More and Better Jobs
by Benjamin Tal

Not only is the Canadian economy continuing to generate jobs at a healthy pace, but those jobs are gradually getting better. The quality of employment in Canada has improved measurably in the last 12 months. The creation of 283,000 jobs has coincided with a 2.7% improvement in our employment quality index (Chart 1).

Our measure of employment quality combines information on the distribution of part-time vs. full-time jobs; self-employment vs. paid employment; and the compensation ranking of full-time paid employment jobs in more than 100 industry groups. As of April 2011, this measure is roughly back to the pre-recession levels. This is a much better performance than a similar measure in the US, where the quality of employment index continues to soften despite some improvement in the pace of job creation (Chart 2).

The improvement in our measure of employment quality reflects a much stronger pace of full-time jobs over the past year, with the number of full-time positions rising by close to 2%, more than double the growth seen in part-time jobs (Chart 3).

Also important was the strong increase in paid-employment relative to self-employment (Chart 4) during the year. But the most significant factor contributing the increase in our quality measure was the fact that the distribution of full-time paid jobs has improved notably over the past twelve months with the number of high-paying...
jobs rising by almost three times faster than low-paying jobs. More than 60% of the full-time jobs created since April of last year have been high-paying positions (Chart 5). By province, the most significant improvement was in the West with Alberta and British Columbia leading the way. The quality of employment also improved notably in Ontario (Chart 6).

The ongoing improvement in the quality of employment suggests that on average every job created currently generates more buying power than a year ago. In other words, the impact of job creation on income growth and thus spending is currently more notable than it was in early 2010 — a fact that the Bank of Canada will probably take into account when making its rate decisions in the second half of the year.
CIBC Employment Quality Index by Province

**British Columbia**

Index 1994=100 quarterly observations

Source: Statistics Canada, CIBC

**Alberta**

Index 1994=100 quarterly observations

Source: Statistics Canada, CIBC

**Manitoba/Saskatchewan**

Index 1994=100 quarterly observations

Source: Statistics Canada, CIBC

**Ontario**

Index 1994=100 quarterly observations

Source: Statistics Canada, CIBC

**Quebec**

Index 1994=100 quarterly observations

Source: Statistics Canada, CIBC

**Atlantic**

Index 1994=100 quarterly observations

Source: Statistics Canada, CIBC
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