

Labour market participation in the London Economic Region

Final report
August 2021



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Disclaimer

Our Services were performed and this Report was developed in accordance with our contract dated December 16, 2020 and are subject to the terms and conditions included therein.

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available at the time we prepared the report. Accordingly, changes in circumstances after the date of this report could affect the findings outlined herein.

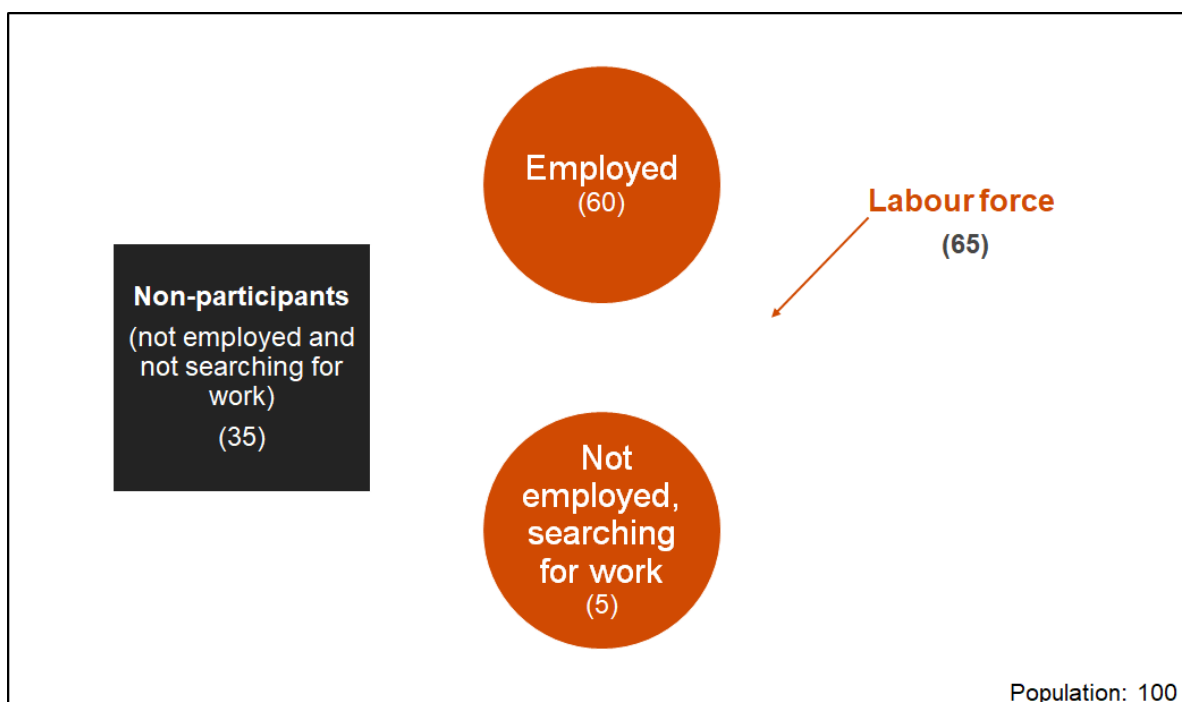
We are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

Executive summary

Introduction

The London Economic Region (referred to as “London ER” onwards), has one of the lowest labour market participation rates in Canada. Labour market participation refers to the share of the population that is either working (employed) or looking for work (unemployed).¹ A particular concern is the relatively low participation of those aged 25-54 (“prime-age”), because they are typically not expected to be pursuing education or retired. Though the traditional view of prime-age individuals is changing, as individuals of all ages seek to return to school, this does not explain the relatively low participation in the London ER. Policymakers focus on labour market participation as a sign of economic health because, all other things being equal, higher participation creates higher potential for economic growth, and a larger tax base. Figure 1 provides an illustration of the components that make up labour force participation. The figures in brackets provide an example illustrating labour force components as a proportion of the 15+ population, with the participation rate being 65% in our example (65 in the labour force, 100 in the total 15+ population).

Figure 1: Components of labour force participation



In that context, the City of London and its partners engaged PwC to conduct a study to:

- Assess the reasons for relatively low labour market participation in the London ER, focusing on prime-age participation.
- Identify actions that can be taken to increase labour market participation in the London ER.
- Estimate the number of people in the London ER that are currently not participating, but may be available to participate if barriers were addressed.

¹ “Looking for work” entails searching for part-time or full-time employment, in any industry, for pay or profit, as per [Statistics Canada’s definition for employment](#)

To address this scope, PwC undertook a literature review, collected secondary data, and collected primary data in the form of a survey of non-participants in the London ER. The survey was distributed through both web and phone channels. In total, we received 447 responses. 301 responses were collected through the web survey and 146 responses were collected through the phone survey. 249 respondents were in the prime-age demographic (aged 25 to 54). While the proposed target for the proportion of prime-age respondents was set at 75%, the sample obtained approaches the 90% confidence level with a 5% margin of error. This is compared to 163 focus group participants for the Local Employment Planning Council (LEPC) study completed in 2017.

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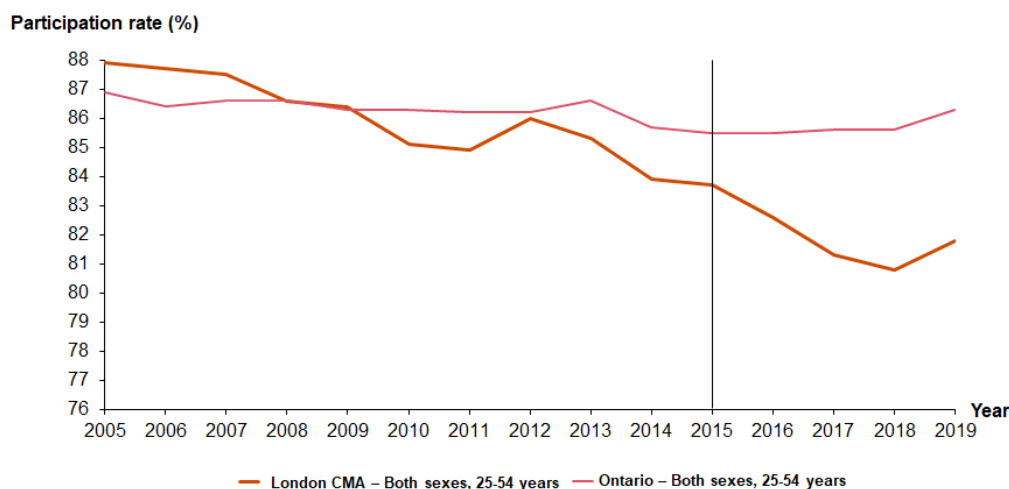
The following groups provided valuable support and participation in this study:

- The City of St. Thomas
- The City of London
- Elgin Oxford Middlesex Workforce Planning and Development Board
- Elgin County
- Fanshawe College
- London Community Foundation
- London Economic Development Corporation
- Middlesex County
- Oxford County
- The Province of Ontario

Labour market participation in the London ER

Since 2009, the prime-age participation rate (aged 25 to 54) has been lower for London than for Ontario as a whole, and has been on a decreasing trend over this time. Prime-age participation is a particular concern because prime-age individuals would typically not be in school or retired, and are the group that generally has the highest participation rate. Figure 2 below shows recent trends in the London Census Metropolitan Area (CMA). The London CMA is used here as a proxy for the London ER because labour data by age group is not available for London ER, and the London CMA contains over 75% of the prime-age population in London ER. This figure illustrates the decreasing participation trend in the London CMA, compared to a relatively flat trend for Ontario as a whole. Youth participation (aged 15-24) and mature-age participation (aged 55+) in the London CMA also decreased in this period. In contrast, the participation rate increased for the mature-age cohort in Ontario, while youth participation in Ontario decreased at a similar rate to the London CMA.

Figure 2: London CMA participation rates for prime-age individuals, 2005-2019



Although this study does not provide a complete answer as to why the participation rate in the London ER is lower than other parts of Ontario, it identifies factors that are likely contributing to this trend, including:

- **Poverty and low income:** The London CMA has the second-highest rate of low income in Southwestern Ontario, which is likely mutually reinforcing with low participation. Low income can be a barrier to participation in the labour market, as it is often associated with poor health and challenges searching for jobs, accessing transportation, and pursuing education and training.
- **Health conditions:** The London CMA has a higher incidence of social assistance collection than the province as a whole, which could be an indicator of worse underlying health. As noted in this report, health conditions are a common barrier to participation.
- **Shifts in industrial activity:** A loss of manufacturing and other trades-oriented jobs has affected the labour market outcomes in the London ER. Our survey results suggest that younger cohorts (aged 25 to 44) are finding less employment in trades-based occupations when they last worked, despite being more likely than older cohorts (45+) to have specifically trained for those roles.
- **Mismatch between skills and available opportunities:** As described in our survey results, many non-participants have a post-secondary education of some kind. However, they are unable to match with jobs that meet their requirements in terms of pay, schedule, and other job conditions, and often had a low income when they last worked. This suggests that there is a poor match between individuals' skills and those required by available jobs. It is beyond the scope of this study to determine why this is more so the case in the London ER than elsewhere.
- **Homelessness and housing:** Though higher costs of living and housing costs has been a trend seen across Canada and Ontario, relatively higher rates of homelessness in the City of London compared to other CMAs in Ontario reinforce the idea that there are relatively higher rates of poverty and unaffordable costs of living for residents in the London region compared to the rest of the province.
- **Transportation:** Compared to the average Ontarian, employed London ER residents are more likely to travel to work by driving a personal vehicle, and are also less likely to travel by public transit. Given the relatively low population density of the London ER, the need for a vehicle to access labour market opportunities has implications for low-income residents, and could significantly affect labour market outcomes in the London ER compared to the rest of Ontario, particularly areas with better access to public transportation.

Survey findings

We analyzed the survey results to identify the reasons and circumstances for non-participation among prime-age respondents (aged 25 to 54) and mature-age respondents (aged 55+), with a specific focus on eight profiles among prime-age respondents. We note that most respondents belong to multiple categories (e.g. a prime-age respondent who is an immigrant who also has a health condition); as a result, the sum of responses for each various profile in Table 1 exceeds the total number of respondents in the survey.

We also assessed the share of non-participants that could be available to participate in the labour market with adequate support to mitigate or resolve the factors driving their non-participation. We estimated this share using responses in four areas of the survey: why the respondent was not participating, which factors need to change in order for them to participate, to what extent their non-participation was linked to COVID-19, and the free-form text answers that were provided at the end of the survey when participants were invited to share additional information. To reflect some uncertainty inherent in this approach, we have estimated these shares as a range. For example, for those with health circumstances preventing them from participating, the lower bound assumes that all respondents who indicated that they would require improved health circumstances before entering the labour market would not be available to participate, whereas the upper bound assumes that some of these respondents would be available to participate based on their additional answers (e.g. if they indicated that they would be interested in working with certain accommodations). More details on the methodology used to determine who would be available to participate are presented in Appendix B.

Using this approach, we estimate that between 30,000 and 40,000 prime-age non-participants could be available to enter the labour market if all their barriers to participation were addressed.

We note the contrast between this range and a previous study which estimated that 7% of non-participants in the London ER would be willing or able to work under the status quo (i.e. without barriers being mitigated or addressed).² This is equivalent to around 3,500 non-participants who are available to work under the status quo, which departs from the range of 30,000-40,000 non-participants available to participate if their barriers are addressed in our study.

Table 1: Availability to participate if barriers to participation were addressed by non-participant profiles

	Responses in survey	% available to participate if barriers were addressed ³	Non-participants in London ER (2019) ⁴	Potential participants in London ER ⁵
Total survey (15 years or older)⁶	447	52% - 69%	228,500	
Prime-age non-participant profiles				
Total prime-age (aged 25 to 54)	249	65% - 86% ⁷	46,900	30,000 - 40,000
Women	145	65% - 88%	33,500	22,000 - 29,000
Immigrants	46	87% - 91%	9,300	8,000 - 8,500
Visible minority	31	71% - 87%		
With post-secondary education ⁸	179	72% - 87%	20,500	15,000 - 18,000
Without post-secondary education	70	47% - 81%	26,300	12,000 - 21,000
Health conditions	69	14% - 72%		
Low-income	99	63% - 90%		
Residents outside the City of London	46	67% - 87%		
Respondents aged 55-64	181	38% - 47%	30,100 ⁹	12,000 - 14,000

Prime-age non-participants

Although each profile of prime-age individuals who are not participating has unique barriers to participation, a recurring issue across most groups is the lack of attractive jobs for them within the London ER. For the purpose of this report, we refer to jobs' "attractiveness" based on a number of dimensions that affect individuals' desire to work. These include pay, alignment with their skill set, and desired schedule. We note that whether a job's pay is sufficient is unique to each individual and reflects their personal circumstances, such as the costs they need to incur in maintaining the job, alternative income sources available to them, childcare needs, commute time, and access to transportation. We note that many survey respondents had relatively low income when they last worked: 55% of prime-age respondents who are not participating due to lack of jobs that pay enough made less than \$40,000 per year when they were last employed.

² Local Employment Planning Council report. London Economic Region Labour Market Participation, (2017).

³ Rounded to nearest whole percentage—potential participants reflect numbers derived using more precise percentages.

⁴ Extrapolated using data from the Labour Force Survey and figures from the Local Employment Planning Council report London Economic Region Labour Market Participation (2017), and rounded to the nearest hundred.

⁵ Rounded to nearest thousand.

⁶ Potential participants removed due to the small sample size of respondents aged 15-24 and 65+.

⁷ The lower bound (7.3%) represents the availability to work number reported by Statistics Canada for the London Economic Region in 2015.

⁸ Includes all diplomas, certificates, and degrees beyond a high school education.

⁹ For London CMA only.

Other than job attractiveness, prevalent barriers include discouragement, child care responsibilities, perceived discrimination, and the lack of access to transportation. It is important to note that these conditions are often mutually reinforcing. For example, those with low-income are less likely to be able to pursue post-secondary education, and vice versa.

Women

Child care responsibilities are a barrier that affects women much more significantly than men. However, the majority of prime-age women who are not participating due in part to child care responsibilities also identify other barriers to their participation, which include the lack of jobs with their preferred schedule, the lack of jobs that pay enough, and the lack of transportation. Given a higher share of women are not participating due in part to child care responsibilities, prime-age women often are out of the labour market for longer periods of time compared to men. Despite prime-age women having as much post-secondary education as prime-age men, women were more likely to have last worked in lower-paying industries. As a result, prime-age women may be less incentivized to enter the labour market if well-paying jobs with their preferred schedule are not available to them.

Immigrants

For prime-age immigrants, discouragement is indicated as the top reason for their non-participation. Among prime-age immigrants who were discouraged, non-participation due to perceived discrimination and the availability of jobs that require their skill set are highly correlated. Despite higher rates of post-secondary education and employment in Knowledge industries, prime-age immigrants do not earn more than prime-age non-immigrants, supporting the idea that discrimination and other barriers are affecting their labour market outcomes. For this group, the inability to find opportunities that are attractive and aligned with their skills, despite high levels of post-secondary education drives non-participation. However, if these barriers were addressed, this group could have a relatively high availability to participate.

Visible minorities¹⁰

Over half of prime-age visible minorities in the sample are also immigrants, leading to similar barriers faced between the two groups. Among prime-age visible minorities, the top reason that they indicate for non-participation is discrimination from employers. The lack of attractive jobs contributes to the non-participation in this group, as well as discouragement and a lack of technical skills that employers are looking for. Prime-age visible minorities are less likely to collect social benefits such as Ontario Works (OW) and Employment Insurance (EI). However, a greater share of prime-age visible minorities are collecting Ontario Disability Support Program (ODSP) benefits, as a greater share of these respondents have a disability or physical health barrier affecting their participation. A greater share of prime-age visible minorities with post-secondary education are working in Service industries compared to prime-age respondents who are not visible minorities and have a post-secondary education. This could indicate that barriers that the respondents have identified with discrimination and the lack of technical skills are stronger in Knowledge industries.

Those with post-secondary education

Respondents who have a post-secondary degree are defined as those who have graduated with a university, college or CEGEP degree, certificate or diploma (below, at or above a bachelor's level) or an apprenticeship/trades diploma or certificate. Although a large share (72%) of prime-age respondents have a post-secondary education, a lack of attractive jobs is the main contributor to non-participation, with the lack of jobs that pay enough as the top reason for non-participation. The lack of jobs that pay enough is often correlated with a lack of jobs that require their skill set and discouragement. A considerable amount of prime-age respondents with a post-secondary education work in low- to mid-paying industries, with retail trade as the most frequent industry that respondents in this group last worked in. These factors suggest that among this group, a poor match between their skills and available jobs is a driver of non-participation. The lack of attractive jobs that align with their skills leads non-participants in this group to work in industries with lower pay, leading to discouragement and labour market exits.

Those without post-secondary education

Lack of transportation and poor health circumstances are the primary reasons for non-participation among prime-age respondents without a post-secondary education, while a lack of attractive jobs also contributes. A lack of technical skills

¹⁰ Refers to [Statistics Canada's existing operational definition](#) as of 2021, which takes from the Employment Equity Act's definition of "persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour". The use of this term to refer to individuals who identify as part of this group is currently under review by the Government of Canada, and is subject to change.

that employers are looking for also affects this group more so than those with a post-secondary education. Not having a post-secondary education is often correlated with having low income and being in poor health, all factors that contribute to non-participation. These factors are mutually reinforcing: a lack of transportation is likely driven by lower income, while poor health conditions are often barriers to participation and education.

Those with health barriers

Over two-thirds of prime-age respondents with at least one health condition state that they would require improved health circumstances to enter the labour market, which suggests that they would be unlikely to be able to enter the labour market, even with other types of support. In order to participate, this group would also require greater availability of jobs that fit their qualifications and desired compensation (e.g. wages, benefits), and better access to transportation and training opportunities, among other factors. Potential pathways to participation for this group are not one-dimensional: health conditions are often barriers to education, leading to lower income levels. Therefore, even with improved health circumstances, support is required in other areas in order to create labour market opportunities among this group.

Low income

Among prime-age respondents who made less than \$30,000 when they were last employed, the lack of access to transportation is the top barrier to participation. As those with low income are less likely to be able to afford a car, the lack of transportation can make jobs inaccessible if public transit is not a viable option. In addition, the lack of attractive jobs such as the lack of jobs that pay enough or are relevant to their skill set are commonly indicated as barriers to non-participation, as well as discouragement. Non-participation due to discouragement among these respondents is also highly correlated with the lack of jobs that pay enough. Factors correlated with low income may also be barriers to education, which leads to a higher share of respondents who lack the technical skills employers are looking for. As lower income levels, health conditions, and lower education levels are mutually reinforcing conditions, it is important to consider how these factors interact and affect labour market participation choices for this group.

Regional variations

The top reasons for non-participation among prime-age respondents who reside in the London ER but outside the City of London (in Elgin, Middlesex and Oxford counties and the City of St. Thomas) are similar to those in the City of London, which is a lack of attractive jobs. Those outside the City of London were more likely to not be participating due to child care responsibilities (mainly for women), and having sufficient household income, compared to those in the City of London. On the other hand, those in the City of London were more likely to cite lack of transportation as a barrier, compared to those outside the city. This is likely due to higher reliance on public transit as a main form of transportation. While prime-age residents outside the City of London have lower levels of post-secondary education, they did not make less than those living in the City of London when they last worked. Industry profile when last working shows similar opportunities in mid-to-high skilled industries for those both outside and inside the City of London. As many of the top reasons for non-participation are related to the lack of attractive jobs, this may indicate opportunities to non-participants in the London ER outside the City of London are limited, or they are a poor match for London ER residents.

Mature-age cohort

Although many mature-age respondents are retired, there is interest in returning to the labour market under the right conditions. Up to 15.5% of retirees in the mature-age cohort would be available to participate if there are attractive jobs available that pay enough, fit their schedule, or require their skill set. 92% of retired respondents who potentially would be available to participate have a post-secondary education, suggesting that those with specialized skills and knowledge are more likely to be attached to the labour market.

Changes in industry

A divide between industries that younger and older respondents last worked in signifies a shift in industry opportunities. While respondents aged 25-44 more commonly worked in Service industries, respondents aged 45 and over are more likely to have worked in Industries with trades occupations. Despite a larger share of respondents aged 45 and over who last in Industries with trades occupations, a relatively larger proportion of respondents under 44 years of age have an apprenticeship or trades certificate or diploma. This indicates that while younger respondents continued to pursue careers in trades, there could be limited opportunities offered to individuals within this demographic, as the gap between respondents aged 25-44 and 45+ who do not participate due to lack of technical skills is larger for those who last in

Industries with trades occupations compared to Service and Knowledge industries. This could also signify that younger respondents pursuing trades certification may be less likely to enter the more in-demand trades occupations.

While employment in industries with trades occupations continue to be in demand in the London ER, these opportunities are not always allocated evenly among age demographics. While the share of mature-age employment has been growing within the past decade due to the trend of delayed retirement, the share of mature-age workers in trades has increased faster than the share of mature-age workers in all industries.

As the mature-age cohort is able to leverage their experience to remain competitive in the labour market, this could explain why despite greater educational attainment in trades among those 25-44 years old, employment in Industries with trade occupations is more common among those who are aged 45 and older.

Indigenous groups

While the survey did not contain sufficient number of Indigenous respondents to conduct an analysis on labour market participation, secondary research shows that the key factors behind low labour market participation and other labour market outcomes for the Indigenous population in Canada include a lack of jobs, a skills mismatch, child care, and higher prevalence of disability and health conditions. The considerations outlined should include tools to target increased labour market participation with a specific focus for this group.

Considerations in addressing low labour market participation

Based on the findings of our survey and evidence in secondary research, we developed considerations for governments and employers in addressing barriers for non-participants, focusing on what regional and municipal governments can achieve. As conditions contributing to non-participation are often mutually reinforcing, the inclusion of multi-faceted interventions would be required in order to accommodate overlapping participant profiles and the unique combination of barriers for each individual. The interventions in this section are ordered from top to bottom by the number of non-participants that would be supported by the interventions.

Mismatch between skills and available jobs

For prime-age non-participants in the London ER, the top drivers of non-participation are related to a mismatch between individuals' skills and the jobs that they would like to have. Many non-participants are not able to access jobs for which they are suited and that pay enough and offer conditions they prefer (such as scheduling), leading them to become discouraged and exit the labour market. Elements of mismatch affect almost all the profiles described in this report, making it one of the top issues driving non-participation.

Evidence shows that active labour market policies, such as job training and job search services, have a positive return when considered in the long-term. These policies are particularly important for those changing occupations, as many non-participants may require retraining in order to access jobs that suit them. Local governments should consider increasing focus and funding on active labour market programs. Post-secondary institutions should also work to increase their coordination with employers, including developing program offerings with skill demand in mind, and providing work opportunities such as co-op and internship placements. The relatively high share of non-participants with post-secondary education suggests that some post-secondary education is currently not well-aligned to job availability. Introducing career education and increasing labour market information access in secondary schools would also help align skills to growing industries and support a more robust transition from school to industry. In addition, improving the visibility of support programs in post-secondary schools through employment and training providers may boost awareness and uptake of these programs.

Health barriers

28% of survey respondents cited health conditions as a reason for not participating, which encompasses physical health, mental health, and disability. Some individuals facing health barriers will not be able to enter the labour market under any circumstances. However, in written responses, others indicated a desire for changes in work conditions that would allow them to participate. These include flexible working options such as the ability to work from home, part-time, and flexible hours, and improved job search services and training/upskilling programs to connect individuals with jobs and careers that are relevant to their needs and abilities.

Childcare

Access to childcare is a barrier for 29% of women in our survey, and years away from the labour market to care for children can have a lasting impact on employment and earnings outcomes. Although some individuals will prefer to care for children regardless of childcare availability outside the home, research confirms that access to affordable childcare has a significant positive effect on labour market participation. Recent federal announcements to pursue \$10 per day childcare within five years are likely to address this issue and encourage participation. We note that individuals facing barriers due to access to childcare also face other barriers including flexibility and access to transportation; therefore, a coordinated response by government and employers is required.

Flexibility

Lack of available jobs with a preferred schedule was identified as a barrier to participation for 18% of prime-age respondents, with higher shares for immigrants and women. In other jurisdictions, such as Holland, increased availability of part-time jobs has been associated with increased labour market participation, particularly among women. Employers should consider providing part-time or other flexible options such as working from home, and should provide similar hourly pay and advancement opportunities to equivalent full-time roles where feasible.

Access to transportation

Lack of transportation is the top barrier to participation for prime-age respondents without a post-secondary education and those with low income. It is a larger barrier for those in the City of London compared to those in other parts of the London ER. Municipal and regional governments should consider impacts on labour market participation when assessing the costs and benefits of changes to transit systems. Employers may also consider providing transportation to employees that require it. This issue should also be considered in delivering active labour market policies described above. Finally, where roles allow it, employers should consider providing the option to work from home, which can help address transportation barriers.

Discrimination

Discrimination is one of the top reasons cited by prime-age immigrant and visible minority respondents. It is beyond the scope of this study to identify potential changes to legal frameworks at the provincial and federal level to addressing discrimination, but the examination of existing frameworks around reporting and investigating incidents of discrimination could be considered. Regional and municipal governments in the London ER may highlight to the provincial government the fact that discrimination appears to be discouraging labour market participation in the London ER. It should also be considered that frameworks around providing licenses for the skills and abilities of workers would help reduce discrimination among immigrants and other minority groups. In addition, employers should consider communicating openly with potential employees about their actions to address discrimination in the workplace, and being transparent about wages and opportunities.

