

The Immigrant Integration Paradox

INSIGHTS ON IMMIGRANT EMPLOYMENT
AND LABOUR MARKET OUTCOMES IN CANADA



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Executive Summary

Canada's economic future depends on immigration—yet persistent structural barriers currently prevent hundreds of thousands of skilled newcomers from contributing fully to the economy.

This report examines labour market integration based on literature review, as well as 2021 Census data, 2025 Labour Force Survey data, and the Longitudinal Immigration Database.

Canada faces a number of challenges as it continues to look to immigration as a solution to critical labour shortages in health care, skilled trades, and technology—and explicitly selects newcomers based on their education, language skills, and professional experience:

- **Surface gains mask labour market realities.** By 2024, immigrants' labour force participation and employment rates exceeded those of Canadian-born workers, with particularly strong outcomes among mid-term immigrants and those admitted as skilled workers. Yet unemployment rates for recent immigrants remain nearly double those of the Canadian-born population. Refugees with university degrees face unemployment rates of 21%.
- **Immigrants' skills are underutilized.** Policies are designed to attract highly educated workers, yet more than one-quarter of immigrants with an internationally earned bachelor's degree work in jobs requiring only high school education, more than double the rate for Canadian-born workers. Place of education credentials matters: Immigrants with Canadian degrees fare much better than those with degrees earned outside Canada, revealing systemic employer bias against international qualifications. Even after a decade in Canada, many immigrants still face this barrier.
- **Income inequality deepens at intersections of race and gender.** Immigrants earn less than Canadian-born workers at every education level, with wage gaps widening among those with international bachelor's degrees or higher.
 - Racialized immigrants have lower employment rates and earn less than white immigrants and Canadian-born workers—disparities that university education reduces but does not eliminate. Immigrant women have lower labour force participation and earn significantly less than both immigrant men and Canadian-born women.
 - At the intersection of race, gender, and immigration status, racialized immigrant women face the most severe exclusion: the lowest employment rates, highest unemployment, and lowest earnings across nearly every measure, even when highly educated.

The policy implications are clear. Canada must enable credential recognition, embed anti-racism and gender equity into workforce policies, scale up bridging programs and mentorship, and hold employers accountable for equitable hiring. These actions are grounded in equity and backed by economic imperative: RBC Economics estimates that underutilization of immigrant skills costs Canada's economy approximately \$50 billion annually in lost GDP.¹

WES is releasing this report at a critical moment. Amid concerns over immigration levels, shifting global values, and rising international trade tensions, ensuring the full inclusion of immigrants in the labour market has become both a moral imperative and a strategic necessity for Canada's long-term prosperity.

1 <https://thoughtleadership.rbc.com/wp-content/uploads/untapped-potential.pdf>.

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This project was a collaborative effort.

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Introduction

Canada has long positioned immigration as a cornerstone of its economic development, cultural diversity, and demographic sustainability. In a period of slowing population growth and global economic volatility, maximizing the economic potential of immigrants is not just an inclusion imperative—it is a policy and economic necessity.²

The economic fate of newcomers influences the economic fate of Canada. For decades, nearly all growth in the Canadian labour force has been from immigration. When newcomers can use their full skills in the labour market, they gain economic security and purpose, while Canada gains higher GDP, increased tax revenue, and stronger productivity and innovation. Efficient labour market integration allows immigration to do more to fuel economic growth.

Research shows, however, that immigrants—especially those who are racialized and female—have struggled to realize the value of their education and professional expertise in the Canadian labour market. Limited social networks, bias in hiring practices, and structural barriers to professional licensure have made it more difficult for newcomers to find employment commensurate with their experience. As selection policies and settlement contexts shift, it is important to continue to measure the strengths and gaps in the economic integration of immigrants and to use these insights to inform and improve policy responses.

At the same time, the consensus in favour of ambitious immigration levels has come under strain. Between 2016 and 2021, Canada welcomed over 1.3 million new permanent residents, marking the highest five-year intake on record. More recently, surveys indicate that a growing share of Canadians now believe immigration levels are too high, with concerns linked to housing affordability, health care capacity, and job competition.

These developments are occurring alongside global economic volatility. Trade tensions and tariffs are impacting Canadian industries, undermining export competitiveness, and increasing uncertainty in the business environment.³

In this context of demographic changes, economic pressures, and domestic concerns about immigration, Canada needs systems and policies in place that fully realize the economic potential of its immigrant population.

² [Talent Over Tariffs: Immigration As Canada's Secret Weapon Against US Trade Barriers.](#)

³ <https://www.edwardjones.ca/ca-en/market-news-insights/stock-market-news/market-pulse/potential-tariff-impact>.

This report responds to these imperatives by examining recent labour market integration trends among immigrants in Canada. It examines whether recent immigrants experience equitable employment outcomes, given changes in selection policy and settlement context. Our analysis disaggregates outcomes by demographic factors—race, gender, place of education—and situational factors—time since arrival, admission category—to identify where barriers are the highest and where policy interventions could have the greatest impact.

The analysis yields three salient findings:

- Employment and participation trends that reveal surface gains alongside persistent unemployment gaps for certain groups, even for immigrants with post-secondary education
- Non-recognition of immigrants' credentials driving occupational mismatch and underemployment
- Compounding disadvantages faced by racialized immigrants and immigrant women

The evidence that follows makes clear that Canada's future prosperity depends not only on attracting talent, but on dismantling the systemic barriers that prevent immigrants—especially those who are racialized and female—from thriving. With the right policies, successful integration of immigrants can serve as Canada's strategic advantage, sustaining the country's global competitiveness.

Methodology

Data Sources and Scope

This analysis draws on four primary data sources: the 2021 Census of Population, the 2025 Labour Force Survey (LFS), the Canadian Income Survey (CIS), and the 2023 Longitudinal Immigration Database (IMDB). Together, these sources provide both cross-sectional snapshots of labour market status and longitudinal tracking of immigrant cohorts over time.

Context

Canada's Immigrant Population: Scale and Composition

Canada has experienced significant population change over the past four decades. The number of people born abroad more than doubled, from 3.8 million in 1981 to over 8.3 million by 2021. Today, nearly one in four Canadians is an immigrant.

Over time, the criteria for selecting new immigrants have evolved, resulting in greater regional diversity of immigrants, greater emphasis on economic immigration, and a higher proportion of new immigrants who earned permanent residence through multi-step immigration. In 2021, Asia and the Middle East accounted for 62% of recent arrivals. India has emerged as the leading source country, followed by the Philippines and China.⁴ Over 65% of immigrants self-identify as visible minorities.⁵ This is a result of policy changes that have moved away from a previous era of immigration designed specifically to admit white European immigrants.

In each of the last 10 years, nearly 60% of newly admitted permanent residents have been from the economic class. Prior to 2010, new admissions were more balanced across the three classes, with economic immigrants representing about half of newcomers.

Another defining trend of the past decade is the rise of multi-step immigration—people who came to Canada on a temporary permit and later transitioned to permanent residence. In 2021, over one-third of recent immigrants were former temporary residents, up from less than 20% two decades earlier.⁶

Canada's immigrant population is highly educated and multilingual. In 2021, 55.3% of recent immigrants aged 25–64 held a bachelor's degree or higher, compared to 32% of the total population.⁷ Nearly 93% of immigrants admitted between 2016 and 2021 reported proficiency in English or French, despite many reporting another language as their mother tongue.⁸

4 <https://www150.statcan.gc.ca/n1/daily-quotidien/221026/dq221026a-eng.htm>.

5 [Visible minority of person](#).

