

Mismatch in job market a risk to economy: CIBC

By Will Campbell

December 3, 2012 – *The Toronto Star*

A CIBC report released Monday suggests Canada's economic prosperity is at risk due to a labour market split that sees high-demand positions go unfilled while lower-skilled workers languish in unemployment.

"We have people without jobs and jobs without people," said author and deputy economist Benjamin Tal.

The mismatch of companies unable to hire and people unable to find work is "simply big enough to impact the economy as a whole, our productivity, our potential growth and therefore our standard of living in the future," Tal said.

The CIBC report breaks down the labour market divide into 25 "have" and 20 "have-not" occupations.

It says the health and science fields, natural resources extraction, plumbing, social work, psychology and even the clergy are among the sectors that have openings, but not the people to fill them.

The report says "traditional" occupations such as clerical work, manufacturing labour, teaching and food services are seeing a glut of workers chasing a limited number of jobs.

"(People) in these kind of professions are actually not in demand and unfortunately there are too many of them," Tal said, noting many seeking work in those fields are over the age of 45.

He said this group accounts for nearly one in five of Canada's unemployed, who are increasingly sidelined for more than six months.

And their skills, he said, are getting rusty or being rendered obsolete by employers' ever shifting requirements, adding that even economic growth is unlikely to help them find employment.

"It's not a cyclical story ... those people — in a good economy — cannot find a job because they don't have the skill set that the economy needs."

Meanwhile, Tal said that almost one in three businesses is facing a skilled labour shortage, a number that has doubled in two years. He said the problem is worst in Alberta, Saskatchewan and Ontario.

His research suggests those working in the 25 high-demand job groups face an unemployment rate of only 1 per cent, while their real wage growth is booming at 3.9 per cent annually. Meanwhile, wages for those working in the lesser-skilled group had no wage growth last year, the report suggests.

According to Statistics Canada, as of October, the national unemployment rate stood at 7.4 per cent.

Tal said the skilled labour shortage means the economy is "underused" and businesses can't expand due to lack of people.

Government and business need to step up efforts on training in order to bring the growing number of long-term unemployed Canadians back into the economy, he said.

Tal said a recent push to increase the number of apprenticeships to solve the skilled trade shortage has not yet had much of an impact problem.

According to Tal, Ottawa has focused too heavily on bringing in immigrants and foreign workers to fill job shortages and needs to do a better job of training out-of-work Canadians to get them into new occupations.

"The government is trying to solve the problem not by retraining but by getting new immigrants into the labour market," he said. "At the same time we have an army of people who don't have the skill set they need."