

CPHR/CRHA

CHARTERED PROFESSIONALS
IN HUMAN RESOURCES
CANADA

CONSEILLERS EN RESSOURCES
HUMAINES AGRÉÉS
CANADA

Human Capital:

Four Priorities for Sustainable Economic Performance in Canada

ISSUE BRIEFS PREPARED BY

The Chartered Professionals in Human
Resources Canada and L'Ordre des CRHA
du Québec

March 2020

Foreword

CPHR/CRHA Canada strives to influence public policies and human resources practices within organizations of all sizes by taking a public stand on work-related social issues in order to become an authoritative voice for government, employers and stakeholders.

The four briefing papers contained in this document continue in the path of offering first-hand, high quality, evidence-based information and reporting that is timely and relevant.

We were particularly pleased to collaborate with l'Ordre des CRHA which, through its regulated mandate to protect the public, has been a strong advocate to enable each individual to thrive in a healthy, collaborative and innovative work environment and propel organizations through digital and societal transformation.

We believe strongly that the health of workplaces and the efficiency of labour markets in Canada are critical not just for the success of our economy, but are fundamental to the quality of life of all Canadians. Simply put, steps to address the issues we are raising can improve Canadians' financial, physical and emotional well-being.

We are focusing on psychological health and safety in the workplace and issues relating to diversity and inclusion. We are also addressing issues of importance to all Canadians and Canadian businesses by looking at labour market flexibility and skills shortages.

We are looking to governments and specifically the federal government for leadership in addressing the issues raised in these papers.

Specifically, there are overarching recommendations that we believe should be addressed as a priority. They are:

1. That government bodies have the resources necessary to analyze emerging labour market developments, particularly regarding the precarity of work, gig work and diversity and inclusion.
2. That employers be provided with resources to enable them to create a workplace that is free of harassment, stigmatization and limits the psychosocial risks as well as training in diversity and inclusion policies.
3. Ensure the tax and social security system supports older workers.
4. Ensure the immigration system reflects the emerging needs of the labour market and reduce delays associated with the Temporary Foreign Workers Program.
5. Engage with provincial and territorial governments as well as with employers (particularly SMEs), professional organizations, academia and labour unions to address the changing nature of the workplace with specific consideration to its impact on the labour market and its risks in terms of job security.

A myriad of issues face workers and employers now and in the near future. While we do not purport to have all the answers, we hope the four issues addressed in these papers will spark a dialogue for progress. We know that policy makers, academia, employers, labour unions and human resource professionals need to work together to ensure Canadians are prepared for and are adapting to a changing workplace requiring new skills and facing seismic global shifts in markets and technologies.

Over the coming months, we look forward to engaging with governments and stakeholders on these issues.

Anthony Ariganello, CPHR, FCPA, FCGA, ICD.D
Chief Executive Officer
CPHR Canada

Manon Poirier, CRHA
Directrice générale
Ordre des CRHA

Acknowledgements

We would like to thank Audrey Azoulay, Isabelle Lamy and Carole Presseault who guided the project.

We are very grateful to the contribution of CPHR Canada's Public Policy Advisory Committee who provided valuable input throughout the development of these papers. Members are: Mike Christie, Rita Ferrara, Glenda Francis, Stephanie Hollingshead, J. Geoffrey Howard, Layla Khalil, Patrick Larose and Cheryl Pelletier.

About CPHR Canada

CPHR/CRHA Canada represents 27,000 human resources professionals across nine provinces and three territories. Established in 1994, CPHR/CRHA Canada is the national voice on the enhancement and promotion of the HR Profession. With a recognized and credible designation and collaboration on national issues, we are proactively positioning the human resources agenda in Canada and representing the Canadian HR Profession with HR Associations around the world. To learn more, visit cphr.ca.

About l'Ordre des CRHA

With a membership of over 11,000 certified professionals, l'Ordre des conseillers en ressources humaines agréés is the primary reference for human resources practices in organizations in Québec. It ensures the protection of the public and contributes to the advancement of CHRPs and CIRC's. Through its public actions, it plays a key influential role in the world of work in Québec. L'Ordre thus actively participates in maintaining a healthy balance between organizational success and employee well-being. To learn more, visit ordrecrha.org.

Introduction

Over the past several decades, work organization has mainly evolved in compliance with definitions of rights and standards designed to support job stability and security. In response to changing economic, demographic and technological conditions, new priorities and new forms of employment have emerged.

Awareness of mental health in the workplace, employment equity, the integration of diversity, and increasing demands for a better work-life balance have led organizations to introduce new practices and measures to improve employee well-being. However, this trend is less prevalent in small organizations which have fewer means to implement structured strategies. Organizations are also confronted with other emerging issues such as hyperconnectivity, the rise of atypical employment, increasing job insecurity and new pressures triggered by skilled labour shortages.

At the same time, organizations need to be able to compete globally, operate with more limited finances, innovate in order to survive, and invest to more effectively meet their social and environmental responsibilities. They have to find ways to continue operations while simultaneously implementing changes to turn these new realities into advantages that will ensure their sustainability. For Canadian economic and social development to maintain its momentum, this shift must be supported by productivity gains and l'Ordre des conseillers en ressources humaines agréés (l'Ordre) and the Chartered Professionals in Human Resources Canada (CPHR Canada) believe the optimization of human capital is crucial to achieving this goal.

The recommendations contained in this paper, are limited to several issues l'Ordre and CPHR Canada consider to be priorities, are addressed to the federal government. While almost one million Canadian workers are subject to federal labour laws, most workers are subject to provincial legislation.

We strongly believe that through its actions, policies or example, the federal government can help promote a widespread movement for the advancement of human resources management systems.

PRIORITY #1

Psychological Health and Safety in the Workplace

INTRODUCTION

In one of its studies, the World Health Organization (WHO) concluded that negative work conditions can lead to health problems. It also put into perspective the economic burden of depression and anxiety. At an estimated US\$1,000 billion, it translates to a direct productivity loss for the global economy.

L'Ordre and CPHR Canada are driven by their vision for safe and healthy workplaces. While the link between stress and physical and mental well-being has been firmly established, research has brought up concerning facts about mental health in the workplace. Overall, the recurrence of mental health problems in the workplace seems to be increasing, while employers remain under-equipped to handle mental health issues and foster their employees' well-being within the organization itself.

Stress at work comes with not only human costs, but also economic ones, as it makes organizations less efficient, especially when the work environment leads to chronic stress. L'Ordre and CPHR Canada believe that governments must put in place measures to assist employers to address mental health issues and implement best practices to promote their employees' mental health.

The organizational benefits of formal mental health approaches in the workplace are documented and they cover employee engagement and creativity, financial performance, the organizations' ability to innovate and even the reduction of costs and risks associated with conflicts, absenteeism or employee turnover.

“Governments must put in place measures to assist employers to address mental health issues and implement best practices to promote their employees' mental health.”

Although productivity is often viewed as an investment in the company, either in relation with the development of new products or the integration of new technology, it is important to highlight the special role that mental health plays in an organization's performance and to emphasize the opportunity, both social and economic, to more resolutely factor in the employees' psychological health and well-being.

MENTAL HEALTH IN THE WORKPLACE: GENERAL INFORMATION AND ECONOMIC IMPACT

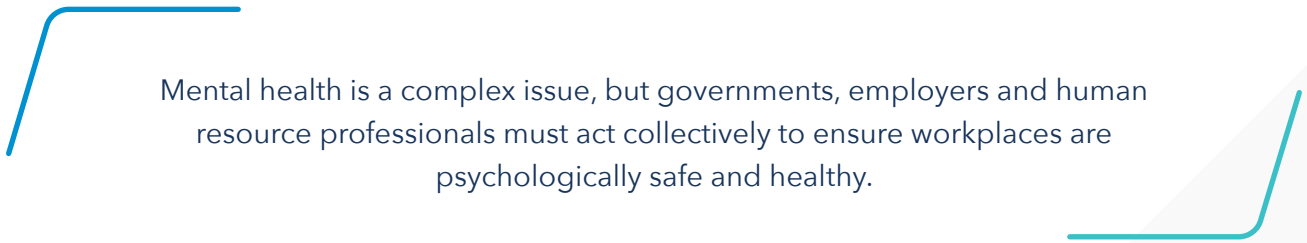
According to estimates by the Mental Health Commission of Canada (MHCC), mental health problems and illnesses cost the Canadian economy more than \$50 billion per year, which is nearly \$1,400 per Canadian, in 2016. While the costs are measured primarily based on public expenses (health care system, tax revenue), the economy must also absorb the losses associated with both absenteeism and presenteeism. Another, more intangible, set of costs should also be taken into account, especially regarding the quality of life and the impact on caregivers¹.

¹ <http://www.mentalhealthcommission.ca/sites/default/files/2017-03/Making%20the%20Case%20for%20Investing%20in%20Mental%20Health%20in%20Canada.pdf>

According to the MHCC, more than 7.1 million people in Canada are living with a mental illness in any given year translating into one in five people in Canada. Among these, one in two individuals will experience mental illness before the age of 40. Even though there is a wide range of mental health illnesses with varying degrees of consequences, the same report revealed that every week 500,000 Canadians do not make it to work due to mental health problems or illnesses².

According to the MHCC, Canadians are three times more likely to be living with a mental health problem or illness than type-2 diabetes, and five times more than heart disease. By 2020, depression—along with high blood pressure—will become the top reason for Canadians seeing a physician, while, more generally, a third of hospital stays will be due to mental health problems³.

The World Health Organization defines mental health as “a state of well-being where every individual realizes his or her own potential, can cope with the normal stresses of life, work productively, and is able to make a positive contribution to her or his community.”⁴ Concurrently, we must note that an individual’s “ability to achieve this state of well-being is dependent on one’s ability to both cope with external demand factors (e.g., works, finances, relationships) and to create an internal sense of well-being through learned and developed skills such as emotional intelligence, locus of control and positive thinking.”⁵



Mental health is a complex issue, but governments, employers and human resource professionals must act collectively to ensure workplaces are psychologically safe and healthy.

It is of utmost importance for l’Ordre and CPHR Canada to improve public policies supportive of workplaces to curtail what the MHCC has referred to as an “epidemic.”

Regardless of where this “epidemic” takes root, its effect is felt in the workplace. Mental health has a tangible impact on the labour market and the performance of companies. It takes form as both absenteeism and presenteeism and systematically leads to productivity loss.

ABSENTEEISM AND PRESENTEEISM COME AT A HEAVY COST

In organizations, mental illness primarily leads to absenteeism⁶. Available data show that there has been relative stagnation over the last twenty years, but since 2015 there has been an increase in the number of absences for Canadian workers.