6 <https://www150.statcan.gc.ca/n1/daily-quotidien/221026/dq221026a-eng.htm>.

7 [Trends in education-occupation mismatch among recent immigrants with a bachelor's degree or higher, 2001 to 2021](#).

8 Ibid.

Findings: The Paradox of Progress

Surface Gains Mask Labour Market Realities

Employment rates and labour force participation rates of immigrants have gone up, particularly among those who arrive through economic immigration programs and those who have spent several years building their lives in the country. More immigrants are entering the labour market—either working or actively seeking work—and more are employed than was the case a decade ago.

This indicates progress. Many immigrants, particularly mid-term economic immigrants and those who secure full-time positions, are making strong contributions to Canada’s labour force.

Yet a larger share of immigrants who want to work still cannot secure employment compared to the Canadian-born population. Certain groups, such as recent arrivals, women, and refugees, continue to face significant barriers to securing employment and, when employed, to finding work that matches their qualifications.

By 2024, landed immigrants outpaced Canadian-born peers in both labour force participation and employment rates.

By 2024, landed immigrants had surpassed Canadian-born individuals in labour force participation, which is measured by the share of the working-age population that is either employed or actively looking for work, reaching 66%, compared to 64% for Canadian-born individuals.⁹

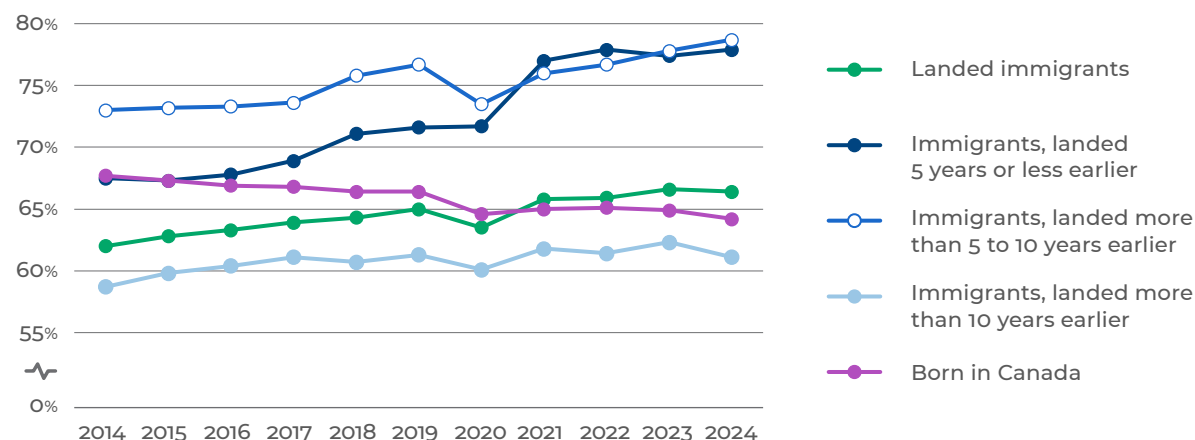
Long-term immigrants (landed more than 10 years earlier) have a lower participation rate, which likely reflects aging. But even this group showed modest gains in participation rate in more recent years, with participation rising from 59% to 61%. Mid-term immigrants (landed 5–10 years ago) had the highest participation rate, increasing from 73% in 2014 to nearly 80% in 2024. This group benefited from accumulated experience and networks. The participation rate of recent immigrants (arrived less than 5 years earlier) improved gradually across successive cohorts, from 68% in 2014 to 78% in 2024.

9 Statistics Canada. [Table 14-10-0083-01 Labour force characteristics by immigrant status, annual, inactive.](#)

Chart 1

By 2021, landed immigrants' labour force participation outpaced that of their Canadian-born peers

(Labour force participation rate)



Source: Labour Force Survey

Economic principal applicants had the highest participation rate, at 91% in 2021.¹⁰ Secondary applicants (spouses and dependents) had a participation rate of 72%. In contrast, refugees had the lowest participation rate at 54%, though those holding a bachelor's degree or more reported a participation rate of 71%.

Employment rates, which refer to the proportion of the working-age population that is currently employed, have also followed a similar positive trajectory. In 2014, immigrant employment lagged Canadian-born rates by six percentage points (57% vs. 63%). By 2024, immigrants had an employment rate of 62%, exceeding the employment rate of 61% for Canadian-born individuals.¹¹

As with participation, employment rates vary based on factors such as time since arrival and admission category. Mid-term immigrants have higher employment rates than recent immigrants, and primary economic applicants lead with the highest employment rate.¹²

10 <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=9810044101>.

11 [Labour force characteristics by immigrant status, annual, inactive.](#)

12 [Labour force status by period of immigration, admission category, highest level of education and location of study, for immigrants since 1980: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts.](#)

Immigrants have had higher full-time employment rates than the Canadian-born population over the last decade.

Between 2014 and 2024, immigrants have consistently maintained higher rates of full-time employment relative to Canadian-born individuals. By 2024, the full-time employment rate for immigrants had risen to 85%, while the rate for Canadian-born individuals had held steady around 80% over the same time period.¹³ This marks the growing presence of immigrants in full-time roles.

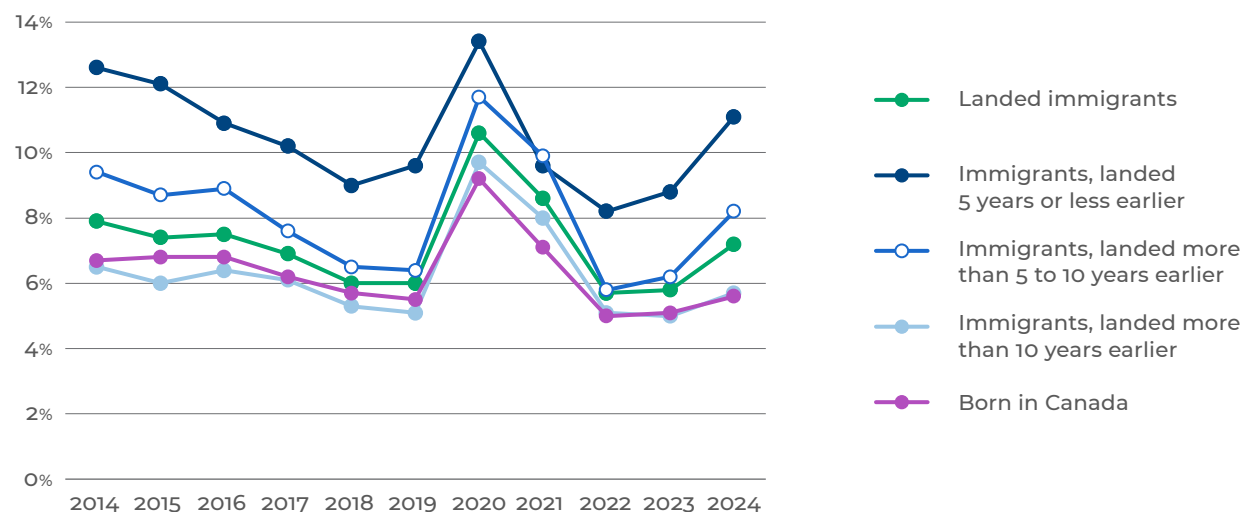
Immigrant unemployment rates reflect vulnerability compared to the Canadian-born population.

Unemployment remains higher for immigrants than for Canadian-born individuals, with particularly acute disparities among recent arrivals and refugees.

