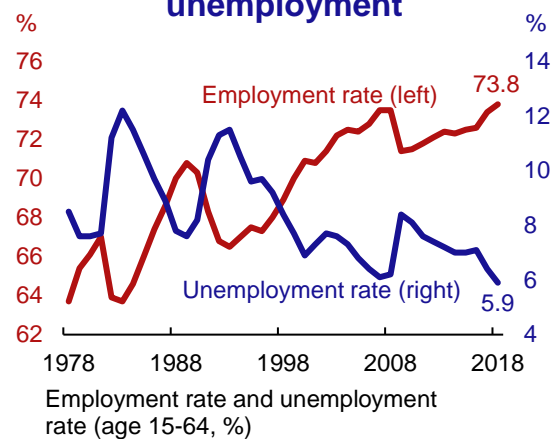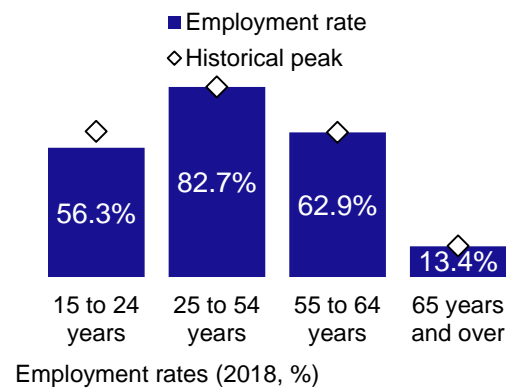# The Changing Nature of Work

A number of forces are impacting the labour market, including the aging population, technological change, and globalization. These are leading to: 1) slower labour force growth and labour/skills shortages, 2) an increasing premium for high-skill workers and 3) new forms of employment. While continued change is expected, there is considerable uncertainty regarding its pace and the extent of disruption on jobs and wages.
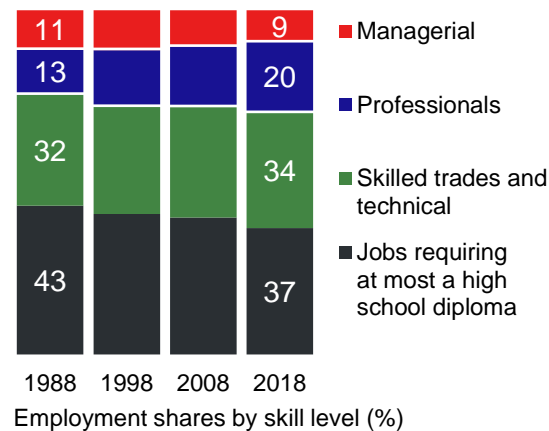
Current State

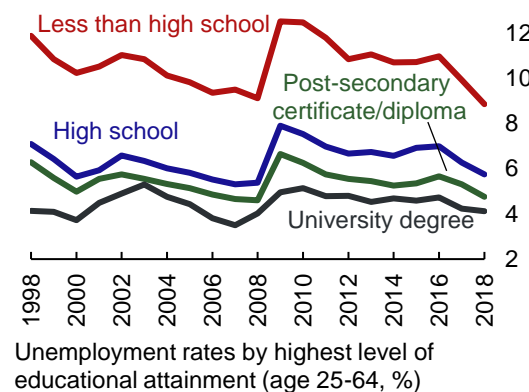### 1. Record high employment rate and historically low unemployment

Employment rate (left) 73.8
Unemployment rate (right) 5.9

Employment rate and unemployment rate (age 15-64, %)

2. Employment rates are at an historical peak for most age groups

- Employment rate
- ◇ Historical peak

15 to 24 years	25 to 54 years	55 to 64 years	65 years and over
56.3%	82.7%	62.9%	13.4%

Employment rates (2018, %)

3. Increasingly, jobs require more skills and training

- ■ Managerial
- ■ Professionals
- ■ Skilled trades and technical
- ■ Jobs requiring at most a high school diploma

	1988	1998	2008	2018
Managerial	11			9
Professionals	13			20
Skilled trades and technical	32			34
Jobs requiring at most a high school diploma	43			37

Employment shares by skill level (%)

4. Highly educated workers have better labour market performance

- Less than high school
- High school
- Post-secondary certificate/diploma
- University degree

Unemployment rates by highest level of educational attainment (age 25-64, %)

5. Wages have increased more for high-skill workers

Managerial 140
Professionals 116
Skilled trades and technical 111
Jobs requiring at most a high school diploma 109