As such, in Canada, between 1999 and 2018, the total number of days lost per worker increased from 8.1 to 10.3 days, which represents an overall hike of 20%, with the 2019 percentage exceeding the peaks seen around 2008. Québec is the province with the highest rate of absenteeism (12.2 days per year), while Ontario has the lowest (9.2 days)⁷.

² Understanding mental health, mental illness and their impacts in the workplace, Morneau Shepell, Mental Health Commission of Canada.

³ Issue Brief, Workplace Mental Health, June 2016, Mental Health Commission of Canada. www.mentalhealthcommission.ca/sites/default/files/2017-01/Issue_Brief_workplace_mental_health_eng.pdf

⁴ WHO (2014) Mental Health: A state of well-being. World Health Organization Retrieved from: https://www.who.int/features/factfiles/mental_health/en/

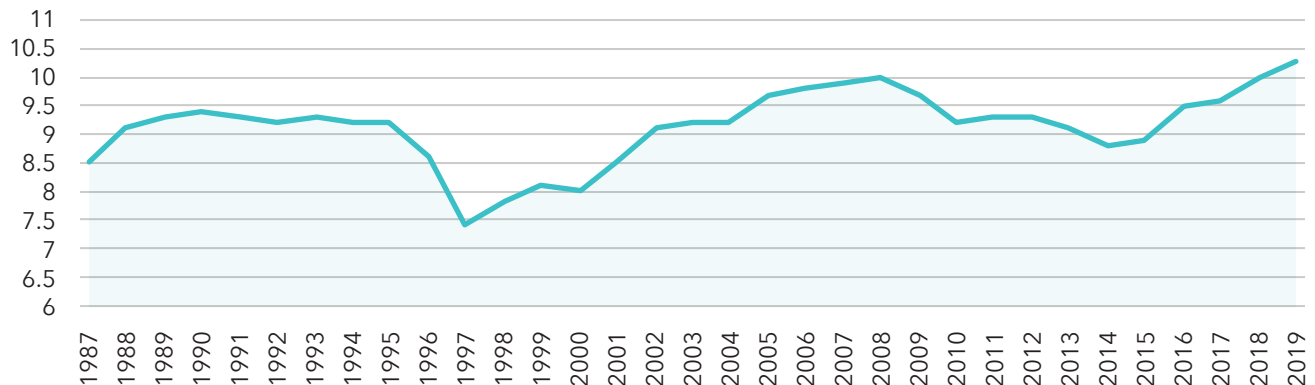
⁵ Understanding mental health, mental illness and their impacts in the workplace, Morneau Shepell, Mental Health Commission of Canada.

⁶ Absenteeism is defined by the repetition and duration of absences over a given period.

⁷ Statistics Canada. Table 14-10-0190-01 Work absence of full-time employees by geography, annual

WORK ABSENCE OF FULL-TIME EMPLOYEES

Canadian average



Source: Statistics Canada. Table 14-10-0190-01 Work absence of full-time employees by geography, annual

When comparing the Canadian absenteeism rate with international ones, it is difficult to come to tangible conclusions, given the differences, particularly regarding social policies and labour standards.⁸

However, in the current economic context fraught with significant labour shortage, the Government of Canada must pay particular attention to work absenteeism, especially when it is due to mental illnesses.

Work leaves due to mental illness last longer than leaves due to other types of work accidents and they cost much more

Work leaves due to mental illness last longer than leaves due to other types of work accidents and they cost much more. Generally speaking, leaves, be they short-term or long-term, disrupt work organization and performance, and the companies, along with the community, must shoulder their direct⁹ and indirect costs¹⁰.

Mental illness can also have a more intangible, but no less significant, impact in the workplace by leading to presenteeism¹¹. For example, in Québec, presenteeism costs 9.9 days per employee each year. Though the economic cost is difficult to assess, some studies posit that the cost of presenteeism exceeds that of absenteeism¹².

THE NATIONAL STANDARD OF CANADA FOR PSYCHOLOGICAL HEALTH AND SAFETY IN THE WORKPLACE

Canada is a recognized world leader in psychological health in the workplace. The MHCC established the National Standard of Canada for Psychological Health and Safety in the Workplace (the Standard)—the first of its kind in the world.

⁸ Differences such as sex must also be taken into consideration, as women are more likely to be absent than men, and rates can also vary depending on the sector.

⁹ Sick leave, overtime hours, replacement workers.

¹⁰ Potential customer dissatisfaction, disruption of the work organization, pressure on the team, production delays, decreased quality, increased stress and pressure in the workplace, decreased productivity.

¹¹ Presenteeism is characterized by the behavior of the worker who, despite physical or psychological health problems requiring him to be absent, persists in reporting to work or by the reduction in the performance of an employee, present at work, due to a health problem.

¹² https://ssq.ca/sites/default/files/archives/ac/Chroniques_sante/Presenteisme_-document_de_reference-.pdf

The Standard is a set of voluntary guidelines, tools and resources intended to guide organizations in promoting mental health and preventing psychological harm at work. Launched in January 2013, it has garnered uptake from coast to coast to coast, internationally and across organizations of all sectors and sizes.

The importance of raising the awareness of employers and leaders regarding the organizational aspect of mental health is paramount. Though some aspects may be the responsibility of individuals, the Standard has made mental health a shared responsibility and it highlights the importance of taking into account how management systems and decision-making processes impact mental health at work. Regarding this, the application of the Standard must be encouraged while, simultaneously, an effort is made to counter any stigmas that prevent employers from promoting “work health.”

L’Ordre and CPHR Canada would like to highlight three particular sources of stress: financial stress, harassment and burnout.

FINANCIAL STRESS: LEADING CAUSE OF STRESS FOR CANADIAN WORKERS

When workers worry about their finances, their work performance decreases. According to a 2018 survey by the Canadian Payroll Association (CPA), 46% of Canadian employees said that financial stress¹³ had impacted their performance at work. The CPA also observed that working Canadians are making some minor progress in improving their financial health, but they remain particularly vulnerable to debt and any changes to their financial situation.

In Québec, a survey by the Institut québécois de planification financière showed that in 2017 money and personal finances were the biggest source of stress for respondents (31%), ahead of work (21%), health (10%) and family (9%).

According to a report by the Financial Planning Standards Council, in 2018, money worries were the greatest source of stress for Canadians, more than work, personal health and relationships. More precisely, 48% of Canadians said that their financial worries caused them to have insomnia and 44% said it would be difficult to meet their financial obligations if their pay cheque was late. Furthermore, it seems that workers who make less than \$40,000 a year, millennials and women are the ones who are the most affected by financial stress.

“...employee distraction caused by financial stress could cost approximately \$1,000 per employee”

The Financial Consumer Agency of Canada also estimated that for a company with 200 employees, employee distraction caused by financial stress could cost approximately \$1,000 per employee, or just over \$214,000 for the employer. The Agency, which published this estimate in 2019, also reported that 46% of employees acknowledge that financial stress has a negative impact on their work performance, with a loss of approximately 3.5 hours per week (or a loss of 172 hours per week, or 7,912 hours per year).

This type of stress plays a special role in the workers’ well-being, as they may associate this stress with work performance pressures. The Government of Canada could promote the creation of financial education measures to reduce workers’ financial stress.

HARASSMENT AND CIVILITY ISSUES

According to Statistics Canada¹⁴, in 2016, nearly one in five (19%) women and approximately one in eight (13%) men reported that they had experienced harassment in the workplace during the past year. Verbal abuse appears to be the most common type of harassment (11%), followed by humiliating behaviour (5%) and personal threats (3%).

¹³ Financial stress stems from the feeling of not being in control of your financial situation and not being able to meet current or long-term obligations. This type of stress leads to feeling discouraged, powerless and unhappy.

¹⁴ Harassment in Canadian workplaces, December 2018

In addition, Statistics Canada reports that the likelihood of experiencing workplace harassment increases with the level of education. Workplace harassment rates were particularly high in Manitoba, Saskatchewan, Alberta and Nova Scotia and at their lowest in Québec and Newfoundland and Labrador.

Nearly one in five (19%) women and approximately one in eight (13%) men reported that they had experienced harassment in the workplace

However, although Québec amended its *Act respecting Labour Standards* in 2004 to include provisions to ensure all workers are entitled to a harassment-free workplace, the statistics on workplace violence, stress and harassment published by the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST) for 2014-2017 revealed an overall increase in workplace violence, stress and harassment¹⁵.

While workplace violence is more common in workplaces where workers are in contact with the public, such as health and social services and education, failing to fully take charge of the issue can lead to normalization. Companies must allocate resources to combat harassment and incivility, and, given how insidious workplace violence can be, focus on preventive and proactive measures.

BURNOUT AND HYPERCONNECTIVITY

Burnouts are becoming increasingly common. They can be caused by the work organization, or also by workers' desire to perform, as they use work as an opportunity to improve their skills and grow personally.

According to the International Classification of Diseases (ICD), burnout is not a disease, but a work-related phenomenon. It is described in the chapter on "Factors influencing health status or contact with health services." In ICD-11¹⁶, burnout is defined as follows: "Burnout is a syndrome conceptualized as resulting from chronic workplace stress that has not been successfully managed. It is characterized by three dimensions: feelings of energy depletion or exhaustion; increased mental distance from one's job, or feelings of negativity or cynicism related to one's job; and reduced professional efficacy."

"...hyperconnectivity can have physical, psychological and social repercussions."

Burnout is not necessarily related to the number of hours worked. It can also stem from a feeling of losing control and being stressed at work. In fact, overtime hours in Canada have plateaued at 1.7 hours over the last 20 years. Over this same period, however, 41% more Canadians worked overtime, while the number of full-time jobs increased by only 29%.¹⁷

In addition, hyperconnectivity can be explained in part by an increased workload. L'Ordre and CPHR Canada recognize that hyperconnectivity can have physical, psychological and social repercussions. In a survey conducted by l'Ordre, 50% of workers said that there is a pressure to stay connected. Nonetheless, both employers and employees see communication technology as a source of flexibility and versatility that has become vital in today's competitive landscape. According to a 2015 survey by the Angus Reid Institute, workers also saw technology as a good thing for the management of professional and personal responsibilities: 49% of respondents said technology allowed them

¹⁵ <https://www.cnesst.gouv.qc.ca/Publications/300/Documents/DC300-331web.pdf>

¹⁶ The new classification, called ICD-11, was released last year and was officially adopted during the 72nd World Health Assembly. It will come into effect on January 1, 2022.

¹⁷ Statistics Canada. Table 14-10-0076-01 Employees working overtime (weekly) by industry, annual

more flexibility in the hours they work. However, the mass adoption of mobile technology has been linked to increased work hours: 40% of those surveyed by the Angus Reid Institute also reported that technology has increased the amount of time spent working¹⁸.

