Evaluation of the Work-Sharing Program

ABOUT THE WORK-SHARING PROGRAM

The Work-Sharing program, first introduced in 1977 as a pilot project, became a permanent feature of the Unemployment Insurance program in 1985 and has remained part of the Employment Insurance program with minimal changes since then. The Work-Sharing program is an employment retention program designed to help employers and employees avoid layoffs when there is a temporary reduction in the normal level of business activity that is beyond the control of the employer.

The Program allows all participating employees to remain employed with a temporarily reduced schedule by 10% to 60% of their regular hours. The goal is for all participating employees to return to normal working hours by the end of the term of the Work-Sharing agreement. The primary scope of this evaluation was employers and employees who participated in a Work-Sharing agreement any time between 2013 and 2020, including the application process in place prior to the pandemic.

KEYS FINDINGS

The Program was perceived to be meeting the needs of surveyed employers and employees by retaining workers and preventing layoffs. Additionally, the administrative data analysis showed that the Program helped employers during economic downturns.

While low, take-up of the Program is counter-cyclical. Key factors that hindered the Program participation included difficulty assessing program eligibility, application process, and the requirement of a recovery plan. Key factors that facilitated employers' participation included their relationship with employees, previous participation in the Program, and specific industry needs.

The Program awareness was found to be low among surveyed and/or interviewed employers, employer associations and employees.

Between 2013 and 2020, an annual average of 4,877 layoffs were estimated to be averted by the Program. Among Work-Sharing claimants, 7% were laid-off within 3 months, and about 15% within 12 months after their claims. The number of work-sharing claimants who claimed EI Regular benefit within 12 months after their claim, represented about 50% of the estimated number of averted layoffs.

Impact analysis showed that employee participation in the Program led to lower benefit usage, higher return-to-work rates, less reliance on employment insurance, and higher employment income. Overall, participating firms were less likely to close. Regression results suggested the firms that laid-off employees during their Work-Sharing agreement were more likely to close within 4 years.

The special measures for the commodity prices downturn had no noticeable impact on the duration of benefits, hours worked, or the benefit amount paid. After the introduction of the measure, both benefit weeks and the benefit amount declined, while hours worked increased.

RECOMMENDATIONS

- Work towards simplifying the application process, including the recovery plan requirement.
- Enhance promotion and awareness of the Program to increase program participation.

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