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Chair

Ms. Anita Neville

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Tuesday, June 14, 2005

• (1530)

[English]

The Chair (Ms. Anita Neville (Winnipeg South Centre, Lib.)): We can begin. We're beginning a meeting on Tuesday, June 14, to continue our study of parental benefits for self-employed workers.

I want to welcome Karen Hughes. Thank you very much for coming to share your knowledge with us.

Before we begin, I just want to advise members of the committee that we tabled a report on pay equity in the House this morning, and my understanding is it's available electronically now to all members of the committee, so it's there for you.

Thank you again. Would you like to begin your presentation, Ms. Hughes?

Dr. Karen Hughes (Associate Professor, Faculty of Arts, University of Alberta): Thank you, and I'd like to thank the committee very much for the invitation to be here.

I'm a sociologist at the University of Alberta. My research focus is primarily on women's economic security and work-family issues. Over the past five to six years I've studied women's self-employment and small business ownership in particular, looking at its dramatic rise in Canada.

My comments today are based on research that will be in a book entitled *Female Enterprise in the New Economy*, to be published this fall by University of Toronto Press. This book draws on Statistics Canada surveys as well as in-depth interviews with self-employed women in Alberta, and it's that research I want to briefly discuss today.

To begin my presentation, I'd like to say simply that I strongly support the extension of maternity and parental benefits to self-employed workers. I think this change is one that would benefit the self-employed, their families, and their businesses as well as the Canadian economy as a whole.

In particular, there are three reasons I think this change is important. First, it will bring policy in line with current labour market realities and ensure that workers are treated more fairly than is currently the case. Second, it will contribute to the health of the small business sector by supporting those who are building businesses while also raising young families. And third, it should contribute to the improved work-life balance, which is a key issue that's facing many industrialized nations, including Canada.

I'd like to just speak to these three different points briefly, if I may.

In terms of bringing policy in line with current labour market realities, the system of maternity and parental benefits in Canada has continually evolved to match changes in family life and the economy. While once exclusively available for mothers, benefits are now available to both parents. While benefits were once relatively short in duration, we now allow more extended leave, recognizing the advantages of this for young children and their families.

In light of these types of changes, it's actually quite surprising that benefits remain available to employees only, given the dramatic rise of self-employment in the Canadian labour market.

To put this in historical perspective, let's look back to the mid-1970s, just shortly after maternity benefits were introduced at the federal level. The number of self-employed workers, both women and men, was just around 1 million. Today there are almost 2.5 million self-employed in Canada, which is an increase of around 250%. Growth in self-employment, as you know, has been especially dramatic for women, who remain the main care providers in most families and the main beneficiaries of maternity and parental leave. Since the mid-1970s the number of women in self-employment has increased by almost 400%, compared to a 200% increase in women who work as paid employees. In other words, women's entrance...has been at twice the rate.

It's not only the growing stock of workers in self-employment that is an issue, I think, but also the flow between employee and self-employed status. While many self-employed workers begin their careers as self-employed, others work as employees and then eventually move into self-employment in small business. Some may do this intentionally, gaining business experience and contacts before setting up their own business; others do so involuntarily.

I think it's important to note here that the survey of self-employment conducted in 2000 by Stats Canada and HRDC found that roughly one in five self-employed workers are involuntarily self-employed, moving into such work because of a layoff or a lack of suitable employment. Regardless of motivation, there is a proportion of the self-employed, then, who have already made contributions towards parental benefits as employees but who later may be unable to draw these benefits because of their current status in self-employment.

While we do not have as extensive information on this as we might like, we do have some general indicators. Analysis by Lin at Statistics Canada suggests there is high turnover among the self-employed, accounting for roughly 40% of that population in any given year, so there are people moving in and out. According to the 2000 survey of self-employment, again, we know that roughly 80% of women and men have previously worked as paid employees at some point in their working life and approximately 55% have worked for someone else immediately before starting their current business.

What I'm trying to say here is that self-employment and paid employment are not necessarily categories as discrete as we might think. We may be seeing more of a continuum, with people moving across those two labour market statuses.

● (1535)

In addition to growing proportions of workers in self-employment and this fluidity, there is a final issue of what we call nominal or false self-employment. This includes individuals who are treated as self-employed but who, by many standard tests, more closely resemble employees. For example, they may have only one client, a previous employer. That client may own the equipment they use, control the hours and location of work, or how the work is done.

Estimates suggest anywhere between 1.5% and 10% of the self-employed in Canada in 2000 fit this category. These workers would not be eligible for parental benefits, again highlighting issues of unequal access.

In addition to modernizing policy and ensuring greater parity between workers, I think extending maternity and parental benefits would also contribute to the health of the business sector. That is the second reason I would support this change, and I would like to speak to it briefly.

There is now a very well-developed body of research that documents the relationship between family and work life. It shows that where there is a lack of support for family responsibilities, and where there is high work-family conflict, we see, among other things, reduced work performance, increased absenteeism, high turnover, and lower productivity. All of these obviously have potential negative implications for the small business sector. Extending benefits I think could provide an important support to self-employed workers to assist them in building and sustaining their businesses.

As you know, the Prime Minister's task force on women entrepreneurs heard from many self-employed women about the difficulties they face in combining work and family responsibilities. My own research, while not expressly on this issue, found similar concerns. In some cases, a one- to two-month maternity leave was typical. In other cases, maternity leave was simply not possible. One woman in my study found herself back at work within days of having her first child, much to her dismay.