RECOMMENDATIONS

What measures should be implemented in workplaces to improve mental health in general, create healthier and safer work environments and prevent economic losses? L'Ordre and CPHR Canada recommend measures to raise the employers' awareness and encourage them to implement simple internal actions. Generally speaking, the Government of Canada should promote solutions that will allow employers to identify the psychosocial risks that may affect workers' physical and psychological health. This awareness is crucial not only to reduce the costs associated with mental health problems in organizations, but also to encourage employers to develop organizational strategies to promote well-being and, consequently, increase productivity.

1. Increase resources to allow broader dissemination and implementation of the National Standard of Canada for Psychological Health and Safety in the Workplace within organizations of all sizes in Canada.
2. Strengthen measures to assist small and medium-sized enterprises to counter the challenges of psychological health at work by supporting the development of a human resources management plan, in particular through services such as those offered by Business Development Canada. L'Ordre and CPHR Canada can collaborate in the creation of a tool kit capable of raising employers' awareness of the risks of harassment in the workplace, as well as those related to stigma, absenteeism, presenteeism and burnout.
3. CPHR Canada and l'Ordre congratulate the government on introducing legislation to counter harassment in federally regulated workplaces. We recommend the federal government launch a national awareness campaign aimed at employers of all sizes and workers.
4. We recommend increasing financial literacy education in the workplace with the goal of reducing stress caused by personal financial issues. Tools produced by the Financial Consumer Agency are helpful. We suggest the government consider partnering with organizations representing SMEs and the financial sector in implementing appropriate programs.
5. We fully support the recommendation of the Expert Panel on Modern Federal Labour Standards that there not be a statutory right to disconnect at this time and that organizations issue policy statements on the issue of disconnecting with the goal of setting boundaries between work and non-work time.

¹⁸ According to the Angus Reid Institute, 41% of respondents who use communication technology for work (email, Internet and cell phones) check their work emails outside of regular work hours on a regular or daily basis, 31% answer work emails outside of regular work hours on a regular or daily basis, 28% answer calls or text messages outside of regular work hours, and 31% do actual work outside of regular work hours on a regular or daily basis.

PRIORITY #2

Diversity and Inclusion

INTRODUCTION

The matter of diversity and inclusion (D&I) in the workplace requires additional efforts to highlight the value of a structured approach in the management of the issue within organizations.

Despite the Canadian Human Rights Act and governmental actions to promote diversity and inclusion,¹⁹ objectives for the labour market have not been met. In general, organizations allocate relatively few resources to the issue, though the current environment, suffering from the effects of accelerating globalization and labour and skills shortages, could benefit from investments in D&I.

Diversity and inclusion should be widely seen as a well of opportunity, but organizations are missing out on the potential benefits.

The challenge of capturing the attributes of D&I often deprives organizations of the benefits it could derive from it.

A study by Bersin²⁰ highlighted the variability of definitions with respect to the notions of diversity and inclusion, which could hinder the development of best practices. The study showed that diversity is defined as “the variety of people and ideas in a company,” while inclusion is characterized as “the creation of a place where people feel like they belong and feel respected, valued, and interconnected, and where everyone can express their ‘authentic’ selves (ideas, background, and point of view) at work to their colleagues and customers.”²¹ It is important to note that behind the definitions lies a complex web that can only be untangled by a comprehensive vision underpinned by long-term commitment, if diversity and inclusion are to become part of the workplace fabric in public and private corporate spheres alike.

Behind these definitions is a complexity which shows the need for a global vision so that D&I can be properly embodied in the workplace.

L’Ordre and CPHR Canada wish to raise awareness of the issue and offer recommendations to support the development of best practices.

PERSISTENT DISCRIMINATION IN THE CANADIAN LABOUR MARKET

The slow trickle of progress being made in diversity and inclusion policy, and more specifically in equal employment, is apparent in national statistics. The data, broken down by clientele, reveals relatively large discrepancies that impact not only society but, in the long run, the robustness and equilibrium of the job market—effects that must be recognized and acknowledged.

¹⁹ Tania Saba, “Gestion de la diversité, de l’équité et de l’inclusion,” (25 June 2019), *Revue RH*, vol. 23. Online [https://ordrechra.org/ressources/revue-rh/volume-22-no-3/gestion-diversite-equite-inclusion-gedi].

²⁰ La diversité et l’inclusion au Canada, La situation actuelle, Bersin by Deloitte, (August 2014). Online [https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/human-capital/ca-fr-human-capital-la-diversite-et-linclusion-au-canada.pdf].

²¹ La diversité et l’inclusion au Canada, La situation actuelle, Bersin by Deloitte, (August 2014), Online [https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/human-capital/ca-fr-human-capital-la-diversite-et-linclusion-au-canada.pdf].

“...the economic and social benefits of better inclusion of individuals most discriminated against are poorly understood.”

Although pressures caused by labour and skills shortages likely have helped make progress, we must remain watchful. Solutions to shortages are often debated in relation to the prospects provided by immigration, but the economic and social benefits of better inclusion of individuals most discriminated against are poorly understood.²² The current labour shortage provides an opportunity to promote equal employment and to expand diversity and inclusion in the workplace.

Women – Equal opportunity employment has made tangible progress. Nevertheless, the equality gap remains substantial. According to Statistics Canada, in 2018, female employees aged 25 to 54 earned \$4.13 (or 13.3%) less per hour, on average, than their male counterparts. In other words, these women earned \$0.87 for every dollar earned by men. Over a 20-year period, the gender gap in hourly wages has narrowed by \$1.04 (or 5.5 percentage points) since 1998, when it was \$5.17 (or 18.8%). The reduction in the gender wage gap between 1998 and 2018 was largely explained by changes in the distribution of men and women across occupations; the increased educational attainment of women; and the decline in the share of men in unionized employment.

The sector of activity or the higher proportion of part-time jobs among women are among the factors explaining the persistence of the wage gap. However, Statistics Canada recognizes that a large part of this gap remains unexplained and that there are few factors associated with work experience or gender bias.

The data adds another perspective as well: In 2016, fewer than 20% of all management positions were held by women.²³ Although there are more women than ever on boards of directors of Canadian corporations, in 2018 they still represented only 25% of all administrators of FP500 (Financial Post 500) companies.²⁴

Indigenous Peoples in Canada – The unemployment rate among Aboriginal groups remains distinctly higher than in non-Aboriginal populations (10.1% vs. 5.5%, in 2019).²⁵ Though the two employment rates are converging in Canada (64.1% vs. 65.4% in 2019), this is caused in part by the rapidly rising numbers of the Aboriginal population. The steep increase, both across the country and in urban centres, means that initiatives to include Indigenous peoples in the labour market must be thought out carefully to fully benefit from their contributions to the Canadian economy.

In particular, discrimination against Indigenous Peoples remains a pressing issue, despite the *Aboriginal Employment Preferences Policy* (AEPP). Furthermore, a 2017 study by Quorus Consulting Group for Public Safety Canada revealed that 40% of Aboriginal people working for the federal government were thinking of leaving their job in the next two to three years (compared to 26% across all federal government positions) due to negative experiences in the workplace, including discrimination, harassment, intimidation, and disrespect.²⁶

²² Some believe that the knowledge economy and ongoing economic shifts could exacerbate the exclusion of many individuals and that equal employment is becoming an urgent matter that must be addressed through robust policies and guidelines to prevent a population of marginalized people. “Pénurie de main-d’œuvre ?” *Le Devoir*, 22 September 2018, <https://www.ledevoir.com/economie/537141/penurie-de-main-d-oeuvre>. To learn more, contact the Coalition des organismes communautaires pour le développement de la main-d’œuvre (COCDMO).

²³ Statistics Canada, Women in corporate Canada: Who’s at the top? <https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2019028-fra.htm>.

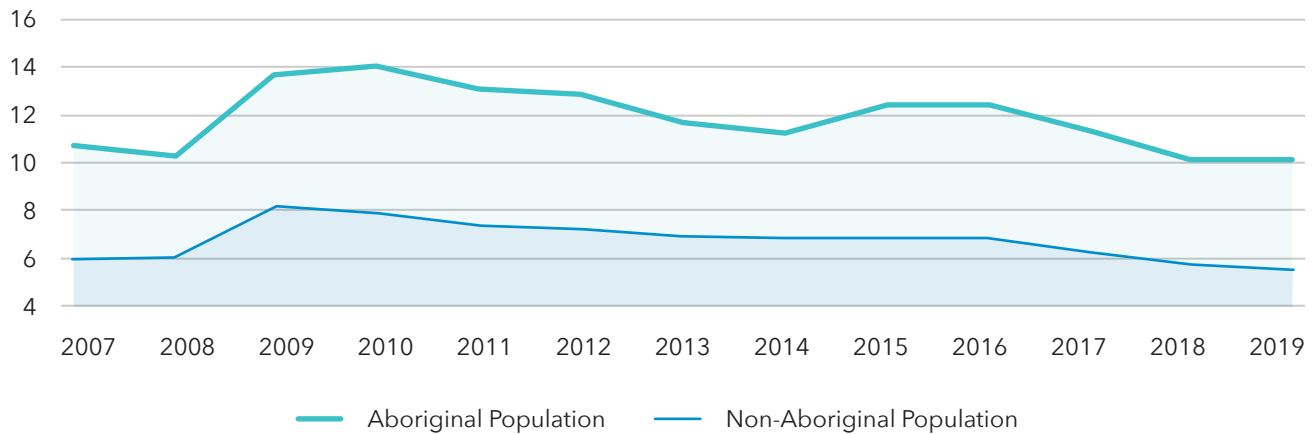
²⁴ Canadian Board Diversity Council (CBDC), Annual report card 2018, <https://phasenyne.com/wp-content/uploads/2019/03/ARC-Annual-Report-Card-2018.pdf>.

²⁵ Statistics Canada, Table 14-10-0364-01, Labour force characteristics by province, region and Aboriginal group.

²⁶ *La Presse*, Fonctionnaires autochtones: insatisfaction, discrimination et harcèlement, 10 October 2017, <https://www.lapresse.ca/actualites/politique/politique-canadienne/201710/09/01-5139443-fonctionnaires-autochtones-insatisfaction-discrimination-et-harcelement.php>.

