

21st Century Job Quality: Achieving What Canadians Want

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21st Century Job Quality: Achieving What Canadians Want

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Foreword

Six years ago, CPRN published the pathbreaking report, *What's a Good Job? The Importance of Employment Relationships*, by Graham Lowe and Grant Schellenberg. It examined what workers look for in a job and how their experience compares with what they are looking for. Lowe and Schellenberg found that, while workers care about whether they are paid fairly, they care even more about “intrinsic” aspects of their jobs: a healthy and supportive work environment, and access to training and career advancement. They also found that job quality matters for both workers and employers: not only does it affect job satisfaction, but better job quality also reduces absenteeism and turnover.

The labour market has changed in 21st century Canada since Lowe and Schellenberg conducted their research. The rate of unemployment has fallen substantially. As in other industrialized countries, the labour force in Canada is aging, due to lower fertility, longer life expectancy, and the aging of the baby boom cohorts. The front end of the baby boom is approaching retirement age, and the labour force will grow more slowly than in the past. Our prosperity depends more than ever on finding ways to help our existing workforce realize their potential to contribute to the economy and to their communities. In this context, we asked Graham Lowe to take stock of recent trends in job quality and assess their implications for employer practice and government policy.

His report addresses two basic questions: Has economic prosperity resulted in improvements in job quality? Can improvements in job quality contribute to sustainable economic prosperity and Canadians' overall quality of life? Lowe finds that the strong economic growth of recent years has not brought commensurate job quality gains. However, he also finds that improvements in job quality, particularly with respect to work environments and intrinsic job characteristics (decision autonomy, interesting work) can lead to improvements in employee satisfaction and job performance. Lowe's recommendations include a call for employers to take a close look at the role of job quality in their workforce renewal strategies.

I would like to thank Graham Lowe for this important analysis of job quality trends and his reassessment of what drives job satisfaction and work performance. I would also like to thank Bell Canada Inc.; the Bank of Montreal; Sun Life Financial; the Alberta Ministry of Employment, Immigration and Industry; and Mr. Allan Markin for their financial support for this research.

Sharon Manson Singer, Ph.D.
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Brief Overview

In 21st century Canada, a strong economy has generated unprecedented numbers of jobs, the baby boom retirement wave is growing, and there are fewer young workers to replenish the workforce. These converging trends give renewed urgency to making quality of work life a key to sustainable economic prosperity.

This report uses the best available evidence to assess job quality in Canada in the 21st century. The report asks two basic questions: Has economic prosperity resulted in improvements in job quality? Can improvements in job quality contribute to sustainable economic prosperity and Canadians' overall quality of life?

The answer to the first question is a qualified no: economic prosperity has not brought commensurate gains to workers in terms of better job quality since the turn of the millennium. Over the past decade or more, seven of the major job quality trends examined were stable, 12 moved in a positive direction for job quality, and 10 indicated decreases in job quality. Two (increased part-time employment, declining average length of the work week) could be interpreted either as positive or negative for job quality. Other than the large change in the unemployment rate, other changes were quite small. If earnings are removed, there is no change in overall job quality this decade. Furthermore, relatively few Canadian employees have jobs that are consistently high quality on important dimensions.

The answer to the second question is a qualified yes: job quality is a bridge between what matters to individual Canadians in terms of quality of work life and what contributes to sustainable economic prosperity. A statistically validated model of job quality confirms that the quality of an employee's work environment and the intrinsic nature of their job shapes their work experience and impacts job performance.

Individuals, employers and society will reap substantial benefits by making better job quality a national goal. At stake is Canada's capacity to renew its workforce as baby boomers retire and compete in a knowledge-based global economy. By improving job quality, employers will be better able to recruit, develop, retain and energize tomorrow's workforce.

Given today's labour market and demographic pressures, finding consensus to act should be straightforward. Three things need to be done:

- Employers need to take a close look at the role of job quality in their workforce renewal strategies;
- A national survey of job quality in Canada needs to be implemented by interested stakeholders, particularly governments and employers; and
- Voluntary standards need to be developed and implemented for improving job quality in areas where existing evidence supports action.

Executive Summary

In 21st century Canada, a strong economy has generated unprecedented numbers of jobs, the baby boom retirement wave is growing, and there are fewer young workers to replenish the workforce. This is a recipe for serious workforce renewal difficulties. These converging trends give renewed urgency to making quality of work life a key to sustainable economic prosperity.

This report is the first comprehensive assessment of job quality in Canada in the 21st century. Basic job quality trends are assessed by using various Statistics Canada data sources to create a composite picture. Complementing this, statistical analysis of a nationally representative survey, *Rethinking Work*, offers new insights about job quality.

The report asks two basic questions: Has economic prosperity resulted in improvements in job quality? Can improvements in job quality contribute to sustainable economic prosperity and Canadians' overall quality of life?

The answer to the first question is a qualified no: economic prosperity has not brought commensurate gains to workers in terms of better job quality since the turn of the millennium. Furthermore, relatively few Canadian employees have jobs that are consistently high quality on important dimensions. The answer to the second question is a qualified yes: job quality is a bridge between what matters to individual Canadians in terms of quality of work life and what contributes to sustainable economic prosperity. A statistically validated model of job quality confirms that the quality of an employee's work environment and the intrinsic nature of their job shapes their work experience and impacts job performance.

Individuals, employers and society will reap substantial benefits by making better job quality a national goal. At stake is Canada's capacity to renew its workforce as baby boomers retire and compete in a knowledge-based global economy. By improving job quality, employers will be better able to recruit, develop, retain and energize tomorrow's workforce. The timing for this idea is right, given the talent competition and performance pressures employers face.

Job Quality Trends in Canada

1. Labour Market Context

- In 1996, 30 percent of the workforce was 45 years of age and older; by 2006 this group had increased to 38 percent of the workforce. Job quality is one of the keys to encouraging older workers to remain economically active.
- Between 1993 and 2006, the unemployment rate fell by 45 percent – a bigger change than in any job quality indicator reviewed in this report.
- A tight labour market has brought only a slight shift to more full-time jobs. Non-standard employment has not declined substantially.

2. Hours and Schedules

- The average length of the work week is fairly stable but more people work shorter weeks and more work longer weeks. Part-time work has crept upward. More people have been working 41 and 49 hours a week. However, work weeks of 50 or more hours have declined. Overall, just over one in four workers typically put in more than 40 hours weekly.
- 23 percent of the workforce reported any overtime in 2005, averaging 8.5 hours weekly. About half of all overtime is unpaid.
- Between 1999 and 2003, the incidence of flexible work hours fell, from about 40 percent to just over 36 percent. Greater access to compressed or reduced work weeks offset this decline in flexible hours.
- About one in four workers do some of their work from home, most of it unpaid. Very few work from home during normal work hours – what’s called “telework.”

3. Earnings

- Over the past 25 years, inflation-adjusted median earnings have declined for males and increased for females. There has been a slight recovery in incomes since the late 1990s.
- There are relatively more high income earners (above \$60,000 annually) since the early 1990s. There also has been a slight reduction in the proportion of male and female workers earning less than \$20,000 annually. However, family earned income trends show increased inequality.
- Economic job quality has improved for some groups but not others, largely reflecting the growing inequality in earnings distribution.

4. Benefits

- Employee benefit coverage increased in the 1999 to 2003 period for dental plans, life and disability insurance, and group RRSPs. However, coverage has decreased for supplemental medical insurance, employer-sponsored pension plans, and stock purchase plans.
- Defined contribution pension plans increased slightly from 14.6 percent in 2001 to 15.7 percent in early 2006, a trend that is expected to accelerate.
- The decline in employer-sponsored pension plans and supplemental medical insurance could have significant implications for the quality of life.
- In 2003, just over one in three employees received some kind of personal or family support service or program from their employer. Utilization rates for such programs are low.

5. Union Membership

- Union membership, which is associated with better wages and benefits, has declined from 35 percent in 1991 to about 30 percent of the workforce today.

6. Skill Use and Training

- Over half of all workers have some form of post-secondary credential, a steadily rising trend. However, close to one in five workers with university degrees were in jobs that required a high school education or less in 2001, up from 1993.
- Depending on the data source, job-related training is either stagnant or increasing very slightly since the late 1990s. Canada's training record is mediocre, and slipping, compared with other OECD nations.

7. Health and Safety

- Absenteeism has increased steadily since the 1990s for both males and females. Time lost for personal reasons rose from 7.4 days per worker in 1997 to 9.7 days in 2006.
- Lost-time work injuries, a main cause of absenteeism, have declined considerably over the past two decades. Fatalities are on the rise, however, which runs counter to the fall in fatality rates in most other OECD countries.

8. Work-Life Balance

- Between 1990 and 2001, dissatisfaction with work-life balance rose slightly, from 17 percent to 20 percent of all full-time, full-year workers.
- The 2004 Rethinking Work survey finds that for 37 percent of respondents, work-life balance had not changed in the previous few years. Just over one-third said it had gotten harder, while 29 percent said it had become easier.
- Finding it easier to achieve work-life balance is associated with a supportive supervisor, flexible hours and schedules, and low job stress.

9. Job Stress

- In 2005, 31 percent of employed Canadians aged 19 to 64 considered themselves a workaholic, a slight decline since the 1990s.
- About three in ten workers experience most days at work as "quite a bit" or "extremely" stressful. The proportion of employed Canadians in this high stress group declined very slightly, from 32.4 percent in 2001 to 30.3 percent in 2005.
- Managers and those in health care occupations have the highest levels of self-perceived stress, compared with other occupations.
- For both men and women, average job strain (what causes job stress) has declined slightly. In 2002, 19 percent of men and 27 percent of women had high job strain, down from 23 percent and 35 percent respectively in 1994/95. This change is related to workers' improved resources and capacity to address job pressures.

10. Job Satisfaction

- Job satisfaction was stable between 1999 and 2003, with just over one-third of employees “very satisfied” and 55 percent “satisfied” with their job.
- Satisfaction with pay is lower than overall job satisfaction, and has increased slightly since 1999.

Summary of Job Quality Trends

Over the past decade or more, seven of the major job quality trends were stable, 12 moved in a positive direction for job quality, and 10 indicated decreases in job quality. Two (increased part-time employment, declining average length of the work week) could be interpreted either as positive or negative for job quality.

Other than the large change in the unemployment rate, other changes were quite small. If earnings are removed, there is no change in overall job quality this decade.

Because job quality indicators come from different sources, it is not possible to provide a fully integrated perspective. This is a major gap in labour market information that needs to be filled with a comprehensive, ongoing, national job quality survey.

How Workers Experience Job Quality

More than 60 percent of respondents to the Rethinking Work survey rated seven job features as “very important”: a workplace free of harassment and discrimination, a healthy and safe workplace, trustworthy senior management, work-life balance, job security, good pay, and a sense of pride and accomplishment.

While these features are valued by workers of all ages, there are generational differences. Older workers put more importance than do younger workers on work-life balance, benefits, and obtaining pride and accomplishment from their job. They want more job autonomy and say than younger workers. Younger workers emphasize career advancement and extended leaves.

Gender differences in work values are almost as pronounced as age differences. Women place more importance on good relations with their supervisor, a healthy, safe and physically comfortable work environment, a sense of pride and accomplishment, recognition, work-life balance, and trustworthy senior management. Men place greater importance on pay, having a say, and career advancement.

The gap between what workers want in a job and what they actually get is largest for trust in management, job training, and a healthy and safe workplace.

Distribution of Job Quality

Little is known about how job quality is distributed among employees. Statistical analysis of Rethinking Work survey data (using Latent Class Analysis) identified six “classes” or groups, based on very positive ratings of 15 job quality features.

- **Total Rewards:** This group has the best overall job quality, with over 90 percent giving very positive assessments of six of the job quality features and 80 percent are very positive about five features. Only six percent of Rethinking Work respondents are in this group, typically older, full-time employees who are managers.
- **Decide and Say:** This group has high levels of decision-making freedom and a say in workplace decisions, but moderate or low job quality in other respects. About 1 in 10 survey respondents are in this group, and they tend to be full-time employees, middle managers, male, younger, and work long work weeks.
- **Relationships and Balance:** This group has between 45 percent and 74 percent giving very positive evaluations of healthy and supportive workplace indicators. Twenty percent of survey respondents are in this group, which is mostly comprised of younger females working part-time in non-union jobs.
- **Economics and Support:** This group comes close to the Total Rewards group in high overall job quality, based on very positive endorsements of workplace relationships, pay and benefits, and the work environment. Twelve percent of survey respondents are in this group, mainly para-professionals, skilled trades workers, public sector professionals, and clerical workers.
- **Security:** This group is distinguished by positive assessments of benefits and job security, and to a lesser extent pay. Sixteen percent of Rethinking Work respondents are in this group, and tend to be female, older, and in full-time unionized professional jobs in education, government and social sciences.
- **Few Rewards:** This group comprises 37 percent of Rethinking Work respondents, making it the largest group. Less than 1 in 10 give very positive job quality assessments. The group has a high proportion of low-skilled manual and sales and service workers, including young workers and women in part-time jobs.

This analysis shows that job quality is not distributed like income, on a continuous sliding scale from high to low. There are clearly identifiable groups of employees with different combinations and levels of job quality.

Just under one in five employees have very high job quality. For most employees, high job quality has not been achieved. The fact that 37 percent of employees do not have access to high levels of job quality on any of the 15 indicators raises concerns about how Canada nurtures its human capital.

A Model of Job Quality

Job quality matters for workers and employers. Given concerns about recruitment and retention, employee engagement and innovation, it is important to understand how job and workplace factors influence employees' attitudes and behaviours.

There is strong evidence from employee survey data supporting a comprehensive model of job quality based on four key concepts – work environment, intrinsic job characteristics, work satisfaction, and work performance.

- Employees who have positive perceptions of their work environments and experience intrinsic job rewards are more satisfied in their work and more productive because they can develop and use their capabilities on the job.
- Work environments and intrinsic job characteristics are closely related: if one is high quality, so is the other. A positive work environment contributes to employees having a say in decisions and job autonomy.
- An employee's work environment has a big impact on their work satisfaction, but no direct effect on their work performance. However, intrinsic job characteristics influence both work satisfaction and performance. Economic (extrinsic) aspects of job quality have no direct effect on either outcome.
- Work satisfaction positively influences work performance. Work performance has no direct correlation with satisfaction, although it has an indirect effect by contributing to pride and accomplishment.
- Decision-makers need to think about job quality as both a determinant and an outcome, and so need to be clear about cause and effect when trying to improve job quality.
- Work environments and intrinsic job characteristics define the core of job quality experiences. These are the drivers of job quality. Employers should focus on these areas if they are looking for ways to improve employee satisfaction and performance.

Recommendations

The recommendations flowing from this report are practical and modest. Given today's labour market and demographic pressures, finding consensus to act should be straightforward. Three things need to be done:

- Employers need to take a close look at the role of job quality in their workforce renewal strategies;
- A national survey of job quality in Canada needs to be implemented by interested stakeholders, particularly governments and employers; and
- Voluntary standards need to be developed and implemented for improving job quality in areas where existing evidence supports action.

These are small steps to be sure, but combined they will enable Canadians to achieve the high quality of work life that should be one of the hallmarks of a prosperous economy.

Acknowledgements

This report would not have been possible without the assistance of many individuals. I would like to thank the Statistics Canada staff who provided data and suggestions, including Danielle Boucher, Yves Decady, Michelle Grimard, Leslie-Anne Keown, Laura Mears, Jeanne MacDonald and Grant Schellenberg. I also want to acknowledge the important contribution of Jay Cross, who did the statistical analysis reported in Sections 4 and 5 and who contributed Appendix III which describes the technical details. Jennifer Dixon provided assistance with the charts and tables. Richard Brisbois, Ron Saunders, and participants in two CPRN webinars provided helpful suggestions on the direction of this report. Two anonymous reviewers, Jay Cross, Ron Saunders and Sharon Manson Singer offered useful suggestions on a draft of the report.

21st Century Job Quality: Achieving What Canadians Want

Introduction

Ten years ago, Canadians somberly debated the future of work. Bleak scenarios predicted fewer jobs, widespread economic insecurity, a lost generation of unemployed youth, and the global spread of people-displacing technologies. Corporate downsizings were media headlines. Researchers puzzled over how the labour market was being recast and who would be the losers and winners. Managers steeled themselves for the next wave of restructuring.

Canadian Policy Research Networks (CPRN) contributed to this debate, using evidence to help people separate myth from reality. CPRN's 1997 *Future of Work in Canada* report proposed solutions focused on three goals: sustainable economic growth; an equitable distribution of work and income; and social cohesion. Job creation and economic security were paramount concerns.¹

By 2001, a strengthening global economy and the high-tech boom led CPRN to explore, in *What's a Good Job*, the new employment bargain workers and employers were forging – one built on aspects of quality of work that went beyond pay and security.² CPRN's research showed that high-quality jobs are good for business and society. While intuitively appealing, this idea was a hard sell, even among high-tech companies competing in the emerging “war for talent.”

Today, the time has never been better to make job quality a priority for business and government. Converging trends in the early 21st century give new urgency to raising the bar for job quality. A strong economy has generated unprecedented numbers of jobs, the baby boom retirement wave is growing, and there are fewer young workers to replenish the workforce. This is a recipe for serious recruitment, retention, succession, and knowledge management challenges. Furthermore, employers are recognizing the productivity payoffs of employee health and wellness, achieved by creating healthy work environments. And in knowledge-based organizations, innovation depends on finding better ways to develop and utilize employees' capabilities.

These demographic, social and economic trends provide a unique opportunity to make quality of work life a pre-condition for sustainable economic prosperity. This is potentially good news for Canadians, many of whom want more than just a job, seeking fulfilling work activity that enables them to reach their personal goals.

Economists and policy-makers believe that economic prosperity leads to improved living standards. A vital link in the prosperity chain is an individual's quality of work life, meaning the positive experiences flowing from the quality of their job and work environment. That's the starting point for this report. Consider Canada's economic success since the late 1990s: Per capita GDP (gross domestic product, the basic measure of an economy's output) increased from \$29,516 in 1997 to \$36,463 in 2006, after taking into account inflation. Labour productivity has increased

¹ G. Betcherman and G. Lowe. *The Future of Work in Canada: A Synthesis Report*. Ottawa: Canadian Policy Research Networks Inc., 1997.

² G. Lowe and G. Schellenberg. *What's a Good Job? The Importance of Employment Relationships*. CPRN Study W-05. Ottawa: Canadian Policy Research Networks Inc., 2001.

annually since the late 1990s. In this decade, our productivity gap with the United States has narrowed. Employment growth has averaged two percent annually for the last 14 years, the longest stretch of continuous job growth since the 1960s and 1970s. And corporate profits are at historic highs.

Yet not all regions or economic sectors are buoyed by these macro trends. Witness the manufacturing job losses in Ontario and Quebec communities. Some groups – notably recent immigrants, Aboriginals, and single parent females – remain in vulnerable positions in the labour market.³ And not all commentators agree on the health of the 21st century economy. A recent lead *Globe and Mail* editorial, reflecting on increased after-tax income for most families, declared, “Prosperity has lifted almost all boats.”⁴ But the Conference Board rates Canada’s economic performance as “mediocre” when benchmarked against 16 other OECD countries.⁵ Still, the basic economic indicators of GDP growth and job creation look better now than they did in the 1990s or 1980s.

However, discussions of economic prosperity stop short of what really matters from the perspective of workers and their families: the quality of their work life. This report argues that job quality is central to understanding what economic prosperity means to Canadians in the 21st century. The report addresses two basic questions in this regard:

1. Has economic prosperity resulted in improvements in job quality?
2. Can improvements in job quality contribute to sustainable economic prosperity and the quality of life?

To answer these questions, the report is organized as follows:

- Section 1 provides an overview of the latest thinking and research about job quality and a framework for examining the job quality of Canadians.
- Section 2 draws on the best available data to track job quality trends over the past decade or longer.
- Section 3 offers a detailed picture of job quality in the 21st century, focusing on the distribution of specific aspects of job quality so that we can better understand who has high or low quality jobs.
- Section 4 outlines how specific groups in the workforce have distinctly different job quality experiences.
- Section 5 provides new evidence that job quality matters for individuals’ overall work satisfaction and job performance.
- Section 6 summarizes the practical implications of these job quality trends and patterns, recommending actions that will integrate job quality into workforce renewal strategies.

³ R. Saunders. *Does a Rising Tide Lift All Boats? Low-Paid Workers in Canada*. Vulnerable Workers Series – No. 4. Ottawa: Canadian Policy Research Networks Inc., 2005.

⁴ The *Globe and Mail*, 7 May 2007, A12.

⁵ Conference Board of Canada. *How Canada Performs. A Report Card on Canada*. Ottawa: Conference Board of Canada, 2007.

1. Why Job Quality Matters

Getting an accurate portrait of job quality in Canada is not a straightforward task. For a start, there is no consensus definition of job quality. The 1990s was punctuated by the good jobs/bad jobs debate: the disappearance of full-time jobs with decent pay and the rise of “non-standard” jobs.⁶ These jobs were temporary, part-time, solo self-employment or some combination. At issue was the stability of non-standard employment, whether it afforded a living wage, and whether it created barriers to better employment opportunities. The term “McJob” conveyed the low-skilled, low-paid, no benefits, dead-end work in this part of the workforce. A closely-related concern was increased wage polarization. In other words, while on average we were not making gains in living standards, there was a decline of middle-income jobs, coupled with an increase in both low-paid and high-paid jobs.

Job quality in Canada during the 1990s was above all tied to economic security. Other job quality issues – notably skill development, employee involvement in decisions, stress, work-life balance, meaningful work – were certainly being discussed and researched, but they took a back seat to the prevailing concern with improving economic security.

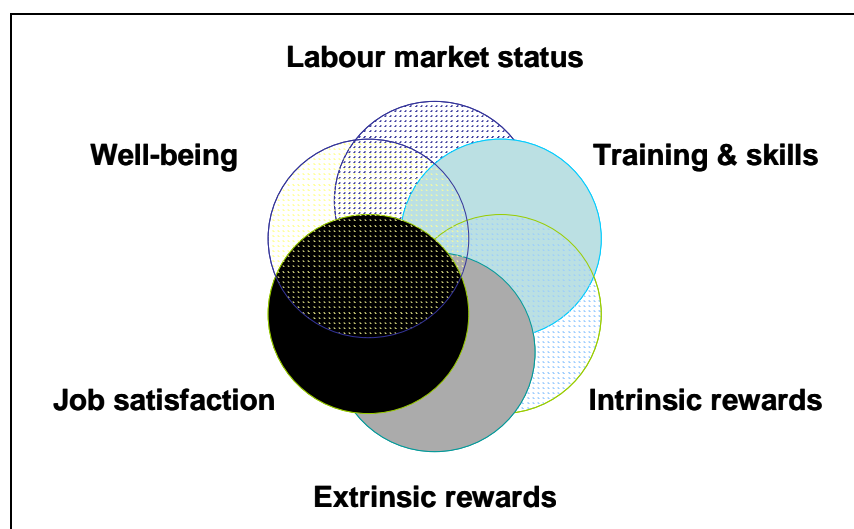
Mining Canadian Job Quality Evidence

To provide a comprehensive assessment of job quality in the 21st century, we have relied on relevant Statistics Canada data sources that provide indicators of job quality. The framework that guided data collection is outlined in Figure 1. The job quality indicators identified can be organized into six types:

1. Labour market status: the type of employment relationship or employment contract.
2. Training and skills: developing and using one’s skills, knowledge and abilities.
3. Intrinsic rewards: the nature of the job itself, including autonomy, relationships with management and co-workers, interesting and challenging job content.
4. Extrinsic rewards: the material rewards of a job, including pay, benefits, security and advancement.
5. Job satisfaction: overall job satisfaction and satisfaction with specific aspects of one’s job.
6. Well-being: positive employee outcomes such as low stress, work-life balance, health and well-being.

⁶ G. Lowe. *The Quality of Work: A People-Centred Agenda*. Toronto: Oxford University Press, 2000; Economic Council of Canada, *Good Jobs, Bad Jobs. Employment in the Service Economy*. Ottawa: Supply and Services Canada, 1990.

Figure 1. Job Quality Framework



Statistics Canada's various surveys have measures in all six categories. The biggest limitation, however, is that because job quality indicators come from different sources, it is not possible to provide a unified picture of job quality. For example, the Canadian Community Health Survey (CCHS) measures self-perceived job stress and health status, along with job factors associated with stress, but it does not have comprehensive employment and workplace information, such as provided by the Workplace and Employee Survey (WES) or the Survey of Labour and Income Dynamics (SLID). Similarly, the General Social Survey (GSS) asks about work-life balance, but intermittently and without also obtaining information on workplace supports to help employees achieve this goal.

Statistics Canada tracks trends on key indicators of job quality. An accurate assessment of job quality in Canada can be created by integrating these different pieces of data. The conclusion: economic growth since the late 1990s has not brought with it commensurate gains in job quality. Additional job quality evidence is gleaned from Rethinking Work, a representative sample survey of just over 2,000 Canadian workers conducted by The Graham Lowe Group and Ekos Research Associates in the fall of 2004 (see Appendix I for details). The advantage of this survey is its wide scope of worker, job, work environment and organizational characteristics. Statistical analysis and modeling of Rethinking Work data offers new insights about job quality. It turns out that relatively few Canadian employees have jobs that are high quality on multiple important dimensions. And a statistically validated model of job quality confirms that the quality of an employee's work environment and the intrinsic nature of their job shapes their work experience and impacts job performance.

International Research on Job Quality

International studies of job quality that include Canada are rare, with one of the few recent exceptions being the CPRN report, *How Canada Stacks Up*.⁷ However, a brief review of the latest research on job quality in Europe and the United States will provide a broader context for understanding job quality in Canada. Tracking economic performance has become easier thanks to standardized measures which produce comparable data for most OECD countries – something which cannot be said for job quality. Beyond basic trends such as income and labour market status, all we have to go on is a patchwork of surveys. Still, it is possible to identify interesting patterns in the evolution of job quality in the last 15 or 20 years.

Earnings are a key indicator of job quality and perhaps the most widely used. A good example is the Economic Policy Institute's (EPI) annual report on *The State of Working America*, which focuses on earnings.⁸ Documenting a decline in the median family income between 2000 and 2005, the EPI concludes that “historically high productivity growth and historically low unemployment have benefited compensation and wages very little.”⁹ The major concern is increased inequality in income distribution, a trend that is more acute in the United States than in any other western industrial nation. EPI researchers define a good job as one that pays at least \$16/hour (the median male wage in 1979, inflation adjusted), has some employer paid health insurance and a pension. Comparing 1979 and 2004, they find the same share of good jobs in both years, about 25 percent of all jobs. However, if the aging workforce and rising skill levels are taken into account, the 2004 good job rate declines to 18 percent.

These trends are tied to the rise of non-standard jobs, which generally are seen as lower quality than full-time continuing jobs. One in seven jobs in America is low paid and provides no health insurance or pension benefits.¹⁰ A worker's chance of ending up in one of these “bad jobs” is much higher if their work arrangement is temporary, contract, agency, independent contractor, or part-time. Adapting this approach to the UK, researchers identify four “bad job” characteristics: low pay, no sick pay, no pension plan beyond what the state provides, and no access to a career or promotion ladder.¹¹ Between a quarter and a half of all workers in Britain are in jobs with at least one of these bad characteristics, but less than 1 in 10 has all four. As in the United States, workers in part-time, temporary or fixed-term work arrangements are more exposed to bad job characteristics.

⁷ R. Brisbois. *How Canada Stacks Up: The Quality of Work - An International Perspective*. Research Paper W-23, Work Network. Ottawa: Canadian Policy Research Networks Inc., 2003.

⁸ L. Mishel, J. Bernstein, and S. Allegretto. *The State of Working America 2006/2007*. Ithaca, NY: ILR Press and Economic Policy Institute, 2007.

⁹ *Ibid.*, p. 5.

¹⁰ A. Kalleberg, B. Reskin, and K. Hudson. Bad Jobs in America: Standard and Nonstandard Employment Relations and Job Quality in the United States. *American Sociological Review* 65 (2): 256-278, 2000.

¹¹ P. McGovern, D. Smeaton, and S. Hill. Bad Jobs in Britain: Nonstandard Employment and Job Quality. *Work and Occupations* 31 (2):225-249, 2004.

These studies from the 1990s show that economic features of job quality (pay, benefits, and security) differentiate standard and non-standard work arrangements. But the most precarious forms of non-standard work (e.g. temporary or independent contracting) are best seen as risk factors exposing workers to poor job quality, not direct indicators of quality. For example, some workers may choose to trade off income and benefits for the flexibility of part-time work. Thus, a more complete menu of job quality indicators is needed.

Several recent studies do consider a wider range of job quality indicators. As Handel observes: “There is general agreement that work in the United States has changed significantly in the past 15 years in response to economic shocks, but there is great controversy over whether the quality of jobs in the United States has generally improved or declined.”¹² Lacking is research examining workers’ perceptions of job quality and how these have changed over time. To fill this gap, Handel tracks four dimensions of US job quality: perceptions of material rewards; intrinsic rewards (decision autonomy, interesting work); other working conditions (stress, workload, physical effort, danger); and the quality of employee-management and employee-coworker relationships. These aspects of job quality also are determinants of job satisfaction, organizational climate and turnover. None of these dimensions of job quality improved in the United States between 1989 and 1998. Furthermore, job satisfaction – a general measure of job quality – was stable. The only notable change was a decline in perceived job security.

It is possible, of course, that job quality perceptions can be influenced by the shifting composition of the workforce (more skilled and educated workers, more females, more white-collar workers) whose higher expectations may cancel out any actual improvements in job quality. The best way to test this is with a panel survey, which follows the same individuals over a period of years. Using the British Household Panel Study between 1992 and 2002, Rose found increased satisfaction with pay and job security and a decline in satisfaction with the work itself and work hours.¹³ However, there are gender differences, with women experiencing a decline in overall job satisfaction compared with men.

Taking a comparative approach, Clark tracks job quality in seven OECD countries between 1989 and 1997.¹⁴ His measures include: pay; work hours; promotion prospects and security; the extent to which the work is hard, stressful and dangerous; job content (intrinsic rewards); and interpersonal workplace relationships. Clark also takes into account the relative value workers put on these aspects of a job. He found little change in work values in the seven countries during the 1990s. He also found few signs of improved job quality during the 1990s, even though income increased and work hours declined. In fact, employees with the same income and work hours in 1997 as in 1989 were less satisfied in 1997. Possible explanations for these job quality trends could be reduced job security in the 1990s, people working harder, and the changing content of the work itself.

¹² M. Handel. Trends in Perceived Job Quality, 1989 to 1998. *Work and Occupations* 32 (1):66-94, 2005.

¹³ M. Rose. Job Satisfaction in Britain: Coping with Complexity. *British Journal of Industrial Relations* 43 (3):455-467, 2005.

¹⁴ A. Clark. Your Money or Your Life: Changing Job Quality in OECD Countries. *British Journal of Industrial Relations* 43 (3):377-400, 2005. He examines West Germany, Great Britain, United States, Hungary, Netherlands, Italy and Norway.

The most probing analysis of job quality trends in Europe and North America is Francis Green's book *Demanding Work: The Paradox of Job Quality in the Affluent Economy*.¹⁵ He asks: Does an affluent economy improve the work life of most people, and if not, why not? Green observes a major public policy shift since 2000, away from job creation and unemployment reduction to improving the quality of work. This shift can be seen in the European Union's goals for improved job quality by 2010 and the International Labour Organization's promotion of "decent work."¹⁶

Green finds evidence of work intensification in some countries. But it is not entirely clear why people are working harder, although technological change and work reorganization are major influences. Contrary to what some management experts have predicted, workers are not being empowered, although this varies by country. In Britain, workers have experienced reduced scope of discretion in decisions, while the opposite has happened in Finland. In most countries, average pay has increased with the exception of the United States, where increased pay inequality has resulted in a decrease in pay for the lower half of the pay distribution. Job satisfaction has declined in the UK and Germany and is stable in the United States. Declining job satisfaction in Britain can be linked to increasing workloads and reduced task discretion. Some trends are fairly consistent across countries, notably improvements in workplace health and safety and improved job security.

The European Working Conditions Survey (EWCS) is undoubtedly the most comprehensive assessment of job quality trends over time and across countries. The 4th EWCS, conducted in 2005 in 25 countries of the European Union, found that most European workers are satisfied with their jobs. Higher levels of job satisfaction "are associated with job security, a positive working atmosphere and good opportunities to learn and grow."¹⁷ Fewer European workers, particularly in the 15 pre-expansion countries (EU 15), consider their health and safety at risk because of their work. While most workers report their jobs to be interesting and offering new opportunities to learn, trend data for EU 15 countries reveal that access to training has not improved. Despite the steady reduction in the length of the work week in the EU 15 since 1991, flexible schedules are not widespread. However, satisfaction with work-life balance is highest among those working regular and predictable schedules. One of the most important trends identified in the survey: a rising perception of work intensity between 1991 and 2005, based on increases in two work intensity indicators (working at a very high speed and working to tight deadlines).

¹⁵ F. Green. *Demanding Work: The Paradox of Job Quality in the Affluent Economy*, Princeton, NJ: Princeton University Press, 2006.

¹⁶ See: Commission of the European Communities. *Employment and Social Policies: A Framework for Investing in Quality*. Brussels, COM 313, 2001.

(http://ec.europa.eu/employment_social/employment_analysis/com2001_0313_en.pdf) Commission of the European Communities, *The future of the European Employment Strategy (EES) – A strategy for full employment and better jobs for all*. Brussels, 14.1.2003.

