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Diverse workplaces bring many benefits

New research demonstrates that having a more ethnically diverse workforce isn't just important for social justice – it's also good for the economy.

The report, published jointly by the Centre for International Governance Innovation and the Pierre Elliott Trudeau Foundation, found that a diverse workforce is directly connected to increased productivity and revenues.

Diversity Dividend: Canada's Global Advantage found that on average, a one per cent increase in ethnocultural diversity in the workforce is associated with a 2.4 per cent increase in revenues and a 0.5 per cent increase in productivity. The impact is strongest in information and cultural industries, communications and utilities, as well as business services. There was a positive impact in all sectors except basic resource processing. Information and cultural industries have an average 6.2 per cent increase

in revenues for every percentage increase in ethnocultural diversity, while for education and health the revenue boost is one per cent.

There's also a strong benefit to having greater gender equality in the workplace. For every one per cent increase in gender diversity, there's an average 3.5 per cent increase in revenues and a 0.7 per cent increase in productivity, with gains in all sectors.

The report finds organizations that embrace diversity tend to be better positioned to handle change, experience reduced workplace conflict, have staff with a greater variety of skills and experiences, are more innovative and outward looking, and are more likely to gain a reputation as socially responsible. More diverse organizations are less likely to engage in narrow groupthink from culturally similar coworkers, and more likely to explore new approaches to a problem or issue.

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ECONOMIC BRIEFS

Canada slips in inclusive development ranking

Canada may have led G7 countries in economic growth last year, but we've slipped in rank on the World Economic Forum's Inclusive Development Index. The index combines Gross Domestic Product growth with other measures such as life expectancy, poverty rates and a country's carbon footprint. Canada dropped to 17th place among advanced economies in the 2018 report, down from 15th place in 2017. Norway, Iceland and other Nordic countries dominate the top spots in this index.

Canada also ranks relatively low, at 22 out of 32 countries, on a new Economic Democracy Index prepared by Britain's New Economics Foundation in partnership with several UK universities. The index measures and compares democratic participation, the rights of workers, and economic rights across different countries. Higher scores are associated with both greater equality and productivity.

Canada is well below the Nordic and European countries that dominate top places on the list.

Iceland outlaws pay discrimination

Iceland now requires employers to prove they provide equal pay, and

makes it illegal for employers to pay women less than men, punishable by fines of \$500 a day. Employers with more than 25 employees will be required to get equal pay certification to prove they provide equal pay. Even though Iceland has ranked best in the world for gender equality for the past nine years and almost 50 per cent of its parliamentarians are women, gender pay gaps have persisted. The government is hoping these additional measures have a stronger impact. Iceland has committed to eliminate the pay gap in four years, by 2022.

Privatization of Hydro bad for Ontario's finances

Ontario's Financial Accountability Office recently revealed that the province's privatization of 53 per cent of Hydro One will worsen the provincial deficit by \$1.1 billion in 2018/19 and will ultimately cost the province

\$1.8 billion more than if it had retained ownership of Hydro One and financed infrastructure work publicly. The Ontario Liberal government sold off parts of the public utility to reduce their short-term deficit, arguing that the proceeds of the sale would finance infrastructure. But the Liberals also knew the move would be worse for the province's finances over the longer term. CUPE Ontario led the fight to keep Hydro public, and is continuing to resist the privatization through legal action against its sale.

Meanwhile in the UK, the Labour Party led by Jeremy Corbyn has pledged to bring the Royal Mail, railways, water and energy utilities that have been sold off, back under public ownership and control, following decades of privatization disasters. They also plan to take back ownership and control of the British P3 program, known as PFI or private finance initiative.



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Find *Economy at Work* online at cupe.ca/economyatwork with links to relevant materials.

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ECONOMIC DIRECTIONS

Economic growth

Canada's economy is expected to expand by 2.2 per cent this year and by 1.6 per cent in 2019 following unexpectedly strong growth of 3.0 per cent last year.

Jobs

The number of jobs in Canada is expected to increase by 1.3 per cent this year, faster than population growth, driving the jobless rate down to an average of 6 per cent this year and next.

