one or both official languages and have better exposure to Canadian social institutions. Hence the second generation are assumed to perform better than the foreign-born South Asians. Thus an overarching objective of the present study is to measure the economic integration of South Asians to see how demographic, human capital and work related factors and the size of Census Metropolitan Areas (CMAs), explain the earnings of South Asians in comparison to the British/Irish.

4.3. Literature Review on Labor Market Outcomes for Visible Minorities and South Asians

Previous research on the earnings of visible minorities has shown that South Asian immigrants earn less despite having a high level of human capital. This earnings disadvantage largely stems from non-recognition of credentials (Li, 2001; 2003; Reitz and Bannerji, 2009), lack of Canadian labor market experience (Aydemir & Skuterud, 2004; Bucklaschuck and Wilkinson, 2010), work related factors (Pendakur and Pendakur, 2007), lower value assigned to foreign education (Boyd, 1992; Ferrer and Riddell, 2002; Gozalie, 2002), and language proficiency (Anisef & Kilbide, 2003; Chiswick & Miller, 2002).

Credentials acquired from outside Canada are not adequately rewarded in the Canadian labour market, resulting in poor returns on foreign education and work experience (Dean, 2009; Yoshida & Smith, 2008, Aydemir and Skuterud, 2004). Dean (2009) compares the differences between the Canadian-born and immigrants and finds that there are nearly no returns to foreign work experience in the Canadian labour market. Similarly, Bucklaschuck and Wilkinson (2010) note that recent Chinese and South Asian immigrants are experiencing decline in entry earnings compared to earlier cohorts. This earning deficit is due to the lack of Canadian work experience while their foreign work experience has almost no value. The findings of Buzdugan and Halli, (2009) provide further evidence that work experience is an even stronger factor than education when it comes to the earnings of visible minorities. This implies that South Asians could be significantly disadvantaged. Regarding work experience, Yoshida and Smith (2008) analyze panel data of the Workplace and Employee Survey (WES) and propose that proxy measures of work experience can lead to an underestimation of visible minority immigrant earnings disadvantages. Their findings indicate that with a direct measure of work experience, visible minority men get paid less than non-visible minority men, both for immigrants and Canadian-born. Differentiating between genders, Hou (2010) observed a decline in returns to foreign experience of the samples of the 1980s and 1990s and this decline was stronger for immigrant women than men in all periods. While there is enough evidence that foreign work experience is not properly acknowledged, foreign education is also not properly rewarded in the Canadian labour market.

Non-recognition of credentials is a vital contributing factor to the lower labor market performance of visible minorities in Canada. For example, Alboim et al. (2005) note that a foreign university degree held by a visible minority individual had, on average,

an earnings return of less than one third that of a Canadian university degree held by a native employee, unless the immigrant was white, in which case the foreign degree was comparable in value to a Canadian degree. Degrees obtained in countries other than in the UK and US have low earning value in Canada (Buzdugan and Halli, 2008). Girard (2010) further highlights the situation while arguing that the region of origin is related to difficulties in having foreign credentials recognized. In a study examining migrants in Quebec, Bourdarbat and Cousineau (2010) also find that education and work experience obtained outside of Canada were not easily transferred to the Canadian labour market. Highlighting the situation of Asians, Galarneau and Morissette (2004) note that foreign qualified South Asian and Southeast Asians are underemployed in the labor market. According to Reitz (2001), the rising standards of education in the Canadian labor market, and the increased difficulty of immigrants in gaining market recognition of their educational qualification, result in lower labor market performance of visible minority immigrants.

The knowledge of official languages is very crucial for immigrants' labour market achievements (Hiebert, 2002; Chiswick & Miller, 2002). For example, Hiebert (2002) notes that although the educational credentials of immigrants are devalued in the Canadian labour market, it is still true that participation rates are greater for those who arrived knowing an official language. Chiswick and Miller (2002) note that language skills may have a complementary relationship in the labor market with respect to schooling and pre-immigration labor market experience. The deficiency in the host country language not only affects the acculturation process, but can further exacerbate the devaluation of credentials. Grenier and Xue (2011) used the Longitudinal Survey of Immigrants to Canada and found that English language ability, along with other human capital factors,

facilitate access to the intended occupation. The analysis of the 2001 Census by Boyd and Cao (2009) reveals that greater penalties exist for immigrants with low levels of language proficiency at the upper end of the earnings distribution than for those working in low paying jobs. It implies that official languages proficiency is more important for those visible minority immigrants who are expected to be in the higher income categories.

While Reitz (2001) highlighted the rising standard of Canadian education, Boyd and Schellenberg (2007) note that although Canadian education is rewarded more than foreign education, education-job mismatch is likely to be higher for those trained in Southeast Asia or East Asia compared to those who received the same degree from a British/Irish or South Asian institution. While Fong and Cao (2009) found that social networks can reduce the foreign education discount, especially in non-professional occupations, it is unclear, however, whether degrees obtained from British/Irish and South Asian institutions have similar value in the labour market. If credentials are not properly recognized, it is likely that visible minorities will face underemployment. Ewoudou (2011) analyzes the 2006 Census and finds that immigrants who completed their postsecondary education in Pakistan were more likely to be out of the labour force and less likely to be paid employees even after they had been permanent residents of Canada for at least a decade. The author also observes that those Indians who spent 5-10 years in Canada with post secondary education from India have almost similar earnings to the Canadian born. Two things can be inferred from this: first South Asian immigrants are receiving differential rewards for their credentials; and second, if credentials are not properly valued, this may cause other work related factors i.e. working status and occupations to further aggravate their existing poor economic situation.

Work related factors are directly related with the earnings of visible minority immigrants. Swindinsky (1997) decomposed the earnings of visible minorities and found that South Asian men were 20% disadvantaged compared to their white counterparts and about 60% of this disadvantage was due to work related factors such as working status and occupations. South Asian women were 10% disadvantaged compared to their non-visible native born counterparts and 81% of this disadvantage was due to demographic and work related characteristics. Similarly, Pendakur and Pendakur (2007) used the 2001 Census Microdata File to analyze the earnings differentials between native born British origin whites and visible minorities. The quantile regression results show that at the 20th percentile, the South Asian origin women earn about 11% less than British origin women, while South Asian men face 25% earnings disadvantaged compared to British men when personal characteristics are controlled. In the personal income distribution those who are below the 50th percentile face greater earnings disadvantage than those who are above the 50th percentile, after work related factors (working status, weeks worked, industry and occupations) are taken into account. This shows that work related factors have greater influence at lower levels of earnings than at higher level of earnings. In a more recent study, Pendakur and Pendakur (2010) use the 1996, 2001 and 2006 Censuses, and their findings confirmed their previous research: the earnings gap faced by South Asians still persisted. Fong and Cao (2009) argue that differences for the returns to foreign credentials are partly dependent on whether an immigrant works in a profession for which he/she is trained. Immigrants might be employed in occupations which are below their level of expertise resulting in low earnings.

4.4. Literature Review on Gender Differences in Labour Market Outcomes

Gender is an important dimension of any analysis of the labor market performance of visible minorities. South Asian women's experiences in the Canadian labor market are mediated by cultural imperialism, family values, racism, and gender oppressions (Ralston 1991; Das Gupta, 1994; Dhruvarajan, 1992). South Asian women are often forced to accept jobs that are beneath their qualifications and abilities because their credentials are not accredited and there are negative stereotypes of women of color in many workplaces. This situation highlights the triple jeopardy of South Asian women: first they are visible minority immigrants; second, they are women; and third they are caught in a web of patriarchal family values. The interaction of all these factors may pose serious challenges to the labour market outcomes of South Asian women. George and Ramkisson, (1998) in a qualitative study, interviewed 47 South Asian women and found that many do not find work in their areas of expertise, and that the imperative of having an income encourages them to accept relatively low-paying jobs.

Highlighting the poor outcomes for South Asian women, Stelcner and Shapiro (1999) have shown that the earnings of South Asian women were 9% below the Canadian average. Heibert (2009) used the Longitudinal Immigration Database (IMDB) to analyze the economic outcomes of immigrants living in metropolitan Vancouver based on their human capital. He found that South Asian women are likely to be employed but receive low incomes. Salaff and Greve (2003) offer an interesting insight into understanding the complexities faced by immigrant women. They argue that the poor match between the social structures that surround jobs in a migrant's home country and their new destination makes it difficult to continue careers abroad. Women face more problems continuing their original careers because the highly institutionalized professional system in the host

country affects women more than men. According to Talbani and Hasanali (2000) South Asian women have become earning members of the family; however their economic role is not considered as important as men's role. Describing the lower return to South Asian women's education, Preston and her colleagues (2010) have shown that South Asian immigrant women holding university degrees have the poorest wage and salary outcomes of all immigrant groups, particularly those from Iran and Pakistan.

Age also plays an important role in the life of South Asian women immigrants. Choudary (2001), in a descriptive qualitative study, finds that the South Asian women, especially older Indian women, experience earnings disadvantage because of traditional family values and lack of social support. For example, they have to leave their careers to take up family responsibilities because they are not considered real bread winners. It seems that it is the overall patriarchal system in society and the familial values that prevent South Asian women from performing well in the labour market. This situation may undermine the economic performance of all women, and South Asian women particularly, if investment in their education and associated decision making are guided through traditional family structure.

4.5. Literature Review on Labor Market Outcomes for Second Generation Visible Minorities and South Asians

As far as the labour market performance of second generation visible minority is concerned, most of the literature is optimistic about the success of South Asian second generation (Hum & Simpson 1999, 2007; Boyd 2002; Reitz & Bannerji 2007). Hum and Simpson (1999) use the master file of the 1996 Survey of Labour and Income Dynamics (SLID), which contains detailed work history information, to examine six groups: Blacks, Indo-Pakistanis, Chinese, non-Chinese Orientals, Arabs and Latin Americans, and

aboriginal Canadians. They found that Indo-Pakistani immigrants face significant earnings gaps compared to whites, especially for men, but found almost no differences amongst the second generation Canadian-born population. The only exception is native-born black males, who earn significantly less than native-born whites. Boyd (2002) also paints a positive picture of the second generation. Her findings are similar to that of Reitz and Bannerji (2007), who found that the second-generation have higher educational attainments than other generations. Boyd (2002) uses the 1996 Survey of Labour and Income Dynamics (SLID) to study the educational attainments of the adult offspring of immigrants in Canada. She finds that contrary to the US experience, in Canada the adult offspring of visible minority immigrants have done much better than non-visible minority groups. Boyd concludes that contrary to the US evidence of “second generation decline” and segmented “underclass”, in Canada the adult visible minority immigrant offspring do not have such lower educational attainments. Although she speculated that her sample is more likely to be employed, it is not clear whether the newly employed visible minority persons would be earning at comparable levels with whites.

Parental socio-economic status is deemed important for the economic outcome of second generation visible minorities. For example, Hum and Simpson (2007) use the 1999 SLID to investigate the influence of parents’ level of education on the earnings of their children and find that it is a critical indicator of labour market performance, nearly as much as personal education. They note that both parents’ education contributes positively to the higher income among the second-generation. Since South Asian immigrants are highly educated and are selected on the basis of their higher human capital, it can be assumed that their higher educational status would result in better economic outcomes for their children. Aydemir and Sweetman (2006) also share this view when they found that

second generation US and Canadians have higher incomes than other generations, though members of the second generation do much better in Canada than in the US.

The optimism about the success of second generation South Asians lies in their strong family values (Bhattacharya and Schoppelrey, 2004; Abada and Tenkorang, 2009). According to Bhattacharya and Schoppelrey (2004) the relationship between children and South Asian families is vertical, with power and status determined hierarchically. It seems that within the hierarchical structure of Asian families, success is not understood in individualistic terms, but rather as a matter of enhancing family pride and honour. For instance, Abada and Tenkorang (2009) find that second generation Chinese and South Asian youth have the highest levels of post-secondary education attendance compared to other visible minority groups. However, the authors did not analyze the impact of the higher educational attainments on the labor market performance of second generation.

The above review suggests that previous studies have not systematically analyzed the earnings of different South Asian sub-groups. The available evidence shows that South Asian immigrants generally experience an earnings disadvantage when compared with Whites or non-visible immigrants or with native born Canadians. Factors such as work experience, language ability, non-recognition of foreign credentials, foreign education are important to the earnings' analysis of foreign born South Asian men and women. At the same time, there are some noteworthy omissions in the literature. For example, South Asians are treated largely as a homogenous group. Such assumptions generate misleading findings because they ignore between group demographic, social, economic and other cultural differences. Gosh (2007) notes, South Asians who arrived in Canada at specific periods possess distinct economic, human and social capital which could lead to differential patterns of economic integration.

Furthermore, the terms non-visible minority immigrants, or White immigrants, mask differences between various non-visible minority immigrants. Membership in white ethnic groups does not automatically mean that all of the Whites or non-visible minority immigrants enjoy the same level of earnings. For example, in their analysis of 1991 Census data, Stelcner and Shapiro (1999) have shown that within whites, Latin Americans, Greek and Portuguese people respectively earn 30%, 28% and 10% less than the Canadian average. The failure to account for diversity among non-visible minority immigrants does not reflect the true economic situation of different immigrant groups. Thus the present study restricts analysis to the comparison between British/Irish¹¹ and various groups of South Asians.

