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**THE RESPONSIVENESS OF COMMERCIAL STATE-OWNED ENTERPRISES
TO NON-CORE PUBLIC POLICY OBJECTIVES:
A CANADIAN CASE STUDY OF
THREE CROWN CORPORATIONS IN THREE SOCIAL POLICY AREAS**

by

Christina A. Hannah, B.A., B.Ed., M.P.A.

(Doctor of Philosophy)

Department of Political Science

Carleton University

Ottawa, Ontario

May 16, 1989

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ISBN 0-315-54412-0

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the Faculty of Graduate Studies and Research
acceptance of the thesis

"THE RESPONSIVENESS OF COMMERCIAL STATE-OWNED ENTERPRISES
TO NON-CORE PUBLIC POLICY OBJECTIVES: A CANADIAN CASE STUDY
OF THREE CROWN CORPORATIONS IN THREE SOCIAL POLICY AREAS"

submitted by Christina Ann Hannah, B.A., B.Ed., M.P.A.

in partial fulfillment of the requirements for
the degree of Doctor of Philosophy

Professor M. Molot

Professor M. Molot, Thesis Supervisor

Peter Aucoin

Professor P. Aucoin, External Examiner

T. Rakowska-Harmstone

Professor T. Rakowska-Harmstone
Chair, Department of Political Science

Carleton University

May, 1989

ABSTRACT

This study explores the question of whether Canadian commercial state enterprises have responded effectively to non-core policy obligations. The study contributes to answering this question by developing and testing an analytical framework which may be used to identify and compare corporate responses and by exploring some explanations for the observed behavior. The framework, which builds on studies of social responsiveness in private corporations, is used to examine the responses of CN, Air Canada, and Petro-Canada to obligations in the federal official languages, employment equity and occupational health and safety policy areas.

Examination of responses found non-committal public statements, minimal structural changes, few measurable policy outputs, and antagonistic external actions. Commitment to the concepts of participation, accountability and full disclosure was notably absent in all cases. These important missing ingredients suggest that while the SOEs may have a basic reporting and "fire fighting" capacity they are not now in a position to fully implement objectives of the three policies.

The findings of this study do not support the notion that ownership alone (or even primarily) determines the responses of state enterprises to non-core policy obligations. Such things as organizational instability, location, established practices, varying levels of internal support, weak and ambiguous communications from the government, the absence of widespread public commitment and interest in the policies, as well as uncertainty about what should be expected of state enterprises, all appear to have influenced the way in which the firms have responded.

This study concludes that there is a pressing need for more information about the ways in which SOEs respond to non-core policy obligations. With this information policy-makers should be in a much better position than is currently the case to arrive at an independent assessment of the burden which non-core obligations represent for the firms, the costs of communicating obligations and monitoring behavior, and the benefits for policies which may otherwise be difficult to implement.

ACKNOWLEDGEMENTS

While the original inspiration for this study was the work which has been done on state enterprise, the final product owes much to a group of scholars who have explored the issue of corporate social responsiveness in private firms. Since I have not yet had an opportunity to solicit the views of the writers who have most influenced my thinking, I hesitate to name them individually for fear that they may not appreciate the recognition. I trust that the credit given them in the text of this dissertation will suffice until such time as I can let them know what I have gained from their pathbreaking efforts and give them the opportunity to comment.

I owe an enormous debt of gratitude to Maureen Molot and Bruce Doern, my two primary dissertation supervisors, for their unfailing support, patience and kindness over more years than I wish to admit. In the early stages their experience and guidance helped me to set realistic boundaries for the project more expeditiously than I would have on my own. Their comments and questions on the rough drafts were always constructively phrased and were aimed at making me think critically about the implications of my findings. I want to thank Sharon Sutherland for giving us the benefit of a fresh perspective in the latter stages of the study. While it was not possible to accommodate all of her suggestions or properly address some of her concerns, I think the final draft is much better for her input. Thanks are also in order to Peter Aucoin and Tony Westell who graciously consented to sit on the examination board. Their careful reading of the dissertation was evident from the insightful and stimulating questions which they posed.

It goes without saying that a study such as this could not have been successfully completed without the assistance of individuals within the organizations which are examined. While space restrictions will not allow me to properly thank all of those who contributed so generously of their time and thoughts, I must say that the positive reception I received within the firms and government agencies was gratifying. On none of my many contacts with these organizations did I come across one bored, lazy or unconcerned individual!

As is customary I will conclude by thanking my friends and family for their support. There is, however, no way that words can adequately express what they have contributed nor is there space to name all those who have come to my rescue over the years. I must thank my dear friend Bethany Armstrong for providing me with food, lodging and comfort at certain critical junctures in the process. My husband Lawrence has been steadfast in his support and the fact that he confined his questions about my progress to one per year was much appreciated. Finally, I must thank my daughter Kathryn who gave up her mother for two years of her young life so that I could finish what I had started and set an example which I hope she will later appreciate.

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LIST OF SYMBOLS

..	Figures not available
--	Amount too small
-	nil or zero
...	Figures not appropriate or applicable
e	Estimated
x	Data Confidential

CHAPTER ONE
INTRODUCTION

One must assume, however, that to a greater or lesser extent every Crown corporation is intended to maximize some set of policy objectives in addition to (and, indeed, in opposition to) profits. If this were not so, it is difficult to conceive of any reason for a Crown corporation to exist.¹

I. STATE-OWNED ENTERPRISES AS INSTRUMENTS OF PUBLIC POLICY

At one time or another most governments have found it useful to directly intervene in the marketplace by creating state-owned enterprises (SOEs). Such interventions have occurred regularly throughout Canada's history with the result that by the early 1980s there were almost 200 wholly-owned state enterprises and subsidiaries at the federal level performing a wide variety of functions.² Over time the purposes served by many state enterprises have evolved and expanded reflecting changing organizational and government needs. SOEs have been called upon (both formally and informally) to contribute toward a variety of public policy objectives in addition to their primary mandated (or "core") responsibilities. Two observers of Canadian state enterprise describe the situation in the following way:

Regardless of their stated mandate, Crown corporations are increasingly subject to the vagueness of their own minister's priorities as well as the pressure to have the Crown corporation, often at the behest of other ministers, function as the model public corporate citizen, be sensitive to the need to favour Canadian suppliers, support regional policies, practise proper language policies, adopt progressive

1. M.J. Trebilcock et.al., The Choice of Government Instruments. A Study Prepared for the Economic Council of Canada (Ottawa: Supply and Services Canada, 1982), p.81.

2. Treasury Board of Canada Secretariat, Crown Corporations and Other Canadian Government Corporate Interests. (Ottawa: Supply and Services Canada, 1984). This document lists 195 wholly-owned parent and subsidiary corporations in 1984 and indicates that there were 186 corporations in 1982. In 1984, there were, in addition, 30 subsidiaries held at 50% or more but less than 100%, 64 associate corporations held at less than 50%, and 18 joint and mixed enterprises.

environmental and occupational/labour relations practices, adopt federal wage guide-lines, and so on.³

Although it is recognized that state enterprises are expected and sometimes required to respond to a variety of public policy initiatives very little is known about whether they have been responsive to these secondary (or "non-core") responsibilities. It is also true that not very much is known about the factors which influence a state enterprise's response to these obligations. Of the possible explanations for these oversights the most intuitively appealing is also the simplest: that governments (and the scholars who observe them) have been preoccupied with such problems as the proliferation of state enterprises, their diversification, indebtedness, abuse of power, political accountability, the lack of policy coordination, the need to clarify SOEs' legal status, and the appropriateness of the corporate form as a discretionary policy instrument.⁴ Altogether, these problems have suggested to some that the state enterprise sector may have "reached a size and scope that surpass government's span of control."⁵ In light of the serious nature of the above problems, collecting evidence about how SOEs have responded to non-core public policy objectives has seemed relatively unimportant. The position taken here is that such information should, in fact, be a critical ingredient in any decisions which are made about the future of state enterprises.

3. Allan Tupper and G. Bruce Doern, Public Corporations and Public Policy in Canada, (Montreal: The Institute for Research on Public Policy), 1981, p.27.

4. See John W. Langford, "Public Corporations in the 1980s: moving from rhetoric to analysis," Canadian Public Administration 4, 25 (1982), pp.623-624.

5. Economic Council of Canada, Minding the Public's Business, (Ottawa: Minister of Supply and Services Canada, 1986), p.2.

II. THE RESEARCH GOALS AND RATIONALE

In this period of intense speculation about the management of the state enterprise sector it is appropriate and worthwhile to concentrate more attention on addressing two questions: (1) How have SOEs actually responded to non-core public policy objectives? and (2) What factors may be influencing their behavior? This dissertation is intended to contribute toward answering these questions. The principal goal of this present work is to develop and test an analytical framework which may be employed to measure and compare responses of state enterprises to a set of public policy obligations which have been accumulated over time and which are not directly related to their core responsibilities. A secondary goal is to explore some of the factors which may potentially influence the way in which state enterprises respond to "non-core" obligations.

This dissertation shows how three commercial SOEs have responded to obligations in three social policy areas and finds that in general the firms have not been particularly effective policy agents. However, there is enough variation in the observed responses to cast doubt on the idea that ownership alone, or any other single factor, can explain the SOEs' behavior with respect to the non-core policy obligations which are examined. The findings of the study point to unique characteristics of the policies and the firms as also being potentially important in determining responses. It is not possible, in other words, to predict on the basis of this study that all commercial state enterprises will inevitably be poor agents of all non-core policy obligations. The

findings of weak and grudging policy responses do suggest that secondary policy responsibilities might not have represented as much of a burden on state-owned firms (or a constraint on their profit-making ability) as has traditionally been asserted by SOE managers and accepted by external observers. At the same time, the analysis of the policies and communications from the government to the firms suggests that using SOEs to implement the social policies examined in this study has consumed extensive bureaucratic and political resources. It is concluded that there is a pressing need for more information which will help to clarify whether the benefits of SOE contributions to such policies (even if only symbolic) outweigh the costs. Further studies, similar to the one undertaken here, should provide detailed information about all of the measures used to get an SOE to contribute to a particular policy, about the SOE's actual response, about the factors which may constrain a SOE's response, and about alternative implementation measures which may be available to governments.

Without information about SOEs' actual policy responses it will continue to be very difficult to assess the value of state enterprise as a policy instrument. With this information policy-makers should be in a much better position than is currently the case to arrive at an independent assessment of the burden which non-core obligations represent for the firms, the costs of communicating obligations and monitoring behavior, and the benefits for policies which may otherwise be difficult to implement. To give an example, if a state enterprise is struggling to remain commercially viable, has diversified into questionable activities, presents an unwelcome management burden for the government but may be

making an important contribution to employment enhancement in a depressed region, may be serving as a model for employment equity objectives, may be the only means of promoting official languages objectives in the region, and may be helping promote health and safety objectives in an accident-prone industry, then it seems quite important that policy-makers be able to determine what in fact is being contributed to these latter policy objectives.

Apart from the value of contributing to knowledge about an important discretionary policy instrument, there are some other reasons for believing that the goals established for this dissertation are important and worth achieving. In Canada, as is true in most countries, state enterprises have been afforded a degree of autonomy which makes it difficult for the government to monitor and direct their day-to-day operations. Since the mid seventies the problem of finding an appropriate mix of control, political accountability, and autonomy for the federal state enterprises has consumed considerable political and bureaucratic resources. From 1976 on consecutive Auditors General have expressed concern that state enterprises are beyond government control. Aside from raising serious questions about poor management and inefficiency, the Auditors General have also suggested that by creating subsidiaries SOEs have expanded their activities far beyond what is appropriate. This situation has intensified the focus on finding more and better controls and has also encouraged policy-makers to try to simplify or at least rationalize the goals which are set for SOEs. The point that is being made in this dissertation is that in adopting such strategies policy-makers are focussing on remedies without understanding the nature of the

illness. The fact that problems of control and accountability continue to plague those responsible for the Canadian state enterprise sector suggests that there is a need for more basic information about what state enterprises are being asked to do and how this is communicated to the firms and by whom.

In addition to this continuing absorption with control and accountability, in Canada there has been a trend toward an increased emphasis on commercial goals (referred to as "commercialization") and toward privatization of state enterprises.⁶ Underlying the trend toward commercialization is a belief that answers lie in making state-owned firms as much as possible like their private sector counterparts. The corollary to this is that SOEs should be as free as possible from public policy obligations which may impede their commercial success. The problem is that there is not enough information available about the responses of state enterprises to non-core obligations to allow an independent assessment to be made of their impact on corporate performance. Government policy-makers have had to rely primarily on SOE managers for such information and the managers may have a vested interest in exaggerating the burden imposed by secondary policy obligations. By emphasizing commercial goals and diminishing the public policy

6 "Privatisation" refers to the practice of selling either part or all of the government's interests in SOEs. While there have been times in the past when governments considered privatization and even attempted it on a small scale (in Canada particularly after World War II), the new "trend" which can be seen throughout the world in countries of every political persuasion is unprecedented in its scope and longevity. This has coincided with the rise of neo-conservatism and the concomitant interest in reducing the overall size of government. "Commercialization" refers to the practice of emphasizing the commercial goals of state enterprises and enabling them to operate as much as possible like private profit-seeking organizations. For more on these concepts in Canada see, for example, Robert Sexty, "The Accountability Dilemma in Canadian Public Enterprises: Social Versus Commercial Responsiveness," Annals of Public and Co-Operative Economy, 54 (1983), pp.26-29; and, on the trend to commercialization, see Jeanne Kirk Laux and Maureen Appel Molot, State Capitalism: Public Enterprise in Canada (Ithaca: Cornell University Press, 1988), Chapter Three.

responsibilities of SOEs, policy-makers are once again focussing on remedies without fully understanding the problem.

Likewise, in the case of privatization, there is some reason to be concerned that governments are divesting of state enterprises without a clear understanding of all that will be gained and lost by such a strategy (or, they may be engaging in privatization for its own sake). Of particular concern are SOE contributions to public policy objectives which may not easily be served by other means. While this concern is especially relevant in Third World countries (where alternative measures are sometimes weak or ineffective) there is often not strong acceptance of other intervention mechanisms (such as a strengthened regulatory framework) in the more developed countries. One question which needs to be answered when an SOE is being considered for privatization (quite apart from whether the firm is commercially successful) is what the implications are for such goals as employment enhancement and stability, balanced regional development, the protection and promotion of both official languages, improved health and safety for Canadian workers, employment equity, protection for Canadian industries, and a secure supply of vital resources, and whether the goals can be met equally well through other policy instruments. Even before this question can be answered, however, more information must be gathered about the actual contributions of state enterprises to such public policy objectives (that is, more preliminary data collection and classification must take place). Ultimately, the goal should be to reach a point where it is possible to make some generalizations (and predictions) about the overall effectiveness of state ownership as a policy instrument. It is hoped that this present study

will make a small contribution to this goal by testing a framework which may later be used to gather and accumulate information about a range of SOEs and policies.

The analytical framework which is employed in this dissertation is adapted from studies which have examined the issue of social responsibility in private sector firms. The framework, which is discussed in detail in Chapter Two, allows for the need to measure and compare SOEs' responses as well as identify the strategies they adopt with respect to specific policies. Rather than assuming the unmanageably large task of examining all non-core responsibilities which SOEs may face, case studies are undertaken of three commercial state enterprises in three social policy areas. The firms are CN, Air Canada and Petro-Canada and the policy areas are Official Languages, Employment Equity and Occupational Health and Safety (OL, EE, and OH&S). These policies entail obligations which are representative of the sorts of non-core responsibilities state enterprises confront. The reason for selecting social policies and commercially-oriented SOEs is that they are the two extremes in the debate about the use of the corporate form for public policy purposes. Concentrating on social policies makes it easier to distinguish, with some degree of confidence, between policy-specific activities and those which are directed towards the primary purposes of the firms.

III. DEFINITIONS

Before discussing the literature within which this study rests there is a need to define some of the terms which have and will be used in this dissertation. In the order in which they are discussed, these terms are:

state-owned enterprise, public policy, social policy, response, responsiveness, effective and agent.

In this study "state-owned enterprises" refer to those organizations which are wholly-owned by the Canadian federal government and which are primarily involved in "for profit" activities. They have what has been described as an "arms length" relationship with the government (which means that, theoretically at least, the government does not interfere in the day-to-day operations of the firm).⁷ The shareholder's interests are protected most directly by a Board of Directors which is typically comprised of private sector appointees who may or may not have backgrounds relevant to the primary business interests of the firm. The Chief Executive Officer (CEO) is also an appointed position serving at the pleasure of the Governor in Council. The firms are generally listed in Schedule D of the Financial Administration Act. The terms state enterprise, state-owned enterprise and Crown corporation are used interchangeably in this study.

Of the terms used in this dissertation, the ones which pose the most definitional problems are "public policy" and "social policy." There are almost as many definitions of policy as there are published works on public policy-making. As Anderson has observed, "sooner or later, it seems almost everyone gives in to the urge to define public policy and does so with greater or lesser success in the eyes of critics."⁸ This proliferation of definitions is at least partly a response to refinements

7. On the "arms-length relationship" see Laux and Molot, State Capitalism, p 67

8. James E. Anderson, Public Policy-Making (New York Holt, Rinehart and Winston, 1979), p 2

in thinking about the process of policy-making. One of the most important components of more recent definitions is attention to the impacts of government actions or the lack thereof. There has also been an attempt to move beyond such overly general definitions as Dye's now classic description of public policy as "whatever governments choose to do or not to do."⁹ As his contribution Anderson suggests that a policy is "a purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern."¹⁰ While this definition is satisfactory in that it focusses attention on what actually occurs and on a course of action rather than simply a single policy decision (such as the decision to enact a piece of legislation) it is general enough to require considerable explanation. A preferable description of policy (because it deals with the fact that government objectives may not be explicit and may conflict with each other) is offered in the following quotation from Doern and Aucoin:

...public policy should not be restricted in its meaning either to the stated "objectives" of a government or the formal "strategies" devised by a government to pursue its objectives. Rather, public policy must be considered to encompass the actual activities undertaken by a government, whether or not a government's objectives and strategies are explicit, or are congruent with its activities...Secondly, ...public policy must also include the impacts which result either from a government's actions or from a lack of same.¹¹

Although it is common practice to categorize public policies as economic or social, it is now well recognized that these are not mutually

9 Ibid

10 Ibid , p 3

11 Peter Aucoin, "Public-Policy Theory and Analysis," in G. Bruce Doern and Peter Aucoin, (editors) Public Policy in Canada ... Organization, Process, and Management (Toronto: The Macmillan Company of Canada Ltd., 1979), p 2

exclusive. Activities in one policy area may, and usually do, impact on the others. This makes the task of defining social policy especially difficult. Broadly speaking, social policy encompasses all actions the government takes to protect and improve the quality of life of the Canadian people whereas economic policy "endeavours to affect the nature of the exchange process."¹² In Rice's words social policy,

creates conditions which are intended to increase the welfare of Canadians, insure just treatment of individuals, provide resources to those who, due to an inability to earn income, are unable to meet their own needs, and reduce or, if possible, eliminate social inequalities through redistribution.¹³

The basic goals of social policy can be summarized as health, fairness and equity and all three policy areas examined in this study -- official languages, employment equity, and occupational health and safety -- are concerned primarily with these goals.

Two other terms which have already been used and which require clarification are "response" and "responsiveness." Simply put, in this context "response" is what the firms do (or do not do) as a result of changing social conditions, state actions, or intended actions with respect to each of the three policy areas. "Responsiveness" refers to the strategy or philosophy which underlies these responses. These concepts are thoroughly explored in the substantial literature on corporate social responsibility.¹⁴ This literature also contains some

12. James J. Rice, "Social Policy, Economic Management, and Redistribution," in Doern and Aucoin, Public Policy, p.106.

13. Ibid.

14. This study is also referred to variously as business ethics and values, business politics, and business and society. The Library of Congress catalog designator is "industry -- social aspects."

good summaries of the transition in the study of corporate social responsibility from the initial focus on response, to responsiveness, to performance and, most recently, to a concern with the social policy "process."¹⁵ Given the existence of this work it is neither necessary nor appropriate to undertake a thorough coverage of the literature at this point. However, in Chapter Two an effort is made to provide more detail about the sources which have been most influential in developing the research design.

The term "effective" is used purposely in this study, rather than "efficient," because of its broader interpretation in common usage.¹⁶ Webster's Dictionary states that effective "emphasizes the actual production of or the power to produce an effect." The two parts of this definition are quite important. Firms may well have taken all the necessary steps to produce the desired effect (that is, the policy may be institutionalized) but still may not be able to achieve a measurable policy output. The assumption is made here that an effective agent of the three policies will not only have the mechanisms in place to fulfill policy goals but will have made some measurable progress toward their achievement. A further assumption of this study is that, in order to be effective policy agents, the three firms must be accepting of their responsibilities in the three policy areas. There are two reasons for

15. See Edwin M. Epstein, "The Corporate Social Policy Process: Beyond Business Ethics, Corporate Social Responsibility and Corporate Social Responsiveness," California Management Review, XXIX, 3 (Spring 1987), pp.99-114. Others who review these trends include, for example, Anthony F. Buono, Corporate Policy: Values and Social Responsibility (New York: Praeger, 1985), Chapter One, and Archie B. Carroll, "A Three-Dimensional Conceptual Model of Corporate Performance," Academy of Management Review, 4, 4 (1979), pp.497-505.

16. As it is commonly used "efficient" implies "production without waste." (or in economic terms, when the marginal benefit equals the marginal cost).

establishing this second criterion for effectiveness. First, all three policies promote socially desirable objectives which Canadian governments have been attempting to implement for some time. Second, these firms are wholly-owned state enterprises with an obligation to respond to the initiatives of their single shareholder, the government. In summary, for the purposes of this study the point of full implementation is not believed to have been reached until there is evidence that, (1) a firm has made structural changes necessary to implement the policy, (2) implementation has advanced to the stage where there are measurable policy outputs, and (3) the firm has adopted an accepting strategy toward government policy initiatives.

The term "agent" is used because it seems to depict most clearly the relationship of the Canadian commercial state enterprises to the government (the principal) with respect to any obligations, whether social, economic or political. An agent is "one who acts on behalf of a principal within the framework of broad directives."¹⁷ This contrasts with the servant-master relationship of a department of government where the employer controls the way in which work is done. If, for example, it is established government policy to increase native employment, an organization operating as an agent proceeds toward that goal but retains control over the way in which it is achieved. On the other hand, an organization acting in the capacity of a servant is presumed to be under

17. This is the definition offered by Herbert R. Balls, "Improving Performance of Public Enterprises Through Financial Management and Control," Canadian Public Administration, 13, 1(Spring 1977), pp 100-123. This definition is compatible with the general legal usage as explained in Black's Law Dictionary. According to Black's a "managing agent is "A person who is invested with general power, involving the exercise of judgement and discretion, as distinguished from an ordinary agent or employee, who acts in an inferior capacity, and under the direction and control of superior authority, both in regard to the extent of the work and the manner of executing the same," p 69

the constant direction and supervision of the Minister in charge. There has been much debate about the nature of the link between SOEs and governments, and it seems probable that a strict interpretation of the principal-agent relationship rarely applies.¹⁸ The term is used here simply to signal the reader that attention is being directed toward the issue of the capacity of state enterprises to act "within a framework of broad directives" to achieve a specific public policy goal.

This approach is a departure from the accepted practice in the study of social responsiveness where implementation is equated with compliance. One pioneer in this area describes the end of the response process as that point when implementation is "complete." Using the example of employment equity he explains that,

"Completeness" means that organizational changes have been made--and stabilized--so that, if they continue to function as intended, "parity" (whatever that means) will be achieved within some agreed-upon time period. Thus, the completion of the response process is not the accomplishment of a particular goal but the changing of behavior so that the goal will be accomplished and will continue to be accomplished.¹⁹

Ultimately, whether implementation equals institutionalization or waits for some evidence of measurable progress and acceptance is a judgement call. In this case the fact that the firms being studied are state-owned

18. The nature of the relationship between SOEs and governments has generated much debate. There are those who focus on the consequences of the agency relationship and worry about finding some optimum mix of autonomy and control. There are others who believe that the presumption of an "arms-length relationship" simply denies the reality of Ministerial intervention, and who believe that attention must be focussed on achieving Ministerial responsibility and organizational accountability. There is an extensive body of theoretical (and/or speculative) literature on these questions but the hidden nature of most SOE-government relationships has made empirical study difficult. For a discussion of these issues see, for example, Raymond Vernon, "Linking Managers with Ministers: Dilemmas of the State-Owned Enterprise," Journal of Policy Analysis and Management 4, 1(1984), pp.39-55.

19 Raymond A. Bauer, "The Corporate Response Process," Research in Corporate Social Performance and Policy, Vol 1(1978), p.101.

enterprises, and that OL, EE, and OH&S are all well established policies, were persuasive points in favor of the more progressive view.

To summarize, if one of the SOEs is to be judged an effective agent of any of the three social policies we should expect to find evidence of widespread recognition and acceptance of policy goals within the firm. We should also expect to find changes in the organizational structure to facilitate implementation. It should be possible to identify specific actions taken to correct problems and advance toward a set of objectives. Finally, it must be possible to measure progress in some generally acceptable way. An overview of the cases and methodology which will serve as a test of these ideas will follow shortly, but first some comments are in order about the body of scholarly work within which this present work rests.

IV. COMMENT ON THE LITERATURE

The study bridges two large fields of scholarly investigation--that of state enterprise and of corporate social responsibility. Perhaps because these are both such "growth areas" for scholarly research and because they have been staked out by different disciplines, there has been virtually no overlap between the two. As indicated earlier, those who have studied and written about the phenomenon of state enterprise have so far chosen to concentrate on such things as the control versus autonomy issue, on causes of commercial inefficiency, and so on. At the same time, with a few exceptions, scholars who have examined the issue of corporate social responsibility in the private sector have generally not included state enterprises in their empirical studies. In other words, neither the

international nor the Canadian literature in either field of study is very enlightening on the issue of the social responsiveness of state enterprises²⁰. When this issue has been addressed it has generally been at a theoretical rather than applied or empirical level. Besides the fact that scholars have been otherwise occupied, another explanation for this oversight lies in the assumption expressed in the following quotation from a study by Miriam Dornstein:

In contrast to private enterprise, social responsibility is an official and firmly institutionalized goal in public enterprise; it is placed on an equal footing with profitability, competing with it on [sic] the allocation of organizational resources.²¹

To the extent that state enterprises are believed to be inherently socially responsible organizations, it is clearly less interesting (and less important) to study this aspect of their behavior. Since 1976, when the above was written, the study of state enterprise has blossomed and government strategies have been adjusted so that the social responsibility of state enterprises seems to be a somewhat less firmly embedded idea than this quotation would suggest.

While the public enterprise literature served as the original stimulus for this study and provides the theoretical basis for the questions which are explored, the corporate social responsibility literature played a fundamental role in the development of the analytical framework and methodology. Both are equally voluminous and amorphous

20. In his comprehensive "textbook" on state enterprise Yair Aharoni notes that "very few studies have been made to date (1986) on this important question, but there is ground to believe that SOEs are not more socially responsible than their private-sector counterparts." Yair Aharoni, The Evolution and Management of State-Owned Enterprises (Cambridge, Mass.: Ballinger Publishing Company, 1986), p.49.

21. Miriam Dornstein, "Managerial Theories, Social Responsibility, and Goal Orientations of Top-Level Management in State-Owned Enterprise," Journal of Behavioral Economics, 5,2 (Winter 1976), p.70.

fields of inquiry. Both share an early focus on normative issues; that is, they began with the "should" questions (Should there be state enterprise? and, Should corporations have social responsibilities?). Both also moved through a problem solving "how" stage (that is, How can state enterprises be made to fulfill public policy objectives? and, How can corporations be socially responsible?) Each also moved through a classificatory "what" stage (that is, What constitutes a state enterprise? How many are there? What do they do? and, What are the types of social responsibilities with which a firm is confronted? What are the types of response we might expect? How do firms implement social responsibilities?) Both fields are now in an evaluative "how well?" stage (that is, Are state enterprises effective instruments of public policy? How can their performance be evaluated? and, How responsive are corporations to social policies? How can their social performance be measured?). Interestingly, the quantity of scholarly work published is comparable in both fields as has been the timing of the appearance of the above research questions. In this chapter some of the state enterprise literature which is relevant to this present undertaking is examined. Chapter Two discusses some of the corporate social responsibility literature which was influential in the research design.

A. Comment on the Study of State Enterprise

Although there has been little sustained interest in the responses of commercial state enterprises to social policy obligations, there is a substantial body of work which has a bearing on questions raised in this study. This includes the work which has been done on managerial goals

and attitudes, on conflicting responsibilities, on performance, on efficiency, and on organizational decision-making (or behavior). Studies which have examined state enterprise management are relevant because managers are responsible for interpreting and implementing government policy objectives. Managerial goals and attitudes may therefore play a role in determining the responses and responsiveness of the three firms under study. The work which has examined the issue of conflicting responsibilities is important because of the insights it provides into the complex goal environment in which SOEs operate. The studies which have focussed on performance are of interest because they indicate how the public policy role of state enterprises has generally been viewed. A further indication of this is found in studies which have focussed exclusively on the issue of efficiency. These studies illustrate the extent to which it has simply been assumed that public policy obligations are responsible for all inefficiencies and waste experienced by state enterprises. Finally, work on organizational decision-making is of interest for this present undertaking because of the insights it offers into the complexity of the decision-making process even in a single policy area. Each of these topics is touched upon briefly below.

1. The Behavior and Attitudes of SOE Managers

There has been increasing scholarly interest in the role of state enterprise managers in determining their organizations' behavior. This contrasts with much of the early literature on state enterprise which focussed on finding more and better controls without fully understanding

why they were needed in the first place.²² The assumption buried in this early work was that state enterprises would automatically resist or try to evade government control. The role SOE managers played in this was unclear as was the direction in which the firms were being taken. Beginning with the work of Berle and Means²³ private sector studies have recognized that the goals of professional managers may diverge in some important ways from that of owners.²⁴

In the case of the state enterprise the relationship of professional managers to owners is more muddled. When considering this relationship it is necessary to focus on the divergences between managerial goals and government goals. The interesting aspect of this is the extent to which managers of state enterprises, because they are also citizens (and owners), may justifiably attribute greater legitimacy to their own set of goals for the firm than to the short-term objectives of vote-driven politicians (that is, they may perceive themselves as "trustees of the real interest of the state.")²⁵ Whatever the case, it is now widely accepted that managers of state enterprises cannot be simply viewed as automatons carrying out government instructions as was so frequently assumed in the early literature on state enterprise.

22. See, for example, C.D. Drake, "The Public Corporation as An Organ of Government Policy," in W. Friedmann and J.F. Garner, Government Enterprise--A Comparative Study (London: Stevens & Sons, 1970)

23. Adolph A. Berle, Jr. and Gardiner C. Means, The Modern Corporation and Private Property (New York: Macmillan, 1932).

24. This idea was explored further by William J. Baumol, Business Behavior, Value and Growth (New York: Macmillan, 1959); Oliver E. Williamson, The Economics of Discretionary Behavior: Managerial Objectives in a Theory of the Firm (Englewood Cliffs, N.J.: Prentice-Hall, 1964); Richard M. Cyert and James G. March, Behavioral Theory of the Firm (Englewood Cliffs, N.J.: Prentice Hall, 1963); and Robin Marris, The Economic Theory of Managerial Capitalism (London: Macmillan, 1964).

25. Yair Aharoni, The Evolution and Management of State-Owned Enterprises (Cambridge, Mass: Ballinger Publishing Co., 1986), pp.130-131.

Yair Aharoni, who has been studying and writing about state enterprises since the early sixties, expresses one (not atypical) view of SOE managers in the following quotation from his 1986 book:

...managers of SOEs often enjoy their own brand of political power. They can buy the right to act in a certain way by dispensing largesse or by doing small favors to ministers and other leaders. The formal controllers may prove unable to control the SOEs, and ambitious managers may grasp power, working a divided and convoluted government unit to achieve the goals they see as important. Some SOE managers are as independent as nineteenth century robber barons, even leading the state into serious problems without involving key government officials.²⁶

This is clearly an extreme view, but it is not unusual amongst students of state enterprise.²⁷

Studies which have focussed on SOE managers are relevant to the present undertaking because managerial attitudes toward the three policy areas are sought. However, this study begins with no preconceptions as to the relative importance of managerial attitudes in explaining the firm's behavior. This is not intended to refute the substantial body of literature which argues for the dominance of managerial attitudes and beliefs on the behavior of the firm. Rather, it seems prudent, given the little that is known about the actual behavior of state enterprises, to reserve judgement on this issue. The starting assumption, therefore, is that managers are only one of many groups which may influence an SOE's behavior. In the words of Aharoni,

An SOE should be viewed not only as a set of contracts among factors of production but also as a coalition, whose members include the managers, the board of directors, government

26 Ibid., p 132.

27. See, for example, Abram Bergson, "Managerial Risks and Rewards in Public Enterprises," Journal of Comparative Economics 2, 3(Sept.1978), pp.211-225 ("managers are only interested in their own expected utilities"), p.215.

ministers, civil servants, labor unions, members of Parliament and others.²⁸

In one of the few empirical studies to examine management's attitude toward SOE social responsibilities, Miriam Dornstein looked at the importance of managerial goals in determining the social output of seventeen state enterprises in Israel.²⁹ In order to do this she did not rely entirely on direct attitudinal surveys (as is common in corporate social responsibility studies) for fear of "bias in favor of the organization's official goals."³⁰ Rather, she took a more indirect route and examined value premises of managers towards resource allocation decisions, "assuming that these would reflect and express the objectives toward which they wish to stir the corporation."³¹ Dornstein concluded that "GMs (General Managers) deemphasize social objectives and social considerations and emphasize instead associative-status objectives and commercial considerations."³² She found, moreover, that, "self-interest, mediated by intensive organizational involvement, and the exigencies of role performance combine to produce these orientations among GMs."³³ In other words, Dornstein observed that while social responsibility is an "official and firmly institutionalized goal" the GM (or CEO) is driven toward a different set of goals.

28. Aharoni, Evolution, p.132.

29. Miriam Dornstein, "Managerial Theories, Social Responsibility, and Goal Orientations of Top-Level Management in State-Owned Enterprise," Journal of Behavioral Economics, 5,2 (Winter 1976), pp.65-911.

30. Ibid., p.70.

31. Ibid., p.71.

32. Ibid., p.85.

33. Ibid.

In contrast to Dornstein's approach, in this study assessing managerial attitudes towards the three social policies is a secondary task. They are included as one of several potentially important variables in explaining the observed responses of the firms. The expectation was that in the course of interviews aimed primarily at identifying and accurately describing each firm's response in each policy area attitudes and beliefs would be expressed which, when combined, might provide insights into the orientation of all "stakeholders".³⁴ In addition, those interviewed were asked to assess the level of commitment of various groups within the firm toward the three policies examined in this study. More detail about the research design is provided in Chapter Two.

Aside from attitudinal studies like Dornstein's, which attempt to establish what managers perceive as important, the state enterprise literature also contains numerous abstract or theoretical works which have considered the probable impact of managerial goals on organizational performance. The concern in these studies is that state enterprise managers may not have the appropriate set of incentives to ensure the efficient operation of the organization. That is, managers' futures are not directly linked to the commercial success of the organization so that they may lead it down an undesirable path unless properly controlled or presented with an appropriate set of incentives.

A series of articles published in 1978-79 are illustrative of how this issue has been approached. In these articles Abram Bergson and

34. The term "stakeholder" is used throughout the dissertation because it helps convey the idea that there are several groups (aside from the government shareholder) which have a stake in the organisation and which influence the direction which is taken.

several others consider the issue of managerial risks and rewards in public enterprises.³⁵ The origin of this debate was an essay by Ludwig von Mises written in 1920 in which he "expressed doubts that managers of a public enterprise (in socialist states) could be counted on to exercise a necessary initiative."³⁶ This was taken up by Friedrich Hayek, who stressed "not so much ideological constraints on rewards for success as the incentive 'to prefer the safe to the risky enterprise.'"³⁷ Bergson's analysis leads him to conclude that "there is no logical bar to incentive for public-enterprise managers that will induce them to take an attitude toward risk that is appropriate from the standpoint of the community."³⁸ However, he admits that the costs of an incentive (or bonus) system might well be "quite large" and "ideologically unacceptable"³⁹ (especially in a socialist state). The intention in referring to this particular work, is not to explore it in detail but rather to comment on its presence as evidence of one way in which managerial behavior has been approached (in this instance by a group of economists). The underpinning assumption in this work is similar to that contained in the quotation from Aharoni above, that is, state enterprise managers will pursue their own self-

35. Abram Bergson, "Managerial Risks and Rewards in Public Enterprises," *Journal of Comparative Economics*, 3,3 (September 1978), pp.211-225; and Comments by Estelle James, Egon Neuberger, and Robert Willis, "On Managerial Rewards and Self-Selection: Risk Taking in Public Enterprise;" Jeffrey Miller and Peter Murrell, "The Problem of Equity in Determining Managerial Rewards in Public Enterprises;" and Abram Bergson, "Managerial Risks and Rewards in Public Enterprises:Rejoinder;" all in the *Journal of Comparative Economics*, 3,4(1979), pp 395-421.

36. Ludwig von Mises, "Economic Calculation in the Socialist Commonwealth," in F.A. Hayek, ed., *Collectivist Economic Planning* (London: Routledge,1935) cited in Bergson, *Ibid.*, p 396. The von Mises article was originally published in German in 1920 and translated into English in 1935

37. *Ibid.*, p.396.

38. Bergson, "Managerial Risks," p 222.

39. Bergson, "Managerial Risks," p. 416-417.

interests (and these will inevitably be in conflict with the public interest) unless they are controlled through a system of negative or positive incentives.

There is also a body of literature which theorizes about what SOE management goals might be and how they might differ from those of government and private sector managers. Some have hypothesized that SOE managers strive to maximize growth, economic efficiency, and employment. Others suggest that SOE managers are concerned with garnering political support and building an independent power base. The few empirical studies which have tried to pin down managerial goals (like Dornstein's) support the notion that managers emphasize commercial rather than political or social goals.

Other writers have looked at how the background and recruitment methods of state enterprise managers influence the direction in which they try to take the firm and the extent to which they seek external support for actions.⁴⁰ Still others have focussed on the relative power, autonomy, and tenure of SOE managers compared to their private sector counterparts.⁴¹ Feigenbaum, for example, has discussed the effect of the power and authority vested in state enterprises on the perceptions of private sector competitors and on the pursuit of broader public policies.⁴²

40. See, for example, Raymond Vernon, "Linking Managers with Ministers: Dilemma of the State-Owned Enterprise," Journal of Policy Analysis and Management, 4,1(1984): pp.39-55; Jehiel Zif, "Managerial Strategic Behavior in State-Owned Enterprises--Business and Political Orientations," Management Science, 27, 11(1981), pp.1326-1339; and Jehiel Zif, "Explanatory Concepts of Managerial Strategic Behavior in SOEs: A Multinational Study," Journal of International Business Studies, 14, 1(1983), pp.35-46.

41. For a discussion of these ideas and a review of the pertinent literature see Aharoni, Evolution, Chapter 8, "The Internal Coalition: Can the Manager's Mind be Nationalized?"

42. Harvey B. Feigenbaum, "Public Enterprises in Comparative Perspective," Comparative Politics, 15,1 (October, 1982), pp 101-122 and Harvey B. Feigenbaum, The Politics of Public Enterprise: Oil and the French State, (Princeton, N.J.: Princeton University Press, 1988).

Another topic of particular interest is that of managerial discretion in SOEs. Aharoni suggests that this is "the most valued of SOE managerial rewards."⁴³ Pfeffer and Salancik⁴⁴ propose three ways managers can increase their control, they can : (1) avoid control, (2) reduce dependence, and (3) control the context of control. In the first category are measures to balance demands and play groups off against each other. Another strategy is to control the flow of information to external sources. This can be done because those outside the firm (like Ministers, bureaucrats, or citizen's groups) often lack the expertise and capacity to translate and evaluate information adequately. The second way SOEs can increase discretion is by reducing dependence, including such strategies as "running a profitable operation" and diversifying to cover unprofitable activities. The final method for increasing discretion is to engage in activities such as participation in the formulation of new legislation, lobbying, building a separate power base, or co-opting opponents.

The above strategies for enhancing the scope of discretionary behavior are interesting for the present study. An understanding of both the extent to which responsibilities have been discretionary, as well as an appreciation for the strategies which may have been employed to maintain this situation, are two key elements in understanding the observed responses. At the end of the study we consider whether there have been notable changes in the scope of discretionary behavior in any or all of the three policy areas under examination. In instances where there is

43. Aharoni, *Evolution*, p.299.

44. Jeffrey Pfeffer and Gerald R. Salancik, *The External Control of Organisations: A Resource Dependence Perspective* (New York: Harper & Row, 1978) cited in Aharoni, *Evolution*, p. 303.

evidence that actions or situations enhance the amount of discretion of the SOEs they are noted. However, it is not possible to establish with any degree of certainty whether these situations are the result of purposeful actions on the part of SOE managers.

In summary, this review shows that a considerable amount of attention has been paid to the goals, attitudes, motivation, and background of state enterprise managers. Most of this work has been speculative or is based on questionable assumptions derived from private sector studies. Langford's conclusion in 1982 that there had been "no concerted effort to examine the actual behavior of directors and managers, informal power structures and linkages, or the impact of management behaviour on corporate performance"⁴⁵ continues to apply today. Even though this present study does not focus directly on the behavior of directors and senior managers, the analysis of corporate responses including public statements by Chief Executive Officers does suggest that the SOE manager should not be viewed, in Langford's words, "as either a public interest or free enterprise robot."⁴⁶

2. Conflicting Responsibilities

Apart from the studies which have focussed on SOE managers, another body of literature which has some bearing on this study is that which has considered the impact of secondary responsibilities on the efficient operation of the firm. This research typically begins with the assumption that non-commercial responsibilities are an unfortunate burden which the

45. Langford, "Public corporations", p 630.

46. Ibid, p 631

state enterprise must bear. The problem is seen as one where politicians place endless demands on the firm without any clear notion of how all of the obligations are to be fulfilled or how conflicts are to be resolved. This tendency of politicians to use state enterprises to achieve their own short-term interests is believed to threaten the usefulness of the instrument of public ownership as it was originally conceived--that is, an organization "clothed with the power of government but possessed of the initiative and flexibility of a private enterprise."⁴⁷ Some of the solutions which have been considered to deal with this situation include formal contracts (like those tried in France wherein an SOE negotiates an agreement with the government which sets out its responsibilities and acceptable performance targets)⁴⁸, measures to ensure full disclosure (so that politicians will be held accountable), compensation (which forces both the firm and politicians to disclose information), and an emphasis on efficiency goals (which will "generally yield greater capacity to serve other objectives"⁴⁹). The political undesirability or impracticality of all of the above ideas has meant that they have not been fully endorsed by any government or country. As noted earlier the fact that there is little empirical evidence about the effect of secondary responsibilities on SOEs is an important deficiency in the scholarship in this area.

One exception to this is a study of some European and American state enterprises by William Shepherd which does consider the effect of political

47. Franklin D. Roosevelt, cited in AnnMarie Hauck Walsh, The Public's Business: The Politics and Practices of Government Corporations, (London: The MIT Press, 1975), p.27

48. For more on the French contract system see Anaroff, Evaluation, pp.148-149

49. Malcolm Gillis, "Allocative and X-Efficiency in State-Owned Mining Enterprises: Comparisons between Bolivia and Indonesia," Journal of Comparative Economics, 6:1 (March 1982), p. 2

responsibilities on performance. Using data collected from a variety of sources including a survey of EEC countries by Keyser and Windle⁵⁰, Shepherd attempts to take a measure of the importance of public enterprise as a "policy tool toward industry." He considers both the commercial and "social elements" of state enterprises and concludes that in both Europe and the United States, "public enterprise emerges as a reasonably good vehicle for business activity."⁵¹ He believes, however, that "it is less clearly a device for achieving major social contributions--unless it is cast as a 'social enterprise' and the commercial aspects are made secondary."⁵² Based on his observations Shepherd states in summary that "strong social elements do erode the commercial operations, creating internal stress."⁵³

Shepherd provides only two examples of what he considers to be social contributions--restructuring and promoting regional growth. He rates the SOEs' "special social considerations" on a 4-point scale ranging from Large to Negative using "the value given by departing from straight commercial choices, compared to the specific costs of doing so."⁵⁴ Shepherd notes that "In some cases, there has been social harm (i.e., "negative"), rather than social benefit."⁵⁵ The ratings, Shepherd

50. William Keyser and Ralph Windle, editors, Public enterprise in the EEC (Alphen aan den Rijn, the Netherlands: Sijthoff & Noordhoff, 1978) in seven volumes, cited in Shepherd, "Public Enterprise in Western Europe and the United States." in H.W. de Jong, ed., The Structure of European Industry, (Martinus Nijhoff Publishers, 1981), pp 289-320.

51. Ibid., p.307.

52. Ibid., p.307.

53. Ibid.

54. Ibid., p.303.

55. Ibid

admits, are "offered diffidently, as a rough estimate of the consensus on the cases."⁵⁶ Examples of firms making large social contributions (compared to the costs) include ENI of Italy and the National Coal Board of the United Kingdom. Examples of firms Shepherd perceived as making negative social contributions include Elf-Aquitaine and PTT (Telephone service) of France as well as Alfa Romeo of Italy.⁵⁷ Shepherd notes that social contributions correlated "roughly" with commercial performance. For Alfa Romeo, for example, he assessed the efficiency of operations as "average", pricing (level and structure) as "average", and investment and choice of technology as "poor."⁵⁸ Using the same performance measures he assessed ENI as excellent, good and good. None of the 15 U.S. firms included in this study were perceived to be at either extreme on this scale. The difficulty with Shepherd's work (which must be treated with some respect because of his longstanding familiarity with the study of state enterprise) is that not enough information is provided about the way in which these assessments were made to allow a critical evaluation of either the conclusions or methodology.

3. Efficiency of SOEs

Another closely related topic of inquiry is that which considers the relative efficiency of state enterprises. Most of the early writings on state enterprise assumed that SOEs are inefficient, and this is

56. Ibid.

57. Ibid., Comparative Table, p 305.

58. Ibid.

certainly the popular view of these organizations.⁵⁹ Baumol describes some of the reasons for this perception in the following:

It is widely alleged that inefficiency is a general characteristics of public enterprise. The absence of a profit motive, or any other direct financial incentives, the lack of stockholders who can press management to maximize returns, and the immunity from competition and from takeovers which can displace an incompetent management, are all taken to stimulate inefficiency and indolence in governmentally operated firms.⁶⁰

However, the empirical evidence does not clearly support the inefficiency hypothesis. A study by Caves and Christensen of CN and CP railroads found "no evidence of inferior efficiency performance by the government-owned railroad," and concluded "that any tendency toward inefficiency resulting from public ownership has been overcome by the benefits of competition."⁶¹ This finding, which is not contradicted⁶², raised doubts about the assumption of inefficiency and scholars are at least reserving judgement on the issue until more information is available. Baumol suggests that perhaps inefficiency is actually a function of the separation of ownership from management and the degree of bureaucratization of large enterprises rather than the type of ownership. He then neatly sidesteps the issue by proceeding "on the assumption that the distinguishing characteristic of

59. A Globe and Mail feature writer captures this image of State Enterprises in Canada in the following: "By and large, most of the Crowns are poorly managed, drawing on Government money as if it's a bottomless pit, responsible to ministers who don't know what they are doing, with Boards of Directors stacked with patronage appointments." In "A Case for Harnessing the Crowns," Globe and Mail (Saturday May 7, 1983), p.10.

60. William J. Baumol, "Toward a Theory of Public Enterprise," Atlantic Economic Journal, 12,1 (1984), pp.13-14.

61. Douglas W. Caves and Laurits R. Christensen, "The Relative Efficiency of Public and Private Firms in a Competitive Environment: The Case of Canadian Railroads," Journal of Political Economy, 88, 5(1980), pp.958-976.

62. The best known contradicting evidence is found in David G. Davies, "The Efficiency of Public Versus Private Firms, The Case of Australia's Two Airlines," Journal of Law and Economics, XIV, 1 (April 1971), pp 149-165. Davies concludes: "The Data support the contention that the private company is economically more efficient than the public firm," p.165.

a firm owned and operated by government is the absence of incentives for efficiency."⁶³

This is relevant for the current study because societal perceptions about the efficiency of SOEs are assumed to be an important part of the "cultural environment" in which the three state enterprises operate. If they are generally believed to be inefficient, and if one important cause of this inefficiency is presumed to be the non-commercial obligations of the firms, then this inevitably affects the attitudes of management and workers towards the three social issues in question. If the presumption of inefficiency is incorrect, then the assumption about the impact of non-commercial obligations may be also. This is raised as a point to be considered rather than one to be tested. The fact that this study finds the responses of three state enterprises to three social policies to be very weak should raise some interesting questions for those who examine the issue of SOE efficiency in the future.

4. Organizational Decision-Making

Another topic of interest for this study is organizational decision-making. In general the state enterprise literature either avoids dealing with how decisions are arrived at within the firm or treats the firms as a single entity reflecting the interests of its managers. One exception to this is a study by Marc Roberts which examines the behavior of three public and three private electric utilities toward the issue of environmental quality. Rather than basing his research design on the

63. Ibid.

corporate social responsibility literature, as is done here. Roberts looked to decision and behavioral theory. He tries to explain what determines the opportunity sets, objectives, and beliefs of individuals within the firm and how their choices are aggregated into "corporate patterns of action." Roberts identifies four classes of variables which may be used to explain how individual choices are made and aggregated: (1) the external environment of the organization, (2) the organizational structure, (3) the control system, and (4) individual objectives and beliefs (aggregated as organization's strategy and ideology). Roberts then generates 14 hypotheses which are suggested and supported by the research. Ultimately, he concludes that the principal difference he observed--PG&E had "clear stacks" and TVA did not--was "a function of a complicated set of differences in history, fuel prices, external pressures, the strength of internal control mechanisms, and the balance of group perspectives within each organization."⁶⁴ The importance of this study for the present undertaking is the implied warning in this conclusion, that is, studies of this sort are inherently complex and multidirectional and are likely to pose many more questions than they answer.

Unlike Roberts, this study does not focus on the process or mechanisms whereby individual beliefs and values are aggregated and become the ideology and strategy of the organization. Instead, an assumption is made that this occurs but the focus is directed more toward understanding

64. Marc J. Roberts, "An Evolutionary and Institutional View of the Behavior of Public and Private Companies," American Economic Review 65,2, pp 425-426. PG&E is Pacific Gas and Electric and TVA is Tennessee Valley Authority.

and explaining the policy output than the internal decision process. An attempt is made, however, to learn something about the expressed interests of each of the major stakeholder groups and, when these are compared with the corporate response, some observations are possible about the importance of some of the groups.

B. SUMMARY FROM THE LITERATURE REVIEW

The above is a sampling of the state enterprise literature which relates, sometimes loosely, to the present undertaking. The questions about the effectiveness of SOEs as agents of non-core policy obligations and about the factors which may influence their behavior are derived from this literature. The prevailing views about the impact of goal conflicts on SOEs, about the methods they use to increase their discretionary behavior, and about their efficiency and effectiveness as agents of public policy are reason enough to search for a way of obtaining an independent assessment of SOE responses. The fact that the literature on state enterprise is characterized by a mountain of ill-founded assumptions and hypotheses means that there is a strong obligation to approach the questions posed in this present work carefully and with as few preconceived notions as possible. In other words, there is very little in the literature upon which to build or which would serve as the basis for a testable hypothesis on social responsiveness. For this reason the present study concentrates on the task of collecting, organizing and analyzing some basic data, and on exploring some preliminary explanations all of which will hopefully provide a more solid foundation for future research.

