
Not Taxes but People Are Canada's Global Competitive Advantage

Graham Lowe

Corporate Canada's latest prescription for the Canadian economy, and the public's negative reaction, have once again pre-empted a wider debate about what really contributes to our economic well-being.

The Business Council on National Issues (BCNI) – the voice of Canada's 150 leading corporations – warns that Canada's lagging economic performance threatens to erode living standards. The BCNI's strategies for achieving a "global economic advantage" are long on tax cuts but short on what contributes far more to national competitiveness: people.

Remember that the BCNI also suggests that our industrial competitiveness depends on innovation, creativity, flexibility, skill development and lifelong learning. Yet cutting taxes won't create workplaces that will allow people to be innovative and creative, flexible and adaptable, skilled, and engage in continuous learning.

In fact, there are many signs that workers face barriers in the workplace to fully developing and applying their talents – something they want to do and that serves employers' needs for rapid productivity growth. Here are some examples:

- Despite having one of the world's best-educated workforces, there are clear signs that the talents and skills of Canada's workers are not fully tapped. This is the real skills gap. Close to one in four workers is in a low-skilled job, does not use his/her education and training at work, or does not use his/her literacy or numeracy skills.
- There's a growing gap between the rhetoric and the practice of lifelong learning and skill development. Participation rates in workplace training programs and part-time post-secondary education programs actually declined the 1990s. Very few of the organizations that are committed to training have made the leap to a culture of continuous learning.
- Unhealthy work environments are contributing to rising employer costs through absenteeism, turnover, supplementary health claims, and long-term disability. Growing

numbers of workers feel stretched to the limit, stressed out, and are struggling to balance work and family responsibilities – all of which detracts from their job performance.

- Most workers want more influence in their jobs and workplaces; they want more opportunities to contribute their ideas. Canadians look to their jobs as a means of developing their potential and making a contribution, yet rigid rules, narrow job descriptions and top-down command structures continue to stifle these aspirations. Innovation and creativity are two of the foundations of competitiveness. Yet employers often discourage workers from actively contributing their ideas.

Three things matter most when it comes to unleashing the creative potential of people in workplaces: leadership, work structures, and culture.

Leaders must champion the involvement of workers in their jobs, empowering individuals to take risks and contribute their ideas.

Work structures must become more flexible with wider job descriptions. Teams are a good idea, but to perform at their best, they need to be self-managing.

Organizations' cultures must value people and their potential by supporting work-life balance, providing opportunities to actively learn, and paying decent wages.

There is growing evidence from academic and policy researchers (including the Organisation for Economic Co-operation and Development) that flexible, high-skill, high-trust workplaces outperform traditional workplaces. The reason? They treat people as assets rather than as costs.

What's more, people want to work in environments that meet their aspirations for high-quality work, a point that should not be lost on firms developing strategies for recruiting and holding on to employees in a tight labour market.

Gains in productivity and quality of life both happen in the workplace – the arena in which the efforts of individuals are pooled to produce goods and services that will secure Canada's future success in global markets.

This is a concrete example of how economic and social goals can be linked in a virtuous circle to meet the BCNI's recipe for economic success: "people, ideas and money." Closing this circle requires far more than tax cuts.

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