

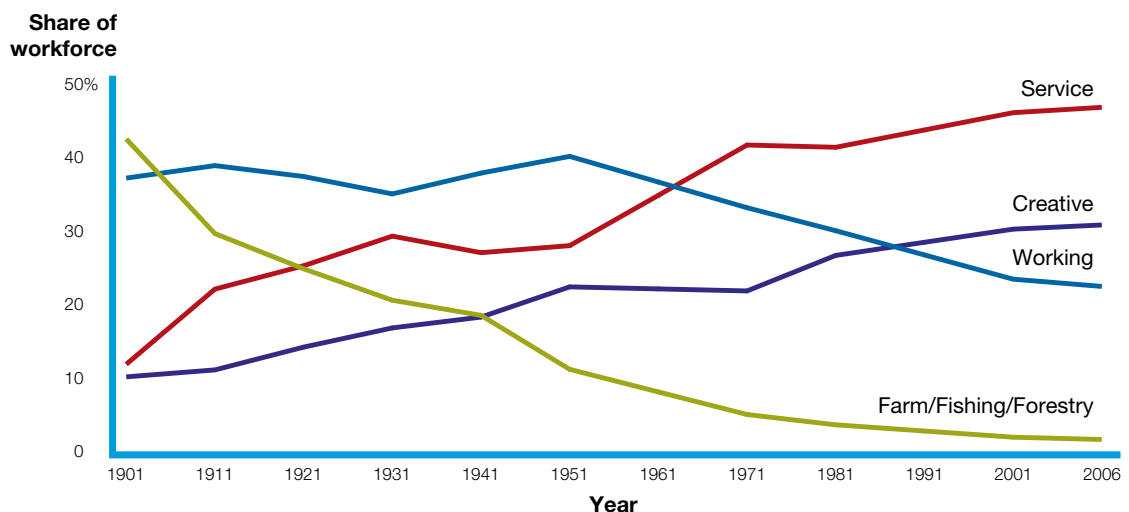
The Rise of the Service Class

A central theme of our work at the Martin Prosperity Institute is around the changing nature of our economy and the shift over time to a workforce that requires more creative skill than has been previously demanded. We speak often about the importance of the creative class in regional economic development, but what about the contributions from the other occupational groups? Especially those working as low wage service workers in the highly routinized occupations of the service class?

In order to investigate further, we commissioned two streams of research to examine this massive section of our workforce and what was found was startling.

In 2006, an astounding 46% of Ontario's workforce was employed in low wage, low autonomy service occupations – those not normally associated with demonstrating creative thinking skills as part of their job. We also found that this multifaceted group has generally less formal education, is more likely to work part-time, have a higher proportion of women holding these jobs, and earn significantly less than the other major occupational groups. On average they earn only 60% of the wage earned by creative class occupations. But does this have to be the case? Is our economy being short changed by this trend?

Share of Ontario's workforce by Class over time



Data Source: Martin Prosperity Institute analysis of Statistics Canada, Census data.
Note: *The 1961 and 1991 have been approximated due to data limitations.

Traditional views of low wage service work have suggested that it is low skill and thus does not warrant further investments in human capital or skill development. This begs the question: if our economy is shifting to require more creative inputs, can the creative contributions be increased for these low wage service jobs? Can employers take the “high road” and invest in skill development for these jobs and achieve higher returns to their customers or clients? Is there potential to share the gains from this investment with the employee in terms of pride in work, reduced precariousness, and career development?

We believe the answer is yes.

Along with uncovering four examples of employers taking the “high road”, the two working papers have helped us build a comprehensive picture of who holds these occupations, the quality of these occupations, the burdens shouldered by these occupations, and the opportunities for increasing the returns for the employee, the organizations they support, the clients they serve and ultimately the economy they are a vital part of. If you have found additional examples, we would love to hear from you.

The Martin Prosperity Institute (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.

This Martin Prosperity Insight is part of the “Ontario in the Creative Age” series, a project we are conducting for the Ontario Government and is supported by two working papers: Amy Cervenak's “[Service Class Prosperity in Ontario](#)” and Anil Verma's “[Low Wage Service Workers: A Profile](#)”. The project was first announced in the 2008 Ontario Budget Speech, and its purpose is to understand the changing composition of Ontario's economy and workforce, examine historical changes and projected future trends affecting Ontario, and provide recommendations to the Province for ensuring that Ontario's economy and people remain globally competitive and prosperous. The series will involve a number of Insight releases over the course of the coming months.