

OVERQUALIFIED, UNDERUTILIZED:

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Ottawa's University Educated Immigrants

Introduction

The rate of occupational overqualification is an important issue that affects skills utilization, productivity and economic growth. In Canada, the phenomenon is particularly evident in the case of new immigrants with university degrees. Problems with foreign credential recognition, a real or perceived lack of official language skills, the requirement for Canadian work experience¹, the undervaluing of international work experience, and culturally biased hiring practices are some of the

well known problems confronting new immigrants in the job market. These problems too often lead skilled immigrants into jobs for which they are overqualified and not fully utilizing their skills. The extent to which the immigrant population is working in jobs for which they are overqualified is therefore a useful indicator of the effectiveness of labour market integration and skills utilization.

So what is the extent of overqualification in Ottawa?

In 2011, Ottawa's employed labour force included 195,530 people with a university degree at bachelor level or above². Most of these people worked in "professional" occupations, defined as jobs that typically require a university degree (55%) or as managers (16%). An additional 18% worked in jobs that require a college diploma or apprenticeship certification. Taken together, 89% of employed people with a university degree work in jobs that are roughly commensurate with their education. Nonetheless, there were an estimated 22,060 or 11% who worked in jobs that required only a high school education or less. In other words, about one-in-ten employed people with a university education were employed in jobs for which they are overqualified³.

While having one out of every 10 university educated people working in jobs that only require a high school education may seem unacceptably high, it is in fact, a lower rate of overqualification than in Canada as a whole (15%) in the province of Ontario (16%), or in the city of Toronto (18%). A comparison of Canada's 33 largest urban centres (Census Metropolitan Areas) shows Ottawa-Gatineau to have the fourth lowest rate of overqualification. Only the Quebec cities of Trois-Rivières, Sherbrooke and Québec City have lower rates of overqualification than Ottawa.



1 in 10 university educated people work in jobs that only require a high school education.

¹ The Ontario Human Rights Commission's position is that the common requirement for "Canadian experience" for immigrant job applicants is discriminatory prima facie and can only be used in very limited circumstances.

² All statistics used in this report are based on the 2011 National Household Survey conducted by Statistics Canada.

³ For a description of the methodology used to define and measure "overqualification" see [Overqualification among recent university graduates in Canada](#), Statistics Canada

Skill Profile of Ottawa's Job Market

One reason university educated workers in Ottawa are less likely to be in jobs for which they are overqualified is that Ottawa's economy and the jobs it produces are relatively high skilled. In other words, Ottawa is more likely than other places in Canada to have jobs that "typically require" post-secondary education⁴.

In fact, when we compare the skill profile of jobs in Ottawa with those in Canada as a whole, or with each of the Provinces and Territories, or with the 33 largest urban areas (Census Metropolitan Areas -CMAs) or even with the smaller urban areas across the country (Census Agglomerations), we find that Ottawa has the highest percentage of managerial and professional jobs (what Employment and Social Development Canada refers to as Jobs at "Skill level A"). Fully 42% of jobs in Ottawa are at this level. Across Canada as a whole, that percentage is 30%. Smaller urban centers such as Cornwall or Shawinigan tend to have fewer managerial or professional jobs (16% and 21% respectively), but even the largest urban areas of Toronto, Montreal and Vancouver have fewer managerial and profession jobs in their economies (35%; 32%; and 33% respectively).

% of jobs at Skill Level A

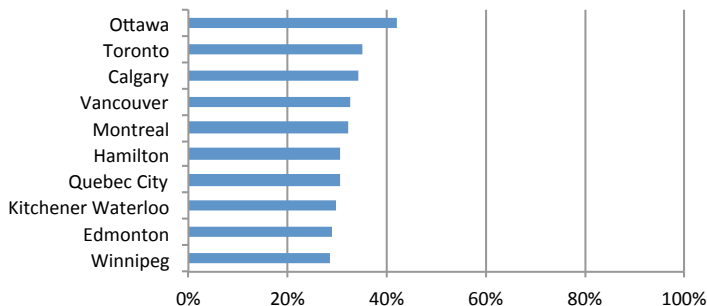


Chart prepared by Hire Immigrants Ottawa using Statistics Canada, CANSIM Table 99-012-x2011059

If we broaden the definition of high skilled jobs to include those that are managerial or require post-secondary education (university, college or apprenticeship), we find that 71% of jobs in Ottawa fit that description - again, the highest among large urban centres. Only 29% of jobs in Ottawa require high school education or less. For comparison, 52% of the jobs in Cornwall Ontario require high school education or less.

% of jobs at Skill Level A & B

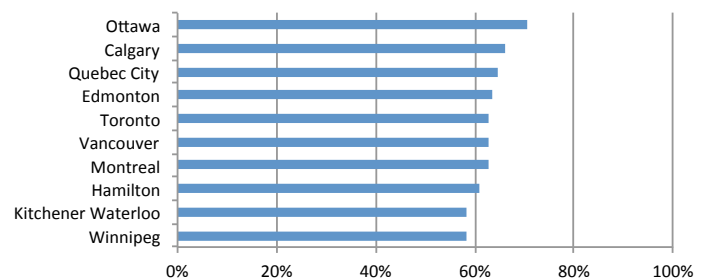


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To sum up, we can list three main points that make Ottawa's economy and labour market exceptional that distinguish Ottawa's economy and labour market:

- Ottawa has a very highly educated population (highest among CMA's)
- Ottawa's economy is characterized by a higher proportion of high skill occupations (highest among CMA's)
- Ottawa has a relatively low rate of overqualification.

In other words, Ottawa needs skills, has skills, and seems to do a relatively good job at using skills.

