Quality of job creation matters too

After a flagship year in 2012, when 308,000 jobs were created, employers have somewhat eased off the hiring pedal in 2013, as the level of employment increased only by about a third of what was achieved in 2012. The year 2014 is still young, but if the pace of hiring set during the first three months continues, we would find ourselves with over 250,000 additional jobs at the end of the year. At first glance these signs portray significant improvement in the labor market on a cumulative basis, but there is still a long way to go in certain respects.

Beyond the impression of Canadian job market expansion in a respectable shape, some recent signs show a decline in the quality of jobs created. For a rare occurrence in recent years, the creation of part-time jobs outpaced that of full-time positions in 2013. This obviously did not help average hours worked recover; they have kept a slight downward trend since 2010 and remain below the average of the previous business cycle. Some of the new part-time workers merely swell the ranks of individuals constrained to accept part-time positions. This problem has affected Ontario heavily, as many of the jobs lost in certain industries such as auto manufacturing, will probably not be coming back. By contrast, the proportion of part-time involuntarily workers has fallen significantly in Alberta, where several industries within the commodity extraction sector are reporting shortages of labour. This highlights some of the rigidities that exist in Canada’s labour market.

**Implications:** A healthy labour market is crucial, especially in a context where Canadian households will have to put a lot of effort to clean up their balance sheets in years to come. While it is encouraging that companies intend to keep hiring, adding workers alone will be insufficient. And the creation of jobs of better quality will require, among other things, a better match between the skills employers demand and those supplied by job seekers. Needless to say, policymakers have their work cut out!

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**Note to readers:** The letters **k**, **M** and **B** are used in texts and tables to refer to thousands, millions and billions respectively.

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