

Navigating Precarious Employment in Canada: Who is Really at Risk?

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Executive Summary

Precarious work is a growing problem in Canada. Technological and economic forces such as automation, artificial intelligence, and remote work are rapidly upending our long-held notions of what constitutes a job or career. Increasingly, full-time, full-year work is giving way to more precarious arrangements that lack the same pay, benefits, and protections enjoyed by previous generations.

Our analysis shows that a growing number of Canadians are employed in such precarious situations. As well, there are clear pockets of individuals who are at much higher risk of facing precarity than others. For example, only a handful of sectors are responsible for the growth seen in part-time, temporary, and casual work typically associated with precarious work. This shift to non-standard work arrangements also disproportionately affects younger, more well-educated Canadians, and older Canadians.

Yet, one of the most pervasive challenges with respect to precarious work is the lack of a clear picture of how many Canadians are affected. Canada, like many advanced nations, lacks an official definition of precarious work and, consequently, targeted data on the issue. And precarious work is not a simple issue — the sheer variety of forms that precarity can take results in enormous difficulty in establishing who is “in or out.”

Several important studies have moved in to fill this gap, but their definitions and estimates vary widely based on each researcher’s chosen focus.

This lack of a widely accepted, targeted definition is precisely the problem — Canadians and policymakers cannot rally behind a moving target. What is needed now is an official definition of precarious work that focuses on the specific concerns we have about people who are precariously employed — namely, the threat of those at the margin falling in and out of low-income status, and the risk of employer abuse. Such a definition ought to then call out the most basic and concerning elements shared by all precarious work that relates to these concerns.

As a starting point, we propose a definition that establishes precarious work at the intersection of low earnings, high income volatility, uncertainty in future employment, the presence of employer misconduct, and individual preferences in work arrangements. We suggest the following steps for policymakers in government to help bring this important issue to the fore:

1. Take measures to ensure that Statistics Canada begins collecting data that allows for precarious employment to be tracked based on our proposed definition.
2. Charge Employment and Social Development Canada with monitoring and annual reporting on trends in precarious work.
3. Develop accountability within government, and work with the provinces and territories to assess whether policies implemented to address the rise of precarious work are having an impact.

Now is a critical time for us to gain a deeper understanding of this issue. All sides appreciate that precarious work will be an ongoing challenge. Our national debate is already moving towards policy prescriptions to address this problem. Yet, doing so demands that we first understand who is impacted.

Introduction

Canada's labour market is at a crossroads. Technological and economic forces like automation, artificial intelligence, and remote work threaten to upend the way we traditionally think about jobs and our careers. Yet, we are at odds over what the future of work actually holds. One of the most pressing trends is the growth in precarious work. A mounting body of evidence suggests that an increasing share of Canadian workers is employed in situations with low pay, few protections, and facing enormous unpredictability in both working hours and wages. Yet, it is not exactly clear how many Canadians are truly affected due to a lack of hard data.

Our analysis shows there are pockets of Canadian workers, employed part-time or on a temporary basis, who are at much higher risk of being precariously employed than others. Three sectors, for example, have recorded disproportionate increases in part-time and temporary work arrangements (information, culture and recreation services, accommodation and food services, and educational services). These sectors also feature either some of the lowest average hourly wages in the country or the lowest average hours worked. Many studies point out that these types of work arrangements are either not growing significantly as a share of the economy, or not at all. However, the data show they are growing in some sectors that may feature precarious characteristics.

Canadians younger than 25 or older than 65 are also significantly more likely to be employed in situations that may be precarious. Part-time work, for example, has grown substantially for men and women ages 20–24 and is increasingly common among those with higher education. Meanwhile, temporary and contract work is a growing phenomenon among those who are retired or approaching retirement.

Unfortunately, we cannot say with certainty that any of these workers are precariously employed. Canada, like many advanced nations, lacks an official definition of precarious work, resulting in little hard data on the number of people truly affected — we ultimately cannot distinguish Canadians who unwillingly face precarious conditions from those who choose these types of work arrangements.

Multiple studies in recent years have moved to define precarity and measure the at-risk population. But estimates vary significantly because the definitions themselves are not consistent. Precarity lies at the intersection of multiple economic and social issues, from poverty to immigration, labour laws, and labour market dynamics. Definitions understandably differ, based on each author's choice of focus.

But the lack of a widely accepted, targeted definition is precisely the problem. Canadians and policymakers cannot rally around a moving target. Ultimately, what is needed is a standardized view that covers precarity at its most basic levels and data that is granular enough to differentiate those facing precarious conditions.

In this report, we delve into the demographic and sectoral make-up of the types of employment typically associated with precarity, based on existing data. We then attempt to define the core elements of precarious employment and contribute to the development of a standard definition. Finally, we highlight where gaps in data exist and recommend next steps for government policymakers.

The challenge of defining and estimating the incidence of precarious employment

The difficulty of defining precarious work lies in the sheer variety of situations that could be considered precarious. In most studies, it is often described as work that is insecure, uncertain, unstable, and lacks protection. Note that these

descriptors evoke a general understanding of what precarity entails, but lack specificity. This is by design. Because precarious work situations are so varied, definitions logically attempt to capture all possible outcomes so as not to be exclusionary.

This catchall issue also arises because studies attempt to leverage the *existing* data to distinguish precarious workers, even though that data was never designed to cover the nuances of precarity. Precarity relates to specific elements of a job, not the job itself. Elements like volatility in hours worked or income, for example, are key factors. But the existing data covers only the types of employment that people have, or the average number of hours worked in a given week — which are related, but not targeted, concepts. Researchers are restricted to what is available. Studies thus focus on the types of employment where individuals are more likely to face precarious conditions — namely, non-standard work arrangements including temporary and contract positions, part-time employment, and own-account self-employment (i.e. self-employed with no employees).

Individuals involved in these types of arrangements, however, do not necessarily face precarious conditions. Many voluntarily choose these types of work, making it difficult to distinguish truly precarious workers.

