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A rising number of workers in Toronto are employed in temporary, part-time, low-paying positions in routine-service industries, but there is a way forward

Toronto – Ontario’s economy, and its traditional economic stronghold in the Toronto region, are slowly returning to pre-recessionary levels of employment. Yet there has been growing concern about the kinds of jobs the economy is creating. The growing prevalence of “precarious employment” – jobs that are temporary, part-time, with few benefits and low wages – has been widely discussed in the media in recent months.

In *Untapped potential: Creating a better future for service workers*, the Institute for Competitiveness & Prosperity partners with the Martin Prosperity Institute to examine job trends within Toronto’s largest employment sector: routine-service jobs. These occupations, including retail staff, food service workers, cleaners, taxi drivers, secretaries, and others, account for 45 percent of Toronto’s workforce and have the worst employment conditions of all occupations. What emerges is a clearer picture of who is being affected, and policy recommendations that can help.

Toronto’s routine-service workers are mostly women, youths, and immigrants. They are also more educated on average than routine-service workers in any other Canadian Census Metropolitan Area, and increasingly so. The proportion of routine-service workers in the Toronto region with bachelor’s degrees increased from 13.3 percent in 2001 to 20.2 percent in 2012, while the proportion of graduate degree holders roughly doubled over the same period. The Institutes see this as an opportunity to make better use of workers’ skills and in turn boost their productivity. If routine-service workers can add more value to their jobs, employers will have greater incentive to pay them more and give them permanent, full-time status. Failure to tackle this issue in a serious way will result in a lost generation and a lost opportunity.

For this to happen, employers and policymakers need to place more emphasis on work-based training and education. Routine-service workers with post-secondary certificates and diplomas earn higher wages than those without them and are the most likely to be in permanent, full-time employment. More routine-service jobs should require a basic level of training through certification and licensing. Vocational education through the college sector should be expanded to ensure more routine-service workers can acquire the right preparation to match the jobs that will offer career development.

Businesses must also do their part to invest in their workers and increase the creativity content of routine-service jobs. Keeping workers disengaged and unproductive is bad for a business’s bottom line and bad for workers’ career and skills development. Encouraging workers to make productive improvements to their workplace and rewarding them for this through better work terms, benefits, and higher wages will help employees, businesses, and the economy as a whole.

The Institutes call on policymakers and businesses alike to recognize the “untapped potential” of routine-service workers. Toronto, and Ontario’s, prosperity can be enhanced by focusing on improving productivity and working conditions in the largest component of the workforce. Routine-service workers need to be better-matched to their jobs and create more value within them. Accomplishing this will boost living standards for millions of workers across the province.

“This is not a zero-sum game,” said Roger Martin, Chair of the Task Force on Competitiveness, Productivity, and Economic Progress and Academic Chair of the Martin Prosperity Institute. “The way forward is not just to pay more for precarious work but also to upgrade and enhance the creativity content of these jobs. Ontario can become a leader in setting the new standard for routine-service work by realizing the potential of these workers and providing them with opportunities for better career development.”

The Problem

- The number of precariously employed routine-service workers – those employed in part-time and/or temporary positions earning at or below the Low Income Cut-Off – in the Toronto region is increasing at a higher rate than the number in non-precarious employment.
- Routine-service workers are less likely to have access to employer-provided benefits, less likely to work a regular 9-to-5 schedule, and more likely to hold multiple jobs.
- Women, youth, and immigrants form the majority of these precariously employed workers.

Cause of the Problem

- The nature of service work is low skill, leading to routine-oriented jobs with low wages.
- The labour market has seen a shift away from permanent, full-time employment toward more temporary, contract, and part-time arrangements. This is influenced by hyper-competition and the need for flexibility amid economic uncertainty.
- Personal characteristics can lead some workers to choose or be forced into precarious employment. For example, mothers with young children are more likely to seek jobs that offer irregular, flexible schedules. Youth and immigrants who lack relevant work experience may only be qualified for service jobs.

Our Recommendations

- Find new ways of enhancing the creativity content of service jobs through increased certification, better training, and job designs that require more creative input from workers.
- Increase vocational education to help create a dedicated and professionalized routine-service workforce.
- Create tax credits for vocational training programs undertaken by businesses similar to apprenticeship tax incentives.
- Help youth and immigrants better integrate into the labour market and have their skills recognized.
- Prioritize long-term investments in worker retention and view employees as assets. Increase creativity content of jobs. Invest in and reward employee skill and productivity enhancements.
- Extend publicly-funded benefits to workers.

About the Institute

The Institute for Competitiveness & Prosperity is an independent not-for-profit organization established in 2001 to serve as the research arm of Ontario's Task Force on Competitiveness, Productivity and Economic Progress. The Institute is supported by the Ontario Ministry of Economic Development and Innovation. Working Papers published by the Institute are primarily intended to inform the work of the Task Force. In addition, they are designed to raise public awareness and stimulate debate on a range of issues related to competitiveness and prosperity.

The complete report can be downloaded directly from:

http://www.competeprosper.ca/work/working_papers/working_paper_17.

For more information contact Jamison Steeve, Executive Director of the Institute for Competitiveness & Prosperity at 416.946.7585.