These findings are in keeping with national trends. Katherine Marshall at Statistics Canada has shown, in the most recent analysis we have, that Canadian women who are self-employed take off about one month on average, compared with female employees who take about ten months, and that the behaviour of women who are in paid

employment has obviously changed in response to recent changes in maternity and parental benefits. Obviously, the behaviour of self-employed women has not, because they are excluded from that.

In the absence of benefits, the options available to self-employed women and men are limited. They may have the authority to take time away, but they face unique working conditions that make it difficult for them to do so. Statistically, we know that self-employed women work much longer hours relative to those in paid employment. They earn much lower incomes, especially in the early years of business, and many are unable to set aside money for contingency funds or savings because of low income and the need to reinvest money in their businesses.

According to the survey of self-employment, again the 2000 survey, the incidence of low or moderate income among the self-employed is high. Roughly half of self-employed women, for example, who are in solo practices—that is, working by themselves—earn under \$20,000 each year. Employers do better, but approximately one-quarter of female employers working full time earn less than \$20,000 annually.

Parental benefits could offer, I think, vital support providing alternative income and also a means to cope with the loss of revenue that may endanger a business. Given the unique nature of self-employment, especially in the service sector and in solo practices, I do not anticipate that self-employed women will take parental leave to the same extent, or for the same length of time, as women who are paid employees, but I do think the option of having such leave is one many will make use of, at least for a short time, which can play a very important role in keeping businesses healthy and stable.

In addition to modernizing policy, ensuring greater parity between workers, and supporting small business, the extension of parental benefits will also, I believe, aid work-family balance, which is a key issue facing many industrialized nations, including Canada. Just as research has documented the negative implications of work-family conflict for the workplace and economy, it has also made clear the implications of heavy workloads for family life. High work-family conflict is associated with increased family conflict and breakdown, reduced family and life satisfaction, as well as increased stress, depression, and burnout.

Generally, women who are self-employed report better work-family balance than do women who are paid employees, but there are clear differences among the self-employed based on the hours they work and whether they engage in full-time or part-time status.

• (1540)

Those who have the flexibility or resources to adjust their hours to better fit with family responsibilities report more satisfaction with work-family balance as well as time for self. Extending parental leave could provide a mechanism, I think, through which women could gain more flexibility and improve work-family balance at a very critical time.

In concluding, I would like to say that I realize the logistics of extending parental benefits are not straightforward and they will require innovation in terms of program delivery. Fortunately there are excellent resources to draw on in this regard, such as the 2003 Status of Women Canada report by Jennifer Rooney, Donna Lero, and their colleagues, which I think is an excellent piece of work. Overall I would say that I think the change, or the extension of benefits is clearly warranted, and that this will, over the long run, prove beneficial. It provides long-overdue recognition of fundamental changes in the Canadian labour market. It works to ensure greater parity of treatment among workers. It has the potential to contribute to a better work-family balance and to a healthy and vibrant small business sector, two issues of vital concern in Canada.

I wish the committee well in its work, and I would be very happy to answer any questions that you have.

The Chair: Thank you very much.

I'm not sure, Ms. Hughes, whether you're familiar with our process here. We have a speaking order. The first round is seven minutes and it includes both the question and answer. Subsequent rounds by members of Parliament are five minutes each. In crafting your answer just be mindful of the time.

I have Ms. Grewal down first.

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Thank you, Madam Chair.

Thank you, Ms. Hughes, for your time and your presentation.

I have some questions here. Why have women entered self-employment and small businesses at such a rate over the past decade? Are there differences between the motivation of men and that of women? Could you identify international best practices that this committee may wish to examine in considering questions of maternity and parental benefits? Could you describe how self-employed women currently balance their first months of parenthood and their work without maternity and parental benefits?

Dr. Karen Hughes: Thank you.

On the question of motivation, there are differences in terms of the motivations of women and men, although I would also emphasize there are significant differences among women as well and among men as well. About 40% of men tend to be more motivated by a desire for independence, according to the survey of self-employment. About one-quarter of women are motivated by that, or the desire for challenging work. Work-family balance and flexibility are stronger motivators for women. That's very clear. So there is a difference along that divide, but there is still a significant group of women who pursue self-employment in order to gain greater challenge and independence.

In terms of your question about international best practices, I can't answer with a great deal of detail. Self-employed workers are included in different ways in different countries, in terms of maternity and parental benefits. I think, in fact, one of the most valuable models that you may look to is the one that has been developed now in Quebec, which is outlined and discussed in the report I referred to by Jennifer Rooney and her colleagues.

Your third question concerns how women currently balance the needs of their family and their businesses in the first few months. At present, my own impressions from my research and reading are that most of them do so with great difficulty. I think it's important for us to keep in mind the vast diversity among this population. Some women have high incomes and businesses they can turn over to others to run, to trusted employees. They would be in a more traditional model of entrepreneurship. For them, it may be somewhat easier than for other self-employed women. As I've indicated, in terms of looking at income levels, there's a significant group that has a very low income. They may be working in a solo business. It's very difficult for them to take a leave and to recoup their own income while also bringing in someone to help maintain their business. So it may be the case that they juggle and depend on family networks. They may use seasonal cycles within their business in order to plan a leave. As we appreciate, those kinds of strategies are also very difficult.

I think there's a significant level of difficulty. The report that I mentioned by Jennifer Rooney notes that about one-third of women have indicated an inability to take a leave because of financial constraints. So I think that's pointing to a fairly significant problem.

• (1545)

The Chair: Ms. Grewal, you have a little bit more time left.

Mrs. Nina Grewal: Do you want to go ahead?

The Chair: Go ahead.

