

WORKING PAPER 2: HOW TO REDUCE OR MITIGATE PRECARIOUS EMPLOYMENT THROUGH EMPLOYER PRACTICES*†

1. Key challenge & overview

People in precarious employment have less employment security, which is impacted by employer practices.

A worker's experience at work is generally impacted by employer choices, government regulations and collective agreements. Employers may provide protections and benefits beyond those required by regulation and/ or collective agreements. However, employer practices may not address the specific issues associated with precarious employment. **Thus, policy options include recommendations to improve employer practices related to work/ life balance, human resources and professional development, workplace culture, and supports for permanent employment.**

2. Evidence from PEPSO

The PEPSO *It's More than Poverty* report[†] demonstrated that workers in precarious employment had **less employment security and more challenges in their daily lives** compared to those in more secure forms of employment. For example, those in precarious employment rarely received benefits beyond a basic wage, often didn't know their work schedule a week in advance, had limited career prospects, and were less likely to be satisfied with their job. This experience at work is based in large part on the decisions made by employers, as well as the inability of our social and labour market policies to keep pace with the changes in our labour market. This also impacted people's lives outside of work. People in precarious employment also had a harder time finding appropriate childcare and were more likely to report that anxiety about employment interferes with personal and family life.

To better understand the employer's perspective on the issue of precarious employment, UWT and PEPSO worked with KPMG to explore this issue through interviews with a number of Toronto employers. The results, which are used in a number of places in the following content, suggest that **Toronto employers have incomplete awareness of the broader social effects of precarious employment.**¹

* Author: Charlene Cook

† This Policy Options Working Paper is one in a series of 16 working papers that explore the range of policy options that have been proposed to reduce or mitigate the impacts of precarious employment. Each of these papers must be read in tandem with the paper titled "PEPSO Policy Options Working Papers: Introduction". The full reference list is contained in a separate bibliography document.

‡ PEPSO's *It's More than Poverty* report refers to the report that was published in February 2013 that was based on the main survey conducted by PEPSO. In these working papers this report will be called the PEPSO report or the PEPSO survey. This is only appropriate for these working papers as there are other PEPSO reports that will be published by the six case studies.

3. Context/current situation

In response to economic and other factors, businesses have reduced their core workforces, reorganized, and relocated.² This has contributed to an increase in employment instability. KPMG research with Toronto employers found that financial pressures and fluctuating business needs were viewed by employers as important drivers for precarious employment.³ Other factors identified include the practice of Full-Time Equivalent (FTE) budgeting, a desire to engage workers on a temporary basis to evaluate talent, labour relations concerns, concerns related to legislation and regulatory requirements, and labour market demands for top talent in particular industries.

Precarious employment may now be the new norm in employment relationships.⁴ However, the KPMG research found that Toronto employers displayed limited knowledge and understanding of the wider effects of precarious employment, particularly the impact of precarious employment on social outcomes.⁵

People in precarious jobs have a very different experience at work than those in more secure employment.⁶ **A worker's experience at work is generally impacted by employer choices, government regulations and collective agreements, in areas such as:**

