

# The Precarity Penalty

The impact of  
employment precarity  
on individuals, households  
and communities

—and what to do about it

Executive Summary



POVERTY AND  
EMPLOYMENT PRECARIETY  
IN SOUTHERN ONTARIO



United Way  
Toronto

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May 2015



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## Introduction

The world of work is changing. New sectors and industries have emerged. Fewer Canadians are employed in manufacturing and more in the service industries. But that is not the only thing that is changing. Since the 1980s, temporary and contract work, and self-employment have grown faster than permanent, full-time employment. Many of the jobs being created are often defined by insecurity and uncertainty. Secure employment, offering benefits and a possible career path, has become harder to find.

Based on United Way Toronto's report, *Losing Ground*, we knew that the growth of insecure work was impacting the lives of families living in poverty, but we wanted to know more. In 2013, the Poverty and Employment Precarity in Southern Ontario (PEPSO) research group released a report, *It's More than Poverty: Employment Precarity and Household Well-being*. The report offered proof that precarious employment had grown in the Greater Toronto-Hamilton Area (GTHA) and that workers and their families were being negatively affected.

*The Precarity Penalty* is a follow-up to *It's More than Poverty* based on a new survey of 4,193 workers conducted during 2014, and 28 interviews conducted during 2015. Our goal was to confirm the findings first reported in *It's More than Poverty* and to examine themes that surfaced in our first report. We wanted a deeper understanding of how income interacts with employment security to shape social outcomes and the effect of employment discrimination on access to secure, well-paying employment. Readers of this summary are encouraged to access the full report at [www.pepso.ca](http://www.pepso.ca) for a detailed discussion of the issues examined here.

The results are troubling. *The Precarity Penalty* confirms that precarious employment is a significant feature of our labour market. As many as 44% of working adults are in jobs with some level of precarity. Many in precarious employment face significant barriers in getting ahead or in moving into better opportunities. Lack of training and inability to access childcare can trap workers in low-paying, insecure employment. Across all income levels, this type of employment can negatively affect a person's well-being. Workers from racialized<sup>1</sup> communities and, in particular, racialized women, are disproportionately affected by these trends. If left unchecked, the social consequences of these changes in our labour market will not only affect the ability of people to build stable and fulfilling lives, but it will threaten our region's capacity to develop a competitive workforce.

*The Precarity Penalty* ends with a call to action. We have identified three areas of focus:

- Building a dynamic labour market that supports workers in precarious employment
- Ensuring that jobs are a pathway to income and employment security
- Enhancing social and community supports for a new labour market

We provide 28 recommendations that all sectors can work on to minimize the growth of precarious employment and the negative effects it has on workers, families and communities. In the following pages, we explore these findings in more detail.

1. The term 'racialized' is often used to denote people who are neither Caucasian nor Aboriginal. In our research, we combined Aboriginal respondents with the racialized group due to low response rate of Aboriginal respondents. See Galabuzi, Grace-Edward. 2006. *Canada's Economic Apartheid: the Social Exclusion of Racialized Groups in the New Century*. Toronto, Canada: Canadian Scholars' Press Inc.

# 1. Precarious employment is now widespread in our labour market—making it harder for people to build stable, secure lives.

*The Precarity Penalty* examines the prevalence of insecure employment in the labour market stretching from Hamilton in the west to Whitby in the east, and centred on the City of Toronto. This includes the regions of Durham, Halton, Peel, and York. We limit our survey to workers aged 25-65.

Drawing on data from Statistics Canada and from the PEPSO survey, we find:

- Almost 60% of workers aged 25-65 in the GTHA labour market are in some form of secure employment—48% are in permanent, full-time jobs that pay some benefits beyond a basic wage and 8% are in permanent, part-time employment (**Figure 1**).<sup>2</sup> This is a slight decrease from what we found in our first report.

## **The *Employment Precarity Index*: a better measure of employment security**

While precarious employment is now recognized as an entrenched feature of our labour market, there is no agreed upon way to define it. Although Statistics Canada collects data on a person's form of employment, which can be an indicator of precarity, they only consider two categories: people working in temporary employment with a fixed end date, including seasonal, temporary, and casual work, and those who are self-employed but do not employ any workers.

These indicators constitute a very narrow definition of precarious employment. It does not include workers employed on contracts with no fixed end date whose job could be terminated with one or two weeks' notice. Nor does it measure the characteristics of a job that might make it precarious, including having an uncertain work schedule, irregular earnings, inconsistent hours of work or jobs that do not provide any benefits.

That is why in 2013 we developed the *Employment Precarity Index* to provide a more comprehensive measure of employment security. The *Index* is made up of 10 questions from our survey.

- Do you usually get paid if you miss a day's work?
- I have one employer, whom I expect to be working for a year from now, who provides at least 30 hours of work a week, and who pays benefits.
- In the last 12 months, how much did your income vary from week to week?
- How likely will your total hours of paid employment be reduced in the next six months?
- In the last three months, how often did you work on an on-call basis?



- Nearly 44% of workers aged 25-65 are working in jobs with some degree of precarity—just over 20% are in temporary or contract employment, while just over 23% are in the “other” category. Those in the “other” category may look as if they are in secure jobs on the surface, but their jobs have many of the characteristics of those in the temporary and contract jobs category (**Figure 1**).
- The percentage of workers in the most insecure forms of employment (temporary and contract work, and own-account self-employment) has stabilized at around one in five workers. This represents an increase of nearly 60% since 1989.<sup>3</sup>
- Compared to our first report, employment security and income are more polarized across different social groups.<sup>4</sup>

- Do you know your work schedule at least one week in advance?
- In the last three months, what portion of your employment income was received in cash?
- What is the form of your employment relationship (short-term, casual, fixed-term contract, self-employed, permanent part-time, permanent full-time)?
- Do you receive any other employment benefits from your current employer(s), such as a drug plan, vision, dental, life insurance, pension, etc.?
- Would your current employment be negatively affected if you raised a health and safety concern or raised an employment-rights concern with your employer(s)?

The *Employment Precarity Index* provides a more precise way of identifying who is in secure employment and who is in precarious employment. We use the Index as our main way of assessing the security of an employment relationship for most of our key findings. We use the Index in two ways. We use criteria developed in *It's More than Poverty* to divide the sample into four relatively equal quarters (*Secure, Stable, Vulnerable, Precarious*). We also use the *Index* to divide the sample in two halves (less secure, more secure), which are used with three income categories<sup>5</sup> to show how employment precarity and income together shape social outcomes and the experience of workers at work.

In addition to the *Employment Precarity Index*, we also look at who is in a Standard Employment Relationship, which is another way of saying who is in secure work. Using questions from the PEPSO survey, we define a Standard Employment Relationship as having one employer who provides at least 30 hours of employment per week, pays some benefits and with whom a worker expects to be employed for at least another 12 months. Workers who are not in a Standard Employment Relationship or in permanent, part-time work are working with varying degrees of precarity.

3 Statistics Canada tables 282-0080; 282-0012. Based on percentage of workers in precarious employment (total employed, all classes of workers, age 15+). 1989 temporary employment Vosko et al. 2009 p. 30 (ages 15-64 only). See PEPSO 2015. *The Precarity Penalty: The impact of employment Precarity on individuals, households and communities—and what to do about it.* (Full report). Toronto: United Way Toronto and McMaster University. Table 1, p. 24.

4 PEPSO 2015. Figures 8, 16, and 18 on pp. 31, 39, and 41.

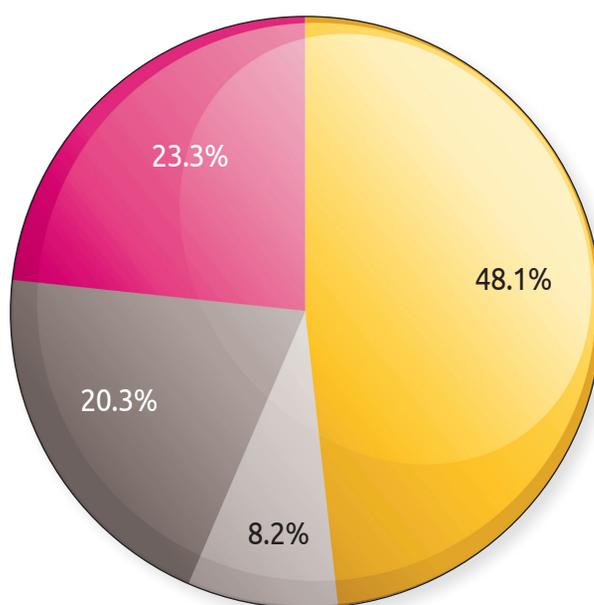
5. These three categories are low-income, middle-income and high-income. Where individual income is used to divide the survey respondents, we divide the sample into a low-income category earning less than \$40,000, a middle-income category earning between \$40,000 and \$79,999, and a high-income category earning \$80,000 or more. Where household income is used, we divide the sample into a low-income category earning less than \$60,000, a middle-income category earning \$60,000–\$99,999, and a high-income category earning \$100,000 or more.



**Figure 1: Employment categories in the GTHA, 2014(%)**

\* In the "Other" category, 70% are in full-time employment but either receive no benefits beyond a wage or are unable to confirm they would be with their current employer for at least 12 months. 15% are self-employed with employees and 14% are in full-time employment but their hours varied from week to week and in some cases could be less than 30 hours.

Source: PEPSO survey 2014. This figure is a revised version of Figure 1 in the full report.



- Permanent full-time employment with benefits
- Permanent part-time
- Temporary and contract
- Other\*

We use the figure and table numbers from the full report in this executive summary to make cross-referencing and citations easier for readers. Figure and table numbers are therefore not sequential in this document.

### Precarious employment is found in all the regions of the GTHA labour market.

Table 4 shows that insecure employment is found in all regions of the GTHA. Temporary and contract employment is most prevalent in the City of Toronto and permanent, full-time employment is least prevalent in Hamilton. Compared to our first report, we find fewer workers in permanent, full-time employment in the City of Toronto and in Hamilton. The percentage of workers in permanent, full-time employment was relatively stable in Halton, Peel and York.

**Table 4: Forms of the employment relationship by region, 2014 (%)**

\* In the "Other" category, 70% are in full-time employment but either receive no benefits beyond a wage or are unable to confirm they would be with their current employer for at least 12 months. 15% are self-employed with employees and 14% are in full-time employment but their hours varied from week to week and in some case could be less than 30 hours.

Source: PEPSO survey 2014. This table is a revised version of Table 4 in the full report.

