

# Shadow Economies

## Economic Survival Strategies Of Toronto Immigrant Communities

October 2013

### Summary

Shadow Economies tells a story of the untapped promise of our failure to settle new Canadians and how those on the edge of the labour market survive. The report measures the pervasiveness and extent of the underground economy.

The report finds how, at the edges of the labour market, exploitation is common and that this leads to further marginalization and economic deprivation for individuals and families who find themselves outside the main labour force. A high number of newcomers are working in very poor, sub-standard jobs, sometimes unknowingly and often without a viable alternative. Newcomers experience very high levels of employment standard violations. Bullying and harassment are also commonly experienced by workers. Making things worse, employees demonstrated a lack of knowledge about their employment rights or a reluctance to complain because of potential repercussions from such actions.

Newcomers turn to informal economic activities and other survival strategies as a creative response to the barriers to safe and sufficient employment. When pathways to workforce integration are blocked, informal economic activities channels the innovative force of newcomers.

This different lens on informal economic activities, essentially as the pursuit of a survival strategy, insists we understand the work and motivations of the shadow economies around us.

### Key Findings

This stratified, random sample survey of three newcomer communities in east-end Toronto found unregulated economic activities are widespread both in sub-standard employment and in undocumented, cash-centred shadow economies.

### Working Conditions

- More than one-third (41%) reported holding a job where provincial employment standards were not followed.
- More than half (55%) reported discrimination on a prohibited grounds as barrier in the workplace.
- More than one-third of respondents (38%) had experienced bullying or harassment (described as aggressive behaviour, yelling, threats and assault) by supervisors, co-workers or customers while at work within the previous six months.
- Knowledge of employment standards was poor, most especially among recent immigrants.
- More than half of respondents (55%) felt that raising a concern about health and safety or an employment stan-

dard was likely to have a negative impact on their future employment.

## Economic Survival Strategies

- Almost seven out of ten (68%) respondents report some form of informal economy activity.
- Forty-six percent report earning income from the informal economy; Unemployment and convenience were the two most commonly cited reasons why.
- Factory work, restaurants and stores were some of the main areas outside the regulatory framework of basic employment standards and cash exchange activities. Room & board, Beauty and Food Services were most common forms of shadow economic activities.
- Most who participate in shadow economies are low income earners. Forty-two percent of those engaged in these marginal economic activities earned less than \$10,000 annually. 38% earned between \$10,000 - \$29,999.
- English language skills strongly correlated with formal labour market attachment, those with the highest level of English language were most likely to be employed. Others worked within their community.

## Impacts

- Only 3% of immigrants formerly in professional occupations were still working in their field.
- Six out of ten (62%) report difficulty in meeting their monthly household expenses, more than one out of ten (14%) report great difficulty;
- Only one-third of households reported being able to fully cover their household expenses on income earned through formal employment.
- Eighty-three percent of respondents identified a major course of stress in their life, of these, 41% cited their financial situation as the cause
- Thirty-one percent of respondents described their health as fair or poor
- Seven out of ten had felt depressed at least once in the past month
- Thirty-six percent of full-time workers were satisfied with their jobs, recent immigrants were the least likely to be satisfied with their jobs, and pay level was the most frequently cited reason for dissatisfaction
- Of those who were working, only 34% agreed their current job offers good prospects for career advancement

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