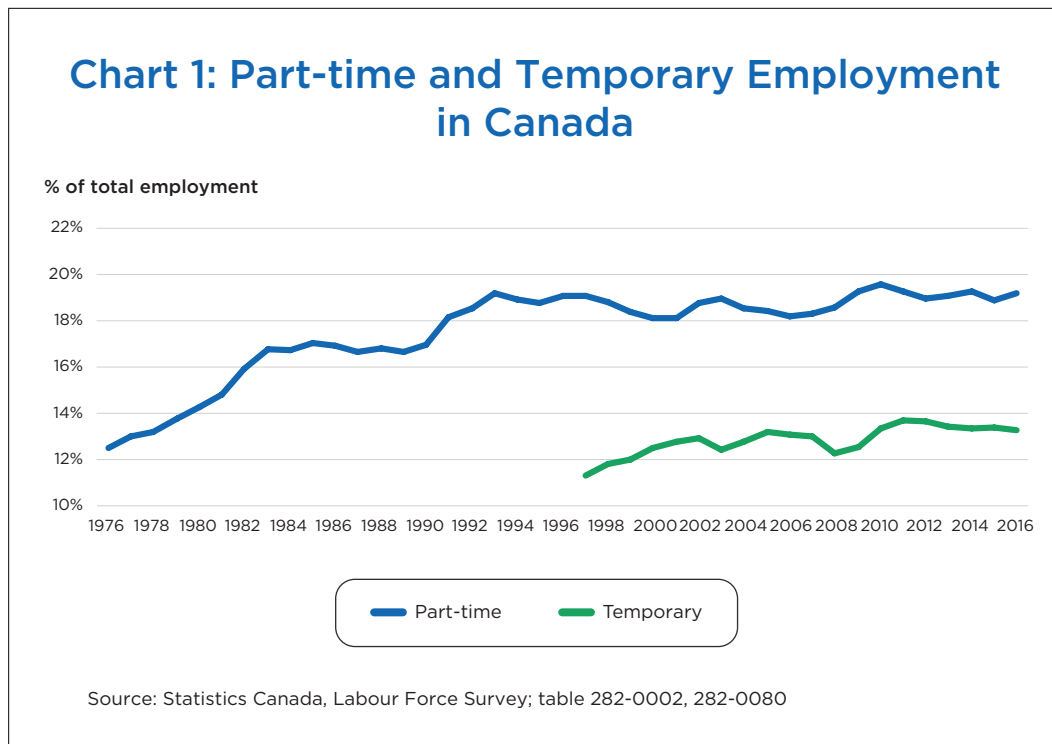
Consider a college student working in a minimum-wage job at a restaurant while attending part-time classes. She is only able to get, on average, 20 hours of work per week, but her hours may fluctuate anywhere from 10 to 35 hours per week. She is struggling to make ends meet and pay for her schooling, but hopes to eventually start a career in finance and so cannot commit to full-time work. Now, consider a retired public servant receiving pension benefits who works a minimum-wage job at a retail store to keep busy. She works 20 hours a week, but depending on her preference, she may work as little as 10 hours, or as many as 35 hours a week.

On the surface, these two individuals share nearly identical circumstances. However, the retiree's work would probably not be considered precarious. She is there by choice, has supplemental income, and would not necessarily prefer more hours or full-time employment. The younger woman, on the other hand, is also working part-time by choice, but would prefer additional hours and more stability. Based on the way we collect labour market data, it is not easy to distinguish between these two women. Current data covers only their type of employment, how many hours they work on average, and their wages.

So what are we able to say about the precariously employed in Canada? Since no direct data is available, we can only provide insight into the at-risk population by looking at non-standard employment. Again, this is not ideal since these individuals are not necessarily precariously employed. However, there are important reasons why researchers have focused on non-standard work. Part-time and temporary employment, for example, typically feature lower wages, thus resulting in higher risk of being in low income. In addition, volatility in hours worked is a common feature of more casual forms of employment. The following sections delve into what we are able to say using current data, understanding their limitations, about those at risk of being precariously employed.

Problems lie below the surface

Many studies are quick to point out that the aggregate statistics do not show that non-standard work arrangements are a growing issue. Part-time employment, for example, has consistently accounted for just shy of one in five Canadian workers since the early-1990s — a share that persists today. Temporary work has continued to grow modestly as a proportion of the labour market during that time. However, its share remains small at 13% and has grown just two percentage points over the past two decades.



The aggregate statistics, however, mask some sizeable sectoral shifts that are concerning. Also, certain demographic groups are disproportionately represented in non-standard work.

A handful of sectors account for the rise in non-standard work

Chart 2 shows that while the aggregate share of part-time employment has not much changed, many sectors have actually seen a decline in the use of part-time work. This, in turn, is offset by significant increases in a few key sectors: information, culture and recreation services; accommodation and food services; and educational services. Chart 3 shows that the increase in temporary employment is more broadly-based, but the largest increases also come from those same sectors.

