



# CANADIAN EMPLOYMENT QUALITY INDEX

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## Economics

### Quality of Jobs: Losing Momentum

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The pace of job growth in Canada is slowing, with the economy generating on average 17,000 new jobs a month over the third quarter vs. 29,000 a month in the second quarter and 33,000 in the first quarter. And those fewer jobs are, on average, of lower quality.

Our CIBC Employment Quality Index (EQI) fell by 0.5% in the third quarter and is down by 1.5% over the past seven months.

The recent decline in the EQI followed a strong rebound, which lasted since early 2010. At its current reading, the index is roughly where it was at the eve of the recession.

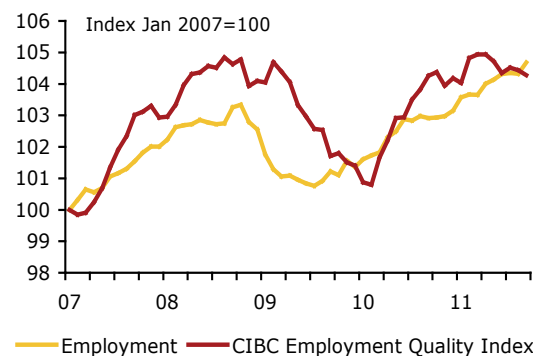
Our measure of employment quality combines information on the distribution of part-time vs. full-time jobs; self-employment vs. paid employment; and the compensation ranking of full-time paid employment jobs in more than 100 industry groups.

The decline in our quality index over the past seven months is not so obvious when one glances at the headline statistics. During this period, paid employment rose faster than self-employment and full-time job creation outpaced growth in part-time jobs. The reason for the index's decline, despite these positive indicators, is the fact that all the full-time jobs created during this period were in low-paying sectors.

Looking ahead, the likelihood is that employment quality in the coming year or so will soften. Key here will be softer public sector hiring in general, and public sector construction activity in particular — a factor that will limit growth in high quality construction jobs in the coming twelve months.

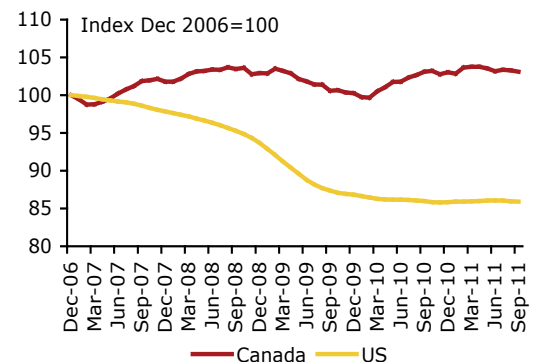
The recent softness in our quality measure reflects a diverse performance in different parts of the country, with Alberta and Québec seeing their employment quality

Chart 1  
Employment Quality Starting to Soften



Source: Statistics Canada, CIBC

Chart 2  
Employment Quality Index—  
Canada vs. US



Source: Statistics Canada, Bureau of Labor Statistics, CIBC

<http://research.cibcwm.com/res/Eco/EcoResearch.html>

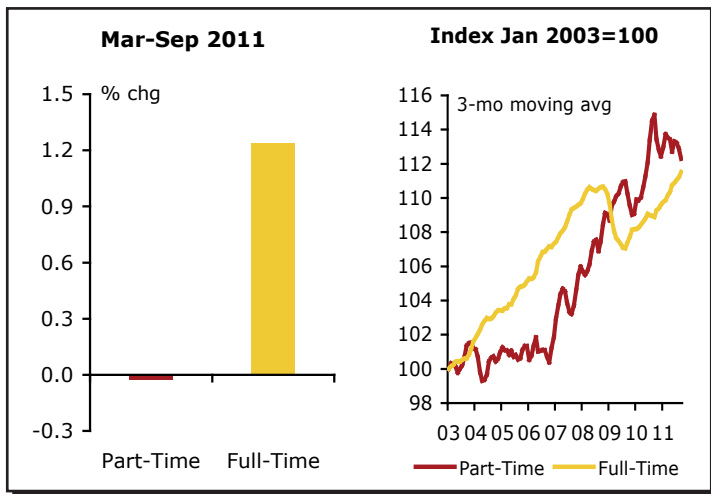
improve since March of this year, while Ontario, British Columbia and Atlantic Canada experienced a decline in overall employment quality.