1. Introduction and scope

Introduction

The London Economic Region (referred to as “London ER” onwards), has one of the lowest labour market participation rates in Canada. Labour market participation refers to the share of the population that is either working (employed) or looking for work (unemployed). A particular concern is the relatively low participation of those aged 25-54 (“prime-age”), because they are typically not expected to be pursuing education or retired. Policymakers focus on labour market participation as a sign of economic health because, all other things being equal, higher participation creates higher potential for economic growth, and a larger tax base.

In that context, the City of London engaged PwC to conduct a study to:

- Assess the reasons for relatively low labour market participation in the London ER, focusing on prime-age participation.
- Identify actions that can be taken to increase labour market participation in the London ER.
- Estimate the number of people in the London ER who are currently not participating, but may be available to participate.

The purpose of this report is to summarize our study’s findings. The rest of this document is organized as follows:

- Section 2 describes the study’s approach and methodology.
- Section 3 provides context on labour market participation in the London ER.
- Section 4 summarizes previous secondary research on the topic.
- Section 5 analyzes the study’s survey results.
- Section 6 provides considerations for addressing low labour market participation.

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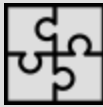
Limitations

These findings are subject to the methodology and assumptions described in this report, and the limitations described in Appendix A: Limitations. This report has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with the City of London. The City of London may share this report with third parties in its entirety. No person or entity shall place any reliance upon the accuracy or completeness of the statements made herein. In no event shall PwC have any liability for damages, costs or losses suffered by reason of any reliance upon the contents of this report by the City of London or any other person.

2. Approach and methodology

The table below summarizes our approach to conducting this study.

Summary of study approach

Phase					
	1. Literature review	2. Secondary data collection	3. Survey	4. Analysis	5. Reporting
Objective	- Review and compile existing literature on labour market participation in the London ER and elsewhere. - Inform approach to survey design and targeting.	- Collect labour market and participation data on the London ER and elsewhere. - Inform approach to survey design and targeting.	Conduct a survey of non-participants (those not working or looking for work) in the London ER via web and phone channels.	Analyze survey data to address reasons for non-participation, non-participant profiles, and the number of non-participants that may be available to participate.	Present our findings in this report.

Survey approach

We collected survey data through a web survey and through phone outreach. The web survey ran from February 9 to April 5, 2021, and the phone outreach ran from February 3 to March 5, 2021. The web survey was promoted to non-participants through community organizations and in the media. In total, we received 447 responses. 301 responses were collected through the web survey and 146 responses were collected through the phone survey. 249 respondents were in the prime-age demographic (aged 25 to 54). The confidence level of the prime-age sample approaches the 90% level with a 5% margin of error, while the overall sample achieves a 95% level of confidence with a 5% margin of error.

Non-participants are a difficult group to reach, and have a variety of different profiles. We designed our survey approach using both web and phone components to reach a wide range of demographic groups, including by age and socioeconomic status. The phone survey employed a strategy for outbound calling to find non-participants, while the web survey was accessed by the non-participants through community outreach and social media channels and advertising. As a result, the web survey results had a wider age demographic distribution than the phone survey results.

Because of challenges in reaching non-participants, the sample collected does not provide an exact representation of the London ER. For some profiles (as seen in Appendix C), sample sizing was not adequate to derive meaningful insights or non-participant profiles in some areas. For example, there is an over-representation of City of London non-participants and a smaller representation among those living outside the City of London compared to the distribution of residents in the London ER in 2016.

3. Labour market data

This section reviews key trends in the London ER and CMA labour market, focusing on the last five years of data leading up to the pandemic. Several previous studies by organizations such as the Local Employment Planning Council (LEPC) and the Elgin Middlesex Oxford Workforce Planning and Development Board (WPDB) address trends in earlier data.

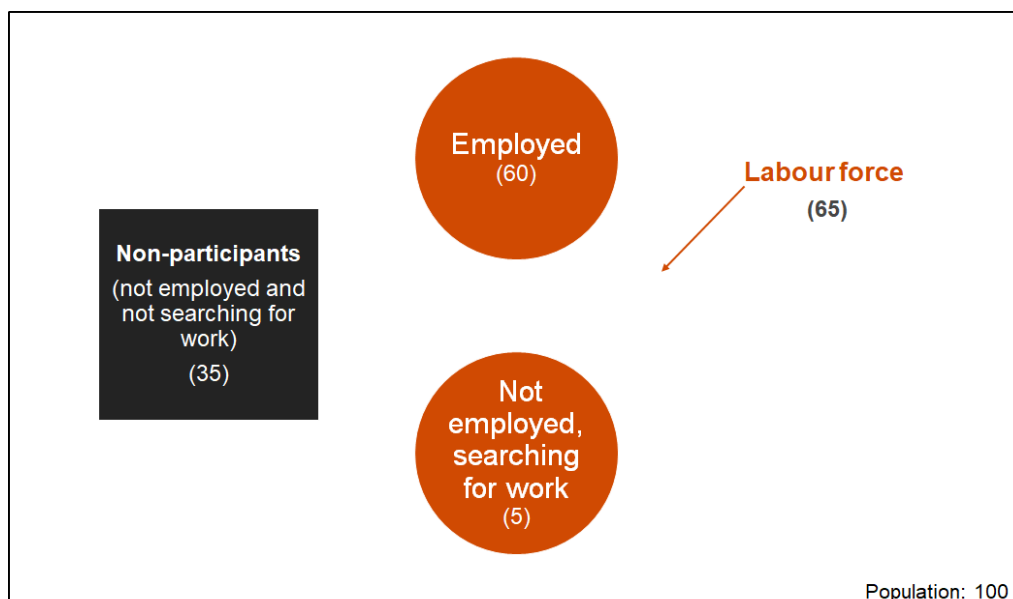
Labour market participation as an economic indicator

This study focuses on labour market participation, which is often used as an indicator of economic and labour market health. Labour market participation refers to the share of the population that is either working (employed) or looking for work (unemployed). Those who are not working and not looking for work are referred to as “non-participating.” On an economy-wide level, labour market participation is linked with higher GDP growth because more labour is available to produce goods and services. Historically in Canada, economic growth has been driven largely by increases in labour market participation, accounting for about half of Canada’s real GDP growth between the 1980s and the 2010s. Additionally, higher participation creates a higher income tax base, which means that tax rates can be lower while providing a similar level of revenue and services.¹¹ Low labour market participation can be a sign that workers are discouraged because of not finding jobs through past searches. For this reason, policymakers often look at the employment rate (people employed as a share of total population) as a complement to the unemployment rate in assessing overall labour market health.

Low prime-age (25-54) labour market participation is a particular concern in the context of an aging population: as the population ages, participation will go down as more people reach retirement age. Therefore, maintaining the participation rate among prime-age individuals, who typically have the highest participation rate of any age group, is especially important.

A diagram of the components that make up labour force participation is shown below in Figure 3. The figures in brackets provide an example of the labour force components as a proportion of the 15+ population, with the participation rate being 65% in our example (65 in the labour force, 100 in the total 15+ population).

Figure 3: Components of labour force participation



¹¹ Bank of Canada, [Trend Labour Supply in Canada: Implications of Demographic Shifts and the Increasing Labour Force Attachment of Women](#), 2007.

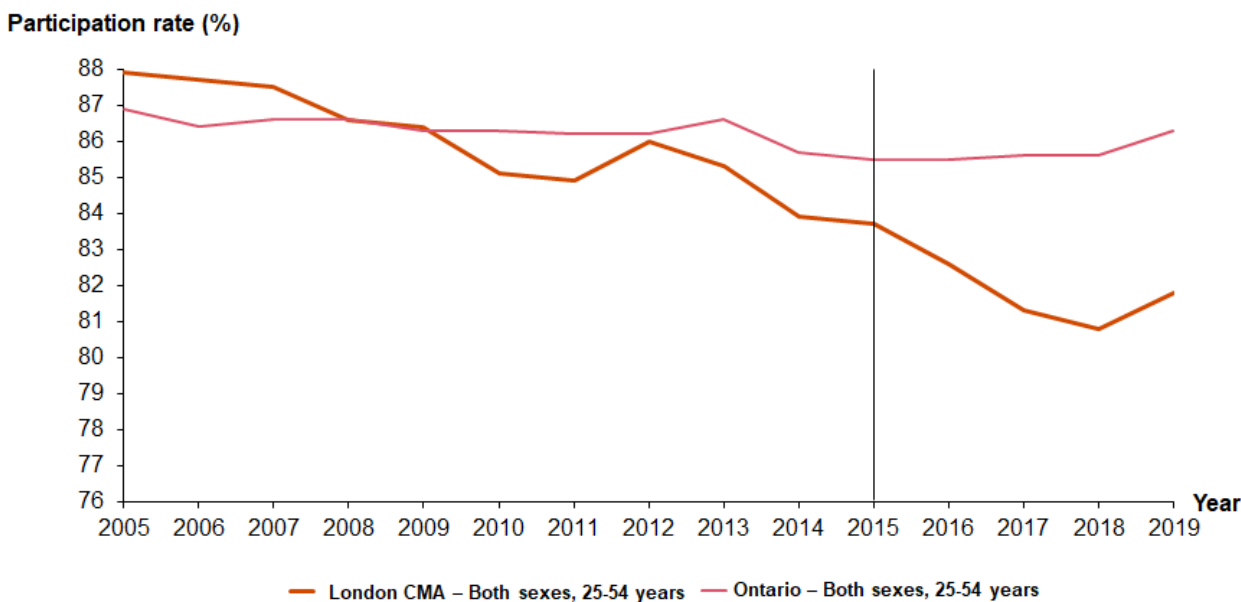
We note that on an individual level, participation is not always preferable to non-participation (not working or looking for work). This is because individuals' choice to participate or not is based on factors specific to them, such as pursuing schooling, choosing to retire, or caring for family. Unpaid work can be meaningful and have a benefit to the wider society that is difficult to quantify. For example, a US study found that prime-age men not participating in the labour force reported low levels of emotional well-being and did not find meaning in their daily activities. However, prime-age women who were not participating in the labour market reported well-being as high as women who were employed, as long as they were primarily taking care of home responsibilities.¹² Therefore, whether low labour market participation is a negative sign for the well-being of London ER's residents depends on the reasons why individuals are not participating.

As discussed later in this report, our survey finds that in the London ER, factors driving the majority of non-participation are indicative of labour market problems. The top reasons for non-participation, which are explored further in this document, include a mismatch between individuals' skills and preferences and the jobs available, health barriers, and perceived discrimination, which suggests that the low participation seen in the London ER is a negative signal about the health of the labour market as well as the well-being of individual non-participants. This suggests that policymakers can improve outcomes for individuals and the economy as a whole by pursuing policies that promote participation.

Participation trends in the London CMA and ER from 2015-2019

Looking at recent data on the labour market in the London Census Metropolitan Area (CMA), it can be seen that labour force participation continued to decline since 2015 for prime-age individuals in the region, as seen in Figure 4. London CMA data was used here as a proxy for the London ER as labour data by age group is not available for London ER, and because the London CMA contains over 75% of the prime-age population in London ER. In contrast, Ontario saw an increase in prime-age participation during the same period. Furthermore, participation for all individuals in the London ER decreased significantly, especially compared to Ontario rates.

Figure 4: London CMA participation rates for prime-age individuals, 2005-2019



Previous studies by the LEPC and WPDB had indicated that participation in the London ER decreased from 88% to 84% between 2005-2015 for prime-age workers (aged 25 to 54). The decline for the London ER was much more significant than other economic regions in Ontario, demonstrating the second-largest decline in participation rate (second to Windsor-Sarnia).

Analysis of trends since the 2017 study indicates that total labour force participation for all age groups in both the London ER and the London CMA have continued to decrease up to 2019. While data for 2020 is available, the analysis focuses

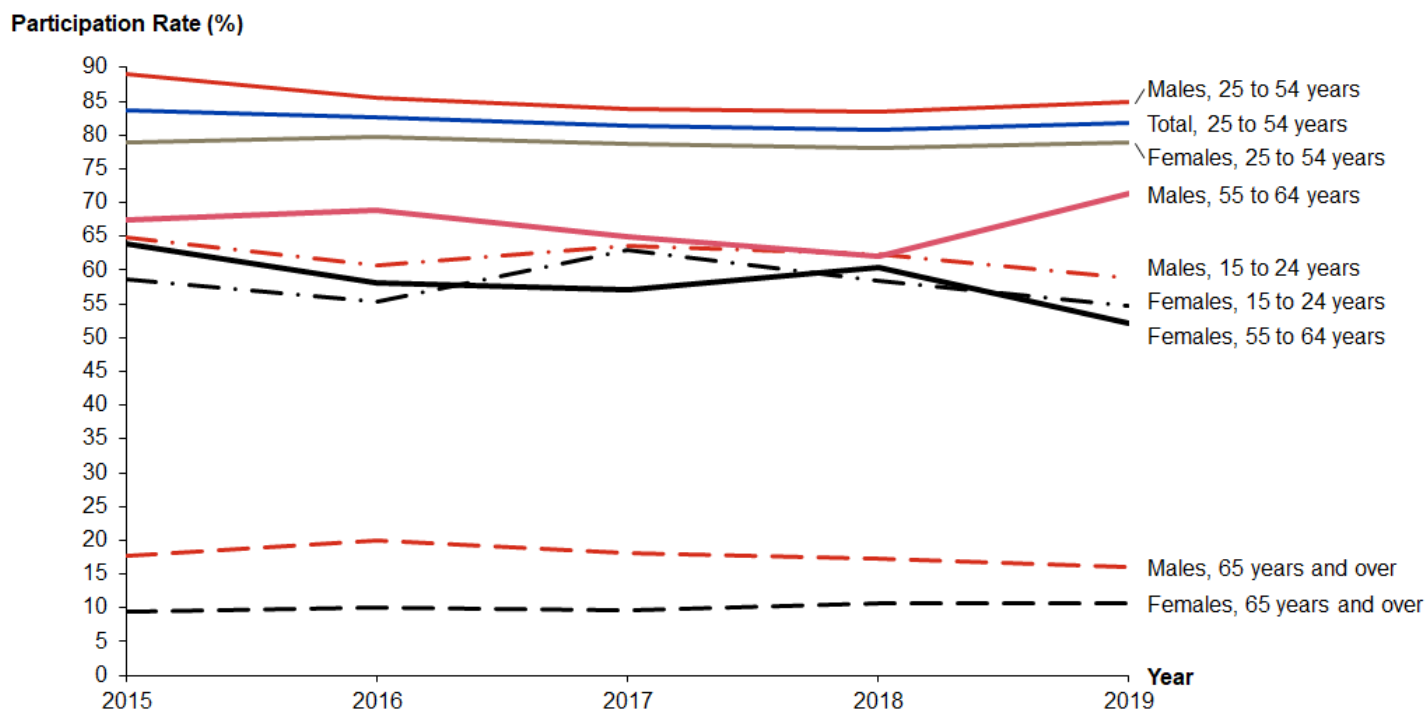
¹² Krueger, Alan, *Where Have All the Workers Gone? An Inquiry into the Decline of the U.S. Labor Force Participation Rate*, 2017

on the structural participation issue in the London ER up to 2019, and excludes the effects of COVID-19 on the labour market in 2020. While retirements and lower youth participation (partially due to opting for educational attainment) explain part of the non-participation, prime-age participation (which is typically not affected by retirement or education) continues to decline. This is contrary to the growth in prime-age participation seen in Ontario over the same time period.

As seen in Figure 5, the London CMA participation rate for the prime-age population declined from 84% in 2015 to 82% in 2019. While female prime-age participation stayed the same at 79%, male participation has declined for this age group from 89% in 2015 to 85% in 2019. Meanwhile, Ontario's participation rate for prime-age individuals increased from 85% to 86% during this period.

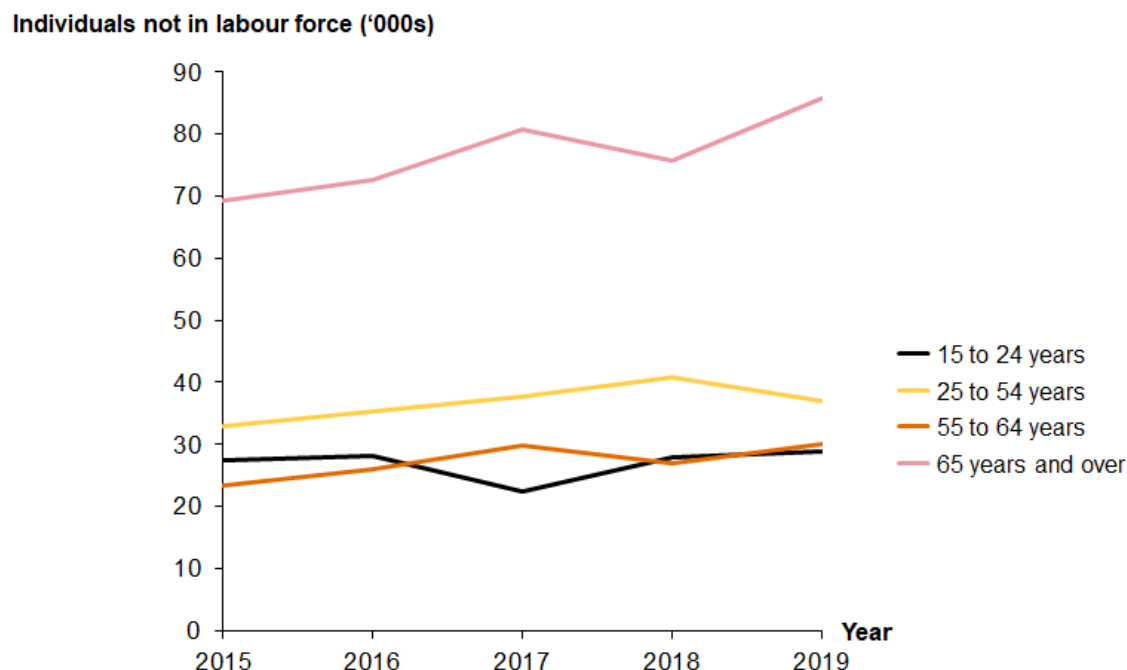
Between 2015 and 2019, labour force participation for all individuals aged 15 years or older in the London CMA declined from 64% to 59%, a decrease of over four percentage points. Youth participation (for those aged 15-24) also decreased from 62% in 2015 to 59% in 2019. Similar patterns are seen for the population aged 55 and over, with participation decreasing from 38% to 35%. However, participation for women over 65 increased slightly, as well as for men aged 55-64. These are the only two subsets of the population where participation grew during this period.

Figure 5: London CMA participation rates by Age and Sex, 2015-2019



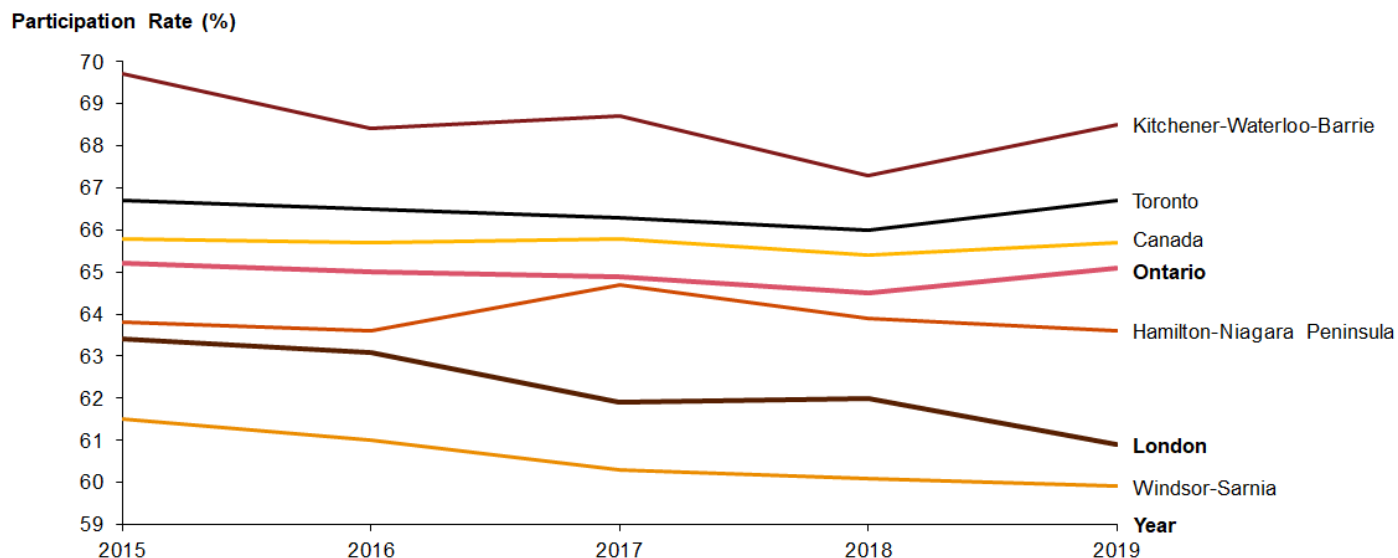
The number of individuals in the London CMA not in the labour force has grown significantly from 2015 to 2019. For individuals 15 years old and over, the number of individuals not in the labour force grew from 152,900 to 181,700 between 2015 and 2019, increasing by 28,800 individuals. While over 80% of those additional individuals not in the labour force were 55 years old and over, the number of prime-age individuals not in the labour force increased by 4,100 (accounting for nearly 15% of the increase), as seen in Figure 6. The proportion of individuals not in the labour force relative to the labour force increased nearly 2 percentage points for the prime-age population during this period.

Figure 6: Number of individuals not in the labour force in the London CMA by Age Group, 2015-2019



While data is not available by age group for the London ER as a whole, we note that the participation rate for all individuals aged 15 years or older declined slightly from 63% in 2015 to 61% in 2019, a decrease of 2 percentage points. This decrease was significantly larger than Ontario as a whole, which remained the same at 65% over the same time period, as seen in Figure 7.

Figure 7: Participation rates by select Economic Regions, Ontario and Canada, 2015-2019



Furthermore, urban regions in the London ER had lower participation than rural regions, based on our analysis of the 2016 Census. The participation rate in urban municipalities was 63%, compared to 69% in rural areas.¹³ The gender gap

¹³ Based on the Statistics Canada definition of urban and rural regions: Population Centre and Rural Area Classification, 2016.

in participation was larger for men, with a rate of 67% in urban regions compared to 74% in rural regions. For women, the participation rate was 59% in urban regions compared to 64% in rural regions.

Broader regional labour market trends

This section looks at trends affecting London ER and CMA in the context of broader economic, demographic and labour market trends such as population growth and unemployment.

Population trends

Slow population growth could be linked to the lagging participation rate in the London region, as migration often flows where employment opportunities exist. This may suggest that employment opportunities could be limited in London compared to other regions in Canada, which could contribute to both lower participation and slow population growth. According to the London Poverty Research Centre at King's College,¹⁴ the London CMA's population grew at a rate of 11.8% between 2001-2015, which was in the bottom third of Canada's 33 CMAs. Canada's population growth was nearly twice as much, at a rate of 20.7%. Gains in employment in the London CMA lagged behind population growth, with the employment rate increasing by only 7.8% during this period. Similarly, wage and job growth in the London CMA stagnated compared to Toronto CMA and Ontario as a whole: From 2010 to 2019, job gains in the Toronto CMA outpaced population growth (55% of Ontario's population growth compared to 66% of Ontario's job gains concentrated in Toronto), while job growth in London CMA was slower than population growth (4% of Ontario's population growth compared to 1% of Ontario's job gains).^{15 16}

According to the 2017 LEPC report, population decline was a contributing factor to the decrease in participation. There was a simultaneous decrease in the 25-44 population and the number of people in the labour force from 2005-2015, with the decline in labour force size larger than the decrease in population. This signifies that more labour force participants were leaving the London ER than the number of participants arriving. The decline in the number of men aged 25-44 who participated in the labour force was almost equal to the size of decline in population in this group suggesting that, on a net basis, male prime-age participants left the London ER while male prime-age non-participants stayed. For women in this age group, about half of those that left were labour market participants. According to our analysis using Statistics Canada data, the trend of decreasing prime-age population has reversed since 2015: The population for the 25-44 age group in the London ER has experienced net growth of 18,314 individuals coming to the region.

Participation of older workers

While participation for prime-age individuals has been decreasing in the London ER, older workers experienced gains in participation. Participation for older men aged 55-69 has shown a small increase in recent years in the London CMA, which has been a pattern displayed throughout Canada. This could be attributed to several factors. According to Statistics Canada,¹⁷ complementary patterns are shown where older men were more likely to stay in the labour market if their spouse continued to work. In addition, educational attainment of older individuals has been rising for the past 20 years. It is also estimated that rising debt, higher wages and longer life expectancies contributed to the decision to stay in the labour force.

Participation and unemployment

Research by the Bank of Canada¹⁸ shows that participation rates dropped after a period of increased unemployment, using the recession of 2008-2009 as an illustration. This was true for London CMA following the 2008 recession; an increase in the five-year averaged unemployment rate (between 2002-2006 and 2007-2011) from 6.5% to 8.14% was followed by a decrease in the five-year averaged total participation rate (between 2004-2008 and 2009-2013) from 69.1% to 65.1%.

Provincial, national, and U.S. trends in participation

Although participation is lower in the London ER compared to Ontario and Canada (and has been so since 2009), all these regions are experiencing a trend of declining participation. As noted by the Ontario's Panel on Economic Growth

¹⁴ London Poverty Research Centre at King's. An Overview of Recent Demographic and Economic Trends Impacting Low Income and Social Assistance Use in London and Neighbouring CMAs in Southwest Ontario, 2017.

¹⁵ Financial Accountability Office of Ontario. Labour Market Report 2019, 2020.

¹⁶ Statistics Canada. Population estimates, CMA and provinces.

¹⁷ Statistics Canada. The impact of aging on labour market participation rates, 2017.