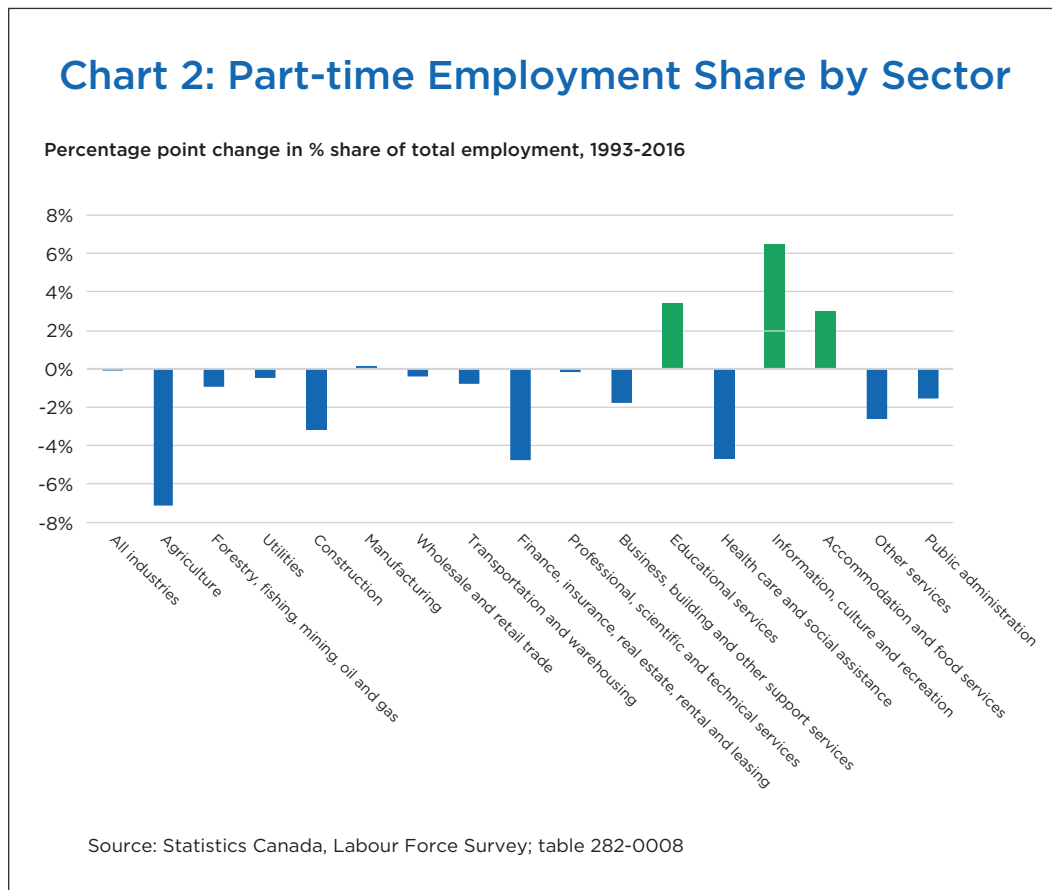
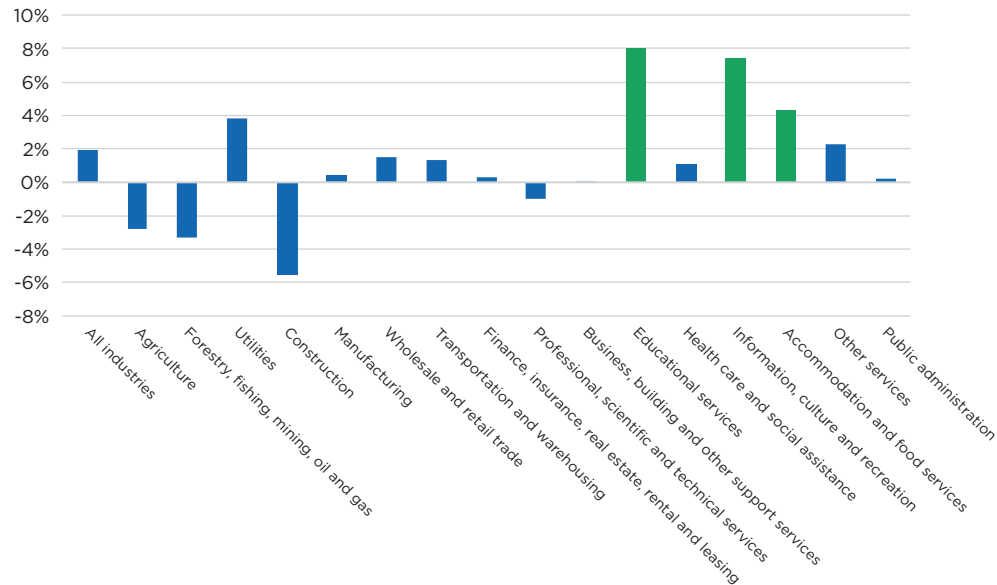


Chart 3: Temporary Employment Share by Sector

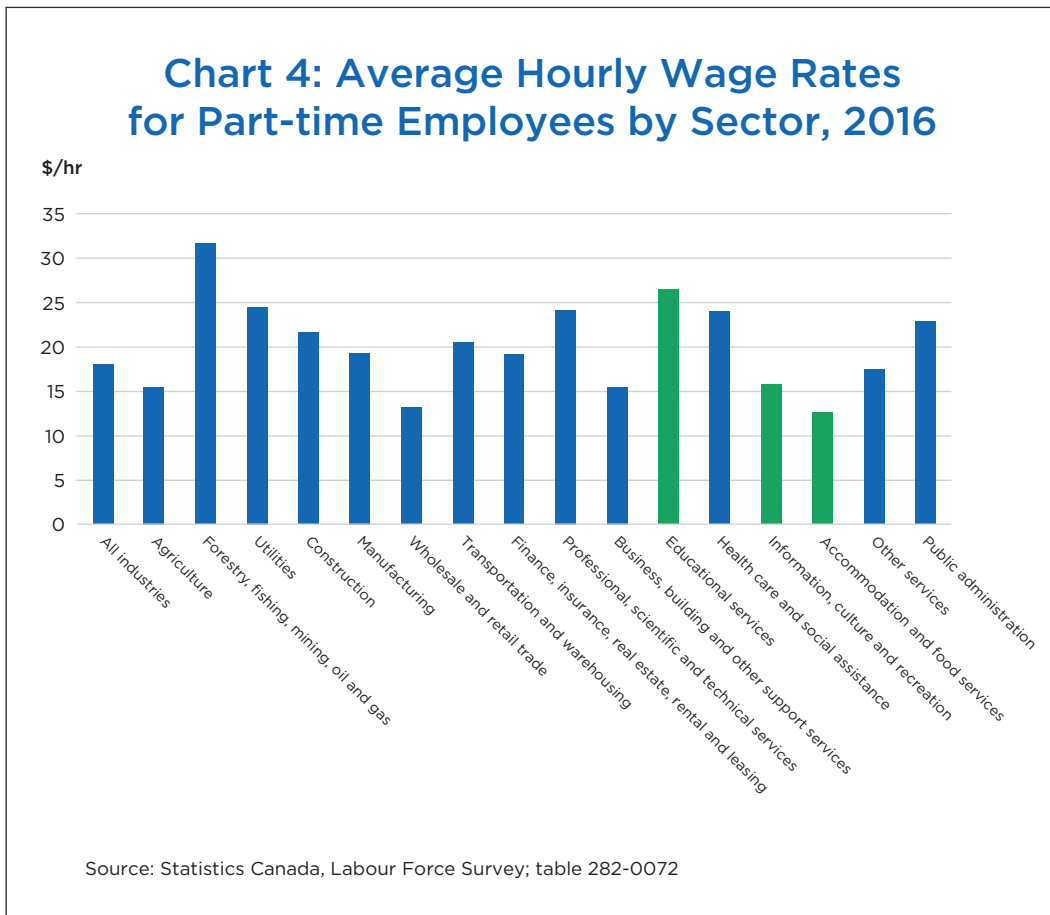
Percentage point change in % share of total employment, 1997-2016



