

How to make work-sharing work for you

Tuesday, Jun. 23, 2009

Senior HR consultant Colleen Coates and workplace reporter Tavia Grant took your questions

This month, Statistics Canada reported that the country's employment rate is running at a 11-year high of 8.4 per cent and the economy has shed more than 363,000 jobs since October.

While many Canadian workplaces have found that they need to cut jobs in order to stay afloat, others are finding creative methods to avoid layoffs.

Tavia Grant's work-sharing story: 'Buying jobs and buying time'

Work-sharing is a federally-run “adjustment program designed to help employers and workers avoid temporary layoffs when there is a reduction in the normal level of business activity that is beyond the control of the employer. The measure provides income support to workers eligible for Employment Insurance benefits who are willing to work a temporarily reduced work-week.”

The Federal government's work-sharing program

Since the program was revamped six months ago as a part of the federal stimulus program, the number of workers covered has more than quadrupled – hitting 130,000 this month from 27,000 in January.

The sharpest increases are in Quebec, Ontario and British Columbia, according to Human Resources and Skills Development Canada (HRSDC). Manufacturers have been the main employers in the program, but interest is spilling to the tech, forestry, mining and oil sectors.

Without such programs, the country's jobless rate would be even higher, economists say.

Colleen Coates, senior consultant at People First HR Services Ltd. in Winnipeg, has seen a slew of companies file applications for the program recently. “There's 50- to 75-per-cent greater interest in this program recently,” Ms. Coates says. “It's significant.”

Interested in introducing a work-sharing program at your company? Wondering whether your workplace will qualify or not? Have you or your company come up with other creative methods to avoid layoffs during the recession?

Colleen Coates has more than 20 years of comprehensive human resources experience in large, medium-sized and global organizations and held senior human resource leadership positions in both retail and contact centre industries. She works with private, public and not-for-profit organizations in her current role at People First.

Ms. Coates, along with Globe and Mail workplace reporter Tavia Grant took your questions in an online discussion. Thanks to all of those who joined us. Please feel free to use our comment section to add your own thoughts.

Editor's Note: globeandmail.com editors will read and allow or reject each question/comment. Comments/questions may be edited for length or clarity. We will not publish questions/comments that include personal attacks on participants in these discussions, that

make false or unsubstantiated allegations, that purport to quote people or reports where the purported quote or fact cannot be easily verified, or questions/comments that include vulgar language or libellous statements. Preference will be given to readers who submit questions/comments using their full name and home town, rather than a pseudonym.

Claire Neary, Reportonbusiness.com: Hi Colleen and Tavia, thanks so much for joining us today. It's always good to hear about some positive programs during a recession, and work-sharing certainly sounds like it's thriving right now. Tavia, is there anything that you were surprised to learn while you were conducting interviews and doing research for the story?

Tavia Grant, Report on Business workplace reporter: Hi Claire, great to be here. Certainly, in reporting this story, I heard a lot of "gee, I wish I could be on a four-day week!!" from friends and colleagues.

I'd start by saying that "work-sharing" is a misleading term. This isn't about sharing your job with a colleague. It's a temporary strategy that lets employers reduce their work weeks to three or four days a week to help them weather the recession.

I'd been hearing anecdotally that lawyers and consultants are fielding more calls from companies wanting to adopt this, but was surprised to learn how popular it's become in recent months – a record 130,000 Canadians are now part of these programs. Certainly, now that summer's here, the prospect of long weekends might be making this an easier sell to employees.

Claire Neary, Reportonbusiness.com: Thanks, Tavia. Let's get right to our first question.

Richard Hunt: Are retail businesses eligible for work-sharing?

Colleen Coates, senior HR consultant: Yes, retail businesses are eligible for work sharing. No businesses are excluded. Any business applying must meet six requirements to be eligible.

Tavia Grant, Report on Business workplace reporter: Work-sharing remains most common among factories, especially in the auto and auto parts sector.

But it's also getting popular in other sectors too, from oil and gas to mining and forestry. And not just in the goods-producing side of the economy; HRSDC told me yesterday in an e-mail that about a fifth of work-sharing agreements in Canada are now with employers in the services industry -- in sectors like real estate along with accommodation and food services.

Peter Opie: We very recently started in the work share program. However our work load has fortunately seen an increase since we applied for work-share and signed the agreement, and we have been unable to have members of the work share unit have very much time off. We may still see further loss of hours, depending on customer demands. Can we keep all members working full time, stay in the program, and have them take more time off later in the term of the agreement? (we are non-union)

Colleen Coates, senior HR consultant: That's great news that you're seeing an increase in work. It sounds like you have not yet implemented the work share program. If so, you should contact Service Canada to indicate the change in business and request a "delayed start" to the program. If you are already on work share, there is a utilization report that employers must

complete and submit each week to Service Canada indicating the number of hours worked by each employee participating in work sharing. Service Canada would be in contact with you upon receipt of these to discuss any concerns with staying in the program. The employer, employees or Service Canada have the right to terminate the agreement at any time.

