



# Risk and Opportunity: Creating Options for Vulnerable Workers

*Presentation to CPRN staff  
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# Outline

- The Vulnerable Workers Project
- Aspects of vulnerability
- Globalization, risk, and policy choice
- Growth in non-standard work
- Mapping the dimensions of vulnerability
- Policy options:
  - Instruments directed at pay/income
  - Platforms for providing rights, benefits, supports
  - Building assets



# The Vulnerable Workers Project: Goals

- To explore the sources of vulnerability
- To document the circumstances of vulnerable workers
- To identify policies and practices to enable vulnerable workers to realize their potential:
  - for their own personal development
  - to contribute to our economy and society
- To stimulate change in public policies and in workplace practices



# The Vulnerable Workers Project: Studies

- *Defining Vulnerability in the Labour Market (2003)*
- *Non-standard Work and Economic Vulnerability (2005)*
- *Towards Enhancing the Employment Conditions of Vulnerable Workers: A Public Policy Perspective (2005)*
- *Does a Rising Tide Lift All Boats? Low-Paid Workers in Canada (2005)*
- *Lifting the Boats: Policies to Make Work Pay (2005)*
- *New Approaches in Achieving Compliance with Statutory Employment Standards (with IPAC) (2005)*



# Labour market vulnerability: The broad concept

- Workers whose participation in labour market leaves their well-being at risk.
- In other words, those who find it difficult to access work that provides a decent income and/or working conditions that meet societal norms.
- Related to, but not synonymous with, growth of non-standard work.



# Aspects of vulnerability in the labour market

- Persistently low pay
- Persistent unemployment or underemployment
- Poor access to employment rights, benefits, supports, learning opportunities
- Lack of access to collective representation



# What we would like to achieve

- Decent pay (wage plus any income supplement surpasses individual Low Income Cutoff)
- Decent working conditions (access to basic protections)
- Broad access to benefits and supports that are important to well-being
- Opportunity to 'move up'



# Globalization, risk, and policy choice

- Greater mobility of capital=> greater emphasis on economic efficiency and flexibility. But governments and employers still have choices to make.
- Risk is being transferred from employers to employees.
- Are we distributing risk in a way that helps us realize our social and economic objectives?
- What policy platforms and instruments can be used to improve outcomes?





# Growth of non-standard work

- Standard employment: full-time employee, indefinite duration, one employer
- Gradual increase in share of non-standard work over last 25-30 years; now almost 40%
- Own-account self-employment: 6% in 1976; 10% in 2000.
- Reasons for growth: new technologies; globalization; business need for flexibility; costs of providing benefits; some workers seeking work/family balance or greater independence



# Mapping the dimensions of vulnerability

## Low pay

- 1/6 of full-time workers earned under \$10/hour in 2000 (same as 1980); higher ratio for women, young people, less-educated, recent immigrants.
- Median wages stagnant 1981-2004 (falling for new hires), yet educational attainment has risen.
- 30% of low-paid live in low-income households.
- Half of low-paid workers in 1996 had not moved up five years later.
- Non-standard workers are paid less than full-time, permanent workers.
- At least ¼ of part-time workers prefer full-time work.