Another important gap in past studies is that although these studies control for demographic factors, many of these studies did not control for age at arrival. Younger age at arrival may provide extensive opportunities for exposure to educational and social institutions which could be helpful in learning local languages, thus leading to better labour market outcomes. For example, in their comparative study of the effect of age at arrival, Lee and Edmonston (2011) found that the language, educational, and occupational achievements of Asian immigrants who arrived at younger ages are superior to those who arrived at older ages. The effect of age at arrival on education is pronounced for South Asians immigrants, with about an 11 percent decrease in university education for each additional year in age-at-arrival.

Past studies on members of the second generation generally paint an encouraging picture. Second generation South Asians display higher educational attainments compared

¹¹ The British, Scottish and Irish are placed into one category because for the sample, no significant earnings differences were observed.

to their non-visible minority counterparts. Previous research, however, has not sufficiently established a link between higher educational attainments and the earnings of second generation South Asians.

Taken together, the above survey of the literature provides an opportunity to investigate systematically the economic performance of South Asians. The present study compares the earnings of different South Asian ethnic groups in comparison to British/Irish, in order to determine whether ethnicity plays a similar role for the earnings of Indians, Pakistanis, Sri Lankans and Bangladeshis, after adjustment for demographic, human capital, and work related factors, as well as occupations and the size of CMAs. Keeping in view the evidence of earnings differentials for South Asian women, a separate analysis is undertaken for South Asian men and women. The analysis is further expanded to see whether the second generation South Asians exhibit substantial differences in earnings, relative to British/Irish.

4.6. Theoretical Orientation and Hypotheses

Ethnic affiliation is considered to be an important factor for the labour market outcomes of immigrants. It may serve as a catalyst for successful economic integration of non-visible immigrants or it could serve to block the socio-economic mobility of visible minorities in Canada. Historically non-visible ethnic minorities were also affected by ethnicity in their labour market outcomes. Porter (1965) in his book "*The Vertical Mosaic: An Analysis of Social Class and Power in Canada*", portrayed Canadian society as an ethnic mosaic, hierarchically structured in terms of the differential distributions of wealth and power among its constituent ethnic groups. The main tenets of his thesis were that there existed occupational and income hierarchy among various British/Irish ethnic groups, and that the

British also enjoyed better socio-economic status than the French. Ethnic groups other than the British and French also faced blocked mobility.

According to Porter (1965), the entrance status of certain ethnic groups is inferior to that of the charter groups, namely British and French. Over an extended period of time other ethnic groups would continue to experience blocked socio-economic mobility unless they conform to the values of the dominant groups. In this vein, Reitz and Sklar (1997) argue that strong ethnic attachment may impede social mobility, for instance by isolating individuals from networks that may provide information about mainstream job opportunities. Additionally, structural barriers, such as devaluation of credentials and recruitment procedures in the labour market, deny opportunities to certain ethnic groups (Breton and Roseborough 1971; Boyd et al. 1981; Lautard and Guppy 1990). According to Nakhaie (1997) the vertical mosaic is still very much apparent with the British occupying the top position in the hierarchy of social stratification. Lian and Mathews (1998) argue that while the old ethnic vertical mosaic may be disappearing, it is being replaced by a strong "coloured vertical mosaic". This indicates that now, ethnicity has been a greater disadvantage for visible minorities than for non-visible minorities. Thus the dynamics of socio-economic inequality is shifted from simple ethnicity to visible minority status.

Provided that ethnicity remained important historically, with differential impact on the earnings of non-visible and visible minorities, it could be asked if the earnings of South Asians are mediated through their ethnicity. If so, it will be determined whether accounting for demographic, human capital, work related factors and residential location helps to explain the impact of ethnicity on the socio-economic mobility of South Asians.

In terms of the incorporation of second generation visible minorities, it may be expected that parental socio-economic status would be more important than ethnic status.

For example, Hirschman (2001) found evidence that familial and socioeconomic characteristics influence the second generation's educational enrolment. He found a significant relationship between the second generation's higher non-enrolment rates and the low educational status of the parents. Aydemir et al. (2009) also found a positive correlation between the education outcomes of second generation and the education of their parents. It may be because the institutional structure of the Canadian education system does not limit access according to ethnic status. This implies that ethnic affiliation might be a factor for the foreign born but its impact may be dissipated by the educational attainments of second generation people; any costs attached to one's ethnic status may not be transmitted to the successive generations. Hence for the present study, it can be hypothesized that second generation South Asians would not encounter an earnings penalty associated with their ethnic status.

4.6.1. Hypothesis 1:

The above empirical and theoretical review reveals that due to their visible ethnic status all of the South Asians would be disadvantaged compared to British/Irish. Among South Asian ethnic groups, Indians not only possess a longer immigration history in Canada compared to Pakistanis, Sri Lankans and Bangladeshis, the Indian population is also the largest among all South Asians and the second largest visible minority group in Canada. Indians comprise highly skilled and trained professional and IT experts (Agrawal and Lovell, 2010). The Sri Lankan immigrant population has a substantial portion (12%) of refugees and they are the second largest group of the total refugees who entered into Canada in the period 1995-2000 (Devoretz et al., 2004). The mixture of economic and refugee class Sri Lankan immigrants, and the relatively young Bangladeshi immigrants, suggest an earnings performance below that of Indians. The Pakistani immigrant

population is the second largest among the South Asians after Indians, and is comprised of mostly skilled workers and professionals (Bhattacharya and Schoppelrey, 2004). Overall, keeping in view the factors such as length of history, size of groups and skill levels, the first hypothesis leads to:

Foreign born Indians are expected to benefit more from human capital and work related factors in terms of their performance in the Canadian labour market than all other South Asian groups in comparison to the foreign born British/Irish.

4.6.2. Hypothesis 2:

South Asian women are burdened with the salvaging and reproducing culture, in addition to making economic contributions to the household and the nation through paid work (Banerji, 2006). This implies a precarious situation which may undermine the economic performance of generally all women and particularly South Asian women. Howland and Skalleriou (1993) have shown that after the controls were taken into account, South Asian men had a 2% earnings advantage over non-visible minority men, while South Asian women were 4% disadvantaged compared to white women. Preston and her colleagues (2010) have also shown that Pakistani women holding university degrees have the poorest wage and salary outcomes of all immigrant groups. Furthermore, Hou (2010) finds that the effect of Canadian experience and education on immigrant entry earnings gap was generally small for immigrant men, particularly in the 1990s and early 2000s, but was stronger for immigrant women. In addition to this empirical evidence, different social, cultural, and religious values surrounding South Asian women lead to the formulation of the second hypothesis.

South Asian women are not expected to fare better than South Asian men, and further they are likely to experience a differential impact of demographic, human capital, work related factors and the size of CMAs on their earnings. Therefore, it may be expected that in comparison to British/Irish foreign born women, South Asian women will have inferior labour market outcomes. These differences are expected to persist even when accounting for these controls.

4.6.3. Hypothesis 3:

Boyd and Grieco (1998) analyzed the 1994 Canadian General Social Survey and found that second generation Canadians had more years of education and higher occupational status than their parental generation. Bhattacharya and Schoppelrey (2004) conducted a qualitative study of Indian, Pakistani and Bangladeshi immigrants in the United States to explore pre-immigration beliefs of life success and post-immigration experiences. They found that apart from family expectations, other multiple factors, such as immigrant parents' level of education and the availability of job opportunities can widen the discrepancy between the anticipated levels of success and actual experiences after immigration. Although in the present study, the parental socio-economic status is not measured, on average all of the South Asian immigrants are highly educated, and immigration selection is heavily guided by human capital factors (Buzdugan and Halli, 2009; Esses et al., 2007; Heibert, 2009). Based on the empirical evidence on the achievements of second generation, the second generation South Asians are expected to perform better than their British/Irish counterparts. Unlike the parental generation: (1) second generation have better exposure to the social institutions, they know the official language(s) and they are educated in Canada; (2) the second generation South Asians are

expected to benefit from the higher human capital of the first generation South Asians. It is assumed that the impact of ethnicity will be discounted after the control of other factors. Additionally, the evidence of higher achievements of South Asian second generation found by Reitz et al. (2011) provides a rationale to frame the third hypothesis.

Second generation South Asians are not expected to have an earnings disadvantage in comparison to their British/Irish counterparts in the labour market because unlike the first generation, they will not suffer from a lack of host country specific human capital.

4.7. Data, Measures, and Methods

The study utilizes the master file of the 2006 Census which offers a very large and representative data set on the earnings of visible minorities, including South Asians. The 2006 Census includes important questions relevant to the study. The question which asks about the ethnicity of the respondents is used to define South Asian ethnic status for the present study. The question, where did individuals obtain their highest degree or diploma allows analyzing the value of the location of the final degree in the Canadian labor market. Unfortunately, the question addressing number of years of schooling was not asked in the 2006 Census.

A number of restrictions were applied to draw the sample for the study. The study targets those South Asians who have declared their ethnicity as Indian, Pakistani, Sri Lankan and Bangladeshi. The reference group consists of those British/Irish whose first ethnicity is British, Scottish and Irish. The respondents are aged 25-64, employed, have positive income and live in one of 26 Census Metropolitan Areas (CMAs). The total sample size is 1, 04,703. For the gender analysis, the sample is further sub-divided into

men (54,927) and women (49,776) belonging to British/Irish and South Asian ethnic groups. For the comparison of second generation South Asians and British/Irish, the sample is comprised of 60,807 persons, who are aged 18-49, employed, having a positive income and living in CMAs. The age limit for the second generation sample is smaller in order to correspond to the young South Asian population. The sample size for the second generation is comprised of 60,807 persons. Due to the fewer number of cases, separate analysis of gender for the second generation is not conducted. Furthermore, due to very low numbers, the Bangladeshi second generation is dropped from the analysis.

The dependent variable for the study consists of annual personal employment income. In order to avoid skewness, the natural log of personal income is used for the analysis. The independent variables include socio-demographic measures, human capital factors, work related factors, broad occupational classification, and CMA size (large, medium and small).

Socio-demographic variables include age at interview, age at immigration, gender, marital status and citizenship status. Human capital factors include education, place of where highest degree was obtained, and languages used most often at home and at work. Work related factors include working status, hours worked per week, work experience and occupational classification. Occupational classification is based on the 2006 National Occupational Classification (NOC-S 2006).

As shown in the literature, foreign work experience¹² and local work experience has differential labour market outcomes. It is necessary to distinguish between work experience obtained in Canada and work experience obtained elsewhere (Aydemir & Skuterud, 2004). Hence, the work experience measure is comprised of Canadian and

foreign work experience. Following Li (2000) Census Metropolitan Areas (CMAs) are categorized as small (100,000-499,999), medium (500,000-999,999), and large (1,000,000+).

Work experience is calculated by the formula: Foreign exp = Age at immigration - number of years of education - 6. If this formula produces a number which is zero or negative, the foreign experience is taken to be zero¹³. Total experience = Age - number of years of education - 6. The Canadian work experience is calculated by subtracting foreign work experience from the total work experience. For the detailed description of other variables (see Tables 1 and 4).

Generally concerns are raised regarding the limitations of the measure of potential work experience (Hum and Simpson, 2004; Nakhaie, 2007; Yoshida and Smith, 2008). It is argued that the measure of potential work experience overestimates total years of employment because it does not account for disruptions in employment. This overestimation is a problem, particularly when immigrants are compared with the native born (Yoshida and Smith, 2008). This is especially so for immigrants who are more

¹² Foreign work experience is only applicable to the foreign born persons not to the second generation.

¹³ Hou (2010) and Li, (2008), calculated foreign experience "age at immigration minus years of schooling and minus 6. If the resulting value is zero, it means no foreign experience possessed by immigrants. The Canadian work experience is simply the difference between the total potential years of experience and the estimated foreign experience (see also Aydemir and Skuterud, 2004).

In the 2006 census, the numbers of years of education question is not included; following Hou & Coulombe (2010), the years of schooling for the 2006 Census was imputed from the estimated median years of schooling in the 2001 census by the highest level of certificate or degree for British/Irish and South Asian foreign born individuals aged 25-64, employed and living in CMAs. These estimated median years of schooling were then assigned to corresponding levels of certificate or degree in the 2006 census as follows: none (10 years of schooling); high school graduation certificate (12 years); other trades certificate or diploma, registered apprenticeship certificate or diploma, college, CEGEP or other non-university certificate or diploma from a program of three months to less than one year in duration (13 years); college, CEGEP, or other non-university certificate or diploma from a program of one to two years (14 years); college, CEGEP, or other non-university certificate or diploma from a program of more than two years (15 years); certificate or diploma below bachelor (16 years); bachelor's degree (17 years); certificate or diploma above bachelor (18 years); degree in medicine or dentistry, veterinary medicine or optometry (19 years); master's degree (20 years); earned doctorate degree (21 years).

vulnerable to labour market fluctuations, such as unemployment and the economic recession. Hum and Simpson (2004) argue that the correlation between potential work experience and actual work experience is weak when the earnings of immigrants are compared with the native born. The measure of potential work experience will tend to overestimate work experience for immigrants, and in case if work experience is positively related with earnings, the earnings disadvantage for immigrants will be shown less than the actual disadvantage.