UNEMPLOYMENT RATE – ABORIGINAL AND NON-ABORIGINAL POPULATIONS

Canadian average (%)

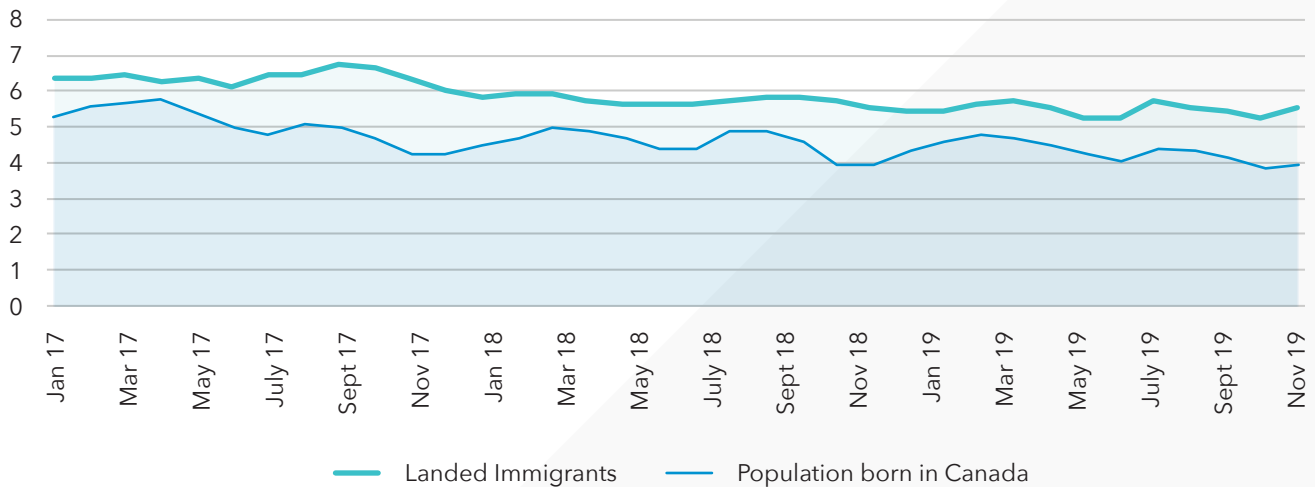


Statistics Canada. Table 14-10-0364-01 Labour force characteristics by province, region and Aboriginal group

Visible Minorities – Data on unemployment rates among immigrants demonstrates a shrinking gap across the country compared to Canadian-born workers. The average gap fell from 3.4 percentage points in 2010 to one percentage point in 2019. However, given the impact of immigration on demographic growth, the discrepancy continues to penalize the workforce and Canada’s economy.

UNEMPLOYMENT RATE, LANDED IMMIGRANTS, BORN IN CANADA (AGES 25-54)

Canadian average (%)



Source: Statistics Canada. Table 14-10-0082-01 Labour force characteristics by immigrant status, three-month moving average, unadjusted for seasonality

People with disabilities – People with disabilities continue to face severe discrimination in employment opportunities. In 2017, a Université Laval study showed that at 14%, overall callback rates for people using a wheelchair was half that of people without a disability (31%). This statistic does not reflect all types of discrimination against all disabilities, but it does suggest room for improvement when it comes to prejudice against people with disabilities.²⁷ One such employment initiative is Ontario’s Accessibility for Ontarians with Disabilities Act, which requires Ontario companies with 50 employees or more to disclose their hiring policy for people with disabilities. This is a measure that could be adopted nationwide.

“...a Université Laval study showed that at 14%, overall callback rates for people using a wheelchair was half that of people without a disability (31%).”

The relatively poor performance by public agencies in matters of D&I, even when they are subject to law and regulations, shows how difficult it is to apply best practices and does not bode well for broader application by employers. In Quebec, despite 30-year-old laws, results of the Equal Access to Employment Programs have also been disappointing. Reports reveal that the policies have not been applied universally. Charest and Chicha (2008) wrote that the rare studies of the policies’ application in Quebec found that few organizations were making quick

strides toward their goals; on the contrary, the vast majority were stagnant or only plodding along.²⁸ Indeed, by some estimates, Quebec’s government is a long way from its goals: In 2018, there should have been 25,000 more employees from visible-minority groups in the province’s public agencies.²⁹

DIVERSITY & INCLUSION POLICIES IN PUBLIC AND PRIVATE INSTITUTIONS

Studies show that only 11% of Canadian companies in 2014 had a diversity policy within an explicitly inclusive company culture, while 4% of companies surveyed had a monoculture in which policies favoured the majority culture and 24% had a culture of diversity with the sole objective of conformity.³⁰

The causes most often cited to explain this absence of, or sluggishness in developing, a formal corporate D&I policy include persistent prejudices and stereotypes, limited availability of D&I training, and all too often a lack of sufficient involvement by managers.³¹

Studies show that only 11% of Canadian companies in 2014 had a diversity policy within an explicitly inclusive company culture

Moreover, employers’ inability to instate an effective D&I policy stems from a continued poor understanding of employment equality and equity. Equality is based on the individual’s skill level, while equity comes from the company culture. The first requires considerations for education and training to avoid sacrificing performance for equality. The second requires deliberate and intentional changes to companies and business models for the good and harmony of the workplace.

²⁷ Radio-Canada, Le fauteuil roulant qui fait fuir les employeurs, 18 June 2017, <https://ici.radio-canada.ca/nouvelle/1039522/discrimination-travail-handicap-fauteuil-roulant-etude>.

²⁸ L’intégration des immigrés sur le marché travail du à Montréal, Marie-Thérèse Chicha Éric Charest, IRPP, 2008, <http://irpp.org/wp-content/uploads/assets/research/diversity-immigration-and-integration/lintegration-des-immigres-sur-le-marche-du-travail-a-montreal/vol14no18.pdf>.

²⁹ Les employés du secteur public québécois sont trop blancs, Radio-Canada, 31 January 2008, <https://ici.radio-canada.ca/nouvelle/1081205/minorites-visibles-quebec-employees-fonction-publique-organismes-diversite>.

³⁰ La diversité et l’inclusion au Canada, La situation actuelle, Bersin by Deloitte, August 2014, <https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/human-capital/ca-fr-human-capital-la-diversite-et-linclusion-au-canada.pdf>.

³¹ Accès à l’égalité et gestion de la diversité : une jonction indispensable, M.-T. Chicha et É. Charest, 2009.

Certain conscious and unconscious biases in recruitment and hiring can also form a barrier to a company's diversity and inclusion practices. Organizations must adjust their processes to eliminate institutionalized discrimination. A lasting reduction in institutionalized discrimination and bias requires overarching solutions integrated properly into policy models.

The current challenge with D&I policies also stems from a shortage of human resources professionals specializing in D&I in Canadian organizations.

More than 40% of companies do not have anyone specializing in diversity or inclusion, and 19% have less than one resource officer for the position. In companies with fewer than 5,000 employees, the percentages are 60% and 13%. Moreover, nearly three fourths of companies with fewer than 5,000 employees do not have full-time resources to oversee D&I.³²

But the corporate world is not the only place slow to adopt D&I policies. A recent report³³ found that despite the D&I tools available to them, public agencies also experience chronic and systemic hurdles to diversity and inclusion.³⁴ These shortcomings are the result of an extreme lack of diversity among executives, the very people who shape and influence an agency's culture. In addition, the report's data show that Aboriginal employees are twice as likely as other employees to suffer harassment and discrimination, with racism cited as the most frequent motive. Hiring rates of people with disabilities also remains relatively low.³⁵ The report found that close to one fourth of public servants believe that the selection process is unfair and that people belonging to designated employment equity groups stagnate in pools of partially qualified candidates.

L'Ordre and CPHR Canada support the report's recommendations, which call for additional oversight, education and awareness in D&I and suggest taking an integrated approach with different work methods to create an environment in which all "employees feel included and respected and where their ideas are welcomed and appreciated." To succeed in this, diversity and inclusion practices must be rooted in policy so that public and private institutions alike can use differences to their advantage.

THE IMPACT OF D&I ON PRODUCTIVITY

If public and private organizations are to form a comprehensive, institutionalized vision for D&I, they must be able to turn it into a performance-enhancing advantage.

Though positive correlations have been demonstrated between the performance of an organization and its degree of diversity (as measured among its leaders and managers), it is still imperative to integrate D&I into the workplace.

³² La diversité et l'inclusion au Canada, La situation actuelle, Bersin by Deloitte, (August 2014), Online [<https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/human-capital/ca-fr-human-capital-la-diversite-et-linclusion-au-canada.pdf>].

³³ Building a Diverse and Inclusive Public Service: Final Report of the Joint Union/Management Task Force on Diversity and Inclusion, 2017, Treasury Board of Canada Secretariat, Government of Canada, <https://www.canada.ca/fr/secretariat-conseil-tresor/organisation/rapports/creer-fonction-publique-diversifiee-inclusive-rapport-final-groupe-travail-conjoint-syndical-patronal-diversite-inclusion.html>.

³⁴ Building a Diverse and Inclusive Public Service: Final Report of the Joint Union/Management Task Force on Diversity and Inclusion, 2017, Treasury Board of Canada Secretariat, Government of Canada, <https://www.canada.ca/fr/secretariat-conseil-tresor/organisation/rapports/creer-fonction-publique-diversifiee-inclusive-rapport-final-groupe-travail-conjoint-syndical-patronal-diversite-inclusion.html>.

³⁵ Read the Final Report of the Joint Union/Management Task Force on Diversity and Inclusion, 2017, Treasury Board of Canada Secretariat, Government of Canada, <https://www.canada.ca/fr/secretariat-conseil-tresor/organisation/rapports/creer-fonction-publique-diversifiee-inclusive-rapport-final-groupe-travail-conjoint-syndical-patronal-diversite-inclusion.html>.

“Overall, companies ranked in the top 25% for gender diversity perform 15% better financially than companies in the bottom 25%.”

Overall, companies ranked in the top 25% for gender diversity perform 15% better financially than companies in the bottom 25%. When it comes to ethnic diversity, the financial gap jumps to 35%.³⁶ According to the most recent information available, the difference in financial performance was similar in 2018, 21% compared to 33%.³⁷

The benefits of D&I in terms of innovation, internationalization, and even “employer branding” are widely documented. Yet all too often, the issue is still not viewed through the lens of social responsibility. But

it is precisely from this stance that D&I must be promoted and the reason why changes in discrimination must be better measured—to help reduce it.

Initiatives announced in Budget 2018 support the federal government’s commitment to diversity and inclusion. The creation of the Centre for Gender, Diversity and Inclusion Statistics is a welcome step. The Centre will fill the information needs of Canadians with respect to gender, diversity and inclusion data including measuring progress, will support evidence-based decision-making and create more accessible and inclusive information for use by the public.