(http://ec.europa.eu/employment_social/employment_strategy/newees_en.htm) International Labour Office. *Decent Work*. Geneva: ILO, 1999. (www.ilo.org)

¹⁷ European Foundation for the Improvement of Living and Working Conditions. *Fourth European Working Conditions Survey*. Dublin: European Foundation for the Improvement of Living and Working Conditions. 2007: 91. www.eurofound.europa.eu

In summary, international research presents a mixed picture of job quality. Some key indicators, such as job security and income, have improved in the past 15 years in most countries, as have workplace health and safety. Overall job satisfaction is either stable or declining, depending on the country. And there is evidence of increasing work intensification. This research underlines the need to look beyond objective indicators of job quality – the most common being income and employment stability and security – to include a wider range of subjective evaluations. A subjective approach to job quality gets closest to what contributes to worker well-being.¹⁸ It is this blended approach, combining objective economic measures of job quality with workers' perceptions of their working conditions, which we apply to Canada.

2. Job Quality Trends in Canada

This section assesses job quality trends in Canada, drawing on relevant job quality indicators from Statistics Canada and going back to the early 1990s, or the 1980s and 1970s where possible. The trends are presented by topics, beginning with the changing social and economic context of the labour market. At the end of the section, we provide a synthesis of the trends and what they mean for the direction of job quality in Canada.

Labour Market Context

Two big trends speak volumes about how the Canadian labour market has changed in just a decade: workforce aging and declining unemployment. These trends have played off each other, creating recruitment and retention difficulties for a growing number of employers and fuelling a sellers market in some regions and sectors.

Figure 2 charts workforce aging between 1996 and 2006. Note the declining proportion of workers under age 40, as the massive baby boom generation ages. In 1996, 30 percent of the workforce was 45 years of age and older; by 2006 this group had increased to 38 percent of the workforce. This has enormous implications for employers' human resource practices and public policies regulating retirement. One scenario to reduce the disruptive impact of the loss of experienced workers in key sectors is encouraging older workers to delay retirement. Figure 3 shows that the decline in retirement age stopped early this decade, mainly due to a rise in the public sector retirement age.

The oldest baby boomers turned 60 in 2006. At current rates of labour force participation by age group, within 20 years Canada will be back to where it was in the early 1970s when women started entering the workforce in significant numbers.¹⁹ This decline has started and will exert increasing pressure on an already tight labour market, presenting a real limit to further economic growth. It also highlights the fact that older workers are the largest talent pool employers have to draw from.

¹⁸ Green, op cit., p. 9.

¹⁹ G. Bowlby. Defining retirement. *Perspectives on Labour and Income* 19 (1):55-59, 2007. Also see: Statistics Canada, "Study: Labour force projections for Canada, 2006-2031." *The Daily*, 15 June 2007.

Figure 2. Employed Population by Age Group, Canada, 1996 and 2006

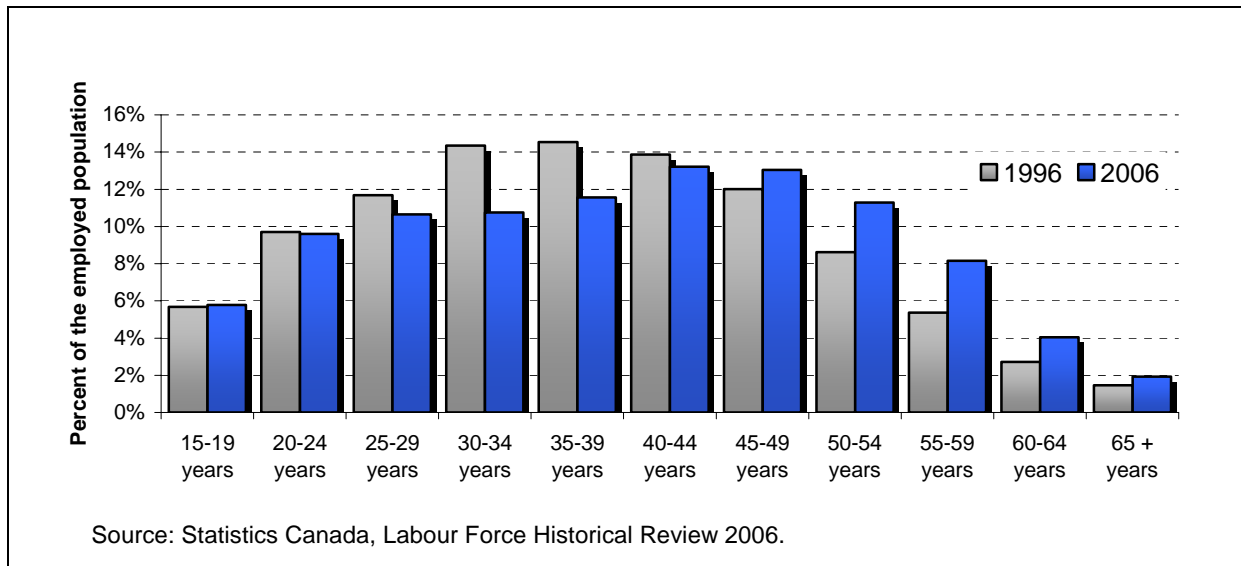
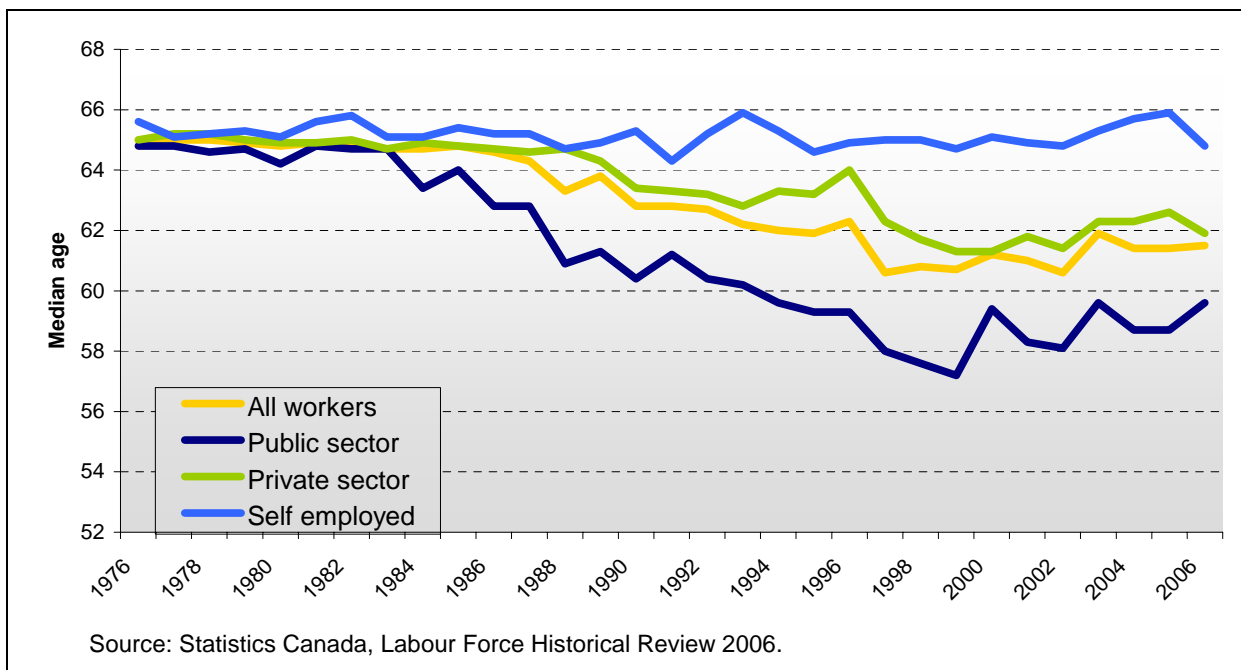


Figure 3. Median Retirement Age, Canada, 1976-2006

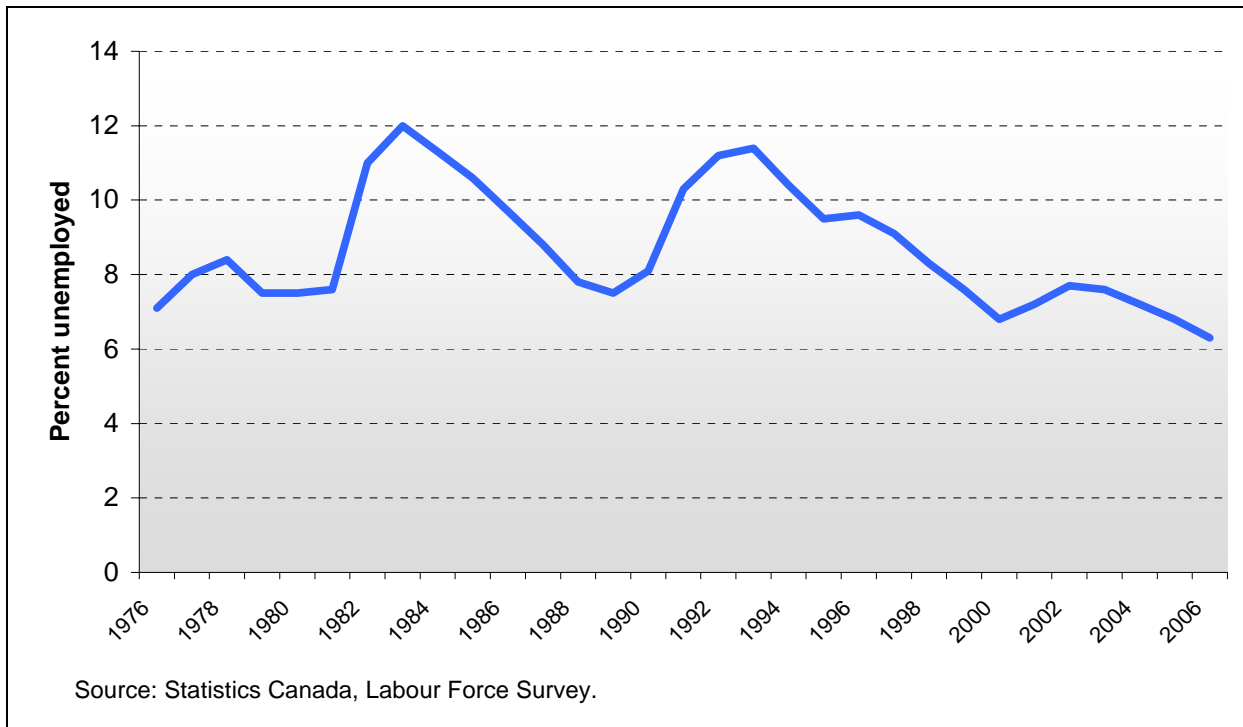


Not surprisingly, encouraging older workers to remain economically active has become a priority for employers, pension plan administrators and governments. Beyond removing regulatory, pension plan and legal restrictions on working past age 65 or after retiring and receiving a pension income, the biggest challenge employers face is providing non-financial incentives for older workers to want to keep working, if they have the luxury of making this choice. This is where job quality comes into play. Canadian researchers have discovered that job stress pushes

individuals into early retirement. Another study found that “being able to do what you are really good at” was the biggest incentive for older workers to consider delaying retirement for several years.²⁰

Accentuating this demographic crunch is the lowest national unemployment rate in over 30 years. Between 1993 and 2006, the unemployment rate fell by 45 percent – a bigger change than in any job quality indicator reviewed in this report (Figure 4). Future economic growth will depend less on labour force growth and more on increased productivity through better use of existing human resources, in combination with innovative technologies and work organization.

Figure 4. Unemployment Rate, Canada, 1976-2006



²⁰ R. Morissette, G. Schellenberg, and C. Silver. Retaining older workers. *Perspectives on Labour and Income*. 16 (4):33–38, 2004. M. Turcotte and G. Schellenberg. Job strain and retirement. *Perspectives on Labour and Income* (on-line edition) 6 (7), 2005 (www.statcan.ca). G. Lowe. *Work-Retirement Transitions: A Synthesis Report*. Submitted to Human Resources and Skills Development Canada, October 2005.

Precarious Work

Unemployment and workforce aging have already transformed the labour market, from a situation of abundant supply and declining demand through much of the 1990s, to one of abundant demand and dwindling supply today. The new dynamics of labour supply and demand provide favourable conditions for improved job opportunities, both in quantity and quality. When workers have more job choices, employers should respond with better employment packages and working conditions – at least in theory. If this happened, we would see a shift to full-time, ongoing jobs.

However, non-standard employment has not declined substantially. Temporary employment has hovered around 13 percent of the workforce this decade, up from 12 percent in the late 1990s (Figure 5). Self employment, which includes independent contractors, has declined from a high of just over 17 percent of the workforce in the late 1990s (a high point since the 1970s) to slightly above 15 percent in the 2000s (Figure 6). The part-time employment rate edged upward from 27 percent of the workforce in 2000 to around 30 percent in recent years (Figure 7). One improvement in job quality is the declining proportion of part-time workers who would prefer a full-time job, below 25 percent of all part-timers in 2006 (Figure 8). This shift toward more continuous employment relationships is slight, as shown in Figure 9, which tracks average job tenure, a trend that could also be influenced by workforce aging.

Figure 5. Temporary Employment Rate, Canada, 1996-2006

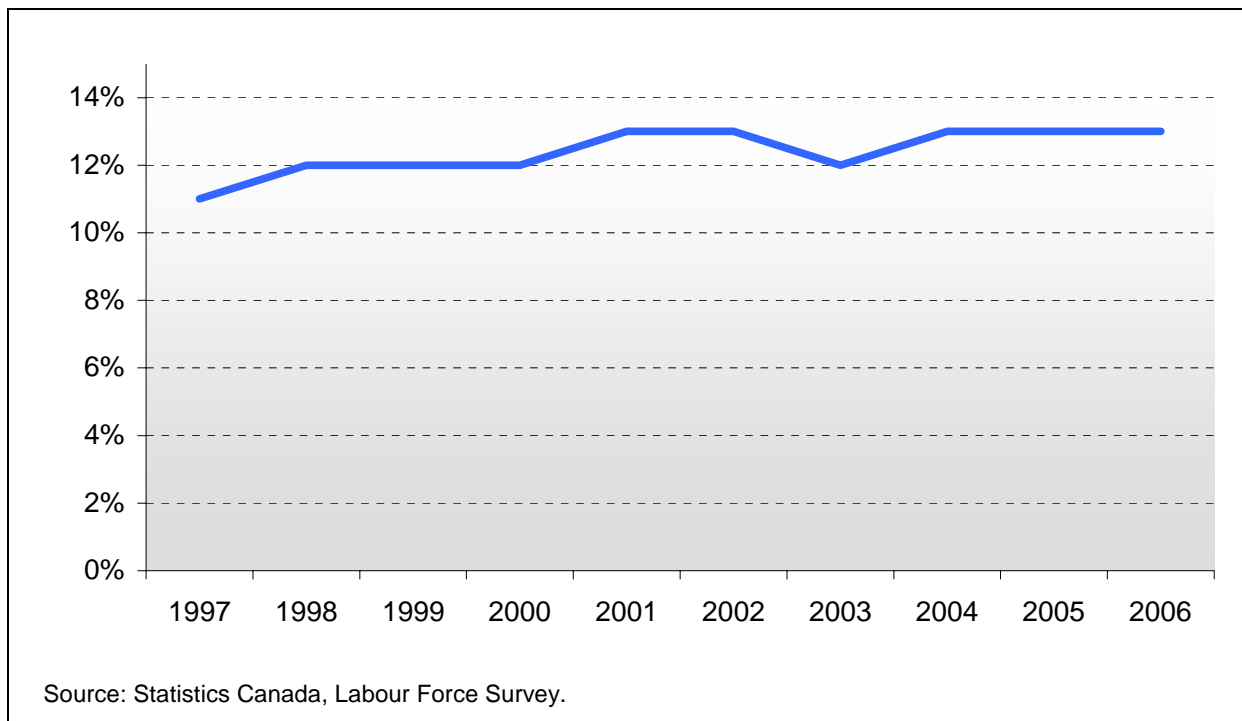


Figure 6. Self-Employment Rate, Canada, 1976-2006

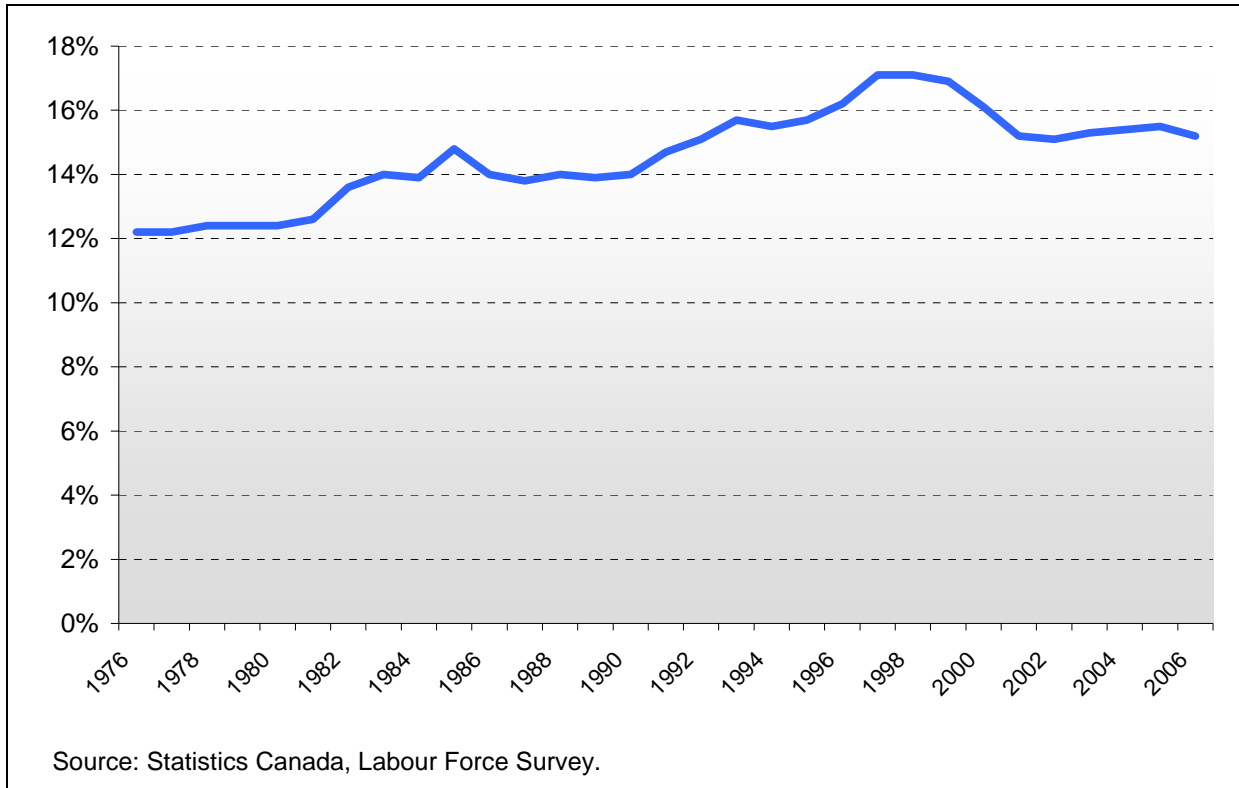


Figure 7. Part-Time Employment Rate*, Canada, 1976-2006

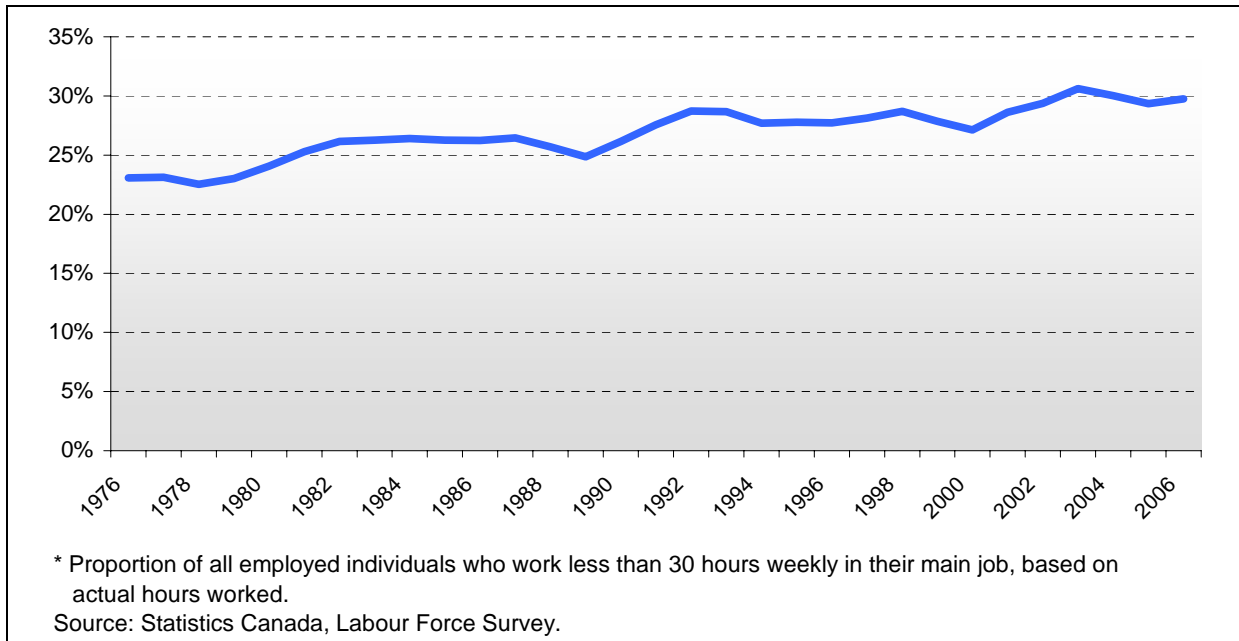


Figure 8. Involuntary Part-Time Employment Rate, Canada, 1997-2006

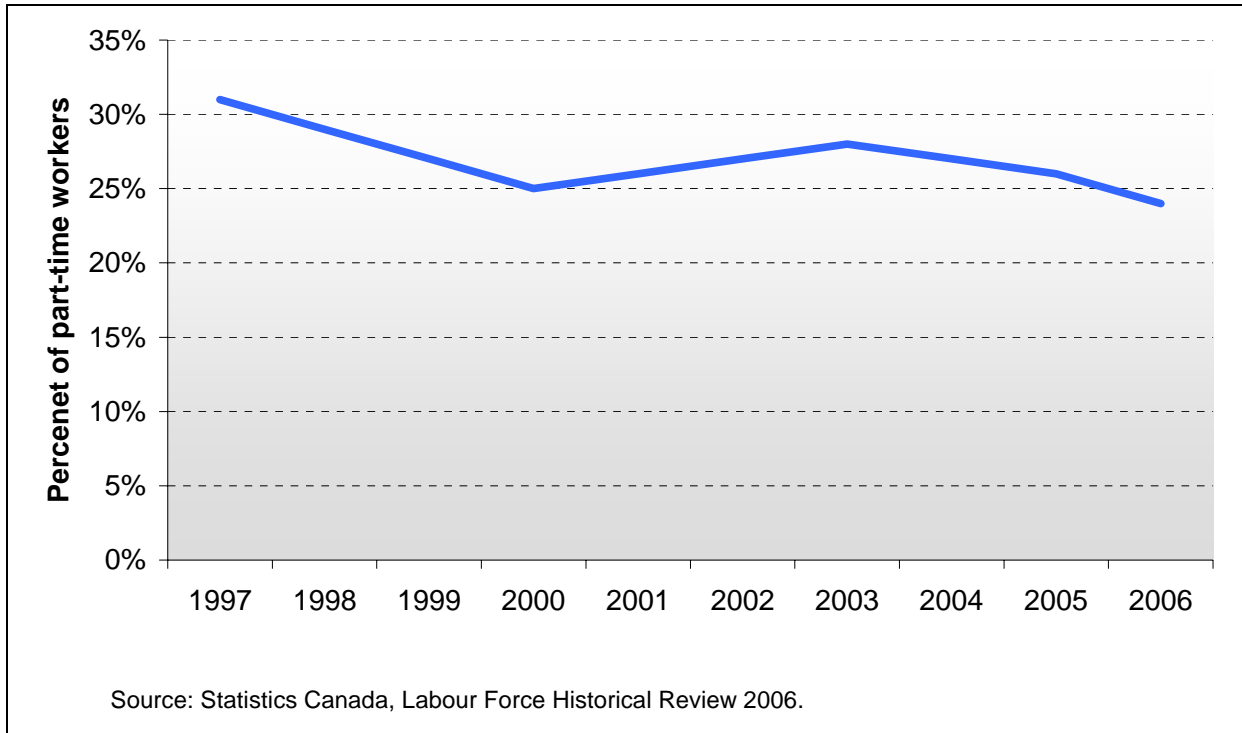
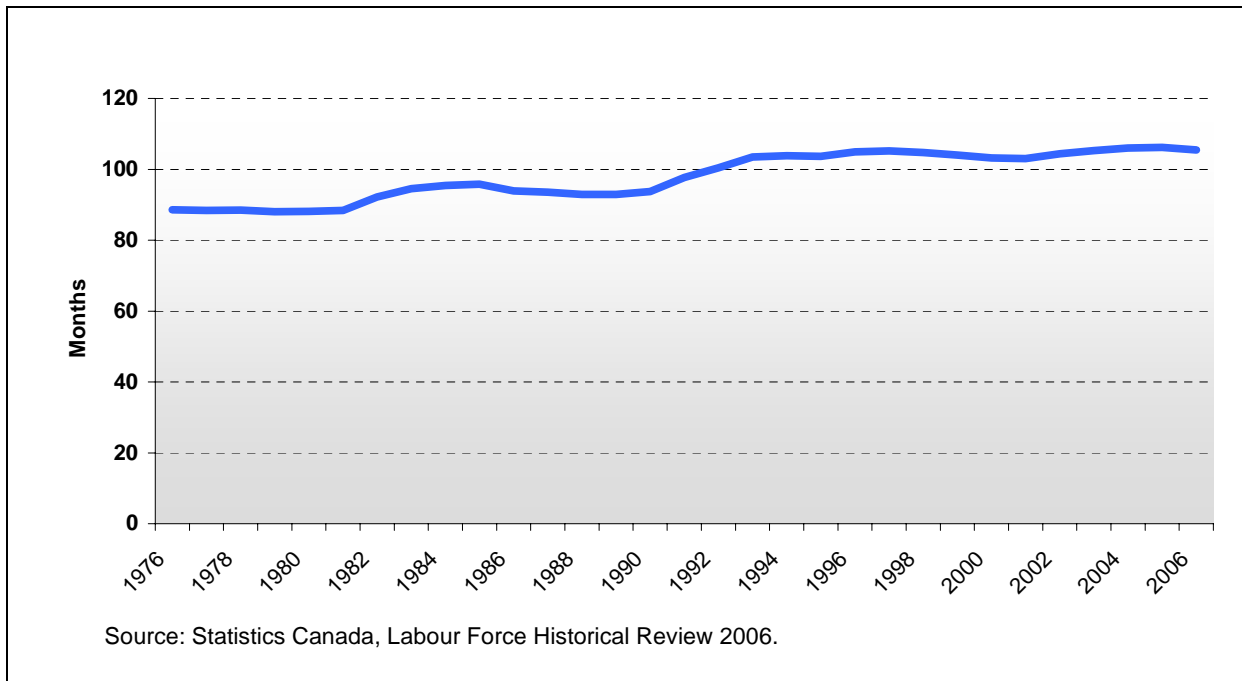


Figure 9. Average Job Tenure in Months, Canada, 1976-2006



Hours and Schedules

People's work hours, and the control they have over hours and schedules, impact their quality of work life. Too much or too little work, working shifts or weekends, and having to take work home to do in the evenings – these arrangements are generally viewed as undesirable. However, for some workers, a part-time job or an afternoon shift may best fit their personal circumstances. Either way, hours and schedules are a key component of job quality. On the larger stage of public discourse, images of the “overworked American,” Japanese workers who literally work themselves to death, or Europeans' extended vacations are fixed in the public mind. So what is the situation in Canada?

Average weekly work hours have oscillated between 36 to 38 hours for the past 20 years (Figure 10). But averages do not really tell us what is happening to the work week. The average has stayed in this range at a time when more people work shorter weeks and more work longer weeks. We already documented how part-time work has crept upward. Figure 11 shows the other half of the hours equation: since the early 1990s, more people have been working 41 and 49 hours a week. We'll call this the “long” work week, which now accounts for one in eight workers. But the “very long” work week – 50 or more hours – has actually declined since the late 1990s. Nonetheless, just over one in seven workers logged these excessive hours in 2006. Taken together, just over one in four workers typically put in more than 40 hours weekly.

However, excessive work weeks usually are not experienced over long periods. Longitudinal data on workers' hours over a five-year period, 1997 to 2001, show considerable change in people's work schedules.²¹ One in five worked longer hours in at least one year between 1997 and 2001 but very few (less than one percent) did so in every year. This research suggests that chronic instability in work hours, not the length of the work week *per se*, is a feature of low quality jobs.

21 A. Heisz and S. LaRochelle-Cote. Work hours instability. *Perspectives on Labour and Income* 19 (1):18-21, 2007.

Figure 10. Average Weekly Hours, Canada, 1987-2006

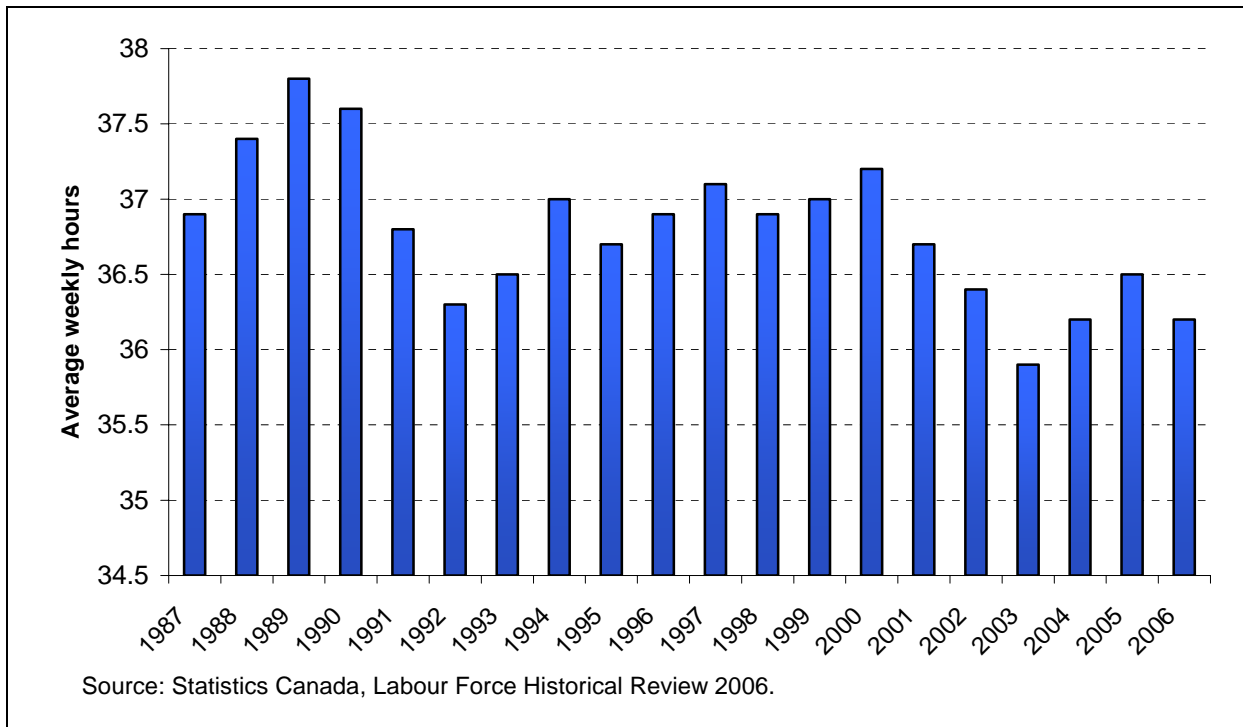
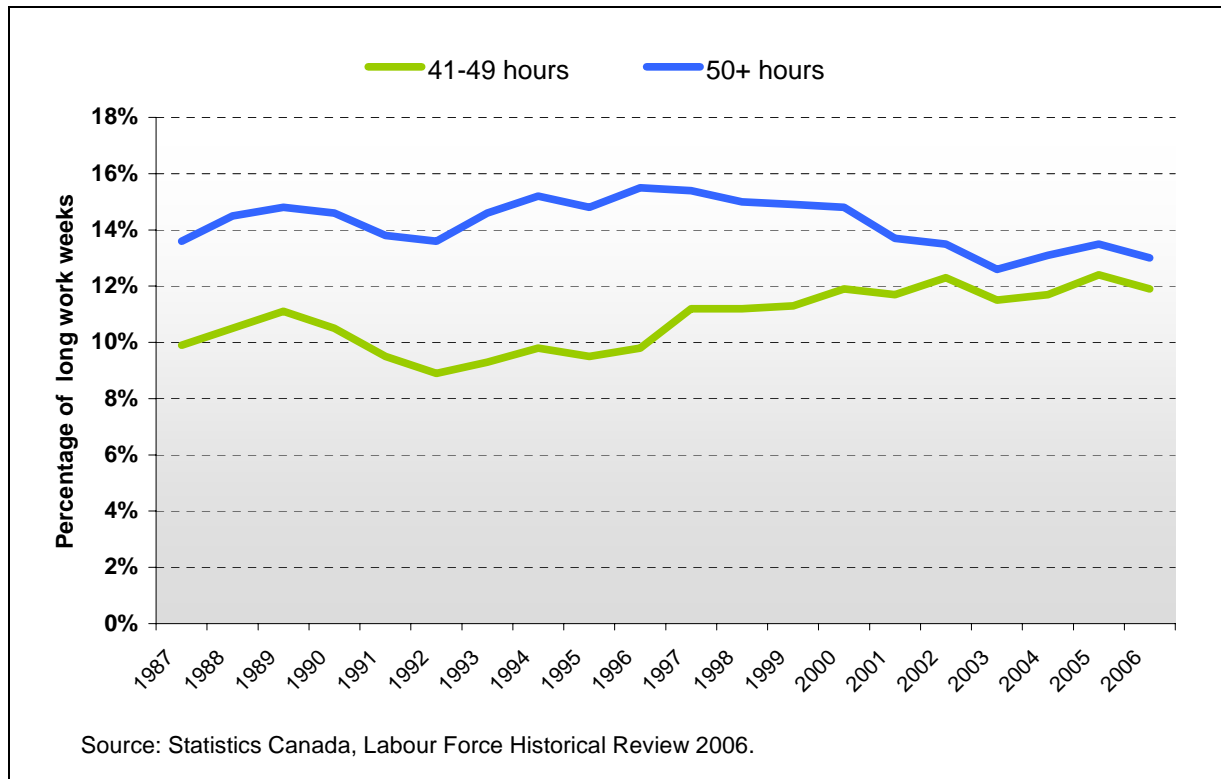


Figure 11. Incidence of Long Work Weeks, Canada, 1987-2006



Another dimension of work time that has received much media attention lately is overtime work, especially when it is unpaid. Several recent high profile legal cases, one in financial services and the other in retail, have highlighted the expectations that are built into some jobs. Figure 12 documents that 23 percent of the workforce reported any overtime (paid or unpaid) in 2005, averaging 8.5 hours weekly. Note that in four industries, more than 30 percent of the workforce reported overtime. The highest incidence of overtime, at 37 percent, is in mining and oil and gas extraction (not surprising given the energy boom in Alberta and the global market for minerals) and education.

