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# Changing Times, New Ways of Working

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Alternative Working  
Arrangements and Changes in  
Working Time

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The Canadian Labour Market and Productivity Centre (CLMPC) is an independent national labour-business organization whose mission is to contribute to economic growth and the betterment of society by improving business-labour relations in Canada and by providing joint advice on public policy, particularly related to labour market and productivity issues.

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# Executive Summary

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## Introduction

This report provides analysis of the impact, costs and benefits of alternative approaches to work arrangements and working time. It establishes an important link between the changes occurring in the labour market and business environment, and specific attempts to control change in the workplace. It sketches the elements of a framework for developing successful new work arrangements in the workplace. It also highlights gaps in the current knowledge base, and identifies areas where more research is needed in order to understand the longer term implications of these arrangements.

While changes in work arrangements and working time are of increasing interest to both business and labour (and to academics, governments, and individual Canadians), typically most of the evidence has been anecdotal. This report is able to present empirical evidence and quantify the impact on employment, stress, costs, and productivity of new arrangements at several Canadian workplaces. In these workplaces labour and management have tailored their own working arrangements to reflect their own needs, environments, challenges and goals. A number of common principles and elements emerge when the individual cases are examined comparatively. These elements may prove useful to other workplaces as they consider introducing new work arrangements.

As the world of work changes in response to forces like globalization, technological advances and competition, more and more workplaces are turning to new work arrangements. The goal may be to better equip a company to deal with the new business climate through increased flexibility or productivity. It might be primarily to improve the quality of working life for people struggling to cope with conflicting responsibilities. Sometimes these arrangements are seen as a way to create or protect jobs, or to hold on to skilled, experienced workers.

The project has been directed by a joint labour-business Task Force of the Canadian Labour Market and Productivity Centre (CLMPC). Its impetus came from the earlier work of the Advisory Group on Working Time and the Distribution of Work (December 1994; report prepared for the Minister of Human Resources Development Canada), which recommended that CLMPC spearhead further discussion of the issues from a joint business-labour perspective. The CLMPC Board determined that further work in this area was consistent with its own planned work program, and undertook to do research to add to the information base on this subject. Much of the data was compiled for the CLMPC Task Force by the Centre for International Statistics using previously-unpublished microdata from the 1995 Statistics Canada *Survey of Work Arrangements*. CLMPC's project was financially supported by HRDC.

## **The Context of Change**

The business environment and the labour market are changing rapidly. Even the public sector is reshaping itself in the face of shifting fiscal and political realities. Changes in the workplace, including new approaches to work arrangements and working time, must be seen as part of a broader and dramatic process of change sweeping through the economy.

### ***Changing business environment***

Companies that want to ensure their long term viability need the flexibility to respond to changing market and technological circumstances. Flexibility is an underlying goal for most organizations interested in new work arrangements. New communication and information technologies and innovative process technologies demand greater flexibility in scheduling work in non-standard hours. Technology has also altered the very nature of the employer-employee relationship.

Customer expectations are changing as well. To stay competitive, organizations must be able to meet customer demands for quality services and products using new technologies such as the Internet and new strategies such as “niche” production in a globalized marketplace.

In a business context, changes in work arrangements are usually looked at in terms of their costs, and whether they will contribute to the overall efficiency and productivity of the operation.

### ***Changes in the labour market***

In the 1980s and 1990s the labour market has undergone significant evolution, including in the number and types of jobs available, and the nature of work itself. Persistent high levels of unemployment and shrinking real incomes have contributed to a widely shared sense of personal economic insecurity amongst many Canadians.

As a proportion of total employment, part time work has risen from 13 percent in 1977 to 18.9 percent in 1996. Women (28.2 percent) and younger workers aged 15 to 24 years (45 percent) are especially engaged in part time jobs. Although many workers choose to work part time for a variety of reasons, more and more people are accepting part time work because they cannot find full time jobs. Temporary work, which often involves fewer benefits and lower pay as well as lessened job security; multiple jobs; and self-employment have also increased in recent years.

The distribution of working hours has become more polarized. The proportion of people working a traditional 35-40 hour work week declined from 65 percent in 1976 to 54 percent in 1995. More people are working longer (over 40 hours a week), and more people are working less (fewer than 35 hours a week). Some observers see a redistribution of working hours as a way to address unemployment and job creation concerns.

Canadian workers are experiencing greater stress as a result of competing demands on their time, particularly family-work responsibilities. This is especially the case for women who spend an average 17 years caring for a dependent child and a further 18 years caring for an elderly parent. Other time pressures affect people pursuing education and skills upgrading, or workers who have to absorb extra duties after a downsizing.

The traditional notion of an exchange between employer and employee — job and economic security in return for loyalty and productivity — is being eroded as a result of the changing work environment and its resulting stresses.

These trends in the business environment and labour market imply significant challenges for companies, workers and governments. Social divisions between those with “good” jobs and those in contingent jobs may emerge, and government’s ability to manage these divisions will be limited. Initiatives affecting the distribution of work and new work arrangements are important for social as well as business reasons. In the workplace, they represent a means by which individuals can exercise some control over their jobs and their lives.

## **The Interests of Labour and Business in Changing Work Arrangements**

Labour concerns center around:

- a redistribution of hours of work to create or preserve employment opportunities and jobs;
- greater flexibility in meeting work responsibilities and other obligations such as family or career development;
- improved conditions for part time workers, including pay and benefits, training, and advancement opportunities;
- improved employability of workers through training and generic skills development.

Business interest in new work arrangements stems from a need for:

- greater operational flexibility, both in scheduling and employee performance, to provide goods and services;
- cost control and productivity increases;
- retention of skills within the organization;
- improved morale.

## **New Work Arrangements**

Analyzing unpublished data from the 1995 Statistics Canada *Survey of Work Arrangements*, and other sources, an interesting picture of new work arrangements across the economy emerged.

*Flexible work schedules (flextime)* are followed by about 25 percent of the workforce, although it is most predominant amongst professionals and white collar workers. Flextime is designed so that starting and finishing times are varied around a set of core hours, although the number of hours worked remains constant. It is seen as helping individuals to manage competing time pressures of work, family, career and social interests. It is associated with lower stress levels and improved employee morale.

*Home-based work (telework or flexwork)* allows employees to perform their work away from the centralized office, often at home but sometimes in satellite offices or in transit. It is used by about 10 percent of the work force, ranging from teachers and professional staff to textile workers and customer service operators. The specific work arrangements vary enormously. Issues surrounding home work include employment standards, health and safety concerns, and legal issues (e.g. are workers employees or contract workers?); workers give different reasons for choosing to work away from the office.

*Compressed work weeks* usually imply the same number of hours worked in fewer days per week, although this arrangement is sometimes applied to shift work. Ten percent of the work force follow compressed work weeks. The arrangement is often identified as contributing to higher levels of time stress, especially for workers trying to accommodate work and family responsibilities. They might be better suited to accommodating career and social interests. Nonetheless, some unions and companies continue to explore the option.

*Reduced work weeks* mean a fewer number of days or reduced number of hours worked per day. Unions in particular often see this option as a way to free up hours that can be used to create employment opportunities for the unemployed, reduce layoffs, etc. Employers argue that such arrangements add substantially to costs. In Canada, there are few examples of reduced work weeks, and many questions need to be answered concerning the costs and benefits of such arrangements.

*Shift arrangements* affect approximately one quarter of workers in Canada, and are a necessary part of continuous production processes. Shifts have been introduced to minimize layoffs or to create job opportunities. Shift work does not appear to have a correlation to time stress. Overtime is a key issue in changing shift arrangements.

*Job sharing* is an arrangement where two or more people agree to share a job at a pro-rated level of compensation. Since it implies a lower income and benefits level, few people practice this option — fewer than 2 percent of Canadian workers are job sharers. However, it can provide an individual with more time for family responsibilities or other interests and obligations.

*Part time* workers usually work fewer than thirty hours a week. It has increased steadily in recent years, with 19 percent of workers now holding part time jobs. Arrangements vary enormously. Employers like the flexibility such arrangements provide, and employees report lower stress levels. However, incomes are lower and employment/income security is often compromised.

## **Case Studies**

Five workplaces, from different industrial settings and in different contexts of change, provided an important body of evidence related to new work arrangements in Canada. A comparative analysis of the data has drawn out a number of consistent elements concerning the features and factors involved in successfully developing work arrangements and new approaches to working time. For details on the individual cases, see the companion report, *Case Studies in Alternative Working Arrangements and Changes in Working Time*.

<b>THE CASE STUDIES IN SUMMARY</b>			
Company	Union	Context of Change	Arrangement
Alcan, Jonquière, Quebec	SNEAA	Loss of jobs in region with high unemployment Modernization of plant	Sharing of work to preserve jobs Reorganization of work
InterFor, Lower Mainland, B.C.	IWA Local 1- 3567	Company restructuring Job loss	Changed shift arrangements Reorganization of work
Royal Bank	Non-union	Changing marketplace Work and family time pressures	Flexible work arrangements program: variable hours; job sharing; home based work; flextime; modified work weeks
City of Winnipeg	CUPE Local 500	Budgetary concerns Time pressures	Flexible work arrangements
Toronto Star	CEP Local 87M Southern Ontario Newspapers Guild (SONG)	Increasing stress levels and time pressures Financial concerns in competitive market	Flexible part time; compressed work weeks; job sharing
<p><i>Notes:</i>  CEP:            <i>Communications Energy and Paperworkers Union of Canada</i>  CUPE:        <i>Canadian Union of Public Employees</i>  IWA:         <i>Industrial Wood and Allied Workers</i>  SNEAA:      <i>Syndicat national des employés de l'aluminium d'Arvida inc.</i></p>			

While the contexts of change varied, in all cases there was a recognition on the business side that operational activities had to be changed and new practices introduced. Concern on the labour side reflected the importance of jobs as well as the stress many employees were experiencing.

The two cases that address principally the question of job losses are Alcan-SNEAA and InterFor-IWA. At Alcan, an innovative work sharing program saw a voluntary hours bank established to hire back workers who had been laid off. Seventy percent of the workers participated, and more than 100 jobs have resulted. At the same time, changes in work organization and in trades classifications provided the company with more flexibility in production.

At InterFor, layoffs from a major restructuring were minimized by changing shift arrangements and by using some provincial government support to create jobs in forestry activity. Fewer than 40 layoffs are now anticipated, down from the initial projection of about 200 (out of a work force of 650). The restructuring has allowed the company to improve the efficiency of its operations and achieve more control over production quality.

The Royal Bank, the Toronto Star, and the City of Winnipeg cases illustrate new work arrangements designed to address work-family issues and time pressures. In each case, the approach used reflected the specific culture and nature of the industry. The Royal Bank, which is non-unionized, developed the new arrangements in consultation with its employees, while the other two examples were the result of collective bargaining.

Job sharing is used in all three cases; flextime in two cases; and home based work in one. All three made changes to part time work arrangements.

An important feature of all three cases is that the precise arrangements were worked out between the individual managers and employees, within the framework of the collective agreement (or, in the case of the Royal Bank, company policy guidelines).

In all five cases, participants saw the development of new work arrangements as a vital part of a new relationship between labour and management. Both sides recognized, sometimes in retrospect, that as a result of the new arrangements, an improved relationship had evolved between the union (where it existed) and management.

## **Principles for Implementing New Work Arrangements**

The case studies highlighted a number of common elements of success. These elements are summarized as eight important principles that were part of the ongoing discussion between the labour and business members of the Task Force:

- 1) *Choice, for both the worker(s) and the employer:* all five cases provided varying degrees of choice in how arrangements were agreed to, applied, etc. The different levels in the organization must be taken into account. The cases also point to a rich variety of approaches, limited only by the willingness of the parties to arrive at solutions.
- 2) *Certainty and predictability for employer and employee:* collective agreements or company guidelines can provide stability in an environment of change. A process to review and adjust work arrangements is helpful. Arrangements that were pilot-tested were generally more successful. Unanticipated events can undermine or undo much of the success of established arrangements. There are real, hidden costs involved in unplanned change, not least of which can be the loss of valuable employees.
- 3) *Addressing quality of life has pay-offs for company and employee:* new work arrangements can recognize the social perspectives of work, and can reduce stress and time pressures, resulting in more productive employees. A variety of measures, including quality of life measures, should be used to assess costs and productivity.
- 4) *Working within the constraints:* in developing alternative work arrangements, both sides have to recognize the real constraints faced by both employers and employees. On the business side, these reflect competitive concerns. On the labour side, the principle concern is the preservation of income. Work time and

alternative work arrangements must evolve over time to meet the changing environment.

- 5) *Trade-offs between security and productivity are important*: the two are linked, in that security can increase productivity, and increased productivity can lead to better security. The cases illustrate clearly that the arrangements should be seen as a whole package, with a series of different trade-offs evident. The balance that is struck is often the result of intense negotiation.
- 6) *Agreed-upon processes — joint approaches work best*: In all the cases, the development of new work arrangements marked an important change in labour-management relations. Where new arrangements were developed jointly, they tended to be successful because individual needs could be accounted for. Good communications were essential in all cases.
- 7) *Important to educate and prepare a culture of change among managers and workers*: There is a perception that the take-up rate of new working arrangements is low because both labour and business are resistant to change. However, important changes across the economy are having an impact on workplaces. Changes in attitudes and culture are necessary, as is illustrated in the case studies. New work arrangements are designed to be a response to a changing labour market and business environment. Costs involved are seen as an investment.
- 8) *Governments may have a role in support of business and labour*: Government can play a role in helping with the initial monetary impacts, although it is not meant as a permanent feature of new arrangements. It is important, however, that government involvement be undertaken only in cases where business and labour agree to such a move.

## **Future Research**

The evidence on new work arrangements from these case studies and from the Survey of Work Arrangements provides new information on how work is likely to be structured in the future. The research also identifies gaps where more work must be undertaken, especially in the following areas:

- analysis and data on work arrangements in small businesses
- discussions on succession planning, involving business, labour and government
- the role of government in assisting new work arrangements
- better understanding of the range of work arrangements
- analysis of different contract arrangements
- further analysis of part time work arrangements
- further discussions of overtime issues between business and labour

## **Conclusion**

New work arrangements represent one area where individuals, unions and organizations can affect the distribution of work in response to changing labour markets and business environments. These arrangements are complements to other important factors that can shape the future of work, including education, training, general economic policies and the industrial relations climate.

This report argues that such arrangements can:

- have a positive impact on jobs;
- provide companies with needed flexibility;
- fundamentally affect the quality of life of individual workers; and
- help companies to retain the necessary skills to operate effectively.

It is possible for both business and labour to achieve some of their objectives through discussions around new work arrangements.

The work of this Task Force has mapped out some common ground and a framework of principles for future research and discussion of the implications for labour and business of economy wide change.

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# I Introduction

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## **Background**

The world of work is undergoing a period of rapid and fundamental change. Increased global competition, technological advances and demographic changes are generally recognized as the most important forces influencing this change. These three larger forces affect the environment within which companies do business, and the overall labour market. The public sector is changing, due principally to a greater concern with fiscal responsibility and new technologies. Different workplace arrangements are responses to change that is occurring in a much broader context.

There is a growing interest in the area of work arrangements from business, labour, government, academics and individual Canadians. This is evidenced by an expanding literature, an increasing number of conferences and a rising number of Internet sites on the subject. The initial impetus for this project came from the Advisory Group on Working Time and the Distribution of Work whose final report published in 1994 contained a series of recommendations on work time arrangements. Among these recommendations was the need for more information and discussion between interested parties, particularly on documenting workplace practices. The Group recommended that the CLMPC should undertake such tasks in discussions with business and labour. Funding for the project was provided by Human Resources Development Canada (HRDC). A Task Force composed of business and labour members was formed to oversee and guide the work.

## **Aim and Methodology of the Report**

The aim of this Task Force report is to identify, document and disseminate examples of workplaces where management and labour have developed and implemented innovative approaches relating to work and work-time arrangements. The Task Force looked at the themes which emerged from the cases and how these can be applicable to other workplaces.

Currently, much of the research on working arrangements at Canadian workplaces is anecdotal and does not allow for comparisons across different examples. The case study methodology developed here allows the analysis of different cases from different industries in a consistent fashion. It makes use of information from individual cases that is not publicly available and provides a discussion of the process of developing new work arrangements. The cases also examine the impacts of the changes in working time and work arrangements through a variety of measures.

## **Outline of the Report**

Workplace arrangements cannot be studied in a vacuum. They reflect the changing labour market and business environment as a result of the larger forces of globalization, technological innovation and demographic change. The impact of these forces on the labour market and the business environment are detailed in section II. It is important to stress that the long term

implications of many of these changes, particularly as regards economic security for Canadians, are important and require urgent attention.

Section III then identifies both business and labour's interest in the area of alternative working arrangements as a response to the changes discussed in the preceding section. Specific types of new work arrangements as possible responses to the changes occurring are next discussed in section IV. This section makes substantial use of hitherto unpublished data from the 1995 Statistics Canada Survey of Work Arrangements (SWA). The Centre for International Statistics has compiled and analysed this data specifically for the CLMPC Task Force; much of it is contained in a Data Appendix. In addition Human Resources Development Canada (HRDC) generously provided copies of forthcoming work which is also based on SWA data.

Section V presents in summarized form the case study evidence as it relates to the business labour interests in alternative working arrangements. The full set of case studies is available as a separate companion document. The final part of this report discusses some conclusions and points to the direction of future research in this growing area.

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## II Context of Change

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The case studies of new work and work time arrangements in the workplace need to be set in the context of a world that is changing rapidly. Globalization, technological change and demographics are having important impacts on the labour market and the business environment. These larger forces have been discussed extensively in the literature on the changing economy. The focus in this section is how these forces have changed the environment in which companies do business and how the labour market has also undergone a process of fundamental change.

The environment in which public sector organizations operate is also undergoing fundamental change. Governments have focused on deficit reduction and spending cuts as a means to achieve greater fiscal responsibility. This has had a significant impact on the services provided by public sector bodies. Technologies have also changed both when and how services are provided.

### **Changing Business Environment**

Business environments are evolving rapidly. International competition has increased with globalization, while new technologies have changed the means of production and distribution as well as final products. Demographic change is also affecting both the composition of the workforce and the markets for goods and services.

### ***Work Organization: Greater Flexibility in Providing Services***

Flexibility is a key dimension in new work organizations. It can have different meanings in different settings. New technology provides the means to offer services differently. More flexible hours of operation, such as 24 hour telephone lines and weekend opening, can allow improvement in the provision of service to customers. Firms may adopt such measures in response to greater international competition and in order to maintain market share. Public sector organizations are also finding the need for greater flexibility in service provision. These changes will result in a different organization of work, including greater variety in scheduling hours. Peak hours may be less concentrated within a standard work week. Companies will want to ensure that services are provided at different times, including non-standard times such as weekends and nights. In other situations, such as continuous operations, greater flexibility with respect to work time can permit more efficient use of capital.