Wages

Average base wage increases in major collective agreements settled in 2017 averaged 1.7 per cent, just slightly above the inflation rate in 2017, but lower than the rise in prices anticipated over the average three-year duration of these agreements.

Inflation

Consumer price inflation is expected to average 1.9 per cent this year and 2.0 per cent next year, following a rise of 1.6 per cent last year.

Interest rates

The Bank of Canada has already hiked its key lending rate three times in the past year, bringing it to 1.25 per cent from 0.5 per cent last summer. The bank is expected to hike its lending rate by another full percentage point over the next year. This will bring longer-term mortgage rates up by a bit more than half a percentage point.



SPOTLIGHT ON HOUSING AFFORDABILITY



Housing costs rising faster than family incomes

Average house prices across Canada have tripled since 2000, rising at three times the rate of average family incomes. In some cities, notably Vancouver, Victoria and Toronto, houses are already far from affordable for ordinary families, having risen to well over five times average family annual incomes.

The average price of a single detached home in the Greater Vancouver Area is expected to reach \$1.1 million this year according to

RE/MAX, six per cent above last year's average price and 12 times the median family income, which is expected to be about \$90,000 for Vancouver this year.

The second-least affordable city in Canada is Toronto, where the average price of a single detached home is expected to reach \$834,000 this year, more than nine times the projected average family income of \$88,000.

The decline in interest rates down to rock-bottom levels has contributed to the exorbitant rise in house

prices by making it easier to finance large purchase prices. Low interest rates have also been the only thing allowing monthly mortgage costs to be even remotely affordable for some families. But with mortgage rates rising, housing costs are going to become even less affordable for many families. Increasing the supply of affordable housing, stronger regulations, progressive tax measures and higher pay for workers would all help make housing more affordable.

Pay equity boosts NB education workers' pay

Sandra and Dave Conners have worked as educational assistants (EAs) in Miramichi, New Brunswick for over 40 years combined. The job's low wages, part-time hours and seasonal schedule means they and many other EAs have had to work multiple jobs to get by. Other EAs and school board workers report they had to depend on food banks.

That has now changed. Thanks to a pay equity settlement CUPE 2745 negotiated with the New Brunswick government in 2016, Sandra, Dave, and hundreds of other CUPE members working as EAs, student attendants, admin assistants, clerks, and rehab assistants—mostly women—are receiving significant pay increases.

Educational assistants, who were paid \$17.99 an hour in 2012 will receive a total pay equity increase of \$9.53 per hour over 10 years to 2022, in addition to general wage increases. Student attendants, who were paid \$14.08 hourly in 2012 and also worked part-time and seasonal hours, will receive a total pay equity increase of \$6.46 over 10 years, in addition to general wage increases.

CUPE's Job Evaluation (JE) staff worked with CUPE 2745 and the

employer to achieve this settlement. While the process took many years to complete, pay equity adjustments will be phased in with retroactive payments dating back to 2012 and continuing for up to 10 years. These pay equity wage adjustments will make a big difference in the lives of some of the most underpaid and undervalued workers.

Pay equity is based on the principle that wages should reflect the value of a job regardless of which gender performs the work. Pay equity is largely meant to benefit women by reducing pay inequalities, while men working in these occupations also receive the wage adjustments. Workers' families and the community benefit as well.

"I worked multiple jobs my whole life," Dave says. "Though the extra pay is nice, it's even better to have recognition that our work has value. For a long time, it didn't feel that way. Thanks to local president Theresa McAllister and all the pay equity team this has changed somewhat. Though we still have a lot of ground to make up, we are certainly headed in the right direction."

Pay equity legislation applies to

some workplaces across Canada, but not all. In addition to the federal government only six provinces—Ontario, Quebec, Manitoba, New Brunswick, Nova Scotia and Prince Edward Island—have enacted some form of pay equity legislation.

Three other provinces—British Columbia, Saskatchewan and Newfoundland and Labrador—haven't enacted legislation but have developed policy frameworks for negotiating pay equity with specific groups of public sector employees. Alberta is the only province without pay equity legislation or policy in place.

In most provinces, pay equity legislation and rules currently only apply to public sector employees and, in some cases, specific provincial employees. In Ontario and Quebec, pay equity applies to both public and private sector workplaces with more than 10 employees.

