

# Intelligence MEMOS



From: Parisa Mahboubi  
To: Canadian Workers  
cc: Canadian Ministers of Employment and Labour  
Date: September 23, 2019  
Re: **CANADA'S SKILLS MISMATCH CHALLENGE**

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Do your skills match the requirements of your job? For many Canadians, the answer is no, which raises serious concerns for policymakers.

We need to get the skills match right to enhance productivity and achieve desirable outcomes for workers, employers and society at large.

Some mismatch level is inevitable or temporary, but it can worsen and become persistent in the face of technological changes and aging demographics. This requires governments and businesses to prioritize improving labour mobility and providing appropriate training opportunities.

Mismatching generally occurs when workers' skills are either more or less advanced than the job requires. Over-skilled workers are unable to use their full potential and under-skilled workers struggle. Both situations can lower morale and productivity.

Contributing factors can include general economic conditions, new technology, demographics, imperfect information about workers' skills and skills requirements of jobs, and the policy environment for labour mobility and lifelong learning.

My recent C.D. Howe [study](#) shows that about 13 percent of full-time workers in Canada are either under- or over-skilled, in terms of literacy, numeracy and problem-solving, for their job, with the under-skilled and over-skilled about equally divided for each skill. While skills needed in today's labour market are not limited to these cognitive skills, they are required in any occupation (to varying degrees) and are fundamental to all learning.

The good news is that Canada generally enjoys a lower level of skills mismatch than other developed countries. There are, however, two areas of concern.

First, the problem is significantly more pronounced among certain socio-economic groups. While workers with higher educational attainment are more likely to be over-skilled, women, immigrants and older workers are more likely to be under-skilled for their jobs.

Interestingly, the great under-skilling level for recent immigrants entirely disappears with time spent in Canada. This highlights the importance of settlement policies that offer rigorous and accessible skills training, language programs and job-search workshops for newcomers.

Second, the mismatch problem may worsen as the labour market evolves with technological advances, work-force aging and the growing role of newcomers in Canada's labour force.

There is certainly worry out there: when asked about a broader set of skills such as ICT (information and communications technology), interpersonal, decision-making and physical skills, fully 92 percent considered themselves mismatched for their jobs. The issue is complex for employers and employees alike because of the wild variation in supply of and demand for skills.

Similarly, there are many potential reasons that workers stay in jobs that do not align with their skill set. These include lack of information about alternative opportunities; barriers to labour mobility or investment in training; employers' reluctance to train workers; and lack of employment opportunities because of economic circumstances that can be industry- or geography- specific.

The results from my study highlight the importance of providing more opportunities for skills development and lifelong learning for all workers and better addressing individual training needs, particularly, among under-skilled people such as older workers and new immigrants.

Therefore, governments need to promote participation in lifelong learning. Governments can also help reduce both the over-skilling and under-skilling problems with policies that enhance labour market flexibility and ease labour mobility. For example, removing barriers for certified and licensed workers can help reduce over-skilling since there will be more jobs available that match their skills level.

Furthermore, businesses – in addition to providing training opportunities for under-skilled workers – can reduce mismatches within their organizations by improving hiring processes, beginning with job descriptions, along with appropriately reassigning tasks, providing relocation assistance and finding innovative ways to use workers' skills in order to optimize productivity.

Finally, under-skilled workers should take some responsibility themselves by investing in learning to get the skills to perform their jobs.

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