
Backgrounder

Employment Growth and Change in the Canadian Urban System

Over the past quarter century, employment has shifted increasingly into the service sector, into white-collar occupations, and into work involving the processing of information. These shifts are reflected in the growing employment share of highly-skilled knowledge workers.

These economic and labour market transformations have important implications for the location of employment in Canada. William Coffey undertook a detailed examination of changing patterns in the location of employment between 1971 and 1994 for the individual units that make up the Canadian urban system.

He finds that individual industries and occupations show quite distinctive locational patterns. Most notable is the very high spatial concentration of employment in the information-intensive service industries. In 1991, the ten largest metropolitan areas contained 49 per cent of the national population. Both total employment and employment just in services were roughly proportional to population. However, these ten metropolitan areas accounted for 72 per cent of national employment in business services, 67 per cent of employment in the finance, insurance and real estate industry, and 72 per cent of employment in "other producer services". Further, this highly-concentrated pattern of employment in the information-services industries

held steady over the 1971-91 period. In contrast, most other service-sector employment – in consumer services, retail trade, education, and accommodation and food – is found in proportion to population.

Similar patterns of extreme spatial concentration are found for high-skill, information-intensive occupations. High levels of specialization in a very few urban centres are found for managerial and administrative occupations and occupations in science and engineering. The medium-skilled clerical occupations tend to be distributed fairly evenly across the urban hierarchy, while a specialization in blue-collar occupations is characteristic of smaller resource- or manufacturing-based centres.

Thus not only is the employment structure fracturing into fast-growing, high-skilled, knowledge-based industries and occupations, on the one hand, and slower-growing, low-skilled, service occupations, on the other, it is also showing a longstanding tendency for the "good" jobs to be highly concentrated in space. This latter trend serves to exacerbate inequality in terms of accessibility to good jobs, and, to the extent that a region lacks large, "connected" urban areas, it will also find it more difficult to offer good employment opportunities to its residents.

Coffey identifies some of the key factors that play a role in shaping the employment patterns characteristic of the Canadian urban system. He finds that there is a tendency toward increasing concentration of employment in the largest urban areas, with the three largest urban size classes having the highest employment growth rates, while the three smallest sizes have the lowest employment growth rates. Also, the rate of shift out of blue-collar occupations tends to be directly proportional to urban size S the larger places are experiencing a more rapid decline of the share of blue-collar workers in their workforces than are smaller places.

Firm size and economic diversification also play roles. High rates of employment growth are associated with the presence of a relatively large percentage of firms in the middle size range (100-199 employees). A high percentage of firms either above or below this range is generally associated with lower growth rates. The evidence also points to a tendency both for urban areas to become more diversified in terms of their industrial and occupational make-up and for more rapid rates of employment growth to be found in the more diversified urban areas.

Last, Coffey considers the role played by a number of labour force characteristics in the growth process. He finds that the growth rate of total employment over the 1981-91 period was positively related to the percentage of the population holding a university degree at the beginning of the period and inversely related to the percentage of the population having no more than a grade 9 education. Also, a shift toward more employment in the professionalized occupations was greatest in those urban areas where education levels increased most rapidly over the period.

These findings hold lessons for regional growth policy. The first is that policies that promote economic diversification can contribute to urban growth. Second, industries and occupations that offer higher proportions of "good" jobs will gravitate to those centres in which the labour force is highly educated.

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