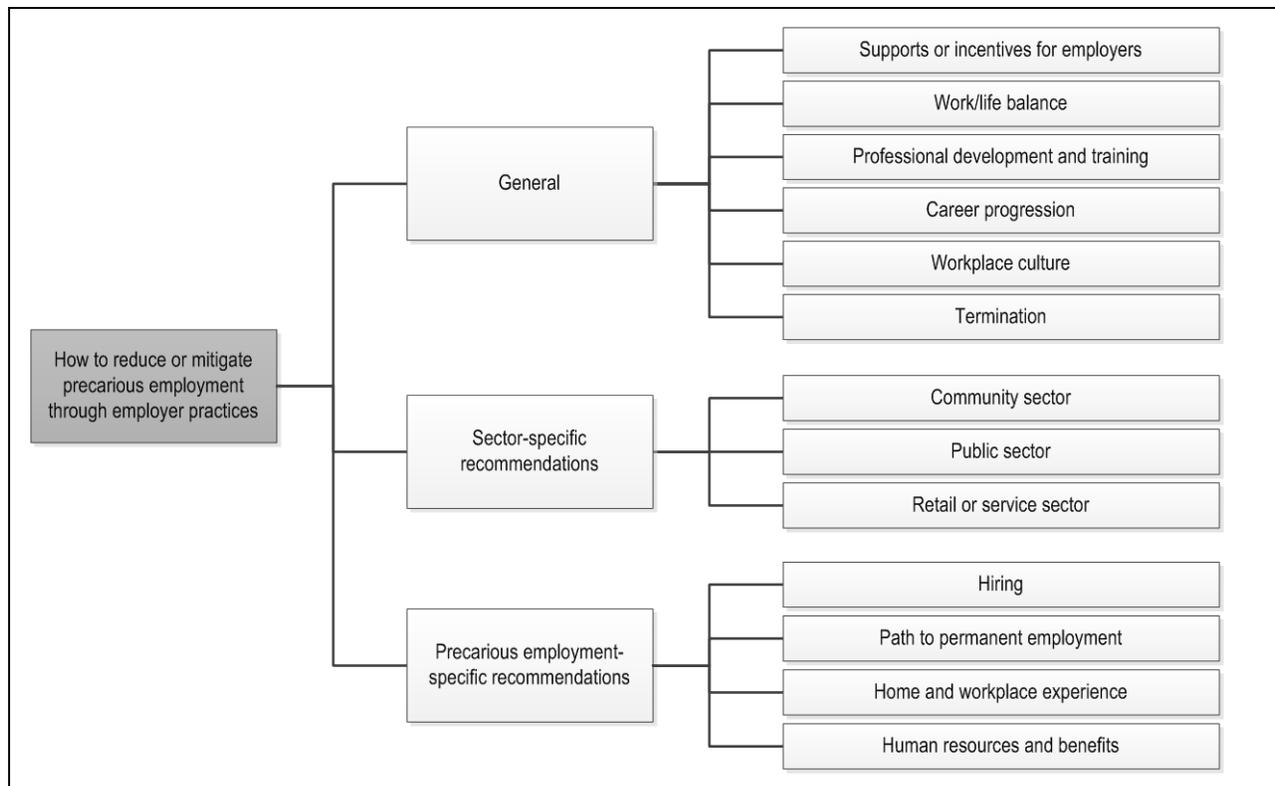
- Hiring
- Working hours
- Workplace culture
- Training and professional development
- Career progression
- Human resources and benefits
- Work/ life balance
- Termination

The choices and actions of employers can reduce precarious employment and/or ameliorate the challenges of precarious employment for workers. Recent research suggests that, in the retail sector, building better jobs can also positively impact businesses, investors, and customers.⁷ Research completed by KPMG in Toronto indicates that Toronto employers have also identified business risks associated with precarious employment, including high labour turnover, lower worker engagement, lower productivity, additional health and safety risks, and reduced customer satisfaction.⁸ Therefore, the choices and actions of employers related to precarious employment may benefit both workers and business.

4. Policy options

The policy options listed below are associated with three streams of recommendations:

- **General recommendations** to improve employer practices
- **Sector-specific recommendations** on the needs of workers in particular sectors
- Recommendations that address the **specific needs of workers** in precarious jobs.



4.1 General recommendations

In general, policy options concerning employer practices recommend **providing supports or incentives for employers to improve their practices, supporting work/ life balance, improving training and professional development, supporting career progression, and improving termination practices**. While these recommendations do not specifically address the needs of workers in precarious jobs, they may help to ameliorate some of the challenges associated with precarious employment.

4.1.1 Supports or incentives

Options related to **supports or incentives for employers** include:

- Establishing a **best practices unit in government, a multi-sectoral network, or training and technical assistance** to support employers to share and improve workplace practices.⁹

4.1.2 Work/ life balance

Options related to **work/ life balance** generally involve ensuring **some worker control and predictability in scheduling**, and include:

- **Implementing flexible work arrangements.**¹⁰ One recommendation suggests giving workers the option to switch shifts and jobs to restructure their days.¹¹
- Offering **telecommuting options.**¹²
- Ensuring an organizational commitment to **family-friendly working arrangements.**¹³ One recommendation suggests offering **telecommuting, part-time and flex-time options for new parents.**¹⁴

4.1.3 Professional development and training

Some options relate to **professional development and training practices**, including:

- **Showcasing best practices that support professional development, mentoring and supervision.**¹⁵
- **Creating a mentorship program** to support both mentors and mentees.¹⁶

4.1.4 Career progression

A number of options focus on **support for career progression**, including:

- **Working with staff to map out their careers, expectations and goals.**¹⁷
- **Encouraging workers to apply for internal jobs** and granting them interviews.¹⁸
- **Creating career ladders.**¹⁹ Some recommendations focus specifically on career ladders for routine-service positions, personal support workers, licensed practical nurses, and registered nurses.²⁰ One recommendation supports career ladders **within one employer**, specifically developing a business case for training and workforce development, and support training and workplace occupational restructuring that facilitates career laddering.²¹ Another recommendation supports career ladders across employers to ensure **pathways for advancement** based on experience and credentials. Bringing many employers together creates more opportunities for advancement and employer concerns about their trained workers being 'poached' reduced.²²

