

'Low-Skilled' Work in Canada

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Abstract

This research note focuses on the situation of workers classed in Canada as low-skilled. Using data from the Labour Force Survey conducted by Statistics Canada, we seek to answer the following questions: are workers classed as low-skilled disproportionately affected by rising unemployment rates? What types of jobs are classed as low-skilled? Are these jobs predominantly full-time or part-time? Within this category of low-skilled workers, we will also focus on the situation of women who, according to several recent studies including those by the OECD, are increasingly employed in precarious jobs.

JEL Codes: J31, I24

Keywords

Human capital; part-time; temporary jobs; unemployment.

Introduction

In an unfavourable economic climate for job creation and renewed growth, Western governments are pursuing labour market reform in order to adjust to new constraints, particularly budgetary, imposed by the current crisis. In the context of a fight against working poverty and precarity¹, a number of countries have adopted reforms to improve labor market participation. An example is the French Active Solidarity Income (RSA or *Revenu de solidarité active*). This is a form of social welfare, introduced in 2009 and aimed at low-waged workers, providing them with a wage complement in order encourage job activity. Among the categories targeted by such initiatives, we find workers designated low skilled. The latter represent a major concern for policy makers who are faced with rising income inequalities as well as growing inequalities in terms of access to employment. However, the deteriorating situation of 'unskilled' workers does not translate the same way in all countries. It seems that labour market institutions, particularly their rigidity or flexibility, determine the shape of these inequalities.

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In Canada, public policies favour relatively high levels of labour market flexibility, based on a low minimum wage and unemployment insurance less generous than in Europe. Unemployment protection is relatively lenient to employers, measuring 0.75 against an OECD average of 2, on the OECD's six-point scale of strictness of employment protection legislation.² At an average of 7 per cent, the Canadian unemployment rate remained relatively low and below the OECD average during the period 2000–2011. In 2011, the Canadian unemployment rate was 7.1 per cent against 8.9 in the United States, 7.8 in the United Kingdom and 9.3 per cent in France (OECD 2012). However, during the same period, wage inequalities have increased in Canada. According to a report by Human Resources and Skills Development Canada on indicators of well-being, workers with a college degree had salaries nearly double those with a high school diploma. This gap has been estimated at more than 24,000 dollars (HRSDC 2007).

In this context, it is important to draw up a portrait of the situation of low skilled workers in Canada. Using data from the Labor Force Survey conducted by Statistics Canada, we will try to answer a variety of questions relative to this category of workers. For example, are they more affected than other workers by the recent growth in the country's unemployment rate? What types of jobs do they tend to occupy? Do they tend to work more in full time or in part-time jobs?

In the Canadian labour market, one in three workers is classed as low-skilled, a classification based on lack of formal post-school qualifications. In 2010, this demographic category suffered an unemployment rate (13 per cent) almost double that of workers with formal qualifications. In addition, there was also an overrepresentation of part-time job holders among these workers (25 per cent). One low-skilled worker in four worked part-time, against one in six for skilled workers (workers with qualifications). We will also throughout this article focus on the situation of women. The latter remain among most vulnerable categories on the labour market of most OECD countries. In Canada, according to the Labor Force Survey, they accounted for 63 per cent of all low-skilled part-time workers in 2010.

Before analysing these figures in greater it is useful to reflect on the content of qualifications. To better understand this concept, we present, in the first section, some multidisciplinary disciplinary views on the subject.

1. How Do We Define Unskilled or Low-Skilled Labour?

Distinguishing jobs by qualification is, in practice, difficult to carry out. There is no real consensus in this regard.

1.1 Qualitative Approach

The notion of skill tends to be defined in two ways. The first, which focuses on the qualities of individuals and of jobs, is called qualitative. In this dimension, Tripiet (1991) considers qualification as an encounter or relativity between

jobs, allowing a hierarchical ranking of both individuals and tasks and leading to a position in the pay scale. Further, Campinos-Dubernet and Marry (1989) differentiate two conceptions of qualification. The first, called *substantialist*, is associated with Friedman (and Freyssenet but also with the neoclassical economists). This conception tries to grasp a qualification in itself, beyond legal or institutional forms it can take. The second conception is *relativistic* and *conflictual* and can be traced back to Naville (1956) but also to segmentation theories. Here, the qualification is considered an exchange value and way of using the labour force. This distinction is useful but should not be excessively hardened because the qualification has these two conceptions. Moreover, the agents themselves integrate these two conceptions and know that recognition of the qualification is not independent of the task done.