Chart 2

Unemployment of landed immigrants remains elevated compared to their Canadian-born peers

(Unemployment rate)



Source: Labour Force Survey

In 2014, the unemployment rate for immigrants aged 15 and over was 8%, higher than the 7% for Canadian-born individuals. By 2024, both rates declined, but immigrants still faced higher unemployment at 7%, compared to 6% for their Canadian-born counterparts.

13 [Labour force characteristics by immigrant status, annual, inactive.](#)

Recent immigrants continue to face the steepest hurdles in entering the labour market. Their unemployment rate was 13% in 2014. It declined to 9% by 2018 but returned to 13% in 2020, during the COVID-19 pandemic. By 2024, unemployment stood at 11%, reflecting persistent challenges in translating foreign education, credentials, and work experience into meaningful employment opportunities in Canada.

Among immigrants, refugees experienced the highest unemployment rate in 2021 at 21%.¹⁴ While having higher education does improve outcomes, it does not fully eliminate these barriers, suggesting that systemic challenges related to language proficiency, hiring discrimination, and limited professional networks continue to affect refugee employment outcomes.

Occupational Mismatch and the Segmented Labour Market Integration of Immigrants

Despite gains in employment and labour force participation, many immigrants experience occupational mismatch, underemployment, and income gaps, a pattern rooted in systemic barriers to recognizing international credentials and work experience. While some immigrants obtain skill-commensurate employment, many remain trapped in lower-skilled work despite their qualifications, creating a segmented labour market divided by credential origin. This segmentation reflects systemic barriers to credential recognition and skills assessment, not individual capability.

Immigrant workers remain over-represented in professional occupations and have become increasingly concentrated in lower-skilled jobs compared to their Canadian-born counterparts.

The 2021 Census shows bifurcated outcomes in terms of occupational skill level. Immigrants are overrepresented in high- and lower-skilled occupations and under-represented in technical occupations that require a moderate skill level.¹⁵ The share of immigrants employed in professional occupations rose from 19% in 2001 to 24% in 2021, intensifying their overrepresentation in professional occupations. At the same time, the percentage of immigrants in lower-skilled occupations fell between 2001 and 2021—but the decline among Canadian-born workers was even steeper, creating relative overrepresentation of immigrants in these roles.¹⁶

14 [Labour force status by period of immigration, admission category, highest level of education and location of study, for immigrants since 1980: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts.](#)

15 Professional occupations (NOC Skill Level A) usually require a bachelor's degree or higher. Technical occupations (NOC Skill Level B) usually require a post-secondary diploma below a bachelor's degree or training as an apprentice. Lower-skilled jobs (NOC Skill Level C) are intermediate jobs that usually require a high school education or job-specific training.

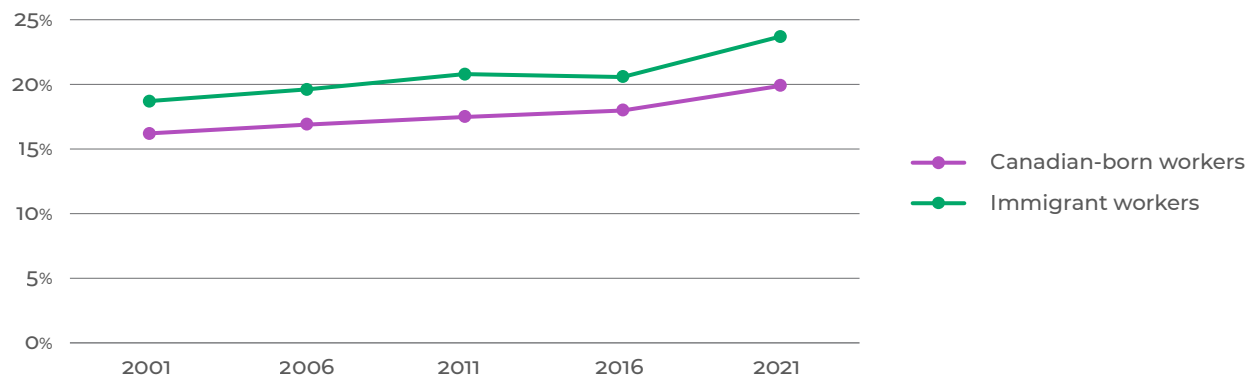
16 <https://www150.statcan.gc.ca/n1/pub/36-28-0001/2024003/article/00006-eng.htm>.

This dual concentration in both professional and lower-skilled roles underscores a segmented pattern of occupational outcomes that persists for many immigrants.

Chart 3

Immigrants are more likely to have professional jobs compared to their Canadian counterparts

(Representation in professional occupations)

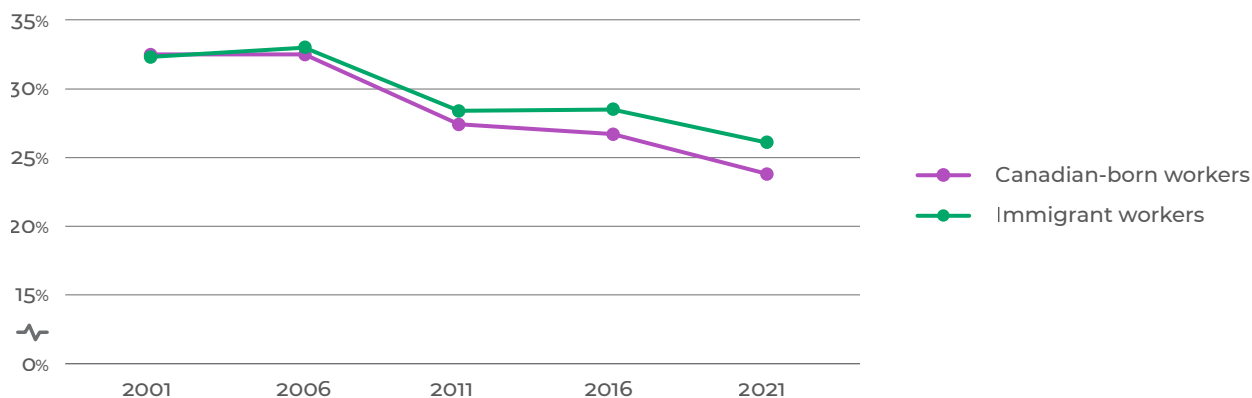


Source: Statistics Canada, 2001, 2006, 2016, and 2021 censuses of population and 2011 National Household Survey

Chart 4

Immigrants are increasingly overrepresented in lower-skilled jobs compared to their Canadian counterparts

(Representation in lower-skilled occupations)



Source: Statistics Canada, 2001, 2006, 2016 and 2021 censuses of population and 2011 National Household Survey

Recent data from Statistics Canada confirm this pattern of labour market bifurcation among immigrants who landed in 2018 or 2019.¹⁷ Among this arrival cohort, 35% were employed in lower-skilled or labourer positions (NOC Skill Levels C and D) in 2024—five to six years after landing—compared to 28% of Canadian-born individuals. At the same time, immigrants had lower representation in middle-skilled (skill level B) occupations compared to Canadian-born workers, with only 27% of recent immigrants in middle-skilled roles, compared to 38% of Canadian-born workers.

Underemployment persists for recent immigrants whose overeducation rate is twice that of young Canadian-born workers (25–34) in 2021.