Whether required through legislation and policy or through negotiation, employers and union locals at individual workplaces may jointly decide to implement a job evaluation and pay equity process at their workplaces.

CUPE's JE process is designed to be implemented and administered jointly by employers and employees, and for those who are directly involved in the jobs to have direct input into the collection of job information used in the job analysis. Locals and employers can access CUPE's in-house expertise and evaluation tools at no cost—saving money compared to expensive private consultants. CUPE's JE staff also have invaluable advice to help ensure that job evaluation processes start on the right track and avoid pitfalls.

The group of pay equity specialists at CUPE may be small, but they can have a big impact in workers' lives – just ask Sandra and Dave and other members of CUPE 2745.



Dave and Sandra Conners

Women at work: still a long way to go



CUPE's work for gender justice has a clear goal: not one step back. We push governments at all levels to apply a gender lens to budgets and update policies to recognize the impact of intersecting forms of discrimination. A review of the latest statistics about women and work reminds us that our collective work for equity and human rights is far from over. All statistics draw on the latest available information, dates vary by source and study.

In 2015, women working in full-time, full-year jobs earned an average of \$55,000. That's 25 per cent less than the average earnings for men working full time, year round. The pay gap for women with university degrees is even larger (about 30

per cent) while it is smaller (about 20 per cent) for younger workers.

Women who were members of a union were paid an average of \$7.11, or 32 per cent more an hour, in 2017 than non-unionized women. That works out to \$13,865 more per year for a full-time worker. The average wage for unionized women is still about five per cent lower than unionized men, but that's far smaller than the wage gap that non-unionized women face.

The unionization rate for women has been higher than men since 2006, when the unionization rate for men began to gradually decline. In 2017, 32.2 per cent of working women were covered by a union, but just 14 per cent of young women

workers under 25 were unionized.

Unionization rates are much higher in the public sector, where 76.7 per cent of working women are unionized. Only 12.8 per cent of women in the private sector are unionized.

On average, racialized women were paid 13 per cent less than white women, equivalent to \$5,000 less per year in 2015. Statistics Canada reports that the pay gap for Black women, as well as women of Latin American, Arab, South Asian and Korean descent, is considerably higher than the overall average for racialized women.

Racialized women are much more likely than white women to be low-income earners. Racialized women made up 21 per cent of low-income earners in 2015, while white women made up just 13.1 per cent of this group. Low income rates were considerably higher for Black women (25 per cent), women of Arab descent (37 per cent) and women of West Asian descent (35 per cent).

Indigenous women earned an average of \$30,854 in 2015. That's 18 per cent less than the average non-Indigenous woman, and 46 per cent less than the average white man.

In 2012, the average annual income for women 65 or older was \$27,000. That's just 69 per cent of the average income of men in the same age group. Women depend more on Canada Pension Plan income as a share of their total retirement income, but also receive less than men on average.

Women with disabilities earn less than women without disabilities and men with or without disabilities. Working-age women with disabilities who worked mainly full time in 2010 earned an average of \$37,070. That's \$2,250 less than women without disabilities. Men with disabilities in the same category earned an average of \$45,080.

Pay increases go to bosses, most workers lose out

Canada's jobless rate has declined to 5.7 per cent, the lowest it's been in over 40 years. But despite the tighter labour market and competition for workers, pay increases for most workers are barely keeping up with inflation.

Labour force survey figures report that average hourly earnings increased by only 1.7 per cent in 2017, just barely above inflation and less than the increases in the two previous years.

Even more disturbing is the fact that the biggest pay increases in recent years have continued to go to the highest paid, in particular senior and middle managers, while the lowest paid workers have generally received the lowest average pay increases.

The Canadian Centre for Policy Alternatives regularly documents how CEO pay has escalated. The same is true for pay for other management occupations. Average pay for this group, which was already higher than

other occupation groups, has doubled in the past 20 years. At the same time, the average hourly wage for the lowest paid occupations, including labourers, sales and retail service occupations, has only increased by half as much, barely keeping up with inflation.