**Full-Time vs. Part-Time Jobs:** Full-time employment rose by 1.2% during the past seven months accounting for all of the increase in employment during that period. This factor acted as a positive for our quality index.

**Self-Employment vs. Paid Employment:** Another positive contributor to our index over the past seven months was the fact that paid employment rose by 1.2% vs. only a 0.1% increase in the number of self-employed people.

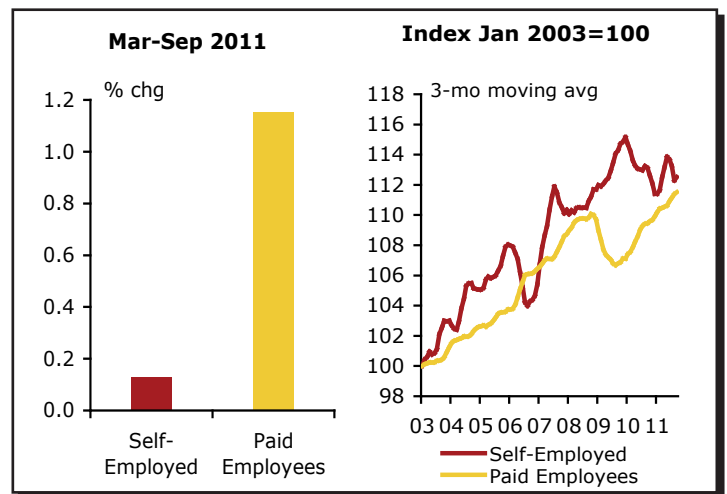
**Compensation:** During the past seven months, the number of full-time jobs in high-paying industries fell by 0.1% while the number of jobs in low-paying industries rose by 2.3%. This diverging performance is the sole reason for the recent decline in our index. The most notable weakness was in high job quality sectors such as the federal government, heavy and civil engineering construction, telecommunications and computer and related manufacturing. Strong job growth in sectors such as machinery manufacturing and professional scientific and technical services helped to limit the damage.