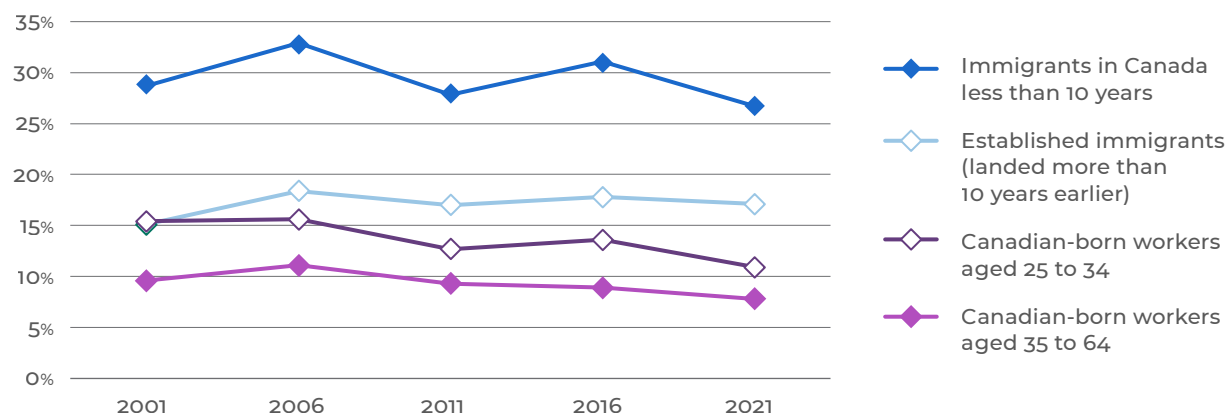
Despite policies designed to attract and select highly educated newcomers to Canada, many immigrants work in roles that do not reflect their qualifications, training, or experience.

In 2021, more than one-quarter of all immigrants aged 25 to 64 with an international bachelor’s degree or higher were employed in occupations requiring only a high school diploma or less. The problem is most acute among recent arrivals: Immigrants who arrived between 2016 and 2021 had an overeducation rate of 27%, compared to 17% among established immigrants (those in Canada for 10 or more years) and 11% among Canadian-born workers aged 25–34.¹⁸

Chart 5

Immigrants who arrived in the last 10 years are more likely to be overeducated for their role

(Overeducation rate among workers with a bachelor’s degree or higher)



Source: Statistics Canada, 2001, 2006, 2016, and 2021 censuses of population; and 2011 National Household Survey

17 [The provision of higher- and lower-skilled immigrant labour to the Canadian economy.](#)

18 [Canada leads the G7 for the most educated workforce, thanks to immigrants, young adults and a strong college sector, but is experiencing significant losses in apprenticeship certificate holders in key trades.](#)

Place of education influences labour market outcomes.

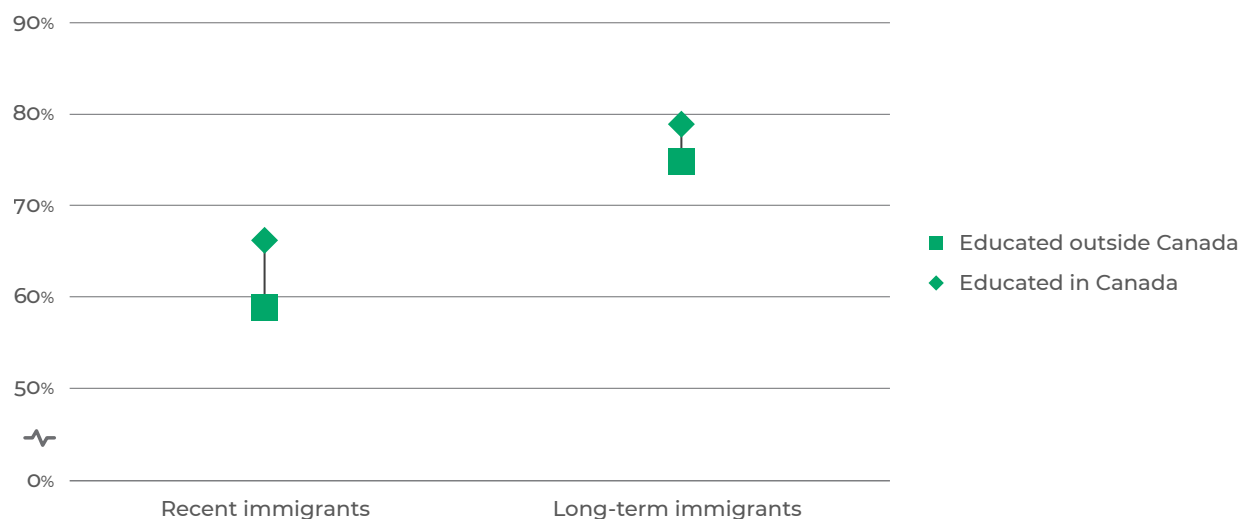
One of the key factors contributing to underemployment is place of study.

In 2021, approximately two-thirds of recent immigrants held international degrees. The overeducation rate among this group was 24 percentage points higher than that of young Canadian-born workers. In contrast, the gap was significantly smaller—less than 2 percentage points—for recent immigrants who obtained their degrees in Canada.¹⁹

Research confirms that immigrants, including those who are highly educated, suffer “brain waste” in the Canadian labour market.²⁰ For example, recent immigrant women educated in Canada were more likely to be in full-time employment than their peers with degrees earned abroad. The gap in employment rates between women educated in Canada or abroad narrowed, but persisted, among immigrants who were in Canada for 10 years or more.²¹

Chart 6

Employment rates are lower among immigrant women educated outside Canada
(Proportion of women in full-time employment in 2019 and 2021)



Source: Statistics Canada, LFS monthly files, March and September, 2019 and 2021

These data reveal persistent structural challenges in how employers recognize education, skills, and experience obtained outside Canada.

19 [Trends in education–occupation mismatch among recent immigrants with a bachelor’s degree or higher, 2001 to 2021.](#)

20 [Use it or lose it: The problem of labour underutilization among immigrant workers in Canada.](#)

21 [Unmasking differences in women’s full-time employment.](#)

The Immigrant Income Gap

The effects of underemployment are visible in earnings. Immigrants continue to earn less than their Canadian-born counterparts, with income disparities evident across all education levels.

There is a wage gap between immigrants and their Canadian-born peers across all levels of education.

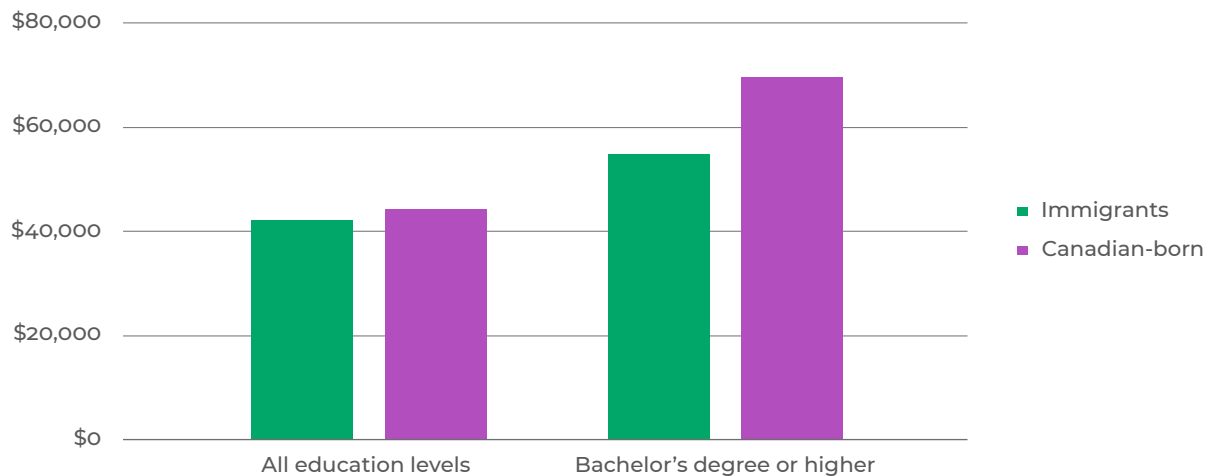
In 2020, the median employment income²² for immigrants aged 15 and older was \$42,000—5.7% lower than the \$44,400 earned by Canadian-born individuals.