RECOMMENDATIONS

It is increasingly recognized that the use of a homogeneous workforce, for example predominantly male, limits the availability of talent necessary for the performance of organizations. There are numerous studies unanimous on the economic benefits of D&I. The benefits of diversity in the workplace, representative of the composition of society, are therefore no longer to be proven, and according to CPHR Canada and l’Ordre, the awareness-raising step should be behind us.

l’Ordre and CPHR Canada believe there is a need to strengthen surveillance, education and training in diversity and inclusion and adopt an integrated approach. To do so, it is recommended to:

1. In view of the coming into force of the Pay Equity and the Employment Equity Acts, accelerate the awareness of employers of their obligations and provide the tools that will facilitate the implementation of systems and best practices.
2. Consult employers on the constraints to achieving more ambitious diversity and inclusion targets.
3. Strengthen existing resources to enable SMEs to access diversity training. l’Ordre and CPHR Canada could assist the Government of Canada to identify promising solutions.
4. Strengthen initiatives to support people marginalized from the workforce find skilled jobs by increasing funding for professional training and lending a helping hand on the job market, in particular:
 - o Accelerate the deployment of the Indigenous Skills and Employment Training Program, and in particular favour sectors in which they may be under-represented, such as technology.
 - o Draw on Ontario’s current Accessibility for Ontarians with Disabilities Act and promote its pan-Canadian adoption.

³⁶ Why diversity matters, McKinsey, January 2015, <https://www.mckinsey.com/~/media/mckinsey/business%20functions/organization/our%20insights/why%20diversity%20matters/diversity%20matters.ashx>.

³⁷ Delivering through Diversity, McKinsey, January 2018, https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/Organization/Our%20Insights/Delivering%20through%20diversity/Delivering-through-diversity_full-report.ashx.

Flexibility in the Job Market

INTRODUCTION

Economic and technological changes have always had an influence on work organization. Recently though the changes have become more drastic. Since the early 2000s, accelerated globalization together with the emergence of digital technologies has led to a particularly swift economic evolution, reorganized value chains and shifted business models. National economies have never been so interdependent and closely linked; as such, risks are increasingly external, which makes it progressively more difficult to frame the world of work in the traditional manner.

This economic and technological shift combined with changes in demographics and attitudes, resulting from the effect of the new generations' inspirations and an increased social awareness of labour conditions, has led some employers to modify their human resources management model by focusing on flexibility and a better work-life balance.

Labour laws are a recent addition to our legal system. They were developed in the first half of the 20th century in response to dangerous working conditions and low pay. Legislation as we know it today was developed in an economic and social context that where the majority of workers were salaried. As the work world faces new realities, laws, standards and taxation have yet to catch up. The very nature of work is being redefined due to increased automation³⁸, the emerging gig economy, the disappearance and appearance of new jobs and the rise of non-standard work³⁹. In such a context, public policies that address these changes are required.

Legislation as we know it today was developed in an economic and social context that where the majority of workers were salaried.

L'Ordre and CPHR Canada believe the challenge is to ensure that this new job market flexibility does not lead to job casualization⁴⁰, unintended consequences such as pressure on Employment Insurance and other programs and lastly ensures that companies are able to develop human capital so that changes in the job market support economic performance and social progress.

MAJOR TRANSFORMATION OF THE JOB MARKET

Job market changes are complex, and they bring as many new opportunities, like professional integration and work-life balance, as dangers, which relate particularly to overwork, the apparent polarization between "gigs" and "good jobs" and disparities in worker protection.

Over the last few decades, labour policies focused on the idea of social progress aimed at worker safety and salary took shape under a framework and standards that were based mainly on the mass labour force model. This model is, in all likelihood, eroding before the surge of "on-demand" work.

³⁸ Due to artificial intelligence technology, among others.

³⁹ Non-standard jobs are all forms of self-employment (with or without paid help), part-time jobs (less than 30 hours weekly), and temporary jobs.

⁴⁰ Job casualization consists of the tendency for paid work to appear increasingly characterized by uncertainty, low income as well as limited access to benefits and rights granted by the law.

“...even in “standard” jobs (full-time jobs), work organization is trending toward being more flexible to allow for non-standard schedules, remote work and performance-based wages”

Furthermore, it is evident that even in “standard” jobs (full-time jobs), work organization is trending toward being more flexible to allow for non-standard schedules, remote work and performance-based wages. With this enhanced flexibility comes a blurring of the line between employees and self-employed workers⁴¹.

While new economic and technological realities entail increased flexibility, the challenge is for organizations to adapt to these new realities so that the multiple ongoing changes and the uncertainty inherent to these realities translate into a flexibility that supports the organizations’ performance and the workers’ security.

In general, when the economy changes, it influences employment on three aspects: the nature of work, the content of training and the distribution of income; it thus influences the labour market quantitatively, qualitatively or in terms of wages, all in the traditional framework of work.

WORK SCHEDULE DESTANDARDIZATION AND WORK-LIFE BALANCE

Canadians working full time have seen their working hours decrease from 41.3 to 40 hours a week between 1976 and 2018. This 3.1% drop was especially accentuated in the early 2000s, in clear contrast with the nearly 12% increase in the average weekly hours worked by part-time employees (16.9 to 18.9 hours between 1976 and 2018)⁴². Data also shows that there was a significant hike in absenteeism around that same period⁴³ of which 30% was attributed for illness or disability reasons and 72% for personal or family obligations⁴⁴.

Faced with an increasing need to address work-life balance, the Government of Canada launched a public consultation in 2016 on flexible work arrangements with the aim of amending the *Canada Labour Code*. Though the consultation focused on federally regulated jobs, it also echoed a prevailing trend⁴⁵ that prescribed a new flexibility and productivity to organizations and workers.

While information technology and potential work mobility make it possible, to a certain extent, to accommodate flexibility, the social demand for work-life balance is becoming ever more implacable.

According to a 2016 survey conducted by *Employment and Social Development Canada*, 80% of respondents say they have a workplace that provides flexible work arrangements, either as part of an established workplace policy (30.1%), as part of informal practices (36.4%) or as part of a collective agreement (34.6%)⁴⁶.

⁴¹ Des employés déguisés en entrepreneurs, La Presse, October 21, 2019, <https://www.lapresse.ca/debats/opinions/201910/20/01-5246210-des-employes-deguises-en-entrepreneurs.php>

⁴² Statistics Canada, Average usual and actual hours worked in a reference week by type of work (full- and part-time), annual, Table 14-10-0043-01

⁴³ Between 1997 and 2018.

⁴⁴ Institut de la statistique Québec, Heures habituelles annuelles, heures d’absence du travail et heures supplémentaires pour l’ensemble des employés, résultats selon le sexe, Québec, Ontario et Canada, http://www.stat.gouv.qc.ca/statistiques/travail-remuneration/heures-horaire/hebdomadaires/heure_annuelle.html

⁴⁵ Marked by a globalized economic context and technological changes highlighting competitive requirements.

⁴⁶ Employment and Social Development Canada, Flexible work arrangements: What was heard, September 2016, <https://www.canada.ca/en/employment-social-development/services/consultations/what-was-heard.html>

As workplaces became increasingly more flexible, it became necessary to provide employers with a supporting regulatory environment. As such, the Government of Canada adopted the *Budget Implementation Act, 2017, No. 2*, in effect since September 1, 2019, which amended the Canada Labour Code to allow for increased flexibility regarding leaves and overtime hours⁴⁷.

Though these relaxed measures remain limited and are set out for federally regulated employers, they open the door to organizations adopting more formal flexible work arrangements. Despite the fact that Canadian organizations are adopting an increasing number of formal and informal measures to support work-life balance, it seems that certain practices are more difficult to implement. That is the case for remote work, which—although increasingly common—seems to be relatively less common in Canada than in some of the other OECD countries.

In 2005, remote work was an option for 32.4% of Finnish workers, 27.6% of American workers and only 12.3% of Canadian workers. According to a different source, Canada was still lagging behind in 2011, with 17% as opposed to 26% in the US and 41% in China⁴⁸. In Quebec, remote work was deemed inadequate, which led to the creation of Télétravail Québec in 2019⁴⁹.

“...remote work can boost productivity and employee satisfaction.”

According to a 2018 survey conducted by Indeed in Canada with 500 employees and 500 employers in various sectors, remote work can boost productivity and employee satisfaction. According to the same survey, 62% of Canadian employers give their employees the option to work remotely. Nearly half of employees (47%) whose employers do not have a remote work policy feel frustrated by this, to such an extent that 33% of them have considered looking for a job somewhere that does offer such an option. Indeed also

revealed that more than a third (36%) of employees would be willing to take a pay cut to have the option to work remotely. Furthermore, more than half (60%) of employees stated that remote work is an important criterion when accepting a job, with work-life balance being the top reason for this. An important fact to note was that 90% of employees and 65% of employers think that remote work can boost productivity (96% of employers stated that remote work does not hinder productivity)⁵⁰.

Given employers' demand for greater time availability and employees' demand for a better work-life balance, l'Ordre and CPHR Canada believe that remote work is an obvious solution. This option must also be examined in the context where work schedules are progressively being destandardized and agreements are made on a case-by-case basis⁵¹. This destandardization comes with its own share of challenges for human resources management, particularly regarding differences in treatment, labour time recording and the risk of overwork⁵².

In a context where organizations may be subject to peak periods and intense competitive pressures and have to react to economic factors or labour shortages, the traditional 9-to-5 schedule is becoming less standard⁵³. While some workplaces have multiple arrangements that benefit both the employers and the employees, this hyper flexibility can lead to overwork and blurred lines between work and personal time.

Overall, practices are further along than policies and, for l'Ordre and CPHR Canada, the labour market framework must become more flexible to boost productivity while avoiding the economic and human costs of a work intensification that is known to take a toll on creativity and satisfaction.

⁴⁷ Employment and Social Development Canada, Flexible work arrangements and modernizing labour standards, <https://www.canada.ca/en/employment-social-development/news/2019/08/backgrounder-flexible-work-arrangements-and-modernizing-labour-standards.html>

⁴⁸ Impacts potentiels du télétravail sur les comportements en transport, la santé et les heures travaillées au Québec, Georges A. Tanguay, Ugo Lachapelle, Cirano, March 2018, <https://cirano.qc.ca/files/publications/2018RP-05.pdf>

⁴⁹ Un nouveau lobby en faveur du télétravail au Québec, Radio-Canada, February 13, 2019, <https://ici.radio-canada.ca/nouvelle/1152699/teletravail-quebec-tempete-employeur-loi-lobby>

⁵⁰ Report: 65% of Employers Think Employees Are More Productive When They Work Remotely, Indeed, November 14, 2018, <http://blog.indeed.ca/2018/11/14/remoteworkers-survey/>

⁵¹ Remote work gets combined with various other types of work arrangements, such as flex time, time exchange, job sharing, gradual retirement, family-related leaves, banking of hours for statutory holidays, in addition to the usual practices for overtime, etc.

⁵² Les transformations du temps de travail : la GRH face à de nouveaux défis, Ordre des conseillers en ressources humaines agréés (CRHA), <https://ordrecrha.org/ressources/revue-rh/archives/les-transformation-du-temps-de-travail-la-grh-face-a-de-nouveaux-defis>

⁵³ This is also compounded by hyper connectivity. In addition, jobs are no longer necessarily attached to specific workspaces, as the latter are becoming increasingly more shared and mobile.

