

Did the pandemic and labour shortages impact job quality?



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LOCATIONS

Across Canada



INVESTMENT

\$51,408.00



PUBLISHED

December 2023

Executive Summary

The post-pandemic labour market has been tight, with widespread labour shortages across sectors and industries. Employers have a range of strategies for attracting and retaining workers in a more-competitive labour market, including raising wages, offering more benefits and lowering skill, education and experience requirements.

This project used Canadian job ads to understand changes in the terms of employment offered to job seekers, focusing specifically on skill, education, and experience requirements, as well as job benefits, between the two-year period prior to the pandemic (2017-2019) and 2022.

The project found that there had been no increase in wages in the five-year period, but that wages were more likely to be posted in job ads in 2022 than in the period prior to the pandemic. An increasing proportion of job ads included skill requirements, especially soft skills, and more included education and experience requirements. But the educational and experience requirements have become less demanding, requiring less education and fewer years of experience. The research also found that an increasing proportion of job postings include non-wage benefits, compensation-linked benefits for lower-wage jobs, and flexibility and time off benefits for higher-wage jobs.

The findings from this project suggest that employers are increasingly competing for low-wage workers and that the primary method being used to attract talent is improving benefits. This bodes well for the quality of work for those in low-wage positions, but questions remain about the ability of employers to offer higher wages for these in-demand roles.

KEY INSIGHTS

- 1** Over time, more jobs are offering skill-building benefits like education assistance, on-the-job training and professional development opportunities. This rose from 20.5% of jobs in the years leading up to the pandemic to 28.3% of jobs in 2022.
- 2** Educational requirements are narrowing: the share of job ads requiring a bachelor degree or more declined by 12 percentage points. At the same time, the fraction of jobs requiring at least a high school degree increased in 2022 by approximately 13 percentage points.

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The fraction of jobs offering at least one type of medical insurance coverage (health, dental, and/or vision) rose from 9.8% in 2017-2019 to 24.3% in 2022.

▶ The Issue

The post-pandemic labour market has been characterized by tightness, with widespread labour shortages across sectors and industries.

In response to these shortages, employers could both raise compensation and offer better non-wage benefits to attract applicants to open positions. Benefits attached to jobs can come in a variety of forms. Some are traditional, financial benefits such as health insurance and retirement plans. Other benefits can relate to flexible- and remote-work arrangements, training, and the ability to acquire skills on the job.

During labour shortages, employers might also be expected to become less selective and lower the requirements for employment in order to attract new workers more readily.



🔧 What We Investigated

This project sought to increase the AI knowledge and skills of professionals working in Canada, with the hopes that this project explored how the increasingly tight labour market affected the terms of employment offered to job seekers focusing specifically on skill, education, and experience requirements as well as job benefits. The project sought to understand changes in the proportion of job ads featuring different types of skills, education, experience and benefits from 2017 to 2022. The project also sought to identify what types of occupations and industries were most affected by these trends.

The project used approximately 6.5 million online English-language job postings from Canada spanning from January 2017 to December 2022. The data-set includes around 2.5 million observations from pre-pandemic periods and approximately 4 million observations from periods during and after the lockdowns. The online job postings were collected and compiled by Lightcast (formerly known as Burning Glass Technologies), an employment analytics and labour-market information firm. Lightcast collected online job postings from online job boards and company websites, aggregated and parsed the postings, removed duplicates and, lastly, compiled the data for analysis.

The project also used data from the Labour Force Survey (LFS) to rank occupations and industries by their average wages and study to what extent the Covid-19 pandemic differentially altered the job skill requirements and job benefits across the wage distribution.

✔ What We're Learning

No increase in wages, but wages more likely to be posted

From 2017 to 2022, the proportion of jobs with explicit wage offers increased, from 28% in 2017/2019, 37% in 2020, 41% in 2021, and 43% in 2022. However, while more job postings listed information related to wages, average wages offered did not rise, even in 2022 when labour markets were generally tightest.

Increasing proportion of job ads include skill requirements, especially soft skills

From 2017 to 2022, job postings were increasingly likely to post skill requirements. The more pronounced increases from 2017 to 2022 were for soft skills and technical support, with soft skills including things like communication, teamwork, collaboration, negotiation, time management, and being detail-oriented. The share of jobs requiring cognitive skills increased by 1.1 percentage points from 31.9% to 33% of postings. At the same time, the number of job postings with a social skill requirement increased by 4 percentage points, character skills by 4.2 percentage points, and the share requiring creativity by 0.7 percentage points—a sizable increase from a small base of 6.7 percent in 2017/2019. In addition to skills requirements, employers were more likely to include skill-building benefits as part of job postings, including things like education assistance, on-the-job training and professional development opportunities. 20.5% of jobs offered such productivity-enhancing opportunities in 2017-2019. By 2022, the share of job postings advertising such opportunities rose to 28.3%.