While scholars have chosen not to pay much attention to the questions raised in this dissertation, the study of state enterprise has advanced to the point where some things are known which are useful for the present purposes. We know, for example, that SOEs have numerous obligations in addition to those set out in their mandates.⁶⁵ There is as well substantial evidence that they have not received very precise information or guidance about how to handle conflicts or establish priorities. We know that there are multiple external and internal sources of influence on the SOEs, and it can be safely assumed that each is attempting to promote a slightly different perspective.⁶⁶ It is clear as well that the dependence on continuing political support lends an air of instability and uncertainty to the situation. We know (principally from statements in Annual Reports of the three firms in this study and comments in the Minutes of the Proceedings of the House of Commons) that the firms have been told to ensure that they are not to be a financial burden on the state. We know that many SOEs have been involved in activities which are at variance with some social policies (for example, layoffs and plant closures contributing to higher levels of unemployment, discriminatory hiring practices, and so on).⁶⁷ We know, as well, that the Canadian

65. For a current discussion of the multiple and conflicting goals confronting SOEs see Aharoni, Evolution, Chap.4.

66. Vernon, "The International Aspects of State-Owned Businesses," Journal of International Business Studies, X, 3 (Winter 1979), pp.7-15 puts the situation in this way: "...governments are characteristically composed of a coalition of forces, each of which places rather different weights on conflicting goals. One ministry, therefore, may stress inflation goals, another employment goals, another budgetary goals; one politician will favor his area of the country, another politician his," p.10. If we add to this the influence exerted by special interest groups, industry, the community, the media and unions, the dilemma of the SOE is more appropriately portrayed.

67. A review of Hansard in any one-year period will find numerous references to the "socially antagonistic" behavior of these Crown corporations. With questions about lay-offs at CN, and purchasing decisions by Air Canada the government is kept very busy replying that these are "internal" matters for the firm and that political interference is inappropriate. See also Harvey B. Feigenbaum, "Public Enterprise in Comparative Perspective," Comparative Politics, pp.108-109 in which he provides some examples of instances where public enterprises have transgressed public policy goals.

commercial SOEs are officially afforded a great degree of autonomy from government interference and that this has been defended as critical for their successful operation.⁶⁸ Finally, we know that in the recent past many state enterprises have been accused of financial mismanagement and of being beyond government control.⁶⁹

There are, in addition, numerous things which we suspect about SOEs based on the existing body of empirical and theoretical research. It has been suggested that managers may respond to the conflictual goal situation which typifies SOEs by "taking charge" and "interpreting" what the firm should do. It has further been suggested that this will not necessarily result in a socially desirable outcome (that is, one in which the net social benefit exceeds the net social cost).⁷⁰ There is, as well, some reason to suspect that large commercial SOEs are inefficient and that this will be reflected in all their activities. It has also been suggested that managers of SOEs act in such a way as to maximize their autonomy from government (and unwanted interference).⁷¹ In addition, there is good reason to believe that internal interests are very important in determining policy responses although it is not known how differences

68. Canada has followed the British tradition of providing its commercial SOEs with considerable autonomy so that they might take full advantage of their corporate form to fulfill their mandate free from debilitating patronage systems, political interference, and government red tape. Autonomy is also thought to be important so that those doing business with state SOEs can be assured that their interests will not be jeopardized when changes in political leadership occur.

69. In Canada the strongest assertions of financial irresponsibility have come from the Auditor General who commented in his 1976 Report that in the majority of Crown corporations he had audited, "financial management and control is weak and ineffective," p.9. For a good summary of the demands for greater accountability see Sexty, "The Accountability Dilemma in Canadian Public Enterprises: Social Versus Commercial Responsiveness," Annals of Public and Co-Operative Economy, 54, 1(1983), pp 22-26.

70. On the idea that managers take charge see, for example, Aharoni, Evolution, 1986, Chapters 6 and 8.

71. On the tendency to increase autonomy see Vernon (1979) "International Aspects," p 11. Vernon recognises this tendency but admits that managers' "underlying motives are unclear."

among the internal stakeholders are resolved.⁷² Finally, the existing evidence suggests that priorities will be skewed in favor of profit-making activities and away from activities which may actually or potentially detract from profitability.⁷³

V. OVERVIEW OF THE CASES AND METHODOLOGY

A. THE OBJECT OF STUDY: FIRMS AND POLICIES

The SOEs which are included in the case studies are Canadian National (CN), Air Canada and Petro-Canada.⁷⁴ The criteria applied in selecting the firms was that they be federal, wholly-owned, commercially-oriented Canadian Crown corporations of varying sizes. It was also thought to be advantageous, because of the sensitive nature of the study, to select firms which had been the subject of prior case study analyses in order to increase the probability that certain basic information would be available. Finally, since this study is concerned with the attributes of state enterprises, but does not include private sector firms, it was also important to select firms with few other shared characteristics.

To keep the scope of the study to a manageable size four firms were originally selected for the study. One firm, Eldorado Nuclear, declined

72 Conflict resolution within SOEs is not a topic which has received much attention; the small amount of attention which has been paid to internal interests has focussed on management alone (See, for example, Aharoni, Evolution, Chapter 8, and Dornstein, "Managerial Theories."

73 Vernon, "International Aspects," suggests that managers of SOEs, trying to maximize their autonomy, adopt certain maneuvers including, "efforts to develop a cash flow that is independent of the control of their supervising ministers," p 11. The suggestion being made here is that they will attempt to ensure the profitability of the firm so that there are fewer opportunities for interference or oversight.

74 See references to previous case studies of these firms in the bibliography.

to participate.⁷⁵ The decision was taken to work with the remaining firms rather than replace Eldorado even though this meant that all would be large firms. When the research was undertaken, the three remaining firms were all proprietary Crown corporations listed in Schedule D of the Financial Administration Act. All were wholly owned by the federal government⁷⁶, were primarily engaged in operations of a commercial or industrial nature, had private sector competitors, were privately audited, and played significant roles in their respective industries.

In none of the firms does the formal mandate directly address the issue of social policy responsibilities. Originally established under the Air Canada Act of 1937, Air Canada's primary mandate is "to provide a publicly-owned air transportation service, with powers to carry out business throughout Canada and outside Canada."⁷⁷ Under the new Act of 1978, and subsequent amendments, the company's mandate remains basically the same but there is an increased emphasis on adhering to sound business principles and "the contemplation of profit."⁷⁸ This does not mean that the company's role as an instrument of policy necessarily diminished thereafter. As Langford noted in his 1980 study of the airline,

By no means is it clear, however, that a new balance between the policy instrument and profit goals has been permanently struck. The philosophical issue of which goal package

75. In its response Eldorado explained that the company was "going through a period of severe cost restraint" and all of the firm's resources "are now dedicated to the company's operations." Eldorado was selected because of its commercial orientation, its relatively small size, and the fact that its CEO at the time had been publicly outspoken on his views that the firm should not be an instrument of public policy.

76. Bill C-129, intended to partly privatise Air Canada, was submitted for first reading on May 19, 1988 and was proclaimed into law on August 18, 1988.

77. Treasury Board Secretariat, Crown Corporations and Other Canadian Government Corporate Interests, (March 1984), p.30.

78. Air Canada Act, 1977-78, Chapter 5, Section 7(2)

represents the ideal for a public corporation is constantly in flux.⁷⁹

As Langford points out, this view of the firm as being constantly torn between the need for profit-maximization and the need to serve as a policy instrument ignores the possible importance of the need for self-perpetuation as a determinant of Air Canada's behavior. Although this present work does not attempt to test the validity of this "public choice" approach (most thoroughly explored in Baldwin's study of Air Canada⁸⁰) it does recognize the possible importance of internal stakeholder interests in determining policy outputs.

CN was established under a 1919 Special Act and has a mandate to "operate and manage a national system of railways."⁸¹ CN is Canada's oldest Crown corporation and as such has had a long relationship with the federal government. Since the mid seventies CN has experienced large reductions in its work force as it has closed down operations in one small town after another and as it has divested itself of many of its non-rail transport businesses. With respect to CN's public policy role, one author observed in the late seventies that there was no obvious consensus among political leaders about "whether it (CN) should be a profitable enterprise operating on commercial criteria, or whether it should provide services that private enterprise cannot or will not provide."⁸² The fact that CEOs

79. John Langford, "Air Canada," in Tupper and Doern, Public Corporations, pp 251-284.

80. John R. Baldwin, The Regulatory Agency and the Public Corporation: The Canadian Air Transport Industry (Cambridge, Mass.: Ballinger, 1975).

81. J Robert S Prichard, Crown Corporations in Canada (Toronto: Butterworths, 1985), p. 239.

82. Garth Stevenson, "Canadian National Railways," in Allan Tupper and G. Bruce Doern, Public Corporations and Public Policy in Canada (Montreal: The Institute for Research on Public Policy), p.332.

continue to point out the need for compensation and a focus on profitability in each Annual Report suggests that this ambiguity persists.⁸³

Petro-Canada was established under the 1975 Petro-Canada Act with a mandate "to increase the supply of energy available to Canadians, and to assist the government in the formulation of its national energy policy, and increase the Canadian presence in the petroleum industry."⁸⁴ This was to be done, in the words of the Chairman and CEO, "without overriding concern for profitability."⁸⁵ In 1984 the Act was amended and the changes have been interpreted as meaning that Petro-Canada has "a new mandate...to operate in a commercial, private sector fashion, with emphasis on profitability and the need to maximize the return on the Government of Canada's investment."⁸⁶

Of the three corporations Petro-Canada's mandate is by far the most detailed and explicit. The following section in the Act, in particular, suggests that those who formulated the legislation were becoming sensitized to some of the concerns about vague mandates and were also

83. The 1984 Annual Report refers, for example, to the fact that the Corporation now "faces a changing economic environment in which the dual role of having to serve Canada as a competitive business enterprise and as an efficient instrument of public policy is becoming increasingly difficult." (p.3) The 1985 Annual Report complains that "compensation for these activities (unprofitable operations ranging from services to remote communities to employment for economically depressed areas) has been absent or lagged far behind the cost of carrying them out and resulting losses have become dangerously burdensome." (p.5) Earlier the Report states that "CN's continued ability to provide significant returns on the shareholder's investment is, ultimately, the measure of the effectiveness and efficiency with which we discharge our mandate." (p.5) In the following year (1985) the CEO again writes, "the company simply cannot afford to continue to pay the costs of providing public services" and concludes: "Profitability must be CN's primary goal and there is not a moment to lose in its pursuit." (p.6).

84. Treasury Board Secretariat, Crown Corporations, 1984, p.34.

85. Petro-Canada, Annual Report, 1986, p.2.

86. Ibid.

trying to address social policy issues which the firm would need to confront. According to this section the firm may:

- 7(h) subscribe or guarantee money for charitable or benevolent objects, or for any exhibition or for any public, general or useful object.⁸⁷

In contrast, the list of powers in the enabling legislation for both other corporations is confined to purely commercial functions. This is noteworthy not simply because the above section provides the firm marginally clearer guidance with respect to certain secondary responsibilities than has been the case traditionally, but because their presence serves as an indicator that the need for change had been recognized by lawmakers in the mid seventies.

CN and Air Canada have a pervasive presence in the Canadian economy both in terms of the numbers of people they employ nation-wide and because of their financial impact.⁸⁸ Petro-Canada plays an important role in a strategic industry and, as a relatively new addition to the state enterprise sector, serves as a useful comparison for the two older firms.⁸⁹ All three firms have been mentioned at one time or another as

⁸⁷ Petro-Canada Act, 1975, ch 61, v II

⁸⁸ In the 1988 Financial Post ranking of Canada's top 500 corporations, Air Canada ranked 31st in sales in 1987 (compared to 32nd in the previous year), it placed 37th for assets, 96th for net income and 22nd for number of employees. CN ranked 18th for sales (compared to 12th in the previous year), 13th for assets, 42nd for net income, and 9th for number of employees

⁸⁹ In 1988 Petro-Canada ranked 12th in sales among the Financial Post's top 500 firms. It ranked 10th for assets, and 18th for net income but only had about 7,000 employees (compared to CN's 48,000 and Air Canada's 22,000)

candidates for privatization⁹⁰ and all are now under clear instructions to focus on commercial viability.⁹¹

As indicated earlier, the selected policy areas are Official Languages, Employment Equity, and Occupational Health and Safety (OL, EE, and OH&S). The first goals served in these policy areas are social (or political) as opposed to economic. The fact that official languages and employment equity are both equity policies, that the latter was preceded by the former, and that they are potential competitors for "social allocations" makes them particularly interesting for this study. Occupational Health and Safety, provides a contrast to the other two for the following reasons: (1) it has a relatively low political profile; (2) support is presumed to be generated internally at the worker level rather than externally or at the executive level; and (3) it is equally applicable to private and public firms.

The federal occupational health and safety policy focusses on improving conditions in the work place so that employment-related injuries and illnesses will be reduced or eliminated. The official languages policy in Canada aims at improving the situation for francophones by ensuring them services in their mother tongue, protecting their right to equal access to federal employment, correcting historical imbalances

90. Air Canada was partly privatized in 1988. Petro-Canada has been on and off the privatization list on several occasions since 1979. CN, too, has been mentioned on occasion as a candidate for privatization although the nature of the rail transport industry is such that it is a less marketable company than the others.

91. Petro-Canada's management views changes to its Act made in 1984 (concurrently with general changes in the control structure for SOEs through the 1984 amendments to the Financial Administration Act and similar amendments to the Acts of both other firms) as giving the firm a purely "commercial mandate." In the 1984 Annual Report the CEO writes that "Petro-Canada is not to be perceived in the future as an instrument in the pursuit of the Government's policy objectives," p. 2. The other two firms take a less strident position on the implications of the 1984 amendments; but do emphasize the absolute requirement for commercial viability and financial independence (See Annual Reports since 1984).

through active recruitment measures, and enabling them to work in their language of choice. Finally, the Canadian employment equity policy strives to eliminate discriminatory practices in federally regulated work places and correct the effects of these practices through positive recruitment measures.

The above section was intended to identify and provide some preliminary information about the firms and policies which serve as the cases for this present study. More information will be presented in the policy and case study chapters. It should be noted, however, that the present purpose is to find a way of examining and comparing responses of firms to public policies rather than developing an expertise about each firm and each policy area. The section which follows discusses the methodology which was employed for this study.

B. METHODOLOGY

1. Case Studies -- Descriptions of Responses

This dissertation employs a descriptive case study approach in order to identify the responses of the selected state enterprises in the three policy areas. Letters were first sent to Chief Executive Officers (CEOs) requesting cooperation with the research project. (See Annex A.) After receiving permission to proceed, interviews were set up with individuals identified by the CEO's office as having responsibility for each of the policy areas. From early in the process it was apparent that all of the firms were concerned about the amount of time which the project might consume and it was clear that obtaining interviews with members of the executive in all three firms would have been difficult. The decision was

therefore made to concentrate on obtaining interviews with policy managers. It was recognized that the managers were likely to view the above policy areas as "sensitive" and would probably be concerned about providing data which might be used to measure performance. Because of this it was decided to employ an administered (rather than mailed) questionnaire to gather perceptions, attitudes and beliefs about the role of the firm in each policy area, progress toward implementation, constraints, and explanations. The questionnaire took approximately one hour to administer (a copy is included in Annex A). At least one interview was conducted with the individuals at headquarters who had responsibility for each policy. In most cases follow-up interviews were conducted and additional information was obtained from telephone conversations over the one and one-half year period when data were being gathered and the study was being written up.

Other information about the firms' responses was obtained from annual reports and policy reports which were publicly available. Information was also gathered from interviews, follow-up visits and telephone conversations with officers responsible for the policy areas at Treasury Board, the office of the Official Languages Commissioner, the Canadian Advisory Council on the Status of Women, the Canadian Employment and Immigration Commission, Labour Canada and the Human Rights Commission. Finally, government documents, Minutes from Committees of the House of Commons as well as reports issued by these bodies were all important in supplementing and verifying information provided by the firms and administrative agencies.

2. Comparative Analysis

After collecting the information about the responses of each firm in each policy area these responses are then compared to see what can be deduced about the factors which may be influencing the firms' behavior. This comparative part of the study is more manageable if the things which may potentially affect successful social policy implementation are organized under the following categories: a) Shared Attributes, b) Firm-Specific Constraints, and c) Policy-Specific Constraints. In other words, the findings are analyzed and compared to see whether ownership, business or policy seems to be most important in determining the SOEs' responses.

a. Shared Attributes

Shared attributes include the prevailing attitudes, beliefs and values about state enterprise that exist at any given point in time in a society. These form the firm's cultural environment and are constantly changing and open to individual interpretation. They are presumed to have an impact on whether the three firms in question will be open and accepting, or closed and resistant toward social responsibilities.⁹² The review of the literature suggests that there is an "atmosphere of uncertainty" about what it is appropriate and reasonable to expect of commercially-oriented state enterprises. Specifically, there is an absence of empirical evidence about how social responsibilities affect the overall performance of SOEs. In the absence of adequate information

⁹² The "accepting" "resisting" language is borrowed from a study by Jeanne M. Logsdon entitled "Organisational Responses to Environmental Issues: Oil Refining Companies and Air Pollution," Research in Corporate Social Performance and Policy, Vol.7 (1988), pp.47-71. There are some interesting parallels between Logsdon's study and mine even though their origins are quite different. Both were stimulated by Ackerman's work with resulting strong similarities in analytical frameworks, methodology, and indicator-selection. Logsdon's study is discussed in Chap.2.

politicians and the public are uncertain about what to expect and must depend on the assessments of state enterprises. While there is scant evidence on the utility functions of SOE managers, their status as "owners" as well as employees suggests that they will also be somewhat uncertain about how the organization should balance its primary and secondary responsibilities. In his assessment of this issue Robert Sexty focusses on the uncertainty of managers toward economic and social goals.⁹³ He depicts private firms as heading away from economic objectives towards uncertainty and state enterprises as heading away from social objectives toward uncertainty. In this study uncertainty is viewed as extending beyond managers to enfold all stakeholders.

Canada's commercial state enterprises enjoy a considerable independence from visible or formal government intervention. The rationale for this is a continuing societal belief in the importance of the principle of autonomy for SOEs. A consequence of this tradition of independence is that it is extremely difficult, and perhaps impossible, for the state to exercise control without taking exceptional measures (for example, issuing a Ministerial directive).⁹⁴ As Aharoni, Monsen and Walters, and others have correctly pointed out it is also contrary to the self-interest of Ministers to become too closely associated with activities which might result in undesirable political fallout. It is

93. Robert W. Sexty, "Accountability Dilemma," p. 29-30. See, especially, Chart I

94. For example, issuing a specific Ministerial directive outlining a procedure to be followed. This is something Ministers are unlikely to do because they are uncertain about how it will affect the firm's ability to fulfill its primary obligations (and because, in many cases, the potential benefits (increased political support) outweigh the costs (charges of unwarranted interference)). Moreover, there is always the danger, in such an action, of being associated with something which has politically undesirable consequences. By preserving at least the facade of an arms-length relationship, and handling situations informally, the Minister is most fully protected.

therefore advantageous to retain the facade of an arms-length relationship while handling situations informally. This means that on the one hand SOEs receive very little official guidance about what they are to do, and on the other governments are constrained in what they communicate to the firms.

A third universal attribute of commercial SOEs is a widely held "presumption of inefficiency" with respect to all of the activities in which they are engaged. While the empirical evidence on this is mixed there is reason to wonder if the full cost of state enterprise could be calculated whether it would outweigh the benefits. Whether or not a given SOE is less efficient than its private enterprise counterparts, all firms operate under a shadow of doubt and this is bound to have an effect on employees of the firm.

In addition to shared attributes, the SOEs have a number of government policies, laws, and regulations in common concerning certain aspects of their operation (for example, the Financial Administration Act, Treasury Board policies, and so on). Specifically, in any given social policy area governments may have different requirements of their state enterprises than of private sector firms. The effect of such differential treatment on state enterprise responsiveness is unclear. The fact that the policies, laws and regulations are subject to constant change adds to the uncertainty with which the SOEs approach any new policy obligation. The fact that they may not emanate from the same source nor have the same authority also causes problems. For example, in 1977 the Privy Council Office pronounced that "the pursuit of commercial goals was never intended to override the broad social, cultural or economic goals that Crown

corporations were established to pursue, especially since many of those goals would never be justified on purely commercial grounds."⁹⁵ At the same time the Public Accounts Committee of the House of Commons along with the Auditor General were both concentrating on the need for better financial management and control in the commercial SOEs and politicians were complaining about budgetary deficits. While these are not necessarily contradictory messages, it must be assumed that they present SOEs with something of a dilemma when setting priorities.

The effects of the shared attributes may be thought of as the "baggage" which SOEs carry with them into any new endeavour. The suggestion here is that they may act as fundamental constraints on how new social policy obligations are perceived and handled. Evidence of the existence of such attributes is looked for when all three firms respond similarly toward all three policy areas.

b. Firm-Specific Attributes

In addition to shared attributes of state enterprises which may affect their social responsiveness, each firm faces slightly different challenges in implementing a social policy. Since the three policies in question are mandatory rather than discretionary policy areas for the three state enterprises, firm-specific differences will be most apparent in the timing and method of policy implementation. This includes such things as historical patterns of operation or traditional practices typical of the firm's primary business, location size, organizational

95. Canada. Privy Council Office. Crown Corporations Direction, Control, Accountability (Ottawa. Minister of Supply and Services Canada, 1977), pp.7-8

stability, profitability, mandate, and the level of internal support which may be generated for the policy. While the evidence has yet to be brought forward about whether they might contribute or detract from each firm's ability to act effectively in the social policy areas under study, there are some indications that at least the first and the last may have adversely affected the policy responses of CN, Air Canada and Petro-Canada.

c. Policy-Specific Attributes

Finally, there are also policy-specific attributes which may affect the speed and method of implementation as well as the level of internal acceptance. Policies have evolved differently depending on the extent of sustained public and political interest they have received as well as on the technical difficulties associated with implementation. It is clear, for example, that progress in achieving higher participation rates for francophones requires that workers with the necessary mix of skills and experience be ready and willing to relocate when jobs open up. In other words the "beneficiaries" of the policies must also be appropriately prepared. There are, in addition, inherent problems with the distributional policies because they are contrary to the interests of the existing work force except when the firms are expanding. In the case of OH&S, improvements are frequently dependent on technological developments, information availability, training capability and other factors over which an individual enterprise may have limited control. In all three areas under study successful policy implementation requires societal changes in values and attitudes in addition to employment and technical changes.

Since it is impossible to determine precisely how long such changes will take or how much can be achieved in their absence yet another area of doubt must be added to an already very uncertain situation.

VI. CONCLUSIONS AND ORGANIZATION OF THE STUDY

The primary goal of the study is to develop an analytical framework which makes it possible first to understand what is expected of the firms in each policy area, and then to form a clear impression of how they have responded. A secondary goal is to explore some of the factors which may have been influencing the SOEs' behavior. Since this is exploratory research, with an extensive scope, it does not attempt to go through each step of the research process with equal rigor. Specifically, the explanatory part of the study is more speculative than the first part because it relies on deductions based on comparison of the firms' responses. The behavior of all three firms is compared across the policies searching for evidence about the three explanatory categories described above. This three-by-three comparative analysis is supplemented with information gleaned from the interviews. To the extent that all three firms exhibit similar behavior toward a single policy this is considered to indicate that unique attributes of the policy have been important in explaining the observed responses. When the responses of a single firm appear similar across all three policies (and this is not true for the other two firms) then characteristics of the firm are presumed to be important. Also, if one firm's behavior differs from that of the other two firms in a single policy area, then firm-specific attributes may be responsible. To the extent that all three firms behave similarly toward

all three policies then it is necessary to look at either ownership or shared attributes of the policies as possible determinants of behavior. As will become clear, the results of this analysis should be viewed as tentative because it is quite possible to arrive at different conclusions simply by altering assumptions about the importance of observed similarities and differences.

There are several tasks which lay ahead before we can get to the point of analysis and comparison. The analytical framework and methodology must be discussed and placed in the context of the literature from which they were derived. This is done in Chapter Two.

Chapters Three, Five and Seven, respectively, handle the task of setting out the evolution of each policy area. After describing the stages through which the three policies have evolved, and identifying where they appear to be at the present time, each of the policy chapters then outlines the obligations of SOEs in particular (to the extent that this can be determined). In each instance care is taken to identify problems and issues which have arisen and to point out inconsistencies and anomalies which may result in confusion and uncertainty for those affected. In all instances an effort is made to determine at which stage in policy development SOE obligations arose and to pay special attention to the manner and means by which they were transmitted. If, for example, SOEs have been given obligations at an early stage of policy development (before there is widespread recognition and acceptance of goals) then this is noteworthy in assessing their response and responsiveness.

In Chapters Four, Six and Eight the individual and collective responses of the firms to a single policy area are described, contrasted,

and compared employing the analytical framework and methodology described in Chapter Two. Chapter Nine undertakes a comparative analysis of the individual and collective behavior of the firms toward the three policy areas and summarizes the major research findings. Finally, Chapter Ten considers what has been learned about the responses of the three SOEs, examines some of the possible explanations for the observed behavior, discusses whether the findings are more generally applicable, comments on the strengths and weaknesses of the analytical framework and methodology, and makes some observations about the policy implications of this study.

CHAPTER TWO
ANALYTICAL FRAMEWORK AND METHODOLOGY

I. INTRODUCTION

This Chapter outlines the framework and methodology which will be used to examine the responses of CN, Air Canada and Petro-Canada to obligations in the official languages, employment equity and occupational health and safety policy areas as well as to explore some explanations for these responses. Several steps are required in order to identify the responses of the three SOEs to the three social policies examined in this study. First, it is necessary to find some way of comparing and contrasting the policies which takes account of the fact that they are also constantly evolving. Second, a way has to be found to categorize the possible responses of the firms to the policies. Third, the term "effective" needs to be operationalized. Assuming, as we have, that effective implementation (at both the firm and societal level) extends beyond mere compliance to widespread acceptance, means that it is also necessary to identify and classify the strategy which the firms have adopted towards Official Languages, Employment Equity and Occupational Health and Safety (OL, EE and OH&S). That is, a classification scheme is needed which encompasses the notion that firms adopt various strategies in approaching these policies and that some will be more effective than others. Fourth, a set of indicators must be selected which makes it possible to identify and describe a firm's response and which, when added together, provides clues as to the SOEs' responsiveness. Propositions must be developed to assist in the interpretation of the findings. Finally, some additional steps are required before explanations for the observed responses can be considered.

Each of the above tasks is dealt with in turn in this Chapter but first a comment is in order about two studies which were important in the design of this current study. Robert Ackerman's pioneering study on the social responses of a number of large U.S. private firms was instrumental in conceptualizing the framework for the first part of the study; that is, analyzing the responses of the firms to the three social policies in question. Ackerman's work will be discussed in some detail shortly.

Another work which was influential in designing the questionnaire and identifying the explanatory variables, is a study which The Niagara Institute did for Canada's Royal Commission on Corporate Concentration (henceforth referred to as the Niagara study). Carried out in 1976, this study considered the extent to which the notion of corporate social responsibility had become recognized within Canadian corporations. The study found considerable variety among firms as indicated in the following quotation:

Corporate awareness of social involvement issues ranges from almost none to a widespread and pervasive recognition, as reflected by the appointment of corporate public affairs officers, preparation of formal reports, issuance of public statements, and the undertaking of highly visible social program activities.¹

The analytical framework for the Niagara study builds on Ackerman's work so it need not be discussed in detail here. Rather than attempting a thorough discussion of what was a long and complex study at this time, reference will be made to the findings and methodology of the Niagara study where appropriate throughout the Chapter.

1 Canada Corporate Social Performance in Canada. A Study Prepared for the Royal Commission on Corporate Concentration (The Niagara Institute, Niagara-on-the-Lake, Ontario, October 1976) p. 8.

decided with the goals of the policy in mind.¹⁵ Since Ackerman's observations are based on close examination of numerous large private sector corporations, it seems appropriate to see how closely they represent the case of the three large "private-like" state enterprises studied here.

Diagram 2.2: Corporate Social Response Continuum

IV. COMPARING CORPORATE AND SOCIETAL RESPONSES

A comment is in order about how Diagrams 2.1 and 2.2 look when they are compared. In other words; are the stages parallel? It makes intuitive sense to envisage corporate response as lagging somewhat behind the societal or state response. In a private corporation we would not expect a perceptible corporate response until a policy issue has had some public exposure, thus giving those within the firm an opportunity to gain an appreciation for its potential impact on the organization. To the extent that the firm has discretion, then, it may be expected to lag behind in

15. Ackerman also uses this definition but does not differentiate between the two as is done here.

strength of the response."⁵ When he was writing in 1973 Ackerman thought: he saw evidence that social issues like equal employment and ecology had advanced "so far through the zone of discretion that their final dimensions are beginning to take shape."⁶ There are, however, considerable variations in the ways in which policies may evolve (and in the effect of these variations on the firms). One writer has described the situation in the following way:

Some issues never develop beyond the formative stage because they do not generate enough public support or they are handled by nonpolitical means. Other issues develop through stages of legislative ferment and regulation when public support is widespread and sustained. This uncertainty about the degree of public concern creates uncertainties for the firm. While the issue is in the formative stage, firms have a great deal of discretion in responding to it. As the issue moves through subsequent stages, firms have less and less discretion.⁷

This study parts company with Ackerman to the extent that he and others assume that in the third stage there is necessarily widespread societal acceptance of an issue. On the contrary, the possibility must be left open that the state will lead rather than simply reflect the public interest. The likelihood of slippage must also be considered as must the idea that laws and regulations may not adequately express the public interest. For the present purposes this deficiency is remedied simply by adding a fourth stage wherein there is such widespread public acceptance of a social issue that its principles may be found firmly embedded in fundamental laws of the country (such as the Labor code, the

⁵ Ibid.

⁶ Ibid

⁷ Logsdon, "Organizational Responses," p 50 (based on Ackerman, 1975).

Constitution, the Human Rights Act, etc.) and the policy issues have ceased to be a matter for public debate. In an effort to deal with the unidirectional, static aspects of this typology it is placed on a continuum. The added benefit of doing this is that it facilitates comparison with the stages of social response within the firms (which will be discussed immediately).

Diagram 2.1 Stages in the Evolution of Social Issues

III. STAGES OF CORPORATE SOCIAL RESPONSE

Based on a year long study of a number of large U.S. firms in the early seventies Ackerman arrived at a "framework for thinking about the managerial problems created by social responsiveness."⁸ This and later work⁹ stirred up considerable scholarly interest in the issue of corporate social responsiveness and has since served as a reference point for empirical studies in this area of interest.

Ackerman posits that corporations, like the state, go through three phases of response or commitment to social policies. In the first phase

8 Reported in Robert W Ackerman, "How Companies Respond"

9. See, Ackerman(1975) "How Companies Respond", Ackerman and Raymond A. Bauer, Corporate Social Responsiveness: The Modern Dilemma (Reston, Virginia: Reston Publishing Company, Inc., 1976) See also Raymond A. Bauer, "The Corporate Response Process," Research in Corporate Social Performance and Policy, (Greenwich, CT: JAI Press, 1978) Vol 1, pp 99-122.

(which may last for months or years depending on such things as the degree of public support and the organization's capacity to respond)¹⁰ the CEO recognizes the need for involvement on the part of the firm and may make some general commitments but his wishes are largely ignored. Ackerman explains that in this stage, "Managers in the operating units lack evidence of the corporation's commitment to the cause; responsibilities are unclear, scorecards are lacking, and rewards for successes or penalties for failures are absent."¹¹ In the second phase a staff executive or specialist is hired to organize the firm's activities in the area. This person begins to gather information, pinpoint problems, and may "mediate between operating divisions and external organizations."¹² However, Ackerman sees the staff manager becoming "overburdened with conflict and crisis-by-crisis involvement" when he tries to "force action," primarily because of the decentralized decision-making mode and organizational rigidities.¹³ In the third, seemingly most difficult phase, the CEO recognizes that the "whole organizational apparatus has to become involved", or, in other words, that the policy has to be institutionalized.¹⁴

There are a few potential problems in using Ackerman's "model" for these particular case studies. For one thing when dealing with SIEs we believe that uncertainty about what is acceptable behavior is inherent in

10. On the issue of timing of implementation see Bauer, "The Corporate Response Process"

11. Ackerman, "How Companies Respond," p. 32

12. Ibid., p. 33

13. Ibid.

14. Ibid.

Carroll's continuum and adopt the "generic" response categories: "resisting" and "accepting" as the descriptive labels.¹⁸ Thus, instead of having to identify a set of indicators for four possible types of responses in each policy area for each firm the task is made slightly more manageable by selecting the two extremes.

By adding this attitudinal element to our framework it is possible to accommodate the notion that effectiveness means more than mere compliance with the letter of the law. The assumption is that an accepting firm that has fully institutionalized a policy is more likely to be able to achieve some measurable progress than is a resisting firm at the same stage of response. An amended version of Logsdon's table depicting the stages of policy development, along with the generic response categories, is reproduced in Table 2.1, with the addition of a fourth stage reflecting full implementation at the societal level.

18. Logsdon, "Organisational Responses," p 48.

a firm has no control or may even require basic structural changes within the firm which would seriously threaten its viability (for example, relocation).

Another problem is the dominant role allotted the CEO in Ackerman's model. Among the three policy areas which are examined in this study there is at least one--occupational health and safety--where CEO recognition may not signal the first step in the process at all. It may well be that pressure for involvement bubbles up through the ranks rather than originating from the executive offices. If, however, we assume that "recognition" simply means acquiescence, and "the first step" means commitment of funds, then it is true that the CEO will inevitably play a pivotal role in any policy endeavor. In any event, there is good reason to be cautious about assumptions that CEOs will be more aware and accepting of social obligations than others within the firm, especially when dealing with SOEs. It seems safe to assume that those who work for state enterprises may have perceptions of what the firms should do based on their role as citizens and "owners," and that these may differ from their view as employees. In other words ambiguous feelings and uncertainty are not necessarily the purview of external observers.

Despite its weaknesses we shall start out with Ackerman's phases, except that they are placed along a continuum and an end phase is added which will be referred to as "full policy implementation." Full implementation is used here to denote that point when the policy has not only been fully institutionalized but also when there is support throughout the firm, measurable progress is being made toward appropriate objectives, and resources are being allocated and careers are being

decided with the goals of the policy in mind.¹⁵ Since Ackerman's observations are based on close examination of numerous large private sector corporations, it seems appropriate to see how closely they represent the case of the three large "private-like" state enterprises studied here.

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15. Ackerman also uses this definition but does not differentiate between the two as is done here.

responding to changing cultural mores. In the case of a state enterprise, the question of timing of "entry" is less intuitive. It seems reasonable to expect that SOEs will be sensitized to potential stimuli for increased state intervention and demands. Whether this would cause them to take some perfunctory actions in an effort to forestall such an eventuality is uncertain. Anticipatory behavior on the part of state enterprises is a yet-to-be-explored idea.

V. CORPORATE PHILOSOPHY TOWARD SOCIAL ISSUES

As mentioned earlier Ackerman's model contains the implicit assumption that movement through the stages of response is unidirectional, rational and predictable. This view of corporate response has been challenged by several writers who have observed, instead, that some firms adopt a fire-fighting mode when responding to social policy issues.¹⁶ The idea that a firm may adopt a strategy or adhere to a philosophy regarding its social responsibilities is an important one. In what was a major advance in thinking about corporate social responsibility, Archie Carroll developed a three dimensional model of corporate performance which includes on one dimension the "philosophy, mode, or strategy behind business (managerial) response to social responsibility"¹⁷ (or, "social responsiveness"). Four categories of response are envisaged in this model: 1) reaction, 2) defense, 3) accommodation, and 4) proaction. Like Logsdon, the decision was made in this study to focus on the two ends of

16 Logsdon, "Organisational Responses," identifies this approach as being favored by the "business and society researchers," p 8

17 Carroll, "A Three Dimensional Conceptual Model," p 501.

Carroll's continuum and adopt the "generic" response categories: "resisting" and "accepting" as the descriptive labels.¹⁸ Thus, instead of having to identify a set of indicators for four possible types of responses in each policy area for each firm the task is made slightly more manageable by selecting the two extremes.

By adding this attitudinal element to our framework it is possible to accommodate the notion that effectiveness means more than mere compliance with the letter of the law. The assumption is that an accepting firm that has fully institutionalized a policy is more likely to be able to achieve some measurable progress than is a resisting firm at the same stage of response. An amended version of Logsdon's table depicting the stages of policy development, along with the generic response categories, is reproduced in Table 2.1, with the addition of a fourth stage reflecting full implementation at the societal level.

18. Logsdon, "Organizational Responses," p 48.

TABLE 2 1 STAGES OF ORGANIZATIONAL RESPONSE: AN "ACCEPTING" FIRM

Indicators	Stage 1 Recognition	Stage 2 Review &	Stage 3 Institution-	Stage 4 Full
Statements	Basic statement approved (wide discretion allowed)	Mention and unqualified support for policy in Annual Reports; amendments to policy statements to outline organizational responsibilities.	Unqualified support for policies and regular reporting on progress. Detailed policy statement includes responsibilities and implementation guidelines	Policy Statement includes participation, recognizes legal obligations, and includes accountability measures. Continued mention in Annual Reports.
Internal Organizational Responses	Senior level appointment to review and plan organizational response; report to executive; and interact with government and public interest groups	Administrative unit established (includes individuals with relevant training and/or expertise) Extensive planning undertaken, program design and beginning implementation Unit has direct access to executive	Fully-staffed corporate-level unit and decentralized responsibility to operational levels Control, reporting, planning and evaluation systems in place	Policy part of annual performance assessments Full internal and external disclosure.
Measurable Output	Some changes in programs and procedures in recognition of policy	Small, measurable progress toward general policy objectives Data supplied in internal and external reports	Stable budgetary commitment Measurable progress toward specific goals.	Policy outputs meet or exceed external standards. Consistent annual improvements
External Actions (Political, legal, Other)	Willing participation in government-sponsored groups and provision of data and information to investigatory bodies (e.g., Commissions, Task Forces, etc.)	Involvement in industry or sector policy, planning and review groups No formal or informal opposition. No or very few exemptions	Publicize support for government actions No "antagonistic" activities Accept government guidance to improve implementation procedures. Provide info. willingly.	Participate in fine-tuning regulatory framework. Work cooperatively with external agencies. Support all government measures to speed implementation

Note 1 The idea and basic design for these tables came from Jeanne M. Logsdon "Organizational Responses to Environmental Issues," pp 56-57.

TABLE 2.2: STAGES OF ORGANIZATIONAL RESPONSE: A "RESISTING" FIRM

Indicators	Stage 1 Recognition	Stage 2 Review & Planning	Stage 3 Institution- alization
Statements	No acknow- ledgement or recognition of policy.	Acknowledgement of policy with references to possible adverse impact on performance of large-scale mandated commit- ment. Emphasis on importance of voluntary actions.	Basic policy statement allowing widest possible scope for discretion Continued emphasis on costs and possible goal conflicts
Internal Organizational Responses	No assignment of responsibility for policy within the organization.	Skeletal unit assigned to monitor policy and outside developments, consider firm's position, respond to queries and report to executive. Avoids requests for information from those not thought to have authority over organization	Administrative unit in place at corporate level Delegation to operational levels with little control, guidance, supervision, reporting or evaluation Data is carefully controlled Minimal internal disclosure and continued emphasis on compliance
Measurable Output	No observable or measurable actions.	No observable or measurable progress	Some measurable progress but failure to meet acceptable standards
External Actions (Political, Legal, Other)	Opposition to government action and intervention	Continued, and more organized opposition to government intervention	Legal actions to define obligations. Numerous exemptions requested Lobbies against regulations

Before leaving the topic of a firm's philosophy towards social issues, the possibility needs to be considered that a firm may not only fail to proceed at some point but may also adjust from an accepting to a resisting strategy. Logsdon and those who have employed this framework before her do not properly account for such an eventuality. A shift in strategy might occur if public interest in an issue was seen to be waning,

if further actions could seriously jeopardize the commercial viability of the firm, or if internal stability seemed to be threatened. In other words, a policy issue might be approached quite enthusiastically until the costs are fully understood and this might not occur until the firm is well along in the implementation process. An accepting firm might also shift to a resisting mode if confronted with the possibility of further state intervention and what it perceives as unrealistic demands. In summary, it is important to recognize and try to escape the assumption of inevitable rationality which sneaks into this type of analysis. It must not be assumed that politicians always place reasonable demands on firms, especially state enterprises. Nor must it be assumed that everything works in an orderly fashion toward a predestined socially desirable outcome.

VI. INDICATORS FOR CORPORATE SOCIAL RESPONSE

In order to ascertain whether CN, Air Canada and Petro Canada are resistant or accepting toward their social responsibilities and to determine at which stage they are on the continuum, response indicators were needed which would be appropriate across all three policy areas. The way in which the original set of indicators for this study was organized has been adjusted minimally to reflect improvements found in Logsdon's study.¹⁹ In her study Logsdon examines the response of ten oil refining companies to the issue of air pollution over a forty year period. Published in 1985, this study is particularly noteworthy because of how

¹⁹ Logsdon, "Organizational Responses," p 55.

well it reflects analytical and methodological advances suggested by earlier research. The fact that the response categories in this study and Logsdon's are virtually identical (and that they were very positively received by all those who were interviewed for this study) suggests that they at least represent a good starting point for such research. However, it should be pointed out that the categories are not collectively exhaustive and no single indicator can stand alone as a reflection of a firm's social responsiveness. Together, however, they provide a means of establishing both the behavior and the philosophy of the firms.

Four types of responses were considered in the data collection (descriptive) stage of the study: (1) statements pertaining to the policy, (2) internal actions to institutionalize the policy (changes to structure and control system), (3) measurable policy output, and (4) external actions (political, legal, etc.). Each of these is discussed in some detail below. In each instance some propositions are made about specific implementation indicators. These propositions will be referred to again in each of the policy chapters where they will be summarized in two tables--one depicting a "resisting" firm and one an "accepting" firm.

1. Official Statements

In the first category are public statements made about the policy by the CEO (or another executive officer). Proceeding from Ackerman's observations it was expected that a firm's first response would be in the form of some sort of public statement pertaining to the policy and/or a formal policy statement. The sources of public statements were Annual Reports, Minutes of Parliamentary Committees and internal memoranda. Apart from recording the frequency and timing of such statements, their contents

were analyzed to determine the degree of detail provided about a firm's activities and the extent to which support was qualified by mentioning other policy obligations or cost implications. A policy statement at an advanced stage of implementation might include specific objectives, implementation guidelines, detailed responsibilities, protection for the target groups, as well as mention of participation mechanisms and accountability.

The assumption is that firms which are slow in issuing policy statements (compared to the external stage of policy evolution), whose statements afford the firm maximum discretion because of their brevity, always mention the policies in the context of other obligations, and focus attention on cost, are probably resisting firms. On the other hand, firms which promptly issue a policy statement, update that statement regularly to reflect progress toward implementation and offer unqualified support for the policy objectives are likely to be accepting firms. Firms which mention managerial accountability for meeting policy objectives, guarantee worker participation in policy planning and decision-making, and offer clear and detailed implementation guidelines in their policy statements are considered to be accepting firms.

2. Changes to Organizational Structure and Practices

Firms undergo numerous changes to the organizational structure and control system²⁰ in the process of responding to a policy issue. Some of these are relatively easy to observe and others less so. A number of typical responses have been identified and are discussed below along with

20 Roberts, "An Evolutionary and Institutional View," p.416.

propositions about how they might vary across firms and in each stage of implementation.

Information about structural changes and adaptations was obtained during the course of interviews with policy managers. In all but one case both preliminary and follow-up interviews were conducted. The interviews were organized around, but did not adhere rigidly to, a detailed questionnaire. The questionnaire served as a guide to ensure that a minimum set of questions was asked of each participant.²¹ The information thus acquired was then verified during interviews with officials from administering agencies for each of the policy areas. This check proved invaluable, especially in assessing the philosophy of the firms, not because managers intended to misinform or mislead, but because it is very difficult for managers to be unbiased when analyzing their firm's response.

a. Policy Specialist--The second category of responses includes internal organizational actions taken to implement the policy. In order of expected appearance, we would first look for the naming or hiring of a senior level officer to review the existing situation and plan the organization's response. The more senior this individual, the more direct and frequent her access to the executive, and the more directly relevant her experience and training, the greater the likelihood that the policy issue is an immediate priority. The longer a firm waits to establish such a post the more likely it is that the firm is resistant to the policy

²¹ The questionnaire was adjusted considerably after the first interview but, thereafter, an effort was made to ensure consistency.

issue. On the other hand, the quicker the response the greater the chance the firm is accepting.

b. Administrative Unit--If the organization then establishes a separate administrative unit to collect and analyze data, prepare plans and reports, initiate and monitor program development, communicate with pertinent operational staff, provide training, and evaluate performance, we may assume that the policy is well on its way toward being institutionalized. Once program initiatives have been identified we would expect to find that responsibilities for policies have been delegated to units throughout the organization. Signals of advanced implementation include adequate communication and reporting mechanisms among all levels, strong central controls, and a system of regular performance evaluation.

If a firm is slow in setting up an administrative unit, persistently understaffs it, and primarily gives it reporting responsibilities, then the chances are that the firm is resistant to the issue. If, on the other hand, a unit is set up early, staffed with experienced/or specially trained individuals, provided with adequate authority, given regular access to the executive, and allocated a program budget it is likely that the firm is accepting of the issue.

c. Committee Involvement--We may anticipate that in the course of responding to a new policy issue it will be included on the agenda of various committees within the firm. Depending on the issue's significance for the firm it may become a regular item on the agenda of the Board or the Executive Committee. If the issue is viewed as very important it might be the focus of a fully-dedicated senior level committee. In more advanced stages of implementation lower-level committees might also be

formed. Since we are assuming that successful implementation implies commitment and participation at every layer of the firm, the existence of a formal non-mandated participatory mechanism at the work-site level would be strongly indicative of an advanced stage of implementation.

If this issue appears on the agenda of a senior level committee only occasionally (in response to specific incidents and/or in later stages of implementation) and if it is never the subject of a management level committee this is viewed as indicative of a resisting firm. If, on the other hand, the issue becomes a regular item on the agenda of an Executive level committee and becomes the primary focus of a management level committee then the firm is viewed as accepting of the policy. If at some point the firm voluntarily establishes worker-level committees to regularly review progress toward specific objectives, hear complaints, and have a direct input into policy and program decisions, then the firm is viewed as accepting and in the latter stages of implementation.

d. Plans and Planning--If implementation proceeds, the administrative unit presumably engages in some sort of exercise to assess past and plan future actions. If the policy issue is perceived as having lasting and significant consequences for the firm this process is likely to be formalized and integrated with the organization's strategic plans. Planning, which implies evaluation of progress, establishing long-range targets, and sophisticated data analysis, only occurs "naturally" at a point when the necessary inputs (information and expertise) become available and when the level of commitment (both in time and money) is substantial. The reason for believing this is that comprehensive strategic planning is both labor-and time-intensive, and is generally

thought to be one of the most "expendable" activities in which a modern organization can be involved (that is, it is extremely sensitive to budgetary constraints).

If, in the latter stages of institutionalization, a firm ignores or denies the importance of planning, target setting, and evaluation it may be viewed as resisting the policy. If the firm does not strive to establish a comprehensive data base this too is an indication of resisting behavior. On the other hand, if a firm moves quickly to establish a data base, undertakes annual planning exercises, sets targets, evaluates progress, and reports fully this is indicative of accepting behavior. If the firm engages in long-term planning and detailed historical analysis of data this is evidence of advanced positive implementation.

e. Disclosure--Finally, it is hypothesized that an accepting firm adopts measures to ensure that workers and others are fully informed of progress toward policy objectives. While we anticipated that some sort of reporting to external authorities would take place very early in the implementation process, it was expected that it would become more comprehensive and analytical as the firm's policy response evolved. The issue of disclosure is viewed as particularly relevant for state enterprises because of their unique relationship with workers and the state. What we know and suspect about state enterprises, however, suggests that they may not be particularly forthcoming with information.

If a firm provides workers with very little information, is slow to prepare and file obligatory reports, takes no initiatives to ensure that information is presented in a manner which facilitates analysis (for example, presents data in a raw, disaggregated format and constantly

adjusts the method of presentation), completely ignores areas in which the firm has failed or fallen short, and resists requests from sources without a "legitimate" claim on the information, then it is likely that the firm is resistant to the policy. On the other hand, if a firm is quick to prepare and submit reports, if they are comprehensive and balanced and if they provide adequate data, the firm is probably in the latter stages of implementation and is accepting. If a firm is also open to external unofficial requests for information, makes regular and comprehensive reports to workers, and discloses targets and plans widely, then the firm is clearly accepting of the policy.

3. Policy Outputs

Throughout this study the argument is made that full implementation of the three social policies requires evidence of measurable policy outputs (some progress toward achieving specific policy goals). A firm may produce wonderfully detailed policy statements and implementation guidelines, have decentralized responsibility and accountability systems in place, encourage and facilitate participation throughout the firm, communicate openly, engage in systematic planning exercises, and still not make measurable progress towards achieving the policy goals. If, for example, we were to find that a firm had fully institutionalized the official languages policy but had still not made notable progress towards language of work or participation goals, the policy would not be viewed as fully implemented. Such a finding would also lead us to reflect on whether the firm is really accepting of the policy.

Finding valid performance indicators for OL, EE, and OH&S proved an extremely difficult task. Finding ones for which there were adequate data

was an even greater problem. Even in those few instances in which indicators were found and data were available, it was virtually impossible to identify acceptable standards of measurement which could be used across all three firms.

Because differences among CN, Air Canada, and Petro Canada are substantial enough to make comparison problematic²² we were left with three possibilities. The first was to find acceptable private sector comparisons for each firm. Aside from the fact that this would have made an already complex undertaking unmanageable, the characteristics of each of these firms is such that it would be very difficult, if not impossible, to find a perfect match. Another possibility was to compare the firm's record, where possible, with that of the industry as a whole. Unfortunately, this was only possible for occupational health and safety because private sector firms were not covered (as of 1987) by the other two policies. The third, and best approach, was to use the firm's own record as a standard for comparison, that is, to see what kind of progress the firm had made over time. This also proved problematic, however, because data were sparse, unavailable, or non-existent in all cases.

In each policy area potential performance measures were explored and as much data were presented in the case studies as could be obtained. To the extent possible measures were used which show what the firms have achieved over time. When no quantitative measures were available or the data set was incomplete this is noted, for the gaps in information may tell as much about the level of implementation and commitment as numbers

²² While comparison of implementation measures may be reasonable across state enterprises, if one were to try to compare injury rates, for example, there would be many pitfalls.

do. For example, it may be interesting that female participation rates at Air Canada have remained stable for a number of years but it is also noteworthy that similar information is not available for visible minorities, the handicapped, or native Canadians.

Data were obtained from several sources. Some were provided by the policy managers and some were found in Annual Reports, but most came from external sources. Agencies responsible for overseeing or administering policies were generally very forthcoming with information. Commission and Task Force Reports were another important source of information. For Official Languages the Commissioner's Reports provided important information on developments within the firms and also provided some minimal data.

4. External Actions

The final category of organizational responses includes political and legal actions taken by the firm related to the policy area. Examples of political actions are participation in industry or sectoral lobbying efforts to influence decisions, participation in government-sponsored task forces involved in formulation of laws and regulations, submissions of briefs to Royal Commissions, presentations to Parliamentary Committees, and informal contacts with "significant" politicians. Legal actions include those situations when firms, either individually or as part of a class action suit, resort to the courts for clarification of obligations and status under a particular law. This includes actions before regulatory bodies and tribunals.

Determining the precise contents of presentations and briefs proved difficult. Interviews provided general information about the positions

taken and the timing of actions. This was bolstered by information gathered from the administering and oversight bodies. Evidence about legal actions was easier to find although it still proved difficult to discover very much about actions before Tribunals or Regulatory Bodies. Informal lobbying efforts could not be assessed. Finally, interest groups were generally too dispersed and narrowly-focussed to be helpful in this response category.

VII. RESPONSIVENESS

Expectations about accepting and resisting behavior in each of the response categories are presented in two Tables in each policy chapter. At the end of each of the three case study chapters an assessment is made of the extent to which the three firms were accepting or resisting of the policy in question. Following Logsdon's example, a simple count is made of the number of times each firm exhibited each behavior.²³ Then a weighted score is given the firms using 0 for a resisting response, 1 for accepting, and .5 for neither.

In addition to this absolute measure of responsiveness Logsdon suggests a way of assessing the speed with which a firm has responded and comparing this to other firms. She does this by calculating the cumulative elapsed time between responses to a set of significant incidents of approximately equal importance (starting from an externally-determined base year). In other words, the goal is to measure how long it takes a firm to make its first response to a policy and how long it takes for each

23. Logsdon, "Organisational Responses," p.64.

response thereafter. Comparing the results gives us one measure of a firm's relative responsiveness.