Claire Neary, Reportonbusiness.com: Thanks, Colleen. Tavia, did you have anything to add to that?

Tavia Grant, Report on Business workplace reporter: One company I spoke with said they adjust hours every week depending on workflow -- some people work extra hours Monday to Thursday and can claim overtime for those days, but still take Fridays off and are thus eligible for EI. Other individuals continue to regular work five-day weeks, and don't claim EI on their day off.

Another company -- Michelin North America (Canada), started a work-sharing program in April at its Waterville, N.S. plant, but stopped participating in the program this month because it says some "slight signs" of stabilization in the truck tire market.

Certainly this idea isn't for everyone. Another company -- steel maker ArcelorMittal -- said they looked into the program but decided against it because it lacked the flexibility they were seeking.

As for temporarily suspending the program, and then restarting it, I'd suggest contacting HRSDC. But be prepared, you may have to wait a while for an answer.

Barry Wilson: I work with an accounting firm and our office has just implemented a 3 day work week (4 days for some) effective for at least 1 year or until further notice.

Due to economic conditions in the Windsor/Essex County area firm revenue has decreased significantly over the last 18 months. We cater primarily to small to medium sized businesses which have been permanently closing shop or suspending operations until the economic environment improves. My questions is how would our employer's conditions qualify us for the program? How do we apply for consideration?

Colleen Coates, senior HR consultant: If your organization meets the following criteria, they can apply for the work share program:

- been in business for 2 years
- show that the need for reduced hours is unavoidable
- demonstrate how the business will be maintained for the duration of the agreement
- have the agreement of the employees (minimum of 2)
- not undergoing a labour dispute

There is an application form to apply for work sharing on the Service Canada website as well as an Applicant Guide.

Tavia Grant, Report on Business workplace reporter: Hi, Barry. Applicants need to show that sales have dropped more than 10 per cent and that the reason is temporary -- or due to this downturn -- rather than a longer term problem. You have to have been in business at least two years and provide a "recovery plan."

You also need to estimate how many people you think you'd need to lay off, if the work-sharing agreement isn't in place.

The caveat is that I'm hearing wait times to process these forms are long, sometimes several months, and that can no doubt be frustrating if some companies need to move quickly.

Mike Pearson: We have been on the program since January and are awaiting renewal. We have 7 employees in the program.

Generally things work well but have had some difficulty with the irregular nature of our service driven business.

Typically we are aiming to work 3 days and claim 2 days. Some weeks an employee may work 4 or 5 days then the work will dry up and they will only need to be in 1 or 2 days a week. I have been told this would be ok and also that this is unacceptable per our WS contract. If we have committed to 2-3 days per week then why would the average not be used instead of looking at individual weekly claims. Also some workers are able to be kept busier than others due to skill sets required at a given time. If they are not taking work share days for several weeks then they are requested to be removed from the list. Then when their job is done and they need work share it is questionable if they will be able to be added back. We must work to customer timelines and cannot schedule around shortened work week.

Colleen Coates, senior HR consultant: It sounds like a dilemma faced by many. Looking at an average could be very risky, particularly where there is a significant turn-around in business; hence the need for weekly consideration.

To address the issue of those who are kept busier than others due to a particular skill set, you may want to consider, if you haven't already, developing a plan to show that the work for those individuals will decrease based on trends that you've seen in the past. This may allow you to keep them on the list for the time being.

Meeting customer demands is essential, and one way to achieve that is to look at cross-training so there is no interruption in the work cycle even on a work sharing program.

Tavia Grant, Report on Business workplace reporter: Thanks Mike -- a lack of flexibility and slow processing times are the two biggest criticisms I've heard of this program. I don't have a simple answer to the issue you raised -- demand is bound to be uneven and no doubt the system would work better if it could take that into account.

Gaby: We are already on a 4-day week because major project has temporarily stopped in the Forest Industry. How much of a recovery plan is required? We have 45 employees on staff.

Tavia Grant, Report on Business workplace reporter: Hiya Gaby. The application form asks employers to attach a description of your business and "a detailed recovery plan explaining how your company plans to maintain operations during the period of agreement." Essentially, they want to know if the slowdown in your business is temporary and unavoidable -- and some reassurance that workers will be brought back as the economy recovers.

Colleen Coates, senior HR consultant: That's right. And the more information/detail the employer provides, the greater the chance of being accepted into the program.

Bluenoser: Is there a restriction on the industry type that can qualify for this? What EI benefits do you receive as an employee? How would you propose this to your employer?