Mrs. Joy Smith (Kildonan—St. Paul, CPC): I was very interested in a comment you made earlier on, something to the effect that when women are in self-employment situations—I would assume out of the home, or wherever—they're more likely to not take the time they need after the birth of a child to...you know, if you're a teacher or a police officer, for instance, there's a certain amount of maternity leave you get. You made that comment, and I was wondering if you would elaborate on it, because it is one aspect we didn't cover the other day.

I think that is a very good argument for getting legislation or something into place that would support self-employed workers, particularly women. We had a woman from the Women Entrepreneurs of Canada in giving us a presentation. It was very compelling to see her stats in terms of women who are starting businesses and women in the workforce.

Can you comment on this?

Dr. Karen Hughes: Just to clarify, you're asking me to comment on the benefits to the family and women in being able to take time for—

Mrs. Joy Smith: No, more about the need for this to occur. I just caught a sentence as you were talking about this particular aspect. How widespread or...? Do you think this really is a factor? Of the businesses and the self-employed workers that you know of, of the moms who do give birth, do you think, generally, that they feel compelled to go back to work faster, rather than staying with their babies for six or eight weeks, whatever is normal, the status quo for parental leave, maternity leave?

Dr. Karen Hughes: I can make a couple of comments.

One thing is that when we're making comparisons between paid employees and self-employed women, we might want to consider that there's significant diversity among paid employees in terms of the amount of leave they take. So while we can say on average it's ten months, we know that income is a prime factor in determining the length of time away, as is professional status. So even though we might assume that, for instance, professional women can afford to take longer, way often they will not—and that's what the general stats show—because they need to keep a hand in their business.

We see the same kind of thing happening among the self-employed. For some of them who are low income, there are financial constraints that make it extremely difficult for them to even take a leave or take a significant leave. I've certainly seen that clearly in the interviews I've done where women talk about simply needing to go back to work in order to provide an income to the family. Obviously, this varies depending on their access to a second income in the family, on the importance of their own business to the household resources.

The other issue is that it's not simply income. There are certain types of businesses that women engage in—solo businesses, where they're working on their own, and service-intensive businesses where it's very difficult for them to get away, to simply absent themselves, because, really, they are the business.

This relates, as well, to my comment that even if we were to extend parental-leave benefits to self-employed women and men, I do not think they would take them up to the same extent simply because of the nature of self-employment. I do think they would take them up to the extent that they would try to improve the length of time they currently have away from their businesses, but I don't think they would be doing ten months on average. I think it would be three or four. And it would depend, again, on the variety of people we have in businesses. Some are able to easily absent themselves or bring people in; others simply cannot do that.

I hope that answers your question.

• (1550)

Mrs. Joy Smith: Thank you.

The Chair: Thank you.

[Translation]

Ms. Brunelle.

Ms. Paule Brunelle (Trois-Rivières, BQ): Good afternoon, Madam. Thank you for your presentation, which certainly enables us to better understand the reality of self-employed women. We can see that women can become self-employed for all kinds of reasons.

I have seen several women who, because of restrictions, cutbacks in personnel in very large companies, became self-employed. The company that used to employ them is often their best client. In fact, this is a way for companies to reduce the costs of fringe benefits, including parental leaves.

You have done some research on self-employed women. Are there many of those women I just referred to? Are there data on the age of self-employed women? Are most of these women past their child-bearing years, or are they young women? Are there any statistics?

[English]

Dr. Karen Hughes: I can say that in terms of the age profile of this group, self-employed women tend to be somewhat older on average than paid employees. So there is an older age demographic, on average. But there is also a sizeable group within their prime child-bearing years. As I mentioned before, part of that is because a main motivator for some women to enter self-employment is to better balance work and family. So we often see women moving into that phase while they're raising their family; that's partly why we see a slightly larger group within that particular category. The prevalence of very young women among the self-employed is quite low. I don't have the specific numbers. I could certainly look them up for you, but off the top of my head, we know that the age profile is somewhat older on average.

As to your other comment about the phenomenon of nominal or false self-employment that I had referred to, I think this is a very important issue for this committee to consider. These are individuals who have been laid off but perhaps have as their main client their previous employer, who may retain control over the way work is done, controlling the equipment, the location, hours, and so on. As I mentioned, with the estimates for this we're not really clear on how extensive this phenomenon is, but certain employers have certainly made good use of it. I think this really does raise an issue in terms of equal treatment between different groups of workers within the Canadian labour market.

I hope that answers all of the questions you had.

[Translation]

Ms. Paule Brunelle: Yes, certainly. I would have another one to ask you, if I could.

You told us that the salary of self-employed women is often lower. There is also the need for them to reinvest in their businesses.

If there were a parental leave program similar to the employment insurance model, where self-employed workers would pay the employer's and employee's shares, do you think self-employed women would be interested in this formula, or would it be so expensive that it would be difficult for them to have access to it?

[English]

Dr. Karen Hughes: Just to clarify your question, are you speaking about having them pay benefits in order to access the program?

[Translation]

Ms. Paule Brunelle: Yes, that's exactly it.

[English]

Dr. Karen Hughes: Thank you.

Certainly we need to be very concerned and aware of the costs of the program to self-employed women, especially given the low incomes that many of them earn. Again, I'm not an expert in program design or in cost analysis, but the best estimates I have seen are again from the 2003 report by Jennifer Rooney. They estimate that the costs are around, I think, 0.3% of annual income. So I think the cost imposed would be relatively minimal. If the program can be designed in a way that the premiums are not onerous, I do think there would be interest.

Again, one of the things I think we need to be aware of is that because there is significant diversity among this population, there are going to be different levels of interest. Women who are past child-bearing years will not be interested in paying in, and men may be less interested in paying in. I expect this committee has looked at some of the earlier research done by HRSDC, who did a survey in 2000 looking at interest in maternity and parental benefits and found there was moderate interest. But when that option was compared to other types of benefits, like sickness and disability, it fell down the list, so there was relatively low interest.