Although many scholars have employed the measure of potential work experience (Hou & Coulombe, 2010; Aydemir & Skuterud 2004; Li, 2008), the justification is different in the present study. The present research assumes that the over estimation will not be a problem because the comparison is not between the native born and foreign born, rather the comparison is between foreign born South Asians and foreign born British/Irish. The overestimation of work experience for the South Asians will be offset by the overestimation of work experience for the British/Irish foreign born. The potential difference would be due to the effect of ethnicity and not because of the overestimation of foreign work experience.

4.8. Analysis

Table 4.1 shows that, on average, the South Asian people are younger than British/Irish. A greater proportion of all South Asians arrived in Canada at age 25 years and above, while close to the half of the British/Irish were aged 15 years or less when they arrived in Canada. The mean income of British/Irish is much higher than South Asians. Among South Asians, Indians have higher average income (\$38,410) followed by Pakistanis (\$32,180), Sri Lankans (\$31,240) and Bangladeshis (\$23,740). Men earn on average more than women for all the groups as do the married persons when compared to the singles

group. Interestingly, a majority of British/Irish (64.6%), Indians (49.5%) and Sri Lankans (65.3%) belong to the education category “greater than high school but less than university degree”, whereas a higher proportion of Pakistanis (56.1%) and Bangladeshis (61.6%) have obtained at least a university degree. Those who obtained their highest degrees in the UK/US show higher average earnings followed by those with Canadian degrees. A majority of all foreign born persons speak official languages at work. Among South Asians, a greater proportion of Indians (44%) speak one of the official languages at home.

With regards to work related factors, a majority of all immigrant groups work full-time. The South Asian groups, on average, work fewer hours per week, have greater foreign work experience, and less Canadian work experience. Among the South Asians, on average, the Indians have more Canadian work experience, while Sri Lankans have more foreign work experience.

Table 4.1.**Characteristics Distribution and Average Income of Foreign Born South Asians and British/Irish, Aged 25-64, Employed, Living in CMAs, Canada, 2006**

	British/Irish	Indians	Pakistani	Sri Lankan	Bangladeshi
Average income (\$)	\$ (56,470)	\$ (38,410)	\$ (32,180)	\$ (31,240)	\$ (23,740)
Average age	48.0	42.0	40.0	41.0	38.0
Work experience (years)					
Foreign work experience	4.0	8.0	9.0	10.0	8.0
Canadian work experience	23.0	14.0	9.0	11.0	8.0
Hours worked/week	34.0	32.0	30.0	32.0	29.0
Age at interview	%	%	%	%	%
55 +	31.0 (62,600)	14.0 (48,720)	7.0 (39,710)	10.0 (33,590)	3.0 (32,180)
40-54	46.0 (65,170)	41.0 (44,980)	40.0 (33,360)	45.0 (32,500)	39.0 (27,560)
25-39 ref.	23.0 (48,100)	45.0 (34,290)	53.0 (29,670)	44.0 (29,360)	58.0 (20,450)
Age at immigration					
25 +	26.8 (65,140)	49.7 (37,970)	65.1 (31,010)	62.4 (30,640)	69.0 (25,310)
15-25	24.5 (58,280)	35.8 (41,610)	22.9 (31,260)	27.5 (30,900)	24.3 (20,210)
<15 ref.	48.6 (58,800)	14.6 (48,030)	12.0 (37,840)	10.1 (35,670)	6.6 (17,490)
Gender					
Females	49.5 (42,280)	48.7 (32,250)	33.4 (22,560)	41.5 (23,890)	36.4 (16,260)
Males ref.	50.5 (77,740)	51.3 (50,720)	66.6 (36,550)	58.5 (36,420)	63.6 (27,720)
Marital status					
Not married	26.3 (47,516)	15.7 (35,910)	15.5 (29,510)	17.0 (27,870)	9.7 (22,210)
Married ref.	73.7 (64,967)	84.3 (43,536)	84.5 (32,320)	83.0 (31,900)	90.3 (23,690)
Citizenship					
Not a Canadian citizen	24.6 (55,440)	28.5 (31,980)	34.5 (23,010)	21.7 (25,440)	34.7 (17,930)
Canadian citizen ref.	75.4 (61,980)	71.5 (44,607)	65.5 (36,570)	78.3 (32,820)	65.3 (26,540)
Education					
Master degree +	10.6 (96,330)	13.3 (60,640)	23.1 (39,310)	3.7 (53,210)	29.4 (27,420)
University Bachelor	19.8 (78,210)	26.3 (48,150)	33.1 (33,880)	13.3 (42,300)	32.2 (25,090)

Greater than HS & less than University	64.6 (50,850)	49.5 (37,280)	38.1 (27,400)	65.3 (29,700)	34.4 (20,160)
HS diploma or less ref.	5.0 (36,280)	10.9 (28,680)	5.7 (20,110)	17.7 (23,900)	6.0 (16,155)
Place of highest degree obtained					
Highest degree obtained U.S/UK	22.7 (75,290)	4.1 (68,720)	6.2 (53,260)	2.7 (59,380)	5.5 (37,020)
Highest degree obtained elsewhere	33.3 (47,090)	70.1 (34,450)	73.6 (26,990)	72.5 (27,790)	80.8 (22,280)
Highest degree in Canada ref.	44.0 (62,272)	25.7 (50,170)	20.2 (43,110)	24.8 (38,210)	13.7 (25,620)
Language					
Non-official languages used most often at home	1.0 (41,330)	56.0 (33,510)	74.2 (28,710)	77.4 (28,160)	83.9 (22,980)
Official languages at home ref.	99.0 (60,570)	44.0 (49,070)	25.8 (41,010)	22.6 (41,670)	16.1 (26,520)
Non-official languages used most often at work	0.6 (50,480)	6.9 (26,330)	5.1 (22,830)	4.0 (21,420)	5.2 (17,560)
Official languages at work ref.	99.4 (60,250)	93.1 (42,970)	94.9 (32,370)	96.0 (31,630)	94.8 (23,880)
Working Status					
Worked part-time	13.8 (19,990)	10.7 (15,610)	15.0 (10,340)	12.1 (11,691)	18.4 (8,120)
Worked full time ref.	86.2 (66,830)	89.3 (45,440)	85.0 (35,690)	87.9 (33,910)	81.6 (27,030)
Broader occupational classification					
Business/finance/administrative	22.5 (48,250)	21.8 (38,930)	18.7 (31,290)	20.2 (32,140)	11.6 (26,010)
Natural and applied sciences and related	9.4 (76,360)	9.8 (59,610)	14.3 (49,700)	8.4 (48,920)	13.2 (39,560)
Health	5.9 (51,170)	4.7 (43,710)	3.3 (47,640)	2.4 (43,410)	2.7 (38,710)
Social sciences, education, govt service and religion	12.4 (56,420)	5.4 (43,350)	6.1 (26,890)	3.9 (32,170)	7.2 (24,960)
Sales and service	16.2 (37,230)	19.2 (25,110)	23.1 (18,730)	23.6 (22,000)	37.2 (15,480)
Trade, transport and equipment related	10.9 (51,160)	12.1 (40,580)	11.5 (28,160)	9.3 (31,510)	5.4 (24,480)
*Other occupations	7.2 (45,110)	18.6 (31,400)	15.0 (24,920)	26.9 (27,180)	17.0 (20,480)
Management occupation ref.	15.2(1,13,970)	8.3 (80,250)	7.9 (55,130)	5.4 (53,920)	5.7 (33,330)
Size of CMAs					
Small	23.0 (51,660)	5.3 (43,740)	7.2 (33,470)	2.7 (43,150)	3.8 (26,430)
Medium	27.3 (60,890)	15.0 (44,200)	15.1 (33,710)	4.89 (38,370)	13.7 (28,320)
Large ref.	49.7 (64,110)	79.7 (40,630)	77.7 (31,380)	92.4 (30,490)	82.6 (22,630)
N	40580	51710	4480	6610	1320

Note: Average income is given in parenthesis. Numbers are rounded to the nearest 10th. Source: 2006 census

* Other occupations include Art, culture, recreation; occupations unique to primary industry, processing, manufacturing & utility

British/Irish include British, Scottish and Irish.

For “occupations”, a greater percentage of British/Irish (22.5%) and Indians (21.8%) work in “business, finance and administrative” occupations, while a greater proportion of the Pakistanis (23.1%), Sri Lankans (23.6%) and Bangladeshi (37.2%) work in “sales and services” occupations. However, all foreign born, except Bangladeshis, who work in “management” occupations have higher earnings.

Although the majority of all the foreign born groups live in large CMAs, the British/Irish immigrant population is dispersed across the three categories of CMAs. A greater proportion of Sri Lankans (92.4%) among all immigrant groups reside in large CMAs. Indian, Pakistani and Bangladeshi who live in medium CMAs earn higher average wages, while those Sri Lankans who live in smaller CMAs, earn high average wages.

The descriptive results, based on demographic characteristics, human capital and work related factors, and the size of CMAs, revealed differences among South Asian immigrant groups. It is noteworthy that the average income of British/Irish is markedly higher than that of the South Asians. Thus, it is worth probing to see whether the earnings disadvantage, associated with different South Asian ethnicities, is accounted for by the adjustment of demographic, human capital, work related factors and the size of CMAs. The following section presents results from different multiple regression models.

4.8.1. Multivariate Models

Table 4.2 presents the log annual earnings of foreign born South Asians. The logged annual earnings can be interpreted as approximate percentage when multiplied with 100 (Hou and Coulombe, 2010)¹⁴. The unadjusted coefficients in column 1 of Table 4.2 show

¹⁴ Logged coefficients can be interpreted in following ways: 1) traditional way of interpreting is in log points, i.e., one log point change in independent variable will bring certain log point change in earnings provided other factors are held constant. 2) The coefficients can be interpreted as approximate percentage difference in annual earnings. For example, If m_1 is the earnings of group 1, m_2 is the earnings of group 2,

that all of the South Asian immigrants earn significantly less than British/Irish immigrants. The raw earnings gap is smaller (-.407) for Indians and larger (-1.011) for Bangladeshis. The adjustment of socio-demographic factors shows a reduction in the earnings gap for all South Asian groups, but the reduction was very small for Sri Lankans and Bangladeshis (from -.574 to -.571 and -1.011 to -.966 respectively). The adjustment for gender decreases the earnings gap only marginally for Indians but widens for the other groups, while the control of citizenship increases earnings disadvantage more for Sri Lankans than other South Asians (see Appendix Table 4.A.1). The total variance explained by the adjustment of socio-demographic variables amounts to 14.6% for Model 2 ($R^2 = .151$).

The controls for human capital factors in Table 4.2 reveal further narrowing of the earnings gap for all of the South Asian sub-groups in comparison to their British/Irish counterparts. A greater reduction in the earnings disadvantage is observed for Indians and Sri Lankans (from 34.5% to 10.7% and from 57.1% to 20.3% respectively) than for Pakistanis and Bangladeshis after the adjustment of schooling, place of final degree obtained and language. Since Pakistani and Bangladeshis are more highly educated than Indians and Sri Lankans, the adjustment of schooling increases the earnings gap for Pakistanis and Bangladeshis (see Table 4.A.1). Although the control for the location of the highest degree narrows the earnings gap for all South Asians groups in comparison to British/Irish, it is the adjustment of language which exerts a greater impact on the earnings of South Asians.

the $\log(m_1) - \log(m_2) = \log(m_1/m_2)$ which is very close to $(m_1/m_2 - 1)$ when m_1/m_2 is between 0.9 and 1.1. However, as m_1/m_2 move further away from the range 0.9-1.1, $\log(m_1) - \log(m_2)$ become increasingly different from $m_1/m_2 - 1$. In other words, if the coefficient is much larger than 0.1 in absolute values, it is not a good proximate for the percentage difference (see Hou and Coulombe 2010; Alboim et al. 2005).

Table 4.2.**Log Annual Earnings of Foreign Born South Asian in Comparison to Foreign Born British/Irish, Aged 25-64, Employed and Living in CMAs, Canada, 2006**

	Unadjusted	Socio-demographic	Human Capital	Work Related Factors	CMAs
Indian	-.406(.007)	-.345(.007)	-.107(.009)	-.089(.008)	-.100(.008)
Pakistani	-.700(.016)	-.679(.016)	-.429(.016)	-.310(.015)	-.320(.015)
Sri Lankan	-.574(.014)	-.571(.014)	-.203(.014)	-.133(.013)	-.148(.013)
Bangladeshi	-1.011(.029)	-.966(.028)	-.687(.028)	-.482(.025)	-.494(.025)
British/Irish Ref.					
Constant	10.576	11.382	11.179	10.930	10.949
R ²	.050	.151	.198	.365	.375
N	104703	104703	104703	104703	104703

Note: All of the coefficients are significant at p 5% or less. Standard errors are given in brackets.

First Model represents unadjusted effect; second Model (socio-demographic) adds age at immigration, age at interview, gender, marital status and citizenship; third Model (human capital) adds education, place of final degree and language; Fourth Model (work related factors) adds working status, hours worked per week, foreign work experience, Canadian work experience and occupations; and final Model also includes the effect of CMAs.

See Appendix Table 4.A.1 for full Models.