In this study Logsdon's methodology and approach is replicated but a further assessment of responsiveness was obtained from policy managers. At the end of the interviews managers were asked to provide an overall assessment of their firm's response in each policy area. Following the example of the Niagara Study, policy managers were first asked if they perceived a need for further efforts in each policy area, and, if so, whether that need was minimal, moderate or critical. Second, they were asked to assess whether recognition and acceptance of policy objectives was very limited, confined to management or pervasive. Third, they were asked if the firm's response had been mainly informal, limited to specific areas, or institutionalized. Finally, they were asked whether the firm's resource commitment had been nil, restricted, moderate, or major. Responses are scored (those for the first question are negative) and when added together give one more indication of recognition and acceptance within each firm and across the three firms. While there was no reason to believe that the managers' responses would be unbiased it seemed appropriate to pose the questions and see how the findings compared with the other assessments of responsiveness. The results of this exercise proved interesting and seem to cast doubts on the notion that managers will not be objective. More will be said about this in Chapter Ten.

VIII. EXPLAINING THE OBSERVED BEHAVIOR

The explanatory element of this study is considerably more speculative than the earlier components. Much less is known about why SOEs behave as they do than is known about what they do so that there is little upon which to base a proposition or hypothesis. It is reasonable, however, to expect that the individual and collective response of the three firms to the social issues under study will be a function of four types of variables: firm-specific variables, policy-specific variables, policy-shared attributes and SOE-shared attributes. The importance of these categories becomes especially apparent when comparing the firms' responses to the three policies and looking at explanations for shared responses across all of the policies.

We begin with a discussion of those variables which may potentially influence a single firm's response to a social policy. Explanations for differences in responses toward the three policies are then considered. After that explanations for shared behavior toward a single policy are discussed. Finally, the case where all three firms respond similarly to all three policies is contemplated.

A. Responses of Single SOEs

Stated in the broadest possible terms, a firm's response to a social policy issue will be a function of its capacity or perceived capacity to act, its willingness to do so, and the need or perceived need to do so. More specifically, we can imagine (and there is some evidence to suggest) that a firm's response will be determined by such things as: 1) the stability of the firm (measured by changes in size and profitability), 2)

established practices and procedures in the firm or the industry, 3) the firm's location, 4) support from client-groups or suppliers and, 5) especially in the case of state enterprises, possible conflicts with its primary responsibilities (reflected in its mandate). The firm's willingness to respond (or its responsiveness) will presumably be a function of the net internal support for the policy among the stakeholder groups. In the case of SOEs the need or perceived need to respond is determined by such things as state support for the policy as well as the level of public and media support and interest in a policy.

Presumably state enterprises will be influenced by many of the same concerns as private sector firms. However, there are also likely to be some differences. Managers of commercial SOEs may feel constrained by their firm's official mandate.²⁴ If managers have been specifically directed to concentrate on achieving and maintaining commercial viability then this may make them less responsive to social policy issues. In addition, the employees of SOEs have an ownership interest in their firms and this may enhance the legitimacy of their position on a policy issue. As suggested in Chapter One the employees' positions may, in turn, be affected by the attributes of the organization. SOEs also have unique relationships with the state, the public, clientele-groups, and suppliers. Each can potentially have a stronger influence on a state enterprise's behavior than on the behavior of a privately owned firm. There is, thus, considerable potential for disagreement among stakeholders about what a

24. This was a conclusion of the Niagara study regarding CN's reticence to become involved in social policies.

SOE should do. This makes explaining policy responses particularly challenging and frustrating and ultimately speculative.

For this study, eight variables were selected as potentially helpful in explaining a state enterprise's response to a social policy: 1) mandate, 2) location, 3) size, organizational structure and control system, 4) profitability, 5) type of business, 6) organizational dynamics (a measure of net internal support), 7) government pressure, and 8) public pressure. Policy managers were asked about the importance of each of these variables. Comparison of responses across the policy areas and firms provides some interesting insights into the relative importance of the variables and the validity of the assessments. The comparative analysis will be discussed after briefly explaining the rationale for selecting each of the above variables and describing what was expected with respect to each one.

1. Mandate

The mandates of SOEs are notoriously vague and this is especially true when it comes to social responsibilities. The mandates of CN, Air Canada, and Petro Canada are no exception. While commercial viability is now stressed for these firms, it remains unclear how conflicts among their various responsibilities are to be resolved or how priorities are to be established. In these cases we see a situation where firms have been told to ensure that they are financially independent and commercially viable and have also been called upon to contribute to language, safety, and then employment equity objectives consecutively.

One way of evaluating the importance of mandates as an explanatory variable is to see if a causal link can be established between change in

mandates and changes in the behavior of the firms towards the policies. Another way of handling this problem is simply to ask policy managers to assess the importance of this variable. Comparing assessments across the policy areas and the firms gives an indication of how mandates are perceived. Finally, public statements may be analyzed for references to conflicts between the firm's commercial mandate and its responsibilities in a social policy area. All three strategies are employed here.

Based on its study of CN, the Niagara Institute suggested that CEOs of state enterprises may feel that they have less discretionary power to commit their firms to activities outside their mandate than do their private sector counterparts.²⁵ If this were the case we would expect to find evidence of a perceived conflict between mandates and the three social policies in statements by CEOs. To the extent that this perception is accurate and affects SOE behavior, we would expect to find similar responses by all the firms across all policies. We would also expect that this perception, if it is pervasive, would be reflected in the assessments of policy managers.

2. Location

There are two ways in which this variable might affect policy responses. First, we would expect large geographically dispersed firms to take longer to institutionalize a policy than firms with one or two principal locations. If there is resistance to a policy or a need for constant supervision and direction this will be especially true. Second,

25 Niagara study, CN Case Study

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ISBN 0-315-54412-0

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if a firm is geographically isolated, as is the case with Petro-Canada, we would expect this to affect how demands from Ottawa are perceived.

Aside from asking managers about the importance of location in explaining their firms' responses, the comparative analysis helps identify instances where this could be a significant variable. If, for example, Petro-Canada's responses are different from those of the other two firms in all three policy areas, then location is one of the variables which must be considered in explaining the firm's behavior. In addition, location was expected to be a factor for all three firms in the implementation of Official Languages policy because francophone and bilingual Canadians are not dispersed evenly across the country. Indeed, if this were not the case then the responses would need to be questioned rather than the premise.

3. Size, Organizational Structure and Control System²⁶

There is some evidence to suggest that size may be important in explaining differences in the social responses of firms. In a review of some selected studies of social responses in four countries, Preston et al conclude that, "both the U.S. and foreign studies reveal significant differences in corporate social policy and performance associated with firm size and sphere of economic activity."²⁷ The strongest evidence of this was provided by the Niagara Institute study which found a strong positive association between size (measured by revenue and employment) and

26. For the purposes of this study size is simply measured by the number of employees working for the firm

27. Lee Preston, Françoise Rey, and Meinolf Dierkes, "Comparing Corporate Social Performance in Germany, France, Canada and the U.S.", California Management Review, 20, 4(Summer 1978), pp 40-49.

"corporate awareness of and response to social involvement concerns."²⁸ On the other hand an analysis of these studies also found evidence that the smaller firms outperformed the larger ones in two areas: "the relative importance of women in management, and the magnitude of corporate philanthropy relative to firm size."²⁹ (It should be noted, however, that the smallest firms in these samples were still large by most standards; having a minimum of 500 employees.)

The small number of firms and the obligatory nature of the three policies in this study precludes us from adding anything to what is known about the relationship of firm size and social responsiveness. However, there is good reason to believe that, apart from the initial response, it will take longer to successfully implement any policy in a firm with 60,000 employees than in one with 20,000 or 10,000. That is, it seems reasonable to expect that (all other things being equal) it will take longer for CN (which has the largest number of employees) to implement the three policies than Air Canada or Petro-Canada (which has the smallest).

Another factor which only became apparent as this study evolved is the extent to which changes in size may constrain a firm's ability to respond. The expectation is that firms which are experiencing rapid changes in size (instability) will take longer to institutionalize social policies than those which maintain constant levels of employment. Finally, another potentially important determinant of timing of implementation is the organizational structure of the firm. While this has yet to be tested

28. Ibid, p 42.

29. Ibid, p 48.

empirically in a study with a larger number of firms of varying sizes, it makes intuitive sense to assume that if there are two firms of a similar size and all other things are equal, the one with a decentralized decision-making system will be slower in implementing policies than the one with a centralized decision-making system. The necessary qualification in this instance is that there is low internal support for the policy in both firms. While the initial decision to respond might occur simultaneously in both cases (because this typically takes place at the corporate level) it will be more difficult thereafter to control the response process in the former firm than in the latter. As Ackerman points out in large divisionalized companies, "the rules state that while the chief executive is obtaining and evaluating divisional results, he is not to meddle in the divisions' standard operating procedures."³⁰ That is, autonomy is guaranteed at all levels and once responsibilities are delegated it may be difficult to preserve control over the implementation process.

4. Profitability

Studies of private sector firms have suggested a positive correlation between the level of profit and social responsiveness. While the relevance of this for state enterprises involved in obligatory social policy activities is somewhat questionable, there is reason to include this variable. There is strong intuitive appeal to an argument that firms which are doing well financially will choose to spend more on social activities than those which are not. When dealing with state enterprises,

30. Ackerman, "How Companies Respond," p 24.

however, disposal of surplus has not generally been a concern for any extended period of time. In the event that discretionary funds are available it is difficult to see why SOEs would allocate them to policy areas where there are few benefits to be derived from stronger participation. This would seem to apply to OL, EE, and OH&S since the government has already taken the initiative and the boundaries of acceptable behavior have already been set. Not enough is known about how the firms juggle their social responsibilities to be able to predict the effect of poor financial performance on their behavior in these policy areas. It is also difficult to isolate this from the other important factors impeding rapid progress and full implementation. No information was available in advance to enable us to predict how managers might perceive this variable. An intimate understanding of annual budgetary allocations is essential if this relationship is to be explored and the three policy areas in question are either too sensitive or too "young" to expect such information to be available for research purposes.

5. Type of Business

If employees of SOEs feel isolated and alienated from the state and are sensitive to charges of inefficiency as was suggested in Chapter One, we can assume that there will be a stronger attachment with other firms in their respective industries than with other SOEs or the state. This would suggest that the nature of the business will be perceived as an important variable whether or not it is. Each firm has standard operating procedures which are characteristic of the industry or unique to the firm and which may affect its social responsiveness. Other aspects of the business which might be influential are the extent of unionization, the

composition of the work force (proportion of blue and white collar positions), the skill and knowledge requirements of the work force, and the age of the firm. There is not enough information to be able to predict ahead of time how important this variable really is. If nothing else the nature of the business determines the starting point for any policy initiative and it may have an effect on the speed of implementation. To the extent that there are unexpected or inexplicable variations among the firms this might be one of the important explanatory factors. In addition to the natural alignment with industry, it is simply human nature to view one's own situation as unique, so that perceptions on the importance of this variable will inevitably be somewhat distorted.

6. Organizational Dynamics

This variable is intended to represent the net support for a particular policy area which exists within the firm once the interests of all the groups are taken into consideration. It is assumed that the state enterprise's behavior is not simply a product of the government's objectives for it (as is so often implied) but is also a function of the goals and interests of its employees and other groups. This view of the SOEs as comprised of a variety of stakeholder groups has become increasingly popular when analyzing the behavior of private firms. Indeed one author suggests that "a growing body of evidence indicates that the stakeholder model of the corporation is becoming the new orthodoxy especially within large corporations..."³¹ He cites a Harvard Business Review survey which found that 61 percent of a sample of 3,453 business

31 Buono, Corporate Policy

people felt that it was a corporation's duty to serve "as fairly and equitably" as possible the interests of owners, employees, customers, and the public (rather than "only owners", or the latter groups secondarily).³² This author is careful to note, however, that managers' allegiance to their own self-interest remains a strong and important element to be considered in analyzing the behavior of the firm.³³

Unfortunately there is no easy way to obtain a quantifiable assessment of net internal support among the stakeholder groups. The best that can be done is to rely on the perceptions of those interviewed. This means depending primarily on the perceptions of a very few individuals to provide assessments of the level of support to be found in the firm as a whole.³⁴ The advantage of this approach is that the people interviewed have the most intimate knowledge of the policy. The disadvantage is that they may be promoting their own interests or those of their particular group.³⁵

There are several reasons to expect that the net support for OL and EE will be low. However, the CEO is likely to be publicly supportive. As the conduit between politicians and the operating level of the firm it would be unusual to find the CEO openly hostile to these very sensitive, high profile policy areas. Perceptions about the Board, however, are

32. David W. Ewing, "Who Wants Corporate Democracy?" Harvard Business Review (September/October 1971) cited in Buono, Corporate Policy, pp 6-7.

33. On this point see, for example, Barry Posner and Warren H. Schmidt, "Values and the American Manager: An Update," California Management Review, 26 (Spring 1984), pp.202-216 (cited in Buono, *Ibid.*).

34. Essentially the policy managers and some union representatives (who are presumed to represent the interests of the workers)

35. On management's bias in favor of the organization's official goals see Dornstein, "Organizational Responses".

another matter. The fact that policy managers would not typically have contact with the Board, suggested that they would not view its input as important. The policy managers were expected to be generally supportive of the three policies as well as very optimistic about their firm's response. On the other hand, management as a whole was expected to be at least ambivalent about the two equity policies (if not skeptical). The exception to this is health and safety for which we would expect everyone to express support. Workers were only expected to be strongly supportive of the health and safety policy.

The reason for using the term "organizational dynamics" is the need to capture the idea that all of the stakeholder interests are subject to constant adjustments and are mutually dependent. If the Board becomes particularly concerned about the firm's lack of progress in hiring women (in response to adverse publicity), for example, then attention will be drawn to this issue. At the very least this will cause the firm's record to be examined. At the most an aggressive hiring campaign may take place. It is possible that as more women are hired there will be an increased sensitivity to the equity issues for this group and attitudes may slowly change.

The term "dynamics" is intended to capture the notion that the structure and attributes of the organization play a role in the attitudes which are adopted. An organization which is in constant turmoil, where employees are at risk of losing their jobs, is not likely to engender support for new policies. This is especially true if the policies will not result in the creation of new jobs or make the organization more stable.

7. Government

The government responds to public pressure and initiates actions independently. The term "government pressure" is intended to encompass both overt and covert actions taken by elected officials and public servants which need not necessarily be directed at SOEs, but which are perceived to influence their behavior. At one extreme are laws, like the Employment Equity Act, which have been enacted to elicit a certain response from state enterprises. At the other are subtle actions, like the formation of a special task force to study the federal government's response to the plight of the handicapped. In the former instance the SOEs have fairly clear information about what is expected, while in the latter they may perceive a need to start thinking about their behavior. In both cases it is fair to say that "pressure" is being exerted.

Policy managers were asked to assess the importance of government pressure in explaining the actions their firms had taken. As pointed out in the earlier sections, an effort was made to arrive at an independent assessment of the importance of this variable by tracing the path of government actions and comparing this with the firms' responses. This is clearly an important variable, and there has often been an implicit assumption that it is the principal determinant of SOE behavior (simply on the basis that they are publicly owned). This may be seen most clearly when observed "failures" of state enterprises result in even greater attention being placed on finding stronger and better controls; as if the sole responsibility and remedy lies in this direction. Although the prevailing attitudes and beliefs about SOEs may set fundamental limits on their usefulness as agents of social policy, it is not accepted here that

specific government actions are the sole or even necessarily important determinants of the method and timing of implementation. Indeed, if this were not the case there would not be as much concern about control and accountability as there is. It was therefore expected that managers would perceive government pressure as having isolated importance but that the firms would be seen as behaving responsibly in the absence of government interventions.

Aside from trying to ascertain the overall importance of government actions as determinants of SOE behavior in OL, EE, and OH&S, it is also important to try to contribute to what is known about the effectiveness of the various policy tools which have been employed. These three social policy issues alone have called into use virtually every conceivable control device. In comparing the firms and policies it is interesting to consider whether increasingly coercive measures have been adopted over time (as appears to be the case)³⁶, whether there is any evidence that knowledge has been transferred from one policy to another resulting in refinements to various governing tools, and whether any conclusions are possible about the effectiveness of these tools.

8. Public Pressure

The term "public pressure" encompasses influence which may be exerted by special interest groups, client groups, the industry, suppliers, the community in which the firm is located, and the media. All of these comprise a SOE's public and are presumed to potentially affect

36. This is a reference to the idea that states employ numerous instruments or measures to obtain a desired policy outcome. These may be differentiated by their relative ability to coerce the target groups or agencies to respond in a certain way. For a discussion of this see, for example, Tupper and Doern, Public Corporations, pp 16-17

its behavior. Of the above groups we would expect industry's response to be perceived by managers as establishing the standard for acceptable behavior but there will be no implication of "pressure" in this relationship. In other words, the expectation was that those interviewed would see the SOEs either as industry leaders or as equally responsible contributors to social policy. The importance of "legitimate" private sector competitors in the policy implementation process is something which becomes more apparent when comparing the three policy areas in this study and will be addressed in Chapter Ten. Of the remaining groups it was expected that policy managers would see special interest groups as most influential in affecting the specific direction which the firms have taken.

B. Policy-Specific Attributes

The beginning assumption in this study is that the attributes of different social issues will be important in explaining a firm's response. When a firm's response differs in some way from one of the three policy areas to the next then we must consider the possibility that the behavior is not related to any of the above variables but rather to some characteristic of the policy. If all three firms respond similarly to one policy but not the others this suggests even more strongly that the policy itself must be a factor. Some of the sorts of things which might make a policy more or less appealing to an SOE were discussed in Chapter One. Others will be identified in each of the policy chapters. During the comparative analysis we try to sift and sort through all of the evidence and make some suggestions about the importance of this variable.

C. Shared-Attributes of Policies

Although there are some notable differences among the three policy areas which are examined (and these will become clearer in later Chapters) it is still true that they all involve responsibilities for the three firms which are secondary to their primary commercial mandate. By including Occupational Health and Safety in the sample of social policies it was hoped that the chances of shared behavior explained by shared policy attributes would be unlikely. In the end it proved impossible to be certain that this was not the case. One reason for this is that the four categories of explanatory variables, while probably collectively exhaustive, are not mutually exclusive. In other words, the fact that OL, EE, and OH&S are all social policies may effect how they are perceived by all three state enterprises.

D. SOE-Shared Attributes (Ownership)

The assumption is that responses which are similar across all three firms and all three policy areas may be attributed either to the ownership variable or, possibly, to the fact that all are social policies. While the differences among the three policies make the latter less likely, it cannot be ruled out. If, for example, we were to find that all of the firms were relentlessly resistant to all of the policy issues and, specifically, that they were uncommitted to participation or full disclosure, could this behavior be best explained by their common ownership, by the fact that they are all social policies or by both? At this time it is not possible to definitively answer this question. What

is required are further comparative studies of SOE and private sector responses to social policies.

Some of the attributes of SOEs which may potentially affect their responses and responsiveness to social issues were discussed in Chapter One. An effort was made in interviews and data analysis to establish the extent to which uncertainty about goal conflicts, independence from the state, and presumptions of inefficiency apply to CN, Air Canada, and Petro-Canada and might affect their responses. There is no way of determining for certain that this has happened but in instances where all three firms respond similarly in all three policy areas, attributes associated with ownership must be considered.

Public statements, Annual Reports, public documents, and interview statements all provided evidence about the level of uncertainty both within each firm and among politicians and bureaucrats. The assumption is made that the greater the uncertainty about goals and goal conflicts the less likely the firm is to respond positively toward a social issue.

It is virtually impossible to measure the independence of organizations directly or to assess the effect on their behavior. The method used here was to record the quantity, and analyze the quality (degree of clarity and specificity), of publicly available communications from the state to the firm pertaining to each policy issue. The assumption was made that firms which are very independent would receive indirect and ambiguous communications about their responsibilities from the state. Directives, laws, regulations and guidelines were therefore analyzed for clarity and specificity. Another indicator of independence which is noted but not carefully analyzed is the frequency of incidents

in which politicians respond to queries about the behavior of the three firms by referring to the need to protect their autonomy. The assumption is that when communications are limited, unclear, and unspecific this reflects a high level of autonomy for the firms. This in turn is expected to make the firms less effective as agents of policies for which there is little internal support.

The presumption of inefficiency may potentially affect how state enterprises respond to a social issue. If internal stakeholders are indeed sensitive to the issue of inefficiency (however legitimate that may be) then it is likely that they will react adversely to any new endeavor which is perceived as further threatening the efficiency of the organization. Public statements and interview responses were analyzed to see how frequently efficiency concerns were expressed in the context of the three policy issues being studied.

IX. CONCLUSION

In Chapter One two questions were posed and placed in the context of the literature from which they were derived. In this Chapter a framework and methodology have been described which enable us to critically examine these questions. Specifically, we adopted the view that social issues go through three stages of evolution from awareness, to debate, to the formulation of laws, regulations and policies. It was suggested that perhaps there should be a fourth stage for the point where there is widespread public acceptance of an issue. It was next proposed that firms go through similar stages of response and it was further suggested that there is generally at least a one-stage lag between a

corporate and societal response. Next, a way of handling the variations in the strategies (or responsiveness) of firms was outlined. A set of indicators with which to classify a firm's response was proposed. It is assumed that the totality of these indicators enables us to assess a firm's responsiveness towards a social issue. Finally, a set of indicators was described to assist in evaluating the explanatory categories (ownership, business and policy). It is now time as one writer has aptly put it, to follow Ackerman into the firm,³⁷ albeit with some notable differences in approach and methodology.

37. Brian Harvey, "Managing in the Public Interest: Four British Case Studies," Research in Corporate Social Performance and Policy, (Greenwich, CT: JAI Press, 1984) Vol 6, p 173

CHAPTER THREE

OFFICIAL LANGUAGES

Commissioners believed that a fundamental principle underlying any new measures should be bilingualism in the "institutions shared by all Canadians."¹² Only in this way, they believed, would Canada's future as a united country be assured.

Perhaps fortuitously, these views were shared by Canada's new Prime Minister, Pierre Trudeau, a Québécois who John Saywell described as rowing against the popular current of nationalism in Quebec at that time.¹³ Following the submission of the Commission's recommendations in 1968, Trudeau quickly moved to introduce the Official Languages Act in 1969.

3. Stage Three (1969-1987): Legislation, Regulations, Policies & Guidelines

Promulgation of the Official Languages Act in 1969 was both one of the most important measures Canada has taken in this policy area and one of the least debated. The Trudeau government, fearing a prolonged and potentially inflammatory treatment of the legislation in the House of Commons, managed to move the bill quickly and quietly through both the House of Commons and the Senate with minimal debate.¹⁴ This Act was not the first measure the federal government took to try and promote the concept of a bilingual public service, but it was certainly the most all-encompassing. An example of a prior initiative was the policy of the

¹² Ibid., p 91

¹³ John Saywell, "Introduction" to Pierre Elliott Trudeau, Federalism and the French Canadians (Toronto: Macmillan of Canada, 1968), p xi

¹⁴ M. Robert Gauthier (member for Ottawa-Vanier) commented in the House that in 1969 there were only three speeches by then party leaders at the second reading stage and noted, further, that "19 Conservative Members voted against the principle of the Official Languages Act at second reading stage without even having an opportunity to explain to the House why they were against the legislation." Canada, House of Commons Debates, Vol 129, No 241 (January 25, 1988), p 12222

II. CANADA AND ITS TWO OFFICIAL LANGUAGES

One of the things which sets Canada apart as a nation is that it has two official languages, each with "international status."¹ For the Canadian people this has been both a source of pride and of dissension. The pride derives from the knowledge that, despite great differences, the country's two founding peoples were somehow able to work together to establish and maintain the nation while each managed to preserve its own cultural and linguistic integrity. The dissension arises from efforts to correct inequities which have become apparent as the country has developed.

Language issues now seem so fundamental to the country that it is difficult to imagine a time when there was not some awareness of their importance. It is true, however, that during the country's earlier stages of development the link between linguistic equity and cultural preservation was not as apparent as it became later on. Battles were fought around the issues of political, religious and educational rights with the issue of linguistic rights somewhat more in the background. From this point to the present--where protection for Canada's two principal languages is firmly embedded in the Constitution and is also laid out more explicitly in a federal statute--has been a long and sometimes rocky road for the country.

1. Stage One (1867-1962). An Emerging Issue

Suggesting that this policy area was emerging for almost 100 years is perhaps a slight exaggeration. Yet, one of the first formal

¹ For a discussion of the things which sets Canada apart linguistically, see Canada Royal Commission on Bilingualism and Biculturalism, Book I The Official Languages (Ottawa: Queen's Printer, 1967), pp 15-16

acknowledgments that linguistic equity was a national policy issue may be found in Section 133 of the B.N.A. Act of 1867 which provides that either language may be used in the House of Commons and the Senate, in their records and journals, and in Courts established by the Act.² Another key provision of the B.N.A. Act is Section 93 which Bell and Tepperman describe as placing "a magic circle of constitutional protection around 'any Right or Privilege with respect to Denominational Schools which any Class of Persons have by Law in the Province at the Union.'"³ These two authors point out that the effect of this provision (which protects religion rather than language) coupled with the fact that education was vested in the provinces, was that "francophones outside Quebec had to fight for the right to education in the French language from the outset."⁴

From Confederation onwards, then, francophones had the right to speak their native language in the federal Parliament and courts (as well as in Quebec) but there were no assurances that they would be able to use it anywhere else in the country. Shortly after Confederation the scope of Section 93 was tested, first in Manitoba, and then in other provinces. In each instance bilingualism was abandoned as an acceptable concept as was the notion that francophones would be guaranteed schooling in their native language.⁵

2. Ibid., Book I, p.47.

3. David Bell and Lorne Tepperman, The Roots of Disunity (Toronto: McClelland & Stewart, 1979), p.121.

4. Ibid., p 121.

5. Ibid., Chapter 4, "La Survivance in Quebec and Anglo-French Relations" provided much of the background material for this Section.

The above does not intend to suggest that the language rights issue remained a focus of national concern for a century. Rather, its purpose is to show that the foundation was being laid for what subsequently would become a national crisis later in Canada's history. The fact that the federal government did not take decisive actions to correct obvious inequities, and even added to the problem by its own hiring practices, made the situation worse. Writing about the situation in 1922 J.M.R. Villeneuve wrote, "...And is it not Confederation that doles out our French language in the most parsimonious amounts in the public services; that keeps it from our youth in many provinces, and ostracizes it with insult and injury?"⁶ Some 36 years later Norman Ward offered a similar assessment:

The pattern of English domination was particularly striking in the federal civil service, where Francophones were badly under-represented, particularly at the senior levels...Francophone citizens were often unable to carry out their business with the federal government in French; Francophone civil servants often were forced to speak English, especially when dealing with their superiors in the bureaucracy.⁷

The above quotations provide some indication that the issue of linguistic rights and freedoms was recognized during the course of Canada's first one hundred years, even if it was not of paramount importance. Circumstances in postwar Canada led eventually to the realization that more "activist" measures would be needed if the country was to survive and thrive as a unified entity. While the English-speaking majority seems to have been largely unaware that the country was "passing,

6. Villeneuve cited in Bell and Tepperman, The Roots of Disunity, p 125

7. Norman Ward cited in Bell and Tepperman, Ibid, p 128

through the greatest crisis of its history,"⁸ French-Canadians were becoming increasingly aware that they were unequal partners in Confederation. Faced with evidence of economic disparities, and threatened by cultural annihilation, they turned to the Quebec provincial government for solutions.

2. Stage Two (1963-1968): Policy Review Amidst Political Turmoil

A number of circumstances came together in the early and mid sixties to produce an inflammatory situation in Quebec and the nation. The federal Liberals became much more active in Quebec (which had consistently been an important source of electoral support for them since the early nineteenth hundreds) stressing economic development, industrialization and even paying some attention to the language issue. However, at the same time, the cumulative effect of years of repression and disparity along with an international climate which engendered protest and political unrest, led to the formation of a radical separatist element within the province (the FLQ). This passage in Canada's history is well-known and need not be retold here; suffice it to say that the FLQ crisis was one in a series of incidents which served to solidify the divisions between the two founding groups. Francophones in Quebec turned in increasing numbers to the concept of "sovereignty-association" promoted by Rene Lévesque and his Parti Québécois (PQ) which was formed in 1968.

8 Book 1, The Official Languages

Upon coming to office in 1963 (in a period of obvious turmoil) Lester Pearson turned to a tried and true method of handling such situations--he appointed a Royal Commission to:

...inquire into and report upon the existing state of bilingualism and biculturalism in Canada and to recommend what steps should be taken to develop the Canadian Confederation on the basis of an equal partnership between the two founding races, taking into account the contribution to the enrichment of Canada and the measures that should be taken to safeguard that contribution.⁹

This Commission travelled throughout the country and even looked at other bilingual countries over the next few years. After a lengthy investigation it concluded that there was a gross under-representation of one of the country's two founding peoples in government employment and among corporate management. In addition, the Commission pointed out that virtually all federal institutions (even those with offices in Quebec) were operating almost exclusively in English.

The "keystone of any general programme of bilingualism," the Commission concluded, should be a federal Official Languages Act.¹⁰ The most important provisions of such an act would be: (1) the assurance that all Canadians could communicate with federal administrative and judicial bodies in both languages, (2) the appointment of an official to provide independent reports on implementation, and (3) the allocation to the Governor in Council of the necessary authority to negotiate with the provinces to broaden the scope and impact of this policy area.¹¹ The

9. Hugh R. Innis, Bilingualism & Biculturalism (Toronto: McClelland and Stewart, 1973), Forward.

10. Book I, p.138.

11. Ibid.

Commissioners believed that a fundamental principle underlying any new measures should be bilingualism in the "institutions shared by all Canadians."¹² Only in this way, they believed, would Canada's future as a united country be assured.

Perhaps fortuitously, these views were shared by Canada's new Prime Minister, Pierre Trudeau, a Québécois who John Saywell described as rowing against the popular current of nationalism in Quebec at that time.¹³ Following the submission of the Commission's recommendations in 1968, Trudeau quickly moved to introduce the Official Languages Act in 1969.

3. Stage Three (1969-1987): Legislation, Regulations, Policies & Guidelines

Promulgation of the Official Languages Act in 1969 was both one of the most important measures Canada has taken in this policy area and one of the least debated. The Trudeau government, fearing a prolonged and potentially inflammatory treatment of the legislation in the House of Commons, managed to move the bill quickly and quietly through both the House of Commons and the Senate with minimal debate.¹⁴ This Act was not the first measure the federal government took to try and promote the concept of a bilingual public service, but it was certainly the most all-encompassing. An example of a prior initiative was the policy of the

¹² Ibid., p 91

¹³ John Saywell, "Introduction" to Pierre Elliott Trudeau, Federalism and the French Canadians (Toronto: Macmillan of Canada, 1968), p xi

¹⁴ M. Robert Gauthier (member for Ottawa-Vanier) commented in the House that in 1969 there were only three speeches by then party leaders at the second reading stage and noted, further, that "19 Conservative Members voted against the principle of the Official Languages Act at second reading stage without even having an opportunity to explain to the House why they were against the legislation." Canada, House of Commons Debates, Vol. 129, No 241 (January 25, 1988), p 12222

Civil Service Commission which "set out the principle (in 1961) that every citizen should have the right to be served in English or French in his dealings with the Canadian government, and that the Civil Service should be representative of the cultures that make up the country, especially the French and the English cultures."¹⁵ This was reinforced and enhanced by Prime Minister Pearson in a 1966 policy statement on bilingualism in which he committed his government to developing a public service in which it would be:

normal practice for oral and written communications within the service to be made in either official language at the option of the person making them, in the knowledge that they will be understood by those directly concerned.¹⁶

The Official Languages Act may be seen, therefore, as a continuation and legitimation of established government policy. The Act reflects very closely the priorities identified by the Royal Commission on Bilingualism and Biculturalism, and has served "as a guiding legal ideal in uncharted waters."¹⁷ In addition to addressing the need for institutional bilingualism among federal institutions, the Act established the Office of the Commissioner of Official Languages (COL) to ensure that Parliament received regular progress reports on implementation.

The three Commissioners to date have been strong activists in trying to ensure compliance with both the letter and the spirit of the law. All three have also expressed frustration with the inability to enforce policies or exact penalties for non-compliance and have scolded the

15. E.C. Aquilina, "Language Reform in Canada." Notes for an address to the 9th Biennale de la langue française, Lausanne, Switzerland (September 1981), p.6.

16. Statement of Policy Respecting Bilingualism. Commons Debates, April 6, 1966, p. 2.

17. Commissioner of Official Languages, Annual Report (1986), p 6.

government for not being more steadfast. Despite this, the COL's Annual Reports to Parliament have served as a persistent reminder of what has been achieved and what remains to be done. The importance of Annual Reports from an external independent agency becomes apparent when comparing the amount of information which is available about this policy with that for either Employment Equity or Occupational Health and Safety (where such reports are not yet available).

Since the Official Languages Act was proclaimed there have been a series of policy directives, implementation guidelines and regulations which have helped clarify legislators' intentions and direct the evolution of the policy. One example is a 1973 all-Party Parliamentary resolution which clarified that English-French equality "comprises three things: the right of members of the public to be served in their own official language; the right of federal employees to work, within reasonable limits, in the official language of their choice; and full participation in the Public Service of both English-speaking and French-speaking Canadians."¹⁸ Because all Parties supported the resolution it has "in the eyes of many, a type of quasi-legal status."¹⁹

One of the most significant policy measures occurred in 1977 when responsibility for implementation of the federal official languages policy was decentralized, shifting power away from the central authorities (such as the Public Service Commission) and giving more power and control to

18. COL, Annual Report (1986), p 6.

19. President of the Treasury Board, "Annual Report to Cabinet on the Status of the Official Languages Policies and Programs in the Federal Public Service," (TBS-6-80 DP) June 26, 1980, p.3.

departmental managers and heads of agencies.²⁰ This was also the year in which the Government indicated that it had always intended its official language policies to apply to all federal institutions, including Crown corporations.²¹ This clarification was necessary because the applicability of the 1969 Act to SOEs and their subsidiaries had been questioned by the corporations. However, even with the seemingly unambiguous 1977 position there continued to be confusion about the precise obligations of the firms, their subsidiaries, and mixed enterprises.²² Some of the reasons for this confusion are discussed in Section III of this Chapter.

Another significant occurrence in 1977 was the passage of Bill 101 in Quebec which made French the only official language of that province. This further polarized the two language groups, caused an even-larger out-migration of anglophones from the province, and made the need for more effective federal intervention apparent.²³ In light of evidence that the majority of Québécois wanted "either a change in Confederation or outright independence,"²⁴ the Liberals (who continued to rely on Quebec for votes) re-evaluated their position on a number of fronts. While it is not

20. Canada. Treasury Board. Various undated internal memoranda, also Public Service Commission of Canada, "Communiqué", September 30, 1977.

21. Ibid.

22. In its Fifth Report to Parliament the Special Joint Committee (1983), deals with this issue. In defending its recommendations calling for a specific statement about who is to be covered, the Committee points out that "it has never been very clear if subsidiaries of Crown corporations are in fact bound by the provisions of the Official Languages Act." In addition, see Canada. Treasury Board. "The Government's Official Languages Objectives," September 1980 for further discussion of the ambiguities and need for clarification of policies.

23. In 1983 Canada's Chief Statistician announced that in the period 1971-1981 the number of anglophones using English in the home in the Province of Quebec went down by some 128,000. At that time it was projected that another 93,000 would leave between 1981 and 1991. In addition, in 1988 some 5.5 percent of the federal civil service in Quebec are anglophone compared to about 12 percent in 1976, yet they make up about 11 percent of the population of that province.

24. Bell and Tepperman, The Roots of Disunity, p.137.

possible to show a direct link between these political changes and the concurrent language policy adjustments in Ottawa, there is every reason to suspect that there is a relationship between the two.

By the late seventies the calls for some action to correct the inadequacies of the Official Language Act became strong enough that a Special Joint Committee on Official Languages was established. The Committee's initial purpose was to consider the need for amendments to the Official Languages Act although later on its value as an oversight and monitoring body became apparent and it was made a permanent Standing Committee of the House and Senate in 1983. Language Rights were further strengthened in 1982 when they were enshrined in the Constitution under the Charter of Rights and Freedoms (Sections 16-24).

The reports of the Committee, in conjunction with those of the Commissioner, have served to clearly identify a number of problems with existing government policy and with the Act. Finally, in June 1987, after years of promises and delays, the government introduced Bill C-72 which is aimed at correcting these shortcomings. Before outlining the essential ingredients of this bill, however, it is useful to review some of the problems which it tries to address.

The major failings or weaknesses of the Official Languages Act have been dealt with extensively by both the Commissioner and the Joint Committee on Official Languages.²⁵ Both agree that it is deficient in that it fails to provide a specific explanation of what is intended by "equality" in Section 2.

²⁵ See, for example, the detailed breakdown of problems discussed in the Fifth Report to Parliament of the Special Joint Committee as well as the discussion of the status of the Act in each Annual Report of the COL from 1980 on.

Furthermore, the wording of Section 2 has been the source of a most important debate among liberal "activists" and more conservative forces over whether legislators intended this section to be a general statement of federal policy or an indication of broad, newly created legal duties. This difference of interpretation has been a central issue for the three Crown corporations in this study and will be referred to later in this Chapter. Another feature of the original statute which has caused problems is the question of its status relative to other Acts of Parliament. As it now stands the 1969 Official Languages Act "does not override ordinary legislation" and has been successfully undermined in several court decisions over the years.²⁶ This issue of primacy has also been a central one for the Crown corporations because it has raised questions about the status of their collective agreements. Binding collective agreements negotiated prior to the Official Languages Act (or before SOEs' obligations under the Act were clear) typically contained clauses which gave special rights and privileges to workers with seniority. The question was whether these clauses, which were negotiated in accordance with provincial and/or Federal Labor codes and standards, were to be viewed as non-binding in light of the Federal Official Languages Statute. Finally, another problem which concerned both the Commissioner and the Joint Committee was the absence of effective enforcement measures in the 1969 Official Languages Act. After almost two decades of monitoring implementation efforts in federal government

26. See the discussion on the primacy of the Act in the Fifth Report to Parliament of the Special Joint Committee, April 1983, Section 6. See also COL, Annual Report 1978, pp 14-15.

organizations the Commissioner would write the following in the Preface of his 1987 Report:

One need only read the reports and transcripts of the Committee to realize how irregular, how inadequate and, sometimes, how disrespectful of Parliament and public the application of the Official Languages Act can become in the hands of certain federal institutions.²⁷

Apart from the above weaknesses in the 1969 Act, administrative measures with respect to Official Languages policy implementation have also been deficient in a number of ways. The pace of implementation has been slow in several agencies, and both the language training program and the system of bilingual bonuses have been subject to some abuses.²⁸ One concern with respect to training has been that priority in allocating slots has been given to career advancement goals rather than to immediate institutional requirements. In addition, it has proven difficult to ensure that those enrolled have provided the government with full value for its money. There are productivity concerns also about the bilingual bonus system, which was originally intended as a "token financial fillip to the rank and file," but which has evolved into a very costly program (some \$45.5 million in 1986-87) providing a flat \$800 to all officially qualified personnel. Controlling who should get the bonus has proven a difficult task and one which Treasury Board has yet to master. There have been problems as well with the system of designating bilingual positions which has helped reinforce existing patterns of uneven distribution. Some members of Parliament (and the Joint Committee) have expressed concern

27 Canada. Commissioner of Official Languages, Annual Report 1987 (Ottawa: Supply and Services, 1988), p.ii.

28. On this see criticisms enumerated in the COL Annual Reports from 1981.

that the bilingual designation system is being used to promote "individual", as opposed to "institutional", bilingualism and is thereby going beyond even the most liberal interpretation of the law.²⁹ Finally, participation rates (the proportion of francophones in the work force) persistently fall below targets, especially at management levels, prompting the criticism that there are inherent weaknesses in both the law and the methods adopted to achieve its objectives.

Perhaps the most important policy failure is that it is still very difficult, if not impossible, for employees of federal institutions to work in their own language. Progress toward this goal as well as the one pertaining to participation, has undoubtedly been hindered by the fact that the 1969 Act did not explicitly provide for equitable participation of both language groups nor did it guarantee that workers could use their language of choice on the job. Reasons for this include concerns about backlash (a possible consequence of any measure which might ultimately require every manager to be bilingual--at least in certain areas of the country) and concerns about conflicts with the primary goal of providing service to the public in its language of choice.

It was with all of the above issues in mind that policy-makers drafted Bill C-72 and tabled it on June 25, 1987. Beyond these issues, however, lies another layer of political concerns which must not be ignored. The Conservative party, like the Liberals before them, recognizes the need to solidify support in the province of Quebec and realizes that

29. For more on the issue of individual bilingualism see Canada, House of Commons Debates, Vol 129, No 251 (February 1988), p.12743. See also A National Understanding--The Official Languages of Canada in which the Liberal government denies that it wants "a mindless, universal bilingualism in Canada," p.16.

federal language policies are one important way it can signal its interest to francophone Canadians in that province. Therefore, when trying to assess the current stage of development of the federal Official Languages policy it is necessary to remember that there may well be underlying motives for actions which are only loosely related to the policy goals.

Turning briefly to Bill C-72 (which was just passed as this dissertation was being written) what we find is a completely new law intended to address many of the weaknesses discussed above. In general, this is a more positive, "activist" statute than its predecessor, requiring the government to "support the development of English and French linguistic minority communities" and "generally advance the equality of status and use of both (languages)."³⁰ There are, however, specific aspects of the Bill which are bound to cause difficulties; prominent among them being those parts of the proposed Act which (a) give it primacy over "any other Act of Parliament or regulation thereunder" (except the Canadian Human Rights Act); (b) extend the statute to cover language of work rights, and recognize the principle of full participation; (c) confirm Treasury Board's role and strengthen the role of the Commissioner; (d) retain the concept of "significant demand"; and (e) provide recourse through the Courts if linguistic rights are denied. The reasons for identifying these as potential areas of concern will become apparent in the latter section of this Chapter and in Chapter 4. For the moment we must ponder what the above analysis suggests about the current status of Canada's Official Languages policy.

30 Canada. Bill C 72 "An Act respecting the status and use of the official languages of Canada," preamble, p.2.

4. Stage Four (1988): Full Implementation?

The period from 1969 to the 1988 has definitely been one of often-intense regulatory action but it would be imprudent to suggest that this reflects widespread public acceptance of the policy goals. In other words, the argument made in Chapter Two that there must be a fourth and final stage added to Ackerman's typology is justified in this policy area. The question then is, whether the tabling of Bill C-72 signals a new and more accepting era? It is, of course, difficult to know for sure but this seems unlikely.

Surveys of Canadian attitudes have been inconclusive about the overall support for Official Languages policy. After sifting through data drawn from a national survey of 4,000 Canadians conducted by Canadian Facts for the Official Languages Commissioner in 1985, Churchill and Smith concluded, "there is reason to believe that the two solitudes are closer together than ever before."³¹ They based this conclusion on the finding that the majority of western Canadians supported the idea that vital services, such as education and health care, should be available in both languages. But in assessing Churchill and Smith's conclusions Gérard Pelletier (who is considered to be the father of the 1969 Official Languages Act) points out correctly that the two authors suggest progress has been made without establishing the pre-existing conditions. Pelletier's own analysis of the survey results leads him to agree that,

The vision of a deeply divided Canada, split between fanatically nationalist Francophones on the one hand and racist redneck Anglophones on the other--a vision that was

31. Stacy Churchill and Anthony H. Smith, "The Time Has Come," Language and Society, No 10 (April 1987), p. 4.

very nearly indelibly imprinted on Canada--evidently no longer corresponds to contemporary reality.³²

What has replaced this vision is still a question, however. As Pelletier notes, the majority of Canadians may accept duality in theory but when faced with the practical implications--for example, in the form of the federal government's Official Languages policy--the level of support is much less certain. Pelletier has difficulty in accepting that "French has made 'extraordinary' progress in Canada in the last 20 years" when the same survey which led Churchill and Smith to be so optimistic found that the majority of citizens in the Prairies and British Columbia did not know that French is one of Canada's official languages.³³

Apart from the evidence accumulated from attitudinal surveys, the reaction in the House of Commons to Bill C-72 provides further evidence of a continuing absence of strong national consensus on the language issue. Debate before sending the Bill for second reading carried on for about 10 hours and consumed some 90 pages of Hansard. After the second day of debate, in the words of the Bill's most avid supporter,

...On the one hand there is the Back-bench Committee demanding the Bill be killed while, on the other hand, some of the Quebec Tory back-benchers have threatened to pick up their marbles, and go back to their first love, the PQ Party, if any changes are made to the Bill.³⁴

This does not suggest a strong and unified stand on Official Languages policy issues! An example of the position of those opposed to the

32. Gérard Pelletier, "Why are We Less Divided?" Language and Society No. 19(April, 1987), p.11.

33. Ibid, p.11.

34. Canada House of Commons Debates, Vol.129, No.254 (February 11,1988), Comments by M. Jean-Robert Gauthier, p 12880.

legislation--and there were several--is provided in the following statement by Ron Stewart who resigned his position as Parliamentary Secretary to the Minister of Supply and Services because of his opposition to the Bill:

Bill C-72 is about reverse discrimination. It places linguistics above merit regardless of the claim in Section 38(3) which is totally ambiguous.³⁵ It makes second-class citizens of Anglophones, the majority of Canadians, the 76 per cent of Canadians who operate in an English milieu. This is Draconian legislation, fitting of Machiavelli himself.³⁶

As the dissertation was being completed Bill C-72 in an amended form had just received third reading and was passed by a vote of 129 to 9. The fact that this legislation was passed without the help of a national crisis to propel it through is noteworthy. Whether this portends a positive future for language equity in Canada remains to be seen.

In summary, Canada's federal Official Languages policy has moved through Ackerman's stages of evolution at least to the point of intense legislative and regulatory activity. This has always been a policy issue of some importance in Canada although the extent of interest has varied over time depending largely on the political climate in Quebec. While the federal government seems to have taken the initiative in advance of widespread public acceptance of language equity there is reason to suspect that this has been motivated as much by political concerns as by awareness of a need to correct injustices.³⁷ Indeed, each flurry of government

35. Section 38(3) reads "Nothing in this section shall be construed as abrogating or derogating from the principle of selection of personnel according to merit." Bill C-72, Ibid.

36. Canada. House of Commons Debates, Vol '29, No 252, p.12771.

37. See, for an example of the interweaving of political motives, the exchange between Hon Ray Hnatyshyn, Right Hon. John Turner and Right Hon. Brian Mulroney in Canada, House of Commons Debates, Vol 129, No 312 (May 19, 1988), p.15625.

activity in the language policy area has been preceded by a major political incident in Quebec. The dissent surrounding Bill C-72 is evidence of a continuing struggle to resolve a fundamental dilemma for the nation as a whole. In evaluating the responses of state-owned-enterprises the situation described above must not be forgotten.

III. CROWN CORPORATIONS AND OFFICIAL LANGUAGES POLICY

In this Section of the Chapter we shall consider how SOEs have been affected by the events described above and will also examine in some detail the quantity and quality of messages sent to the firms about their responsibilities and obligations in this policy area. A major theme of this section is that the commercial SOEs, in particular, have received very mixed messages about what is expected of them. The evidence presented in the next few pages suggests repeatedly that an "atmosphere of uncertainty" prevails in this policy area.

Until 1977 there was considerable confusion as to how Crown corporations were affected by the Official Languages Act. The reason for this is that the 1969 Official Languages Act refers only to "all institutions of the Parliament and Government of Canada" in Section 2 but fails to define what these "institutions" are.³⁸ Later, in Sections 9 and 10, Crown corporations created by an act of Parliament are included amongst the "agencies" which are required to provide service in both official languages and to the travelling public. Because the federal government failed to issue a regulation to clarify what was intended in

38. Bill C-72 includes crown corporations under federal institutions and then separately defines crown corporations in order to thoroughly cover this problem.

Section 2 some corporations interpreted the situation to mean they were excluded from the general purpose of the act, and needed only to comply with specific portions thereof.³⁹ Some SOEs -- namely subsidiaries -- decided that they did not even fit under Section 9.⁴⁰

This ambiguous situation remained even after the all-Party Parliamentary Resolution of 1973 because legislators once again failed to make their intentions with respect to Crown corporations clear.⁴¹ Finally, in 1977, some years after the Official Languages Act was passed, the government issued a statement on official languages entitled A National Understanding wherein it clarified that "it always intended the official languages policies to apply, not only to government departments, but to all federal institutions, including Crown corporations."⁴² Two things are noteworthy about this move. First, by referring to government "policies" this still left the position of the SOEs with respect to the Official Languages Act uncertain. Second, instead of treating all "Crowns" alike, the new policy differentiated between what were then Schedule B (agency) corporations (e.g., Atomic Energy Control Board) and those listed in Schedule D (e.g., proprietary corporations such as Air Canada, CN, etc.) or not listed under the Financial Administration Act at all (e.g., Bank of

39. Interviews Treasury Board and Official Languages Commissioner.

40. On this confusion see, for example, Canada. Special Joint Committee of the Senate and of the House of Commons on Official Languages, Fifth Report to Parliament, April 1983. In writing about the scope of the Act the Committee concludes "It has never been very clear if subsidiaries of Crown corporations are in fact bound by the provisions of the Official Languages Act. Opinion appears to be divided on this issue," p 30. The idea that a Crown corporation could remove "the administration of (a) subsidiary from the scrutiny of government and Parliament" was referred to as a matter of general concern in the Privy Council Office's blue book on Crown corporations entitled, Crown Corporations--Direction, Control, Accountability (Ottawa: Minister of Supply and Services Canada, 1977).

41. President of the Treasury Board, Ibid., p 3.

42. Statement by The Honorable Robert Andras, President of the Treasury Board, September 30, 1977

Canada, Canada Council). Under the 1977 policy the first group of corporations is required "to comply with the guidelines and procedures applicable to the Public Service" and must prepare an Official Languages Plan which is to be submitted to Treasury Board and made available to the public.⁴³ The second group is to "be responsible for taking measures to ensure that the provisions of the official languages policies are implemented by them," and "for submitting to the Minister, through whom they report to Parliament, an 'Official Languages Plan' or report which will also be available to the public."⁴⁴ Although the reason for this differential treatment was not explained it is quite in keeping with the usual practice of providing more autonomy to the proprietary (Schedule D) corporations. It is also in keeping with the fact that the federal government has been emphasizing the commercial mandate of these corporations and is hesitant to do anything which may interfere with their profit-making ability. It may be presumed (and this will be substantiated later) that the reason for remaining silent on the obligations of SOEs under the Act was that policy-makers were uncertain about what it was appropriate to expect from these semi-autonomous agencies.

The 1977 policy changes would therefore appear to mean that the Schedule D corporations need not "comply with the guidelines and procedures applicable to the Public Service" but only with "provisions of official languages policies." In other words, the method and pace of implementation was to be left completely up to the individual corporation.

43. Ibid., p.1.

44. Ibid.

A policy document was issued in 1977 "explaining the way in which the provisions of the Act and the objectives of the program were to apply to departments and agencies." However, this document referred only to organizations which were subject to the Public Service Employment Act, and SOEs, which were not subject to this Act, "indicated a need for a policy document better adapted to their particular situations."⁴⁵ Observers of these plays and counterplays suggest that this was all part of a more fundamental struggle taking place between the SOEs, the government and the central agencies over how secondary responsibilities should be handled.⁴⁶

In response to the request for further clarification Treasury Board issued a document entitled, "The Government's Official Languages Objectives" in September 1980. This document attempts to set out both the "duties" and the "expectations" of the "Schedule D" Crown corporations. It first establishes their obligations under the law to (1) maintain a capacity to serve the public in both official languages; (2) to do so, specifically, in certain locations; and (3) to do so in other locations where there is significant demand (or, preferably, even when there is a question that there may be significant demand).⁴⁷ Moreover, the document asserts that at their head offices Crown corporations have a "duty" (under Section 9 of the Act) to provide services in both official languages. This duty applies wherever a firm's headquarters might be. The 1980 document further indicates that SOEs are to implement, "the full range of

45. Canada. Treasury Board, The Government's Official Languages Objectives, September 1980, p 1.

46. Interviews with Central Agencies and COL.

47. Treasury Board, The Government's Official Languages Objectives, September 1980, pp. 2-4.

government objectives, including the principles related to the full participation of both official language communities" at headquarters.⁴⁸ While this is "particularly important for corporations with head offices in bilingual areas," Treasury Board contends that "it is also important for others because they "often have a national mandate" and "one would expect to see representatives of both official language communities equally involved in the implementation of the economic and social objectives set for the corporations by the government."⁴⁹

This Treasury Board document then points out what the firms "should" do "in keeping with the spirit and intent of the Official Languages Act."