⁴ ESDC divides all National Occupational Classification codes into one of 5 skill levels. Using this measure of occupational skill level, it is possible to analyze the occupational skills profile in Ottawa (i.e. of all occupations filled, what % are high skill, low skills, etc.). It is also possible to compare the skill level of the occupation held with the level of education actually obtained as a measure of over or under qualification.

What about Immigrants?

To what extent do immigrants work in jobs for which their skills are underutilized? According to the 2011 National Household Survey, employed immigrants in Ottawa with a university degree experienced a higher rate of occupational overqualification than Canadian-born degree holders. Among employed Canadian-born men with a university degree, nine percent worked in jobs requiring high school or less. Canadian-born women with a university degree had a slightly higher rate of over-qualification at 11%. In comparison, recent immigrant men and women with a university degree had considerably higher rates of overqualification with 16% and 24% respectively working in jobs requiring high school education or less.

Nevertheless, relative to other cities in Canada, university educated recent immigrants in Ottawa are much less likely to work in jobs for which they are overqualified.

In Toronto, which receives the largest number of immigrants each year, 26% of recent immigrant men with a university degree and 33% of women were employed in jobs requiring high school or less. In Calgary, where the unemployment rate is among the lowest in Canada, the comparable figures are 23% and 35%.

Overqualification rates, Canadian-born and Immigrant workers with a university degree, Ottawa, 2011

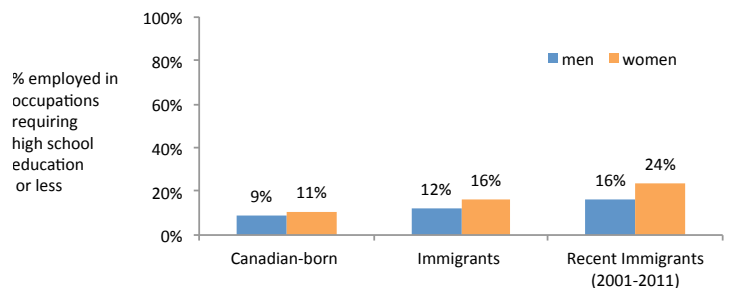


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Older recent immigrants most likely to have jobs for which they are over-qualified

Recent immigrants between the ages of 45 and 64 would seem to have the most difficulty finding jobs commensurate with their education. About 3 out of ten (29.0%) recent immigrant women aged 45-64 and with a university degree, have jobs requiring only high school or less. This is four times higher than the rate of overqualification of their Canadian-born counterparts (7.2%).

Overqualification rates, Canadian-born and recent immigrant workers with a university degree, by age group, Ottawa, 2011

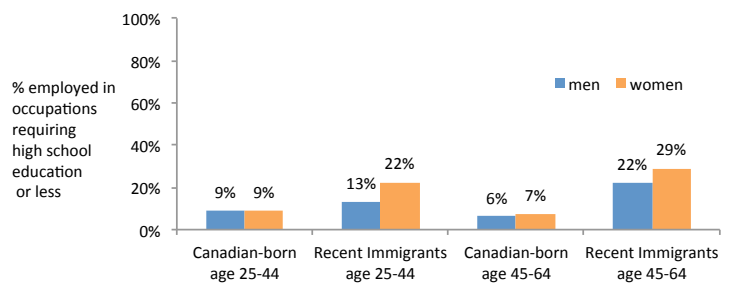


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Undervaluing Credentials Obtained Abroad

About two-thirds (68%) of Ottawa's university educated labour force are Canadian-born men and women who obtained their degree in Canada. A small percentage (3%) are Canadian-born who obtained their degree in a country other than Canada. The remaining 29% are immigrants who can be divided into two groups, those who obtained their highest degree in Canada (16%) and those who obtained their highest degree abroad (13%).

Does having a degree that was obtained abroad have an impact on the rate of overqualification? Absolutely ... if you're an immigrant. Recent immigrant men and women who obtained their degree outside of Canada experience a significantly higher rate of overqualification, 19% in the case of men, and a troubling 27% in the case of university educated recent immigrant women.

Overqualification rates, Canadian-born and recent immigrant workers with a university degree, by location of highest degree obtained, Ottawa, 2011

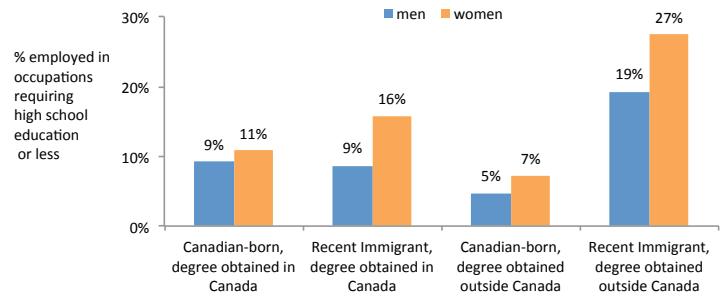


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Conclusion

Generally speaking, a high rate of overqualification is a less than desirable labour market outcome, especially if it persists over a long period of time. It means lower-than-expected wages for individuals, and less than full productivity for the economy. In both instances, it means that skills are under-utilized and the financial returns on individual and collective educational investments are not being fully realized.

The rate of occupational overqualification is an important indicator of skills underutilization. University educated recent immigrants in Ottawa are far more likely than their Canadian-born counterparts to be employed in jobs requiring only high school level credentials or less. In combination with other measures of skills underutilization (immigrants also have lower labour force participation rates and higher unemployment rates compared to the Canadian-born population), it demonstrates

a continuing need in Ottawa to ensure that barriers to effective integration are removed, and that local employers have the capacity to attract and retain immigrants within skills appropriate positions.

ABOUT HIO

Hire Immigrants Ottawa (HIO) offers employment support tools and resources to employers and businesses so that they can more effectively hire and integrate skilled immigrants into the workplace.

For more information, visit:

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