¹⁸ Bank of Canada. Changing Labour Market Participation Since the Great Recession: A Regional Perspective, 2015.

and Prosperity,¹⁹ participation in Ontario decreased for all age groups, including prime-age, and has been steadily declining since 2003. Our analysis of Statistics Canada labour force participation data²⁰ finds that the participation rate for Ontario decreased from 69% in 2003 to 65% in 2019 (a decrease of 3.4 percentage points). This follows the overall trend of declining participation in Canada, where the participation rate decreased from 68% in 2003 to 66% in 2019 (a decrease of 1.9 percentage points). However, the decline was much more significant in Ontario.

The overall trend in the participation rate for all ages reflects the impact of population aging in Ontario and Canada, as well as changes in participation within age groups. However, looking at the prime-age group that is typically considered to be working age, participation in Ontario has lagged that of other provinces in Canada. While the prime-age participation rate in Ontario declined from its peak of 87% in 2003 to 86% in 2018, prime-age participation rates increased or stayed the same in most other provinces (all except Saskatchewan and Manitoba). For Canada as a whole, the rate increased slightly from 86% in 2003 to 87% in 2018.

For both Ontario and Canada, participation rates for prime-age males have been on a downward trend since 2003, with the decline more significant in Ontario. Female participation in Canada has increased since 2003, while decreasing slightly in Ontario. Prime-age male participation in Ontario decreased by 2.8 percentage points from 2003 to 2018, compared to 0.8 percentage points for Canada as a whole. Prime-age female participation in Ontario decreased 0.2 percentage points in the same period, compared to an increase of 2.1 percentage points in Canada in this period.

Labour force trends in Canada have closely resembled trends in the United States. According to the Bank of Canada²¹, while total labour force participation rates in both countries were similar in the early 2000's, the US experienced a more significant decrease than Canada following the 2008 recession. Population aging and lower youth participation were identified as key factors behind this trend in both countries. However, prime-age participation has declined significantly in the United States, while it has remained relatively stable in Canada since the recession. As of December 2019, the prime-age participation rate is still lower in the United States (at 83%)²² compared to Canada (at 87%).

Our research found that the prime-age participation rate in Ontario has been on a downward trend since 2003, while the rate for Canada as a whole has remained steady. Although Canada and the US had similar prime-age participation rates prior to the 2008-2009 recession, the rate in the US has remained lower since then. This is likely due to a range of structural differences (e.g. different levels of technology adoption) between the Canadian and US economies.

COVID-19 impacts

The COVID-19 pandemic continues to have a significant effect on employment across Canada. A report by the WPDB²³ on the labour market in the London ER noted that London ER's unemployment rate remained similar to the provincial and national level both pre- and post-COVID, suggesting that the effect of COVID on workers' ability to find work in the London ER has been similar to that in other parts of the province and country.

However, an analysis of labour force characteristics from Statistics Canada²⁴ suggests that participation in the London ER has been less affected by the COVID-19 pandemic than other economic regions in Ontario. Between 2019 and 2020, Ontario's participation rate fell by almost 2 percentage points, while the participation rate in London ER increased by almost 1 percentage point, with the number of individuals not in the labour force decreasing by 2,100 (the largest decrease in non-participants of all the economic regions in Ontario).

Though the overall participation rate in the London ER increased from 2019 to 2020, these effects are not distributed evenly across all profiles. Similar to the London ER, the number of individuals not in the labour force decreased in the London CMA between 2019 and 2020 for all ages. However, the number of prime-age individuals not in the labour force increased by 3,700 within the London CMA, or 0.2 percentage points. These decreases were larger for prime-age women than prime-age men. Though the decrease in participation was smaller compared to other CMAs for prime-age

¹⁹ Ontario's Panel on Growth and Prosperity. Strength in Numbers—Targeting labour force participation to improve prosperity in Ontario, 2017.

²⁰ Statistics Canada. Labour force characteristics by sex and detailed age group, annual (x1000).

²¹ Bank of Canada. Labour Force Participation: A Comparison of the United States and Canada, 2017.

²² Bureau of Labor Statistics. Labor Force Statistics from the Current Population Survey.

²³ Elgin Middlesex Oxford Workforce Planning and Development Board. Annual Review of the London Economic Region Labour Market (2019-2020), 2020.

²⁴ Statistics Canada. Labour force characteristics by province, territory and economic region, annual.

individuals, participation gains were concentrated in the 15-24 and 55-64 age groups, with participation continuing to fall for the prime-age group.

Analyzing the change in employment from 2019 to 2020, all economic regions in Ontario saw a decrease in employment. However, the decrease in employment in the London ER was the second-smallest among economic regions, with a decrease in the employment rate of 0.9 percentage points. Job creation for the London ER was largest in the industries of Educational services; Professional, scientific and technical services; Construction; Agriculture; and Finance, insurance, real estate, rental and leasing. Compared to the province as a whole, the London ER has a relatively low proportion of jobs in the industries that were the most affected by COVID-19. These industries include Accommodation and food services, and Retail trade, which made up almost half of the total employment decrease in Ontario between 2019 and 2020. One area where the London ER lost jobs during the pandemic was manufacturing, due to COVID-19's impact on the industry.

Given the findings on the relationship between participation and unemployment, it is possible that a sustained high level of unemployment as a result of the pandemic could have long-term adverse impacts on participation. The unemployment rate in London ER increased by 3 percentage points between 2019 and 2020 (compared to an increase of 4 percentage points for Ontario as a whole). A focus on making sure those who have become unemployed throughout the pandemic (especially in industries most affected) do not exit the labour market if the job market does not recover is an important consideration when thinking about supporting higher labour market participation post-COVID.

For most of the duration of the pandemic, the London-Middlesex Health Unit saw a lower number of COVID-19 cases per 100,000 residents compared to other regions such as Toronto, York, Hamilton and Ottawa,²⁵ which also likely protected jobs by allowing workplaces to continue to function with relatively less risk, which translated to more positive labour market outcomes. The industrial makeup of the region, and the relative density of the region as a whole is another potential contributor to the lower loss of jobs.

Though the COVID-19 pandemic has impacted labour market outcomes in the London ER relatively less than other economic regions in Ontario, the pandemic has and will likely continue to impact participation levels in the region. While the effect of a lower amount of available jobs in Retail trade, Accommodation and food services, and Manufacturing may continue to persist, the effects of the pandemic could result in many non-participants looking to retrain or switch industries. Employers may also be willing to offer more opportunities for remote work with flexible schedules given the evolution of the traditional concept of the workplace through the pandemic.

Key data gaps

Gaps in information on labour force participation of prime-age workers in the London ER somewhat limits the ability to conduct a complete analysis. For example, the regularly published Labour Force Survey does not provide data by economic region together with age breakdowns. The 2017 LEPC report used a custom tabulation ordered from Statistics Canada to analyze participation rates for London ER as a whole.

While labour force characteristics are published annually for the London ER, the most recent data for participation with age and sex breakdowns encompasses only the London CMA; both metrics are up to date for the year 2020. The analysis provided in the previous section above compared the findings in 2015 to the year 2019 instead of 2020 due to the effects of the COVID-19 pandemic on participation. As we are looking to identify structural issues behind participation in the region, the effects of COVID-19 are not included in this analysis.

The 2016 Census is the most recent data source that details participation in greater geographic detail, such as by census subdivision. Therefore, more up-to-date analysis on variations in participation rate within the London ER is unavailable.

Using CMA-level data to examine non-participation (as seen with Figures 1 and 2) is important to outline the most recent age and gender trends (given that this data is not publicly available for the London ER). Given that 76% of prime-age residents in the London ER reside in the London CMA (compared to 75% of all London ER residents living in the City of London) in 2016, trends within the CMA would broadly reflect those of the ER as a whole.

²⁵ Government of Ontario, [COVID-19 case numbers and spread](#).

The availability of labour force data by economic region and year, with breakdowns by age, gender, and other demographic details such as immigration status and whether a person is a visible minority, would allow for a more recent analysis on variations in non-participation trends across different profiles and regions in Ontario. This would also allow a more accurate assessment of those who would be available to participate if their barriers to participation were addressed. The data would support further enhancement on the analysis of participation rates between economic regions through the identification of variations by demographic detail.

A long-run study with temporal data could help assess some of the trends and lasting impacts of a sustained low participation rate. Long-term implications could include an increased gap in skills and job vacancies (especially within industries requiring in-demand skills), and lower levels of productivity. With an aging labour force, low prime-age participation leading to vacancies in these roles and lack of skilled labour would create inefficiencies in the transfer of skills and knowledge within higher-skilled industries. A lack of attractive opportunities could leave non-participants permanently discouraged and out of the labour market, as seen with a trend of decreased participation following long periods of unemployment. Discouragement and the lack of opportunity has the potential to contribute to population decline, as individuals and families may move out of the London ER to surrounding regions with more attractive labour market opportunities.

4. Literature review

Background

Previous studies have analyzed the low labour market participation in the London ER as it relates to economic, health and labour market circumstances. A study by the Local Employment Planning Council (LEPC) in 2017 and a follow-up study conducted by the LEPC and the Elgin Middlesex Oxford Workforce Planning and Development Board (WPDB) in 2019 analyzed the various profiles of non-participants in the London ER (those not working or looking for work), and connected with non-participants through a survey in order to develop recommendations and strategies. Other studies such as research from London Poverty Research Centre at King's and from economists Stephen R. G. Jones and W. Craig Riddell look at factors leading to non-participation such as poverty and low-income incidence, as well as a decreased attachment to the labour market. The figures presented below are public data or custom tabulations requested from Statistics Canada by the authors of the respective studies.

According to Statistics Canada, the labour force participation rate is measured by the total labour force (employed and unemployed) relative to the size of the population aged 15 years and older.²⁶ Non-participants are those that are neither working nor actively looking for work. This metric is often used to benchmark the engagement of a population in the workforce, which can be an indicator of economic growth potential and economic well-being, depending on what is driving the non-participation.

Previous studies conducted by the LEPC and Elgin Middlesex Oxford Workforce Planning and Development Board (WPDB) had identified an issue with the labour market participation in the London ER. Participation decreased from 88% to 84% between 2005-2015 for prime-age workers (aged 25 to 54), who account for 76% of the population in the Region. The decline for the London ER was much more significant than other economic regions in Ontario, demonstrating the second-largest decline in participation rate (second to Windsor-Sarnia).

Many reasons behind this decline were proposed and investigated in the literature analyzing London ER's relatively low labour market participation. Some of the most common reasons identified included:

- **Personal or family responsibilities:** This included parents who stay at home to take care of children, or caregivers who look after a family member.
- **Health or disability barriers:** This encompassed people with mental health issues, fatigue and stress.
- **Lack of education, experience or credentials:** This was especially relevant for new graduates and younger workers without experience or in-demand skills.
- **Lack of resources:** Limited access to transportation, a computer and/or phone to apply to jobs effectively has an effect on whether a person chooses to participate in labour market activities. The Employment Sector Council of London-Middlesex's Job Developers Network (JDN) conducted a survey in 2015 which indicated that two-thirds of job-seekers missed out on a job opportunity because it was not on a bus route.²⁷
- **Discouragement from the workforce:** Sustained unemployment or a lack of attractive opportunities (including the lack of jobs that pay enough, the lack of jobs that require their skill set, or the lack of jobs with their preferred schedule) in the labour market could discourage individuals from searching for work.
- **Costs to work:** The gap between income and personal/economic costs (e.g. transportation, clothing, supplies, etc.) was too large.
- **Discrimination in the workplace:** This was identified as a barrier that is particularly significant for Indigenous people, people who have disabilities, and immigrants.
- **Lack of network/connections:** This affected newcomers to the country in particular.

²⁶ Statistics Canada. Dictionary, Census of Population, 2016 - Population rate, 2017.

²⁷ Employment Sector Council London-Middlesex's Job Developers Network (JDN). Research Brief: Accessibility of London Transit Services, 2015.

In the 2017 LEPC report, focus groups with employers and employment service providers were held to identify issues with engaging the workforce. Barriers to find work and to keep work included:

- **Application process:** Challenges with technology, clarity of job postings, and applicants discouraged from not hearing back were all issues with applying for individuals.
- **Lack of jobs/quality of jobs available:** A mismatch existed between what workers need and what was provided for them (e.g. No benefits, poor pay or compensation, lack of training, etc.).
- **Qualifications/education/experience:** Foreign education and certifications were often not accepted. Those without higher education often had limited opportunities and were discouraged by qualifications needed.
- **Bias and prejudice:** Bias around age, sex, gender, race, physical appearance, disability, and Indigenous heritage were barriers to job-seekers.
- **Transportation:** Cost or accessibility issues to transportation were a barrier for many.
- **Personal challenges:** This included confidence, self-esteem, a lack of direction, a criminal record, language barriers, etc.
- **Lack of connections:** Immigrants often lost their network when they moved to Canada and were disconnected from employers.
- **Family/personal responsibilities:** Caregiving for children/elderly parents often was prioritized over finding employment.
- **Work-limiting conditions (health/disability/illness):** Physically- or mentally limiting conditions often kept people from the workforce.
- **Work environment/culture:** Poor leadership and workers feeling undervalued were not encouraging scenarios for workers to maintain employment.

While it is likely that a combination of these factors play into the decreasing participation rate in the London ER, certain factors could play a bigger part in explaining the decrease. While applicant-facing factors such as perceived discrimination and a lack of connections are not specific to just the London ER, structural changes such as a higher incidence of poverty (as identified in the London Poverty Research Centre at King's College report) and the changing industry landscape (e.g. effects of the recession on youth and prime-age outcomes, etc.) could be contributing to lower participation in the London ER. These structural elements affect factors such as costs to work, a lack of resources, health/disability barriers, transportation, and a lack of education, experience and credentials.

There is evidence that job attractiveness may be a larger factor than the simple availability of jobs in the London ER. From our analysis of data from Statistics Canada, the ratio of vacant jobs to the number of people in the labour force in the London ER has been increasing since 2015, suggesting that availability of open jobs was increasing. The proportion of available jobs to the labour force increased from 1.8% in 2015 to 2.6% in 2019, which was similar to the Ontario average of 2.55% in 2019. Meanwhile, the participation rate in London ER was decreasing during this period. Although the number of open jobs in London ER was growing during this period, non-participation was continuing to grow as well, signalling that individuals were opting to not participate rather than fill the open jobs. This suggests the reason for non-participation is more likely to be related to the match between jobs and potential workers, such as a skills mismatch for the labour force to jobs that are available, or the lack of jobs that are suitable to candidates' personal requirements (e.g. flexible hours, wages, etc.), rather than the lack of jobs available in the region.

Demographics

According to the 2017²⁸ and 2019²⁹ reports by the LEPC and WPDB on non-participation in the London ER, there were 42,200 non-participants who were in prime-age (aged 25 to 54) in the London ER. The groups with higher rates of non-participation included women, visible minorities and Indigenous communities, immigrants, those with a high school education or less, and those aged 45-54.

²⁸ Local Employment Planning Council. London Economic Region Labour Market Participation, 2017.

²⁹ Elgin Middlesex Oxford Workforce Planning and Development Board & Local Employment Planning Council. Labour Force Participation in London Economic Region—Follow-up study, 2019.

Gender

According to the 2017 study by LEPC, women accounted for 52% of the prime-age population in the London ER in 2015, but accounted for 72% of non-participants in the region. 22% of prime-age women were non-participating, while 9% of prime-age men were non-participating.

Underrepresented groups

According to the 2019 study by LEPC and WPDB, labour force participation rates are lower among visible minority, Indigenous and Francophone groups. Francophones experienced the lowest participation rate as a whole, which is driven by low participation among Francophones aged 55+. Francophones between aged 15 and 55 and those with postsecondary education had higher participation rates compared to non-Francophones in the same groups. For all minority groups, participation was lower for women than for men. Indigenous and visible minority groups had the lowest participation rates for prime-age workers. Notably, the immigrant population had lower participation in the London ER across all levels of education. This is likely due to a skills mismatch, and non-Canadian educational credentials being undervalued.

Immigrants

The study identified that immigrants, and particularly immigrant women, had a lower participation rate than Canadian-born residents. 8,400 non-participants surveyed were permanent residents, with 7,800 listed as unwilling or unable to work. In addition, 7,800 of the non-participating permanent residents were women. The participation rate for this group was five percentage points lower than that of Canadian-born individuals. Immigrant women tended to have lower participation rates, especially women who had children and/or lower educational attainment, or arrived from countries with lower female labour force participation. However, participation for immigrants aged 55-64 is the same as the overall population in the London ER, which may suggest that those who arrive in Canada earlier in their career are able to integrate into the labour force over time.

Education

Those with lower levels of education have lower levels of labour market participation. 79% of those with only a high school diploma participated in the labour market in 2015, compared to 60% of those with some high school education. This is lower than the participation rates for those with some post-secondary education (80% participating), a post-secondary certificate or diploma (88% participating), and a university degree (92% participating).

Non-prime-age participation

The 2019 study by the LEPC and the WPDB focused on trends in non-participation among youth and mature demographics. The study found the drop in labour force participation for youth was the result of higher educational attainment (due in part to employers seeking higher educated and skilled workers). Indeed, the proportion of those holding a university degree, a professional certification or a college degree significantly increased during the period studied. For the mature cohort (55-64 years old), women increased their labour force participation in this period, as did seniors (aged 65+). Women with post-secondary education saw a significant increase in participation across all age groups, while women 55+ from all educational backgrounds saw an increase in participation. Conversely, men across age and education groups experienced a decrease in labour force participation, with a notable exception for those over 65+ with a college or university degree, and an apprenticeship/trades or high school certificate.

Indigenous population

Indigenous people face many unique barriers to labour force participation and employment, which often coexist with many other socio-economic challenges. According to the 2017 LEPC report, up to 2,500 prime-age non-participants in the London ER were Indigenous and lived off-reserve in 2015. According to 2016 Census data, Indigenous residents over 15 years old in the London CMA have a participation rate of close to 60%, compared to 64% for non-Indigenous residents in the London CMA.³⁰ In Canada, the participation rate of those who were prime-age and Indigenous was around 9 percentage points lower than the general population as of 2019, a larger gap than in the London ER.³¹

In 2016, 57% of Indigenous residents had a high school education or less as their highest level of education, compared to 45% of non-Indigenous residents. Furthermore, Indigenous residents in the London CMA had lower representation in

³⁰ Statistics Canada, Aboriginal Population Profile, 2016 Census.

³¹ Statistics Canada, Labour force characteristics by region and detailed Indigenous group.

post-secondary attainment across certain programs including business, engineering, math, and sciences, compared to non-Indigenous residents. Programs such as health, public administration, humanities and trades (e.g. construction and transportation) had similar or greater Indigenous representation (compared to non-Indigenous). This translated to a greater representation in Sales and service and Trades occupations and in the Manufacturing, Accommodation and Food services, and Health care and Social Assistance industries among the Indigenous population compared to non-Indigenous residents in the London CMA.

According to the 2016 Census, employed Indigenous residents in the London CMA were less likely to commute to work by driving a personal vehicle (car, truck or van), with 68% commuting to work through this mode compared to over 78% for employed non-Indigenous residents. Over 21% were dependent on public transit, walking or bicycling to arrive at work, with 13% reporting that they took public transit to work (compared to 7% for employed non-Indigenous residents). Furthermore, 21% of Indigenous residents in the London CMA were characterized as low-income (based on the low-income cutoff, after tax) compared to 10% of non-Indigenous residents.

Studies by Statistics Canada found that in 2017, Indigenous people were underrepresented in the Canadian labour market (especially First Nations³²), leading to broader economic and societal implications^{33,34,35}, and that this gap is often larger for women than men. Indigenous women are less likely to be employed compared to Indigenous men, and those that work are more likely to be employed part-time, often due to caring for family members. Among First Nations people, prime-age women also had a lower employment rate across all levels of education compared to men; this gap was especially large for those without a certificate, degree or diploma (50% employment rate for men, compared to 24% for women). While labour market barriers vary between Indigenous populations, skill limitations (in writing, reading, math and computers) were identified across many groups as limiting labour market outcomes. Higher rates of disability among Indigenous people in Canada (and in Ontario, by at least 12 percentage points comparing First Nations and Métis groups to the non-Indigenous population in 2017) further impact labour market outcomes.³⁶ Opportunities identified to support labour market outcomes for these groups include providing more attractive job opportunities and opportunities to pursue education, resume writing support and skills training, as well as support for child care assistance for women.

A disparity in wages between Indigenous and non-Indigenous workers has existed over the past decade in Canada and Ontario, with a gap close to \$3 an hour in 2019 (this was closer to \$2 an hour for prime-age groups), or close to a 10% difference. This is largely driven by disparities in education, which is a consequence of Indigenous workers more commonly working in occupations requiring lower educational attainment.³⁷

Food insecurity / scarcity³⁸ and homelessness (28-34% of the shelter population is Indigenous³⁹) are risk factors that are much more prevalent in Indigenous populations compared to non-Indigenous populations, as well as other socioeconomic risks. Improving socioeconomic outcomes in conjunction with access to education and training are important considerations to addressing inequalities within labour market outcomes for this group.

Reasons for non-participation

Personal or family responsibilities

While dual-earner families with children have increased since the early 2000's in Canada, women are still more likely to stay at home to take care of children than men, which can lead to them not participating in the labour market. According to Statistics Canada⁴⁰, fathers were the single earner in 80% of Canadian households with at least one child under 16 in 2014. In all single-earner families, two-thirds of mothers were not in the labour force, with almost 90% of mothers out of the labour force who are stay-at-home mothers (with the other 10% unable to work or in school).

Lack of education, experience or credentials

³² First Nations people are a subset of the Indigenous population (distinct from Métis and Inuit Indigenous people).

³³ Statistics Canada, *Employment of First Nations men and women living off reserve*, 2019.

³⁴ Statistics Canada, [Labour Market Experiences of Métis: Key findings from the 2017 Aboriginal Peoples Survey](#), 2018.

³⁵ Statistics Canada, [Labour Market Experiences of Inuit: Key findings from the 2017 Aboriginal Peoples Survey](#), 2018.

³⁶ Statistics Canada, [Indigenous people with disabilities in Canada: First Nations people living off reserve, Métis and Inuit aged 15 years and older](#), 2019.

³⁷ OECD, [Indigenous labour market outcomes in Canada](#), 2018.

³⁸ PROOF, [Indigenous peoples and food security](#).

³⁹ Advocacy Centre for Tenants Ontario, [Fact Sheet | Homelessness in Canada and Ontario](#).

⁴⁰ Statistics Canada, [Employment patterns of families with children](#), 2014.

Past studies have hypothesized that the polarization of the skill profile of jobs available in the London ER contributes to higher non-participation in the London ER. According to the 2019 LEPC and WPDB report, research suggests that the number of middle-skill-level jobs is decreasing, while low- and high-skilled jobs are on the rise in Canada. Middle-skilled jobs are identified as jobs that require some formal education beyond high school, but do not require a university or college degree. This polarization forces workers to increase their education or skills and training in order to migrate to high-skilled jobs, or accept jobs that they may be overqualified for. The onset of automation and technologies involving big data, machine learning and AI is suggested as a key driver of this polarization, with those who are underemployed or unable to upgrade their credentials, skills and education becoming increasingly discouraged from participating in the labour market.

Poverty, low income and health conditions

A report by the London Poverty Research Centre at King's College⁴¹ indicated that the increase in income inequality and poverty could be a driver of the relatively low participation rate in the London ER. Poverty and low income are seen as barriers toward participation in the labour market, as the costs of searching for a job, working, transportation, and pursuing education are less affordable for those in poverty. Furthermore, an increase in social assistance collection in the London ER could indicate worsening health conditions (contributing to poverty and low-income incidence, and vice versa).

People who collect social assistance such as Ontario Works (OW) or Ontario Disability Support Program (ODSP) often are in poor health or have a disability, or have trouble with living expenses. An estimated 8% of people (or 41,000 people) were on social assistance in the London CMA in 2014, which was higher than the 6% provincial average in 2014. Social assistance use grew 36% between 2003-2014 in the London CMA. Younger women aged 15-39, children under 10, and men over 40 are more likely to seek Ontario Works (OW) benefits and social assistance in general, with claimants of Ontario Disability Support Program (ODSP) more prevalent for the older population (45+). Furthermore, claimants of ODSP grew 64% from 2003-2014.

Social assistance income has decreased since the 1990s by almost 20% (equivalent to \$5,000 for a single parent with one child). OW provided 40% of support that a full-time worker in a minimum wage job would earn in 2016, while ODSP provided 60%. Household income in London had been decreasing as well, with the median income across families/singles \$3,300 greater than the Canadian median in 2000, but \$330 below the Canadian median in 2014. The after-tax median for the London CMA was lower than the Ontario average for all family types except single individuals. In 2019, the real after-tax household income in London was \$6,700 below the Canadian median⁴².

According to our analysis of the 2016 Census, the median employment income of \$32,706 in the London ER is slightly lower than the Ontario median of \$33,959 (by around \$1,200, or almost 4%).⁴³ Furthermore, the weighted median employment income across all family types was lower by 5% in London CMA compared to Ontario in 2019, with the 10-year average wage growth slower in the London CMA.⁴⁴ Slower wage growth likely contributes to poverty and low-income incidence in London ER, and could play a determining factor for why participation is lower in the London ER compared to other Ontario regions. Furthermore, the low-income measure, a metric that measures incidence of low income households,⁴⁵ in the London CMA is the third highest of all CMAs in Canada in 2015 at 17% (compared to 14% in Canada).⁴⁶ The growth in low income measure prevalence between 2005 and 2015 was highest in the London CMA out of all CMAs in Canada, increasing by 3.7% during this period (compared to 0.2% for Canada). Slow wage growth, combined with rising costs of living contribute to low-income incidence, which has impacted the London region relatively more than other parts of the province and country.