% working in	GTHA	City of Toronto	Hamilton	Halton	Peel	York
Permanent full-time with benefits	48.1	45.7	40.7	57.9	50.5	50.0
Permanent part-time	8.2	8.0	12.7	6.6	6.7	8.7
Temporary and contract	20.3	22.7	19.8	16.1	19.8	17.9
Other employment forms*	23.3	23.6	26.7	19.4	22.9	23.4

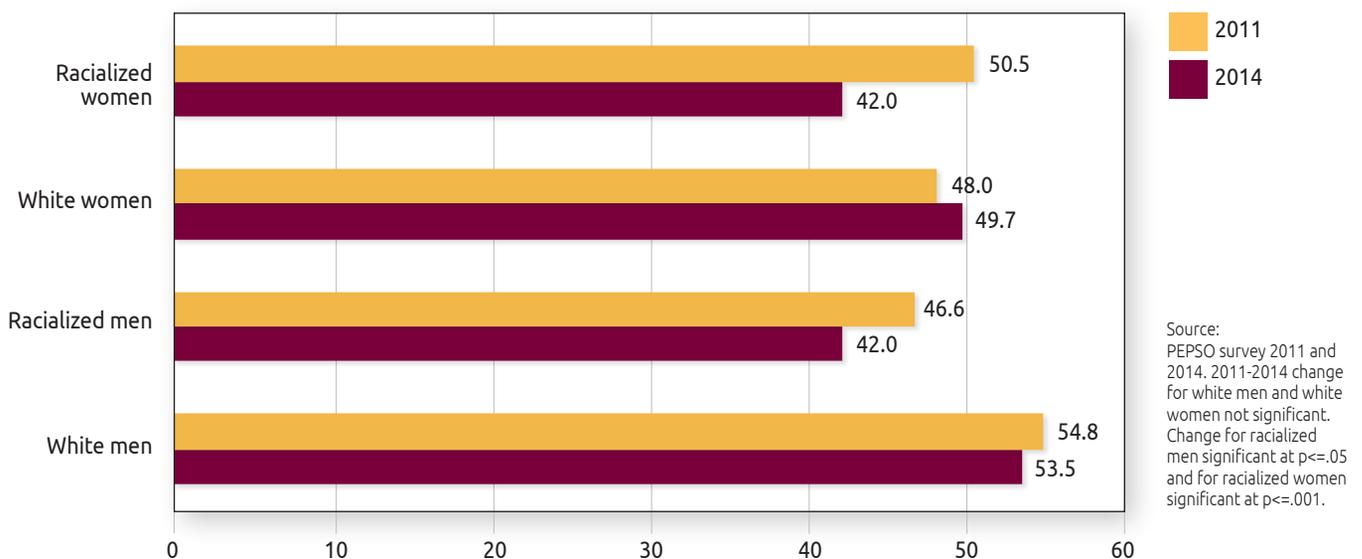
## Who works in permanent, full-time employment?

Compared to our first report, *The Precarity Penalty* reveals a more polarized distribution of permanent, full-time employment by race but less so by gender.

We find that:

- White men are 27% more likely than racialized men to be in permanent, full-time employment. This gap was smaller in the 2011 survey (**Figure 4**).
- White women are 18% more likely than racialized women to be in permanent, full-time employment. In 2011, we found white women were less likely to be in permanent, full-time employment than racialized women (**Figure 4**).
- White men are 8% more likely to be in permanent, full-time employment than white women (**Figure 4**). This gap was larger in the 2011 survey.
- Racialized men and women are equally likely to be in permanent, full-time employment (**Figure 4**).

**Figure 4: Standard Employment Relationship by sex and race: 2011–2014 GTHA (%)**



*I've done so much temporary work, and no one's ever made me permanent or extended the contract. . . . and it's really frustrating because I'm tired of temping. I just want some stable employment, and it's so frustrating.*

– Tanvi: A young racialized woman with a college education working in a call centre.

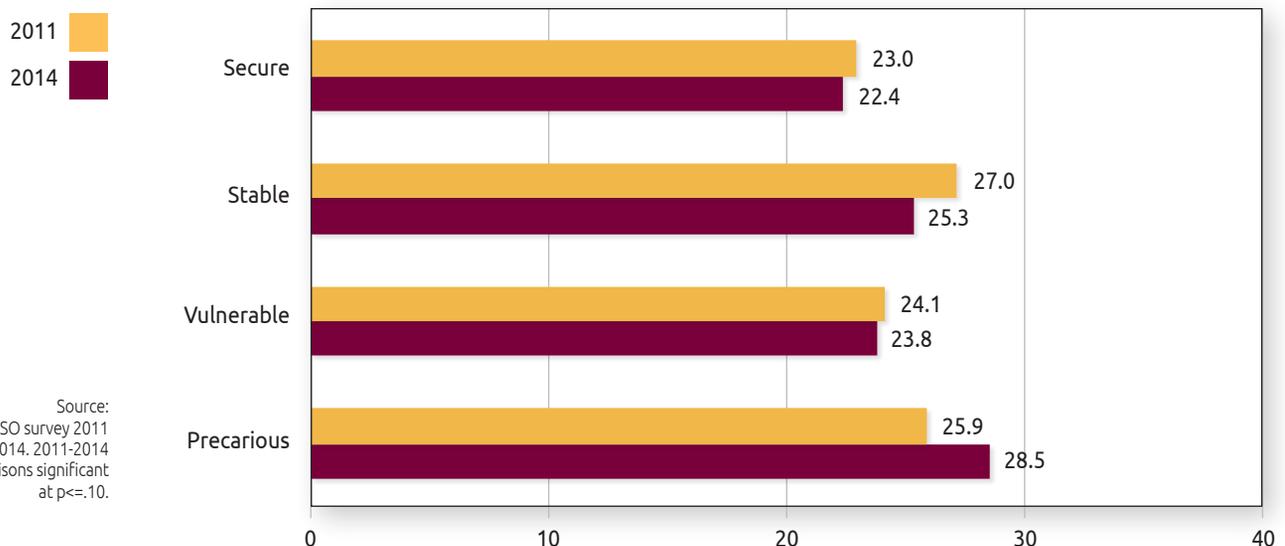
## Who works in precarious employment?

**Figures 1** and **4** rely on the form of the employment relationship to assess the degree of employment security. As indicated above, this approach to identifying who is in precarious employment does not take into consideration the different characteristics of employment relationships. The *Employment Precarity Index* allows a more nuanced measurement as it includes several employment characteristics that are likely to make a job less secure.

We find that:

- There has been a small shift in the distribution of our sample across the four employment security clusters between the two reports.<sup>6</sup> About 10% more workers are in *Precarious* employment and about 3% fewer in *Secure* employment (**Figure 5**).
- The percentage of men in *Secure* employment fell by 10% between the two reports and the percentage of women in *Secure* employment increased by 4%.<sup>7</sup>
- The percentage of men in *Precarious* employment increased by 19% between the two reports and the percentage of women by 1%.<sup>8</sup>
- The percentage of white workers in *Secure* employment increased by 6% between the two reports and the percentage in *Precarious* employment decreased by 2%.<sup>9</sup>
- For racialized workers the shift was the opposite with a 16% decrease in *Secure* employment and a 30% increase in *Precarious* employment.<sup>10</sup>
- White women were the only group to report both an increase in *Secure* employment (by 12%) and a decrease in *Precarious* employment (by 9%) between the two reports. All other categories report both an increase in *Precarious* employment and a decrease in *Secure* employment.<sup>11</sup>

**Figure 5: Employment-security categories: 2011–2014 GTHA (%)**



Source:  
PEPSO survey 2011  
and 2014. 2011-2014  
comparisons significant  
at  $p < .10$ .

6. Caution should always be applied in understanding trends in cross-sectional data such as the PEPSO 2011 and 2014 surveys. In particular, caution should be used in interpreting the trend in the sample as a whole because the 2014 data has more racialized workers than the 2011 data.

7. PEPSO 2015, Figure 6, p. 30.

8. PEPSO 2015, Figure 6, p. 30.

9. PEPSO 2015, Figure 7, p. 31.

10. PEPSO 2015, Figure 7, p. 31.

11. PEPSO 2015, Figures 8 and 9, pp. 31 and 32.



## 2. Precarious employment has a major impact on the health and well-being of individuals and their families.

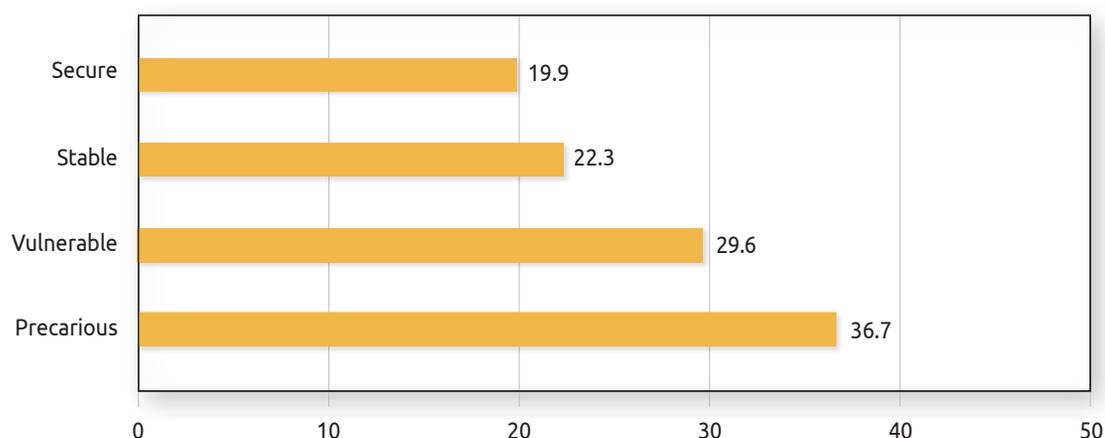
### Employment security can affect your health.

We asked several questions to assess the relationship between employment security and health outcomes. The relationship between *Precarious* employment and health is strongest with mental health.

We find that:

- Workers in *Precarious* employment are more likely to report their general health is less than very good compared to those in *Secure* employment.<sup>12</sup> This seems to be caused less by employment insecurity and more by the income, racial characteristics and place of birth of workers in insecure employment.<sup>13</sup>
- Workers in *Precarious* employment are almost twice as likely to report poorer mental health than those in *Secure* employment (**Figure 58**). Workers in *Precarious* employment are still more likely to report poorer mental health after controlling for some of the confounding factors such as income, gender and race.<sup>14</sup>
- Workers in *Precarious* employment are almost 55% more likely to report they are often depressed as a result of work than those in *Secure* employment.<sup>15</sup>
- Lower income is associated with poorer general health and with poorer mental health.<sup>16</sup>
- Foreign-born white workers and Canadian-born racialized workers are about 20% more likely to report poorer general health than Canadian-born white workers. Racialized workers born outside of Canada are 45% more likely to report poorer general health and non-citizens are over 50% more likely to report poorer general health than Canadian-born white workers.<sup>17</sup>

**Figure 58: Mental health is less than very good by employment security (%)**



Source:  
PEPSO survey 2014.  
Significant at  $p < .001$

12. PEPSO 2015, Figure 55, p. 76.

13. PEPSO 2015, Figure 57, p. 78.

14. PEPSO 2015, Figure 60, p. 81.

15. PEPSO 2015, Figure 61, p. 82.

16. PEPSO 2015, Figures 56 and 59, pp. 77 and 80.

17. PEPSO 2015, Figure 57, p. 78.



*But where the anxiety comes is, am I going to have this job in two weeks? Am I going to be able to pay my bills?*

– Eva: A middle aged, white female, doing freelance writing.

*I'd say I had a bit of a breakdown. It was tough. It was violent. I wanted my life to end but I didn't want to kill myself. . . . Really, there was no medical professional that helped me out of that situation, it was employment that helped me out of that situation.*

– John: A young white male doing contract clerical work.

## **Precarious employment affects household well-being.**

*It's More than Poverty* revealed a relationship between insecure employment and household well-being. We explore this issue in more detail in *The Precarity Penalty*. Insecure employment can affect decisions related to starting a family and can introduce anxiety and financial stress into relationships and households. While these effects are most pronounced in low-income households, insecure employment also creates challenges in middle-income households.