Figure 12. Incidence of Paid and/or Unpaid Overtime by Industry, Canada, 2005

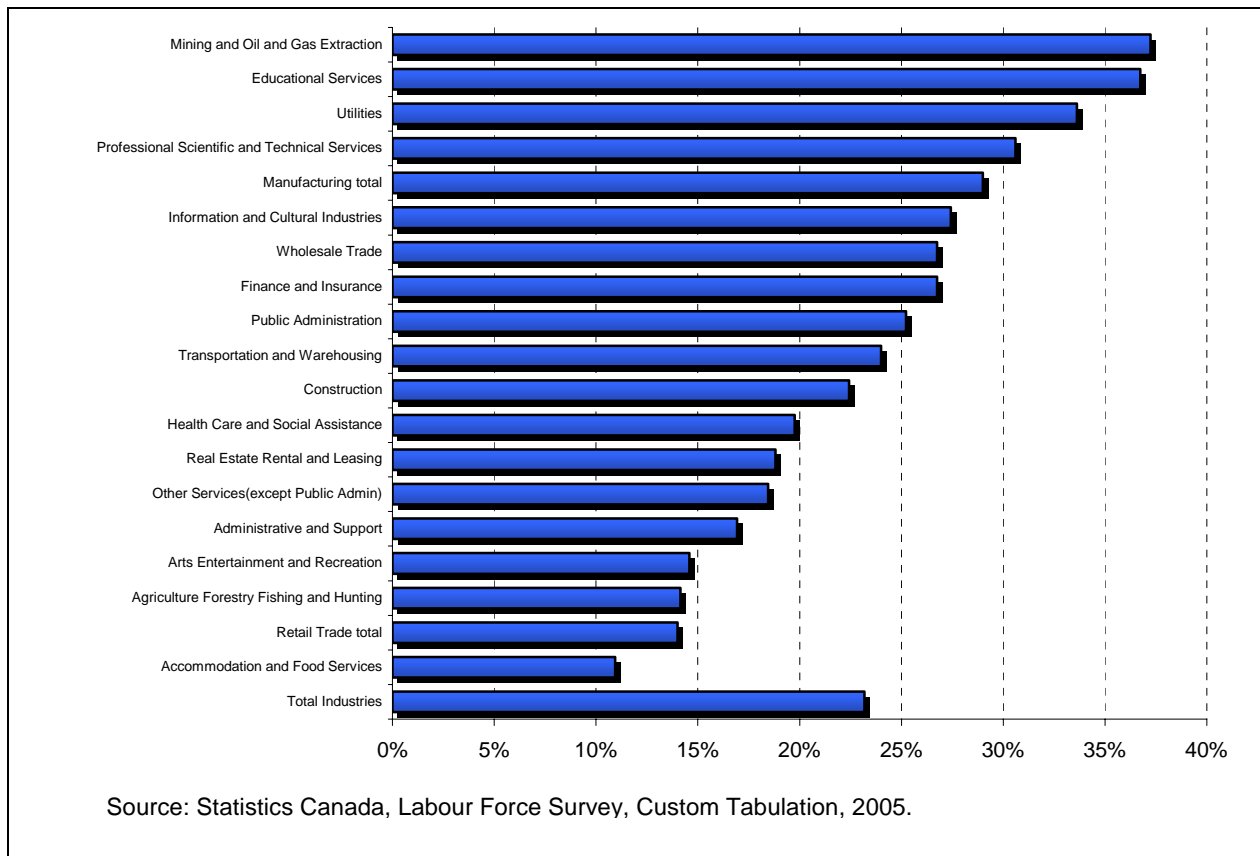
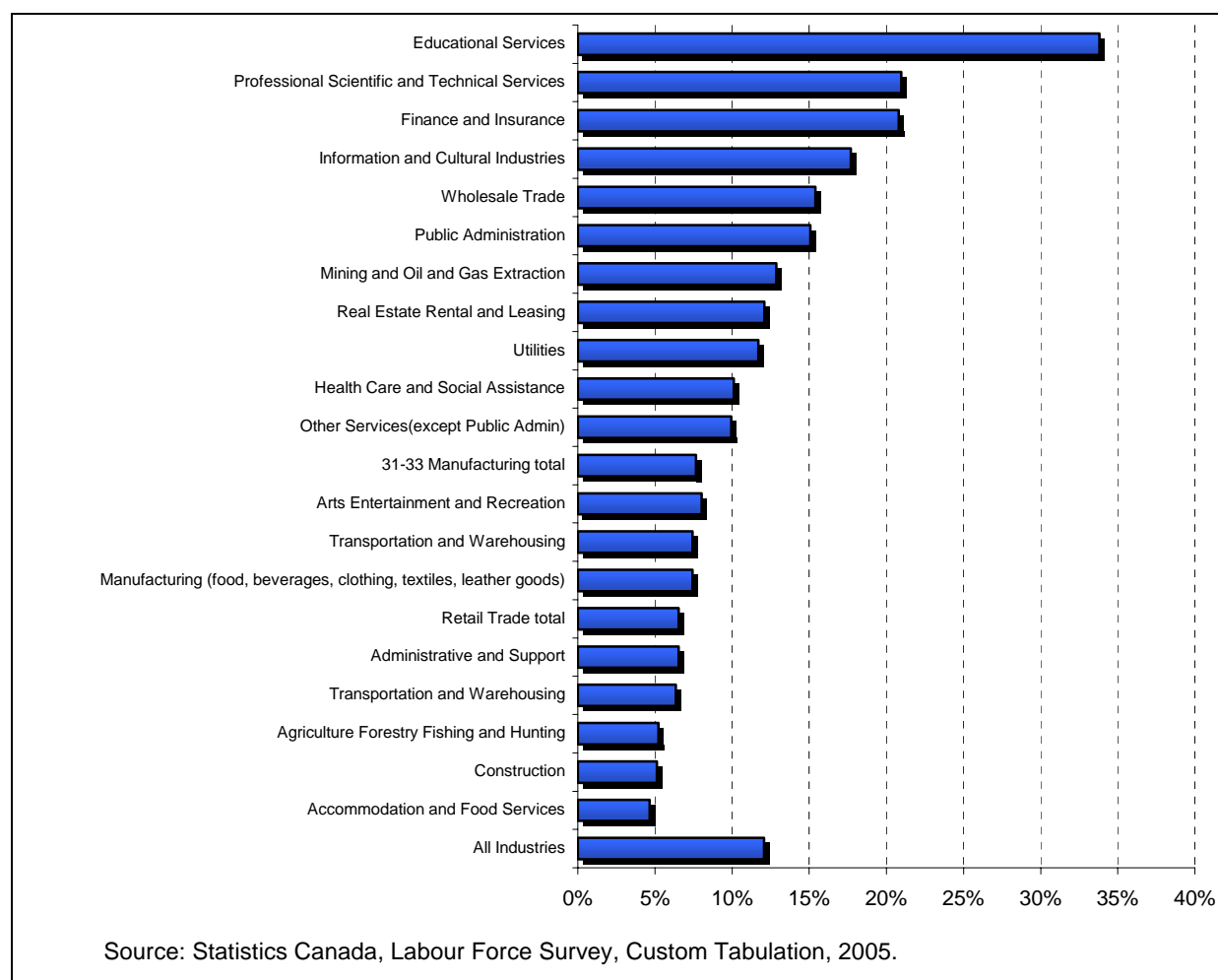


Figure 13 focuses on unpaid overtime, reported by 12 percent of the workforce in 2005. By far the highest incidence of unpaid overtime, at 34 percent, is in education, which seems to account for all overtime in this sector. In two other sectors – professional, scientific and technical services, and finance and insurance – unpaid overtime is reported by just over 20 percent of the workforce. Education is an interesting case. The high rate of unpaid overtime is perhaps not surprising, given that teachers are paid a salary and, even though most are unionized, typically do not have overtime pay provisions in their collective agreements. As professionals, some will choose to work beyond regularly scheduled hours.

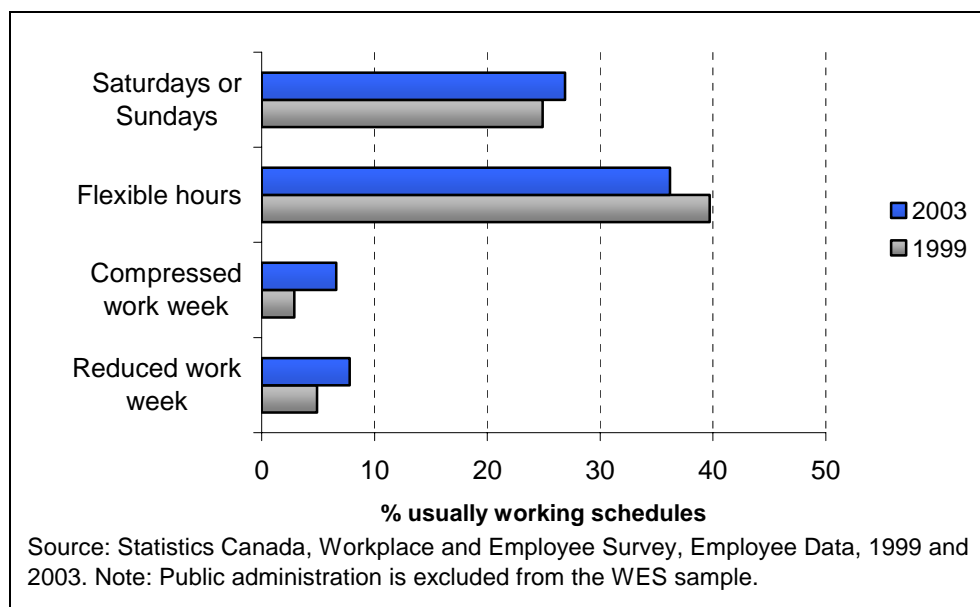
Figure 13. Incidence of Unpaid Overtime by Industry, Canada, 2005



Flexibility has become a byword for work-life balance. It is widely assumed, and supported by research, that providing workers with more control over their work schedules enables them to better meet their personal and family needs and indirectly contributes to productivity.²² This being the case, it is not good news that between 1999 and 2003, the incidence of flexible work hours fell, from about 40 percent to just over 36 percent (Figure 14). However, it is possible that greater access to compressed or reduced work weeks offset this decline in flexible hours. When combined, just under half of the workforce (excluding those in public administration) had some alternative work arrangement in 2003 that had the potential to contribute to work-life balance. The slight increase in weekend work could mean less opportunity for work-life balance.

²² L. Duxbury and C. Higgins. *Work-life Conflict in Canada in the New Millennium. A Status Report*. Ottawa: Health Canada, 2003.

Figure 14. Work Schedules, Canada, 1999 and 2003



Being able to work from home can be an advantage, providing flexibility and reducing commuting time. It also can be a way of coping with work demands outside of regular hours. Either way, setting clear boundaries between work and personal or family time when working at home can be challenging. Figure 15 reports that about one in four workers do some of their work from home. The majority – 17 percent of all workers – are performing unpaid work at home, in addition to their regular hours. Very few (five percent) have access to “telework,” where they work from home during normal work hours. And even fewer (3.4 percent of all workers) are paid for overtime work done at home. Figure 15 also provides a profile of the kinds of workers who are most likely to work at home. Briefly, they are more likely to be male, over the age of 25, a manager or a professional, in knowledge-based service industries, and working in large workplaces (500 or more employees).

Figure 15. Employees Working at Home, Canada, 2003

<i>Selected Employee and Workplace Characteristics</i>	% Paid and within normally scheduled work hours	% Paid and in addition to normal hours	% Unpaid and in addition to normal hours	% of employees never working at home
Overall	4.9	3.4	17	74.7
Gender				
Men	4.9	3.6	20.5	71
Women	4.8	3.2	14.1	77.9
Age				
Less than 25	1.3	3	5.7	89.9
25-44	4.9	3.7	17.8	73.6
45 or more	5.6	3.2	18.7	72.5
Occupation groups				
Managers	9.6	4.5	43.1	42.8
Professionals	9	6.1	26.6	58.3
Other non managers	2.9	2.5	9.4	85.2
Industry				
Forestry, mining, oil and gas extraction	3.7	1.1	16	79.2
Labour intensive tertiary manufacturing	1.7	1.5	14.8	82.1
Primary product manufacturing	1.2	1.7	17.8	79.2
Secondary product manufacturing	2.7	3.1	10.5	83.7
Capital intensive tertiary manufacturing	2.5	2.9	13.3	81.3
Construction	6	4.1	12.1	77.8
Transportation, warehousing and wholesale trade	8.1	2.8	16	73.1
Communication and other utilities	4	5.8	19.7	70.6
Retail trade and consumer services	1.9	2.1	13.3	82.7
Finance and insurance	7.3	4.2	19.4	69.1
Real estate, rental and leasing operators	8.2	4.6	19.5	67.7
Business services	8.7	6.8	19	65.5
Education and health services, non-profit groups	5.1	3.4	22.1	69.3
Information and cultural industries	9	5.7	22.4	62.9

<i>Selected Employee and Workplace Characteristics</i>	% Paid and within normally scheduled work hours	% Paid and in addition to normal hours	% Unpaid and in addition to normal hours	% of employees never working at home
Workplace size	6.1	3.9	13	77
1-19 employees				
20-99 employees	3.8	2.5	15	78.7
100-499 employees	3.9	2.7	17.3	76.1
500+ employees	5.5	4.7	25.8	64

Source: Statistics Canada, Workplace and Employee Survey, employee data, 2003.

Note: Public administration is excluded from the WES sample.

The recent review of federal labour standards identified control over work time, achieved through greater flexibility in work arrangements, as a basic component of decent work.²³ The evidence above reinforces this point. To recap, the small dip in the length of the average work week this decade masks other work hour patterns that have significant consequences for quality of work life. While very long work weeks are on the decline, the 41 to 49 hour week has become more common. Overall, more than one in four workers work more than 40 hours weekly – a stable trend for the past 20 years. Almost one in four workers report overtime hours, mostly unpaid. Access to flexible work hours actually declined between 1999 and 2003. It is inadvisable to declare this a trend based on only two data points. However, alternate work arrangements – compressed or reduced work weeks – have increased slightly in the same period but are not widespread. Work at home options are rarely part of the normal work week. More typical is the manager or professional who does extra work at home, probably to keep up with their workload.

Based on this work hours and schedules profile, there is little evidence that these aspects of job quality have improved in the 21st century. But neither have they shown marked declines.

Earnings

While earnings are the most widely used economic indicator of job quality, they provide a limited perspective on job quality that must be rounded out with information on how workers experience jobs.²⁴ Still, earnings directly affect living standards and, along with job security and non-wage benefits, comprise the extrinsic – or external – rewards of a job. Other job rewards, which only can be assessed by asking workers about their subjective experiences, are called intrinsic rewards, because they reflect the nature of the work and its organizational setting.

There are many ways to slice earnings data. No single indicator tells us what we need to know. This section relies on eight earnings trends which, taken together, give an accurate overall picture of the economics of job quality. Earnings are reported separately for males and females, reflecting the emphasis that public policy and many employers have given over the past 20 years

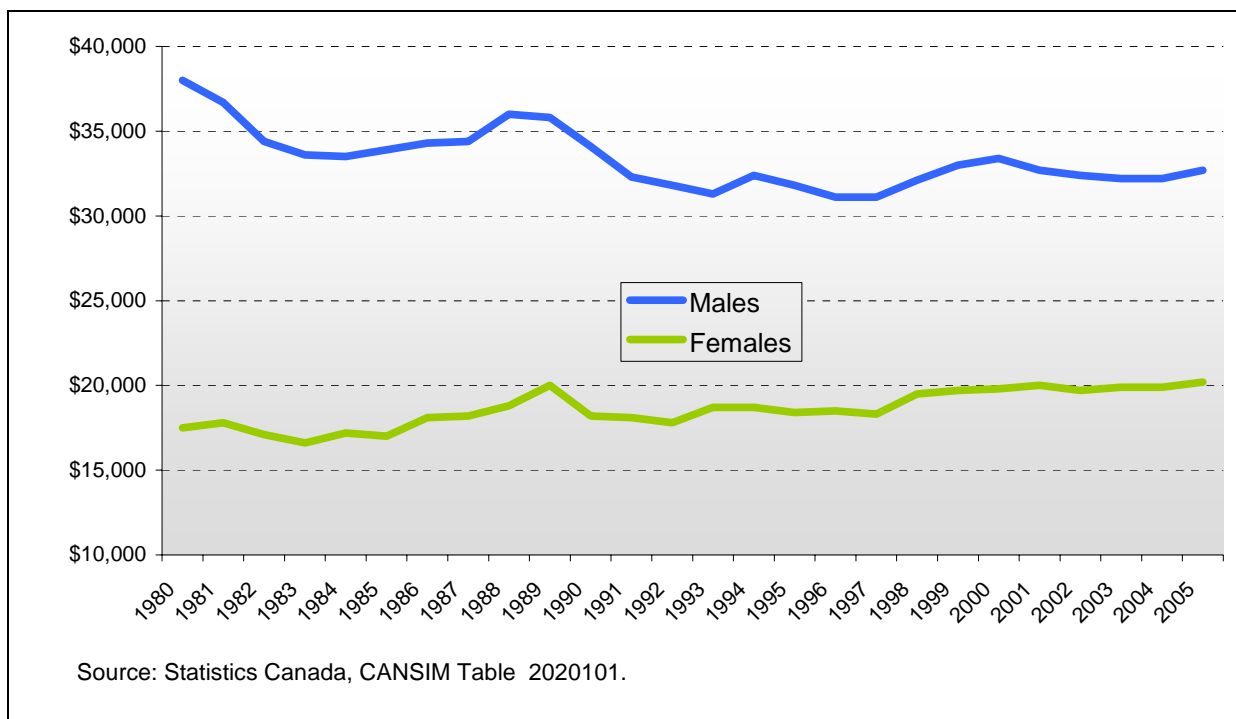
²³ H. Arthurs. *Fairness at Work: Federal Labour Standards for the 21st Century*. Gatineau, QC: Human Resources and Skills Development Canada, 2006.

²⁴ Clark, op cit., p. 378.

to closing the pay gap between the women and men. Because this report is about the quality of jobs, we focus on the income people earn in their jobs, rather than family income from all sources (not just earnings). We acknowledge, however, that the latter is a more useful gauge of living standards in a society.²⁵

The median wage tracks the mid-point in the overall distribution of wages. Unlike averages, it is less influenced by changes at the high or low end of the wage distribution. Over the past 25 years, median earnings have declined for males and increased for females in real terms (i.e. after accounting for inflation). The 1990s was a difficult decade economically for men and women (Figure 16). There has been a slight recovery in incomes since the late 1990s. In 2005 (the latest year reported by Statistics Canada), total median employment income in Canada increased 1.3 percent to \$26,300.²⁶ And average wages for males and females who worked full-time and year-round have gradually increased since the mid-1980s (Figure 17).

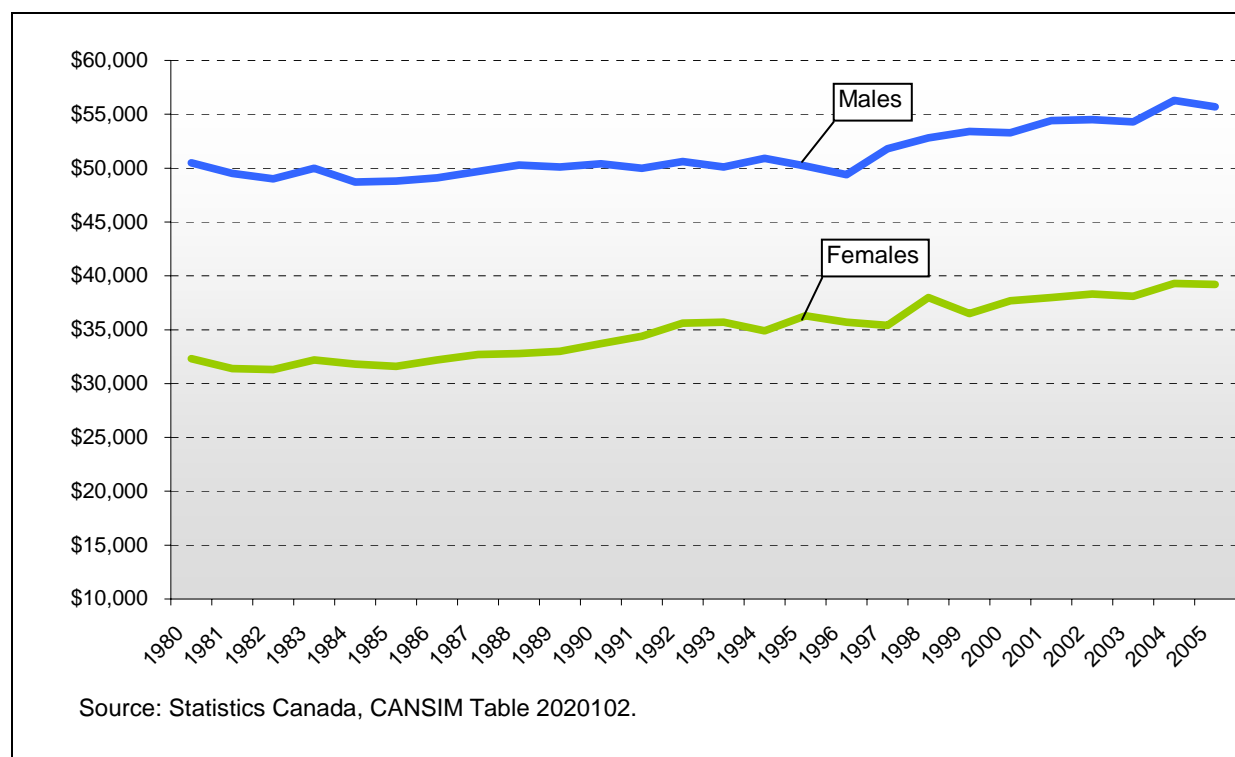
Figure 16. Median Earnings (2005 constant dollars) of All Workers by Gender, Canada, 1980-2005



²⁵ See: Statistics Canada. *Income in Canada, 2005*. Ottawa, Statistics Canada, 2007. www.statcan.ca/english/freepub/75-202-XIE/75-202-XIE2005000.htm

²⁶ Statistics Canada, *Income in Canada, 2005*.

Figure 17. Average Annual Earnings (2005 constant dollars) of Full-Time, Full-Year Male and Female Workers, Canada, 1980-2005



Figures 18 and 19 show changes between 1980 and 2005 in the relative size of high and low income earner groups. This provides information on income distribution, basic to an understanding of inequality and access to economic security in society. There are relatively more high income earners, based on the percentage of males and females earning more than \$60,000 (in 2005 constant dollars) since the early 1990s. There also has been a slight reduction in the proportion of male and female workers earning less than \$20,000 annually. However, the proportion of full-time workers earning less than \$10 per hour (in 2000 dollars) was unchanged throughout the 1980s and 1990s.²⁷ These trends are accentuated if we look at family income. Average family market income (i.e. from employment) among the ten percent of families with the highest incomes rose by 22 percent from 1989 to 2004, while among the ten percent of families with the lowest incomes, it fell by 11 percent.²⁸ Rising inequality in family after-tax income since 1989 has been mainly driven by increased family market income inequality.

²⁷ Saunders. *Does a Rising Tide Lift All Boats?*

²⁸ A. Heisz. *Income Inequality and Redistribution in Canada: 1976 to 2004*. Ottawa: Statistics Canada. Analytic Studies, Research Paper Series No. 298, 2007.

Figure 18. Percentage of Workers Earning \$60,000 and More Annually (2005 constant dollars) by Gender, Canada, 1980-2005

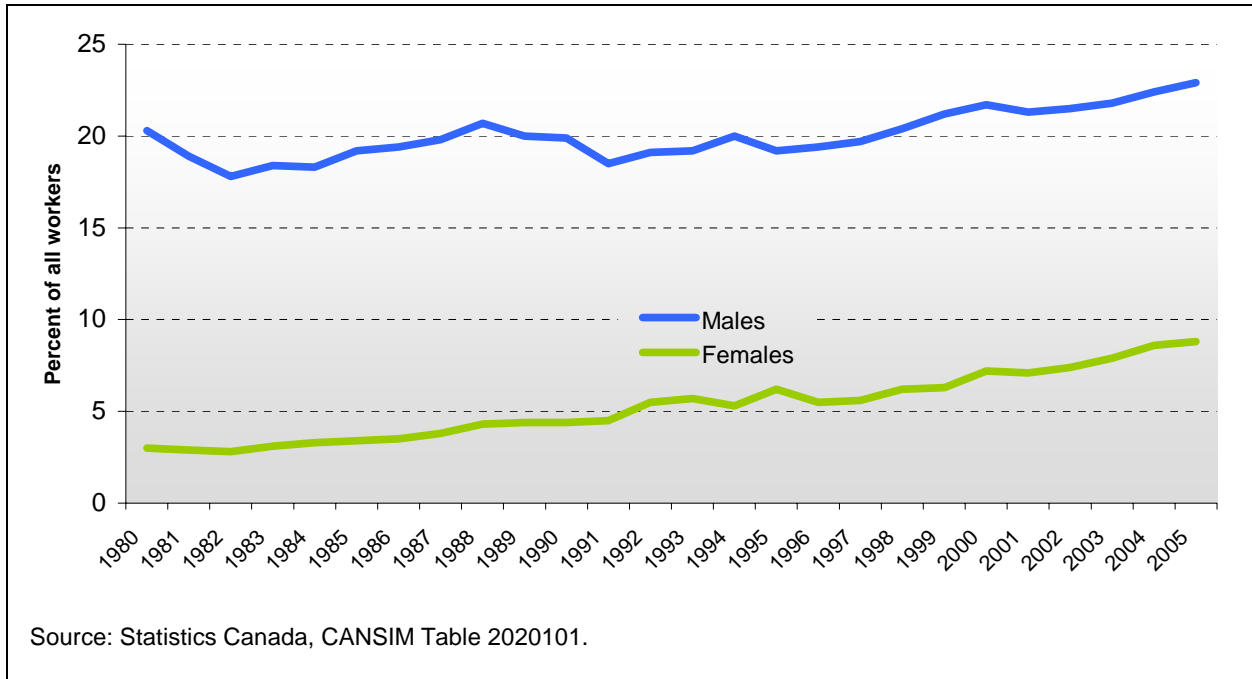
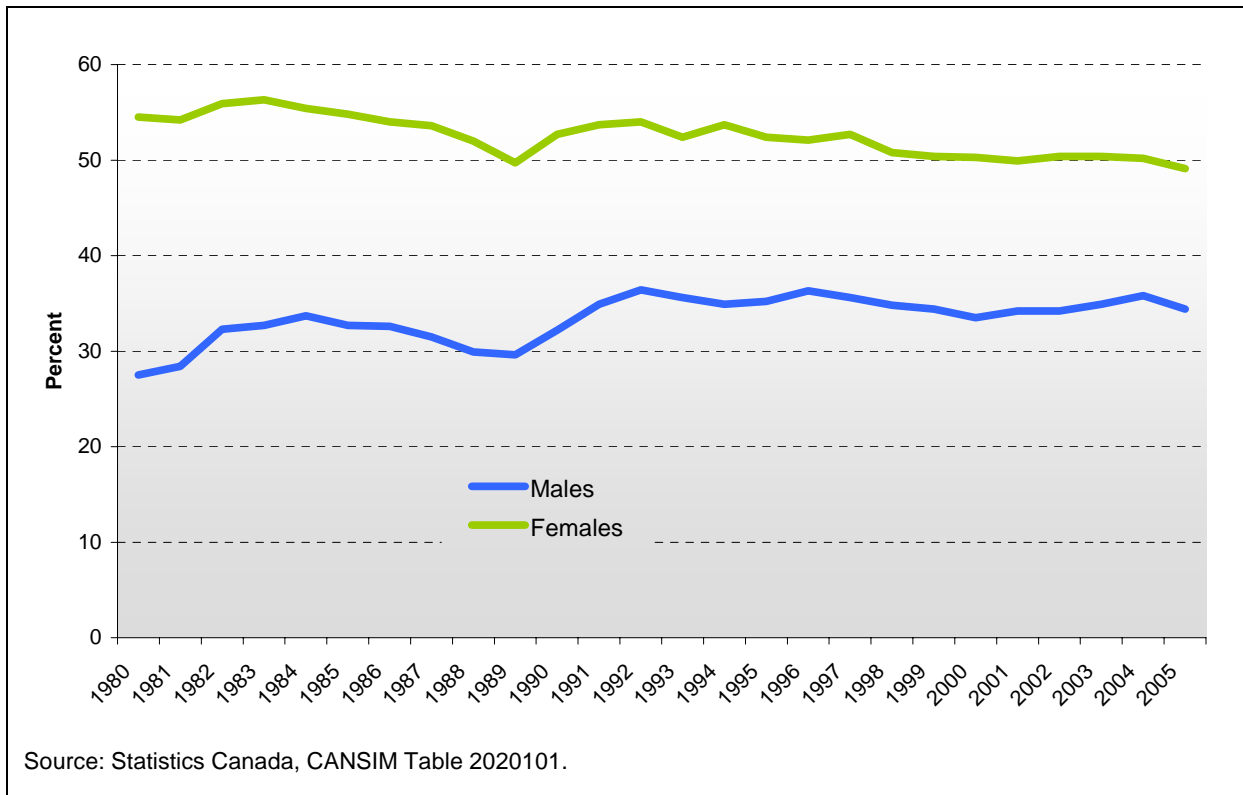


Figure 19. Percentage of Workers Earning Less than \$20,000 Annually (2005 constant dollars) by Gender, Canada, 1980-2005



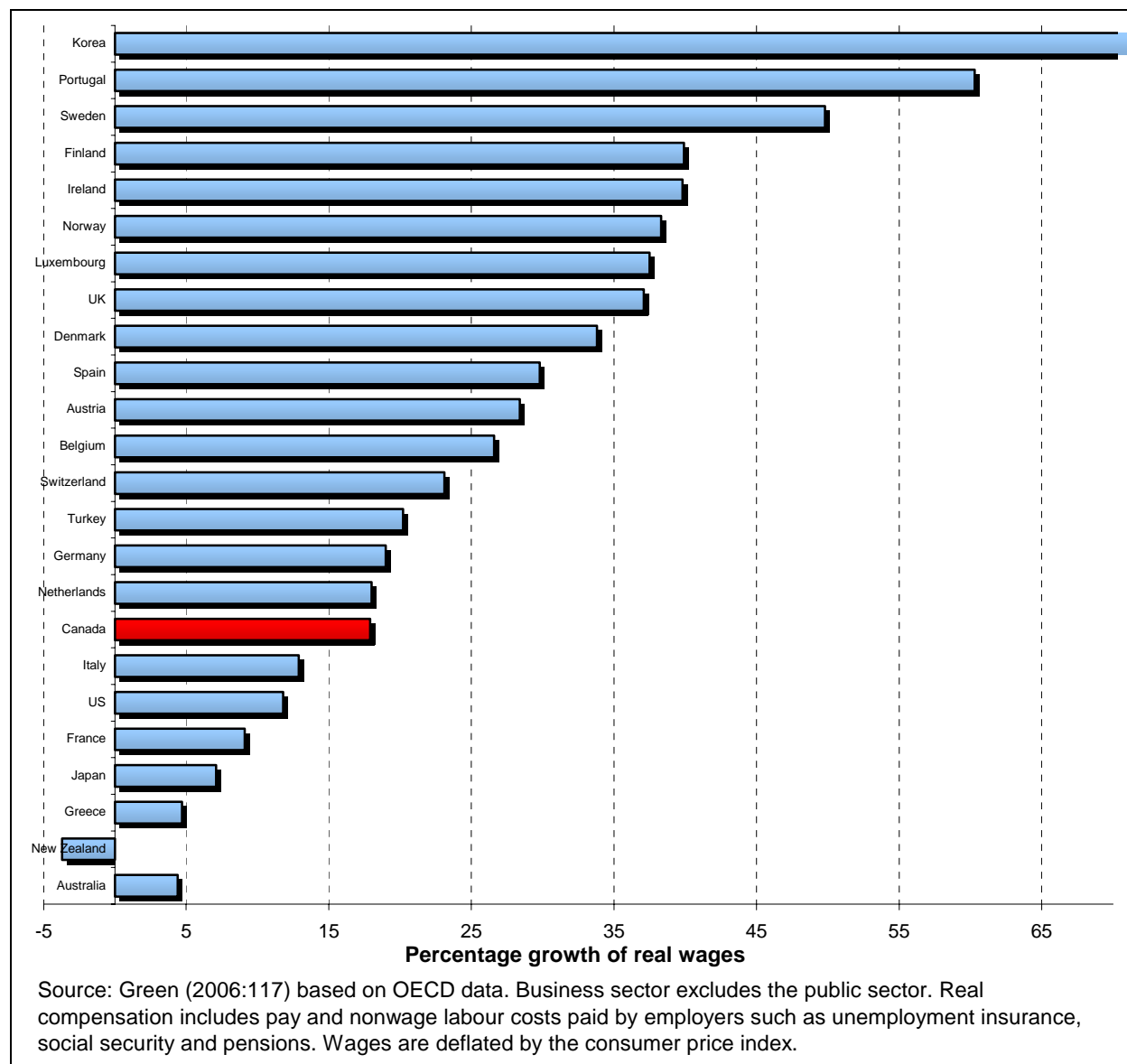
Statistics Canada's research helps to explain some of these earnings patterns.²⁹ Canadian employers have responded to competitive pressures in the past 25 years by offering new hires less, offering temporary jobs to growing proportions of new hires, and offering fewer jobs with defined benefit pension plans. In 2004, 11 percent of all employees aged 25 to 64 were employed in jobs that paid \$30 or more per hour, slightly higher than in 1981 (nine percent). However, newly-hired employees lost ground relative to those with greater seniority during that period. For instance, newly-hired men aged 25 to 64 saw their median wages drop 13 percent between 1981 and 2004. In contrast, their counterparts with more than two years of seniority saw their wages increase by four percent. So the wage gap between younger and older workers rose between 1981 and 2004. In other words, economic job quality has improved for some groups but not others, largely reflecting the growing inequality in earnings distribution.