Source: Statistics Canada, Labour Force Survey; table 282-0008

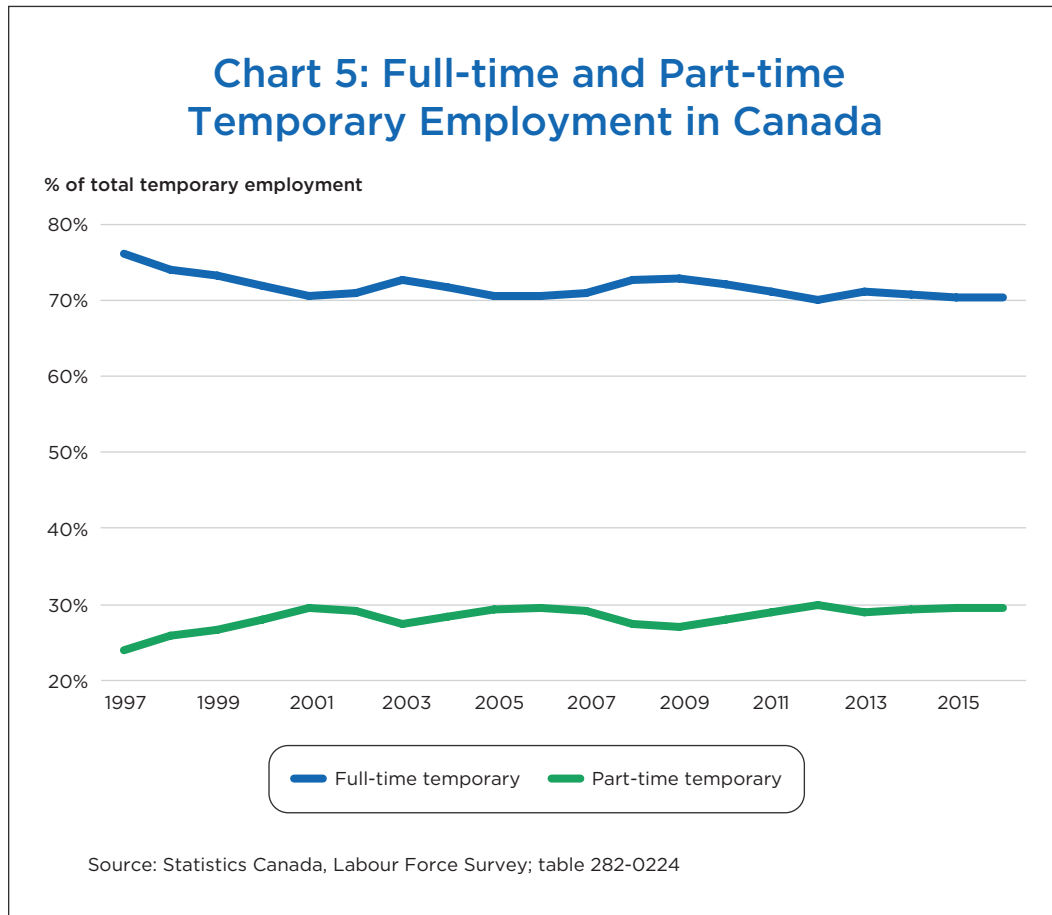
This shift is disconcerting for several reasons. With regards to part-time work, the information, culture & recreation and accommodation & food services sectors pay some of the lowest average hourly wage rates in the country. Of all 16 sectors, information, culture, and recreation services ranks 12th, while accommodation and food services ranks last. Workers in these sectors earned 12% and 30% less than the national average for all part-time workers, respectively, in 2016. Educational services actually reports the second highest average part-time hourly wage rate across all sectors, but here there may be an issue with access to sufficient hours (Chart 4).

Data from the Survey of Employment, Payroll, and Hours (SEPH) show educational services has, by far, the lowest weekly hours worked of any sector, and that has fallen dramatically over time. In 2016, employees paid by the hour worked just 17.4 hours, on average, each week. This figure has also declined by one-third since 2008 and is now equal to just over half the national average of 30.2 hours per week.



In other words, while part-time work may not be a growing problem at the aggregate level, it may be becoming a bigger issue in sectors that feature more precarious characteristics.