One of the problems with that kind of survey is that you're asking a general population about a benefit that is only relevant for a very specific subset. It's like asking all Canadians whether they would be interested in paying into a program that would help them to quit smoking, but the majority of Canadians do not smoke. So I think we need to look at better-suited samples.

Again, I think the report by Jennifer Rooney is one where we have a more targeted population, where they've asked about their interest. They found that there are actually relatively high levels of interest in a program that is well designed and that is not onerous in terms of the contributions that individuals are expected to make, and where there is also some flexibility in terms of how benefits can be drawn.

• (1555)

The Chair: You're right at the end of your time. Thank you.

Ms. Torsney.

Hon. Paddy Torsney (Burlington, Lib.): Of course, Professor Hughes, the plan that we have for employed workers is dependent on some of us taking parental leave and some of us not. It's actuarially sound when we have people who are doing various things or using the plan for compassionate leave versus those who are not. If you were to open it up to self-employed workers, you'd have to capture all of them in some capacity. I think that the 2000 study will have changed, as we've introduced compassionate leave, in terms of people getting the package of goods.

On the balance of work and life, that's certainly one area where not only the parental leave but certainly the compassionate leave would be attractive to some of the self-employed people you've talked to.

Dr. Karen Hughes: Yes.

Hon. Paddy Torsney: Particularly, I think it could be attractive to men as well.

You were talking about this continuum where people are switching back and forth. We haven't heard too much about that. It makes perfect sense that they'd be moving back and forth between paid employment and self-employment.

Could we get somebody to do some work on whether or not it could be more like the CPP disability, where you need to have had contributions in two of the last five years, or something? It would capture more people in the current program, without setting up something special. Do you think that might work for some of the people you've studied?

Dr. Karen Hughes: I think that it might. I think we need some more analysis. I actually tried to look at the survey of labour and income dynamics, which is a longitudinal survey that would allow us to get at some of that movement. I wasn't able to work through the analysis in time for this, but I think the issue of fluidity among different statuses is very important. Again, it would be up to an expert in program development to look at that, but it might be a way to design the program, which allows for fair treatment of individuals and also makes it more attractive to a broader group, which was your point.

I agree as well, in relation to your first point, that the introduction of compassionate care, for instance, is something that would be attractive to older workers. In many ways, in order to be attractive to this very diverse group, you need to be thinking about caring in much broader terms throughout life, not simply in the early years but also in later years. It's something that's certainly of relevance to the older-age demographic, both women and men.

Hon. Paddy Torsney: I think your work will be really important. I'm glad you focused on the increased productivity issue. It's something that, as a government, we're trying to address. It's important to the Canadian economy.

Clearly, when people have a balance of work and family, know their children are well cared for, and know that they have options, they're able to be productive. I'm sure that all of us have seen in our own workplaces that when you have an employee who is stressed about something, if he or she can take the day off, it's much easier to deal with than having the employee continue to juggle everything. Most of us in our own lives have been in some kind of a situation like that.

It will be helpful, because it's building the kind of economic argument that's important to convince some people about the benefits of these programs. Some of us are convinced on the emotional and social angles, but the economic angle will also be important.

Does your book come out in September?

Dr. Karen Hughes: It comes out in the fall.

Hon. Paddy Torsney: In the fall. Maybe we could get it. That would be helpful.

I gather that in addition to the blues, we'll have a copy of the report that Ms. Hughes tabled. Did we get that?

• (1600)

The Chair: No.

Hon. Paddy Torsney: That's because it's not in both languages. All right.

Some of your stats were quite interesting. It will be helpful to get that.

Thank you.

Dr. Karen Hughes: Okay. Good. Thank you

The Chair: Thank you.

I have Ms. Smith, but she has left. Is there anybody else?

Mrs. Lynne Yelich (Blackstrap, CPC): I'll ask a question.

Do you think that EI is not the way to deliver the program for the unemployed? Perhaps it should be something else or some other program, as you said.

You made it quite clear. There are people who understand how to set up these programs. But should it be optional or not?

Those are two questions that I wanted to ask. I had a bunch of them, actually, when I was daydreaming about the report. I would really like to see the report. Is it in English at least? Maybe we could have it in one language.

The Chair: It will be translated and sent out.

Mrs. Lynne Yelich: But I never seem to get these translations.

The Clerk of the Committee: They're part of the record.

Dr. Karen Hughes: You had asked whether I think EI is a suitable vehicle for the parental and maternity benefits.

Mrs. Lynne Yelich: Yes, if we decided to extend it to the self-employed.

Dr. Karen Hughes: There's a lot of debate. If you look at the academic literature on this issue, there are many people who have questioned the inclusion of parental and maternity benefits in EI. The argument is that it's not really to cover a certain risk. It's more of a certainty, since having children is a fairly common occurrence within family formations.

So some people would argue that you should have a separate fund for maternity and parental leave, as opposed to tying it into EI. I'm not a person who can comment on the pros or cons of ways of doing it. I think it needs to evolve from the existing system in a way that makes sense.

What I would say, though, is that it's important for this option to be mandatory rather than voluntary. I think this is completely in keeping with the notion of pooled risk, which informs most of our social and labour-force programs in Canada. Once you make it voluntary, you won't be able to provide the program or deliver it effectively.

Mrs. Lynne Yelich: You said that professionals may not want the amount of time, but they need the money. I'm wondering if you could have two options: one that gave you the time but not as much money, and one that gave you more time and a lot less money. Time is worth money and sometimes money is worth time. Does that sound feasible?