This includes:

- In areas of significant demand they should implement measures of active offer of service.
- Employees should, when not conflicting with the primary responsibility to provide service, be able to work in the language of their choice in certain regions of the country and in head offices throughout Canada.⁵⁰
- Corporations should identify areas where an official language group is not adequately represented, taking into consideration the corporation's mandate and (or) geographical location and then take measures (which are specified) to ensure that the recruitment process is such that it produces francophone and bilingual candidates.
- Promotions should receive the same kind of attention.

Treasury Board identifies "certain elements" which "government organizations who(sic) are implementing their official languages programs

48 Ibid, p 19

49 Ibid

50 To facilitate this, personal and central services should be bilingual, employees should be able to communicate with their supervisor in their own official language, senior executives should be bilingual, and, in designated bilingual regions as well as in central and head offices, committee meetings should be conducted in both official languages. In addition, work instruments should be available "in the official language used in the performance of his duties" and training and development courses should be available in both official languages.

with success" have in common. These keys to successful implementation are:

- (1) a definite official languages policy which is clearly communicated to all personnel;
- (2) an "official responsible for the day to day running of the program...(who) is experienced in program planning and implementation, and is assured of not only the commitment of senior management to implement the organization's official languages policy, but also of having direct access to the senior official ultimately responsible for the program";
- (3) "established and effective means of communicating throughout the organization, information pertinent to its official languages program"; and
- (4) existence of "a solid data base" and "regular measures of control and follow-up to ensure that the program is progressing satisfactorily."⁵¹

We shall consider the extent to which the three firms in this study fit this "portrait of success" in Chapter 4, but before doing so some further information about the obligations and expectations of Canada's commercial SOEs needs to be examined.

After the above documentation was issued Treasury Board prepared a number of guidelines pertaining to the preparation of Annual Reports. In the 1981 version entitled, "Guidelines for Crown Corporations Official Languages Annual Plan" the Board explains its role in the process as well as the responsibilities of the SOEs. The justification for the guidelines is that past experience had shown "the plans (were) not useful to corporations as management tools and not sufficiently informative for Ministers, government and the public."⁵² The 1981 document indicates, among other things, that 1)"statistical data are to be based on the same

51. Treasury Board, The Government's Official Languages Objectives, p 20 Note the close resemblance with the response indicators selected for this Study.

52. Canada. Treasury Board, "Guidelines for Crown Corporations Official Languages Annual Plan," October, 1981, p.1.

date chosen between September 30th and December 31st in order to establish a valid basis for comparison from year to year, and " 2) "further to...objectives, corporations must fix goals which are precisely formulated, achievable within a specific time-frame, and as much as possible expressed in measurable terms."⁵³ This request for consistency in data presentation and clarity in goal identification is a matter which we will come back to on numerous occasions in this thesis. Another important point to be remembered for later discussions is that the first paragraph of this Treasury Board guideline contains the following sentence: "Furthermore it was decided that these corporations (Schedule D federal corporations) would submit an annual official languages plan to their responsible Minister which would be made available to the public following approval by the Minister."⁵⁴

Despite the seeming clarity of the above documents there continued to be problems with the Reports which SOEs filed. In each Annual Report since 1981 the COL has had complaints about inadequacies in corporate Reports as well as performance. One explanation for this is that Treasury Board's "suggestions" have not necessarily received the backing of Ministers. This, plus the requirement to file Reports with respective Ministers rather than with Treasury Board, has allowed SOEs to deny the applicability of the Board's guidelines and regulations.

An example of the sort of mixed messages that the firms were receiving may be found as late as 1983 in a letter written by Prime

53. Ibid., p.2.

54. Ibid., p.1.

Minister Trudeau to Senator Murray concerning the fifth and sixth reports of the Special Joint Committee on Official Languages. In discussing the applicability of the Act to Crown corporations, their subsidiaries, as well as mixed enterprises the Prime Minister wrote:

The government nonetheless agrees that, generally speaking, wholly-owned entities should respect official languages policies.⁵⁵

Given the ambiguities described earlier, as well as the power struggles taking place between central agencies and among Ministers, this sort of very weak statement from the Prime Minister served only to reinforce the notion that less was expected of the commercial SOEs than regular departments or other agencies. For these very independent Crown corporations, use of such qualifiers as "generally speaking" and "should" (as opposed to always and must) might easily be read as a license to continue precisely in the same manner as they had been since 1969--that is slowly and cautiously within the limit, but not the spirit, of the law.

Aside from Treasury Board, which has an "arms length" relationship with the schedule D SOEs, another observer of their behavior is the Commissioner of Official Language (COL). In addition to handling the complaints received about the firms, the Commissioner reports to Parliament on their activities. From 1970 on the Commissioner proceeded on the assumption that all SOEs were subject to the Official Languages Act as well as to government policies, regulations and guidelines.⁵⁶ In other words, the COL has consistently taken the position that all SOEs are

55. Letter dated December 21, 1983, from Pierre Elliot Trudeau to Senator Lowell Murray, Co-Chairperson of the Joint Committee on Official Languages, concerning certain recommendations of that body (Underlining mine.)

56. See, for example, COL, Annual Report (1977), p 18.

included in Section 2 of the Act and has also been firm on the point that this Section should be interpreted as a "Cornerstone" as opposed to an "Introduction."⁵⁷ Because the 1969 Act only empowers the COL to use moral suasion or publicity to effect change, his broader interpretation has made little difference in the responses of the SOEs. When promulgated, Bill C-72 will enable the COL to recommend and enforce, as well as report, which will broaden his powers substantially and give his interpretation more legitimacy than it has at present.

While the Commissioner spends much of his time communicating with the Joint Committee and the public at large, his officers' main point of contact is with "their institution." At least in the case of the three SOEs under study, this contact takes place on an almost daily basis.⁵⁸ This occurs despite the fact that the firms have no direct reporting responsibility to the Commissioner, but only to the Governor in Council through their respective Ministers. Since Commission staff are frequently responsible for the same firm for several years, they acquire an intimate understanding of its operations and, it may be assumed, an appreciation for the constraints which it faces. As a consequence, the evaluations contained in the Commissioner's Annual Reports are a very important source of information about the behavior of the three SOEs being studied, and will be relied upon heavily later in Chapter 4.

There are, however, a couple of qualifications which should be made at this point. In an attempt to be comprehensive and provide examples,

57 For a discussion of this see, Commissioner of Official Languages, Sixth Annual Report: 1976 (Ottawa: Minister of Supply and Services Canada, 1977), pp.12-13.

58. Interview notes; confirmed by both sides.

the COL's reports often make it difficult to obtain a historical picture of a firm's policy response. A single incident regarding an airport sign may receive as much attention as increased percentages for participation, for example. Because the Commissioner strives to obtain an overview and purposely avoids getting caught up in a battle over numbers, data are not always provided on a consistent basis. It is therefore difficult to establish a statistically-based historical profile for each firm or to compare firms. In effect, it obliges the "interested public" or their elected representative to either accept the evaluation of the Commissioner, or try to obtain the information directly from the firm.

The other point of caution about the COL's Reports arises from the very close relationship which may develop between the COL staff and the firms. The concern about "clientele capture" and possible bias is of particular importance when and if the central agencies are attempting to protect their established "territory"⁵⁹ and may find it advantageous to engender support from those they are expected to monitor. The fact that there are "checks" in the system (in the form of each SOE's respective Minister and the Joint Committee) helps to ensure that the COL's staff retains its independence and integrity but there continues to be the potential for a gradual "softening" over time.

The picture painted above is one in which federal political leaders, often driven by national unity concerns, have taken policy initiatives ahead of widespread public acceptance or recognition of the need for action. This policy issue has clearly evolved to Ackerman's Third stage

59. Those interviewed at the Central Agencies pointed out the territorial disputes between Treasury Board and other agencies (including the COL). There was no suggestion, however, of clientele capture or bias in the COL's Reports.

of intense legislative and regulatory activity despite the absence of a strong national consensus. This lack of consensus extends to legislators and bureaucrats who are divided about support for the policy in general and uncertain about what to expect of the commercial SOEs in particular. This is expressed in the ambiguous policy statements and documents which have been issued since 1969. The federal government has employed many devices in order to implement its Official Languages goals (e.g., Commissions, Studies, Task Forces, Legislation, Regulatory Body, etc.) and has expended considerable resources to monitor the implementation process. The net effect of all of this activity is yet to be seen but there is little reason to suggest that the policy is fully implemented; at least not as the term is defined here.

Before proceeding to Chapter Four--the case studies--two tasks remain: 1) identifying an appropriate base year for this policy, and 2) summarizing the sorts of responses which might be expected from an "accepting" and a "resisting firm" to the situation described above. Both tasks require judgments to be made which are clearly open to debate. The fact that these are state-owned enterprises undoubtedly biases these judgments in favor of higher standards than might be set if the subjects were privately owned. This is viewed as both inevitable and appropriate as long as it is noted and remembered at the point when conclusions are being reached.

The argument might be made that the Official Languages' base year for SOEs should be at the point when they were established. However, this position is unnecessarily rigid for the present purposes. The base year which is proposed instead is 1969; the year in which the Official

Languages Act was promulgated. In Petro-Canada's case the suggested base year is 1977; one year after it was established.

Tables 3.1 and 3.2 describe expected responses of an accepting and a resisting firm at each stage in the implementation process. It is hypothesized that an accepting firm will have begun Stage One at or around the time the Official Languages Act was promulgated and will have issued a brief policy statement supporting the principle of linguistic equity shortly thereafter. By 1977--when the government made its intentions clearer with respect to the commercial SOEs--we would expect an accepting firm to at least be in Stage Two of implementation. By 1988 such a firm will have institutionalized the policy but what we learned about SOEs in Chapter One and about the federal Official Languages policy in this Chapter suggests that no firm will be at the stage of full implementation.

It is further hypothesized that a resisting SOE will have done very little, if anything, prior to 1977. Such a firm will have continually requested clarifications about its obligations, will have been tardy in filing reports, establishing an adequate data base, and so on. (See Table 3.2) In all likelihood a resisting SOE will have only issued a perfunctory, qualified, policy statement by 1988.

The ideal types illustrated in Tables 3.1 and 3.2 serve to point out the two extremes on the organizational philosophy continuum.⁶⁰ One goal in the next Chapter is to sort out how often the responses of CN, Air Canada, and Petro-Canada fall into either extreme category. If these firms have

60. In formulating the two tables the policy responses of the Canada Mortgage and Housing Corporation served as partial models of the two extremes. It should be pointed out, however, that neither has reached the point of full implementation and that CMHC actually experienced some slippage after having almost fully institutionalized the policy. For more on this, see, COL, Annual Reports, 1971-1987.

been ineffective agents of the federal government's Official Languages policy objectives we would expect to find more evidence of resisting than accepting responses. We would also expect to find that they will have not yet reached Stage Three in the implementation process.

TABLE 3.1: RESPONSES OF AN ACCEPTING FIRM TO FEDERAL OFFICIAL LANGUAGES POLICIES

Indicator	Stage 1 Awareness	Stage 2 Planning	Stage 3 Institution- alization	Stage 4 Full Implementation
Statements	Makes statements supporting official languages in the mid sixties. First policy statement by 1969.	Continuing support in Annual Reports. Policy includes language of work and service where there is any demand.	Refers to firm's good performance in Annual Reports. Regular policy amendments to reflect progress in implementation.	Continued mention in Annual Reports. Policy statement includes participation and accountability.
Internal Organizational Changes	Assigns a senior level corporate position to begin looking into language equity issues. Explains obligations to employees, emphasizing importance and stressing support.	Data collection. Planning extends to all offices. Responsibilities delegated. First Report filed. Committee to implement policy and recommendations.	Fully-staffed corporate unit and decentralized responsibility to operational levels. Functional data base. Planning, reporting and evaluation systems in place. Committee to monitor progress.	Policy performance part of personnel assessments. Goals and plans publicized. Protected in collective agreements. Work level committees to monitor and assist in planning.
Measurable Output	Some high level hiring; begin language training. Translation begun. Measures demand for bilingual service.	Increase in bilingual employees. Improved francophone participation at senior levels. Language position identification and francophone work units.	Participation rates improving in some parts of the company. Greater focus on language of work. Few complaints.	Has reached or exceeded government standards in most areas. Responds quickly to any complaints. Language of work improving. Translation complete.
External Actions (Political, Legal, Other)	Assists in formulating policies and legislation. Cooperates with task forces and Commissions.	No legal actions. Voluntarily provides information to COL, advertises extensively in francophone press.	Publicizes support for policy. Accepts guidance from TPS and COL. Provides information willingly.	Participates in fine-tuning regulatory framework. Open about successes and failures. No legal actions.

TABLE 3.2: RESPONSES OF A RESISTING FIRM TO FEDERAL OFFICIAL LANGUAGES POLICIES

Indicator	Stage 1 Awareness	Stage 2 Planning	Stage 3 Institutionalization
Statements	No acknowledge- ment or recog- nition of policy.	No voluntary public state- ments about policy. Internal documents mention only broad policy objectives, focus on "significant demand" and feasibility."	Brief policy state- ment emphasizing demand and feasibility. Acknowledges policy but emphasizes costs.
Internal Organizational Changes	Policy handled on an ad-hoc basis. Principal function is to respond to complaints.	Skeletal office responsible mainly for reporting to Executive, field- ing questions and complaints and preparing obliga- tory reports.	Small corporate staff, responsibilities delegated, no controls, weak communication, no accountability. Data base poor. Planning only in terms of broad objectives.
Measurable Output	A few signs translated, minimal bilingual service in a few locations.	Some translation completed. Defen- sive and slow in responding to numerous com- plaints. Sporadic bilingual services in functions with public contact.	Some high profile francophone hiring, minimal language training, and required translation done.
External Actions (Political, Legal, Other)	Opposition to government intervention. Requests for clarification of obligations under the law.	Ignores TBS requests and is slow on COL's recommendations. Legal action to clarify obliga- tions.	Continued legal action: lobbies those opposed emphasizing reverse discrimination." Recognizes only Minister.

CHAPTER FOUR

OFFICIAL LANGUAGES AND THE THREE CROWN CORPORATIONS

I. INTRODUCTION

In this Chapter the responses of CN, Air Canada, and Petro-Canada to the Official Languages issue are discussed in turn. The organization of each of the cases is identical. A firm's behavior in the four response categories is first described and then analyzed. Using this information, the firm is positioned somewhere on the response continuum. Next, the measures of responsiveness are employed to try to identify accepting and resisting behavior and reach some conclusions about each firm's philosophy with respect to Official Languages policy. With these two pieces of information in hand -- the stage of development and the responsiveness of the firm -- it is then possible to make some general observations about the effectiveness of each SOE as an agent of this policy.

The explanatory part of each case study considers the usefulness of eight variables in helping to understand the observed behavior. Finally, in the last section of this Chapter the findings will be subjected to comparative analysis to discover if anything further can be learned which may explain the observed responses.

II. OFFICIAL LANGUAGES AT CN

In 1969 when the Official Languages Act was passed CN had approximately 84,388 employees located across Canada engaged in a wide variety of jobs. No information is available on how many of these employees were francophones or bilingual in 1969 and the firm claims that it is still not possible to formulate a complete linguistic profile of the

firm almost two decades later.¹ In the next few pages we will show how this absence of data is symptomatic of a firm not fully committed to the federal government's Official Languages policy.

A. CN's Policy Response

1. Public Statements

a. Discussion

As CN's policy manager tells it the firm's involvement with federal Official Languages policy began in 1962 when then president Donald Gordon responded to criticism of the firm's incapacity to provide service to francophones by suggesting that a Royal Commission be formed to look at bilingualism in the country as a whole rather than just focussing on CN.² A few years later, in 1964 Gordon appeared before a House Standing Committee and referred to the firm's "duty to adjust" to language requirements. In addition to this early signal of awareness, CN has mentioned Official Languages seven times in its Annual Reports in the period between 1969 and 1986, beginning in 1970. None of the seven references offers either support or criticism of the policy but simply reports the firm's activities. In 1972, for example, CN reported that: 1) the firm's policy had been updated, 2) "emphasis is currently being given to those parts of the Official Languages Act which require services in both languages to be available to members of the travelling public," 3) in

1. Although all employees were asked to indicate their linguistic capabilities in a 1986 survey only about 65% replied. The firm's position is that it will not release the data from the survey (or even provide estimates) until it has more complete coverage of the work force.

2. From interview notes with CN's policy manager (CN's Internal File 4401-40, "Bilingualism--Royal Commission Study of CN 1964-1966").

employee communications program had been started, and 4) language training had been extended to Moncton.³ The fact that the comments appear in clusters of years as opposed to every second or third year, and that they appear immediately after the Act was introduced and after the government pronouncements in 1977 suggests a connection between the two (that is, the firm was more active when more political attention was being paid to the issue). In two of the seven reports the words "significant demand" are included but "feasibility" is not mentioned and no mention is made of conflicts with CN's commercial mandate.

The content of the references in the Annual Reports is quite similar from year-to-year. In each of the references from 1970 to 1972 language training is mentioned. In 1971 the formation of a special Committee is mentioned and in 1972 a comment is made about updating the policy. An employee communication program is also mentioned in 1972. In 1977 reference is made to the revised policy as well as to the fact that approval had been received to begin issuing bilingual train orders and start bilingual dispatching. Again in 1978 reference is made to the policy revisions of 1977. In 1979 and 1980 comments are made about the fact that French is the language of work in Quebec as well as about the hiring of francophone university graduates. In all of the above cases the comments are perfunctory and neutral in tone.

On several occasions since 1980 CN has included a comment on social responsibility in its Annual Reports. The 1980 Report refers to "being concerned for the well-being of employees and the security of their jobs,

3 CN, Annual Report, (1972), p 20

operating safely and with due respect for the environment," and being a contributing part of the communities in which the firm does business.⁴ The 1984 Annual Report mentions the creation of a Social Responsibility Committee of the Board of Directors to "review and recommend policies and programs in such areas as technological change, bilingualism, social legislation and the responsibility of the Corporation to minority groups -- including the handicapped, the elderly, women and youth."⁵ Also in 1984 details are provided about a \$100,000 scholarship program, the firm's plans to spend \$10 million on the 1986 Expo exhibits, and \$1 million in charitable contributions. In contrast to this, in none of the seven references to Official Languages is any mention made about the budgetary commitment for this policy area, nor was it possible to obtain such information.

In addition to information provided about Official Languages in Annual Reports, two other statements by CN's CEO were found. In his 1974-75 Annual Report The Commissioner of Official Languages includes the following statement by CN's President and CEO, "the achievement of an acceptable level of bilingualism in Canadian National is a challenge to our skills as managers."⁶ Another public pronouncement about Official Languages occurred during CN's one appearance before the Special Joint Committee in 1981. At that time CN's then President R.A. Bandeen opened his remarks indicating his support for the "proper use of both official

4. CN, Annual Report, (1980), p.7.

5. CN, Annual Report, (1984), p.3.

6. COL, Annual Report, (1974-74), p.38.

languages in Canada." Bandeen also contended that CN had done an "outstanding job in adopting the use of both languages across the country."⁷

Aside from these public pronouncements about Official Languages the firm has also formulated a corporate policy in the area. During an interview with CN's policy manager he indicated that the company's first policy was issued 1965-1966⁸ and that it focussed primarily on language of service. While a copy of this first policy was not available, the 1971 Annual Report includes the following statement which is indicative of the firm's approach:

Policies being developed by a special committee drawn from senior officers and the directors of the Company are aimed at ensuring that English and French have System-wide equality of status and equal rights in regard to their use within the Company and for external communication and that System hiring and promotion policies and practices support and encourage this objectives. It is also policy that CN co-operate fully with other institutions, organizations and agencies of government concerned with achieving equality for the two official languages.⁹

CN's policy was amended in 1972 and the reason given for this was to ensure that it accurately reflected the requirements of the 1969 Act (although the Official Languages Act is not referred to in the policy). The 1972 policy states that "it is System policy to use both languages as languages of service to the public, and in particular the travelling public; as languages of communication with the public and within the

7 Special Joint Committee of the Senate and the House of Commons on Official Languages, "Minutes of Proceedings and Evidence," Issue No. 16 (May 1981), p 16.29.

8. Management Guide Bulletin #19:30 replacing a bulletin dated May 26, 1965.

9. CN, Annual Report, (1971), p.25.

System; and as languages of work."¹⁰ In the discussion which follows these three points the firm protects itself by including such qualifiers as "where there is a significant demand," and "where it is feasible." The language of work objective applies to System headquarters, the National Capital Region and federal bilingual districts (which were never designated). The provision to "facilitate and encourage" the use of both languages in the work place did not apply to train operations in the 1972 policy.

CN's policy was amended once again in 1977 to make French the language of work "in the operations of the St. Lawrence region within the Province of Quebec as well as in the Field Operations in that Province of the Atlantic Region..." English was to be the language of work in "all other operations of the System."¹¹ The 1977 policy deletes the reference to train operations and the phrase "as quickly as may be practical" with respect to service to the public. The concept of equitable participation is mentioned indirectly under the heading, "Personnel Policies and Practices" where the corporation indicates that it is CN System policy that members of both official language groups be "adequately represented in numbers and responsibility." This, along with "balanced participation in the senior levels" is to be achieved "without prejudice to the overriding principle that all appointments be made on the basis of merit and suitability."¹²

10. CN, "Management Guide Bulletin," No.19.30 (27 October, 1972).

11. CN, "Management Guide Bulletin," No 19 30 (December 1977), p.1.

12. CN, "Management Guide Bulletin," (1977), p.10 (underlining mine).

CN's 1977 policy gives "all managers and supervisors" authority and responsibility for ensuring "that action is taken to achieve the general objectives of the System."¹³ It also establishes a Corporate-level Policy Committee on Bilingualism (to be designated by the President) as well as regional Committees (to be designated by Regional Vice-Presidents). The policy does not address the issue of control and accountability or consultation with workers.

b. Analysis

The above discussion indicates that CN was aware of the need to take some actions with respect to Official Languages in the early sixties. This early start does not mean, however, that the firm has been generous in the way in which it has interpreted its obligations or even that it has been accepting of the policy. Except for the one statement before the Joint Committee all public pronouncements have been neutral in tone and have provided scant information about the firm's activities.

The fact that CN did not amend its policy statement in the ten-year period between 1977 and 1987 is indicative of an acceptance of the status quo. The Commissioner, who was generally pleased with the 1977 policy, complained in 1986 that the firm had not made several needed changes to its policy. The sorts of things the Commissioner was looking for were an indication that CN has become less restrictive on the language of service issue, that it has adopted the goal of equitable participation, and that it is fully committed to the idea that most employees will be able to work

13 CN, "Management Guide Bulletin," p 2

in their language of choice. At this writing CN and the COL remained at an impasse on these issues.

2. Structural Changes

a. Discussion

Responsibility for the Official Languages policy area is widely delegated throughout the firm. The 1977 policy allocated responsibility for bilingual services in the designated locations to Vice-Presidents, Heads of Departments and General Managers of subsidiary operations. This policy directs them to "consult with the Policy Committee on Bilingualism on the standards to be regarded as adequate,"... "to designate the positions that require bilingual skills and to ensure that such positions are filled by incumbents with bilingual skills."¹⁴ In all instances those with delegated responsibility and authority are directed to first consult with the Policy Committee on Bilingualism before responding to any requests from the Commissioner of Official Languages.

The policy statements provide that virtually every aspect of CN's response be channelled through the Policy Committees on Bilingualism but during the interview in June of 1987 it was determined that these Committees had not met since 1983. Aside from establishing this Committee system, CN's administrative structure at System headquarters is presently comprised of one individual at Corporate headquarters who prepares reports, responds to complaints, communicates with the Commissioner, and acts as a "Special Assistant" to the President on Official Languages

14. CN, "Management Guide Bulletin," p 3

matters. There is, in addition, one secretary allocated to the Official Languages function. At one time (for a brief period in the early seventies) an Assistant Vice-President was appointed to implement the Official Languages program¹⁵ but that position has since disappeared¹⁶ and responsibility is now more widely dispersed while only the "Special Assistant" remains as a central coordinator.

By virtue of his years with the firm in this position, the Special Assistant does have an "expertise" in the policy area. He also has direct access to the Executive although it is impossible for an outside observer to determine the frequency of contact or the power he is able to wield. This individual spends much of his time responding to complaints, recommendations, and requests for information as well as (purportedly) providing guidance to managers and regional coordinators about implementation issues. His mode of operation, at least at the time of the interviews, was clearly more oriented to "fire-fighting" than to program planning.

Apart from the one Special Assistant mentioned above, each Department at Headquarters has a personnel coordinator who includes language issues among a number of responsibilities. In addition to these 25 individuals who include Official Languages among their responsibilities, each of the five regions has a language coordinator who also includes this policy area among many functions. There are, therefore,

15 COL, Annual Report, (1973-74), p 97

16 Not surprisingly, it proved impossible to ascertain the specific reason for this staffing change some 16 years after it had taken place. It must be assumed that either the policy was no longer viewed as a priority or management was under the impression that the firm was far enough along in implementation that it no longer required oversight by a senior staff member

approximately 30 employees out of about 60,000 who spend some unknown portion of their time on this function. In addition, there were approximately 20 individuals in CN's Translation and Terminology section as of 1987. Language training occurs both internally and externally and exact numbers were not available on staffing or budgets.

As it is required to do, CN submits Annual Official Language Reports to the Minister of Transport. Copies of these reports/plans are forwarded by the Minister to the Commissioner and to Treasury Board. CN's first report was not produced until 1978, after the government made it clear that Crown corporations are assumed to be covered by the Act. Prior to this, in a letter dated October 28, 1977, CN received the following Ministerial guidance:

Although the policies outlined in these documents (the government's revised Official Language policies for the public service) do not apply formally to the CNR, they might prove useful...to better understand the Government's intent with respect to Official Language policies in federal institutions.¹⁷

This letter clearly leaves much to the discretion of the firm and, by implication, supports CN's position that it is not subject to Treasury Board regulations and guidelines. CN has taken full advantage of the ambiguity of this situation to provide as little information as possible in its reports. This has been possible in part because it has been able to legitimately claim that its data are unreliable.¹⁸ In 1985, for example, CN provided some minimal information about the language capability of the

17. Letter from MOT to CN dated October 28, 1977

18. Until it added a question regarding language to the 1986 Employment Equity questionnaire, CN had no accurate data on the language composition of its work force.

top 300 positions in the firm, and about System Headquarters, the St. Lawrence, Atlantic Regions, CN Hotels and the CN Tower. Data are given for 1984 and 1985 but there is no further historical analysis, targets are not mentioned, and there is virtually no evaluation of progress. An exception is the following line about CN Hotels: "Hotels which are having difficulties are the Hotel Newfoundland and the Hotel Vancouver."

As indicated earlier CN has theoretically had a System Policy Committee on Bilingualism since 1965 but this Committee was inactive from 1982 to 1987. Reasons for this were not offered but we may speculate that management had other more pressing matters with which to deal and perceived no need to meet on this policy issue. The Special Assistant's only comment with respect to the regional committees was that they had met "infrequently." When it meets, the System Policy Committee is comprised of Vice-Presidents and the Special Assistant responsible for this policy. The fact that the Committee was reconstituted in May 1987, just a few days before the new bill was introduced (and after CN had been the subject of a section 33 action by the Commissioner)¹⁹ is probably not a coincidence.²⁰

On the issue of public disclosure, there is no regular effort made to actively inform the public of the firm's progress in this area and release of data is carefully controlled.²¹ The fact that the Commissioner

19. This refers to the ability of the Commissioner once all other means of persuasion have been exhausted to bring a matter before the Governor in Council and, failing a satisfactory response, before Parliament (under Section 33(1) of the Official Languages Act, 1969). Prior to 1986 this measure had only been used one other time (in 1971).

20. As of September 1988 this Committee had met once after being re-established.

21. Although existing government policy requires each firm to make all of its official languages reports available to the public, it proved extremely difficult to gain access to them. After failing on the first visit, it was discovered on the second that the old duplicate reports had either been destroyed, or had disappeared. When copies were eventually uncovered in the Library (after much persistence) a point was made that they were available for on-site inspection only (at headquarters) and not for release or duplication.

covers CN in his reports makes this somewhat less important than it otherwise might be. Since the corporation has made only one appearance before the Joint Committee, little information has been released in that forum. Internally, there has been no regular reporting to employees; that which has occurred has been isolated extracts of policy in an in-house publication, Keeping Track. In addition, in 1978 all employees were sent a copy of the Company policy which caused the Commissioner to comment that the company had "...prepared a language policy based on sound principles and distributed it widely among its employees."²². An example of the sort of communication which has been sent to public contact employees on occasion is the following one cited in the 1985 Official Languages Report:

HELP OVERCOME LANGUAGE PROBLEMS

Pool the resources of your crew and VIA On-Board Services personnel. Know what languages are spoken by fellow workers. Tell them of your ability in this regard. Draw on each other's skills to serve the customers' needs.

b. Analysis

Both Treasury Board and the Commissioner's office pointed out in interviews that CN's response is "not in line with government policy," especially with respect to language of work. Both also noted the "grossly inadequate" administrative structure at Corporate headquarters and the difficulty in obtaining data which allow the examiner to assess CN's progress and identify problems. In his 1987 Report, for example, the COL points out that "CN once again gathered only partial data on the distribution of its anglophone and francophone staff. Headquarters and

22. COL, Annual Report, (1978), p 22

the St. Lawrence Region were the only sectors surveyed."²³ The point was also made that responsibilities have been delegated widely but that the communication and control mechanisms are inadequate to ensure that policy is being carried out.

To summarize, there have clearly been some structural changes at CN to accommodate the Official Languages policy. The changes are not, however, indicative of a firm which is fully committed to language equity. With only one full-time individual responsible for the policy at Corporate headquarters for a firm with some 60,000 employees there is little time for the sort of planning, evaluation and co-ordination which is required to implement this policy. The fact that obtaining reliable data continues to be a problem in 1987 and that no regular internal communication occurs with the work force is also symptomatic that this is not a priority. On the other hand, CN has made a great effort to delegate responsibility for this policy area widely and has also ensured that "documents, work instruments (including computer systems), internal training courses and personnel services are generally available in both languages."²⁴

3. Policy Output

a. Discussion

More than two decades after it became "active" in this policy field CN was continuing to receive complaints about inadequate service in French. In 1987, for example, ten complaints were received about lack of

23. COL, Annual Report, (1987), p 89.

24. COL, Annual Report, (1986), p 83.

service at the Hotel Beausejour, four about other hotels, one against the CN Tower, and two complaints were received against the CN office in Moncton. It is the Commissioner of Official Languages' view that these complaints (while fewer than in the past) actually reflect a generalized problem for the firm but that people have not been accustomed to being able to get services in French from CN and therefore no longer ask for it.²⁵ The COL has contended that this is a particular problem in areas like the Atlantic Region where francophones are in the minority and are used to having to communicate in English.

The fact that the firm leaves decisions about the level of institutional bilingualism up to local management may contribute to this situation.²⁶ Divisional managers first interpret where significant demand exists, and then assess both the feasibility and capacity to meet this demand. The potential for problems to occur in this system is increased because these managers are also responsible for determining the language skills of their employees but, according to the Commissioner, "rarely require employees or candidates to take the tests designed by Linguistic Services."²⁷ In a 1985 audit of headquarters the Commissioner notes that the "lack of a formal and objective process to evaluate the linguistic

25. This judgement is based on extensive knowledge of the firm's operations and the language composition of the communities in which it does business. This, along with some information about the language proficiency of the work force in particular areas, has enabled the COL to reach this conclusion. In other words, if there are few bilingual or francophone employees in an area of relatively high demand, and some complaints are received from that area, the chances are fairly good that there is a problem.

26. On this point see COL, Canadian National Headquarters--Language of Work, (February, 1985), p 44.

27. Ibid., p.45.

competence of employees," means that what data there are must be approached "cautiously."²⁸

Another reason for believing that CN's performance is poor on language of service is that workers with seniority continue to have a lot of control over their own work assignments (because of clauses in collective agreements negotiated prior to the Official Languages Act) and these workers are predominantly unilingual English-speaking. This is a matter which the COL has been pursuing for several years with little apparent success. First, the Commissioner has waged a long battle to get CN to negotiate amendments to collective agreements so that language competence could be considered in selecting candidates for certain key public contact positions. Second, the COL has encouraged CN to increase its language capability when hiring. As early as 1972 the COL recommended that,

...the Company, while hiring for the passenger-freight pool of train conductors, trainmen and yardmen as well as for the public-contact employee categories in railway ground locations and in hotels, make every effort across the country to secure the greatest possible number of bilinguals.²⁹

However, after an audit of the Atlantic region in 1981, and continued complaints from the public, the COL concluded that CN had done little to enhance its ability to provide service to the travelling public in both languages and, recommended that,

CN begin negotiations with union representatives as soon as possible to identify the jobs in the Transportation Department that require the use of both official languages and seek means

28. COL, Canadian National Headquarters--Language of Work, (February, 1985), p.45.

29. COL, Report Submitted to the Governor in Council (CN and VIA Rail), (December, 1986), p.2

of ensuring that only bilingual personnel are assigned to them.³⁰

Deficiencies in language of service had still not been resolved in 1986 and the COL also had evidence that the firm had not taken advantage of addenda to collective agreements which would have enabled it to enhance the firm's French language capacity. CN's failure to deal aggressively with problems related to seniority clauses after some 15 years, continued complaints about language of service, and the generally piecemeal approach to implementation, all led the Commissioner to invoke section 33(1) of the Official Languages Act (1969) and address his concerns to the Governor in Council as well as the President of the Treasury Board in December 1986.³¹ By 1987 all CN's trainmen had been transferred over to VIA Rail so that the issue of seniority rights and language of service on passenger trains is no longer one which concerns CN.

In summary, seniority clauses in CN's collective agreements limited the firm's ability to place its bilingual and francophone employees strategically in order to fulfill its obligations. With some 80 collective agreements, covering approximately 60,000 employees, negotiating changes to these agreements was difficult and slow.³² The fact that the firm was constantly downsizing throughout the seventies and eighties also limited its ability to simply hire more bilingual and francophone employees and

30. COL, Ibid.

31. This is a reference to Section 33(1) of the Official Languages Act which enables the Commissioner, when he has fully exhausted the effectiveness of moral suasion, to submit his complaint to the Governor in Council, and, if that does not resolve the problem, to Parliament. Until December 1986, this power had only been employed once before in 1971.

32. To illustrate: in 1968 an agreement with the United Transportation Union stated that, "Employees who establish seniority on or after April 1, 1968 will have entitlements to positions in the train service only if they have sufficient bilingual capacity in the French and the English language", yet CN was still having difficulty realising the benefits of this clause in 1987. Extracted from Minutes of Joint Committee.

when it did succeed in doing so they were often the first to be laid off. Now that CN has turned over all of its train employees to VIA and has sold its hotels to CP the need to concern itself with the language of service issue is greatly reduced.

One thing which has not changed, however, is the need to provide employees with the opportunity to work in their language of choice. Measuring the firm's progress on language of work is very difficult, however. Since 1969 CN has probably received not more than 20 complaints in total regarding either language of work or participation (see Table 4.1). The fact that there are still relatively few francophones employed at CN [in 1985, for example, there were about 1,041 (or 29.8%) francophones at Headquarters in Montreal]³³ and those that are there have been accustomed to working in English, means that the likelihood of receiving a language of work complaint is low. The fact that francophones are still poorly represented in management, especially at the senior levels, makes implementation of language of work objectives even less likely. The additional fact that English remains the language of communication throughout the CN System also contributes to this situation. In an audit of Headquarters conducted in 1985 the COL's office found that,

Although francophones make up nearly a third of Headquarters staff, English remains, on the whole, the language of work. However, CN programmes affecting employees at a personal level (staffing, benefits, medical services, pension plans) take into account the two official languages. CN's major shortcoming in this area is that service is not actively offered and systematically provided in both official languages in all sectors.³⁴

33 COL, Canadian National Headquarters--Language of Work, (February 1985), p.38.

34. COL, Canadian National Headquarters--Language of Work, (February 1985), p.3.

All of the above suggests that CN has not been very successful in implementing even its own very restricted policies regarding language of work.

A major difficulty with evaluating progress on Official Languages has been "CN's notorious lack of data." In the words of the COL, this "makes it almost impossible to tell what results are being achieved in the language-of-work area."³⁵ An examination of Tables B1-B4 in Annex B will show what little information there is for this firm. A classic illustration of the extent of the problem occurred in 1981 when, in attempting to assess the linguistic capability of the Headquarters staff in order to prepare for the meeting before the Joint Committee, one member of the CN team resorted to "looking over the telephone directory!"³⁶

Even in instances where CN is purported to have data the firm has been ingenious in changing the format on an annual basis so that it is essentially impossible to develop a historical profile. For example, in 1979 CN reported on all employees at System Headquarters but failed to provide comparable figures in any other year. The firm also reports on the top 300 positions in the firm in some years and on three levels of management in others. Sometimes absolute numbers are provided and sometimes only percentages are given. Whether the variations have been intentional, or are a result of insufficient guidance and internal data constraints, the effect has been to obfuscate rather than enlighten. In each successive year the firm has promised the COL that improvements will

35. COL, Annual Report, (1982), p 94.

36. Minutes of the Special Joint Committee of the Senate and House on Official Languages, No 16, 1981, p. 16-32. It was clear that the member did not recognise the irony of this statement.

be made but, with only one individual responsible for the policy area at the Corporate level, progress has been very slow.

To be fair, it must be pointed out that CN's record on the language of work issue has not been completely bleak and problem-ridden. The corporation has done relatively well on those matters which have not directly affected unions or seniority rights. In other words, employees who wish to receive written information, take a course, or operate the computer in their own language are likely to be able to do so. CN has also been fairly successful in establishing French as the language of work in certain of its operations in the St. Lawrence Region.³⁷ The larger proportion of francophones has been most helpful in this but full implementation is impeded by the requirement that communications with headquarters and other regions be in English.

CN's performance on participation is virtually impossible to evaluate since data are so scarce. (See Tables B1-B3 in Annex B.) What seems clear is that francophones are under-represented at the senior management level at headquarters (approximately 19.7% in 1986). Francophones also appear to be under-represented in senior management in the Atlantic region (11.8%). A much better picture of the firm's linguistic capacity is expected once the results of the 1986 Employment Equity Survey are made public.

As Table 4.1 shows, CN was among the top ten complaint recipients for ten of the 16 years for which there are data. Improvements in the firm's relative position in the eighties are due in large part to the fact

³⁷ See various Reports of the Commissioner

TABLE 4.1: OFFICIAL LANGUAGES -- COMPLAINTS AGAINST CN

Year / Complaints	Number	Subject of Complaint:					Report Card
		CN's Total Rank	Instit. all Included	No. for all Instits.	Language of Service	Language of Work	
1970-71	8	2	71	105	..	..	
1971-72	33	4	71	611	23	4	positive
1972-73	46	4	71	834	41	4	negative
1973-74	90	4	83	1441	66	5	positive
1975	35	6	91	761	..	..	positive
1976	25	4	103	773	..	..	positive
1977	57	3	104	947	..	..	neutral
1978	71	3	123	966	..	..	neutral
1979	55	5	137	1118	..	..	neutral
1980	26	16	137	1534	..	..	neutral
1981	29	14	138	1554	..	..	negative
1982	33	8	92	1337	..	..	negative
1983	19	10	100	1209	..	..	negative
1984	29	..	..	1421	..	..	negative
1985	24	6	60	1080	..	..	negative
1986	22	13	50	3847	..	..	negative

* In the first few years the COL prepared a report of this sort and the first evaluations are taken from that. Thereafter, the reports are simply my own assessment of the tone of the COL's Annual Reports.

Notes: 1. In 1978 VIA's complaints were separated from CN's.
2. After 1980 CN Marine and CN/CP Telecommunications were not included with complaints against CN and data is not consistently provided for them.

it has significantly reduced the number of public contact jobs. Most of the complaints against CN, and all federal institutions for that matter, have to do with failures to provide service in French. As can be seen in Table 4.1, as CN has been reducing its contact with the public there has been a noticeable reduction in the number of complaints and a corresponding improvement in its relative position among the federal institutions monitored by the Commissioner. From 1977 to 1987 CN

employees on passenger trains were slowly transferred to VIA, after 1980 more public contact positions were subtracted with the formation of CNCP Telecommunications. When CN Marine became an independent Crown corporation in 1985 even more positions were lost, and then in 1987, with the sale of the hotels to CP, most of the remaining public contact positions disappeared.

b. Analysis

The purpose of the above discussion was to try to identify some signs of measurable progress by CN in implementing Official Languages policy. This has proven extraordinarily difficult; primarily because the data needed to make such an assessment were not available or were incomplete. Without annual goals and targets as well as historical data it is not possible to determine whether changes are the result of concerted efforts or chance. What we do know is that the firm continues to receive language of service complaints and that the Commissioner has interpreted this as indicative of inadequate performance. We also know that CN's francophone participation rates among the top 300 positions remained stable at 21.0 percent from 1983 to 1986 (See Table B3, Annex B). It appears, as well, that the firm's bilingual capability among management at Headquarters may have declined over this same period (See Table B4, Annex B). The COL reported that in 1987 francophone participation at Headquarters declined by one and one-half percentage points in 1987 (to 30.6%). He also reported that "francophones occupied 27 percent (41 of 152) of the headquarters positions found among the top 300 in the Company in 1987" which was a slight increase over the previous year, but noted as

well that at 21 percent francophone representation among senior managers "is still too low."

About the only conclusion possible from the numbers which are now available is that CN appears not to have made any remarkable strides in increasing its participation rates -- if the data for Headquarters reflect what has been happening in the organization as a whole. We may hypothesize, moreover, that if CN had been doing an outstanding job in this area we would have heard much more about it from the firm and the COL. Instead, CN has failed to mention anything about Official Languages in its Annual Reports since 1980 and even in that year could only report that about 24 percent of the university graduates it had hired were francophones and that it was providing toll-free long-distance telephone service in both languages in areas with occasional demand.

4. External Actions (Legal and Political)

a. Discussion

As Logsdon discovered in her study identifying political actions is very difficult. This is particularly true in Canada where lobbying tends to occur behind closed doors and where those most directly affected by a new law or policy change often participate in its formulation. The fact that Official Languages is such a sensitive policy issue in Canada makes it even less likely that actions which could be viewed as antagonistic would become public information. In this section we will consider what is known about CN's approach to the law and established policy as well as about the firm's responses to the Commissioner.

(1) CN and the Law

While CN's need to concern itself with language of service obligations under the 1969 Official Languages Act has diminished since 1977, government policies pursuant to the Act have placed further implied "duties" on the firm. CN's policy manager indicated during the interview that the firm accepts the applicability of Sections 2,9 and 10 of the Act³⁸. What we have learned about the firm's response suggests, however, that CN has been less than generous in interpreting its obligations under these sections. Specifically, CN recognizes that it must provide services to the public in both languages at the firm's headquarters as well as in other locations where it is feasible and there is significant demand (Section 9). Also, in compliance with Section 10, CN accepts that it must provide services to the travelling public where there is significant and regular demand. Since the Act raises the issues of feasibility [in Section 9(2)] and significant demand [in Sections 9(2) and 10(3)] and is silent with respect to means and timing, there is considerable scope for a firm in interpreting these two sections.

There is no record, beyond the subsequent behavior of the firm, as to the actions CN may have taken to influence the regulatory framework which developed around the Official Languages Act. However, during the interviews the policy manager explained that CN's Vice President, Human Resources had made a statement at some point prior to the tabling of Bill C-72 wherein he expressed three concerns. CN wished to warn the government that the proposed legislation (to which they were not yet

38 Interview comment by CN's policy manager

privy) might: (1) hinder the firm's ability to attract people to headquarters for short-term assignments (if the law were more explicit on the language of work issue), (2) shift the emphasis away from cooperative endeavors toward control and regulation, and (3) endanger the status of collective agreements (if the Official Languages Act were given precedence over other legislation). Specifically, the policy manager expressed a concern that the proposed legislation would vest "too much power" in Treasury Board³⁹ and might promote labor unrest if the primacy of the Act were established. These warnings indicate a desire to maintain the status quo and are not the sort of expressions we might expect from a firm which is fully supportive of the policy issue.

(2)CN and The Commissioner of Official Languages

In the last twenty years CN's various operations have been the subject of four audits by the Commissioner and two special studies. In one instance -- the St. Lawrence Region study -- CN's CEO discovered the Commissioner's plan ahead of time and decided to maintain control of the situation by requesting a study before the COL's office announced its plan.⁴⁰ In all the studies and audits CN was found to be in violation of the Official Languages Act and was clearly not in compliance with government policies. Overall the Commissioner has issued a total of 154

39. The firm's position on this point is explained in the following excerpt from a letter which the Special Assistant wrote to me:

"...Members of Parliament in delegating wide powers to the Treasury Board would be voting upon something without knowing all the specific details. This would leave the power of directing departments and federal crown corporations in the hands of the Treasury Board. Although the present bureaucrats in the Treasury Board may well be persons of sterling character, it can never be assured that this would carry forward into the future. We know from bitter experience what happens when a law is implemented through regulations issued by Departments of the Government" (a reference to Quebec) Letter dated August 11, 1987 to C. Hannah from K. Culkin

40. Reported in interview with CN's policy manager

recommendations to CN since 1970. Recommendations have ranged from the mundane -- to ensure that all organization charts are bilingual -- to those which are central to successful policy implementation -- "to take measures to increase each year the participation rate of the under-represented language group at hierarchical levels and in departments which register shortfalls in this regard."⁴¹ By 1976 the COL reported that seven of an original 33 recommendations had been substantially implemented, that 15 were still in "various stages of implementation and two (had) not been acted on."⁴² After 1976 the Commissioner did not report regularly on how many recommendations had been carried out but reported instead on persisting problems (like the one related to seniority rights in collective agreements discussed above).

An examination of the recommendations which were issued over the years finds several noteworthy similarities. Both the 1977 study of the St. Lawrence region and the 1981 study on the Atlantic region begin with a recommendation to amend the firm's policy statement to recognize equal status for both French and English. Other recommendations in common are those which direct the firm to assess its language capability as well as the needs of the community being served⁴³ Another repeated recommendation is the one which directs the firm to inform its workers properly of their obligations to provide service (or to communicate with fellow employees)

41 COL, Canadian National Headquarter -- Language of Work, (February, 1985), p 51 (Recommendation 6 and 29).

42 COL, Annual Report, (1976), p.85.

43 See Recommendation Nos. 3,4,5,6,12, 13 COL, Canadian National Hotels and Tower -- Language Audit (January 1986) and Recommendations 8, 9, 10, 14 COL, Official Languages Audit -- Canadian National (Atlantic Region) (October, 1981).

in the language of their choice. Appropriate provision of language training is another common source of recommendations.

In addition to recommendations, the Commissioner and CN have worked together to resolve the 626 complaints brought against the firm since 1969. The COL reported in 1977 that

In general, co-operation has been good for the simpler complaints, with the Corporation taking the necessary measures rapidly. However, results have been less positive with regard to more complex complaints about telecommunications and service on trains. The CN's performance is particularly disappointing with regard to telecommunications, and complaints concerning the slowness of service in French continue to accumulate.⁴⁴

By the 1980s, however, the COL was regularly observing that "CN's method of dealing with complaints is still too often burdened by a legalistic approach and slow-moving bureaucratic machinery."⁴⁵

b. Analysis

Evidence about CN's external actions is scattered and subtle but when added up is unmistakable. The firm's complaints and concerns about Bill C-72 are not those of an accepting firm. Nor would we expect to find that a fully committed firm was continuing to receive complaints about language of service two decades after it began implementation. The fact that the Commissioner has had to repeat recommendations in audits carried out several years apart is also indicative of a firm experiencing difficulty in implementation. In the Commissioner's words,

The company's failure to move ahead on this front seems in large part to be caused by a highly legalistic approach to the Official Languages Act: in other words, some effort to satisfy

44. COL, Annual Report, (1977), p 51

45. See, for example, COL, Annual Report (1985), p 81

the letter of the Act, but studious avoidance of a generous interpretation of its spirit.⁴⁶

B. CN's Position on the Response Continuum

It was suggested earlier that the possibility of regression on the response continuum must not be ignored. In the case of CN and Official Languages the chance that the firm's always-slow progress might have turned to slippage in the 1980s is quite possible. If there has been progress in the last few years it has been so slight as to be invisible to the external observer. At the same time, complaints and recommendations have continued to be received at a regular rate with few changes in their content. There is no substantive evidence that the firm has a greater commitment to the policy goals now than it did in the mid sixties. The number of dedicated staff has remained small and fairly constant and the policy has remained essentially unchanged. The fact that CN has a skeletal administrative structure in place, that it has delegated responsibilities, provides language training, has translated most documents and that it also has established policy committees (even though they have not been active) suggests that the firm has at least advanced to Stage Two on the continuum. On the other hand, CN's corporate administrative unit is not capable of sophisticated planning or data analysis. control and accountability mechanisms appear weak or non-existent. policies had not been updated in over a decade, reporting is perfunctory, and the firm has a weak record on both internal and external communications. Finally, the evidence with respect to measurable input

⁴⁶ COL, Annual Report, (1981), p 117

TABLE 4.2: CN -- EVIDENCE OF RESPONSIVENESS TO OFFICIAL LANGUAGES POLICY

Components / Response	Resisting	Neutral	Accepting
<u>1. Management Statements:</u>			
a. annual Reports--			
-regular report but not openly supportive		X	
-repetitive content not indicative of progress		X	
b. policy statement--			
-issued 1965-66			X
-no amdmts. after 1977	X		
-qualified in all areas	X		
-no accountability	X		
-no participatory mechanisms	X		
<u>2. Structural Changes:</u>			
a. skel. admin. structure	X		
b. no planning, target setting, etc.	X		
c. committee not operative		X	
d. one general mailing		X	
e. data collection & analysis inadequate	X		
f. first report 1977	X		
<u>3. Measurable Output:</u>			
a. slow to resolve cont'd complaints	X		
b. many repeated recommendations	X		
c. no visible sustained progress on participation or language of work	X		
<u>4. External Actions:</u>			
a. some evidence of opposition to new initiatives	X		
<hr/>			
Total Score:	12	4	1
[Weighted Score = 3]*			
*Note: Negative responses = 0, Neutral responses =			
Positive responses = 1			

is sparse and conflicting. By 1987 some improvements were apparent in communicating with the public in their language of choice but many problems remained. Complaints were still being received even when the firm had reduced its public contact positions drastically. Some improvements were also apparent in participation rates for francophones although little change was noticeable in the 1980s. Taken together, it seems fair to conclude that CN has not fully institutionalized the policy

and has some distance to go before this has happened meaning that it has not moved much beyond Stage Two on the continuum.

C. CN's Responsiveness

a. Accepting and Resisting Responses

In CN's case it seems fairly clear that we are not dealing with a firm that has been very accepting of this policy area. The basic reason for believing this is that CN remains around Stage Two on the response continuum after almost two decades of intense legislative and regulatory activity. As Table 4.2 shows, resisting responses far outweigh the other two in every response category.

TABLE 4.3. CN -- RATE-OF-EVENTS CALCULATION (base year 1963)

<u>Event:</u>	<u>Description:</u>	<u>Year:</u>
Event 1	First formal policy	1966
Event 2	First mention in Annual Report	1970
Event 3	Full-time position assigned	1972
Event 4	First Official Languages Report	1977
Event 5	Basic Translation complete*	1980
Event 6	First positive evaluation by COL two years in a row	1974

*Estimated from COL's Annual Reports

b. Timing of Response

What is known about CN's early responses (indicated in Table 4.3) should not be considered indicative of an accepting philosophy on the part of the firm. Rather, it must be speculated that CN was simply exhibiting anticipatory behavior (based on long experience with the government). An alternative view is that CN was initially accepting of its

responsibilities in this policy area until it became apparent that it would have difficulty complying with the Official Languages Act.