We find that:

### **a) Starting families**

- Workers in *Precarious* employment are almost six times more likely to delay starting a relationship because of employment uncertainty compared to those in *Secure* employment and almost three times more likely to delay having children.<sup>18</sup>

### **b) Employment insecurity and life at home**

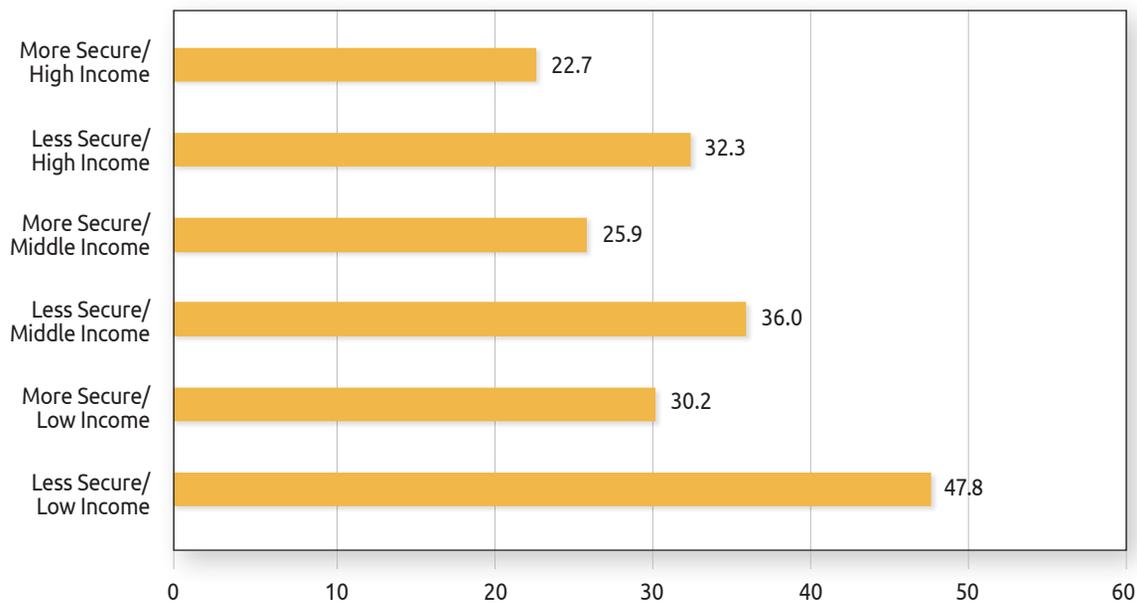
- For workers in less secure employment, uncertainty over work schedules negatively affects family life and doing things with family for fun at all household income levels.<sup>19</sup>
- Anxiety about employment is most likely to interfere with personal or family life for workers in less secure employment living in low-income households, but it is also a factor in middle-income households and some high-income households (**Figure 66**).

. . . being precariously employed **increases the frequency** that employment **anxiety interferes with family life.**

(PEPSO 2015, p. 89.)



**Figure 66: Anxiety about employment situation interferes with personal or family life by employment security and household income (%)**



Source: PEP SO survey 2014. Significant at  $p < .001$ . Household low-income < \$60,000, middle-income \$60,000-\$99,999, high-income => \$100,000.

### c) Income Stress

An important source of anxiety and stress associated with *Precarious* employment is meeting financial obligations. We measure *Income Stress* as the sum of responses to five different questions in our survey: employment situation affects decisions about large expenditures, keeping up with bills, concern about debt, concern about maintaining current standards of living, and change in personal income last year.

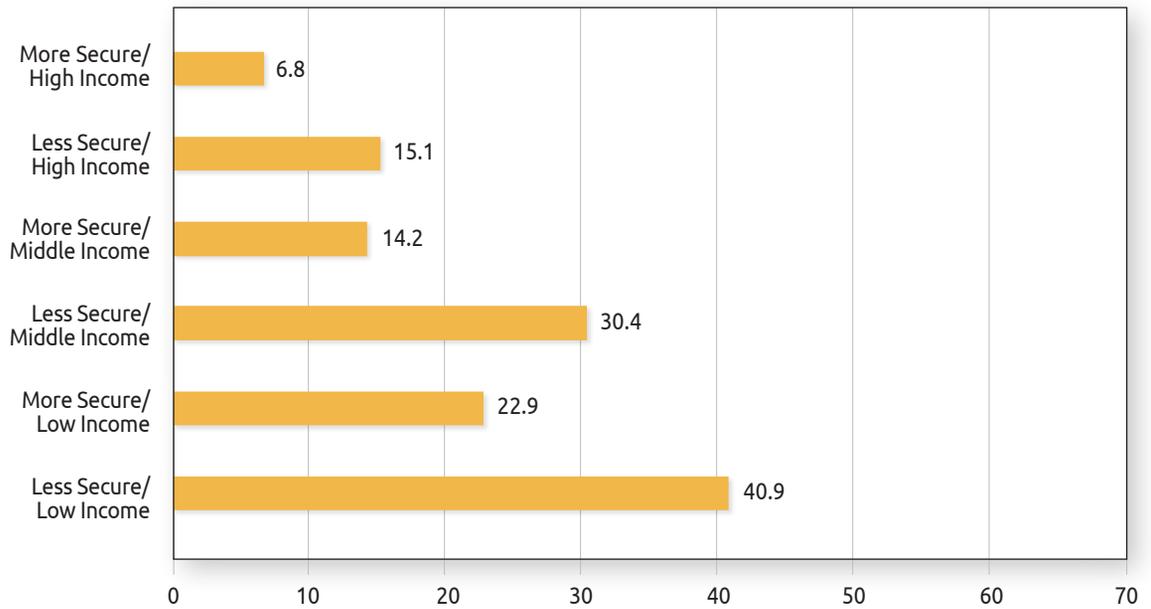
We find that:

- Over 40% of workers in less secure employment living in low-income households are concerned about meeting debt obligations and this is still an issue for almost one-third of workers in less secure employment living in middle-income households (**Figure 73**).
- Almost half of workers in less secure employment living in low-income households and over one-quarter of workers in less secure employment living in middle-income households are concerned about maintaining their standard of living in the next 12 months (**Figure 74**).
- Increased employment security and increased household income reduces *Income Stress*.<sup>20</sup>
- The increase in *Income Stress* related to *Precarious* employment is greater than the decrease in stress related to more income for most middle-income households. Even for very high-income households (\$150,000+), the effect of more income does not fully compensate for the increased *Income Stress* associated with *Precarious* employment.<sup>21</sup>

20. PEP SO 2015, Figure 70, p. 95.  
21. PEP SO 2015, Figure 70, p. 95.

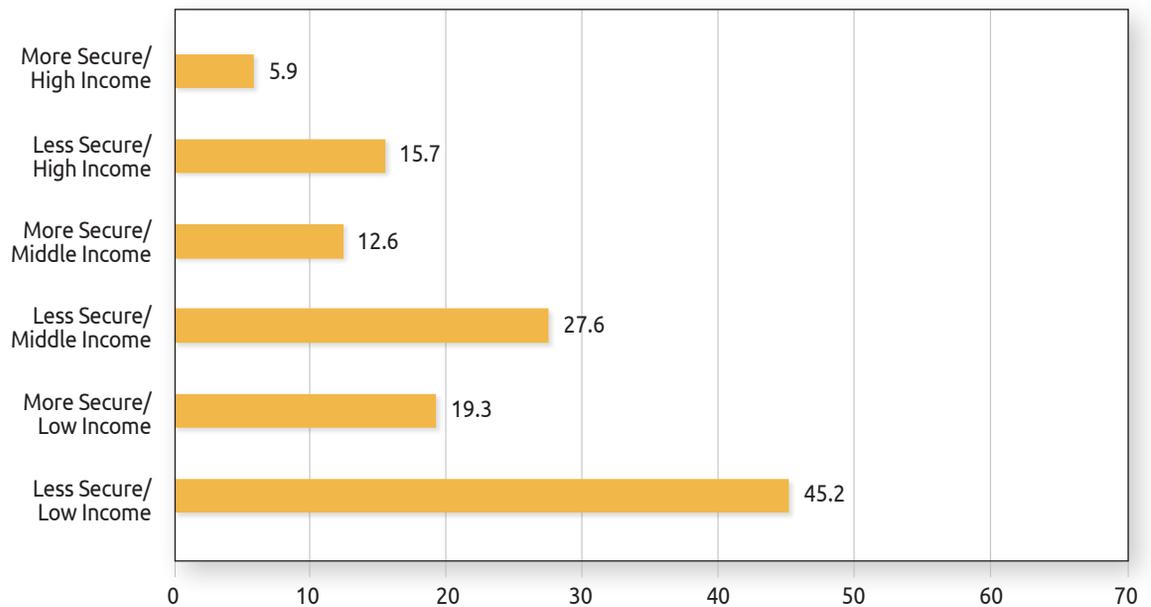


**Figure 73: Concerned about meeting debt obligations in the next 12 months by employment security and household income (%)**



Source:  
PEPSO survey 2014.  
Significant at  $p < .001$ .  
Household low-income < \$60,000, middle-income \$60,000-\$99,999, high-income  $\geq$  \$100,000.

**Figure 74: Concerned about maintaining standard of living in the next 12 months by employment security and household income (%)**



Source:  
PEPSO survey 2014.  
Significant at  $p < .001$ .  
Household low-income < \$60,000, middle-income \$60,000-\$99,999, high-income  $\geq$  \$100,000.

*You're just constantly fighting for work; you're constantly trying to find work. . . . But the way that my brain is going right now is like I just need a steady income because this is just getting ridiculous. Where I'm at right now is, financially, really precarious; it's really precarious.*

– Eva: A middle-aged white female doing freelance writing.



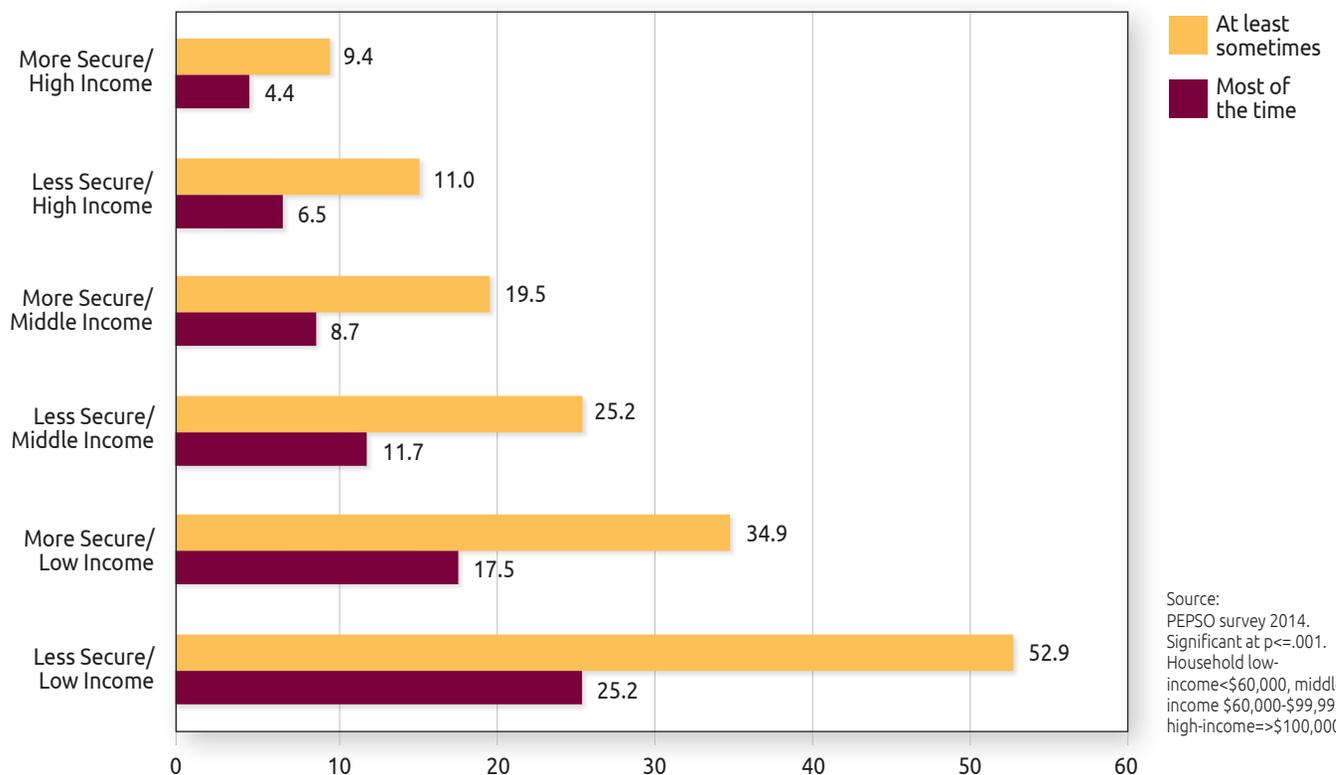
## Precarious employment limits the ability of families to invest in their children.