Technology has also dramatically altered the very nature of the employment relationship. This is a different type of flexibility, one which changes the definition of *employee* and *company*. The differences in how flexibility is provided within an organization will depend upon the nature of the industry and the particular culture of the company. Nevertheless, companies wishing to maintain their long term economic viability are finding that greater flexibility to respond to changing market and technological circumstances is vital in work organization, production and distribution.

### ***Changing Customer Preferences***

Changing demographics and changing technologies have meant that customers are not only demanding different products but are expressing diverse preferences for the ways goods and services are provided. The increasing importance of quality in a company's competitive strategy is testament to such changing consumer preferences. Companies need to be able to provide a variety of different services and custom products that can be quickly provided to the customer. Communications technologies and the rise of the Internet have been particularly instrumental in increasing the flow of tradeable goods and services, especially the number of services that are now tradeable. With this has come a global perspective as firms have increasingly become concerned with "niche" production — attempting to provide different customised products and services for different sub segments of the market. Only a global perspective provides a sufficiently large market to make niche production viable. Taking account of changing customer preferences thus has important implications for notions of flexibility and new work arrangements associated with different forms of organization.

### ***Greater Attention to Costs and Productivity***

Greater attention to flexibility in production and quality of customer service are means towards improving efficiency, productivity and containing costs. Greater international competition has meant that companies have become more cost conscious and have been more concerned with efficient management of resources. New technologies have permitted companies to change production methods in response to both consumer demands and cost pressures. Companies are reluctant to make changes that have the likelihood of raising costs.

In the public sector, greater attention is paid to cost factors. These can change dramatically as a result of political decisions regarding deficits. The pressure to reduce spending is manifest at all levels of governments and is pushing public sector bodies to find innovative ways to meet new fiscal realities. Nevertheless, significant cuts in services and employment as well as the introduction of new service charges have occurred across the public sector.

With the changing marketplace and changing customer demands, any subsequent changes in work arrangements in production or distribution must enhance the overall efficiency and productivity of the operation. It is pertinent to point out that the sources of productivity gains can vary across different types of industries. Improving service, for instance, may require measures to retain highly skilled staff. New work arrangements that reduce stress may be one way of accomplishing this.

All these changes in the business environment have important consequences for workplaces.

### ***Changes in Labour Markets***

Labour markets have undergone significant change in the late 1980s and 1990s, including the number as well as the types of jobs, and the changing nature of work. Some of these changes have been felt more by particular groups such as women and younger workers (aged 15-24).

### ***Slower Job Growth***

Having a job is the most important determinant of an individual's economic security. Such security is essential to the health and growth of the domestic economy. The Canadian economy has not generated jobs in sufficient degree to ensure broadly-based economic security. Since the recession in 1991, the economy has expanded as GDP has grown by 2.2 percent per year between 1991 and 1996, but the number of jobs has grown by only 1.2 percent per year over the same period.<sup>1</sup>

As a result, the unemployment rate has hovered around 10 percent, falling from 11.3 percent in 1992 to 9.5 percent in 1995, but then rising slightly to 9.7 percent in 1996. The unemployment figure would have been higher in the 1990s if it had included the number of people who left the labour force. Those leaving the labour force rose dramatically — at an average annual rate of 2.7 percent — a higher rate than new employment was being created. Consequently, labour force participation fell in the recovery (the opposite of what usually happens) by one whole percentage point. This suggests a significant number of discouraged workers and higher implicit unemployment in a period of economic recovery. One recent bank report indicated that if labour force participation had remained at 1990 levels, the unemployment rate would have been 13.5 percent compared to the current 9.7 percent.<sup>2</sup> This labour market experience is in sharp contrast to behaviour following previous recessions.<sup>3</sup>

### ***Rising Part Time Work***

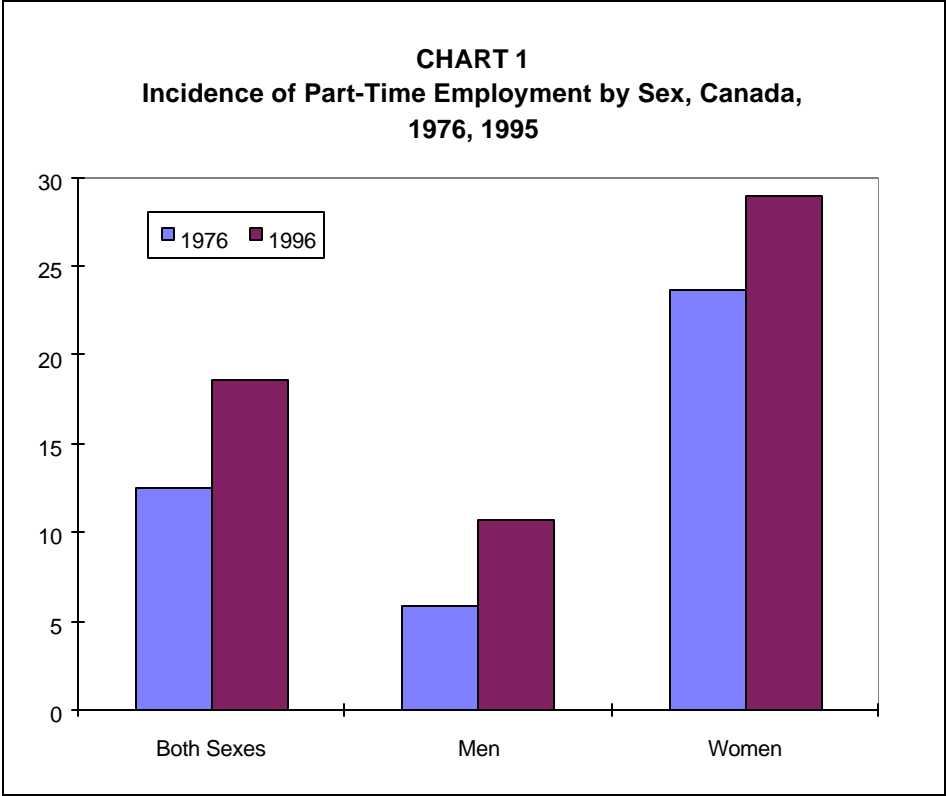
As job creation has slowed, there has been a marked increase in the number of part time jobs. These jobs tend to pay less, have fewer or no benefits and less chance of career advancement. (The nature of part time employment is discussed in section IV on work arrangements). As a proportion of total employment, the number of part time jobs has steadily increased across economic cycles in the two decades, from 13.0 percent in 1977 to 18.9 percent (or 2.6 million workers) in 1996. Since 1991, part time employment has grown 2.0 percent annually whereas full time employment has only grown by 0.9 percent annually. Of the 760,000 jobs created since 1991 246,000 or 32.4 percent of new jobs created in the last 5 years have been part time. The proportion of women and young workers engaged in part time work is even higher — 28.2 percent for women and 45 percent for 15 to 24 year olds. Over half of young employed women — 51 percent — are part time workers.

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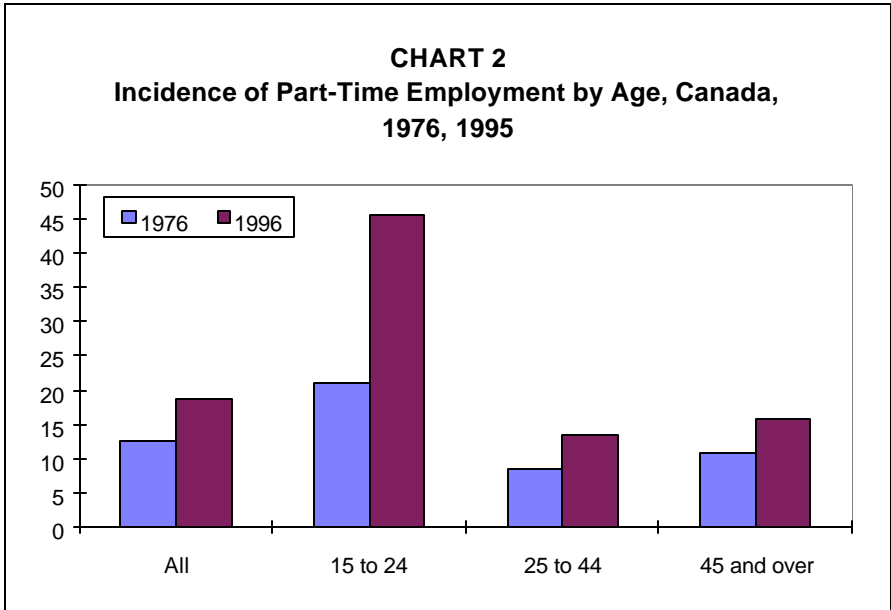
<sup>1</sup> All growth figures provided are annualized rates over the stated period.

<sup>2</sup> See Bank of Nova Scotia figure reported in Philip Mathais "Numbers Game" Financial Post March 15, 1997 pp. 6-7.

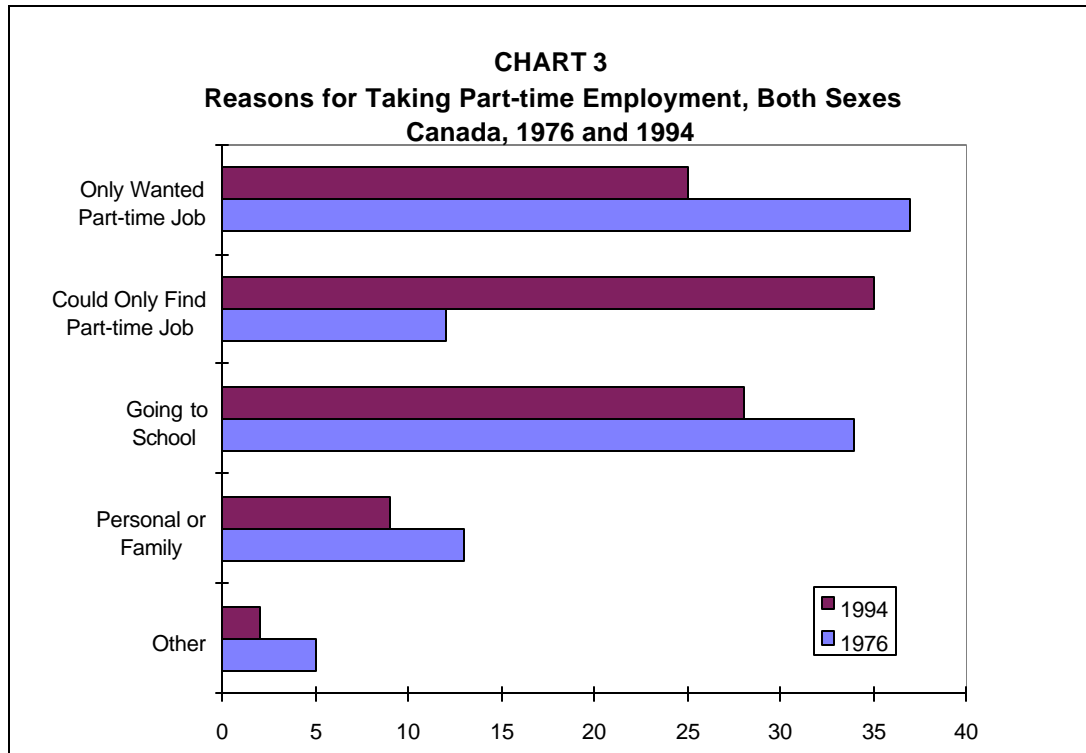
<sup>3</sup> The previous recovery after the deep recession in 1982 exhibited considerable differences with the experience in the 1990s. Employment grew at an average of 2.7 percent annually in the three years after the 1982-83 recession compared to 1.7 percent from 1992 to 1995. Unemployment fell continuously from 11.9 to 8.9 in the four years after the 1982/3 recession and the number of people leaving the labour force from 1983 to 1986 declined by 0.1 percent and labour force participation rose (whereas the opposite occurred in the 1992-1996 period).



Source: Statistics Canada 61-201, Historical Labour Force Statistics 1996 and Labour Force Survey data.



Source: Statistics Canada 61-201, Historical Labour Force Statistics 1996 and Labour Force Survey data.



Source: Statistics Canada Labour Force Survey.

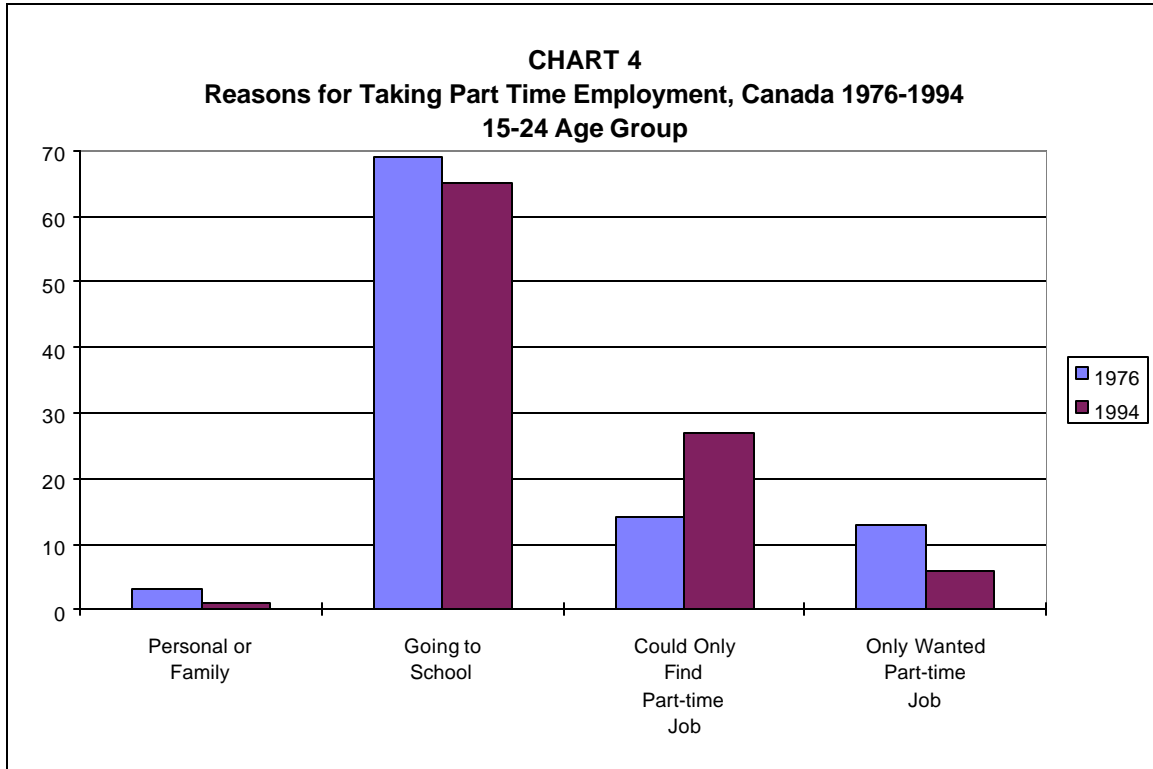
Part time work may be the result of individual choices but increasingly it reflects the difficulty of finding a full time job. Evidence indicates that about one quarter of part time workers chose to work part time in 1995 compared to 37 percent back in 1976 and 32 percent ten years ago. By contrast, 35 percent of people worked part time involuntarily because they could not find full time work in 1994 — a figure that has risen steadily from 12 percent in 1976. This suggests a level of underemployment in addition to official unemployment figures and highlights again the concerns about the ability of the economy to provide economic security for Canadians.

Reflecting some of the economic concerns, some part timers will hold more than one job. The proportion of employees who are multiple job holders has risen over the previous two decades from 2.1 percent in 1976 to 4.9 percent in 1995. Multiple job holding is more likely among the young and less likely among those over 45 years of age. There are no differences in the incidence of multiple job holding between men and women. However, the phenomenon is still small as a percentage of the workforce and does not represent a significant change to the degree that other changes in the labour market do.

### ***Falling Employment Opportunities for the Young***

To ensure the future viability of the Canadian economy it is important that opportunities be provided for new entrants in the labour market, particularly for younger workers (those aged between 15 to 24). Evidence indicates that such jobs generated by the economic recovery did not, by and large, go to younger workers. In contrast to the 1.2 percent annualized growth in overall employment between 1991 and 1996, employment for 15 to 24 year olds fell by 1.6 percent annually over the same period. Furthermore, part time jobs among 15-24 year olds

grew by 0.6 percent annually between 1991 and 1996 so that full time job opportunities for 15 to 24 year olds fell by 3.3 percent per year over the five year period.



Source: Statistics Canada Labour Force Survey, various years.

Workers in the 15-24 age group have typically chosen part time work while attending school and this remains the primary reason for doing so. However, like the overall trends in reasons for part time work, there is an increasing proportion of 15-24 year olds who involuntarily take such work. Between 1976 and 1994 those working part time because they could only find part time work rose from 14 percent to 27 percent. At the same time, the proportion of part timers aged 15-24 who wanted only part time and were not going to school fell from 13 percent to 6 percent. The 3.3 percent decline in full time employment among young workers is not due to a greater preference for part time work.

<b>Table 1</b>			
<b>Unemployment Rates for 15-24 Age Group Compared to All Age Groups, Canada, 1990-1996</b>			
	All Age Groups	15-24 Age Group	15-24 as percent of All Age Groups
1980	7.5	13.1	175
1989	7.5	11.2	149
1990	8.1	12.7	157
1991	10.4	16.2	156
1992	11.3	17.8	158
1993	11.2	17.7	158
1994	10.4	16.5	159
1995	9.5	15.6	164
1996	9.7	16.1	166

Source: Statistics Canada 61-201, *Historical Labour Force Statistics 1996 and Labour Force Survey data.*

There was also a structural change in the unemployment rate for 15 to 24 year olds which has always been above the overall unemployment rate. In the 1990s the gap between the unemployment rate for the young and the overall unemployment rate has widened. From 1980 to 1989 the unemployment rate for young workers as a percentage of the overall rate fell from 175 percent to 149 percent. Since 1989 their unemployment rate has risen faster than the overall unemployment rate and the ratio has steadily increased. By 1996, the unemployment rate for 15 to 24 year olds was 16.1 percent compared to 9.7 percent overall or 166 percent of the overall unemployment rate.

As demographic change moves through the labour market and the large numbers from the boomer generation begin to retire, one might expect that this would create some entry level opportunities for younger Canadians. All the evidence discussed above, however, demonstrates that this is not occurring and points to the need for proper succession planning to ensure the inter-generational transfer of employment.

### ***Rise in Temporary Work***

Historical evidence on the incidence of temporary and contract work is not readily available. However, evidence for the 1991 and 1995 *Survey of Work Arrangements* (SWA), that has been analyzed for the CLMPC by the Centre for International Statistics, indicates that such employment has risen quite markedly over the period of economic recovery. Comparing 1991 to 1995 the proportion of paid employees who had temporary jobs rose from 5.0 percent to 11.6 percent.<sup>4</sup> Temporary jobs had risen more among women than men and there was a higher

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<sup>4</sup> The questions for the two surveys differed in the wording of the question asked. The 1991 survey defined a temporary job as one lasting less than six months. The 1995 question asked if "the job was permanent or is there

incidence of temporary work among women in 1995 which was the reverse from 1991. All age groups experienced an increase in the incidence of temporary jobs, though the highest incidence in 1995, was among 15-24 year olds (at 23.0 percent). Temporary work has risen most in the wholesale trade, community services and personal services industries. The latter two industries are among those having the highest incidence of temporary work in 1995 (at 14.8 percent and 16.9 percent respectively).<sup>5</sup>

A 1996 survey of private and public sector organizations indicated that contract work has risen significantly since 1993 and is identified as part of a long term trend.<sup>6</sup> By 1996, 88 percent of respondents had used contract workers — 24 percent reported that they always used workers on contract. Such workers were used in a wide range of functions within firms and widely reported in natural resources (including petroleum), government and finance industries. Nearly three quarters of the contracts were for a fixed term and only 12 percent were contracts given prior to a permanent job.

