



Exploring Employment Markets Across the Pacific: Contrasting Economic Conditions

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Introduction

With rising economic uncertainty, increasing demand for talent, similar regulation on employment protections (see [The Canadian-Australian Productivity Gap](#)) and an ever-changing employment landscape, Australia and Canada highlight the unique challenges and opportunities each faces on opposite sides of the Pacific. COVID-19, global conflict and changing economic tides have sent ripples through the global employment market with advanced economies' real Gross Domestic Product (GDP) growth declining from 5.2% to 1.1% from 2021 to 2023 (see [Global Wage Report 2022-23](#)). As such, Australia and Canada stand out as two nations that are navigating similar, yet distinct employment challenges. This transpacific tale reveals a story of opportunity, resilience and transformation offering valuable insights into the future of employment on the global stage.

An examination of the employment markets in Australia and Canada offers valuable insights into how they have adjusted to change, seized opportunities and demonstrated resilience amid global employment dynamics. This article aims to explore the economic factors affecting employment and provide recommendations for response in Australia and Canada. By examining these key factors, organisations and business leaders can gain a deeper understanding of the job market dynamics and make well-informed decisions to attract and retain talent in a rapidly evolving global economy.

Economic Drivers

Economic factors profoundly influence employment markets, with the health and direction of the economy directly affecting the supply and demand for jobs, wages and working conditions (see [Unemployment: The Curse of Joblessness](#)). Key drivers such as interest rates, GDP growth and inflation shape labour market dynamics, impacting the strategy and financial decisions organisations face (see [What Are Economic Factors: \(9 Factors Affecting Business\)](#)). This financial strain is critical to the employment decisions made by individual businesses, particularly during economic downturns. When firms experience reduced sales or rising costs, they often scale back operations, leading to job losses (see [Financial Health and Employment in the Business Sector](#)). If multiple businesses in a market are financially vulnerable or multiple organisations scale back at the same time, widespread layoffs can result in higher unemployment rates, placing additional pressure on households through income loss and further exacerbating macroeconomic instability. Consequently, the collective financial health of firms and broader economic forces significantly influence labour market outcomes (see [Financial Health and Employment in the Business Sector: A Non-linear Relationship](#)).

GDP growth is closely linked to job creation, as businesses tend to see increased demand during periods of economic expansion (see [Link between economic growth and employment](#), [Economic](#)