4.1.5 Workplace culture

A few options focus on **general workplace culture**, including:

- **Supporting regular group meetings, or actively soliciting feedback**, to explore worker concerns and ideas as well as partnering with workers to create solutions to problems or to improve workplace experience.²³
- **Increasing worker participation and voice within companies.**²⁴ Worker co-determination is required for large firms in some European countries, such as Germany.²⁵
- **Adopting social responsibility criteria** to recognize companies for their responsibility to workers, the environment, community, consumers and shareholders.²⁶
- **Viewing employees as assets.**²⁷

4.1.6 Termination

A few options relate to **termination**, including:

- **Improving termination policies for businesses with more than 50 workers**, such as 30 days notice and 15 days pay for every year of work.²⁸ This approach is used in varying ways in the United States and in India.
- **Improving severance payments by enhancing payments for short-term workers** or establishing a **severance fund** paid into by employers.²⁹ The severance fund is currently used in Austria.
- Support an **unemployment program that allow workers to work share positions** to protect them from lay-offs, or support short-term pro-rated unemployment benefits that supplement wages when businesses have to cut hours.³⁰ A work-sharing program like this exists in California as the Work Sharing Unemployment Insurance Program. Unemployment benefits that are short-term and pro-rated exist for those with reduced hours in some states in the United States (Short-Term Compensation).

4.2 Sector-specific recommendations

Some recommendations are specific to **particular sectors or industries**, and they are intended to address the needs of workers in those areas.

Some options are specific to the needs of **workers in the community sector**. Many of these focus on the broader funding environment of the sector, which influences employment experiences. These include:

- Increasing the **level, stability and duration of funding**,³¹ specifically to ensure staff benefits and permanent positions.³²
- Supporting consultation **and collaboration among agencies, unions, and funders** to improve human resource strategies in a "without prejudice"[§] environment.³³
- Upgrading low-paid and precarious jobs in healthcare, elder care and childcare.³⁴

A few recommendations focus on **public sector employment**, specifically:

- Exploring options to support job security by **transferring staff through different orders of government** to "follow their jobs".³⁵
- **Supporting the delivery of public services by public sector workers** to reduce privatization.³⁶

Some recommendations are specific to the experiences of **workers in retail or service environments**. These recommendations come from recent research that suggests that the **following package of activities, implemented together, can better support workers, business, customers and investors**. The recommendations include:

- **Offering less**, in terms of products, promotions and store hours, to reduce costs.³⁷ Other sources have also recommended **limiting or regulating store hours**.³⁸
- **Standardizing work** to support efficiency, but empowering workers to make decisions to improve the work and customer satisfaction.³⁹
- **Cross-training workers**, so that variability in customer traffic can be addressed by changing worker tasks rather than reducing the number of workers.⁴⁰
- **Building slack into staffing** to improve customer service and reduce costs by encouraging workers to engage in continuous improvement.⁴¹
- **Investing in staff**, through actions such as better pay and benefits, training, permanent positions, and opportunities for advancement.⁴²

4.3 Recommendations specific to precarious employment

Some policy options are specific to the needs of workers in precarious jobs. These are related to hiring practices, support for permanent employment, workplace culture, and human resources and benefits.

A few recommendations were related to hiring practices, including:

- **Changing hiring practices** to move away from precarious or part-time work,⁴³ including **more internal business planning** to determine if more secure work would be more appropriate.⁴⁴

Several recommendations were related to **supporting workers to obtain permanent employment**, including:

[§] "Without prejudice" is a legal term. In this context, it may relate to an environment where parties can speak freely, and no one will be held to what was discussed.

- Ensuring there are **clear and simple paths to permanent jobs**,⁴⁵ such as bridging programs to transition workers to full-time employment.⁴⁶ Specific options include giving **workers in precarious jobs the right to convert to permanent after a certain period of time**⁴⁷ or creating mechanisms for **fixed term contracts to automatically convert to permanent in certain conditions**.⁴⁸ Fixed term contracts become permanent under certain conditions in the Netherlands.
- Working across organizations to **develop defined work experience programs** that would support workers in precarious jobs to track their work experience, which could support development opportunities and offer a gateway to more secure employment.⁴⁹ Another recommendation suggested organizations could work together to share workers through agreements that provide more consistency and certainty for workers.⁵⁰

Some recommendations focused on **improving the home and workplace experience of workers in precarious jobs**, including:

- Supporting more predictable scheduling by **improving predictions about business needs**, which could support more certainty and/ or notice about work term and work schedule.⁵¹
- Improving workplace culture by **treating people in precarious jobs with more respect**,⁵² and **including people in precarious jobs in company social events**.⁵³

Several recommendations explored options related to **human resources and benefits**, including:

- Supporting **more inclusive human resources initiatives**, such as including workers in precarious jobs in the performance development process by developing annual performance goals and connecting them with a performance manager.⁵⁴ Other recommendations include **providing career planning** at the beginning of any non-permanent work term and expanding training opportunities to include workers in precarious jobs.⁵⁵
- **Offering some benefits to workers on contract beyond a particular period of time** (e.g. 12 months) or **extending staff discounts to workers in precarious jobs**.⁵⁶
- Providing **financial planning support to workers in precarious jobs**, particularly those in the middle and high income ranges.⁵⁷

5. Questions for discussion

1. Which policy options in this paper could have the most impact on the lives of those in precarious employment?
2. Which policy options in this paper can we realistically move forward on, given the current political, economic, and social climates?
3. Which policy options are missing from this paper, but require attention?

6. Endnotes

¹ KMPG, 2014

² PEPSO, 2013

³ KMPG, 2014

⁴ Vosko, 2000

⁵ KMPG, 2014

⁶ PEPSO, 2013

⁷ Ton, 2014

⁸ KMPG, 2014

⁹ Arthurs (Human Resources and Skills Development Canada), 2006; CivicAction, 2011b; Global Union Research Network, 2009

¹⁰ TD Economics, 2013B

¹¹ Shriver Report, 2009

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- 12 Shriver Report, 2009
 - 13 Russell, O'Connell, & McGinnity, 2009
 - 14 Institute for Women's Policy Research, 2009
 - 15 Social Planning Toronto, 2006
 - 16 Shriver Report, 2009
 - 17 Shriver Report, 2009
 - 18 Institute for Competitiveness and Prosperity & Martin Prosperity Institute, 2013
 - 19 Institute for Competitiveness and Prosperity & Martin Prosperity Institute, 2013; Metcalf Foundation, 2011; Toronto Workforce Innovation Group, 2010
 - 20 Institute for Competitiveness and Prosperity & Martin Prosperity Institute, 2013; Toronto Workforce Innovation Group, 2010
 - 21 Toronto Workforce Innovation Group, 2010
 - 22 Toronto Workforce Innovation Group, 2010
 - 23 Institute for Competitiveness and Prosperity & Martin Prosperity Institute, 2013; Shriver Report, 2009
 - 24 Institute for Public Policy Research, 2013; New Democratic Party, 2013
 - 25 Institute for Public Policy Research, 2013
 - 26 New Democratic Party, 2013
 - 27 Hatton, 2011
 - 28 Hallock, 2009 (citing Asher & Mukhopadhyaya, 2006)
 - 29 Lewchuk, Clarke, & De Wolff, 2011
 - 30 Upjohn Institute, 2013
 - 31 De Wolff, 2006; Social Planning Toronto, 2006
 - 32 De Wolff, 2006
 - 33 Social Planning Toronto, 2006
 - 34 Kalleberg, 2009
 - 35 Lankin & Sheikh (Ministry of Community and Social Services), 2012
 - 36 European Trade Union Institute, 2008; New Democratic Party, 2013; Wellesley Institute, 2013b
 - 37 Ton, 2014
 - 38 Upjohn Institute, 2012
 - 39 Ton, 2014
 - 40 Ton, 2014
 - 41 Ton, 2014
 - 42 Ton, 2014
 - 43 CivicAction, 2011c; Institute for Competitiveness and Prosperity & Martin Prosperity Institute, 2013
 - 44 KMPG, 2014
 - 45 European Federation of Food, Agriculture and Tourism Trade Unions, 2013a
 - 46 KMPG, 2014
 - 47 Pocock, Processer & Bridge, 2004
 - 48 Lewchuk, Clarke, & De Wolff, 2011 (citing Burri 2009; Wilthagen & Tros 2004; European Expert Group on Flexicurity 2007)
 - 49 KMPG, 2014
 - 50 KMPG, 2014
 - 51 Institute for Competitiveness and Prosperity & Martin Prosperity Institute, 2013; KMPG, 2014
 - 52 Pocock, Processer & Bridge, 2004
 - 53 KMPG, 2014
 - 54 KMPG, 2014
 - 55 KMPG, 2014
 - 56 KMPG, 2014
 - 57 KMPG, 2014