The relationship between insecure employment and supporting a family is affected by a variety of factors. Employment security and household income shape both decisions to start families and the ability of families to support children.

We find that:

- When household income and employment security are examined together, the impact of insecure employment is relatively small in terms of the likelihood of having children living in the household.<sup>22</sup>
- Household income has a significant effect on the ability of parents to invest money and time in their children. Workers living in households earning less than \$20,000 report a reduction of nearly 15% in the ability to invest in their children relative to a worker living in a middle-income household, and a reduction of 25% relative to a worker living in a household earning \$150,000 or more. Insecure employment is less of a factor, although it does create added challenges for workers living in low-income households.<sup>23</sup>
- Low household income and less secure employment have more of an effect in shaping the ability of parents to pay for school trips<sup>24</sup> or for activities involving their children that are not school-related (Figure 82). These factors also reduce the ability of parents to volunteer at activities involving their children outside of school.<sup>25</sup>

**Figure 82: Unable to pay for activities outside of school by employment security and household income (%)**



22. PEPSO 2015, Figure 78, p. 108.

23. PEPSO 2015, Figures 79 and 80-84, pp. 109, 110-113.

24. PEPSO 2015, Figure 81, p. 111.

25. PEPSO 2015, Figure 84, p. 113.



## Precarious employment shapes community participation and can increase social isolation.

The relationship between employment security and community participation is shaped by a number of factors. Some people choose to work in temporary, part-time or short-term employment so that they can participate more fully in community activities. For others, being precariously employed creates barriers to community participation and social interaction. We asked survey participants if they volunteer and why—and whether they participate in a range of social activities such as attending community meetings, belonging to an arts group, or being a member of an adult recreation or sports club.

We find that:

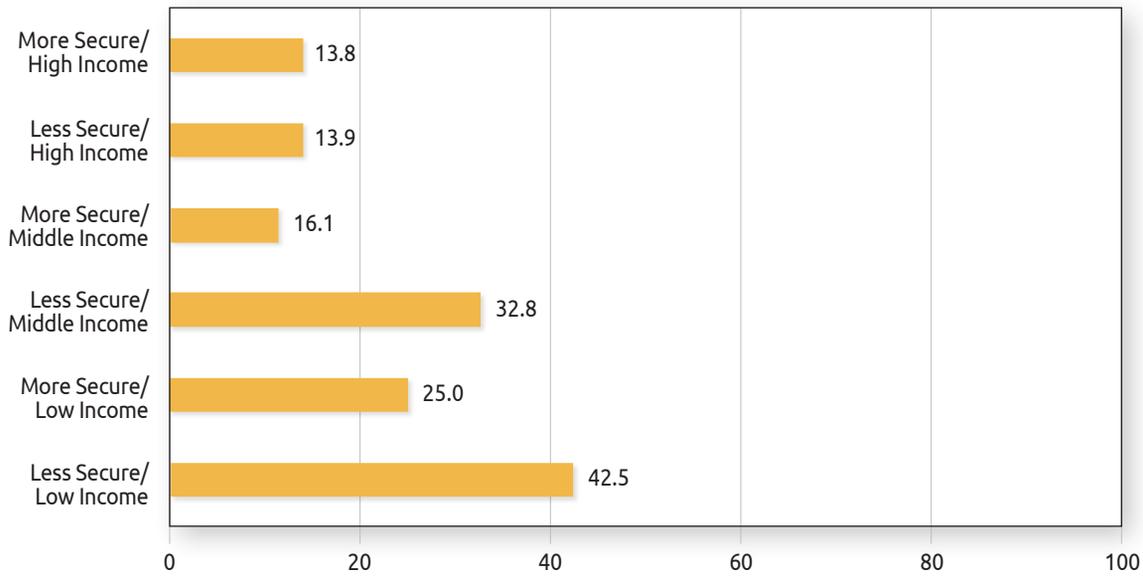
### a) Volunteering and participating

- Household income and employment security have a significant effect on the ability of workers to participate in community activities. Workers living in very low-income households are 40% less likely to participate in community activities compared to workers living in very high-income households. Workers in *Precarious* employment are 13% less likely to participate compared to workers in *Secure* employment.<sup>26</sup>
- Workers in less secure employment at all levels of household income are more likely to volunteer compared to workers in more secure employment.<sup>27</sup>
- Volunteering to contribute to the community followed by volunteering to benefit children and families are the most common reasons for volunteering for all workers in all household income and employment security categories (**Figures 96 and 97**).
- However, workers in less secure employment tend to volunteer more to network or to improve job opportunities than do workers in more secure employment. This is especially pronounced for workers in less secure employment living in low- and middle-income households (**Figure 95**).
- These findings suggest that, as employment becomes less secure and as income levels fall, workers become more focused on volunteering to improve their job prospects and less on volunteering to contribute to their community or to improve the welfare of their households (**Figures 95, 96, and 97**).

Increased income has a  
**strong positive effect** on the  
level of **community participation**.

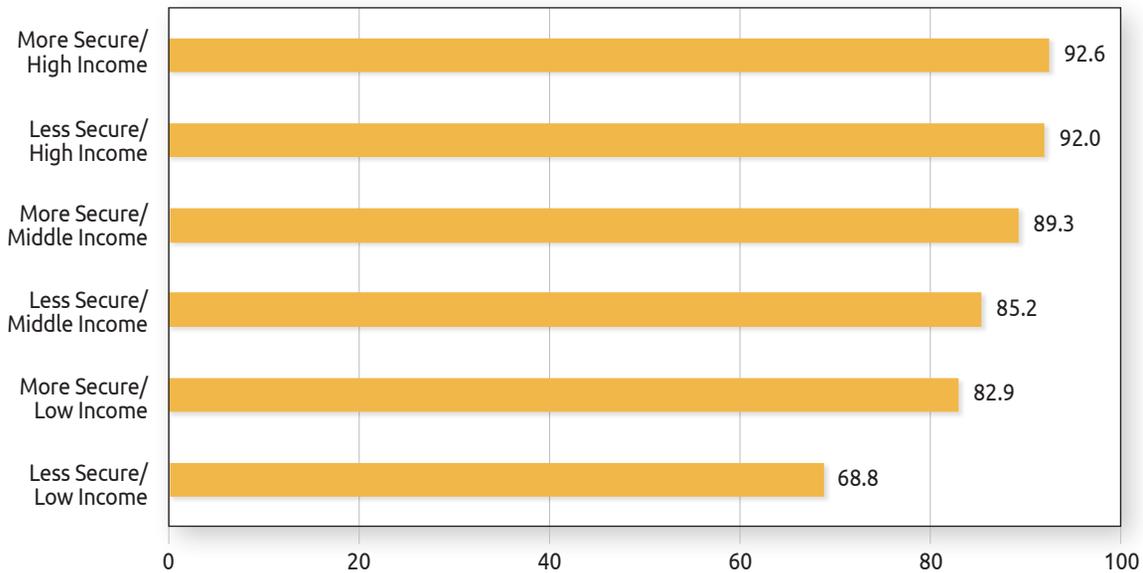
(PEPSO 2015, p. 122.)

**Figure 95: Volunteers to improve job opportunities by employment security and household income (%)**



Source: PEP SO survey 2014. Significant at  $p < .001$ . Household low-income < \$60,000, middle-income \$60,000-\$99,999, high-income  $\geq$  \$100,000.

**Figure 96: Volunteers to contribute to community by employment security and household income (%)**



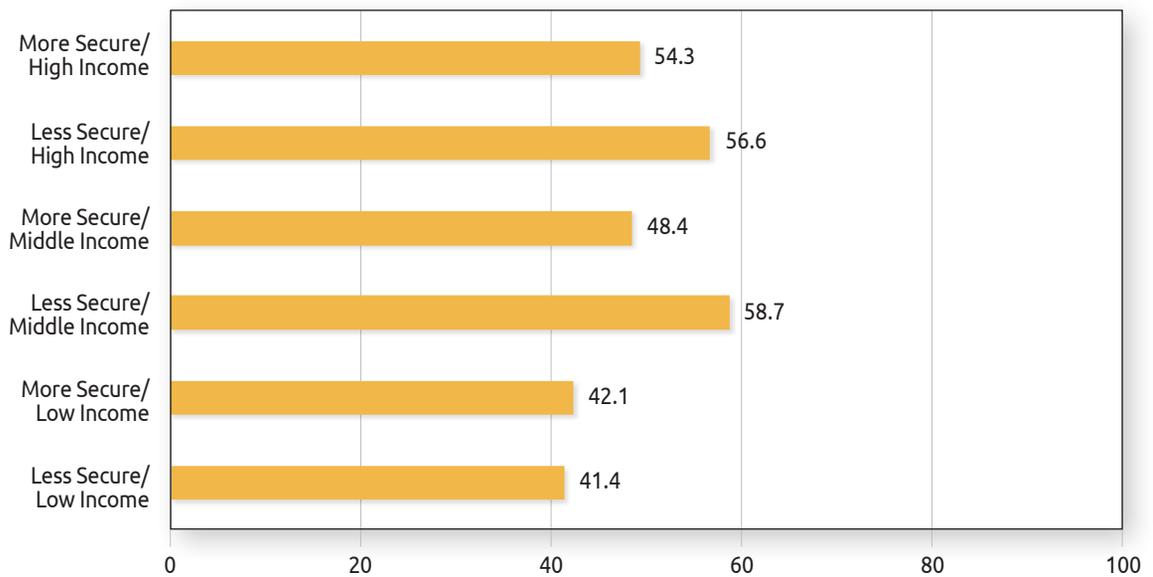
Source: PEP SO survey 2014. Significant at  $p < .001$ . Household low-income < \$60,000, middle-income \$60,000-\$99,999, high-income  $\geq$  \$100,000.

*Actually, I applied to do some volunteer work, and then I got an answer from them saying that this job was going to be open, if I want to apply for it. I applied and they took me.*

– Susan: Older white woman with a college education working through a temp agency.



**Figure 97: Volunteers to benefit their children, family or themselves by employment security and household income (%)**



Source:  
PEPSO survey 2014.  
Significant at  $p < .001$ .  
Household low-income < \$60,000, middle-income \$60,000-\$99,999, high-income  $\geq$  \$100,000.

## b) Social interaction

We also asked survey participants if they have a friend to talk to, someone to have a meal with, if there is someone to help them with small jobs or loan them money in an emergency.