By their very nature temporary jobs do not provide economic security for the job holder. Temporary workers generally have lower pay and fewer benefits.<sup>7</sup> Many temporary workers may be excluded from employment standards provisions if they are employed less than the minimum period. Temporary employment characterized by periods of non employment can have significant implications for their access to employment insurance. Finally, these workers are less likely to receive training that may make them able to get permanent employment.<sup>8</sup> In addition, up to one third of temporary workers are on call — an arrangement that is associated with higher stress levels.<sup>9</sup> Some temporary employment may reflect the choices individuals are making, particularly among prime aged workers, but it also provides another indication of the economic insecurity many participants in the labour market are experiencing.

### ***Polarisation in Weekly Work Hours***

Important changes have taken place in the distribution of working hours as the prevalence of the traditional standard work week of between 35 to 40 hours has declined. The proportion of people working in such jobs has declined from 65 percent in 1976 to 54 percent in 1995. Over the same period hours of work have become polarized. The share of workers working fewer than 35 hours increased from 16 percent to 24 percent while those working more than 40 hours per week rose from 19 to 22 percent.<sup>10</sup> This is consistent with more recent surveys.<sup>11</sup> It is a

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some way that it is not permanent?”. The more open ended nature of the 1995 question could be expected to produce upward bias in the 1995 response when compared to the 1991 survey.

<sup>5</sup> For finer occupational and industrial detail on the distribution of non-permanent workers see Lipsett and Reesor “Flexible Work Arrangements: Evidence from the 1991 and 1995 Survey of Work Arrangements”, Human Resources Development Canada, forthcoming.

<sup>6</sup> KPMG, *1996 Contract Personnel Survey*.

<sup>7</sup> See Canadian Labour Congress *Women’s Work: A Report by the Canadian Labour Congress*, March 1996; Grant Schellenberg and Christopher Clark *Temporary Employment in Canada: Profiles, Patterns and Policy Considerations*, Canadian Council on Social Development, Social Research Series Paper No. 1, Ottawa, January 1996, and Lipsett and Reesor *op cit*.

<sup>8</sup> See Schellenberg and Clark *op. cit.* p. 30, and Lipsett and Reesor *op cit*.

<sup>9</sup> Lipsett and Reesor *op cit.* and Fast and Frederick “Working Arrangements and Time Stress” in *Canadian Social Trends*, Winter 1996, Statistics Canada, 11-008-XPE.

<sup>10</sup> See Sheridan, Sunter and Diverty “The Changing Workweek: Trends in Weekly Hours of Work” *Canadian Economic Observer*, September 1996, Statistics Canada catalogue 11-010-XPB.

trend that is apparent for both men and women to a more or less equal degree. Those working longer hours tend to be in the 35-54 age group and have higher educational qualifications. This is consistent with a marked upward trend in hours worked in managerial occupations, many of which receive no overtime or increase in pay. Workers in factories and primary industries also are increasingly likely to work more than 40 hours, while those in sales and service are increasingly likely to have fewer than 30 hours per week. The growth in the number of those working longer hours appears to have occurred in the 1990s while the rise to shorter work weeks was triggered by economic downturns in the early 1980s and 1990s. Working longer hours is also associated with higher stress levels, tiredness, and greater incidence of accidents in hazardous working environments<sup>12</sup>.

**Table 2**  
**Percent of Paid Workers Who Want More, Fewer or the Same Hours of Employment, by Selected Characteristics, Canada 1995**

	Fewer Hours for <u>Less Pay</u>	More Hours for <u>More Pay</u>	Same Hours for <u>Same Pay</u>
<u>SEX</u>			
Men	5.0	28.3	66.7
Women	7.0	27.1	65.9
Total	6.0	27.7	66.3
<u>AGE GROUP</u>			
15 to 24	1.5	46.2	52.3
25 to 34	5.7	31.0	63.3
35 to 44	7.6	24.4	68.0
45 to 54	7.6	17.3	75.1
55 to 69	6.0	15.0	79.0
<u>EMPLOYMENT STATUS</u>			
Full time	7.1	22.4	70.4
Part time	1.1	49.9	49.0
<u>UNIONIZATION</u>			
Unionized	7.7	21.8	70.4
Non-Unionized	5.0	31.3	63.8

Source: Prepared by Centre for International Statistics using 1995 Survey of Work Arrangements microdata.

<sup>11</sup> A recent survey commissioned by the Royal Bank showed 30 percent of people were working longer hours, 16 percent were working less hours and 53 percent were working the same hours. The survey results are slightly different since it included self employed persons, see Royal Bank, Workplace 2000: Under Construction, p. 8.

<sup>12</sup> Wesky, Arnie and Matthews, Kevin (1996) "Nova's Approach to Adjusting Working Time" paper presented at Changes in Working Time in Canada and the United States Conference, June 13-15, Ottawa, Canadian Employment Research Forum and Smith, L and Folkard, S. (1993) "The impact of shiftwork on personnel at a nuclear power plant; An exploratory survey study." *Work and Stress* vol. 7 no.4.

The bifurcation in the distribution of hours of work at the macro level has led some observers to view a redistribution of work hours as one possible way to address concerns over job creation. As to whether individuals would like to change their hours, in particular work fewer hours for correspondingly less pay, the SWA showed that only 6.0 percent wanted this option in 1995. The majority of paid workers — 66.3 percent — desired the same hours and pay while 27.7 percent of paid workers expressed the desire to have more hours of work and higher incomes. This indicated that those working longer hours and being paid for them generally preferred this arrangement.<sup>13</sup> However, the preferences of those working longer hours without more pay cannot be determined from the SWA data. Those desiring more hours were mainly part time: 49.9 percent of part timers wanted to work longer hours at the same wage rate compared to 22.4 percent of full time workers. The desire for longer hours was also most pronounced among 15 to 24 year olds as well as among non-union workers and was chiefly to be found in service and sales occupations and in the personnel services and retail trade industries. The desire for more hours of work is consistent with a higher level of economic insecurity and the need to recoup losses in real income felt by many Canadian households. Those desiring fewer hours of work were full time staff in public administration and in management and professional occupations, though the proportion of workers seeking fewer hours was generally fewer than ten percent in these industries.

This does not mean that changing hours in individual workplaces is not an option, though in continuous operations there would be an impact on overtime. The proportion of paid employees working overtime has not changed significantly between 1991 and 1995 and has even fallen slightly from 7.7 percent to 6.9 percent of paid employees. A similar trend is also observable for men and women and across all age groups. However, the data does not show the total of overtime actually worked. Overtime hours may be increasing and spread amongst a smaller group of people.

### ***Growing Self Employment***

Another trend in the labour market that tends to reflect the forces of technological change and greater competition is the rise in the number and proportion of self employed workers. Self employed includes owners of both unincorporated and incorporated business, both with and without paid employees. For most of the twentieth century the proportion of the Canadian workforce who were self employed has declined. However, this trend has been reversed in the previous two decades with the result that 2.1 million or 15.4 percent of the workforce was self employed, compared to 10.9 percent in 1976. Self employment has grown particularly among females. Between 1976 and 1995 self employment grew at an annualized rate of 6.3 percent for females compared to 2.6 percent for males. Self employment is most prevalent in agriculture where six of every ten workers run their own family farms. Nevertheless, the trend to self employment has been manifest among all industries but particularly in construction; transportation, communications and utilities; and finance, insurance and real estate.

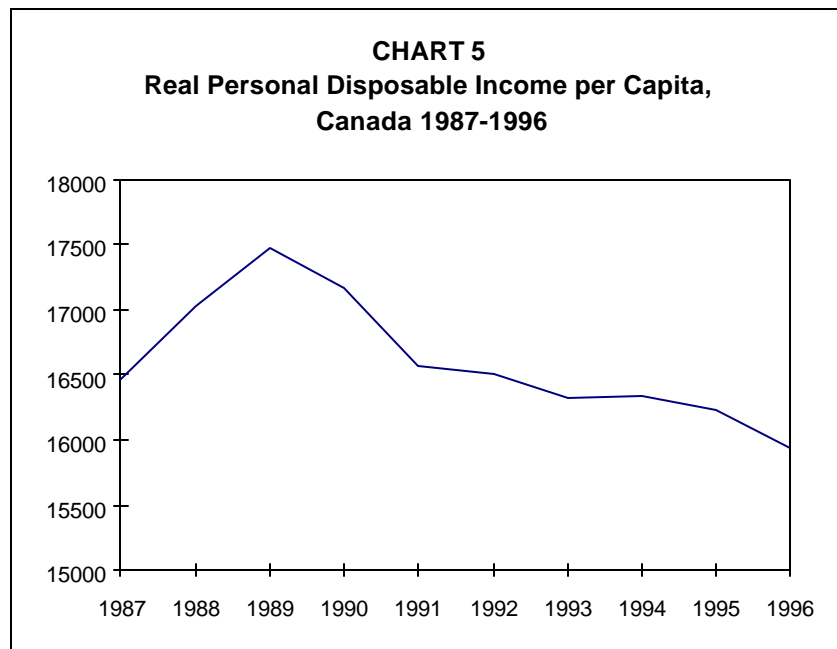
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<sup>13</sup> Similar conclusions are presented in Lipsett and Reesor "Canadians Want To Work More Not Less" *Applied Research Bulletin*, forthcoming.

While self employment is not a direct concern to this project, the reversal of the previous trend indicates that self employment is a growing phenomenon and can have important impacts in the labour market.

### ***Shrinking Real Incomes***

Coupled with weaker employment prospects, Canadians have faced a period of declining real incomes. Between 1991 and 1996 personal disposable income per head rose by 0.8 percent on an annualized basis. Inflation over the same period was 1.5 percent per year, so that real disposable income per head declined by 0.7 percent in the five year period.<sup>14</sup> The poor performance of real incomes in part reflects low levels of job creation but also the types of jobs that have been created — higher proportions of part time jobs with low pay. The absence of sufficient well paying full time jobs is a major cause for concern. The income picture indicates another dimension of the economic insecurity felt by a growing number of Canadians. The implications of long term trends in insufficient employment growth and falling real incomes raise the possibility of increasing social divisions between those with good jobs and growing incomes and those in contingent jobs and shrinking real incomes. The changes occurring today have potentially significant repercussions for Canadian society more broadly and require urgent attention.



Source: Statistics Canada, *Canadian Economic Observer*, 11-010XPB, various years.

<sup>14</sup> Figures for these calculations are from Statistics Canada 11-210 *Canadian Economic Observer*. The 1996 figures for personal disposable income per head are based on three quarter of data. The calculated annualized rates of change for 1991 to 1996 are very similar to those for the 1991-95 period.

## **Time Pressures**

For a variety of reasons — the rise in dual earner families, the higher participation rates of women, greater competition and the expansion of services due to technology — greater time pressures have been felt both between work and other responsibilities and within the work place itself. The result has been higher stress levels in many workplaces and among individuals.<sup>15</sup>

Among the problems of balancing competing responsibilities, work and family is the most prominent. The rapid rise of women in the workforce from the mid 1960s to the beginning of the 1990s and the necessity of dual incomes to support a household has meant a great time crunch in managing work and family responsibilities, particularly in the care of pre-school children and elder care. (*The Survey of Work Arrangements* points out that, after several years of fluctuation, the percentage of Canadian women in the work force is on its way up again. In October 1996 it reached 57.5 percent again. The percentage originally hit that level in June, 1993.) Furthermore, an emerging trend is the number of people, mainly women, who are part of the “sandwich generation”, spending an average 17 years caring for a dependent child and then spend an average further 18 years caring for an elderly parent.<sup>16</sup> In fact, studies have shown that such pressures can be a source of family conflict and lead to higher stress levels, poorer health, lost income and missed job promotions.<sup>17</sup> On the business side greater absenteeism, lateness, turnover and lower productivity can result. In 1995 women working full time with pre-school age children missed 33.5 days per year, a figure substantially higher than women without pre-school children, and men with or without pre-school age children.<sup>18</sup>

Time pressures may also be felt by other Canadians who wish to pursue career development choices, while retaining a job to provide economic support. In contrast, some older workers may wish to work less as they approach retirement but may be reluctant to do so given the implications for their pension. Other time pressures may be evident in the workplace as workers remaining after a large downsizing may have to assume a greater workload leading to higher stress levels.

## **Changing Employee-Employer Relationship**

Concurrent with the changes in both the labour market and the business environment is the recognition that the relationship between the employer and employee is undergoing fundamental change. A U.S. survey indicates that a growing number of North American firms regard temporary employees as an integral part of their business strategies. Sixty seven percent of firms indicated that they no longer had either an explicit contract or an implicit understanding promising job security for their employees in return for loyal and dedicated service. The erosion of this exchange relationship began in the early 1990s.<sup>19</sup> In Canada a business survey showed a similar pattern — in 1996 one quarter of workers felt less loyal to their employers than five years previously, while 60 percent of responding workers believe companies were less loyal to

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<sup>15</sup> See Fast and Frederick *op. cit.*

<sup>16</sup> See Canadian Labour Congress *op. cit.*

<sup>17</sup> See Fast and Frederick *op. cit.*

<sup>18</sup> See Canadian Labour Congress *op. cit.*

<sup>19</sup> See Conference Board “Implementing the New Employment Contract” *HR Executive Review Volume 4 Number 4* Conference Board, New York 1997.

them compared to five ago.<sup>20</sup> Furthermore, the breakdown of this relationship can have adverse impacts both for employees in terms of their feelings of security but also for the company in relation to productivity and morale. Both public and private sector organizations can be affected. In organizations where contact with the customer is an important part of doing business, this can be particularly disruptive.

## Summary

Both the business environment and the labour market are undergoing a great deal of change as a result of the larger forces of globalization, technological change and demographic trends. In the business environment such changes include

- A need for greater operational flexibility in response to new communication and information technologies.
- Changing customer demands and the need to offer a variety of services and custom products quickly to the market.
- Increasing pressures from traditional and new forms of competition have meant greater attention to costs and the exploring of ways to increase the productivity of company operations.

In the labour market over the period 1991-96 there have been a variety of trends which have resulted in Canadians feeling increasingly insecure about their economic future.

- Unemployment remains high at close to 10 percent as job growth has grown only 1.2 percent per year while output has expanded by 2.2 percent per year.
- Of those jobs that have been created a growing number are part time — since 1991, part time employment has grown 2.0 percent annually whereas full time employment has only grown by 0.9 percent annually.
- Such trends are more pronounced for young workers for whom full time job opportunities have fallen by 3.3 percent per year between 1991 and 1996.
- An increasing number of people are involuntarily accepting part time work because they cannot find full time jobs. In 1994, 35 percent of people worked part time involuntarily because they could not find full time work — a figure that has risen steadily from 12 percent in 1976.
- Temporary and contract work has also risen in the 1990s from 5.0 percent of paid employees in 1991 to 11.6 percent in 1995.
- The proportion of people working a standard work week of 35 to 40 hours has declined from 65 percent in 1976 to 54 percent in 1995. The distribution of work hours has become polarized. The share of workers working fewer

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<sup>20</sup> Royal Bank “Workplace 2000: Under Construction — Survey of Canadian Employees” Angus Reid Survey Fall 1996.

than 35 hours increased from 16 percent to 24 percent while those working more than 40 hours per week rose from 19 percent to 22 percent.

- Real incomes have fallen in the economic recovery. Between 1991 and 1996 real disposable income per head declined by 0.7 percent per year.
- On top of this, with the higher number of dual earner families and women in the workforce, employees were increasingly feeling time pressured. Juggling work and family responsibilities is one principal reason that stress levels among workers have been increasing.

These changes and the feeling of loss of control have led to an increasing degree of economic insecurity among many Canadians both in terms of employment changes and the trend of real incomes. Many observers have expressed an urgency to address these issues. Should the trends continue for a long period of time, changes will be reflected in other measures of how Canadian society functions. If real incomes and job prospects of many workers remain limited over a long period greater social divisions between those with good jobs and those in the contingent workforce may result. Furthermore, the ability of governments to manage these divisions may be limited if current trends continue. What is needed is a set of innovative approaches by all parties in the economy that will address both the work and the related social implications of change.

Changing work arrangements provide one means by which individual companies and employees (through their unions where they exist) can respond to the changes in the labour market and the business environment. They are an attempt to manage change at the ground level. It is important to examine the interests of both business and labour in developing alternative working arrangements.

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## **III The Interests of Labour and Business in Changing Work Arrangements**

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The impacts of globalization, technology and demographics on the labour market and the business environment point to the central question of how the Canadian economy is to provide the economic security individuals want, and meet the competitive challenge many companies face. Changing work arrangements are part of an approach to this question. The subject of new work arrangements has therefore attracted the attention of both business and labour. This section briefly relates the interests of the two in new work arrangements and suggests areas of common interest.

### **Labour Interests**

#### ***Unemployment and Job Creation/Preservation***

Labour concerns centre around the question of economic security — numbers of jobs, types of jobs, and the changing distribution in hours of work. The principal concern is to address high unemployment, i.e., how work could be redistributed in various ways to create some employment and reduce the number of people on unemployment. In cases of layoffs new work arrangements could provide innovative ways to minimize layoffs and preserve jobs.

At the macro level there has been a long standing interest on the part of unions, particularly in Europe, to reduce the length of the work week to create additional employment. In Canada the Report of the Advisory Group on Working Time and the Distribution of Work has proposed changes in legislation with respect to weekly hours of work. More people are working longer hours, with the concomitant effects of fatigue and stress, while other workers are working shorter hours but would like more work. New work arrangements could be used to redistribute hours to reduce stress and increase incomes. Reducing the number of hours worked per week is of key interest to labour in creating job opportunities for others who lack work.

At the workplace level changing new work arrangements in innovative ways can be one way to preserve jobs and minimize layoffs. Reconfiguring hours of work could include reductions in overtime to give hours to those under-employed. Changing or adding shifts in continuous operations has also been used to provide for more employment opportunities. Unions are also interested in measures that address the age dimensions of the employment conundrum, including initiatives to accommodate the desires of older workers to ease into retirement. This can open up some positions for new entrants into the labour market and may be one means to address the problem of the lack of jobs for young workers. One specific way to achieve this may be through a period of job sharing between a potential retiree and a new worker thus enabling the skills and lessons of experience to be passed to younger workers.

Changing work hours and work arrangements is therefore one response to the problem of unemployment (both generally and among young workers), which is of primary concern to unions. It should be emphasized that measures such as these are designed to redistribute work rather than increase the total amount of work to be performed.