Naville (1956) defines qualification as follows: 'Fundamentally, it is a relationship between certain technical operations and the estimation of their social value'. [Free translation]. It is primarily the result of a balance of power between employers and employees since it is an object of bargaining in labour relations. But it also depends on dominant values of society and on the social forms of representation and of recognition of the work. Thus, the qualification takes several meanings depending on the actors and the moments of labour relations.

1.2 Quantitative Approach

The second, quantitative approach attempts to define and organise a hierarchy of jobs. For example, in the French system of job classification, each position is multiplied by a coefficient which places it in a hierarchy. This hierarchy then represents the different types of jobs or functions. The coefficients are applied to positions and not to workers and, for that reason; the system evaluates the 'qualificative' requirements of the job rather than the qualifications of workers. The quantitative approach is therefore based on a nomenclature of occupations which in turn relies largely on collective bargaining agreements. These refer to recognised qualification linked to both remuneration of employment and training as well as the level of education normally associated with it (Dumaine 2009). Each country sets up a specific form of the hierarchy of qualifications using statistical, administrative and conventional devices all while taking into account its cultural specificity.

Although the qualitative definition of the qualification is relevant, we chose in this article the definition used by Statistics Canada in order to exploit its databases. Therefore, in this article we will use the National Occupational Classification (NOC) to identify low-skilled labour in Canada. The NOC prioritises occupations by the level of education or the training typically required for a given occupation. Low-skilled occupations usually require a high school education or training specific to a particular job (level C) or just training on the job (Level D). However, one must bear in mind that within each category there are low-skilled workers.

2. One in Three Employees is in a Low-Skilled Job

According to the Labour Force Survey (LFS), Canada has identified, in 2010, 17,087,200 employed (15 years and over). Among them are about 5.2 million low-skilled workers, that is to say 30.7 per cent of all jobs held. We can then conclude that in Canada, about 1 out of 3 employees are considered to be low-skilled. It is important to note that most of these low-skilled jobs are concentrated especially in the sectors most exposed to economic downturns such as retail staff and home support workers. Table 1 summarises the data.

Table 1: Employment by level of education in Canada in 2010

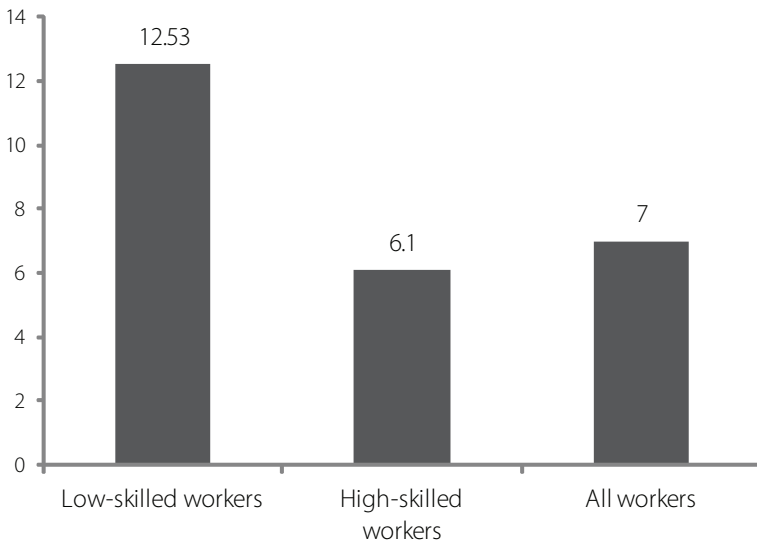
Level of education	Number (k)
Total, all education levels	17 087.2
0 to 8 years	318.2
Partial secondary	1 444.7
Completed secondary	3 298.2
Partial postsecondary	1 391.3
Postsecondary degree or certificate	6 188.2
University degree	4 446.7

Statistics Canada, Labour force survey estimates (LFS), by educational attainment, sex and age group, available: <http://www.statcan.gc.ca/imdb-bmdi/3701-eng.htm>