Dr. Karen Hughes: Yes, I would argue that this kind of program should be extended to both paid employees and the self-employed. You could make an argument for having a sliding scale, where you have a lower level of benefit over a longer period of time and a higher percentage of benefit over a shorter period of time. That is something I think would work for many self-employed women.

It would also work better for professionals in paid employment. If you look at the statistics, you can see that many professional women go back much earlier than you would expect. They often have the income to fund a longer leave. Part of the issue is that they're simply not able to absent themselves from the workplace for that long.

So I would support a variable system.

The Chair: Thank you.

Any other questions?

Ms. Guergis.

Ms. Helena Guergis (Simcoe—Grey, CPC): Do you have any statistics on how many self-employed are single parents?

Dr. Karen Hughes: Not off the top of my head.

Ms. Helena Guergis: Would you have any information on how many of the self-employed are receiving benefits from another source, say from their spouses' plans?

Dr. Karen Hughes: No, I don't have that either.

• (1605)

Mrs. Joy Smith: Are there any other witnesses that you think would be useful for us to have in front of this committee? I thought Helena made a good point in her question. I wonder if we could find out some of this information. Do you know where we could go for it?

Dr. Karen Hughes: I can suggest a couple of people who would be useful for the committee to speak with. One is Donna Lero, a professor at the University of Guelph. She's the co-author of the report I mentioned by Jennifer Rooney. She has a lot of insights into workplace and family issues.

The Chair: She has been invited but hasn't been able to make it.

Dr. Karen Hughes: The other person is Professor Judy Fudge, of Osgoode Hall Law School. She would be able to provide a great deal of insight into the issue of nominal self-employment.

The Chair: She too has been invited and hasn't been able to come. She has sent us a paper, though, and once we have it in both languages we will distribute it to the committee.

Ms. Helena Guergis: Have you identified any other positive reasons why women are going into small business? Are there other reasons that might get government to foster this area of growth and encourage these women?

Dr. Karen Hughes: By positive reasons, do you mean what is motivating and...?

Ms. Helena Guergis: Yes.

Dr. Karen Hughes: Absolutely. In my book I discuss this quite a bit, because I think we find that women are attracted by a number of different aspects that are all very positive. They want more challenge; they want to do more meaningful work. There's a whole bunch of elements of what we would call intrinsic work satisfaction that really motivate women into this kind of work. When you look at their levels of satisfaction, they're extremely high compared to paid employees. They are really drawn by the ability to do their own thing, to create something meaningful, to run a business as they envision it, and to do work as they want to.

I teach 20-year-olds at the university, and one of my concerns, to be very honest, is there is really a generational shift in how they view work and the workplace. I think many of them are very interested in moving into small business and self-employment. An additional benefit to extending, for instance, parental maternity leave is it would not act as a disincentive for young people to become self-employed. If you're thinking of starting up a business when you graduate out of university, working as a free agent in some kind of knowledge work, it may be quite a significant disincentive to think, "I'm starting up a business and making investments there, so how am I going to start a family?" So I think that is an issue.

But there are a number of positive reasons why women are pursuing business. The trade-offs they're making appear to be more in terms of income and economic security. I think that is something we want to address by looking at programs such as this, considering ways in which we should be extending the social safety net to some extent, and also, very importantly, looking at training issues and development of human capital.

The Chair: Thank you.

Ms. Kadis.

Mrs. Susan Kadis (Thornhill, Lib.): Thank you, Madam Chair.

That sort of builds on what we were just talking about. Would you say the motivation for men is different from women, in many cases, to be self-employed, and can you elaborate on that?

Dr. Karen Hughes: I would say it is different to some extent. As I mentioned earlier, about 40% of men become self-employed in order to have greater independence in the work force. This is information from the survey on self-employment. Men are far less likely to cite work-family issues. Work-family balance issues are relevant for about a quarter of women who are self-employed, and only for a relatively tiny proportion of men. So there are some gender differences there in terms of independence and challenge, versus the work-family aspects.

But that's not to say women are not attracted by the desire for independence and greater challenge. About a quarter of women cite, as their main reason for becoming self-employed, the desire to have greater independence and challenge.

Mrs. Susan Kadis: I think this is very important, because it can really give us a grasp, especially with the book or report, etc., in understanding that there are societal changes as well. There has been an increase with women.... I started a business in the middle eighties—something along those lines—

• (1610)

Hon. Paddy Torsney: Middle Ages?

Mrs. Susan Kadis: Eighties.

People working out of their homes was very novel and really ahead of its time, pre-Internet, etc. I just basically had a telephone—very isolated. Yes, I did that when I was raising children. But it gives a better understanding that this is temporary for some people...if it's a permanent thing.

You referenced briefly people in elder ages or middle ages, who perhaps are not able to get back into the workforce, or have been laid off and have no other options, whether it's a man or a woman, who start on their own, in a creative sense. So is that a big percentage for men and women?

Dr. Karen Hughes: Do you mean those who have been forced into self-employment?

Mrs. Susan Kadis: Yes.

Dr. Karen Hughes: Again, this is data from the 2000 survey of self-employment. They found that one in five self-employed is what we call involuntarily self-employed due to direct layoff or an inability to find a suitable job.

I think we need to read that statistic in the context of the change that occurred in the 1990s in the labour market—the huge restructuring within both the public and private sectors. When I did my interviews of Alberta women, a number of women in my study had been laid off because the provincial government at that point had downsized very significantly. I'm not sure five years later what the percentage is. It may be slightly less than one in five, but probably a fairly significant number of individuals are still involuntarily self-employed.