Source: 2006 Census

Regarding the addition of work related factors to the Table 4.2, the earnings gap is reduced to 8.9% for Indians, 31% for Pakistanis, 13.3% for Sri Lankans and 48.2% for Bangladeshis. Among the work related factors, the addition of “working status” to the model increases the gap for Indians and Sri Lankans, while the opposite is observed for Pakistanis and Bangladeshi. The adjustment of “hours worked” and “occupations” further

narrows the earnings gap only marginally for most groups and slightly more so for Bangladeshis in comparison to British/Irish. Although the control for both foreign and Canadian work experience helps to reduce the earnings gap for all of the South Asian groups, the impact of foreign work experience is lower than the impact of Canadian work experience. Note that all of the South Asian groups obtain almost the same reduction in the earnings gap by the adjustment of Canadian experience. It is worth mentioning that controlling for occupations accounts for the penalty associated with “hours worked”, as hours worked are no longer significant for the earnings of immigrants after the control of occupations (see Appendix Table 4.A.1). For the whole sample, working part-time and foreign work experience are negatively associated with the earnings of the foreign born persons, while hours worked per week and Canadian work experience show positive associations. Taken together, work related factors account for about 17 % of the total variance ($R^2 = .365$ for Model 4).

The control for size of CMAs in Table 4.2 shows that earnings gap widens slightly for all South Asian groups in comparison to the reference group. Residence in small and medium CMAs affects the earnings of foreign born persons negatively when compared with the residence in large CMAs. Foreign work experience is no longer significant, while hours worked are again significant for the earnings of immigrants after the adjustment for size of CMAs (see Appendix Table 4.A.1).

Overall, the control of socio-demographic, human capital, work related factors and the adjustment of CMA size, shows a substantial reduction in the earnings gap for all South Asian groups, but they remain significantly disadvantaged in comparison to British/Irish immigrants. Also, the variations among South Asians have shown that several factors have differential outcomes for the earnings of South Asians. The adjustment of

socio-demographic and human capital factors, for example, narrows the earnings gap more for Indians than for other South Asians in comparison to British/Irish, while Sri Lankans, Bangladeshis and Pakistanis reduce their earnings disadvantage more so through the control of work related factors. It seems that the latter group's human capital does not automatically translate into work related achievements, and, particularly so, because they had higher education than the former group. After analyzing the general differences of labor market outcomes among South Asians, it is useful to consider separately South Asian men and women.

4.8.2. Gender

Table 4.3 first shows unadjusted or raw earnings gap associated with the earnings of South Asian men and women in comparison to their British/Irish counterparts. The unadjusted gap for Indian men (43.8%) and for Sri Lankan men (64.1%) is greater than for women of the same groups, while unadjusted earnings disadvantage is greater for Pakistani (85.7%) and Bangladeshi (1.103) women than men belonging to the same groups, in comparison to their British/Irish counterparts.

The adjustment of demographic factors lowers the earnings gap of South Asian groups compared to British/Irish, for both men and women, though the reduction is more pronounced for women. Controlling for human capital factors has a substantial effect on the earnings differences of South Asian groups in comparison to the British/Irish groups. Among South Asian men after the adjustment of all variables, Indians have a gap of 14.8%, Pakistanis 36.2%, Sri Lankans 17.5% and Bangladeshis 55.8%. While the earnings gap for South Asian women, after the adjustment for the same factors, comes down to 4.6%, 29.1%, 11.7% and 41.3% for Indian, Pakistani, Sri Lankan and Bangladeshi women

respectively. Note that the control of CMA size increases the earnings gap slightly more for South Asian women than men, when contrasted with British/Irish counterparts.

In the full Tables, Appendix Tables 4.A.2 and 4.A.3 reveal that older age at interview is positive, while older age at the time of arrival is negative for the earnings of both men and women. Non Canadian citizens face a significant earnings deficit compared to Canadian citizens. While not married women have an earnings advantage, not married men have an earnings disadvantage compared to married women and men respectively. After controlling for work related factors for women, however, there is no longer a statistically significant difference between the married and single women.

In terms of human capital, education is positively related to earnings. Foreign degrees have lower earnings prospects for both genders, but especially for women. Those who obtained their degrees in the UK/US have higher earnings than Canadian degree holders and this is more pronounced for men when compared to those who obtained their degrees in Canada. Speaking non-official languages at home and at work is associated with an earnings disadvantage for both men and women. The earnings gap is greater for women than men for using non-official languages at home.

The statistical control of work related factors shows that working part time carries an earnings disadvantage, while foreign work experience is negative for men and is positive for the earnings of women; however, the size of the coefficient is very small. On the other hand, Canadian work experience is statistically significant and positive for the earnings of both men and women. For both men and women, all occupations have significant lower earnings in comparison to management occupation management occupation, for women, however, 'natural and applied sciences and related' and 'health' occupations are not statistically different from the reference category once CMAs variable

Table 4.3.**Log Annual Earnings of Foreign Born South Asian Men and Women in Comparison to Foreign Born British/Irish, Aged 25-64, Employed and Living in CMAs, Canada, 2006**

	Men				
	Unadjusted	Demographic factors	Human capital factors	Work related factors	CMAs
Indians	-.438(.009)	-.430(.010)	-.187(.010)	-.143(.011)	-.148(.011)
Pakistani	-.753(.019)	-.708(.020)	-.471(.020)	-.358(.019)	-.362(.019)
Sri Lankan	-.641(.017)	-.651(.018)	-.272(.018)	-.170(.017)	-.175(.018)
Bangladeshi	-1.069(.035)	-1.050(.034)	-.785(.034)	-.553(.031)	-.558(.031)
British/Irish Ref.					
Constant	10.852	10.963	10.769	10.742	10.748
R ²	.069	.119	.172	.326	.336
N	54927	54927	54927	54927	54927
	Women				
Indians	-.375(.010)	-.249(.011)	-.020(.013)	-.027(.011)	-.046(.011)
Pakistani	-.857(.028)	-.694(.028)	-.432(.028)	-.274(.025)	-.291(.025)
Sri Lankan	-.581(.021)	-.463(.022)	-.117(.023)	-.091(.020)	-.117(.020)
Bangladeshi	-1.103(.048)	-.869(.047)	-.572(.047)	-.392(.041)	-.413(.041)
British/Irish Ref.					
Constant	10.289	10.281	10.121	10.191	10.223
R ²	.050	.100	.146	.362	.373
N	49776	49776	49776	49776	49776

Note: All coefficients are significant at p 5% or less. Standard errors are given in brackets.

First Model represents unadjusted effect; second Model (socio-demographic) adds age at immigration, age at interview, marital status and citizenship; third Model (human capital) adds education, place of final degree and language; Fourth Model (work related factors) adds working status, hours worked per week, foreign work experience, Canadian work experience and occupations; and final Model also includes size of CMA. See Appendix Tables 4.A.2 and 4.A.3 for full Models. Source: 2006 Census

is adjusted. Men living in small CMAs and women living in the small and medium CMAs have lower earnings compared to those living in the large CMAs. Living in the medium CMAs for men, is not statistically different from those living in the large CMAs.

Overall the separate analysis for South Asian men and women shows that it is the human capital considerations that account for much of the earnings gap with their British/Irish counterparts. After the adjustment of all factors, each group of South Asian women is relatively less disadvantaged than South Asian men in comparison to their British/Irish counterparts of the same gender. The control for all factors explains a total variance of 33.6% and 37.3 for men and women respectively.

While a good deal of attention has been focused on the economic challenges that South Asian immigrants face, the story is not the same for the second generation South Asians. The next section proceeds with descriptive analysis for second generation South Asians followed by multiple regression models.

4.8.3. Second Generation

Table 4.4 presents descriptive results for second generation South Asians. It is important to note that the Bangladeshis are dropped from the second generation analysis due to their low numbers. The age limit is changed to 18-49 years because of the young South Asian populations. Also, due to the low number of cases in various categories of the education variable, education categories are collapsed to two categories: university degree and less than university degree. The rest of the variables remain the same as in the previous analysis. For this second generation, on average South Asians are much younger than British/Irish, while Sri Lankans are on average younger than Indians and Pakistanis. Each South Asian group, on average earns substantially less than the British/Irish group.

Table 4.4.**Characteristics Distribution and Average Income of Second Generation South Asians and British/Irish, Aged 18-49, Employed and Living in CMAs, Canada, 2006**

	British/Irish	Indian	Pakistani	Sri Lankan
Average income (\$)	\$ (44,700)	\$ (27,710)	\$ (26,500)	\$ (25,060)
Average age	34.0	26.0	26.0	25.0
Hours worked/week	33.0	27.0	26.0	25.0
Work experience (years)	14.0	5.0	5.0	5.0
Gender	%	%	%	%
Females	49.0 (35,230)	51.0 (25,210)	52.0 (22,400)	41.0 (22,130)
Males ref.	51.0 (53,810)	49.0 (30,310)	48.0 (30,890)	59.0 (27,060)
Marital status				
Currently not married	48.0 (29,310)	77.0 (22,390)	68.0 (21,250)	80.0 (16,220)
Currently married ref.	52.0 (58,957)	24.0 (45,018)	31.0 (37,830)	23.0 (34,337)
Education				
University degree	29.0 (64,355)	37.0 (41,187)	38.0 (38,100)	32.0 (42,950)
Less than university degree ref.	71.0 (36,730)	64.0 (19,980)	62.0 (19,250)	68.0 (16,440)
Working status				
Worked part-time	20.0 (52,480)	35.0 (37,620)	36.0 (35,830)	44.0 (39,370)
Worked full-time ref.	80.0 (13,280)	65.0 (9,610)	64.0 (9,880)	56.0 (6,740)
Occupations				
Business/finance/administrative	21.0 (41,980)	27.0 (26,790)	29.0 (25,450)	22.0 (30,420)
Natural and applied sciences and related	8.0 (59,690)	9.0 (42,280)	9.0 (52,460)	9.0 (60,120)
Health	5.0 (43,350)	6.0 (41,020)	7.0 (39,930)	5.0 (26,230)
Social sciences, education, government service and religion	10.0 (43,870)	11.0 (33,290)	11.0 (29,540)	12.0 (19,040)
Sales and service	24.0 (27,010)	28.0 (14,630)	28.0 (14,000)	33.0 (11,670)
Trade, transport and equipment related occupation	11.0 (39,620)	6.0 (23,830)	4.0 (18,640)	6.0 (14,830)
* Other occupations	9.0 (34,220)	6.0 (21,870)	6.0 (18,450)	11.0 (15,150)
Management occupation ref.	12.0 (89,320)	7.0 (50,720)	8.0 (40,390)	5.0 (42,370)
Size of CMAs				
Small	25.0 (38,600)	7.0 (28,430)	7.0 (19,925)	7.0 (27,860)
Medium	27.0 (44,610)	20.0 (27,370)	22.0 (27,040)	15.0 (22,710)
Large ref.	47.0 (48,010)	75.0 (27,720)	72.0 (26,930)	79.0 (25,280)
N	48900	11020	670	220

Note: Average income is given in parenthesis. Sample proportions are outside parenthesis. Numbers are rounded to the nearest 10th.

* Other occupations include art, culture, recreation; occupations unique to primary industry, processing, manufacturing & utility

British/Irish include British, Scottish and Irish

Source: 2006 Census

A greater proportion of Indians (77%), Pakistanis (68%) and Sri Lankans (80%) are not married, whereas (52%) of the British/Irish second generation are married.

Among all groups, Pakistanis and Indians have the highest proportions holding university degrees. A higher percentage (80 %) of British/Irish work full-time, while 65 percent of Indians, 64 percent of Pakistani and 56 percent of Sri Lankan work full time. As expected, a greater proportion of second generation South Asians reside in large CMAs. Similar to the situation in Table 4.1 for foreign born, second generation British/Irish, Indians and Sri Lankans who are employed in management occupations earn higher incomes than other occupations. Sri Lankans earn higher income in “Natural and applied science and related” occupations. On average, British/Irish have 14 years of work experience, while each South Asian second generation group has the same amount (5 years) of work experience.

Table 4.5 presents unstandardized regression models for the earnings of the second generation South Asians. Among the South Asians, Indians (52.9%) are the least and Sri Lankans (83.4%) are the most disadvantaged in comparison to the British/Irish when no factors are adjusted. The situation of Pakistanis and Sri Lankans is not similar to their first generations where Pakistanis foreign born are more disadvantaged than Sri Lankans in comparison to their British/Irish counterparts.

The adjustment of demographic predictors indicates that Indians are no longer significantly different from British/Irish, while Pakistanis and Sri Lankans narrow their earnings gap to 11.2% and 38.3% respectively. As shown in the full tables, age is positively, while not married status is negatively associated with higher earnings. In terms of gender, female have lower earnings in comparison to second generation males (see Appendix Table 4.A.4). After the adjustment of all demographic factors total variance explained is ($R^2 = .261$).