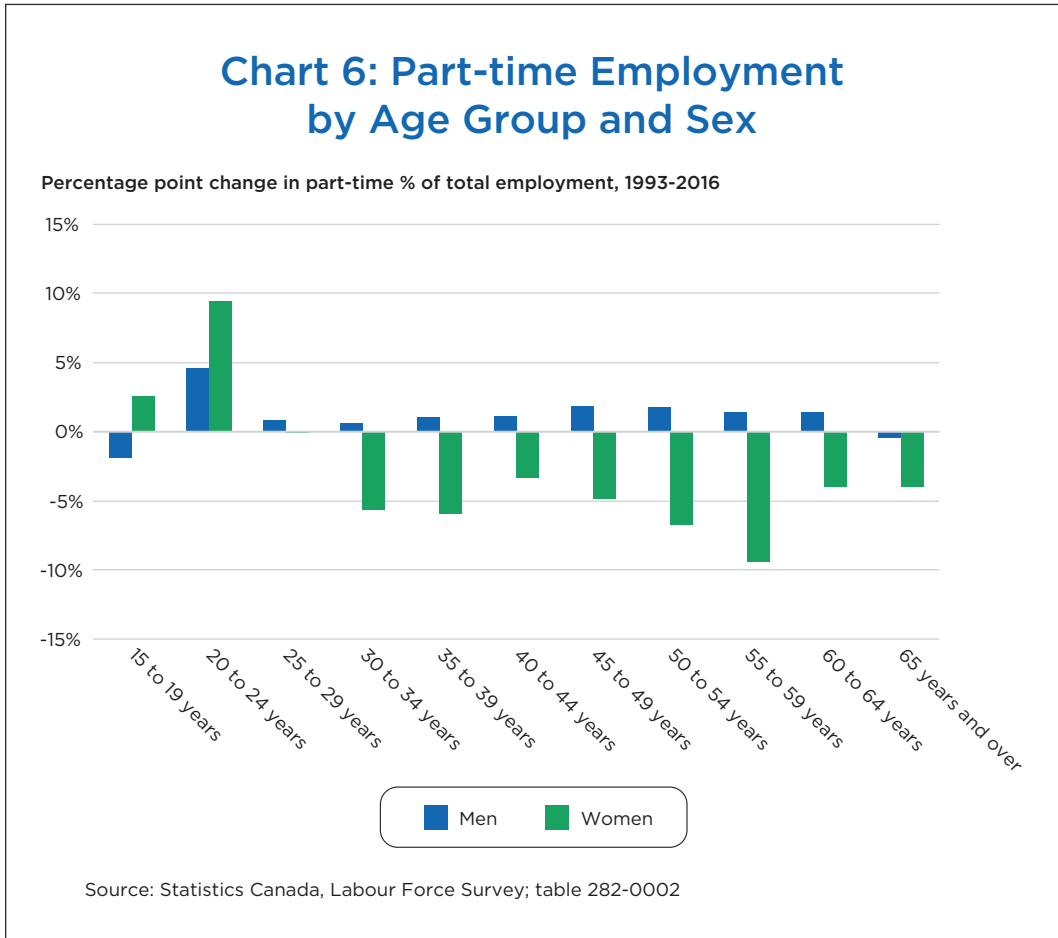
Note that similar conclusions cannot be drawn about temporary employment because data on wages and hours worked is unfortunately not available. At most, we can say that an increasing share of temporary employment is also part-time, suggesting even more precarity within this segment of the labour market, as shown in Chart 5. In the last 20 years, the share of part-time temporary employment has grown by nearly 6 percentage points.



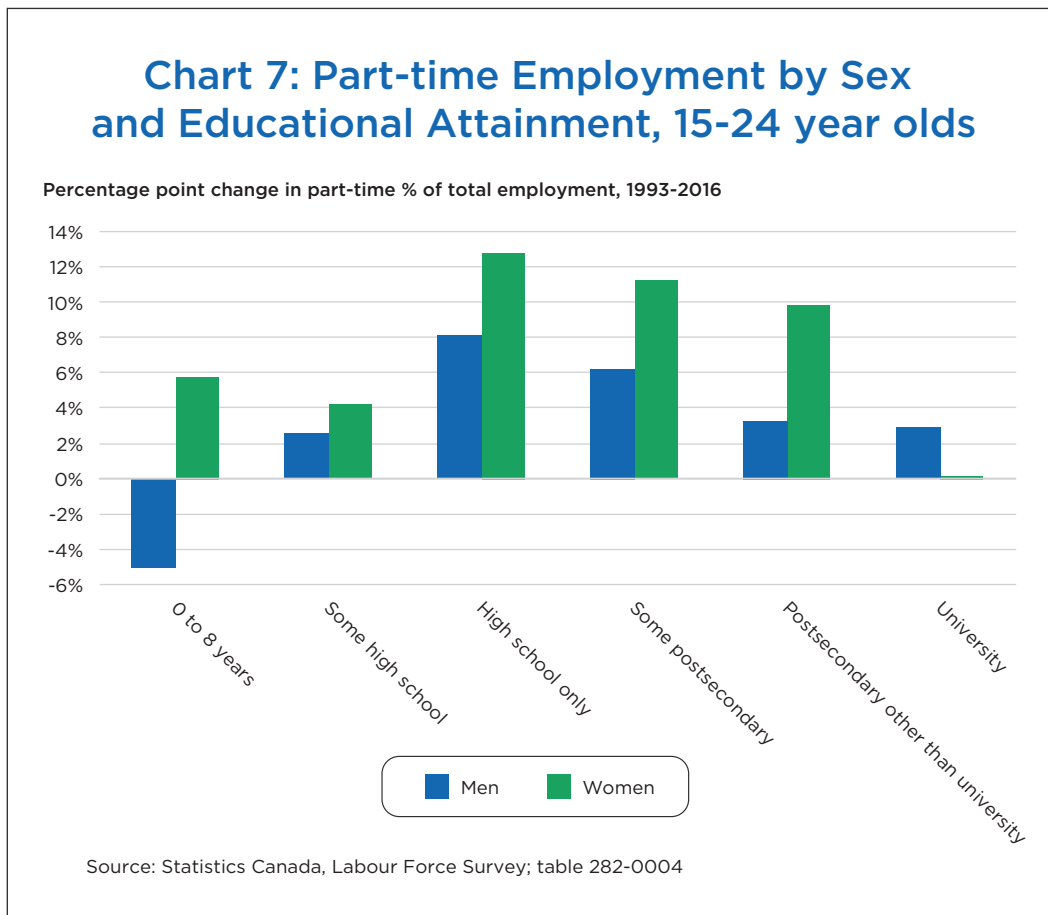
Moreover, data on part-time employment by industry is not easily parsed simultaneously by occupation, so it is difficult to establish how different occupations within each sector affect the average wage and hours worked.