While post-secondary education raises earnings for both groups, the income gap actually widens with higher education. Immigrants with bachelor's degrees or higher earned a median income of \$54,800, which is 27% less than that of Canadian-born individuals with similar qualifications, who earned \$69,500.²³ This sharp disparity suggests that higher education alone does not ensure equal economic outcomes for immigrants.

Chart 7

Higher education increases income disparities between immigrants and their Canadian-born peers

(Median employment income, 2020)



Source: Census 2021

22 All income received as wages, salaries, and commissions from paid employment and net self-employment income from farm or non-farm unincorporated business and/or professional practice during the reference period. For the 2021 Census, the reference period for income data is the calendar year 2020, unless otherwise specified.

23 [Employment income statistics by industry sectors, highest level of education, immigrant status and period of immigration, work activity during the reference year, age and gender: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts](#). Median employment income represents Total - Industry - Sectors - North American Industry Classification System (NAICS), 2017.

Among immigrants, income varied by admission category. Economic principal applicants consistently report the highest median earnings among immigrant groups. In 2022, those admitted in 2017 had a median income of \$65,000, slightly higher than the \$63,500 reported by those admitted in 2012,²⁴ an indication that changes in selection systems, such as the introduction of Express Entry in 2015, may have improved income outcomes.

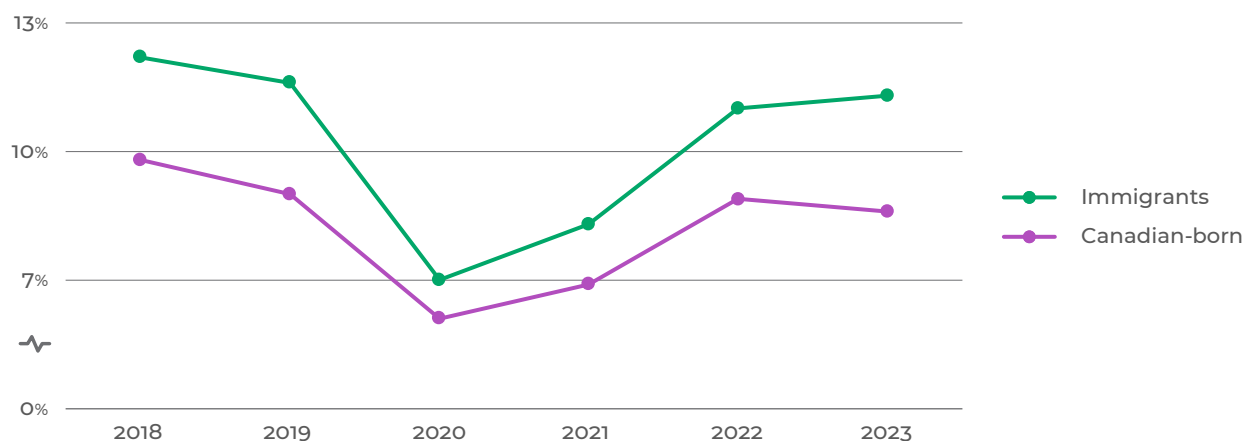
Spouses and dependents of economic principal applicants had much lower median incomes, around \$36,800 and \$36,000, respectively. Family-sponsored immigrants and refugees earned less than economic immigrants, but income levels improved with longer residence. For example, refugees from the 2012 cohort had a median income of \$33,400 in 2022—24% higher than that of their counterparts who were admitted in 2017, who earned just \$26,900.²⁵

Immigrants experience higher rates of deep income poverty than Canadian-born individuals, particularly in their first years in Canada.

Chart 8

Immigrants are more likely to earn low incomes than Canadian-born individuals, with a widening gap post-pandemic

(Percentage of people aged 15 and over in low income, Market Basket Measure 2018 base)



Source: Canadian Income Survey, 2023

Immigrants are more likely than Canadian-born individuals to have low incomes, based on their ability to afford essential items, known as the Market Basket Measure (MBM).

²⁴ <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=4310002601>.

²⁵ Statistics Canada. [Table 43-10-0026-01 Income of Immigrant tax-filers, by immigrant admission category and tax year, for Canada and provinces, 2023 constant dollars.](#)

The gap narrowed substantially in 2020, likely due to pandemic-related income supports. However, after 2020, low-income rates rose faster for immigrants than for Canadian-born individuals. By 2023, the gap was wider than before the pandemic.²⁶

Similarly, immigrants, and particularly new immigrants, are more likely to experience deep income poverty, which is defined as a household income below 75% of the MBM threshold.²⁷

In 2022, 11% of recent immigrants experienced deep income poverty, more than twice the rate for Canadian-born individuals. The disparity narrows for cohorts with longer residence in Canada. The rate of deep income poverty drops to 5% for immigrants who have been in Canada for 5 to 10 years and falls to 4% for those with over a decade of residence.²⁸ While immigrants face significant financial challenges upon arrival, these data suggest that, over time, immigrants can reach more stable and equitable income outcomes.

Multi-Step Immigration Outcomes: Evidence and Caution

Pre-admission Canadian experience, and type of pre-admission Canadian experience, influence median immigrant earnings. For example, in the 2017 admissions cohort, principal applicants admitted through the Canadian Experience Class (CEC) earned \$12,000 more in 2022 than those admitted through the skilled worker and skilled trades programs, based on median employment income.²⁹ Individuals in this cohort with prior work or study permits also earned more than those without pre-admission experience.

The strong income outcomes of immigrants with pre-admission Canadian experience are often seen as a benefit of or justification for multi-step immigration. In response, recent policy reforms have furthered Canada's shift toward multi-step immigration.³⁰ However, policymakers should exercise caution in interpreting multi-step immigration as a way to boost immigrant earnings.

26 Statistics Canada. [Table 11-10-0093-01 Poverty and low-income statistics by selected demographic characteristics](#).

27 Dionne, Marc-Antoine and Lucie Raymond-Brousseau. 2025. [Deep income poverty: Exploring dimensions of poverty in Canada](#). Statistics Canada.

28 Ibid.

29 [Statistics Canada. Table 43-10-0026-01 Income of Immigrant tax-filers, by immigrant admission category and tax year, for Canada and provinces, 2023 constant dollars](#).

30 Banerjee, R. (2026). [Not all immigration paths are equal: Some immigrants thrive, while others struggle, in Canada's two-step system](#). Institute for Research on Public Policy.

Higher incomes may reflect differences in who is selected, not from the multi-step immigration process itself. Multi-step immigrants tend to be younger and are more likely to have one of Canada's official languages as their mother tongue.³¹ They are also more likely to have a job or job offer from a Canadian employer when they receive permanent residence. One study found that when these sociodemographic differences are taken into account, the income advantage of multi-step immigrants is reduced.³²

The income differences between one-step and multi-step immigrants do not account for opportunity costs of multi-step immigration. Research shows that past precarious immigration status negatively affects health and job quality, even after individuals are granted permanent residence.³³ The income outcomes for those same immigrants had they arrived in Canada through one-step immigration remain unknown.