⁴¹ London Poverty Research Centre at King's. An Overview of Recent Demographic and Economic Trends Impacting Low Income and Social Assistance Use in London and Neighbouring CMAs in Southwest Ontario, 2017.

⁴² Canadian Mortgage and Housing Corporation. Real Median Household Income (After-Tax), by Tenure, 2006-2019.

⁴³ Statistics Canada, Data Tables, 2016 Census.

⁴⁴ Statistics Canada. Distribution of total income by census family type and age of older partner, parent or individual.

⁴⁵ According to Statistics Canada, "The Low-income measure, after tax, refers to a fixed percentage (50%) of median adjusted after-tax income of private households. The household after-tax income is adjusted by an equivalence scale to take economies of scale into account. This adjustment for different household sizes reflects the fact that a household's needs increase, but at a decreasing rate, as the number of members increases."

⁴⁶ Statistics Canada. Population in private households for income status, number of persons in low income, prevalence of low income based on the low-income concept - Low-income measure, after-tax (LIM-AT), by age groups (total - age groups), Canada and census metropolitan areas, 2016 Census

Discouragement from the workforce

According to Statistics Canada, discouraged workers are “persons who reported wanting to work at a job or business during the reference week and were available, but who did not look for work because they believed no suitable work was available”.⁴⁷ Discouraged non-participants are considered to have marginal attachment to the labour market, as opposed to those with no attachment who are not willing to or unable to participate under any circumstances. The level of attachment is defined by whether an individual wants work; those with marginal attachment to the labour market are willing and able to work, while those with weak to no attachment are not willing or able to work.

Research indicates that those with no attachment to the labour market face more challenges in re-entering, as attachment is determined by how much a person desires to find work. A paper by Stephen R. G. Jones and W. Craig Riddell⁴⁸ identified two groups of workers who are not in the labour force: those who are non-attached and those who are marginally attached. The transition rates into employment were higher for those with attachment to the labour market. The segmentation of these two groups were dependent on whether they wanted work, with those marginally attached more likely to passively search. Those in the marginally attached group also have shorter periods out of the labour market than those who are non-attached.

As discouraged workers are marginally attached, this subset of non-participants are more likely to search for work and are more likely to be available for work and re-entry to the labour market.

Willingness and ability to work

Although a variety of reasons may contribute to an individual's non-participation in the labour market, individuals vary in terms of their ability to work, or interest in participating in labour market activities. According to the 2015 LEPC study, a large subsection of non-participants in the London ER were identified as unwilling or unable to work, as opposed to those who may be open to working. 93% of non-participants (or 38,200 people) were identified as unwilling or unable to work, which is higher than Ontario's rate of 89%. Of those unwilling or unable to work, 73% were women, and 60% were individuals between 25-44 years old. Among 45-54-year-olds, illness was the top reason why they were not looking for work. Among immigrants, the top reason for not participating for those aged 25-44 was school (which includes school for new immigrants to learn English), while immigrants aged 45-54 cited personal/family responsibilities. We note that these statistics refer to interest in working under current conditions, which is in contrast to the estimates presented in this report of non-participants that may be available to participate if their barriers to participation were addressed.

Economic and labour market trends affecting participation

Temporary and short-term employment

The 2019 study by LEPC and WPDB cited research⁴⁹ that temporary and short-term employment contributed to lower participation rates. Since 1998, temporary workers have exceeded the number of permanent employees in Canada. “Entry-exit-respite” patterns are often observed from people engaged in temporary employment, where workers fluctuate between participation and non-participation in the labour market, using short breaks in between engagement. This is spurred by wealth effects (e.g. some people with partners who have high incomes do not have to work as consistently), as well as seasonal employment. Seasonal jobs tend to display an “in-and-out” employment pattern, where the labour force was highest during the summer months/middle of the year, and lowest towards the winter.

Long-term impacts of the financial crisis

Economic resilience is lower in regions with a greater concentration in relatively few industries, which may lead to long-term challenges for the labour force. Because many local economies within the London ER had relatively high concentrations in manufacturing, increased unemployment in this industry during the recession from 2008-2009 contributed to a lower participation rate in the years following. In 2008, manufacturing was the third-largest industry in the London ER, with 13% of employment in the sector. Between 2008 and 2010, there was a net decrease of almost 10,000 manufacturing jobs, or almost 20% of employment in the industry in the London ER. Post-recession, the decrease in participation in the London ER was larger for men than women, which was due in part to the significant loss of manufacturing jobs. Findings in the report also suggest employer preferences changed after the recession, with economic

⁴⁷ Statistics Canada. [Guide to the Labour Force Survey](#), 2020.

⁴⁸ Stephen R. G. Jones and W. Craig Riddell. [Unemployment, Marginal Attachment, and Labor Force Participation in Canada and the United States](#), 2019.

⁴⁹ John Coglianese. [The Rise of In-and-Outs: Declining Labor Force Participation of Prime Age Men](#), 2018.

uncertainties increasing employers' preference for more educated workers. This was driven by greater availability of unemployed workers of all educational backgrounds post-recession. A preference for educated workers continued post-recession, which sent a signal to the market that higher education levels increase a worker's chance of getting a job. In addition, though the mature cohort was able to leverage work experience to maintain employment during the recession in 2008-2009, economic uncertainty may also have caused many workers in this cohort to delay retirement, decreasing job opportunities for younger workers. In turn, the lack of opportunities for youth encouraged higher educational attainment and a shift to a lower participation rate among this group.

Impacts of automation

Changes in technology have affected the labour market in manufacturing and mid-skill jobs. A changing landscape for these jobs may increase discouragement for workers who have been laid-off amid changing industry focuses. "Routine" operations in sales, office, administration, production, construction, transportation, etc. are also affected by technological changes. Workers in these occupations experience pressure to undertake education or training that allows them to migrate toward high-skill jobs, or accept lower-skill jobs. In addition, job postings for jobs that require no formal education (covering both mid- and low-skilled jobs) decreased over this period.

Automation appears to have been a driver of trends in manufacturing employment in London and Ontario. In 2003, manufacturing employment was at its highest, comprising 20% of total employment in the London ER. This was greater than the Ontario average of 18% in 2003. However, over the last decade, manufacturing employment continued to decline, as manufacturing employment in London from 2010 to 2019 averaged 14% of total employment. On the other hand, we note that other ERs with a dominant share of manufacturing employment in 2003 saw a larger adverse impact in the sector than London ER, but did not observe the same decrease in participation as the London ER. Regions that had larger shares of manufacturing employment than London, such as Hamilton-Niagara Peninsula, Windsor-Sarnia, and Kitchener-Waterloo-Barrie, experienced a larger decline in manufacturing employment share from 2003 to 2019, when compared to London ER, while experiencing lower decreases in participation. This suggests that the decline in employment for industries with increased automation is not the only factor in explaining the relatively larger decrease in participation in London ER. It may be useful for the London ER to seek a better understanding of the drivers behind the different outcomes between London and those regions.

Homelessness and housing

According to the City of London's 2020 *Housing Stability Action Plan*⁵⁰, the population growth in the City of London in recent years has not been supported with an increase in affordable housing units. Close to a tenth of homeowners in the City spend over 30% of their income on shelter every month, and close to half of renters spend over 30% of their income on shelter every month. Furthermore, home ownership has become less attainable for London residents; it is estimated that a household would need \$100,000 in income in order to obtain a mortgage for the average house in London. These factors put many lower-income individuals and families at risk for homelessness. It is estimated that 2,400 individuals and families access emergency shelter services every year in the City of London. The barriers that those who are homeless face in the labour market are expansive: the lack of a safe environment to prepare for interviews, not having an address to put on a resume, limited financial resources, as well as limited access to technology and tools to search and apply for jobs. Moreover, those who are homeless are also more likely to have health conditions, have lower levels of educational attainment, less vocational training, and thus are more likely to be discriminated against.⁵¹ Economic conditions such as the rising costs of living and low wage growth are factors that contribute to the homelessness and housing crisis in London, which subsequently impact the labour market outcomes for these individuals.

The City of London has one of the highest rates of homelessness of any CMA in Ontario, with an average of approximately 5 out of 1,000 residents accessing emergency shelter services in 2016.⁵² This rate is higher than those in regions such as Ottawa, Hamilton, Kingston, Waterloo and Peel.⁵³ According to *Counting Our Way Home*, a report chronicling the experiences that those who are homeless face, a lack of financial resources, addiction, and the lack of affordable housing are among their top challenges.⁵⁴ For these individuals, it is important to provide services to overcome trauma and other tailored interventions to healing before offering services to help develop occupational skills training,

⁵⁰ City of London, *Housing Stability For All: The Housing Stability Action Plan for the City of London 2019-2024*, 2020.

⁵¹ Homeless Hub, *About Homelessness*.

⁵² Homeless Hub, *Community Profiles, London*.

⁵³ This may even be understated for London, as not all who are homeless may seek to access emergency shelter.

⁵⁴ London Fuse. *Chronic Homelessness A Way Of Life For Many Londoners*.

career guidance, workplace behaviour training and other financial and family support to help homeless individuals obtain labour market opportunities.⁵⁵

Contributions of this study

This study builds on previous research on non-participation in the London ER, as described in Section 4. Although the main themes behind non-participation that were uncovered through our study are broadly similar to the findings in previous reports, our survey and analysis allowed for the quantification of London ER non-participants in various prime-age profiles who would be available to participate if their barriers were addressed, which was not evaluated in previous studies.

In addition, an updated analysis on labour force participation in London ER compared to other economic regions and Ontario, for as recent as 2019 (including an analysis of participation within the context of COVID-19 in 2020), validates that relatively low participation continues to affect the London ER. Continuing to keep track of participation rates in the London ER in the following years and how it responds to interventions and demographic changes is important to understand how to improve regional labour market outcomes.

⁵⁵ National Alliance to End Homelessness. *Overcoming Employment Barriers*, 2013.

5. Survey findings

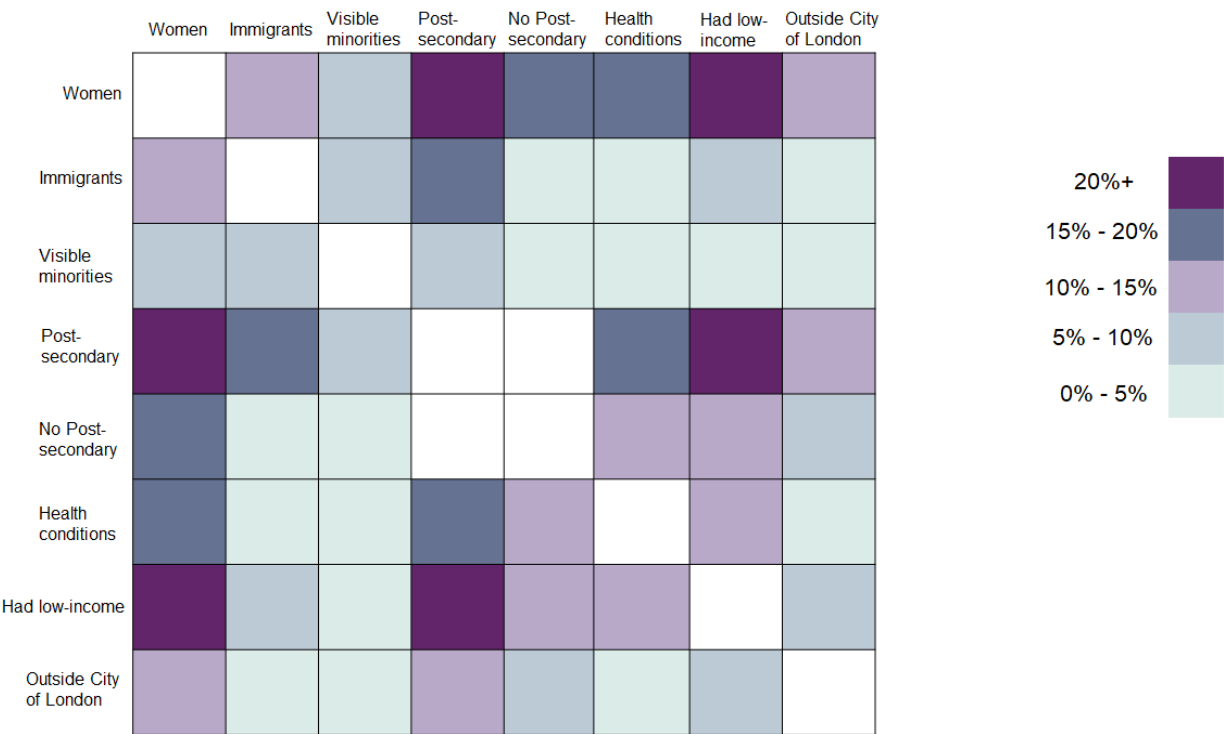
Based on the survey conducted, we identify common barriers to labour market participation for prime-age and mature-age respondents, with a specific focus on eight prime-age profiles. The survey collected information on the reasons for non-participation (not working or looking for work), what factors need to be addressed in order to participate, when individuals last participated in labour market activities (searching for jobs or working), the nature of their employment when they last worked, as well as demographic and background information (education, social benefits collection, relationship status, etc.). For some questions, multiple responses could be provided. As a result, the graphs presented in this section may have responses that sum to over 100%.

In this section, industries in which respondents worked when they were last employed are grouped into Knowledge industries, Service industries, and Industries with trades occupations. This enables us to develop more specific trends in the type of work that respondents have performed. The full methodology behind this grouping is in Appendix B.

Each profile highlights unique barriers and circumstances behind their non-participation; profiles often overlap, which reinforces that non-participation is often complex and multi-faceted. Respondents often can be counted in multiple categories (e.g. a prime-age respondent who is an immigrant who also has a health condition); as a result, the number of respondents listed for the various profiles in Table 2 exceeds the total number of respondents in the survey. The findings developed from the survey were used as a basis for the considerations in the following section.

The following heat map visualizes the size of overlapping profiles, as a percentage of total prime-age respondents. Among the largest overlaps are women with postsecondary education, women with low income, and people with postsecondary education and low income. These overlaps highlight the importance of addressing overlapping barriers when seeking to encourage labour market participation.

Figure 8: Heat map of overlapping prime-age non-participant profiles



Availability to participate

We also assessed the share of non-participants that could be available to participate in the labour market with adequate support to mitigate or resolve the factors driving their non-participation. We estimated this share using responses in four areas of the survey responses: why the respondent was not participating, which factors need to change in order for them to participate, to what extent was their non-participation linked to COVID-19, and the free-form text answers that were provided at the end of the survey, where participants were invited to share additional information. To reflect some uncertainty inherent in this approach, we have estimated these shares as a range. For example, for those with health circumstances preventing them from participating, the lower bound assumes that all respondents who indicated that they would require improved health circumstances before entering the labour market would not be available to participate, whereas the upper bound assumes that some of these respondents would be available to participate based on their additional answers (e.g. if they indicated that they would be interested in working with certain accommodations). More details on the methodology used to determine who would be available to participate are presented in Appendix B.

Statistics Canada collects data on reasons for not looking for work among individuals who are not participating, including for those who did not want work or were not available. Citing these figures from Statistics Canada, the 2017 LEPC report states that 93% of prime-age non-participants in the London ER did not want to work or were unavailable to work in 2015. We note the contrast between this range and a previous study which estimated that 7% of non-participants in the London ER would be willing or able to work under the status quo (i.e. without barriers being mitigated or addressed). The methodology in this report assigns availability status on the basis of who could potentially be interested in labour market activities given the removal of barriers and/or circumstances mitigating participation. The breakdown of these figures by non-participant profiles is detailed in Table 2.

Table 2: Availability to participate if barriers were addressed, by non-participant profiles

	Responses in survey	% available to participate if barriers are addressed ⁵⁶	Non participants in London ER (2019) ⁵⁷	Potential participants in London ER ⁵⁸
Total survey (15 years or older)⁵⁹	447	7.2% - 69%	228,500	
Prime-age non-participant profiles				
Total prime-age (aged 25 to 54)	249	65% - 86% ⁶⁰	46,900	30,000 - 40,000
Women	145	65% - 88%	33,500	22,000 - 29,000
Immigrants	46	87% - 91%	9,300	8,000 - 8,500
Visible minority	31	71% - 87%		
With post-secondary education ⁶¹	179	72% - 87%	20,500	15,000 - 18,000
Without post-secondary education	70	47% - 81%	26,300	12,000 - 21,000
Health conditions	69	14% - 72%		
Low-income	99	63% - 90%		
Residents outside the City of London	46	67% - 87%		
Respondents aged 55-64	181	33% - 47%	30,100 ⁶²	12,000 - 14,000

⁵⁶ Rounded to nearest whole percentage—potential participants reflect numbers derived using more precise percentages.

⁵⁷ Extrapolated using data from the Labour Force Survey and figures from the Local Employment Planning Council report. London Economic Region Labour Market Participation, (2017), and rounded to the nearest hundred.

⁵⁸ Rounded to the nearest thousand.

⁵⁹ Estimate of potential participants not included due to small sample size of respondents aged 15-24 and 65+.

⁶⁰ The lower bound (7.3%) represents the availability to work number reported by Statistics Canada for the London Economic Region in 2015.

⁶¹ Includes all diplomas, certificates, and degrees beyond a high school education.

⁶² For London CMA only.

Profiles

Below we describe the barriers to participation for each profile identified. Actions to address these barriers are described in further detail in Section 6.

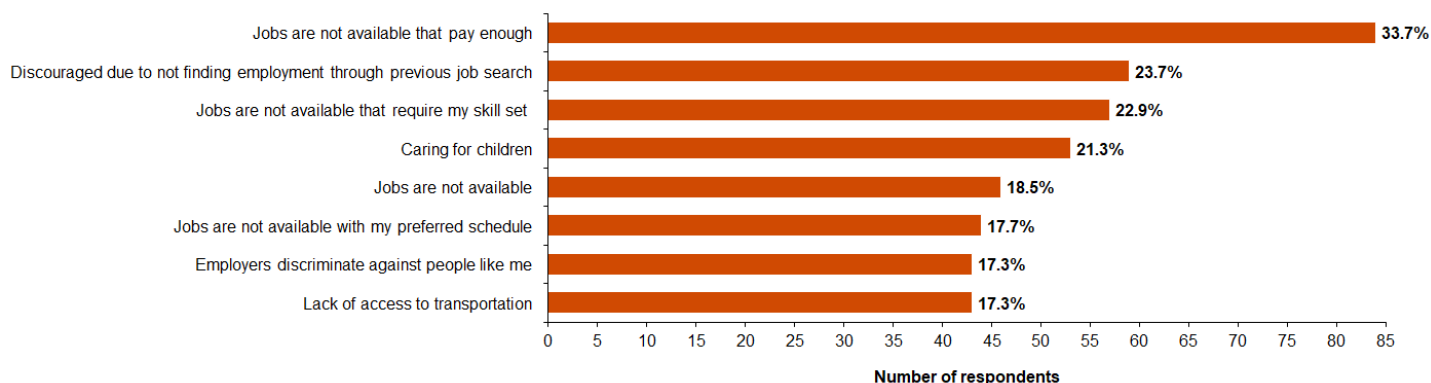
Prime-age respondents

Key findings: Prime-age respondents

Each profile of prime-age non-participants faces unique barriers, but a recurring issue across most groups is the lack of attractive jobs for them within the London ER. Other prevalent barriers include discouragement, child care responsibilities, perceived discrimination from employers, and the lack of access to transportation. Accordingly, the top factors that respondents say need to change in order for them to participate in the labour market would be improved opportunities for jobs that fit their requirements, and increased support for training, education, and searching for jobs.

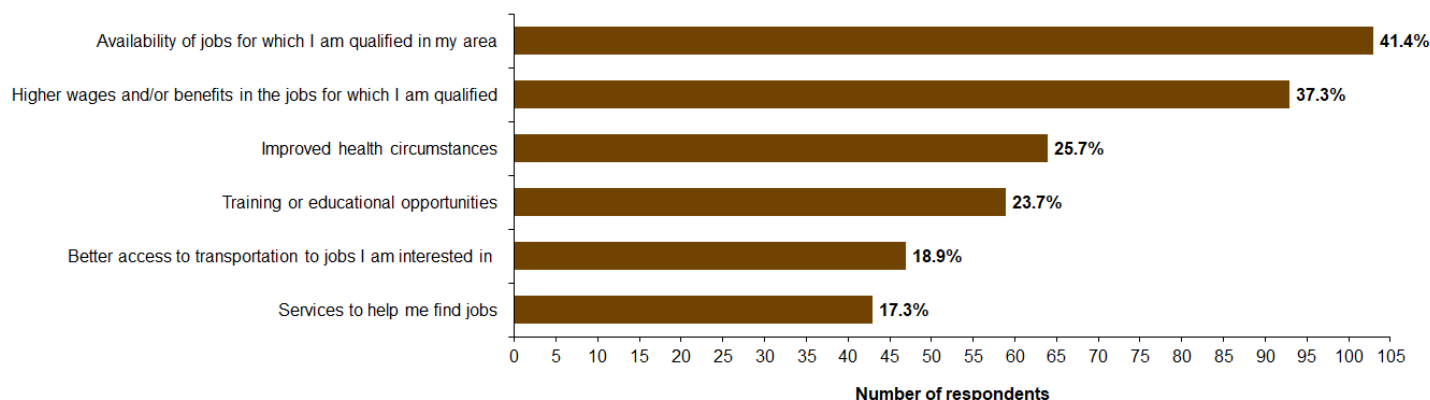
The following sections expand on the various reasons for non-participation among different prime-age groups. Although each profile of prime-age individuals who are not participating have unique barriers to participation, a recurring issue across most groups is the lack of attractive jobs within the London ER, which includes a lack of jobs that pay enough, the lack of jobs that require their skill set, and the lack of jobs with their preferred schedule. Other prevalent barriers include discouragement, child care responsibilities, perceived discrimination, and the lack of access to transportation. With respect to a job's pay level, we note that it depends on many subjective factors such as their costs, child care needs, commute time, and access to transportation. We note that many survey respondents had relatively low income when they last worked: 55% of prime-age respondents who are not participating due to the lack of jobs that pay enough made less than \$40,000 when they were last employed.

Figure 9: Top reasons for non-participation among prime-age respondents



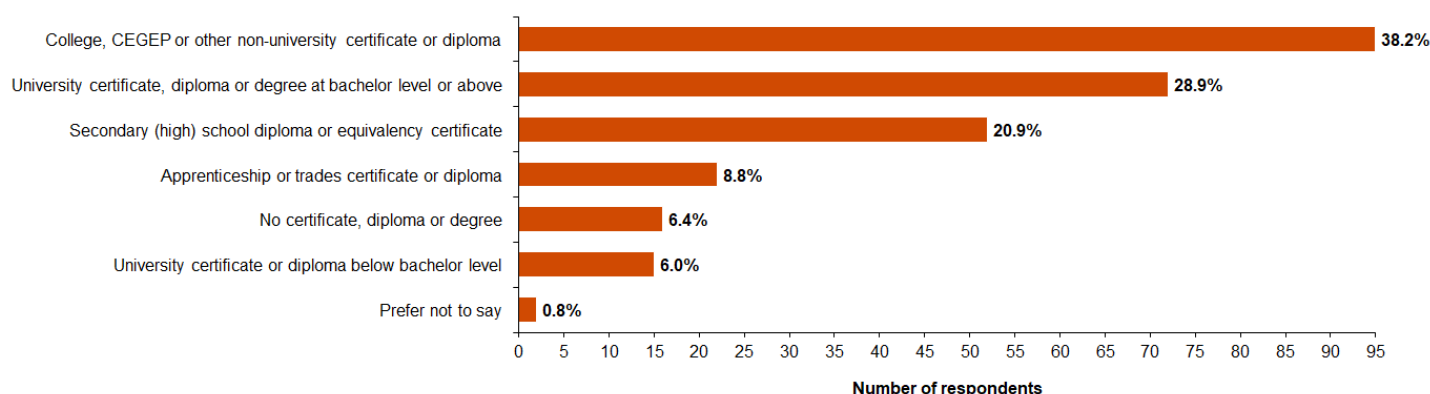
The top factors that need to change in order for prime-age respondents to participate in the labour market tend to be focused toward better opportunities for jobs that fit their requirements, and support for training, education, and searching for jobs, as seen with Figure 10.

Figure 10: Top factors that need to change in order for prime-age respondents to participate in the labour market



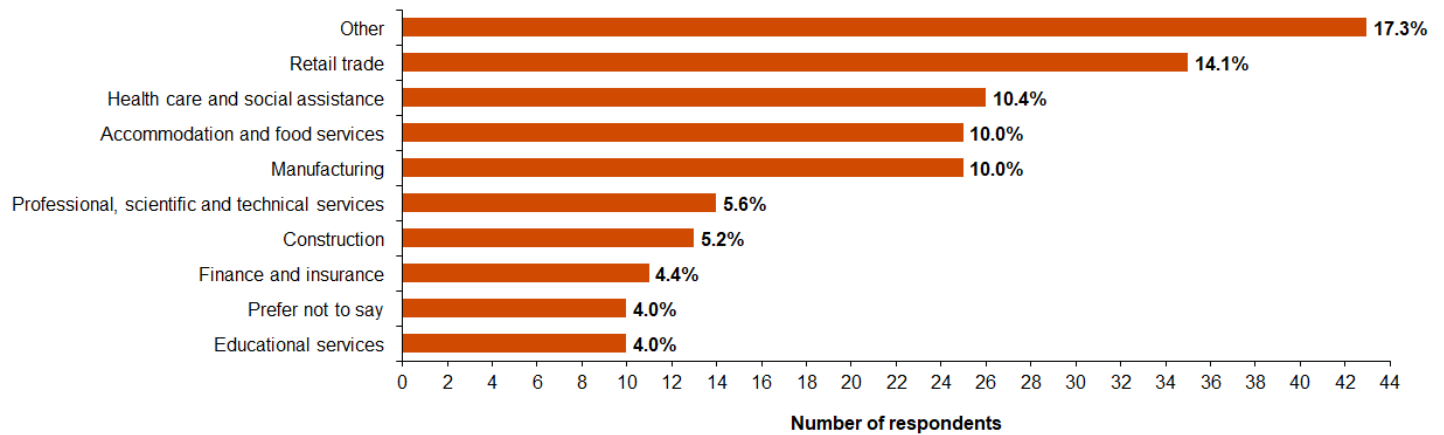
Prime-age respondents in the London ER are highly educated. According to the 2016 Census, the London ER had the third-highest rate of residents with a post-secondary education (behind Ottawa and Toronto), with 62% of London ER residents having a post-secondary college, university or apprenticeship certification. In the sample of non-participants, respondents who have a post-secondary degree are defined as those who graduated with a university, college, or CEGEP degree, certificate or diploma (below, at or above a bachelor's level) or an apprenticeship/trades diploma or certificate. 72% of prime-age respondents have a post-secondary education, compared to 68% of the overall sample of respondents. However, when respondents last worked, they earned low wages and were concentrated in low-skill industries (e.g. retail). This suggests that non-participants may struggle to match their education and skills with available jobs.

