The new OECD Jobs Strategy Good jobs for all in a changing world of work

How does CANADA compare?

The digital revolution, globalisation and demographic changes are transforming labour markets at a time when policy makers are also struggling with slow productivity and wage growth and high levels of income inequality. The new OECD Jobs Strategy provides a comprehensive framework and policy recommendations to help countries address these challenges. It goes well beyond job quantity and considers job quality and inclusiveness as central policy priorities, while emphasising the importance of resilience and adaptability for good economic and labour market performance in a rapidly changing world of work.

Dashboard of labour market performance for Canada

Notes:

- Employment rate: share of working age population (20-64 years) in employment (%).
- Broad labour underutilisation: Share of inactive, unemployed or involuntary part-timers (15-64) in population (%), excluding youth (15-29) in education and not in employment (%).
- Earnings quality: Gross hourly earnings in PPP-adjusted USD adjusted for inequality.
- Labour market insecurity: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings.
- Job strain: Percentage of workers in jobs with a combination of high job demands and few job resources to meet those demands.
- Low-income rate: Share of working-age persons living with less than 50% of median equivalised household disposable income.
- Gender labour income gap: Difference between per capita annual earnings of men and women (% of per capita earnings of men).
- Employment gap for disadvantaged groups: Average difference in the prime-age men’s employment rate and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities; % of the prime-age men’s rate).

ASSESSING JOB QUANTITY, QUALITY AND LABOUR MARKET INCLUSIVENESS

The new OECD Jobs Strategy presents a dashboard of labour market performance that provides a comprehensive overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quantity (employment, unemployment and broad underemployment), job quality (pay, labour market security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- Canada scores in the middle third of OECD countries on all three indicators of job quantity, scoring towards the top end of this group for the employment rate and towards the bottom end for the unemployment rate.
- Canada scores just below the top performing third of OECD countries on job quality. Its good performance...
on earnings adjusted for inequality reflects strong earnings; wage inequality is above the OECD average. Labour market insecurity is lower than in most other OECD countries, reflecting both the low risk of being unemployed and the high degree of public unemployment insurance coverage to alleviate financial hardship during unemployment.

- The indicators of labour market inclusiveness present a mixed picture: high for the relatively small employment gap for disadvantaged groups; average for the gender labour income gap; but low for the high share (14%) of working-age persons living in households with less than 50% of the median income.
- The gaps between the employment rate of prime-aged men and that of youth, foreign-born individuals, and mothers with young children are low in Canada. However, these gaps are larger for older workers and people with disabilities.
- The gender labour income gap reflects large gaps in hours worked and in hourly wages. To narrow this gap, the federal government recently expanded support for early childhood education and care and increased non-transferable parental benefits for second parents.
- The high low-income rate reflects both particularly low earnings at the bottom of the income distribution and modest transfers to this group by international comparison. This group’s position improved somewhat in recent years likely owing to targeted measures to help low- to middle-income families that became effective in mid-2016 and increases in minimum wage rates.

FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY

Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key pre-condition for high growth of output, employment and wages and central to long-term growth in living standards. Finally, skills are key to improving workers’ productivity and wages and provide an indication of the readiness to respond to future challenges.

- Canada scores around the OECD average on the key indicators of labour market resilience and adaptability. However, relatively low expenditure on Active Labour Market Programmes tends to reduce resilience by increasing the unemployment cost of a decline in GDP. Canada scores a little better than the OECD average on the share of low-performing students and on productivity growth.

Framework conditions for Canada

<table>
<thead>
<tr>
<th>Resilience</th>
<th>Bottom OECD performer</th>
<th>Top OECD performer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment cost of a decline in GDP (2000-16)</td>
<td>Spain: 0.9 pp</td>
<td>Luxembourg: 0.1 pp</td>
</tr>
<tr>
<td>Labour productivity growth (2010-16)</td>
<td>Greece: -1.0%</td>
<td>OECD: 0.8%</td>
</tr>
<tr>
<td>Share of low-performing students (2015)</td>
<td>Mexico: 73.2%</td>
<td>Japan: 15.4%</td>
</tr>
</tbody>
</table>

Notes: Resilience: average increase in unemployment rate over 3 years after a negative shock to GDP of 1% (2000-16); Labour productivity growth: annual average productivity growth (2010-16), measured in per worker terms. Share of low performing students: Share of 15-year-olds not in secondary school or scoring below Level 2 in PISA (%) (2015).