Younger and older Canadians are most affected

Non-standard work is concentrated among certain demographic groups. Chart 6 shows a dramatic increase in the prevalence of part-time work among 20-to-24 year-olds, particularly women. The share of part-time work among women in this age cohort has risen by nearly 10 percentage points since 1993, while for young men it has grown by nearly 5 percentage points. Interestingly, women in their 30s and older have become much less likely to work in part-time employment during that period, while men of almost all ages became slightly more likely to do so. In aggregate, however, two-thirds of part-time employees are women, so there remains a sizeable gap in gender representation despite recent shifts.

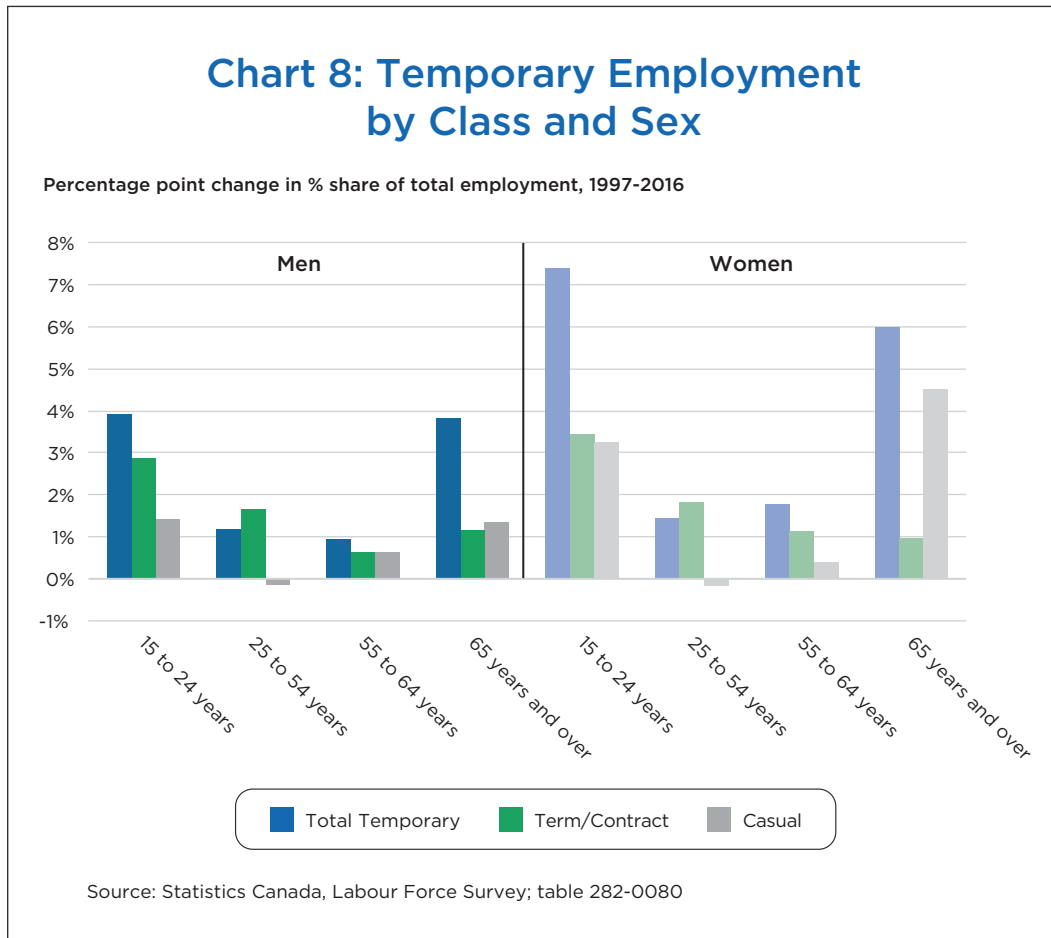


Among young Canadians, men and women of nearly all education levels have experienced a sizeable increase in the likelihood of part-time employment. However, the largest increases have occurred among those with high school educations and those with a postsecondary education other than university degree. The shares of part-time employment in these demographic groups have risen substantially, by between 10 and 13 percentage points for women, and between 3 and 8 percentage points for men. These data support the notion that young people are obtaining higher education, but finding it increasingly difficult to find full-time work after graduation (Chart 7).



Compared to part-time work, granular data on temporary employment is not as readily available. But several observations stand out in Chart 8, which breaks down the data by demographics and type of temporary employment. First, the increase in temporary employment mainly affects workers younger than 25 and older than 65. Second, women are, again, more impacted than men.

Third, certain demographic groups are more likely to be in casual employment — younger and older women, for example. Casual or contingent workers generally work on a very short-term or per-project basis and include freelancers, independent consultants and other types of short-term workers. Individuals in this type of work may experience even more precarious conditions relative to normal term/contract workers given the short-term nature of their work.