Cumulative growth of real average hourly wage, by skill level (1998=100)
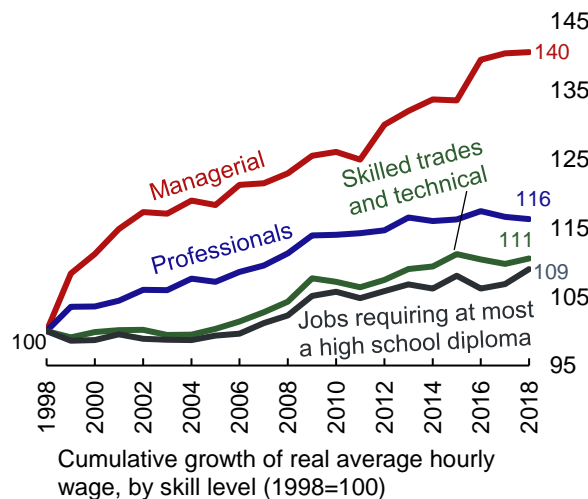
6. Incidence of non-standard work has not grown yet

Overall incidence of non-standard work 38 → 37

- Permanent part-time
- Self-employed
- Temporary

Employment shares by various types of non-standard work (15 years and over, %)
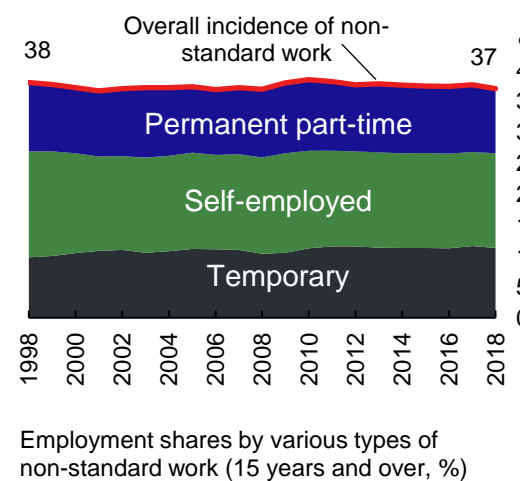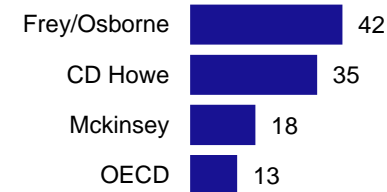
Source: Labour Force Survey, Statistics Canada

Key Drivers of Change

Technology & Globalization

Large risk of automation but estimates vary from modest to dramatic

Frey/Osborne	42
CD Howe	35
Mckinsey	18
OECD	13

Share of workers at high risk of being affected by automation (%)

Caution: results differ in part due to methodological differences

Sources: BII+E, "The Talented Mr. Robot", 2016; C.D. Howe Institute, "Future Shock? The Impact of Automation on Canada's Labour Market", 2017; and, OECD, "OECD Employment Outlook 2019: The Future of Work – How does Canada compare?", 2019

Workers performing routine tasks more at risk of automation, especially those with low skills

- Routine
- Non-routine cognitive

Changes in employment shares by tasks expected in 10 years (ppts)

University degree 18 — All levels of education 25 — No high school degree 34
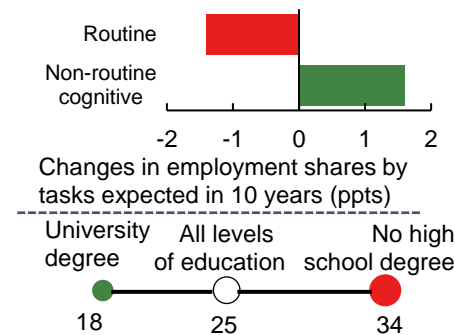
Share of "mainly routine tasks" jobs currently, by educational level (%)

Sources: Employment and Social Development Canada, Canadian Occupational Projection System, 2017 Projections; Job Bank Data; and, Labour Force Survey, Statistics Canada

Automation will also have potential impacts on wages

- Real wages of non-routine workers
- Productivity
- Real wages of routine workers

Impact of automation (%)
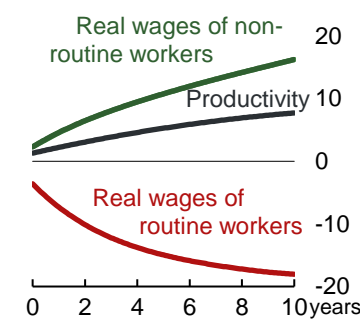
Source: Berg, Andrew et al. "Should We Fear the Robot Revolution? (The Correct Answer is Yes), IMF, 2018, Figure 9b