TABLE 4.4: CN -- POLICY MANAGERS' ASSESSMENT ON FIRM'S RESPONSE

	<u>Response:</u>
1. <u>Need for a Greater Response:</u>	
-critical	
-moderate.....	X
-minimal	
-none	
2. <u>Recognition of Policy Needs:</u>	
-limited	X
-management only	
-all firm	
3. <u>Policy Formalized:</u>	
-informal	
-in specific areas.....	X
-institutionalized	
4. <u>Explicit Responses Implemented:</u>	
-none	
-limited response and resources	
-response in several areas, adequate resources	
-major effort, significant resources ...	X*
* "Considerable resources"	

c. The Manager's Assessment

Although CN has been active in this policy area for more than twenty years, at the time of the interviews the manager felt the need for a greater response was moderate and recognition of policy needs was thought to be limited to a few individuals within the firm.⁴⁷ At the same time, the firm's response was assessed as major -- employing "considerable" resources. This evaluation (which is presented in Table 4.4) conforms

47. This contrasts with then President Bandeen's assertion to the Joint Committee that, "CN has done an outstanding job in adopting the use of both languages across the country" Minutes of the Special Joint Committee on Official Languages. Issue No. 16, (1981), p 16 29

closely with that of the COL, who has called annually for a greater response on CN's part, and who has noted that management seems to communicate most effectively with itself in this policy area. How "major" the firm's efforts have been, and how substantial its budgetary commitments, is very much an open question since CN has not been very forthcoming with information to support its assertions.⁴⁸

We shall consider CN's responsiveness further at the end of the Chapter when the above findings are compared with those for Air Canada and Petro-Canada. For the moment, when we combine what is known about CN's policy response with the above information about the firm's responsiveness, concluding that CN has not been an effective agent of Official Languages policy seems entirely justified.

D. The Search for Explanations -- the explanatory variables

A Discussion

CN faces some unusual difficulties in responding to the federal official Languages and these should be noted at the outset of any discussion about the firm's responses and responsiveness in this policy area. First, in 1969 when the Official Languages Act was passed, CN's management was largely anglophone and the language of work was (and often continues to be) English even in those locations where French is the

⁴⁸ It should be noted that Committee members have avoided directly requesting cost information in this policy area presumably because of the political sensitivity of such information but also because of the cost involved in making such a determination. In the current situation such a request might also be reasonably deemed unwarranted meddling into the affairs of an "arms length" institution.

language of the majority of the population.⁴⁹ The historical dominance of English-speaking employees at every level of this large organization is one thing which has made CN's task in implementing the federal Official Languages policy particularly difficult. Another thing which has hindered the speed of implementation in this policy area is the fact that CN's collective agreements at the time the Official Languages Act was passed contained provisions which entitled workers with seniority to select the locations in which they would work. Senior employees (who continue to be predominantly anglophone) have traditionally chosen to work in those regions of the country where there is the greatest demand for services in both languages (that is, the routes between Ottawa-Montreal-Toronto). Negotiating the necessary changes to collective agreements has been hindered by a third characteristic of the firm -- the fact that it has been engaged in massive downsizing exercises, meaning that the work force has contracted from about 84,000 workers in 1969 to approximately 48,000 in 1988. This has meant that CN has not been able to increase the proportion of francophones through hiring and has also had to be careful not to antagonize its workers by in any way jeopardizing (or even appearing to jeopardize) their vested seniority rights.

CN's obligations under the Official Languages Act have also lessened since 1969 because, in the process of consolidating and focussing on its primary business of rail transport, the firm has also shifted away from

49. Since no data are available on francophone participation rates until 1977 -- and then only partial data -- we must accept the observations of the CN's policy manager and the representative from the COL's office on this point. During interviews both indicated that CN was "predominantly an Anglophone firm" prior to the Official Languages legislation.

activities involving service to the public.⁵⁰ With the sale of CN Hotels to CP in January 1988 the firm has effectively eliminated almost all of its obligations to serve the travelling public in both official languages.⁵¹ Public contacts in the future will be primarily with suppliers and transport clients. In contrast, in 1969 (and for some years thereafter) CN operated a passenger train service (and later supplied workers to VIA), a marine transport service, telegraph services, and hotels.

TABLE 4.5: CN -- MANAGER'S ASSESSMENTS OF EXPLANATORY VARIABLES

<u>Variable</u>	<u>Manager's Assessment:</u>
Mandate	none
Geographic Location	moderate
Size of Firm	minimal
Profitability	none
Type of Business	minimal
Organizational Dynamics	strong
Government Controls	moderate
Public Pressure	minimal

With these attributes of the firm in mind, let us consider how the policy manager assessed the eight explanatory variables described in

50 To cite CN's then president R A. Bandeen before the Joint Committee in 1981: "In this area (language of service) we are reduced, if you wish, in the amount of contact we have with the public. The biggest part of our business is freight, and that is a minimum amount of contact with the general public in the movement of freight." Special Joint Committee of the Senate and the House of Commons on Official Languages, Minutes of Proceedings and Evidence, No. 16 (May 26, 1981), 16 29.

51 First, VIA was made a subsidiary and then became an independent crown corporation in 1977 but CN and CP jointly provided it with trainmen (who have gradually been transferred to the new corporation). As of January 1, 1980 CN merged into partnership with CP to form CNCP Telecommunications, and its relationship with that partly-owned subsidiary is at arms length given that it has its own President and Board. Then CN Marine, which had earlier been made a wholly-owned subsidiary, gained independent status on January 1, 1985.

Chapter Two (summarized in Table 4.5). First, the policy manager indicated that the firm took initiatives prior to the Official Languages Act but suggested that this came about as a result of public and political criticism of CN's inability to provide service in French. He also pointed out that CN's early actions were often intended to anticipate what the firm's CEO saw as inevitable and thereby maintain some control (or the illusion of control) over the situation. In other words, anticipation of the Official Languages Act as much as the Act itself, was thought to be a driving force in CN's early responses. Aside from this the policy manager believed that CN's behavior has been most affected by "internal dynamics" and to lesser extent by geographic factors. Union resistance, collective agreements, and instability have all acted as constraints on the speed and method of implementation. The policy manager did not believe that either the firm's mandate or its financial position had been particularly relevant in explaining CN's policy response. In other words, the policy manager was not aware of decisions being made based on the impact on the firm's commercial mandate or because of budgetary constraints. CN's large size was recognized as adding to the complexity of the firm's task in implementing policy measures; especially because of the many unions with which it has had to work. The fact that English had been the operating language for railroads across the country, and the fact that the Act does not apply to CP, has also been an impediment to progress. Public pressure, except in Quebec, was not perceived as a positive force.

b. Analysis

Organizational dynamics appears to have been by far the most important variable in explaining the speed and method of CN's policy response. From the outset there has been a weak internal support base for policy measures and this has been aided by restrictive collective agreements and established practices. Unions have been extremely resistant to any measures which might jeopardize the seniority system. Even though francophones are better represented at some levels now than in 1969, they are still under-represented in senior management and (it is estimated) in the firm as a whole. More importantly, there is no evidence that increased francophone participation amongst the executive and senior management has made much difference in how the firm has proceeded.

Of the external sources of pressure on the firm, government actions (whether actual or anticipated) have sometimes prodded the firm to respond but have not been important on an on-going basis. There is little evidence that the interjection of the COL or Treasury Board have made much difference in what CN has done. Nor does it appear that public pressure has been important -- except perhaps that the absence of public interest has enabled the firm to justify its slow response.

Finally, the fact that CN's headquarters are in Quebec and that much of its business is concentrated in the St. Lawrence Region has had a moderate impact on the firm's policy response. Its presence in Quebec, and the introduction of Bill 101, made the firm adopt French as the language of work in the province. The policy manager claims that the fact that it operates in all the "francophone regions" has made the task of implementation that much more difficult.

III. OFFICIAL LANGUAGES AT AIR CANADA

For those who have followed the evolution of Official Languages policy, mention of Crown corporations and official languages almost immediately conjures up an image of Air Canada. The behavior of this Crown corporation, more than any other, has been closely watched by the Commissioner and interested politicians because it serves so many Canadians across the country.⁵² Even those with only a passing knowledge of the policy area also know that Air Canada has been a target for criticism, especially in Quebec. Keith Spicer, Canada's first Commissioner of Official Languages, contends that "the highly-publicized struggle to develop Air Canada's bilingual capacity" has made it "the most powerful symbol of success of the whole program of linguistic equality" for French Canadians⁵³. While this may overstate the significance of Air Canada's role in this policy area, it is clear that more is expected of it than of the other Crown corporations.

It is Air Canada's obligation under Section 10 of the Official Languages Act, to provide services in both official languages to members of the travelling public which makes the firm's behavior so important and which makes it so susceptible to criticism. Spicer believes this obligation "echoes the principle that Canadians should feel at home anywhere in Canada -- and indeed anywhere their government operates aircraft, hotels, embassies or offices abroad" -- something which was "a

52. Some 11.3 million in 1986.

53. Keith Spicer, "Will Air Canada crash on language?", Ottawa Citizen, (July 8, 1987), p A8.

vital concern" in the sixties and which "should be taken for granted now."⁵⁴

In 1969 Air Canada was a predominantly anglophone firm. Even though its headquarters were in Montreal, the firm's language of operations was English. In statements before the Joint Committee the company's executive officers have pointed out that English was (and is) the technical language in the industry and that it has also increasingly become the language of communication among airline travellers.⁵⁵ The company has therefore had to be careful to maintain its services in English while, at the same time, ensuring that its ten percent (over one million) francophone passengers are served in French. In these circumstances it has been much more efficient for the firm to have bilingual than unilingual employees which has, in turn, required large investments in language training.

A. Air Canada's Policy Response

1. Public Statements

a. Discussion

Between 1969 and 1985 Air Canada mentioned Official Languages eight times in its Annual Reports, with the first reference occurring in 1972. With one exception the firm simply reported on its activities and offered neither support nor criticism for the federal government's Official Languages policy. In 1976 the firm expresses its "sincere intent to do

54. Ibid.

55. In 1987 Air Canada reported that its own in-flight surveys found that about 90 percent of their passengers listed English as their primary language.

its part in respecting the status of Canada's two official languages"⁵⁶ which is viewed as a weak endorsement of the policy for the purposes of this study.

The references in the Annual Reports from 1972 to 1976 provide considerable detail about structural changes within the firm. In 1972, for example, the firm reports on continued language instruction, the formation of a special committee, successful negotiation of a binding supplement to the collective agreement which effectively endorses the Official Languages objectives, and on translation efforts. In 1973 the firm reports that "precise implementation guidelines" have been developed and widely discussed and that planning has been strengthened. In 1974 the brief reference mentions language identification for all management and clerical positions. In 1976 Air Canada announced that it had "expanded its language training and translation programs to broaden the base for extended use of the French language in the administration of the Corporation and as a language of work."⁵⁷

In the later references to Official Languages there is a greater emphasis on policy outputs than on internal changes. For example, the 1978 Report refers to language of service issues as well as advances in recruiting bilingual employments. Similarly, in 1980 the firm mentions that it has filed a "comprehensive report on the company's progress," and that it had established bilingual counters at 13 airports. It also reported that translation of signage was complete and that all materials

56. Air Canada, Annual Report, (1976), p 9.

57. Air Canada, Annual Report, (1976), p 9.

At Air Canada's appearance before the Committee in 1985 the new President (M. Pierre Jeannot) followed precisely the same format and made the same points without actually supporting the policy. M. Jeannot concluded his remarks by admitting that the firm may "have stalled a little bit, because of our lack of ability to hire and modify our work force, but we have not retreated."⁶¹ Finally, in the 1987 appearance M. Jeannot's opening statement to the Committee is less defensive in tone and is more positive with respect to the firm's achievements. He recognizes that Air Canada has "a social responsibility to make a daily reality of a bilingual Canada" and also states a little later,

In pragmatic terms, while our commitment is derived from a strong social belief in the equality of both languages and equal opportunities for all Canadians, we have also determined that bilingualism makes good commercial sense.⁶²

Air Canada adopted its first Corporate Languages Policy in 1972 and it was formally revised in 1977, 1978 and 1984. The 1977 amendment added language of work objectives, in 1978 increased participation was incorporated, and in 1984 the policy was amended to include stronger hiring guidelines. Even before the 1978 changes, the Commissioner described the firm's policy as "well-thought-out."⁶³ From the outset Air Canada has adopted the definition of "significant demand" as "wherever Air Canada passengers fly to, whatever airplane they are on, whatever station they are at on our system."⁶⁴

61. Joint Committee, Ibid, (June 4, 1985), p 14 4-8 and 14 28.

62. Ibid., p.15.6.

63. COL, Annual Report--1975, p 75.

64. Statement by C. Taylor to the Joint Committee on June 4, 1981, p 18 14.

Air Canada's present policy (amended last in 1984) is presented in a 20-page document. The policy is broken down by major subject area and implementation guidelines are provided for each. The purpose of the policy, as it is set out in the Preface to this document, is to ensure "that Canadians of both official language groups can feel at home with their own airline anywhere in Canada, and in all those countries abroad served by Air Canada."⁶⁵ In addition, the policy is intended to ensure "that all employees can conduct personnel matters in the language of their choice and, in certain locations, work in either English or French."⁶⁶

Unlike CN which has not accepted the concept of bilingual position identification, it is Air Canada policy that all positions in the Corporation be identified in terms of language requirements. As indicated above Air Canada has an unrestricted policy on providing services to the travelling public in both languages. The firm also undertakes to provide service in both languages to the general public at all locations in Canada and "elsewhere where there is a significant and regular demand."⁶⁷ It is also Air Canada policy that the languages of administration and personnel services be both English and French.

The firm has approached the language of work issue in a more restrictive way. The general policy states that "the languages of work within the Corporation are to be both English and French."⁶⁸ However, French is specified as the language of work in the Eastern Region

65. Air Canada, Corporate Language Policy, (October, 1984), p 1

66. Ibid.

67. Air Canada, Ibid., p 13

68. Ibid., p 16.

(Province of Quebec) and at the Dorval/Mirabel In-flight Service Base while English is to be the normal language of work at all other locations in Canada, except Ottawa/Hull and Moncton where both languages may be used. It is recognized that "much of the day-to-day work is likely to be done in English as bilingual capability is progressively increased."⁶⁹

Finally, it is Air Canada policy that "employees of both Official Canadian language groups are to be equitably represented at the various levels and locations of the Corporation within Canada."⁷⁰ Where there are imbalances "special efforts" must be taken to overcome the problem. Responsibility for all of the above rests with local management.

b. Analysis

While Air Canada has not expressed strong support for the Official Languages policy in its public statements, it provided regular progress reports when it was in the planning and development stages of policy implementation. Air Canada has also formulated a comprehensive policy statement which closely conforms to established government policy and expresses a generous/progressive interpretation of the firm's obligations. Aside from this, the fact that the policy includes detailed implementation guidelines and includes policies on both language of work and equitable participation is viewed as indicative of advanced implementation. The things which are missing from Air Canada's policy are measures of accountability and participation at the worker level. Also noticeably

69. *Ibid.*, p.16.

70. *Ibid.*, p.18.

absent is any mention of assisting the Official Languages Commissioner or the need to prepare and file regular reports.

2. Structural Changes

a. Discussion

As the excerpts from Annual Reports suggested Air Canada moved quickly following the introduction of the Official Languages Act to set up an administrative unit to handle the firm's response to Official Languages policy. By 1987 the Corporation's administrative structure for Official Languages appears to be well established and extensive. As of October 1986 Air Canada had two positions which were to be filled by Language Policy Specialists (although only one was filled). This position reports to the Manager, Linguistic Affairs who in turn reports to Air Canada's Corporate Ombudsman (who is also the Director, Human Rights and Language Policies). In other words, Air Canada not only has policy specialists in place but also has a complex administrative apparatus providing support to these individuals. This organization reports directly to the Senior Vice-President, Corporate and Human Relations. In addition to the approximately 28 individuals attached to Linguistic Affairs at headquarters, there are also regional and branch official language coordinators as well as people involved in language training.⁷¹ Linguistic Affairs is responsible for formulating corporate language policies, overseeing implementation, and providing language training,

71. At one point in the interviews a figure of 48 people dedicated to Linguistic Affairs was mentioned but time constraints made it impossible to determine precisely where these individuals were or what percentage of their time was spent on this function.

translation and terminology services. As mentioned Air Canada's annual budgetary allocation for Official Languages has been approximately \$2 million in recent years.

Aside from regular meetings of the language coordinators, the Vice President, and the General Managers to review the firm's performance, there is also a Committee of the Board of Directors which considers this policy area. First referred to as the Bilingualism Committee, it then was renamed the Social Responsibility Committee. At one time this committee met regularly to oversee the firm's progress in this policy area, but these meetings occurred much less frequently from the mid 1980s on and had not met at all for at least one year prior to the interviews in late 1986 and 1987.

The firm has been preparing annual plans in this policy area since 1969. Formal plans were submitted to the Minister of Transport(MOT) beginning in 1978. In addition, Linguistic Affairs prepares a report on implementation twice a year for executive management, the official language coordinators, as well as the airport, reservations and sales office managers. Internal audits have also been carried out on several of the firm's operations. Finally, the firm conducts surveys to determine the level of customer satisfaction with the services which are provided.

An integral part of Air Canada's strategy is to make local management responsible for implementing the firm's Corporate Language Policy. In addition, branches are "required to set up their own systems to monitor their own performance against objectives."⁷² Since the

72. Air Canada. Corporate Language Policy, p 19, subsection 9.4.

effectiveness of self-evaluation is very dependent on a good communication system and real commitment by local managers -- both of which the Commissioner feels are weak -- there is reason to suspect that there is insufficient accountability in this policy area.⁷³ In recognition of this fact a decision was made, at the end of 1987, to increase the number of staff at the Official Languages Branch (headquarters) so that performance could be more readily monitored.⁷⁴

Air Canada has had little choice with respect to public disclosure. The firm's three appearances before the Joint Committee (in 1981, 1985 and 1987), considerable media attention, and the Commissioner's vigilance have meant that there is more information about Air Canada's Official Languages response than about any other federal organization. A contingent of senior executives has answered very detailed questions from members of the Joint Committee about most aspects of the firm's operations and policy responses in each of the three Committee appearances. Where it has had more control -- internal communications -- Air Canada appears to have made a substantial effort to collect information and communicate with workers. Despite the firm's efforts, however, in each of his recent Annual Reports the Commissioner has complained that communications must be ineffective since workers have not been carrying out policy directives.

While it is difficult to reconstruct the response of employees to this policy some two decades after it was introduced, the many references to employee resistance in the Commissioner's Annual Reports provide

73. For a discussion of weak management commitment and inadequate communication see, for example, COL, Annual Report, (1986), pp.72-73.

74. COL, Annual Report, (1987), p.78.

adequate evidence that this was a problem.⁷⁵ In addition, this was verified in discussions with a representative of one of the airline unions. Another strong indication that employees have been resistant is the fact that Air Canada continues to receive a large number of language of service complaints each year. This is hardly surprising: the language of communication in the airline industry in 1969 and now is primarily English. Air Canada was a predominantly anglophone firm in 1969 and its workers recognized that they would inevitably be affected by the Official Languages Act. When confronted with employee resistance in the early seventies, the firm held meetings with the airline unions, published information in the internal newsletter, horizon, and began providing extensive language training options. Since then it has continued its efforts to keep its workers fully informed about policies. Despite all of this information, the continued complaints and assessments of the COL suggest that there is still a problem. More than any other complaint the COL has with the firm, its inability to obtain commitment among lower level managers and workers has been of greatest concern. Starting in the 1973/74 Annual Report, the COL argued that instilling "a more positive attitude" in Air Canada's employees was essential if the firm was going to be able to fully implement all recommendations.⁷⁶ In

75. Just a few quotations from recent Annual Reports help to make this point. In 1987 we find the following "(Air Canada) still needs to find appropriate solutions to the problems of actively offered service and the attitude of some employees toward passengers wishing to be served in French" (p 76), in 1986 "A continuing, more active effort is also needed to make agents more aware of passengers' language rights: many of the infractions brought to our attention were the result of employee forgetfulness or negligence," also in 1986: "Staff at airports and city sales offices rarely comply with corporate directives on bilingual greetings. This situation appears to stem from a lack of conviction on the part of management, which is somewhat less than enthusiastic about enforcing its directives" (p 72) Finally, in 1983: "In too many cases, these complaints reveal an elementary lack of courtesy toward Francophone passengers: an attitude the Corporation should deal with very firmly indeed" (p 73)

76. COL, Annual Report, (1973-74), p 66

1975 the Commissioner called for "clear unapocalyptic information to staff about their obligations to clients."⁷⁷ Again in 1980 the COL commented that Air Canada needed to "provide its employees with better information on the procedures to be followed in dealing with clients and insist they be fully respected."⁷⁸ Finally, in 1986 another call was made for better informed managers and stricter controls.⁷⁹

To summarize, rather than a lack of information for workers in this policy area it appears that Air Canada suffers from an absence of the "right kind of information." In other words, it appears that the underlying message managers are receiving is that this policy does not have the priority that the Commissioner believes it should. To quote the Commissioner, Air Canada has "put in place the systems and controls it needs to comply with the Official Languages Act" but "where the human element comes into play matters are somewhat more complicated."⁸⁰

b. Analysis

The above discussion has attempted to tell the story of a firm which has made all the right moves to implement Official Languages but has met with only limited success. There are individuals fully-dedicated to the function at corporate headquarters and responsibilities have been delegated appropriately to operational levels. Rules and guidelines have been formulated and communicated throughout the organization. Committees review the implementation process and file reports regularly. Adjustments

77. COL, Annual Report, (1975), p 58.

78. COL, Annual Report, (1980), p 90.

79. COL, Annual Report, (1986), p.71

80. COL, Annual Report, (1982), p 80.

are made in response to the Commissioner's recommendations. Despite all of this those responsible for the policy have not succeeded in convincing workers that it is in their own best interests to comply with implementation guidelines. We must speculate that the reason for this lies with the policy itself and must assume that more than communication and controls are needed to implement Official Languages policy.

3. Policy Output

a. Discussion

The consistently large number of language of service complaints received against Air Canada (Table 4.6) suggest that the firm's performance in this area is less than perfect. Of the language of service complaints, the largest number typically have to do with ground or airport or in-flight services. The fact that Air Canada still did not meet its own minimum bilingual standards in 13 of the 31 airports it served in 1986 is undoubtedly a contributing factor⁸¹ (See Table B10, Annex B). The Commissioner's investigators have also found that workers seem to be either unwilling or unable to search out a bilingual employee (quickly enough) to provide adequate levels of service in many areas of the country. Even though 60.3 percent of in-flight employees and 46.2 percent of passenger agents were bilingual in 1985 numerous complaints continue to be received.

81. Air Canada has determined the number of bilingual employees required to provide effective bilingual service for each airport across Canada. For example, in Vancouver 24 of the 119 airport employees should be bilingual. In Ottawa, all 87 airport employees should be bilingual (Based on 1985 standards).

3

MicroD

TABLE 4.6: OFFICIAL LANGUAGES -- COMPLAINTS AGAINST AIR CANADA

Year / Complaints	Number	Air Canada's Rank	Total Instit. Included	No. for all Instit.	Subject of Complaint:		
					Language of Service	Language of Work	Report Card:*
1970-71	13	1	71	105	..	..	..
1971-72	30	5	71	611	..	..	..
1972-73	66	2	71	834	..	..	negative
1973-74	117	2	83	1441	..	..	negative
1975	63	2	91	761	..	..	positive
1976	82	1	103	773	..	..	negative
1977	85	2	104	947	..	..	negative
1978	91	2	123	966	..	..	neutral
1979	153	1	137	1118	..	..	positive
1980	159	1	137	1534	..	..	positive
1981	130	3	138	1554	108	22	neutral
1982	140	1	92	1337	121	19	neutral
1983	160	1	100	1209	141	19	neutral
1984	152	1	..	1421	114	38	neutral
1985	130	1	60	1080	132	4	positive
1986	317	1	50	3847	308	9	neutra

* In the first few years the COL prepared a report of this sort and the first evaluations are taken from that. Thereafter, the scores are simply my own assessment of the tone of the COL's Annual Reports.

The firm also suffers from regional disparities in its ability to provide bilingual service. Its bilingual capacity is much weaker in the Atlantic, Central and Western Regions than in the Eastern Region (Quebec and Ottawa District). Francophone participation in the former regions is very weak (about 2% overall in the West and Center and about 10% in the Atlantic). (See Table B7, Annex B.)

By its own admission Air Canada still has some distance to go before both languages are used routinely in the designated bilingual areas. Even in Quebec, which has by far the largest proportion of both

francophone(75%) and bilingual employees, "it has been difficult to introduce French as the language of work."⁸² The explanations for this -- low representation at management levels, historical precedence, employee resistance, and the use of English in the industry -- are readily admitted by Air Canada but no short-term remedies have been suggested. If the solution to this problem lies in increased francophone participation, Air Canada's ability to deal with this problem may be limited (both in the short-and the long-run.) Adding (as it has since 1980) about .1 percent (or 25 employees) to its francophone contingent each year will certainly not help.⁸³ Nor did setting a goal of 25 percent of the work force for 1986; which it failed to meet. This situation is not likely to change unless the pace of growth in francophone participation is increased significantly. Even with an aggressive policy in place the firm will continue to be severely constrained by labor force availability in various locations and by its own inability to increase francophone and bilingual participation by hiring.

The COL has also taken the position that improvements in both language of service and work will be positively affected as more francophones are represented amongst senior and middle management. The fact that Air Canada has had at least seven francophones among the company's executive officers since 1981 (including the CEO) has apparently made little difference. If their presence had made a difference we might have expected to find such things as more attention to the policy in

82. COL, Annual Report, (1986), p.72

83. Francophone representation was 21.6 percent in 1986.

Annual Reports, the reconstitution of a Corporate-level Committee, or much greater efforts towards communicating with workers and managers. In contrast, there has been no noticeable change in Air Canada's pace and direction over this time period and, if anything, attention to Official Languages has waned somewhat following 1982. Indeed, those interviewed within the firm agreed with representatives from the COL and Treasury Board that the pace of implementation may actually have slowed in the eighties at Air Canada.⁸⁴

Using Air Canada's record on complaints as an evaluation tool is potentially very unfair because even though the firm has consistently been responsible for about 10 percent of all complaints received on Official Languages, some consideration must be given to the fact that the firm also serves approximately 11 million passengers in 41 cities and 16 countries each year. In light of this 100 plus complaints per year seems small. The point that should be made, however, is that Air Canada's own performance on this variable, compared only with itself, has shown not even the slightest improvement.

One regular source of complaints is the minority press which keeps a careful watch on the corporation's advertising budget. Each year Air Canada spends what we may assume is a substantial amount advertising in newspapers and magazines. The minority press in Quebec wishes to ensure that it gets its share of this advertising budget and has made a point of keeping track of all instances when Air Canada advertises only in English-language publications. In light of this Air Canada increased its budget

84. Francophones in management increased from 15.7 percent in 1980 to 18.9 percent in 1985

for minority press advertising in 1987 to \$70,000 (compared to \$23,000 in the previous year). This action followed the receipt of about 100 complaints on this in 1986. In response to questions about the firm's minority advertising policy from members of the Joint Committee, the CEO explained that fluctuations in advertising budgets⁸⁵ were dependent on "what we have to advertise and the market we are aiming at."⁸⁶ To put the \$70,000 figure somewhat in perspective, at another point in the Committee hearing the CEO estimated the Quebec francophone market to be worth about \$500-\$600 million per year in revenue.

Finally, it is evident that the Commissioner has taken Air Canada's particular situation into consideration when writing his yearly report. A completely subjective review of these annual renderings suggests that the COL has become less negative about the firm's performance, while falling somewhat short of praise. A representative of the COL put it this way:

We are among the first...to recognize that Air Canada is a very complex, commercially-oriented institution with a traditional anglophone bias and a large publicly oriented and unionized personnel...I think it is fair to say that, during the relatively good years when their work force was expanding, their progress was quite remarkable, and we were among the first to congratulate them. However, like many other institutions, they are now suffering from a situation of budgetary constraint and a relatively reduced work force. I think it is clear from our report that the linguistic performance of Air Canada has suffered, in our minds, relative to its previous performance.⁸⁷

85. \$68,000, \$73,000 and \$23,000 in 1984, 1985 and 1986, respectively.

86. Pierre Jeannot in April 15, 1987 appearance before the Joint Committee, p.15:29.

87. Stuart Beatty (Director, Policy Analysis and Liaison Branch, Office of the Commissioner of Official Languages) in appearance before the Joint Committee on 4 June, 1985, p 14:27.

b. Analysis

No one, including the Commissioner, would dispute the fact that Air Canada has made some measurable progress toward the goal of linguistic equity. If we simply use the Commissioner's Annual Reports as a source of information and compare the situation in 1987 with that in the early seventies we find that virtually all in-flight announcements are now made in both official languages, we find that the airline has established bilingual counters at airports, documents and official publications are now translated and signage is bilingual. Air Canada has also succeeded in increasing the percentage of francophones from 19.4 percent in 1978 to 21.9 percent in 1986 and in 1984 43 percent of its work force was bilingual. On the other hand, Air Canada almost always ranks first or second among all federal organizations for complaints received. Many of those complaints continue to be about failure to provide or offer service in French. The firm has also only been able to increase its francophone participation rate about .1 percent (or by about 22 employees) per year. Despite major efforts in language training and significant increases in the number of bilingual employees (for example, in 1983 560 employees took French courses and in 1985 the firm hired 196 new bilingual flight attendants) Air Canada still appears to have problems getting its employees to offer service in both languages.

4. External Actions (Legal and Political)

a. Discussion

(1) Air Canada and the Law

As indicated above Air Canada adopted a broad and generous interpretation of its obligations with respect to language of service from the time the Official Languages Act was proclaimed. The firm decided from the start that it would provide services to the travelling public in both languages wherever it operated. It also decided that it would make every reasonable attempt to provide such services to the general public.

Air Canada's position with respect to language of work has, however, been more constrained and has brought the firm and its employees into the Courts. What was at stake in these cases was the right of francophones to speak French (or their language of choice) in the cockpit of airplanes and work in French in the maintenance yards in Quebec. In the 1976 case of the pilots the Superior Court of Quebec found in favor of the Pilots and ordered Air Canada to produce a French lexicon for use in the flight deck.⁸⁸ The defendant (Air Canada) was also ordered to allow the pilots to use French as a language of work, and, more specifically, to allow them to use French in the cockpit except when for safety reasons there was a need to use one commonly understood language.⁸⁹ Air Canada appealed to the Quebec Provincial Appeals Court which handed down a decision on February 16, 1982 which "in effect removed the jurisdiction of language in the air from the Official Languages Act and placed it with the Department of

88. *Joyal v. Air Canada*, 1976 C.S. 1211 (Justice Deschênes).

89. Information provided by Air Canada as an enclosure to a letter dated December 20, 1988 addressed to C. Hannah from Lillian Yeoman, Manager, Linguistic Affairs.

Transport."⁹⁰ The effect of this case is that French continues to be used in the cockpit. The case of the 200 mechanics at the Montreal maintenance yards was originally brought before the Quebec Superior Court in February 1977 and is now before the Quebec Court of Appeal. In this case the plaintiffs complained that working manuals were in English only despite the fact that a third of the labor force was French.⁹¹ In this case the lower court (LeGault decision) ruled that Air Canada had to undertake job card translation which the firm contends is very difficult and costly because the vocabulary does not exist and there is a 70 percent revision rate.⁹² In both of the above cases Air Canada cited its concern for safety as a first priority and in both the airline has pursued the matter to the highest possible authority.

(2) Air Canada and the COL

Air Canada has been the subject of more than ten Audits and Special Studies by the Commissioner of Official Languages. The COL's office issued hundreds of recommendations over the period from 1969 to 1986. Many of the early recommendations had to do with such basics as bilingual signage and printed material.⁹³ More recent recommendations (for example, those in the 1983 study of service to the public and training) have to do with setting specific objectives, evaluation, accountability, and so on.⁹⁴

90. Ibid., p.4.

91. Ibid., p.6

92. Air Canada v Joyal et al., C A 500-09-01018-761.

93. COL, Study of London and Paris Airport, (January, 1972).

94. Office of the Commissioner of Official Languages, Official Languages Audit--Air Canada, (February, 1983), recommendations 1, 2, and 3.

Many recommendations were repeated in one study after another and, in the early days especially, Air Canada took several years to respond. For example, in his 1976 Annual Report the COL noted that about half of the recommendations made in four studies conducted between 1970 and 1972 had been carried out.

b. Analysis

Air Canada has responded to all of the Commissioner's attention and to its legal problems by continuing to push forward to implement the Official Languages policy. No one who has read the Commissioner's Annual Reports each year would doubt that Air Canada has been the Commissioner's cause célèbre nor would any careful reader doubt that this state enterprise has made real progress. When we consider the extent of the COL's interest and the attention of the media and the Joint Committee, it is clear that Air Canada's situation with respect to Official Languages policy must be treated as a special case. In other words, if attention makes a difference, then Air Canada -- more than any other state enterprise -- should have succeeded in implementing this policy. On this basis it might legitimately be argued that the standards which we set for Air Canada should be higher than those for other firms because the expectations have always been greater and it has "benefitted" from lots of exposure.

B. Air Canada's Position on the Response Continuum

The examination of Air Canada's implementation measures found that the Official Languages policy has been almost institutionalized. With some notable exceptions -- lack of an adequate control and accountability

system and effective communication mechanisms -- Air Canada has most of the mechanisms in place to enable the firm to at least meet its own policy objectives. While these are marginally less demanding than what is envisioned by the COL, they would (if achieved) more than satisfy the requirements of the law.

However, the analysis of Air Canada's policy output suggests that the firm has not reached the point of full implementation because, quite simply, it is not meeting its legal obligations. While slight fluctuations over a number of years may be expected, in Air Canada's case it has failed each year to consistently provide service to the travelling public in both official languages. The strongest evidence of this is found in the complaints which continue to be received and in the observations of the Commissioner of Official Languages whose desk officer interacts with the firm on a daily basis. Another notable problem with Air Canada's implementation efforts to date is that they do not appear to have succeeded in engendering the commitment of workers to the policy objectives. This, we argued earlier, is presumed to be a crucial ingredient of successful implementation for any of the policy areas. This point will be examined more closely in the next sections.

To summarize, from the scattered evidence available it would seem that Air Canada should be placed somewhere between Stage Two and Stage Three on the implementation scale; probably a little closer to the latter than the former. Ultimately, it must be concluded that apparently sound policies and procedures -- with difficulty achieving sustained measurable progress -- mean that something is wrong somewhere. The foregoing discussion has suggested that Air Canada's problem does not lie with the

mechanics of policy implementation but with the attitudes of the people who must operate the policy machinery -- Air Canada's employees.

TABLE A 7: AIR CANADA -- EVIDENCE OF RESPONSIVENESS TO
OFFICIAL LANGUAGES POLICY

Components / Response	<u>Resisting</u>	<u>Neutral</u>	<u>Accepting</u>
1 Management Statements:			
a annual Reports-- regular report but not openly supportive		X	
b comprehensive content indicative of progress			X
b policy statement-- -issued 1972		X	
-amended regularly			X
-generous interpretation of service but otherwise qualified		X	
-no guaranteed partici- patory mechanisms	X		
-no visible account- ability measures	X		
2 Structural Changes			
a fully-staffed admin structure			X
b comprehensive planning target setting, etc			X
c committee not operative		X	
d policy sent to employees when amended			X
e data collection comprehensive			X
f first report only 1977	X		
3 Measurable Output:			
a cont'd high volume of complaints	X		
b many repeated recommendations	X		
c no visible sustained progress on part or language of work	X		
4 External Actions:			
a some evidence of opposition to new initiatives	X		
Total.	7	1	6
[Weighted Score = 3]			

C. Air Canada's Responsiveness

a. Accepting versus Resisting Responses

The fact that Air Canada has almost reached the point of having fully institutionalized the Official Languages policy might lead us to assume that we are dealing with a firm which is accepting of its obligations. However, the point was made earlier that it may be appropriate to treat Air Canada as a special case. When Air Canada's responses are tallied in Table 4.7 the firm comes out almost even on accepting and resisting responses. In other words, in this case the evidence suggests that Air Canada has adopted a pragmatic view of the policy -- do what must be done -- but is neither an advocate or a critic.

TABLE 4.8: AIR CANADA -- RATE OF EVENTS CALCULATION
(base year 1963)

Event:	Description:	Year
Event 1.	First formal policy	1972
Event 2.	First mention in Annual Report	1972
Event 3.	Full-time position assigned	1970/e
Event 4.	First Official Languages Report	1978
Event 5.	Basic Translation complete*	1982
Event 6.	First positive evaluation by COL two years in a row	1979

*Estimated from COL's Annual Reports.

b. Timing of Response

Despite numerous "accepting responses" the timing of Air Canada's responses (see Table 4.8) is not suggestive of an accepting firm (that is, the firm generally responded after its obligations were clarified by law or a policy pronouncement). Later in this Chapter we will consider

whether Air Canada's responses have been more or less timely than the other two firms in this study.

TABLE 4.9 AIR CANADA -- POLICY MANAGERS' ASSESSMENT ON FIRM'S RESPONSE

	<u>Response:</u>
1. <u>Need for a Greater Response:</u>	
-critical	
-moderate	
-minimal	
-none	X
2. <u>Recognition of Policy Needs:</u>	
-limited	X
-management only	
-all firm	
3. <u>Policy Formalized:</u>	
-informal	
-in specific areas	X*
-institutionalized	
4. <u>Explicit Responses Implemented:</u>	
-none	
-limited response and resources	
-response in several areas, adequate resources	
-major effort, significant resources	X

*Air Canada's managers were unclear about this question and the above response was given tentatively after the interviews.

c. Management's Assessment

As indicated in Table 4.9, those interviewed were satisfied with Air Canada's response to the government's official languages policy. In seeming contrast to this Air Canada's president, Pierre Jeannot concluded a 1987 appearance before the Joint Committee by admitting that, although the firm has made progress, it was "below minimum in certain parts of the country..."⁹⁵ Presumably the policy managers were indicating that the firm's basic policies are sound, while the CEO was directing his attention

95 Pierre Jeannot in an appearance before the Joint Committee on April 15, 1987, p. 15:35-36.

at implementation questions. Indeed, this coincides with the Commissioner's view that there is a need for procedural changes, better communication and stronger controls rather than changes in policy.

Another apparent contradiction occurs between Air Canada's testimony before the Committee and the attitude of those interviewed concerning question two in Table 4.9. The policy managers indicated in the interviews that internal recognition and support were limited, but successive CEO's have argued that an understanding of the firm's commitment to bilingualism permeates the organization (with the implication that this reflects support). The fact that complaints continue to come in about poor or unavailable service in French, combined with the Commissioner's observations that workers simply fail to follow procedures and his contention that stronger controls are needed, all suggest that the need to implement the corporation's policies is not fully recognized (or accepted) at the working level.

Finally, there seems little doubt that the corporation's financial investment in this policy area has been substantial. As early as 1974 expenditures for "developing institutional bilingualism" were about \$1.1 million, and the budget for the following year was also \$1 million. By 1984 the firm's budget was about \$2.3 million (or approximately 1% of the total operating budget) and in 1987 the budget was up to \$4.7 million.⁹⁶ Whether this represents a "major" commitment is, of course, a matter of opinion. For what it is worth, members of the Joint Committee have expressed pleasure and satisfaction with these amounts.

96. The firm's expenditure for this budget item at end 1986 was estimated at around \$2 million.

To summarize, in Air Canada's case we have found a firm which has made substantial progress in institutionalizing the official languages policy. Its policy and administrative structure are admirable and there is also evidence of support for the policy at the senior management level. At the same time, however, the firm's legal encounters and difficulty engendering support for the policy at the working level raise questions about its ability to fully implement the policy. The fact that the policy managers, who were all francophones, spoke with concern about slippage and the absence of strong managerial support is indicative of a firm that still has some problems to overcome.

D. The Search for Explanations -- the explanatory variables

a. Discussion

In the foregoing discussion it was suggested that Air Canada's progress toward full implementation has been complicated by the absence of a strong internal support base for this policy. Indeed, there have been indications that Air Canada's work force has been extremely resistant, and sometimes quite hostile, to the changes needed to implement this policy.⁹⁷ While management has ensured that its resistant workers have shared the blame for the firm's less-than-exemplary performance, it has been very opposed to any action which would lead to an open confrontation over language matters. In particular, it has opposed the idea that a declaratory injunction -- giving this Act precedence over other legislation -- would solve its problems with respect to seniority

97. Discussions with union leader and survey of various public documents strongly suggest that this was true, at least when the policy was first introduced.

clauses in collective agreements. The low level of internal support has made effective communication with all managers throughout the system crucial, it has also necessitated strong controls. With such a widely dispersed, mobile work force, and a decentralized administrative structure, this has been particularly hard to achieve.

To further complicate matters, Air Canada has not been in a position where it could simply add to its work force but has had to either train existing staff or gradually adjust the proportion of bilingual and francophone workers through the natural attrition process. Clauses in collective agreements protecting seniority rights and assignment selection procedures have made this task even more difficult, as has the fact that there have been several work force reductions during this period. The fact that most of Air Canada's employees provide service to the public has also made it necessary to focus on increasing the firm's bilingual capacity rather than simply increasing the francophone participation rate.

Generally speaking, Air Canada's management appears to have viewed these obstacles as a positive challenge and has adopted measures to ensure that the firm has moved ahead on the path to full implementation. It has also taken full advantage of every impediment in explaining deficiencies in its performance. In appearances before the Joint Committee Air Canada's CEOs have made a point of noting conflicts between the goals of this policy area and other public policies such as employment equity⁹⁸ and balanced regional employment.⁹⁹ While never directly contending that there

98. Pierre J. Jeannot in appearance before the Joint Committee on April 15, 1987, p. 15.6.

99. Appearance of Claude I. Taylor before the Joint Committee on June 4, 1981, p.18.5

is a conflict between the profit motive and this policy area, mention is always made of the firm's primary responsibility to be commercially viable.

TABLE 4.10: AIR CANADA --
MANAGERS' ASSESSMENTS OF EXPLANATORY VARIABLES

<u>Variable:</u>	<u>Manager's Assessment:</u>
Mandate	none
Geographic Location	strong
Size of Firm	minimal
Profitability	none
Type of Business	strong
Organizational Dynamics	strong
Government Controls	moderate
Public Pressure	minimal

Those interviewed perceived the government as playing a role in instigating policy but thought that the pace and method of implementation had been largely affected by other variables (see Table 4.10). The view was expressed that organizational dynamics had probably been most important, but that public pressure and traditional practices in the airline industry had also had a part to play in the firm's response. It is also a given that the locations in which the firm does business have had an impact on how it has responded to this policy. Those interviewed did not accept that profitability, size or mandate had had much to do with the firm's response.

b. Analysis

There is, of course, no way of precisely establishing how influential the government has been in determining the course which Air Canada has taken in this policy area. It has clearly set the broad parameters within which the firm has acted. The fact that senior management assessed the government's role as only moderately important suggests that there has been little direct Ministerial involvement.¹⁰⁰ Since all three firms expressed discontent and apprehension about the possibility of an enhanced role for Treasury Board in this policy area, it is not surprising that those interviewed at Air Canada denied any connection between the firm's response and Treasury Board initiatives.

It proved very difficult to reconstruct when and how unions and collective agreements have affected developments in Official Languages at Air Canada. We may speculate that in the early stages of policy implementation Air Canada's unions were in a strong bargaining position with respect to this policy. A strike over language issues by the national carrier was most undesirable at a time when the English-speaking majority in Canada was still having trouble accepting official bilingualism. Management therefore adopted a non-confrontational approach, proceeding slowly and cautiously and eventually succeeded in negotiating protective clauses for both language groups in all the collective agreements. Perhaps because management had taken such care, those interviewed expressed the belief that unions were at least moderately supportive of Air Canada's Official Languages policy measures.

100. A careful reading of the Minutes of the Joint Committee finds several instances where members have attempted to determine the extent of Ministerial involvement in a specific policy decision, with little success.

The one union executive interviewed expressed the belief that Official Languages was essentially "water under the bridge" and that most of the problems had been resolved. The sensitive nature of this policy area made it difficult to obtain more specific evaluations.

While unions were portrayed as basically accepting, the policy managers who were interviewed expressed concern that there had been some slippage in the level of management support in the eighties (from moderate/strong to moderate/weak). The explanation offered for this was that there had been little public or political interest in Official Languages and there were therefore no incentives for managers to pay much attention to the policy area. In other words, the assessment of the individuals who were interviewed (who were all francophones) was that this is an externally-driven policy.

It may be speculated that another equally valid explanation for stalling or slippage on Official Languages is that managers had other pressing issues to be concerned with in this period (such as privatization, deregulation, survival in a highly competitive market and employment equity). The underlying premise if this is true is that only a limited amount of resources (undefined but unofficially recognized) are allocated to social responsibility activities and whenever the maximum is approached trade-offs occur to ensure that the firm's internal administrative apparatus is not overloaded. This idea of social responsibility overload is an interesting one which will be discussed in more detail later in the dissertation. (It is especially interesting to contemplate when we consider whether employment equity displaced official

languages on the social responsibility agenda of the three firms in question.)

There is no doubt that the nature of Air Canada's business has been a very important factor in determining its response. The firm's high visibility and large number of contacts with the public place it automatically among the three central players in Canada's official languages game (the others being Canada Post; Employment and Immigration). The fact that the service being provided may help a customer catch a plane, find a departure gate when running late, understand where emergency exits are on a plane, and so on, adds an element of urgency to the situation. The nature of the business has also made it more practical to have bilingual than unilingual workers, and these are generally in scarce supply. The cost and time involved in training have undoubtedly had a slowing effect. Work force reductions have aggravated this problem (like the downsizing exercises from 1981 to 1983 when almost 2000 workers were laid off).

Public pressure, exhibited primarily in the media, has been a sometimes-counterbalancing force in this interplay of variables. It is thought to have played a strong, albeit fleeting, role in determining both the corporation's and the government's policy responses. Publicity surrounding the COL's Annual Reports has brought momentary attention to the firm's performance and has even been responsible for the obligatory appearances before the Joint Committee by a contingent of the corporation's executives. Whether this episodic pressure has been particularly important is questionable, however. There have been no observable "blips" in the firm's output to suggest that it has been.

The same may be said of the importance of the firm's profit position in explaining its behavior. Any changes which have occurred in staffing of the Linguistic Affairs or language training branches, for example, have been small and have been duplicated across the firm. In addition, the corporation has maintained a "significant" budgetary allocation for this policy area since at least the mid seventies (in 1974 expenditures totalled \$1.1 million) which suggests an uninterrupted commitment; at least of money.¹⁰¹

In summary, the policy managers who were interviewed at Air Canada did not identify any one of the above explanatory variables as most important in explaining the firm's response. Rather, the evidence pointed toward a number of variables each affecting the firm in a slightly different way. One task in the comparative analysis is to look more closely at this question to see whether it is possible to sift through the findings and arrive at a more satisfactory set of explanations.

IV. OFFICIAL LANGUAGES AT PETRO-CANADA

When Petro-Canada got into the gasoline retail business in 1980 it changed suddenly from being a minor player in the Official Languages game to being right in the limelight. In just two years (with the purchases of Pacific Petroleum and Petrofina) this Crown corporation became associated -- sometimes loosely -- with almost 1,400 service stations across the country. By the end of 1983 this number had increased to 3,000 and by 1987 the company owned some 4,000 service stations across the

101. Members of the Joint Committee actually used the term "impressive" when describing Air Canada's expenditures

country. What this has meant is that the firm has had to adjust its pace of implementation in Official Languages radically as well as suffer the close scrutiny of the Commissioner of Official Languages. To add insult to injury the CEO was "invited" to appear before the Joint Committee in what turned out to be a somewhat confrontational meeting in March of 1987 to explain the current status of his firm's Official Languages response.

All of this occurred at a time when Petro-Canada was being barraged with other problems. The downturn in world energy demand threatened the firm's market causing it to downsize drastically (some 2,000 employees were laid off in 1986). Diversification brought large numbers of new employees into the corporation and, with each new acquisition, the need to rationalize and assimilate. In addition, the firm had a desperate need for qualified, experienced staff to help it survive all of the changes. There were, as well, other public policy goals which "Canada's national oil company" had to fulfill, including the employment equity policy.

A. Petro-Canada's Policy Response

1. Public Statements

a. Discussion

A survey of Petro-Canada's Annual Reports since 1976 finds a single reference to Official Languages in 1986. To quote:

Petro-Canada continues to press forward in providing opportunities to all Canadians through the implementation of its Official Languages Program and active measures to promote employment equity.¹⁰²

102. Petro-Canada, Annual Report, (1986), p.4.

While Petro-Canada has not chosen to write about its efforts in implementing Official Languages policy, it has included a general social responsibility statement in seven of the 11 Reports issued to date. The sorts of things mentioned in these reports are the Corporate donations program, environmental efforts, and native and youth employment program.

In addition to the one reference in the Annual Reports Petro-Canada's Chairman and CEO made a public statement with respect to Official Languages during his one appearance before the Joint Committee on March 4, 1987. In that statement Mr. Hopper did not offer support for Official Languages policy but merely responded to questions in a matter-of-fact way.

At the time of the interviews in 1986 Petro-Canada had issued a three-sentence policy statement (adopted in 1982). Petro-Canada prefaced the statement with an outline of its obligations under the Official Languages Act and established government policy. The firm states its wish "to function as a good corporate citizen and implement the principle of equality of both official languages within the spirit and intent" of the Act. The policy states that services will be available in both languages in Petro-Canada's head office, in the National Capital Region and elsewhere when both languages are in common use.¹⁰³ Furthermore, the firm is committed "to enabling both francophones and anglophones to work in the language of their choice, within the requirements of the position," in the National Capital Region, and elsewhere where both languages are in common use. (Note the exclusion of headquarters). Finally, Petro-Canada

103. Petro-Canada Inc., General Policies and Procedures, (20 March, 1985).

commits itself to achieving "reasonable participation" of both language groups within the Company. Responsibility for the policy is assigned to all executive officers and managers.

The above policy was amended in 1988 after a series of events which will be discussed shortly.¹⁰⁴ The new policy adopts an unusual position in its opening sentence of intent:

By implementing the spirit and intent of the Official Languages Act, we can build a corporate image that reflects Canada's unique diversity more fully than that of our competitors.¹⁰⁵

The notion that Petro-Canada will strive to serve as a model for its competitors in this policy area is path-breaking. There are other aspects of this new policy which indicate that Petro-Canada is refining its policy response. Instead of promising to provide services in locations where both languages are in "common use," the term "significant demand" is adopted. This is to be determined by taking into consideration:

the population of the minority in the geographic region concerned, its particular characteristics, its proportion to the total population of the geographic region, the volume of communications and services in either official language, as well as any other relevant factors.

The policy accepts some responsibility for ensuring third-party compliance "where deemed reasonable by Petro-Canada executive officers and managers." Petro-Canada further commits itself "where applicable" to "initiate action to advise the public that communications and services are available in both official languages" (make an active offer of service). On language

104. Petro-Canada's follow-up interviews did not occur until July 1988 (whereas the other two firms were seen again in June 1987). It seemed appropriate to include this later information because Petro-Canada had not progressed as far, nor had as much time to do so, as CN and Air Canada when the first interviews were conducted in December 1986.

105. Petro-Canada, General Policies and Procedures. (April 11, 1988).

of work, the policy indicates that "when reasonable, Petro-Canada executive officers and managers will create a work environment that is conducive to the use of both official languages." Finally, on the issue of participation the firm commits itself to ensuring "equal opportunities for appointment and advancement" but notes that "personnel selection is based on merit" and that selection must take into account "the nature of the business and its geographic location."

b. Analysis

None of the above statements offers support for the Official Languages policy. Rather, in contrasting the 1982 and the 1988 policies, it is possible to see the effects of experience and observation as Petro-Canada progresses to a more advanced stage of implementation (while not necessarily adopting a more accepting philosophy). As we will, see a most interesting aspect of this case study is the extent to which Petro-Canada's immaturity and lack of experience in dealing with Ottawa is noticeable in the firm's early policy responses, just as it is possible to see the effects of "learning" on the firm's later responses.

