

Job quality in decline: Report

Job gains continue to be low-paying, part time; middle-income earners see little growth

BY MARCEL VANDER WIER

THE QUALITY of Canadian employment continues to trend downward, with no change in sight for 2017, according to a CIBC report.

Over the last 20 years, the majority of jobs created across the country have been low-paying and part time. In addition, while workers at the low end of the wage spectrum have experienced gains due to government policy changes in terms of minimum wage increases, middle-income earners have seen little to no growth, said the report.

“The main story is that every year, if you go back through the past 20 years, the share of people making less than average went up,” said Toronto-based CIBC economist Benjamin Tal, author of the report *On the Quality of Employment in Canada*. “So the quality of employment is going down because more people are making less than average. That’s a reflection of low-quality jobs and a higher income equality gap.”

While the report used a very specific definition of job quality, focused solely on compensation, other trends such as a widening skills gap can play a role in lower wages, said Tal.

“You have people with jobs and you have jobs without people,” he said. “You have people looking for jobs that they cannot find, or if they find (them), they have to compromise. And you have companies looking for people they cannot find, and therefore the people that are in that segment of the market, their bargaining power is better and their wages are rising.”

Political movements — such as Donald Trump’s election in the United States, and Britain’s referendum vote to exit the European Union — should serve as stark warnings to Canadian policymakers in terms of the unrest of the country’s working class because of this issue, said Tal.

“To an extent, it’s a reflection of this reality in the labour force,” he said. “It’s simply a mismatch between what’s needed and what’s available.”

Without major policy alterations to education and immigration programming, Canadian workers should expect more of the same heading into the new year, said Tal.

“I don’t see something big happening that will change this trend,” he said. “These are global forces. What we need is to guide young Canadians regarding their field of study, what they’re studying, but also we need to make sure they have the framework to succeed in this kind of environment.”

The concern about job quality has been a discussion point for “quite some time,” said economist David Madani at Capital Economics in Toronto.

There hasn’t been much growth within the “prime” working age sector of those between 24 to 54, he said — the cohort best known for higher-paying jobs. Most growth has been in the 55-and-over age group.

Uncertainty looms

Monthly Labour Force Surveys published by Statistics Canada

told the same story throughout 2016 — while employment gains existed, they were strictly part time. The past year saw full-time employment decline by 30,000 full-time jobs while part-time employment grew by 213,000 positions and overall unemployment fell by 37,000.

“The key story is full-time employment versus part time,” said Madani. “Why has full-time employment been so lousy? I think it’s just a reflection of what’s happening in the real economy.”

“Obviously, the economy’s gone through a bit of a rough patch. We had the oil price shock where the economy did slow down and there hasn’t been anything else to replace or offset that. It feels like the economy’s sort of drifting a bit. It’s in the doldrums, if you will. Business confidence isn’t very high.”

Large amounts of job loss in a goods-producing sector such as oil hurts the overall outlook, he said. “Those are some of the highest-paying jobs, by far.”

The threat of looming changes to major trade agreements such as the North American Free Trade Agreement (NAFTA) doesn’t help matters, said Madani.

“Uncertainty has gone up a notch,” he said. “An economy is sensitive to confidence because it isn’t a command-based economy where policymakers can just snap their fingers and generate growth. In any developed economy, the economy grows because confidence is there, which means that households have

confidence to spend and businesses have confidence to invest and hire.”

There are two reasons behind the rise of part-time jobs, said Tal.

“It’s a combination of demographics (and) choice, but also people being forced into it.”

Senior workers aren’t retiring, choosing to remain engaged with part-time work, he said, noting that most of the increase in part-time employment occurred during the 2008 recession, and has risen since then.

“Many people have to compromise and go with part time, although they probably desire to have full time,” said Tal.

Not all about salary

But job quality can be defined or examined in various ways — and it’s not all bad, said Meghan Reid, a psychologist at Canada Career Counselling in Toronto.

“I don’t think job quality is falling,” she said. “In my opinion, job quality is probably increasing in terms of HR policy, mental health and quality of life becoming more and more important in society as well as within the workplace.”

As for part-time work, many job-seeking Canadians are looking for flexible work hours, which often come in the form of part-time employment.

“Sometimes, it’s better to fit together two part-time jobs,” said Reid. “It’s not a bleak outlook. I think there are lots of opportunities out there, and it’s finding the best opportunity for you. The best oppor-

tunity isn't just the one that makes the most money, it's really digging into and getting clear about yourself and what you need in a career to be satisfied and fulfilled, and thinking outside of the box."

While there is a rising wage gap, some workers don't value a high salary as much as other benefits, said Reid.

"At least 60 per cent of people I work with would like a higher salary, and a smaller percentage than that need a higher salary to maintain their standard of living," she said. "Objectively, the money they're making is better, but the cost of

living can also be challenging for people. It's a reality factor based on education and living expenses. But in terms of what's most important, a lot of it is more around meaning, purpose, having influence within the organization."

Solutions exist

Aside from an unforeseen turnaround of the economy, solutions to better the job quality outlook are difficult to implement, but known, said Tal.

"In the short term, the elephant in the room is that there is no quick solution," he said. "That explains

a lot of what's happening south of the border. It would be naive to assume that we're totally immune to that. We are facing the same global trends."

One potential remedy could see the Canadian post-secondary system marry universities with colleges, to help students achieve some sort of "umbrella degree," said Tal, citing the combination of liberal arts with the trades.

"Some people refer to young Canadians as the 'lost generation' — people in their 20s and 30s," he said. "I don't think we should call them the lost generation. We sim-

ply need to help them. We know what we do. We just need the right approach."

Fewer young people are working in full-time jobs today than 40 years ago — a result directly attributable to the rise of part-time work, according to a StatsCan report on the youth labour market released in December 2016.

"We need the push in the right direction," said Tal, acknowledging both corporations and the federal government need to play a role.

"This can be a very forceful tool. It's not a big secret. What we need is the courage and vision to do so."