Good arbitrage is important here since the line between standard and non-standard jobs is blurring, while the rigidity of traditional labour rules is less relevant to the needs of either the economy or to the new generations. This gives us much food for thought and suggests that all stakeholders should actively prepare for these future labour trends.

NON-STANDARD WORK AND ON-CALL WORK: BETWEEN FLEXIBILITY AND CASUALIZATION

Though organizations seem to be adopting work flexibility in a general manner, the data on non-standard work⁵⁴ shows that work flexibility also takes root at a more macro-economic level.

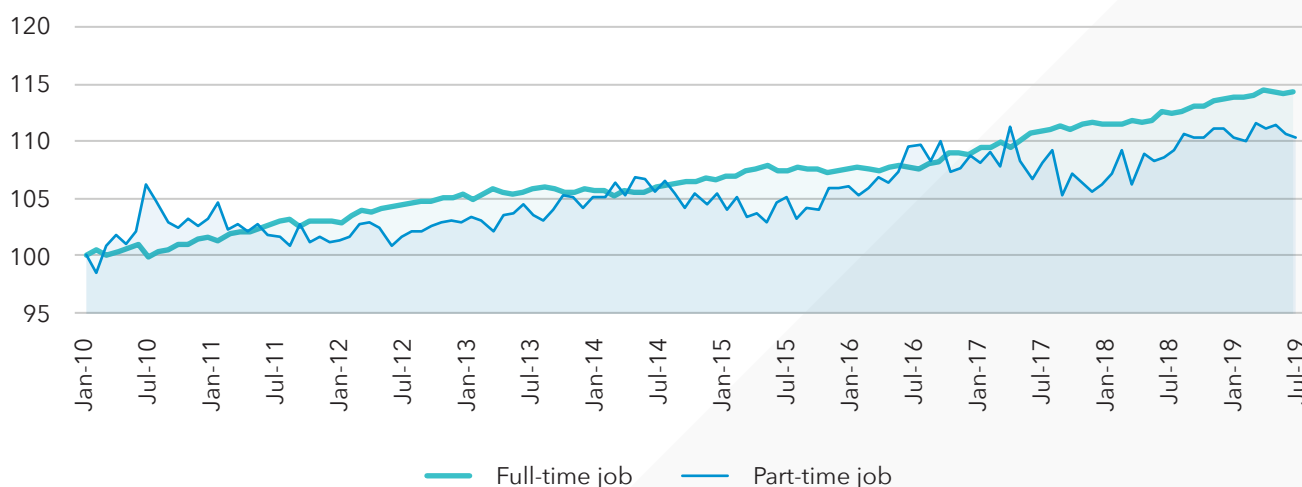
The importance of non-standard work is not new. The rate of non-standard work in Canada wavers around 37.5% of total employment. Following a peak of 38.5% in 2010, non-standard work has tended to decrease, probably due to an improved economic climate and a labour shortage that has grown over the last few years. This creates a climate that is favourable for standard work⁵⁵.

Nevertheless, in terms of job numbers, non-standard work growth remains stable with a 9% increase over the last 10 years (compared with a 13% increase for standard work). When digging further into the data, however, certain differences are revealed. Indeed, those most likely to work a non-standard job are those with fewer qualifications and youths under 24⁵⁶.

Part-time jobs have increased 11% since 2010, compared with a 14.5% increase for full-time jobs. The share of part-time employment has increased since the beginning of 2019 with an average annual growth rate of 3.2% between January and September 2019⁵⁷.

FULL-TIME AND PART-TIME EMPLOYMENT, CANADA

Base 100 Index = January 2010



Source: Statistics Canada. Table 14-10-0287-01

Temporary employment is also experiencing unequivocal growth: between 1997 and 2019, temporary employment increased 61% (compared with 40% for permanent employment).⁵⁸

⁵⁴ Non-standard work includes temporary work, part-time work, and self-employment.

⁵⁵ Statistics Canada and Institut de la Statistique du Québec, Taux d'emploi atypique selon diverses caractéristiques, http://www.stat.gouv.qc.ca/statistiques/travail-remuneration/liens-statut-emploi/taux_emploi_atypique.html

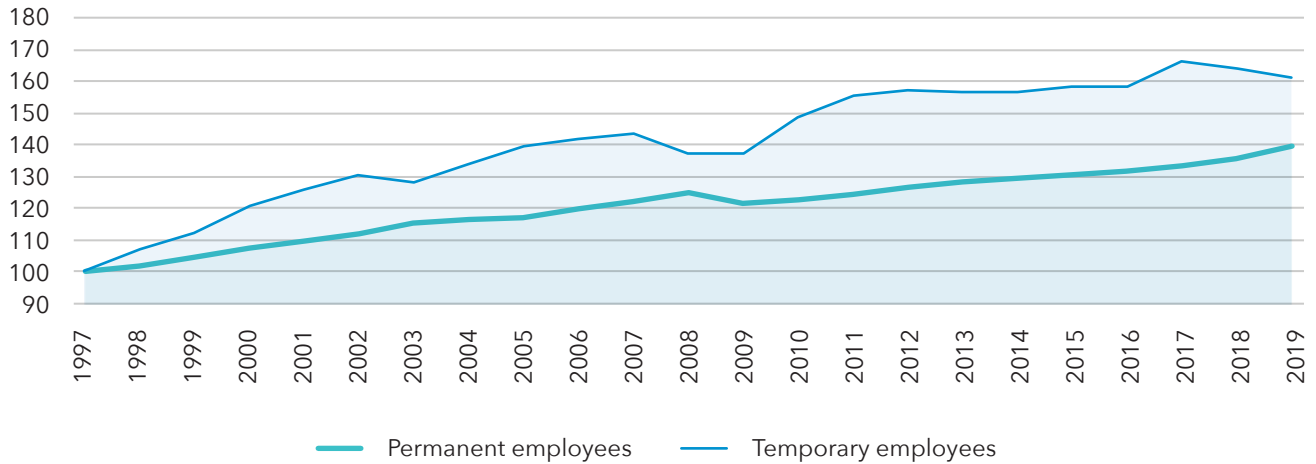
⁵⁶ Statistics Canada and Institut de la Statistique du Québec, Emploi typique et atypique selon le groupe d'âge et le sexe, Québec, Ontario et Canada,

⁵⁷ Statistics Canada, Labour force characteristics, seasonally adjusted monthly data and trend cycle, latest 5 months, Table 14-10-0287-01

⁵⁸ Statistics Canada. Table 14-10-0072-01 Job permanency (permanent and temporary) by industry, annual (x 1,000)

JOB PERMANENCY (PERMANENT AND TEMPORARY), CANADA

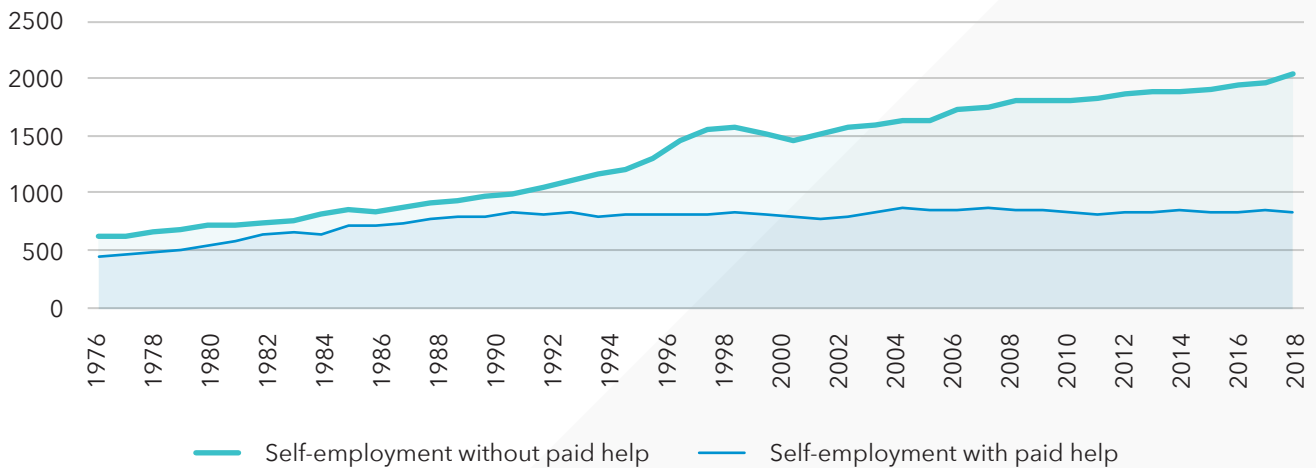
Base index 100 = 1997



Source: Statistics Canada, Table: 14-10-0072-01

Self-employment is experiencing its own trend with nearly 2 million self-employed workers (without paid help) in 2018 in Canada. From a low point of 12% in 1976, self-employment had been stagnating at 15% of total employment since 2002. This development is characterized by a drop of self-employed with paid help and an increase for self-employed with no paid help.⁵⁹

SELF-EMPLOYED (WITH AND WITHOUT PAID HELP) CANADA (X 1,000)



Source: Statistics Canada, Table 14-10-0027-01

⁵⁹ Statistics Canada, Employment by class of worker, annual, Table 14-10-0027-01

Non-standard work is often associated with precarious jobs due to the insecure nature of the activity and income and a certain deskilling. Nuances must be drawn based on the seasonal nature of certain activities, the realities of specific sectors, like construction or agriculture and some individual preference for the flexibility afforded by temporary work or self-employment. Nevertheless, new trends suggest that the risks associated with casualization must be discussed.

The rise of digital work has also given way to many discussions on the uberization of the job market and the development of the platform economy⁶⁰, which is closely related to the gig economy⁶¹.

PLATFORM ECONOMY AND GIG ECONOMY: BETWEEN FLEXIBILITY AND CASUALIZATION

The use of digital platforms to find work disrupts the traditional employment model with a very flexible labour force (on-demand work, gig work) and a large—and, to some extent, cheaper—labour pool.

Gig economy workers are basically freelancers with no social protection who are economically dependent on the platform's owner.

While the precariousness of this type of work must be carefully weighed (it can be advantageous for individuals who live in remote areas or those who are limited by a disability or personal obligations, for example), the issue is the "outsourcing of the production and the risks it creates for the employees."⁶²

The outsourcing trend is not new, even in the traditional employment sphere. However, even as mass networks, by their very nature, encourage a monopolistic attitude on the job market, major sharing platforms are emerging, as well as a new type of work distribution (gig work). With this comes a possible labour casualization in terms of qualifications and skill development.