We find that:

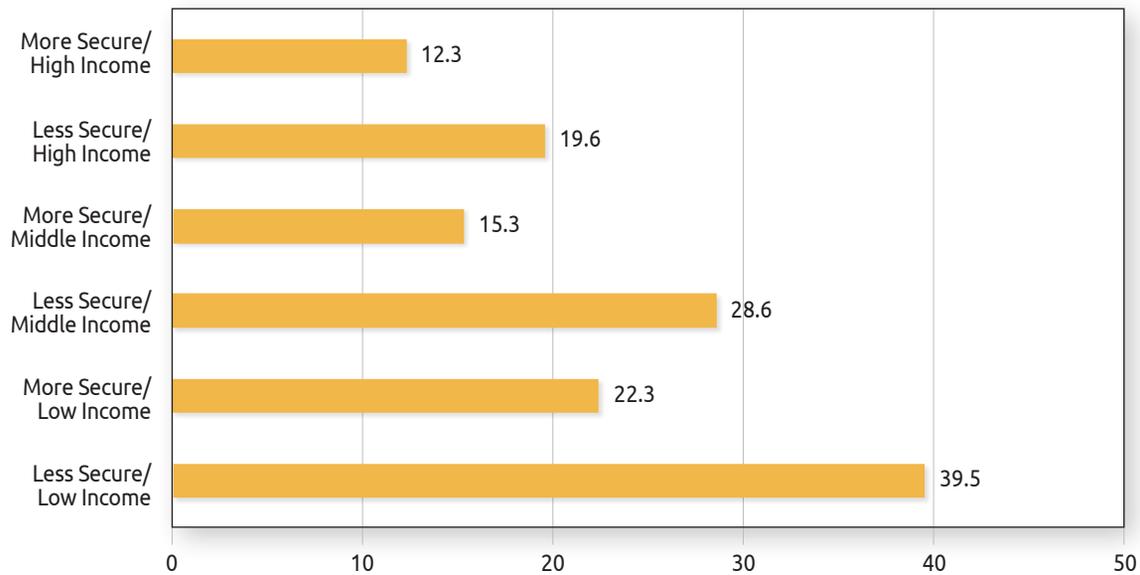
- Workers in less secure employment are less likely to have friends at work who they could ask for a favour. Those in less secure employment living in low-income households are almost twice as likely to not have a friend at work who they could ask for a favour compared to workers in more secure employment living in households with similar income (**Figure 102**).
- Moving from *Precarious* to *Secure* employment increases social interaction by 13%.<sup>28</sup>
- Very low household income decreases social interaction by 12% compared to workers living in middle-income households. Social interaction increases as household income increases but reaches a maximum once household income is in the \$60,000-\$79,999 range and does not increase as household income increases further.<sup>29</sup>

*I sometimes feel pretty isolated. I try not to think about it, but it's hard because, sometimes, I'm waking up crying in the middle of the night.*

– Tanvi: A young racialized woman with a college education working in a call centre.



**Figure 102: Does not have a friend at work to ask a favour of by employment security and household income (%)**



Source:  
PEPSO survey 2014.  
Significant at  $p < .001$ .  
Household low-income < \$60,000, middle-income \$60,000-\$99,999, high-income = > \$100,000.

### c) Voting

We asked survey participants whether they vote in various elections.

We find that:

- Just over half of those workers who are citizens in less secure employment living in low-income households report that they always vote, compared to almost 90% of those workers who are citizens in more secure employment living in high-income households. **(Figure 106)**.
- Moving from *Precarious* to *Secure* employment increases the likelihood of reporting voting by over 20%.<sup>30</sup>
- Workers living in households with very low income report always voting 35% less, and workers living in household with very high income report always voting 22% more, compared to a worker living in a household with an income between \$60,000 and \$79,999.<sup>31</sup>
- Canadian-born racialized workers are more than 40% less likely to report always voting and foreign-born racialized workers are 35% less likely to report always voting than Canadian-born white workers.<sup>32</sup>

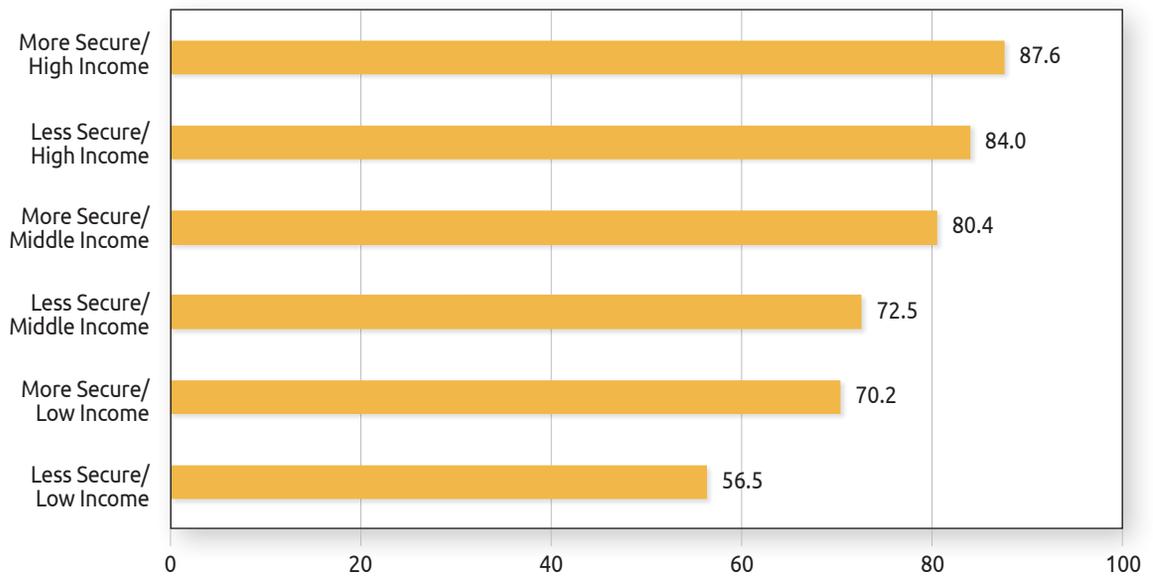
30. PEPSO 2015, Figure 107, p. 136.

31. PEPSO 2015, Figure 107, p. 136.

32. PEPSO 2015, Figure 107, p. 136.



**Figure 106: Reports always votes by employment security and household income (%)**



Source:  
PEPSO survey 2014.  
Significant at  $p < .001$ .  
Household low-income < \$60,000, middle-income \$60,000-\$99,999, high-income => \$100,000. Citizens only.

### 3. Precarious employment is bad for everyone—but your race, gender and where you were born can make things worse.

#### Workers in Secure employment earn more and live in households with higher income.

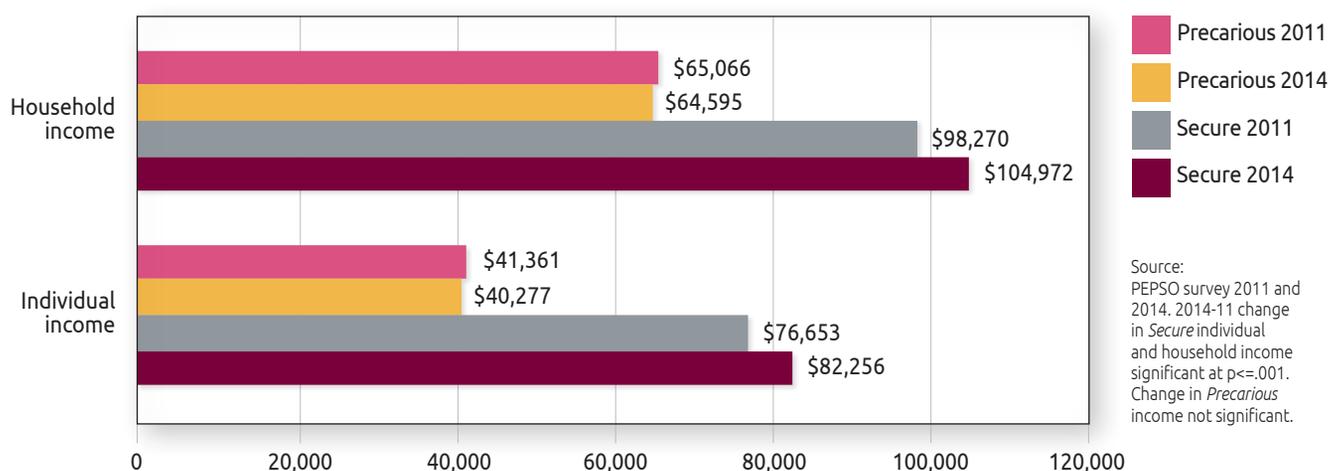
We also collected data on individual and household income.

We find that:

- Workers in *Precarious* employment earn significantly less than workers in *Secure* employment and live in lower income households (**Figure 14**).
- The income gaps were wider in 2014 than in 2011 as both individual and household income increased for those in *Secure* employment but decreased for those in *Precarious* employment. For individuals in *Precarious* employment, the earnings gap relative to individuals in *Secure* employment increased from 46% to 51%; for household income, the gap increased from 34% to 38% (**Figure 14**).
- The individual earnings of women are about 16% less than men. This gap increased between the two reports. Household earnings of men and women are similar.<sup>33</sup>
- Racialized workers earn 26% less than white workers. The household income of racialized workers is 25% lower than the household income of white workers. These gaps increased between the two reports.<sup>34</sup>



**Figure 14: Average individual and household income by employment security: 2011–2014 GTHA (\$)**



### Workers in Precarious employment face increased discrimination.

*It's More than Poverty* indicated that discrimination appeared to play a role in who got better-paying, secure employment. In *The Precarity Penalty* we examine this issue in greater detail. We focus on employment discrimination, including perceptions of discrimination, in getting work, keeping work, and being offered opportunities for advancement.

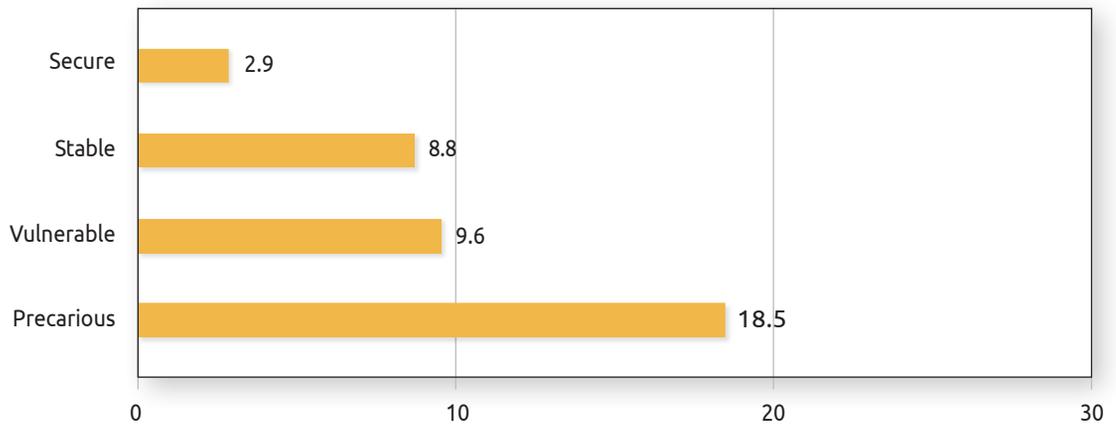
We find that:

- Compared to those in *Secure* employment, workers in *Precarious* employment are more than six times more likely to report that they perceived discrimination as a barrier in their experience of getting work, almost twelve times more likely to report that they perceived discrimination as a barrier in their experience of retaining work, and more than twice as likely to report that they perceived discrimination as a barrier in their experience of advancing in work (**Figures 46, 49 and 52**).
- *Precarious* employment increases the likelihood of a worker reporting experiencing employment discrimination regardless of a worker's race or sex. Workers in *Secure* employment are almost 80% less likely to report experiencing employment discrimination in getting work than workers in *Precarious* employment (**Figure 48**).<sup>35</sup>
- Canadian-born and foreign-born racialized workers who have the same characteristics as a white worker other than race are two to three times more likely to report experiencing employment discrimination in getting, keeping, and advancing in work (**Figure 48**).