According to Table 1, it appears that educational attainment plays a decisive role in the placement of workers in the labour market. To better highlight this relationship, we calculated the employment rates of each category of worker on the Canadian labour market. Knowing that the total employment rate in 2010 stood at 61.4 per cent, we arrive at employment rates of highly skilled workers (with a university degree) of about 75 per cent. This figure (75 per cent) is twice that of workers with partial high school education. This positive relation between employment rate and educational attainment shows the importance of investment in human capital. Public policy will need to focus on the fight against school dropout and access to training (initial and ongoing) in order to reduce wage gaps and unemployment inequalities. Moreover, the Nordic countries (Denmark for example) have been able to improve the situation of low-skilled workers through training; this is at the heart of the 'flexicurity' approach.

In relation to unemployment, using LFS estimates and aggregating occupations, we reach an unemployment rate of 7 per cent in 2010 for highly skilled workers against 12.5 per cent for the low skilled. This gap indicates that the relative position of unskilled workers in the labour market has deteriorated to the point where access to employment is twice as difficult for these workers. Several factors may explain this accentuation of unemployment among these workers. Delocalisation could be responsible for the flight of several low-skilled jobs to developing economies. In addition, an increased supply of skilled labour could also be responsible for a displacement of unskilled labour and hence a decline in demand for those relatively less skilled. Other explanations referring to biased technical progress have also been discussed in the literature (Amine 2011; Amine and Lages 2012).

Figure 1: Unemployment rates by category of worker in 2010 (%)



Statistics Canada, Labour force survey estimates (LFS), by educational attainment, sex and age group, available: <http://www.statcan.gc.ca/imdb-bmdi/3701-eng.htm>

To better emphasise on the education effect, we have broken down the unemployment rate by education level. Differences between categories of workers then become clearer. People with university education had an unemployment rate of 4 per cent in 2010, against 15 per cent for workers without any training or those with only partial high school education. It is also important to note that differences in access to employment tend to reduce within the category of low-skilled workers.

3. More Low Skilled Jobs are Temporary

The LFS divides temporary jobs into three types: term or contract jobs, seasonal jobs and casual jobs. According to Galarneau (2010), temporary work overall accounted for 12.5 per cent of total waged employment in Canada in 2009 with contract employment the predominant type (52 per cent of temporary jobs). In this regard, if we analyse the evolution of such jobs over a longer period (1997–2009), we find that the share of temporary jobs has continued to grow as a result of unfavourable economic conditions that have encouraged firms to adjust their payroll (Figure 2). Temporary work is seen as a source of flexibility for firms who use it to adapt to changes in market demand and in a quest for improved competitiveness in the face of international competition and globalisation.

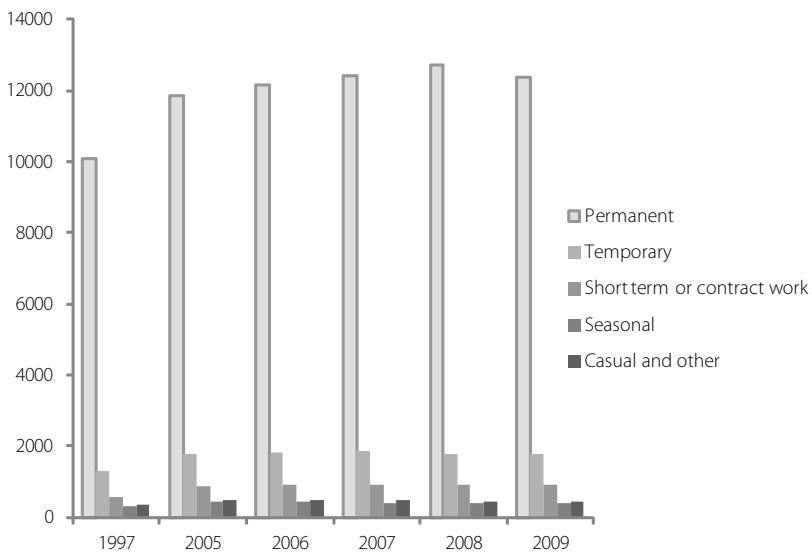
Whilst flexibility in labour force management has been a major reason for creating temporary jobs, the demographic characteristics of workers have been used as a justification for precarity. For example, workforce ageing has been cited as a reason for the increase in temporary jobs. We should note however that temporary jobs, especially contract work, are more common among Canadian

