

## CIBC Centre targets skill transferability for displaced workers

 **Productivity losses** during recessions are likely to depend directly on the ease with which displaced workers can find new employment where their skills are appropriately valued.

**\$\$\$ RELATED SKILLS**  
**\$\$ UNRELATED SKILLS**  
The extent of wage loss associated with job displacement depends on how closely related the skill requirements for the new job are to those used in the pre-displacement job (i.e. the transferability of skills).

 **Roughly one-third of displaced workers** find new employment in the same occupation class, experiencing relatively **small wage losses averaging 5%**.

 **Roughly one-in-four displaced workers** make a significant switch in the type and amount of skills used in their occupation. These workers experience **sizeable wage losses averaging 17%**.

 Displaced workers find their way back to **much more similar jobs** than would occur with random mobility.

 Displaced workers are **increasingly finding their way back** to more and more similar jobs in recent years.

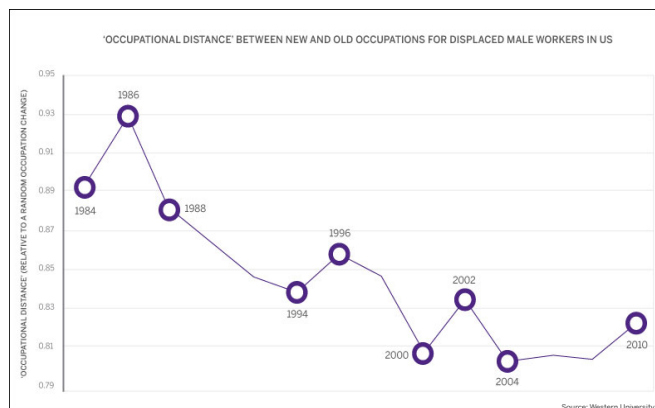
Source: Western University

In times of increased job mobility and uncertainty, it is critically important to evaluate and construct labour market policy based on how easy or difficult it is for workers to transfer their skills across jobs.

According to new research from the CIBC Centre for Human Capital and Productivity at Western University (<http://economics.uwo.ca/centres/cibc/>), productivity and wage losses during recessions are directly linked to the ease in which displaced workers can find new employment where their skills are best utilized.

In a policy brief, titled, "The Transferability of Skills," CIBC Centre Affiliate Chris Robinson outlined his recent research which measured the transferability of skills across jobs and occupations.

"If someone is displaced from his or her job, these new measures will show what occupations are relatively close to what the person was previously doing at the level of his or her basic skill set. This includes motor skills, general intelligence, math skills and literacy skills," says Robinson, a professor in Western's Department of Economics. "These measures could help workers who have to switch occupations find similar work in different occupations that use closely related basic skills."



Robinson's data shows that the extent of wage loss associated with job displacement depends on how closely related the skill requirements for the new job are to those used in the pre-displacement job. Roughly one-third of displaced workers in the United States find new employment in the same occupation class, experiencing relatively small wage losses (averaging five per cent). By contrast, one-in-four displaced workers make a significant switch in the type and amount of skills used in their occupation. These workers experience wage losses averaging 17 per cent.

The findings further suggest that displaced workers are increasingly finding their way back to more and more similar jobs in recent years.

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### About the CIBC Centre

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The CIBC Centre has a broad mandate to study issues related to human capital and productivity. Centre Fellows and Affiliates conduct research and provide policy advice in the following areas: early childhood, primary and secondary schooling; post-secondary education; productivity and earnings; social benefits of human capital; human capital policy; and human capital, development and growth.

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### YouTube Video

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Robinson explains transferability of skills

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