Figure 11: Breakdown of educational background of prime-age respondents



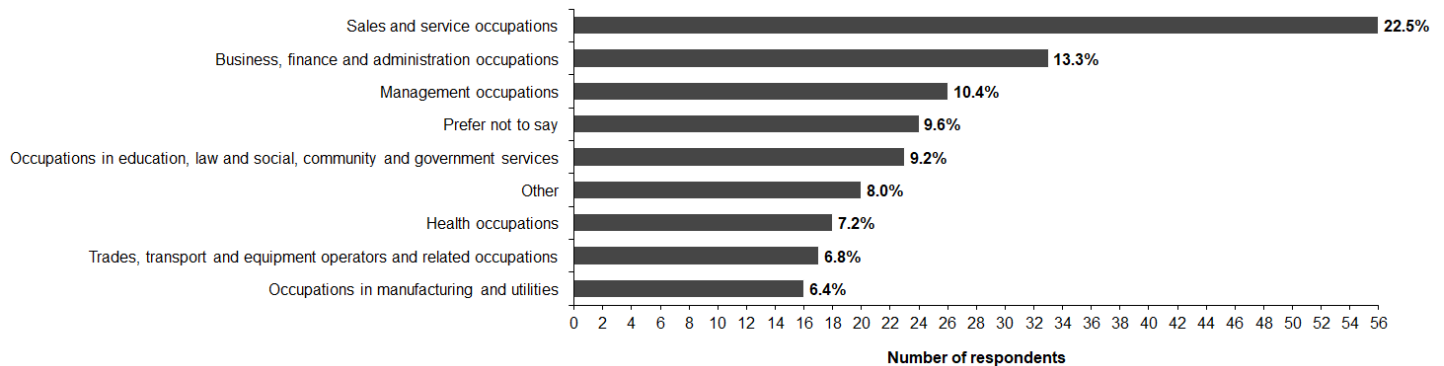
When prime-age respondents were last employed, 29% worked in Knowledge industries, 24% worked in Service industries, while 18% worked in Industries with trades occupations. For prime-age respondents who indicate a lack of jobs that pay enough is a reason for non-participation, the top industries they were last employed in were Retail trade (17%), Manufacturing (14%), and Health care and social assistance (12%).

Figure 12: Top industries in which prime-age respondents last worked when last employed



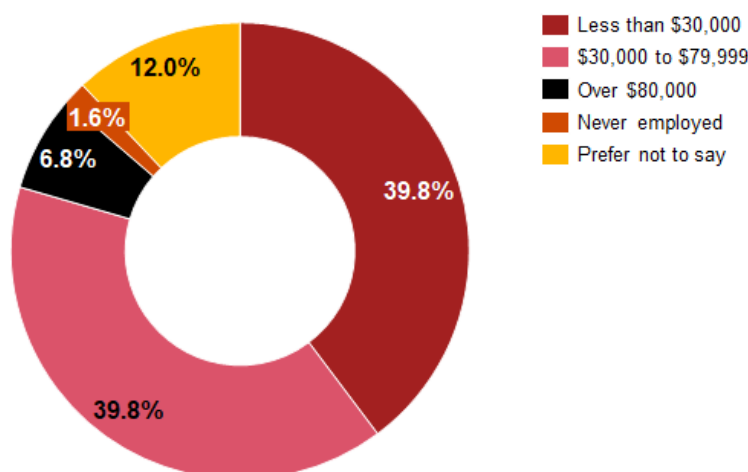
While Sales and service occupations were the most common occupations prime-age respondents last worked in, employment in Knowledge industries for Business, finance and administration occupations and Management occupations were common as well. 60% of those who worked in Service industries worked in Sales and service occupations, while 27% of those who worked in Knowledge industries worked in Business, finance and administration occupations. 22% worked in Health occupations and 15% worked in Education, law and social, community and government services.

Figure 13: Top occupations in which prime-age respondents last worked when last employed



Despite being highly educated, prime-age respondents often earned less than the median income. 40% of prime-age respondents and 37% of the whole sample made less than \$30,000 when they were last employed. For prime-age respondents with a post-secondary education, 35% made less than \$30,000 when last employed (compared to 29% of mature-age respondents with a post-secondary education).

Figure 14: Employment income distribution among prime-age respondents when they were last employed



Almost half (47%) of prime-age respondents last searched for jobs six months prior to the time of survey response. We note that all respondents were not searching for a job at the time of the survey response in order to be classified as non-participating. The COVID-19 pandemic appears to have not impacted job searching among prime-age respondents, with 55% who indicate that the COVID-19 pandemic is one of the reasons for their non-participation having last searched for a job within the month prior to their survey response. For those who indicated that COVID-19 was not a reason for their non-participation, 31% have searched for a job within the month before the survey response. Furthermore, prime-age respondents who last worked in Service industries were more likely to have last searched for work within the month prior to their survey response, with 38% searching within the last month prior to their survey response compared to 31% of those who last worked in Knowledge industries and Industries with trades occupations. As a larger proportion of prime-age respondents in Service industries were affected by COVID-19 (37% cite COVID-19 as a reason for their non-participation, compared to 31% in all other industries), it suggests that the structural nature of non-participation among respondents, such as the lack of attractive jobs, takes a longer period of time to address and resolve, which results in less frequent job-searching and lower attachment to the labour market.

Respondents between the ages of 25 to 34 are the most likely to have last searched for jobs a month prior to their survey response despite a larger proportion of respondents not participating due to COVID-19. A higher availability to participate (73% - 94%) and a larger share of those who last worked in Service industries (31% compared to 21% of those aged 35-54) among those aged 25-34 likely contributes to higher rates of searching in the month prior to survey response.

Prime-age women

Key findings: Prime-age women

Child care responsibilities are a barrier to participation for 30% of women in the survey sample, and affect women much more significantly than men. However, most prime-age women with child care responsibilities also identify other barriers including the lack of jobs with their preferred schedule, the lack of jobs that pay enough, and the lack of transportation. Women also make less than men at each level of education, suggesting that they may have lower incentive to participate.

The lack of attractive jobs is a strong barrier to non-participation among prime-age women. The top reason for non-participation for prime-age women is a lack of jobs that pay enough (30% compared to 38% for prime-age men). Other labour market conditions that contribute to non-participation include a lack of jobs requiring their skill set (20% compared to 27% for prime-age men) and discouragement (24% compared to 21% for prime-age men).

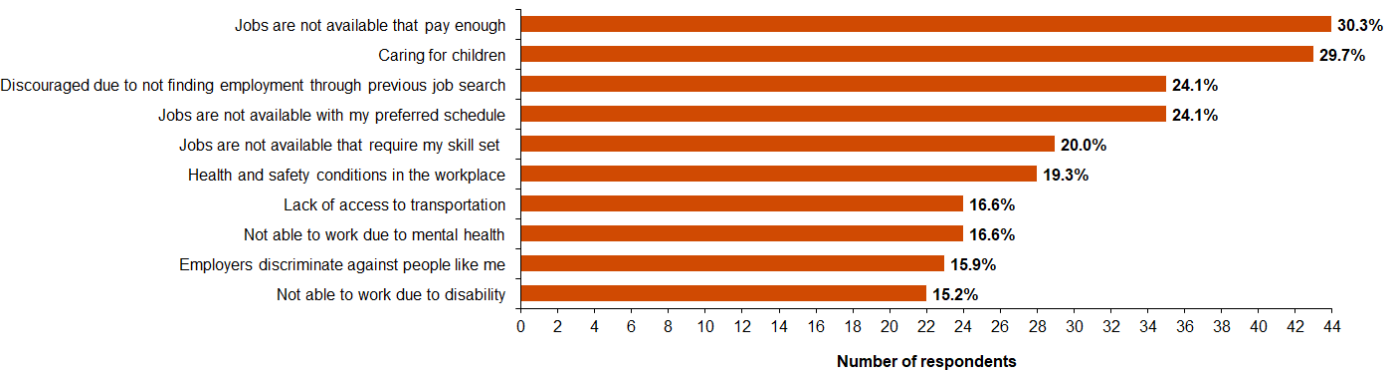
Though labour market conditions are a strong driver of non-participation, prime-age women are often not participating due to child care responsibilities. 30% of prime-age women in our sample do not participate due to child care responsibilities.

81% of all prime-age respondents who do not participate due to child care are women, which is a greater share of women in the prime-age sample (58%).

More prime-age women than prime-age men do not participate due to a lack of jobs that fit their schedule (24% compared to 6%; this correlates with more women are more often non-participating due to child care responsibilities than men). Furthermore, 36% of prime-age women caring for children are also unable to find jobs available with their preferred schedule.

However, 65% of prime-age women who are non-participating due to child care also cited other reasons for not participating. Other than the lack of jobs with their preferred schedule, the lack of transportation, jobs that pay enough, and health and safety conditions in the workplace are also barriers to prime-age women who are non-participating. This suggests that other factors will need to be addressed to encourage their participation, mainly related to the match between their preferred work conditions (e.g. flexibility, locations) and available jobs.

Figure 15: Top reasons for non-participation among prime-age women



Non-participating women tend to be out of the labour force for more extended periods of time than men, creating barriers to re-entering the labour market. This tends to be linked to child care responsibilities, which is more often a barrier affecting women. 77% of all prime-age respondents who are non-participating due to childcare last worked more than a year ago. Overall, 67% of prime-age women have been out of work for over a year, compared to 57% of prime-age men. Furthermore, 43% of prime-age women last searched for a job in the six months prior to survey response, compared to 56% of prime-age men.

Figure 16: Length of time out of the workforce for prime-age women

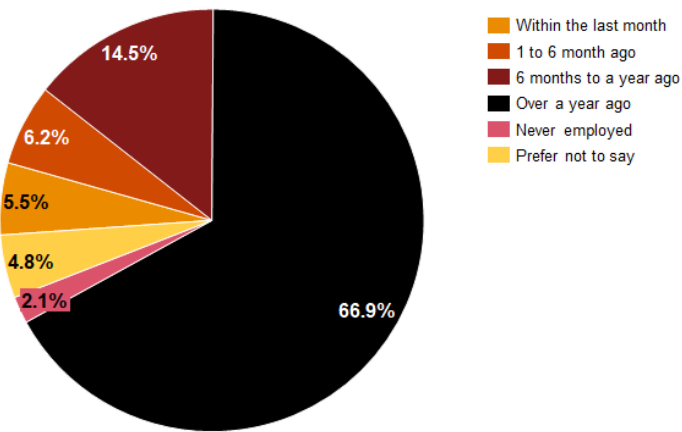
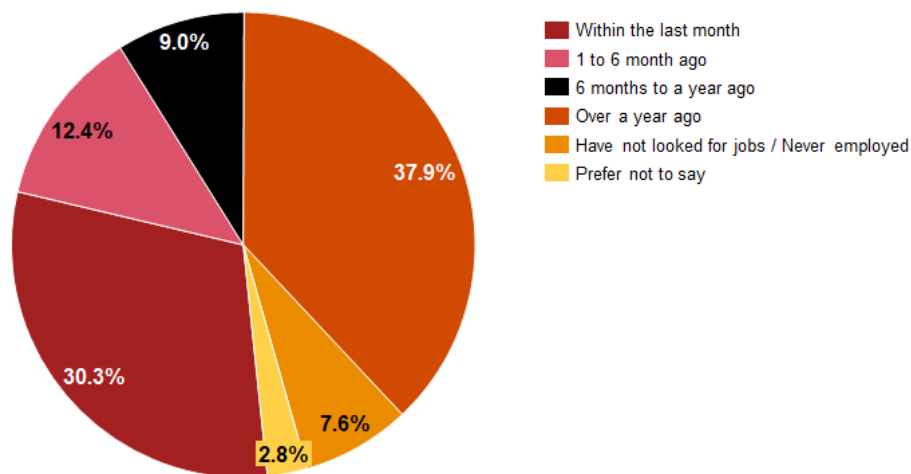


Figure 17: Length of time since prime-age women last searched for work at the time of survey response

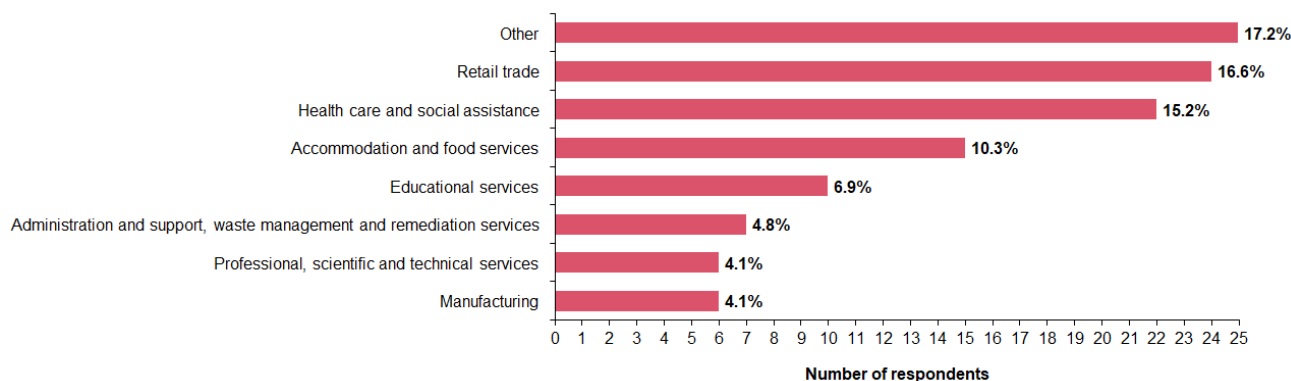


Compared to prime-age men, prime-age women tend to have worked in lower-paying industries when they were last employed, decreasing their incentive to work. Compared to prime-age men, prime-age women are much more likely to work in lower-paying industries when they were last employed, and were more likely than prime-age men to make less than the median income in the London ER.

Despite having similar education levels as prime-age men, prime-age women made less income than prime-age men at every level of education when last employed. While 72% of prime-age women have a post-secondary education (the same share as prime-age men), 48% of prime-age women with a post-secondary education earned less than the median income in London ER in 2016 when they last worked, compared to 19% of prime-age men. Similar trends arise for prime-age women without a post-secondary education. For those without a post-secondary education, 53% of prime-age women earned less than the median income in London ER when they last worked, compared to 46% of prime-age men. This suggests that women may be less incentivized to enter the labour market due to lower potential earnings. Actions to increase potential earnings or job quality (such as retraining) may address this issue.

Prime-age women with and without a post-secondary education often worked in lower-paying industries than prime-age men with the same educational credentials. Prime-age women with a post-secondary education often held jobs in Health care and social assistance, while prime-age men with a post-secondary education most often held Manufacturing jobs. Prime-age women without a post-secondary education most frequently worked in Retail trade, and Accommodation and food services, while prime-age men without a post-secondary education most frequently worked in higher-paying industries such as Manufacturing and Construction. As a result, 49% of prime-age women made less than \$30,000 when they last worked, compared to 27% of prime-age men.

Figure 18: Top industries prime-age women worked in when last employed



Interventions that would help increase participation for prime-age women could include providing affordable and accessible child care services and transportation, as well as more flexible employment opportunities (e.g. flexible

schedules, working from home, etc.). Better services for job search assistance and retraining programs could help align job-seekers to opportunities with higher pay and with their relevant skill set.

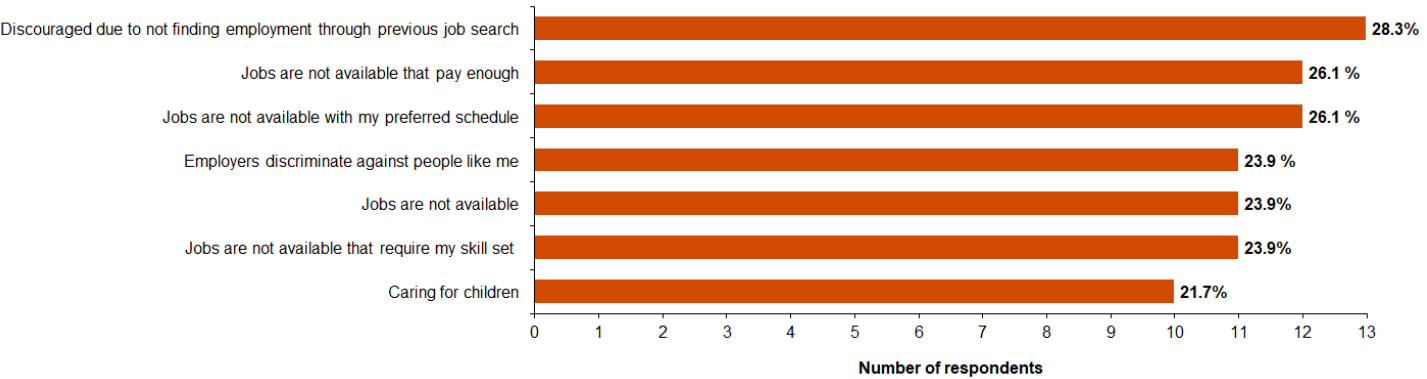
Prime-age immigrants

Key findings: Prime-age immigrants

For prime-age immigrants, discouragement is indicated as the top reason for their non-participation. Among prime-age immigrants who were discouraged, non-participation due to perceived discrimination from employers and the availability of jobs that require their skill set are highly correlated. For this group, the inability to find opportunities that are relevant to their skills and desired compensation despite high levels of post-secondary education drives non-participation. However, if these barriers were addressed, this group could have a relatively high availability to participate.

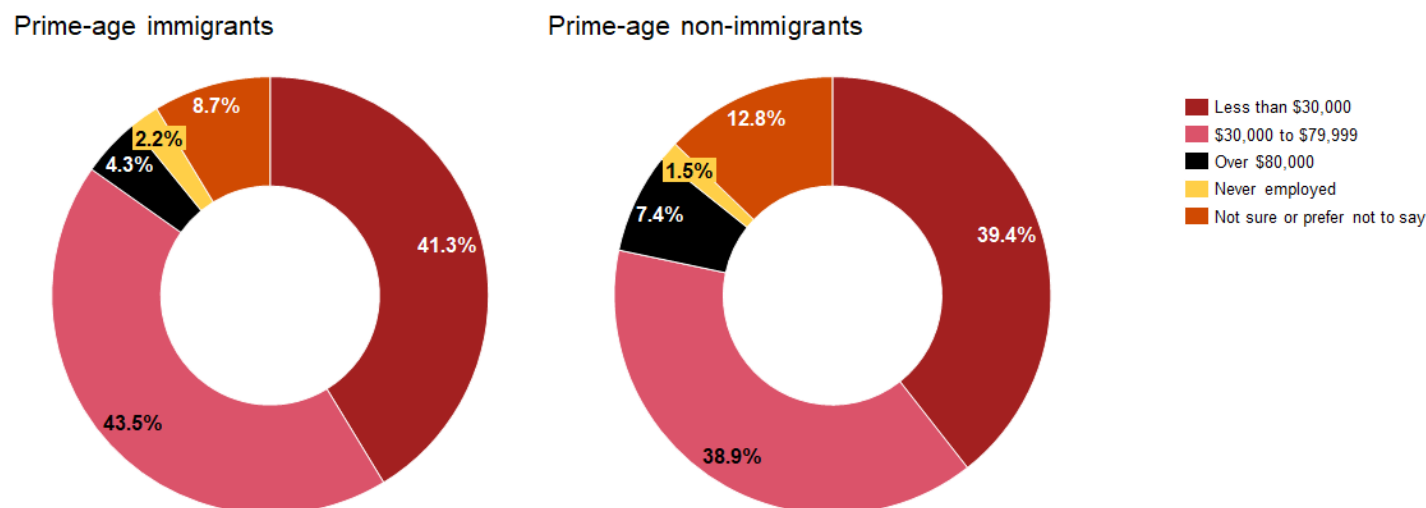
Prime-age immigrants are more often discouraged than their Canadian-born counterparts, due to not finding employment through previous job searches, and this is the top reason for their non-participation. A lack of attractive jobs such as jobs that pay enough and jobs with their preferred schedule also contribute to discouragement. 28% of prime-age immigrants are discouraged from participating, compared to 23% of prime-age non-immigrants. Furthermore, discrimination is a more frequently cited factor for non-participation among prime-age immigrants (24% compared to 16% of prime-age respondents who are not immigrants). Despite higher rates of discouragement, 87% - 91% of prime-age immigrants may be available to participate if barriers are addressed (compared to 60% - 84% of prime-age non-immigrants).

Figure 19: Top reasons for non-participation among prime-age immigrants



Among prime-age immigrants who were discouraged, non-participation due to perceived discrimination and the availability of jobs that require their skill set is highly correlated. Despite higher rates of post-secondary education and previous employment in Knowledge industries, prime-age immigrants did not earn more than prime-age non-immigrants (when they were last employed), providing some support to the claims for discrimination and barriers related to skills mismatch. 87% of prime-age immigrant respondents have a post-secondary education (compared to 68% in prime-age non-immigrants), with a greater proportion of prime-age immigrants with a university education (bachelor's or above) than prime-age respondents who are not immigrants (61% compared to 22%). The high levels of educational attainment among this group and the inability to find opportunities that are relevant to their skills and provide desired compensation seems to drive non-participation.

Figure 20: Employment income distribution of prime-age immigrants compared to prime-age non-immigrants



Interventions to support participation among prime-age immigrants could include better services to provide job search assistance to create a better match between skills and available jobs. A wider availability of retraining and education programs would support prime-age immigrants in attaining skills and education relevant to the jobs they would like to pursue. Flexibility in licensing for skills and abilities would reduce discrimination and create positive wage outcomes. In addition, a review of the frameworks in place to report and assess claims of discrimination from government entities, and greater transparency around equity practices and pay from employers, could help address the issue of discrimination.

The availability of employment counselling is crucial to support immigrants and their labour market outcomes. As many immigrants with foreign education credentials often return to school to obtain a Canadian degree due to their degree not being recognized, providing employment counselling on how to best leverage skills and foreign credentials in the context of the Canadian job market helps accelerate transition to the labour market without the need to return to school for another degree.

Prime-age visible minority non-participants^{63,64}

Key findings: Prime-age visible minorities

Over half of prime-age visible minorities in the sample are also immigrants, leading to similar barriers faced between the two groups. Among prime-age visible minorities, the top reason that they indicate for non-participation is discrimination from employers. The lack of attractive jobs also contributes to the non-participation in this group, as well as discouragement and a lack of technical skills that employers are looking for.

Over half of prime-age visible minority respondents in the sample are also immigrants (58%). As a result, some of the observations for non-participation among prime-age visible minorities are similar to those made for the prime-age immigrant group.

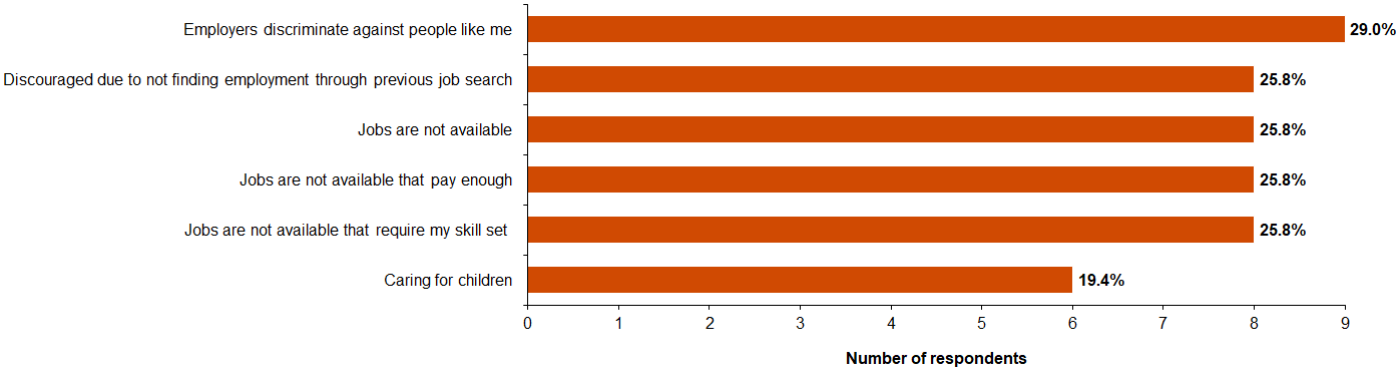
The primary barrier to participation for prime-age visible minority respondents is discrimination, with 29% indicating that employers discriminate against people like them; this is compared to 16% of prime-age non-visible minority respondents. A lack of attractive jobs is also a common barrier for this group. Prime-age visible minorities are also more likely to

⁶³ Due to a low sample size for prime-age Indigenous respondents, specific trends in non-participation could not be isolated for this group. A small sample size in prime-age visible minorities who are not immigrants restricts more in-depth analysis for this group.