workers aged 25 to 34 years. Moreover, 45–54 year olds hold the highest number of permanent jobs compared to the rest of the population. Immigrant status has been used as another justification. Despite their low wages and benefits relative to permanent jobs, temporary jobs are seen by some commentators as a way to gain initial Canadian work experience by immigrants without experience on Canadian soil (Galarneau 2005; OECD 2002). Whether such work is an opportunity or a trap has been debated. There is evidence that immigrant workers in Canada face increasing barriers in ensuring that their jobs are governed by minimum labour standards (Gellatly et al. 2011).

In comparison with permanent jobs, temporary jobs are often part-time. Thus the social and demographic factors that link gender to care-giving mean that women seeking part-time hours may involuntarily find themselves in temporary jobs. If temporary jobs are concentrated in low-skill occupations and industries, this may mean that well-qualified women are working on low-skill jobs. In Australian pay equity jurisprudence, a confluence of gender concentration, part-time hours and temporary job structures can be used as a starting-point for claiming that the skill level of a job has been under-valued (EOWA 2-12).

There is no inherent link between the temporary duration of a job and its skill level or the level of qualifications it requires. In the period 1997–2006, temporary jobs were concentrated in trade, construction, educational services, health care, accommodation and food. Whilst it was argued above that there are low-skill jobs in all industries, nevertheless, the spread of temporary jobs across this industry range suggests that qualifications or experience do not guarantee permanency.

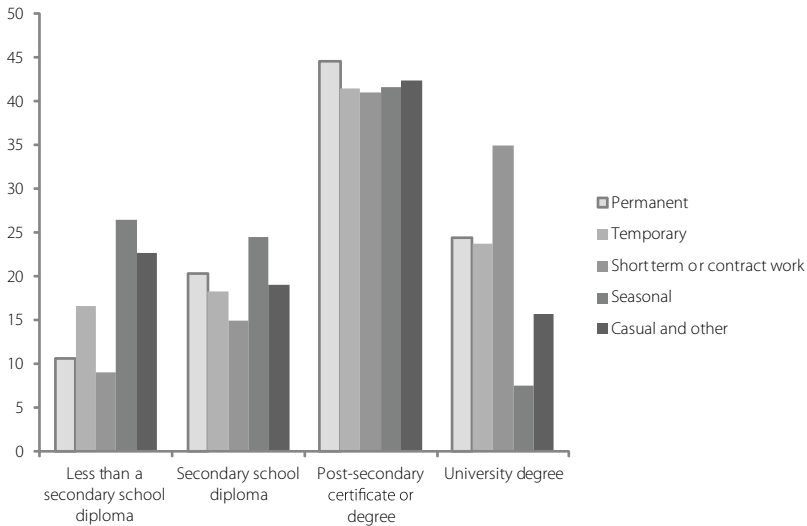
Figure 2: Evolution of the different types of employment from 1997 to 2009 (in thousands)



Source: Statistics Canada, Labour Force Survey, 1997 to 2009. <http://www.statcan.gc.ca/pub/75-001-x/2010111/tables-tableaux/11371/tbl002-fra.htm>

Nevertheless, analysis by level of education, based on Figure 3, suggests that educational attainment remains a key factor in obtaining a permanent job. The latter is more common among those with a university degree. Workers with a secondary school diploma or less are overrepresented in seasonal and casual jobs compared to other categories of workers. Only 10 per cent of workers without a high school diploma had a permanent job in 2009.

Figure 3: Type of employment by level of education in 2009 (thousands)



Source: Statistics Canada, Labour Force Survey, 1997 to 2009. <http://www.statcan.gc.ca/pub/75-001-x/2010111/tables-tableaux/11371/tbl005-fra.htm>

This concentration of low-skilled workers in seasonal and casual jobs results in an increase in inter-categorical wage inequalities. Indeed, the number of hours of work associated with this type of employment is generally lower than that offered in permanent contracts. Moreover, the gap in hourly earnings between permanent and contract job holders is 14 per cent. The same measure is even bigger (34 per cent) when we compare permanent positions to seasonal and/or casual jobs. Not to mention that the young age of low-skilled temporary workers increases the wage gap.