Average base wage increases in collective agreements settled in 2017 were just 1.7 per cent, only slightly above the 1.6 per cent average increase in consumer prices for the year. The average increase was similar for both public and private sector unionized workers.

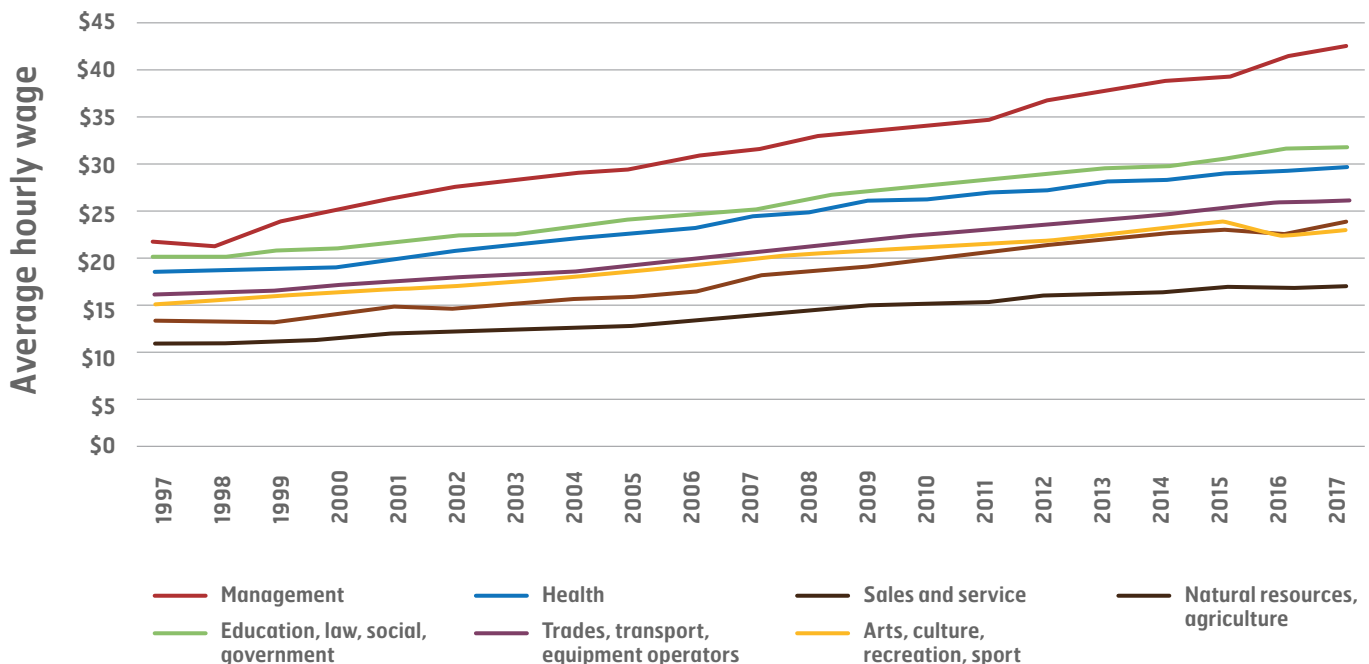
Some wages are trending up. Payroll reports show that average weekly earnings increased by 2.8 per cent in the last quarter of 2017, but much of that was due to increased hours worked and higher pay increases for salaried workers. Average hourly earnings for workers paid by the hour increased by just 1.1 per cent in the

last quarter of 2017, lower than its 1.6 per cent average for the year.

Similar trends are evident in the US. As Doug Henwood, publisher of the Left Business Observer, has pointed out, while there's been some upward trend in average hourly earnings south of the border, virtually all growth has been because of higher pay hikes for managers and supervisors. There's been little pay boost for "non-supervisory working stiffs."

This divergence in pay has increased inequalities, which many now agree has also been bad for economic growth. This is another reason why it's so important for governments to increase minimum wages, and for all employers to increase the pay of their lowest paid workers, to reverse these troubling trends and increase the living standards for all workers from the bottom up.