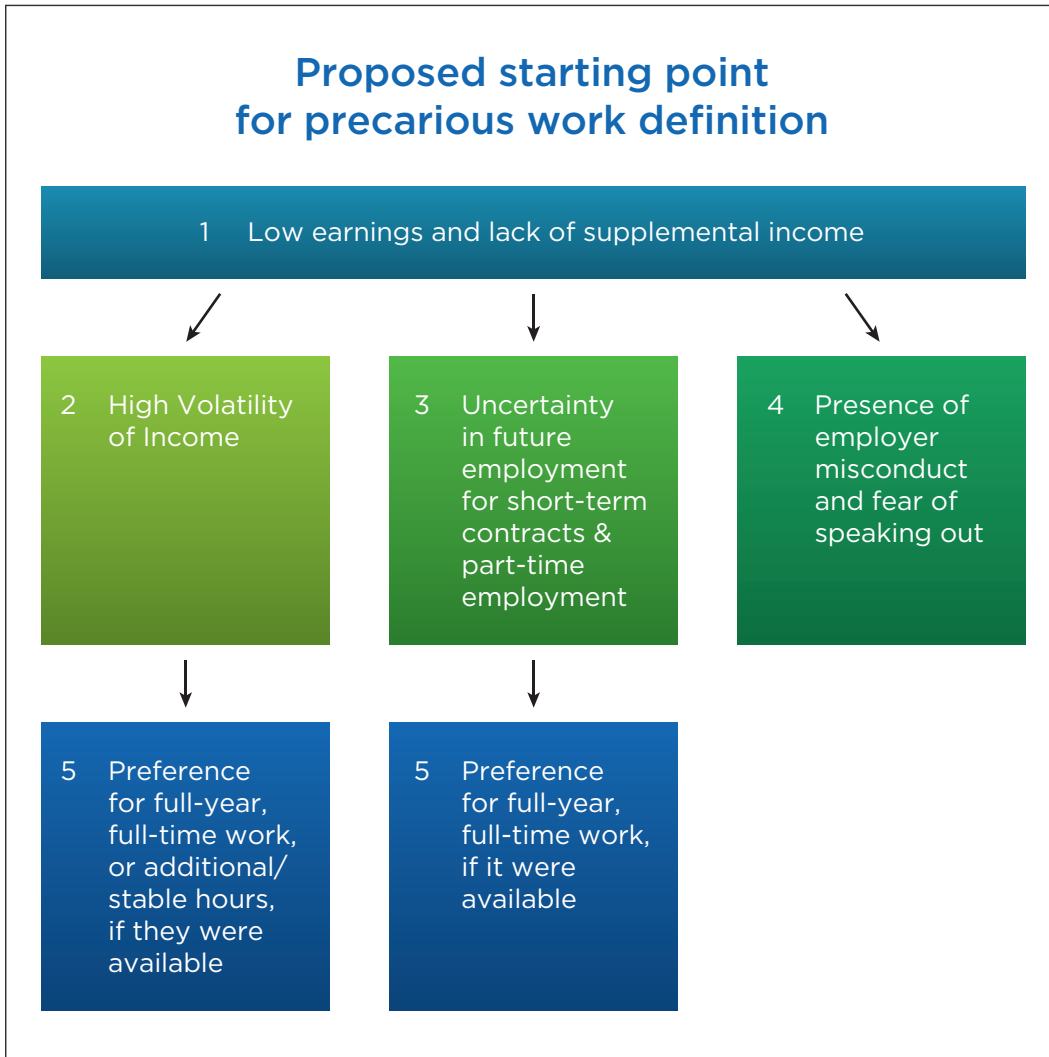


Clear definition needed

Our analysis plainly shows there are pockets of Canadians who are at higher risk of being precariously employed. What is needed now is a clear definition of precarious work, in order for researchers to be able to identify those who face true precarity.

This definition ought to focus on the specific concerns about people who are precariously employed and clarify the most basic elements shared across all precarious work that relate to those concerns. This is a nuanced difference relative to the many broader definitions currently being discussed, but is important in order to avoid false positives.

In our view, there are two main risks posed by precarious work: that of being in, or falling into low-income status or poverty, and the risk of employer abuse. These two concerns should define the main conditions of precarious work, as delineated in the diagram below.



To be considered precariously employed, an individual’s work situation must satisfy the low earnings condition and they must also lack another income source. An individual may satisfy all other conditions set out above, but precarity is mitigated by a level of earnings and/or supplemental income high enough to allow for emergency saving and planning for future work

disruptions. Indeed, several other studies, including seminal papers from the Law Commission of Ontario, and the Ontario Ministry of Labour also identify low earnings as a pre-requisite for precarious work.^{1,2}

The level of such a lower earnings threshold should thus be defined by one's ability (or lack of ability) to save and plan for future work disruptions, such that even a temporary loss of income would result in significant hardship. Much work has been done in estimating basic living costs in Canada's metropolitan areas — referred to as the market basket measure of low income. These living cost estimates vary by family size and region, and offer a good starting point for assessing one's ability to save for the future.

Once the low earnings condition is met, work situations must meet at least one of the subsequent three conditions (numbers 2–4 in the diagram above). Condition #2, high volatility of income, accounts for those in non-standard work arrangements, such as part-time employment and temporary work with inconsistent hours. Large fluctuations in hours worked each week, for example, may result in those at the margin falling into low-income status temporarily. A high degree of income volatility strongly applies to at-risk own-account self-employed individuals since their income is, by its nature, volatile.

The challenge in deciding both an earnings and volatility threshold that defines precarity is that neither is static. One would clearly be precarious with even a small amount of volatility if that individual's earnings level was close enough to the margin. Similarly, one would be equally precarious with a higher level of earnings, but also an associated higher level of volatility that still threatened to push an individual's earnings below the margin. As such, we would favour defining income volatility and the low earnings threshold as a range benchmarked against one's ability to save for the future, up to a point.

Condition #3 refers to those in non-standard work who face high levels of uncertainty with respect to their future employment, thereby inhibiting their ability to plan for the future. For part-time and casual workers, this includes lacking advance notice regarding future hours of work or whether they will have access to a sufficient number of hours to reach their required income needs. For continuous contract workers, this condition relates to uncertainty around whether or not their contract will be renewed.

1 Mitchell, C. Michael and John C. Murray. May 2017. "The Changing Workplaces Review: An Agenda for Workplace Rights". Ontario Ministry of Labour.
https://files.ontario.ca/books/mol_changing_workplace_report_eng_2_0.pdf

2 Law Commission of Ontario. December 2012. "Vulnerable Workers and Precarious Work".
<http://www.lco-cdo.org/wp-content/uploads/2013/03/vulnerable-workers-final-report.pdf>

A specific definition of uncertainty ought to focus on the potential for job insufficiency. For part-time workers and other workers paid on an hourly basis, this could relate to having knowledge of and access to sufficient hours of work ahead of time. Whereas for temporary and contractor workers, this could relate to the potential for job loss, including non-renewal or termination of a contract.