From a comparative perspective, after-tax income inequality increased more in the United States than in Canada, but it also rose in other countries, including Finland, Germany, Norway, Sweden and the United Kingdom during the 1990s.³⁰ Furthermore, employee compensation in Canada's private sector increased 18 percent between 1985 and 2002 (Figure 20). This is slightly better than in the United States and considerably better than in Australia or New Zealand, but behind the increases experienced by workers in 13 other OECD nations.

²⁹ R. Morissette and A. Johnson. *Are Good Jobs Disappearing in Canada?* Analytic Studies Research Paper Series, No. 239. Ottawa: Statistics Canada, 2005.

³⁰ Heisz. *Income Inequality and Redistribution in Canada: 1976 to 2004*.

Figure 20. Growth of Real Compensation per Employee in the Business Sector in Selected OECD Nations, 1985-2002



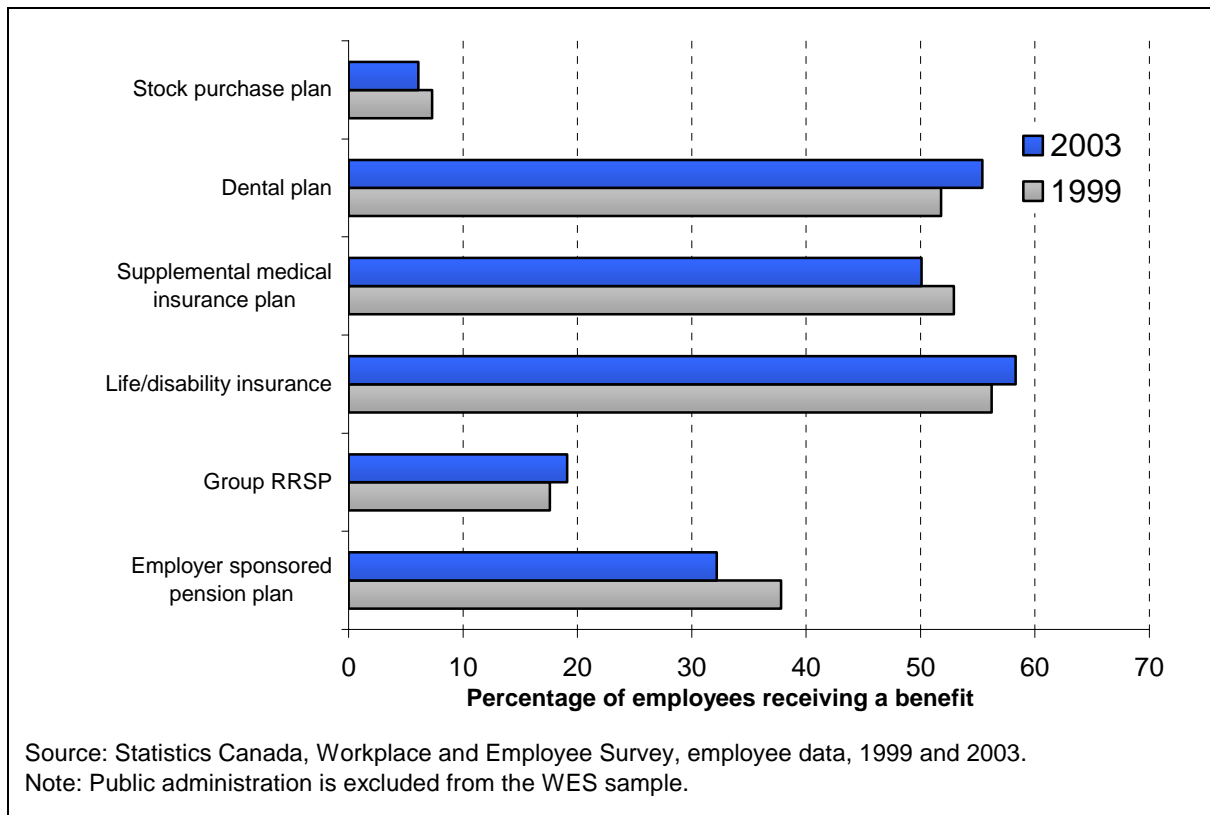
Benefits

Benefits comprise another key indicator of extrinsic job quality, complementing our earlier discussions of earnings. In fact, earnings and benefits go hand in hand, with well-paid employees in full-time or permanent jobs having better access to a wider range of non-wage benefits.³¹ Benefits such as pensions and extended health insurance contribute to economic security. Personal and family support benefits can contribute to overall worker well-being.

³¹ K. Marshall. Benefits of the job. *Perspectives on Labour and Income* May: 5-12, 2003 (on-line edition, www.statcan.ca).

The best available data on benefits covers only two years, 1999 and 2003, and excludes public administration. It is nonetheless possible to identify clear patterns in benefits coverage. Figure 21 reports the standard benefits: health insurance, life and disability insurance, pensions, and (for the private sector only) employee stock purchase plans. Employee coverage has increased in the 1999 to 2003 period for three of these: dental plans, life and disability insurance, and group RRSPs (registered retirement savings plans). However, coverage has decreased for supplemental medical insurance, employer-sponsored pension plans, and stock purchase plans.

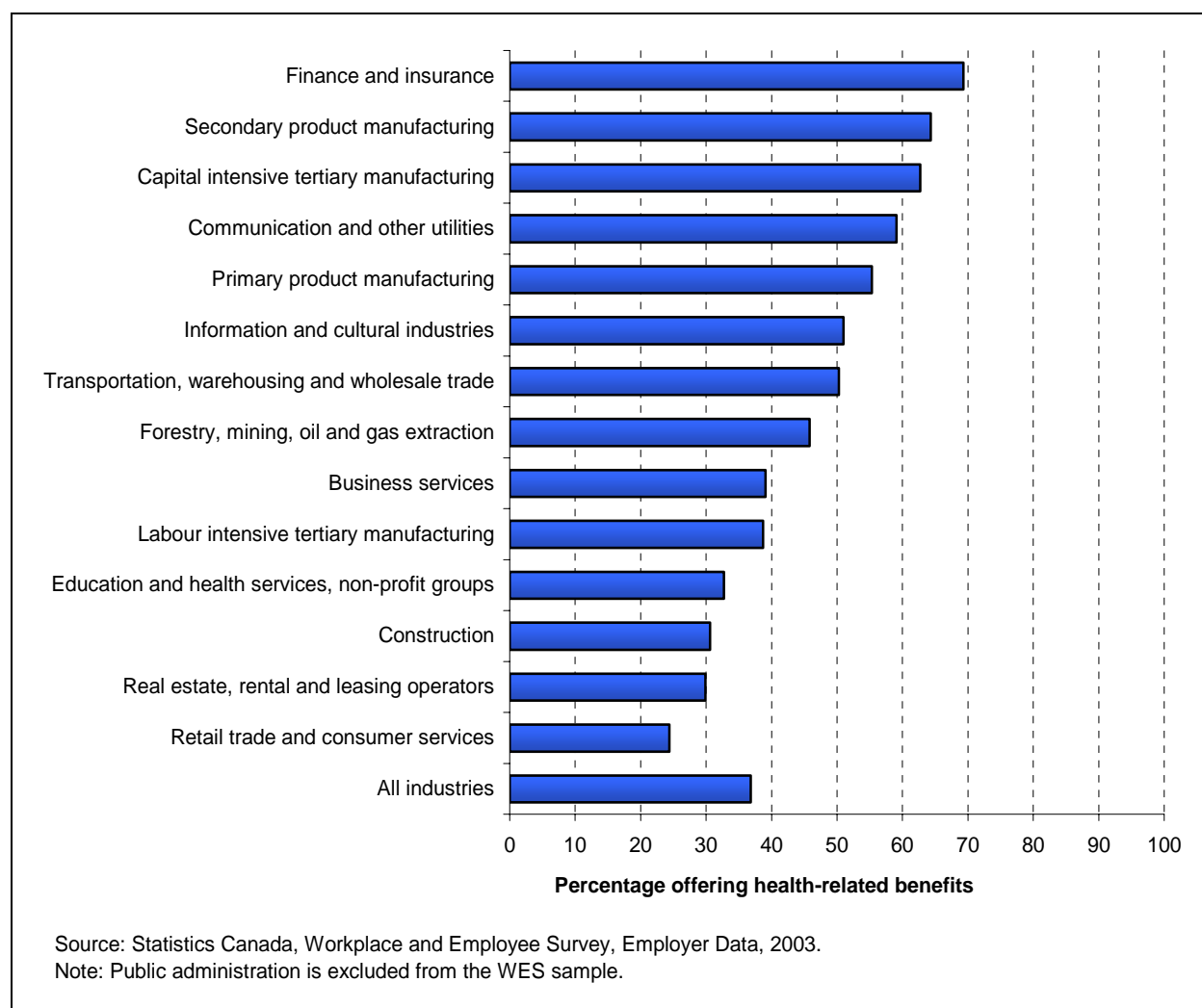
Figure 21. Non-Wage Benefits, Canada, 1999 and 2003



While it is difficult to judge the value these benefits have for different demographic groups, the decline in employer-sponsored pension plans and supplemental medical insurance could have significant implications for job quality and, over time, the quality of life. A closer look at health-related benefits reveals wide variation by industry. According to Figure 22, close to 70 percent of workplaces in finance and insurance provide health benefits, compared with fewer than 25 percent in retail and consumer services. In future, a related job quality indicator would be access to retiree health benefits, especially given indications that employers are cutting back on these.³²

³² J. McFarland, "Majority of firms eye retiree benefit cuts." *Globe and Mail, Report on Business*. June 13, 2007: B4.

Figure 22. Percentage of Workplaces Offering Health-Related Benefits by Industry, Canada, 2003



A similar industry trend is evident for pensions (e.g. group RRSPs or employer-sponsored pension plans), which are most prevalent in finance and insurance workplaces (54 percent) and least available in retail and consumer services (13 percent).³³ Pensions have received more attention than other benefits in recent years. Workforce aging has raised concerns about unfunded pension plan liabilities and the cost of defined benefit plans.³⁴ *Benefits Canada* reports that 12 of the top 100 pension plans have closed or frozen their plans and are moving from a defined benefit to a defined contribution plan.³⁵ The Conference Board of Canada’s survey of

³³ Source: Workplace and Employee Survey, employer data for 2003. 19 percent of workplaces offer pension-related benefits.

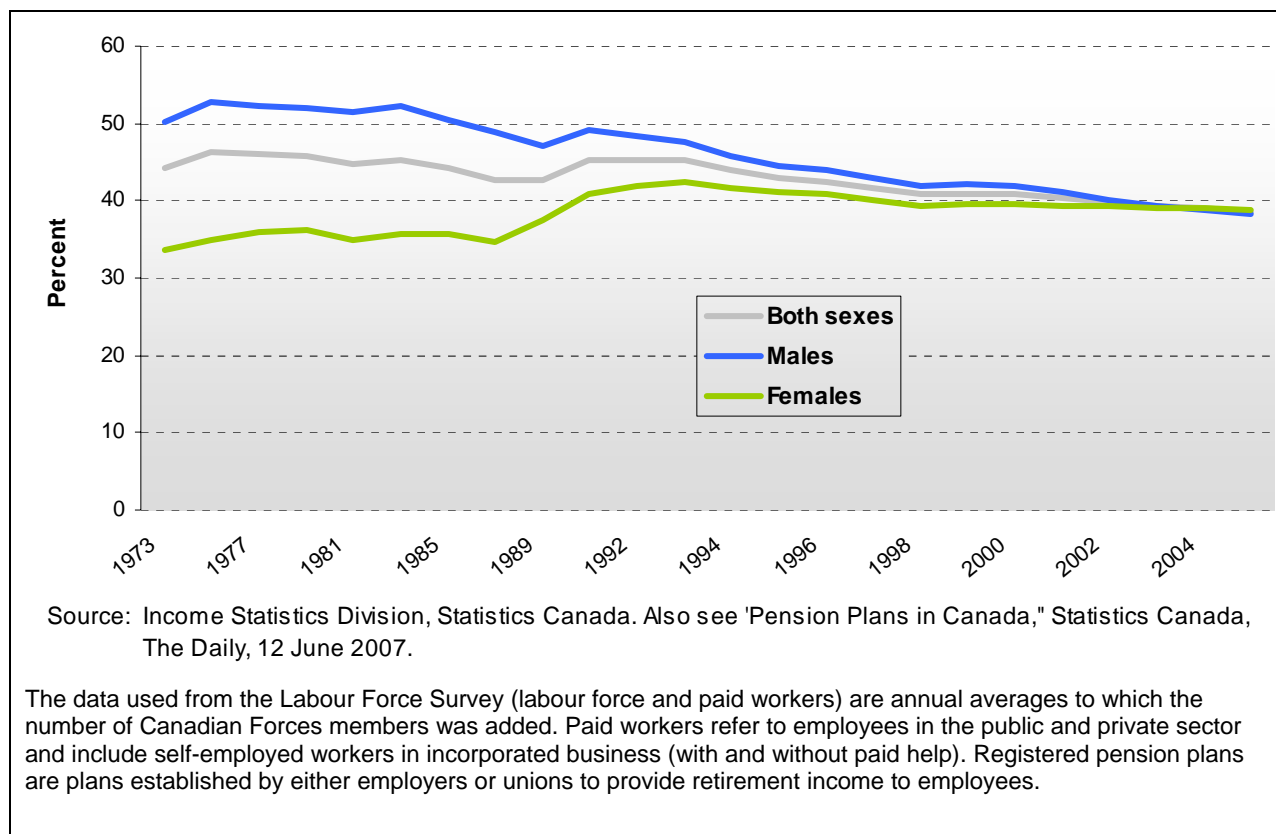
³⁴ A defined benefit plan provides a specified monthly benefit at retirement, usually using a formula based on age, earnings and length of service. A defined contribution plan does not provide a specific amount of benefits at retirement. Rather, the employee and/or the employer contribute to a pension account, which is invested to generate a pension income upon retirement.

³⁵ J. Kranc, “Benefits Canada Top 100 Pension Funds Report.” *Benefits Canada*, May 2007, p. 19.

CFOs found that 80 percent believed there was a pension plan funding crisis.³⁶ For workers, the looming crisis may be the adequacy of the pension incomes they receive, or if they have access to a pension plan at all.³⁷

Since the early 1990s, overall coverage has declined steadily, from 45 percent in the early 1990s to 38.5 percent by 2005 (Figure 23). The decline has been steeper for men than for women, all but eliminating the gender gap in pension coverage. There are big industry differences, however. Coverage in the public sector is 84 percent, compared with 26 percent in the private sector.³⁸ The majority of plans are defined benefit. Defined contribution plans increased slightly from 14.6 percent in 2001 to 15.7 percent in early 2006. However, given the concerns noted above, this transition to defined contribution plans, with their lower employer costs, can be expected to accelerate.

Figure 23. Proportion of Paid Workers Covered by a Registered Pension Plan (RPP), Canada, 1974-2005



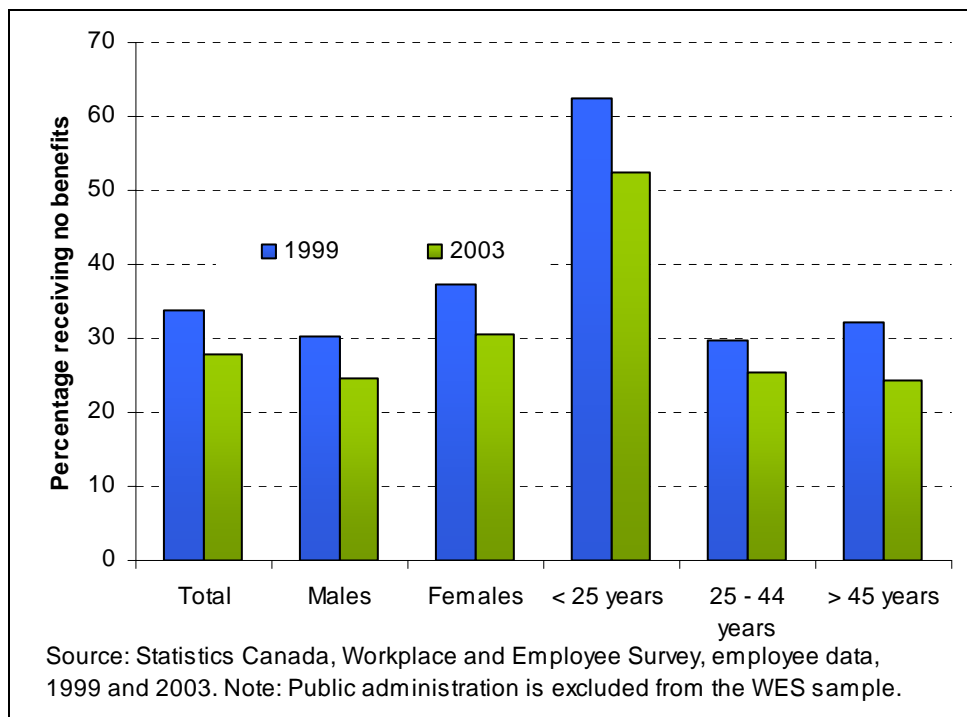
³⁶ Conference Board of Canada. *Pensions Remain at Top of Business Agenda: Findings From the 2006 Survey on Pension Risk*. March 2007. www.conferenceboard.ca/documents.asp?mnext=1949.

³⁷ B. Baldwin, *The Long-Term Capacity of Workplace Pension Plans to Deliver Retirement Income: A Review of Key Issues*. Caledon Institute, March 2007. www.caledoninst.org/Publications/PDF/624ENG_percent2Epdf

³⁸ Statistics Canada. "Pension plan coverage." *The Daily*, 21 June 2007.

Another way of assessing employee access to benefits is to track who does not have any benefits. International studies, reviewed earlier, used this as a criterion to define low-quality jobs. Figure 24 reports the proportion of the workforce receiving none of the benefits outlined above. Basically, between 1999 and 2003, the no-benefits group shrank from 34 percent to 28 percent. This trend is consistent regardless of age and gender. It is likely driven by employers using benefits as recruitment and retention tools. While somewhat more Canadian employees obtained access to benefits early this decade, the mix of these benefits has changed, with those having the biggest positive impact on economic security – pensions and health insurance – becoming less available. This cautions against concluding that overall benefit coverage has in fact improved.

Figure 24. Proportion of Employees Receiving No Non-Wage Benefits by Gender and Age Group, Canada, 1999 and 2003



It also is useful to consider personal and family support programs available to employees. These programs are intended to enable employee work-life balance and promote health and wellness. Figure 25 examines five types of programs: employee assistance, fitness, child care, elder care, and other personal support or family services. In 2003, just over one in three employees received some kind of personal or family support service or program from their employer. Access does not vary by gender. Workers under age 25 were less likely to have access to such programs than workers older than 25. As with other benefits, access to personal and family supports is far more prevalent in large workplaces than small ones. Indeed, 70 percent of employees in workplaces with 500 or more employees reported having such programs. Professionals, compared with those in other occupations, were most likely (53 percent) to have these programs, as were employees in finance and insurance (61 percent). Industry patterns for these types of benefits mirror other benefits reviewed above.

Figure 25. Personal and Family Support Programs Available to Employees by Selected Characteristics, Canada, 2003

Employee characteristic:	Personal and family support program	Employee assistance (e.g. counselling, abuse, financial, legal, etc.)	Fitness and recreation services	Help with child care	Other personal support or family services	Help with elder care services
	%	%	%	%	%	%
GENDER						
Both	33.9	29.5	16.3	7.0	5.1	4.0
Male	34.8	29.6	17.8	7.6	5.6	3.8
Female	33.1	29.5	15.1	6.5	4.6	4.2
AGE						
less than 25	21.0	15.9	11.0	5.5	3.5	2.3
25-44	36.4	31.8	18.0	6.8	5.2	4.1
45 and over	37.9	34.6	16.6	8.5	5.9	5.1
WORKPLACE SIZE						
1-19 employees	12.2	8.2	3.7	3.0	1.3	1.6
20-99 employees	24.7	19.8	8.3	4.2	3.8	2.9
100-499 employees	44.0	39.4	20.6	5.1	4.9	5.5
500 + employees	70.0	66.0	43.0	19.1	12.7	7.9
OCCUPATION						
Managers	37.1	33.1	16.3	6.5	5.8	4.3
Professionals	53.3	48.4	29.1	13.3	6.9	*
Technical/Trades	29.6	24.5	14.3	5.4	4.6	3.8
Marketing/Sales	14.6	11.4	*	*	*	*
Clerical/Administrative	38.5	35.0	15.4	7.9	6.4	4.1
Production workers	21.2	18.3	10.5	*	4.0	*
INDUSTRY						
Forestry, mining, oil and gas extraction	44.2	42.3	21.1	6.0	*	*
Labour intensive tertiary manufacturing	18.5	16.4	9.4	*	3.8	*
Primary product manufacturing	44.1	41.8	21.4	*	5.2	4.0
Secondary product manufacturing	34.7	28.5	22.6	*	*	*
Capital intensive tertiary manufacturing	33.1	30.0	16.0	*	6.2	*
Construction	22.1	17.7	5.5	*	*	*
Transportation, warehousing and wholesale trade	25.8	24.0	*	3.5	5.7	3.0
Communication and other utilities	56.9	54.7	30.7	13.3	8.6	6.1
Retail trade and consumer services	18.9	13.9	9.8	3.3	*	2.1
Finance and insurance	60.9	56.7	23.0	*	8.3	*
Real estate, rental and leasing operators	24.3	19.9	*	*	*	*

Employee characteristic:	Personal and family support program	Employee assistance (e.g. counselling, abuse, financial, legal, etc.)	Fitness and recreation services	Help with child care	Other personal support or family services	Help with elder care services
Business services	32.6	25.7	17.2	5.4	3.5	*
Education and health services, nonprofit groups	49.5	45.2	23.5	13.0	6.8	5.8
Information and cultural industries	51.0	42.0	30.4	7.6	*	*
<p>Source: Statistics Canada, Workplace and Employee Survey, Labour Statistics Division. Custom tabulation.</p> <p>The target population for the employee component of the WES is all employees working in the selected workplaces who receive a Customs Canada and Revenue Agency T-4 Supplementary form. Public administration is excluded from the WES sample.</p> <p>* Data for this cell are suppressed because there are too few cases for reliable estimates.</p>						

In terms of specific programs and services, employee assistance was available to 30 percent of employees in 2003. Some 16 percent had access to fitness and recreation services, seven percent had available child care help, four percent had elder care support, and five percent had other personal or family support services. But do employees make full use of these services provided by their employers? The short answer is no. Figure 26 reveals that very few employees with access to a specific program in 2003 actually used it in the prior 12 months. Less than one percent accessed child care support, three percent made use of employee assistance, and about seven percent used fitness or recreation services available to them. Beyond utilization, there is the symbolic value employers gain by offering such programs, signaling to employees, “We care.” Unfortunately, national data are not available on the indirect benefits to both employers and employees of personal and family support programs.

Figure 26. Employees' Access to and Use of Personal and Family Support Programs by Gender, Canada, 2003

<i>Type of program</i>		% of employees whose employer offers support program	% of employees with access to a program who used it in past 12 months
Help with child care	Both	7.0	0.8
	Male	7.6	*
	Female	6.5	0.9
Employee assistance (e.g. counselling, abuse, financial, legal, etc.)	Both	29.5	3.1
	Male	29.6	2.4
	Female	29.5	3.7
Fitness and recreation services	Both	16.3	6.5
	Male	17.8	8.0
	Female	15.1	5.1
Other personal support or family services	Both	5.1	1.9
	Male	5.6	2.3
	Female	4.6	1.4
Help with elder care services	Both	4.0	*
	Male	3.8	*
	Female	4.2	*
Source: Statistics Canada, Workplace and Employee Survey, Labour Statistics Division. Custom tabulation. The target population for the employee component of the WES is all employees working in the selected workplaces who receive a Customs Canada and Revenue Agency T-4 Supplementary form. Public administration is excluded from the WES sample. * Data for this cell are suppressed because there are too few cases for reliable estimates.			

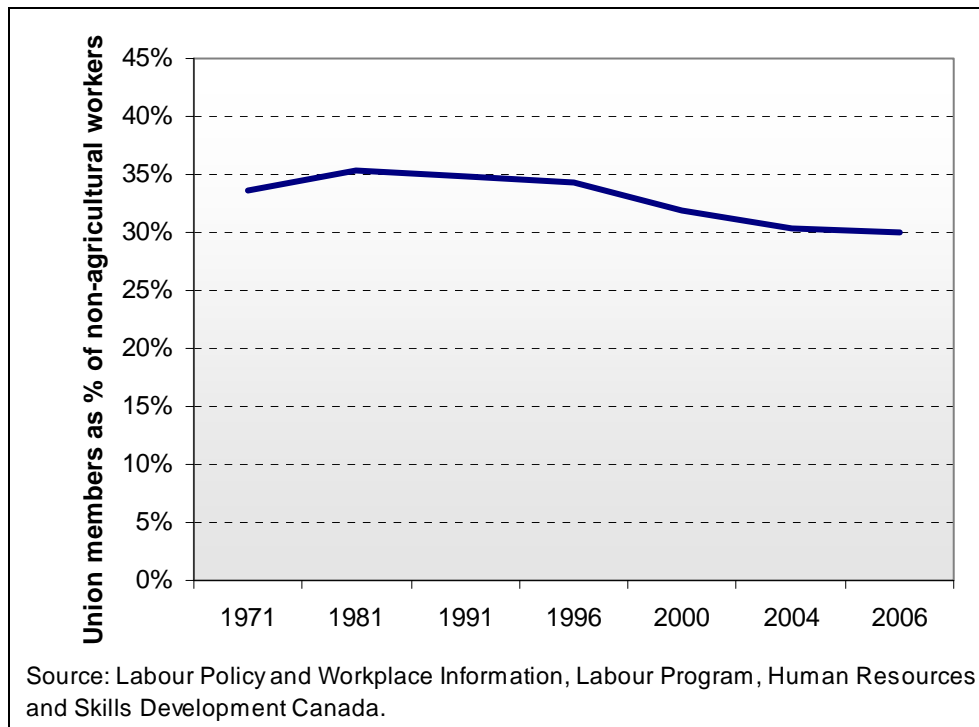
Union Membership

Historically, union membership has been associated with better wages and benefits. Unionized workers earn about 10 percent more than non-union workers do, although this union wage premium has been declining.³⁹ Similarly, the union effect on benefits can be seen in how access to specific benefits vary by industry. For example, the fact that over half of workers in manufacturing industries have health-related benefits results from the high level of unionization in this sector. And public sector workers' pension plans also reflect the results of collective bargaining over the years.

³⁹ H. Krahn, K. Hughes, and G. Lowe. *Work, Industry, and Canadian Society*, 5th edition. Toronto, ON: Nelson, 2007: 347.

Given the link between unionization and economic indicators of job quality, union membership is an important background trend for understanding changing patterns of job quality in Canada. Figure 27 shows a steady decline in the percentage of workers belonging to unions. Now about 30 percent of the non-agricultural workforce belongs to unions, from 35 percent in 1991, and coverage by collective agreements is only slightly higher than this. A continued slow decline in union membership could reduce one positive pressure on the economic aspects of job quality.

Figure 27. Union Membership in Canada, 1971-2006



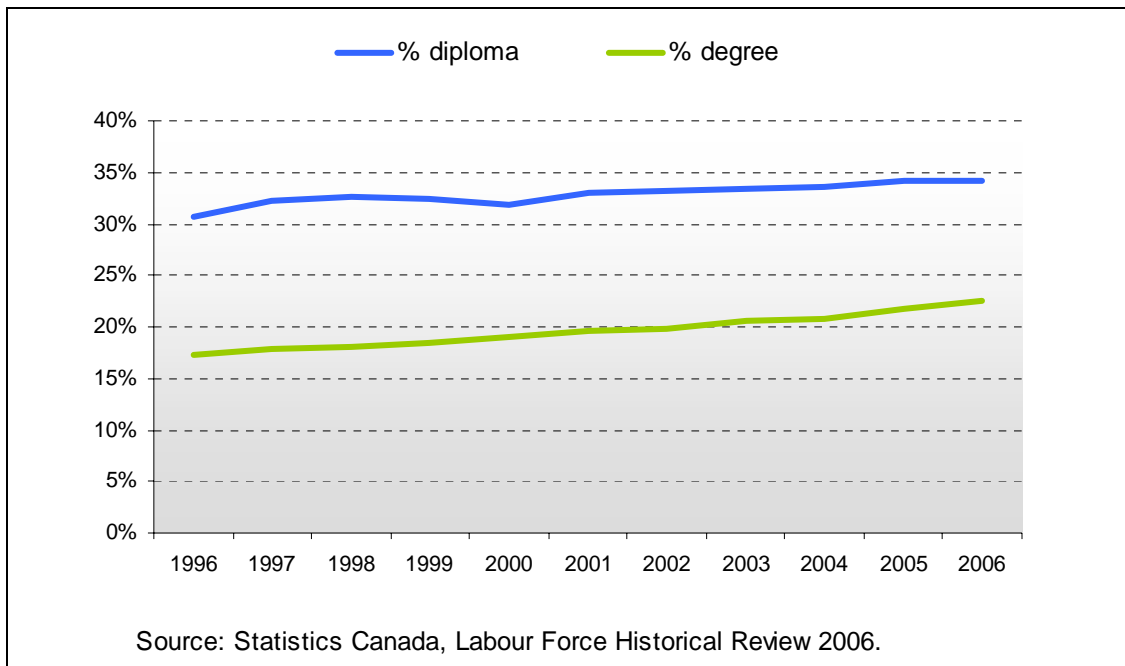
Skill Use and Training

A knowledge-based economy depends on its capacity to develop and utilize workers' talents. Canada has a solid record when it comes to post secondary education, producing one of the most highly educated workforces in the world. Figure 28 shows that a steadily increasing proportion of the workforce has a post-secondary degree or diploma. Now, well over half of all workers have some form of post-secondary credential.

This raises two questions about job quality. First, are workers – especially those with university degrees – able to use their skills and knowledge in their jobs? And second, do workers have access to ongoing training and development opportunities in their jobs?

To answer the first question, Statistics Canada’s National Graduate Survey shows that close to one in five workers with university degrees were in jobs that required no more than a high school education in 2001, slightly higher than in 1993 (Figure 29).⁴⁰ This situation is often referred to as “overqualification,” which erroneously implies that an individual’s level of education is too high. More accurately, from a job quality perspective this can be recast as a problem of underutilized talents – which can have an impact on employee job satisfaction and performance. Some groups of university-educated workers are more at risk of being in jobs that do not fully use their education, particularly if they are younger, a recent immigrant, in a part-time job, working in distributive services, or not a member of a union.

Figure 28. Post-Secondary Educational Attainment in the Labour Force, Canada, 1996-2006



⁴⁰ C. Li, G. Gervais, and A. Duval. *The Dynamics of Overqualification: Canada's Underemployed University Graduates*. Ottawa: Statistics Canada. Catalogue no. 11-621-MIE - No. 039, 2006.