## ***Work and Family/Other Responsibilities***

For those currently employed, changing work arrangements can also permit greater flexibility in meeting work and family responsibilities. It can assist in balancing work and career development, as well as work and wider social interests. New work arrangements that provide flexibility in work time and work arrangements can thus be instrumental in alleviating stress levels associated with time pressures.

Women are more likely to be concerned with the issues of work and family. Stress levels of women in the prime children rearing age group (25-44) are twice those of men. Women with young children are more likely to experience severe time stress and less likely to have stress free time compared to all other women. Women on average spend more time caring for both children and elderly relatives than their male counterparts.<sup>21</sup>

A critical issue in the development of such arrangements is the degree to which individuals, as a result of any new arrangement, can have greater control over both their working arrangements and life outside of work. Unions are therefore interested in reaching formal agreements that define the new arrangement through a process of discussion and negotiation with the employer.

## ***Part Time Work***

Unions have long had an interest in improving arrangements around part time work. The growth of part time employment and slower rise in full time jobs has meant that increasingly more union members are in part time work. As a result unions have come to focus more and more on issues around part time work. Changing work time and working arrangements can be used to reconfigure part time work quite significantly. The issues of concern to labour regarding part time work encompass many aspects of the working conditions. Pay and benefits are important issues of concern, and the pro-rating of benefits has been achieved in some cases. Other issues for unions related to part time work can include how work hours are allocated to part time staff, the types of training opportunities available to part time staff and whether there are any avenues for advancement. In a new, more flexibly oriented workplace, the ability to move between full time and part time work and back again has also been an area of concern for some unions.

## ***Employability***

It is recognized among the labour movement that new work arrangements may not be sufficient on their own. It is important to recognize that labour market participants must be employable, i.e., that they must possess the education and skills required to equip them for those jobs that are available. There is an important link between training and development measures and the new work arrangements in that the former may not be possible without the latter. Unions have long had an interest in programs that retrain dislocated workers and the use of training programs to help make potential workers more employable. In particular, given the weakening of traditional patterns of loyalty and a single employer for life, workers need to be equipped with generic skills to enable them to become more employable.

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<sup>21</sup> See Canadian Labour Congress *op. cit.*

## **Business Interests**

The business interest in new work arrangements is in finding ways to meet the new challenges in the business environment, posed by technology and international competition.

### ***Operational Flexibility***

With the twin pressures of competition and new technology, companies are focusing on providing themselves with greater operational flexibility in order to meet changing customer needs and new forms and times of how goods and services are provided. Changing work arrangements are an essential tool to achieve greater flexibility in a company's operation. Greater flexibility in work time, for instance, can allow for better utilisation of capital in continuous operations and better servicing during different peak hours of activity. Different and extended hours of operation for service industries can be accommodated by different scheduling and other work arrangements.

Many organizations also recognize that the freedom to act within the corporation is assuming greater importance as the business environment changes rapidly. Developing arrangements for employees to have the opportunity to perform in such an environment is of interest to businesses. This is particularly true as the emergence of "companies within companies" occurs. Independent decentralized business units will require different working arrangements than a large monolithic corporation.

### ***Costs and Productivity***

Changes in work arrangements can provide some benefits but may also involve costs for the employer. One is the larger cost element associated with the fixed or non-wage costs of each employee. Retaining the same number of employees, but with reduced work hours, can add significantly to the fixed component of labour costs. The costs of administering new work arrangements may also rise. These extra costs are often considered as permanently affecting the current cost structure. As a result, many companies are sensitive to the cost implications of new work arrangements.

Part of the aim of new arrangements is to explore and find new more effective ways of organizing work. These new arrangements may therefore be the source of productivity gains, possibly through a rejuvenated workforce, better utilization of capital and employees in the provision of service, or an effective way to respond to the expanding customer demands for service. Business is interested in assessing whether and how those productivity improvements that can occur as a result of new work arrangements can offset any additional costs from such an arrangement.

### ***Retention of Skilled Workforce***

Given the importance of quality and service, retaining skills within an organization is increasingly seen as the critical issue for a company's survival. The employees of a company represent its intellectual capital. If a highly skilled employee leaves, the firm's intellectual capital is devalued. In occupations such as computer systems, industrial engineers and management, business

perceives a shortage of suitably qualified and skilled people.<sup>22</sup> In such circumstances it is important for companies to recognize the imperative of training their skilled workforce. Accommodating the needs of workers through different work arrangements is one way to retain skills in-house. Retaining skilled employees avoids the real costs incurred if these employees leave and have to be replaced. It is also important for companies to provide ways for workers to augment and update their skills, to ensure the loyalty of skilled employees and add to the intellectual capital of the firm. Training and skills development of the workforce is therefore an important link to development of new work arrangements for the retention of skills and improved performance. Such training indicates that an employee is valued, which can increase employees' incentive to remain with their employer.

### **Morale**

Several studies have shown that morale can be adversely affected by economic restructuring within companies and that performance tends to suffer as a result. New work arrangements may help to address the morale issue by dealing with important problems facing the workforce. Finding ways to accommodate the time pressures faced by individual employees can create a more motivated workforce and contribute to reduced absenteeism, lateness and turnover. Employees have an important role, particularly in companies where customer service and quality performance are vital parts of their competitive armoury. As one study notes, "if productivity and client service are the hallmarks of the new engine of the economy for tomorrow, then it would appear that employee satisfaction may very well be both the fuel and the lubricant".<sup>23</sup> New work arrangements can help to restore the element of trust and morale that may be lost in the breakdown of the traditional employee-employer relationship. In this sense the nature of the relationship may have changed from an exchange of loyalty for job security to one of productivity for employment security.

### **Summary**

While there are differences in focus between business and labour over their interests in new work arrangements, these do not preclude joint actions in this area. Both labour and business are interested in the long term effectiveness and security of the company and ways of improving these, which will have positive consequences for the employees. In joint discussions operational flexibility and accommodation of work and other responsibilities can be mutually compatible. Finding new work arrangements that can help employees secure greater influence over their work, while increasing employers' interests in flexibility, can motivate employees, improve their morale and help achieve a more effective performance. Business and labour are both interested in improving the skills of the workforce — in part this increases employee loyalty but it also a signal that the employee is valued. The ability to develop new work arrangements that reflect these different perspectives is limited only by the willingness of the two parties to seek innovative solutions in a changing work environment. The next section will examine the prevalence of some of these work arrangements in the Canadian economy.

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<sup>22</sup> In the case of software specialists, the Canadian government relaxed immigration rules to permit those with job offers to enter Canada during a pilot project beginning in April 1997. See *Globe and Mail Report on Business*, March 20, 1997, p.B9.

<sup>23</sup> See *Royal Bank op. cit.* p. 6.





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## **IV New Work Arrangements**

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This section examines several new work arrangements that were considered by the Task Force. The nature of each arrangement is briefly described and an assessment is made of the extent of their application. The section also highlights issues arising from the implementation of each arrangement.

Much of the statistical information is drawn from unpublished data from the 1995 Survey of Work Arrangements (SWA) by Statistics Canada. The 1995 Survey was a follow up to a similar survey of work arrangements completed in 1991. The data has been compiled and analyzed for the CLMPC Task Force by the Centre for International Statistics. Summary charts and tables on many of the working arrangements are provided in the text; more complete tables are available in the data appendix. Some additional tabulations from the SWA are drawn from unpublished work by HRDC.<sup>24</sup>

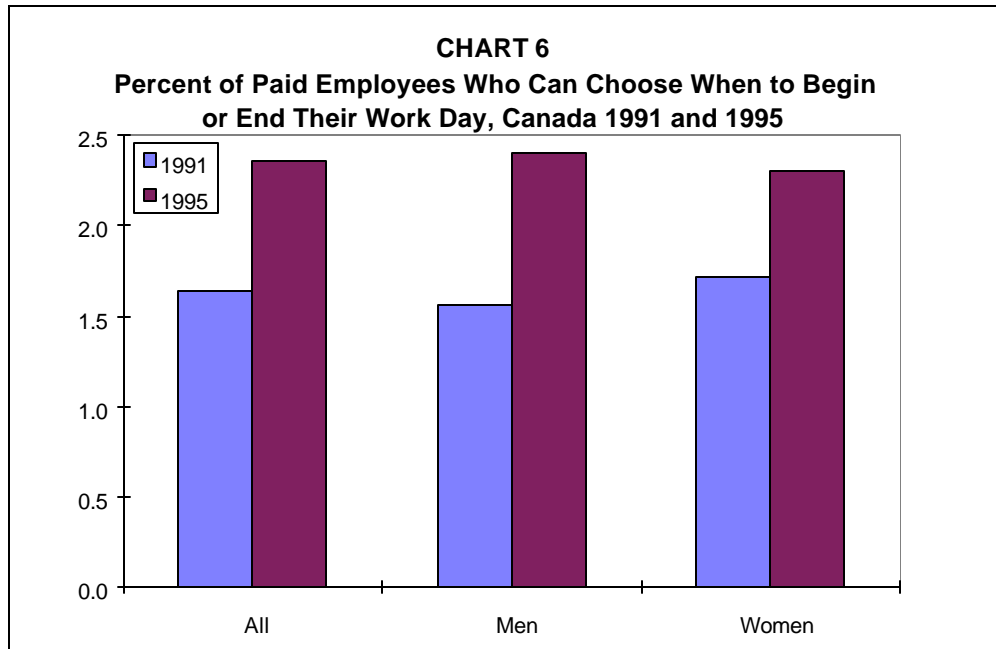
### **Flexible Work Schedules (Flextime)**

Under flexible work schedules — also referred to as flextime — starting and finishing times are varied around a core set of hours. Usually, the same number of hours is worked per week, but the arrangement is designed to provide more flexibility for both workers and companies. Workers can accommodate work with other commitments and companies can alter and expand their hours of operation but with varying levels of activity in different periods. One concern, particularly for small businesses, may be the more complicated scheduling that could result. The critical issue in the arrangement, however, is the question of choice — the arrangement can be the result of a dialogue between employees and employer that permits some choice for both or it can be unilaterally imposed. The arrangements of flexible work schedules discussed here all provide some employee choice in starting and finishing times.<sup>25</sup>

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<sup>24</sup> Brenda Lipsett and Mark Ressor, “Flexible Work Arrangements: Evidence From the 1991 and 1995 Survey of Work Arrangements”, Human Resources Development Canada, forthcoming.

<sup>25</sup> The question varied slightly between the 1991 and 1995 SWA. The 1991 survey asked if respondents were on a flexible schedule that allows workers to choose the time they begin and end their work day whereas the 1995 SWA asked if respondents who were paid employees “within established limits can you choose the time you begin and end your work day?”



Source: Prepared by Centre for International Statistics using 1995 Survey of Work Arrangements microdata.

According to the unpublished SWA data the proportion of the workforce who can choose when to begin or end their work day rose from 16.4 percent to 23.6 percent between 1991 and 1995. The incidence of flextime was similar between men and women and across age groups with the exception of the 15-24 group. Only 15 percent of this age group were on a flexible work schedule compared to a range of 23 to 26 percent for the other four age groups.

Evidence suggests flextime arrangements can help reduce the levels of stress among individuals in meeting family and work responsibilities. This is particularly true for women — in 1992, 23 percent of women without a flexible work schedule were highly time stressed compared to 18 percent of women on flextime.<sup>26</sup> As evidence, SWA data indicates flextime is more prevalent among married workers and most prevalent in dual earner families with one child under six years old. Among married workers, 25.6 percent were on flextime in 1995 compared to 19.1 percent of single workers. Again, there were no significant differences between men and women here. For those with children, 28.7 percent of dual earner (husband-wife) families with one child under six had a flexible work arrangement in 1995. This figure compared to 26.7 percent for such dual earner families with one dependent child, any age.<sup>27</sup>

<sup>26</sup> See J. E. Fast and J. A. Frederick “Working Arrangements and Time Stress” in *Canadian Social Trends* Winter 1996, Statistics Canada 11-008-XPE.

<sup>27</sup> See Lipsett and Reesor, *op cit.*

**Table 3**  
**Paid Employees: Percent Who Can Choose the Time They Begin and End**  
**the Work Day (within established limits), by Selected Characteristics,**  
**Canada 1995**

<u>SEX</u>	
Men	24.0
Women	23.0
Total	23.6
<u>AGE GROUP</u>	
15 to 24	15.0
25 to 34	23.9
35 to 44	26.3
45 to 54	25.3
55 to 69	25.3
<u>UNIONIZATION</u>	
Unionized	18.0
Non-Unionized	27.1
<u>MARITAL STATUS</u>	
Married	25.6
Single	19.1
WWSO	24.8
<u>FAMILY STATUS</u>	
Unattached	22.8
Dual Earner Husband-Wife	26.6
with at least one child under 6	28.7
with at least one dependent child	26.7
Single Earner Husband-Wife	22.1
Lone Parent	14.1
Other	24.8

*Note:* WWSO refers to widowed, widower, separated or divorced

*Source:* Lipsett and Reesor, from 1995 Survey of Work Arrangements microdata.

At the other extreme, the incidence of flexible working arrangements was lowest among all groups for lone parent families at 14.1 percent in 1995 (13.9 percent for males and 14.4 percent for women). One might expect that such a group would be among the most likely to benefit from flexible work arrangements that can relieve the stress of time pressures. This could indicate that flextime arrangements may not work for lone parent families since they may not be able to balance arrangements with a partner. Alternatively, it may indicate that such workers are more likely to work in industries and occupations with low incidences of flextime.

Flextime has grown across all industries between 1991 and 1995, but particularly in construction (from 11.5 percent to 21.8 percent of the workforce); (primary 11.7 percent to 21.6 percent); manufacturing (11.3 percent to 19.5 percent); and transport, communications and utilities (15.3 percent to 24.5 percent). Flexible work schedules were most common in

agriculture in 1991, but by 1995 it had been overtaken by public administration with 37.3 percent in 1995 and finance, insurance, real estate and business services combined with 34.4 percent. This adds support to the perception that flexible work schedules are most common in white collar jobs.

The perception of flextime as a white collar phenomenon is reinforced by the occupational distribution of flextime. The arrangement is heavily concentrated among the higher paying occupations of managers, administrators and professional staff. Fully 46.4 percent of those in management and administrative occupations and 46.4 percent in other professional occupations had flexible work schedules in 1995. This compares to only 10.3 percent in processing/machining occupations, 12.2 percent in other primary and 13.1 percent in service occupations.

Furthermore, the growth in flexible work schedules has been most pronounced among highly educated and full time employees. This is consistent with the white-collar nature of flextime. In 1995, 85.1 percent of those on flextime were full time employees and 32.2 percent had a university degree. In the paid workforce overall 82 percent were full time workers and 17.9 percent had a university degree. Thus, full time workers and those with a university degree were over-represented in those workers with a flexible work schedule.<sup>28</sup>

Flexible work schedules are also more likely to occur in non-unionized environments than in unionized workplaces. Flextime occurred in 18 percent of unionized workplaces and 27.1 percent in non-union workplaces. The difference may be attributable in some part to the very low rates of unionization in the finance and business service industries where flextime is more common.

Flextime can help manage the time pressures individuals face regarding work, family, career and social interests. It can also help employers retain skilled employees and can assist in the expansion of hours of operation, particularly in service industries. Flextime, while a growing practice, seems to be principally concentrated in white collar occupations.

## **Home Based Work**

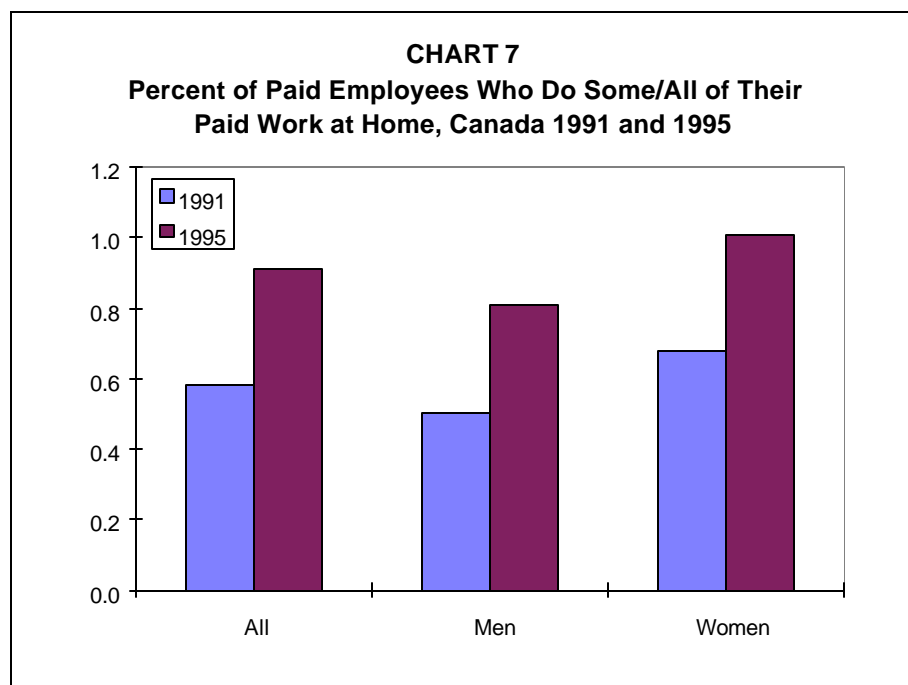
Home based work, also known as telework or flexplace work, is a arrangement whereby employees are able to perform work away from the centralized office, often at home but also in satellite offices or in transit. Such an arrangement has been greatly facilitated by the introduction of various communications and computer technologies that renders face to face contact in a central location less important. This has given rise to an enormous range of possibilities around home based work. Work is done at home by teachers, office workers and professional staff as well as textile workers (an estimated 4,000 in Toronto alone), fast food delivery workers, customer service operators and electronics assemblers.<sup>29</sup> The conditions under which these different workers operate varies substantially in terms of contractual relationships, health and safety, wages, benefits and other working conditions. Consequently the desirability of home

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<sup>28</sup> For further data and discussion see B. Lipsett and M. Reesor *op. cit.*

<sup>29</sup> See Canadian Labour Congress p. 30.

based work will depend in a large part of these working conditions. The 1995 SWA also includes workers who take work home and do a few hours of overtime.<sup>30</sup>



Source: Prepared by Centre for International Statistics using 1995 Survey of Work Arrangements microdata.

Evidence from the SWA indicates that home based work is increasing though it remains a relatively small part of the total workforce. Between 1991 and 1995 the proportion of paid employees who performed some or all of their work at home rose from 5.8 to 9.1 percent. When the self employed are included, this figure rises considerably, according to a recent survey.<sup>31</sup> Home based work was higher among women than men in both years, and was higher in the 35 to 54 age group.