These drivers will result in a continued reallocation of jobs across sectors, …

- Computer systems design (left)
- Clothing manufacturing (right)

Employment in 2 sectors ('000)
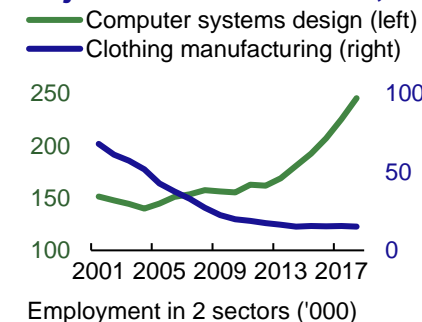
Source: Survey of Employment, Payrolls and Hours, Statistics Canada, Sectors 3152 and 5415

… impacting where and how work is being performed, …

For example, from June 2017 to July 2018, 1.2% of the Canadian labour force had been involved in online freelance labour
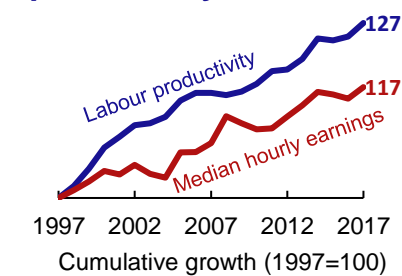
However, from August 2016 to August 2019 requests by employers in Canada for such labour increased by

110%

And further growth is expected

Sources: Online Labour Index; and, Digital Economy Survey, Labour Force Survey, Statistics Canada

… and how gains in productivity are shared

- Labour productivity 127
- Median hourly earnings 117

Cumulative growth (1997=100)

Sources: Labour Productivity Measures – Provincial and Territories (Annual); Productivity Measures and Related Variables – National and Provincial (Annual); Survey of Consumer Finances; Survey of Labour and Income Dynamics; Canadian Income Survey; and, Provincial and Territorial Gross Domestic Product by Income and by Expenditure Accounts, Statistics Canada
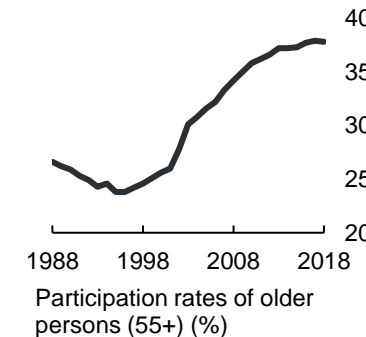
Demographics

Canadians are aging…
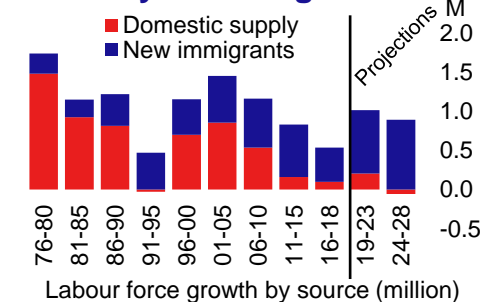

Projections

Proportion of population 65+ (%)
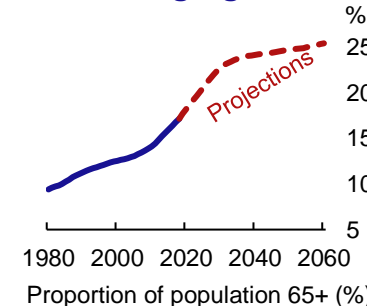
Sources: Annual Demographic Estimates: Canada, Provinces and Territories; and, Canada, Population Projections for Canada, Provinces and Territories, Statistics Canada

… and extending their careers

Participation rates of older persons (55+) (%)

Source: Labour Force Survey, Statistics Canada

Future labour force growth will increasingly rely on immigration

- ■ Domestic supply
- ■ New immigrants

Projections

Labour force growth by source (million)

Sources: Census and Labour Force Survey, Statistics Canada; and, Employment and Social Development Canada, Canadian Occupational Projection System, 2017 Projections

Key Considerations

These drivers will likely continue to affect Canada's labour market, yet the impacts are unclear:

- Most workers will remain employed, but the nature of work may change
  - Upskilling and reskilling will be key to adapt to change
- Some jobs will become safer, more flexible and less physically-demanding
- Some workers could be displaced
  - Income support and retraining programs may be required
- All workers will require transferrable skills
  - Training will need to focus on skills which complement technology

Aging will further constrain the supply of workers

- Technology, immigration, and wage increases may help to mitigate

Policies and programs need to be robust and adaptable to multiple scenarios