Table 4.5.**Log Annual Earnings of Second Generation South Asians in Comparison to Second Generation British/Irish, Aged 18-49, Employed and Living in CMAs, Canada, 2006**

	Unadjusted	Socio-Demographic	Human Capital	Work Related factors	CMAs
Indians	-.529(.013)***	-.066(.011)	-.006(.010)***	.028(.010)***	.010(.010)
Pakistani	-.590(.046)***	-.112(.041)***	-.178(.040)***	-.047(.034)	-.064(.034)
Sri Lankan	-.834(.081)***	-.383(.071)***	-.426(.069)***	-.170(.059)***	-.191(.059)***
British/Irish Ref.					
Constant	10.191	10.406	10.304	10.196	10.229
R ²	.032	.261	.295	.484	.499
N	60807	60807	60807	60807	60807

Note: *** significant at p 5%. Standard errors are given in brackets.

First Model represents unadjusted effect; second Models (socio-demographic) adds age at interview, gender and marital status; third Model (human capital) adds education, fourth Models (work related factors) adds working status, hours worked per week, work experience, and occupations; and final Model adds size of CMAs.

See Appendix Table 4.A.4 for the full Model.

Source: 2006 Census

Indians are again significantly disadvantaged once the education factor is taken into account, while the earnings gap for Pakistanis and Sri Lankans is now 17.8% and 42.6% respectively. For the whole sample, working part-time is negatively associated, while hours worked per week, and work experience are positively related to the earnings of these second generation Canadians (see Appendix Table 4.A.4).

After the introduction of work related factors, second generation Indians now have a significant earnings advantage and Pakistanis are not significantly different from the British/Irish counterparts, while Sri Lankans still face an earnings gap of 17%.

Considering the individual impact of work related factors, working status narrows the

earnings gap for three of the South Asian groups. In fact it is the control for hours worked per week which provides Indians a significant earnings advantage though small in magnitude, while Pakistanis are not statistically different from their British/Irish counterparts. On the other hand, a reduction in the earnings gap is observed for Sri Lankans although they still exhibit an earnings deficit relative to the British/Irish second generation. The addition of “work experience” and “occupation” factors helps Indians retain their advantaged position while Sri Lankans are still significantly disadvantaged (see Appendix Table 4.A.4).

Across South Asian second generation groups, Indians are advantaged after adjustment for all factors, while Sri Lankans retain their disadvantaged position. Second generation who live in small and medium CMAs are having an earnings disadvantage compared to those who live in large CMAs (see Appendix Table 4.A.4). Overall, the control for demographic, human capital, work related factors and CMAs eliminates the significant earnings gaps for Indians and Pakistanis, while Sri Lankans still show that they earn 19% less than British/Irish second generation. The magnitude of the disadvantage for Sri Lankans is reduced, but it remains significant when all factors are taken into account.

4.9. Summary and Conclusion

The focus of the present research was the analysis of various South Asian sub-groups in comparison to British/Irish (British/Scottish and Irish). Theoretically the analysis was guided by Porter’s thesis of a “vertical mosaic” arguing that Canadian society is stratified socially and economically on the basis of ethnic affiliations. Drawing on Porter’s “vertical mosaic”, the present analysis is important in various ways. First, the labor market outcomes of the largest visible minority ethnic group, South Asian, are compared with the most privileged group (British/Irish). Such analysis informs our understanding about the

situation of visible minority groups, regarding the extent to which they are receiving fair and equitable treatment in the labour market. It also provides insights about the conventional success story of immigrants in Canada. Additionally, the analysis helps us to understand if the “vertical mosaic” has shifted to a “colour mosaic” in terms of placement of foreign born South Asians in a system of socio-economic stratification. Second, the literature largely assumes a homogenous identity for South Asians, which ultimately masks the differences among various South Asian sub-groups. The study therefore helps to untangle these group differences, and it highlights the differential impact of various factors on the earnings of South Asians. Third, South Asian women are portrayed as constrained by cultural, social and religious values which result in their overall lower labour market performance. The separate analysis for South Asian men and women determine how the patterns of earnings differences apply by gender. Fourth, the investigation of the economic integration of the second generation is central to evaluate existing integration and immigration policies. It is important to determine whether the barriers to economic mobility faced by the first generation are overcome in the second generation.

In the main model which includes employed men and women aged 25-64 living in CMAs, differences are observed among foreign born South Asians regarding the impact of demographic factors. For example, the adjustment of age at interview and age at immigration helped to reduce the earnings gap for Pakistanis and Bangladeshis, whereas the gap is increased for Indians and Sri Lankans. The Pakistanis and Bangladeshis are relatively younger than Indians and Sri Lankans; however a greater percentage of Indians and Sri Lankans are younger at the time of immigration (see Table 4.1). This coincides with the literature which has shown that older age in Canada and younger age at

immigration is associated with higher earnings (Lee and Edmonston, 2011; Agrawal and Lovell, 2010).

For human capital considerations, since Pakistanis and Bangladeshis are more highly educated than Indians and Sri Lankans, the control of schooling increases the earnings gap for Pakistanis and Bangladeshis. Also a greater percentage of Pakistanis and Bangladeshis relative to Indians and Sri Lankans are older at the time of immigration, which results in less Canadian experience, less familiarity and exposure to how labour markets work. Since Pakistani and Bangladeshi Immigrants are predominantly Muslims, it is possible that they are facing discrimination on the basis of their religious affiliations. Therefore Pakistanis and Bangladeshis face larger earnings gap with British/Irish. It is also important to note that not speaking official languages results in low earnings which corresponds with the findings of other research (Chiswick and Miller, 2002; Anisef and Kilbide, 2003; Nakhaie, 2007). Since a relatively greater percentage of Indians (44%) among other South Asians speak official languages at home, it is not surprising that Indians gain relatively less advantage than Pakistanis, Sri Lankans and Bangladeshis when adjusting for this factor (see columns 8 & 9 in Table 4.2).

The adjustment of working status, hours worked, Canadian and foreign work experience, and occupations helped to reduce the earnings gap, while the control of CMAs increased the disadvantage for South Asian groups relative to the British/Irish group. Control for occupations accounts for the significant association between hours worked and earnings, while the adjustment of CMAs makes foreign work experience non-significant (see Table 4.A.1). This is also consistent with Li (2010) and Skuterud (2009) who found that foreign work experience has no value in Canadian labour market. The findings of the

current study, however, suggest that the relevance of hours worked and foreign experience is dependent upon the size of CMAs where immigrants live.

The first hypothesis proposed that due to a relatively larger community size, older history and a relatively more skilled population, Indians would fare better than other South Asian ethnic groups. This hypothesis holds, as Indians are shown to be the least disadvantaged compared to other South Asians. The findings do not agree with Xue (2008) who argues that the economic performance of Sri Lankan immigrants is lower than immigrants from other top ten source countries. Contrary to the expectations, with and without controls, Sri Lankans performed better than Pakistani immigrants. It is likely that these South Asian sub-groups differ in their social and ethnic capital which may have differentially affected their labour market outcomes. With the existing data, it is not possible to account for social and ethnic capital differences. The evidence, however, from the literature does suggest that visible minority groups differ in terms of their ethnic and social capital. According to Ooka and Wellman (2003) some ethnic groups tend to create networks with more ethnically homogeneous groups which may not provide them access to the resources of other ethnic groups. Thus, they might miss opportunities that could broaden their contacts pertaining to job related information. Overall, after controls for socio-demographic, human capital and work related factors, size of CMAs, each of the South Asian ethnic groups has substantially reduced earnings penalty associated with their ethnic status in comparison to British/Irish, although the disadvantage remains significant. It seems that there might be some other structural factors such as discrimination and race which might be affecting the performance of South Asians in Canadian labor markets.

The separate analysis of South Asian men and women shows a situation similar to the analysis that simply controls for gender (Table 4.2). Indian men and women are least

disadvantaged, while Bangladeshi men and women are the most disadvantaged. When controlling for human capital, Indian and Sri Lankan men reduced their earnings gap more so than women, while Pakistani and Bangladeshi foreign born women minimize their disadvantage more than Pakistani men in comparison to their British/Irish counterparts. For example, Pakistani women reduce their earnings gap from -.694 to -.432, while that of Pakistani men from -.708 to -.471 with British/Irish (see Table 4.3). The controls for human capital shows similar patterns for Pakistani and Bangladeshi men and women, where women improve their economic conditions more so than men, while the opposite is the case for Indian and Sri Lankan men and women.

The size of CMAs where South Asians live is more important for the earnings of South Asian women than men. It is possible that since women tend to build more ethnic friendships compared to men (Moore, 1990) and the majority of South Asians reside in large CMAs (Lindsay, 2001), women would tend to have greater opportunities for networking with their own ethnic group. Women largely rely on such networks and relations for job related matters (Erickson, 2004).

For both South Asian men and women, it is human capital which has the greatest influence on the earnings of each of the groups. The adjustment of work related factors has less impact on the earnings of Indian men than other South Asian men, and Indian women experienced a slight increase in earnings disadvantage in comparison to their British/Irish counterparts. Since Indian men and women have more Canadian work experience, less foreign work experience and they work more hours, the adjustment of work related factors reduces the earnings gap for other South Asian men and women more than for Indians. Overall, for both genders, the control of demographic, human capital, work related factors

and CMAs reduced substantively the earnings gap for each South Asian groups, although the earnings disadvantaged remains.

It was also hypothesized that South Asian women are constrained with various social, cultural, and religious values; hence their labour market outcomes would be inferior to men when compared to the British/Irish immigrants of the same gender. The findings, however, demonstrated that relative to British/Irish, South Asian women have shown better labour market outcomes than in the case of South Asian men. It may be the impact of a relatively liberal society permitting South Asian women better than expected outcomes. The differential impact of various factors on the earnings, however, signals that some women are confronted with a relatively more conservative environment which may impede their economic mobility. For example, Pakistani, and Bangladeshi women experienced greater earnings disadvantage than Indian and Sri Lankan women, which may allude to the stricter cultural and religious values these women face. Since Pakistanis and Bangladeshis populations are overwhelmingly Muslim, they may be governed by the common religious and cultural values regarding the roles of women (Dale et al., 2002). This in turn might have restricted or interrupted the labour market performance of Pakistani and Bangladeshi women. Regarding the explanation for women's lower disadvantage in comparison to men, it is possible that women's overall lower average incomes (see Table 4.2) reduce the relative gaps across groups.

For the second generation of employed persons aged 18-49 living in CMAs, after the adjustment of demographic factors, Indians are no longer significantly different from British/Irish, while Pakistanis and Sri Lankans still face earnings gaps. Most of the disadvantage is removed with the adjustment of age, which is not surprising since second generation South Asians are younger compared to British/Irish. Picot and Hou (2011)

observed that age is a crucial factor in the earnings of the second generation. Education also plays an important role in the earnings of second generation South Asians given that a greater percentage of South Asians hold university degrees compared to the British/Irish second generation (see Table 4.4). The control of education increases the earnings gap for All South Asian groups and this increased disadvantage is slightly higher for Sri Lankans than other South Asians when compared to the reference group.

The adjustment of work related factors reduces the gap for all South Asians, and places Indians now in an advantaged position. Pakistanis are no longer significantly different from the British/Irish. Sri Lankans still face a significant earnings gap though the magnitude of their disadvantage is considerably reduced. Yu et al. (2004) found that compared to skilled workers, refugees show markedly lower employment earnings. It is possible that a mix of refugee and other classes of Sri Lankan immigrants would not only reflect the lower performance of Sri Lankan foreign born, but the context of arrival (refugee status) may also affect the performance of second generation Sri Lankans.

Although the size of the CMAs was important for first generation, it is even more important for second generation South Asians. According to Abada et al. (2008) location of residence is important, as the second generation [South Asians] are disproportionately located in large urban areas. Larger urban areas have more ethnic capital, which is one of the crucial factors for educational attainments and higher earnings.

It was proposed that the second generation South Asians would fare better than the first generation South Asians in comparison to their British/Irish counterparts. This hypothesis holds as evidence shows that Indian and Pakistani second generation are not statistically different from the British/Irish second generation. Nevertheless Sri Lankans, earn less than British/Irish in the second generation. The foreign born South Asians are

significantly disadvantaged in comparison to first generation British/Irish, but this does not appear to persist in the next generation, except in the Sri Lankan case. It is important to note that the Sri Lankan second generation exhibit more of an earnings gap than their parental generation when contrasted with their British/Irish counterparts. Since a significant number of Sri Lankans are refugees, they also live in a neighbourhood with a high concentration of Sri Lankans. They tend to have lower interaction with other ethnic groups which in turn might have a negative impact on the educational and labour market outcomes in the second generation. Another explanation may relate to the lower educational level of foreign born Sri Lankans. A greater percentage of Sri Lankan immigrants (83%) do not have a university degree. Picot and Hou (2011) and Corak (2008) found a strong relationship between parental human capital and socio-economic mobility of second generation. A similar trend is observed for the second generation Sri Lankans; like the first generation, 68 % of second generation Sri Lankans do not have a university degree. Also, on average, Sri Lankan second generation people are younger than other groups. It is possible that the control of human capital and age has not fully accounted the gap for Sri Lankans, and there might be other underlying factors such as low level of parental and community resources which may explain the labor market outcomes of Sri Lankans.

