

Improving the quality of work in Canada: Prioritizing mental health with diverse and inclusive benefits



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Executive Summary

This research examines the relationship between access to benefits and quality of work in the current Canadian context, with a central focus on mental health and well-being, diverse forms of care and greater inclusion for those without benefits. Although the full impact and long-term effects of COVID-19 are still not well understood, recent studies indicate that pre-existing mental health symptoms intensified during the pandemic. Drawing on sector and global workforce studies, the study suggests that the prevalence of anxiety among workers quadrupled and depression nearly tripled. Workers also experienced pandemic-related financial pressures that have exacerbated these conditions. The paper suggests the current landscape of health and wellness benefits is ill-equipped to address these challenges. Survey and interview data substantiates these observations.

The lack and nature of existing benefits packages challenge the profitability of Canadian firms. Future studies should undertake robust analysis of how to best incentivize companies and benefit providers to innovate and diversify benefit packages.

Benefit providers and other stakeholders in the insurance sector represented a fraction of interviewees, and the insights derived from this sample indicate this is a critical area for further research.

Recommendations include actions for governments, employers and insurance providers to improve the quality and access to benefits to support the evolving mental health needs of Canadian workers.

KEY INSIGHTS

Well-designed benefits enable all facets of quality of work, including job security and protection for families, safety and rights, skills and prospects for growth, and social integration.

Existing benefits are insufficient and too restrictive in the types of care covered to effectively support the mental health needs that emerged during the pandemic.

Mental health related disability claims and absenteeism costs the Canadian economy and benefit providers more than \$50 billion annually, including health care costs, lost productivity and reductions in health-related quality of life.

The Issue

Since the onset of the COVID-19 pandemic, Canadian workers have experienced hardships that have resulted in a decline in mental health and overall well-being. Workers' mental health was severely affected by pandemic-related stressors, including increased vulnerability and threats to well-being, financial and job insecurity, social isolation, and constraints on work-life balance. Although the true impact and long-term effects of COVID-19 are still being uncovered, recent studies indicate that pre-existing mental health symptoms intensified during the pandemic.

The cost of not attending to the mental health of Canadian workers is extensive.

Employers lose an estimated \$17 billion a year in lost productivity. Mental health related disability claims and absenteeism costs the Canadian economy and benefit providers more than \$50 billion annually, including health care costs, lost productivity and reductions in health-related quality of life.

With respect to physical injury, benefits do not recognize the diversity of types of treatments available, for example Indigenous ceremony or medicines for healing and Chinese or Ayurvedic medicines.



What We Investigated

This research examines the fundamental link between benefits and quality of work. Benefits include financial and non-financial products that support the physical, mental and financial health of workers, including insurance (e.g., life, health, dental, disability), paid sick leave, government administered employment insurance (EI), and non-financial services such as employee assistance and preventative health and wellness programs.

The research looked at:

- What are the key health-related reasons Canadians take time off work?
- What changes related to benefits emerged during the COVID-19 pandemic?
- What are the most significant gaps related to benefits?
- What are the implications for workers and for quality of work of not having benefits?
- What segments experience the most difficulties accessing benefits?
- What are the potential outcomes of investing in the health and well-being of workers?
- What opportunities exist for innovating benefits?

What We're Learning

Current benefit models available through public and private offerings are outdated and inadequate to respond to the diversity and contemporary context of the Canadian workforce. Standard one-size-fits-all benefit models do not provide workers with access to diverse types of care or to the comprehensive care needed to maintain health and prevent, or fully recover from, illness and injury.

With an estimated 500,000 workers unable to work due to mental health every week, benefits for mental health are critically needed to allow workers to return to work in a supported environment, work productively, derive satisfaction from work, or simply work at all. Of the more than 500 Canadians surveyed as part of the funded study, 38 per cent have taken time off work in the last five years due to mental health issues, including stress, anxiety, depression and burnout. Of those respondents, nearly half were off for one month or more. Benefit providers confirm that mental health is the leading cause of short-term absenteeism and long-term disability (LTD). In 2022, more than one-third of LTD claims were directly related to mental health.

The pandemic has exacerbated mental health issues and it also exacerbated financial stressors, which have been made worse by inflation increases in 2022 and 2023. About 62 per cent of survey respondents identified finances as a key stressor affecting their mental health. When asked to specify their financial stressors, nearly half (48 per cent) indicated that their earnings were inadequate for the increased cost of living, and nearly a third (30%) were concerned their retirement savings were insufficient. Human Resources professionals emphasized that these financial pressures directly affect the mental health of workers and their job performance.

Insufficient benefits and other forms of workplace-based support for workers in Canada also have extensive consequences for the profitability of firms, including higher numbers of employees being physically present at work but not able to perform their duties, and absenteeism and lower rates of attraction and retention, resulting in decreased productivity and higher costs.

Conversely, evidence suggests there is significant return on investment for employers who invest in mental health programming.

Why It Matters

A number of pre-COVID-19 trends were underway that were having an impact on the quality of work and quality of life. These include the incursion of technology and the '24/7 culture' with burn out and stress resulting in some sectors of the workforce. COVID-19 has exacerbated these issues, as technology and the pressures to stay connected became key enablers of the dispersed workforce.

Workplace-related stress, anxiety and burnout may require rethinking of the scope and nature of the benefits provided to workers in Canada, as part of longer-term pandemic recovery plans that can anticipate longer-term impacts of the pandemic on the wellness of the country's workforce.

Decision makers concerned about worker well-being, whether from the perspective of employee wellness, or to ensure continued productivity should consider how benefits should be modified to meet the evolving mental health needs of workers in Canada. This should include:

- Governments who can make statutory provisions at the public policy level related to employee assistance
- Employers who can make efforts to foster a healthier workplace
- Insurance providers who should be exploring benefit reform, including an expansion of benefits and the recognition of diverse forms and methods of services and supports.

What's Next

This project is part of Future Skills Centre's Quality of Work series, which explores different aspects of work quality and current challenges in the labour market, including skills and labour shortages across sectors. Part of a comprehensive strategy to improve the quality of work will entail ensuring workers in vulnerable employment situations have access to similar rights and benefits as other workers. This would include employment insurance or the right to disconnect and access to upskilling and reskilling so that people can access better job opportunities in other occupations and sectors.

The Quality of Work series explores current practice related to compensation and benefits, employment security, work environment, professional growth and overall social environment for workers, employers and policymakers. FSC is working with funded partners to generate insights across the projects.

Have questions about this report? Contact us communications@fsc-ccf.ca.

How to Cite This Report

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