Figure 29. Incidence of Overqualification* among Workers Holding University Degrees, Canada, 1993 and 2001

Distribution of overqualified workers	1993	2001
	%	%
GENDER		
Both	17.5	19
Male	13.3	17.1
Female	22.1	20.8
AGE		
less than 30	27	28.9
30-39	20.4	17.4
40-49	8.9	17.2
50 and over	13.2	12.5
WORK SCHEDULE		
Full-time	15.7	18
Part-time	30.3	26.8
IMMIGRANT STATUS		
Recent immigrants (10 years or less)	53.7	34.4
Established immigrants	14.2	18.5
Canadian born	16.4	17.8
INDUSTRY		
Primary, manufacturing and construction	26.7	29.2
Distributive services	39.4	52.1
Business services	24	17.8
Consumer services	10	11.8
Public services	12.6	16.7
FIRM SIZE		
< 20 employees	30.6	21.7
20-499 employees	12.4	17.3
500 + employees	16.1	18.7
UNION OR COLLECTIVE AGREEMENT		
Yes	10.5	13.7
No	22.5	23.9
<p>* An overqualified worker is defined as someone who held a university degree and had worked for at least one month in an occupation that required at most a high school education.</p> <p>Source: C. Li, G. Gervais, and A. Duval. The Dynamics of Overqualification: Canada's Underemployed University Graduates. Ottawa: Statistics Canada. Catalogue no. 11-621-MIE - No. 039, 2006.</p>		

Other groups of workers need to expand their skill repertoire to keep up with rising job requirements. This is more consistent with the image of a knowledge-based economy. And it takes us to the second question, about training and development. According to Statistics Canada's Adult Education and Training Survey, training participation rates increased from 29 to 35 percent between 1997 and 2002, although average training hours did not increase (Figure 30). In 2002, slightly more than 2.2 million workers had not taken any formal training during 1997 to

2002 and had no expectations of taking any training in 2003-05.⁴¹ Most of these workers were older and had a high school education. Another assessment of training is provided by the Workplace and Employee Survey, which shows almost no increase in the percentage of employees receiving job-related training between 1999 and 2003 (Figure 31).

Figure 30. Formal Job-Related Training among Workers Aged 25-64, Canada, 1997 and 2002

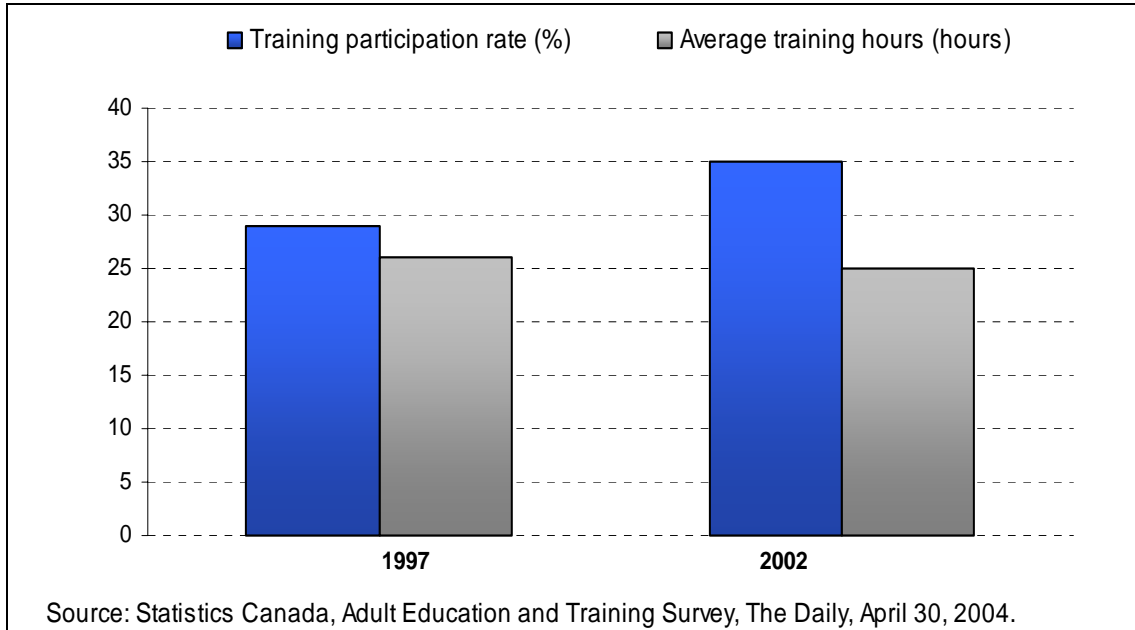
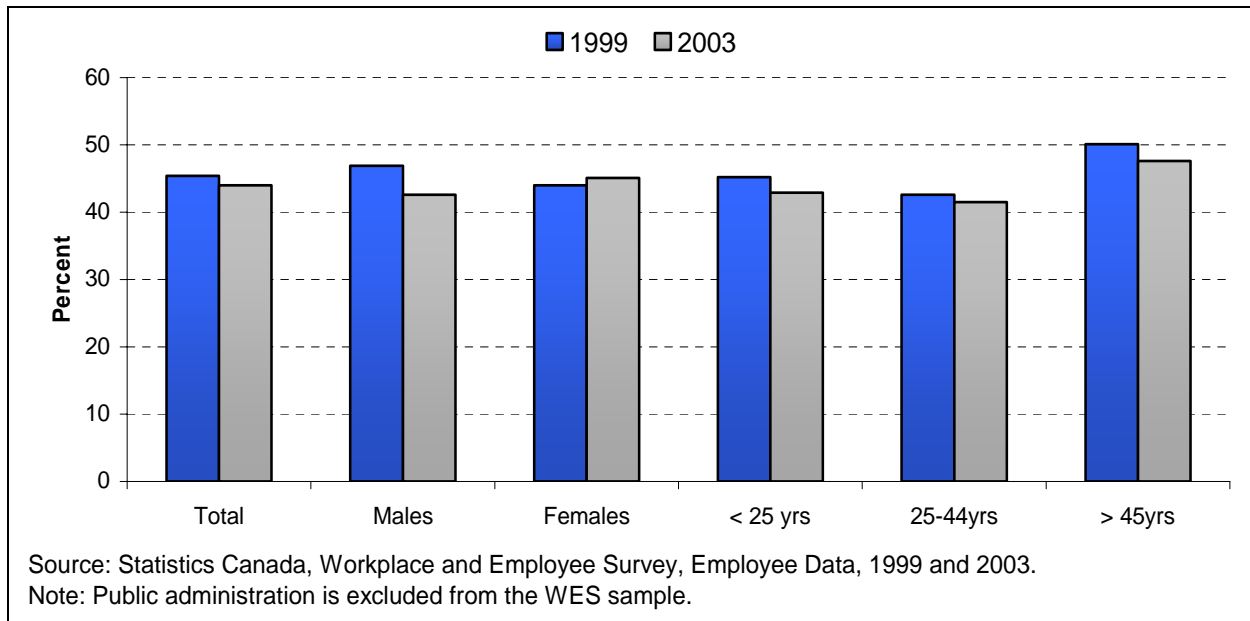


Figure 31. Proportion of Employees Receiving No Training by Gender and Age Group, Canada, 1999 and 2003

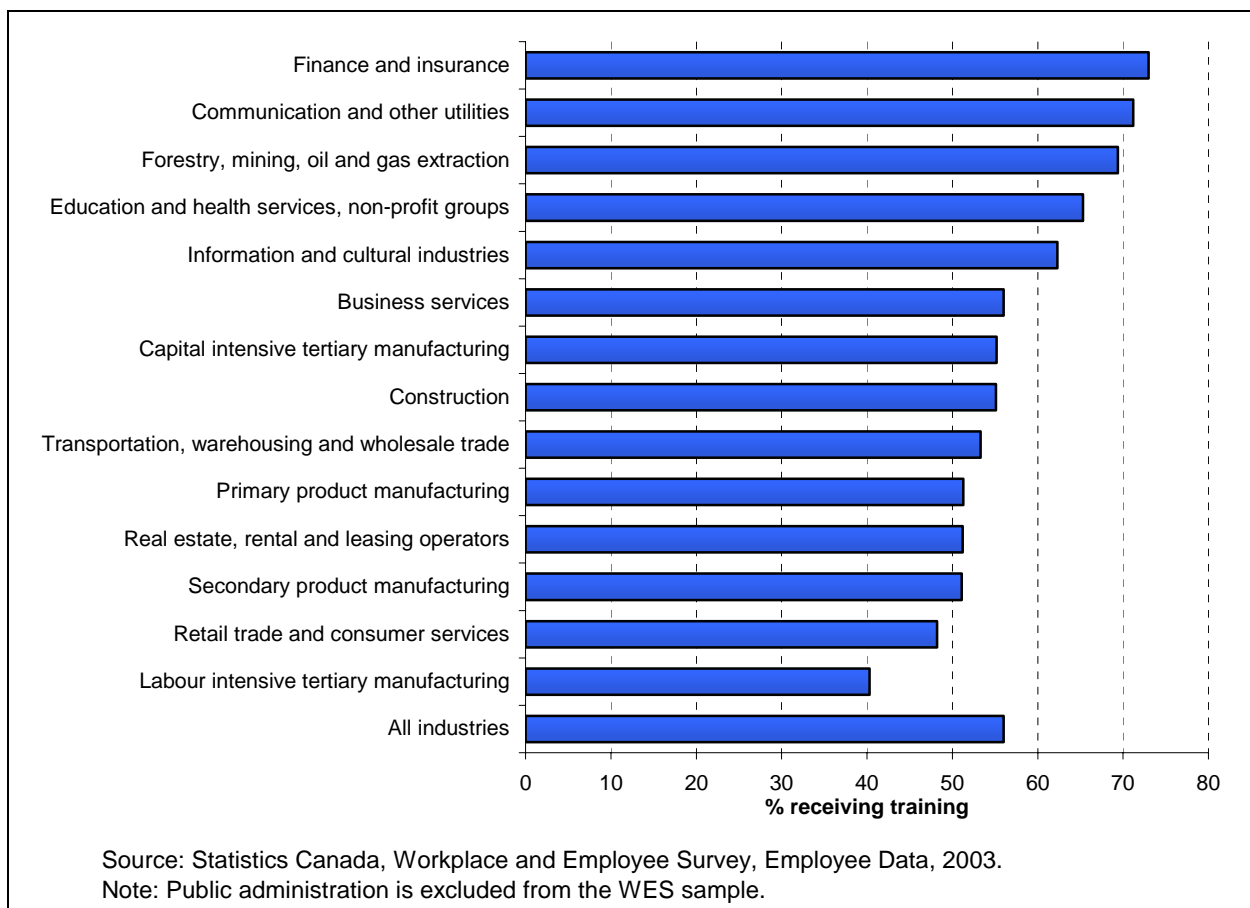


⁴¹ Statistics Canada, "Adult Education and Training Survey 2003." *The Daily*, 30 April 2004.

Which of these surveys is more accurate comes down to differences in definitions of training used and sample design. The WES, for example, excludes public administration from its sample and includes classroom and on-the-job training. Training participation early in this decade is somewhere between 35 percent 56 percent of the workforce. More recent evidence from the Conference Board of Canada, based on a survey of its members (organizations which tend to be larger and therefore more likely to invest in training), shows that spending on training and development is stagnant and, furthermore, that employers' aspirations of becoming "learning organizations" have been scaled back.⁴²

Figure 32 provides training participation rates by industry. As with job benefits, the highest incidence is in finance and insurance, followed by other industries that also were well above the national averages in terms of other benefits (communication and utilities, natural resource extraction). Also reflecting the distribution of other benefits, the retail trade and consumer services industry was below average in training rates, but labour-intensive manufacturing was least likely to train. These are two very different industries that have one thing in common: relatively low-skilled jobs.

Figure 32. Percentage of Employees Receiving Job-Related Training by Industry, Canada, 2003



⁴² M. Grant and P.D. Hughes. *Learning and Development Outlook 2007: Are We Learning Enough?* Ottawa: Conference Board of Canada, 2007.

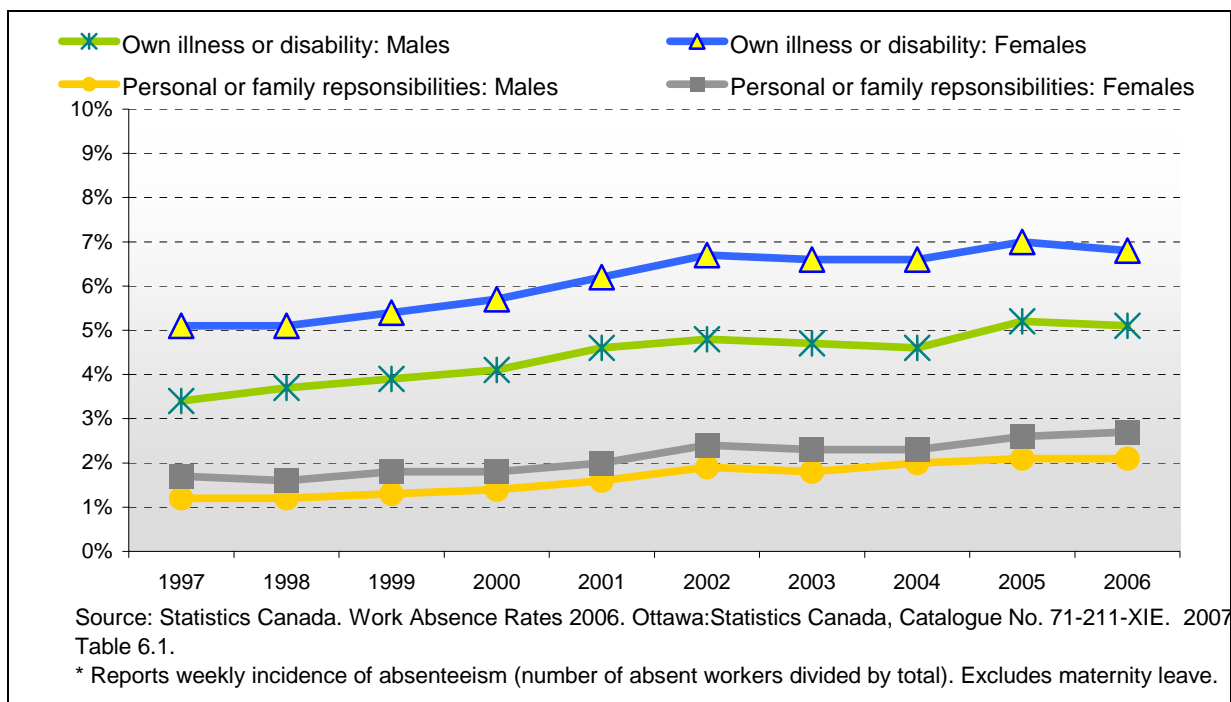
Canada's record for job-related training is mediocre compared with other OECD nations and we are slipping behind our major competitors.⁴³ Increased employer and government investments in workplace training will have multiple benefits, improving productivity and competitiveness along with job quality.

Health and Safety

Absenteeism is a widely available indicator of employee well-being and productivity. Many organizations track and report absenteeism, using it as an indicator of workplace health and lost productivity costs. Nationally, absenteeism has been increasing steadily since the 1990s for both males and females (Figure 33). Absenteeism due to personal illness or disability accounts for most lost time from work. Overall, in the average week in 2006, 7.2 percent of male workers and 9.5 percent of female workers missed work due to their own illness or disability or for personal or family responsibilities (excluding maternity leave).

Actual work time lost for personal reasons increased from the equivalent of 7.4 days per worker in 1997 to 9.7 days in 2006. This breaks down to 7.6 days for personal illness or disability plus 2.1 days for personal or family responsibilities – an estimated 102 million work days for all full time employees.⁴⁴ Increased absenteeism has been attributed to an aging workforce, more women in the workforce who have young children, high worker stress and more generous sick and family related leave benefits.⁴⁵

Figure 33. Absenteeism Rates* for Full-Time Employees by Gender, Canada, 1997 to 2006



⁴³ M. Goldenberg. *Employer Investment in Workplace Learning in Canada*. Discussion paper prepared by Canadian Policy Research Networks Inc. on behalf of the Canadian Council on Learning.

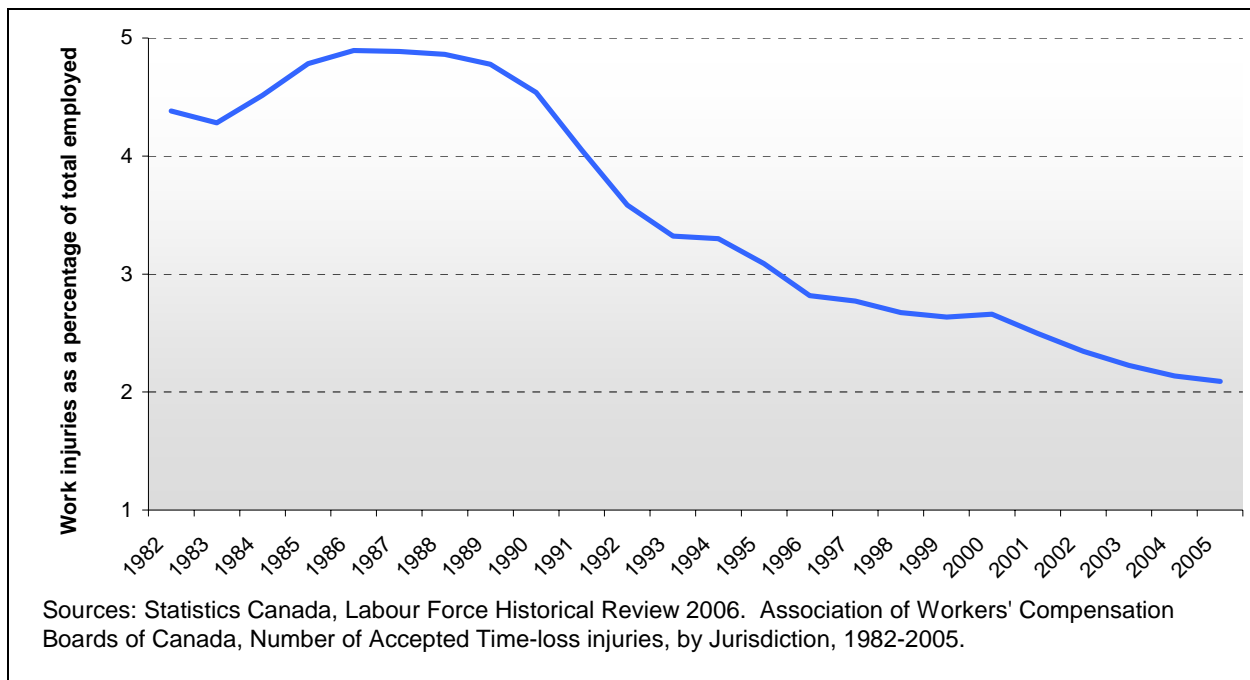
⁴⁴ Statistics Canada. *Work Absence Rates 2006*. Ottawa: Statistics Canada, Catalogue No. 71-211-XIE, 2007.

⁴⁵ Statistics Canada. *Work Absence Rates 2006*. K. Marshall. On sick leave. *Perspectives on Labour and Income* 18 (2):29-37, 2006.

Lost-time work injuries, a main cause of absenteeism, have actually declined considerably over the past two decades (Figure 34). Fatalities are on the rise, however, but (perversely) this does not affect absenteeism statistics (Figure 35). While Canadian workers are at less risk today than they were in the 1980s or 1990s of being injured on the job, the chances of being killed are greater. Some experts view the fatality trend – now averaging five fatalities every work day – as a sign of reduced job quality and well-being in the labour market.⁴⁶ It also runs counter to the fall in fatality rates in most other OECD countries over the 1993-2003 period.

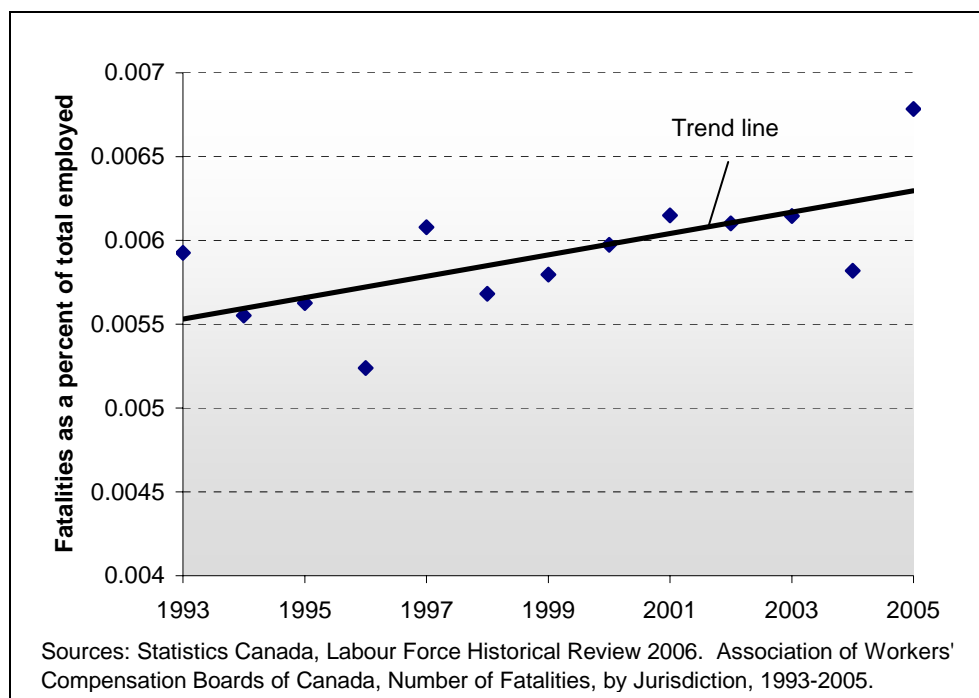
Isolating the impact of these and other factors on absenteeism would require data not currently available in Canada. However, we can explore the plausibility of the argument that the stresses and strains of work are at least partly behind the absenteeism trend by looking in detail at these indicators of job quality, beginning with work-life balance.

Figure 34. Time-Loss Work Injuries, Canada, 1982-2005



⁴⁶ A. Sharpe and J. Hardt. *Five Deaths a Day: Workplace Fatalities in Canada, 1993-2005*. Ottawa: Centre for the Study of Living Standards. CSLS Research Paper 2006-04, 2006. www.csls.ca/.

Figure 35. Workplace Fatalities, Canada, 1993-2005



Work-Life Balance

Work-life balance is a key component of employee well-being. Balance, or rather the lack of it, has been a prominent concern among practitioners, researchers and policy-makers for the past two decades. An extensive body of research on work-life conflict documents how the relationship between work and family affects an individual's health, as well as their performance in work and family roles.⁴⁷ Popular discussions invariably assume that work-life imbalance is on the rise. But is it?

To address this question, Figure 36 documents Canadian's dissatisfaction with work-life balance among individuals working full-time for the full year in 1990, 1995 and 2001. Over this 11-year period, the level of dissatisfaction rose slightly, from just under 17 percent of all full-time, full-year workers to 20 percent. Increases were largest for women, workers over age 40, and workers in Manitoba, Saskatchewan and Ontario. Interestingly, dissatisfaction with work-life balance decreased in Quebec, leading to speculation that this may be related to the introduction of government-subsidized child care and an increase in the number of daycare spaces. There also is some variation in work-life balance experiences across industries, with levels of dissatisfaction running at 25 percent or more of the workers in management, administration and other support

⁴⁷ L. Duxbury and C. Higgins. *Work-Life Balance in the New Millennium: Where Are We? Where Do We Need to Go?* Ottawa: Canadian Policy Research Networks Inc., Discussion Paper No. W-12, 2001. L.T. Eby, W.J. Casper, A. Lockwood, et al. (2005). Work and family research in IO/OB: Content analysis and review of the literature (1980-2002). *Journal of Vocational Behavior*. 66(1):124-97. G.M. Bellavia and M.R. Frone. Work-family conflict. In: *Handbook of Work Stress*. J. Barling, E.K. Kelloway and M.R. Frone, eds. Thousand Oaks, CA: Sage, 2005.

services, accommodation and food services, and transportation, compared with around 16 percent in agriculture and public administration (Figure 37).

Evidence from *Rethinking Work* expands this discussion. Respondents to this nationally representative survey of the Canadian workforce, conducted in late 2004, were asked if balancing work and family or personal life had been getting easier or harder over the past few years, or if it had stayed the same. Figures 38 and 39 report the findings.

For the largest group (37 percent), there had been no change in work-life balance. Just over one-third said it had gotten harder, while 29 percent said it had become easier. Experiencing more difficulty finding work-life balance is significantly correlated with specific worker characteristics. More likely to be in the “harder” group are workers with these characteristics: ages 31 to 44, married or living with a partner, professionals, managers, employees, university-educated, and working more than 40 hours weekly. Absenteeism is not associated with work-life balance difficulties.

Figure 36. Dissatisfaction with Work-Life Balance among Full-Time, Full-Year Workers by Selected Demographic Characteristics, Canada, 1990-2001

	1990	1995	2001	Change 1990-2001
Total	16.7%	18.8%	20.0%	3.3%
Men	16.8%	18.3%	18.6%	1.9%
Women	16.7%	19.7%	21.9%	5.2%
Age Group				
15 to 29	17.4%	19.0%	17.4%	0.0%
30 to 39	21.7%	23.2%	23.5%	1.7%
40 to 49	15.9%	18.7%	21.6%	5.8%
50 or older	8.5%	11.3%	15.4%	6.9%
Region				
Atlantic	17.3%	20.0%	18.4%	1.0%
Quebec	21.9%	18.1%	19.1%	-2.8%
Ontario	13.3%	18.2%	20.2%	6.9%
Manitoba & Saskatchewan	13.5%	17.8%	21.3%	7.8%
Alberta & British Columbia	18.2%	20.7%	20.4%	2.3%

Source: Statistics Canada, General Social Survey 2001. Includes workers employed 30 or more hours weekly for 49 or more weeks in the preceding year. Utilities excluded because of small sample size. In 1990, respondents were asked: “Are you satisfied or dissatisfied with...the balance between your job or main activity and family and home life?” In 1995 and 2001, respondents were asked: “Are you satisfied or dissatisfied with the balance between your job and family and home life?” Response categories for all years were: very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied. The latter two categories combined are reported in this table.

Figure 37. Dissatisfaction with Work-Life Balance among Full-Time/Full-Year Workers by Industry, Canada, 2001

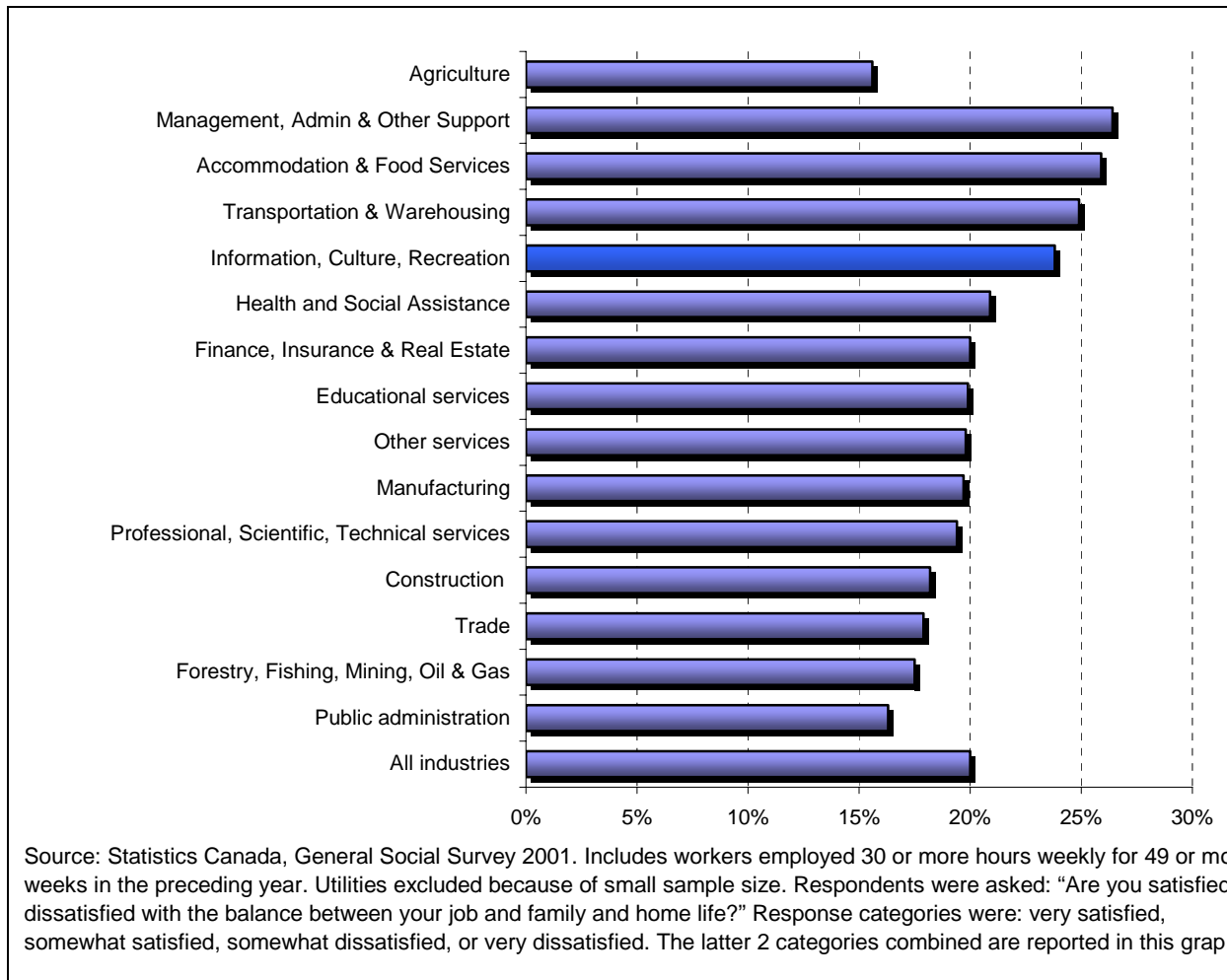


Figure 38. Recent Changes in Work-Life Balance by Selected Worker Characteristics, Canada, 2004

“Do you find that balancing your work and family or personal life has been getting easier or harder over the past few years?”			
	Easier	Same	Harder
	%	%	%
All workers	29	37	34
GENDER			
Male	27	38	35
Female	31	36	33
AGE***			
18-30 years	24	45	30
31-44 years	29	33	38
45+ years	33	35	32
MARITAL STATUS***			
Single	27	42	31
Married/living with partner	30	34	36
OCCUPATION			
Professional*	27	33	40
Other	29	38	32
Manager**	32	28	41
All others	29	39	33
Sales and service	29	37	34
All others	27	39	34
Manual	29	36	35
All others	29	40	31
EMPLOYMENT STATUS**			
Self-employed	39	33	29
Employee	28	38	35
EDUCATION***			
University degree	26	33	41
No university degree	30	39	31
WORK ABSENCES IN PAST 12 MONTHS			
None	33	34	33
1-10 days	27	39	34
11 + days	25	39	36

“Do you find that balancing your work and family or personal life has been getting easier or harder over the past few years?”			
	Easier	Same	Harder
	%	%	%
REGULAR WEEKLY WORK HOURS***			
< 20	34	41	25
20-29	30	40	31
30-39	30	40	30
40+	25	31	44
Source: Rethinking Work, worker survey, 2004 (n=2002)			
* p< .05			
** p< .01			
*** p< .001			

Increased difficulties in balancing work and family or personal life are also significantly correlated with work environment factors (Figure 39). Having a good relationship with one’s supervisor, a job that provides good work-life balance, a supervisor that helps achieve work-life balance, flexible hours and schedules, and low job stress are all associated with workers’ finding it easier to achieve this balance. These work environment factors are themselves key indicators of job quality, if we view work-life balance as a quality of work-life outcome.

Figure 39. Recent Changes in Work-Life Balance by Selected Work Environment Characteristics, Canada, 2004

“Do you find that balancing your work and family or personal life has been getting easier or harder over the past few years?”			
	Easier	Same	Harder
	%	%	%
All workers	29	37	34
RELATIONSHIP WITH SUPERVISOR***			
Good relationship “to a great extent”	34	35	31
Other	21	41	38
JOB PROVIDES GOOD WORK-LIFE BALANCE*** #			
To a great extent	45	36	19
Other	21	38	41
SUPERVISOR HELPS ACHIEVE WORK-LIFE BALANCE*** #			
Very effective	42	36	22
Other	23	38	39

“Do you find that balancing your work and family or personal life has been getting easier or harder over the past few years?”			
	Easier	Same	Harder
	%	%	%
JOB PROVIDES FLEXIBLE HOURS AND SCHEDULES***			
To a great extent	39	34	27
Other	24	39	37
LEVEL OF JOB STRESS IN PAST 12 MONTHS***			
Always or often	20	32	49
Other	35	41	25
Source: Rethinking Work, Worker Survey, 2004. All questions refer to current job. (n=2002) # Self-employed were not asked this question. *** p< .001			

Job Stress

There is a well-established research tradition for studying psychosocial work environments.⁴⁸ The experience of chronic stressors (or “strain”) has been linked causally to chronic degenerative disease processes, such as heart disease, as well as depression, diabetes, asthma, migraines, and ulcers.⁴⁹ This research relies on worker self-reports because an individual’s perceptions of their objective work environment are the mediating factor in how this environment may affect their health and well-being. As one expert explains, “in order for something in an organization to be a ‘stressor,’ it must be perceived and labeled as such by the employee.”⁵⁰ High psychological demands coupled with low control over these demands increases a worker’s exposure to “job strain,” and through this, an elevated risk of morbidity. Furthermore, lack of reciprocity between work effort and rewards is associated with increased risks of cardiovascular disease, depression, alcohol dependence, and poor self-rated overall health.⁵¹ In short, job stress and its work environment determinants are key indicators of job quality.

⁴⁸ R. Karasek and T. Theorell. *Healthy Work: Stress, Productivity, and the Reconstruction of Working Life*, New York: Basic Books, 1990. J. Siegrist, (1996). Adverse health effects of high-effort/low-reward conditions. *Journal of Occupational Health Psychology*. 1(1):27–41.