The labour market performance of the second generations tells an encouraging story. The mobility patterns are not shared equally among South Asian second generations. Even though the concerns and experiences of particular groups need to be addressed, overall the experience of second-generation South Asians is something to be celebrated. This is consistent with Reitz et al. (2011) who argue that the current and on-going earnings decline of successive cohorts of immigrants is not expected to carry

forward to the next generation. The question regarding the poor performance of Sri Lankan second generation members, however, remains whether the group differences among second generation South Asians are due to factors other than those controlled in this study. The other factors might be ethnic and social capital factors that need to be given consideration in future research in order to better understand earnings differentials among South Asian second generations. For example, networking within ethnic and cross ethnic communities may help to understand the economic performance of Sri Lankan second generation.

Overall, the study has shown that treating South Asians as a homogenous category is problematic since this masks the differences among these immigrant groups. The study also finds evidence regarding the better performance of second generation South Asians except Sri Lankans. The situation of Sri Lankan second generation needs further investigation beyond the scope of the present study. For example, networking in terms of friendship within and across ethnic groups could improve our understanding. For example, Ooka and Wellman, (2003) found evidence that when members of low-status ethnic groups used inter-ethnic ties in job searches, they tended to obtain higher mean incomes. This interpretation calls for further analysis, using measures of networking in second generation South Asians. However, the findings regarding the economic integration of second generation South Asians are largely in agreement with previous research. For example, Skuterud (2010) has shown that the earning gaps for Chinese and South Asian men persists beyond the first generation, though in both cases the differences are small. The earnings differences observed between foreign born South Asians in general and between men and women in particular may point to the cultural, religious and ethnic differences; the comprehension of these factors is beyond the scope of the present study.

Future research may investigate the role of ethnic capital, social capital and religion on the economic integration of various South Asian foreign born and native born ethnic groups, particularly when information on religion will be available in the 2011 Census.

4.10. Limitations

Finally, there are some limitations of the study which are worth mentioning. The study used the 2006 Census data, which has the advantage of a large sample size, allowing comparisons across sub groups of South Asians. But the census data does not include measures such as social capital, discrimination and religion. Also the analysis does not separate out the self-employed South Asians who may be affected differently by ethnicity and especially by the size of CMAs. Due to the small number of South Asians in self employment, separate models could not be run. Given that working status was an important factor for the earnings of foreign born and second generation South Asians, men and women, the separate analysis of working full time and working part time could further contribute to the literature on the economic integration of South Asians.

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4.12. Appendix Tables

Table 4.A.1.

Log Annual Earnings of Foreign Born South Asians in Comparison to British/Irish, Aged 25-64, Employed and Living in CMAs, Canada, 2006

	(1) unadjusted	(2) age at interview	(3) age at immigration	(4) gender	(5) marital status	(6) citizenship	(7) schooling	(8) degree obtained
Indians	-.406(.007)***	-.366(.007)***	-.301(.008)***	-.308(.007)***	-.313(.008)***	-.345(.007)***	-.335(.007)***	-
Pakistani	-.700(.016)***	-.647(.017)***	-.563(.017)***	-.645(.016)***	-.649(.016)***	-.679(.016)***	-.716(.016)***	-.234(.008)***
Sri Lankan	-.574(.014)***	-.539(.013)***	-.458(.014)***	-.498(.013)***	-.502(.014)***	-.571(.014)***	-.472(.013)***	-.600(.016)***
Bangladeshi	-1.011(.029)***	-.948(.028)***	-.852(.029)***	-.918(.028)***	-.927(.028)***	-.966(.028)***	-	-.382(.014)***
British/Irish Ref.							1.013(.028)***	.877(.028)***
Age at interview								
55 +		.161(.009)***	.223(.010)***	.201(.009)***	.199(.009)***	.087(.009)***	.153(.009)***	.145(.009)***
40 -54		.249(.007)***	.280(.007)***	.287(.007)***	.282(.007)***	.199(.007)***	.245(.007)***	.246(.007)***
25- 39 ref.								
Age at immigration								
25 +			-.185(.009)***	-.204(.008)***	-.218(.009)***	-.124(.009)***	-.157(.009)***	-
15-25			-.105(.009)***	-.050(.008)***	-.060(.009)***	-.045(.009)***	-.021(.009)***	.122(.009)***
> 15 ref.								-.015(.009)
Gender								
Females				-.543(.006)***	-.539(.006)***	-.542(.006)***	-.528(.006)***	-
Males ref.								.514(.006)***
Marital status								
Not Married					-.090(.008)***	-.097(.008)***	-.088(.007)***	-
Married ref.								.104(.008)***
Citizenship status								
Not a Canadian citizen						-.383(.007)***	-.371(.008)***	.339(.007)***
Canadian citizen ref.								
Education								
Master degree +							.595(.014)***	.438(.014)***
University bachelor degree							493(.012)***	.355(.013)***

Greater than HS & less than university HS diploma or less ref.							.262(.011)***	.166(.011)***
Place of highest degree obtained								
U.S./ UK								.107(.011)***
Highest degree obtained elsewhere								-
Highest degree obtained in Canada ref.								.260(.008)***
Constant	10.576	10.411	10.455	11.259	11.287	11.382	10.035	11.171
R ²	.050	.061	.065	.127	.129	.151	.173	.187

-----Table 4.A.1 continues-----

	(9) Language	(10) working status	(11) hours worked	(12) foreign work experience	(13) Canadian work experience	(14) Occupations	(15) CMAs
Indians							
Pakistani	-.107(.009)***	-.148(.009)***	-.137(.009)***	-.118(.009)***	-.093(.009)***	-.089(.008)***	-.100(.008)***
Sri Lankan	-.429(.016)***	-.396(.015)***	-.372(.015)***	-.350(.015)***	-.318(.015)***	-.310(.015)***	-.320(.015)***
Bangladeshi	-.203(.014)***	-.216(.014)***	-.207(.014)***	-.174(.014)***	-.142(.014)***	-.133(.013)***	-.148(.013)***
British/Irish Ref.	-.687(.028)***	-.620(.026)***	-.584(.026)***	-.566(.026)***	-.531(.026)***	-.482(.025)***	-.494(.025)***
Age at interview							
55 +	.121(.009)***	.164(.009)***	.186(.009)***	.257(.009)***	-.080(.019)***	-.089(.018)***	-.088(.018)***
40 -54	.222(.007)***	.210(.007)***	.196(.007)***	.236(.007)***	.062 (.011)***	.053(.011)***	.053(.011)***
25- 39 ref.							
Age at immigration							
25 +	-.088(.009)***	-.089(.008)***	-.098(.008)***	.054(.008)***	.053(.008)***	.040(.010)***	.038(.010)***
15-25	.018(.009)***	.007(.008)	.003(.008)	.012(.008)	.004(.008)	.009(.008)	.007(.008)
> 15 ref.							
Gender							
Females	-.521(.006)***	-.346(.006)***	-.317(.006)***	-.321(.006)***	-.321(.006)***	-.316(.006)***	-.316(.006)***
Males ref.							
Marital status							
Not married	-.131(.008)***	-.137(.007)***	-.107(.007)***	-.107(.007)***	-.095(.007)***	-.082(.007)***	-.084(.007)***
Married ref.							
Citizenship status							
Not a Canadian citizen	-.313(.007)***	-.290(.007)***	-.278(.007)***	-.247(.007)***	-.223(.007)***	-.201(.007)***	-.200(.007)***
Canadian citizen ref.							
Education							
Master degree +	.392(.014)***	.495(.013)***	.366(.013)***	.274(.013)***	.392(.013)***	.245(.015)***	.246(.015)***
University Bachelor	.306(.013)***	.311(.012)***	.290(.012)***	.224(.012)***	.318(.012)***	.194(.013)***	.194(.013)***
Greater than HS & less than University	.116(.011)***	.119(.010)***	.106(.010)***	.060(.010)***	.102(.010)***	.054(.010)***	.055(.010)***

HS diploma or less ref.

Place of highest degree obtained

U.S./ UK	.094(.011)***	.092(.010)***	.089(.010)***	.083(.010)***	.082(.010)***	.067(.010)***	.067(.010)***
Highest degree obtained elsewhere	-.218(.008)***	-.209(.007)***	-.207(.007)***	-.199(.007)***	-.216(.007)***	-.159(.007)***	-.160(.007)***

Highest degree obtained in Canada ref.

Languages

Non-official languages used most often at home	-.285(.008)***	-.269(.008)***	-.248(.008)***	-.240(.008)***	-.230(.008)***	-.185(.007)***	-.185(.007)***
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Non-official languages used most often at work	-.180(.016)***	-.177(.014)***	-.157(.014)	-.118(.014)	-.116(.014)	-.103(.014)	-.106(.014)***
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Official languages ref.

Working status

Part-time		-1.175(.009)***	-1.084(.008)***	-1.081(.014)***	-1.080(.008)***	-1.021(.009)***	-1.020(.009)***
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Full-time ref.

Hours worked			.008(.001)***	.008(.001)***	.008(.001)***	.007(.001)	.007(.001)***
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Foreign work Experience				-.014(.001)***	-.002(.001)***	.001(.001)***	.001(.001)
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Canadian work Experience					.014(.001)***	.014(.001)***	.014(.001)***
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Broader occupational classification

Business/finance/administrative						-.317(.010)***	-.317(.010)***
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Natural and applied sciences and related						-.094(.012)***	-.092(.012)***
--	--	--	--	--	--	----------------	----------------

Health						-.072(.013)***	-.068(.015)***
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Social sciences, education, govt service and religion						-.325(.012)***	-.323(.013)***
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Sales and service						-.616(.011)***	-.614(.011)***
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Trade, transport and equipment related						-.469(.012)***	-.467(.012)***
--	--	--	--	--	--	----------------	----------------

Other: Art, culture, recreation; occupations unique to primary industry, processing, manufacturing & utility						-.491(.011)***	-.490(.011)***
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Management Occupation Ref.							
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Size of CMAs							
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Small							-.064(.009)***
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Medium							-.022(.007)***
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Large Ref.							
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Constant	11.179	11.803	10.744	10.822	10.574	10.930	10.949
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R ²	.198	.320	.338	.342	.346	.367	.375
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N	104703	104703	104703	104703	104703	104703	104703
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Note: *** significant at p 5% or less. Standard errors are given in brackets.
 Model 1 represents unadjusted effect, Models 2 -6 add demographic factors, Models 7 - 9 add human capital factors, Models 10-13 make addition of work related factors, Model 14 adds occupations and finally Model 15 adds size of CMAs. All Models across 1-15 show cumulative effect on the earnings of British/Irish include British, Scottish and Irish. Source: 2006 Census

Table 4.A.2.

Log Annual Earnings of Foreign Born South Asian Men in Comparison to Foreign Born British/Irish Men, Aged 25-64, Employed and Living in CMAs, Canada, 2006

	(1) Unadjusted	(2) Demographics	(3) Human capital	(4) Work related factors	(5) CMAs
Indians	-.438(.009)***	-.430(.010)***	-.187(.010)***	-.143(.011)***	-.148(.011)***
Pakistani	-.753(.019)***	-.708(.020)***	-.471(.020)***	-.358(.019)***	-.362(.019)***
Sri Lankan	-.641(.017)***	-.651(.018)***	-.272(.018)***	-.170(.017)***	-.175(.018)***
Bangladeshi	-1.069(.035)***	-1.050(.034)***	-.785(.034)***	-.553(.031)	-.558(.031)***
British/Irish Ref.					
Age at interview					
55 +		.009(.012)	.035(.012)***	-.058(.025)***	-.058(.025)***
40 -54		.140(.010)***	.158(.010)***	.065(.014)***	.065(.014)***
25- 39 ref.					
Age at immigration					
25 +		-.049(.012)***	-.045(.011)***	.092(.013)***	.092(.013)***
15-25		.017(.012)	.052(.012)***	.046(.011)***	.044(.011)***
> 15 ref.					
Marital status					
Not married		-.316(.011)***	-.336(.011)***	-.191(.010)***	-.192(.010)***
Married ref.					
Citizenship status					
Not a Canadian citizen		-.374(.010)***	-.316(.010)***	-.208(.009)***	-.208(.009)***
Canadian citizen ref.					
Education					
Master degree +			.398(.019)***	.236(.020)***	.236(.020)***
University Bachelor			.317(.017)***	.180(.017)***	.180(.017)***
Greater than HS & less than University			.111(.015)***	.047(.014)***	.048(.014)***
HS diploma or less ref.					
Place of highest degree obtained					
U.S./ UK			.148(.014)***	.087(.013)***	.087(.013)***
Highest degree obtained elsewhere			-.195(.010)***	-.149(.010)***	-.149(.010)***
Highest degree obtained in Canada ref.					
Languages					
Non-official languages used most often at home			-.254(.008)***	-.169(.010)***	-.170(.010)***
Non-official languages used most often at work			-.195(.016)***	-.120(.019)***	-.122(.019)***
Official languages ref.					
Working status					
Part-time				-1.275(.016)***	-1.275(.016)***

Full-time ref.					
Hours worked				.006(.001)***	.006(.001)***
Foreign work Experience				-.004(.001)***	-.004(.001)***
Canadian work Experience				.011(.001)***	.011(.001)***
Broader occupational classification					
Business/finance/administrative				-.351(.014)***	-.351(.014)***
Natural and applied sciences and related				-.117(.013)***	-.117(.013)***
Health				-.223(.028)***	-.219(.028)***
Social sciences, education, govt service and religion				-.346(.019)***	-.343(.019)***
Sales and service				-.571(.014)***	-.570(.031)***
Trade, transport and equipment related				-.454(.013)***	-.453(.014)***
Other occupations				-.428(.014)***	-.425(.013)***
Management Occupation Ref.					
Size of CMAs					
Small					-.046(.012)***
Medium					.012(.010)
Large Ref.					
Constant	10.852	10.963	10.769	10.742	10.748
R ²	.069	.119	.172	.326	.366
N	54926	54926	54926	54926	54926

Note: *** Significant at 5% or less. Standard errors are given in brackets.