Chart 3  
Part-Time vs. Full-Time Jobs



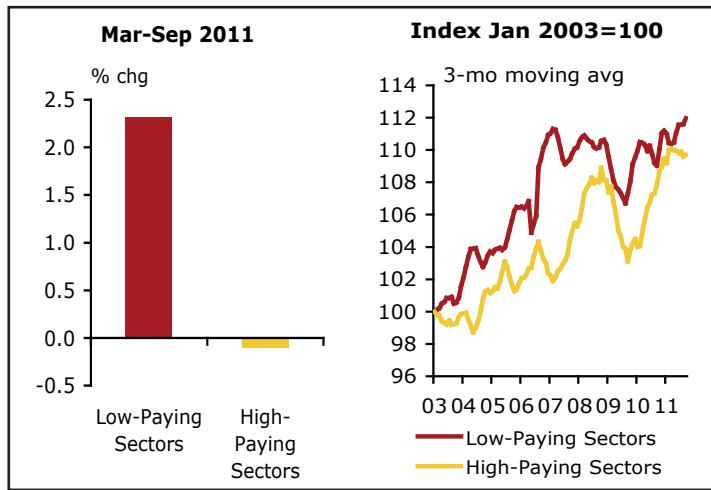
Source: Statistics Canada, CIBC

Chart 4  
Self-Employed vs. Paid Employees



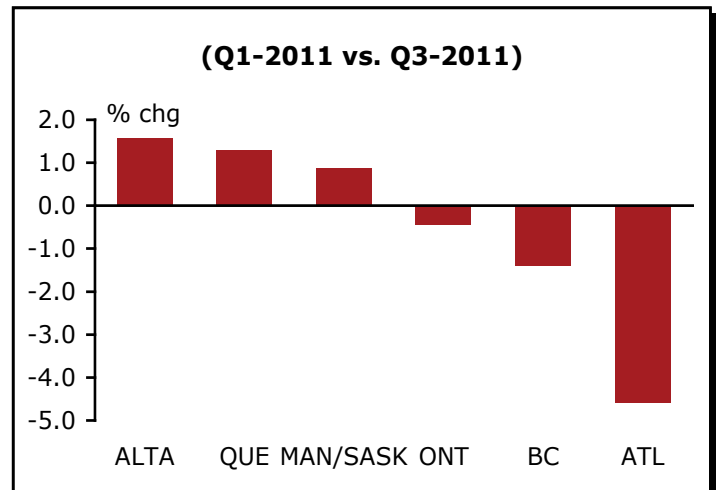
Source: Statistics Canada, CIBC

Chart 5  
Full-Time Paid Employment



Source: Statistics Canada, CIBC

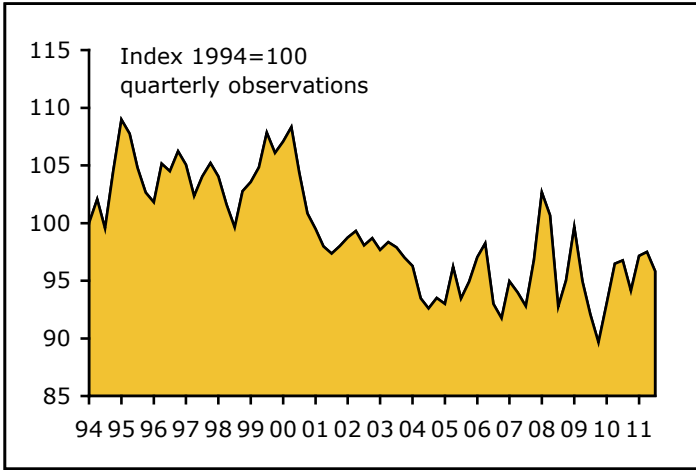
Chart 6  
% Change in EQI by Province



Source: Statistics Canada, CIBC

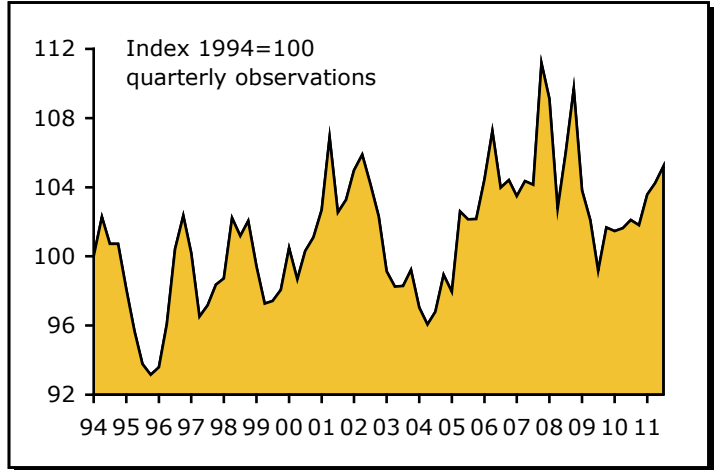
# CIBC Employment Quality Index by Province