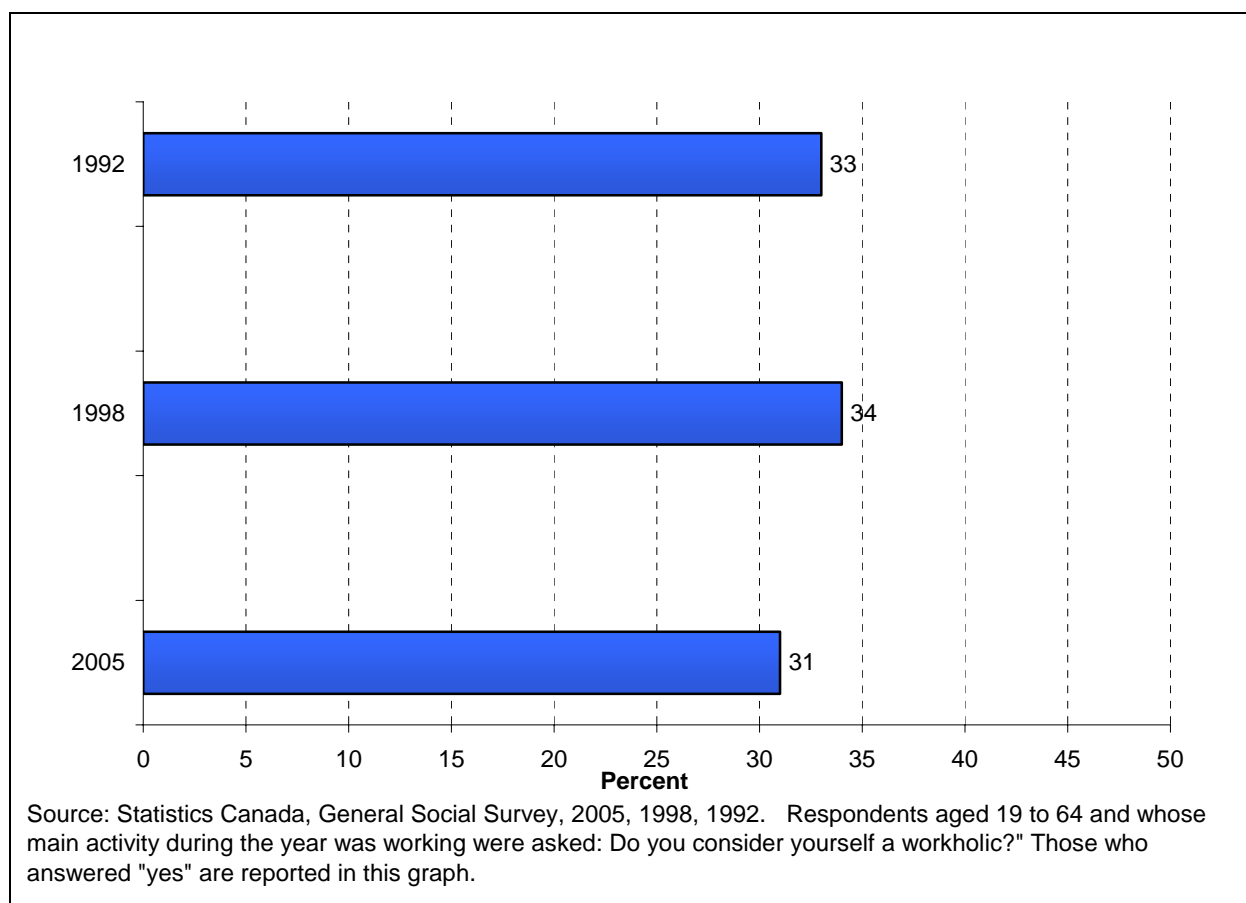
⁴⁹ C.A. Mustard, J. Lavis & A. Ostry, (2006). New evidence and enhanced understandings: Labour market experiences and health. In: *Creating Healthier Societies: From Analysis to Action*. J. Heymann, C. Hertzman, M. Barer. & R. Evans (Eds.). NY: Oxford University Press. pp. 421–95. Barling, Kelloway & Frone, *Handbook of Work Stress*. M. Shields (2004). Stress, health and the benefits of social support. *Health Reports*. 15(1):9–38.

⁵⁰ S.M Jex. (1998). *Stress and Job Performance: Theory, Research, and Implications for Managerial Practice*. Thousand Oaks, CA: Sage Publications, p. 8.

⁵¹ J. Siegrist & M. Marmot (2004). Health inequalities and the psychosocial environment – two scientific challenges. *Social Science & Medicine*. 58:1463–73.

Canada lacks national trend data for job stress going back to the 1990s. An alternate approach is to examine the proportion of workers who consider themselves “workaholics” – people whose lives have been overtaken by their work. In 2005, close to one in three (31 percent) employed Canadians aged 19 to 64 answered “yes” to a General Social Survey question: “Do you consider yourself a workaholic?” (Figure 40). Managers and workers in skilled trades are more likely than others to say they are workaholics. Compared with non-workaholics, workaholics are more likely to work 50 or more hours weekly, to lack work-life balance, to say their health is fair or poor in contrast to good or excellent, and to have trouble sleeping.⁵²

Figure 40. Percentage of Workers Who Consider Themselves to be Workaholics, Canada, 1992, 1998 and 2005

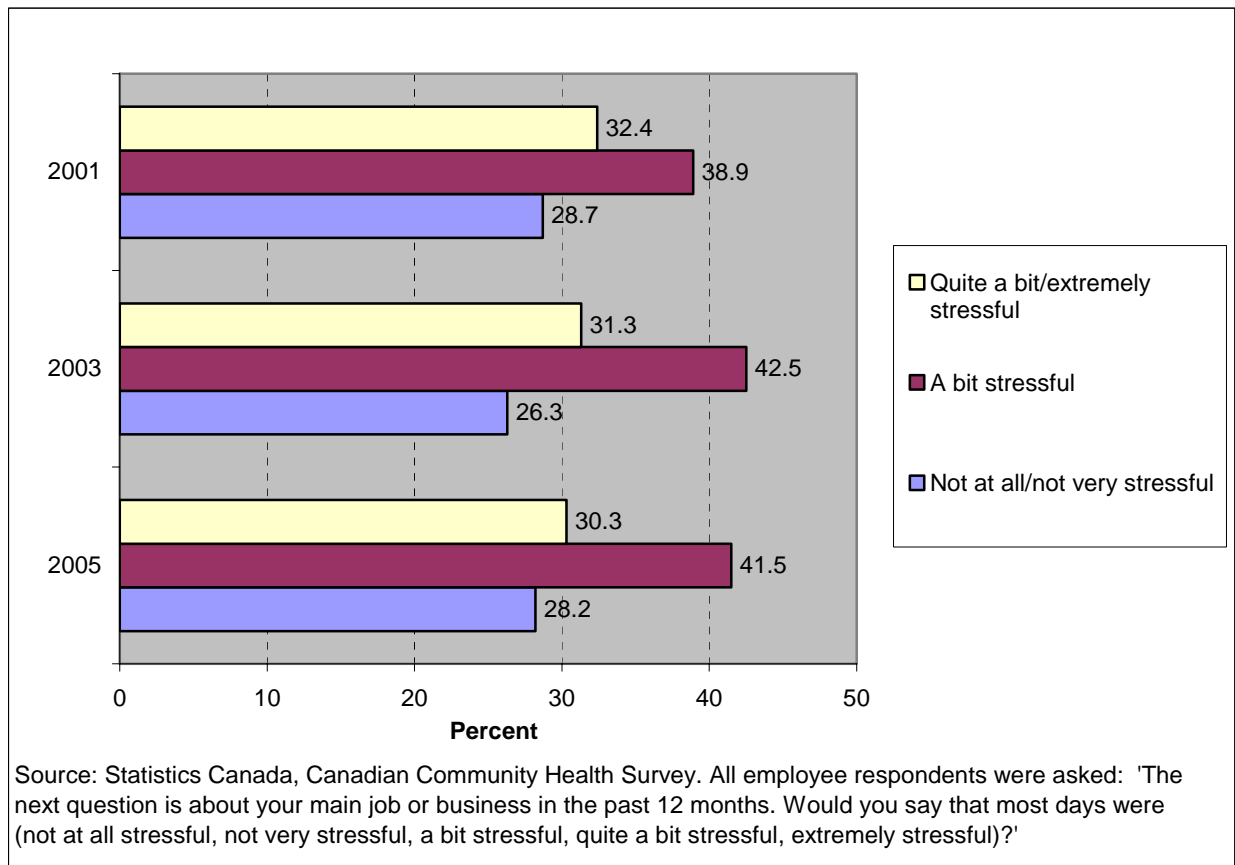


Has this behaviour increased? GSS data for 1992 and 1998 suggest that the incidence of workaholism has slightly declined. In 1992 and 1998 the incidence was 33 percent and 34 percent respectively, somewhat higher than in 2005 (Figure 40). There are obvious explanations – an aging workforce, better technology, a growing preference for leisure – but again the important question is why the rate has not gone down more in the 21st century, rather than persisting at 1990 levels.

⁵² L.A. Keown. Time escapes me: workaholics and time perception. *Canadian Social Trends* 83 (May):28-32, 2007.

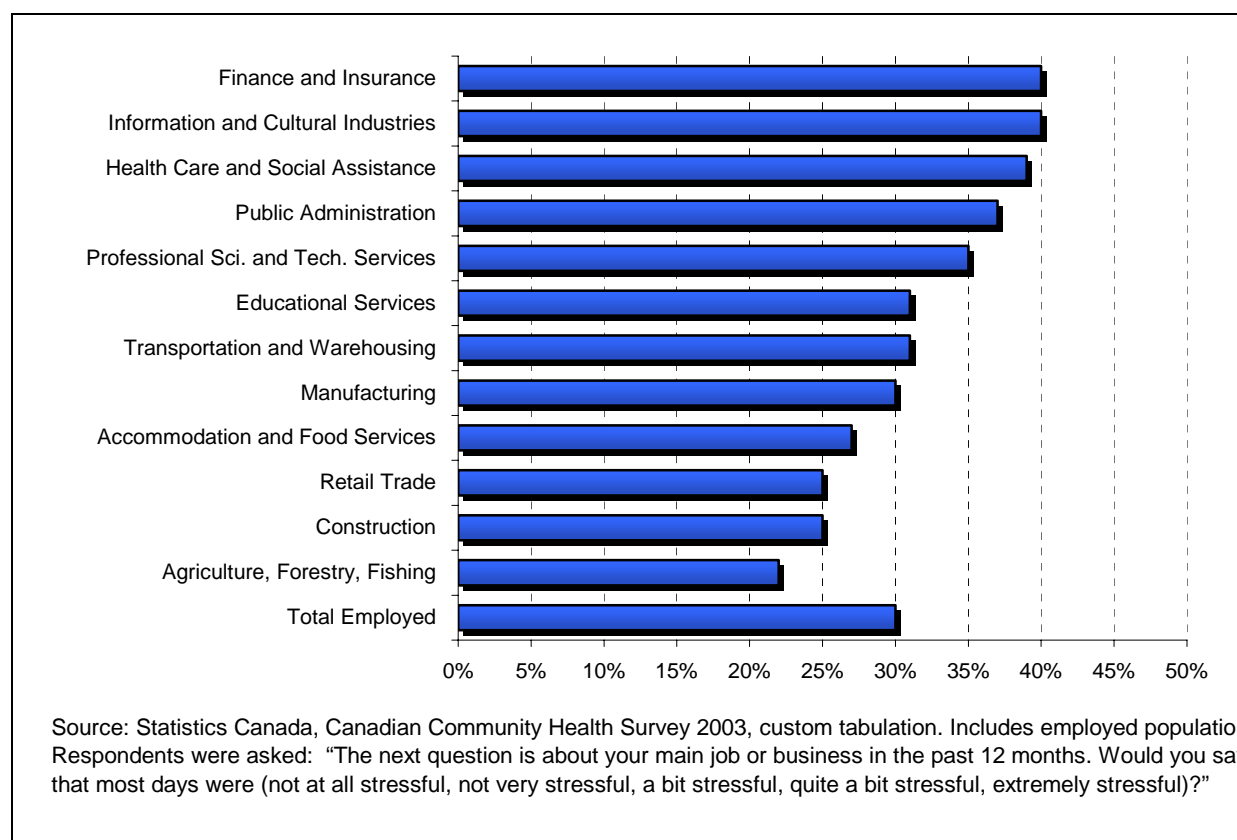
A better measure of stressful working conditions, which is not available for the 1990s, is the Canadian Community Health Survey (CCHS) question on self-perceived work stress (Figures 41 and 42). In the 21st century, just over three in ten workers experience most days at work as “quite a bit” or “extremely” stressful. In the three years that the CCHS asked this question, the proportion of employed Canadians in this high stress group declined very slightly, from 32.4 percent in 2001 to 30.3 percent in 2005 (Figure 41). Job stress does not appear to be on the increase, based on these findings, but it is too early to interpret these three years of CCHS data as a trend. Self-perceived stress varies by age (workers in the 26 to 44 age group are more stressed than younger or older workers) and gender (women are more stressed than men).

Figure 41. Self-Perceived Work Stress, Canada, 2001, 2003 and 2005



More pronounced differences are found by occupational groups, as documented in Figure 42. The proportion of workers reporting most work days to be quite a bit or extremely stressful ranges from over 40 percent in management and health care occupations, to around 22 percent in primary industry occupations and in processing, manufacturing and utilities occupations. The fact that managers report the most stress raises concerns about their readiness and capacity to address job quality issues. If stress becomes an accepted part of the job, it is normalized and does not need changing. And if feeling stressed reflects constant time pressures, then finding the time required to plan and implement actions to improve the quality of work life may be difficult to get on the agenda.

Figure 42. Self-Perceived Work Stress by Industry, Canada, 2003



It is important to push this analysis further by comparing changes in the main sources of job strain, which in job stress research are measured by the demands of a job and the skill discretion and decision authority workers have in responding to these demands. This is the widely-used "demand-control" model of job stress. Figure 43 reports the average job strain scores from Statistics Canada's 1994/95 National Population Health Survey and 2002 Canadian Community Health Survey. Figure 43 also reports the three job strain component scores.⁵³

⁵³ Job strain measures used in this research: Your job requires that you learn new things; Your job requires a high level of skill; Your job allows you freedom to decide how you do your job; Your job requires that you do things over and over; Your job is hectic; You are free from conflicting demands that others make; You have a lot to say about what happens in your job. All were answered on 5-point scales from "strongly agree" to "strongly disagree."

Figure 43. Job Strain by Gender, Employed Population Aged 18 to 75, Canada, 1994/5 and 2002

	Men		Women	
	1994/95	2002	1994/95	2002
Average job strain score	0.94	0.9*	1.08	1.00*
Psychological demands score	5.74	5.61*	5.96	5.85
Skill discretion score	6.09	6.31*	5.71	6.02*
Decision authority score	7.15	7.19	6.45	6.66*
Note: Excludes territories.				
*p< .05				
Source: Margot Shields. Stress and depression in the employed population. <i>Health Reports (Statistics Canada)</i> 17 (4):25, 2006.				

For both men and women, average job strain declined slightly between these two years. In 2002, 19 percent of men and 27 percent of women had high job strain, down from 23 percent and 35 percent respectively in 1994/95. The decrease for men resulted from a small drop in psychological demands and an increase in skill discretion. For women, increases in skill discretion and decision latitude accounted for the decline.

Figure 44 suggests that job strain, especially among certain groups, should be of concern. This “bad job” characteristic is not evenly distributed. It needs to be understood as another risk to worker well-being – and a further source of inequality – in the labour market and in workplaces. Workers with specific characteristics are at greater risk of being in high-strain jobs. Exposure tends to be higher in these groups regardless of gender (compared with the reference categories indicated in Figure 44): younger workers; workers in sales, service, processing and manufacturing, and utilities; shift workers; employees (compared with the self-employed); lower income-earners. As in any public health initiative, the goal should be to lower the incidence and flatten the gradient. The same research documents serious mental health consequences for workers in high-strain jobs.⁵⁴ Men in high-strain jobs in 2002 were 2.5 times more likely than those in low-strain jobs to have experienced depression and women were 1.6 times more likely. These associations hold after taking into account age, socio-economic status and social support.

⁵⁴ M. Shields. Stress and depression in the employed population. *Health Reports (Statistics Canada)* 17 (4):11-29, 2006.

Figure 44. Incidence of High Job Strain by Selected Demographic and Employment Characteristics, Employed Population Aged 18 to 75, Canada, 2002

	% High Job Strain	
	Men	Women
Total	19	27
Age Group		
18-24	27*	31*
25-39	19	27
40-54#	19	26
55 +	12*	22
Occupation##		
Management	13*	18*
Professional/technologist	13*	19*
Administrative/financial/clerical	18	27
Sales/service	27*	32*
Trades/transport/equipment operating	20	34
Farming/forestry/fishing/mining	14	-
Processing/manufacturing/utilities	30*	48*
Weekly work hours		
< 30	24*	26
30-40#	19	27
> 40	18	26
Shift worker		
Yes	25*	32*
No	16	24
Self-employed		
Yes	9*	12*
No#	21	29
Personal income		
< \$20,000	28*	30*
\$20,000 - \$39,000	22*	28*
\$40,000 - \$59,000	17*	23*
\$60,000 + #	12	15
<p>Note: Excludes territories. # Reference category. ## Reference category is the total. * Significantly different from reference category, p<.05 Source: Margot Shields. Stress and depression in the employed population. Health Reports (Statistics Canada) 17 (4):17, 2006.</p>		

Job Satisfaction

Job satisfaction is the most widely used measure of overall job quality. Typically, job satisfaction has been fairly stable and positive in most national surveys going back to the 1970s. So small changes are noteworthy. The Workplace and Employee Survey measured job satisfaction in 1999 and 2003. Figure 45 indicates virtually no change in this period. In both years, just over one-third of employees were “very satisfied” with their jobs. Approximately 55 percent in both years were “satisfied” with their job. Combined, this means that 9 out of 10 workers were satisfied. But for employers striving to create high levels of “employee engagement,” presumably they would want the majority of employees to be “very satisfied.”

Job satisfaction levels do not vary by gender. However, levels of satisfaction increase with age (Figure 46). Almost 40 percent of workers age 45 and older are very satisfied, compared with 26 percent of workers under age 25.

Figure 45. Job Satisfaction by Gender, Canada, 1999 and 2003

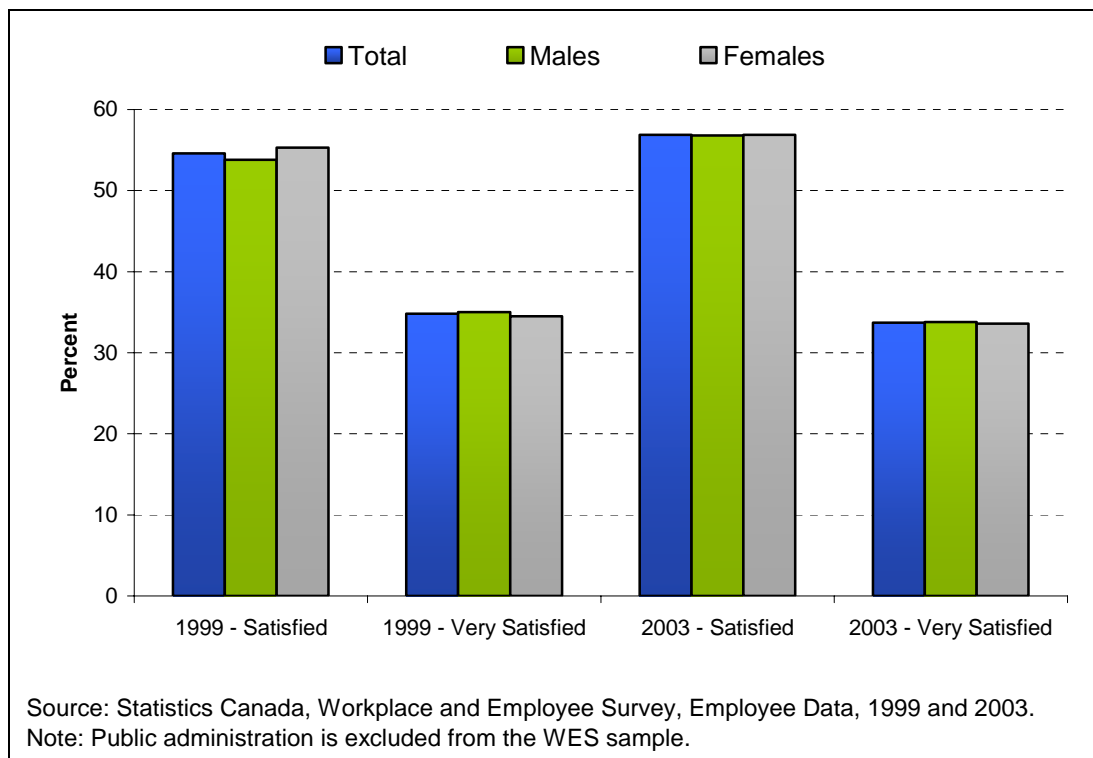
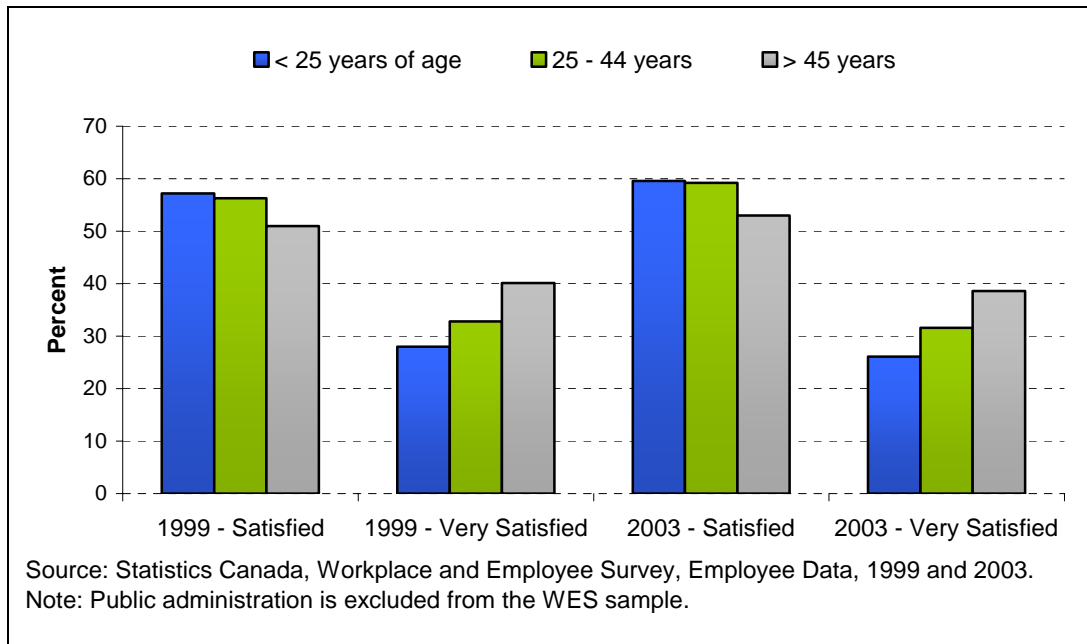


Figure 46. Job Satisfaction by Age Group, Canada, 1999 and 2003



Satisfaction with pay, also measured in the 2003 Workplace and Employee Survey, is lower than overall job satisfaction, at just over three-quarters percent either satisfied or very satisfied (Figures 47 and 48). This has increased slightly from 1999, from 74 percent to 77 percent satisfied. Men are more satisfied with their pay than women, as are older workers compared with younger workers. This is what we would expect given gender and age differences in earnings.

Figure 47. Pay Satisfaction by Gender, Canada, 1999 and 2003

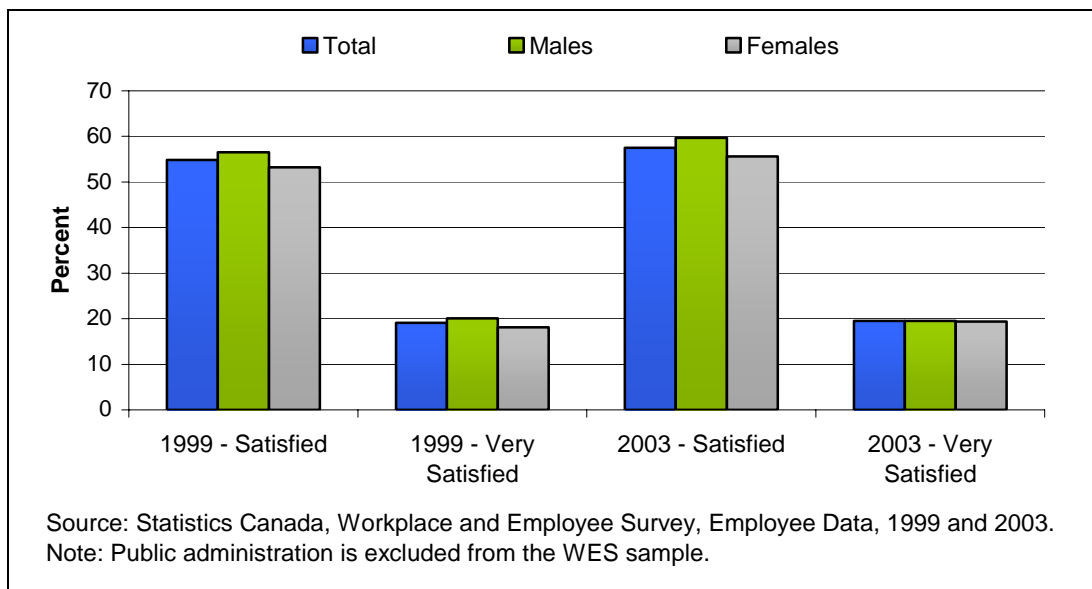
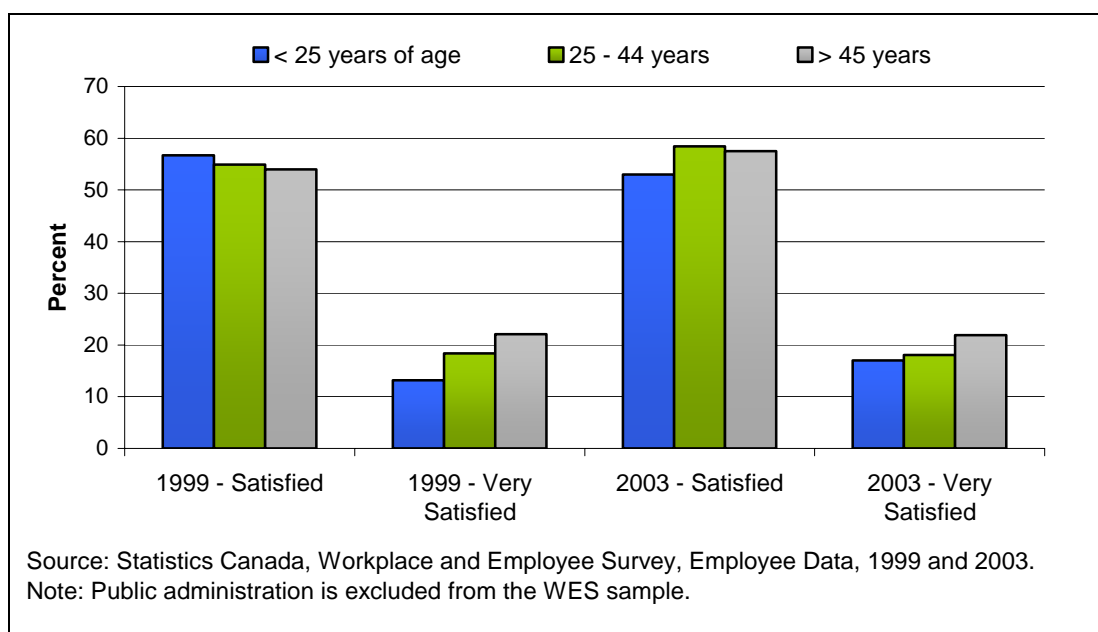


Figure 48. Pay Satisfaction by Age Group, Canada, 1999 and 2003



Summary of Job Quality Trends

To recap our review of job quality trends over the past decade or more, seven of the major trends were stable, 12 moved in a positive direction for job quality, and 10 indicated decreases in job quality. Two (increased part-time employment, declining average length of the work week) could be interpreted either as positive or negative for job quality – some individuals may want and need full-time jobs and longer work hours, whereas for others these changes provide more opportunities for work-life balance. (See Appendix II for the list of job quality indicators, sources, and trend directions).

However, it would be inaccurate to conclude from this summary that overall job quality has improved. There are three reasons for not rushing to this conclusion. First, we have provided a composite picture using many different indicators, covering different time periods. This reflects the lack of a comprehensive, ongoing national survey – surely the greatest limitation in Canadian job quality research. For some key indicators, data cover only two years and relatively short periods of time – neither being ideal for trend tracking. Second, other than the large change in the unemployment rate, most of the other changes in either direction are actually quite small. Third, the indicators we have assembled are heavily weighted with earnings data, mainly because of availability and the complexity of sorting out earnings trends. If earnings are removed altogether from the picture, there is no change in overall job quality between the 1990s and this decade.

3. How Workers Experience Job Quality

So far, we have covered a broad spectrum of job quality indicators from pay and benefits to stress and work-life balance. Ultimately, though, job quality needs to be assessed through the eyes of workers. So in this section, we investigate what's important for workers in a job and how they rate the specific features of their current jobs.

The Rethinking Work survey is well suited to understanding how workers experience job quality. The survey asked respondents to rate 19 specific job and workplace characteristics in terms of how important, or valued, each characteristic is to them. Later in the survey, respondents were asked to rate their current job on the basis of the same characteristics, in order to determine to what extent they were meeting their expectations. By comparing the difference between these two sets of measures, we can calculate an "expectations gap."

What Workers Want

Looking at Figure 49, we can see that seven job features were rated as "very important" by more than 60 percent of respondents.⁵⁵ In rank order, here is what workers most highly value in a job: a workplace free of harassment and discrimination, a healthy and safe workplace, trustworthy senior management, work-life balance, job security, good pay, and a sense of pride and accomplishment. In contrast, about a third or fewer rated freedom to decide how to do their job, flexible hours and schedules, and having a say in workplace decisions as "very important."

Figure 50 reports the percentage of workers rating each job characteristic as very important by age group and by gender. Note that gender differences are almost as pronounced as age differences – a finding which corroborates earlier research.⁵⁶ This should give us cause to reconsider popular notions of big generational differences in work values. Most of the differences reflect different stages of the life course. Older workers put more importance on work-life balance, benefits, and obtaining pride and accomplishment from their job. They also want more job autonomy and say than younger workers. Younger workers put greater emphasis on career advancement and extended leaves – not surprising given their early stage in work and life.

Women, compared with men, place more importance on the following: good relations with their supervisor; a healthy, safe and comfortable work environment; a sense of pride and accomplishment; recognition; work-life balance; and trustworthy senior management. Men, in contrast, place greater importance on pay, having a say, and career advancement. Again, these findings are not surprising, but rather provide solid evidence that employers need to understand differences in work values across all demographic groups in their workforce, not just the needs of young recruits.

⁵⁵ This question was answered using a 5-point Likert scale, where 1 = not at all important and 5 = very important.

⁵⁶ K. Hughes, G.S. Lowe, and G. Schellenberg. *Men's and Women's Quality of Work in the New Canadian Economy*. Research Paper W-19, Work Network. Ottawa: Canadian Policy Research Networks Inc., 2003.