2. Structural Changes

a. Discussion

At the time of the first interview in December 1986 Petro-Canada had one full-time person assigned to the Official Languages function in Ottawa and one part-time person in Calgary. By end 1987 the firm had two individuals at headquarters dedicated to this policy area and, in

addition, there was one full-time person in Ottawa to handle complaints.¹⁰⁶ There are, in addition, five people doing translation in Montreal. Between 1977 and 1986 responsibility for the policy was passed around among the Vice-Presidents for Environmental and Social Affairs, Public Affairs, and Human Resources, where it rests in 1988. Corporate reorganizations and a sorting of policy priorities account for these changes. In 1981 Petro-Canada hired a consultant to "draft an official languages policy and advise on the management of the program and translation priorities."¹⁰⁷ Aside from this person the primary qualification of policy "managers" has been that they have some knowledge of Ottawa, and more recently that they are francophones.

In 1987 Petro-Canada hired a senior officer from Energy, Mines and Resources who had had experience in implementing Official Languages and was also familiar with practices of the Ottawa bureaucracy. This individual is responsible for the new policy statement and is also leading a more concerted "attack" on resolving the problems of linguistic inequities at Petro-Canada. The firm is also beginning to identify Official Languages representatives throughout the organization. Another landmark for the firm was the hiring of Petro-Canada's first francophone Vice President in 1988.

Petro-Canada does not have an internal policy committee for this policy area. However, in mid 1987 both the Commissioner of Official Languages and the Treasury Board were invited to sit as members of the

106. Compared with part-time Public Affairs officer at Headquarters and the same junior position in Ottawa at the time the interviews were conducted

107. Commissioner of Official Languages. Language Audit--Petro-Canada, (March, 1984), p 3.

corporation's "executive development committee" which "selects the high potential young people in (the) corporation and designs development plans for them." The purpose of this move was not only to make these outsiders more aware of the constraints on the firm, but also to have them assist in looking "at ways to attract francophones to the corporation."¹⁰⁸

By July 1987 Petro-Canada had managed to prepare and have approved four Annual Reports -- and Planning Summaries -- (for 1982, 1983, 1984 and 1985). They include a summary of the year's activities, both an itemized listing and detailed discussion of activities undertaken in each of the three categories of objectives, information on priorities and plans for the coming year, and Appendices presenting the little data which the firm have had available. The comprehensiveness of these final reports reflects the considerable external inputs and guidance which the firm received in preparing them (which also explains the long delays in getting them approved).

Yet further evidence of an increased emphasis on this policy area is the fact that the firm's 1987 Official Languages Report is 58 pages long, compared to about 24 pages in the other years. One important new development is the fact that the firm is formulating guidelines for identifying functions where bilingual capacity is necessary.¹⁰⁹ Another advance is the development of a basic Phrase book covering common terminology in service stations and the development of a national 800 Information Line. The 1988 Report lists 41 goals along with results

¹⁰⁸ John G. Lynch, Vice-President, Human Resources in appearance before the Joint Committee on March 4, 1987, p. 9-30.

¹⁰⁹ Petro-Canada, Annual Report on Official Languages, (1987), p. 6.

achieved to date, actions and responsibility (compared, for example, with 24 goals listed in 1983).

Finally, Petro-Canada's record on disclosure of information is mixed. All but the 1988 Annual Report on Official Languages had to be obtained from other sources. However, the content of Petro-Canada's Official Languages Reports is quite comprehensive and attempts to identify both successes and areas where more work is needed. The data provided are complete for a single year but no historical analysis is undertaken which makes assessment of progress more difficult. In addition, no regular effort has been made to provide information to workers on the firm's progress in this policy area although some brief comments have appeared in employee communications. Petro-Canada views its responsibility in this matter as extending to the presentation of the Annual Report to the Minister of Energy, Mines and Resources. The firm does not have a goal of providing more information about its progress to external or internal sources at this time.

b. Analysis

It is clear from the above discussion that Petro-Canada has made some structural changes in response to the Official Languages policy and that the pace of implementation has picked up since 1987 (the Joint Committee appearance). However, the evidence suggests that Petro-Canada is still at the planning and analysis stage of implementation. The fact that it is developing guidelines to assist in function identification¹¹⁰ and that it is beginning to identify regional and branch representatives

110. Petro-Canada has adopted the view that identification of bilingual skills should be done on a functional rather than positional basis.

is the best indication of this. The fact that most communications regarding the policy continue to take place at senior managerial levels is a further indication of an early stage of implementation.

3. Policy Outputs

a. Discussion

Of the three foci of this policy area, language of service is clearly the one in which Petro-Canada has been most active. As of 1988 Petro-Canada's policy was to provide bilingual signage at sales points where the minority population represents more than ten percent of the population (a figure the firm believes it may be reasonably possible to achieve), or on federal property, the Trans-Canada Highway, or in tourist or high traffic areas.¹¹¹ In 1983 256 of 2,829 (or 9%) stations had been designated bilingual. In 1984 this had increased to 346 out of 2,727 (or 13%) and in 1985 was 335 out of 2,728 (or 12%). In 1986 this figure had increased to approximately 469 (or 12%) and in 1987 more than 500 of the 3,800 stations (or 13%) had been designated bilingual. Signage has not been a guarantee of bilingual service, however, and so far Petro-Canada has concentrated on visual bilingualism.¹¹² This is defended as in keeping with a desire to adopt objectives which are "clear, tangible, ultimately obtainable, and honest".¹¹³ The publication of the above-mentioned phrase book in 1988 was intended as a first step beyond symbolic bilingualism.

111. This compares with the 4 to 5 percent criteria used by most federal institutions.

112. Commissioner of Official Languages. Annual Report, (1986), p.119.

113. W Hopper in appearance before the Joint Committee, 4 March, 1987, p.9:6.

So far Petro-Canada's response to the language of work issue has been constrained. While most work documents had been translated by 1988, the small number of francophones within the firm has made progress slow on this issue.¹¹⁴ In 1988 Petro-Canada established a training facility in Montreal as a first step in what will undoubtedly be a long battle.

The data on francophone participation rates prior to 1987 are very poor because the firm had not conducted a linguistic survey until that time. The publicly available estimates of francophone participation rates suggest that they may actually have declined in the 1980s because the acquisitions brought more anglophones into the firm while little hiring was occurring. In 1983 francophones were estimated to comprise about 25 percent of the work force but only about ten to 15 percent in 1985. In 1987 francophones were thought to represent about 12.5 percent of the Corporation's 7,219 employees.¹¹⁵ In a brief presented to the Joint Committee of the House and Senate in 1987, Petro-Canada reported that there were only 19 francophones out of 5,148 in the nine English-speaking provinces. The firm's bilingual capacity is better: 14.1 percent reported that they were fluently bilingual in 1987 and 41.8 indicated that they had some capability in both languages.

The breakdown by level shows that in 1983 nine percent (or nine out of 102) of the corporation's executive level positions were filled by francophones. In 1984 this increased to 12 percent (or 15 out of 127 positions), in 1985 it dropped to nine percent (or 11 out of 124) and in

114. When asked to identify the language in which they would like to receive documentation in 1984 14.8 percent indicated they would like such material to be in French. This compares with 15 percent (or 844 out of 5,606) in 1985

115. Petro-Canada, Annual Report on Official Languages, (1987), p.44.

1987 it dropped to 8.5 percent (15 out of 176). In terms of location, only one senior level francophone (out of 27) was at Petro-Canada Inc. in Calgary in 1986, and there were none with Petro-Canada Resources. (These figures were not reported in other years). As Table B12 in Annex B shows, the highest percentages of francophones in 1987 appeared to be concentrated at the semi-professional and supervisory levels (at 16.0 and 18.3 percent respectively). Although the firm does not report this figure, the percentage of francophones below the supervisory level is estimated to be 13.6 percent (or 487 out of 3,590 employees).

As can be seen from Table 4.11 Petro-Canada's has not had an unduly large number of complaints although the annual average has obviously changed since the company began operating service stations. To put these numbers in perspective, one must consider the fact that the firm has approximately 600,000 commercial transactions each day, or over four million per week. In other words, Petro-Canada has been receiving approximately 20 complaints arising from about two billion public contacts per annum.

b. Analysis

Although it is impossible to be certain about the data prior to 1987, it would appear that Petro-Canada has had a difficult time increasing the francophone participation rates for the firm. Since Petro-Canada has only just established an in-house language training program it has not been in a position to increase its bilingual capacity and thereby fulfill its obligations to provide service in both languages to the travelling public, at headquarters, in the national capital region and at

TABLE 4.11: OFFICIAL LANGUAGES -- COMPLAINTS AGAINST PETRO-CANADA

Year / Complaints	Number	Petro- Canada's Rank	Total Instit. Included	No. for all Instit.	Type of Complaint:		
					Language of Service/eWork	Language of /e	Report Card:
1980	4		137	1534	..	..	..
1981	20	69	138	1554	..	..	negative
1982	23		92	1337	..	..	..
1983	12		100	1209	..	..	positive
1984	32		..	1421	..	..	positive
1985	15		60	1080	..	..	positive
1986	20	15/e	50	3847	..	..	positive
1987	32						positive

other designated locations. The one area in which there has been measurable progress is in the translation of documents and signage. Complaints are being received at approximately the same rate each year, reflecting the problems with language of service and expectations on the part of the public that Petro-Canada will be a bilingual company.

4. External Actions

a. Discussion

Petro-Canada has not been involved in any legal actions in this policy area and any political actions which may have taken place have not been observable. Petro-Canada had trouble in its one appearance before the Joint Committee.¹¹⁶ The principal difficulty stemmed from adopting a naively honest approach in what is a very political forum. The CEO stated the case as he saw it: Petro-Canada is located in the west, it was having

116. This is the assessment of the COL, the firm itself, and other knowledgeable observers.

a hard time meeting its primary commercial obligations and it had just gone through a period of instability. In practical terms the firm was only going to have limited success in meeting its Official Languages obligations. A reference to "economic forces in the industry" brought the following response from one Member:

...I was surprised to see it (the reference) included while we are discussing official languages...We are all aware of the difficulty the oil industry has had. You leave me under the impression this has a bearing on the fact that you are not up-to-date in every phase of official languages. I hope this is not the case.¹¹⁷

Those interviewed at Treasury Board shared in the view that Petro-Canada was not doing as much as it should in this policy area. As evidence, they pointed to the fact that the firm was relying at that time (end 1986) essentially on a "junior management position" in Ottawa to handle complaints. They pointed out, furthermore, that there had been no significant policy or program change since 1984, that the firm had made little effort to establish bilingualism at its national headquarters, and that it still lacked an adequate data base on its linguistic capacity. Their conclusion was that management was focussed on profitability to the exclusion of most other concerns.

(1) Petro-Canada and the Law

Petro-Canada's policy acknowledges its obligations under the Official Languages Act to provide services to the public in both languages. The firm has interpreted its obligations as narrowly as possible and, even so, has been unable to achieve compliance. That is,

117. Minutes of Proceedings of the Standing Joint Committee on Official Languages, March 4, 1987, p. 9:14.

Petro-Canada is only able to offer "visual bilingualism" at most of its service stations at this time.

(2) Petro-Canada and the Commissioner

Petro-Canada has been the subject of one audit by the Commissioner of Official Languages in 1984 and a follow-up in 1985. This study concluded that the firm's capability was good "in the parts of the country where both official languages are in common use," but was "rather limited at Corporate Headquarters in Calgary, and is generally poor elsewhere."¹¹⁸ Twenty recommendations were made in the audit including such things as the need to prepare guidelines, to produce general criteria for position designation and to collect data. As indicated in Table 4.11, despite the extra attention Petro-Canada has received since it became an active Official Languages player, it has received more positive than negative evaluations from the COL. However, the Commissioner's office has found that "settling complaints (has been) generally a slow, laborious process given the limited number of staff assigned to the language program."¹¹⁹

b. Analysis

To summarize, it would appear that Petro-Canada has suffered somewhat from the "new kid" syndrome in this policy area. Entering the picture at a time when the Committee and the Commissioner were becoming increasingly convinced of the need for stronger, more effective legislation, undoubtedly exposed the firm to greater scrutiny than it might otherwise have experienced. It is also true that Petro-Canada

118. COL, Language Audit: Petro-Canada, (March, 1984), p. 28.

119. COL, Annual Report (1987), p. 133.

became an "active player" later than the other government institutions, and at a time when there were also more bodies responsible for reviewing progress than was the case in 1970 (the COL, Treasury Board and the Committee). It probably did not help matters that Petro-Canada's headquarters are in the West and that the company was otherwise pursuing a sometimes controversial course of action.¹²⁰ The situation was ripe, in other words, for confrontation.

B. Petro-Canada's Position on the Response Continuum

If all things are considered, Petro-Canada's progress in implementation must be assessed as impressive. If we only consider how closely the firm has complied with the letter and the spirit of the Official Languages Act a more negative conclusion must be reached. In this most conservative of views, Petro-Canada appears to have barely made it to Stage Two on the implementation continuum by mid 1987. An assessment of the implementation indicators suggested that the firm did not even have the basic structure in place in order to proceed after almost eight years of involvement in the policy area. The evaluation of performance indicated that Petro-Canada does not consistently provide service in both official languages to the travelling public (and does not envisage being able to do so in the near future), nor has it successfully met any of Parliament's objectives.

120. That is, aggressive competition with private sector competitors, takeovers, diversification into the retail business--in other words, actions which were believed by some to be unseemly for a state enterprise.

C. Petro-Canada's Responsiveness

a. Accepting versus Resisting Responses

In Petro-Canada's case, it was suggested earlier, the appropriate base year for awareness of the policy is 1977. As we have seen, however,

TABLE 4.12: PETRO-CANADA -- EVIDENCE OF RESPONSIVENESS TO OFFICIAL LANGUAGES POLICY

Components / Response	Resisting	Neutral	Accepting
1. <u>Management Statements:</u>			
a. annual reports--			
-basically ignores policy	X		
-no content	X		
b. policy statement--			
-issued 1982	X		
-amended infrequently	X		
-qualified commitment	X		
-no accountability	X		
-no participation	X		
2. <u>Structural Changes:</u>			
a. changes to admin. structure in 1987			X
b. planning, targets after 1983		X	
c. no committee	X		
d. minimum communication with workers on policy	X		
e. comprehensive data 1987		X	
f. first report only 1982	X		
3. <u>Measurable Output:</u>			
a. cont'd complaints on language of service	X		
b. no visible sustained progress on participation or language of work	X		
c. visual bilingualism only	X		
4. <u>External Actions:</u>			
a. evidence of limited commitment in handling of reports and committees	X		
Total:	14	2	1
[Weighted Score = 2]			

the firm's position with respect to this policy was drastically altered in the 1980s which might lead some to question the 1977 date. The point

to be remembered is that even before it became involved in retail marketing Petro-Canada was a state enterprise and was technically covered by the Official Languages Act. As can be seen in Table 4.12, whichever date is chosen there is little about Petro-Canada's behavior so far which would lead us to suggest that the firm is positive and accepting of its obligations in this policy area. Its statements about bilingualism being good business aside, the simple fact of the matter is that this has been an unwanted burden for the state enterprise to bear at a time when its resources were already being fully tapped.

b. Timing of Responses

Table 4.13 suggests that Petro-Canada has only responded in this policy area when its obligations were clarified by the COL, Treasury Board and the Joint Committee. In other words, the timing of Petro-Canada's responses would not lead us to conclude that the firm has been accepting of its Official Languages policy obligations.

TABLE 4.13: PETRO-CANADA -- RATE OF EVENTS CALCULATION
(base year 1977)

Event:	Description:	Year:
Event 1.	First formal policy	1982
Event 2.	First mention in Annual Report	1986
Event 3.	Full-time position assigned	1987
Event 4.	First Official Languages Report	1982
Event 5.	Basic Translation complete*	1987
Event 6.	First positive evaluation by COL two years in a row	1983

*Estimated from COL's Annual Reports.

TABLE 4.14: PETRO-CANADA --
POLICY MANAGER'S ASSESSMENT OF FIRM'S RESPONSE

	Response:
1. <u>Need for a Greater Response:</u>	
-critical	
-moderate	
-minimal	X
-none	
2. <u>Recognition of Policy Needs:</u>	
-limited	X
-management only	
-all firm	
3. <u>Policy Formalized:</u>	
-informal	
-in specific areas.....	X
-institutionalized	
4. <u>Explicit Responses Implemented:</u>	
-none	
-limited response and resources	
-response in several areas, adequate resources	X
-major effort, significant resources	

c. Policy Manager's Assessment

As is clear from Table 4.14 the policy manager expressed the belief that Petro-Canada's response in this policy area had been appropriate. The best evidence of this, according to the firm, is the relatively low number of complaints it receives each year. The contention was made that this should be the measure of success in this policy area.

While the manager thought only a limited number of individuals within the firm recognized the importance of the Official Languages policy, the need for greater internal support was thought to be minimal. One way of interpreting this is that successful implementation of official languages policy is not thought to be predicated on widespread support throughout the organization. Another is that Petro-Canada's view of its

responsibilities and its criteria for success require only limited internal support.

In responding to questions three and four in Table 4.14, the policy manager suggested that there had been some formal responses (actions) in specific areas (and regions) and that the resources expended had been "adequate." No actual expenditure figures were provided during the preliminary interviews.¹²¹ In his 1987 appearance before the Joint Committee the CEO made the following statement in response to a question about costs:

Quite frankly, to try to tally up the cost would be difficult. Reflecting our desire not to worry about it, we do not...it would take a substantial study to tabulate that cost, and we have not done so.

However, in Petro-Canada's 1987 Official Languages Report the firm presents budget figures for Official Languages. This is yet another indication that the company has adopted a new approach in Official Languages. The budget figures presented in 1987 show a total program cost in that year of about \$1.3 million, increasing to about \$1.5 million in 1988 (largely due to increased training costs). By 1989 Petro-Canada expects to spend about \$1.7 million on its Official Languages program.

In summary, in six years there is little doubt that Petro-Canada has made progress in implementing official languages policy and there is evidence that it is also learning from its mistakes. In mid 1987, shortly after its appearance before the Committee it hired a francophone (formerly a Director General with the Department of Energy Mines and Resources) to

121. The suggestion was made that one should look at Air Canada's estimates of costs when trying to get an idea of the budgetary implications of this policy for state-owned corporations.

reorganize and manage its Official Languages program. Since then the Commissioner's staff believes that the firm has begun to move more forcefully and the observations of this study would support the view that the firm has made some important symbolic changes. However, there is virtually no evidence that would suggest Petro-Canada has adopted an "accepting" philosophy towards the Official Languages policy. We may expect, like Air Canada, that Petro-Canada will move toward institutionalizing this policy but that it will continue to fall short of full implementation.

D. The Search for Explanations -- the explanatory variables

a. Discussion

A fundamental problem for Petro-Canada with respect to bilingualism is its headquarters location in the "hostile" west. Until the eighties, the company had operated almost exclusively in English Canada.¹²² There were very few francophone employees (at least in the western offices) and little reason for any to want to join the firm. Even if they might have been encouraged to do so Alberta, at this time, had little to offer anyone. There were, in fact, few positive reasons for Petro-Canada to want to add bilingualism to its list of "things to do."

Petro-Canada has also faced some very practical problems in implementing language policy which must be recognized. The sometimes tenuous nature of the firm's relationship with its service stations has

122. How unreceptive the west is to francophones is, of course, a matter of opinion. Petro-Canada's CEO took this point to the extreme in his appearance before the Joint Committee when he suggested that bilingual signage in Alberta might mean the loss of some of the firm's business.

clearly limited its ability to comply with the Act in a manner which would satisfy the COL.¹²³ Even when the firm has control over hiring, finding bilingual workers for service stations is difficult and often impossible. The one thing Petro-Canada has had in its favor is that it has a small unionized work force meaning that it has not faced organized opposition to any actions it has wished to take nor has it had to worry about seniority clauses in collective agreements.

**TABLE 4.15: PETRO-CANADA --
MANAGERS' ASSESSMENTS OF EXPLANATORY VARIABLES**

<u>Variable:</u>	<u>Manager's Assessment:</u>
Mandate	none
Geographic Location	strong
Size of Firm	moderate
Profitability	none
Type of Business	strong
Organizational Dynamics	minimal
Government Controls	moderate
Public Pressure	none

Those interviewed at Petro-Canada expressed the belief that the speed and method of implementation in this policy area have been largely affected by its location and the type of business in which it is involved (see Table 4.15). Less significance was placed on government actions although it is quite obvious that Petro-Canada would not have taken the

123. A service station bearing Petro-Canada's logo may be wholly owned and operated by the firm, there may be a franchise agreement where only the land is owned by the firm, or there may be a situation where the sole relationship with Petro-Canada is the sale of its products.

initiative in this policy area in the absence of an Official Languages Act and government policy. Those interviewed also pointed to the importance of Petro-Canada's drastic changes in employment size in the eighties in explaining the firm's response to date. The factors which were not thought to have been particularly important were the low level of internal support, the firm's mandate, its changing financial position, and public pressure.

b. Analysis

With some minor exceptions management's assessment of the relative importance of the explanatory variables seems justified. Despite some complaints by Treasury Board about the priority given to the profit motive (in interviews with that agency), it seems doubtful that the firm would have substantively altered its approach had its financial position been better. It also seems true that what publicity the firm's behavior has elicited has made little difference to its basic approach.

The one variable which is always most difficult to assess, and is even more so in this case, is the role which the government has played in determining the firm's behavior. Petro-Canada has been subjected to more -- and more experienced -- scrutiny than other Crown corporations because of the timing of its entry into this policy field. What was expected of the firm was made clear in a forceful way from the outset, and the battle lines were drawn early. Without this pressure it is not imaginable that Petro-Canada would have taken any initiatives in this policy area. At the same time, however, the firm has been very constrained by other variables so that the ultimate impact of all of the forces brought to bear by the government has not been all that important in determining the firm's

response. Indeed, it is instructive to observe the outcome when all the means at hand are brought to bear on a corporation which is nominally, at least, an "instrument of government policy."

V. COMPARATIVE ANALYSIS

A. Policy Response

1. Public Statements

Of the three firms Air Canada appears to be most advanced in implementing Official Languages policy. Both Air Canada and CN have numerous references to this policy area in Annual Reports. These statements have sometimes been extensive and it is possible to see a shift over time from a focus on structural changes to policy outputs. With one possible exception in Air Canada's case these statements have adopted a neutral tone and have not actively espoused Official Languages policy goals.

Both Air Canada and CN also have very detailed policy statements in this area, which may be interpreted as a reflection of their early policy involvement and long experience in handling such matters. At the other extreme is Petro-Canada's policy statement which is still extremely brief and general but which is beginning to acquire some of the characteristics of more advanced implementation. Of the three, Air Canada's policy statement is most comprehensive because it includes implementation guidelines and is also the least restrictive in its interpretation of the firm's legal and policy obligations.

2. Structural Changes

All three firms have undergone structural changes in response to the Official Languages policy. In these cases the "expertise" which the policy managers bring to their positions results from one of three things (or a combination thereof): (1) long-term involvement in the policy area, (2) a knowledge of the Ottawa bureaucracy, and/or (3) membership in the francophone minority. At least initially, the firms' responses were not typically the result of careful research and design by individuals with experience and expertise in implementing language policies. Most often early policies and actions were developed in an ad hoc manner in response to a combination of external and internal stimuli. This reflects the fact that, in Air Canada and CN's case at least, the firms were venturing into new and uncharted territory and there were no "experts" to lead the way.

The administrative structures developed by the firms to implement the Official Languages policy have varied. While both Air Canada and CN have decentralized responsibility for implementation to operational managers, neither has adequately dealt with the issue of accountability and control. At Air Canada ultimate control appears to rest with Linguistic Affairs at headquarters, while it seems to be widely dispersed at CN. Petro-Canada, on the other hand, has an extremely centralized administrative structure which is in keeping with the firm's still-limited commitment to the federal government's language initiatives.

In both CN and Air Canada the executive level committees which existed had not met for some time prior to the interviews at the end of 1986. In both cases there was an indication that they might be reconvened to assist the firms in preparing for the upcoming amendments to the

Official Languages Act. The role of operational level committees at CN was unclear but Air Canada's Committees are believed to meet a few times each year as part of the Report preparation activity. As has already been noted, none of the firms encourages or facilitates worker involvement at any stage of the planning or decision-making process. In other words, to date this has been viewed as a policy area requiring a stereotypical "top-down" approach, in which power, responsibility and control reside with management.

Only Air Canada's Official Languages Report may be described as fairly comprehensive (in that it includes some goals, evaluations, and a full annual data set), although Petro-Canada's may be on the way to achieving this status. The major problem with the Reports of all three is that there are less data than would be desirable and they are not presented in a manner which facilitates longitudinal analysis. Another problem with the Reports is that they do not include specific numerical targets or goals.

Finally, none of the firms has any commitment to the concept of full public disclosure. The information which has been released involuntarily has not been presented in a way that makes it possible to evaluate performance. This diminishes the value of publicity as a control measure and makes the public basically dependent on the assessments of the Commissioner of Official Languages.

In summary, all three firms have stayed very close to a strict interpretation of the law and all have proceeded slowly. None has sought to involve workers in the decision-making process and all feel that

internal support for this policy area is relatively weak.¹²⁴ All three have been involved in ongoing negotiations with the Commissioner of Official Languages over most aspects of implementation. This has served to help define the boundaries of acceptable behavior while, at the same time, limiting the possibility of individual initiatives. Finally, Official Languages is viewed by all parties concerned as a highly sensitive policy area and one in which the release of information must be carefully "managed."

3. Policy Outputs

The absence of reliable data for any of the firms over an extended period of time makes comparison of their performance (or output) virtually impossible. As explained throughout this chapter, using the number of complaints as a measure of progress is unfair unless a formula is developed which accounts for the frequency of contacts with the public. Since CN provides no information on this, this measure of performance cannot be used. What is known is that all three firms continue to receive complaints about language of service despite the existence of legal imperatives, close observation and guidance by the Commissioner, the Joint Committee, and Treasury Board. Many of the complaints appear to result from workers' failures to comply with established procedures and practices rather than from an absence of these. In addition, the COL continues to believe that the firms are not fulfilling their language of service

124. While a much more extensive study would need to be undertaken to test the validity of this conclusion, the evidence collected here (from various interviews, conversations with union leaders, and observations of the COL and Treasury Board) suggests that it is accurate. At this point this is still viewed as such a sensitive policy area that approval for an attitude survey, even if it had been possible, would almost certainly have been denied.

obligations, which is perhaps the strongest evidence that more needs to been done in this area.

None of the firms has achieved the desired language of work objectives and there is nothing to suggest that this will change radically in the near future. All three have been constrained in their commitment to this objective. Established practices, the concentration of English-speaking managers, and industry-wide use of English have been used by all three to explain this deficiency. There has been no mention of conflicts between language of service obligations and this objective. On the issue of participation -- one where comparison might have been possible -- once again CN has failed to provide enough data to be able to say much of anything. What is apparent is that francophones continue to be under-represented in the management levels of all three firms. It is also true that advances in bringing francophones into the senior management levels have been proceeding at glacial speed.

4. External Actions

Only Air Canada has been involved in legal actions to define its responsibilities under the law and government policy. CN has, in the words of the Special Assistant, "laid low" on Official Languages. Petro-Canada, which entered the policy area later than the other two firms benefited from their early experience and actions.

Information about political actions is very sparse. CN appears to have had a role to play prior to the promulgation of the Official Languages Act but none of the firms was invited to participate in the latest round of government actions leading to the tabling of Bill C-72.

Of the three firms Air Canada's policy response has had the most public exposure and the firm has been called upon to defend its actions more frequently than has been true for Petro-Canada and CN.

B. Position on the Response Continuum

What we have learned about the responses of the three firms suggests that none of them is yet at the point of full implementation, as the term has been used here. It was suggested that Air Canada is very close to Stage Three (Institutionalization) but, because of problems with communication and accountability measures, is not fully there. CN's very slow progress, weak administrative structure, inadequate data base, superficial reporting, and inadequate accountability and control measures suggest that the firm is barely past Stage Two (Planning) on the response continuum. Petro-Canada is the most difficult to fairly place on the continuum because it has had less time to implement the policy than the other two firms. The evidence suggests that the firm is just at Stage Two on the continuum (or slightly below) but has adopted a faster pace recently and can therefore be expected to move past CN fairly soon.

C. Policy Responsiveness

a. Accepting versus Resisting Responses

The analysis of the three firms' responses to Official Languages policy (using the Accepting/Resisting Tables developed in Chapter Three) does not suggest that they have been accepting of their obligations in this case. The firms have failed to make supportive public statements, they have been generally slow to make measurable progress, they have been

defensive in responding to complaints and slow to incorporate recommendations, internal communication and control measures were weak or non-existent, and there has been little or no effort to encourage participation by those which the policy most affects. All of these findings are more suggestive of a resisting than an accepting response.

b. Rate of Events Calculations

TABLE 4.16: COMPARISON-- RATE-OF-EVENTS CALCULATION

(base year 1963/1977)

Event:	Description:	CN	AC	PC
Event 1.	First formal policy	1966	1972	1982
Event 2.	First mention in Annual Report	1970	1972	1986
Event 3.	Full-time position assigned	1972	1970e	1987
Event 4.	First Official Languages Report	1977	1978	1982
Event 5.	Basic Translation complete*	1980	1982	1987
Event 6.	First positive evaluation by COL two years in a row	1974	1979	1983
Average Number of Years =		11.2	13.5	8.5

Note: The scores represent the accumulated waiting time in years (base year = 1), divided by the number of events for each company. (see Logsdon, "Organizational Responses," p.65).

If we compare the timing of responses, generally speaking CN responded more quickly than the other two firms until the eighties (see Table 4.16). With the information at hand, Petro-Canada ranks first for timely responses (with an average of 9.86), CN is second (with 11.7) and Air Canada is third (with 13.2). However, choice of events was extremely limited because of absence of data for all three firms and, even with the

more limited number of events, it still proved impossible to obtain information in each event for all three firms.

c. Managers' Assessments

The policy managers' assessments are compared in Table 4.17. Not surprisingly, Air Canada was the only firm which indicated no need for a greater response. More surprising, perhaps because no evidence was uncovered of any forward momentum, was CN's admission that there is a moderate need for a greater policy response. In Petro-Canada's case it may well be that the new policy administrator would differ with the conclusion of his predecessor -- that there was only a minimal need for a greater policy response. Some might conclude that the act of setting up a new administrative structure, in and of itself, represents more than a minor policy change. A close reading of the minutes of the Joint Committee (in March 1987) suggests, however, that Petro-Canada continues to view its ability to do much more in this area as extremely limited. A cynic might consider the changes which have occurred since the interview -- hiring new francophone staff with Ottawa experience and inviting the Commissioner and representatives from Treasury Board to sit on the firm's hiring board -- as political maneuvers rather than as evidence of substantive changes in the firm's policy response. Apart from these assessments by policy administrators, the Presidents of all three firms have indicated to the Joint Committee that their corporations "are not yet perfect" but imply that the problems are more a matter of fine-tuning than major overhaul.

TABLE 4.17: COMPARISON --
POLICY MANAGERS' ASSESSMENTS OF FIRMS' RESPONSES

	<u>CN</u>	<u>AC</u>	<u>PC</u>
1. Need for a Greater Response:	moderate	none	minimal
2. Recognition of Policy Needs:	limited	limited	limited
3. Policy Formalized:	specific	specific	specific
4. Explicit Responses Implemented:	major	major	adequate
Score:	9	11	9

Note: The scores are derived as follows:

1. critical = 1, moderate =2, minimal =3, none = 4
2. limited =1, management only =2, pervasive = 3
3. informal =1, specific =2, institutionalized =3
4. none =1, limited =2, adequate =3, major =4

Total Possible Score = 14

It is also not surprising that all three firms assessed policy recognition/acceptance as being limited. Everything learned during the interviews supports this view. The fact that few efforts are made to involve workers, and that they are typically perceived as being unwilling participants (and potential victims) in this policy area contributes to this situation. The generally low francophone representation in the firms, especially at the management levels, may be another contributing factor although the evidence is mixed on this. None of the firms seemed overly concerned about the weak internal support, however, reflecting how insular management's perspective is on language issues.

Neither CN nor Petro-Canada viewed the Official Languages policy as being fully institutionalized within their firms. In other words they would support the conclusion that they are not yet at Stage Three on the policy implementation continuum. This coincides with the view of all observers and seems to be supported by the evidence presented here.

Finally, all three firms believed that the level of implementation for the Official Languages policy was at least adequate. Budgetary commitments were felt to have been substantial -- in CN's case "considerable," and in Air Canada's major. Lacking estimates for CN, it is not possible to assess the validity of this conclusion. Even if these figures were available there is no way of establishing, with any degree of confidence, what an appropriate level of expenditure might be.

In summary, until these questions (which are clearly subjective and time-sensitive) have been posed over a period of time, the anomalies which were noted above and in the case studies may not be fully explained or understood. It would also be interesting to ask these overview questions of others within the firm as well as of external observers. While this proved impossible at this time it is something which might be worthwhile for future research projects.

D. The Explanatory Variables

Even though the COL, Treasury Board and the Joint Committee have played an important role in identifying the appropriate policy response for these firms, there is little doubt that other variables have ultimately determined what has happened. The nature of this policy area makes the geographic location of each an especially important determinant in its behavior. Success is clearly dependent on the availability of bilingual and francophone workers and the best of intentions will not alter this basic constraining factor.

The nature of the business also seems important when looking at the responses of these three firms. In the Official Languages policy area companies which provide service to the public are obviously more affected

by the policy than those which are not. Petro-Canada's experience provides dramatic evidence of this since it changed from being a company with virtually no public contact to one with a substantial public service obligation. It is still too early to be able to see how the reduction in public contact positions in CN will affect its behavior but it seems fairly certain that less will be expected of the firm in the future. It is to be expected that changes in responses within CN will be more gradual than those experienced by Petro-Canada simply because there will be less attention or interest from external observers. It is also true that changes may be hardly noticeable since CN's pace of implementation has consistently been slow.

As the COL has said, the key to successful implementation lies with the "human element." With the exception of Petro-Canada, it is this ingredient, more than any other, which has determined the pace and direction of response on the part of the firms. To date Petro-Canada's response has been so restricted that there has been little impact on its existing work force; nor has there been any real threat of adverse consequences. In the other two firms, however, resistance on the part of the predominantly English-speaking employees has ensured slow and limited participation. Concerns about preservation of vested seniority rights and privileges have been a major stumbling block.

For its part management has clearly not perceived progress in implementing the Official Languages policy to be so important that it would be worth a battle with the unions. This is especially true for CN, but to a lesser extent also for Air Canada. Management of all three firms has been most resistant to the idea that a declaratory injunction --

clarifying the precedence of the Official Languages Act -- would be a solution to this problem. Rather, they all favor as little specific direction by the government (or the courts) as possible so that the Official Languages policy might be implemented in a cooperative rather than confrontational environment. Petro-Canada even extends this view to the practice of designating positions as bilingual, arguing instead that this decision should be made on a functional basis in order to ensure maximum flexibility.

Comparing the situations at CN and at Petro-Canada, it is clear that size has not been as important in this policy area as the nature of business, for example. Assessing the relative importance of the firm's mandate and its financial position is more difficult, however. All three have a commercial mandate, which has been increasingly emphasized in recent years and the management of each has mentioned the potential conflict between this mandate and the firm's "other" obligations in Annual Reports and other presentations. There is no evidence to suggest, however, that responses in the Official Languages policy area have been sensitive to an increased emphasis on commercialization.

As can be seen from Table 4.18 the policy managers generally concurred with the above assessments of the relative importance of the explanatory variables. The managers recognized that location and government controls were important variables but felt that mandate, profitability and public pressure were not very important. The managers interviewed at CN and Air Canada agreed that organizational dynamics had been important in explaining both what had been achieved and what remained to be done. They also both perceived the nature of the businesses in which

TABLE 4.18: COMPARISON --
MANAGERS' ASSESSMENTS OF EXPLANATORY VARIABLES

Variable:	CN	AC	PC
Mandate	none	none	none
Geographic Location	moderate	strong	strong
Size of Firm	minimal	minimal	moderate
Profitability	none	none	none
Type of Business	minimal	strong	strong
Organisational Dynamics	strong	strong	minimal
Government Controls	moderate	moderate	moderate
Public Pressure	minimal	minimal	none

their firms were involved as important in determining the method and timing of responses. There are two aberrations in the managers' responses which must be noted. The first is the case of CN's manager's assessment of the nature of the business. In contending that this was only minimally important, the manager was undoubtedly thinking about the fact that the firm's obligations under the Official Languages Act are now reduced because the firm has virtually eliminated its public contact jobs. In reality, when viewed as an explanatory variable, the nature of CN's business (and the changes thereto) seems to have been very important in explaining the firm's responses. The second aberration is the case of Petro-Canada's manager's assessment of organizational dynamics as being only minimally important. In this case, inputs from internal stakeholders had been minimal because the firm had primarily been involved in planning at the time of the interviews. In other words, the variable was considered to be unimportant because of the early stage of implementation.

To summarize, while some of the variables seem to have stronger explanatory appeal than others, the only two which are thought to be irrelevant are mandate and profitability. Even in these cases it might be argued that they have had some impact on the firm's behavior. In other words, in striving to explain the behavior of these three Crown corporations all of the variables potentially have something to offer.

VI. CONCLUSIONS

One conclusion surfaces from the foregoing discussion even more forcefully than it does in the other two policy chapters: how completely fallacious it seems to be to refer to the three SOEs as "instruments of public policy" in this case. The amount of observation, persuasion, and publicity that has been invested simply to convince these three state-owned enterprises to comply with the Official Languages Act seems justification enough for this conclusion. When the accumulated evidence of lackluster performance and limited commitment is added to this, it seems even more appropriate.

Considering that the federal government's official languages policy has been more aggressively pursued, and has employed more control measures than almost any other social policy, it is quite amazing to discover what little seems to have been achieved by these three Crown corporations. Even if the messages sent and received between the government and the firms have been marked by some ambiguity and evasiveness, there is a substantial public "paper trail" which has established the basic direction and priorities for this policy area. That is, with the possible exception of language of work objectives, there is little doubt about the desired long-term outcome.

The timing and method of implementation are quite another matter, however. Inherent weaknesses in the Official Languages Act, and established practices regarding SOEs, have assured the three firms considerable flexibility in implementation. The general wording of Section 2 of the Act has been a particular culprit in this regard.

Just as the Commissioner has dealt with this issue by adopting the broadest possible interpretation of the law (and has persistently held the firms up to the strictest of standards), the corporations have as firmly held to their narrow view of the Act. Over time, the firms have been persuaded to give a little but it has been done in a miserly and grudging fashion. How much things will change with a more specific law and set of regulations is difficult to say. There is cause to be suspicious that the autonomy of these Crown corporations is such a sacred concept, that they will be allowed to maintain considerable control over both the pace and method of implementation. The fact that they have so far failed to fulfill even those aspects of the present law which they agree are applicable, reinforces this conclusion.

The most interesting question arising out of this currently changing situation is whether a new, more specific law, combined with ultimate recourse to the courts, might produce the desired results. Now that a new law has been passed we must wait for enough time to elapse and sufficient cases have been heard to allow an analysis to be undertaken. Until then, it is virtually impossible to predict the outcome of such a strategy. Experience would suggest that the ultimate success of this policy device will continue to depend on the prevailing political climate and attitudes towards the Crown corporations.

Aside from the many disincentives which might be employed to move the firms along in the desired direction, there is one incentive which is noticeably absent in this policy area -- the lack of private sector competitors with whom the SOEs can engage in friendly competition and whose performance they can use to evaluate their own. If all federally regulated firms were covered by this legislation the Crown corporations could not contend that they are receiving conflicting messages when they are told to behave like their private sector competitors. While this might stimulate the three firms to a more enthusiastic endorsement of the policy goals, it is not clear that the country is ready for such a move.

Finally, this mention of the possible importance of competition brings us back to the earlier comment that it seems fallacious to refer to these firms as instruments of public policy. After reviewing the pros and cons of several measures which might be used to get the firms to move more rapidly in this policy area, and finding none of them to be altogether satisfactory, attention is redirected at the instrument itself. If the firms require as much specific and strong direction as it appears they do in this case, it may be that they, instead of the devices used to control them, are inherently flawed as instruments of policy.

CHAPTER FIVE
EMPLOYMENT EQUITY AND
THE CROWN CORPORATIONS

I. INTRODUCTION

To the four designated groups from whom this Commission heard, the absence of similar political will and leadership with respect to their own exclusion from opportunities was the subject of much discussion. The fact that one group (francophones) had been able to attract effective political action while others had only managed to attract repetitive research was both frustrating and inspiring as an example of the art of the politically possible. Their hope was that, as quickly as possible, they would be transformed from being objects in the political laboratory to being subjects of political action. (From the "Abella Report," 1984.)¹

This Chapter examines the evolution of Canada's Employment Equity policy in order to identify specific stages and critical incidents in the evolution of the policy. The assumption in the arrangement of the Chapters is that there is a natural progression from Official Languages to Employment Equity. The latter is a more recent focus of attention than Official Languages but some similarities between the two may be noted. Both are not only social but are also equity policies. Both may be perceived as potentially threatening to the current workers in SOEs. In both instances there is reason to believe that the government has led rather than followed public interest in the policy. Following, as Employment Equity did, in the footsteps of the federal government's Official Languages initiatives, we may assume that some learning has occurred from the earlier policy to the later one.

The Second Section of this Chapter begins with some definitions and an outline of the problem and then examines the four stages of policy implementation. In the first stage (from 1918 to 1966) we find awareness of a need to address the issue of equal pay in the work place but little

1. Canada. Equality in Employment. Report of the Commission on Equality in Employment. (Ottawa: Minister of Supply and Services Canada, 1984), p.21.

evidence that legislators cared about the underlying reasons for policy measures. In the second stage (from 1967 to 1976) we find that interest in the issue of equality in employment began to expand to include other groups besides women. The focus was still either on identifying and correcting individual incidents of discrimination, on recruitment and training, or on structural changes to accommodate policies. After the mid seventies we find a much greater recognition of the severity of the problem and a realization that it is necessary to identify and eliminate entrenched discriminatory practices in the work place and also adopt positive remedies to address past injustices. Thus, in the third stage, which we suggest begins in the mid to late seventies (1977), the federal government introduced pilot affirmative action programs and also began to strengthen the legal and regulatory framework necessary to eventually achieve real progress and full implementation.

The view adopted in this study is that Canada is still at the beginning of the intensive legislative and regulatory stage which Ackerman and others have posited. While basic human rights have been enshrined in the Constitution, the discussion of events since 1982 will suggest that the mechanisms needed to achieve equality are still being developed and refined. There is also some doubt about the extent to which Canadian society is accepting of positive remedies to eliminate discrimination, as much as the country may abhor its consequences. In the following discussion of the stages in the evolution of Employment Equity policy an effort is made to not only explain how and why the time periods were selected but also to identify some of the economic, political and social forces which propelled this policy forward. Ultimately, however, the

purpose of this Chapter is not to undertake a sophisticated analysis of the evolution of Employment Equity policy in Canada but simply to ensure that we have an adequate appreciation of the policy environment in which the three state enterprises have been responding.

In Section III of this Chapter the focus shifts to a discussion of how the federal government's Employment Equity policy has affected SOEs. The purpose of this section is to discover the expected behavior of a state enterprise which is responding positively to government policy initiatives. To do this we sort through what is known and suspected about state enterprise behavior, and what seems to be expected in this policy area, in order to formulate two ideal types of response -- accepting and resisting behavior. The other task of this Section is to identify a point in time when the three SOEs in this study should have become aware of Employment Equity issues. Section III also highlights other critical points for SOEs in the evolution of the federal Employment Equity policy.

II. EMPLOYMENT EQUITY IN CANADA

Employment equity is a uniquely Canadian term for "programs of positive remedy for discrimination in the Canadian workplace."² The term was first suggested in the Report of the Commission on Equality in Employment (henceforth the Abella Report) in order to avoid some of the negative stereotypes associated with affirmative action and since then it has been widely adopted by the government, the bureaucracy and the Courts. As a result, a fairly specific understanding of what is meant by

2. Ibid., p.7.

"employment equity" has been achieved. Some of the best language is found in the work of the Courts, where there appears to be a gathering consensus that what is intended (and needed) is the adoption of measures to "break a continuing cycle of systemic discrimination"³ in the work place. To do this employment equity programs must deal with both the future and the past, preventing future discrimination and providing remedies for that which occurred in the past. In the following quotation from a 1987 Supreme Court decision, the Chief Justice explains how an employment equity programme should work:

First, by countering the cumulative effects of systemic discrimination, such a programme renders further discrimination pointless....Secondly, by placing members of the group that had previously been excluded into the heart of the work place and by allowing them to prove ability on the job, the employment equity scheme addresses the attitudinal problem of stereotyping....Thirdly, an employment equity programme helps to create what has been termed a "critical mass" of the previously excluded group in the work place.⁴

The story of how the Chief Justice came to be considering this implementation issue is particularly interesting because the respondent in this landmark case was none other than CN. At the moment, however, it is not this case which is of interest but rather the history of how Canada came to have its Supreme Court discussing these issues. In Chapter Six we will consider why this wholly-owned federal Crown corporation would become one of the protagonists in an important human rights case

At present the government's employment equity efforts are aimed at four groups in Canadian society which are known to assume a

³ Canada, *Action Travail des Femmes v. Canadian National Railway Company*, [1987] 1, S C R .1114

⁴ *Ibid.*, p 29

disproportionate share of "society's disadvantages."⁵ These are: women, the disabled, native people, and members of visible minorities. The evidence that they have been discriminated against is both powerful and substantial.⁶ Inequities in employment opportunities are the most visible and most important way in which this discrimination is exhibited. While members of these groups comprise about 60 percent of the Canadian population, they have been consistently over-represented among the ranks of the unemployed and in lower income occupations where they are paid substantially less than their fellow workers. In the following discussion we shall see how and why these groups came to be targeted for specific attention.

By 1987 women made up more than 41 percent of the labour force and their participation rate was about 56.2 percent compared with only 45.2 percent ten years earlier.⁷ Their increased participation was not, however, matched by a corresponding increase in either their earning power or in their net income. In 1972 the average annual income for Canadian women was 57 percent (\$5,208) of that for men (\$9,074)⁸ and in 1984 it was 51 percent (or \$12,147 compared to \$23,873).⁹ This difference in

5. Canada. Equality in Employment, p 3.

6. For details see: (1) Canada. House of Commons. Obstacles. Report of the Special Committee on the Disabled and the Handicapped, (February, 1981) and follow-up reports and responses in 1983 and 1987; (2) Employment and Immigration Canada, Labour Market Development in the 1980s, (Ottawa: July, 1981, (3) Canada, House of Commons, Work for Tomorrow: Employment Opportunities for the 80s, (Ottawa 1981), Chapter 11, (4) Canada, House of Commons, Equality Now! Report of the Special Committee on Participation of Visible Minorities in Canadian Society. March, 1981 and Response; (5) Royal Commission on Equality in Employment, Equality in Employment, (Ottawa: 1984); (6) Canada, House of Commons, Equality for All, Report of the Parliamentary Committee on Equality Rights, (October: 1985), and (7) Canada, House of Commons, Indian and Native Programs, (The Nielson Report), (1986).

7. Canada, Statistics Canada, Women in the Workplace, Table A-3, pp. 26-27.

8. Canada. Revenue Canada. Taxation Statistics. Table 4. 1972.

9. Ibid., 1972 through 1986.

income is mirrored in earnings -- "women working full-time earned only 64 cents for every dollar earned by men in 1984".¹⁰ Women tend to be locked into low-paying, dead-end jobs and they have traditionally faced a very limited number of possibilities for employment (three-quarters work in only five of the twenty-two occupational groups). They also account for most of the part-time workers (71% in 1984) and have typically had a higher unemployment rate than men.¹¹

The employment picture for the other groups is equally dismal. Although there are little data available it is believed that the unemployment rate for disabled persons is somewhere between 50 to 85 percent¹² and they represent about 6.5 percent of the total work force. Native persons are in a similar situation, representing about 4 percent of the total available labour force, but with unemployment rates as high as 70 percent in many native communities.¹³ Virtually no statistics are available about the employment situation for visible minorities, but there is evidence that they are often under-employed and have difficulty advancing. They are believed to comprise about 4.9 percent of the labour force. All three of these groups are found in the lowest paid, marginal sectors of the labour market.

In light of the evidence of generalized and persistent employment inequities among these groups, attention has been focussed on the

10 Government of Canada, Employment equity and economic growth -- Background paper, (March 8, 1985), p 3

11 Ibid

12 Ibid, p 4

13 Ibid, p 6

alleviation of what has been termed "systemic discrimination." This may be defined as discrimination which results from established practices and attitudes which have, "whether by design or impact, the effect of limiting an individual's or a group's right to the opportunities generally available because of attributed rather than actual characteristics."¹⁴ This focus is made possible by the evolution in thinking about discrimination which has occurred within the last twenty years. As a result discrimination is now commonly thought to encompass the consequences or effects of practices or attitudes, whereas in the early sixties it was narrowly restricted to acts of malice or, a little later, proof of "differential treatment."¹⁵ By shifting the focus to practices and policies which result in the exclusion of certain groups (or systemic causes), discussions can turn to positive remedies (or systemic remedies) rather than the more negative task of attributing blame.

Human rights cases in both Canada and the U.S. have helped to identify some of the practices which may be classified as "systemic" discrimination. Often unintentional, they have nevertheless resulted in the exclusion of entire groups of individuals from certain jobs and in so doing have served to reinforce stereotypes. At the entry level examples of such discriminatory practices include: demanding educational credentials which are higher than necessary or unrelated to actual job

14 Canada, Equality in Employment, p 2

15 For an excellent discussion of this see W S Tarnopolsky, "Affirmative Action--Definition, American Experience and Application in Canada," (June, 1979), pp 4-16. Borrowing from the work of Alfred Blumrosen, he traces the evolution of the definition of discrimination through three basic stages: (1) "evil motive or animus" where "proof was required not only of the act but also of a motive based on racial prejudice", (2) the stage when "unequal treatment" could be used as evidence of racial animus", and (3) where the focus is shifted "to the consequences of employment practices, not simply the motivation" for them.

performance (credentialism); requiring "Canadian experience"; setting unjustified height, weight, or dress standards; using word-of-mouth or restricted recruitment channels; and employing culturally biased testing and interviewing methods.¹⁶ At the post-entry level discrimination may result from "restrictive promotion criteria"; "limitations on posting and bidding arrangements for internal recruitment"; and "discriminatory seniority systems."¹⁷

Apart from identifying and eliminating these forms of systemic discrimination, employment equity programs must also attempt to "correct the consequences of past and continuing discrimination."¹⁸ This is a much more difficult task because there is much variability in what may be required.¹⁹ As we shall see, so far Canada has approached this task timidly, but there are signs of increasing recognition and acceptance of the need for "special temporary measures" or what are more popularly called affirmative action programs. As long as control of affirmative action implementation rests with the institution, and targets and timetables are determined internally, the concept has not been strongly opposed in Canada. However, when programs become involuntary and quotas may be set externally there continues to be considerable resistance to

16 For a discussion of this and other entry-level screening devices see Harish C. Jain, "Race and Sex Discrimination in the Workplace. An Analysis of Theory, Research and Public Policy in Canada," prepared for the Affirmative Action Directorate, Canada Employment Commission, (March, 1981), pp 4-8.

17 *Ibid*, p 9.

18 *Ibid*, p 25.

19 It is not possible to simply say hire "x" number of individuals from these target groups. Rather, a complex calculation is required to determine such things as the characteristics and composition of the existing work force; the skills, knowledge and experience needed for the job; and a reasonable time-frame for completion which, in turn, requires an examination of labour force availability as well as a determination of the firm's ability to change the composition of its work force.

affirmative action.²⁰ In the following discussion the background and reasons for this resistance will be explored.