Mrs. Susan Kadis: What percentage of self-employed women are receiving benefits due to professional organizations? I'm referring to, say, lawyers, as opposed to the others who don't belong to an organization.

Dr. Karen Hughes: Benefits in...?

Mrs. Susan Kadis: Any type of benefit related to the fact that it's a long-term association.

Dr. Karen Hughes: I'm not able to answer that question. It's difficult with this population because there's such a huge range of enterprises and professions. Women who have professional credentials, however, are able to gain access to special insurance rates or what have you through a professional association.

Keep in mind, though, that the professional occupations are a smaller portion of the labour market. Even among the self-employed, they're a smaller group than, say, people in retail sales. The leading area of self-employment is retail sales. Other important areas are hairdressing and child care. Doctors and lawyers account for a much smaller portion of the labour market.

Mrs. Susan Kadis: What sub-group would you suggest that we study further if we decide to consult more widely in this area? You refer to quite a wide range. What would be preferable for us to study in more depth?

Dr. Karen Hughes: There are a number of issues. With respect to issues of what I would call social protection, I would include access to parental and maternity benefits. Access to sickness and short-term disability benefits might also be important, along with the area of compassionate care. You could also look at some sort of income protection insurance. For some self-employed women, this might be attractive.

The Chair: Madame Bonsant.

[*Translation*]

Ms. France Bonsant (Compton—Stanstead, BQ): Good afternoon.

I have a note here saying that, in 2003, you made a presentation as part of the Breakfast on the Hill series. You said that women are more likely to enter self-employment because of blocked opportunities, and subtle or more direct forms of discrimination.

Could you give us more details? I was not there in 2003. I would like to hear you on this issue and find out what you think about these conditions associated with women.

• (1615)

[*English*]

Dr. Karen Hughes: There is evidence from my own interviews, and also from a range of academic studies, that some women have left organizations because of what we can call the “glass ceiling”—subtle forms of discrimination or barriers to promotion and upward mobility. This may be a factor in influencing them to move into their own businesses. It's hard for us to tap into specific numbers on this. If we look at the way current surveys in Canada ask about the reasons for entering self-employment, a woman who has encountered this kind of behaviour might simply record her main reason for becoming self-employed as a desire for more opportunity or challenge. It could almost be read as a positive reason in a survey. As far as I know, there are no surveys that have asked women whether they became self-employed because of subtle discrimination. Small-scale studies would suggest that it's one of a number of different factors.

[*Translation*]

Ms. France Bonsant: As I understand it, a woman who works for a large company and who did not have access to a promotion because of her sex, sexual orientation or some other reason is more

likely to start up her own business and compete against the company that somewhat wrongly treated her.

Is this what I should understand?

[*English*]

Dr. Karen Hughes: I wouldn't say that they are more likely to become self-employed because I can't compare systematically the populations. What I would say is that discrimination does appear to be one factor of a number of factors that may explain that behaviour, yes. I wish I could say more.

The Chair: Thank you, Ms. Bonsant.

Mr. Powers.

Mr. Russ Powers (Ancaster—Dundas—Flamborough—Westdale, Lib.): Thank you for coming, Dr. Hughes.

Have you had an opportunity to review the Province of Quebec's new parental benefits legislation?

Dr. Karen Hughes: I've looked only at summaries of it, so I have not looked at the detail.

Mr. Russ Powers: The question I have is on something you alluded to in your presentation, on what I'll call the flexibility of the payout period. I think my recollection was—and my colleagues over here can correct me—that it went from 28 to 35 weeks. It was that flexibility of higher benefits for the shorter period or lower benefits over the longer period.

You made some comments about that. Could you perhaps expand upon your reasoning as to why that makes sense and why it's certainly worthy of our consideration?

Dr. Karen Hughes: Yes. Again, my reasoning on this really relates to the wide diversity we see within the self-employed population. I appreciate that for this committee that makes it very difficult to address this question, because there are certain groups who would be better suited by one type of program and others who would be better suited by another. I think building in flexibility where there's a tradeoff between the length of time available and the level of benefit would in essence allow women to design a program that is more suited to their own circumstances.

As a for instance, I think of women I've interviewed and talked with, and I know a woman who is a consultant and she has a fairly steady group of clients. She would be able to perhaps get away from her business for maybe three to four months if she structured her work properly and was able to do some reports and then indicate that she was going to be away for a period of time and then resume. So she's someone who could possibly take a four-month period, if she wanted to.

There are other women who are engaged in what I would call direct service types of work who simply would not be able to do that. They might be providing some kind of advice on an ongoing basis to a client. They might be providing food services. It might be cleaning services. Again, there's a variety of types of activities. It may be possible for them only to take four to five weeks and that would be it. Or it might be possible for them to take a short period and then take another period a little further along, which may be another way you want to think about it in terms of building in flexibility.

I could go on and on thinking through different work situations and what might be appropriate for individuals. I think approaching it in that way, where there is flexibility, allows for individuals really to create something that is more viable for them, both in terms of the amount of time they can take away as well as the income considerations, both for themselves and for their businesses.

• (1620)

Mr. Russ Powers: Could I ask a question?

The Chair: You have time.

Mr. Russ Powers: Perhaps this can be best answered by either my colleagues from Quebec or from our staff. Was the gross total of the payments the same in both cases? In other words, did the payments over the 28 weeks equate to the total over the 35 weeks? I didn't do the mathematics.

The Chair: We'll get that information for you.

Mr. Russ Powers: Thank you.

The Chair: Is there anything further, Mr. Powers?

Mr. Russ Powers: No, thank you.

The Chair: Ms. Guergis.

Ms. Helena Guergis: Thank you. I wanted to make a comment.