⁶⁴ The term "visible minority" refers to Statistics Canada's existing operational definition as of 2021, which takes from the Employment Equity Act's definition of "persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour". The use of this term to refer to individuals who identify as part of this group is currently under review by the Government of Canada, and is subject to change.

indicate that they lack the technical skills that employers are looking for, with 16% stating that it is a barrier to participation (compared to 13% of prime-age respondents who are not visible minorities).

Figure 21: Top reasons for non-participation among prime-age visible minority respondents



Among our sample of prime-age visible minorities (both immigrants and non-immigrants), social benefit collection is lower than their counterparts who are not visible minorities. Prime-age visible minorities are less likely to collect social benefits such as Ontario Works (OW) and Employment Insurance (EI): 55% of prime-age visible minorities in our sample receive social benefits, compared to 64% of those in prime-age who are not visible minorities. However, a slightly higher share of prime-age visible minorities in our sample are collecting Ontario Disability Support Program (ODSP) benefits (19% compared to 18% among those who are not visible minorities), as a greater share of these respondents have a disability or physical health barrier affecting their participation (23% compared to 21% among those who are not visible minorities). Data for ODSP recipients in Ontario as a whole is not available in this level of detail, so we cannot ascertain that these trends hold outside of our sample.

Prime-age visible minorities are as likely to have last worked in Knowledge industries and Service industries as their counterparts who are not visible minorities. A greater share of prime-age visible minorities with a post-secondary education work in Service industries (29%) than their counterparts who were not visible minorities and have a post-secondary education (20%). This could suggest the existence of a combination of barriers such as discrimination among Knowledge industries, or greater skills mismatch among prime-age visible minorities.

Almost half (48%) of prime-age visible minorities in the sample last searched for a job within the last month prior to their survey response. This is compared to 33% among prime-age respondents who do not identify as a visible minority. This is similar to trends seen for prime-age immigrants.

Similar to prime-age immigrants, interventions to support greater participation for prime-age visible minorities could include a review of the frameworks to assess claims of discrimination from government entities, greater transparency around equity and pay from employers, licensing for skills and abilities, and a greater availability of job search assistance and retraining and education programs to match respondents to jobs that are relevant to their skills and requirements.

Prime-age non-participants with a post-secondary education

Key findings: Prime-age non-participants with a post-secondary education

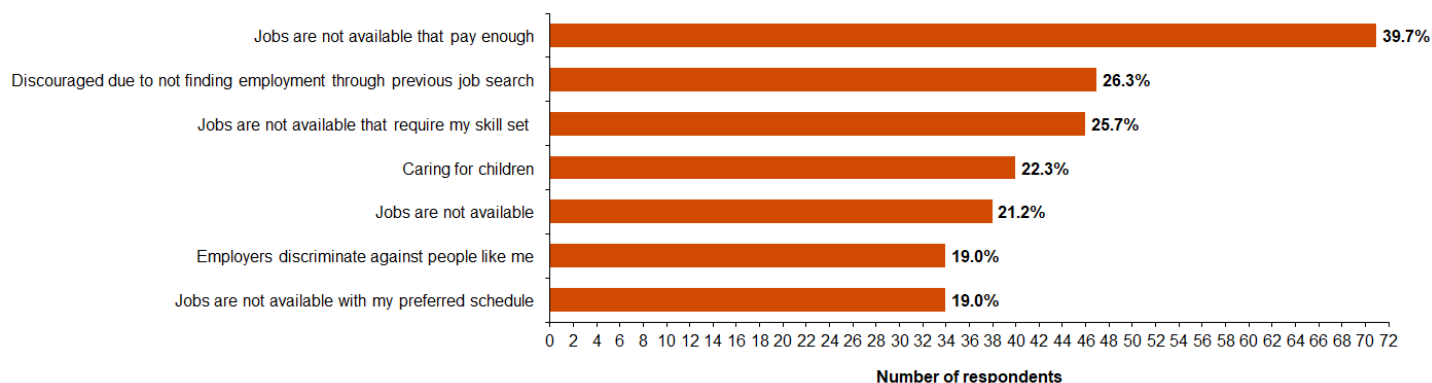
Although a large share (72%) of prime-age respondents have a post-secondary education, a lack of attractive jobs is the main contributor to non-participation, with the lack of jobs that pay enough as the top reason for non-participation. The lack of jobs that pay enough is often correlated with a lack of jobs that require their skill set and discouragement. A considerable amount of prime-age respondents with a post-secondary education work in low- to mid-paying industries, with retail trade being the most frequent industry that respondents in this group last worked in. These factors suggest that among this group, poor match between their skills and available jobs is a driver of non-participation.

Respondents who have a post-secondary degree are defined as those that have graduated with a university, college, or CEGEP degree, certificate or diploma (below, at or above a bachelor’s level) or an apprenticeship/trades diploma or

certificate. Despite prime-age respondents frequently pursuing post-secondary education, a lack of attractive jobs largely contributes to non-participation. 72% of prime-age respondents have a post-secondary education, compared to 65% of respondents in the mature cohort.

Among these respondents, 40% cite the lack of jobs that pay enough as a reason for non-participation. The lack of jobs that pay enough is often correlated with a lack of jobs that require their skill set (45%), and discouragement (37%). These factors suggest that among this group, there is a poor match between their skills and available jobs.

Figure 22: Top reasons for non-participation among prime-age respondents with a post-secondary education



A considerable share of prime-age respondents with a post-secondary education work in low- to mid-paying industries. The top industries they work in include Health care and social assistance, Retail trade, Manufacturing, and Accommodation and food services. Though 49% of prime-age respondents who have a university education at a bachelor's level or above last worked in Knowledge industries, the most common industry this group was last employed in was Retail trade (17%). This tends to support the notion that the lack of attractive jobs to their skills and desired compensation leads non-participants in this group to work in industries with lower pay, leading to discouragement and labour market exits.

Table 3: Breakdown of industry groups that respondents were last employed in and median employment income for prime-age respondents with and without a post-secondary education⁶⁵

Industry group	% when last employed (all prime age respondents)	% when last employed (with a post secondary education)	% when last employed (without a post secondary education)	Weighted median employment income in London CMA in 2015 ⁶⁶
Total, all industries	100%	100%	100%	\$31,511
Knowledge industries	29%	36%	11%	\$47,766
Industries with trades occupations	18%	16%	23%	\$44,798
Service industries	24%	21%	31%	\$17,432

All respondents to the survey were not searching for a job at the time of the survey. However, prime-age respondents with a post-secondary education are more likely to have last searched for a job within the month prior to their survey response, and are less likely to have never searched for a job. 36% of respondents in this group last searched for a job within the month prior to their survey response, with 6% having never searched for jobs. This is compared to 15% of prime-age

⁶⁵ Respondents in the listed industry groups do not sum to 100% due to a share of respondents last working in Other industries, respondents who preferred not to report the industry they last worked in, and respondents who were never employed.

⁶⁶ Data tables, 2016 Census. Median employment income weighted according to the number of prime-age respondents in each industry group, rounded to the nearest dollar.

respondents without a post-secondary degree who last searched for a job within the month prior to survey response. In addition, 10% of prime-age respondents without a post-secondary degree have never looked for jobs.

Furthermore, prime-age respondents with a post-secondary education who are not participating due in part to the COVID-19 pandemic are more likely to have last searched for jobs within the month prior to survey response (62% compared to 34% of prime-age respondents with a post-secondary degree whose non-participation is not due to COVID-19). Given that jobs that allow working from home often require a post-secondary education, it is likely that those who are not participating or laid-off as a result of the pandemic have a greater ability to have searched for relevant work despite the pandemic's effect on the economy and the health circumstances of workplaces. Those who are not participating for reasons not due to COVID-19 are more likely to have not looked for jobs prior to the pandemic (43% last searched over a year ago from the time of survey response), and likely face structural issues resulting in long-term non-participation.

Despite this group's attainment of post-secondary education, they struggle to find jobs that are well-matched to their skills and therefore pay lower wages and are less attractive. This situation leads to lower incentives for these individuals to look for work. Interventions for this group could include retraining programs to help non-participants switch careers or develop new skills to make them more competitive in the labour market. Other factors that can support an improved match between education and available jobs are availability of labour market information in secondary schools, colleges, and universities to help students develop their career paths, and collaboration between educational institutions and employers, focusing on matching skills to available jobs and growing industries.

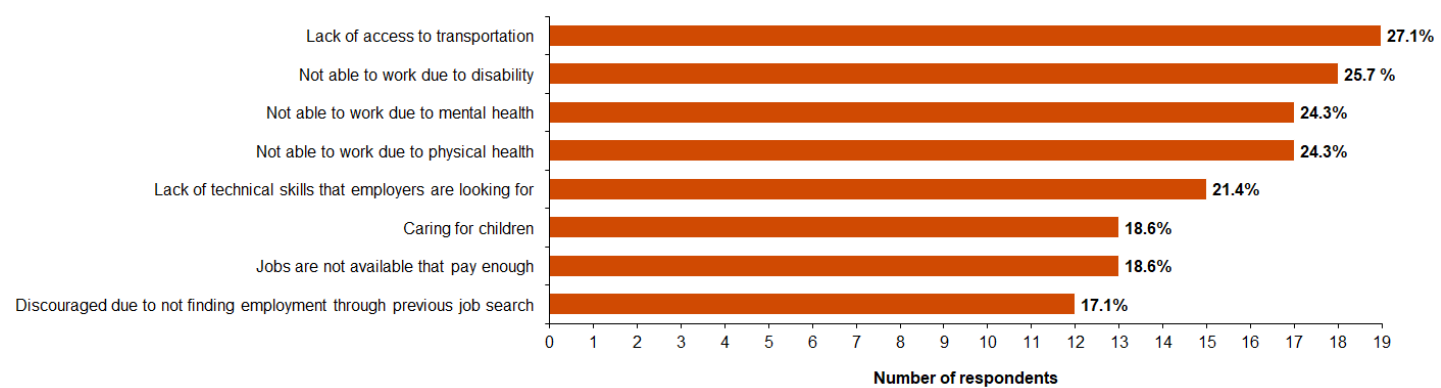
Prime-age non-participants without a post-secondary education

Key findings: Prime-age non-participants without a post-secondary education

Lack of transportation and poor health circumstances are the primary reasons for non-participation among prime-age respondents without a post-secondary education, while a lack of attractive jobs also contributes. A lack of technical skills that employers are looking for also affects this group more so than those with a post-secondary education. Not having a post-secondary education is often correlated with having low income and being in poor health, all factors that contribute to non-participation.

A lack of transportation and poor health conditions are the primary reasons for non-participation for prime-age respondents without a post-secondary education, while a lack of attractive jobs also contributes, as seen in Figure 18. A lack of technical skills that employers are looking for is a factor that affects non-participation in this group greater than those with a post-secondary education (21% compared to 9% of prime-age respondents with a post-secondary education).

Figure 23: Top reasons for non-participation among prime-age respondents without a post-secondary education



Prime-age respondents who do not have a post-secondary education often worked in Service industries (33%) and Industries with trades occupations (24%), which generally have lower barriers to entry in terms of educational requirements. The top industries these respondents last worked in were Retail trade (17%), Accommodation and Food services (14%), and Manufacturing (12.9%). Furthermore, a third of prime-age respondents without a post-secondary education worked in Sales and service occupations, with 16% working in Trades occupations.

The occurrence of not having a post-secondary education is often related with having low income and being in poor health. The lack of transportation is likely driven by lower income, as 51% of prime-age respondents who do not have a post-secondary education made less than the median income in London ER in 2015, compared to 35% of prime-age respondents with a post-secondary education. Furthermore, poor health conditions are often barriers to participation and education: 56% of prime-age respondents who have a health condition also have a post-secondary education, compared to 78% of prime-age respondents without a health condition. Given the intersection between being low income and non-participation due to a lack of skills for this group, this may suggest that subsidized training and upskilling programs would help develop higher labour market participation among these respondents.

This group faces intersecting barriers and would require various supports in order to enable participation. As prime-age respondents without a post-secondary education are more likely to have health conditions, better accommodations from employers to support those with health barriers would help support labour market outcomes. This could include providing jobs with flexible hours or opportunities to work remotely. Accessible and affordable transportation would also help this group in pursuing jobs in more remote regions, or to support those who may have accessibility issues due to a physical health condition or disability. Finally, better services for job search assistance and training/education programs could assist those without post-secondary education in finding jobs that are relevant to their abilities and requirements.

Prime-age non-participants with health conditions

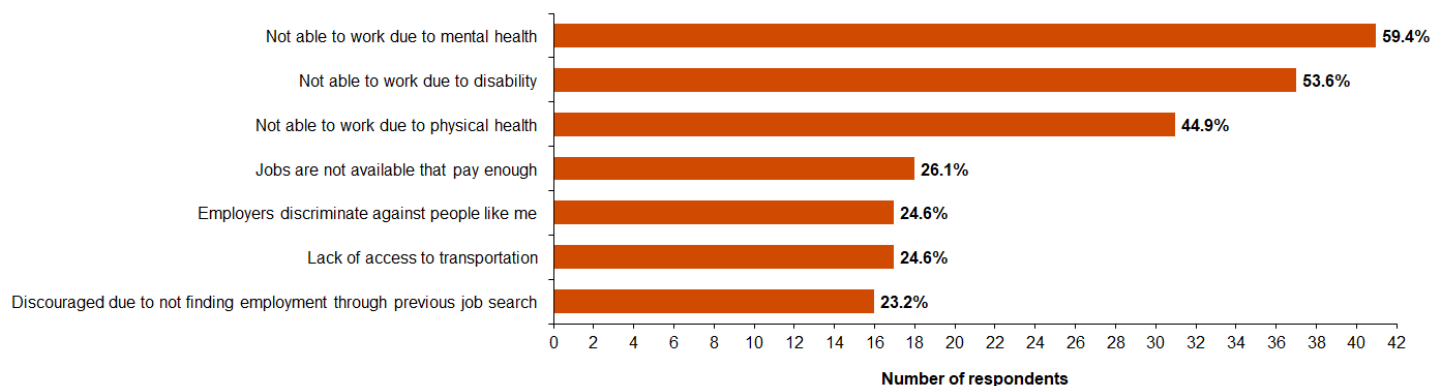
Key findings: Prime-age non-participants with health conditions

Over two-thirds of prime-age respondents with at least one health condition state that they would require improved health circumstances to enter the labour market, which suggests that they would be unlikely to be able to enter the labour market even with other types of support. In order to participate, this group would also require greater availability of jobs that fit their qualifications and desired compensation (e.g. wages, benefits), and better access to transportation and training opportunities, among other factors.

The top reasons for non-participation among prime-age respondents with at least one health condition range from a lack of attractive jobs to a lack of transportation. Notably, a lack of transportation is a prominent barrier for prime-age respondents with a disability or physical health condition, as 23% of prime-age respondents with at least one of these health conditions indicate that it is a reason contributing to their non-participation (compared to 16% of prime-age respondents without a disability or physical health condition). Prime-age respondents with a health condition are also more likely to claim employers discriminating against people like them are a reason for their non-participation (25% compared to 14% of prime-age respondents without a health condition).

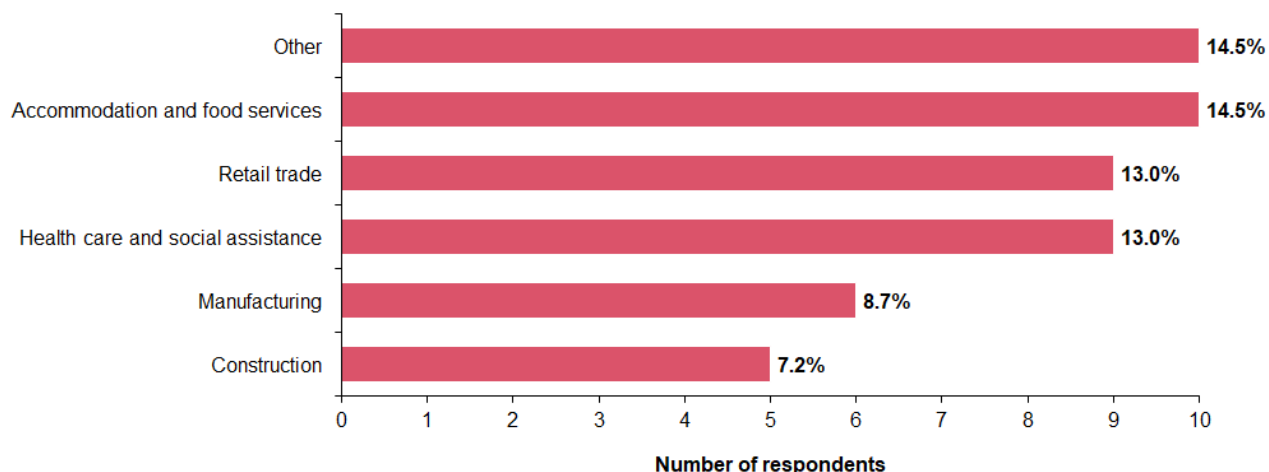
Prime-age respondents who are not participating due to a disability or physical health condition frequently indicate that their mental health is a barrier to participation. 58% of prime-age respondents who identify as having a physical health condition also cite mental health as a barrier to participation, while 51% of those who identify as having a disability cite mental health as a barrier. This may suggest that support to help enter the labour force for these respondents often would be required to extend beyond physical accommodations.

Figure 24: Top reasons for non-participation among prime-age respondents with at least one health condition



Health conditions are often barriers to education and consequently to labour market participation, leading to lower income levels. 48% of prime-age respondents with a health condition made less than \$30,000 when last employed (compared to 37% of prime-age respondents without a health condition). However, prime-age respondents with health conditions last worked in Service industries as frequently as Knowledge industries (29% of respondents for each). Prime-age respondents without health conditions were less likely to work in Service industries (23%).

Figure 25: Top industries prime-age respondents with health conditions worked in when last employed

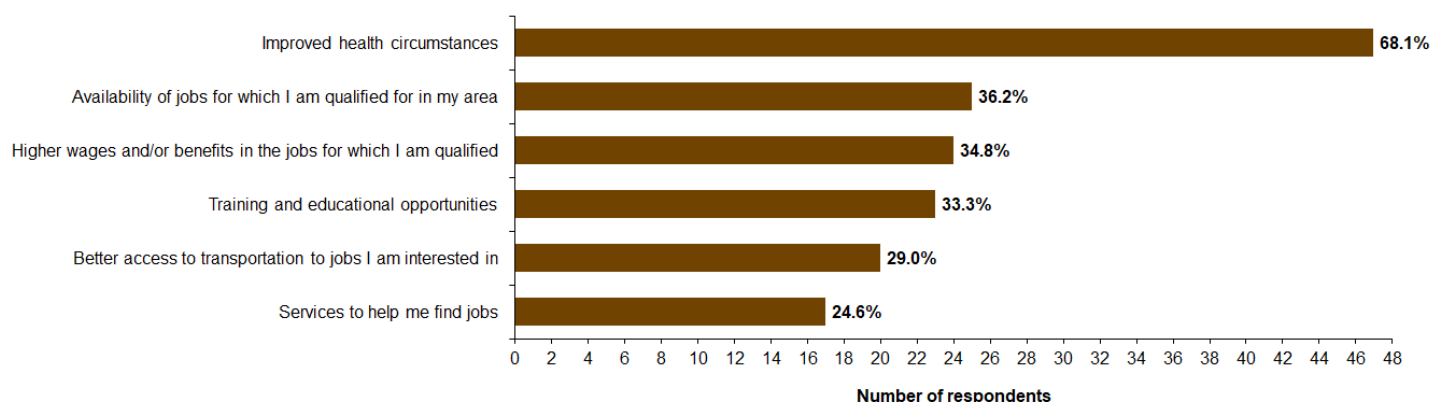


As described in the profile of prime-age respondents without a post-secondary education, the occurrence of not having a post-secondary education is often correlated with health conditions. However, post-secondary attainment varies between different health conditions. Prime-age respondents who identify as having a physical health condition are less likely to have a post-secondary education (47%) compared to those who identify as having a disability (51%) or a mental health barrier (59%).

Many of the respondents in this group require improvement from their health conditions in order to consider labour market entry; this translates to a significantly lower number of those who would be available to participate given that many people with health barriers would not be able to work even with increased support from governments and employers. However, a significant portion have still indicated interest in entering the labour force, given additional support. Between 14% and 72% of prime-age respondents with at least one health condition could be available to participate if barriers were addressed, with lower rates of participation expected for those with a disability. Though over two-thirds of respondents in this group state that they would require improved health circumstances to enter the labour market, other changes need to be implemented in order to support their participation.

Regardless of whether or not respondents in this group require improved health circumstances, the availability of jobs that fit their qualifications and compensation expectations (e.g. wages, benefits), as well as better access to transportation and training opportunities, would help their transition into the labour market—among other factors. This reinforces that the pathway to participation for this group is not one-dimensional; even with improved health circumstances, support is required in other areas in order to create labour market opportunities among this group.

Figure 26: Factors that need to change in order for prime-age respondents with at least one health condition to participate



While two-thirds of prime-age respondents with health conditions are not able to work without improvement in their health circumstances, others could be available to participate if barriers were addressed. Interventions that can support this group include better accommodations from employers to support those with health barriers, which would help support labour market outcomes. This includes providing jobs with flexible hours or opportunities to work remotely, and extended health benefits. Another intervention to support participation among this group is availability of transportation that accommodates those who may have accessibility issues due to a physical health condition or disability. Finally, better services for job search assistance, and accessible retraining and education programs (e.g. AODA compliant online modules, would help non-participants in this group find jobs that are relevant to their skills, abilities and requirements.

Prime-age non-participants with low income

Key findings: Prime-age non-participants with low income

Among prime-age respondents who made less than \$30,000 when they were last employed, lack of access to transportation is the top barrier to participation. In addition, the lack of attractive jobs such as the lack of jobs that pay enough or require their skill set are commonly indicated as barriers to non-participation, as well as discouragement. Non-participation due to discouragement among these respondents is also highly correlated with the lack of jobs that pay enough.

Low income is defined as an individual earning less than \$30,000 in employment income when last employed, which is less than the median employment income of \$33,126⁶⁷ in the London ER in 2019. Among low-income respondents, the lack of access to transportation is the top barrier to participation, with 27% saying it is a reason for their non-participation. As those with low income are less likely to be able to afford a car, the lack of transportation can make jobs inaccessible if public transit is not a viable option.

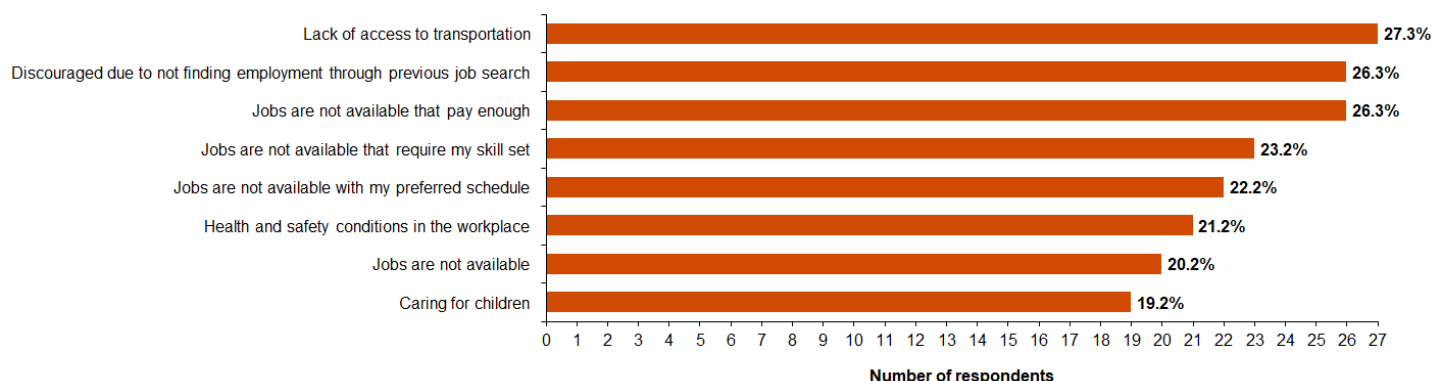
The use of public transportation to commute to work was significantly lower in the London ER compared to Ontario as a whole. Based on the 2016 Census, almost 6% of employed London ER residents commuted to work using public transportation, compared to almost 15% for the average Ontarian. Employed London ER residents were more likely to drive to work compared to the average Ontarian (80% compared to 72%, a difference of over 8 percentage points). This could be due to availability of routes and schedules, time required for commutes, or cost. The implications of the need to

⁶⁷ Derived from calculation indexing 2015 median employment income in London ER to growth in median employment income in Ontario from 2015 to 2019.

have a vehicle in order to reach places of employment that are more distant or at a location where public transit does not reach would create significant issues in labour market participation and employment opportunities for those who cannot afford to purchase or own a vehicle.

In addition to the lack of attractive jobs, discouragement is more prevalent among prime-age low-income respondents as a reason for non-participation. 26% of these respondents are discouraged from participating; this is compared to 22% among prime-age respondents who made over \$30,000 when last employed. Discouragement is often highly correlated with responses indicating the lack of jobs that pay enough (54%).

Figure 27: Top reasons for non-participation among prime-age respondents with low income



Compared to those without a low income, prime-age respondents with low income are less likely to have a post-secondary education and work in Service industries. 64% of prime-age low-income individuals have a post-secondary education, compared to 85% of prime-age respondents who made over \$30,000 when last employed. 42% of these respondents worked in Service industries when last employed, with the top industries being Retail trade (25%), and Accommodation and food services (17%). One-fifth held jobs in Knowledge industries such as Health and social assistance, and Educational services.