1. Stage One 1918-1966: An Emerging Issue -- Equal Pay but not Equality in Employment

One of the first signs of awareness of inequities in the work place was a government endorsement of the following principle in 1918:

That women on work ordinarily performed by men should be allowed equal pay for equal work and should not be allotted tasks disproportionate to their strength.²¹

This announcement in 1918 was followed by almost 50 years in which the issue of pay equity was discussed but such concepts as equal access to employment or freedom from discriminatory practices were rarely considered. Much of the activity in this period was focussed on equal pay legislation and, later, on the issue of equal pay for work of equal value. One of the significant events during this period was the adoption of Convention 100 by the International Labour Office (ILO) in 1951 which required that ratifying countries commit to the principle of "equal remuneration for men and women workers for work of equal value." The Canadian Government abstained from voting for this Convention because, although it supported the principle and its application to State employees, it was not prepared to introduce legislation at the time.²² It

20. See, for example, Canada, Equality in Employment, pp 6-7

21. Canada, Labour Gazette, (1918a): p.617 cited in Lindsey Nieman, Wage Discrimination and Women Workers: The Move Toward Equal Pay for Work of Equal Value in Canada. Prepared for the Women's Bureau, Labour Canada. (Ottawa: Minister of Supply and Service Canada, 1984), p.33.

22. On Canada's responses to international initiatives on the pay equity issue see Lindsey Niemann, Equality in the Workplace: Wage Discrimination and Women Workers: The Move Towards Equal Pay for Work of Equal Value in Canada, (Ottawa: Minister of Supply and Services, 1984).

must be presumed that legislators did not feel confident of sufficient support for the concept of equal pay for work of equal value amongst the Canadian people. The Canadian Government finally felt able to ratify Convention 100 twenty-one years later in 1972.

Other notable events prior to 1967 include the proclamation of the Female Employee's Equal Pay Act on August 14, 1956. This Act adopted the "same work" terminology used in most of the provinces rather than "equal value" or even "similar work." This Act was later revoked and consolidated into the Canada Labour Code in 1966. Another significant event in this period occurred in 1960 when legislators passed the Canadian Bill of Rights. This statute listed human rights and fundamental freedoms existing in Canada "without discrimination by reason of race, national origin, colour, religion, or sex" but did not address the issue of equality in employment. More importantly, the Bill of Rights did not have precedence over other statutes and could be easily bypassed by Parliament simply by adding a "notwithstanding" clause in new legislation. The fact that it also could be superseded by the War Measures Act further weakened the impact of this particular measure. Another notable occurrence in this period was the observation in the 1962 Report of the Royal Commission on Government Organization and Management of the Public Service (The Glassco Report) that the policy of equality of treatment of women was not fully implemented in practice. Finally, in 1964 when Quebec passed the Employment Discrimination Act there is a signal that legislators were beginning to recognize the need to address the larger issues of equality and discrimination in the work place. This Act was the first in Canada to prohibit employment decisions being made on the basis of sex.

Throughout this period labour force participation rates for women climbed steadily (21.8 percent in 1931, 22.9 percent in 1941, 24.1 percent in 1951 and 29.7 in 1961)²³ and it was becoming apparent that this trend would not reverse. The pay equity issue had been discussed extensively with little perceivable movement toward the principle of "equal value." As we will see shortly, by 1967 there were indications that the federal government was ready to begin dealing with the broader issue of equality in employment opportunities and practices for women. The fact that this was a time of relative economic prosperity and expansion undoubtedly made it possible for legislators to begin to finally address these issues.²⁴ However, there is still little evidence of an awareness of the needs of groups other than women in the work place even though the Bill of Rights recognized that discrimination could occur as a result of race, national origin, color, religion or sex.

2. Stage Two 1967-1976: A Period of Intensive Study and Structural Changes within the Public Service

In 1967 the Government of Canada named a Royal Commission to:

inquire into and report upon the status of women in Canada, and to recommend what steps might be taken by the federal government to ensure for women equal opportunities with men in all aspects of Canadian society...²⁵

23. Lindsay Niemann, "Equality and Compensation: The Secondary Economic Status of Women in the Paid Workforce" in Labour Canada Sexual Equality in the Workplace. Proceedings of a conference sponsored by the Women's Bureau, Labour Canada, (Toronto, 1982), p. 49.

24. For a discussion of the relationship between the health of the economy and activities in this policy area see, for example, Colleen Sheppard, "Affirmative Action in Times of Recession: The Dilemma of Seniority-Based Layoffs", (December, 1982) (An unpublished paper); and Monica Townson, "The Management of Affirmative Action in Hard Times: The Implications of the Current Economic Recession for Affirmative Action Programs," prepared for the Affirmative Action Directorate, Employment and Immigration Canada, [otherwise known as the Canada Employment and Immigration Commission (CEIC)] (May, 1983).

25. From the terms of reference for the Royal Commission on the Status of Women cited in Canadian Advisory Council on the Status of Women, As Things Stand--Ten Years of Recommendations, (Ottawa, 1983), p. 5

In the same year the Public Service Employment Act (1967) prohibited employment on the basis of sex. In 1970 the Royal Commission on the Status of Women filed its report and among other things addressed the need for a Human Rights Act and a Human Rights Commission which would be accountable directly to Parliament, and would administer anti-discrimination and fair employment practices legislation at the federal level. The federal government responded in 1971 and 1972 with several actions including the naming of a Minister who would be responsible for the Status of Women and the establishment of an interdepartmental committee to examine the Commission's recommendations.

Finally, in 1972 we find the first recognition of the need to address the employment problems of native Canadians with the establishment of an officer for that purpose in the Public Service Commission (PSC). As mentioned earlier, another important occurrence in 1972 was Canada's ratification of Convention 100 of the ILO on the 16th of November in that year. In 1973 the PSC set up a Black Employment Program in Nova Scotia which signified a further expansion of focus beyond just women.

Numerous structural changes were occurring at the federal level at this time, mostly to implement policies pertaining to equal opportunities for women. At the provincial level, meanwhile, the focus was on establishing a legal framework to protect basic human rights in society and in the work place (Human Rights Acts and Labour Standards Codes). These actions were taking place against a backdrop of consistently increasing participation rates and rising unemployment rates for women. In the early seventies, for example, unemployment rates for females rose from 5.8 percent in 1970 to 9.4 percent in 1977 while for males they only

rose from 5.6 to 7.3 percent in the same period. Another group which was clearly being adversely affected by the economic difficulties of the seventies were native persons. In 1981, for example, the labour force participation rate for males in this group was about 60.7 percent while the unemployment rate was 16.5 percent. For females the participation rate was only about 36.7 percent while the unemployment rate was 17.3 percent.

High unemployment levels, limited possibilities for economic growth, and a general disenchantment with government and its ability to intervene effectively, provided a mix of incentives for policy-makers to take some direct and visible measures to protect human rights and improve the employment prospects for certain disadvantaged groups. Federal policy-makers also had before them the example of the provinces (Quebec in particular), the ILO, and the Equal Opportunity measures in the U.S. as motivating forces. There was a heightened social and political consciousness arising out of the unrest of the sixties which served as a foundation for an increasing number of pressure groups which formed in Canada to address the needs of the disadvantaged. Moreover, Canada's immigration policies, along with settlement patterns of new Canadians, combined to create concentrations of certain visible minorities in some locations. This produced tensions with the established population who felt economically or culturally threatened. Members of most of the groups became increasingly aware that their progress was being impeded by often invisible, yet very effective barriers, and formed pressure groups to act on their behalf (for example, 221 representations were made by these groups to the Abella Commission). The higher contribution of all of these

groups to the country's rising unemployment levels has made the inequities more apparent and helped to "politicize" their members. When confronted with the above social, political and economic factors, by the late seventies policy-makers had little alternative but to proceed with some measurable policy outputs.

3. Stage Three 1977-?: Increased Legislative and Regulatory Activity: Affirmative Action and Employment Equity

In light of the factors just discussed as well as the recommendations of the Royal Commission on the Status of Women, Canada's international obligations as a signatory of covenants and conventions pertaining to conditions of work, and the serious weaknesses of the Bill of Rights, the Canadian government passed the Canadian Human Rights Act on July 14, 1977. Section 2 of the original Act established that,

every individual should have an equal opportunity with other individuals to make for himself or herself the life that he or she is able and wishes to have, consistent with his or her duties and obligations as a member of society, without being hindered in or prevented from doing so by discriminatory practices based on race, national or ethnic origin, colour, religion, age, sex or marital status, or conviction for an offence for which a pardon has been granted or by discriminatory employment practices based on physical handicap.²⁶

The discriminatory practices outlined above were later changed to include "family status," and to change "employment practices based on physical handicap" to "disability." In addition to the above general statement of purpose, Section 11 (1) of the Act handles the question of equal wages in the following way:

²⁶ Canada, Canadian Human Rights Act S C , [1976-77], c 33, sec.2.

It is a discriminatory practice for an employer to establish or maintain differences in wages between male and female employees employed in the same establishment who are performing work of equal value.

With the proclamation of the Canadian Human Rights Act there were now two jurisdictions in Canada which were generally in compliance with Convention 100 (which came into force in 1953 and which Canada had ratified in 1972).²⁷ The reason for using the term "generally" is that the inclusion of the phrase "in the same establishment" serves to qualify how "equal value" will be defined.

One month after the Canadian Human Rights Act was proclaimed, The Canadian Human Rights Commission (CHRC) was established in August, 1977. As we will see, the Commission's function has evolved over time but its primary responsibility is to administer and enforce the Act. When an individual or a group believes he/she/they are being discriminated against they may file a complaint with the Commission, or, given evidence of discrimination, the Commission is empowered to initiate a complaint. After a complaint has been investigated and a report has been issued if the situation remains unresolved the Commission may appoint a conciliator. In the event that this does not work, a Tribunal may be established and if a complaint is found to be substantiated the Tribunal may order: 1) that the discriminatory practice be stopped, 2) that compensation be paid, and 3) it may also require that a special program be introduced to remedy a past wrong. Over the years the CHRC has issued clarifications of important aspects of the law including, for example, equal wage guidelines

27. For a discussion of the countries which have legislation on "equal work" or "work of equal value" see, for example, Judith A. Alexander, "Equal-Pay-for-Equal-Work Legislation in Canada," (Discussion Paper No 252), (Ottawa Economic Council of Canada, 1984), pp 14-15.

in 1978 and guidelines concerning special programs in 1981. Between 1979 and 1986 the Commission investigated approximately 3,335 complaints. Of these, about 26 percent were based on sexual discrimination, 25.9 percent were related to disabilities, 17 percent had to do with race or color, 13 percent were complaints based on age, and 12.2 percent were based on national/ethnic origin.

The federal government continued to press forward following the establishment of the CHRC and the Annual Reports of that body served as a persistent reminder that discrimination was occurring in the Canadian work place. In 1978 the government adopted a policy to increase the participation of Canada's indigenous people in the Public Service. In 1979 further measures were introduced to help recruit Native persons and the handicapped. In the same year the Affirmative Action Directorate at CEIC also began contacting employers to seek their voluntary participation in an Affirmative Action program. (Out of the 1,400 employers contacted between 1979 and 1984, 71 had agreed to participate).²⁸ In the Speech from The Throne of April 14, 1980, the government promised to introduce Affirmative Action measures within the federal public service. In December of the same year the government set out its strategy for implementing an Affirmative Action program beginning with three pilot studies in three separate departments: Canadian Employment and Immigration Commission, the Treasury Board Secretariat and Secretary of State. In 1981 Canada ratified the UN Convention on the Elimination of all Forms of Discrimination against Women. 1981 was also a year in which attention was

²⁸ Canada, Equality in Employment, p. 197.

focussed on increasing employment opportunities for the handicapped. A Special Committee of the House of Commons on the Disabled and Handicapped prepared a report entitled Obstacles which laid out the concerns and problems of this group.

The pace of equity efforts increased even faster in 1981-82 with the repatriation of the Constitution and the inclusion of the Canadian Charter of Rights and Freedoms. Specifically, Section 15(1) of the Constitution Act, 1982 states that:

Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, color, religion, sex, age or mental or physical disability.²⁹

and Section 15(2) provides the Courts with the opportunity to order special measures to correct past injustices (affirmative action).³⁰

Unlike the Bill of Rights, the Charter of Rights and Freedoms is enshrined in the Constitution so that it has precedence over other legislation and is generally binding on all Canadians. By 1982, therefore, the Canadian government had committed itself in several ways to eradicating discrimination and protecting human rights.

In 1983 more actions were taken relating to equal opportunity and equity in employment. TBS announced an Affirmative Action program which would be implemented across the Public Service to ensure more equitable representation of women, indigenous people and handicapped persons.

29. Schedule B, Constitution Act, 1982, (U K), c 11, Part I

30. Canadian Charter of Rights and Freedoms The Constitution Act 1982, C 11 (U K) Section 15(2) states Subsection (1) does not preclude any law, program or activity that has as its object the amelioration of conditions of disadvantaged individuals or groups including those that are disadvantaged because of race, national or ethnic origin, color, religion, sex, age or mental or physical disability

Except for the measures the federal government had taken with respect to Official Languages this was Canada's first mandatory affirmative action initiative. In its analysis of this measure the Abella Report implies a link between the government's relative success with mandatory measures to increase francophone participation rates in the public service³¹ (bringing francophone representation in the federal public service to 26.8 percent by 1982) and measures aimed at achieving more equitable participation for the above groups. While a link of this sort is difficult to substantiate, it is unimaginable that policy-makers would have been ignorant of the federal government's Official Languages initiatives.

By 1983 the federal government was literally inundated with information from a wide variety of sources about the problems the four designated groups faced in the work place. Up to that point, at the federal level on the equality in employment issue alone, the number of parliamentary, government, and bureaucratic responses was so extensive that compiling a list could be a separate project in itself. By far the majority of the actions may be classified as information-gathering (or "exhortative") in nature. At the federal level there have been two Royal Commissions³², numerous Task Forces³³, Parliamentary Committees looking into the plight of each of the groups³⁴, Ministers designated³⁵, Advisory

31. Abella describes how the combination of the 1969 Official Languages Act and the Parliamentary resolution of June 1973 paved the way for government departments to undertake special recruiting of francophones. Canada, Equality in Employment, footnote 18, p 199.

32 The Royal Commission on the Status of Women (1967) and The Royal Commission on Equality in Employment (1984).

33 The Task Force on Labour Market Development, (1981).

34 For example, the Special Committee of the House on the Disabled and Handicapped, the Special Committee (or Task Force) on Participation of Visible Minorities in Canadian Society, the Standing Committee on Aboriginal Affairs and Northern Development, the Standing Committee on Human Rights, and the Committee on the Status of Disabled Persons.

Committees and Agencies set up³⁶, Cabinet Directives issued³⁷, Conferences organized and so on. The Public Service had begun its affirmative action program and special programs had been introduced in an effort to improve both pre-and post-entry conditions for women. There was a consensus among both internal and external leaders in this policy area that the next logical step was to focus attention outside the Public Service; if not at the private sector then at the federal state enterprise sector.

On June 27, 1983 the federal government appointed a Commission of Inquiry to look into the "most efficient, effective and equitable means of promoting employment opportunities, eliminating systemic discrimination and assisting all individuals to compete for employment opportunities on an equal basis." The Commission's terms of reference clearly recognized that,

measures taken by Canadian employers to increase the employability and productivity of women, native people, disabled persons and visible minorities have as yet not resulted in nearly enough change in the employment practices which have the unintended effect of screening a disproportionate number of those persons out of opportunities for hiring and promotion (systemic discrimination).³⁸

Specifically, the Commission was empowered to examine the employment practices of eleven Crown corporations including the three which are the subject of this study.

35. A Minister of State (Status of Women) now (Privatisation and Status of Women), a Minister for Multiculturalism, and specific responsibilities for the Minister of State with respect to the Status of Disabled Persons

36. The Advisory Council on the Status of Women (1973), The Canadian Multicultural Council, and departmental/central agency committees such as Treasury Board's Advisory Committee on Employment of Visible Minorities and the Affirmative Action/Employment Equity Directorate at CEIC

37. For example, Cabinet Directive #44 calling upon all departments and agencies to take steps to encourage the assignment and advancement of more women into middle and upper echelon positions,

38. Orders in Council P.C. 1983-1924, cited in Canada, Equality in Employment, pp 1-11

The Abella Report, which was issued in October 1984, systematically outlines the severity of the problems facing the designated groups and the situation which it found in the eleven Crown corporations. It also examines both the legal framework and the prevailing economic conditions in 1984. Finally, before issuing 117 recommendations, the Report reviews the components of an effective attack on the problems which the Commission was asked to address. These components include measures to enhance the education and training of the designated groups so that they are properly prepared to compete for jobs. Available child care is another measure the Report addresses. Finally, the Report deals with the issue of eliminating work place barriers through a statutory requirement that all federally regulated employers implement employment equity. As a result of its careful investigation the Commission concluded that legislation would need to include three major components if it were to be effective:

- a requirement that federally regulated employers take steps to eliminate discriminatory employment practices;
- a requirement that federally regulated employers collect and file annually data on the participation rates, occupational distribution, and income levels of employees in their workforces, by designated group; and
- an enforcement mechanism.³⁹

Another conclusion of the Abella Report is that contract compliance, while potentially "awkward to enforce," is an acceptable alternative to the ideal situation wherein "every business or corporation under federal, provincial and territorial jurisdictions would be subject to employment

39 Ibid , p 203

equity legislation"⁴⁰ The Commission also concluded, forcefully, that,

Until provincial laws are changed to articulate and effectively enforce the 'equal pay for work of equal value' concept, little change in the income gap is likely to occur.⁴¹

For women, in particular, the Report concludes "it is vital that equal pay be seen through the 'equal value' lens."⁴²

On June 27, 1985, two years after the Abella Report was presented, Bill C-62 was introduced and came into effect as the Employment Equity Act on August 13, 1986. This Act has appropriately been referred to as a "reporting" act.⁴³ The reason for this does not lie in the general statement of purpose or in the description of employer's duties (both of which are progressive)⁴⁴ but in the clauses which spell out what must actually be done. On the one hand Section 4 requires federally regulated employers with more than 100 employees, and Crown corporations with the same number of employees, to identify and eliminate employment barriers

40. *Ibid.*, p 226.

41. *Ibid.*, p 241.

42. *Ibid.*, p 245.

43. The Senate had another suggestion. When presented with Bill C-62, the Senate, finding extreme Ministerial resistance to amendments, took the unusual step of issuing a report pointing out its various weaknesses. Failing all else, it was suggested that the Act should properly be called the "Employment Equity Information Act."

44. For example, the Employment Equity Act S.C. 1984-85-86, C-62 Section 2 (Purpose of Act) states

The purpose of this Act is to achieve equality in the work place so that no person shall be denied employment opportunities or benefits for reasons unrelated to ability and, in the fulfillment of that goal, to correct the conditions of disadvantage in employment experienced by women, aboriginal people, persons with disabilities and persons who are, because of their race or colour, in a visible minority in Canada by giving effect to the principle that employment equity means more than treating persons in the same way but also requires special measures and the accommodation of differences.

With respect to duties, Section 4, subsections (a) and (b) state that an employer shall implement employment equity by

(a) identifying and eliminating each of the employers' employment practices, not otherwise authorized by a law, that results in employment barriers against persons in designated groups; and

(b) instituting such positive policies and practices and making such reasonable accommodation as will ensure that persons in designated groups achieve a degree of representation in the various positions of employment with the employer that is at least proportionate to their representation...

as well as institute positive policies to ensure adequate representation of the target groups. On the other hand, in describing the specific responsibilities imposed by the Act, Section 5 requires employers to prepare annual plans (with goals and a timetable for implementation) but they need only be retained at headquarters for three years, and there is no mechanism by which they are released or reviewed. Section 6 then requires annual "reports" to be filed with the Minister for Employment and Immigration but these are to present raw data only. Despite Abella's emphasis on wages, the Act does not require Plans to include information about measures to bring about pay equity. A copy of the Plans is to be sent from the Minister to the CHRC (Section 8) and the Commissioners indicate in their 1986 Annual Report that the data generated will be used to "increase the representation of women, natives, visible minorities and the disabled in the work force."⁴⁵ The Minister then prepares a consolidation and analysis of these reports and presents them to the House by the end of each year, at which time they are supposed to be available for public inspection. The regulations, issued under Section 11, in no way extend the above responsibilities.

Bill C-62 was criticized by virtually every group and agency which had pushed for its introduction. The major problem with the legislation is that implementation of employment equity is neither mandatory nor enforceable.⁴⁶ On the issue of enforcement Judge Abella stated:

⁴⁵ Canadian Human Rights Commission, Annual Report, (1986), (Ottawa: Minister of Supply and Services, 1987), p 13

⁴⁶ For criticisms of the Employment Equity Act see, for example, the briefs presented by: the National Action Committee on the Status of Women (December 5, 1985), the Canadian Advisory Council on the Status of Women (December 1985 and June 11, 1986), and the Canadian Labour Congress, (December, 1985).

Equality demands enforcement. It is not enough to be able to claim equal rights unless those rights are somehow enforceable. Unenforceable rights are no more satisfactory than unavailable ones.⁴⁷

The fact that the Act remains silent on the issue of enforcement, despite the interventions of many groups at the Committee stage, is indicative that the government did not feel that it was appropriate or possible to demand more of employers than simple data collection and reporting. Groups were successful in obtaining changes to the Bill so that it would include: mandatory "consultation" with employee representatives or the bargaining agent (Section 4), preparation of an annual plan which includes goals and timetables (Section 5), and increased resources for the CHRC so that it could properly monitor employers.⁴⁸ Besides the absence of mandatory enforcement mechanisms⁴⁹, other unsuccessful recommendations for change included the following: that employment practices (such as recruitment, hiring, promotions) be listed in the legislation, that the fine for not reporting should be dependent on the size of the company, that contract compliance should be legislated, and that the nation's largest employer (the federal government departments) should be included.

Both Employment and Immigration Canada and Treasury Board have prepared guidelines in this policy area. CEIC's are provided for in Section 12 of the Act and Treasury Board's are issued under the authority vested in it by the Financial Administration Act. The former guidelines

47. Canada, Equality in Employment, p 10

48. Canadian Advisory Council on the Status of Women, "Employment Equity Update - Differences Between the New Legislation (C-62) and Council Recommendations," undated internal memo

49. For example, defining the role of the CHRC and giving it specific powers to set standards of compliance, have a statutory right to inspect, monitor, assess and impose penalties (See, National Action Committee on the Status of Women, "Brief.")

would appear to be for information only.⁵⁰ The latter are obligatory for the Crowns, but are not applicable to their private sector counterparts. Because the Treasury Board guidelines affect all federal SOEs, not just those which are in federally regulated industries, they have the effect of bringing more firms under the policy than are covered by the Act.

In formulating its policies and guidelines Treasury Board has gone beyond the narrow provisions of the law, to require Crown corporations to file both the obligatory reports and the annual plans covering a three-year period. These are to be submitted to Treasury Board through each firm's reporting Minister and must include specific goals, implementation timetables, evaluations, and so on. To date there has been 100 percent compliance with this policy. Since only the required reporting data will be forwarded on to CEIC, the benefit of this additional information flows only to Treasury Board and the Minister, and will not become a matter of public record.

There are several possible reasons for the Treasury Board's progressive stance on the implementation of the Employment Equity Act. The consensus among the SOEs which were interviewed is that the individual responsible for the policy area at Treasury Board is fully committed to the principle of employment equity and has been successful in promoting his view. The fact that all of the interest groups and agencies which had been pressing for legislation in this area were very critical of Bill C-62, coupled with the fact that Treasury Board was one of the participants

⁵⁰ Employment Equity Act Section 12 states "In order to provide employers with information that the Minister deems would be of assistance to employers in implementing the requirements of sections 4 and 5, the Minister may issue guidelines directed to employers pertaining to any of the matters referred to in those sections (underlining mine). The use of the phrase "would be of assistance" suggests that any guidelines produced under this section would not be enforceable.

in the Public Service's pilot Affirmative Action programs, also may have influenced the Board (and the government) to push the SOEs to do a little more than the law requires. Of course, it is also true that by proceeding with an unequal treatment of SOEs and their private sector counterparts, the government may be able to quiet some of the interest groups and also avoid further aggravating the federally-regulated firms which are covered by the law.

Financial incentives/disincentives (expenditures) have not been widely used in implementing employment equity programs. Instead, the government has traditionally employed exhortative, legal or administrative policy tools. However, in light of the recommendations of the Abella Commission and the protests of interest groups regarding the inadequacies of Bill C-62, the government introduced a Federal Contractors Program in 1986. In taking this action the government entered the "market of economic instruments." This policy provides that firms with more than 100 employees, which want to bid on government contracts of \$200,00 or more, must "certify in writing their commitment to implement employment equity according to specific criteria." Firms may be subject to an "in-depth" compliance review by CEIC. Another financial measure in the Employment Equity program is the inclusion of a \$50,000 fine for non-compliance by firms subject to the Employment Equity Act. Policy activists do not view this measure as important, however, because the Act itself requires so little of the firms that they are very likely to comply.

At this point in time it is extremely difficult to assess the effectiveness of the Employment Equity Act because the first mandatory filing of Reports for all firms only occurred in June 1988 and the

Minister has yet to file a Report with the House. However, there are numerous reasons for suggesting that answers to Canada's problems of inequality in the work place do not lie in this weak implementation law. The controversy which surrounds this Act serves as an important indication that consensus is yet to be achieved about the best way to solve these problems. The extensive dependence on voluntary measures, exhortation, and studies further suggests that policy-makers are unclear about what should be done and are not willing to risk loss of political support to implement employment equity. The Abella Report characterizes the situation as one in which there is a "proliferation of research" and an "absence of implementation."⁵¹

In summary, policy-makers have made a deliberate decision to continue with a "cautious" implementation of employment equity. The fact that they have had before them, as an example, the successes and failures experienced in implementing the Official Languages policy makes these choices seem all the more intentional. At the very time that the Employment Equity Act was being debated (and almost universally criticized) many members of the House were involved in trying to find remedies for problems which had arisen because of similar weaknesses in the Official Languages Act.

Members of the target groups have also been quite aware of the example offered by the government's Official Languages policy. In contrast to their situation they see that the government has been willing to intervene more "forcetully" to correct linguistic inequities than those

⁵¹ Canada, Equality in Employment, p 20.

TABLE 5.2: RESPONSES OF AN RESISTING FIRM TO FEDERAL EMPLOYMENT EQUITY POLICY

Indicator	Stage 1 Awareness	Stage 2 Research & Development	Stage 3 Institution- alization
Statements	No recognition of policy.	No voluntary public statements or if so an expression of concern about commercial mandate. Internal neutral announcement of policy obligations.	Brief policy statement allowing wide discretion. Responsibilities listed but no participation or accountability. Policy acknowledged in ARs but costs and limitations emphasized.
Internal Organizational Responses	No structural changes.	Small corporate level unit responsible for fielding questions and complaints and preparing obligatory reports and plans. Rejects quotas and resists setting targets. Goals are general.	Skeletal corporate and regional/branch organization. Responsibilities delegated but little control and no accountability. Information in reports and plans limited to legal requirements. Focus on qualitative rather than quantitative improvements.
Measurable Outputs	No outputs but cases brought before CHRC.	Some selected hiring of women. Recruitment program initiated for women and indigenous persons.	Recruitment program established for all groups. Minimal increase in participation rates for some groups.
External Actions (Political, Legal, Other)	Legal actions to clarify obligations. Deny need for government and success of voluntary actions.	Persistent legal actions. Participation in co-operative efforts limited and grudging.	Lobbying efforts to focus attention on "excessive" costs. Adopts adversarial relationship with administering agencies, especially CHRC and CEIC.

Crowns towards women in particular had been widely and openly considered. In 1974, four years after the Commission had filed its Report, a directive was sent to all Deputy Ministers of federal government departments and agencies calling on them "to take steps to encourage the assignment and advancement of more women into middle and upper echelon positions," a similar one was sent to all heads of Crown corporations. This directive invited them to "undertake positive action to encourage the assignment and advancement of more women into responsible positions within their administration and to inform the Minister Responsible for the Status of Women of their progress in this respect."⁵⁴ The attention from the Royal Commission may be presumed to have served as a warning that the SOEs were going to become targets for policy implementation by interest groups, task forces and central agencies. The fact that the Official Languages Commissioner was beginning to point out the apparent unwillingness of some SOEs to implement the language equity policy should also have caused the firms to anticipate special attention on the employment equity issue. In view of both this and the directive, it would seem reasonable to expect the large and very visible firms selected for this study to have taken some actions in anticipation of the 1986 legislation. Before looking at how each of the three firms have actually responded to this policy environment we will look a little more closely at what is known about the behavior of the Crown corporation sector as a whole in this policy area prior to 1986.

⁵⁴ Cabinet Directive from R.G. Robertson, Secretary to the Cabinet dated May 28, 1974

In its report, the Royal Commission on the Status of Women dedicated eight of its 167 recommendations to Crown corporations. At that time, women represented 11 percent of all employees of federal Crown corporations and agencies. Of these, "more than four-fifths were in administrative support occupations" which was seen by the Commission as an important factor in explaining their lower earnings. In a study of five Crown corporations⁵⁵ the Commission found that "80 percent of the women and 22 percent of the men earned less than \$6,000 yearly."⁵⁶ It concluded that differences in earnings were largely attributable to the fact that fewer women were able to reach higher levels and that this was because "attitudes of some people in these organizations were effectively excluding women from managerial, professional and creative positions."⁵⁷ This conclusion was partly based on evidence gathered from interviews of senior and intermediate employees wherein "71 percent of the women and 41 percent of the men said that they were aware of prejudice or discrimination against women."⁵⁸ The types of attitudes which acted as barriers against advancement of women included the belief that women lacked educational qualifications, mobility, and had higher absentee and turnover rates.

In 1977 the Advisory Council on the Status of Women funded a study to see what had happened in some of the Crown corporations as a result of

55 Air Canada, Canadian Broadcasting Corporation, Canadian National Railways, Central Mortgage and Housing Corporation, Defence Research Board and the National Film Board

56 Canada, The Royal Commission on the Status of Women, (Ottawa: Information Canada, 1970), p 127

57. Ibid. p.128.

58. Ibid.

the Commission's findings and the Cabinet Directive (the Dulude study).⁵⁹ The Council's interest was also stimulated by an increasing awareness of the employment impact of the federal Crown corporations sector (almost 40 percent of federal employees). From the questionnaires which were sent to forty-four corporations, it was determined that, while "women made up more than 37 percent of the Canadian labour force", and comprised "almost 33 percent of the federal Public Service", they made up only 15.4 percent of the employees of Crown corporations in 1977.⁶⁰

It is interesting to observe that out of 43 firms, CN was third from the bottom (40th) in terms of the percentage of women it employed (5.9 percent), Air Canada was in nineteenth position (at 29.0 percent) and Petro-Canada was twenty-fourth. This is particularly significant when it is also noted that CN and Air Canada together employed 70 percent of all the workers in the federal state enterprise sector. In other words, the record of these two firms was (and continues to be) critical to the success of any policy measures.

Other findings of the Dulude study mirror those of the Commission ten years earlier. Within the organizations occupational segregation and the exclusion of women from senior positions continued to be major problems. Dulude found that in the average corporation, close to 80 percent of the administrative support staff were women while only 1.9 percent (or 35 out of 1,811) were in senior management positions.

59 Louise Dulude, The Status of Women in Federal Crown Corporations, (Ottawa Canadian Advisory Council on the Status of Women, March 1977), p 3

60 Ibid., p 3

The focus on Crown corporations intensified significantly with the naming of the Abella Commission in June 1983. Charged with examining the employment opportunities for the designated groups in eleven federal Crown corporations, the findings of the Abella Commission provided further evidence of the severity of the problem and the ineffectiveness of previous efforts to alleviate it. Once again a questionnaire was sent to the firms, although this time it was much more comprehensive and had the power of a Royal Commission behind it. Not surprisingly, the firms were able to provide "relatively reliable data on the numerical distribution and participation rates" for women⁶¹, but were able to provide very little information on the other three groups.

In comparing the Abella and the Dulude data, we find that Air Canada, CN, and Petro-Canada had the smallest percentage increase in the number of women employees (0.9, 0.6, and -14.3 percentage points respectively) of the nine firms for which there are comparable data. However, the much larger size of CN and Air Canada and the fact that these two were undergoing massive downsizing over the six year period between the two studies suggests that a comparison of absolute numbers might be more appropriate. Both firms terminated relatively fewer women than men but it is not possible to determine whether this was the result of a positive policy toward employing women or whether it is, as Abella suggests, because "80 percent (of those terminated) were in the male-dominated skilled crafts and trades and the semi-skilled and unskilled

61. Canada, Equality in Employment, p 103

manual job categories."⁶² Of those firms which expanded, Petro-Canada's record (only 28 percent of those hired were women) is clearly worse than the other firms.

As with the previous studies, Abella found that women were under-represented in the occupational categories that offer high "work-related benefits." The Commission found "almost no change in the distribution of women among the occupational groups from 1978 to 1983."⁶³ The report concludes that while occupational segregation may be decreasing, it is doing so "so slowly that, at the present pace, it will in some cases take several generations to reach even a 30-per-cent level of female representation in most occupational groupings."⁶⁴

Abella's analysis of employment policies and practices paints a brighter picture. Unfortunately the Commission did not replicate the questions of the Dulude study so that there is no information about the existence of a formal, written policy statement in this area. However, all eleven corporations "indicated that it was one of their corporate objectives to have equal employment opportunities available, particularly for women."⁶⁵ At the time of the study only four of the corporations (CMHC, CBL, EDC and Air Canada) had actually taken measures to fulfill these objectives. While all the firms acknowledged the importance of the Royal Commission on the Status of Women and the Canadian Human Rights Act in sensitizing them to the inequities faced by women in the work place,

⁶² Ibid, p 113

⁶³ Ibid, p 106

⁶⁴ Ibid

⁶⁵ Ibid, p 122

Abella found that "most of the initiatives undertaken by Crown corporations...were in response to requests from government for information..."⁶⁶ The report notes that, "the chief executive officer of each of the eleven Crown corporations acknowledged that legislated mandatory requirements were the most effective path to widespread equitable participation by the designated groups."⁶⁷

The Act which was introduced in response to the Abella Commission's findings has already been discussed as have its implications for Crown corporations. In formulating this Act legislators recognized the validity of the argument, posed by executives of the Crowns and supported by Abella, that it would be unfair to single out Crown corporations (who only employ about 1.8 percent of the Canadian work force) in the hope that the message would somehow trickle down to the private sector. In the end the Crown corporations were required to file reports one year earlier, and, unlike their private sector counterparts, must obtain the approval of Treasury Board for their annual employment equity plans. The long-term implications of this differential treatment will not be fully apparent until the system has been operating for some time. It may be assumed that there will be a learning effect on the private corporations as they observe how the Crowns respond to the new requirements.

Before moving on to a closer examination of how the three SOEs in this study have responded to the federal government's Employment Equity initiatives, an appropriate base year must be selected for the SOEs and

66 Ibid., p.123.

67 Ibid., p.125.

the sorts of responses which might be expected from an "accepting" and a "resisting" firm must be outlined. The year 1967 is proposed as the year in which the federal SOEs might have become aware of the need to take some action with respect to equal employment opportunities. The fact that the government named the Royal Commission on the Status of Women in that year and also enacted the Public Service Employment Act (which prohibited gender-based employment practices) should have signalled to Air Canada and CN that it would be advisable to at least start thinking about their policies with respect to women. Given that Petro-Canada was established when government activity in this area was becoming more intense, there should have been some indication of awareness of the policy by 1977.

The argument has been made throughout this Chapter that the Employment Equity policy initiatives should be viewed simply as one in a long series of government measures rather than as a new concern for the SOEs. We would therefore expect an "accepting" firm to have paid attention to the status of women by at least the late sixties and to have assigned responsibility for the policy within the firm shortly thereafter. Awareness of the other target groups should be noticeable by at least the mid seventies and data analysis and collection should have also begun in earnest by that time. We further expect that an "accepting" firm would have begun active recruiting from all of the groups at an early stage rather than awaiting clarification of exactly how many individuals needed to be added to achieve compliance with the law and policy.

A "resisting" firm, on the other hand, will probably not have issued a policy statement until after the obligations were mandated (1984) and will also have made few structural changes until that time. A firm which

has adopted this philosophy will concentrate on the difficulties of implementation, will be slow to collect data, and will seek clarification of its obligations from administering agencies and the Courts. In such a firm we would expect to find little evidence of actual changes by 1986 when the data were being collected.

In the next Chapter we will see to what extent CN, Air Canada and Petro-Canada have been accepting and resistant to the employment equity policy, with the help of Tables 5.1 and 5.2. As was true in Official Languages, we do not expect to find that the firms conform to either of the ideal types portrayed in these tables. What has been observed about the indecisiveness and ambiguity in government actions suggests that the firms will not be very far advanced in implementation. Finally, while there may be evidence that the firms are supportive of the concept of equality in employment in general, we do not expect that they will be receptive to the notion of affirmative action

TABLE 3.1 RESPONSES OF AN ACCEPTING FIRM TO FEDERAL EMPLOYMENT EQUITY POLICY

Indicator	Stage 1 Awareness	Stage 2 Research & Development	Stage 3 Institution- alization	Stage 4 Full Implementation
Statements	Recognition of women and pay equity issues in Annual Reports (ARs) by late sixties	Regular positive mention in ARs. Policy statement has detailed responsibilities. mentions increased representation of target groups.	Continued support with details of progress in ARs. Policy statement refers to participation	Report achievements in detail. Accountability mentioned in policy statement
Internal Organizational Responses	Assigns a senior official to review and report to CEO. Communicates need and indicates support for action to workers. Plans for data collection and orders internal study	Data collection system operable, extensive internal communication, training, and program design. First internal report. Committee work at management level. Ongoing review of policies and practices	Fully-staffed corporate level with decentralized responsibilities. Regular, comprehensive planning. Formal consultation mechanisms. Sophisticated data analysis. Discriminatory practices and policies identified and mostly eliminated.	Accountability for progress part of management review. Data analysis including longitudinal analysis. Work level committees to monitor and review. Generous targets reflecting national standards
Measurable Outputs	Some high level recruitment and hiring	Increased women at all levels. Active recruitment of indigenous persons	Recruitment and some hiring of all groups. Extensive advertising of positions. In-house training program	Increased participation for all met for women at some levels. Training continues to increase opportunities for advancement within firm
External Actions (Political, Legal, Other)	Provides data for agencies responsible for designing government's response	Further support through voluntary reporting. Cases of dispute settled amicably out of Court	Adopt conciliatory attitude with CHRC, CEIC, and TBS. Participates in voluntary co-operative efforts. No legal actions.	Information willingly Endorses government programs. Assists in designing regulatory framework and guidelines. Suggests improvements to government

TABLE 5.2: RESPONSES OF AN RESISTING FIRM TO FEDERAL EMPLOYMENT EQUITY POLICY

Indicator	Stage 1 Awareness	Stage 2 Research & Development	Stage 3 Institution alization
Statements	No recognition of policy.	No voluntary public statements or if so an expression of concern about commercial mandate Internal neutral announcement of policy obligations	Brief policy statement allowing wide discretion Responsibilities listed but no participation or accountability. Policy acknowledged in ARs but costs and limitations emphasized
Internal Organizational Responses	No structural changes	Small corporate level unit responsible for fielding questions and complaints and preparing obligatory reports and plans Rejects quotas and resists setting targets Goals are general	Skeletal corporate and regional/branch organization Responsibilities delegated but little control and no accountability Information in reports and plans limited to legal requirements Focus on qualitative rather than quantitative improvements
Measurable Outputs	No outputs but cases brought before CHRC.	Some selected hiring of women Recruitment program initiated for women and indigenous persons.	Recruitment program established for all groups Minimal increase in participation rates for some groups
External Actions (Political, Legal, Other)	Legal actions to clarify obligations Deny need for government and success of voluntary actions	Persistent legal actions Participation in co-operative efforts limited and grudging	Lobbying efforts to focus attention on "excessive" costs Adopts adversarial relationship with administering agencies, especially CHRC and CEIC

**THE RESPONSIVENESS OF COMMERCIAL STATE-OWNED ENTERPRISES
TO NON-CORE PUBLIC POLICY OBJECTIVES:
A CANADIAN CASE STUDY OF
THREE CROWN CORPORATIONS IN THREE SOCIAL POLICY AREAS**

by
Christina A. Hannah, B.A., B.Ed., M.P.A.
(Doctor of Philosophy)
Department of Political Science

Carleton University
Ottawa, Ontario
May 16, 1989
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CHAPTER SIX
EMPLOYMENT EQUITY
AT
CN, AIR CANADA, AND PETRO-CANADA

4

MICROD

I. INTRODUCTION

This Chapter explores the responses of CN, Air Canada and Petro-Canada to the Employment Equity issue. The Abella and Dulude studies provide an important base for this Chapter, especially since the mandated requirements are so recent. As in the Official Languages case studies, the responses of each firm are first described and analyzed with the help of the indicators described in Chapter Two. An assessment of the firm's placement on the implementation continuum is then offered, evidence of responsiveness is considered and the issue of effectiveness is examined. After the explanatory variables are analyzed, the findings are compared in order to identify similarities and differences among the firms which might further explain their responses.

II. EMPLOYMENT EQUITY AT CN

The previous discussion of Crown corporations made the point that all SOEs had been well forewarned of the possibility of stronger government measures before the Employment Equity Act was passed. This is particularly true of CN. The company's poor record on hiring women ultimately became the subject of a landmark Supreme Court decision which verified the right of a Human Rights Tribunal to order "Special Temporary Measures" to deal with the problem of systemic discrimination in the work place.¹ This case, and the situation which gave rise to it, have forced CN to pay particular attention to this policy area. In the next few pages we shall try to determine whether this has made any real difference in the firm's policy response and output. More will be said about the Tribunal

1. Action Travail des Femmes v Canadian National Railway Company, [1987] 1, S.C.R. 1114

and Court decisions when CN's external actions are discussed (Section Four).

A. CN's Policy Response

1. Public Statements

a. Discussion

The first recognition of equal opportunity for women in CN's Annual Reports occurred in 1975 when the firm reported "significant progress" during the year "on a program designed to assure equality and opportunity for women in CN's work force."² In a brief explanation reference is made to 58 one-day seminars for supervisors to increase awareness about women as well as to a series of seminars for women in the organization. In addition, this report indicates that there were 3,593 (about 4.8 percent) women employed at Canadian Rail in 1975 and about 168 in management. The 1976 Annual Report CN once again reports progress and mentions a series of one-day seminars in all regions "to change attitudes and develop modern concepts of the role of women as employees."³ Representation of women in CN in 1976 was said to be 5.8 percent (4,644).⁴ In its 1977 Annual Report CN announced the appointment of its first female locomotive engineer.

After six years with no mention of equal opportunities for women or of the other groups, CN's 1984 Annual Report not only refers to the

2 CN, Annual Report, 1975, p.16.

3 CN, Annual Report, 1976, p.12.

4 It is assumed that the change in percentages of women reported between 1975 and 1976 (from 4.6 to 5.7 percent) is because the earlier figure is only for Canadian Rail and the later one is for CN as a whole. This could not be verified since the firm simply denies the accuracy of any data prior to the 1986 survey even though it all originates from CN.

Employment Equity issue but also includes pictures of the firm's first two women Directors. In this year CN also announced the appointment of an assistant Vice-President for Employment Equity and mentioned the "responsibility of the Corporation to minority groups--including the handicapped, the elderly, women and youth."⁵ Reference is made to a CHRC Tribunal order which imposed "a special program on CN aimed at increasing the representation of women in non-traditional jobs."⁶ The report explains that the firm has appealed this decision "because of the nature and specificity of the order" but that "it intends, nevertheless, to address the substance of the issue."⁷ Except for the appointment of the assistant vice-president no other implementation details are provided in 1984. In 1985, the Chairman and CEO (Maurice LeClair) includes the following statement in his review:

We see that our very important human resources must be concentrated and rechannelled to produce a smaller, tighter organization. However, downsizing does not imply any diminution of CN's commitment to socially responsible policies and programs. The company will continue to foster employment equity throughout its organization with a view to increasing the proportional representation of women, native people, the disabled and members of visible minorities.⁸

This is the first specific reference to all four targeted groups. Under the "Employee Relations" report the firm notes that it has a network of 37 employment equity coordinators in place, that it has sponsored a "scholarship program for women beginning technical and trades training,"

5. CN, Annual Report, 1984, p 3.

6 Ibid., p.11.

7. Ibid.

8. CN, Annual Report, (1985), p.5.

that maternity benefits have been improved and that a pilot day-care project has been introduced. This report also refers to implementing action plans in 1986. The 1986 Annual Report finds three women and one visible minority on the Board of Directors. In his departing review M. LeClair refers to the fact that he is proud to have "had a hand" in CN's pilot day-care project and to have "promoted the involvement of women at all levels of employment, including representation on the corporation's board of directors."⁹ This is the first actual endorsement of the goals of employment equity, at least as they pertain to women. Later in the Report reference is made to the fact that representation of women had increased from 8.7 percent (about 5,318 women out of 61,124 employees) to 9.6 percent (5,445 out of 56,715) between 1985 and 1986. The 1986 Report also states that 36 percent of those hired during the year were women.¹⁰ The fact that the firm also underwent a 7 percent work force reduction in 1986 is viewed as a positive sign of CN's commitment to increase the representation of women. Reference is also made to the fact that CN designed and carried out a total employee population survey in 1986 and that scholarships were awarded to 51 women for "blue-collar technical training programs."¹¹

In addition to statements in Annual Reports another important source of information about a SOE's response to a social policy is its policy

9 CN, Annual Report, (1986), p 6

10 Ibid., p 17

11 Ibid

statements. In her 1977 study Dulude made the following assessment of CN's position with respect to this policy at the time:

Its management's public equal opportunities stance has still not been translated into a written, binding policy statement. It does not set numerical targets for the advancement of women in its various job categories. And it keeps no comprehensive statistical information on its employees in order to monitor their progress.¹²

By December 1986, when the first interviews were conducted CN still did not have a written, approved policy statement on Employment Equity or Equal Opportunity, but one was available by March 1987.¹³ This statement begins with a reminder of CN's mandate to provide "safe and efficient transportation and communication services." It then duplicates Treasury Board's 1986 policy statement for Crown corporations.¹⁴ It indicates that the firm is "fully committed" to employment equity for the designated groups. It also indicates that special measures "to ensure fairness and a representative workforce...will be planned and implemented." By including the key phrase, "within a reasonable period of time" a certain flexibility is retained. Since the wording is Treasury Board's it is safe to assume that the decision as to what is reasonable will ultimately rest with that agency, but it is also almost certain that this will become a matter to be negotiated.

Absent from the policy statement is any mention of participation by representatives of the various groups in the planning process but the

12. Dulude, Status of Women, p.37.

13. In her study in 1977 Dulude commented on the fact that CN did not have a "written, binding policy statement" at that time although top management had stated their equal opportunity policies in public."

14. Treasury Board Secretariat, Employment Equity for Crown Corporations, Policy and Reference Guide (Ottawa: Supply and Services, 1986), pp. 1-3.

policy does acknowledge the need for "accountability centers." Noticeably absent from this policy is a reference to the firm's commitment to increase the awareness of the need for employment equity among what is still a very homogeneous work force. This is particularly important in view of evidence presented to the CHRC Tribunal in the Action Travail case suggesting the existence of "a high level of publicly expressed male antipathy towards women" at CN.¹⁵

b. Analysis

The information provided in CN's Annual Reports indicates an awareness of the need to address the employment problems of women from at least 1975 and of the other target groups from 1984. No strong endorsements of equal opportunity or employment equity were evident, nor were there any criticisms. In other words, the tone of the Reports was generally neutral. Analysis of the contents of the Annual Reports indicates a progression from attention to training and information to planning over the twelve years between 1975 and 1986. The first "cluster" of references occurs at a time of intense government attention to the status of women and human rights issues. References resume again in the same year that the Abella Report was published (1984). This suggests a relationship between the priority attributed to this policy and the level of external activity. While government actions continued throughout this period, they were particularly intensive in these two periods.

The fact that CN did not issue a policy statement until 1986 is noteworthy. One explanation for the timing may be that CN's responses in

15. Action Travail, p.31.

this policy area were not supported by a formal organizational structure at headquarters until 1984. Another is that CN has been particularly cautious in its public statements pertaining to this policy area because of the legal actions in which it is involved.

2. Structural Changes

a. Discussion

At CN the individuals responsible for employment equity, and before that for the firm's equal opportunity programs, have backgrounds in human resources, information services and labor relations. Some have special knowledge and skills in undertaking work force analysis and employment systems analysis. The individuals who have a responsibility in the field -- the Employment Equity Coordinators -- are typically Human Resources or Employee Relations employees who have participated in three to five day training sessions focussing, in particular, on setting numerical targets.

When Dulude conducted her study in 1976/77 she found that CN had "only one full-time employee in charge of female resource development (Coordinator)."¹⁶ She also noted that, because of the minimal resources at her disposal, this individual had concentrated on developing seminars to change attitudes. Dulude refers to the fact that CN's president and CEO commented, at the time the seminars were launched in 1975, that they were "a 'first step' to improve the status and involvement of women within Canadian National."¹⁷ Between 1975 and 1977, when she conducted her study,

16. Dulude, Status of Women, p.37.

17. Ibid , p 37.

Dulude concluded that CN's involvement had "stood still" but that the firm's "change-of-attitude" program was having an effect. As evidence of this Dulude points to the fact that CN's work force had decreased by 4 percent in two years but that the number of women employees had increased by 15 percent during the same period. Moreover, at the middle management level the employee size had shrunk by 8.7 percent during this period but there had been an increase in the number of women of 78.5 percent. Dulude goes on to point out, however, that this actually meant that the number of women increased from 135 to 241 (or 3 percent of management).¹⁸

In late 1986, when the first interviews for this study took place, CN had a fully-staffed administrative structure at the corporate level for this policy area. Indeed, the Employment Equity office was expanding at a time when the rest of the firm was downsizing, a fact which was duly noted by the other policy managers who were interviewed.¹⁹ This office was headed by an assistant Vice-President who reported directly to the executive. In total, at June 1987 there were seven full-time and 22 part-time (one-third time) staff dedicated to this function (down from nine and 33 six months earlier) or, a staff/worker ratio of about 1/3,447. The firm's budget was \$600,000, \$800,000 and \$750,000 for 1985, 1986 and 1987 respectively. Despite the fact that these budgetary commitments are significantly greater than the \$50,000 fine for non-compliance with the law, they are minuscule when compared with CN's gross revenues for these years (approximately five billion dollars per year).

¹⁸ Ibid

¹⁹ Interview comments

At the time of the interviews the committee work in this policy was still concentrated at the senior management level. The policy manager explained that the firm was very much in the data gathering, analysis, and planning stages of policy implementation and worker committees were not envisaged in the near future. Virtually all of the employment equity office's energies were being taken up in preparing the reports required by Treasury Board. At headquarters, committees comprised of members of the Board of Directors and the Executive (Rail Management Committee and Social Responsibility Committee) have followed this as one of several areas of responsibility. In addition, in 1985 the Montreal staff made presentations to 33 management groups (or Committees) across the country "on the definition of the Employment Equity process, the historical development of the mandate, and the 1985 objectives."²⁰ These management committees continue to have responsibility for overseeing implementation in this policy area.

To date this has been very much a "top down policy" area with limited (if any) emphasis on active participation by the rank and file. An examination of CN's 1985 and 1986 Employment Equity Annual Reports and its employee brochure found no evidence that the firm was committed to facilitating the participation of representatives of the designated groups in the implementation process. Nor was mention made of consultation with employee representatives although this is a requirement of the law.²¹

20. CN, Annual Report: Equity, (November, 1985), p. 8.

21. A quotation from the brochure will serve to illustrate this point. "Your supervisor, guided by personnel officers, will have a direct and concrete responsibility to meet targets within the employment equity framework. Probably you will hear about their activities concerning employment equity, either directly from them or through other people you work with. Extracted from Employment Equity at Canadian National. (Underlining mine.)

The first internal report in this policy area was prepared in 1974 when then President Robert Bandeen ordered a study of the position of women in CN. This study, undertaken by the firm of Boyle-Kirkman and entitled "Canadian National Action Programs: Women,"²² clarified the extent of the problem at that time.²³ It found that women represented only 4 percent of the work force at CN in the early 1970s (compared to 20 percent in the general Canadian labor force) and that less than one half of 1 percent of the senior managers were women.²⁴ It concluded that this was the result of three basic problems: (1) a lack of definitive executive management commitment, (2) traditional beliefs by managers in the many negative myths and stereotypes about working women, and (3) existing personnel policies and procedures. The recommendations in the Boyle-Kirkman report were that CN should "establish specific objectives by level for the recruitment of women"²⁵, that the firm provide special training for all personnel recruiters to assist them in interviewing women effectively and that the recruiting base should be broadened.