Although this type of employment is related to ad hoc employment (also known as sideline jobs), l'Ordre and CPHR Canada nonetheless want to emphasize the importance of understanding the implications of this type of employment on the regulatory framework. Although still minor, this trend is likely to be irreversible and it is important to understand what it means for employment in general^{63 64}.

Although the OECD has established that the gig economy still accounts for only a small part of the job market (1% to 3% of overall employment), it seems obvious that the new economy might lead to the rise of the piece-work economy and, consequently, a disruption of the salaried worker model⁶⁵.

"...the gig economy still accounts for only a small part of the job market, it seems obvious that the new economy might lead to the rise of the piece-work economy and, consequently, a disruption of the salaried worker model."

⁶⁰ The platform economy is economic activity facilitated by digital platforms. It is closely related to the sharing economy. Platform economy growth is relatively dynamic but concentrated in a still limited number of sectors: transport, personal services, sales or rentals (e.g., taxi, renovation, retail, accommodation rental, parking lot rental, etc.).

⁶¹ The gig economy consists of temporary, very flexible freelance jobs, and it stands in stark opposition to the more traditional permanent employment model. The gig economy is closely related to the platform economy.

⁶² L'économie des plateformes : enjeux pour la croissance, le travail, l'emploi et les politiques publiques, O. Montel, 2017, Ministère du Travail of France, https://dares.travail-emploi.gouv.fr/IMG/pdf/de_2013_economie_collaborative.pdf

⁶³ Furthermore, the OECD predicts that 14% of workers will be exposed to a high risk of their tasks becoming automated in the next 15 to 20 years, and 30% of workers will see their tasks and related qualifications change radically, OECD Employment Outlook 2019 : The Future of work, OCDE, https://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2019_9ee00155-en

⁶⁴ The Online Platform Economy in 2019, JP Morgan Chase & Co Institute, September 2018, <https://institute.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/institute-ope-2018.pdf>

⁶⁵ Gig economy platforms: Boon or Bane?, OCDE, May 2019, <https://www.oecd-ilibrary.org/docserver/fdb0570b-en.pdf?expires=1572583866&id=id&accname=guest&checksum=A794296C7910D0BAA4B8B039E877B8FB>

RECOMMENDATIONS

It is difficult to draw up a comprehensive portrait of the changes taking place in the job market. However, l'Ordre and CPHR Canada want to focus on three specific aspects: the disruption of the traditional work schedule and what that means for employers; the rise of non-standard employment; and the growing phenomenon that is the gig economy and the risks it involves regarding job casualization.

l'Ordre and CPHR Canada believe that governments must show more active leadership and determination to ensure the sought-after job market flexibility is of service to competition, innovation and social progress. Given that this flexibility is also demanded by the workers, especially those of younger generations, it would be wise to examine all the changes occurring in the job market to make coherent, proactive adjustments to the employment framework. Through their understanding of the ongoing changes in the job market, l'Ordre and CPHR Canada recognize a critical need and also an opportunity to increase the productivity of organizations and to promote a strong Canadian economy in the long term.

1. Improve the implementation of harmonized work time planning and accounting tools within organizations to address the treatment gaps in the context of a growing demand for arrangements that promote a better work-life balance.
2. Encourage provinces that have not done so, to introduce measures to support flexible work hours and a better work-life balance.
3. Implement measures within the next two years that promote social security for atypical workers by revising their status and implement the recommendations made by the Expert Panel on Modern Federal Labour Standards with respect to non-standard workers specifically regarding pensions and other traditional employment benefits.
4. Engage with provincial and territorial governments as well as with employers (particularly SMEs), professional organizations, academia and labour unions to address the changing nature of the workplace with specific consideration to its impact on the labour market and its risks in terms of job security.
5. Ensure Statistics Canada and the Labour Program have the resources necessary to analyze labour market developments, particularly regarding employment casualization.

Scarcity of Qualified Labour

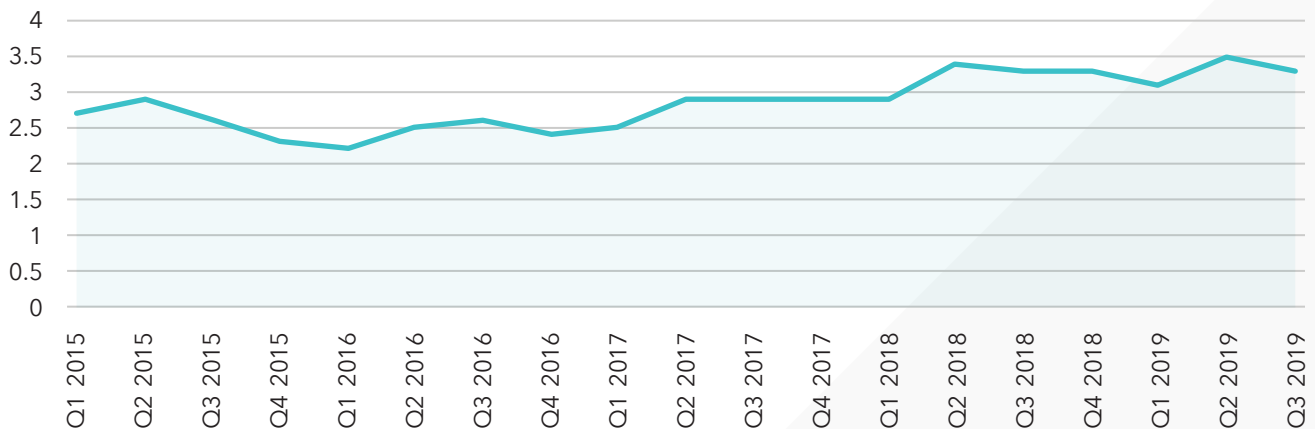
INTRODUCTION

Labour shortages place a real strain on an organization’s performance and today, this issue is at the forefront of business concerns across Canada. Even though the problem did not just suddenly appear, mobilizing economic and political decision makers is relatively new. The trending decline in the relative number of workers in Canada will continue throughout the next decade and exacerbate already strong pressures on the performance of organizations. This situation adds to other major transformations in the workforce. Human capital remains one of the cornerstones of the economy. In order to mitigate risk to the future performance of the Canadian economy, l’Ordre and CPHR Canada believe there is an urgent need to strengthen solutions to counter labour scarcity.

SCARCITY OF QUALIFIED LABOUR: EXTENT OF THE ISSUE AND PROSPECTS

Labour scarcity is increasing, irrespective of industry or province and the indicators are clear:

Job vacancy rates have increased significantly for the past three years. In Canada, job vacancy rates measured by Statistics Canada were at 2.2% in the first quarter of 2016 and reached a record 3.5% in the third quarter of 2019⁶⁶.



Source: Statistics Canada. Table 14-10-0326-01

Data from the Canadian Federation of Independent Business (CFIB) shows a similar trend. As measured by company size (private sector), the job vacancy rate is between 2.4% and 2.5% for companies with more than 100 employees (172,000 job vacancies in the second quarter of 2019), between 2.7% to 3.4% (96,000) for companies with 20 to 99 employees and 4.7% to 5.4% (161,000) for companies with fewer than 20 employees⁶⁷.

⁶⁶ Statistics Canada. Table 14-10-0326-01 Job Vacancies, salaried employees, job vacancy rates and the average hourly wage offered as per industry sector, quarterly unadjusted data.

⁶⁷ Job vacancies, Canadian Federation of Independent Business, August 2019. <https://www.cfib-fcei.ca/en/research/help-wanted-private-sector-job-vacancies-q2-2019>

Higher vacancy rates in small businesses therefore need to be carefully monitored, considering that, by persisting, this situation could penalize growth and even the sustainability of their activities.

While vacancy rates in medium and large organizations are lower, these organizations nevertheless sought as many as 257,000 new employees (out of a total of 430,000 vacancies) in the second quarter of 2019. This is a peak following increases for 11 consecutive quarters and an average quarterly growth of 4%.

While immigrants generally prefer to settle in large urban centres helping offset some of the labour pressures there, the situation in rural and remote areas needs to be carefully monitored.

The number of vacant positions is on the rise and, while economic conditions remain good in Canada, unemployment rates throughout the country are historically low (5.5%, the lowest rate since the 1970s). Consequently, the ratio between the number of unemployed and the number of vacant positions has dropped considerably: it was fluctuating around six unemployed persons between 2011 and 2015 and, after peaking at 7.8 in February 2016, this number dropped to 3.1 unemployed persons in July 2019⁶⁸. The drop in unemployment is good news but the limited availability of a workforce may conflict with the performance of companies and the economy with an increase in costs and a decline in productivity.

According to Statistics Canada, labour shortages should continue to be felt in the future. In fact, the number of Canadians active in the job market will increase from 19.7 million in 2017 to 22.9 million in 2036, but with the ageing population, the overall participation rate should decrease from 66% in 2017 to 63% or less in 2036⁶⁹. Statistics Canada also shows that, while in 2017 there were four working persons for every non-working person 65 years and older, by 2036, this ratio could be down to three-to-one across Canada and to two-to-one in some regions⁷⁰.

CONSEQUENCES FOR ORGANIZATIONS

TURNOVER RATES AND RETENTION STRATEGIES

The continuing difficulty with filling vacancies affects internal dynamics in companies because of a potential loss in engagement from employees who are more increasingly in demand by others causing a relatively significant turnover rate.

While, in the past, loyalty and job security were priorities in choices made by workers, the recent economic growth in some regions of Canada encourages the search for increased employability more and more and an eye for work opportunities that are more supportive of skills development and for strengthening job profiles. In this context, while employers are having difficulty recruiting and filling vacancies, they must also invest in new retention strategies by focusing on career development and improved work conditions.

According to a survey conducted by Morneau Shepell, two thirds of managers in research and development (R&D) have made employee engagement their main priority in 2019, with 59% focused on attracting and retaining employees with good skills. This same survey reveals that, with the goal to reduce organizational costs and improve efficiency, 43% of human resource directors have made lowering staff turnover their priority in 2019⁷¹.

⁶⁸ Statistics Canada. Table 14-10-0226-01 Job Vacancies, unemployed and unemployed-vacant job ratio, three-month moving averages, unadjusted data.

⁶⁹ The labour force in Canada and its regions: Projections to 2036, Statistics Canada, March 2019. <https://www150.statcan.gc.ca/n1/en/pub/75-006-x/2019001/article/00004-eng.pdf?st=6f6xsn0Y>

⁷⁰ The ratio could be lower than 2-to-1 in non-metropolitan regions of Atlantic Canada, Quebec, Ontario and British Columbia, in metropolitan areas of Quebec (except Montreal) and in the two metropolitan areas of Sudbury and Thunder Bay.