16% of prime-age respondents with low income indicated that they lack the technical skills that employers are looking for (compared to 9% of those who made over \$30,000 when last employed), suggesting that these individuals do not have the necessary skills for jobs that they find attractive in terms of pay and work environment. A skills mismatch is further perpetuated due to lower rates of post-secondary education, which may be related to barriers faced due to having low income.

Prime-age respondents with low income are more likely to collect social benefits: 65% of prime-age respondents in low-income are collecting social benefits (compared to 58% of prime-age respondents making over \$30,000 when last employed). Among the top social benefits collected, 21% collect Ontario Works (OW) benefits (compared to 6% of prime-age respondents making over \$30,000 when last employed), 18% collect Ontario Disability Support Program (ODSP) benefits (compared to 10% of prime-age respondents making over \$30,000 when last employed), and 9% collect Employment Insurance (EI) benefits (compared to 16% of prime-age respondents making over \$30,000 when last employed). The effect of clawbacks on social benefits such as OW and ODSP can discourage labour market participation by lowering the financial incentive to work.

Prime-age respondents with low income are more likely to have a health condition, and these conditions are likely to be mutually reinforcing. One-third of prime-age respondents with low income have at least one health condition that limits their participation, compared to 17% of prime-age respondents making over \$30,000 when last employed. 18% have a disability, and 19% have a physical health condition. Furthermore, a high correlation between low-income and health conditions contributes to lower participation, and a greater need for the collection of social benefits.

Interventions to support prime-age respondents with low-income when they were last employed include better services for job search assistance, and free or low-cost training and education programs. This would provide respondents in this group an affordable way to develop the skills required to pursue opportunities in careers that are relevant to requirements.

Employers should also consider providing apprenticeship and co-operative programs to help non-participants gain experience and become more competitive in the labour market for higher-paying industries.

Prime-age non-participants outside of the City of London

Key findings: Prime-age non-participants outside the City of London

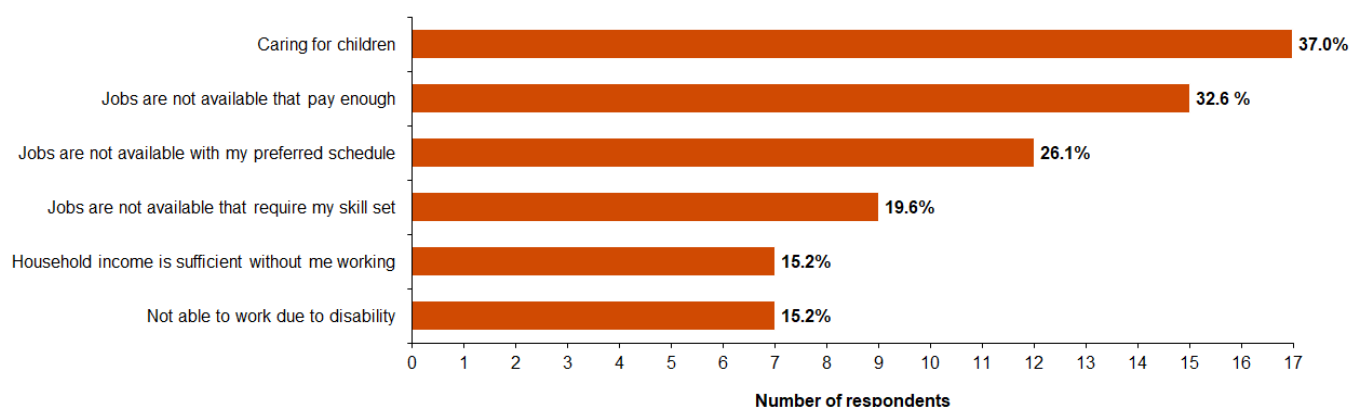
Among the top reasons for non-participation among prime-age respondents who reside outside the City of London are the lack of attractive jobs and child care responsibilities. Notably, prime-age residents living outside the City of London are more likely to not participate due to having sufficient household income. On the other hand, those in the City of London were more likely to cite lack of transportation as a barrier, compared to those outside the city. This is likely due to higher reliance on public transit as their main form of commuting. While prime-age residents outside the City of London have less post-secondary education, they did not make less than those living in the City of London, with similar opportunities working in mid-to-high-skilled industries to those living in the City.

Our analysis showed that drivers of non-participation differ between those in the City of London⁶⁸ and in other areas of the London ER. Prime-age women who resided outside the City of London are more likely to not participate due to child care responsibilities. 48% indicated that child care responsibilities are a reason for their non-participation, compared to 24% of prime-age women living in the City of London. As a result, these respondents were more likely to find a lack of jobs that fit their preferred schedule (26% compared to 16% of those living in the City of London). Furthermore, the sample size of respondents within each individual county outside the City of London is not statistically sufficient to be able to interpret specific trends in non-participation; therefore, we have focused on comparing those who live within the City of London with those outside the City of London.

The lack of transportation was a larger barrier to participation for prime-age respondents living in the City of London than those living outside the City. 19% of prime-age respondents living in the City of London indicated transportation is a barrier to participation, compared to 11% of prime-age respondents living outside of the City of London. According to the 2016 Census, 9% of those living in the City used public transit as their primary form of transportation, compared to 6% of residents living in the Elgin, Middlesex and Oxford counties. 75% of those living within the City used a car, truck or van as their primary form of commuting, compared to 80% of those living outside the City. Given that residents within the City of London rely more on public transit than those living outside the City and were less likely to travel by car primarily, transit is a greater issue for non-participants within the City.

Non-participants living outside the City of London are also more likely to not participate due to household income being sufficient. 15% of prime-age respondents living outside the City of London state this as a reason for their non-participation, compared to 6% of prime-age respondents living in the City of London.

Figure 28: Top reasons for non-participation among prime-age respondents living outside the City of London



⁶⁸ Defined according to municipal boundaries.

Prime-age respondents outside the City of London are also more likely to have last worked in Knowledge and Industries with trades occupations, and less likely to have last worked in Service industries. However, these respondents were similarly more likely to make less than \$30,000 in 2016 (39% compared to 40% of prime-age respondents within the City of London). Furthermore, prime-age respondents outside the City of London were less likely to have a post-secondary education (65% compared to 73% of prime-age respondents living in the City of London). This indicates that while prime-age respondents outside the City of London have less post-secondary education on average, they did not make less than those living in the City of London, with similar opportunities working in mid-to-high-skilled industries to those living in the City of London. As many of the top reasons for non-participation are related to the lack of attractive jobs, this may indicate opportunities to non-participants outside the City of London are limited.

Lack of transportation is a larger barrier for those in the City of London, with 19% citing it as a barrier, compared to those in other parts of the London ER (11%). Consideration paid to interventions around transportation should include an analysis of the infrastructure within the City of London, and could include an assessment on public transportation systems and transportation supports such as bussing services from employers.

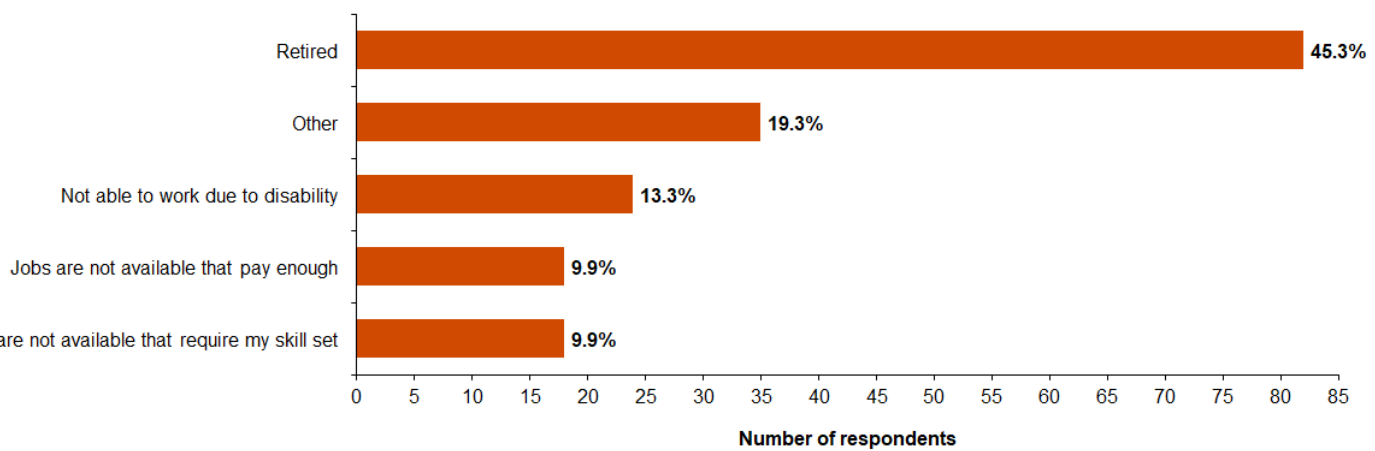
Mature-age (aged 55 and over) non-participants

Key findings: Mature-age (55+) non-participants

Although many mature-age respondents are retired, there is interest in returning to the labour market under the right conditions. Up to 15.5% of retirees in the mature-age cohort would be available to participate if there were attractive jobs available that pay enough, fit their schedule, or require their skill set. 92% of retired respondents who potentially would be available to participate have a post-secondary education, suggesting that those with specialized skills and knowledge are more likely to be attached to the labour market.

Many mature-age respondents are not available to participate in the labour market due to being retired. 45% of the mature-age cohort is retired, with 96% of retired respondents in the mature-age cohort (which is a greater share than the 40% of the overall sample who are in the mature cohort). Among those in this age group who are not retired, factors that contribute to non-participation include disabilities, discouragement, and a lack of attractive jobs.

Figure 29: Top reasons for non-participation among mature-age respondents



Though many mature-age respondents are retired, there is interest in returning to the labour market under the right conditions. Up to 16% of retirees in the mature-age cohort could be available to participate if barriers were addressed, with the lack of well-paying jobs (33%), jobs that fit their schedule such as part-time/flexible positions (25%), and jobs requiring their skill set (25%) cited as the main reasons for non-participation. Up to 92% of retired respondents who potentially would be available to participate have a post-secondary education, suggesting that those with specialized skills and knowledge are more likely to be attached to the labour market.

While many mature-age non-participants are not interested in participating because they are retired, interventions to support those who are interested in working could include providing opportunities with flexible schedules and hours, as well as better services to help connect job-seekers to employment opportunities that are relevant to their skill set and requirements.

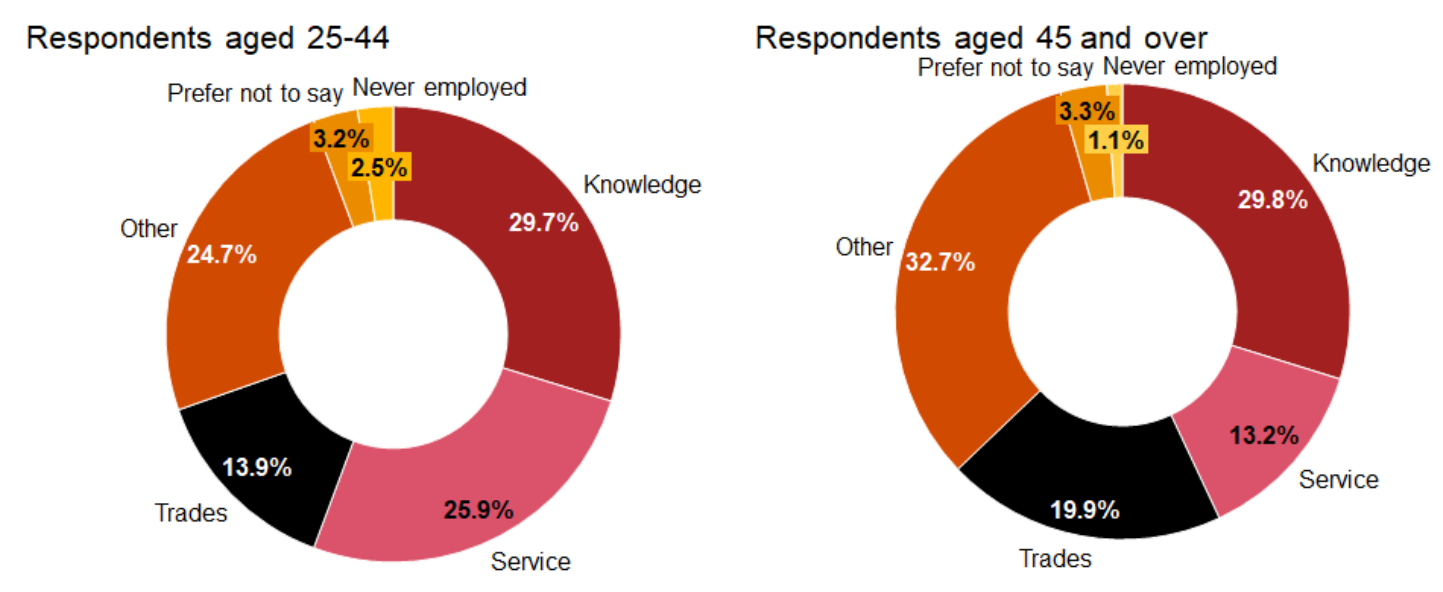
Changes in industry opportunities

Key findings: Changes in industry opportunities

Industry composition appears to be shifting in the London ER. Non-participants aged 45 and over are more likely to have last worked in Industries with trades occupations, while those aged 25-44 are more likely to have last worked in service occupations. The 25-44 age group is relatively more likely to have pursued Apprenticeship or a trades certificate or diploma, while having had relatively less success gaining employment in Industries with trades occupations. This suggests that the education and training pursued by the 25-44 cohort is not well aligned to opportunities in the industries they are pursuing, and/or there is a lack of jobs in those industries.

A divide between industries that younger and older respondents last worked in signifies a shift in industry opportunities. While many respondents aged 25-44 more commonly worked in Service industries when last employed, respondents aged 45 and over are more likely to have worked in Industries with trades occupations. Both groups are equally as likely to have worked in Knowledge industries when last employed.

Figure 30: Industry groups in which respondents were last employed, by age group



Prime-age respondents most frequently worked in Knowledge industries when last employed, and the majority of respondents who last worked in Service industries were in the prime-age demographic. 75% of all respondents who last worked in Service industries are in the prime-age cohort (with over half between the ages of 25 to 44), which is greater than the share of prime-age respondents in the sample (56%).

Older respondents were the most likely group to have been last employed in Industries with trades occupations. Those aged 45+ represented 67% and 68% of those that worked in Industries with trades occupations and Manufacturing, respectively, while representing 61% of the sample overall.

Despite a greater representation of respondents aged 45+ last working in Industries with trades occupations, a larger share of respondents under 44 years of age have an Apprenticeship or trades certificate or diploma. 10% of respondents under 44 years old have an Apprenticeship or trades certificate or diploma, compared to 7% of respondents aged 45

years or older in our sample. As respondents between the ages of 25 to 44 are more likely to not participate due to lacking technical skills that employers are looking for (12% compared to 7% of respondents who are 45 years or older), it is likely that they are less competitive due to the lack of experience in developing skills in the workforce despite having attained a certificate or diploma in trades. However, it is possible that younger respondents did not acquire trades certificates in trades occupations with higher job demand. For these individuals, retraining may help these individuals switch to careers in industries with greater employment opportunities. As seen in Table 4, this gap between respondents aged 25-44 and respondents 45+ who do not participate due to lack of technical skills is larger for those who last worked in Industries with trades occupations compared to Service and Knowledge industries.

Table 4: Gap between younger and older respondents who do not participate due to a lack of technical skills, by industry group respondents were last employed in⁶⁹

Industry group	Percentage who do not participate due to lack of technical skills that employers are looking for ⁷⁰		Difference between younger and older respondents
	Respondents aged 25 44	Respondents aged 45+	
Industries with trades occupations	13.6%	9.3%	4.3%
Service industries	17.1%	13.9%	3.2%
Knowledge industries	6.4%	4.9%	1.5%

The importance of opportunities in Industries with trades occupations is significant, as jobs in these industries have historically been available to those with and without a post-secondary education but offered higher wages than other industries that do not require a post-secondary education (e.g. Service industries). For all respondents that worked in Industries with trades occupations when last employed, 70% have a post-secondary education, and 67% earned more than the median income in London ER in 2019. For all respondents that worked in Service industries when last employed, 78% have a post-secondary education, but only 21% earned more than the median income in London ER in 2019. Furthermore, the weighted median annual employment income⁷¹ for those working in Industries with trades occupations in the London CMA was over 2.5 times as much as Service industries (\$44,798 compared to \$17,432).

An OECD study⁷² on job polarization in Canada with specific analysis on the London CMA finds that demand for mid-skill workers, such as tradespeople, has been on the rise in London since 2011, and data from Statistics Canada⁷³ has shown that employment in trades within Ontario has shown similar patterns. However, an increased demand for workers in trades has not allocated opportunities evenly. In Ontario between 2000-2009, 14% of workers in Industries with trades occupations were aged 55+, which has since risen to 21% between 2010-2019 (an increase of 8 percentage points). By comparison, the share of 55+ workers in all industries increased 6 percentage points over the same time period. As the mature-age cohort is able to leverage their experience to remain competitive in the labour market, this may explain why despite greater educational attainment in trades among those 25-44 years old, trades employment is more common among those who are aged 45 and older.

A loss of manufacturing opportunities in the years following the 2008-2009 recession may have contributed to prime-age non-participation, as it is possible that the initial shock to manufacturing employment has continued to have long-run effects on participation. Since 2015, manufacturing employment showed strong growth, but has yet to return to pre-recession levels. Whether this will have a positive effect on participation remains to be seen. With the COVID-19 pandemic decreasing opportunities for most industries and increasing trends of automation, there could be an adverse impact on any gains within manufacturing in London ER within the past five years.

⁶⁹ Figures rounded to one decimal place to show more precise differences between industry groups and age groups.

⁷⁰ Figures are rounded to the nearest whole.

⁷¹ Weighted according to the size of respondents in each industry, according to median employment income statistics from the 2016 Census.

⁷² OECD. *Job polarisation and changing skills needs at the local level in Canada*, 2020.

⁷³ Statistics Canada. *Labour force characteristics by industry, annual (x 1,000)*.

6. Considerations for addressing low labour market participation

As noted throughout this report, increasing the labour market participation rate is an important tool to promote economic growth, and in many cases individual well-being. It is particularly important in the context of the aging population trends in Ontario and Canada. In this section we propose options that may address the main barriers for non-participation (not working or looking for work) identified in our study. In developing the considerations we focused on the opportunities and gaps specific to the London ER with respect to types of jobs available, the inclusivity of programs available, the amount of existing collaboration between the community and industry, government and academia. The interventions in this section are ordered from top to bottom by the number of non-participants that would be supported by the interventions.

Mismatch between skills and available jobs

Impact in the London ER

For prime-age non-participants in the London ER, the top drivers of non-participation are related to a mismatch between individuals' skills and the jobs that they would like to have. The top reasons for not participating cited are the lack of availability of jobs that pay enough (34%), discouragement due to not finding a job previously (24%) and unavailability of jobs requiring their skill set (23%). In sum, non-participating individuals are not able to find jobs that they are qualified for that are sufficiently attractive to consider working. This mismatch persists despite the fact that a relatively high share of respondents (72%) have post-secondary education. Elements of mismatch affect almost all of the profiles described in this report, making it one of the top issues driving non-participation.

Factors that prime-age non-participants would like to see change in order to participate reflect the impact of this mismatch: 41% would like to see a greater availability of jobs that they are qualified for, 38% would like higher wages and/or benefits in the jobs they are qualified for, and 26% cite access to training or educational opportunities.

Evidence on interventions

Our survey evidence shows that many prime-age non-participants are not able to match with jobs that are attractive to them in terms of pay and schedule, and therefore become discouraged and choose to not participate. Interventions that can increase the number of jobs for which non-participants could qualify for and the pay of those jobs should be considered.

Active labour market measures, including retraining and job search assistance, have been widely studied and shown to be effective. For example, Denmark dedicates a significant amount of spending on active labour market programs, which is credited as one reason why the prime-age employment rate in Denmark is high relative to peer countries.⁷⁴ A meta-analysis of over 200 active labour market programs found that they generally have economically and statistically significant benefits, but only two to three years after the program takes place.⁷⁵ The most beneficial programs focus on human capital accumulation, through classroom or on-the-job training. The meta-study also found that there are larger impacts for women and participants who enter from long-term unemployment. This is relevant in the London ER, as the majority of non-participants have been out of the labour market for over one year.

Individuals who may benefit most from retraining are often switching occupations. This is likely to be the case among non-participants in the London ER undergoing retraining, because many of them worked in lower-paying occupations when last employed. A study of workers undergoing retraining in the US found that when controlling for whether

⁷⁴ The Economist, Flexicurity: How the Danes do it, April 10, 2021.

⁷⁵ Card et al, What works? A Meta-Analysis of Recent Active Labour Market Program Evaluations, 2015

individuals were switching occupations or staying in one occupation, training would increase employees' wages by around 10%, both for government-sponsored and employer-sponsored training.⁷⁶

With rising automation risk in manual and routine jobs expected in the near- and long-term, there is a need for industry and academia to collaborate in order to ensure the pipeline from school to the workplace is robust. The identification of skills demand and growing industries would reduce gaps in skilled labour and mismatch between job-seekers and available jobs. According to a study by the Canadian Education and Research Institute for Counselling (CERIC)⁷⁷, career education in high schools effectively changed the focus of students to pursue their early career aspirations, encouraged academic engagement, and increased career clarity. This is most effective for disadvantaged students from low-income backgrounds and from families where the parents did not have a post-secondary education.

Finally, increases in wages have been shown to increase labour force participation. In particular, stronger economic growth leads to higher wages as employers compete for workers, and employers may be more willing to make accommodations and broaden their criteria for hiring.⁷⁸

Considerations in the London ER

Evidence from the survey and from international examples suggest that a focus on retraining and job search assistance can make a meaningful difference to labour market participation in the London ER. These policies are designed to increase the number of jobs in the London ER for which individuals are qualified, and the pay of potential jobs. The large share of non-participants with post-secondary education suggests that in the longer term, better alignment of post-secondary education to employment opportunities can address these challenges preventatively, a recommendation made in a recent study on skill mismatch by the Conference Board of Canada.⁷⁹

In the context of the London ER, the following actions should be considered:

Governments

- Increase funding for Employment Ontario programs and community-specific employment agencies and programs that focus on training and job search support, particularly in areas of identifying retraining opportunities and matching job-seekers with open roles.
- Increase the focus on training programs, specifically aligned to the London ER and its labour market demand / opportunities
- Work to increase awareness of available training and job search services by promoting them through other government services that may connect with non-participants.
- Increase funding for retraining programs catered towards career transitions. Engage industry to ensure that training and credentials developed are relevant for in-demand positions. Additional research will be required to identify areas where the skills and experience of non-participants can match with in-demand roles in the London ER.
- In line with the above, create apprenticeship positions in high-demand trades in London ER and work to connect non-participants with apprenticeship opportunities.
- Provide funding for employer-run training and onboarding programs serving those in need of retraining or making a career change.
- Through existing employment services, assist employers in marketing available jobs in the London ER (e.g. videos of workers sharing their story working in or transitioning from a certain industry).
- To address the skill mismatch for immigrants specifically, review processes for entering licensed occupations after being licensed in other countries.

⁷⁶ Kambourov et al, Occupational mobility and the returns to training, forthcoming.

⁷⁷ Canadian Education and Research Institute for Counselling. [The role of career education on students' education choices and post-secondary outcomes](#), 2020.

⁷⁸ The Hamilton Project. [Labor Force Nonparticipation: Trends, Causes, and Policy Solutions](#). 2019.

⁷⁹ Conference Board of Canada, [Aligning Skill Development to Labour Market Need](#), 2016

- For federal and provincial governments, use fiscal and monetary tools to move the economy towards full employment and generate wage growth while balancing targets for inflation. Examples include monetary policy tools such as interest rates, and fiscal policy tools such as stimulus spending, infrastructure investment etc.
- For federal and provincial governments, consider enhancing the Canada workers benefit, a subsidy provided to low-income workers, which would increase the incentive for low-income earners to work. This effort should be combined with the above approaches to retrain individuals and help match them with jobs, as well as greater educational outreach to ensure low-income workers are aware of these incentives.
- When evaluating programs, focus on long-term outcomes to ensure that benefits are adequately captured.
- Fund and design programs for skills and employment training specific to Indigenous labour market gaps with input from the Indigenous community in the London ER. For example, there is an underrepresentation of Indigenous people in STEM post-secondary programs; a pipeline from boosting enrolment by showcasing STEM programs in secondary schools, support for job searching post-graduation, and career development and mentorship for Indigenous people in STEM would boost labour market outcomes for the community.

Educational institutions

- Promote cooperation with employers to increase the relevance of education for available jobs. In particular, program design for secondary and post-secondary education should consider the skill requirements of in-demand roles in the region and skills that are anticipated to grow in the future.
- Increase opportunities for labour market experience during education such as co-op placements and internships.
- With the support of employers, government and other community organizations, create better online infrastructure for post-secondary students to interact with employers who are seeking co-op students to increase matching.
- Expand labour market information access and career education in elementary, secondary and post-secondary institutions. This could include the addition of an online career information portal, holding career fairs and bringing in speakers from different industrial backgrounds, etc.
- Increase mentoring and guidance services available to students, incorporating relevant labour market information in order to help them identify relevant career paths.
- Provide financial support (eg. grants, scholarships) to equity-seeking groups such as Indigenous people and women in programs with high demand from high-skill industries (eg. STEM).