Figure 49. Very Important Job Characteristics, Full-Time Permanent Employees, Canada, 2004

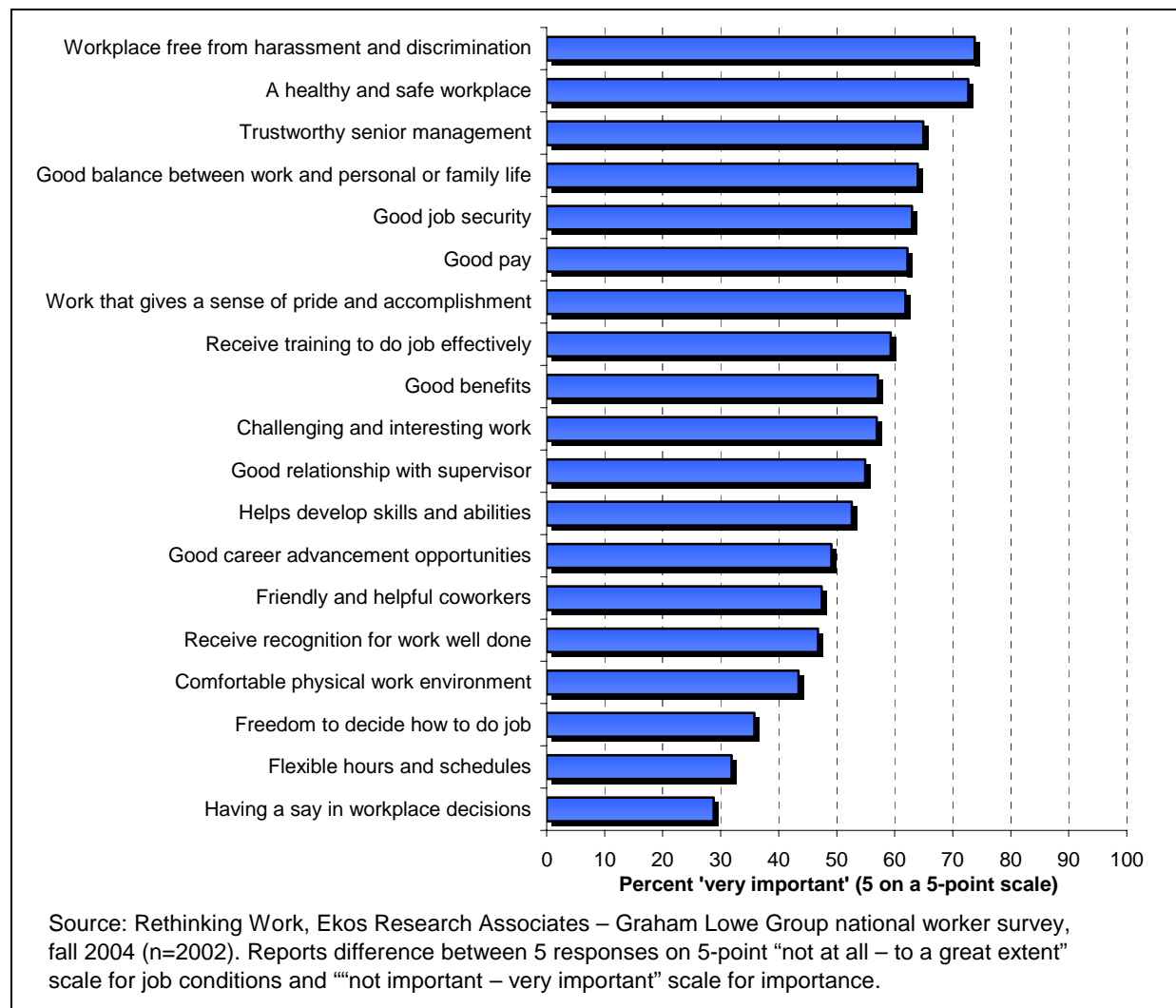


Figure 50. Very Important Job Characteristics by Age Group and Gender, Canada, 2004

	TOTAL	AGE GROUP			GENDER			
	% very important							
		18-30	31-44	45-75		Male	Female	
Workplace free from harassment and discrimination	73	74	71	75		64	84	***
A healthy and safe workplace	72	67	74	74		68	76	**
Trustworthy senior management	70	59	63	68	*	58	70	***
Good balance between work and personal or family life	63	56	65	65	**	57	69	***
Work that gives a sense of pride and accomplishment	62	54	61	67	***	56	68	***
Receive training needed to do job effectively	60	62	57	62		56	64	**
Good pay	58	57	60	58		58	59	
Good job security	58	59	58	57		55	62	**
Challenging and interesting work	56	54	56	58		54	58	
Good relationship with supervisor	54	48	56	57	*	46	63	***
Helps develop skills and abilities	52	53	51	52		49	55	
Good benefits	52	45	52	57	***	47	57	***
Friendly and helpful co-workers	47	48	46	48		42	53	***
Receive recognition for work well done	46	44	44	49	*	42	50	***
Good career advancement opportunities	46	52	46	42	***	46	47	
Comfortable physical work environment	43	44	39	48	*	38	49	***
Option to take extended leave for education or family	35	38	36	32	**	27	44	***
Flexible hours and schedules	34	31	35	35		30	39	***
Freedom to decide how to do job	34	25	35	39	***	34	35	
Having a say in workplace decisions	28	24	28	33	**	25	33	***

Source: Rethinking Work, worker survey, 2004
 * p < .05
 ** p < .01
 *** p < .001

What Workers Experience

Individuals' assessment the quality of their job is filtered through their work values. We know little about whether the quality of a person's job actually is meeting their needs, as defined by what they value. Rethinking Work provides new information in this regard. We are able to calculate the gap between what workers want in a job and what they actually have. This gap reflects the difference between the importance survey respondents place on a particular job or workplace characteristic and the extent to which they feel they have this feature in their current job (ratings of 5 on 5-point response scales). For example, if 50 percent of respondents consider a job feature very important and only 30 percent report they have this feature in their job to a great extent, then the gap would be 20 percentage points.

Before examining these expectation gaps, it is useful to review how survey respondents assessed their current jobs. Figure 51 reports the percent of survey respondents who reported having a specific characteristic to a great extent (5 on a 5-point scale). These very positive assessments are highest for workplace relationships and lowest for career advancement, a say in decisions, recognition, and pay. Several age and gender differences stand out. For example, workers age 45

and older have more positive ratings than other age groups of challenging and interesting work, a sense of pride and accomplishment, and decision-making. Younger workers (age 30 and under) are more positive about their relationship with their supervisors. Younger workers also are more positive about options to take extended leaves and career advancement opportunities. Men give more positive ratings than women to having a say in workplace decisions, career advancement, and pay. Women are more positive about supervisory relationships, having a healthy and safe workplace, pride and accomplishment, trustworthy senior management, and a comfortable physical environment.

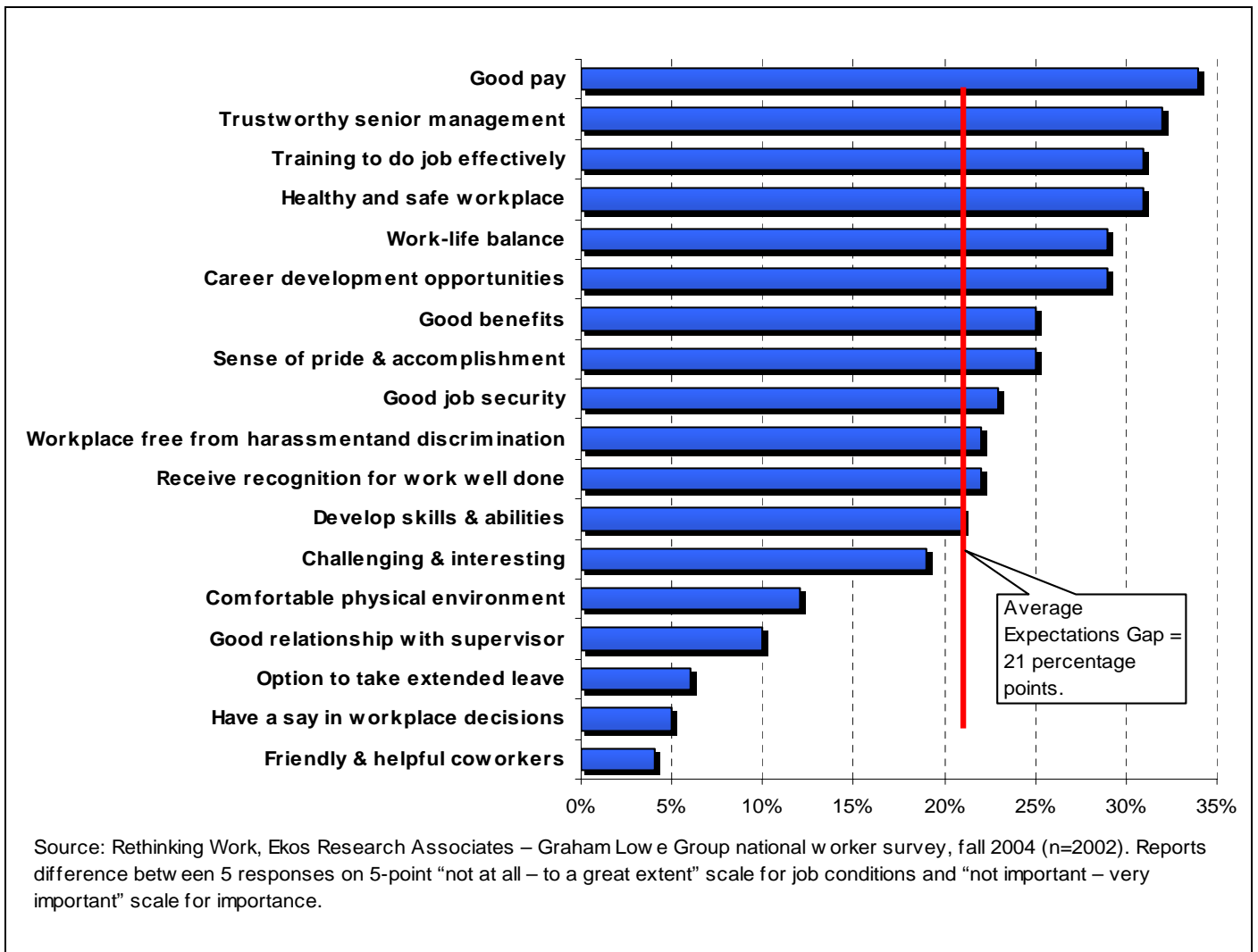
Figure 51. Assessment of Current Job Characteristics by Age Group and Gender, Canada, 2004

	TOTAL	AGE GROUP			GENDER		
	<i>% to a great extent</i>						
		18-30	31-44	45-75		Male	Female
Workplace free from harassment and discrimination	51	56	50	48		51	51
Good relationship with supervisor	45	49	42	45	*	40	50
Friendly and helpful coworkers	44	50	41	41	*	41	46
Workplace is healthy and safe	41	45	39	41		37	45
Challenging and interesting work	37	31	37	42	***	35	39
Sense of pride and accomplishment	36	30	35	43	***	33	40
Good job security	36	35	35	36		34	37
Trustworthy senior management	34	38	29	36	**	29	38
Good balance between work and personal or family life	34	33	34	35		31	37
Flexible hours and schedules	33	32	30	37		32	34
Freedom to decide how to do job	33	24	32	40	***	35	30
Comfortable physical work environment	32	33	28	35		28	36
Develop skills and abilities	31	33	28	32		30	32
Receive training needed to do job effectively	30	34	27	31		29	32
Option to take extended leave for education or family	29	35	25	30	**	28	30
Good benefits	28	23	30	30	***	27	29
Good pay	25	21	27	26	***	26	24
Receive recognition for work well done	24	29	20	26	*	22	27
Have a say in workplace decisions	24	20	23	29	**	27	21
Good career advancement opportunities	17	23	16	15	***	19	16

Source: Rethinking Work, worker survey, 2004
 * p< .05
 ** p<. 01
 *** p< .001

Figure 52 reports gaps for the job characteristics discussed above. Overall, the average expectation gap is 21 percentage points. Four job characteristics have gaps greater than 30 percentage points: pay, trust in management, job training, and a healthy and safe workplace. The size of the pay expectation gap is notable, given the earnings increases we documented above and the slight increase in overall pay satisfaction. Two characteristics – flexible hours and schedules and freedom to decide how to do your job – have no gap so are not reported in Figure 52. While Canadian workers highly value many intrinsic job characteristics, their assessment of their pay is a key factor in their overall assessment of job quality – and very likely will influence workplace and labour market behaviour, especially in a “seller” market.

Figure 52. Expectations Gaps between Importance Workers Place on Job Characteristics and Current Job Conditions, Canada, 2004



4. Understanding the Distribution of Job Quality

There are two central questions about job quality which so far have gone unanswered. First, does the distinction between “good jobs” and “bad jobs” accurately capture the distribution of job quality features, and if not, how are the ingredients of job quality distributed among employees? And second, which groups of employees have access to different types of job quality features? Answers to both questions will provide a more nuanced understanding of the nature of job quality, offering a useful counterpoint to the broad-brush assumptions often made about job quality. For example, it is widely assumed that in a knowledge-based economy, managers and professionals will have significantly better job quality than employees in manual or less skilled service jobs. It also is widely assumed that contingent work is uniformly under-rewarding – the negative McJob stereotype. Popular images of job quality tend to view it the same as income: on a sliding scale from a little to a lot. Maybe these generalizations are true, but the only way to know for sure is to test them using appropriate evidence.

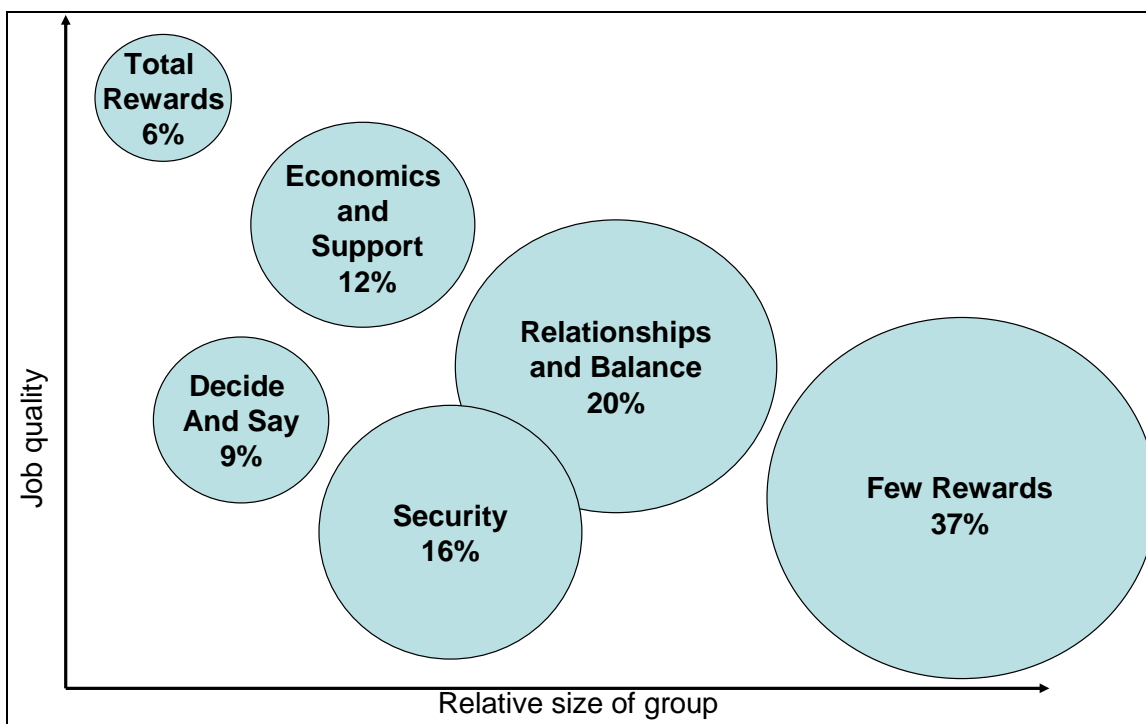
Job Quality “Classes”

In this section, data from the Rethinking Work survey is used to provide some answers to these two questions. The analytic tool we use is Latent Class Analysis (LCA), a statistical technique for identifying sub-groups of survey participants answering multiple questions in similar ways. LCA is a more powerful variant of cluster analysis, commonly used in market research. It is based on a probabilistic model, draws on formal statistical procedures for determining the number of clusters, and can be extended to include covariates in the model to help explain the clusters (see Appendix III for details).

LCA is able to bring into view patterns of employees’ assessments of multiple aspects of job quality that would otherwise remain hidden – or “latent.” The latent variable in our analysis is job quality, measured using 15 job quality statements which asked respondents the extent to which they have each of the characteristics in their current job. The “latent classes” are employee groups that share similar kinds and levels of job quality. The reason the job quality concept and employee groupings are “latent” is because neither can be observed in the survey data without using statistical analysis to illuminate underlying patterns. LCA identifies individuals who share similar or identical job quality characteristics, as measured by statements assessing their current job. The results of this analysis also show the prevalence of each class. Furthermore, we are able to estimate the likelihood of employees with certain demographic and employment characteristics being in one class rather than another.

Figures 53, 54 and 55 present the results of the LCA using 15 job quality items, capturing the full range of job quality dimensions from extrinsic (pay, benefits) to intrinsic (challenging, interesting). Figure 53 is a visual presentation of the six “classes,” or employee groups, based on shared job quality characteristics. Self-employed individuals were not included in this analysis. The labels for these groups attempt to capture the job quality experiences of these employees.

Figure 53. Job Quality “Classes,” Canadian Employees, 2004

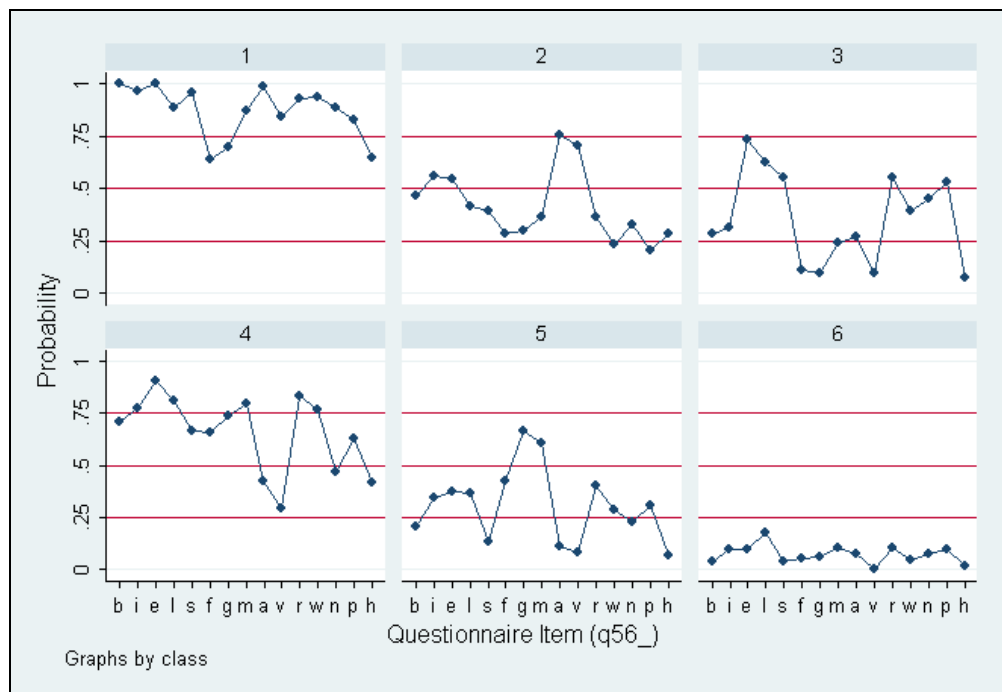


In Figure 54, the column under each class reports the percentage of employees in that class who scored 5 on the 5-point response scale, indicating that they have this feature in their current job “to a great extent.” So the percentages show how widespread the most positive assessment of a specific job quality feature is among employees in a particular job quality class. Along the bottom of Figure 54 is the proportion of the overall sample of employees in Rethinking Work who are grouped into that class, which is also presented in the diagram in Figure 53. Figure 55 visually illustrates the percentage of employees in a class endorsing the most positive evaluations of each aspect of job quality (the letters along the bottom axis of each graph correspond to the question numbers in Figure 54).

Figure 54. Latent Class Analysis Results

% of respondents scoring 5, "to a great extent," on a 5-point scale							
Item #	Item Wording	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6
q56b	Your job helps you develop your skills and abilities	100%	46%	28%	71%	21%	4%
q56i	Your work is challenging and interesting	97%	56%	31%	78%	35%	10%
q56e	You have a good relationship with your supervisor	100%	54%	74%	90%	38%	10%
q56l	Your co-workers are friendly and helpful	89%	42%	63%	81%	37%	18%
q56s	You have senior management you can trust	96%	39%	55%	67%	13%	4%
q56f	Your pay is good	64%	28%	11%	66%	43%	5%
q56g	Your benefits are good	70%	30%	9%	74%	67%	6%
q56m	Your job security is good	87%	36%	24%	79%	60%	11%
q56a	You have freedom to decide how to do your job	99%	76%	27%	42%	11%	8%
q56v	You have a say in workplace decisions	84%	71%	9%	30%	8%	1%
q56r	Your workplace is healthy and safe	93%	36%	55%	83%	41%	11%
q56w	You have a comfortable physical work environment	94%	23%	39%	77%	28%	4%
q56n	You have flexible hours and schedules	88%	33%	45%	47%	23%	8%
q56p	You have a good balance between work and personal life	83%	21%	53%	63%	31%	10%
q56h	You have good opportunities for career advancement	65%	28%	8%	42%	7%	1%
Proportion of total respondents		6%	9%	20%	12%	16%	37%

Figure 55. Probability of Very Positive Assessments of Job Quality by Latent Class



Further statistical analysis (multinomial logistic regression) provides a profile of these individuals based on age, gender, union membership, managerial responsibilities, full-time or part-time employment, and total work hours. Other demographic and employment status characteristics were also considered, but these six turned out to be the most important for identifying who is in each class.

Here is a summary of the job quality experienced by employees in each of the six classes and a profile of their characteristics.

Class 1: Total Rewards

Class 1 has the best overall job quality, so we called it the “Total Rewards” group. Remarkably, over 90 percent give very positive assessments of six of the job quality features and 80 percent are very positive about five features. The aspects of job quality least likely to be found in this class are good pay, good benefits, and good career advancement opportunities. Even so, the level of positive assessments of these three features is still very high (between 64 percent and 70 percent) compared with the five other classes. However, only six percent of the employees in the Rethinking Work sample are in Class 1, making it a rather exclusive group.

Employees in this class are most likely to be full-time employees who are managers. They are unlikely to be union members. This group also is older than the others, with 53 percent being over the age of 45. Interestingly, a detailed occupational breakdown reveals that, in addition to managers, this group also has some workers in skilled trades and transportation equipment operation, as well as some sales and service workers. So it is not the exclusive preserve of managers. Working long hours (more than 40 hours weekly) or one’s gender does not affect the likelihood of being in this group.

Class 2: Decide and Say

Class 2, the “Decide and Say” group, has high levels of decision-making freedom and a say in workplace decisions. Over 70 percent of the employees in this class give both of these job quality features very positive ratings. But in other respects, their job quality is moderate or low. For example, just over half give very positive ratings to challenging and interesting work and a good relationship with their supervisor. However, 30 percent or fewer have highly positive ratings of pay and benefits, work-life balance, career advancement opportunities, and the physical work environment. Fewer than 1 in 10 (nine percent) of employees in the Rethinking Work survey are in this class.

Employees in this class are more likely than those in most other classes to be managers, full-time employees, non-union, male and to work long work weeks. In fact, this class has a slightly higher proportion of managers – although mostly in middle rather than senior management – and full-time employees than Class 1. But unlike Class 1, employees in Class 2 are predominantly younger (age 45 or under) and male.

Class 3: Relationships and Balance

Class 3, labelled “Relationships and Balance,” has between 45 percent and 74 percent giving very positive evaluations of job quality indicators related to healthy and supportive workplaces. Specifically, most employees in this group have good relationships with their supervisor, friendly and helpful co-workers, trustworthy senior management, a healthy and safe workplace, and good work-life balance. Clearly there are trade-offs, because only about 1 in 10 employees in this class give very positive ratings to pay, benefits and career opportunities. Overall, 20 percent of employees in the Rethinking Work survey are in Class 3.

Employees in this class are mostly younger females working part-time and not in a union. Of all the classes, this one has the highest proportion (71 percent) of employees age 45 or under, and the highest proportion of females (72 percent). The most common jobs are sales and service; para-professional jobs in social services, education and law; clerical jobs; and middle management positions.

Class 4: Economics and Support

Class 4 comes closest to the high overall job quality found in Class 1. We call this the “Economics and Support” group. A large majority of employees in this group give very positive endorsements of relationships with supervisors, co-workers, and senior management. They also are the most likely of any of the six classes to give positive ratings to pay and benefits, even slightly ahead of class 1 on these indicators of economic rewards. And in terms of job security, they are second only to Class 1. Furthermore, this group also is a close second to Class 1 on three indicators of a supportive workplace, with about 80 percent giving very positive assessments of their work environment as healthy, safe and physically comfortable, and 63 percent being very positive regarding work-life balance. Some 12 percent of employees in Rethinking Work are in this group.

Employees in Class 4 are far more likely to be union members, compared with employees in other classes (except Class 5). Compared with Class 3, they are more likely to be in full-time jobs. Individuals in this group are likely to be employed in para-professional jobs in social services, education and law; as skilled trades and transportation equipment operators; as professionals in education, government and social sciences; and as clerical workers.

Class 5: Security

Class 5 is the “Security” group. That’s because it is distinguished by positive assessments of benefits and job security, and to a lesser extent, pay. While very positive ratings of these economic dimensions of job quality are not quite as pervasive in Class 5 as in Classes 1 or 4, these economic aspects are central to the job quality experiences of employees in Class 5. All other indicators are experienced in far more limited ways. This class comprises 16 percent of employees in the Rethinking Work sample.

What sets Class 5 apart is its concentration of full-time unionized employees, which explains the positive assessments of benefits and job security, and to a lesser extent, pay. In fact, three out of four individuals in this group are union members. The main difference between Class 5 and 4 – where union membership also is a defining characteristic – is that there are more women in Class 5. This class has a relatively high proportion of professionals in education, government and social sciences, compared with the other classes. Workers in this class also tend to be older (43 percent are over the age of 45), although Class 1 has a higher proportion of older employees.

Class 6: Few Rewards

In stark contrast to the positive job quality assessment in Class 1 is Class 6, where few employees – usually 10 percent or less – are very positive about any of the 15 job quality features. This “Few Rewards” group comprises 37 percent of employees in the Rethinking Work sample, more than any other job quality class. Compared with the other classes, there are relatively few managers or professionals in Class 6 and a higher proportion of low-skilled manual workers and sales and service workers. Compared with Class 1, individuals in Class 6 are far more likely to be non-managers, unionized, and younger. Compared with Class 4, which has the second highest job quality next to Class 1, the chances of being in Class 6 are much greater for women in part-time jobs.

Implications

Several important practical implications flow from this analysis of job quality classes.

1. Job quality is not distributed like income, on a continuous sliding scale from high to low. There are clearly identifiable groups of employees with different combinations and levels of job quality.
2. The patterns of job quality challenge conventional thinking about knowledge workers. For example, there are some trades and transportation workers who have fairly decent job quality. And working long hours – often associated with knowledge workers – does not in itself lead to high job quality.
3. The fact that our analysis shows very few workers to have overall high job quality, based on the 15 indicators, suggests that for the vast majority of Canadian employees high job quality has not been achieved. Together, Classes 1 and 4 have the highest overall job quality and account for 22 percent of employees in the Rethinking Work sample. This invites public debate about whether excellent quality jobs should be available to more than one in five workers in Canada at this stage in its economic development.
4. The fact that 37 percent of employees do not have access to high levels of job quality on any of the 15 indicators raises policy concerns, highlighting the need to better understand why so many jobs are devoid of high quality.
5. For the three other job quality groups, or classes, we can see the effects of union membership and collective agreement provisions addressing benefits and job security. We also can see the benefits of working full-time jobs, of management and professional jobs, and in some cases the cumulative advantages of seniority (age).

6. Class 3, in particular, raises the interesting issue of trade-offs that individuals – especially females – make to achieve flexibility, or how positive workplace relationships may offset the lack of other job quality features for some.

The usual caveats apply, of course: this is only one survey at one time-point, so advancing our understanding of job quality would be enhanced by conducting similar analyses on other surveys, preferably using even larger samples and including the self-employed, too. In order to do this, priority must be given to including in large-scale nationally-representative workforce surveys the wide range of job quality indicators in Rethinking Work. For policy-makers and employers alike, there are clear benefits to having this kind of information available on a regular basis.

5. A Model of Job Quality

Numerous studies have suggested that the quality of an employee's job and work environment has an influence on her or his overall quality of work life and job performance. Human resource professionals and managers often make decisions based on assumptions about how better job and workplace conditions contribute to positive employee experiences and improved productivity. This is precisely what corporate "value chains" propose: talented and motivated employees in a supportive, well-resourced work environment will contribute to better results for customers and shareholders. For example, FedEx's Purple Promise – people, service, profits – is grounded in this thinking. So, too, is Vancity's (a British Columbia-based credit union) corporate commitment to creating a great workplace: excellent customer experiences begin with excellent employee experiences.

While it makes sense that satisfied workers lead to satisfied customers, the underlying logic rests on a complex web of relationships. For example, which specific aspects of an employee's job and work environment contribute to their overall job satisfaction? Are satisfied workers motivated to contribute more in their jobs? Someone who has high pay and an extensive benefits package might consider these aspects as inadequate compensation when faced with a bad boss or toxic co-workers. An employee in an attractive new office with an ergonomic workstation, fitness centre and subsidized cafeteria with free lattes may be willing to put in long hours and be less concerned about job security. A 25-year-old who places priority on career development may view being part of a dynamic, high-performing team as more important than their starting salary. Certain workplace cultures, especially those rooted in a sense of entitlement, may stimulate no more than mediocre job satisfaction and performance, regardless of the actual working conditions. Start-up companies, in contrast, may inspire the kind of entrepreneurial initiative and risk-taking that is the envy of staid bureaucracies, because of the excitement of being part of something new and growing.

The key point is that the *job – work environment – quality of work life – performance* chain is influenced by many individual, organizational and labour market factors. What may explain positive quality of work life and performance outcomes in one context may not apply in another. Looking at only one pair of relationships, say, between pay and satisfaction, provides a limited perspective on what influences, and is influenced by, job quality. Growing concerns about recruitment and retention, employee engagement and innovation, give new urgency to sorting out how all these job and workplace factors influence employees' attitudes and behaviours.

The Job Quality Nexus

Here's a stylized, evidence-based summary of the "job quality nexus," based on what we know about some of the most important connections between job and work environment conditions, quality of work life outcomes, and job performance:

- High job strain, when a worker experiences high job demands but has little or no control over how to meet these demands, contributes to the experience of psychological distress (most people would call this "stress"). Stress increases the risk of mental and physical health problems and can result in increased absenteeism and health benefit costs, and reduced job performance.
- Psychologically healthy work environments, based on values like fair treatment and mutual respect, foster employee commitment which contributes to lower absenteeism and turnover.
- Employees who have a supportive relationship with their supervisor are more likely than those who have a poor relationship with their supervisor to have good work-life balance, training and development opportunities, and resources that help them to do their jobs better.
- Comprehensive workplace health promotion policies and practices contribute to improved productivity, mainly in terms of lower absenteeism and health benefit costs, and also help employees achieve their own health and wellness goals.
- Workplaces that provide employees with ongoing learning and skill development opportunities are more likely to be productive and innovative, compared with workplaces offering little or no training and development.
- Employees whose jobs enable learning and provide training opportunities tend to experience higher levels of job satisfaction, in part because their work becomes more challenging and interesting.
- Employees who are consulted on workplace decisions and have autonomy to make their own job-related decisions are likely to have better job and team performance and increased satisfaction.
- Trust-based relationships in a workplace, especially between employees and their supervisors and senior management, contribute to increased employee commitment and performance.
- The major job factors contributing to increased employee satisfaction are "intrinsic," reflecting the nature of the work itself. The economic aspects of a job, or "extrinsic" rewards, contribute less to high satisfaction but can be a source of dissatisfaction.
- Workers who have full-time, continuing jobs are more likely than workers in part-time, temporary, contract or seasonal jobs to have good wages and benefits and, to some extent, more opportunity for intrinsic job rewards.

Scholars would carefully qualify all of the above generalizations, of course. Exceptions would be noted, unexplained influences laid out, contradictory findings reviewed, and caveats would point out that most research on these issues is not designed to sort out causation. Even so, the above statements have considerable supporting evidence. A challenge for workplace researchers is to take into account the myriad contextual factors that reflect the unique features of an

organization's history and markets. Yet, each year, researchers are able to advance our understanding of what makes for both satisfying and productive workplaces. This is the ideal “win-win-win” scenario because benefits can flow to employees and employers, as well as to customers, citizens and shareholders.

The Job Quality Model

The brief overview above of job quality research highlights the need to fit the pieces of the job quality puzzle together. This would provide a useful guide for decision-making about which human resource investments or employment policies would be most effective. As a step in this direction, we created and statistically tested a comprehensive model using four key job quality concepts: work environment, intrinsic job characteristics, work satisfaction, and work performance.

This section of the report further mines the Rethinking Work survey data (note that this section presents an entirely separate analysis of the Rethinking Work data than presented in the earlier section on Latent Class Analysis). Like most employee surveys, it provides a snapshot at a single time-point. A more complete picture of the causes and consequences of job quality requires tracking these individuals over time – something that very few employee surveys do. However, a powerful statistics technique, Structural Equation Modeling (SEM), enables us to test a model of job quality containing causal logic using cross-sectional data, such as the Rethinking Work survey (for technical details, see Appendix III). Specifically, we developed a model that shows how work environments and job characteristics affect two critically important outcomes: employees' satisfaction with their work experience and their job performance.

The advantage of the Rethinking Work survey is that it contains extensive information on individual employees, their labour market situation, job conditions, work environment and organizational characteristics, as well as a range of quality of work life and job performance outcomes. We focused on employees because the self-employed have employment relationships and organizational contexts that are sufficiently different from employees to deserve separate investigation, and there are too few self-employed in the Rethinking Work sample to do this. By focusing on employees, we are able to provide insights for 85 percent of the workforce.

SEM's strengths are its ability to simultaneously examine relationships among many variables and to identify “latent” variables that are otherwise hidden. SEM tests the accuracy of a theory-based model against real-world data. So the model must be conceptually clear and logically consistent. From the wide range of work environment, job and organizational characteristics measured in the Rethinking Work survey, we successfully identified the best underlying indicators of four concepts: work environment, intrinsic job characteristics, work satisfaction and work performance. Model development was informed by relevant scholarly research.⁵⁷ Different

⁵⁷ See for example: T.A. Judge, C. J. Thoresen, J.E. Bono, and G.K. Patton. The job satisfaction-job performance relationship: A qualitative and quantitative review. *Psychological Bulletin* 127 (3):376-407, 2001. M. Christen, G. Iyler, and D. Soberman. Job satisfaction, job performance, and effort: A reexamination using agency theory. *Journal of Marketing* 70:137-150, 2006. D.A. Harrison, D.A. Newan, and P.L. Roth. How important are job attitudes? Meta-analytic comparisons of integrative behavioral outcomes and time sequences. *Academy of Management Journal* 49 (2):305-325, 2006. R.C. Mayer and M.B. Gavin. Trust in management and

versions of the model were run using other concepts and indicators, guided by previous theories of job satisfaction and performance and drawing on measures of over 20 intrinsic and extrinsic job and work environment characteristics (see Appendix III).