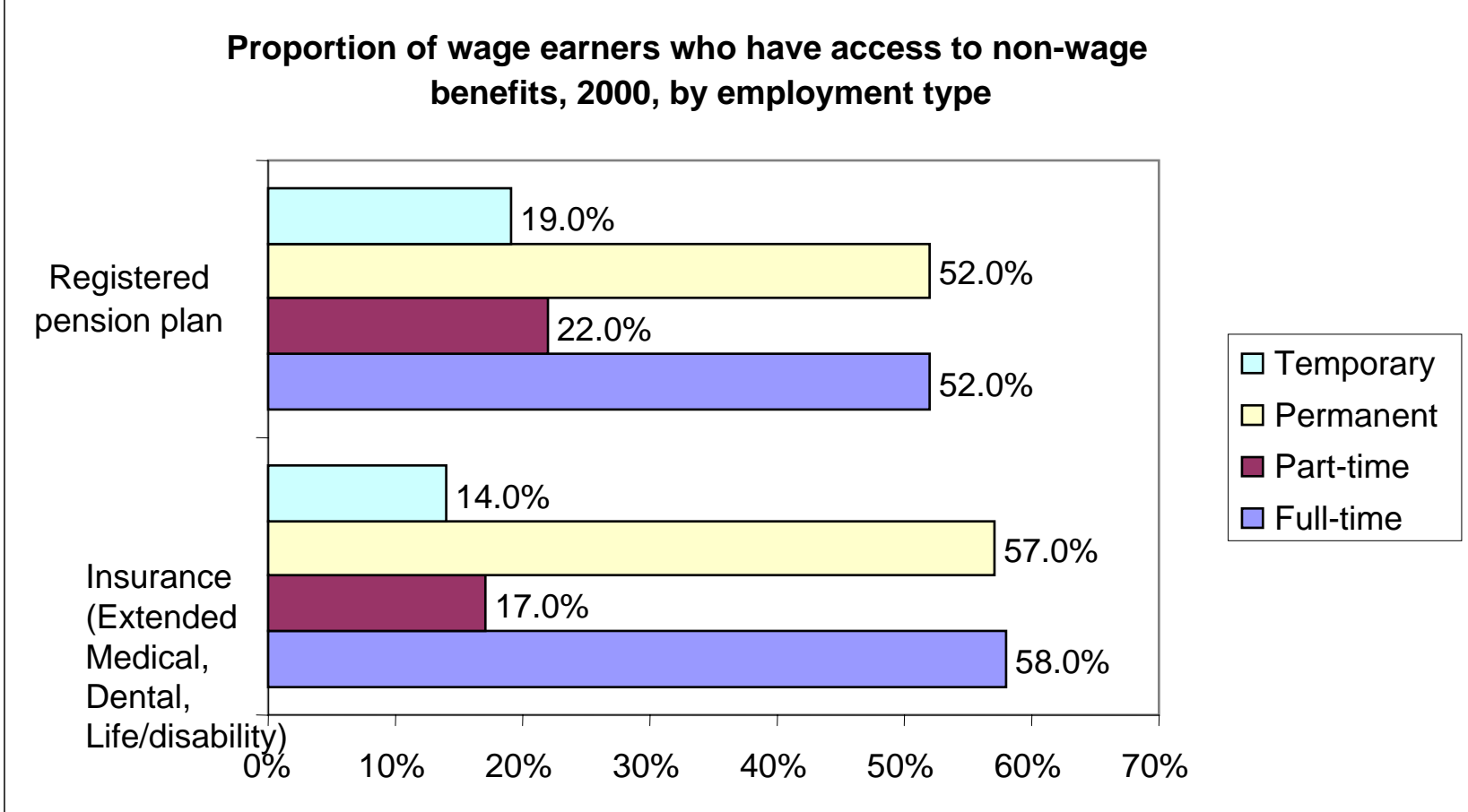


## Poor access to rights, benefits, supports

- Non-standard and low-paid workers have little access to extended medical coverage or employer pension plan.
- Low-paid workers unlikely to receive employer-sponsored training or government help to upgrade skills.
- Less than half of unemployed benefit from EI.
- Self-employed not covered by laws that set minimum standards of employment. Some regular employees do not benefit from the laws because of lack of compliance.
- 1/6 Canadians are unable to afford decent housing.
- Affordable child care is scarce in most provinces.