More broadly, the strong income outcomes of immigrants with pre-admission Canadian experience do not necessarily mean that the temporary resident program or multi-step immigration is successful overall. People with temporary residence are more likely to experience precarious work, family separation, and exploitation without access to federally funded settlement services.³⁴ Currently, hundreds of thousands of individuals in Canada have precarious immigration status, but the economic and social costs are difficult to quantify.

Rather than using temporary immigration as a tool to accelerate the economic integration of newly landed permanent residents, it is important to reduce barriers to credential recognition, licensing, and access to jobs that match the skills of newcomers.

Inequality Deepens at Intersections: Race and Gender

Labour market outcomes differ sharply by racialization and gender. Racialized people, both immigrants and Canadian-born, experience persistent disadvantages compared to their non-visible minority counterparts.³⁵ Immigrant women face significant and enduring disadvantages in Canada's labour market.³⁶ For racialized immigrant women, these identities intersect, compounding barriers and leading to severe labour market exclusion.

31 [Earnings of one-step and two-step economic immigrants: Comparisons from the arrival year.](#)

32 [Ibid.](#)

33 Goldring, Luin, Patricia Landolt, Marie-Pier Joly, and Salina Abji. 2024. [Hidden in Plain Sight: Precarious Legal Status Trajectories and their Long-term Consequences.](#) Toronto: CEP Project.

34 Nakache, Delphine and Leanne Dixon-Perera. 2015. [Temporary or Transitional? Migrant Workers' Experiences with Permanent Residence in Canada.](#) IRPP Study 55. Montreal: Institute for Research on Public Policy. Cedillo L, Lippel K, Nakache D. [Factors Influencing the Health and Safety of Temporary Foreign Workers in Skilled and Low-Skilled Occupations in Canada.](#) NEW SOLUTIONS: A Journal of Environmental and Occupational Health Policy. 2019;29(3):422-458; Human Rights Council. 2024. [Visit to Canada Report of the Special Rapporteur on contemporary forms of slavery, including its causes and consequences, Tomoya Obokata.](#)

35 [Canada's Colour Coded Income Inequality.](#)

36 Cf, Banerjee, R. (2026). [Not all immigration paths are equal: Some immigrants thrive, while others struggle, in Canada's two-step system.](#) Institute for Research on Public Policy.

Racialized immigrants experience compounded labour market disadvantages.

Racialized immigrants face worse outcomes than both non-racialized immigrants and racialized Canadian-born individuals across participation, employment, and unemployment—disparities that persist even among university graduates.

Among immigrants aged 25 to 54, visible minorities had consistently lower labour force participation (83% versus 87% for non-visible minority immigrants), employment rates (74% versus 80%), and higher unemployment (10% versus 8%) in 2021.³⁷ These gaps persist despite similar education levels, indicating that racialization, not qualifications, drives labour market exclusion even among core working-age immigrants.

Income penalties compound across race and immigration status. In 2020:

- **Visible minority Canadian-born workers** earned a median employment income of \$27,800, 42.5% less than non-visible minority Canadian-born workers (\$39,600)
- **Visible minority immigrants** earned \$35,600, compared to a median income of \$40,800 for non-visible minority immigrants, adding a race-based penalty to the immigrant wage gap documented earlier³⁸

Higher education does not eliminate these disparities—in some cases, it widens them. In 2020:

- **Visible minority immigrants with university degrees** earned \$48,400, while non-visible minority immigrants with degrees earned \$60,000—a gap of 24%
- Visible minority immigrants with degrees also earned **37.4% less than non-visible minority Canadian-born degree holders**

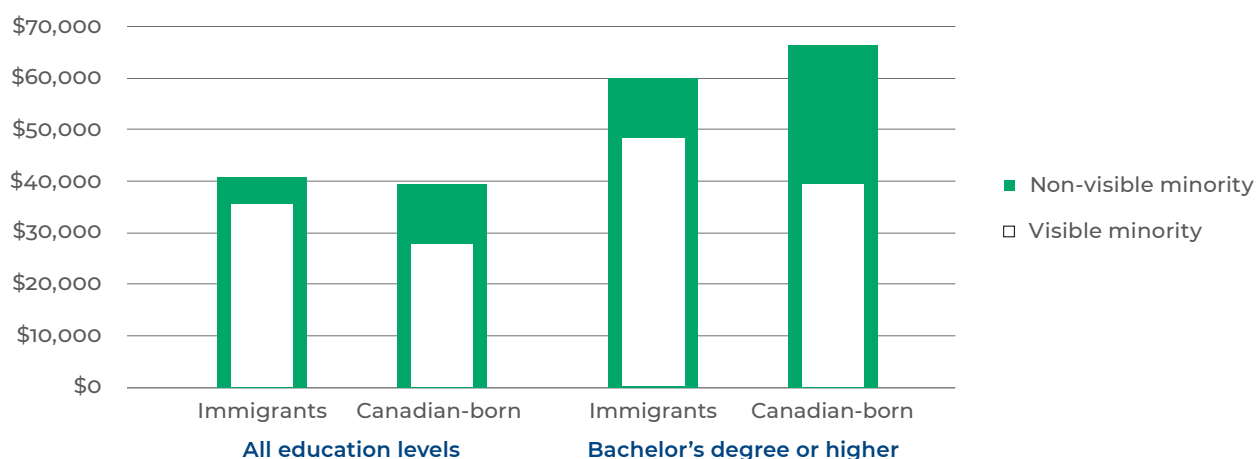
37 Statistics Canada. [Table 98-10-0446-01 Labour force status by visible minority, immigrant status and period of immigration, highest level of education, age and gender: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts.](#)

38 Statistics Canada. [Table 98-10-0439-01 Employment income statistics by visible minority, highest level of education, immigrant status and income year: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts.](#)

Chart 9

Visible minorities earn less than their non-visible minority peers

(Median employment income, 2020)



Source: Census 2021

These patterns reveal that racialized immigrants face a distinct form of labour market exclusion—one that cannot be explained by education, skills, or time in Canada, but reflects systemic barriers rooted in the intersection of race and immigration status.

Immigrant women face persistently lower labour force participation and employment rates as well as higher unemployment, with the widest gaps among recent immigrants.

In 2024, labour force participation and employment rates for men continued to surpass those of women among both immigrants and Canadian-born individuals aged 25 to 54.

Among recent immigrants (landed within the past five years), the gender gaps were most pronounced. Men who obtained permanent residence in the past five years had a labour force participation rate of 93% compared to 79% for recent immigrant women, a 14-point percentage gap. Employment rates for this group showed an even wider divide, with 87% of men employed compared to 71% of women.

While employment improves with time in Canada, long-term immigrant women (79%) still lag well behind both their male counterparts (89%) and Canadian-born women (84%).³⁹ These patterns persist across decades: Similar disparities were documented in the 2001 and 2016 censuses.⁴⁰

39 [Labour force characteristics of immigrants by sex and age group, three-month moving average, unadjusted for seasonality, inactive.](#)

40 [Gender, Immigration and Labour Market Integration: Where We Are and What We Still Need to Know; Knowledge Synthesis Report on Canada's Racialized Immigrant Women and the Labour Market.](#)

Women who are recent immigrants with university degrees are much less likely to be employed full time than longer-term immigrant women or Canadian-born women.

The disparities faced by immigrant women cannot be explained by level of education. Immigrant women who landed between 2019 and 2021 were more likely to hold university degrees than Canadian-born women and long-term immigrant women (those who immigrated to Canada more than 10 years ago).

However, only 62% of recent immigrant women with a university degree were employed full time, compared to 73% of long-term immigrant women and 80% of Canadian-born women.⁴¹

Despite higher education levels, recent immigrant women struggle to secure full-time employment commensurate with their education. This pattern reflects employer devaluation of international credentials rather than individual qualifications.

