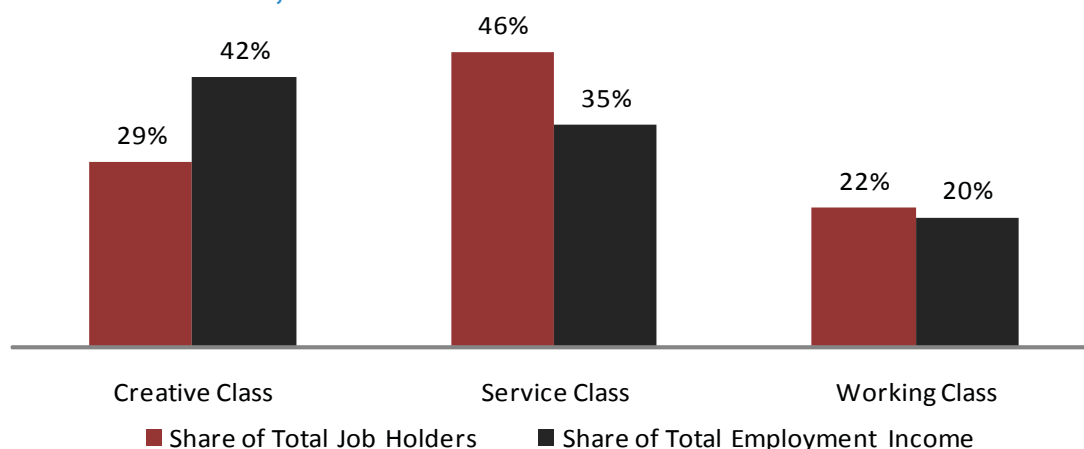


## Supersized and Precarious: The Service Class in Canada

Today, more Canadians are employed in service work than any other type of work. While creative workers contribute disproportionately to economic growth, and while blue collar workers were once the largest segment of the labour force, today each group is outnumbered by the service class. According to the most recent Canadian Census, 7.4 million (46%) people are employed in service class jobs, compared to 4.7 million (29%) in the creative class, 3.4 million (22%) in the working class and less than a million (3%) in activities such as fishing, farming and forestry. If policy makers wish to secure future prosperity, an understanding of the issues facing service workers, the country's largest group of workers, is vital. Current research by the Martin Prosperity Institute highlights the especially precarious nature of service work in Canada. Precarious occupations are those with limited job security, few employment benefits, a lack of control over the labour process, and very low wages<sup>1</sup>. Service class work is characterized by each of these forms of precariousness.

Employment income is arguably the most significant indicator used to measure precariousness. An individual's employment income determines their ability to access necessary goods and services, and alternately, whether they must rely on social assistance. Exhibit 1 provides a graphical depiction of the composition of job holders by class and its share of the total income. In Canada, the service class makes up 46% of total labour force employment. Yet these same individuals account for only 35% of the total employment income. For comparison, the creative class accounts for only 29% of job holders in Canada, yet they earn 42% of the total employment income. Such inequality in wages is one example of the kinds of challenges workers in the service class face in making a living. This inequality has only grown as the labour market has become polarized between these two groups of workers.

**Exhibit 1: Share of Total Job Holders versus Share of Total Employment Income in Canada, 2006**



Source: Martin Prosperity Institute Analysis, Statistics Canada, 2006 Census

Service work is characterized by high rates of part time employment. 52% of total part-time workers are found in the service class and 51% of the service class is employed part-time. Part-time work is marked by lower levels of job security and job protection. As a result, service class workers work fewer hours a week than those employed in creative or working class jobs.

Unions also have a low representation in the service class. In 2008, employment in service producing industries, particularly industries where low-wage service jobs are most prominent, had the lowest incidence of unionization. 7% of workers in Accommodation and food services, 11% in Other services, 16% in Business, Building and Other Support Services and 26% in Information, Culture and Recreational services were covered by a union, compared to 31% for the labour force as a whole. Many of the workers in these lower-wage, part-time service jobs also do not receive benefits and social provisions through their employers<sup>i</sup>.

Too often do service class workers have minimal say over how their work is performed. While they play an integral role in providing services, they do not make decisions about how services are delivered. A lack of higher educational attainment among the service class makes advancement into higher paying and managerial positions difficult. While service class workers are generally more educated than working class workers, they do not have the same level of educational attainment as creative workers. In Canada, 14.0% of service class workers have a bachelors degree or above while 51.0% of creative class workers and 5.0% of working class workers have a bachelors degree and above.

Service work has clearly become more precarious as it has become more common. Fortunately there are opportunities to improve these jobs. First, employers can redesign portions of service delivery to better utilize the creative inputs of service workers. Leading edge companies such as Best Buy, Whole Foods, and Four Seasons have already begun to do this<sup>ii</sup>. In addition, society at large must recognize and value the importance of service work. This means understanding the role of service workers in the economy, recognizing the amount of skill necessary to perform high quality service work, and enhancing the potential for all service workers to improve service delivery. The MPI hopes that the Strength in Services summit will help to begin this process.

Sources:

- i. Vosko, L.F. (2006). Precarious Employment: Understanding Labour Market Insecurity in Canada Montreal and Kingston: McGill-Queen's University Press.
- ii. Florida, R. (2009) Who's Your City? (Canadian Edition) Toronto. Random House.

## Further Reading

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*The Martin Prosperity Institute ([martinprosperity.org](http://martinprosperity.org)) at the University of Toronto's Rotman School of Management is the world's leading think-tank on the role of sub-national factors – location, place and city-regions – in global economic prosperity. Led by Director [Richard Florida](#), we take an integrated view of prosperity, looking beyond economic measures to include the importance of quality of place and the development of people's creative potential.*