# Non-standard work and access to benefits

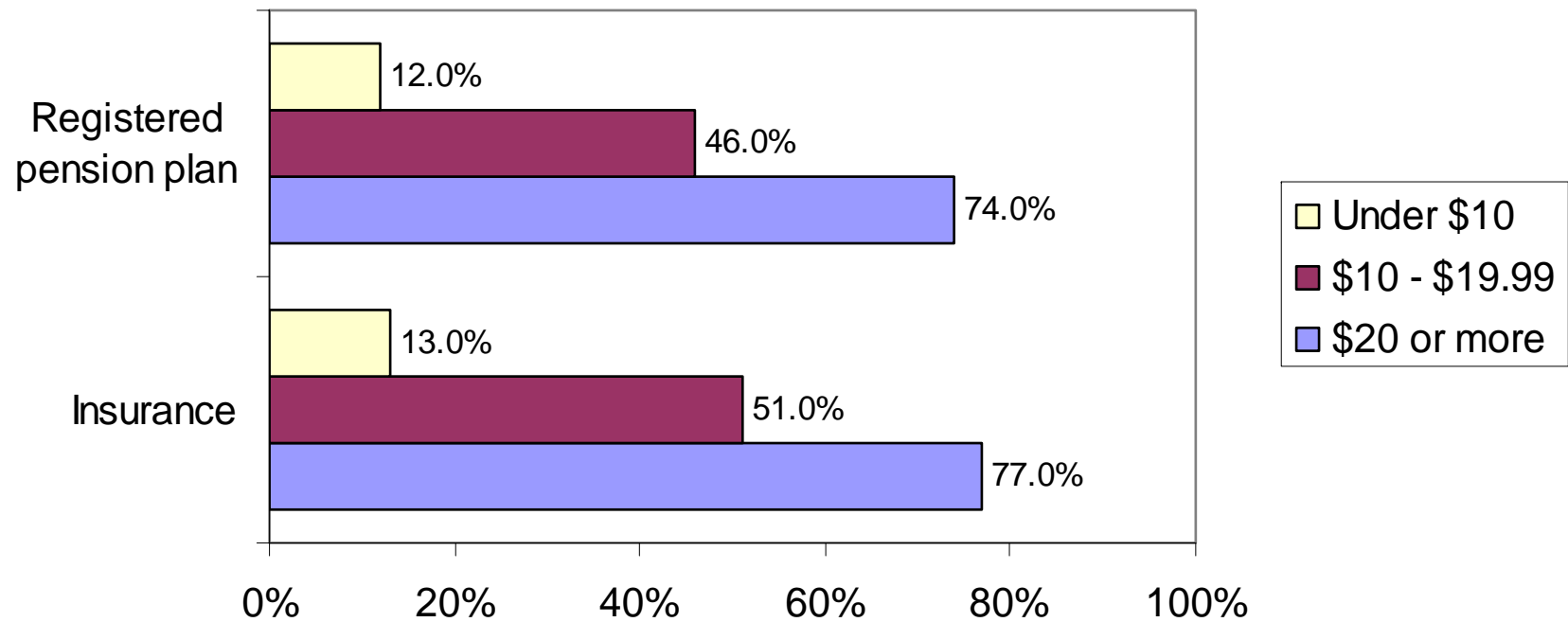


Source: Marshall (2003).



# Low wages and access to benefits

**Proportion of wage earners who have access to non-wage benefits, 2000, by wage rate group**



Source: Marshall (2003).



## Poor access to collective representation

- Unionization rate for jobs earning less than \$10/hr was 10% in 2004 (down from 15% in 1981).
- For jobs earning \$10+ per hour, unionization rate was 37% in 2004 (44% in 1981).

Source: Morissette and Picot (2005, Table 6)



# Mapping vulnerability: conclusions

'Knowledge economy' is leaving many working people behind.

- Despite rising levels of educational attainment, share of work that is low-paid is unchanged since 1980.
- Growth in non-standard work has weakened access to employment rights and benefits.
- With government cutbacks to social assistance, unemployment insurance, and skills upgrading programs in the 1990s, many of those left behind are not well-positioned to bounce back



# What are the policy options?

- There is no single policy change to solve the problem.
- Need a mix of instruments that distributes costs/risks across the actors.
- Need to address income; rights, benefits, supports; assets.





# Measures to improve pay/income directly

- Increase minimum wages
  - \$9.00 target for most provinces, to be reached in stages, with regular increases thereafter
  - Benefits concentrated among the less well-off; minimal employment effects on adults
- Modest income supplements for working poor
  - Suggest maximum benefit of \$200-250/month
  - Also raise National Child Benefit
  - Downsides (e.g., lower market wages) are mitigated if also raise minimum wage.
- Encourage firms to pay decently



# Platforms for providing rights, benefits, supports

1. The traditional employment contract
2. All contracts for paid work
3. Work over the life course
4. Universal measures and social supports
5. Collective action



## The traditional employment contract

- Treat “dependent contractors” as employees.
- Clarify employer responsibilities in temp agency cases. Prohibit contracts that impede the regular employment of temp agency personnel.
- Take more active measures to obtain compliance with employment standards laws.
- Expand eligibility for EI

## Contracts for paid work

- Specify that all contracts for paid work must allow the minimum wage to be earned, with reasonable effort.



## Work over the life course

- Provide better support to working people as they face transitions over their 'careers', e.g. periods of caregiving, volunteering, learning.
- Consider employment-related benefits rather than job-related. (e.g., social drawing rights)

## Universal measures and social supports

- Provide coverage for catastrophic drug costs and basic dental care on a "progressive universal" basis
- Improve access to affordable housing and affordable child care



## Collective action

- Encourage unions to take initiative on broader-based bargaining within current legal framework.
- Encourage labour relations boards to group non-standard workers with regular staff in bargaining units.
- Provide more support to community groups that help vulnerable workers.
- Consider financial support for benefit plans developed by worker/community organizations.
- Develop a framework (without collective bargaining rights) for representation of the self-employed.



# Building resilience: asset-based measures

## Building 'human capital'

- Help young people pursue paths that lead to recognized occupational qualifications.
- Expand access to adult basic skills and skill-upgrading programs.

## Building financial assets

- Learn\$ave program: pilot projects to encourage low-income Canadians to save.
- First need to address means tests in government programs.



# What is the Best Policy Response?

How can we best distribute risk to achieve social and economic objectives?

- Need a mix of instruments to address income, rights, benefits, supports, assets
- Some can be acted upon quickly (e.g. higher minimum wages; expanding reach of the employment contract); others will take more time.

The status quo is unacceptable: too many are being left behind.



## Key Sources

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