Gender wage gaps widen with education and are largest for female economic principal applicants.

In 2020, immigrant women aged 15 and older had a median income of \$36,000, lower than that of Canadian-born women and of both immigrant and Canadian-born men.

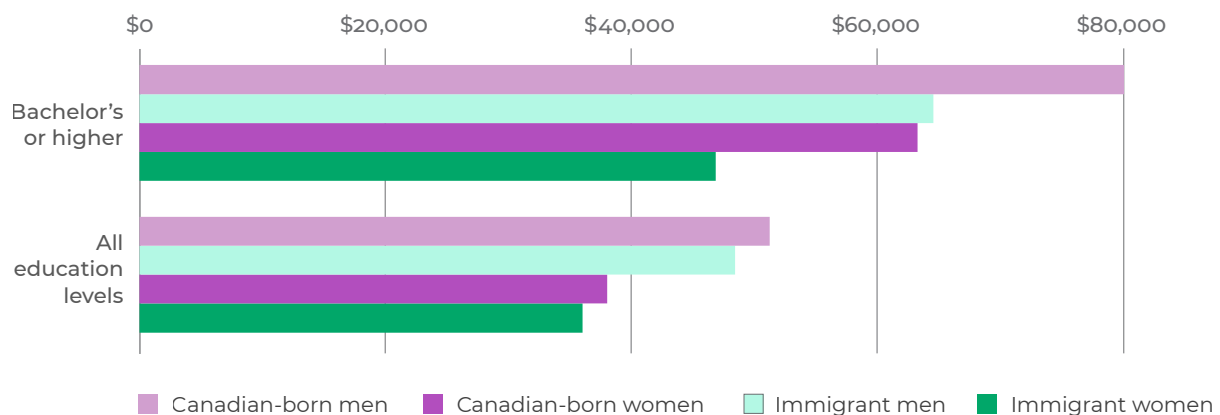
Among university graduates, the gap widened further: Immigrant men with a degree earned \$64,500, while immigrant women earned only \$46,800, a 38% disparity.

Among Canadian-born university graduates, the gender wage gap was smaller, at 27%.

Chart 10

Immigrant women earn significantly less than their peers

(Median employment income, 2020)



Source: Census 2021

41 [Unmasking differences in women's full-time employment.](#)

The largest wage gap by gender occurred among economic principal applicants. Despite being selected based on education, language ability, and skills, female principal applicants fared worse in securing well-paying employment than their male peers, both five and ten years after arrival.

In 2022, women in the 2017 cohort earned 51.6% less than their male counterparts; in the 2012 cohort, the gap stood at 33%.⁴²

Racialized immigrant women face distinct and compounded labour market exclusion.

Racialized immigrant women face barriers as immigrants, as women, and as racialized people, barriers that compound to create the most severe labour market exclusion of any group examined. This combination places them at the bottom of nearly every employment and income measure.

According to Census 2021 data, visible minority immigrant women aged 25 to 54 had the lowest labour force participation (74%) and employment rates (65%) among all immigrant groups, as well as the highest unemployment rate (13%). These figures were significantly worse than those of visible minority immigrant men, who had a participation rate of 87%, an employment rate of 81%, and an unemployment rate of 9%.

Non-racialized immigrant women fared better, with a participation rate of 76%, employment rate of 69%, and unemployment rate of 10%.⁴³ These stark contrasts indicate barriers that go beyond those experienced by either racialized immigrant men or non-racialized immigrant women.

By comparison, Canadian-born women faced smaller racial disparities in labour force outcomes, suggesting that the compounding effects of recent immigration and racialization disproportionately affect immigrant women of colour.

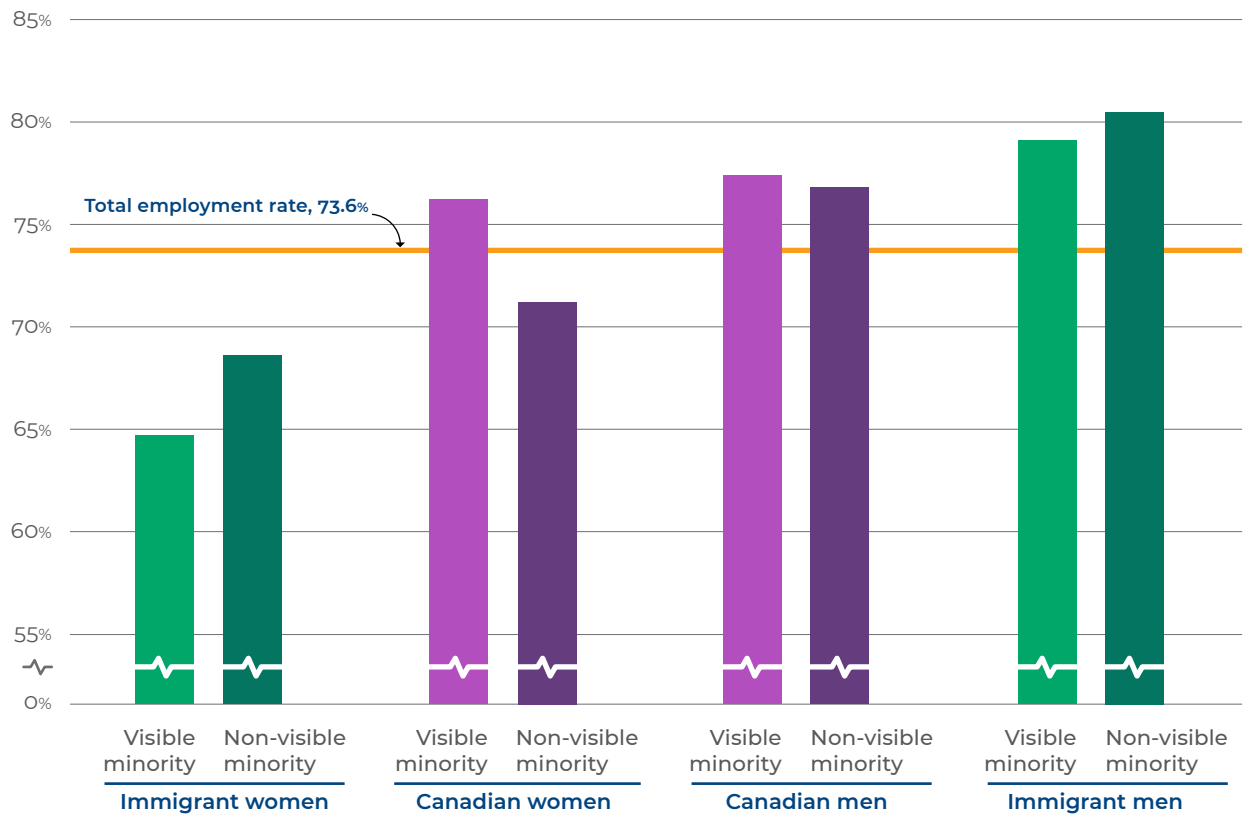
⁴² Statistics Canada. [Table 43-10-0026-01 Income of Immigrant tax-filers, by immigrant admission category and tax year, for Canada and provinces, 2023 constant dollars.](#)

⁴³ [Labour force status by visible minority, immigrant status and period of immigration, highest level of education, age and gender: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts.](#)

Chart 11

Visible minority immigrant women have the lowest labour force participation

(Participation rate, ages 25-54, 2020)



Source: Census 2021

Income penalties are equally severe. In 2020, visible minority immigrant women had the lowest median employment income among all groups, earning just \$30,400—lower than visible minority immigrant men (\$40,200), non-visible minority immigrant women (\$39,600), and Canadian-born visible minority women (\$34,700).⁴⁴

University education does not overcome these compounded disadvantages. In 2020, among university-educated individuals, visible minority immigrant women earned \$41,200, which is 39% less than their male counterparts (\$57,200) and significantly less than non-visible minority immigrant women (\$50,800) and Canadian-born non-visible minority women (\$60,400). These wage gaps persisted despite higher education.