Employers

- Expand co-operative opportunities, apprenticeship placements, and retraining programs offered for individuals that may be transitioning between industries. These placements are relevant in both Knowledge and Industries with trades occupations.
- Consider the issue of access to transportation described below, and make transportation support and/or support for online training (including availability of devices) available for these programs.
- Collaborate with educational institutions to communicate which skills and credentials are in demand, and to provide opportunities for co-op and internship placements.
- Consider offering more competitive benefits such as work from home opportunities and child care support
- Participate in the development of employment programs in partnership with community organizations and employment agencies

Community organizations, employment agencies and economic development agencies

- Collaboration between community organizations / agencies with employers, government and educational institutions in order to help align those using services for economic and employment support towards finding and obtaining more attractive labour market opportunities
- Increasing visibility of career counselling services
- Promoting training opportunities based on employer and community feedback

- Highlighting recruitment activities from employers, and what working in the company and role may entail (this could extend to marketing recruitment to workers in other geographic regions to attract new talent)
- Hosting information sessions to showcase opportunities from employers in different industries in London ER, and the skills required in each
- Connecting foreign trained professionals to educational institutions and alumni to identify opportunities to return to school in order to upskill / switch careers

Health barriers

Impact in the London ER

28% of survey respondents cited health conditions as a reason for not participating, which encompasses physical health, mental health, and disability. For this group, primary additional reasons for not participating are a lack of attractive jobs (i.e. a lack of jobs that pay enough, the lack of jobs that require their skill set, or the lack of jobs with their preferred schedule), and lack of transportation. This group was less likely to have post-secondary education and more likely to be low income: when they last worked, almost half of these individuals made less than the median income in the London ER.

Evidence on interventions

A report by the London Poverty Research Centre at King's College indicated that an increase in social assistance collection in the London ER could indicate worsening health conditions (contributing to poverty and low-income incidence, and vice versa). People who collect social assistance such as Ontario Works (OW) or Ontario Disability Support Program (ODSP) often are in poor health or have a disability, or have trouble with living expenses. An estimated 8% of people (or 41,000 people) were on social assistance in the London CMA in 2014, which was higher than the 6% provincial average in 2014. It was also observed that social assistance use grew 36% between 2003-2014.

Evidence on the impact of health on labour force participation has been documented globally. A study for the New Zealand Treasury⁸⁰ in 2010 shows that individuals with poor health have a reduced chance of participating in the labour force. The study estimates that an improvement in health could increase the number of labour market participants by 0.3% to 2.1%. While poor health circumstances are often difficult to amend using only policy interventions, addressing other barriers to participation while keeping in mind how interventions may require different supports for those with health conditions would help them find opportunities relevant to their needs and abilities.

Considerations in the London ER

Employers can provide employment with accommodations for those with health conditions in order to enable those who are interested in working, but have health barriers, to participate in the workforce. This could include a wider availability of work-from-home options, part-time work or jobs with flexible hours, extended health benefits, addressing physical barriers in the workplace, or other accommodations as required.

Governments can provide greater support to connect job-seekers to employment services and opportunities that may be relevant for them. This could include providing specialized training and upskilling programs, identification of jobs that are relevant to their needs and abilities, and resources to prepare for those jobs. Consideration should be paid to the types of accommodation that individuals with health conditions would require (e.g. learning modules offered online should be AODA compliant).

As COVID-19 worsened pre-existing health conditions (e.g. mental health worsened due to isolation and economic impacts, physical health was impacted as gyms closed and work-from-home / stay-at-home orders limited physical exercise), providing access to better mental health services and general counselling for healthier living would accelerate recovery and the removal of barriers affecting labour and economic outcomes.

Expanding resources and programs in health and wellness centres to address both physical and mental health issues specific to marginalized groups such as Indigenous populations and those who are homeless would be necessary in order to improve labour market outcomes. Given that negative physical health, addiction and trauma are prevalent barriers to

⁸⁰ Heather Holt and the New Zealand Treasury. Health and Labour Force Participation, 2010.

positive socio-economic outcomes, with different context behind these barriers between groups, it is important to have the necessary resources to address a variety of health concerns that would impact the ability to participate or work.

Childcare

Impact in the London ER

As noted in the report, 29% of women and 11% of men in our survey reported that child care responsibilities was one of the reasons that they were not participating. Prime-age women outside the City of London are much more likely than those in the city of London to be not participating due to child care responsibilities (48% vs 24%). It is important to note that access to child care is not the only barrier for these individuals: the majority of them cite other reasons for not participating including lack of jobs with their preferred schedule, and lack of access to transportation.

Evidence on interventions

Research confirms that home responsibilities, particularly child care, drive gender gaps in labour market outcomes. In particular, having young children impacts occupational choice, and reduces hours worked and hourly wages.⁸¹ Breaks in work due to child care responsibilities can also have lasting effects on women's labour market outcomes for decades after taking a break from the labour market for child care. Therefore, both child care responsibilities while children are young and lower long-term potential earnings are likely factors in women's lower labour market participation. It is not clear that any factors specific to the London ER are affecting non-participation related to child care.

There is strong evidence from Canada and elsewhere that access to affordable child care increases labour force participation, particularly for women. A study on the introduction of low-cost daycare in Quebec found a large and statistically significant increase in the labour supply of Quebec mothers with preschool-age children. Participation of those women was 69%, compared to an estimated 61% without the policy. The study noted that economic growth was strong at the time, which supported increased participation.⁸² Government-funded childcare in Japan has also been shown to be effective at increasing the labour force participation of women.⁸³

Considerations for the London ER

In its 2021 budget, the federal government committed to establish a Canada-wide early learning and child care system, including a target of bringing costs down to \$10 per day within five years.⁸⁴ In announcing this policy, the federal government specifically cited the expected benefits for women's labour force participation.

The federal action on this issue is likely to largely address the need for child care and encourage participation to the extent possible. We note that in Ontario, child care is subsidized for those with low incomes, so this policy would be expected to have a smaller effect on low-income non-participants. Additionally, some individuals may also prefer to care for children rather than to work, regardless of access to child care. One consideration for local governments in the London ER is that our survey finds that women in the London ER outside of the City of London are significantly more likely than those in the City of London to not participate due to child care responsibilities. To the extent that this is driven by fewer available child care facilities in those regions, local governments should work with the provincial government (which administers child care programming) to ensure that adequate facilities are available.

In addition, employers providing flexible opportunities for parents would help accommodate their personal schedules. Given that our survey finds that non-participation due to child care responsibilities is highly correlated with a lack of jobs that fit their schedule, the increased ability to work from home and flexible working hours would support parents who are balancing child care duties throughout the day (also, see flexibility recommendations below).

The first Indigenous child care centre in London ER is looking to open in Summer 2021⁸⁵; establishing and funding more Indigenous-run child care centres across the London ER would benefit the labour market outcomes of Indigenous women.

⁸¹ Erosa et al, Hours, Occupations, and Gender Differences in Labor Market Outcomes, forthcoming.

⁸² Lefebvre and Merrigan, 2008.

⁸³ <https://www.brookings.edu/opinions/removing-barriers-to-womens-labor-force-participation/>

⁸⁴ <https://www.canada.ca/en/department-finance/news/2021/04/budget-2021-a-canada-wide-early-learning-and-child-care-plan.html>

⁸⁵ CBC, London's first-ever Indigenous child care centre gears up for summer opening, 2021.

Flexibility

Impact in the London ER

The attractiveness of a job to non-participants depends on more than skill requirements and wages: elements of flexibility (e.g. part-time vs full-time, seasonal vs year-round) can be an important factor. Overall, 18% of prime-age respondents identified lack of available jobs with their preferred schedule as a barrier to participation. Within this group, flexibility is more likely to be an issue for immigrants and women, with 26% and 24% citing it as a barrier, respectively. Both of these groups also face child care responsibilities, which may be related to their desire for flexibility. Some mature-age respondents were also interested in flexible employment opportunities, with 25% of respondents aged 55 and older identified flexibility as a barrier.

Evidence on interventions

Research supports the idea that flexible scheduling, for example, availability of part-time work, encourages labour market participation, particularly for women. An often-cited success case is Holland, where part-time work is much more common than in other countries. This arrangement supported a significant increase in female labour market participation in the late 1980s, and has become a workplace norm for both men and women.⁸⁶

Research by labour economist Claudia Goldin focuses on the importance of flexibility in work arrangements for addressing the gender wage gap, which can increase incentives for women to work. For example, some types of workers prefer predictable hours rather than being on call. Availability of part-time work is also significant for women, who are more likely than men to work part-time at some point in their careers. Currently, there is a wage penalty for part-time work in many occupations.⁸⁷

Many surveys conducted state that employees are more productive when working remotely,^{88,89} which helps with flexibility of work hours, boosts employee retention, reduces absenteeism and improves satisfaction overall. Promoting flexibility among employers as a cost-efficient benefit which generates positive outcomes for both workers and employers.

Considerations in the London ER

When hiring, employers should consider providing part-time or other flexible options such as working from home where roles enable it. Also where possible, hourly pay for part-time or otherwise flexible jobs should be similar to the full-time equivalent for those roles, with possibility for growth, benefits, and advancement. Governments should also consider adopting these approaches in their own hiring, and should promote the practices to employers. The 2019 study by the LEPC and WPDB on non-participation in the London ER also identified flexibility as an issue, and recommends that governments promote and incentivize creation of alternatives to full-time roles.

Where employers face barriers to offering these arrangements, governments should consider funding or subsidizing technology infrastructure in order to help them provide remote work opportunities for employees.

In addition to addressing longer-term issues, the availability of flexible employment such as work-from-home and part-time options would support participation against the backdrop of recovery from COVID-19. Another part of providing flexible work is predictable schedules, which employers should provide where feasible. For those that have safety concerns about returning to the office, remote work opportunities may make it easier for non-participants to consider returning to work.

Access to transportation

Impact in the London ER

Lack of transportation is the top barrier to participation for prime-age respondents without a postsecondary education and those with low income. Lack of transportation is a larger barrier for those in the City of London, with 19% citing it as a

⁸⁶ The Economist, The Economist explains: Why so many Dutch people work part time, May 11, 2015.

⁸⁷ Claudia Goldin, [Hours Flexibility and the Gender Gap in Pay](#), 2015

⁸⁸ TINYpulse, What Leaders Need to Know About Remote Workers.

⁸⁹ Hubble, Do Flexible Work Hours Improve Employee Productivity?

barrier, compared to those in other parts of the London ER (11%). Although public transportation is available in the City of London, routes and schedules may not meet individuals' needs.

Evidence on interventions

Economic theory suggests that lack of transportation options can contribute to unemployment and non-participation through two main channels. First, by adding to commuting costs and time, it increases individuals' "reservation wage," which is the lowest level of income they would accept in order to work. It also increases the search costs for jobs, making it less likely that individuals will find jobs that meet their reservation wage.

Empirical evidence supports this theory: a study from Sweden finds that accessibility of transportation (taking into account all modes of transportation and their cost) has a statistically significant positive impact on labour force participation and employment. Interestingly, they find that the impact is higher for those with lower levels of education, likely due to the fact that they have more trouble finding jobs that meet their reservation wage. This mirrors the findings in our survey of the London ER, where many non-participants cite a lack of jobs that pay enough.

A study of transit accessibility in the Greater Toronto and Hamilton Area (GTHA) found that improvements in transit are associated with higher household income and lower unemployment in low- and medium-income areas.⁹⁰ Although the study did not assess impacts on participation, access to jobs with higher income could increase participation, as lack of jobs that pay enough is the top reason for not participating cited by prime-age respondents to our survey. In interpreting these results, it should be noted that population density is higher in the GTHA compared to the London ER, which affects the ability of public transportation systems to serve the population.

A US study from the Department of Housing and Urban Development evaluated the impact of access to automobiles and public transportation on employment outcomes for individuals receiving subsidized housing. It found that access to automobiles was associated with better labour market outcomes and enabled job acquisition, retention, and earnings better than public transit. In the study, access to an automobile was the most important determinant of employment status. The impact of public transit depended on the quality of the transportation: moving to a neighbourhood with better transit accessibility was associated with higher employment and earnings. The study recommends providing automobile access as part of housing subsidy programs, and in dense urban areas, improving public transit.

Considerations in the London ER

Access to transportation appears to be a significant barrier to labour market participation in the London ER; however, it is not clear that public transportation can be a complete solution. The London ER may lack the population density to sustain public transportation systems that fully meet the needs of non-participants, particularly outside of the City of London. That said, when municipalities assess future changes to their public transportation systems, potential impacts on labour market participation should be included. Municipalities should also examine the costs and benefits of providing automobile access as part of subsidized housing, including potential impacts on labour market participation.

Employers should consider how they can accommodate individuals who lack access to transportation, such as by facilitating carpooling arrangements, or setting up bussing services. The 2017 study by the LEPC and WPDB on non-participation in the London ER noted successful examples of employers providing support for transportation, such as bussing services or having supervisors give rides. The government could provide further support for this by incentivizing employers to buy into these programs through tax credits. Where roles allow, employers should also enable work-from-home arrangements, which reduce the need for transportation to get to work.

Discrimination

Impact in the London ER

Discrimination appears to be a significant driver of non-participation among certain profiles: it is the top reason cited by visible minorities and Indigenous respondents (28% of these groups). Discrimination is likely related to other factors faced by these groups such as lack of jobs that pay enough (25%) or require their skill set, and discouragement due to not finding a job through previous searches (22%). Immigrants and those with a health condition also cite discrimination as a

⁹⁰ Robbin Deboosere, Geneviève Boisjoly and Ahmed El-Geneidy. [Understanding the relationship between changes in accessibility to jobs, income and unemployment in Toronto](#), 2019.

reason for not being in the labour force (25% and 24% of prime-age non-participants in these groups, respectively). Immigrants have higher levels of education than non-immigrants in the sample, but did not make more when they last worked, suggesting that discrimination may be a factor. While it can be challenging to address and corroborate incidents of discrimination to identify appropriate actions, the ongoing perception of discrimination itself has a significant impact on labour market participation, which signifies the need for interventions in order to boost participation.

We note that immigrants are one of the profiles with the highest potential to participate if barriers are addressed; therefore, addressing issues relevant to them should be a priority. In Ontario and Canada overall, immigration has been an important tool to maintain economic growth and counteract population ageing.

Evidence on interventions

There is well-established evidence that discrimination affects employment outcomes in the Canadian labour market. A common approach is field experiments using fictitious resumes to test the impact of the race and background of prospective employees. A meta-study of 97 such experiments found that there was significant hiring discrimination against nonwhite applicants in all countries studied, including Canada, leading to lower callback rates for those applicants.⁹¹

Flexibility in occupational and professional licensing is effective in reducing discrimination and closing wage gaps for discriminated groups. A study published through the National Bureau of Economic Research⁹² finds that occupational licensing is a strong labour market signal to employers, and has positive effects on wage outcomes for workers who could be affected by discrimination on the basis of race or gender.

Considerations in the London ER

The majority of employees in Ontario are covered by the Ontario Human Rights Code, and legal matters related to discrimination are dealt with at both the provincial and federal level. It is beyond the scope of this study to identify potential changes to those frameworks, but the examination of existing frameworks around reporting and investigating incidents of discrimination could be considered. Regional and municipal governments in the London ER may highlight to the provincial government the fact that discrimination appears to be discouraging labour market participation in the London ER.

Employers should consider communicating openly with potential employees about their actions to address discrimination in the workplace, and being transparent about wages and opportunities.

Frameworks around providing licenses for the skills and abilities of workers would help reduce discrimination among immigrants and other minority groups. Licensing skills in addition to occupational and professional certifications offers flexibility around the types of jobs an individual is qualified to perform. For example, an immigrant who worked as an engineer in their home country could obtain licensing for operating machinery, which offers flexibility in finding employment in other roles such as technicians, inspectors, and controllers. This also helps reduce racial and gender bias, as licensing sends a strong signal to reinforce the skills of workers.

A review of hiring practices by employers, aimed at making hiring panels more representative of applicants and interviewees could be considered. Although it is outside the scope of our research to identify a specific framework, the municipal government could consider developing a system to review and provide oversight to hiring practices and outcomes in the region.

Development of positive workplace culture (with the support of the government as a mediator, and with input from the community) could keep employers accountable to mitigate discriminatory practices and attitudes in the workplace.

Areas for further research

This study increases the knowledge of London's prime-age non-participants by providing more detail on the number of people belonging to each profile, and the specific barriers facing each profile. In order to better design options to support these groups, it would be valuable to gather data on non-participants' skills profile and competencies. This would allow

⁹¹ Quillian et al, *Do Some Countries Discriminate More than Others? Evidence from 97 Field Experiments of Racial Discrimination in Hiring*, 2019

⁹² Peter Q. Blair & Bobby W. Chung. *A Model of Occupational Licensing and Statistical Discrimination*, 2020.

identification of pathways for retraining that could connect them with existing jobs. This data would include their field of study within their educational background, and the option to select from a list of skills that they possess.

It is important to consider the implications of COVID-19 on the participation rate in London ER in the near future, especially in the context of economic recovery. As 31% of prime-age respondents indicate that COVID-19 played a role in their non-participation, recognizing areas where support is needed to return to work, and how COVID-19 enhanced structural issues within the labour market (including participation) would help inform targeted interventions supporting participation. In the short term, supporting and enforcing employer compliance with relevant health guidelines can help individuals feel safe to return to the workplace. Analyzing changing trends within the workplace such as working from home and encouraging employers to provide flexible opportunities could support stronger recovery from the pandemic.

Appendices

Appendix A: Limitations

Receipt of new data or facts: PwC reserves the right at its discretion to withdraw or revise this report should we receive additional data or be made aware of facts existing at the date of the report that were not known to us when we prepared this report. The findings are as of May 2021 and PwC is under no obligation to advise any person of any change or matter brought to its attention after such a date that would affect our findings.

Reliance on third party data/information: We relied upon the completeness, accuracy and fair presentation of all the information, data, advice, opinion or representations obtained from third parties and public sources, which is detailed under the Scope of our Work section (collectively, the “Information”). We have not conducted any audit or review of the Information, nor have we sought external verification of the Information. We accept no responsibility or liability for any losses occasioned by any party as a result of our reliance on the financial and non-financial information that was provided to us or found in the public domain.

Data limitations: PwC has relied on the information provided by the City of London and its partners. PwC has relied upon the completeness, accuracy, and fair presentation of all information and data obtained from the City of London and its partners and the various sources set out in our report, which were not audited or otherwise verified. The findings in this report are conditional upon such completeness, accuracy, and fair presentation, which have not been verified independently by PwC. Accordingly, we provide no opinion, attestation or other form of assurance with respect to the results of this study.

Use limitations: This report has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with the City of London. We understand that the City of London may share our report with third parties. The City of London can release this report to third parties only in its entirety and any commentary or interpretation in relation to this report that the City of London intends to release to the public either requires PwC’s written consent or has to be clearly identified as the City of London’s own interpretation of the report or the City of London is required to add a link to the full report. PwC accepts no duty of care, obligation or liability, if any, suffered by the City of London or any third party as a result of an interpretation made by the City of London of this report.

Further, no other person or entity shall place any reliance upon the accuracy or completeness of the statements made herein. In no event shall PwC have any liability for damages, costs or losses suffered by reason of any reliance upon the contents of this report by any person other than the City of London.

It is understood that this report is only one of the sources that will inform the City of London in devising policies that will address non-participation. Ultimately it is the City of London’s sole responsibility for any future policy decisions and their success.

This report and related analysis must be considered as a whole: Selecting only portions of the analysis or the factors considered by us, without considering all factors and analysis together, could create a misleading view of our findings. The preparation of our analysis is a complex process and is not necessarily appropriate for partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

We note that significant deviations from the above listed major assumptions may result in a significant change to our analysis.

Appendix B: Methodologies

Methodology for those available to participate in the labour market

Using the criteria below, it can be determined that 30,000 - 40,000 prime-age individuals (or 65% - 86%) would be available to participate in labour market activities (working or looking for work) in the London ER if barriers were addressed. This departs from the figure in the 2017 LEPC report using Statistics Canada data, which estimates the number of those available to work without addressing the barriers to non-participation.

Criteria considered to determine whether a respondent would be available to participate included:

- Circumstances related to non-participation / Social benefits collection
 - Retired respondents, those in school, and those who have a disability, physical or mental health condition are not expected to be available for participation.
 - In some cases, those with a disability/health condition have indicated that they are interested in working and there are other circumstances that lead them to not participate—as OW and ODSP recipients are still able to participate in some labour market activities, these respondents would be available to participate for the lower-bound estimate in the range of availability to participate.
- What factors need to change in order to participate?
 - Those who responded “I would not want to work or look for work under any circumstances” are not expected to be available to participate.
 - Similar to those who are unable to participate due to disability/health conditions, if a respondent requires improved health circumstances as well, it indicates that they would not be available to participate unless their health has recovered (unless indicated otherwise).
- Is non-participation COVID-19 related?
 - If non-participation is mainly due to the pandemic, it is expected that the respondent would be available to participate once the pandemic has subsided/labour market conditions start to recover.
- Comments from respondents (text box answers)
 - Reading their input provides a more in-depth understanding of their non-participation and interest in the labour market, in order to individually determine whether they would be available to participate.

The lower-bound estimates that all respondents who indicated that they would require improved health circumstances before entering the labour market would not be available to participate, whereas the upper-bound estimates that some of these respondents would be available to participate.

Methodology for industry groupings

To conduct analysis on industry trends for respondents when they were last employed, we have grouped industries into three larger sets of industries to better understand broader trends. The three groups we refer to in our findings are Knowledge, Service, and Industries with trades occupations.

Knowledge industries: Included in this grouping are those who were last employed in Finance and insurance, Health care and social assistance, Management of companies and enterprises, Professional, scientific and technical services, Educational Services, Information and Cultural industries, Real estate and rental and leasing, and Public administration.

Service industries: Included in this grouping are those who were last employed in Accommodation and food services, and Retail trade.

Industries with trade occupations: Included in this grouping are those who were last employed in Agriculture, forestry, fishing and hunting, Construction, Manufacturing, Transportation and warehousing, and Utilities. This group includes any industry where the majority of workers in the sample of respondents worked in a trades occupation as defined by Statistics Canada under the National Occupational Classification⁹³ (under NOC 7 - Trades, transport and equipment operators and related occupations, NOC 8 - Natural resources, agriculture and related production occupations, and NOC 9 - Occupations in manufacturing and utilities). In our sample, 73% of respondents in these industries who worked in these industries performed work in a trades occupation.

Other industries that were not included in any of these groupings include Administrative and support, Waste management and remediation services, Arts, entertainment and recreation, and Wholesale trade.

Extrapolation of size of profiles available to participate to 2019 estimates

Using 2019 data from Statistics Canada on the total number of London ER residents who are not in the labour force, we are able to estimate the number of non-participants in prime-age, and the number of prime-age women, immigrants and those with and without a post-secondary degree who are not participating using proportions calculated from 2016 data.

The proportion of these profiles as a percentage of prime-age non-participants in the London ER were calculated using 2016 data from the 2017 LEPC report. This includes figures on the number of total prime-age non-participants and within profiles such as women, immigrants, and those with and without a post-secondary degree in the London ER. The proportion of prime-age non-participants is derived from the total number of non-participants in London ER in 2016 (as provided by Statistics Canada).

⁹³ Statistics Canada, [National Occupational Classification](#), 2017.

Appendix C: Survey targets

Demographic targets

The sample of respondents collected roughly aligns with the survey's target distribution as it relates to the location, age, and gender of respondents. Based on the profiles of respondents, we estimated the number of non-participants that could potentially be available to enter the labour market in the London ER if barriers to participation were addressed.

Region

The survey sample has a higher share of those that live in the City of London, compared to the overall population. 79% of survey respondents reside in the City of London, compared to the 61% of non-participants in the London ER who lived in the City of London in 2016. Other regions in London ER (Elgin, Middlesex and Oxford counties, and the City of St. Thomas) have a lower representation in the sample than their share of non-participants in 2016.

Table 5: Distribution of survey respondents by region

Region	Number of respondents	Percentage of respondents	Percentage of London ER residents (aged 15+), 2016	Percentage of total non participants, 2016
City of London	352	79%	59%	61%
Elgin County	14	3%	7%	7%
Middlesex County	25	6%	11%	9%
Oxford County	32	3%	17%	16%
City of St. Thomas	24	5%	6%	6%

Gender

The share of female survey respondents is similar to the share of female non-participants in the London ER (according to the 2016 Census). 59% of all respondents are female, similar to 57% of female individuals not in the labour force in 2016. 38% of respondents are male, and 1% of respondents are non-binary.

Table 6: Distribution of survey respondents by gender⁹⁴

Gender	Number of respondents	Percentage of respondents	Percentage of London ER residents (aged 15+), 2016	Percentage of total non participants, 2016
Female	262	59%	52%	57%
Male	170	38%	48%	43%
Non-binary	4	1%		
Prefer not to say	11	2%		

⁹⁴ Census data in 2016 was only available for male and female residents in the London ER.

Age

Based on the scope of work for this study, the proposed target for the share of prime-age respondents was 75% of the sample. The final sample has 249 prime-age respondents (56% of the sample), with 146 of respondents between 55 and 64 years old (almost a third of the sample).

Table 7: Distribution of survey respondents by age

Age	Number of respondents	Percentage of respondents	Percentage of London ER residents (aged 15+), 2016	Percentage of total non participants, 2016 ⁹⁵
Prime-age (25-54 years old)	249	56%	39%	21% ⁹⁶
Mature-age (55+ years old)	181	41%	31%	
Youth (15-24 years old)	12	3%	13%	

⁹⁵ Data for mature-age and youth individuals not participating in 2016 is not publicly available.

⁹⁶ Calculation based on the figure provided in the LEPC report, London Economic Region Labour Market Participation (2017) and Labour force survey data from Statistics Canada.

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