Model 1 shows unadjusted effect, Model 2 adds demographic factors, Model 3 adds human capital, Model 4 makes addition of work related factors, and finally Model 5 adds the size of CMAs. All Models across 1-5 show cumulative effect on the earnings of foreign born South Asian and British/Irish men. British/Irish include British, Scottish and Irish.

* Other occupations include Art, culture, recreation; occupations unique to primary industry, processing, manufacturing & utility

Source: 2006 Census

Table 4.A.3.

Log Annual Earnings of Foreign Born South Asian Women in Comparison to Foreign Born British/Irish Women, Aged 25-64, Employed and Living in CMAs, Canada, 2006

	(1) Unadjusted	(2) Demographic factors	(3) Human capital factors	(4) Work related factors	(5) CMAs
Indians	-.375(.010)***	-.249(.011)***	-.020(.013)***	-.027(.011)***	-.046(.011)***
Pakistani	-.857(.028)***	-.694(.028)***	-.432(.028)***	-.274(.025)***	-.291(.025)***
Sri Lankan	-.581(.021)***	-.463(.022)***	-.117(.023)***	-.091(.020)***	-.117(.020)***
Bangladeshi	-1.103(.048)***	-.869(.047)***	-.572(.047)***	-.392(.041)***	-.413(.041)***
British/Irish Ref.					
Age at interview					
55 +		.141(.014)***	.186(.014)***	-.101(.027)***	-.099(.027)***
40 -54		.244(.011)***	.271(.011)***	.045(.016)***	.046(.016)***
25- 39 ref.					
Age at immigration					
25 +		-.231(.013)***	-.162(.014)***	-.043(.015)***	-.048(.015)***
15-25		-.113(.013)***	-.021(.013)***	-.032(.011)***	-.036(.011)***
> 15 ref.					
Marital status					
Not married		.099(.011)***	.046(.011)***	.014(.010)*	.010(.010)*
Married ref.					
Citizenship status					
Not a Canadian citizen		-.380(.011)***	-.300(.011)***	-.187(.010)***	-.186(.010)***
Canadian citizen ref.					
Education					
Master degree +			.382(.021)***	.260(.022)***	.262(.022)***
University Bachelor			.296(.019)***	.207(.018)***	.207(.018)***
Greater than HS & less than University			.125(.017)***	.055(.015)***	.054(.015)***
HS diploma or less ref.					
Place of highest degree obtained					
U.S./ UK			.012(.018)***	.035(.015)***	.036(.015)***
Highest degree obtained elsewhere			-.234(.011)***	-.162(.010)***	-.163(.010)***
Highest degree obtained in Canada ref.					
Languages					
Non-official languages used most often at home			-.319(.012)***	-.196(.011)***	-.197(.011)***
Non-official languages used most often at work			-.158(.023)***	-.082(.020)***	-.087(.020)***
Official languages ref.					
Working status					
Work part-time				-.911(.010)***	-.909(.010)***

Work full-time ref.

Hours worked					.008(.001)***	.008(.001)***
Foreign work Experience					.004(.001)***	.004(.001)***
Canadian work Experience					.016(.001)***	.016(.001)***
Broader occupational classification						
Business/finance/administrative					-.297(.016)***	-.295(.016)***
Natural and applied sciences and related Health					-.020(.024)***	-.015(.024)
Health					-.040(.019)***	-.033(.019)
Social sciences, education, govt service and religion					-.308(.018)***	-.306(.018)***
Sales and service					-.647(.017)***	-.642(.017)***
Trade, transport and equipment related					-.552(.030)***	-.552(.030)***
Other: Art, culture, recreation; occupations unique to primary industry, processing, manufacturing & utility					-.551(.018)***	-.551(.018)***
Management Occupation Ref.						
Size of CMAs						
Small						-.086(.013)***
Medium						-.059(.010)***
Large Ref.						
Constant	10.289	10.281	10.121	10.191	10.223	
R ²	.050	.100	.146	.362	.373	
N	49776	49776	49776	49776	49776	

Note: *** Significant at p 5% or less. Standard errors are given in brackets.

Model 1 shows unadjusted effect, Model 2 adds demographic factors, Model 3 adds human capital, Model 4 makes addition of work related factors, and finally Model 5 adds the size of CMAs. All Models across 1-5 show cumulative effect on the earnings of foreign born South Asians and British/Irish women. British/Irish include British, Scottish and Irish.

Source: 2006 Census

Table 4.A.4.

Log Annual Earnings of Second Generation South Asians in Comparison to Second Generation British/Irish, Aged 18-49, Employed and Living in CMAs, Canada, 2006

	(1) Unadjusted	(2) Age	(3) Gender	(4) Marital status	(5) Education	(6) Working status	(7) Hours worked	(8) Work experience	(9) Occupations	(10) CMAs
Indian	-.529(.013)***	- .057(.012) ***	- .050(.012)** *	-.066(.011)	- .006(.010)** *	-.006(.010)	.020(.010)***	.059(.010)** *	.028(.010)** *	.010(.010)
Pakistani	-.590(.046)***	- .118(.042) ***	- .119(.042)** *	- .112(.041)** *	- .178(.040)** *	- .100(.036)** *	-.059(.035)	-.016(.034)	-.047(.034)	-.064(.034)
Sri Lankan	-.834(.081)***	- .409(.073) ***	- .438(.072)** *	- .383(.071)** *	- .426(.069)** *	- .247(.062)** *	-.210(.060)***	- .162(.060)** *	- .170(.059)** *	- .191(.059)** *
British/Irish ref. Age		1.087(.009)* **	1.086(.009)** *	.867(.010)***	.839(.010)***	.624(.009)***	.608(.009)***	.243(.014)***	.216(.013)***	.214(.013)***
Gender Females Males ref.			-.334(.009)***	-.389(.009)***	-.368(.008)***	-.218(.007)***	-.190(.007)***	-.193(.007)***	-.202(.008)***	-.202(.008)***
Marital status Not married Married ref.				-.494(.010)***	-.350(.009)***	-.336(.008)***	-.293(.008)***	-.254(.008)***	-.224(.008)***	-.228(.008)***
Education University degree Less than university degree ref.					.486(.009)** *	.384(.008)** *	.368(.008)***	.482(.008)** *	.408(.008)** *	.405(.009)** *
Working status Part-time Full-time ref.						- 1.163(.009)** *	-1.054(.009)***	- 1.009(.009)** *	-0.948(.009)***	-0.949(.010)***
Hours worked per week							.010(.001)***	.010(.001)** *	.009(.001)** *	.009(.001)** *
Work Experience								.026(.001)***	.025(.001)***	.025(.001)***
Occupations Business/finance/admini									-.286(.013)***	-.283(.013)***

strative										
Natural and applied sciences and related									-0.093(.016)***	-0.087(.016)***
Health									-0.069(.019)***	-0.058(.019)***
Social sciences, education, govt service and religion									-0.322(.016)***	-0.317(.016)***
Sales and service									-0.487(.014)***	-0.483(.014)***
Trade, transport and equipment related									-0.386(.016)***	-0.380(.016)***
Other occupations									-0.482(.016)***	-0.478(.016)***
Management										
Occupation Ref.										
Size of CMAs										
Small										-0.058(.009)***
Medium										-0.077(.009)***
Large ref.										
Constant	10.191	9.528	10.026	10.406	10.304	10.417	10.017	9.832	10.196	10.229
R ²	.032	.210	.229	.261	.295	.437	.461	.471	.484	.499
N	60807	60807	60807	60807	60807	60807	60807	60807	60807	60807

Note: *** Significant at 5% or less. Standard errors are given in brackets.

Model 1 represents unadjusted effect, Models 2 – 4 adds demographic factors, Model 5 adds education, Models 6 – 9 add work related factors, and finally Model 10 adds the size of CMAs.

Models across 1-10 show cumulative effect on the earnings of different groups of second generation Canadian

British/Irish include British, Scottish and Irish.

* Other occupations include Art, culture, recreation; occupations unique to primary industry, processing, manufacturing & utility

Source: 2006 Census

CHAPTER 5

CONCLUSIONS

5.1. Overview

The economic integration of immigrants in any host country is a serious matter, particularly when immigration policy is guided by economic considerations. Immigration policies are mostly designed to cater to labour market needs. Past research has shown divergent findings regarding the successful integration of immigrants in Canada. For example, according to some studies, the earnings of immigrants reach parity with the native born over time as immigrants improve their human capital (Li, 2003; Wanner, 2003; Godin 2008). According to other authors, it is unlikely that many immigrants will achieve earnings or low-income rate levels comparable to the Canadian born regardless of their period of residency (Picot, 2004; Hum and Simpson 2003). There is a lack of consensus among scholars regarding the labor market outcomes of immigrants. The divergent findings may be attributed to the application of different methodologies and the use of different data sets.

Previous research is generally focused on the analysis of human capital variables, which argue that individuals are rewarded according to their abilities. Less research has paid attention to social capital variables, which argues that social networks and resources might work as a conduit between jobs related information and immigrants, to understand the economic integration of immigrants in Canada. In particular, there is a need to further explore the relevance of social capital to the economic integration of visible minority immigrants in Canada. This dissertation attempts to determine the extent to which human and social capital factors are useful in understanding the economic conditions of visible

minority immigrants in Canada. This study investigated whether foreign born visible minority persons are successful in closing the entry earnings gap with their non-visible minority counterparts. Starting by analyzing visible minority immigrant groups in general, the dissertation specifically examined the labor market outcomes of various South Asian sub-groups in comparison to British/Irish (British, Scottish and Irish) foreign born.

The findings suggest that human capital predictors, such as education, location of the highest degree obtained, knowledge of the official languages and work experience, had the expected positive influence on the earnings of foreign born persons. Among work related factors, working status proved to be the major predictor of personal income. In addition, the present research indicates that social capital factors, such as ‘trust in others’, ‘individualization’ (a weak sense of belonging to own ethnic community and to city/town) and ‘bridging associational participation’, have significant impacts on the labor market performance of visible minority immigrants.

In terms of specific sub-groups, it is only the ‘non-visible’ and ‘other visible minority’ immigrants who benefit from ‘individualization’ and from participation in community organization. In terms of gender, males who had weak sense of belonging to their own ethnic community and a weak sense of belonging to city/town/municipality (individualization) showed higher earnings than all other categories. The findings of Chapters 3 and 4 show that none of the social capital factors were significant for the personal earnings of female immigrants. However, women were relatively less disadvantaged than men when compared with their white counterparts.

The length of residency displays a varying impact on the earnings of the foreign born visible minority persons. For example, those South Asians who are in Canada for more than twenty years have an earnings advantage over their white counterparts. However, Blacks and 'other visible minority' immigrants of the same length of residency remain significantly disadvantaged. Bonding and bridging social capital to the earnings of those who arrived in Canada during the 1982-91 period suggests that social capital may be not useful in recessionary times.

The systematic analysis of the earnings of South Asians indicated that treating different ethnicities under a single category not only masks group differences but also results in weak findings. For example, in Chapter 2, Asians which included South East and South Asians, were disadvantaged in comparison to their white counterparts after the adjustment of all factors. Chapter 3 showed that South Asians had earnings higher than the comparison group. In Chapter 4, however, within the South Asian category, the findings showed that Indians had the least gap with British/Irish compared to other South Asian sub-groups.

The situation of second generation people was found to be quite different from foreign born South Asians. For example, Indians and Pakistani second generation were not significantly different from their British/Irish counterparts. Although Sri Lankan second generation people showed a significant gap with the comparison group, the overall findings regarding the labor market performance of second generation South Asians suggested a better integration of the children of South Asian immigrants.

5.2. Objectives and Main Results

The objectives of the three interrelated papers in this dissertation were to seek answers to the following questions: 1) To what extent do various human and social capital factors explain the earnings of visible minority immigrants? 2) How do human and social capital considerations, particularly bonding and bridging associational participation, influence the earnings of visible minority cohorts arriving at different time periods? 3) How do foreign born and second generation persons of various South Asian sub-groups fare in the Canadian labour market in comparison to their British/Irish counterparts? The first two questions examined human and social capital considerations. Since the 2002 Ethnic Diversity Survey contains information on both human and social capital, this data set is used to explore the first two questions in Chapters 2 and 3. Investigating the earnings of South Asians at the sub-group level requires a large data set, and consequently Chapter 4 uses the 2006 Census.

Based on a sample of foreign-born persons aged 25–64 who are working full-time, the second chapter seeks to know what role human and social capital play in explaining variations in the labor market outcomes of foreign born Asians (South and Southeast Asia), Chinese, Blacks and other visible minority immigrants, compared to non-visible foreign born.