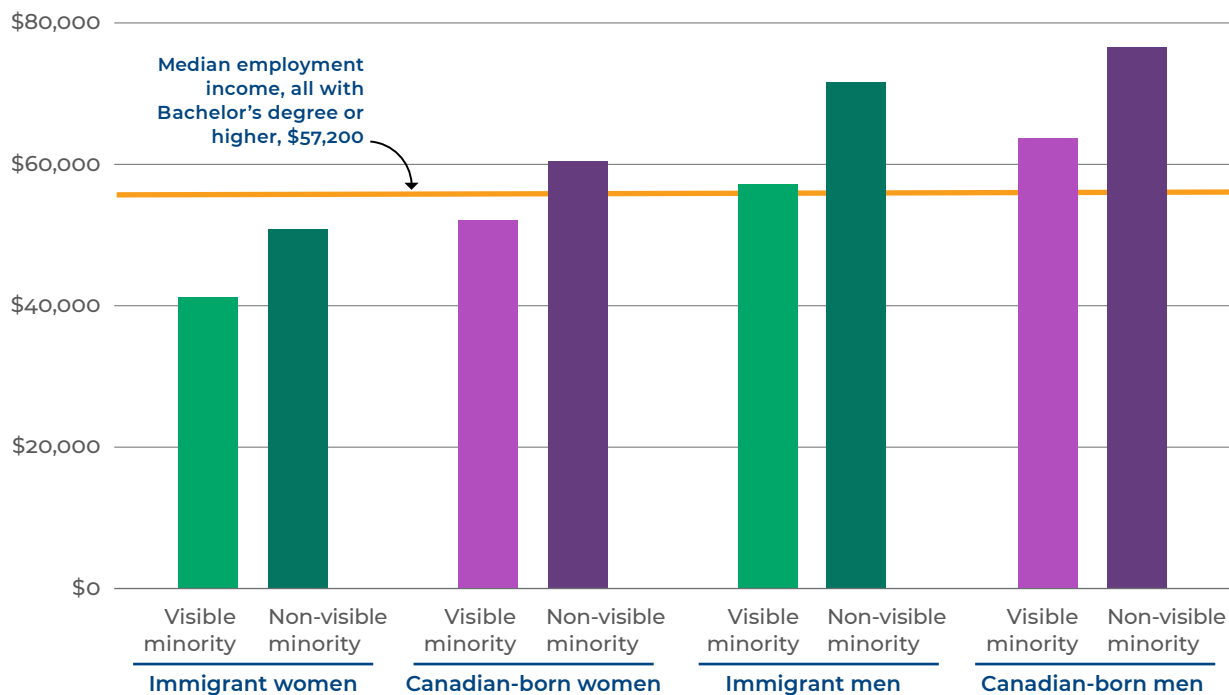
⁴⁴ [Employment income statistics by visible minority, highest level of education, immigrant status and income year: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts.](#)

Even with a university degree, visible minority immigrant women remained at the bottom of the earnings hierarchy, reflecting deep-rooted structural inequalities that education alone cannot overcome.

Chart 12

Visible minority immigrant women with university degrees earn less than their university-educated peers

(Median employment income, individuals with a bachelor's degree or higher, 2020)



Source: Census 2021

These patterns confirm that racialized immigrant women face distinct labour market exclusion—barriers that compound across race, gender, and immigration status.

Conclusion

There is fundamental paradox in Canada's immigration system. On the surface, recent data suggest progress: Immigrants are participating in the labour force at higher rates than ever before, employment rates have risen, and full-time work has increased.

Yet beneath these gains lie persistent and often deepening inequalities that prevent many immigrants—particularly those who are racialized, women, or recent arrivals—from realizing their full economic potential.

The pattern is clear and troubling:

- Recent immigrants face unemployment rates nearly double those of Canadian-born workers. More than one-quarter of university-educated immigrants work in jobs requiring only a high school diploma.
- Immigrants earn less than their Canadian-born peers at every education level, with the gap actually widening among those with bachelor's degrees or higher. Racialized immigrants earn significantly less than non-racialized immigrants with identical credentials.
- Immigrant women, especially recent arrivals with university degrees, struggle to find full-time employment. And racialized immigrant women who face compounded barriers of race, gender, and immigration experience the most severe exclusion. They have the lowest participation rates, highest unemployment, and lowest earnings across nearly every measure.

These are not just statistics about individual hardship. They represent a systemic failure to capture the full economic value of the human capital Canada has selected and welcomed, a failure that costs the Canadian economy \$50 billion annually, according to estimates from RBC Economics. In an era of slowing population growth and economic uncertainty, Canada cannot afford to waste the skills, education, and expertise of hundreds of thousands of highly qualified immigrants.

The evidence points to clear policy imperatives:

System reform and equity

Canada must embed anti-racism and gender equity into workforce policies, moving beyond formal equality to address the structural barriers that disproportionately affect racialized immigrants and women.

Non-recognition of immigrants' knowledge and experience requires urgent attention. The persistent gaps between the labour market outcomes of immigrants with Canadian degrees and those with international credentials demonstrate that employer devaluation of international education remains a defining barrier to labour market integration. In addition to improving recognition of immigrant skills, measures like bridging programs, mentorship initiatives, and sector-specific pathways must be scaled to help newcomers translate expertise into commensurate employment.

Employer accountability

Employers bear responsibility as well. Equitable hiring and promotion practices cannot remain voluntary aspirations. The data on unemployment, underemployment, and wage gaps—even among highly educated immigrants—suggest that discriminatory practices persist in recruitment, credential evaluation, and advancement decisions.

Targeted supports for immigrant women

For immigrant women, targeted supports are essential: accessible childcare, culturally responsive employment services, and clear pathways to full-time stable work. The fact that recent immigrant women with university degrees are 18 percentage points less likely than Canadian-born women to have full-time employment represents both a profound inequity and a significant loss of economic productivity.

Immigration pathway design

The question of temporary versus permanent immigration pathways requires deeper examination. While some data suggest income advantages for multi-step immigrants, these outcomes may reflect selection differences rather than pathway benefits. Moreover, the social and economic costs of maintaining a large temporary resident population—many of whom will never transition to permanent status—have not been adequately assessed. Without comprehensive longitudinal data on temporary residents, policymakers should exercise caution about expanding temporary pathways and instead improve the efficiency of existing credential recognition and licensing systems.

Ultimately, Canada's prosperity depends not only on attracting talent but on dismantling the barriers that prevent immigrants from thriving. The improvements in labour force participation demonstrate that progress is possible. But participation without fair wages, employment without skill utilization, and economic activity without equity do not constitute successful integration.

Canada has positioned immigration as central to its economic future. The evidence in this report makes clear that realizing that vision requires confronting uncomfortable truths about persistent discrimination, broken credential recognition systems, and compounding disadvantages faced by the most vulnerable newcomers.

With deliberate policy action, structural reform, and accountability for equitable outcomes, successful integration of immigrants can become Canada's strategic advantage. Without those steps, current patterns of inequality will continue to undermine both individual opportunity and collective prosperity.



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