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Labour Market Information in Canada The Current Situation and a Proposal

Noah M. Meltz

The current concern with skill shortages in Canada has again raised the issue of the adequacy of labour market information. Earlier concerns with labour market information resulted in such reports as the Economic Council of Canada's *People and Jobs* (1976) and the report of the Interdepartmental Committee on Unemployment Statistics (1960). There have been several Senate investigations of the subject (1962 and 1975) as well as conferences, such as *Skills for Jobs* (1978). At the present time (Winter of 1980-81) two federal government task forces are at work exploring subjects which relate to labour market information: Parliamentary Task Force on Employment Opportunities in the 80's (Allmand Task Force); and the Canada Employment and Immigration Task Force on Labour Market Development (Dodge, 1981).

While all of this activity suggests a continuing interest in the subject, the sad fact is that there has been a reduction in the types of published statistics available to the public to monitor labour market (LM) developments in Canada (see Newton, Betcherman and Meltz, 1981). The purpose of this note is to provide an overview of the subject and to outline a proposal to improve the situation.

The paper is organized into three sections. The first section provides a summary of available information. The second section discusses the gaps in the information. The third section proposes a way of eliminating some of the major deficiencies.

Available Labour Market Information

A list of publications¹ which contain the regularly-issued LM data is shown in Appendix 1. Two observations can be made. First, excellent data are available on some aspects of the labour market, particularly the macro measures of the labour force, as well as employment and earnings by industry. Second, data are lacking on other aspects.

On the surface very little has changed since the mid 1960's in the types of current information. A comparison of Appendix 1 with a listing prepared by Meltz (1968) indicates that there are the same basic sources: the labour force survey and the wage rate survey. Two Statistics Canada (formerly the

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¹ For a detailed inventory see *Guide to Federal Government Labour Statistics*, 1972. For a discussion of this information see NEWTON et al (1975).

Dominion Bureau of Statistics) publications on employment and earnings by industry have been combined into *Employment, Earnings and Hours*. The only gain in data comes from the Help Wanted Index prepared by the Department of Finance.

The use of data has been facilitated by the use of the Canadian Classification and Dictionary of Occupations (CCDO), which is now the standard classification for virtually all of the federal government statistics on occupations. The CCDO was developed by the Department of Manpower and Immigration and Statistics Canada in the late 1960's and first introduced in the 1971 decennial population census and in August 1973 in the Labour Force Survey.

The losses are the Survey of Hirings and Separations, the Job Vacancy Survey which was introduced in place of the Survey of Hirings and Separations, and the recently developed but now discontinued Occupational Employment Survey.²

The revision in the labour force survey in 1975 has added greater depth and flexibility for analysis of macro labour market developments, including at least some flow data on numbers of persons who have become unemployed in the past month. The computerization of UIC data provides the potential for a wealth of micro market analysis but access to these data is restricted.

The projection of labour market developments has become more regularized with the Employment and Immigration Commission's COFOR model and the Ministry of State for Science and Technology's highly qualified manpower forecasting program (see Foot, 1980, and Stager and Meltz, 1978). In the mid and late 1960's the only comprehensive occupational forecasts for the Canada level were those prepared by Meltz and Penz (1968) and Ahamad (1970). While the Employment and Immigration and MOSST programs are intended to become regular forecasting exercises, little has so far emerged. The only regular outlook is Employment and Immigration's Forward Occupational Imbalance Listing (FOIL) which provides a quarterly qualitative assessment of detailed occupation imbalances on a provincial and major metropolitan area basis for up to two years.³ The assessment is based on job listings at Canada Employment Centres.

Gaps in Information

Gaps in data include the lack of: comprehensive vacancy data, on either stocks or flows,⁴ new hires, quits to change jobs, retirements and the

² The data produced by the Occupational Employment Survey are regarded as suspect due to basic design problems. See, Statistics Canada, 1979.