What the Model Reveals about Job Quality

Looking at Figure 56, the left side presents the concepts (latent variables) and their indicators (actual survey questions). Work environment comprises recognition, trustworthy senior management, good supervisor relations, a healthy and safe workplace, and a comfortable physical environment. Intrinsic job characteristics comprise being able to develop skills and abilities, challenging and interesting work, freedom to make job decisions, and having a say. We discovered that extrinsic job characteristics (pay, benefits, security) were far less important in explaining overall job quality than either work environment or intrinsic job characteristics. Consequently, extrinsic characteristics were dropped from the final model.

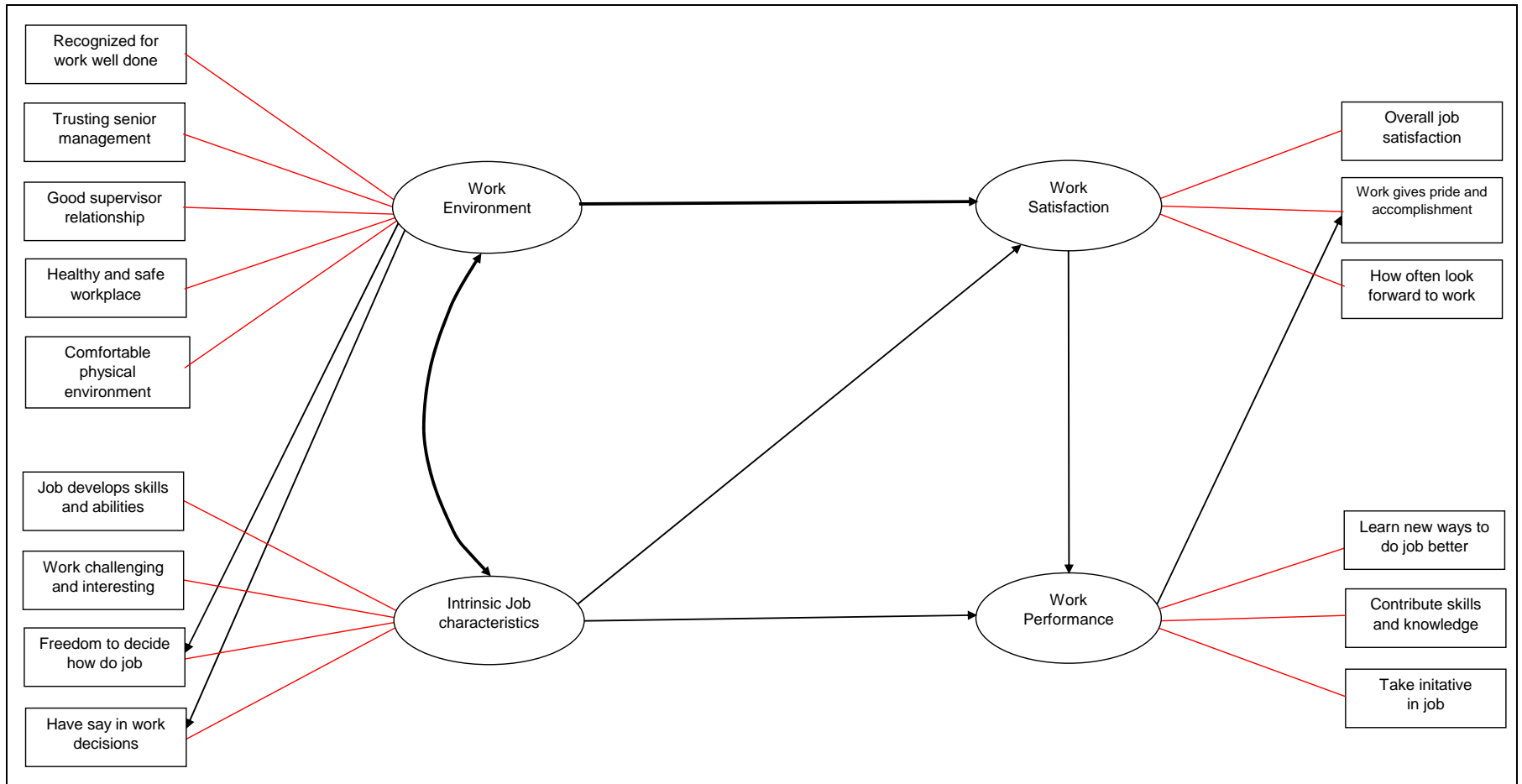
The two big outcomes in the model are work satisfaction and work performance. Work satisfaction is a broad concept that includes job satisfaction, pride and accomplishment, and looking forward to coming to work. Work performance reflects whether an employee learns how to do their job better, is able to contribute their skills and abilities, and can take initiative in their job. This gets at developing and using one's capabilities – what many managers and human resource professionals call “employee engagement.”

The red lines in Figure 56 show the indicators measuring the four concepts of interest to us. The black arrows show how these concepts are related to each other. The model tells a useful story, which can be summarized as follows:

- Employees who have positive perceptions of their work environments and experience intrinsic job rewards are more satisfied in their work and more productive, in terms of developing and using their capabilities on the job.
- Work environments and intrinsic job characteristics are inter-related; if one is positive, so is the other. And a positive work environment contributes to employees having a say in decisions and job autonomy.
- An employee's work environment has the biggest impact on their work satisfaction, but no direct effect on their work performance.
- Intrinsic job characteristics influence both work satisfaction and performance.
- Work satisfaction positively influences work performance. Work performance has no direct correlation with satisfaction, although it has an indirect effect by contributing to pride and accomplishment.

performance: Who minds the shop while the employees watch the boss? *Academy of Management Journal* 48 (5):874-888, 2005.

Figure 56. Model Showing the Impact of Job and Work Environment Characteristics on Satisfaction and Performance



The model also takes into account a wide range of demographic characteristics, occupation, industry, and employment status (see Appendix III for details). It is relevant for HR practitioners and managers that good supervisory relations and trust in senior management are highly correlated; being high on one means being high on the other. Also relevant are the links between recognition and a healthy and safe workplace, and between having decision-making freedom and developing one's skills and abilities.

Some of the indicators for each of the two outcomes in the model are related. For example, feelings of pride and accomplishment and looking forward to going to work are correlated, as are taking initiative and feeling you can contribute your skills and knowledge. It also is important to appreciate how specific indicators of each concept are related. More specifically, satisfaction is related to learning and taking initiative on the job. Feelings of pride and accomplish are related to contributing your skills and knowledge.

The model also shows how employees' demographic characteristics, occupation and labour market status are related to job quality. Older workers (compared with younger ones), full-time employees (as opposed to part-time) and professionals (compared with other occupations) tend to have better intrinsic job characteristics. Having children also has a weak positive correlation with intrinsic job characteristics, even taking into account age (interestingly, marital status does not make a difference). Union members (compared with non-members) have slightly higher work satisfaction, but slightly lower quality work environments and lower work performance. Females (compared with males) and managers (compared with non-managers) have slightly better work environments. Also interesting, employees working longer hours have slightly better intrinsic job characteristics and work satisfaction. However, even when all these background factors are taken into account, it is the main relationships among the four core concepts of the model that matter most in accounting for job quality.

Implications for Policy and Practice

The above model of job quality provides solid evidence of key relationships proposed by researchers and assumed by policy-makers and practitioners. While it is a step forward in understanding job quality, no model like this is definitive. It is entirely possible that another model, based on different concepts, also reflects workplace realities. In short, there is always more to learn about the often subtle and intricate nature of workplace dynamics. However, using a nationally-representative survey of Canadian employees, we can offer the following implications for policy and practice:

- Decision-makers need to think about job quality as both a determinant and an outcome, and so need to be clear about cause and effect when trying to improve job quality.
- High-quality work environments and the presence of strong intrinsic job characteristics define the core of job quality experiences. These are the drivers of job quality. Improvements in these areas have a reasonable chance of leading to improvements in employee satisfaction and performance.
- While pay remains a concern for some groups of workers, the findings here suggest that other job and workplace factors have a much larger and more pervasive impact on satisfaction and performance. And many of these factors are themselves correlated with higher levels of pay.

- Employees who receive recognition, have supportive and trusting relationships with management, and perceive their work environments to be healthy, safe and physically comfortable are going to experience higher work satisfaction than employees for whom these conditions are minimal or absent.
- Work satisfaction is an important quality of work life outcome that also has a modest influence on work performance. Work satisfaction is multi-dimensional and includes overall job satisfaction, pride and accomplishment, and feeling motivated.
- Providing employees with challenging and interesting jobs in which they can develop their skills and abilities, make decisions and have a say will likely yield modest job performance improvements.
- Some employees, particularly professionals and those working full-time, have better job quality in terms of work environments and intrinsic job characteristics.
- The effects of union membership present an interesting puzzle. Membership is related to slightly higher work satisfaction, yet slightly lower quality work environments and work performance. Workers who join unions may have lower quality work environments and more constraints on their job performance. But equally plausible, unions themselves may impose constraints on quality and performance. Clearly, these and other explanations require more investigation.

6. Job Quality and Workforce Renewal

The evidence presented in this report paints a composite picture, albeit incomplete, of job quality in Canada. The report began by asking two questions that connected economic prosperity and quality of work life:

- Has economic prosperity resulted in improvements in job quality?
- Can improvements in job quality contribute to sustainable economic prosperity and the quality of life?

The answer to the first question is a qualified no: economic prosperity has not brought commensurate gains to workers in terms of better job quality since the turn of the millennium. The answer to the second question is a qualified yes: job quality is a bridge between what matters for Canadians' quality of work life and the human capital ingredients of sustainable economic prosperity.

There is good potential to benefit individuals, employers and society by making improved job quality a common national goal. At stake is Canada's capacity to renew its workforce in order to ensure future economic success. Ten-year labour market projections show employment growth at an annual average rate of 1.1 percent over the 2006 to 2015 period creating 1.9 million new jobs.⁵⁸ Surely Canadians – especially youth who are launching their careers – would want these new jobs to be of decent quality.

Also critical is raising the bar for the quality of existing jobs. By doing this, employers will be better able to recruit, develop, retain and energize tomorrow's workforce. Receptivity to this idea may be growing. According to the *Report on Business's* latest C-Suite Survey, 23 percent of executives surveyed cited human resources as the biggest challenge facing their company right now, well ahead of other business concerns.⁵⁹ Old approaches are not working in the 21st century job market, so this demands innovative approaches to work rewards.

Grounds for Employer Action

Practically speaking, what this report is telling employers is that there is considerable room to improve the quality of jobs, especially features of the work itself and the work environment. Knowing that this is what employees are looking for, it stands to reason that those employers who move quickly to close the "expectations gaps" identified above will be better able to recruit, retain and develop the talent they need. Quality matters, in slightly different ways, for all age groups, so a more nuanced understanding of work values and experiences across demographic groups would strengthen human resource policies strategies.

⁵⁸ M. Lapointe, K. Dunn, N. Tremblay-Côté, L. Bergeron, and L. Ignaczak. *Looking-Ahead: A 10-Year Outlook for the Canadian Labour Market (2006-2015)*. Labour Market and Skills Forecasting and Analysis Unit, Strategic Policy Research Directorate, Human Resources and Social Development Canada, October 2006 (released May 2007).

⁵⁹ www.hrsdc.gc.ca/en/publications_resources/research/categories/labour_market_e/sp_615_10_06/sp_615_10_06e.pdf
"C-Suite Survey." *Globe and Mail, Report on Business*. 18 June 2007: B5.

The report also provides solid Canadian evidence that the intrinsic nature of a job and the environment in which people work are critical to achieving high levels of employee satisfaction and performance. The job quality model and supporting statistical analysis show what drives the big human resource outcome that so many employers are seeking these days: employee engagement. If we want to set the quality bar higher – which is clearly what Canadian workers want – then it should be of concern that only about one-third of all workers are very satisfied with their jobs and that fewer than one in five employees are very positive about multiple dimensions of job quality.

A National Job Quality Survey

A full-scale national initiative to improve job quality will require better data. The biggest limitation of this report is the lack of a single, comprehensive data source for all relevant job quality measures, able to track trends over time and support in-depth statistical analysis of patterns and relationships. The best way to monitor the quality of existing and new jobs is through a national survey that collects relevant data on demographic, labour market, job and work environment characteristics. This would complement the time-series data already produced by Statistics Canada, filling critical gaps in Canada’s labour market information system. Governments can be enablers of such a survey, but ultimately the information has to be put into the hands of decision-makers in workplaces for any meaningful change to result. So employers must play a central role in acting on this recommendation.

There are good examples of job quality surveys. Perhaps the most relevant for both policy-makers, employers, and other stakeholders is the European Working Conditions Survey, conducted every several years by the European Foundation for the Improvement of Living and Working Conditions. National omnibus social surveys, such as the General Social Survey in the United States or the British Household Panel Survey, have been useful in job quality research. In Canada, the General Social Survey (conducted by Statistics Canada) has only occasionally focused on work-related issues, but the potential is there to expand its scope in this regard. Ideally, a Canadian job quality survey should meet the following criteria: be conducted at regular intervals; contain a core of job quality indicators to track trends; have a sufficiently large sample to permit provincial or regional breakdowns; and measure both the determinants and outcomes of job quality.

This recommendation would open up new opportunities for publicly monitoring and reporting job quality. For example, it would be possible to create a Job Quality Index that reports workers’ subjective assessments of their jobs and work environments. This would build on existing indices that use labour market information to report on job quality, most notably the CIBC World Markets’ *Canadian Employment Quality Index*.⁶⁰

Canada has conducted in-depth national research on work environments and job quality, albeit confined to one sector – health care. Health system stakeholders have recognized that high-quality, timely and affordable health care depends on an adequate supply of trained, committed

⁶⁰ B. Tal. “The Best of Both Worlds.” *Canadian Employment Quality Index*. July 11, 2007. CIBC World Markets (<http://research.cibcwm.com/res/Eco/>). This index tracks full-time and part-time jobs, self-employment and employment, and full-time compensation.

health care workers. This is what motivated the 2005 National Survey of the Work and Health of Nurses, one of the most extensive national surveys of working conditions ever undertaken in Canada. The survey examined the relationship between nurses' work environments (i.e. their job quality) and their health, collecting information on issues such as physical and mental well-being, staffing, shift work, overtime, employee support, work stress, role overload, respect and quality of patient care.⁶¹ And the survey findings are being used to plan work environment improvements.

Setting Job Quality Standards

The mixed picture of job quality trends in Canada mirrors experiences in other industrial countries. Job security, income, and workplace health and safety have improved in the past 15 years in most countries. Job satisfaction is stalled and other indicators of quality do not show the improvements we might expect as a result of economic growth and robust labour markets. But national contexts do make a difference, especially regarding income distribution, benefits, training, and work time. So public policy does matter, as it provides both the incentives and moral persuasion needed to encourage action on the part of employers and workers.

However, in Canada, governments cannot legislate job quality. Historically, employment standards and occupational health and safety legislation have set clear – and limited – parameters around the quality issues that can be regulated by government. As Harry Arthurs observed in his review of federal labour standards: "...although the state is formally committed to decent standards for all workers, it also defers – tacitly or explicitly – to the tendency of employers to apply the standards that they deem practical or desirable in particular sectors and circumstances."⁶²

This being the case, it is worth considering the management standards approach developed in Britain. The best example is the Health and Safety Executive's (HSE, the national body responsible for occupational health and safety) evidence-based approach to reducing the risks of work stress.⁶³ Standards for management practices are set in six areas: work demands, employee control over their work, support, relationships at work, role clarity, organizational change, and culture. Stress was identified by government and industry as imposing considerable economic and social costs, providing common ground for action. The standard is set at 85 percent for each indicator (e.g. 85 percent saying they are able to deal with the demands of their jobs). Standards define the future state that the organization should strive to achieve. Risk assessment identifies its current state. The standards are not legally enforceable, but designed to help employers meet their legal obligation to provide a hazard-free workplace. Britain also has a successful human resource management standard, the Investors in People program, although this voluntaristic model for increasing workplace skills has been shown to have some limitations.⁶⁴

⁶¹ Statistics Canada, Canadian Institute for Health Information, and Health Canada. *Findings from the 2005 National Survey of the Work and Health of Nurses*, Ottawa: Statistics Canada, 2006.

http://secure.cihi.ca/cihiweb/dispPage.jsp?cw_page=hhrdata_survey_work_health_nurses_e

⁶² H. Arthurs. *Fairness at Work: Federal Labour Standards for the 21st Century*. p. 6.

⁶³ C. J. Mackay, R. Cousins, P. J. Kelly, S. Lee and R. H. McCaig. 'Management Standards' and work-related stress in the UK: Policy background and science. *Work & Stress* 18 (2):91-112, 2004.

⁶⁴ I. Grugulis and S. Bevitt. The impact of Investors in People: A case study of a hospital trust. *Human Resource Management* 12, 3 (2002): 44-60.

While creating better national data on job quality is a priority, this will take several years to implement. Meanwhile, there is sufficient evidence available in some areas of job quality – notably skill development, stress, and work-life balance – to collaboratively develop national job quality standards. This would involve providing employers with resources to audit, monitor and improve these areas, disseminate effective practices, and recognize success.

In summary, the recommendations flowing from this report are practical and modest. Given today's labour market pressures, finding a multi-stakeholder consensus to act should be straightforward. Three things need to be done:

- Employers need to take a close look at the role of job quality in their workforce renewal strategies;
- A national survey of job quality in Canada needs to be implemented by interested stakeholders, particularly governments and employers; and
- Voluntary standards need to be developed and implemented for improving job quality in areas where existing evidence supports action.

These are small steps to be sure, but combined they will enable Canadians to achieve the high quality of work life that should be one of the hallmarks of a prosperous economy.

Appendix I. Rethinking Work

Two national surveys were conducted in 2004 and 2005 as a collaborative initiative by Ekos Research Associates Inc. and The Graham Lowe Group Inc. for their study called Rethinking Work.

The Worker Survey used a random sample of 2002 individuals who were either employed, self-employed or unemployed (but who held a job at some point in the past 12 months), and is considered to be representative of the Canadian workforce. A sample of this size has a margin of error of up to +/-2.2 percent, 19 times out of 20. Telephone interviews were conducted during September and October of 2004, and the response rate was 27 percent.

The Employer Survey includes 603 completed interviews drawn from a random sample, stratified by worksite size. The sample size has a margin of error of +/-04.0 percent, 19 times out of 20. Telephone interviews were conducted in May 2005 and the response rate was 22 percent.

Appendix II. Overview of Job Quality Trends in Canada, 1990s - 2000s

<i>Job Quality Indicator</i>	<i>Source</i>	<i>Time Period</i>	<i>Trend Direction (+ or - Indicates Impact on Job Quality)</i>
Labour Market Context			
Unemployment rate	Statistics Canada, Labour Force Survey	Annual	Decrease +
Temporary employment	Statistics Canada, Labour Force Survey	Annual	Stable
Self-employment	Statistics Canada, Labour Force Survey	Annual	Stable
Part-time employment	Statistics Canada, Labour Force Survey	Annual	Increase + / -
Involuntary part-time employment	Statistics Canada, Labour Force Survey	Annual	Decrease -
Job tenure	Statistics Canada, Labour Force Survey	Annual	Stable
Union membership	HRSDC, Labour Program		Decrease -
Hours and Schedules			
Average weekly work hours	Statistics Canada, Labour Force Survey	Annual	Decrease + / -
Long work weeks (41-49 hours)	Statistics Canada, Labour Force Survey	Annual	Increase -
Very long work weeks (50+ hours)	Statistics Canada, Labour Force Survey	Annual	Decrease +
Flexible hours	Statistics Canada, Workplace and Employee Survey	1999 & 2003	Decrease -
Weekend schedules	Statistics Canada, Workplace and Employee Survey	1999 & 2003	Increase -
Earnings			
Median earnings of males	Statistics Canada, CANSIM	Annual	Stable
Median earnings of females	Statistics Canada, CANSIM	Annual	Increase +
Average annual earnings of males working full-time, full-year	Statistics Canada, CANSIM	Annual	Increase +
Average annual earnings of females working full-time, full-year	Statistics Canada, CANSIM	Annual	Increase +
Percentage of male workers earning \$60,000 + (2005 constant \$)	Statistics Canada, CANSIM	Annual	Increase +
Percentage of female workers earning \$60,000 + (2005 constant \$)	Statistics Canada, CANSIM	Annual	Increase +
Percentage of male workers earning < \$20,000 + (2005 constant \$)	Statistics Canada, CANSIM	Annual	Stable
Percentage of female workers earning < \$20,000 + (2005 constant \$)	Statistics Canada, CANSIM	Annual	Stable

Job Quality Indicator	Source	Time Period	Trend Direction (+ or – Indicates Impact on Job Quality)
Quality of Work Life			
Absenteeism for own illness or disability	Statistics Canada, Labour Force Survey	Annual	Increase -
Absenteeism for personal or family responsibilities	Statistics Canada, Labour Force Survey	Annual	Increase -
Work-life balance dissatisfaction	Statistics Canada, General Social Survey	1990, 1995 & 2001	Increase -
Self-reported workaholics	Statistics Canada, General Social Survey	1992, 1998 & 2005	Decrease +
Self-reported job stress	Canadian Community Health Survey	2001, 2003 & 2005	Decrease +
Job strain	Statistics Canada, National Population Health Survey; Canadian Community Health Survey	1994 & 2002	Decrease +
Overall job satisfaction	Statistics Canada, Workplace and Employee Survey	1999 & 2003	Stable
Pay satisfaction	Statistics Canada, Workplace and Employee Survey	1999 & 2003	Increase +
Job Resources and Benefits			
Employees receiving non-wage benefits	Statistics Canada, Workplace and Employee Survey	1999 & 2003	Decrease -
Participation in job-related training	Statistics Canada, Workplace and Employee Survey	1999 & 2003	Stable
Participation in registered pension plans	Statistics Canada, Income Statistics Division	Annual	Decrease -

Appendix III. Statistical Analysis (by Jay Cross, Ph.D.)

Latent Class Analysis

Latent Class Analysis (LCA) is a statistical modeling method for identifying unmeasured subpopulations (classes) among subjects using categorical observed variables.⁶⁵ Respondents to the Worker Survey (part of the 2004 Rethinking Work study, see Appendix I) were asked a series of 15 questions on the quality of their current jobs. Responses to the questions were on a 5-point Likert response scale, where 1 indicated that they did not have this feature in their job and 5 indicated that they had this feature in their current job “to a great extent.”

Before estimating the models, the Rethinking Work study data (n=2002) was screened for missing data, influential outliers, and distributional characteristics. All respondents reporting self-employed (13.6%) as their main activity were dropped from the model because they reported extraordinarily high numbers of “not applicable” responses to several of the job quality variables. Just over five percent (5.1%) of the remaining sample reported at least one missing value on at least one of the other variables. The response distributions for all 15 observed variables were left skewed and showed evidence kurtosis. Responses were recoded for each job quality item so that a 1 indicated they had this feature in their current job “to great extent” and 0 if they did not.

LCAs of the 15 recoded job quality items were performed in Mplus 4.21.⁶⁶ One through seven class models were obtained. A set of covariates were included in each LCA. The covariates were age, female, hours, employed full-time, manager, and union membership. The covariates provided ancillary information to help correctly specify the model, find the proper number of classes, and correctly estimate the class proportions and class membership. Because the classes were categorical, the covariate parameter estimates were reported as logits or unordered multinomial logits. To avoid problems of local maxima, each of the seven models was successively estimated 1000 times using a different randomly chosen start value each time. One hundred of the best optimizations were carried to the second stage of optimization. The best fitting latent class model was defined by the following criteria: Bayesian Information Criterion (BIC) (smallest) and Vuong-Lo-Mendell-Rubin likelihood ratio test (LRT) p-value for k-1 vs. k classes (lowest significant p-value). The analyses suggested that a six class solution fits the data best (BIC=24,924; LRT p-value = .0356). A seven class solution was fit to the data, but failed to fit the data (BIC=24,990; LRT p-value = .5084).

The six LCA classes were not ordered; that is, the probabilities of all items do not decrease from Class 1 to Class 6 as they might if the latent classes reflected level of job quality. A majority of the respondents were grouped together in Class 6 (37%). The remaining five classes ranged in size from as low as 6% for Class 1 to as high as 20% for Class 3 (see Figure 54). The average latent class probabilities for most likely latent class membership by latent class showed large

⁶⁵ Muthén, B.O. (2004). Latent variable analysis: Growth mixture modeling and related techniques for longitudinal data. In D. Kaplan (ed.), *Handbook of Quantitative Methodology for the Social Sciences*. Newbury Park, CA: Sage Publications.

⁶⁶ Muthén LK, Muthén B.O. (2007) *Mplus: Statistical Analysis With Latent Variables – User’s Guide* (Fourth Edition). Los Angeles, CA: Muthén & Muthén.

diagonal values (0.877, 0.791, 0.816, 0.828, 0.781, 0.898), and small off-diagonal values, evidence that respondents were well classified into the six classes.

Structural Equation Modeling

Based on prior evidence and theory, a structural equation model was specified in which latent variables for work environment and intrinsic job characteristics had effects on work satisfaction and work performance, and work satisfaction had an effect on work performance. Both work environment and intrinsic job characteristics were exogenous and were allowed to covary.

Items from the 2004 Rethinking Work survey (Appendix I) were chosen to reflect each of the four latent variable constructs. These items are listed at the end of this appendix. Work environment was comprised of recognition, trustworthy senior management, good supervisor relations, healthy and safe workplace, and a comfortable physical environment. Indicators for intrinsic job characteristics included being able to develop skills and abilities, challenging and interesting work, freedom to make job decisions, and having a say in work decisions. In addition, work satisfaction was based on job satisfaction, whether work gives pride and accomplishment, and how often survey respondents look forward to going to work. Finally, work performance was measured by learning new ways to do the job better, respondents feeling they can contribute skills and knowledge, and taking initiative in the job.

Figure 56 depicts the complete specification of the structural equation model. Before estimating the model, the Rethinking Work study data (n=2002) was screened for missing data, influential outliers, and distributional characteristics. All respondents reporting self-employed (13.6%) as their main activity were dropped from the model because they reported extraordinarily high numbers of “not applicable” responses to several of the work environment indicators. Just over three percent (3.4%) of the remaining sample reported at least one missing value on at least one of the other indicators. The response distributions of the indicators for all four latent variable constructs were left skewed and showed evidence kurtosis. Limiting the range of responses is a form of measurement error that results in attenuated correlation coefficients. One way to avoid the attenuating effects of measurement error is to model measurement error through the use of multiple indicators, as was done here.

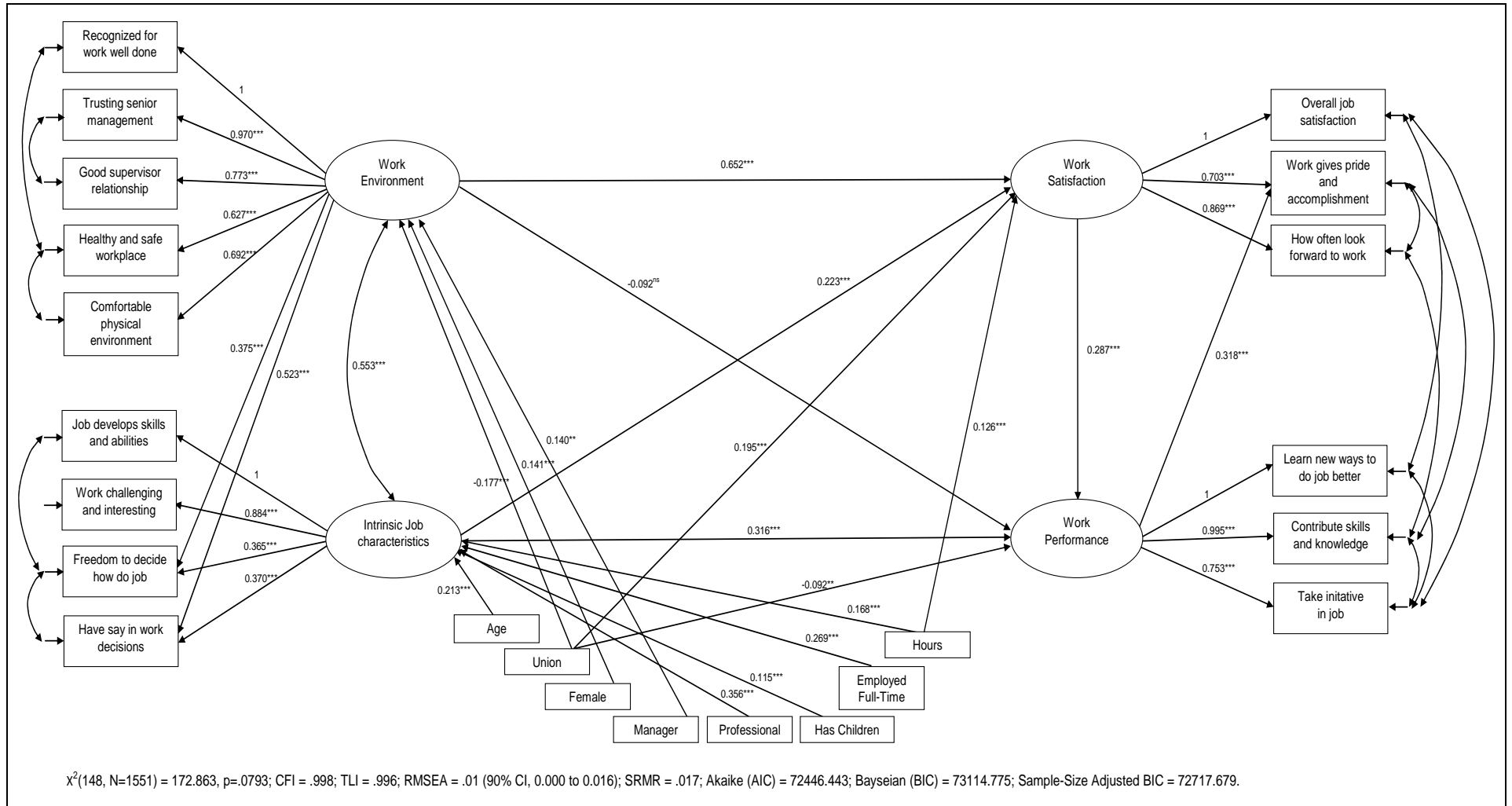
The structural equation model was estimated in Mplus 4.21 in two steps.⁶⁷ Step 1 involved establishing a valid confirmatory factor analysis (CFA) model. The CFA model was estimated using a maximum likelihood function. Goodness of fit was evaluated using χ^2 , the standardized root mean square residual (SRMR), root mean square error of approximation (RMSEA) and its 90% confidence interval (90% CI), the comparative fit index (CFI) and the Tucker-Lewis index (TLI). Acceptable model fit was defined by the following criteria: χ^2 (ns), SRMR ($\leq .08$), RMSEA ($\leq .05$, 90% CI $\leq .05$), CFI ($\geq .9$), and TLI ($\geq .95$). The goodness of fit indices suggested that the initial CFA model did not fit the data well (χ^2 (84, N=1670) = 1047.936, $p = .000$; SRMR = .048; RMSEA = .083 (90% CI, 0.078 to 0.087); CFI = .907, TLI = .883). Because the model did not fit the data, it was respecified. Changes to the measurement model were made incrementally by primarily freeing up residual covariances, but also allowing items in the measurement model in several instances to load on more than one latent variable. The final

⁶⁷ L.K. Muthén, B.O. Muthén. *Mplus: Statistical Analysis With Latent Variables – User’s Guide* (Fourth Edition).

measurement model fit the data ($\chi^2(56, N=1670) = 61.931, p=.2728$; SRMR = .012; RMSEA = .008 (90% CI, 0.000 to 0.018); CFI = .999, TLI = .999).

Step 2 involved establishing the structural model. The measurement model ignored causal relationships between the latent variables and simply represented relationships between latent variables as bidirectional paths. In the structural model, these paths were given direction. In addition, covariates such as age, union membership, etc., were added to the structural model to predict the latent variables. The final structural equation model fit the data ($\chi^2(148, N=1551) = 172.863, p=.0793$; SRMR = .017; RMSEA = .01 (90% CI, 0.000 to 0.016); CFI = .998; TLI = .996). The figure below depicts the final specification of the structural equation model with covariates.

Structural Equation Model: Impact of Job and Work Environment Characteristics on Satisfaction and Performance



Rethinking Work, 2004 Worker Survey: Questions Used to Develop the Structural Equation Model

Model development started with all the following measures and the categories below reflected our thinking based on previous research. Note that the 15 questions labelled “Q56A,” etc., also were used in the Latent Class Analysis. Each question was answered using 5-point Likert type scales (e.g. very satisfied – very dissatisfied; not at all – to a great extent).

1. Work satisfaction
 - Q7A – Overall, how satisfied are you with your job?
 - Q5A – How often do you look forward to going to work?
 - Q56J – Your work gives you a sense of pride and accomplishment.
2. Work performance
 - Q18A – Feel you fully contribute your skills, knowledge and abilities
 - Q18B – Take initiative in your job
 - Q18C – Learn new ways to do job better
3. Job characteristics – economic
 - Q56F – Your pay is good
 - Q56G – Your benefits are good
 - Q56M – Your job security is good
4. Job characteristics – intrinsic
 - Q56A – You have freedom to decide how to do your job
 - Q56B – Your job helps you develop your skills and abilities
 - Q56H – You have good opportunities for career advancement
 - Q56I – Your work is challenging and interesting
5. Relationship with management
 - Q56D – You received recognition for work well done
 - Q56E – You have a good relationship with your supervisor
 - Q56S – You have senior management you can trust
6. Work environment
 - Q56K – Your workplace is free from harassment and discrimination
 - Q56L – Your co-workers are friendly and helpful
 - Q56N – You have flexible hours and schedules
 - Q56P – You have a good balance between work and personal life.
 - Q56R – Your workplace is healthy and safe

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