More job postings include education and experience requirements, but requirements are generally less demanding

The share of jobs listing an education requirement increased from 2021 to 2022 from 31.6 to 36%, however the educational requirements became less demanding over this time period. In 2022, the fraction of job postings that required higher levels of education declined markedly. For instance, the share requiring a bachelor degree or more fluctuated between 60.2 and 62.5% until 2021 and then declined by 12 percentage points in 2022. At the same time, the fraction of jobs requiring at least a high school degree increased by approximately 13 percentage points in 2022. Compared to the pre-pandemic period, the fraction of jobs requiring any education increased; however, the increase has been slightly greater at the bottom percentiles of the earnings distribution, so increases in the demand for education are largely driven by the rises in demand for lower-than-bachelor's degrees.

On average, 39% of jobs listed any experience requirement during the three years prior to the pandemic (2017-2019). This share stayed roughly stable during the first two years of the pandemic, but in 2022 the share of postings with an experience requirement rose to 46.1%. The fraction of jobs requiring experience rose around 8.5 percentage points at the bottom of the wage distribution, indicating an approximate 35% increase, while it increased about 5 percentage points at the top, corresponding to roughly a 10% increase. While the likelihood of listing experience requirements increased, the actual length of experience required decreased. These findings are difficult to interpret: the increase in the share of jobs listing experience or education requirements suggests that employers became more demanding but average education or experience requirements became less demanding.

Increasing proportion of job postings include non-wage benefits

Between 2017 and 2022, an increasing number of jobs advertised non-wage benefits. Compared to before the pandemic, employers have become twice as likely to promote job flexibility as an attribute of employment when posting jobs. The share of job postings requiring working from home rose from less than 1% to ~5.4% by 2021 and has stabilized in the data since. The fraction of jobs providing flexible working hours and work-life balance almost doubled. There was a similar rise in the fraction of jobs offering paid time off, sick leave, and maternity/paternity leave. The fraction of jobs offering at least one type of medical insurance coverage (health, dental and/or vision) rose from 9.8% in 2017-2019 to 14.6% in 2020, 18.1% in 2021, and 24.3% in 2022. Likewise, the proportion of jobs offering life and/or disability insurance more than doubled during the study period.

Employers also offered a range of non-wage benefits such as retirement benefits and contributions, stock options, equity, bonuses and profit sharing, as well as employee discounts, gym/fitness center access, post-secondary scholarships, relocation assistance, commuter benefits and free lunches. The fraction of job postings offering any of these benefits increased substantially. Specifically, the proportion of jobs offering retirement benefits increased from 6.8% in 2017-2019 to 15.7% in 2022. The fraction of jobs offering ownership & rewards benefits increased from 12% to 19.1%. The share of jobs offering other fringe benefits more than doubled to 28.3% in 2022. The proportion of jobs listing equity, diversity and inclusion initiatives increased from 36.4% in 2017-2019 to 50.8% by 2022.

Differential impacts along the wage distribution

Demand has increased more for less well-paid jobs, and for these, compensation-linked benefits have become more common. However, these jobs are also becoming more likely to list education and experience requirements as well as some skill requirements. Benefits associated with job flexibility and time off—benefits that might be associated with work-life balance—are becoming more common in highly compensated jobs.

★ Why It Matters

In 2022, the number of job vacancies in Canada averaged two and a half times the average observed in 2016. Recent data shows that 58.1% of job vacancies in Canada required a high school diploma or less, and where the average offered hourly wage was \$20.05.

This project corroborates these trends using job ads as a proxy for demand. Skill, experience and education is increasingly likely to be listed in job ads, but requirements are becoming less demanding focusing on core skills, fewer years of experience and lower levels of education. An increasing proportion of job ads offer non-wage benefits, both compensation-linked benefits for lower-wage jobs, and benefits associated with job flexibility and time off for higher wage jobs.

The findings from this project suggest that firms are increasingly competing for low-wage workers and that a popular strategy being used to get an edge is improving benefits. This bodes well for the quality of work for those in low-wage positions, however, questions remain about the ability of employers to offer higher wages for these in-demand roles given rising cost of living and the lack of affordable housing.

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