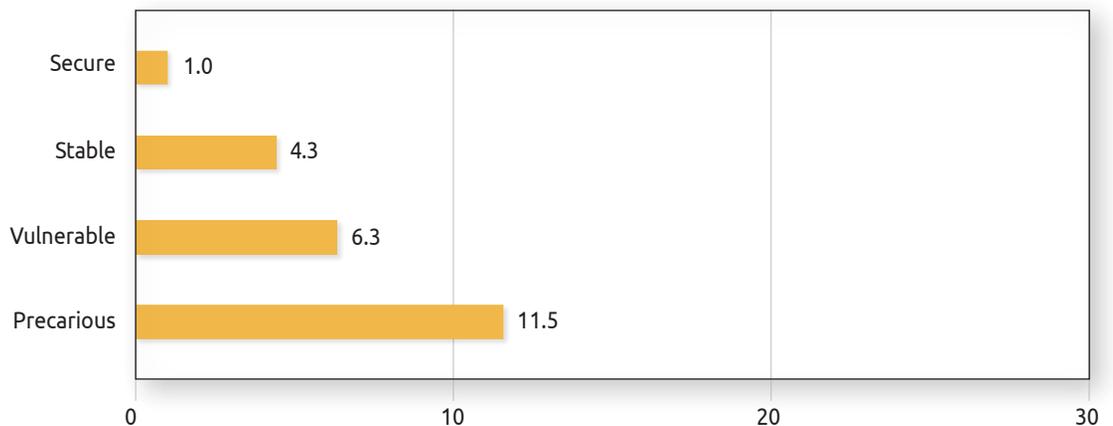
- Non-citizens are two to three times more likely to report experiencing employment discrimination in getting, retaining and advancing in work than Canadian-born white workers (Figure 48).<sup>36</sup>
- Women workers are more than one-third more likely to report experiencing discrimination in being offered opportunities for advancement than men. Being racialized, female and in *Precarious* employment each increases the likelihood of reporting experiencing discrimination in being offered opportunities for advancement.<sup>37</sup>

**Figure 46: Discrimination is a barrier to getting work by employment security (%)**



Source:  
PEPSO survey 2014.  
Significant at  $p < .001$ .

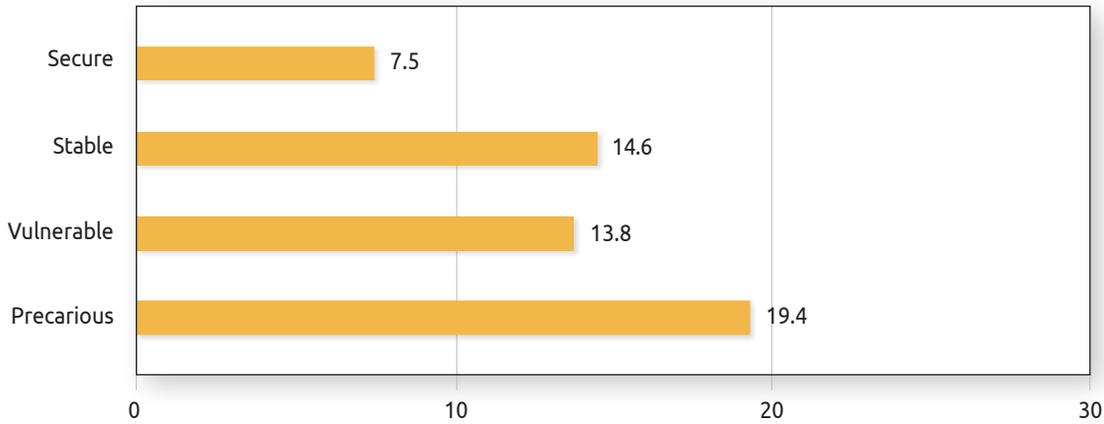
**Figure 49: Discrimination is a barrier to keeping work by employment security (%)**



Source:  
PEPSO survey 2014.  
Significant at  $p < .001$ .

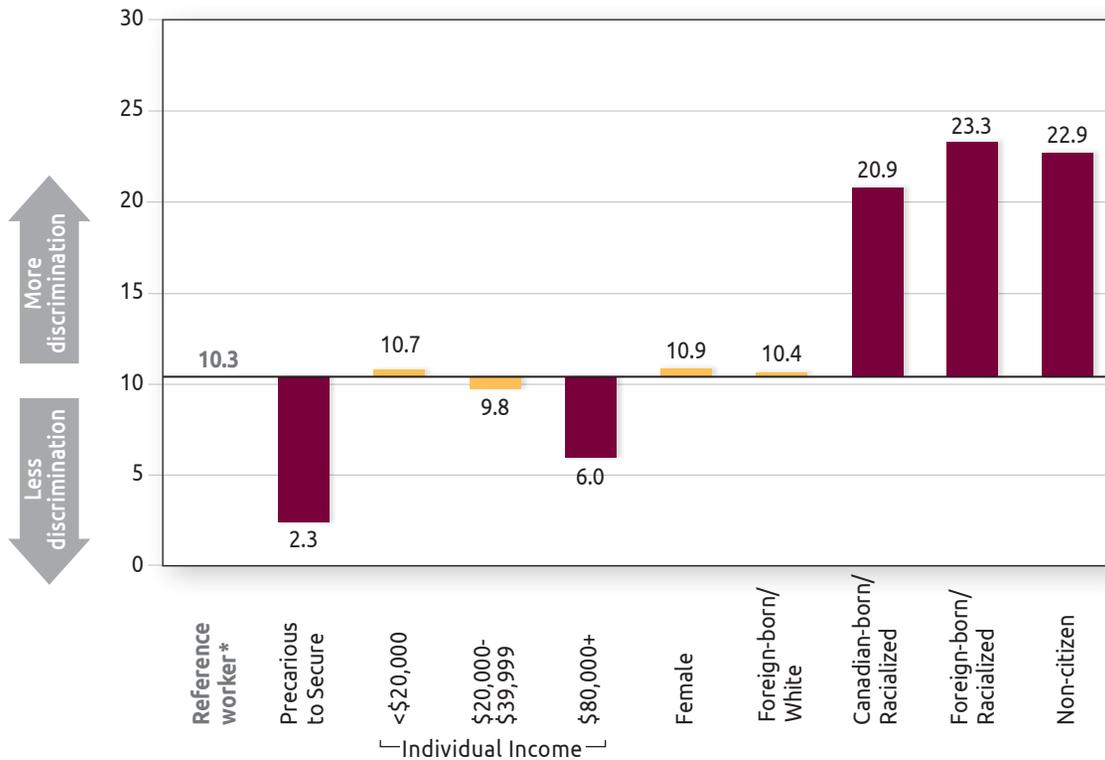


**Figure 52: Discrimination is a barrier to advancement by employment security (%)**



Source: PEPSO survey 2014. Significant at  $p < .001$ .

**Figure 48: Percentage for whom discrimination is a barrier to getting work (Reference worker=10.3%\*)<sup>38</sup>**



\* Reference worker: Canadian-born, white male in *Precarious* employment, individual income \$40,000-\$79,999, aged 35-44.

Source: PEPSO survey 2014. Maroon bars significant at the 5% level. Analysis based on logistic estimations. The non-citizen category included 219 workers of whom about two-thirds are racialized.

38. This table estimates who faces discrimination in getting work. It uses a reference worker who is a Canadian-born, white male in Precarious employment, with individual income of \$40,000 to \$79,999, aged 35-44. This figure shows us how changing only one characteristic at a time will change this person's experience of discrimination in getting work. If we keep all of the characteristics the same, but make this worker a secure worker, the likelihood that this person will face discrimination in getting work will fall from 10.3% to 2.3%. In another example, if we keep all of the characteristics the same, but make this person Canadian-born and racialized, the likelihood that this person will face discrimination in getting work will jump from 10.3% to 20.9%. The estimates are based on a logistic regression.



## 4. Precarious employment can be a trap—many people have a hard time moving into better opportunities.

### What is it like to work in Precarious employment?

*It's More than Poverty* provided a detailed portrait of the different characteristics of *Secure* and *Precarious* employment. It revealed the different layers of vulnerability that workers in *Precarious* employment face. Our findings in the *The Precarity Penalty* confirm and build on our first report.

We find that:

- Over 60% of workers in *Precarious* employment report that their income varied some of the time from week to week and almost one-third report that their income varied a lot from week to week.<sup>39</sup>
- Nearly 30% of workers in *Precarious* employment were unable to find work for more than four weeks in the last year and nearly one in four workers in *Precarious* employment anticipate that their hours of paid work will be reduced in the next 6 months.<sup>40</sup>
- One in four workers in *Precarious* employment often experience unexpected changes in their work schedule and nearly half report that they often do not know their work schedule at least a week in advance.<sup>41</sup>
- Workers in *Secure* employment are over seven times more likely to have an employer-funded pension plan than workers in *Precarious* employment and workers in *Stable* employment are almost five times more likely to have an employer-funded pension (**Figure 31**).
- Only 8% of workers in *Precarious* employment receive employer-funded drug, vision or dental benefits compared to 100% of those in *Secure* employment (**Figure 33**).
- Only 12% of workers in *Precarious* employment are paid if they miss a day's work compared to 100% of those in *Secure* employment (**Figure 35**).
- Over 15% of workers in *Precarious* employment report they are not always paid in full for work done and almost one-third report they are at risk of suffering negative consequences from asserting rights related to occupational health and safety or employment standards.<sup>42</sup>
- Workers in *Secure* employment are almost three times more likely to belong to a union than workers in *Precarious* employment.<sup>43</sup>

For workers in *Precarious* employment,  
the **lack of a pension plan** can weigh heavily.

(PEPSO 2015, p. 54.)

39. PEPSO 2015, Figure 23, p.48.

40. PEPSO 2015, Figures 21 and 25, pp. 46 and 49.

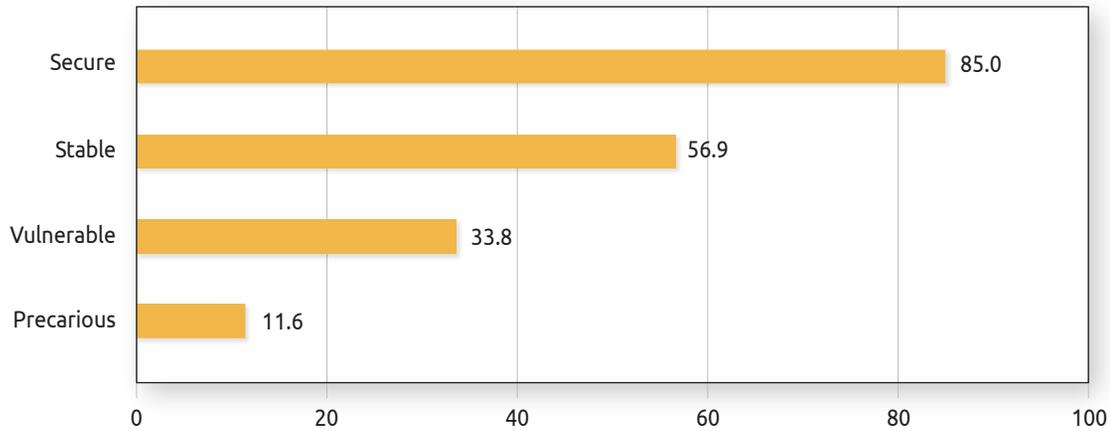
41. PEPSO 2015, Figures 27 and 29, pp. 50 and 52.

42. PEPSO 2015, Figures 39 and 41, p. 61.

43. PEPSO 2015, Figure 43, p.63.



**Figure 31: Employer contributes to a company pension by employment security (%)**

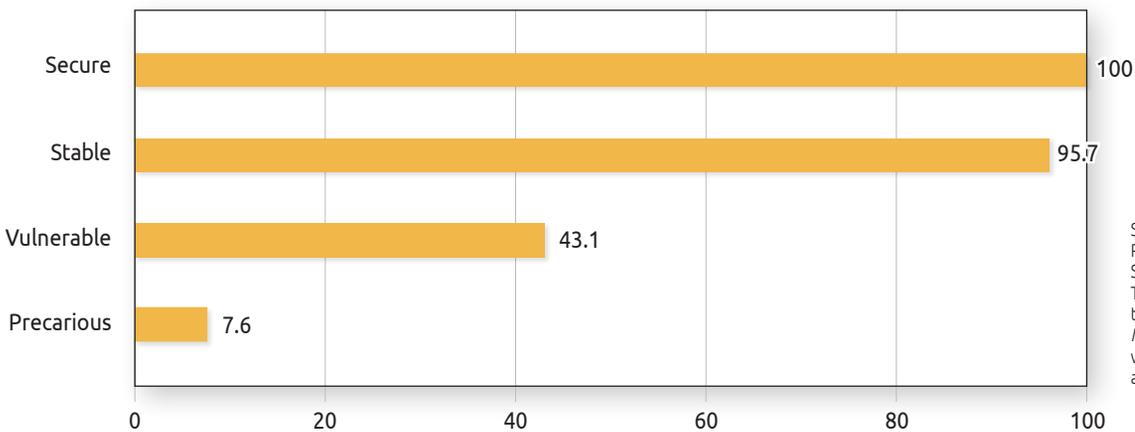


Source: PEP SO survey 2014. Significant at  $p \leq .001$ . This question is included in the *Employment Precarity Index*.