Home based is most common among the “other professional” occupation where 43.0 percent of this group usually do some of their work at home. This is far ahead of the next group, health professionals (at 16.9 percent) and other primary occupations (16.0 percent). Excluding agriculture, home based work is most common in 1995 in community services (18.5 percent), wholesale trade (12.0 percent) and finance, insurance, real estate and business services combined (10.5 percent). The preponderance of service industries with high incidences of home

<sup>30</sup> The 1995 survey asked respondents who were paid employees if they usually did any of their work at home. The 1991 survey specifically excluded overtime and asked if the respondent usually worked any of their scheduled hours at home. The 1995 question is therefore less restrictive and may be expected to provide some upwards bias on the proportion of home based workers in 1995 since it would now include those workers who work only a few hours of overtime (less than ten). Nevertheless, the proportion of workers who are home based has risen across the entire spectrum of the distribution of hours worked at home indicating an underlying upward trend in home based work.

<sup>31</sup> According to the Royal Bank *op. cit.*, fully four out of ten workers do some of their work at home, with the average length of time spent working at home being 14 hours per week. The survey, conducted by Angus Reid interviewed 850 Canadians of whom 19 percent were self employed.

based work reflects the nature of the work and the ability to do such work away from a central location.

Interestingly, home based work seems unrelated to perceived time stress. Similar proportions of men and women reported high levels of time stress whether or not they had a home based work arrangement, according to the 1992 General Social Survey.<sup>32</sup> Given the heterogeneous nature of this arrangement the degree of stress could vary substantially among different cases, even though the figures overall may show no correlation with time stress.

Home based work raises a number of issues which tend to reflect the diversity of experiences. Some workers may feel isolated from the type of group and social interaction that can be beneficial to work performance. Furthermore, some studies by unions have shown that hours of work could be longer for home based workers because more work may be loaded on the employee and working conditions could deteriorate.<sup>33</sup>

The reasons usually cited for teleworkers choosing to work at home include that it avoids commuting costs, can be used to accommodate family needs in some instances, enables deadlines to be met more easily, and avoids interruptions of colleagues at the office. The data from the SWA shows, however, that the home based workforce is split on the reasons for working at home. Of all home based workers, 44.3 percent stated their reason for working at home was because it was required by the job and there was little choice for the employee to do otherwise. By contrast, where workers had a choice, their reasons for working at home varied. Some chose home based work because of better working conditions (14.5 percent), some because of other work related reasons (12.9 percent), and 7.8 percent chose it because it saved time and money. Caring for children or other family members was not a reason for choosing home work — only 4.1 percent chose home based work for this reason in 1995.<sup>34</sup>

From a business perspective, arrangements like telework can result in lower overhead costs including monitoring and supervision and thus would lower the administrative cost per worker. With more of its workforce working at home there is less need for large office buildings or central locations and the cost savings can be substantial.

Among supervisory staff there appears to be some resistance to telework because of the difficulty of monitoring work as closely.

The interpretation and enforcement of employment standards is also changed significantly for those workers who work at home. One of the difficult legal issues centres around whether such workers are employees or contract workers. Health and safety conditions are also changed as a result of telework: employees prefer air quality in the home to the office, but ergonomic furniture may not always be provided. In addition, proof of injury from working is more problematic for workers who work at home than in a central office.

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<sup>32</sup> See Fast and Frederick *op. cit.*

<sup>33</sup> See Jan Borovoy, and Theresa Johnson “Unions Confront Work Reorganization and the Rise of Precarious Employment: Home Based Work in the Garment Industry and Federal Public Service” in *Re-Shaping Work: Union Responses to Technological Change*, Chris Schenk and John Anderson (eds.) Ontario Federation of Labour, Technology Adjustment Research Programme. 1995, and Canadian Labour Congress p.31.

<sup>34</sup> See Lipsett and Reesor *op. cit.*

On the issues of equipment and supplies, about half the home based workers were provided with these in 1995. Such equipment included computers (21.9 percent), modem (13.6 percent) and fax (10.7 percent). However, 88 percent of home based workers indicated that some equipment or supplies were necessary which would indicate that some home based workers may be using their own equipment.<sup>35</sup> The survey does not specify the nature of the equipment that was required, only what was supplied.

Home based work has grown since 1995, but the proportion of paid employees who have this arrangement is still less than 10 percent of the workforce. Furthermore, there are significant differences across industries and occupations. The almost even split between home based workers who chose this arrangement and those for whom it was required of the job indicates the enormous variation in the precise arrangements around home based work and the issue associated with this type of work. Clearly more information is required about this type of work arrangement, particularly if it continues to grow in importance throughout the economy.

## **Compressed Work Weeks**

Under this arrangement workers work fewer days per week though the total hours worked per week are usually the same. Daily hours are thus increased. Compressed work weeks may also be incorporated into shift work. Many workers in the pulp and paper industry work 12 hour shifts in a compressed work week. This provides for greater blocks of leisure time, but the extended time of individual shifts raises concerns over the effects of longer working hours on worker fatigue, accident rates and productivity. It is important to note that compressed work weeks are not generally designed for the purpose of creating new positions, but rather as a way of creating greater blocks of time for leisure and work.

Reaction to the effectiveness of compressed work weeks is mixed. In fact, compressed work weeks are identified as contributing to higher time stress levels rather than less, even though its original intention may have been to help accommodate work and family responsibilities. This result is particularly true for women — 29 percent of women on compressed work weeks were highly time stressed compared to 21 percent of women without a compressed work week. For men, the percentages were similar between those with and those without such an arrangement. Given the greater responsibility that women assume for family responsibilities, and the fact that many of these demands occur at fixed times of the days, working extended hours on some days may not therefore provide the solution to meeting work and family responsibilities. This would account for the higher stress levels among women working compressed work weeks. This arrangement may be better suited to accommodating work and career and social responsibilities.

Compressed work weeks do not appear to be a widely prevalent practice. Although they are not readily identifiable from the SWA, the 1992 General Social Survey indicates that they are one of the less prevalent practices among such working arrangements as flextime, home based work, shift work, part time and on-call work.<sup>36</sup> In fact, only 9 percent of all employees had a

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<sup>35</sup> See Lipsett and Reesor *op. cit.*

<sup>36</sup> The figure for compressed work weeks is low in comparison to flextime (36 percent); shift work (23 percent); on-call (22 percent); flexplace (22 percent) and part time (12 percent). See Fast and Fredrick *op. cit.*

compressed work week — a figure that was the same for men and women both with and without children. This would indicate once again that from the work and family perspective, compressed work weeks may not be perceived as the appropriate response.

## **Reduced Work Weeks**

Considerable discussion has been generated over the practice of reduced work weeks, particularly in Europe. Reduced work weeks can mean a reduced number of days worked or fewer hours worked per day. Either way, the aim of such a move is to free up some hours that could be used to create employment opportunities for the unemployed. It may also improve the quality of life for those previously employed since they will have more hours for other activities.

The reduced work week is of particular interest to labour because of its potential to address the question of unemployment through a redistribution of work. In some countries, most notably France, unions have argued that reduced work weeks are best accomplished through legislative changes. It should be pointed out the evidence of ability to create new employment by legislated reductions in work time is mixed. Some unions in Canada have also argued for changes in legislation governing the number of hours in work weeks. In Quebec, changes to the legislation are in process that would gradually reduce the work week from 44 to 40 hours over four years. This change was one result of the Quebec Summit on the Economy and Employment held in November 1996 between business, labour and government at which time all three parties signed a declaration on employment. Among the employers it was recognized that voluntary working time reduction and new working arrangements can contribute to job creation. The government of Quebec estimates that the reduction in the work week could create up to 15,000 jobs over the next four years.

Business is principally concerned with the costs of reduced work weeks, particularly the increased fixed costs from hiring additional workers to perform the same total number of hours of work for the company. Furthermore, in many cases incomes are not reduced proportionately through various offsets which also have implications for costs. Proponents of reduced work weeks point to an anticipated increase in productivity which would offset any increase in costs because workers will work more intensively in a shorter time.

Another important concern for business and labour is overtime. Agreements on reduced hours per week need to place some limitations on overtime, otherwise employment gains may not be realized and wage costs could increase as the amount of overtime goes up. On the other hand, in cases where the amount of overtime worked is substantial, individual workers may not be willing to forego overtime in order to redistribute work.

One further concern is that where reduced work weeks do create some employment opportunities there may be difficulties in obtaining workers with the required level of training. Where trained workers with the appropriate skills are not available, anticipated productivity gains may not materialize.

There are numerous examples of reduced work weeks negotiated in different workplaces in Europe, including Volkswagen in Germany and textile mills in Belgium.<sup>37</sup> In Canada such

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<sup>37</sup> See Report of the Advisory Group on Working Time and the Distribution of Work, Minister of Supply and Services, December 1994, European Foundation for the Improvement of Living and Working Conditions,

practices are less common, but among the most prominent examples are Chrysler, Bell Canada and La Presse newspaper.<sup>38</sup> Both Bell and La Presse moved to a four-day work week and a reduction in hours. The case of La Presse is a long standing one dating back to 1977 when the 32 hour week was scheduled over four days. To accommodate the needs of the paper, a weekend shift was established whereby journalists worked 32 hours in three days. Although overtime increased initially, it declined after transitional difficulties were worked out through the setting of objectives and priorities. The Chrysler case involved a reduction in daily hours and the addition of an extra shift which created the potential for an additional 800 jobs at the mini-van plant in Windsor, Ontario.

Workplace arrangements to reduce work weeks in Canada are small in number. While such arrangements have the potential to address the question of the unemployed, a number of substantive issues need to be addressed including cost on the business side, and the implications for overtime. This does not mean reduced work weeks cannot be an option, rather, that such negotiations would be more complicated than might originally be thought.

## Shift Arrangements

Shift operations reflect the nature of the production process. Continuous production methods by their very nature require operation 24 hours a day. A typical arrangement has been a two shift system with maintenance done on a graveyard shift. Increasingly, shift arrangements are being revisited as a means to respond to competitive pressures, given new technologies, and as a way of seeking to preserve or create jobs. In some cases this has meant the introduction of an extra shift by moving the graveyard shift to a weekend shift and running the operation continuously during the week. This move to a three shift system has been tried amongst various auto-makers, including the Chrysler mini-van plant in Windsor, and in some pulp and sawmills. Other arrangements have attempted to change the hours of a shift by changing hours (e.g. the introduction of a compressed work week with longer shifts but more days off). Shift work is now being used in a much broader range of industries and occupations than previously<sup>39</sup>.

Approximately 23 percent of workers are engaged in shift work, according to the 1992 General Social Survey. The incidence of shift work is higher among men than women and higher among those without children than those with children. This reflects the difficulty of meeting family and work arrangements when working times do not correspond with family responsibilities. Shift work does not appear to be related to workers' time stress. Equal proportions of men and women reported high levels of time stress whether or not they were on a shift work system.<sup>40</sup>

One of the implications from altering shift work systems is the impact this can have on overtime hours. Moving from a two shift to a three shift system will reduce the number of overtime hours. These reductions, in the absence of any compensating mechanisms, may not be welcomed by

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"Statistics and News" *Bulletin of European Studies on Time* Number 9 1996 and CLMPC "Adjustment and Transition Issues" Working Paper, March 1994.

<sup>38</sup> See Report of the Advisory Group on Working Time and the Distribution of Work, Minister of Supply and Services, December, 1994 pp. 40-41. Subsequent to the publication of the report, the reduced work week at Bell Canada has reverted back to a five day week due to changing circumstances. The principles and arrangements at the Chrysler plant have been maintained in the most recent collective agreement.

<sup>39</sup> See Sunter "Working Shift" *Perspectives*, vol. 5, number 1, 1993

<sup>40</sup> See Fast and Frederick *op. cit.*

the existing workforce, who may rely upon some overtime to raise their incomes. Management may also have some concerns as to whether it is cheaper to pay overtime premiums or to incur the fixed costs of hiring extra workers (such as unemployment insurance premiums and pension contributions). The ability to address the issue of overtime would therefore call for some innovative approaches to the overtime arrangements. Changing the incentive structure around overtime may also touch upon public policy issues such payroll tax systems and pension rules.

The interest in shift work as a working arrangement is therefore less in terms of accommodating different time pressures, than with helping to preserve jobs in layoff situations or creating some opportunities through altering shifts.

## **Job Sharing**

Job sharing is an arrangement where two or more people agree to share a fewer number of jobs at a pro-rated level of compensation, (e.g. two people share one job or three people share two jobs). Probably the biggest factor in considering a job share arrangement is the subsequent loss in income and benefits that each job sharer will face. For this reason, the incidence of job sharing among the paid workforce is low — only 1.6 percent of workers in 1995 were sharing a job, though amongst part time workers this figure jumped to 8.1 percent. The low incidence reflects the need for another source of income to compensate for some of the losses. This suggests that job sharing is more likely in dual earner households.

It should be noted that income replacement is available under the federal EI Work Sharing Program for workers who agree with their employer to share available work by working fewer hours. The program, which has existed since 1982, is principally aimed at avoiding temporary layoffs — permanent layoffs are ineligible for the program. Quebec also has a program to encourage job sharing agreements between employers of large and medium sized firms and employees that reduce hours to prevent layoffs. However, income replacement is only one part of a program of financial assistance to these firms.

<b>Table 4</b>	
<b>Percent of Paid Employees in Job Sharing Arrangements, Canada</b>	
<b>1995</b>	
% of all workers who share a job	
<u>SEX</u>	
Men	0.5
Women	2.7
Total	1.6
<u>AGE GROUP</u>	
15 to 24	2.2
25 to 34	1.3
35 to 44	1.4
45 to 54	1.5
55 to 69	1.7
<u>UNIONIZATION</u>	
Unionized	1.5
Non-Unionized	1.6
<u>INDUSTRY</u>	
Agriculture	3.6
Primary Industries	0.3
Manufacturing	0.3
Construction	0.1
Transport./Commun./Util.	0.8
Wholesale trade	0.4
Retail trade	1.7
FIRE/Business Services	1.1
Community Services	3.3
Personal Services	2.6
Public Administration	1.0

Source: Prepared by the Centre for International Statistics using 1995 Survey of Work Arrangements microdata

Some job share arrangements may also be hindered by the difficulty of finding a person with the suitable and compatible skills who is also willing to job share.

Job sharing is more prevalent among women (2.7 percent of paid workers in 1995) than men (only 0.5 percent in 1995) indicating that the practice may help alleviate the time pressure of work and family or other responsibilities. Among age groups, the incidence of job sharing is highest for young workers (aged 15-24) followed by the 55-69 age group. The interest in job sharing for older workers seems likely to be seen as a way of phasing in retirement. In addition arrangements whereby an older worker shares a job with a new job entrant during the phase in to retirement can enable the skills and experience to be transferred to new job entrants. It can

also provide employment opportunities for young workers. The differential in wage costs between the two sharers could be an incentive for employers to use this scheme, although these would have to be compared to the impact on fixed hiring costs. For the retiring worker there are significant financial issues to consider, particularly the impact on a person's pension as a result of phased in retirement through job sharing.

There is no difference in the incidence of job sharing between union and non-union workers. Agriculture, community services and personal services are industries with the highest incidences of job sharing. The latter two industries also have high incidences of part time workers. This is consistent in that job sharing can be viewed as a form of part time work.

From the employer's side, some managers may not like job sharing schemes simply because they appear more complicated. It becomes critically important to ensure that good co-ordination and communication between the workers and also between them and their supervisors is achieved in order to make job sharing an effective and productive option. In some arrangement the two workers may work a short period together implying an increased cost to complete a similar workload. This needs to be balanced by an increase in productivity because of shorter, more intensive work periods for each individual.

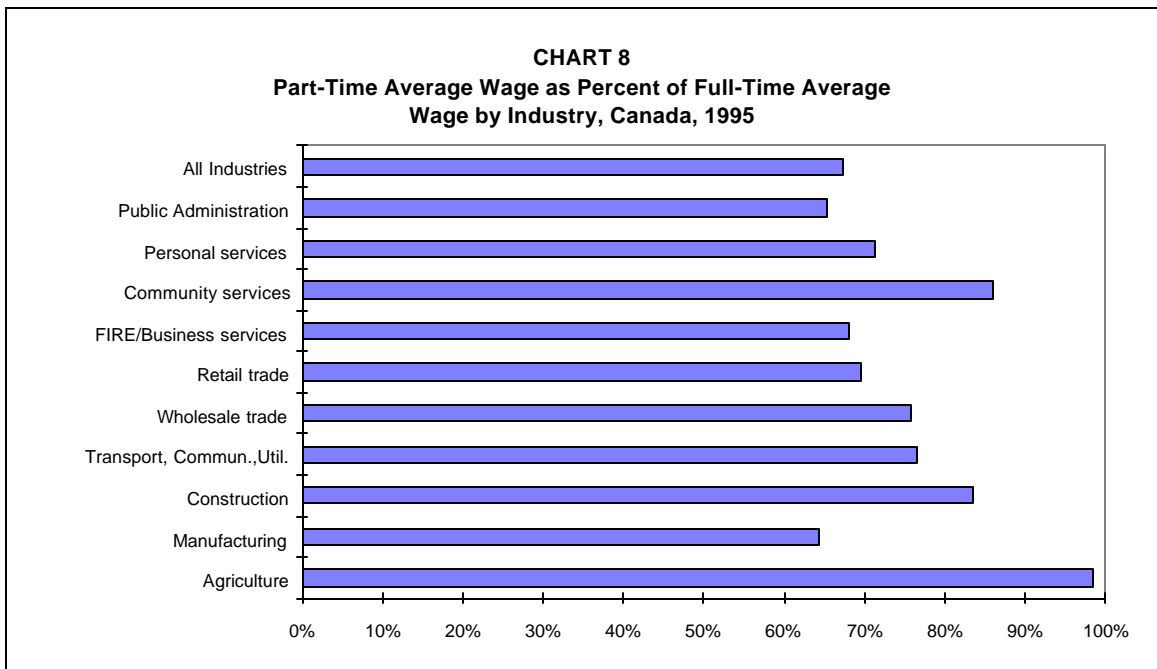
## **Part Time**

Part time workers are usually defined as those who work fewer than 30 hours per week. As already discussed in section III, part time work has steadily increased in recent years and is a common working arrangement among women, young workers and in service industries and occupations. The critical issue is the precise arrangements under which the agreement is established, i.e. the degree to which individual choices and employer constraints are recognized.

On the employers side, the part time arrangement can provide flexibility for employers, who are able to schedule workers in accordance with times of peak demand and retain fewer staff in times of lower demand. The incidence of part time work is higher in smaller firms. In firms with fewer than 20 workers, 27 percent are part time workers (among women in small firms this figure was 39 percent) compared to 15 percent in firms with over 500 employees. This reflects the need for flexibility in smaller firms, which generally do not have the resources to retain a large number of full time workers in periods of lower activity. In larger firms, full time workers can be used to provide other services in periods of lower activity. Among industries, part time work is highest in the personal services, retail trade and community services industries. In retail trade, it is interesting to note that in 1995, the work forces of larger firms (over 500 employees) had higher proportions of part time workers than smaller firms (under 20 employees) — the respective figures were 42 percent and 33 percent. This was the only industry that did this in Canada. This may reflect the greater flexibility in operating hours possible in larger retail outlets. Among occupations, the incidence of part time work was highest in service (40 percent), sales (36 percent), and health professionals (33 percent). The part time incidence among women in these occupations was between four and eleven percentage points higher.