Chapter 2 showed that once the controls were introduced for human and social capital factors, the relative disadvantages of the Chinese foreign born disappeared, while that of the Asians, Blacks and “other/multiple” visible minorities declined in magnitude. Among human capital factors ‘younger age at immigration’, ‘education’, ‘highest degree obtained in Canada’, and ‘official languages spoken at home and with friends’

contributed positively to the earnings of immigrants. For social capital, ‘general trust in others’, ‘participation in community organization’, and weak sense of belonging to own ethnic group and a weak sense of belonging to city/town/municipality (individualization) were associated with higher average earnings of immigrants. The significant impact of ‘individualization’ indicates that sparse relations, in particular relations with mainstream groups, are more effective for the labour market outcomes than the relationships which are limited to own ethnic groups. However, the non-significance of this factor for visible minority groups suggests that the concept of bridging networks is complex and difficult to measure.

Among the categories of visible minorities, the impact of social capital variables is largely not significant. For example, ‘participation in community organization’ and ‘individualization’ was only significant for the earnings of non-visible and other/multiple visible minority immigrants. This situation may indicate that contacts with mainstream groups are useful for labor market outcomes. It is relatively easier for non-visible minority immigrants to participate in mainstream communities whereby they may improve their economic conditions. The community participation of visible minorities may often be limited to one’s own ethnic communities, which does not significantly affect their earnings. In other words, building effective social capital depends upon other types of capital such as economic and cultural capital (Bourdieu, 1986). In terms of ‘individualization’ the explanation might be taken from Granovetter (1976) who argues that weak ties link people with diverse communities which results in better access to labor market information. In addition, the non-significance of ‘individualization’ for visible minorities calls for attention to the ethnicity and class issues. It is possible that

class and ethnicity intersect with each other to prevent visible minority immigrants to form weak ties with mainstream groups which could be useful for their economic mobility.

Examining the earnings of various visible minority cohorts, Chapter 3 seeks to determine the extent to which human and social capital factors may have different effects on the earnings gap between visible and non-visible minority immigrants, depending upon their period of arrival. In terms of human capital measures a positive relationship with the earnings of immigrants was observed regardless of the period of arrival. The impact of social capital on economic outcomes, however, differs at different periods of residency. For example, bridging associational participation had an earnings advantage for short and long term period of residency, but not for the mid term period (1982-91) of residency. This situation may indicate that social capital, in particular the bridging associational participation, is only useful when prevailing economic conditions are stable. Under economic downturns, human capital becomes more relevant to the earnings of immigrants than social capital. However, other factors, for example, ethnicity, gender and immigration status also need to be considered in economic crunch. Not all immigrants who possess higher human capital perform well in labour market at times of crises. Social capital can be useful in such situation for certain communities such as non-visible minority immigrants who manage to establish better networking with mainstream groups. Nonetheless, in terms of the relative impact of human capital and social capital variables in explaining the earning differentials among and within groups, human capital and work related factors showed a greater ability to explain earnings differences than social capital.

South Asians with long term residency have significantly higher average earnings and the Chinese are not different from the reference group, while Blacks and the category of “other visible minority immigrants” of the same period are significantly disadvantaged in comparison to their non-visible minority counterparts. The situation of Blacks revealed that Canadian society in general and Canadian labour market in particular exhibit discriminatory behaviour. This also implies that contrary to the classical assimilation perspective, some of the visible minority groups face greater obstacles to their economic mobility than others regardless of their period of residency. It could be that the segmented assimilation perspective, which argues that different paths are available to immigrants for their integration, is more relevant to explain this situation. It is possible that the size of the community and networking might be the factors associated with the better performance of South Asians and Chinese.

As in Chapter 3, contrary to expectations, with regards to gender, visible minority females were not significantly disadvantaged in comparison to their White counterparts. However, when females are compared with the general population, they displayed a significant earnings disadvantage in comparison to males. That is, regardless of their status whether immigrant, native born or White, women are structurally disadvantaged as they are usually concentrated in low paid services, education and health occupations.

Being the largest visible minority group, the earnings of foreign born and second generation South Asian sub-groups are the focus of the Chapter 4. As was expected, foreign born Indians, among the South Asian categories, are the least disadvantaged in comparison to British/Irish. It is possible that the relatively bigger size of the Indian community and their longer history of immigration to Canada would have helped this

group to fare better in the labor market than other South Asians. Indians are economically prosperous and politically active. Thus Indians in Canada are moving towards 'institutional completeness' (Jha, 2010). Pakistani and Bangladeshi immigrants followed similar trends in their economic mobility. For example, the earnings gap with their British/Irish counterparts increased for both Pakistani and Bangladeshi immigrants, after controlling for gender. It is possible that since Pakistanis and Bangladeshis are overwhelmingly Muslim, religious and cultural questions can restrict or interrupt female labour market activities in particular. For example, Dustmann and Fabbri (2005) attribute the relative earnings disadvantage and the low labour market participation of Pakistani and Bangladeshi women to cultural factors. They also found evidence of ethnic discrimination for Pakistani and Bangladeshi Muslim women. It is also possible that patriarchy may be reinforced by the erroneous religious interpretations that limit women's labour market activities. Lower labour market opportunities for foreign born women in countries of origin may also affect their level of confidence to adjust to a new labour market environment. Immigrant women's lack of confidence in a foreign working environment and cultural values such as patriarchy do not provide them with sufficient mechanisms for adjustment, and constitute systematic barriers to their integration in labour market (Tastsoglou and Miedema, 2000). In the absence of proper data and analysis, however, the impact of religion is hard to determine, and so religion may simply be a proxy for other factors determining labor market outcomes such as discrimination and prejudice towards certain ethnic groups. Overall, for the foreign born men and women, work related factors such as working status, occupation classification, and work

experience play a greater role in explaining the economic conditions of South Asians than human capital such as education, place of final degree obtained and official languages.

As far as gender is concerned, a trend similar to Chapter 2 and 3 is observed for South Asian women; that is, the results of Chapter 4 are contrary to the hypothesis that South Asian females are constrained with various social, and cultural values, limiting their labor market performance more so than South Asian males, when compared to their British/Irish counterparts. The findings, demonstrated that South Asian women have shown better labor market outcomes than South Asian men. This may be the impact of a relatively liberal society, providing South Asian women better opportunities to perform in the labor market. Among South Asian women, Indian women improved their earnings more through the control of work related factors. In contrast, the control for human capital factors reduced the earnings gap of Pakistani, Sri Lankan and Bangladeshi women in comparison to their British/Irish counterparts. The differential impact of various factors on earnings, however, signals that some women are confronted with a relatively more conservative environment which may in turn impede their economic mobility. For example, the economic activities of Pakistani and Bangladeshi women can be affected by the cultural and social factors, ranging from community and family expectations which can be different for males and females.

The second generation South Asians demonstrated better earnings prospects than foreign born South Asians. For example, Indian and Pakistani second generation people are not significantly different from their British/Irish counterparts once demographic, human capital, work related factors and the effect of CMAs are controlled for. Most of the earnings gap is reduced with the adjustment of age, and not surprisingly so, since

second generation South Asians are younger compared to British/Irish. Although the disadvantaged position of foreign born South Asians does not appear to persist in the next generation, Sri Lankan second generation have a significant earnings gap with their British/Irish counterparts.

It is pertinent to reflect on the measures of social capital used in chapter 2 and 3. In chapter 2, strong and weak ties were measured through the questions on sense of belonging to ethnic/cultural group, and sense of belonging to city/municipality/town. This measure was created to analyze bonding and bridging social capital. The direction of causal relationship between categories of this measure and earnings did show a clear direction. For example, it is possible that people with higher earnings tend to lead individualistic lives. That is, it would not be the weak ties (individualization) which caused higher earnings, but rather the higher earnings caused individualization. Chapter 3 used measures of associational participation to capture bonding and bridging social capital. This measure seemed to display a clearer relationship between bonding and bridging associational participation, and earnings of immigrants. The findings of this measure endorsed previous findings of Nakhaie and Kazemipur (2012) who argued that people who build networks with other than their own ethnic and cultural groups develop relationships that provide them access to updated labour market information necessary for their economic mobility. Participation in associations which provide opportunities to network with family, friends and co-ethnics are more likely to be homogenous in term of socio-economic status and social-cultural values. Such networks may help in the initial settlement but they may not be useful for long term economic mobility. The outcomes of associational participation looked to be more intuitive than the measure of social capital

based on sense of belonging used in chapter 2. In view of these measurement difficulties, qualitative data should be collected.

It is also pertinent to note that studies have shown that networks are not confined to national borders; rather the influence of these networks may be of transnational nature (see Kelly and Lusic, 2006). Although, literature so far has highlighted the utility of transnational networks in migration decision making, motivation and the initial settlement at the place of destination, it is timely now to test the efficacy of transnational networks in the economic integration of immigrants.

5.3. Policy Implications

This thesis has implications for immigrant integration and immigration policies. Canadian immigration policies are tailored to attract high human capital from all over the world, serving the country's economic and demographic needs. There is a disconnect, however, between integration and immigration policies. For example, the thesis has shown that despite the fact that immigrants are highly educated and skilled, they are faced with an earnings disadvantage. Reitz (2001) has shown that immigrants face earnings disadvantages because their skills, such as foreign education, work experience and education credentials, are under utilized. It is widely known that doctors and engineers are driving cabs and doing security jobs in all metropolitan centers. The lower return to human capital of immigrants, poses a serious challenge to policy makers and requires a thorough review whether Canada is successful in achieving its goals through its immigration policies favouring human capital without providing an environment conducive to immigrants where they can contribute positively not only to their own welfare but also to the development of Canada.

This thesis has shown that the utility of human capital is beyond any question. The lower return on immigrant human capital, however, is counter productive in two ways: first, it creates a problem of brain drain at the place of origin, and second, it places recent immigrants at risk for poverty. The findings suggest that it is also useful to consider other perspectives such as social capital to understand the integration of immigrants, in particular the visible minority immigrants. For example, Chapter 2 has shown that the disadvantage associated with the foreign degree no longer persists once social capital factors are adjusted. On the other hand, in Chapter 4 where social capital factors could not be introduced due to data limitation, the disadvantage associated with a foreign degree obtained other than UK/U.S persisted even after the control of all variables under investigation.

Keeping in view that bridging associational participation was significant for the earnings of immigrants; the policy focus should be on how to facilitate the process of networking for the immigrant population in general and for visible minority population in particular. The immigrant settlement organizations working at the municipal and local level should play a role in this regard. In particular, the participation of immigrants should be encouraged at all levels of these organizations. These organizations are the forum whereby immigrants can have opportunities to interact with other main stream institutions and organization. This kind of participation on the part of immigrants could become a conduit for interaction between ethnic and mainstream organizations. Once the immigrant members of these organizations are given responsibilities, these immigrants will feel a sense of belonging and ownership necessary to create trust among immigrants and members of mainstream groups.

There are some limitations of the present research. First, the sample in chapter two is restricted to those who are employed full-time. Restricting the sample in this way misses the impact of social and human capital on the labour market outcomes of those who were working part time. The analysis did not investigate the impact of human and social capital on the likelihood of working full-time, nor on the income of part-time workers. Second, in chapters two and three the earnings include both employment and self-employment earnings. Due to the sample size limitations, it was not possible to separate out self-employed from those who were working for wages. Human and social capital could have different implications for the self-employed. Third, in terms of social capital, proxy measure for bonding and bridging social capital were constructed. Especially for informal associational memberships, it is often not possible to draw a clear line between bonding and bridging associations. Nannestad et al. (2008) have proposed that, under certain circumstances, bonding social capital may facilitate the development of bridging social capital, but our measures cannot take into account this relationship. Although chapter four examines the earnings of South Asian sub-groups by controlling demographic, human capital, work related factors, and the impact of CMA size, the impact of social capital could not be measured due to data restrictions. The above mentioned limitations, invoke questions for future research. For example, do social and human capital factors have different implications for the earnings of those who are self employed and those who are working for wages? To what extent do bonding and bridging social capital influence the labour market outcomes of full-time and part-time immigrant workers?

The present research has made several important contributions by examining systematically the earnings of selected South Asians sub-groups in Canada, in the context of human and social capital considerations. The thesis has established that South Asian sub-groups are heterogeneous entities. Conceptualizing South Asians as homogeneous and monolithic does not depict the true economic conditions and earnings inequalities faced by various South Asian sub-groups. This brings into question, whether it is appropriate to formulate policies at the federal level for the integration of visible and non-visible minority immigrant populations or whether there is a need to cater integration services at the community level by considering unique cultural and religious dimensions. For example, in the case of Muslims, the role of local institutions such as mosques should be at the forefront in integration policies. The mosque as an institution could be a platform for creating networks beyond one's own ethnic group. The real challenge for policy makers, however, would be to determine how these local institutions can be made part of integration policies.

Based on the above-mentioned considerations and in continuance of my previous research, my future research plan includes the examination of the role of religion in the integration of South Asians immigrants in Canada. It is timely, because information on religion has been collected in the 2011 National Household Survey. Another focus of my future research is to compare the earnings differences between those foreign born South Asians who have Canadian spouses and those who have foreign born spouses. Based on the assumption that Canadian born spouses would have more diverse networking, the focus of the research would be to measure the extent to which Canadian born spouses can be helpful in the economic integration of their foreign born partners.

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