*You know, like, they are not interested in covering you to pay your benefits. . . . They don't hire you full-time because they know if they hire you full-time, they will have to pay for that. So, for me, that's frustrating. That was very frustrating because you know, like, they don't want to do it.*

– Mateo: A young racialized freelancer working in food sector.

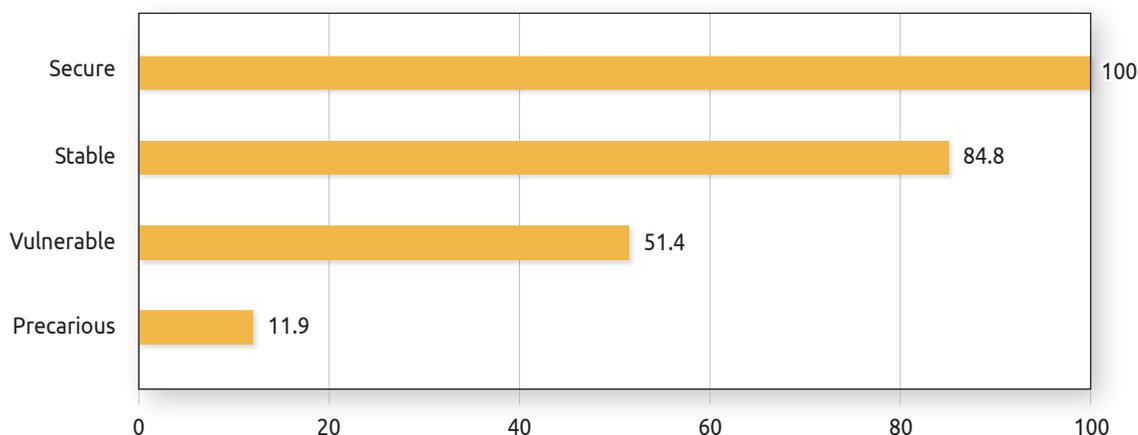
**Figure 33: Employer funds drug, vision and/or dental benefits by employment security (%)**



Source: PEP SO survey 2014. Significant at  $p \leq .001$ . This question is included in the *Employment Precarity Index*. Survey respondents were asked if they have any of these benefits.



**Figure 35: Paid if misses a day's work by employment security (%)**



Source:  
PEPSO survey 2014.  
Significant at  $p < .001$ . This  
question is included in the  
*Employment Precarity Index*.

### **Workers in *Precarious* employment face challenges accessing training.**

Workers in less secure employment can face social and economic penalties that make it harder to get ahead. We have already discussed some of the economic penalties including lower income, lack of benefits, not being paid if you miss work, and irregular work hours. One way workers can move to better-paying, more secure employment is through training. But our evidence indicates that workers in less secure employment, particularly those in low paying jobs, may be disadvantaged in accessing work related training.

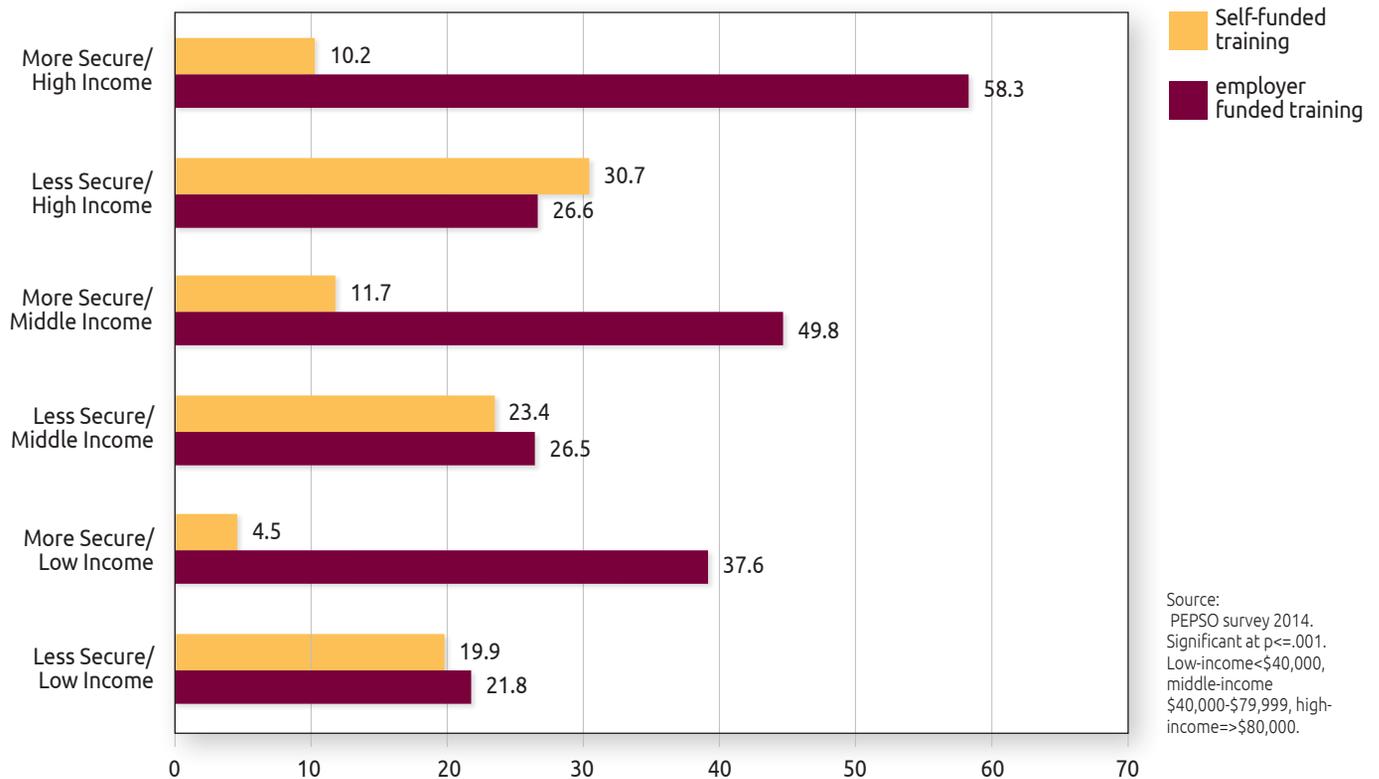
We find that:

- Workers in *Secure* employment are almost 40% more likely to get any training compared to workers in *Precarious* employment.<sup>44</sup>
- Workers in *Secure* employment are over three times as likely to access training paid for by their employer than those in *Precarious* employment, but workers in *Precarious* employment are nearly three times more likely to pay for their own training.<sup>45</sup>
- Workers in less secure, high-income employment are over 50% more likely to access self-funded training compared to those in less secure, low-income employment (**Figure 38**).

...workers receiving **less training**, will have  
**fewer opportunities** to move into **more secure**  
and **higher-paying jobs**.

(PEPSO 2015, p. 57.)

**Figure 38: Self-funded versus employer-funded training by employment security and individual income (%)**



*I've never been at a job where they were offering that kind of training. They actually wanted you to know the stuff already. They tell you a list of things, you know, QuickBooks, do you know this, do you know that? . . . And they want you to know it.*

– Francesca: An older white woman working in manufacturing.

### Workers in *Precarious* employment face challenges finding appropriate childcare.

A significant barrier to getting ahead for workers in *Precarious* employment is the challenge of finding appropriate childcare. This makes it more difficult to work, and can reduce the employment prospects of others living in the household.

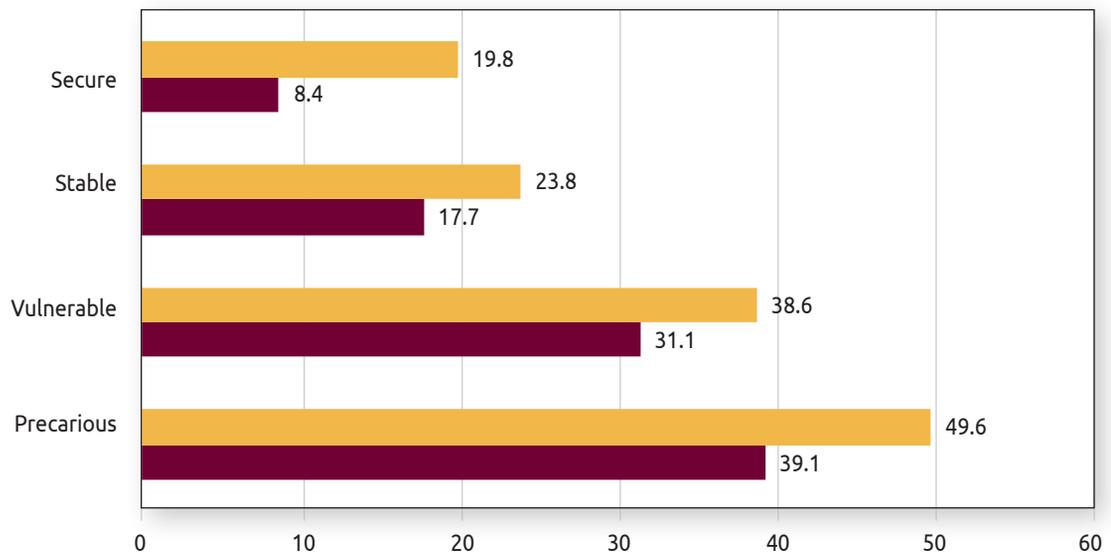
We find that:

- Half of workers in *Precarious* employment respond that access to childcare limits their ability to work and almost 40% respond that it limits their partner's ability to work (**Figure 85**).



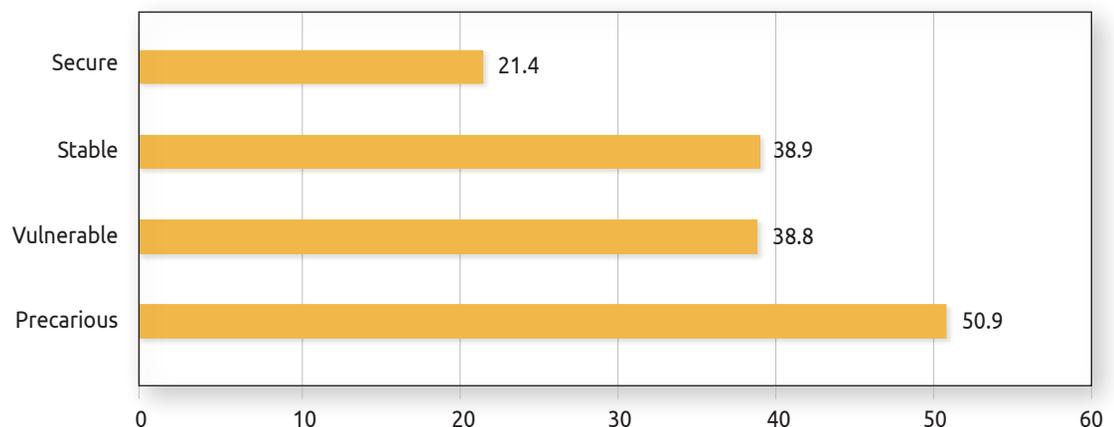
- Scheduling uncertainty and location were barriers limiting childcare choices for half of those in *Precarious* employment (**Figure 87**).
- One manifestation of the challenges of finding childcare for workers in *Precarious* employment is a reduced likelihood that the partners of workers in *Precarious* employment work in permanent, full-time jobs and an increased likelihood that they are not working for pay.<sup>46</sup>
- Workers in *Precarious* employment are more than four times more likely to rely on a stay-at-home partner and 16% more likely to rely on an unpaid relative or neighbour to provide childcare than those in *Secure* employment (**Figure 89**).
- Workers in *Secure* employment are almost twice as likely to use a licensed childcare facility and over 50% more likely to use before- or after-school programs than those in *Precarious* employment (**Figure 89**).