Colleen Coates, senior HR consultant: There are no restrictions on industries and employees receive the same type of regular EI benefits they would be eligible for if they were laid off permanently. I would just ask my employer if they were aware of the program and had they ever considered applying. Some employers may just not be aware. It can't hurt to ask!

When talking to your employer, you could also highlight the benefits of participating in this type of program, such as retaining their skilled employees and avoiding the costly process of recruiting and training new employees when business returns to normal levels.

As the economic slowdown continues well into 2009, more companies are looking at ways to save their valued employees. Many organizations I've recently spoken to are part way through the initial 26 week program, and anticipate having to apply for the second 26 week period.

Claire Neary, Reportonbusiness.com: Thanks Colleen and Tavia. Alberto Bayo posted a comment that you may wish to respond to:

I work for Toyota in an Industrial Equipment assembly plant. Our local management team started a work-share program that was working well for three months. Toyota put a stop to it and demanded a general lay-off instead to decrease the number of full-time employee's receiving benefits. Karoshi!

Tavia Grant, Report on Business workplace reporter: Sorry to hear that. Toyota was one auto maker that has traditionally found innovative ways to keep people on staff -- when demand waned in the U.S., for example, it put people on furloughs and sent them to training programs to keep their skills sharp. I phoned Toyota a few months ago to ask about their reputation as a "no layoff" company; perhaps your observation explains why they came back with a "no comment."

Claire Neary, Reportonbusiness.com: Our reader Gaby has a follow-up question to your answer to her earlier inquiry about recovery plans.

Gaby: How detailed a recovery plan is required? From your comment that it takes a few months to process, is the plan retroactive to when we sign up?

Colleen Coates, senior HR consultant: The recovery plan must be quite detailed including comparison sales figures, measures taken to avoid reduced hours, and reasons for the need for reduced hours. The application process is quite onerous on the employer, but has significant benefits once complete. The agreement is not retro-active, the applications have to be submitted 30 days prior to the actual start of the reduced work-week.

Gaby: What is the maximum weekly benefit that each employee can receive? Will some of that benefit be clawed back when the employees file their income tax returns for 2009?

Colleen Coates, senior HR consultant: Great questions Gaby! Participants must serve a 2 week waiting period. The benefit is based on their weekly average earnings. Regular EI maximums apply. The number of days per week that you would be eligible for is one to three days.

The Employment Insurance benefits received by Work-Sharing participants are taxable but often are not taxed at source. Work-Sharing participants will have to pay income tax on benefits received at the time that they file their annual income tax returns.

If you work elsewhere during the agreement, and earn more than an amount equal to 40% of your weekly benefit rate, that amount shall be deducted from your work sharing benefits payable that week.

Gaby: If by chance a person is laid off after the business has recovered, how does this affect his EI benefits?

Tavia Grant, Report on Business workplace reporter: The government website says work-sharing agreements don't affect eligibility to regular EI benefits if you get laid off after the agreement ends.

Colleen Coates, senior HR consultant: That's correct. If the business does not recover as expected and an employee is laid off during or at the end of a Work-Sharing Agreement, the employee can apply to transfer the claim to regular benefits. The duration of the regular claim would be extended by the number of weeks the employee had participated in Work-Sharing. The benefit rate and the normal duration of the claim would not be reduced as a result of the worker having participated in Work-Sharing.

Claire Neary, Reportonbusiness.com: Thanks Colleen and Tavia, for taking the time to provide such thorough answers to all of our readers' questions. Do you have any final thoughts before we wrap things up?

Tavia Grant, Report on Business workplace reporter: Thanks Claire, and Colleen. I've written countless layoff stories since the recession began, so this makes a nice change. A growing body of academic research shows downsizing has severe and long-lasting repercussions for employers, and that it does little or nothing to improve financial performance in the long run. Yet the layoffs continue as so many employers' backs are up against the wall.

Lastly, if readers are observing interesting, new and innovative trends at work, feel free to e-mail me at tgrant@globeandmail.com. Thanks again!

Colleen Coates, senior HR consultant: It is very promising to see so many employers recognizing the value of retaining their employees and seeking new and creative ways to keep their people during tough times. We all know that once an individual is permanently laid off, it becomes extremely difficult to get them back to work. This has long lasting impacts on not only our economy, but on their families as well. Kudos to those who have gone the extra mile for their people.

Thanks for inviting me to participate in this discussion – it's great having the opportunity to share with your readers more information on the latest in HR trends.

Claire Neary, Reportonbusiness.com: Thanks again for joining us. That's all the time we have for today. I'd like to add a big thanks to all of our readers who submitted their thoughtful and timely questions, and to those who joined us and followed along.