⁷¹ Survey on compensation and trends in human resources, Morneau Shepell, October 2018, <https://www.morneaushepell.com/ca-en/insights/survey-compensation-and-trends-human-resources-0>

Staff turnover is expensive. According to one estimate, the cost was \$15 billion dollars in 2013⁷², with a replacement cost per worker between 30% and 200% of the annual salary according to the skill level. Individual turnover directly impacts productivity, because even in cases where companies are very attractive on the job market, the current situation makes it more and more difficult to recruit a new employee whose experience will be immediately compatible with employer needs. Retention policies therefore take on a strategic significance.

For some companies, these new realities can provide opportunities to better structure their management model and/or set up training and skills development plans.

For some companies, these new realities can provide opportunities to better structure their management model and/or set up training and skills development plans. For those with limited resources, worker scarcity could remain a strain as long as job supply does not increase.

AN INCREASE IN RECRUITMENT COSTS AND STRAINS ON WORK CONDITIONS

In some sectors, particularly in manufacturing or computer science where companies are seriously short on staff with technical qualifications, international recruitment is becoming one of the main solutions to fill job vacancies. For the past two years, overseas recruitment missions have been multiplying⁷³, with companies increasing their spending on expenses, such as immigration procedures and newcomer settlement.

Alongside costs associated with longer recruitment processes, labour shortages may also result in pressure to improve work and salary conditions. However, it should be noted that for the Canadian economy, weekly wages continue to increase at stable rates, with an annual increase remaining close to the historical average (an average of 2.5% since 2002; 2.6% for 2018).

Nonetheless, a Statistics Canada study in 2018 paid particular attention to long-term job vacancy rates (vacant for at least 90 days) and revealed that they represented 9% of overall job vacancies in 2016. This study revealed that salaries offered were higher for long-term job vacancies. The salary offered was 5% higher for long-term full-time positions, compared to full-time positions that were vacant for under 15 days⁷⁴.

A DECREASE IN ACTIVITY AND EFFICIENCY

Labour shortages translate into contract and sales losses for companies as well as cancelled investment projects. In reality, investments in research and development, equipment and technology must be supported by a parallel increase in human capital, on a quantitative and qualitative level. The same applies to returns on investments. Investments in automation are among the solutions to counter labour scarcity. As such, employers find themselves caught between the difficulty of increasing their investments and the need to do so, while their ability to find staff who will ensure the profitability of these investments remains very uncertain.

⁷² Staff turnover costs 15 billion, Jobboom article referencing the work of Lucie Morin, Fidéliser ses employés (Isabelle Quentin editor, 2014), <https://www.jobboom.com/carriere/le-roulement-de-personnel-coute-15-milliards/>

⁷³ Pénurie de main-d'œuvre: le recrutement à l'étranger bat des records, La Presse, 21 septembre 2019, <https://www.lapresse.ca/affaires/entreprises/201909/20/01-5242152-penurie-de-main-doeuvre-le-recrutement-a-letranger-bat-des-records-.php>

⁷⁴ Long term job vacancies in Canada, Statistics Canada, February 2018, <https://www150.statcan.gc.ca/n1/pub/75-006-x/2018001/article/54917-eng.htm>

For some small and medium-sized firms, difficulties with normal operations translate into closures or relocations. In some sectors, such as health and education, the critical shortage of staff and excessive workloads are among the factors causing increased stress levels, which places employers in a position where they risk under performance or staff departures.

THE COMBINATION OF QUANTITATIVE AND QUALITATIVE SOLUTIONS FOR THE SUSTAINABLE MANAGEMENT OF LABOUR SCARCITY

The impacts of the ageing population on the economy have been well documented throughout the last decade. Whether the impact is felt on pension funds, public finances, the healthcare system, the job market or the shortage of qualified labour, the drop in labour participation rates has raised concerns about the shift in some socio-economic balances. While the number of active workers has often been at the core of the problem, l'Ordre and CPHR Canada want to point out that the current extent of labour scarcity may also be explained by being inadequately addressed early on when the problem came to light.

Changes in workforce composition (immigration, younger generations, retirement) and a declining attractiveness of some technical and professional trades (particularly construction and manufacturing) should have been met with a proactive response. In addition, growing urbanization has for some time been making it more difficult for regions to retain local workers, especially in strategic sectors such as those involving natural resources. Technological shifts and increasing global competition have, since the early 2000s, given rise to requirements in terms of labour organization and overall increase in skills. Lastly, lack of funding in sectors such as health and education and missed opportunities to train and reskill an emerging and already active workforce including from Indigenous communities have exacerbated shortages.

The drop in the participation rate emphasizes the scarcity issue, but the latter must also be explained by a lack of measures to create a balance between the supply and demand of labour on both sectoral and regional levels.

Since labour shortages will persist throughout the next decade, it is important to find systemic solutions that create opportunities to increase the overall performance of organizations.

Addressing weak demographic growth can be achieved through immigration and the retention of skilled workers. Even so and with a sustainable framework for the labour market in mind, qualitative solutions and investments in organizational efficiency, equipment or professional training are also approaches to consider so that gains in productivity offset staff shortages.

IMMIGRATION AS A COURSE OF ACTION

Immigration is a viable solution but will not, on its own, solve the problem.

In 2016, the Advisory Council on Economic Growth recommended accepting 450,000 newcomers to Canada as of 2021⁷⁵. In 2018-2019, 313,600 immigrants were admitted to Canada⁷⁶. This number would have to increase by about 30% to meet the Council's recommendation.

Until then, the government can improve the immigration system with a more strategic link between the needs of organizations and the skills of newcomers. Canada's capacity to attract the best talent also depends on the efficiency of the immigration system. Complex immigration processes could actually discourage the best candidates from choosing to live and work in Canada.

⁷⁵ Attracting the talent Canada needs through immigration, Advisory Council on Economic Growth, October 2016, <https://www.budget.gc.ca/aceg-ccce/pdf/immigration-eng.pdf>

⁷⁶ Canada's population estimates: Age and sex, July 1, 2019, Statistics Canada, <https://www150.statcan.gc.ca/n1/daily-quotidien/190930/dq190930a-eng.htm>

“...the government can improve the immigration system with a more strategic link between the needs of organizations and the skills of newcomers.”

Resorting to temporary foreign workers is inevitable in some sectors to quickly address labour shortages and to preselect immigrants who have already begun integrating into the labour market and society.

While the labour shortage is generalized among jobs requiring technical qualifications, often in manufacturing and exporting companies, the Temporary Foreign Workers Program is frequently used by companies to accelerate the arrival of workers with technical qualifications. However, the sheer weight of the process

can translate into abandoning international recruitment projects when delays do not align with production cycles.

It is therefore recommended that the Temporary Foreign Workers Program process be streamlined, particularly with regards to the Labour Market Impact Assessment (LMIA). The effectiveness of the Program is often contested by professionals in human resources and immigration.

Offering a path toward permanent residency for foreign students continues to be a sustainable strategy. While not all foreign students come to Canada to stay, the fact remains that this group is composed of ideal candidates—educated in Canada, they speak the language and they have forged ties. These are three key elements to success. However, it is important to recognize that the path to employment must be more aligned with competencies instead of a career or a professional classification by recognizing the development of strictly technical skills and the transferability of skills. More work needs to be done in this area.

Finally, the extended working life of skilled workers over 55 years old must be made a part of the solution. The participation rate and employment rate for workers 55 years of age and older have been on the rise for the past 10 years, but it will be worthwhile to verify the adequacy of this progression (0.6% average annual growth over the past 12 months for the participation rate for those 55 and older, and 0.7% for the employment rate). While we acknowledge the recent measure to exempt gains from the Guaranteed Income Supplement, l'Ordre and CPHR Canada are, however, questioning whether the measure is achieving the objective set out to retain skilled workers including those with the highest qualifications.

SKILLS DEVELOPMENT THROUGHOUT A PERSON'S WORKING LIFE

Labour scarcity, the technology revolution and the pressure on organizations to increase productivity force transformations in workforce organization and the development of human capital is essential. The increase in investments made by the Government of Canada to extend agreements with provinces for the development of the labour market and the new Canada Training Benefit will undoubtedly be good for increasing training activities and developing skills.

L'Ordre and CPHR Canada understand the government's approach and willingness to send a clear message about the need to develop a *culture* of continuous training and they effectively believe that skills development throughout a person's working life must be established as a standard in today's economy.

“...skills development throughout a person's working life must be established as a standard in today's economy.”

Considering the urgency to give momentum to productivity, l'Ordre and CPHR Canada caution that training must align with the real needs and realities of organizations. It is particularly worthwhile to connect the efficiency predicted for this program to the training offer. For l'Ordre and CPHR Canada, investments in professional training must meet the requirements of the new economy and have the vision to ensure the availability of a workforce prepared to fill the jobs of the future.

RECOMMENDATIONS

l'Ordre and CPHR Canada acknowledges that the Government of Canada fully recognizes the pressure that labour scarcity has on the functioning of the economy. Measures put in place over recent years to simplify the arrival of new immigrants, the admission of temporary workers, the recruitment of international students, the attraction of the best talent and investments to develop human capital are clearly moving in the right direction. However, present-day pressures will remain strong over the next few years. In this sense, l'Ordre and CPHR Canada believe that additional measures must be considered and they recommend, the federal government:

1. Improve the Canadian immigration system with appropriate connection of immigrant profiles to the current and future needs of the labour market.
2. Reduce delays and administrative complications associated with entry of temporary foreign workers.
3. Recognize that skills shortages and labour shortages are different and need different solutions. In that respect, increase, through research, our understanding and knowledge base of competencies, skills and qualifications that would lead to better job matching.
4. Encourage collaborative arrangements on a federal, provincial and territorial level, between employers, educational institutions and training centres to allow for a proactive alignment of skills with the future needs of the labour market.
5. Monitor and report on the results of recruiting international students and start-up business class of immigrants.
6. Review tax incentives to ensure they support the retention of skilled workers in the labour market.
7. Ensure that the application of the Canada Training Benefit takes into account the business operational requirements.
8. Improve conditions for companies to invest in automation and new digital technologies to improve productivity and reduce organizational difficulties associated with a labour shortage.
9. Support programs that aim to upskill and reskill workers that have been underutilized in the workforce; persons outside the labour force who may be available to work such as youth, women, persons with disabilities and Indigenous Canadians.

Conclusion

L'Ordre and CPHR Canada recognize the legislative advances and current efforts of the federal and provincial governments to generally improve legislation, standards and labour market regulation. In light of the country's aging population and changing employment trends, as well as the increasing dependence of economic growth on the capacity for innovation, L'Ordre and CPHR Canada believe the development of human capital and labour productivity could be significantly accelerated by improving existing mechanisms to some extent and introducing simple new measures to implement them. The recommendations contained in this paper are thus based on this approach as well as the practice and experience of chartered human resources professionals.