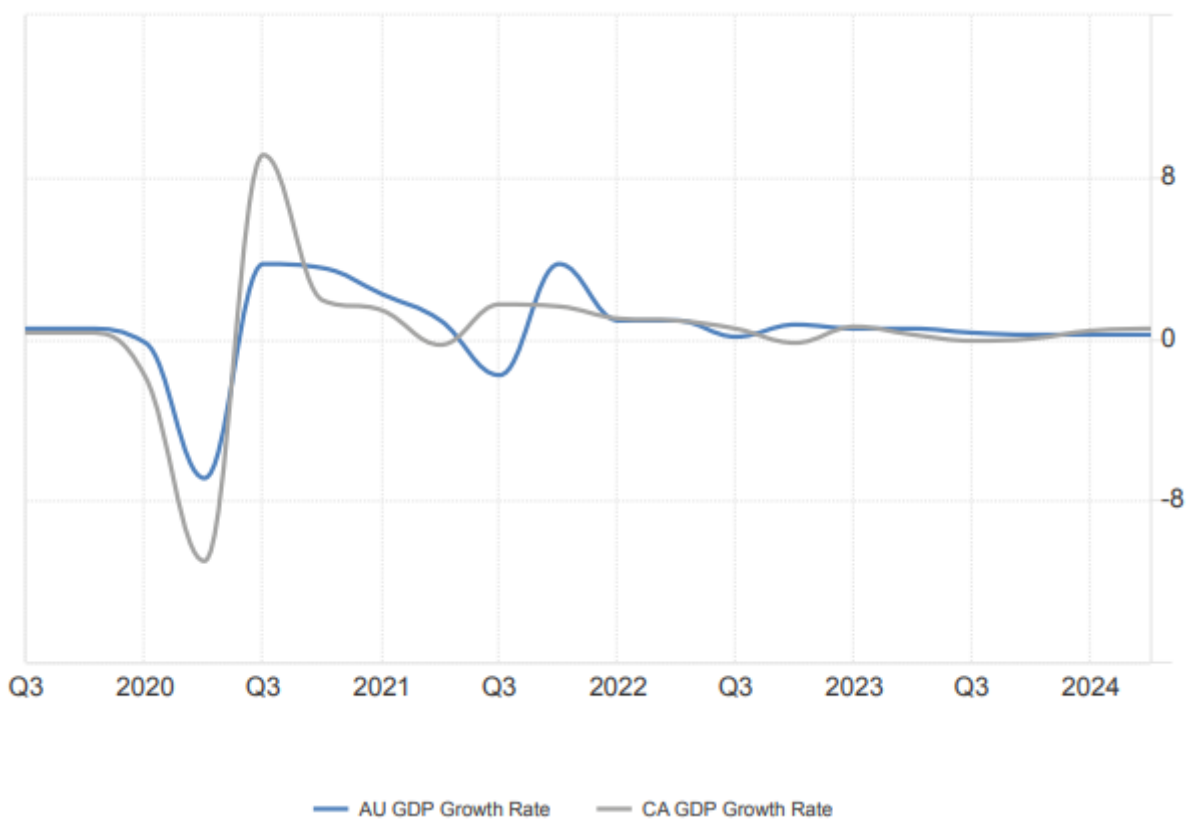


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[Growth: Trends In Business Cycles](#)). Both Australia and Canada, for example, experienced similar GDP growth patterns following the COVID-19 pandemic, as shown in Figure 1. Initially, both countries faced significant contractions due to factors such as lockdowns, disrupted trade, and severe impacts on key sectors like tourism. However, as recovery efforts took hold, GDP growth rebounded, driven by government stimulus measures, public spending, increased consumer spending, increased demand for imported items and renewed demand for exports.

Figure 1: GDP Growth Rate Australia Vs Canada



Source: [Trading Economics](#) (2024)

As economic conditions stagnated due to rising interest rates, businesses and households began adjusting their lending practices, immigration has increased significantly in both countries, resulting in a decline in job vacancies (see [Canada's gross domestic product per capita](#), the [Australian economy grew 0.1% in the March Quarter](#)). Australia, for instance, has experienced eight consecutive quarterly declines in job vacancies, as highlighted in the Job Vacancies Australia data. Similarly, Canada has seen seven consecutive quarterly declines, as illustrated in Job Vacancies, First Quarter 2024. Despite the softening of employment markets, recruitment challenges persist. In July 2024, 47% of surveyed employers in Australia and 45% in Canada reported difficulty in filling positions (see [Recruitment Experiences and Outlook Survey, 89% of Canadian firms face 2024 hiring hurdle](#)). This indicates that while economic pressures may reduce job availability, businesses are still grappling with recruitment



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difficulties, underscoring the need for innovative workforce solutions amidst ongoing economic uncertainty.

Navigating Economic Stagnation

To navigate economic stagnation, businesses must adopt strategies that mitigate risks, improve productivity and drive profitability to sustain growth. A key approach is investing in workforce flexibility by offering options such as remote work, flexible schedules and gig roles. This flexibility allows companies to adapt to fluctuating demand and economic conditions without resorting to layoffs, while also addressing the challenges of rising wage growth and employment risks.

The importance of flexibility was evident in August 2024 when labour market trends diverged between Canada and Australia. Both countries saw significant drops in job advertisements throughout 2024, despite an overall increase in total employment. Canada experienced a net increase of 65,700 part-time positions, while full-time jobs declined by 43,600, highlighting a shift toward part-time work to enhance market adaptability. In contrast, Australia saw a rise in full-time employment by 60,500, accompanied by a decrease of 2,300 part-time positions. This increase in full-time roles was driven by greater flexibility in workplace arrangements, catering to employees' evolving needs (see [Canada adds 22,100 jobs in August but jobless rate jumps](#) and [Total jobs in Australia edge up in tight labour market](#)). These contrasting trends underscore the critical role flexible employment models play in workforce management across different economies. Supporting this push for flexibility, a 2022 survey revealed that the majority of employees would prefer a permanent work-from-home option over a \$30,000 pay raise (see [Why Today's Organizations Need to Embrace Flexibility in the Workplace](#)). This insight reinforces the growing demand for workplace independence and the value employees place on flexible arrangements.

Employers who make their workplaces more flexible by offering greater autonomy not only attract high-quality candidates but also improve workplace culture and increase retention rates. Research from Diversity Council Australia found that workplace flexibility is among the top five employment drivers for men (see [Workplace Flexibility Strategy](#)). Whilst all industries and jobs have limitations around how flexible they can be with operation hours, when managed effectively, flexibility appeals to employees, boosts productivity and reduces operational costs, making it a powerful strategy for organisations to remain competitive and resilient.