³ Labour market areas are given one of the following imbalance designations: light, moderate or extreme manpower requirements; light, moderate or extreme manpower surplus.

⁴ The termination of the Job Vacancy Survey occurred at a time when vacancy data were coming to be regarded as at least as reliable as a measure of the state of the economy as the unemployment rate, FREEDMAN, (1976).

unemployed who leave the labour force. Without these figures turnover cannot be calculated.⁵ Examples of the use of flow data are discussed in *People and Jobs* (1976).

The price dimension of LM operations also has major gaps. While the Canada Department of Labour has provided wage rate data on blue collar occupations and some non-professional white collar occupations for 60 years, there are few statistics on actual earnings for specific occupations. The series from income tax records covers only 10 occupations for self-employed persons and six groupings of employees.⁶ These data are subject to statistical unreliability because they are self-classified with no guide to occupational groupings. The decennial census remains the only source of earnings data for specific occupations. Earnings data for major occupation groups are available on a biannual basis from Statistics Canada's Survey of Consumer Finance.

A Proposal for Dealing with Some of the Deficiencies

The major gaps in labour market information are in employment, vacancies, turnover and earnings data by occupation. These data are needed to fully understand the developments taking place in the labour market in order to assist in the formulation and monitoring of appropriate policies, both public and private, relating to the human resource field. The demise of the Job Vacancy Survey (JVS) is a prime example of the sad state of LM information in Canada. This survey had the potential of providing a full range of information to all government agencies concerned with the labour market. When it was being developed there were great expectations for the contribution it could make. Instead, its use was limited and it was deemed expendable in relation to other Statistics Canada priorities.

The JVS was developed in the late 1960's as a joint venture between Employment and Immigration and Statistics Canada, to collect data on vacancies and hiring wage rates (see Ostry and Sunter, 1970). In addition, there was an interview component built into the survey. Two potential types of information were never developed. First, there was the potential to go beyond the vacancy data and use the survey to collect coordinated information on a range of labour market aspects such as employment by occupation, labour turnover, and average wage rates. Instead, these data were developed through separate surveys, at least one of which, the Occupational Employment Survey (OES), has now been discontinued.

Perhaps an even more crucial aspect was the loss of the potential from the interview portion of the survey. The interviews provided a ready-made

⁵ For recent examinations of turnover see: LECKIE, BETCHERMAN and NEWTON (1980) and ROBERTSON and HUMPHREYS (1978).

⁶ The income tax occupation categories are: self-employed doctors and surgeons; lawyers and notaries; dentists; engineers and architects; accountants; entertainers and artists; farmers; fishermen; salespersons; and business proprietors. In addition there are some general categories including employed teachers and professors. There are also data for government employees by level of government as well as employees of business enterprises and institutions.

vehicle for qualitative as well as quantitative information on current issues of concern in the labour market. In the three years since the JVS interviews ceased, there have been at least three major surveys on problems connected with skill shortages (Betcherman, 1980; Ontario Manpower Commission, 1979; and MEMAC, 1979). All three would have been ideal as add-ons to the JVS interviews.

One way to reduce the major deficiencies in our labour market information needs would be to develop a survey along the lines of the old JVS, but to include not only vacancy and hiring wage data, but also employment, average wage rates and turnover statistics. Such a survey must include an interview component as did the old JVS.

Consideration might be given to combining the proposed composite survey with some of the existing surveys, such as Labour Canada's Annual Wage Rate Survey; Statistics Canada's Employment, Earnings and Hours and the Pay Research Bureau's Salary Trends.

There are clearly co-ordination problems in attempting to combine, in one survey, parts or all of what is being done by several surveys conducted by a number of different agencies. The first question is what agency will conduct the composite employer survey. The second question is how the various agencies will have an input into the design of the new survey and what priorities they will have in obtaining the results. An essential aspect of introducing the proposed survey is to make sure that there is no major loss of resources to the agencies giving up their surveys but that instead the focus of these resources is shifted from data collection to research and analysis from the perspectives of their various mandates.

