

## 2022 QUEBEC JOBS REPORT

### LABOUR SHORTAGES, SEEN FROM ANOTHER ANGLE

**Montreal, February 9, 2023** – With an economic slowdown looming on the horizon, many experts are wondering what the tangible impacts will be on employers that are still struggling to find workers. “We already knew that some of the aspects of the labour market had been jolted into high gear by the pandemic, but our recent findings show that it is also responsible for other changes,” said Emna Braham, Executive Director of the Institut du Québec (IDQ). The IDQ’s yearly jobs report, released today, reveals not only that a growing number of indicators need to be tracked to generate an accurate picture of the labour market but also that these labour shortages must be seen from another angle.

#### **Why are employers having such a tough time finding workers?**

At the heart of the scarcity of labour in Quebec is a statistical reality: the labour force is growing at a slower pace both historically and in comparison with other provinces. The pandemic has nevertheless exacerbated the situation for some employers by encouraging lower-wage workers to gravitate toward better-paying jobs. Since 2019, **Quebec has seen the creation of some 532,000 jobs with an hourly wage of \$30 or more. Employers that cannot meet these higher wage demands are finding it difficult to compete for new hires.**

Another potential culprit: **high absenteeism**. In 2022, the number of hours lost due to illness or family reasons remained **19% higher than before the pandemic**. To compensate for this lost time, some employers have had to recruit — or attempt to recruit — more people. It remains to be seen whether this situation is a temporary glitch or a lasting trend.

With **78% of Quebecers in the 15 to 64 age range working**, an employment rate that is higher than before the pandemic and than anywhere else in Canada now, there are precious few options for increasing labour supply.

Against this backdrop, it is hardly surprising that employers are looking into creative solutions to meet their needs and, increasingly, turning to temporary immigrants to fill this gap. **The number of temporary workers and employed foreign students has nearly doubled in Quebec since 2018, reaching 111,600 or 2.5% of employment in 2022.**

#### **Workers have the upper hand, but inflation is playing against them**

As the Bank of Canada continues to fight inflation, the state of the labour market, and wage increases in particular, is under careful scrutiny. Our report shows that **wages have increased by 5.8%** over the past year, more than double the 2021 rate. This isn’t entirely attributable to labour market tension. The flow of workers toward better-paying jobs is also nudging the average upward.

Although inflation is eroding workers' purchasing power, they are no worse off than they were in 2019. Average hourly earnings adjusted for inflation were 4% higher in December 2022 (**\$21.39**) than in December 2019 (\$20.56).

### **Not just a matter of more workers...**

"To gain a clearer understanding of why labour market tension is more acute in Quebec than elsewhere in the country, we took a closer look at labour demand, i.e., the sum of employment and job vacancies, proportionally to GDP in each province," Braham explained. "Our analysis shows that Quebec is somewhat 'bloated' when it comes to workers compared to other provinces. In fact, to generate a billion dollars of GDP, labour demand is **17% higher in Quebec** than in Ontario." This can be explained in part by the steep increase in the number of vacant positions that require no education. Not only are there five times as many of these positions than in 2016, but they now make up a third of all vacancies in Quebec.

Given the improved population-wide education levels in Quebec and the tendency of workers to move on from low-skilled jobs in the wake of the pandemic, there is a very real possibility that some of these labour needs will remain unmet. It will therefore be important to address this upsurge in demand, beyond increasing the number of available workers.

### **Labour market constraints that are poised to transform the economy**

If they hope to compensate for their labour shortages, businesses will have no other choice but to boost productivity. The good news is that, with a better-educated population and an economy increasingly driven by higher-value-added jobs, Quebec would appear to have everything it needs to successfully transform its labour market.

However, like in any transformation, there are risks. Employers that are struggling to increase wages or offer specific working conditions to staff, like the option to work from home, will need to be supported, especially considering that their recruitment challenges may very well last beyond this transitional period. This support will be required in order to maintain certain production activities in Quebec, cultivate the vitality of our outlying regions and make our central business districts more attractive.

Moreover, although efforts to increase the level of education in Quebec are beginning to bear fruit, literacy and numeracy issues, and higher school dropout rates, are still challenges that stand to be aggravated by a labour market ready to do anything to meet its needs. It will therefore be essential to invest even more in education, and school retention efforts in particular, to raise the level of skills and serve the knowledge economy.

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### **For more information**

The original report (in French) can be downloaded here: [\*Bilan 2022 de l'emploi au Québec : Pénuries de main-d'œuvre, où en sommes-nous ?\*](#)

### **About the Institut du Québec**

The Institut du Québec is a non-profit organization that conducts research and analysis on contemporary socioeconomic issues in Quebec. The IDQ's focus is on providing public authorities, the private sector and civil society with the necessary tools to make informed decisions and thereby help to build a more dynamic and prosperous society.  
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