One of the witnesses we heard from last week, and I believe a couple of us have touched on it already, said that those who were returning from maternity leave found a poisoned environment and it was for those reasons that perhaps some of them were going to self-employment. I'm wondering if you have further comment on that, which I think is different from what we have heard from the other members, and I do find that to be unacceptable.

The other thing is you gave some statistics about it perhaps being more older women who are going into being self-employed in comparison to the sizable group, of course, who are young parents. I have a little bit of concern. I find that maybe some self-employed people—having been self-employed myself and raised in a self-employed family, I think there are probably about 25 of us who are all in business—might be a little reluctant to have to start paying into another program, because every penny counts, especially when you're starting your own business for the first couple of years.

So I want to make sure that we look at this and make sure that we're not taking more away and maybe causing people to not want to go into business because there is so much paperwork, there are so many taxes, there is so much red tape for small-business people now. I just want to make sure that we don't head down that road. Would you care to comment?

Dr. Karen Hughes: I'll comment on both points if I can.

And to clarify, you mentioned a poisoned work environment. I'm assuming that would be for people who are returning—

Hon. Paddy Torsney: Just to put this in context, she was a lawyer, so when she came back to the firm the attitude was that the fact that one had taken leave meant that one was obviously not as committed to the firm as others.

Dr. Karen Hughes: Yes.

Ms. Helena Guergis: But it wasn't just herself she was commenting on. She said she had heard that from other women.

Hon. Paddy Torsney: Yes.

Dr. Karen Hughes: Yes, and what I would say is that I think we don't have systematic research on this. It's actually a comment I had raised with Professor Fudge, who I'd mentioned earlier, to ask her whether there was anything. This is certainly something I've observed, both in terms of my study to a small degree, and also in terms of my own experience, becoming a mother and seeing colleagues of mine decide to exit organizations and to set up their own businesses, or to do other things.

It is objectionable. I think it's actually more of a problem than we're aware of, but I don't have any systematic information on to what extent it's motivating women to become self-employed.

The other comment you raised was I believe around the issue of burden, the burden that contributions to this type of program—

Ms. Helena Guergis: I would like to add that I think because the majority of them are women they would be more accepting and more understanding of investing in that, but if it's going to be for all self-employed people—including men in that—you might find some reluctance.

Dr. Karen Hughes: Again, I appreciate this issue, and I do think it has to be considered very carefully, especially when we look at the income levels. On the other hand, if we polled the Canadian population or the labour force and asked them if they would like to contribute to parental and maternity benefits, I expect we would not have a majority response in favour. And again, that's simply reflecting self-interest to a large degree.

So I think, again, this links into the issues around the way in which we approach these issues in terms of some sort of collective self-provision. Again, the best information I have is from the Rooney study, which has looked at some preliminary cost estimates, and they put the figure at I believe around 0.3% of annual earnings in terms of the cost to individuals.

If that is the figure, it does not strike me as being onerous, but certainly this type of a benefit will encounter resistance from people who do not see themselves as benefiting from it. So that may be why there is some utility in looking at a benefit that provides not only maternity and parental care leave, but also compassionate care leave, for instance, because you're then appealing to a broader demographic and also to women and to men.

• (1625)

Ms. Helena Guergis: Thank you.

The Chair: Thank you.

Ms. Torsney.

Hon. Paddy Torsney: I'm trying to think about this creatively too. The challenge we have for a lot of self-employed people as well... I'm stunned by the number of friends of mine who are single parents and consulting and who don't have long-term disability insurance. And I'm saying, what happens if something happens to you? People need to get greater awareness of the fact that while it does seem like a lot of money to pay in, my God, the benefit is enormous if there is a problem.

So it's a challenge about what the pricing is and about what people's understanding of what those choices are. If it was a separate system, obviously it would only become sound if you have some kind of predictability that some of the individuals won't take it, or else it gets costed at too high a rate.

I wonder if we should actually have somebody from the benefit world, maybe from CHLIA, tell us if somebody else could format a package in the private sector, or if there is anything in the private sector.

The other part of the whole environment for parents coming back to work and for small-business owners—especially if they have employees—is they're already facing some resistance from small-business owners around year-long parental leave and guaranteeing the jobs, and it's hard for the person coming back in. Either their job has changed, or the person who filled in for them has become more integral to the organization. My entrepreneur friends tell me that with six months they could have held the job, but for a year it's really just too hard.

So there needs to be a greater awareness of the issues around work-life balance, why it's important to have people who have children, and why we need children in our country. But is there some kind of broader framework to have this discussion that you're aware of, through the university, or encouraging the development of the organization? Do you get asked by the chambers of commerce or the small-business owners to come and talk about these issues? Because they're struggling on a number of fronts.

Dr. Karen Hughes: Am I asked by business—

Hon. Paddy Torsney: Yes.

Dr. Karen Hughes: No, I'm not.

The issue of work-family balance and the issue of caring work in society are issues I think are slowly percolating up into public awareness, that they're important not only in terms of family and personal life, but also in terms of productivity and how the economy operates and so on.

In terms of my own research, I try to publish in policy vehicles in which there is an opportunity to sort of frame the debate in that way. I think this debate has to be framed, as well, in relation to a significantly declining birth rate and a rapidly aging population and dependency ratios that are narrowing very significantly. Canada is not alone in that problem. There are other countries as well, but this is a significant issue for us. I think if you can try to frame it in terms of those issues, then there will be some understanding by individuals that there is a social benefit to this, not simply a personal benefit, but a social and economic benefit as well.

I'd like to link back to a point you made earlier. I think the argument for benefits really can be made not on an equity basis, but also on an issue of economic efficiency and productivity.