Concluding Comment

It is very disappointing that, at the outset of the 1980's, there are fewer types of labour market information than there were in the 1960's, especially in view of the growing concern over skill shortages. The development of a composite employer-employment survey could provide the essential types of data for dealing with the issues which are before us.

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Appendix 1

Selective Information Currently Available on the Labour Market in Canada

SUPPLY

Potential New Entrants Graduations by field of study are published by the Education Division of Statistics Canada in such publications as *Survey of Higher Education* 81-211.

Immigration Statistics Canada shows annually the intended occupations and intended provinces.

Labour Force Employment Unemployment Extensive macro stock data are available monthly from the revised Labour Force Survey (*The Labour Force* (71-001) and associated research papers). In addition there are now some data on flows into unemployment by cause, which is a step in the direction of full flow data.

Detailed occupation data on the stock of unemployed and employed job-seekers is prepared by the Canada Employment Centres from their operational records at the end of each month (form MAN 757).

The Unemployment Insurance Commission has a wealth of micro data on employment and unemployment patterns.

DEMAND

Vacancies The Job Vacancy Survey provided the most statistically reliable estimates of the stock of unfilled vacancies but this survey was discontinued (*Quarterly Report on Job Vacancies*, 71-002) in 1978.

Detailed occupation data on the stock of vacancies are prepared by the Canada Employment Centres from their operational records at the end of each month (form MAN 757).

The Department of Finance's Help Wanted Index presents the trends in total unfilled demand for Canada and the regions (*Economic Review*).

The Flow of vacancies reported to Canada Employment Centres and filled, cancelled or unfilled by industry group is prepared by the Canada Employment Centres from their operational records at the end of each month (form MAN 751).

CURRENT MARKET OPERATION

Employment Employment data along with unemployment data are published monthly in *The Labour Force* 71-001 by industry and occupation group by province. Detailed industry employment figures are published in *Employment, Earnings and Hours*, 72-002. Other employment data are shown in *Guide to Federal Government Labour Statistics*, 72-512 occasional.

Detailed occupation statistics aside from the decennial census were only available through the biannual Occupational Employment Survey and published in *Occupational Distribution of Employment*

1975, *Canada and Provinces*, 72-515. This survey was discontinued in 1979.

Some turnover data was contained in the *Hirings and Separations Survey* but this was discontinued in 1966 in exchange for the introduction of the Job Vacancy Survey which itself was discontinued in 1978.

Wages Rates Detailed wage rate data are published by Labour Canada in the annual *Wage Rates, Salaries and Hours of Labour*.

Hiring wage and salary rates were included in the Job Vacancy Survey but were never published.

Labour Canada and the federal government's Pay Research Bureau also publish statistics from contracts on wage rates in specific occupations. PRB also published periodically *Salary Trends and Characteristics in Industrial and Other Organizations*. The latest is *An Update, Canada, 1972 to 1977*. For a detailed listing of these and other data see Labour Canada (1978).

Earnings Average earnings by detailed industries per hour and per week are contained in *Employment, Earnings and Hours* 72-002.

Earnings for a few selected professional occupations are included in *Taxation Statistics* and for major occupation groups in *Income Distributions by Size in Canada*, 13-207, a biannual publication based on the Survey of Consumer Finance earnings. Detailed occupations are only available from the decennial population census (see Meltz and Stager, 1979; Meltz, 1969).

**Projections
of future
labour market
developments**

There are only two regular projections of future manpower requirements and both are issued infrequently by the Department of Employment and Immigration. One deals with the short-term outlook FOIL (Forward Occupational Imbalance Listing) and one with the long-term, COFOR, (Canadian Occupational Forecasting Program). For a discussion of available studies see Stager and Meltz (1978), Foot (1980) and Foot, Meltz and Siddiqui (1980).

The Ministry of State for Science and Technology (MOSST) has developed a model to forecast requirements for highly qualified manpower and has prepared several working papers.