Part time work can be beneficial to individuals such as students or workers with family responsibilities, though other sources of income may be required. One important characteristic is the need for stability in the hours that are available each week, even among those who prefer part time work so that activities like school, or other part time jobs, can be dependably

scheduled. Among the part time workforce 67 percent are women. Among young employed women (aged 15-24), over half worked part time in 1995. Among young workers, the principal reason for choosing part time work is to help pay for education (65 percent chose this reason for part time work in 1994). For workers with heavy time commitments elsewhere, part time work can provide some income but leave enough flexibility to manage other responsibilities. As a result, part time workers may incur less stress. Evidence from the 1992 General Social Survey indicates that part time workers are less highly time stressed than full time workers (11 percent compared to 19 percent respectively) — a conclusion which was true for both men and women.<sup>41</sup>



Source: Prepared by Centre for International Statistics using 1995 Survey of Work Arrangements microdata.

However, as already demonstrated in section III an increasing proportion of workers are involuntarily choosing part time because they cannot find full time work — a finding that is reiterated in other studies.<sup>42</sup> Part time work does involve some cost issues for individuals. Wages are lower, benefits may not apply to part time workers and the way hours are allocated may not accord with individual preferences. Overall, in 1995 part time hourly wages were 67 percent of the wages of full time workers. In 1995, the proportion of part time workers had access to benefits was considerably lower than full time workers. Only 19 percent of part timers had access to pension plans compared to 58 percent of full time workers. Health plans were available for 68 percent of full timers but only 18 percent for part timers. Corresponding figures for the dental plan were 63 percent compared to 16 percent; for paid sick leave 66 percent for

<sup>41</sup> See Fast and Frederick *op. cit.*

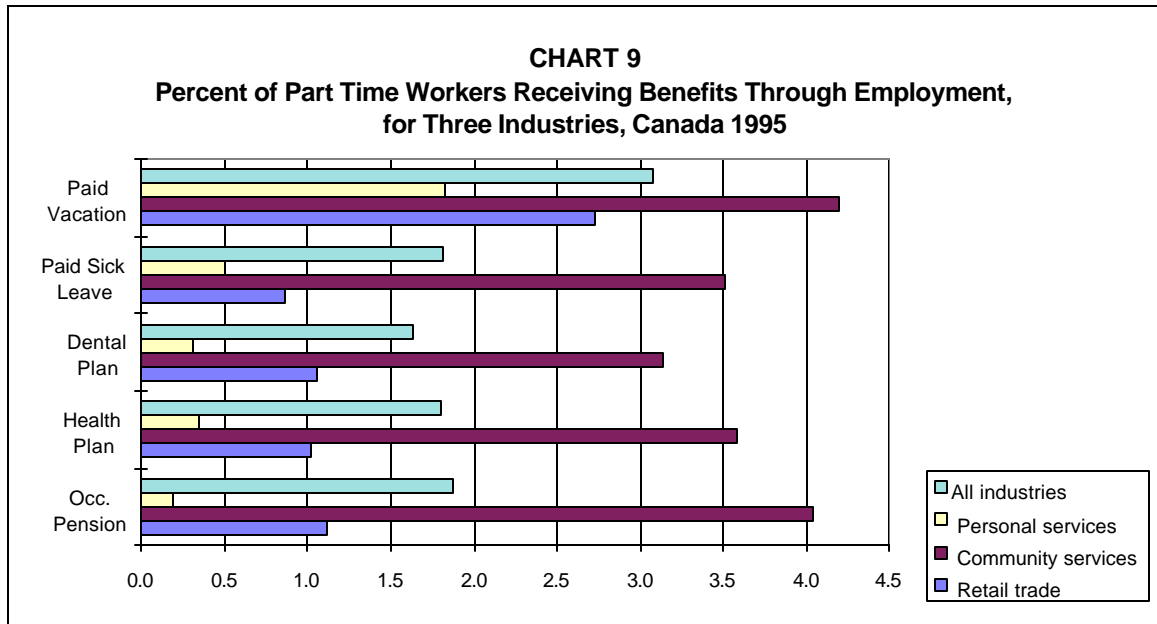
<sup>42</sup> See Canadian Labour Congress *op. cit.*

full timers and 18 percent for part timers; and paid vacation was available for 82 percent of full timers but only 30 percent of part time workers.

	<u>All</u> <u>Employees</u>	<u>Full time</u> <u>Employees</u>	<u>Part time</u> <u>Employees</u>
<b>Occupational Pensions</b>	51.2	58.9	18.7
<b>Health Plan</b>	59.0	68.7	18.1
<b>Dental Plan</b>	54.8	64.0	16.3
<b>Paid Sick Leave</b>	57.0	66.3	18.1
<b>Paid vacation</b>	72.5	82.4	30.7

*Source: Prepared by the Centre for International Statistics using 1995 Survey of Work Arrangements microdata.*

These overall figures mask some significant differences among industries with large numbers of part time workers. The three industries with the highest incidence of part time workers—personal services, community services and retail trade — exhibit quite different treatment of part time workers. Together these three industries accounted for 71 percent of all part timers in 1995. Part time wages as a percent of full time wages are above the average in all three industries. However, the provision of benefits is markedly different across community services, personal services and retail trade. In community services the proportion of part timers receiving benefits is well in excess of the overall averages and in some cases over twice the average figure (40 percent of part timers in community services receive occupational pensions compared to 19 percent overall). In retail trade, the proportion of part time workers receiving benefits is below the overall average while in personal services the proportions of part timers receiving different benefits were the lowest among the industries for which data was available (see Data Appendix for more detail).



*Source: Prepared by Centre for International Statistics using 1995 Survey of Work Arrangements microdata.*

The chart shows arrangements for part time workers can vary enormously among industries. Part time arrangements are best worked out between individuals through their unions, where they exist, and employers to account for the interests of both parties. A significant number of part time workers work shift, e.g. retail trade. The issue is therefore to obtain predictability of work hours. Consequently, the method of allocating hours to part time workers is important for ensuring that hours of work complement rather than clash with other time commitments and objectives. In the retail trade, for example, there are currently two systems of allocating work hours: one system seeks to provide sufficient hours for part time workers to make an income to support themselves, the other system caps the hours a part timer can work, thus increasing employment of part timers but at lower incomes and benefits. The two systems are quite different but both have been worked out through collective bargaining.

In summary, part time work can provide a way of meeting diverse time responsibilities and help firms retain their skilled personnel. However, the lower wages, benefits, training and career advancement opportunities that are often available for part time workers underlie a desire by workers for greater economic security. Much of the effectiveness of part time as a working alternative will depend upon the precise arrangements established and the degree to which interests of these workers are adequately expressed.

## Summary

Changes in the labour market and the business environment are leading to new practices around work arrangements.

- Flextime is used by a quarter of paid workers, though there is a heavy concentration in white collar occupations particularly professionals. Flextime can help in managing the

different time pressures of work, family, career and social interests. It is also associated with lower stress levels and can help employers retain skilled workers.

- Home based work has grown in the 1990s and is used by about 10 percent of the workforce. However the range of specific work arrangements and reason for this arrangement vary enormously. In 1995 44.3 percent of home based workers did so because it was required by the job with little choice for the employee to do otherwise. For those workers with a choice some chose it because of better working conditions (14.5 percent), other work related reasons (12.9 percent), savings in time and money (7.8 percent) — only 4.1 percent chose it to care for children or other family members.
- Compressed work weeks are used by less than 10 percent of the workforce. They do not appear to be chosen for reasons of accommodating work and family responsibilities and in some cases they have been identified with higher stress levels. Nevertheless some unions and companies continue to explore this option.
- Reduced work weeks have been argued for by unions as a means to create more employment opportunities. Employers argue such arrangements could add substantially to costs. Many issues need to be addressed on reduced work weeks and there are only a few examples of this arrangement in Canada.
- Changes in shift arrangements have been used to minimize lay-offs or create employment opportunities. Approximately one quarter of workers are engaged in shift work — an arrangement that appears to be uncorrelated with stress. Overtime is a key issue in changing shift arrangements.
- Job sharing has been proposed as an option where workers can retain a job but free up time for career development or raising a family. The arrangement does involve significantly lower incomes and benefits and consequently the take up rate is low — less than 2 percent of workers are job sharers. However in one of the case studies approximately 20 percent of workers were job sharing and it had worked well.
- Part time work is performed by 19 percent of all workers and has grown steadily over the last two decades. Arrangements around part time such as wage and benefits vary enormously across different industries. In the three industries with the highest incidence of part time workers — personal services, community services and retail trade — part time wages as a percent of full time wages are above the average in all three industries. However, the provision of benefits is markedly different across these three industries.
- In addition, in some industries such as retail trade, substantial numbers of part timers work shifts. Arrangements around allocation and predictability of work hours are therefore important sources of concern for these workers.

As demonstrated by the evidence presented in this review, these different arrangements are becoming more widespread. However, there remains a large variance in how these responses to change are implemented in practice and the process by which they are developed in different areas of the economy. To describe and analyse these differences a number of case studies were conducted of arrangements in specific workplaces. The results of this research are presented in the next section.

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## V Case Study Evidence

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The body of evidence reflects a diversity of experience from different workplaces across different industrial settings. The documentation of the cases has been done on a consistent basis so that some comparative analysis of the different experiences is possible. A summary of this comparative experience is presented here (see Table 6 for a compilation of the cases). A complete set of cases is contained in the companion document entitled *Case Studies of Alternative Working Arrangements and Changes in Working Time*.

The context of change varied among the cases, but was indicative of the changes in the business environment and labour market described in Section II. On the business side, there was a recognition in all cases that the operational activities would have to be changed and new practices introduced. In some cases, this involved restructuring the company following an acquisition (InterFor) or a program of modernization and greater flexibility at the workplace level (Alcan). At the Royal Bank there was an imperative for change in response to an evolving market and customer demands brought about by technological and demographic changes. In the public sector, the City of Winnipeg-CUPE case, budgetary concerns were of prime importance for management along with recognition at a working level that various practices would have to be changed. Competitive pressures and the attendant cost pressures were uppermost in the mind of management at the independent Toronto Star newspaper in contemplating changes in work arrangements.

Concern on the labour side reflected the importance of jobs as well as the increasing stress levels that many employees were feeling. These stress levels resulted from time pressures in meeting work and other responsibilities, as well as a desire to explore more flexible options to improve their quality of life generally. Job losses were a principal concern to labour in both the Alcan case and the InterFor case. At Alcan in Jonquière, Quebec, the situation was underlined by the high unemployment rate in the region and the imbalances that were clearly evident in the community. Consequently, demands came from union members who had been laid off to find solutions to share the available work. The company was willing to negotiate some change in order to reorganize work and introduce greater flexibility among the different trades; to improve labour management relations, and to modernize much of the industrial capacity of the plant. At InterFor, the concern was job losses resulting from restructuring which was necessary after the acquisition of two saw mills and timber rights. The initial plan was rejected by the union. In negotiation with management the two sides sought ways to minimize the job losses while still allowing the company to meet its corporate objectives and achieve flexibility in production.

Juggling different responsibilities were important concerns among employees at the Royal Bank, City of Winnipeg, and the Toronto Star. Surveys at the Royal Bank conducted in the late 1980s provided evidence of this increasing time crunch felt by many employees. The accommodation between work and family was one of the most frequent causes of time problems in all three cases. This was particularly true for women, especially those with young children. Other individuals sought ways to develop their careers while still retaining a job — a situation which again added to time pressures and stress. At the other extreme, many older workers at both the Royal Bank and at the City of Winnipeg sought ways to ease into retirement or options for

retiring early. However, scaling back on work hours through job sharing, part time or reduced work weeks would have significant repercussion for individuals' pensions.

<b>Table 6 THE CASE STUDIES IN SUMMARY</b>			
<b>Company</b>	<b>Union</b>	<b>Context of Change</b>	<b>Arrangement</b>
Alcan, Jonquière, Quebec	SNEAA	Loss of jobs in region with high unemployment  Modernization of plant	Sharing of work to preserve jobs  Reorganisation of work
InterFor, Lower Mainland, B.C.	IWA Local 1- 3567	Company restructuring  Job loss	Changed shift arrangements  Reorganization of work
Royal Bank	Non-union	Changing marketplace  Work and family time pressures	Flexible work arrangements program: variable hours; job sharing; home based work; flextime; modified work weeks
City of Winnipeg	CUPE Local 500	Budgetary concerns  Time pressures	Flexible work arrangements
Toronto Star	CEP Local 87M Southern Ontario Newspapers Guild (SONG)	Increasing stress levels and time pressures  Financial concerns in competitive market	Flexible part time; compressed work weeks; job sharing

*Notes:*

*CEP: Communications Energy and Paperworkers Union of Canada*

*CUPE: Canadian Union of Public Employees*

*IWA: Industrial Wood and Allied Workers*

*SNEAA: Syndicat national des employés de l'aluminium d'Alouette inc*

In accordance with the business and labour interests in new work arrangements previously discussed, the evidence from the case studies is presented in the same context: preservation/creation of jobs; work and family; part time work; operational flexibility; impacts on costs and productivity; and skills and morale. The section concludes with a brief discussion of the impact on business-labour relations.

It is important to stress that the specific clauses agreed to were components of a complete agreement where both parties were able to achieve their objectives through a number of trade-offs. The reader is referred to the companion document for a complete discussion of the cases.

## **Preservation/Creation of Jobs**

The two principal cases that address the question of jobs losses are Alcan-SNEAA and InterFor-IWA. At Alcan, the number of employees declared surplus had averaged approximately 500 between 1992 and 1995, and affected workers with significant seniority. Between 1989 and 1995, employment at the Jonquière complex fell from 4,960 to 3,109. In a community where alternative jobs were few (the published unemployment rate was 14 percent for the region) the imbalance between laid off workers and those still employed in good jobs was clear in such a small and close knit community. The response to this situation in the collective agreement of 1995 was to seek innovative ways to share the work. The principal ways in which this was achieved were through the banking of unpaid hours; the payment of overtime by time off; the integration of statutory holidays into workers' schedules; and greater training efforts.

The banking of unpaid hours, known as the 40-38 program, was a key element in the agreement to share employment. It was also a voluntary program. Participants continued to work 40 hours per week but were paid for 38 (office employees had a similar system on a 35-33 basis). The two unpaid hours were put into an hours bank which the company had agreed to use to recall previously laid off workers. As an incentive to participate in the program, workers received more vacation (an average of 11 days per year) and their hourly wage rate was augmented by 25 cents. This program has proved both successful and popular. Fully 70 percent of the workforce or 2,300 workers participate in this program and the result has been the hiring of 112 workers who had previously been on layoff. Many of the people re-hired had not found a job since their layoff and had been on welfare.

Under the Alcan-SNEAA agreement, a previously voluntary program to pay overtime hours in time off was made into a compulsory one for those hours actually worked in overtime. (The bonus half time, however, could be paid in cash or added to one's vacation entitlement at the choice of the individual.) Together with the 40-38 program the combined effect was to facilitate the creation of permanent positions for those workers currently in temporary positions.

The agreement between the company and the union has also integrated 12 statutory holidays into workers' schedules that had previously been outside the schedules. These workers would now receive the day off while surplus employees would now work the holiday. This represented another way in which to reabsorb previously laid off workers back into the continuous operation. This scheme is at the discretion of the individual worker and was able to create a few jobs at a smaller Alcan complex.

Alcan also committed to doubling the training effort over the life of the agreement. Increased training and development meant that surplus workers would be used for training relief. It is important to note that government support was provided to the agreement to cushion the impact on lower incomes. However, the government support from both federal and provincial departments declines by 50 percent each year and disappears after the third year.

At InterFor, a comprehensive plan negotiated in 1996 managed to reduced the original intended number of layoffs from approximately 200 to an anticipated number of 40. This was the result of many elements including a different restructuring of the four saw mills in question. A further measure was to take advantage of the BC Forest Renewal Plan (which was established

specifically for improving and developing the forestry sector in B.C.) to create 87 new jobs in such activities as enhanced silviculture, training, relief in fibre recovery, and new apprenticeships.

Of particular interest were the changes in shift arrangements that permitted reduced job losses through the transfer of employees to other mills. The first step in achieving this was the establishment of a master list of displaced employees according to seniority across the three affected mills. These employees were then allocated across a number of other InterFor mills where additional shifts were implemented (in one case this a temporary measure until a new small log mill at one of the affected mills was operational). The additional shifts would be accompanied by reductions in overtime, but would also result in an increase in production at each of the facilities. Some of the new job arrangements were thus designed to reduce overtime and also resulted in more workers in the mills. Without this reduction in overtime hours, the introduction of new workers into the mills would simply increase the company's costs and hinder the effective transfer of workers from closed operations.

Preservation of jobs was thus a result of changing shift arrangements, reductions in overtime as well as additional jobs resulting from training and apprenticeships. The company was also able to achieve greater flexibility in production and to have a continuous production cycle through innovations in shift arrangements at one new mill.

It is important to stress in both cases that the arrangements which permitted the preservation or re-hiring of laid off workers was part of a complete package where both parties were able to accomplish their objectives, through the different trade-offs to which they agreed. The unions in both cases agreed to discuss operational flexibility, while the IWA recognized that some mills would close.

## **Work and Family**

Issues surrounding work and family as well as work and other responsibilities were felt by employees at the Royal Bank; CUPE members at the City of Winnipeg; and CEP/SONG members at the Toronto Star. In all three cases new work arrangements were introduced in order to allow workers the possibility to accommodate the different time pressures between work and other activities. Part time work was one option pursued, but it is discussed separately because of the broader issues arising from part time work.

The way in which the new work arrangements were developed differed among the three cases, reflecting the different industries and industrial relations environments. At the Royal Bank, which is principally a non-union employer, the various programs to assist workers in terms of work and family responsibilities were tied into a comprehensive package of options under the Work, Family, Life (WFL) program in 1990. This program was developed by the company following surveys and consultation with its employees. By contrast, the arrangements at the City of Winnipeg and CUPE were developed in a collective bargaining framework over a number of years, often outside the main collective agreement. Many of the arrangements were introduced on a pilot basis which allowed an evaluation of them before formally incorporating these practices into the collective agreement. At the Toronto Star, the new work arrangements were proposed by the union and became part of the most recent collective agreement, although an agreement on job sharing had been incorporated into a previous collective agreement. The push

to construct a formal agreement on practices that would address work and family concerns reflected the high priority employees attached to them. With similar motivations in all three cases the process of developing the responses to work and family issues displayed significant differences.

Given these differences in the development process, differences in the application of the new work arrangements might also be expected. In the unionized environments of the Toronto Star and the City of Winnipeg, the process was more formal as specified in the collective agreement, while the process at the Royal Bank was more informal and decentralized. However, even within the unionized environments, the collective agreement tended to specify the general framework but the actual working out of the flexible arrangement would be left to the individual employees and managers directly affected by the changes in working practices. The specific adaptations point to a decentralized structure for developing new work arrangements, one that is possible in both a unionized and non-unionized environment.