## British Columbia



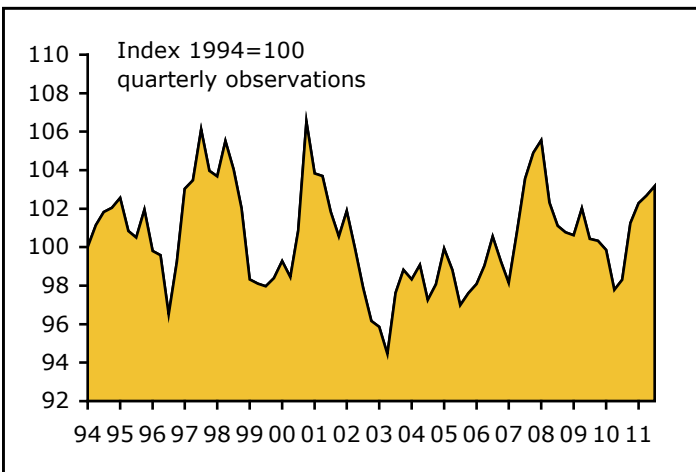
Source: Statistics Canada, CIBC

## Alberta



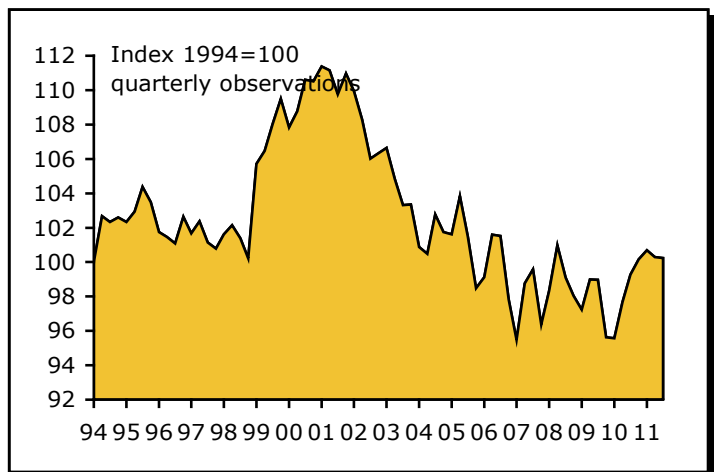
Source: Statistics Canada, CIBC

## Manitoba/Saskatchewan



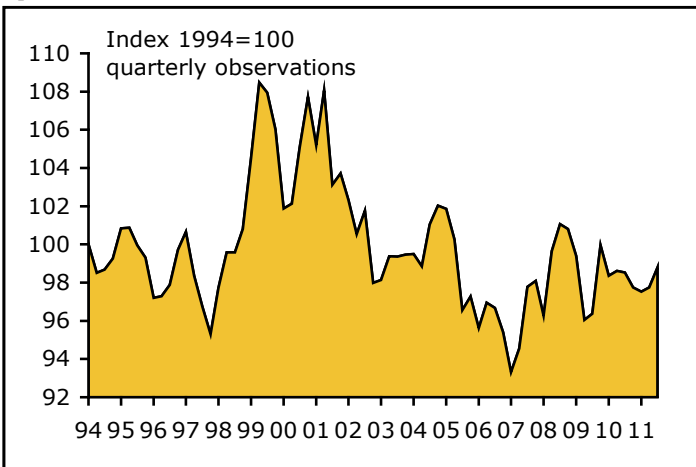
Source: Statistics Canada, CIBC

## Ontario



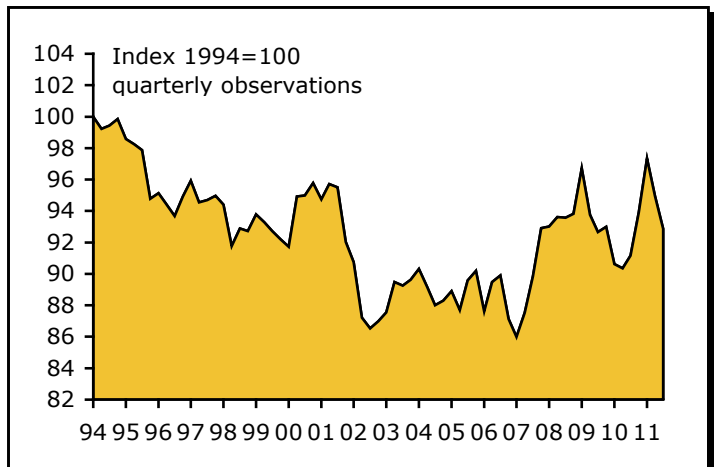
Source: Statistics Canada, CIBC

## Quebec



Source: Statistics Canada, CIBC

## Atlantic



Source: Statistics Canada, CIBC

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