Pay increases for bosses outpace pay increases for all other workers



Source: Statistics Canada Labour Force Survey, Cansim Table 282-0152

Precarious work on the rise

More Canadians are working in precarious conditions, employed in contract, temporary, and/or part-time jobs with low wages. The increase has been concentrated in accommodation and food services, education, information, culture and recreation services—and particularly among young workers aged 15 to 24 and older workers aged 65+. The CCPA recently reported that among the university and college workforce, as many as half are employed in precarious conditions. A disproportionate share of those are

the 68,000 CUPE workers employed in this sector. Permanent jobs make up a declining share of the overall jobs in the post-secondary workforce. They're being replaced by people working in temporary, involuntary part-time and multiple jobs. Those in precarious jobs also tend to be paid considerably less than those in permanent, full-time jobs, and have much less in terms of benefits, job security and regular hours. Working age men aged 25-54 in part-time jobs are paid average wages of about \$22 an hour, only 71 per cent of what

those with full-time jobs receive. Men and women in temporary jobs are paid less than those with permanent jobs, and significantly less if they aren't unionized. Workers in jobs that are precarious in multiple ways (such as work that is temporary and part-time) tend to be paid even less. Women and racialized workers are much more likely to be employed in these types of precarious jobs. CUPE is committed to taking on precarious work, including in the post-secondary sector. Check out our 2017 report, *Quality jobs, quality education: Better futures*.

Non-union, precarious jobs have lowest pay



Source: Statistics Canada Labour Force Survey, Cansim tables 282-0072 and 282-0074

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Canada's population has become much more diverse. At over 20 per cent, we have the largest foreign-born population of any G7 country. But this growing diversity still isn't reflected sufficiently in many workforces, particularly in higher skilled and management areas, including in the public sector.

Many of our workplaces do not reflect the diversity of the communities we live in. Groups that are traditionally underrepresented include women, workers of colour, Indigenous workers, workers with disabilities, and LGBTTQI workers. These workers also tend to be concentrated in lower paid,

insecure and more hazardous jobs.

Although immigrants have higher education levels than the Canadian average, they and racialized workers are over-represented in low-pay occupations where jobs are less secure. This is particularly pronounced in health care and long-term care, where racialized workers are over-represented as personal support workers, porters and laundry aides.

If greater diversity is better for organizations, why don't we see more of it? Some of the major barriers are lack of recognition of foreign credentials, inadequate access to language training, a reliance on personal connections for

recruitment and hiring, and other biases in hiring and promotion.

Employment equity and representative workplace programs can make a difference, but must work to ensure women, immigrants, Indigenous people and racialized workers aren't concentrated just in lower-paid occupations. When racialized and other marginalized workers are underpaid and undervalued, inequalities persist.

Building a workforce that is truly representative ensures organizations benefit from greater diversity at all levels of the organization, and fully utilizes the diverse abilities of all workers.

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CUPE tips for a representative workforce



CUPE has excellent resources on what union locals and employers can do to help create a more diverse and representative workforce. These include having marginalized group members on hiring committees, engaging in outreach to marginalized communities in hiring, providing human rights, sensitivity and anti-oppression training, and many other positive measures.

Our fact sheet on employment equity includes these tips for CUPE locals:

- Negotiate employment equity language and enforce it.
- Reach out to and include marginalized group members in committees and decision-making processes to ensure our union is representative of the community we live in.
- Strike an employment equity committee that includes members of marginalized groups.

- Bargain and enforce no discrimination/no harassment language in our collective agreements.
- Mandate human rights training for local officers and stewards.
- Ensure the employer complies with applicable human rights legislation and employment equity programs.
- Lobby for employment equity legislation.

Examples of positive measures that employers and locals can implement include:

- Provide funding for training and apprenticeship positions.
- Select a member of a marginalized group when qualifications and seniority are relatively equal in a job competition.
- Target outreach to marginalized group communities.

- Provide sensitivity and anti-oppression courses for current workforce members.
- Establish bridging positions to enable marginalized group members to gain the qualifications and experience needed to advance.
- Implement work-family balance policies such as child care or elder care.
- Implement flexible work programs like job shares.
- Implement mentoring programs.
- Implement anti-harassment programs and policies.
- Implement accommodation measures.
- Recognize that there is more than one way of doing things.