The range of flexible work arrangements designed to deal with work and family issues across the three cases were similar. Job sharing, for instance, was used in all three cases and in all three cases there was a history of a previous arrangement. The Royal Bank found such an option was particularly useful in professional and managerial positions. At the Toronto Star, job sharing was used among editorial and finance and administration staff while the City of Winnipeg used it across a variety of occupations. Renewal times of the arrangements varied from six months (Toronto Star) to one year (City of Winnipeg) to no uniform limit (Royal Bank). In all cases, the most numerous users were women with young children, reflecting the importance of such an arrangement in dealing with work and family responsibilities. In general, the job sharing scheme was one of the more successful arrangements, probably because it was one of the longer established arrangements and had been evaluated previously in all three cases. Notwithstanding, job sharing is not an option that is open to all because of the financial implications for a household.

Flextime was used in both the CUPE-City of Winnipeg case and the Royal Bank and involved flexible start and finishing times. In both these cases there was very little formal structure, though all parties were interested in the question of flexible hours. In the Winnipeg case a flexible hours committee has been established to further examine the different options. At the Royal Bank the precise details are determined by the employee and the manager, with the only requirement being 37.5 hours of work in five days. Modified work weeks, including compressed work weeks and reduced work weeks, were used in varying degrees across the three cases. These tended to reflect the nature of the work.

Home based work was used only in the Royal Bank. The absence of this option in the other two cases may reflect the notion that home based work is not generally regarded as a solution to work and family issues. SWA evidence indicates that only four percent of people chose home based work in 1995 for reasons of child care.

These arrangements have exhibited varying degrees of success. Those with a longer history, such as job sharing, tended to be used more and were more successful. At the Royal Bank, approximately 25 percent of Royal Bank employees participate in some form of flexible work arrangement. There are approximately 1,100 employees who have chosen to job share. Fully 95 percent of these are mothers with young children who seek the arrangement to be able to

manage work and family responsibilities. Others have chosen job sharing in order to pursue other life needs such as education. A few older employees have adopted job sharing as a means of phasing in retirement. In other practices, such as the modified work week, the split between male and female workers choosing the practice is much more even.

In the CUPE-City of Winnipeg case both the union and employer agree that the initial results of the job sharing scheme pointed to a successful program. It was mainly subscribed to by women with pre-school children. Some men who wished to pursue family or education goals also job shared. Its success was partly due to changes made as a result of the evaluation of the initial pilot project.

The flexible arrangements at the Toronto Star and CEP/SONG Local 87M have been used primarily to meet work and family responsibilities, though the program has also been used by some employees for career development. One job sharer for instance used the extra time to successfully pursue a degree.

The Toronto Star and Winnipeg cases have not completed a formal evaluation process of all the flexible work arrangements and their impact on employees. The general perception on both sides is that the arrangements, where implemented, have improved morale among employees and have improved the operation of the organization.

An evaluation of the flexible work arrangement options at Royal Bank was completed by an outside agency in 1994 after four years in operation.<sup>43</sup> This evaluation surveyed 308 managers and 545 employees who were actively involved in a flexible work arrangement. The results indicate important reductions in stress — 76 percent of employees reported this to be the case, with 71 percent indicating that their energy level had increased. Employee satisfaction was generally affected positively as a result of taking advantage of a new flexible work arrangement option. Fully 95 percent of employees were satisfied with the flexible work arrangement. Seventy percent indicated that their attitude on the job had become more positive. Among managers, 98 percent felt that employees were satisfied with the arrangement and 57 percent indicated that attitudes among employees had become more positive.

The same survey also identified the conditions of success, and placed much emphasis on co-operation and communication both between co-workers and between employee and manager. This was particularly true for those who were job sharing. Employees stressed that the challenges in working out new work arrangements — preparation of the initial proposal, modifying job tasks, scheduling and negotiation could all be resolved through proper communication and co-operation between employee, supervisor and co-workers. Managers identified that the most significant challenges were scheduling, planning, modifying job tasks and employee compatibility. Their overall response to flexible work arrangement was positive.

Finally, the scheduling changes at InterFor also affected families. Generally, the weekend maintenance shift is popular with older workers but not with workers who have school aged children. For the latter, weekends are an important part of family life.

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<sup>43</sup> Canadian Work and Family Services *Royal Bank of Canada Work & Family Program Employee/Manager Surveys*, Toronto 1994.

New flexible work arrangements can help achieve lower stress among workers by helping them to accommodate work and family responsibilities. The cases demonstrate the different possibilities and the importance of effective implementation of new work arrangements.

## **Part Time Work**

While a part time arrangement may accommodate work and family or other needs, the precise arrangements under which part time work is established and the degree of choice it provides is of critical concern for individuals and employers. Among the cases, the CEP/SONG-Toronto Star and the Royal Bank both have significant amounts of part time employment. Part time employees are used only to a limited extent in the City of Winnipeg case.

The part time arrangements at the Royal Bank and the Toronto Star both provide elements of choice for employees and managers. They also allow for a period where behaviour and outcome are certain and predictable for both groups, though the environments within which the arrangements operate are quite different. The agreement between the Toronto Star and CEP/SONG, for instance, allows any eligible employee in a regular full time position to seek a flexible part time schedule. This precise schedule is determined subject to operational requirements in the department; the initial transitional period is between six to twelve months. After this time, the arrangement may be renewed, following a request to do so, and at the employer's sole discretion, for a similar period of time. An innovative part of the agreement allows the employee to revert back to full time status without a loss of seniority after the period of part time is complete. Alternatively, the arrangement can be made permanent by mutual consent of the employee and the employer. Such an arrangement provides choice for both the individual and the employer. The element of choice is a key part of providing flexibility for the employee while permitting flexibility in scheduling for the employer. The arrangement builds in certainty and predictability for both employee and employer for a period of at least six months.

At the Royal Bank, employees may work variable or reduced hours. Prior to March 1996, many of these employees were classified as part time or casual and accounted for 27 percent of the company's workforce. In March 1996, the bank moved to eliminate the different designations between part time, casual and full time employees. Employees may request some variation or a reduction in hours. The precise scheduling details would be worked out between the individual and the manager. This arrangement can provide flexibility for the employer and, where required, the employee. The precise arrangements for variable or reduced hours can vary according to individual circumstances and corporate objectives.

Another long standing issue relating to part time work concerns the pro-rating of benefits. There are examples of pro-rated benefits for part time workers in the case evidence. In the CEP/SONG-Toronto Star case, while an employee is on a flexible part time schedule, benefits are adjusted on a pro-rata basis. Furthermore, any temporary help hired to fill in for the previous full timer will not affect the status and base hours of existing part time workers.

At the Royal Bank one result of the elimination of the part time category is that more employees became eligible for a full range of benefits as well as cash incentives. Previously, regular part time employees who worked less than 15 hours per week were not eligible for full health and dental benefits although they were eligible for all other benefits and cash incentives. Under the new system all employees are now eligible for cash incentives regardless of hours worked.

Employees who work on an ongoing basis are eligible for full benefits with no minimum hours criteria. For those with intermittent hours, an threshold related to pensionable earnings applies. Royal Bank estimates up to 7,500 employees will benefit from this change which will cost approximately \$5 million annually.

Under the City of Winnipeg-CUPE agreement part time workers also receive pro-rated benefits, with the exception of paid maternity leave (which is not available for part timers). It is important to note that many of the part time jobs, particularly in libraries, have been consolidated over several years into full time jobs and the ratio of part time to full time staff has fallen.

Successful use of part time work as an element of a new work arrangement requires choices for both the individual and company. The cases also provide evidence of pro-rating benefits for part timers. For the individual employee this may be a critical component of any decision to move to a part time or variable hours regime. Once again it is worth stressing that all of these measures were part of a complete package that were able to satisfy both employee and management objectives.

## **Operational Flexibility**

In addressing new work arrangements the need for greater operational flexibility was one of management's prime motivations. This was true in all cases, though the term had different practical meanings among the various workplaces. This greater flexibility in production and service provision is a recognition of and response to changing market and economic environments.

In the Alcan-SNEAA case, negotiated changes in the organization of work provide for greater flexibility among different trades, and the ability to alter responsibilities and tasks. In particular, 22 classifications for trade employees were merged into six groups. Similar decompartmentalization was achieved among service workers and operators, whose job descriptions now included some maintenance activities. The company sought to modernize some of the industrial capacity. Alcan was able to achieve many of these aims and provide a compensatory increase in hourly rates over the length of the agreement. The training component was increased to develop skills required for the new forms of work organization (such as team building, communication skills, problem solving, inter-personal skills and trade flexibility).

At InterFor, it was clear to both the union and management that operational flexibility meant restructuring (and closing some) of the older mills in order to improve the production and distribution of lumber among the company's mills in the region. Through various shift arrangements the company was able to achieve greater flexibility in its continuous production. One innovative shift arrangement allowed continuous production 21 hours per day, through lunch and coffee breaks. Sufficient flexibility was built in so employees could relieve each other through these breaks. Closing some mills meant consolidating production at other mills, which has allowed the company to increase productivity through better use of machinery. In addition, consolidating production at one location improves control over the quality and type of lumber produced and provides efficiency improvements in production. Interestingly, greater flexibility appears possible within a larger structure of mills than in a single mill. A larger structure of mills, however, can result in a less uniform implementation of negotiated agreements.

At the Royal Bank, new work arrangements were designed to meet different and evolving demands from customers and allow the bank to take advantage of new technological possibilities. In such a labour intensive industry this inevitably meant retaining important skills and providing its workforce with the flexibility to meet customer demands. New work arrangements and operational flexibility were thereby complementary.

The City of Winnipeg management introduced a continuous improvement program, with the acknowledgement of the union, in its attempt to provide more flexible service such as longer opening hours, and better service quality.

Precise arrangements at the Toronto Star often reflected the varying nature of work across departments. The company found, for instance, it was able to cover peak hours and meet work deadlines by using compressed work weeks. The scheduling was made more flexible within the demands of the operation. Similarly, for some jobs in the Social Services Department at the City of Winnipeg, because of the nature of the work (which was not conducive to job sharing) reduced work weeks were available to employees instead. The company recognized that flexibility in work schedules could be used to better employ its workforce among the various shifts.

New work arrangements in these cases provide a means for companies to enhance the flexibility of their operations. Once again the magnitude of this depends upon the details of implementation.

## **Impact on Costs and Productivity**

In most cases, probably the most important business concern was the cost impact, together with offsetting any productivity gains. As previously mentioned, additional costs may arise from increased fixed costs of hiring workers, increased administration costs for new diverse work schedules, as well as associated pay issues. On the other hand, productivity gains can result from a more motivated workforce and a better use of time and technology.

One interesting outcome of the different workplaces relates to the very different views on cost. For some, the increased costs may represent an investment in the future viability of the company — the return from which will not be immediately forthcoming.

At Alcan the company recognizes there is an impact on costs from the work arrangements and work sharing, mainly from the fixed costs of new hires and a small increase in the hourly rate. The total additional cost is estimated at \$24,000 per year per new worker. However, over the long term, Alcan believes that any immediate increases in costs will be offset by the new, more efficient, forms of work organization relating to significant flexibility among trades. These are seen by the company as essential to increasing productivity and guaranteeing the economic viability of the Jonquière complex and its employees in the future. In essence, the future productivity gains have been borrowed against to help facilitate important and necessary changes in the organization at the complex.

An increase in costs resulting from wider access to benefits among the workforce was also evident at the Royal Bank. In fact, the company was careful to emphasize that factors other than the additional \$5 million cost were important to the evaluation of flexible working arrangements. The purpose of the flexible work arrangements was to bridge the link between shareholder and

customer demands. Ultimately, improving the options for employees helps them achieve lower stress levels and meet other needs, but it also helps the bank improve customer service and maintain an edge in the provision of banking services. In an industry where customer service is a vital part of business, such programs make sense in terms of quality of life and improved performance. As more and more companies in different industries are focusing on quality issues and customer service needs, such an approach indicates a way to meet both social and economic objectives.

Evidence from the bank's survey of flexible work arrangements shows productivity improvements were generated following the new arrangements. Fully 56 percent of employees reported their productivity had increased (the rest reported it had remained the same) and 33 percent of managers reported an increase in employees productivity (only three percent reported a decrease). Similar results were reported on lateness and absenteeism. Among employees, 62 percent reported being late less often, which was supported by 47 percent of managers. Reduced absenteeism resulted from the increased flexibility for employees to manage work and other responsibilities. This was particularly true of planned absences such as medical appointments. The result was that 73 percent of employees stated they were absent less often and 62 percent of managers agreed that employees' absences had declined.

At the Toronto Star the company insisted in collective bargaining that new working arrangements would be permitted so long as no additional costs are incurred. This likely reflects the nature of the newspaper industry which has steadily become more consolidated in recent years. Newspapers have sought to expand their range of services in order to maintain their share in an overall declining newspaper market. There is also significant competition from other media such as On-line Media. As the Toronto Star is one of the last independent newspapers in Canada, it is not surprising that competitive pressures have been translated into a preoccupation with costs. There are several negotiated arrangements in place though a formal analysis has not yet been undertaken. There is a perception among the union and its members that less overtime was worked following compressed work weeks because it was discovered that the rescheduling of staff enabled adequate staffing during peak periods.

In the public sector, financial considerations are of universal concern. The City of Winnipeg was no exception. There were particular cost items of concern to management such as sick leave pay-out and, based on previous experience, potential wage increases. The formula for sick leave pay out was amended for current workers and abolished for any new workers. The program of better service delivery, which was undertaken with union co-operation, improved the cost effectiveness of service provision due to flexibility in scheduling of hours. Early retirement was another way of addressing financial concerns. By offering retirement to long serving workers at high levels on the pay scale, and employing younger workers at entry level wages, some financial savings could be made. To date, nearly 300 people have chosen this option. However, political events outside the collective agreement have meant that many of these workers have not been replaced.

An influential factor affecting cost can be government support. At Alcan, such support was used to offset some income losses of workers as a transitional measure only. Government funding between the province and the federal government declined to zero over the three year agreement.

Government support was also influential in the InterFor case where the revised and negotiated plan did not impose any additional cost on the company from the original restructuring plan. Government support helped provide for additional jobs in areas that would improve the resource through a fund previously established for such purposes. Since the agreement, management have some concerns that overtime has not been reduced to the extent that the company anticipated. However, the causes of this seem to be of a local nature. (It is important to distinguish between a long term goal and short term issues raised by implementation of a plan. Any change will lead to new concerns for those affected. This should not prevent the pursuit of long terms goals). In addition, transportation costs have decreased in some mills.

There are clearly differing views on the nature of costs under new work arrangements. The case evidence suggests that the size of the costs of new work arrangements, which can be viewed as an investment, are not as large as might first be perceived. This is likely to vary among specific locations.

## **Skills and Morale**

In many cases, the development of the new working arrangements was related to maintaining and improving the skill levels and morale within the existing workforce. While not a direct result of new work arrangements in all cases, the retention of skilled and motivated staff is an important ingredient of workplace change generally. Part of the package of the new working arrangements at Alcan included a doubling of the training effort and the use of surplus employees to assist in this. Specific existing skills were to be developed and maintained and new skills appropriate to the new forms of work organization were to be an essential part of the doubled training effort.

Retaining and recruiting highly skilled personnel was part of the reason for the development of the Work Family Life program at the Royal Bank. In the late 1980s, the pressures felt by employees in juggling different time commitments had meant that the bank was facing difficulties in its continued ability to recruit and retain the particular employees it sought. Without such employees, the bank could suffer and market share be threatened. Consequently, the flexible work arrangements developed were designed to provide more options for its workforce. In 1996, the total training budget for employees was \$90 million.

Increased training was also an outcome of the restructuring package worked out together at InterFor.

Training and skills development are important elements associated with new work arrangements since attempts to increase operational flexibility often means some work reorganization and new skills requirements. It has already been noted that new work arrangements have improved morale in many of the cases.

## **New Work Arrangements and Business-Labour Relations**

One result that was remarked upon in all the cases was the effect on business-labour relations. In all unionized workplace cases both sides recognized that the development of new working arrangements was an important part of a new relationship between the union and management.

On the one hand, new work arrangements were a recognition of improved business-labour relations. On the other, they helped to enhance this relationship. At the only non-unionized workplace examined, the evolution of the flexible work arrangement options has marked a continuing culture change in the relationship between employees and management. The arrangements were developed in consultation with employees and are implemented at the local level. In fact, head office has very little other than policy involvement with the precise arrangements in the branches.

In the InterFor case, a participative management approach between InterFor and IWA Local 1-3567 concerning workplace reorganization in some mills was already in evidence before the restructuring plan of January 1996. This prior initiative included a recognition of employment security and a joint discussion of work reorganization. It is questionable that such a revised restructuring plan in 1996 would have been completed without such prior experience, particularly because the arrangement was in contrast to the more adversarial relationship that had traditionally existed in the sector. In retrospect, the prior arrangement was a worthwhile investment of time and effort.

While the earlier arrangement provided the groundwork, the negotiations that led to the 1996 plan were generally recognized by both management and the union as tough but worthwhile as a joint approach in the long run. It would be misleading to say that there were not divisions within both parties as to the appropriate course of action to pursue. Some senior management argued for a more traditional approach with expedient actions. Reactions within the IWA local varied among the various mills where the impacts of the restructuring plan differed. In the end, it was no mean feat that the negotiators were able to satisfy fellow management and unionists and reach an agreement with the other party in the negotiation. The presence of representatives from senior levels of management and the union was critical in achieving this result. In the end, the restructuring plan and the new shift arrangements negotiated has helped to build greater trust and mutual respect among the two parties. This is important because such adjustments will not be the last in the forest products sector.

In the other three cases — Alcan, Toronto Star and City of Winnipeg — the new arrangements were regarded as part of a new working relationship between business and labour. Improving business-labour relations was a stated objective of Alcan management in the negotiations, who sought opportunities for joint activities around job sharing, employment creation and work organization. Certainly the innovative agreements on sharing work demonstrate a different approach. The Alcan agreement has attracted much attention both in the media and among labour market participants. Other Steelworker Locals and other unions have expressed an interest in exploring similar options. At the CEP/SONG-Toronto Star there was some caution expressed, particularly in regard to costs, when new flexible work arrangements were first discussed. However, the negotiation and experience with the new work arrangements have led both sides to recognize, in retrospect, that the negotiations marked a different course from previous agreements and an improved relationship between the two.

In the CUPE-City of Winnipeg case, management also wanted to change the style of bargaining to one of interest-based bargaining. At the working level, the development of new working arrangements showed the potential for this. However, one of the characteristics of the public sector compared to the private sector is the extent of political overlay. Ultimately, elected

politicians make important and far reaching decisions in any government. Arrangements that may have been agreed to at the working level can be impacted by decisions at the political level. In early 1996, the City Council voted to restrict hiring and established a Committee that would review every vacancy. As a result, hiring in the City of Winnipeg came to a standstill. Many of the management vacancies were back-filled and many of the early retirees were not replaced. Workers in other positions were expected to pick up the slack which increased their stress levels. Both the union and employer agreed that the general level of service has been compromised following these unforeseen changes.