Upskilling has become a vital strategy for companies aiming to retain employees, reduce costs and maintain a competitive edge. In 2022, U.S. companies invested over \$100 billion in upskilling initiatives (see [Show Them The Money](#)), underscoring the importance of developing internal talent. Offering structured internal training programs helps businesses sidestep the significant expenses tied to recruiting and onboarding new hires. On average, it takes 42 days and over \$10,000 to recruit externally, whereas retraining existing staff for new roles is much faster and more cost-effective.

By investing in upskilling, companies can address specific skill gaps, particularly in high-demand areas like leadership and technology without being drawn into the competitive external labour market. Australian industries such as healthcare, IT, trades and engineering are all industries that are heavily impacted by skill shortages (see [The Skilled Migrants vs. Domestic Talent](#)). Canadian businesses, however, see the top three skill shortages of trade, management and business (see [Top three skill](#)



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[shortages for all businesses](#)). Upskilling is a strategy that allows businesses, regardless of the industry, to stay ahead in rapidly evolving industries by ensuring their workforce has the necessary capabilities. Upskilling not only benefits companies in filling essential roles but also plays a pivotal role in employee retention. Employees who see clear pathways for growth and development are more likely to remain with their current employer, reducing turnover and the associated costs of attrition. Organisations are 63% more likely to achieve improved performance than organisations that do not have a skills-based focus with 98% more likely to retain high performance (see [Canada is in the Midst of a Chronic Skills Shortage. How Should HR Respond?](#)).

Beyond cost savings, upskilling improves employee engagement, productivity and morale. Workers who feel valued and empowered through development opportunities tend to perform better and contribute more effectively to organisational success. Additionally, businesses that prioritise upskilling are often seen as forward-thinking, which can enhance their reputation in the marketplace, making them more attractive to top talent. Embracing flexible work models further complements upskilling efforts, enabling businesses to not only respond swiftly to economic shifts but also enhance employee satisfaction and performance. Flexible work arrangements, combined with opportunities for professional growth, create a workforce that is diverse, resilient and agile, leading to long-term sustainability and competitive advantage (see [Flexible work post-COVID, Why use flexible working arrangements?](#), [3 Ways to Boost Retention Through Professional Development](#), [Why Learning And Development Is Now A Competitive Differentiator](#)).

Conclusion

This article has left many questions unanswered, particularly why there is a correlation between trade skill shortages within well-developed and skilled economies and how organisations develop modern leaders within flexible business environments to improve productivity and culture in the workforce. However, this exploration of employment markets across the Pacific, Australia and Canada demonstrates both shared and distinct challenges in navigating economic and workforce uncertainty. From the impact of interest rates and GDP growth on job vacancies to the critical role of workforce flexibility and upskilling, both nations offer valuable lessons for businesses seeking to remain competitive in a rapidly changing local and global environment.

For organisations operating in Australia, Canada or any G20 country, success in the evolving employment landscape hinges on taking multiple proactive approaches to retain and attract talent. Businesses should prioritise upskilling by investing in internal talent development to fill critical roles, retain top talent and stay competitive in industries facing skill shortages. Embracing flexibility is equally important, as implementing flexible work arrangements attracts high-quality candidates, boosts productivity and reduces costs, while enabling organisations to adapt to shifting economic conditions and enhance employee satisfaction. Additionally, businesses should be actively researching and navigating the external environment to best strategise against those factors informed by macroeconomic indicators, such as interest rates and GDP growth, which is essential for anticipating challenges and making strategic workforce decisions. By adopting these strategies, businesses can create a resilient and agile workforce, capable of navigating economic uncertainties



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and securing long-term growth and competitiveness in both local and global markets. Now is the time to act and leverage the benefits of workforce flexibility and upskilling to drive future success.



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Blake is a dedicated National Account Manager at Programmed, specialising in contingent staffing. With over 10 years of leadership experience across business-to-business (B2B) sectors like retail trade, construction, and recruitment, Blake has honed expertise in financial management, team leadership and project management.

He is passionate about building lasting relationships, navigating organisational challenges and inspiring others to achieve success. Blake holds an MBA in Finance from the Australian Institute of Business and is based in Melbourne, Australia.

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