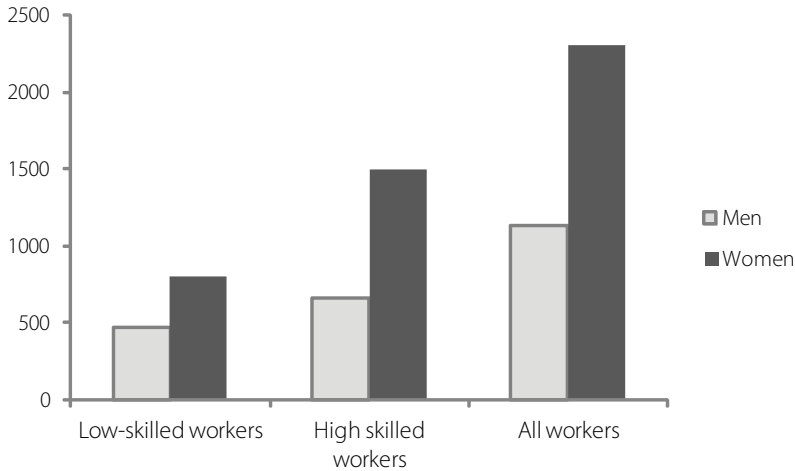
4. One Low-Skilled Job in Four is Part-Time

Part-time work is one of the forms of precarity experienced by a large category of workers. To better understand this phenomenon, we analysed the number of full-time and/or part-time workers depending on the level of education. This provides the result that in 2010, high skilled workers made up 72.3 per cent of full-time employees against only 27.7 per cent of low-skilled workers. In 2010, 3,442,400 individuals were employed in part-time jobs and of these, low skilled workers accounted for 1,275,700 (Figure 4). The share of part-time work is higher

for the unskilled (25 per cent) than for all other categories of workers (17 per cent). It thus appears that one out of four low-skilled workers occupy part-time jobs against one in six for the other skilled categories.

Women in low skilled jobs are the most affected by this form of precarity as they represent 63 per cent of all low-skilled workers in part-time jobs (Figure 4).

Figure 4: Number (in thousands) of part-time workers by qualification and sex in 2010



Source: Statistics Canada, Labour force survey estimates (LFS), by educational attainment, sex and age group, available: <http://www.statcan.gc.ca/imdb-bmdi/3701-eng.htm>

Moreover, to better stress the obstacles related to the situation of women to the labor market, we calculated the share of involuntary part-time. We obtained that 26.2 per cent of women working part-time were in underemployment situation since they indicated a desire for a job full time. Female part-time work is concentrated in seasonal and contract jobs. This suggests a possible mis-match between individuals' qualifications and the skill level of jobs available on a part-time basis. Alternatively, as argued above, the relative skills of the job may be under-valued in qualitative or quantitative terms.

5. Conclusion

It has been shown that almost one worker in three in Canada occupies a job defined as low-skilled. This definition is based on qualifications, but these have multiple meanings, coalescing job requirements and job holder attributes. Qualitatively, qualifications reflect the opportunity to acquire and use training and experience based on initial education, hiring, work requirements, professional life and career opportunities, as well as conferring status and remuneration.

Quantitatively, the skill level of a job is determined by the 'qualificative' requirements of occupations that are shaped by collective bargaining power. The concentration of precarious employment in low-skilled jobs and the temporary nature of much part-time work result in a coalescence of part-time and temporary work, low-skill status and gender. This points to penalties borne by workers without recognised qualifications, particularly women, working in the jobs that provide flexibility in the Canadian labour market — a labour market in which precarity is comparatively lightly regulated by OECD standards.

Notes

1. The precarity is a multidimensional phenomenon that reflects several aspects (poverty, exclusion and inequality) (Ulysse 2009; Vosko 2006).
2. The OECD has developed an indicator (scale of 0 to 6) to measure the strictness of the legislation on employment protection (EPL) and its evolution since the late 80s. The overall indicator consists of three components: i) employment protection of regular workers against individual dismissal; ii) specific requirements for collective dismissals; and iii) regulation of temporary forms of employment (OECD 2004).

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