Such events do not disprove the usefulness and the intentions of good relations at the administrative level. The new work arrangements were successful. In fact, management-union relations at the working level have remained good despite the larger political factors. The case may therefore be useful in what lessons it may point to when contemplating significant change in a workplace, particularly around working arrangements.

New working arrangements can help business-labour relations, or may be the result of improved industrial relations. In other words, new working arrangements can be an integral part of an evolutionary process.

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## VI Conclusions

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The discussion over new work arrangements is but one part of a larger debate over the future of work. Part of this debate involves a discussion over whether there will be a general surplus of workers in the economy in comparison to the number of jobs available. For some, it is how work is and should be distributed among the population as well as the preparation of potential labour market participants for work. Work arrangements represent one area where individuals, unions and businesses can affect the distribution of work in response to changing labour markets and business environments. These arrangements are compliments to other important factors that can shape the future of work such as education, training, general macroeconomic policy and the industrial relations climate.

Given the potential long term implications of the apparent economic insecurity felt by many Canadians it is important to recognize the urgency for all parties to address the disturbing and potentially divisive implications of these trends. It is important that Canadians engage in a lively discussion and debate over how work is distributed, and the issues to be considered in redistributing work.

As part of a contribution to the discussion and debate over changing work arrangements, this report, through an examination of workplace examples, has argued that these arrangements can:

- 1) have a positive impact on jobs through innovative schemes and work sharing;
- 2) provide the flexibility companies need to provide goods and services to a more diverse set of customers and demands.
- 3) fundamentally affect the quality of life of individual workers through policies that promote work and family, work and education and better treatment of part time workers; and
- 4) enable companies to retain the necessary skills to operate effectively.

It is possible for both labour and business to achieve some of their objectives through discussions around new work arrangements. There seem to be some common threads regarding the elements that help to make such discussions successful. At the same time, there remain areas of research which have not been fully explored and require further study. The report concludes with a discussion of the elements of success and the agenda for future research.

### **Principles and Elements of Success**

The evidence of the previous section and the companion document present a diverse but consistent body of information on new work and work time arrangements from five case studies. These cases have been drawn from different industrial environments. While the research represents a necessarily limited body of evidence, it is possible to point to some important elements of success.

One overall point should be made from the case of new work arrangements, namely, the benefits that can flow from good communications between the different parties. The cases all indicate how dialogue and good communications between the parties have allowed for innovative approaches to similar problems. While some perceive risks in opening the channels of communication, the evidence presented here offers concrete examples of the benefits of this approach in establishing a process to accommodate different needs. A willingness to communicate must be present on both sides as a pre-requisite to developing innovative solutions to job creation/preservation, time pressures and flexibility issues.

The various elements of success are identified in terms of eight important principles that have been part of the continuing discussions between business and labour members of the Task Force guiding this project:

- 1) Choice for both worker and employer
- 2) Certainty and predictability for employer and employee
- 3) Addressing quality of life issues has payoffs for company and employee
- 4) Work within the constraints
- 5) Trade-offs between security and productivity are important
- 6) Agreed upon processes: joint approaches work best
- 7) Education and preparation of culture of change for managers and workers
- 8) Governments may have a role in support of business and labour

### ***Principle 1: Choice for both employer and worker***

There should be a recognition and demonstration of the principle of real choice for both business and labour in adopting new work and work time arrangements. Such arrangements should attempt to provide as much choice as possible for both employers and employees. The five cases all provide for varying elements of choice for employees and employers in how arrangements are agreed upon, in how they are applied, whether some schemes are voluntary or not, etc. Important elements for success are the building of a framework that allows for choice at different levels, as well as the explicit recognition of particular circumstances.

#### Recognize the importance of different levels in the organization.

Many of the cases show the operation of new work arrangements at two levels. The collective agreement itself sets the broad parameters and rules within which new work arrangements are to operate. In the case of the Royal Bank the company wide policies perform this function. At the working level, however, the detailed arrangements are developed by department or on an individual basis with respect for the impact on other workers. This type of structure seems the most common model and the one most likely to succeed. The case of the Toronto Star, for instance, allowed individual departments to devise their own plans that would meet the general parameters detailed in the collective agreement.

No single solution to every problem.

The research also provides a rich variety of innovative solutions. The arrangements, while similar in general terms, are limited only by the willingness of the two parties to arrive at solutions. It would be a mistake to search for a panacea among the case studies; each particular solution should take account of a particular set of circumstances. Given the rapidity and extent of changes in the wider economy, it is important to be aware of a variety of options. The sharing of work at Alcan was a response that reflected the situation in a region of high unemployment. Similarly, how the agreements on new work arrangements are implemented reflect the particular needs of the individual departments and employees, as is shown in the cases of the City of Winnipeg, the Toronto Star, and the Royal Bank. In some cases special arrangements have been possible. For example, at the Toronto Star one job sharer was able to keep the full benefits package because the other job sharer did not need it. All of these again reflect an element of providing flexibility and choice in deciding upon the final work arrangements.

### ***Principle 2: Certainty and predictability for employer and employee***

Certainty and predictability for both business and labour should be recognized as important for the introduction of new work and work time arrangements. Certainty and predictability provide stability for both sides as change is implemented in the workplace. Collective agreements provide this formally; whereas in non-union environments, head office policy guidelines can serve a similar function. At a working level, precise agreements between individual and manager provide for certainty and predictability on both sides. A process to review and adjust work arrangements enhances this ability. On the other hand, unanticipated events (as in the case of the City of Winnipeg) can undo much of the success of established work arrangements.

Arrangements pilot tested were generally more successful.

As one specific example of the introduction of new work arrangements, job sharing arrangements in several cases were successful where they had originally been established as pilot projects. A subsequent evaluation process provided information to make necessary adjustments and aid predictability of the process. Where alternative working arrangements had been tested this way, they tended to be more successful and more subscribed to. The City of Winnipeg and the Toronto Star cases both had job sharing schemes outside the collective agreement. Following evaluation and adjustment, these have been incorporated into the collective agreement and have been successful in meeting employee and employer objectives. In addition, each new work arrangement is initially operated on a trial basis.

Real costs to unplanned change.

Unplanned change will always occur and have to be dealt with. At the workplace level unplanned change imposes hidden costs on the company which will not appear in a purely accounting framework. One of the hidden costs of inadequately addressing change can be the loss of valuable employees. Employers must be internally creative in order to forestall possible skill shortages and the costs of losing valuable people and having to find and recruit suitably

skilled replacements. Innovative approaches can help to lessen the likelihood of unplanned changes and losses of skills from a company.

It should also be noted that there may be longer term costs of many actions which are not fully captured in short term accounting procedures. In many cases, efforts to retain and train employees may be less costly than losing some trained workers and having to hire others.

***Principle 3: Addressing quality of life issues has payoffs for company and employee***

Quality of life factors such as time pressures over work and family responsibilities can be one reason that employees choose to leave. New work arrangements can recognize the social perspectives of work and the effect such practices can have on the quality of life. Addressing the quality of life of individual employees can be beneficial for both the company's operation and the individual employee. An employee with less time pressure, for instance, may be more effective for the company, more satisfied with the job, and less stressed. The cases provide examples of how quality of life can be preserved or improved. In the case of the Royal Bank, the options relating to work and family are attempts to reduce the time pressures individuals face. The link between quality of life and how it can reinforce effects on the efficiency of business (e.g. customer service) is also clearly pertinent.

Use of a variety of measures to assess costs and productivity.

Discussing quality of life for employees implies that various measures need to be used to assess the costs and the benefits of new work arrangements. Such factors as morale, labour turnover, working environment and stress can be costs under ineffective work arrangements that can ultimately lead to a loss of market share. Improving the quality of life for employees, who provide an important link between production and the customer, is not only justifiable in terms of fairness but also makes good business sense. The various measures for quality of life should be incorporated as part of the discussions around new work arrangements in order to capture the different perceptions and realizations of the costs and benefits of new work arrangements. In addition, the costs of losing a skilled worker can be significant and need to be incorporated into discussions of change so that an effective plan for change based upon the real costs can be developed.

***Principle 4: Work within the constraints***

One of the key principles the Task Force has discussed is that developing alternative work arrangements should recognize the real constraints faced by both employer and employee in different sectors. This is important to ensure the long term sustainability of those arrangements. In the cases, this has been an crucial ingredient of success. On the business side the constraints may reflect competitive concerns. Among employees, level or security of income may be the main issue. New work arrangements relating to the preservation or creation of jobs may address this issue. Another constraint for employees is time: the need to meet conflicting or competing obligations and the associated stress. Arrangements that address issues of work and family may help respond to this constraint. Among the cases, the CEP/SONG recognized the cost constraints of the Toronto Star in a declining and competitive newspaper market, while the

company recognized a need for workers to find ways to reduce the time pressures of juggling different responsibilities. At InterFor, the IWA local acknowledged the need for closure of some mills, while the company recognized the union's need to minimize the number of lay-offs. New arrangements, in other words, should be based on real life and business needs, and not imposed on people.

Recognize development of new work arrangements is an evolutionary process.

As the labour market is undergoing a period of change, workplaces too are constantly facing new challenges and demand responses that reflect the needs and constraints of the employees and employers. Because of this constant change, work time and alternative work arrangements must evolve to meet these challenges. The joint discussions on a major restructuring at InterFor, for example, were made possible by a previous joint initiative over work reorganization in some mills. Previous arrangements regarding the banking of overtime at Alcan were expanded under the collective agreement. The Royal Bank has expanded its options under its Work Family Life program to reflect changes since its introduction in 1990. At both the City of Winnipeg and the Toronto Star, previous job arrangements which were outside the previous collective agreement were incorporated into the current agreement. At the same time this process has engendered further discussions of other new work arrangements as part of the evolutionary process.

***Principle 5: Trade-offs between security and productivity are important***

The link between productivity and security has been an important one in discussion within the Task Force. Security is important for labour; productivity is important for business; but they are linked. Security and productivity can reinforce each other.

What is clear from the research is that the cases should be viewed as a whole package with a number of different trade-offs clearly evident. Joint activities in fact permit such trade-offs through the articulation of diverse needs. The balance struck essentially recognizes the important linkages between security and productivity in adopting new working arrangements. In the case of Alcan, once the company would address the employment security concerns of unions, the union was prepared to discuss important organizational changes that would increase productivity. Likewise, a willingness to discuss workplace changes by the union enabled the company to negotiate measures to reabsorb previously surplus employees. At InterFor, the discussion of minimizing lay-offs also allowed discussion of changes to improve the operational flexibility of the remaining mills.

The balance that is struck, be it between creation of jobs and greater flexibility in trades or between work and family initiatives and operational requirements, is often the result of intense negotiations. Viewing one set of measures in isolation would therefore miss much of the richness and importance of the measures developed.

***Principle 6: Agreed upon processes: joint approaches work best***

The development of new work arrangements marked an important change in business labour relations. The converse is also true: that where new work arrangements were developed jointly they tended to be successful because individual needs of employers and employees could be

accounted for. Particular attention should be paid to the process by which new work arrangements are developed and agreed to before substantive issues are dealt with. All but one of the cases studied relates to unionized environments, which provide for a basis of joint discussions on new work arrangements. In cases where unions are not present it is important to survey and consult fully with employees to determine their particular needs and circumstances.

Good communications in development and application.

An important feature of success, apparent in the literature on work arrangements, is good communication in the development of the arrangement and in the precise application. Communication is important between unions and management; between the individual manager and individual worker seeking the new arrangement; as well as with co-workers to assess the likely impact on them. This has been an important feature of developing individual arrangements at the Royal Bank, the Toronto Star and the City of Winnipeg. Indeed, the development of new work arrangements has encouraged an ongoing dialogue to assess the arrangement as situations change, and to discuss extensions of arrangements.

***Principle 7: Educating and preparation of culture of change among managers and workers***

The perception exists that the take-up rate of new working arrangements is low. One explanation offered is that the attitudes and culture of both management and labour are unreceptive to change. However, important changes are taking place in the economy and the labour market which will impact on workplaces. The importance of changes in attitude and culture are evident in the case studies. InterFor and the IWA's approach to restructuring was different from the traditional, adversarial approach often found in the resource sector. The arrangements worked out by Alcan and the SNEAA reflected a new approach to industrial relations and work organization, including the very idea of sharing work among previously laid off workers.

It is also important that both parties recognize that new work arrangements need time to become accepted and to work well. The process of responding at the workplace level to changes occurring in the wider economy is one that cannot be accomplished overnight. It needs time to evolve and mature .

Unanticipated events can affect the degree of success of new work time and work arrangements. In the public sector, political events can have an impact on the way in which agreements on alternative working arrangements are applied, as illustrated by the case of CUPE and City of Winnipeg. One can never fully account for such external factors but development of a culture of change and the need to organize work and work arrangements differently is an important element in helping managers, employees and politicians recognize that such arrangements can have positive impacts.

Long term measures treat costs as an investment.

New work arrangements are designed to be a response to a changing labour market and business environment. Sharing the work through an hours bank or providing benefits to part time workers are long term measures. Any such long term measure is likely to involve costs up front,

with benefits to flow over a period of time. In the case of the work sharing scheme at Alcan, the company recognizes that initial costs are intended to be offset by the increases in productivity resulting from changes in work organization. In the case of the Royal Bank, the company saw the costs as one means of improving customer service, which was a vital part of helping to maintain and increase market share in the banking industry. Cases where the cost of new work arrangements are regarded as an investment rather than an operating cost will have more scope than arrangements with a narrower cost focus.

### ***Principle 8: Governments may have a role in support of business and labour***

The initial monetary impacts of new work arrangements can be significant for both sides, particularly in cases where jobs are being preserved or created. In the long run these initial impacts can be offset as the benefits become manifest. In such cases some initial government support may be appropriate and has been applied in some cases. Government support has not been designed as a permanent feature of the arrangement, but one that would help the new work arrangements gain recognition and help the partners gain experience with them. In addition, the stability that can result from some initial government assistance can increase predictability and certainty around the impacts of change. In the case of Alcan, government support from both federal and provincial departments was designed to minimize the initial impact of income losses among workers. This support was for three years and progressively reduced over that time. The other case involving government support was InterFor, where financial assistance was provided to create jobs in improving the quality of the forestry resource. The fund had been established by the provincial government in previous years with money from the forestry sector and was specifically designed to encourage activities to improve the resource. It is important, however, that government involvement be undertaken only in cases where business and labour agree to such a move.

### **Future Research**

This report has examined new work arrangements and attempted to draw the links between the workplace and the wider changes that are occurring in the labour market and the business environment. The work of the Task Force presented in this report is but a first step in examining various aspects of the future of work. The evidence on new work arrangements from the Survey of Work Arrangements and the case studies provides new information in the debate over how work will be structured in the future. The case studies constitute a consistent (albeit limited) body of evidence on new work arrangements at the workplace level and have identified various elements that are important for the success of such experiments. The report has sketched out the elements of a framework for developing successful new work arrangements in the workplace. However, the research has also highlighted some gaps where more work needs to be undertaken. In particular, to continue work in this important area the following topic needs to be addressed:

- 1) Analysis and data on work arrangements in small businesses.

Small businesses increasingly have been an important part of job growth. With the rising number so self employed, such a trend is likely to continue. Analysis of

practices in small firms is important to achieve a more complete picture of working arrangements.

- 2) Further work and discussion between business, labour and government is needed in the area of succession planning.

The current picture suggests that we may not be providing enough jobs for younger workers. A society that fails to manage this inter-generational transfer will face serious problems of economic sustainability, and could risk social divisions. Succession planning will inevitably raise a range tough of issues such as new work arrangements, and also has important implications for pensions and other related issues.

- 3) The role of government in assisting new work arrangements.

Introducing new capital equipment is regarded and treated as an investment. New work arrangements often change the way work is organized and how capital is used. From the case studies, government support was seen by both business and labour as helpful in some instances in initiating new work arrangements and providing a transitional means to offset initial losses from change. Business and labour need to further discuss the role of government support for new work arrangements, the circumstances where it may be appropriate, and whether or not it should be viewed in the same way as capital investment.

- 4) Better understanding of the range of work arrangements that can exist.

Home based work, for example, includes both teachers and textiles workers; but their precise working conditions are dramatically different. Flextime, while the most popular of the working arrangements, appears to be primarily concentrated among higher paying occupations such as professionals. More information is needed on reduced work weeks and compressed work weeks. The effect of longer shift arrangements has only partially been explored and needs further discussion and clarification among both labour and business.

- 5) An analysis of different contract arrangements.

This would examine the prevalence and the nature of different types of contracts. It would also include an assessment of the advantages and disadvantages for both labour and management of contract arrangements.

- 6) Further analysis of the arrangements around part time work.

Given the growth in part time work, it is important to understand what different arrangements for part time workers are possible and the extent of their use. The issues of benefits, cost implications, allocation of hours, flexibility of switching between different work designations, and the use of on-call part time work could be included as part of this examination. An assessment of the impacts of these arrangements would be part of the discussion between business and labour around part time arrangements.

7) Further discussions of overtime issues between business and labour.

As the discussions in this report highlight, overtime can be an important cost for companies and an important source of income for workers. Changing work arrangements, however, clearly impacts on overtime. In addition, information on the prevalence of unpaid overtime hours is needed to facilitate discussions between business and labour concerning the question of incentives and overtime.

The Task Force recognizes the importance of these future research questions in contributing to the information base and adding to the debate over future aspects of work. Having further explored issues raised initially by the Advisory Group on Working Time and the Distribution of Work, and having identified the gaps in the research, the Task Force recommends that the CLMPC use the above framework in order to identify priorities for future research in this area. It further recommends that the CLMPC explore business and labour perspectives on these research priorities and seek funding for further work in areas identified through this process. It is recognized that this future work may eventually lead to discussions of recommendations for action by various parties — business, labour and government — and may include references to legislated measures. Given its preliminary nature, however, such recommendations would be premature in the current report.

The Task Force also recommends that the CLMPC disseminate these results as widely as possible in order to raise awareness of innovative practices in this area and encourage discussion and debate among interested parties. It is imperative that these discussions be broad based and informed by timely information and analysis which highlights all aspects of this important issue. Only by following such a process will directions emerge which fully reflect the interests of Canadian workers and employers.

In conclusion, the subject of new work arrangements has increased in importance in recent times. Preparing this report has given business and labour the opportunity to explore the important links between the changes occurring in the wider economy and specific attempts to address change in the workplace. As a result, the work of the Task Force has contributed to the discussion by mapping out some common ground and a framework of principles to guide future research and discussion of the implications of changing work arrangements for labour and business.

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### **Useful Internet Addresses (as of April 1997)**

AFL-CIO Home Page <http://www.aflcio.org>

Canadian Auto Workers Home Page <http://www.caw.ca/caw/>

Collective Reflection <http://www.reflection.gc.ca>

Left Economic Policy Links <http://www.dsausa.org/Docs/Economy.html>

Statistics Canada Research Papers <http://www.statcan.ca/Documents/English/Vlib/Research>

Workplace Information Directorate <http://labour-travail.hrdc-drhc.gc.ca>

## **Data Appendix**