There's an interesting report by John Baldwin at Stats Canada, who looked at productivity and the role of the small-business sector and linked, to some extent, the growth of that sector to declining productivity, which in some ways seems nonsensical. But I think one of the arguments we could make is that something like parental benefits would actually help businesses be more productive, because they would provide vital bridging at an important time.

Again, we don't have systematic evidence, but I'm sure there are significant numbers of businesses that falter or that kind of peter out over the period when women or men are raising young children.

I think we do need to learn more about the links between work-family issues and productivity, especially for this sector.

• (1630)

Hon. Paddy Torsney: Perhaps we can find some examples to show people that it does make sense. That's how they sometimes rate companies. You know, they do those ratings of companies that are good employers for women.

I come from an entrepreneurial family as well. I also worked for a company that was great. There were men and women taking parental benefits and there were great top-ups in the private sector. If your kid was sick, you could just bring him to the office. It wasn't a big deal. It was the two presidents who had established this for their families—they got it—so it was very easy to work there. If you had a family crisis, no problem, take off, but obviously not forever. They had managed to get the balance right. It was a great place to work from that perspective.

Clearly not every employer gets it, but by highlighting the ones that are successful, by showing them that there's a bottom line, we could demonstrate why it's important.

Dr. Karen Hughes: Yes.

The Chair: Thank you.

Ms. Smith.

Mrs. Joy Smith: It seems that no matter what questions are asked in connection with these presentations, there's not a lot of hard data available. This must be a frustration to you too, working from a university and trying to get a handle on some of this.

This is an important issue that we need to be working on now. There is a growing industry here—stay-at-home moms, fathers working at home in private business, entrepreneurialism. It can be small or large. A lot of us have experience in business, myself included. You're so busy running your business that you don't have a whole lot of time. You don't have time to take a look at what the other guy is doing. You're always looking at the bottom line, at how to develop your business. I'm wondering if this isn't something that the governments of our nation should be studying. Perhaps we need to analyze exactly what's happening within our nation's workforce. The Women's Enterprise and Statistics Canada do a restrictive amount of this work. But I'm wondering, Karen, whether you think we should be doing something more comprehensive. I think there are many missing gaps here.

I'm a little uncomfortable with personal emotional gut feelings, because those gut feelings are always different, depending on what population speaks at the microphone. In my opinion, as a member of this Parliament, this is something we have to address now for the growth of our nation. With the increase in businesses, and the interest in self-employment, I think it's time for us to step forward. But I would like your thoughts on the matter.

Dr. Karen Hughes: I would agree with you. I think we have quite a bit of information, certainly much more than we had a decade ago. In many ways, the gaps reflect the evolution of the economy. For a number of decades in the 20th century, we had a steady decline in self-employment. Now we see a reversal of that trend.

There is some useful work going on. Industry Canada had a forum in the fall on women entrepreneurs. The Prime Minister's task force also provides valuable information on this issue. Some recent surveys are helpful as well, like the survey of self-employment, which was one of the first surveys to look at this issue. We need to continue with these kinds of surveys, and we need to integrate analyses of self-employment and paid employment with our other labour force surveys.

With respect to surveys on the small-business sector, we need more information about the personal and family background of individuals. There is a lot of good data. I could probably answer many of the questions you have from some of the small-business surveys, but I have no information from those surveys about household background or personal characteristics, and I would need this information to answer key questions fully. I think data collection, policy review, and analysis should all be integrated in a more systematic way.

•(1635)

The Chair: You spoke about this movement back and forth between employee status and self-employed status. Are you aware of

any demographic information on these people? Is this a young cohort we're looking at? I'm struck by the fact that many who pay into EI never accrue enough time to withdraw the money. I'm wondering what the potential is for parents to go back into the EI system. Do you have any of this information?

Dr. Karen Hughes: I don't have specific information. I mentioned the one study by Lin and others from Statistics Canada, which looks at the survey of labour and income dynamics. It's an econometric model, so they're just looking at flows, at how many are going in and how many are going out in a given year. There's no attention given to demographics.

Beyond that study and some very general indicators, I don't think we have really good information on the demographics. This is something I hope to look at when I'm looking at the survey of labour and income dynamics. I'm certainly happy to forward any information that I discover on this topic. But I think it's a good question, because you're kind of getting at some generational issues too, as to whether there's a greater propensity among certain demographic groups to move back and forth or to have greater stability.

The Chair: Do you have a question on that?

Hon. Paddy Torsney: On that one, Dr. Hughes, I don't know if you're aware of the reach-back provisions that we have within EI, but basically if you've been out of the workplace to raise a child or have a child within the last five years, you're eligible for the training component. You may not be paid by EI, but you can at least get access to the training. And that could be something, in terms of programming, that self-employed people, if they are making this transition back and forth—maybe the business did well, maybe it's time in their career to move back into an employed situation—this could be another benefit they would have, even without giving up their business, if within the last five years they had paid into EI.

Dr. Karen Hughes: Yes, I think the training aspect is really critical, so I would certainly think that would be worth looking at.

Hon. Paddy Torsney: Hopefully the Quebec experiment will give us all information that can help us roll it out right across the country. That example will be helpful.

The Chair: Does anybody have any questions?

Dr. Hughes, I'd like to thank you very much for coming.

Dr. Karen Hughes: Thank you.

Hon. Paddy Torsney: Keep up the good work.

The Chair: We have identified a number of other areas, but if you have any information or suggestions on how we might pursue this, please contact the clerk and we'll follow up.

Thank you again.

Dr. Karen Hughes: Thank you. I appreciate your time.

The Chair: Thank you.

The meeting is adjourned.

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