If either condition #2 or #3 is met, the next question is whether more stable work is preferable, were it available. Condition #5 accounts for the possibility that even an individual who has low earnings and volatile or uncertain hours may be in that job by choice. Therefore, if condition #2 or #3 is met, condition #5 must also be met for the work to be considered precarious.

Condition #4 is non-economic in nature and accounts for precariously employed individuals who are at high-risk of being abused by an employer. Such individuals are usually fully covered by the same legal protections that cover all workers in every province. However, due to certain circumstances, such as a tenuous status in Canada or being in low-income status, many may not speak out against employer misconduct for fear of losing their job or status.

Considering all these factors, we believe a good starting point for a formal definition of precarious employment meets condition #1, followed by meeting at least one of conditions #2 through #4. If conditions #2 or #3 are met but not condition #4, then the individual must also meet condition #5.

We concede that this proposed definition is far more narrow than those suggested in other studies on this subject. In narrowing our scope, we likely exclude many Canadians who face some precarity in their jobs that other studies would have included. For example, we focus exclusively on non-standard work, but some studies suggest that some full-time, full-year workers can also face some degree of precarity.

First, our suggested definition should only be considered a starting point for an official definition, rather than an end point. Second, our attempt at more narrowly defining precarious work hopefully allows us to focus our attention on those Canadians who are most vulnerable.

Next steps for policymakers

Precarious work is not a simple issue. The concept itself is vague and nebulous, we lack good data, and frustratingly, we lack even a consensus on how to approach the issue. Based on the Liberal Party's 2015 election platform, the Trudeau government clearly recognized that precarious work is an important trend that warrants attention. In the 2017 fall economic statement, Finance Minister Bill Morneau increased the Working Income Tax Benefit, which should help support those dealing with precarious work. However, in previous remarks, he also stated that Canadians should get used to "job churn," and that the real question was: "How do we train and retrain people as they move from job to job? Because it's going to happen. We have to accept that."³ Political and social groups responded swiftly, maintaining that this view revealed a government disconnected from youth and other segments of the population who live with insecure work.⁴

This dichotomy shows there is still work to be done in helping both government and the broader public understand this issue before we debate policy recommendations.

Our brief analysis clearly shows there are pockets of Canadians who are at higher risk of being precariously employed. However, the problem remains that any analysis based on the existing data cannot truly distinguish precarious workers from secure workers. This inability to home in on those who are affected is a major challenge given that continued growth in precarious employment may very well define the future labour market for many Canadians.

To move this policy issue to the fore, we propose the following steps for policymakers in government:

1. Ensure that Statistics Canada begins collecting data that allows for precarious employment to be tracked based on our proposed definition.
 - a. Specifically, we encourage government to focus on data collection at the intersection of low earnings, income volatility, measures of job uncertainty, and the other factors described above.

³ <https://www.thestar.com/news/canada/2016/10/22/finance-minister-says-canadians-should-get-used-to-short-term-employment.html>

⁴ <http://www.metronews.ca/news/toronto/2016/10/24/we-need-to-do-more-on-precarious-work-say-advocates-.html>

- b. Such data should also be segmented by additional elements of demography, including race, immigrant status, and Aboriginal identity.
2. Charge Employment and Social Development Canada with monitoring and reporting on trends in precarious work annually.
3. Develop accountability within government and work with the provinces and territories to assess whether policies implemented to address the rise of precarious work are having an impact.

This process of officially defining precarious work and collecting official data is an important first step to take before policy prescriptions can be discussed — even though debate around this topic has already moved on to that second step. Many have called for policy changes including mandated limits to continuous contracts, a higher minimum wage, increased funding for upskilling and training programs, and even the introduction of a basic minimum income.⁵ To help young people in precarious work, the Expert Panel on Youth Employment recently recommended that the federal government make changes to Canada's labour standards and Employment Insurance eligibility.

In our view, these are all ideas worth investigating. But without full recognition of who is truly precariously employed, we may be designing policy around people who do not necessarily need our help. Or, we may be leaving out entire segments of the population who do need help. Raising the minimum wage, for example, does little to support own-account self-employed Canadians or other precarious workers who are not paid by the hour. Mandating limits to continuous contracts would help some contract workers who want full-time employment, but could have a negative impact on those who prefer to remain on contract when businesses cannot afford to hire full-time staff.

Ultimately, any solution must also consider the needs and motivations of businesses. The Law Commission of Ontario astutely recognizes that a sustainable solution to precarious work must balance the needs of employers with those of employees⁶. Upskilling every precarious worker does not

5 For some examples, see: Broughton, Andrea, et al. "Precarious Employment in Europe: Patterns, Trends and Policy Strategies." *European Parliament*, Directorate General for Internal Policies, July 2016, [www.europarl.europa.eu/RegData/etudes/STUD/2016/587285/IPOL_STU\(2016\)587285_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/587285/IPOL_STU(2016)587285_EN.pdf) and Mitchell, C. Michael, and John C. Murray. "The Changing Workplaces Review: An Agenda for Workplace Rights." *The Changing Workplaces Review: An Agenda for Workplace Rights*, Ontario Ministry of Labour, 23 May 2017. files.ontario.ca/books/mol_changing_workplace_report_eng_2_0.pdf.

6 Law Commission of Ontario. *op. cit.*

necessarily eliminate the need for a flexible workforce. Understanding why these jobs exist in the first place, and why they have grown to the extent that they have is an important element of this debate.

This is a critical time for us to gain a deeper understanding of this issue. The government of Canada is developing a new poverty reduction strategy⁷, and how to address precarious work should be an important piece of that puzzle. To understand the bigger picture, however, we need to know who we are even talking about, in the first place.

7 Government of Canada. "Towards a Poverty Reduction Strategy." October 2016. Available at: <https://www.canada.ca/en/employment-social-development/programs/poverty-reduction/discussion-paper.html>

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