**Figure 85: Lack of access to childcare limits ability to work by employment security (%)**



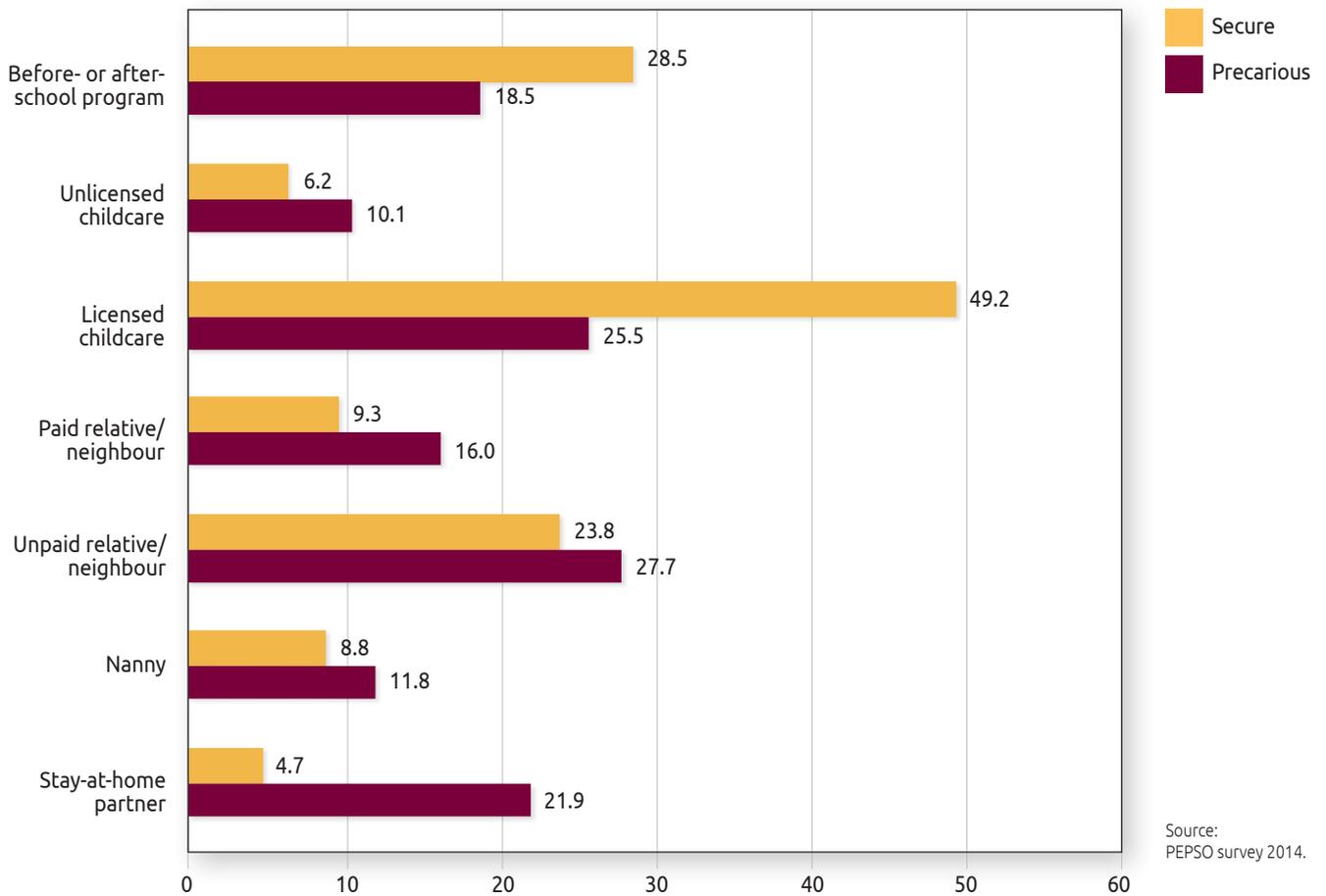
Source:  
PEPSO survey 2014.  
Significant at  $p \leq .001$ .

**Figure 87: Uncertainty regarding work schedule and location limits childcare choices by employment security (%)**



Source:  
PEPSO survey 2014.  
Significant at  $p \leq .001$ .

Figure 89: Type of childcare used by employment security (%)



A **major challenge** for workers  
in **less secure** employment is  
managing their **childcare needs**.

(PEPSO 2015, p. 114.)



## 5. It does not have to be this way. There are practical solutions that will give people in precarious jobs a pathway to more stability and security.

### Modernizing Policy and Programs for Today's Labour Market

*The Precarity Penalty* has confirmed our earlier findings: today's world of work is one in which many jobs are insecure, uncertain and/or unstable. One of the reasons for this insecurity is that our labour-market institutions and programs have not yet caught up to our present-day work reality. *The Precarity Penalty* outlines a vision for how we can all join together to ensure that workers and employers are both supported in this new economy and how they can both thrive. In some areas, our understanding of what needs to be done is quite clear; often, it is based on practices that are already in place in other jurisdictions. In other areas, finding the right path will require dialogue, more study and careful consideration between affected parties. In all cases, we will have to work together to make the changes necessary to support workers experiencing the negative effects of precarious employment.

As with our first report, we have organized our recommendations into three key focus areas.

1. Building a dynamic labour market that supports workers in precarious employment
2. Ensuring that jobs are a pathway to income and employment security
3. Enhancing social and community supports for a new labour market

Within these three key focus areas, we make 28 recommendations summarized below.

### 1. Building a dynamic labour market that supports workers in precarious employment

Building a workforce-development plan for a changing labour market

- **Recommendation 1:** All levels of government need to take further steps to develop and implement comprehensive, coordinated and integrated workforce-development strategies that are sector-specific and that address the unique needs of workers in precarious employment.
- **Recommendation 2:** The federal government should take the lead in helping all sectors better understand the trends that are impacting the labour market, especially in regards to precarious employment, by funding Statistics Canada to collect better-quality labour-market information.

Providing training opportunities for those in insecure employment

- **Recommendation 3:** All sectors need to prioritize training and ensure that training is embedded within a workforce-development strategy that connects with real employment opportunities and that meets the unique needs of workers in precarious employment.



- **Recommendation 4:** Governments should explore how to improve access to government-provided training and how to better support access to employer-provided training for those in insecure employment.

#### Enabling more secure employment

- **Recommendation 5:** All sectors need to give more consideration to career-laddering opportunities for workers in precarious employment, as part of new workforce-development strategies that include attention to skills accreditation.
- **Recommendation 6:** All sectors are encouraged to develop a Canadian-based business case on how more secure employment can benefit their business objectives. Business cases could showcase promising practices that employers from all sectors can utilize to reduce or mitigate precarious employment.

#### Addressing discrimination in hiring, job retention and advancement

- **Recommendation 7:** All sectors should assess how they can contribute in the effort to build awareness of discrimination within the labour market—not only in hiring, but also in retaining and advancing qualified workers who are racialized, women and/or immigrants.
- **Recommendation 8:** The provincial government should include the examination of systemic barriers—of race, gender and immigration discrimination—in their employment and labour standards review, employment services and training review, and wage-gap strategy.
- **Recommendation 9:** The federal and provincial governments and employers must continue to improve credential recognition for newcomers and immigrants.

## 2. Ensuring that jobs are a pathway to income and employment security

#### Modernizing employment standards

- **Recommendation 10:** The provincial government's review of employment and labour standards needs to assess how the system of employment standards enforcement can keep pace with the changing labour market.
- **Recommendation 11:** The provincial government's review of employment and labour standards needs to explore how coverage for employment standards can be expanded to more workers.

#### Reducing the impacts of irregular work schedules for workers

- **Recommendation 12:** The provincial government and employers are urged to consider the amount of notice given to workers regarding their shifts.

#### Improving income security for workers in precarious jobs

- **Recommendation 13:** The federal and provincial governments need to continue to improve our existing income-security programs to better serve those who are experiencing both income and employment insecurity.
- **Recommendation 14:** All stakeholders should consider using a total-compensation lens to address the issue of income insecurity for workers in precarious employment.
- **Recommendation 15:** The federal government needs to take the lead on developing systems that support workers with variable earnings.

#### Enhancing access to benefits for workers in insecure jobs

- **Recommendation 16:** The provincial government should accelerate implementation of its commitment to expand access to prescription drug benefits for low-income Ontarians.
- **Recommendation 17:** The provincial and federal governments are encouraged to lead on pension reform to ensure that the needs of those in precarious employment are supported.
- **Recommendation 18:** Employers in all sectors and the provincial government should consider taking steps to better support workers' needs relating to unexpected absences.

#### Supporting voice at work

- **Recommendation 19:** Unions and labour groups need to continue their efforts to best serve workers who are currently being excluded from unions.
- **Recommendation 20:** The provincial government should use the opportunity provided by the Labour Relations Act review to assess how voice at work is enabled for those in precarious employment.

### 3. Enhancing social and community supports for a new labour market

#### Enabling flexible, quality<sup>47</sup> childcare

- **Recommendation 21:** The federal government could address the needs of parents in precarious employment by exploring parental-leave options that better align Employment Insurance with today's labour market.
- **Recommendation 22:** Governments are encouraged to develop a flexible, accessible, affordable, licensed, safe and high-quality childcare system—set up and funded as to enable precariously employed parents and their partners to work.

### Improving access to community services

- **Recommendation 23:** All levels of government can strengthen the community-services sector by providing a mix of funding supports, including core funding, to enable the community-services sector to better serve those in insecure employment.
- **Recommendation 24:** Community-sector organizations are encouraged to adapt practices to meet the distinct needs of workers in precarious jobs.

### Creating accessible opportunities for children and youth

- **Recommendation 25:** Governments are encouraged to consider how precarious employment creates barriers to program access when developing programming in order to better tailor supports to those in precarious employment.

### Ensuring meaningful volunteer opportunities

- **Recommendation 26:** The voluntary sector should continue to build volunteer experiences that will advance job-related development and/or link to employment.
- **Recommendation 27:** Educational institutions and employers are encouraged to recognize the experience gained through volunteering.
- **Recommendation 28:** The provincial government is encouraged to consider the unique needs of volunteers who work in precarious jobs within the Ontario Volunteerism Strategy.

## Conclusion

If we are to provide individuals with the employment and income security necessary to support households and build stable communities, we must all play a role. For example, employers will need to embrace the business case for a more stable, adaptable workforce, and they will need to appreciate the value of examining, testing and implementing changes to their employment practices. This may have costs in the short term, but also many benefits for employers and the economy in the long term. The relationship between government and workers will also need to undergo a similar change, comparable to the changes following the Great Depression in Canada, which produced the core of the public-policy framework that regulates employment today. Governments will need to update basic protections and existing labour-market regulations, and introduce new supports for workers in light of the declining prevalence of the standard employment. The community sector and labour will need to develop new practices in order to provide support for workers in less secure employment.

How we respond to the challenges created by the changing nature of employment will influence our shared prosperity and the economic health of our region, province and country for years to come. The place to start is acknowledging that change is in our midst, and that it is having significant negative impacts on our workforce and our communities. With the right modernized policies and practices, we can harness changes in our economy to our advantage, and we can better balance the social and economic needs of all Canadians.



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