CN's response to the findings in the Boyle-Kirkman report was limited. As mentioned above a series of seminars were offered for managers and women across the Corporation. In addition, in 1978 CN began what it refers to as a "systematic review of CN's hiring requirements for a number of entry-level, blue-collar positions."²⁶ Another step CN took

²² Commonly referred to as the Boyle-Kirkman Report

²³ Action Travail des Femmes v. Canadian National Railway Co., [1987] S.C.R. p. 3

²⁴ Ibid., pp. 3-4

²⁵ Ibid., p. 5

²⁶ CN, Equity, p. 1

at this time was to contact Action Travail des Femmes which is a Montreal-based organization that helps women find jobs, particularly in non-traditional fields. Also in 1978 senior managers of the St. Lawrence Region were sent a document which encouraged them to "(1)hausser le nombre total de femmes à l'emploi du CN; (2) hausser le nombre de femmes cadres; and (3) hausser le nombre de femmes dans des emplois traditionellement réservés aux hommes." These objectives were to be achieved through five vaguely-worded instructions to managers.²⁷ As Chief Justice Dickson pointed out, "these objectives were far less rigorous than those recommended in the CN-commissioned Boyle/Kirkman Report."²⁸

CN's next internal report in this policy area was the publication of a study in 1979 entitled "Women in CN-Status Report" which showed a 1.61 percent increase in the percentage of women in the work force in the five year period following 1974 and concluded that progress had been slow. In his discussion of this report Justice Dickson suggested that this "hardly merited being called "progress" at all."²⁹

No information was uncovered about CN's actions (except those before the CHRC and the Courts) from 1979 until 1984. At the end of 1984 the creation of the Employment Equity unit and the appointment of an Assistant Vice-President was announced both to the public and to employees in the in-house publication, Keeping Track/Au fil du Rail. CN's Equity Reports

27. These were: "(1) engager du personnel féminin; (2) approfondir notre attitude réceptive envers les femmes au travail au CN; (3) supporter les femmes à l'emploi du CN dans leur adaptation et efforts de progrès, (4) donner à la société l'image d'une entreprise favorable à l'embauche des femmes; and (5) analyser périodiquement l'évolution de la man-d'oeuvre féminine au CN." (Cited in Action Travail, p.11).

28. Ibid.

29. Action Travail des Femmes, p.7.

indicate that other communications to employees have included the announcement of the scholarship program referred to above (June 1985), an Employment Equity workshop (July 1985), a sexual harassment policy (September 1985) and an upcoming employee survey (October 1985). Articles in Keeping Track in 1986 included a summary of the 1985 Equity report (January/February), articles on the day care project (March/April and Summer), and reports on the work force survey (May and November). In 1986 CN also produced an employee video entitled Employment Equity: challenge and change.

Other indications of the extent of activity in 1985/1986 within CN are the fact that a presentation was made to the Board of Directors in April and that "regular progress reports were made to the Social Responsibility Committee of the Board throughout the year."³⁰ In addition, regular progress reports were sent to "top management groups and their Employment Equity coordinators."³¹ Reference is also made to communications with union leadership about the policy although no specifics are provided on the nature of this contact.

In addition to these internal communications CN has prepared some external reports on its Employment Equity activities. Even though the Employment Equity Act only requires CN to submit basic data on an annual basis, Treasury Board policy and guidelines require the filing of a comprehensive Action Plan which includes targets, evaluation of progress, and so on. Furthermore, since 1985 CN has been required to review and

30 CN, Annual Report Equity, (1986), p 19.

31 Ibid, p 18

report on progress in the St. Lawrence Region on a quarterly basis as a result of a Federal Court of Appeal ruling in the Action Travail case (which will be discussed in more detail shortly). CN prepared its first annual report in this area in 1985. The firm would not release its first formal plan (which was submitted to Treasury Board in the Spring of 1986) but did provide a copy of the 1985 and 1986 Reports. The latter is less forthcoming than its predecessor and complies more strictly with the legal requirements. Both reports allocate much more space to qualitative than to quantitative advancements.³² In the 1986 Equity Report CN addresses this point in the following way: "Given the limitations in the corporation's capacity to impact more directly on the numerical representation of women, progress of a more qualitative nature was emphasized in 1986."³³

A review of these two reports makes it very clear that without goals, a historical perspective, the firm's targets, and pertinent work force data, it will be very difficult for "the public" to monitor CN's performance in this area. The targets which are mentioned in the 1985 report are virtually meaningless because they do not correspond to an established organizational classification system. For example, CN Rail sets a hiring target in the blue-collar, entry-level occupations (Operations- Transportation, Equipment, Engineering, Rail Research)

32. Examples include, the opening of an on-site day-care center for up to 60 children; the production of an "awareness video" on women at work in CN; the awarding of 60 scholarships (of \$600 each) for Canadian women registering for technical/blue-collar training in post-secondary institutions; and the granting of full pay educational leaves for 9 women. In the more detailed organizational reports at the back, examples of "non-quantitative" activities included: the issuing of a directive concerning hiring priorities; participation in Executive Women International Conference; tours for women of a shop and yard; attending a career conference for a provincial 4 H organization, and so on.

33. CN, Annual Report: Equity, (1986), p. 2.

averaging 25 percent. The goal in setting such a target is to have the appropriate number of women ready for supervisory positions in six to ten years. The problem is that in 1986 data are not provided for an exactly comparable set of employees. If this occurs in the reports which become available to the public starting in 1988, even the most knowledgeable observer will require several years' data in order to make an assessment of the firm's progress or confirm its conclusions. More will be said on this problem in the conclusion to this chapter.

b. Analysis

The above discussion indicates that structural changes have occurred at CN in response to federal government EOW and Employment Equity initiatives. CN's designation of an Assistant Vice-President for Employment Equity would be impressive except for the fact that this was also one of the firm's first (and few) responses in the Official Languages area. What is different in this case, however, is that an entire unit was established at the same time and has been proceeding toward implementation, filing regular reports, collecting data, and communicating regularly with the work force.

The fact that CN was prepared to provide its early reports for this study suggests a greater degree of openness than might be expected considering the amount of adverse publicity the firm has received. The true test, however, is whether CN has kept employees fully informed and if it makes information readily available to the public. As discussed above, the principal vehicle for communicating with the general work force in both 1985 and 1986 were the articles in Keeping Track. Generally speaking, these articles served the purpose of introducing new policy

measures rather than communicating specific details about CN's record or plans. CN's external communications were primarily directed at the federal government in both 1985 and 1986. The precise content of this exchange is not known except that CN, along with other Crown corporations, argued for general as opposed to specific regulations in this area. Both the firm and the government agencies are being very secretive about both the quality and the quantity of information being transmitted, at least until 1988 when the law requires that some of the data be made available.

3. Policy Output

a. Discussion

Circumstances forced CN to consider its record in this policy area even earlier than its fellow Crowns, and led it to take some initiatives which might counter the bad publicity which the firm has received.³⁴ One such initiative was the creation of the position of assistant Vice-President in charge of Employment Equity. It also has added women to what until 1982 was an all-male Board of Directors (two in 1983 and three in both 1985 and 1986). In addition, in 1985 and 1986 there was a member of a visible minority on the Board. While these high profile appointments may be symbolically important, the real test of progress in CN's case is an increase in the proportion of members of the designated groups throughout the firm, especially in the lower ranks. In the following section, the little data which are available will be analyzed to see what

34. Interview comments.

insights it offers. One enormous (and unfillable until 1988) gap is the absence of data on all groups except women.

(1) Total Employment

Table C1 (Annex C) shows that CN has gradually increased the percentage of women it employs, from an estimated 5.7 percent in 1975 to 9.9 percent at mid 1987.³⁵ Because CN's work force was simultaneously shrinking during this time period, only 575 more women were employed in 1987 than in 1975. This represents an average addition of about 48 women per year in a firm where total employment never dropped below 45,000. Two things make this point particularly significant when considering policies in this area. First, this is one of the country's largest employers which, because of its businesses and status as a Crown corporation, has a high public profile. Second, as a Crown corporation CN is ultimately accountable to the government and is presumably more readily influenced than is a private corporation. If a firm with these characteristics has such apparent difficulty in increasing the representation of women in its work force, then the prognosis for other firms may not be good.

Because CN was approximately the country's sixth largest employer (apart from the governments) at the time of the interviews, and has diversified activities, it is not easy to find a satisfactory comparison. The performance of Air Canada, another large employer amongst the Crowns, will be considered shortly. Since data from CN's private sector counterparts were not obtained, the next best thing is to consider what has happened in the transportation sector as a whole as well as in the

35. Assuming all other things remain constant, at this rate it would take about 63 years to reach a 30 percent participation rate for women at CN.

federal government. Table C2 (Annex C) shows that the representation of women in this sector went from around 15 percent in the early seventies to about 22 percent in the early eighties. In the federal public service the percentage of women increased from about 30.3 percent in 1973 to 40.4 percent in 1983. While neither of these may be fair comparisons for CN, the fact that both were able to achieve so much more in approximately the same time period, while facing approximately the same set of external pressures suggests some continuing problems.

(2) Representation by Level Within Firm

Table C4 (Annex C) shows that while women were better represented in all levels of the firm in 1987 than in 1975, the improvements in middle and upper levels are more remarkable than at the lower levels or the most senior levels. This reflects the well-documented fact that women have traditionally had a much harder time getting employment in the blue-collar jobs in this industry and have also had difficulty reaching the executive level. It may also result from the emphasis which has been placed on high-profile management appointments by the Minister for the Status of Women, among others. At the same time, Table C4 shows that women are still consistently under-represented across the firm.

b. Analysis

CN has made some small, but measurable, progress toward increasing the representation of women whether we look at levels or the corporation as a whole. Since reliable data are available for only a couple of years, however, it is not possible to determine whether this is an upward trend or simply the result of a concentrated effort in and around the time the new policy and legislation was introduced. Conceivably, in another ten

years it will be possible to establish that this was indeed the beginning of a trend toward greater participation for women.

The fact that data for the other groups will not be available until at least 1988, and even then may be unreliable since it is dependent on self-identification and voluntary return of questionnaires, means that no assessment can be made of the firm's actions with respect to these groups. In its 1986 Equity Report CN indicates that since data were just being collected for these groups "there is no solid evidence to support action."³⁶ CN did establish two new positions in its Employment Equity unit in 1986, one for the disabled and the other for Native Canadians and visible minorities to "ensure greater focus and impact"³⁷ but this was the extent of the firm's response (besides data collection) at the time of the interviews. What we learned about CN in the Official Languages policy area suggests that it is unlikely that the firm was unaware of the fact that the federal government had established a Black Employment Program in Nova Scotia 13 years before in 1973, a Northern Careers Program for indigenous people in 1974, and had set up a special recruitment and referral inventory for handicapped and indigenous persons in 1979. It must therefore be assumed that the absence of attention to these groups was intentional. The explanation offered by the firm was that it has only recently become apparent that it is legal to collect data and differentiate on the basis of race, color and disability (that is, since 1982).

36. CN, Annual Report: Equity, 1986, p.9.

37. Ibid., p.9.

4. External Actions (Legal and Political)

a. Discussion

(1) CN and the Law

Reference has already been made to the fact that CN was involved in a case which eventually reached the Supreme Court: Action Travail des Femmes v. Canadian National Railway Company. Some of the background on this case has already been mentioned in the above discussion. CN's difficulty in hiring women in non-traditional jobs in the St. Lawrence Region was the focus of internal studies which led it to contact Action Travail des Femmes (ATF). As CN explains in its 1985 Equity Report:

By 1979, ATF concluded that too few of their referrals had been successful. They decided to provide technical and other support to clients wishing to lay complaints about CN hiring practices before the Canadian Human Rights Commission. In June of that year, seven such complaints were made and subsequently settled....Simultaneously, ATF brought a charge against CN before the Commission claiming systemic discrimination against women in non-traditional jobs.³⁸

Meanwhile, the CHRC had received a total of 155 complaints against CN by early 1982. Attempts at conciliation on the Action Travail case had failed, leading it to establish a Tribunal, the particular focus of which was on the under-representation of women in blue collar jobs at CN. Hearings began in December 1981 and continued over 38 separate (and sometimes widely spaced) days, closing in August 1983. The Tribunal found that "CN had not made any real effort to inform women in general of the possibility of filling non-traditional positions in the company"³⁹ and upheld the charge of systemic discrimination. CN was "directed to

38. Ibid., p.1.

39 Ibid., p 8.

discontinue or modify certain procedures identified as discriminatory" which the firm claims "had been put into practice in the five years that had elapsed since the original complaint."⁴⁰ In light of all of the evidence of discriminatory policies and practices, and the virtual lack of progress in alleviating the situation, the Tribunal also imposed a set of very specific targets for hiring women in the St. Lawrence Region. Specifically, the Tribunal required CN to hire one in four women for entry-level unskilled and blue-collar positions until a level of 13 percent had been attained. CN's response to this was to question the authority of the CHRC Tribunal to impose special measures under the laws existing at the time. The firm therefore brought the case before the Federal Court of Appeal. In its 1985 Equity Report CN explains this action in the following way:

Our president at that time, and now our Chairman and C.E.O., Dr. J.M. LeClair stated clearly and repeatedly that, while Canadian National did not contest either the substance or the spirit of the tribunal decision, it was challenging the extent of the tribunal's authority under existing law.⁴¹

In other words CN did not challenge the Tribunal's conclusion that it had not actively sought women for non-traditional positions or in any way encouraged them to apply for such positions. Rather, it appealed on the grounds that the Tribunal did not have the authority to order measures to right past wrongs, only to prevent future discrimination.

On July 16, 1985 the Federal Court of Appeal issued its decision in which it upheld the Tribunal's right to require the firm to eliminate

40. Ibid., 2.

41. Ibid., p.2.

discriminatory practices and policies and report regularly on its progress, but did not support the Tribunal's right to impose a hiring quota to address the imbalances caused by these practices and policies. Action Travail appealed the decision to the Supreme Court of Canada and CN filed a cross-appeal. The Supreme Court rendered its decision on June 25, 1987 upholding the Tribunal's decision and finding that the Tribunal was "within its jurisdiction under s.41(2)(a) of the (Human Rights Act)."⁴² The Court proceeded from the premise that the Act "must receive a fair, large and liberal interpretation to advance and fulfil its purpose."⁴³ The basis of the Court's decision lies in the following reasoning:

In any employment equity program, there simply cannot be a radical dissociation of "remedy" and "prevention" for there is no prevention without some form of remedy. Although the dominant purpose of such programs is always to improve the situation of the target group in the future, it is essential, in attempting to combat systemic discrimination, to look to the past patterns of discrimination and to destroy those patterns. In this case, it is an uncontradicted fact that the hiring and promotion policies of CN and the enormous problems faced by the tiny minority of women in the blue collar work force amounted to a systemic denial of women's equal employment opportunities. The employment equity program ordered by the Tribunal, including paragraph 2 of the Special Temporary Measures, was rationally designed to combat such systemic discrimination by preventing "the same or similar practice occurring in the future" and, therefore, fell within the scope of s.41(2)(a).⁴⁴

This decision is not only important for CN but for Canada as well since it establishes the validity of remedial measures (more commonly known as affirmative action).

42. Action Travail des Femmes v. Canadian National Railway Company, explanation of judgement, p 3

43. Ibid., p.4.

44. Ibid., p.4.

(2) CN and the Administering Agencies

CN is responsible in this policy area to the Minister of Transport, TBS (as of 1985), CEIC (as of 1988), and the CHRC (under the Human Rights Act). Of these agencies the one with whom CN had the most dealings until 1985 was the CHRC. As indicated above, by 1982 the Commission had received 155 complaints against CN. In 1986 CN reports that "approximately 90 cases (out of an undetermined total) were still in process at the various stages of investigation, conciliation or tribunal."⁴⁵ This report also refers to a Tribunal ruling that CN was "guilty of discrimination in a case involving an insulin-dependent diabetic trainman" and indicates that CN may be appealing the decision.⁴⁶

In addition to CN's frequent contacts with CHRC the firm's 1985 and 1986 Equity Reports contain references to: 1) formal presentations to MOT, TBS, CEIC and the Canadian Advisory Council on the Status of Women in 1985 and 2) assistance provided to other large corporations (including the Canadian Broadcasting Corporation/Radio Canada, Petro-Canada, Ontario Hydro, Canada Post, Air Canada, Ontario Northland Railways, and VIA Rail Canada Inc.) in 1985. In 1986 the firm reports "regular and frequent contacts with Treasury Board and Employment and Immigration Commission officers" as well as "numerous contacts" with the CHRC, Canadian Transport Commission (CTC), Labor Canada, and the Department of Justice. Again in this year CN's Employment Equity group provided support and information

45. CN, Annual Report: Equity, 1986, p.21.

46. Ibid

to other corporations and made "over 20" speeches and presentations across the country.⁴⁷

b. Analysis

The decision of the Human Rights Tribunal came some eight years after CN itself initiated an examination of its record in hiring women. The firm's management was clearly aware that continued lack of progress in this area was likely to result in stronger measures being imposed by the CHRC. Apart from the very general objectives cited earlier, there is little evidence of positive action on the part of the firm prior to the Tribunal's ruling. Indeed, CN's decision to appeal the ruling, indicates a certain resistance to change (at least changes which are believed to be necessary in order to prevent future discrimination). It also suggests that the firm was not concerned about the publicity which would inevitably surround these actions.

In the period following the Tribunal's decision CN has stepped up its activity in this policy area both internally, as we saw in the discussion of structural changes, and externally, as is explained above. Whether this is the result of increased consciousness on the part of management or a recognition of the need to act is unclear. The tone of the 1986 Equity Report suggests a certain pride that CN has adopted a leadership role in this policy area even though there is minimal recognition of problems or inadequacies. The fact is, however, that CN has continued to resort to the Courts for clarification of its obligations in this policy area.

47. Ibid., pp.19-20.

B. CN's Position on the Response Continuum

Even CN's management would not contest the fact that the firm is not very far along the implementation continuum. Some suggestions have already been offered as to why this is so, and a more detailed consideration of this topic follows shortly. Where CN properly belongs is, of course, a subjective matter. On the one hand, the firm has all of the obligatory mechanisms in place to implement this policy. At the same time the policy manager within the firm still sees a critical need for further action. It seems quite apparent that the momentum behind this policy was still concentrated at the top of the organization at the time the data were gathered for this study. Since the objectives of the Employment Equity policy are not ones which workers will automatically recognize as in their best interest, enabling them to participate in the process would seem to be one possible way of getting them to "buy in" to the policy. The absence of mechanisms through which this might occur is a serious deficiency in the firm's approach. At present we may conclude that CN has moved beyond Stage Two on the continuum and no conclusions are possible about the speed with which it might proceed to Stages Three and Four.

C. CN's Responsiveness

a. Accepting and Resisting Responses

On the one hand CN's increased attention to Employment Equity in the period since 1984 are suggestive of an accepting firm. However, the acknowledgement of the "limitations in the corporation's capacity to impact more directly on the numerical representation of women" at least

TABLE 6.1: CN -- EVIDENCE OF RESPONSIVENESS TO
EMPLOYMENT EQUITY POLICY

Components / Response	Resisting	Neutral	Accepting
1. <u>Management Statements:</u>			
a.annual Reports-			
-not early or			
openly supportive	X		
-recognition of other			
groups only in 1985	X		
b.policy statement--			
-issued 1987	X		
-detailed objectives			X
-qualified commitment	X		
-no accountability	X		
-no participation	X		
2. <u>Structural Changes:</u>			
a.fully-staffed corporate			
only after 1985		X	
b.obligatory planning &			
external reporting		X	
c.obligatory data collection		X	
d.regular communication to			
but not with workers		X	
e.slow to examine			
discriminatory practices			
and policies	X		
f.no visible accountability			
measures	X		
3. <u>Measurable Output:</u>			
a.visible selective hiring			
one group by 1984		X	
b.evidence of progress on			
women but no attention to			
to other groups		X	
4. <u>External Actions:</u>			
a.legal actions to define			
obligations	X		
b.some evidence of			
cooperative activities			X
Total:	9	6	2
	[Weighted Score = 5]		
Note: Negative responses = 0, Neutral responses = .5,			
Positive responses = 1.			

a decade after the firm itself first recognized the need for action in this area is indicative of a fundamental problem. The fact that CN indicated no compulsion to initiate actions to promote the employment opportunities of the other targeted groups is a further indication of this. CN's continued legal actions also are not the expected behavior of an accepting firm. The absence of reliable data for the entire firm also suggests that CN is more resistant than accepting in this policy area.

In summary, as Table 6.1 suggests, CN's response until 1987 was that of a typical resisting firm and it is necessary to search very hard for evidence of accepting behavior, especially prior to 1984.

b. Timing of Responses

On the one hand, CN is quick to point out the importance of the Action Travail case in sensitizing it to the issues in this policy area. On the other hand, during the interviews the point was made repeatedly that it was still not appropriate to talk about the firm's performance because the Employment Equity policy initiatives were so recent. In other

TABLE 6.2.: CN -- RATE-OF-EVENTS CALCULATION (base year 1967)

Event:	Description:	Year:
Event 1.	First mention of EOM in Annual Reports	1975
Event 2.	First mention of other group(s) in ARs	1984
Event 3.	First policy statement	1987
Event 4.	Corporate level unit established	1985
Event 5.	Formal commitment to all groups (in policy statement)	1987

words, there was a willingness to deny any connection between the latest government effort to eradicate discrimination in the work place and all previous efforts. Table 6.2 shows that relatively early recognition of equal opportunity in Annual Reports did not result in early actions.

c. Management's Assessment

As indicated in Table 6.3, the policy manager who was interviewed believed that there was a critical need for a greater response by CN, but

TABLE 6.3: CN -- POLICY MANAGER'S ASSESSMENT ON FIRM'S RESPONSE

	<u>Response:</u>
1. <u>Need for a Greater Response:</u>	
-critical.....	X
-moderate	
-minimal	
-none	
2. <u>Recognition of Policy Needs:</u>	
-limited	
-management only	X
-all firm	
3. <u>Policy Formalized:</u>	
-informal	
-in specific areas.....	X
-institutionalised	
4. <u>Explicit Responses Implemented:</u>	
-none	
-limited response and resources	
-response in several areas, adequate resources	
-major effort, significant resources.....	X

felt that this need was not fully recognized throughout the firm.⁴⁸ She evaluated CN's efforts and its resource commitment as "major." These assessments were discussed with the same manager six months later with the same results.

To summarize, CN's response to employment equity concerns was much more typical of a resisting than an accepting firm up to 1987. The fact that the policy manager accepted the need for a much greater effort on CN's part and also recognized the weak support which the policy enjoys within the firm is also suggestive of a resisting philosophy. The analysis of the timing of CN's responses is further verification of this.

Whether CN's actions since 1984 are indicative of a shift in philosophy is difficult to tell at this time. There is some evidence,

48. In acknowledging the need for a greater response, the manager was basically referring to the enormity of the task ahead and the concomitant burden on the firm and was not suggesting any shortcoming on CN's part.

however, of continuing resistance. CN's persistent legal troubles and its very limited actions with respect to the groups other than women are two examples. This will only be apparent when the level of government activity has diminished and when the policy has a lower political profile. In the interim it seems reasonable to conclude that CN has not been a particularly effective agent of this social policy. In the following section some of the possible explanations for CN's response will be considered.

D. The Search for Explanations -- the explanatory variables

a. Discussion

The manager's assessment of the proposed variables is summarized in Table 6.4. At mid 1987 the government was still perceived as the driving force behind this policy area. Indeed, Treasury Board has been extremely active in directing the course of activities to date. The branch responsible for Crown corporations has brought the employment equity officers together on a regular basis and has "walked them through" each step of the process. What has been observed about the firm's policy response to date suggests that government initiatives may be almost exclusively responsible for the little that has happened so far.

Probably the next most important explanation for CN's behavior lies in the nature of the businesses in which it is involved. CN's principal business, rail transport, is one which has traditionally been male-dominated. The fact that the industry is in decline and that the firm has been closing down operations across the country, has made it especially difficult to gain acceptance for the notion of employment equity. Except

TABLE 6.4: CN -- MANAGER'S ASSESSMENTS OF EXPLANATORY VARIABLES

<u>Variable:</u>	<u>Manager's Assessment:</u>
Mandate	none
Geographic Location	none
Size of Firm	minimal
Profitability	none
Type of Business	strong
Organizational Dynamics	moderate
Government Controls	strong
Public Pressure	minimal

for the adverse publicity which may arise from poor performance in this area there are few business reasons why CN should rush to implement employment equity. At the same time its nation-wide presence makes CN's policy responses symbolically important for policy advocates.

The major effect of CN's large size on its policy responses will probably be on the speed of implementation. The very fact that CN has to have 22 employment equity coordinators⁴⁹ situated across the country puts it in a different position than the Crown corporations which are considered models in this policy field, like Canada Mortgage and Housing Corporation (CMHC) or Export Development Corporation (EDC). These latter firms employ a small number of people (around 3,700 for CMHC and 650 for EDC) compared to CN's 63,000 and are also centrally located.

49. According to CN's 1985 Equity Report these individuals are Human Resources or Employee Relations employees. All 22 participated in a basic training seminar lasting from 3 to 5 days which focussed primarily on setting numerical targets.(p.9) During the interviews in June 1987 it was estimated that the coordinators would spend approximately one-third of their time on this function.

Clearly, the task confronting an organization CN's size is much more complex than that facing these smaller firms.

Another variable which will undoubtedly play a role in predicting what will happen in the future, is the low level of internal support which was noted in the hearings of the Human Rights Tribunal. In addressing this issue, the policy manager differentiated between the President and the Board who are perceived as being strongly supportive, and management who are thought to be only moderately supportive. Union support was considered to be weak and to be a potential source of problems. Since programs and targets had not been announced (meaning that there was nothing concrete to which the unions could react), it was still unclear how important this might be. The fact that 28 collective agreements are involved and that 85 percent of the work force is unionized means that the absence of union support, or resistance, could present some serious problems.

Discussions with railroad unions clarified just how potentially volatile the topic of employment equity may be. Their perspective was enunciated most clearly (and vehemently) by a representative of the Canadian Railway Labor Association.⁵⁰ According to this group, the answer to the problem of discrimination and inequities lies in collective agreements. The absence of discriminatory clauses in agreements is thought to provide sufficient protection for all workers. This spokesperson indicated that railway unions are extremely resistant to "retroactive quotas." Since "special measures or quotas" must be a

⁵⁰ Telephone conversation with Eddy Abbott, national lobbyist for the Canadian Railway Association.

cornerstone of CN's efforts to relieve the effects of systemic discrimination, this conflict will have to be resolved.

So far the weak internal support cannot be said to have drastically affected CN's progress in policy implementation since the firm has complied with all Treasury Board's requirements for data and plans. The test of the importance of the level of internal support will come once measurable policy outputs can be observed over a period of time. It is clear, however, that the firm and the industry are not completely impenetrable since there has been some progress in increasing the number of women (for example) in both blue-collar and senior management positions.⁵¹ As responsibility shifts downward throughout the firm, and as goals and targets become known, these internal forces are expected to become increasingly important. The massive downsizing exercises, changes in leadership, and almost constant reorganizations which have occurred in recent years have given the firm an air of instability. Workers afraid for their jobs, whether they are unionized or not, are unlikely to be sympathetic to measures which may result in their unemployment. Recruitment may be adversely affected as well, since individuals from the designated groups will probably not look favorably on employment in what may be a hostile environment.

The policy manager did not perceive public commitment to this policy to be particularly strong, nor did she think public pressure an important variable in determining the firm's actions in this case. Public attention to this issue was thought to be primarily motivated by media attention to

51. For the firm as a whole in 1986 36 percent of new employees were women. In blue-collar positions 19 percent of those hired were women in the same year.

a particular incident and, therefore, relatively transient. The media were believed to be a "frequent" catalyst although no examples were forthcoming of when this had occurred. While it is possible that the attention resulting from the Action Travail case caused CN to examine its policies a little earlier than it otherwise might have, nothing which followed this can be described as momentous.

Finally, the manager perceived no connection between profitability and progress in achieving policy objectives at CN. Indeed, she was quick to point out that this area is one which has been expanding at a time when all other sections were contracting. It is important to note, however, that the costs of this program are minuscule compared to CN's total budget. If we may assume that the costs during start-up are highest, then this will probably represent an even smaller financial burden in future years. In light of this, it seems fairly safe to assume that factors other than profitability, such as the level of internal support and the government pressure, will continue to determine the direction of this policy area within the firm.

b. Analysis

The above discussion suggests that weak internal support and resistance from unions have been two important factors in determining CN's response to Employment Equity. The decline of the rail industry along with its traditional male bias has certainly been another important factor. Evidence was also uncovered to suggest that the degree of government pressure has been one of the most important determinants of CN's behavior. This is in accordance with the following observations of the Abella Commission:

Most of the initiatives undertaken by Crown corporations, however, were in response to requests from government for information on employment opportunities for women. Until the Year of the Disabled in 1981, and some recent requests from agencies with respect to native people, the participation rates of the other three designated groups tended not to receive any significant amount of attention from these corporations.⁵²

In the next Section we shall see whether this statement is also applicable to Air Canada.

III. EMPLOYMENT EQUITY AT AIR CANADA

As the "national airline," providing service across the country, Air Canada is one of the nation's most visible employers. Its work force of approximately 22,500 employees also makes it one of the country's larger employers (ranking about 19th in the top 500 companies). In addition, in 1986 Air Canada ranked second amongst Crown corporations (Canada Post was first) for the absolute number of female workers employed (about 7,000). In the following discussion we shall explore whether this has positively affected its responses and responsiveness.

A. Air Canada's Policy Response

1. Public Statements

a. Discussion

A review of Annual Reports for 16 years (from 1970 to 1985) found four one sentence references which are relevant to the present study. In 1975 the following statement was made:

To further the effectiveness of personnel, the airline expanded its employee development programs, tested concepts

52. Canada, Equality in Employment, p.123.

to achieve increased job satisfaction and intensified equal opportunity effort, resulting in further female representation in the management workforce.⁵³

In 1978 Air Canada announced that the company's first woman pilot had graduated from the training program. The 1980 Annual Report indicates that "some 20 percent of the candidates promoted or hired into management were women."⁵⁴ Finally, in 1981, the International Year of the Disabled, Air Canada's Annual Report mentions that the firm has "developed improved policies for the employment of the disabled, and implemented an information program to increase corporate awareness and sensitivity to their problems and potential."⁵⁵

Air Canada has had a policy on equal employment opportunities (EEO) for women since 1973.⁵⁶ In that year the company identified the following long-term objectives for its equal opportunities program:

- 1) to implement a central inventory to record the background, education and experience of its non-management employees;
- 2) to achieve a more equitable percentage of female employees in all management levels, particularly in categories employing a large number of women (the percentage of women was to grow at twice the rate for total management);
- 3) to carry out a communications and information program designed to inform managers of the company position and policies with a view to drawing attention to traditional attitudes and practices and obtaining support for the company position on equality of treatment and opportunity for all its employees; and

53. Air Canada, Annual Report, (1975), p 10.

54. Air Canada, Annual Report, (1980), p 15.

55. Air Canada, Annual Report, (1981), p 18.

56. Air Canada Personnel and Organization Development Branch, "The Status of Women in Air Canada," April 1973 (cited in Dulude, op cit)

4) to monitor and report annually on the status of women in Air Canada.⁵⁷

In 1978 it expanded its EEO program to include the principle of full participation and in 1981, to include the disabled. In late 1984 Air Canada committed itself to "an equity program to achieve equitable participation of: women in management; women in non-traditional jobs; disabled employees; natives; visible minorities and disabled in employment; and disabled passengers in access to goods and services."⁵⁸

In a document dated January 1, 1986, entitled Corporate Human Rights Policies and Employee Appeal Procedure, Air Canada sets out its policies in this area. This comprehensive document includes policy statements and implementation guidelines for the following: non-discrimination, service to the disabled public, equal employment opportunity, equal pay for work of equal value, employment equity for the designated groups, equitable participation in both official languages, and personal/sexual harassment. "Corrective measures", numerical objectives, and accountability for results are all mentioned in the implementation guidelines. "Branches" are "responsible for setting numerical objectives and for making every reasonable effort to achieve them."⁵⁹ Participation in this process by representatives of the designated groups or by the unions is not mentioned. These policy statements, and the one on employment equity in particular, were under review at June 1987 but no information was provided about possible changes.

57. Ibid.

58. Internal documents for the Social Responsibility Committee

59. Air Canada, Office of the Corporate Ombudsman Corporate Human Rights Policies and Employee Appeal Procedure, p 1.

b. Analysis

With one exception the above discussion suggests that Air Canada responded early and vigorously in this policy area. Its policy statements and amendments thereto have been timely and comprehensive. As Dulude concluded in her 1977 study,

Air Canada's management appears to be firmly committed to the improvement of the status of its female employees. This is evidenced in its written and binding equal opportunities policy, in the hiring guidelines sent to all its supervisors and in the company's elaborate affirmative action plans.⁶⁰

The one exception to this is the minimal attention given to this policy area in Air Canada's Annual Reports. One explanation for this may be that Air Canada did not perceive a great deal of public interest in its activities in this area (and may not have wanted to invite such interest) and therefore choose to "lay low."

2. Structural Changes

a. Discussion

The individuals who are, or have been, responsible for this function have varied backgrounds. When Dulude conducted her study in 1977 implementation was supervised by the Manager of Human Resources Analysis. At the time of the first interviews (in December 1986) the Employment Equity group reported through the Corporate Ombudsman who also held the title of Senior Director, Equity Policies and Programs. He, in turn, reported to the Senior Vice President, Human Resources. The individual

60. Dulude, Status of Women, p.39.

responsible for implementing Air Canada's policies at that time had a background in Human Resources.

By the time of the second interviews (June 1987) Air Canada had appointed a new Manager, Human Rights and Employment Equity, who had had 26 years of experience with the firm, worked in marketing, and Human Resources (for four years). All of the above have acquired their "expertise" in this area on the job and through externally organized workshops.

Air Canada does have an administrative structure in place to handle this policy area and has had for some time. Prior to the Employment Equity legislation, activities were handled by the Human Rights Office. As early as 1970 the firm began a review of its employment policies and practices. By 1972 it began collecting data on women and began introducing specific measures to improve the situation for female employees shortly thereafter. In 1976 the company trained fifteen regional part-time equal opportunity coordinators (half of them men) to work in every department of every region.⁶¹ By mid 1987 there were six people responsible for human rights and employment equity on a full-time basis. There were, in addition, ten employment equity coordinators in each branch who spent approximately 1/3 of their time on this function. In 1986 the Corporation's budget in this policy area was approximately \$300,000. To put this in perspective, this represents a staff/employee ratio of about 1/2,466. This budget item is about .01 percent of total

61. Ibid., p.40.

sales for 1986 (close to \$3 billion) and approximately .08 percent of net income (about \$36 million).⁶²

An advisory committee to the Board meets when required on issues in this policy area. It is comprised of senior management and chaired by the Senior Vice President, Human Resources. This is a working group whose primary function is to prepare the annual plan. The full responsibilities of this committee had still not been clearly enunciated at the time of the interviews and there were mixed signals about whether it would eventually have representatives of the designated groups in its membership. This committee replaced the Social Responsibility Committee which had also met infrequently and which was also a senior level committee. There was no indication that worker-level committees were planned in the future.

As of 1987 the firm began preparing Annual Plans which complied with Treasury Board guidelines but for several years prior to this it had prepared plans which reflected internal objectives in the area of human rights and equal employment opportunities. Plans are considered confidential and sensitive -- they are not even made available to employees. Therefore, it was not possible to verify their contents or comprehensiveness.

Beyond general statements of commitment and intent Air Canada has not made any effort to publicize its progress in this area. The Minister of Transport and Treasury Board were the only external recipients of detailed reports as of 1987. Internally, there is no evidence of a formal mechanism whereby employees are kept regularly informed of developments

62. This does not include such invisible costs as those resulting from extra advertising and recruitment efforts, delays in filling positions, an increased number of appeals, executive time allocated to policies, and so on.

in this area. During the interviews it was stated that the typical information flow is through the unions which represent Air Canada employees.

Two internal memoranda issued in late 1984 give some idea of the type of information which was being transmitted from the Executive to senior managers on this policy area. On October 25, 1984 the President and CEO (M. Jeannot) made the following statement to Air Canada's four Senior Vice Presidents and 16 Vice Presidents in an internal memorandum about human rights and equal employment opportunity:

For many years we have had an effective policy on non-discrimination, and we can be proud of our record. However, it is now incumbent upon us to reaffirm in a more tangible way our commitment to Human Rights and Equal Employment Opportunity, as well as to demonstrate our active support for the underlying values this legislation represents.⁶³

After identifying five specific objectives M. Jeannot goes on to say that "quantitative objectives are necessary" if progress is to be achieved.⁶⁴

Less than one month after the above memo was sent the Senior Vice President, Human Resources sent another one to Senior Directors, Directors and Human Resources Managers across the country. This memo discusses the Abella Report and encourages the addressees to follow up on M. Jeannot's request the month before. This memo closes with the following statement:

Whether or not the Government implements the Commission's Report in whole or in part, we believe there is a clear message that our efforts in this regard must be continued.⁶⁵

63. Air Canada, Internal Correspondence, Montreal 204, October 25, 1984.

64. Ibid.

65. Air Canada, Internal Correspondence, Montreal 230, November 21, 1984.

Both internal communications suggest that Air Canada was taking its responsibilities seriously and that its Executive was supportive of the policy.

b. Analysis

As indicated above Air Canada has an administrative structure in place for Employment Equity and has had staff who have been fully-dedicated to the company's equal opportunity and affirmative action programs since the early seventies. The picture which emerges from the above discussion is that of a small corporate-level unit determining the general actions which need to be taken and relaying this information to the various regions and branches in a methodical manner. There is no evidence that this is a policy area where participation is sought or encouraged. As was the case for Official Languages, the responsibility for implementation actually rests with branches which are required "to develop their own programs in support of their objectives, monitor their performance and report their progress at specified intervals."⁶⁶ In turn, Human Resources is responsible for developing programs to assist the branches in "setting and achieving their objectives" and the branches are to be held accountable for their progress.⁶⁷ No information is provided about how accountability will be ensured or what the sanctions will be for unenthusiastic compliance. Although it is still much too early to say, the similarities between the policies and practices for this policy area and for Official Languages (as well as the fact that they are generated from

66. Air Canada, Office of the Corporate Ombudsman Corporate Human Rights Policies and Employee Appeal Procedure, January 1, 1986.

67. Ibid., p 18.

the same basic corporate unit) suggest that both communication and accountability will be problems in the future.

3. Policy Output

a. Discussion

(1) Total Employment

The data available on total employment of all of the designated groups are very sparse. For aboriginal persons the only information available is that they numbered 44 (0.2%) in 1986. There were 227 (1.2%) disabled persons and 600 persons (2.7%) who were members of a visible minority.⁶⁸

Only a little more publicly available information exists on women despite the firm's early work on this group. Table C5 (Annex C) shows the slight increase the firm was able to achieve in the period from 1977 to 1986. The number of women employed had increased from 29.0 percent in 1977 to 31.0 percent in 1986, (total employment was 8 percent higher in the latter year than in the former).⁶⁹ While total employment fluctuated every year between 1977 and 1986, the average change was still positive (+3.5%). Unfortunately, no specific information was available on hiring for any of the designated groups.

(2) Representation by Level

An examination of the composition of the board and management shows that women continue to be under-represented in both. After 1977 the

68. This compares with representation in the labor force for these groups of 4%, 6.5%, and 4.3% respectively.

69. This compares with about 40 percent for the federal public service and only 6.7 percent in the transportation industry [using the 1970 Standard Industrial Classification (S.I.C.) definition].

number of Board members increased by four (including one woman) to 13 and has varied between 15 and 17 since 1981 with at least one women member throughout the period. Out of the 24 senior officers of the firm, there was one woman vice-president in 1985 and 1986. There were no visible minorities and no information is available on the other designated groups. By 1986 14 percent of all managers in the firm were women. Table C6 shows that in 14 years (from 1972 to 1986) 214 women were either hired or moved into management. This represents an increase from 6 to 14 percent. Of these 214, nine went into senior management and 30 into middle management. Table C7 shows that, despite Air Canada's emphasis on increasing the number of women in non-traditional jobs, their numbers only increased by 90 (or from less than 1 percent to around 1 percent) between 1972 and June 1986.⁷⁰

In her study in 1977 Dulude concluded that Air Canada's biggest problem was occupational segregation: at that time 91.2 percent of female workers, compared to 13.5 percent men, were in the clerical, passenger agent, flight attendant and purser categories.⁷¹ While Abella used different occupational categories, her study suggests that the situation had not changed significantly by 1984. For example, in 1978 77.9 percent of clerical workers were women whereas in 1983 the proportion was 76.4

70 If all other things remain constant, and Air Canada continues to increase the number of female workers at approximately the same rate (about 2% per annum), it will reach 41 per cent (the approximate labor force participation rate for women in 1986) in about 50 years. If it continues to increase the number of women in management at the same rate (and everything else remains constant) it will achieve the 41 per cent figure in management in about 58 years. Finally, if the same rate of progress is maintained in employing women in non-traditional jobs it will take centuries (680 years) to achieve an equitable representation in these jobs.

71 The Abella study presents similar evidence of occupational segregation, with women occupying over 75 percent of the clerical positions and about 71.5 percent of the service positions in both 1978 and 1983. In contrast, only 7.7 percent of the middle management positions were filled by women in 1983 (and about 3.3 percent of the upper management positions).

percent. In 1978 only 0.1 percent of the skilled crafts and trades workers were women and this had only gone up to 0.4 percent in 1984.⁷²

b. Analysis

There is little doubt that Air Canada has made some progress with respect to the position of women in the corporation but it is also true that the firm began with a "critical mass" of female employees in the work force. Air Canada's efforts to move women into junior management positions has so far been its greatest achievement while its biggest problem continues to be underrepresentation at both extremes of the occupational categories. The true test for this company lies ahead in addressing this problem, but more importantly, in increasing the representation of the other target groups who are not strongly represented in the firm.⁷³

4. External Actions (Legal and Political)

As already suggested Air Canada has not had a high profile in this policy area and there is little information available about the firm's external activities. It is known that Air Canada participated, along with all federal Crown corporations, in workshops sponsored by TBS following the introduction of the Employment Equity legislation. It is also known that Air Canada made a submission to the Abella Commission although there is no information about its content. At least two of Air Canada's unions

72. Canada, Equality in Employment, Table 2, p 107.

73. This conclusion is based on Abella's observation that the other target groups "were not employed in significant numbers by any of the corporations." Canada, Equality in Employment, p 103.

also made submissions⁷⁴ but it proved impossible to determine what positions were supported.

In addition to these political actions some basic data are available on the Air Canada's record with respect to human rights complaints. In the period from 1978 to 1985 a total of 84 complaints were brought against Air Canada. Out of these almost 50 percent were dismissed and almost 11 percent resulted in court actions. The largest percentage of complaints was related to age, then disability, sex, and racial or ethnic origin in descending order. The majority of cases which resulted in court actions were age or sex related.⁷⁵ In the 1985 and 1986 Annual Reports of the CHRC the only case involving Air Canada which was selected for discussion was a complaint based on age so that there is little easily available information on these actions.

In other words, we are left to conclude that Air Canada has had legal problems in this policy area but without undertaking a major study to assess the origin and resolution of the cases it is difficult to arrive at any conclusions about the firm's responses or responsiveness from this evidence. For the time being, in light of the small amount of readily available information on legal actions this must be treated as a neutral indicator of the firm's response.

74 The two were Canadian Air Line Flight Attendant's Association (CALFAA) and Canadian Air Line Pilots Association (CALPA).

75 Twenty-eight of the complaints (33 percent) were age related, 21 (25 percent) were from the disabled, 15 (18 percent) were gender-based, and 12 (14 percent) were related to race, color or ethnic origin. Of the 84 complaints received 40 were dismissed by the CHRC, 13 were settled, 7 were withdrawn, 9 were ongoing (as of June 1985), 6 were at Conciliation or were to be heard by a Tribunal and 9 had resulted in court actions or referrals.

B. Air Canada's Position on the Response Continuum

The above discussion reports that Air Canada has been active in this policy area for almost 17 years. There is evidence that it has been responsive to government priorities in the area and has taken initiatives before they were required. It has a small but apparently well organized team in place to plan and administer policies. There has, as well, been some measurable output. In summary, it would appear that it is close to Stage Three (institutionalization) on the implementation continuum.

The most serious shortcoming in the firm's response appears to be the absence of formal communication mechanisms whereby workers are not only informed about actions and priorities in this policy area but are also in some way involved in the decision-making process. Because workers are so geographically dispersed and the union structure is so fragmented it was impossible to determine with any degree of precision how much information they receive and by what means. The fact that the policy managers view this as a "sensitive" policy area⁷⁶ made it particularly difficult to get a clear understanding on this point. The net result is that the firm does not appear to do well on either internal or external disclosure.

The examination of the performance measures also showed some problems which need to be addressed. Both the slow pace of progress and the poor representation in certain levels will be difficult to resolve. In summary, even though the firm's executive has committed itself to the

76. There was a general reluctance to release data and the comment was made that it would not even be made available to workers. It was not clear whether this was because of the personal nature of some of the data or because workers might not react well to some of the targets and goals which were being established.

goals of this policy area, it is not certain that recognition and acceptance reach throughout the organization. If the goal of employment equity is to be reached within "a reasonable period of time," without jeopardizing the firm's commercial goals, and without placing those from the designated groups in a hostile environment, then stronger, more effective communication mechanisms and better representation throughout the firm are still needed. In other words, the evidence which has been examined suggests that by 1987 Air Canada had not yet reached the point of full implementation but was very close to having institutionalized the policy. In the following section we shall examine how responsive Air Canada has been toward the Employment Equity policy in order to verify this conclusion.

C. Air Canada's Responsiveness

a. Accepting and Resisting Response

The above discussion of the level and nature of Air Canada's responses with respect to equal opportunity and employment equity suggests a greater acceptance than was observed for any of the firms in the Official Languages policy area. As summarized in Table 6.5 accepting responses outnumber resisting ones. The exceptions are: the absence of supportive statements in Annual Reports, the absence of institutionalized accountability measures, the absence of formal participatory mechanisms, and extreme caution about releasing information for the purposes of this study.

TABLE 6.5: AIR CANADA -- EVIDENCE OF RESPONSIVENESS TO
EMPLOYMENT EQUITY POLICY

Components / Response	Resisting	Neutral	Accepting
1. Management Statements:			
a. annual reports--			
-not frequent nor			
informative	X		
-only two out of four			
target groups noted	X		
b. policy statement--			
-issued policy on EO: 1973			X
-detailed objectives			X
-qualified commitment	X		
-accountability mentioned			X
-no participation	X		
2. Structural Changes:			
a. fully-staffed corporate			
in seventies			X
b. comprehensive planning			
begun early & continued			X
c. focus on data collection			
needs ahead of legal			
obligation			X
d. supportive memos to senior			
mgmt. but no formalized			
participatory mechanisms		X	
e. early identification of			
discriminatory practices			
and policies			X
f. no visible accountability			
measures	X		
3. Measurable Output:			
a. sustained small increases			
for women but no attn.			
to other groups		X	
b. women poorly represented			
at senior and lower			
levels	X		
4. External Actions:			
a. some legal action in HR			
cases	X		
b. participation in			
cooperative bodies			X
Total:	7	2	8
	[Weighted Score = 9]		

b. Timing of Response

Like the other Crown corporations, Air Canada has had the "benefit" of considerable scrutiny in this policy area beginning in the mid seventies. And, like the other "Crowns" it was well warned of the impending legislation in this area. Unlike many of the other firms, however, Air Canada introduced measures related to equal employment

opportunities (for women) in the early seventies. Both Dulude and Abella confirmed Air Canada's early attention to this policy.

TABLE 6.6: AIR CANADA -- RATE OF EVENTS CALCULATION
(base year 1967)

<u>Event:</u>	<u>Description:</u>	<u>Year:</u>
Event 1.	First mention of EOW in Annual Reports	1975
Event 2.	First mention of other group(s) in ARs	1981
Event 3.	First policy statement	1973
Event 4.	Corporate level unit established	1973
Event 5.	Formal commitment to all groups (in policy statement)	1984

In this study what we were able to observe about the timing of Air Canada's response conforms with the above analyses. As can be seen from Table 6.6 Air Canada did indeed take some initiatives as early as 1973. Its policy statements have been continually updated to reflect new responsibilities. Resources were allocated in the early seventies for women and efforts began for the disabled in 1981. Unfortunately, the absence of complete historical data for any group or level meant that it was not possible to define an event related to output (for example, the year in which improvements were found at every level) meaning that the value of the rate-of-events calculation is limited in this case. In Air Canada's particular case it is possible to identify the point at which the percentage of women reached 30 percent, for example, but this measure is not relevant for either CN or Petro-Canada.

TABLE 6.7: AIR CANADA -- POLICY MANAGERS' ASSESSMENT ON FIRM'S RESPONSE

	<u>Response:</u>
1. <u>Need for a Greater Response:</u>	
-critical	
-moderate	
-minimal	X
-none	
2. <u>Recognition of Policy Needs:</u>	
-limited	
-management only	X
-all firm	
3. <u>Policy Formalized:</u>	
-informal	
-in specific areas.....	X
-institutionalized	
4. <u>Explicit Response Implemented:</u>	
-none	
-limited response and resources	
-response in several areas, adequate resources	X
-major effort, significant resources	

c. Management's Assessment

As indicated in Table 6.7, both the policy managers and the Corporate Ombudsman believed that Air Canada's policy response had been fully satisfactory and that little more was required at that point (1986-1987). While they did not perceive support for employment equity activities to have fully permeated all levels of the firm, most managers were thought to be supportive. Finally, they believed that the resources allocated to this function were appropriate. In other words, there was a consensus that the policy had been basically institutionalized.

Taken together, the policy managers' assessments, the conclusions of both Dulude and Abella and the findings in this study all suggest that Air Canada is well advanced in implementing its employment equity programs. There is some doubt, however, (partly because of inadequate information,

about the net level of internal support for the policy. Pending further evidence, it must be concluded that Air Canada is close to full implementation as it has been defined here but has yet to meet all the requirements. The most important missing ingredients are openness in communication about goals, targets and achievements, evidence of widespread internal support and an indication about how accountability will be ensured.

D. The Search for Explanations -- the explanatory variables

a. Discussion

Those interviewed stressed Air Canada's early voluntary initiatives in this policy area.⁷⁷ They believed that the firm's responses were stimulated by public concern as well as by interest and support from within the organization. Trends in the American airlines, in particular, were seen as another important catalyst. After internal support, they thought media attention had played an important role in stimulating action. The government's role was thought to be less significant than these other factors although it has served to establish the boundaries of acceptable behavior (See Table 6.8).

Overall, the individuals who were interviewed perceived a strong commitment to the principle of equality at every level of the organization. Those interviewed believed that this had allowed the firm to take early initiatives to improve the situation for both women and the

77. The Air Canada interviews in this policy area were with the Director, Equity Policies and Programs (also Corporate Ombudsman) and the Senior Manager, Human Rights and Employment Equity and the Manager, Human Rights.

TABLE 6.8: AIR CANADA --
MANAGERS' ASSESSMENTS OF EXPLANATORY VARIABLES

<u>Variable:</u>	<u>Manager's Assessment:</u>
Mandate	none
Geographic Location	none
Size of Firm	none
Profitability	none
Type of Business	none
Organizational Dynamics	strong
Government Controls	strong
Public Pressure	strong

disabled. The distribution of support among the various levels within the organization was thought to be as follows. The Board and Executive were thought to be strongly supportive. Management support was assessed as moderate. Finally, the five major unions (and particularly their leadership) were believed to be strongly supportive.

The information obtained during the interviews supports the observations of earlier studies and of the policy managers that Air Canada's executive is firmly committed to this policy area. The fact that this commitment does not appear to be fully shared by management is to be expected since they may feel that their jobs are threatened. The fact that they will have to deal with the practical problems of implementation and with any juggling of priorities which must take place is also be presumed to diminish their enthusiasm for the policy area.

As mentioned previously it proved extremely difficult to obtain anything but very general statements from unions on any of the three policy areas. As also explained logistics prevented the sort of thorough

examination of union attitudes which would be desirable. However, in this case an interview was obtained with one union vice-president who indicated that unions were generally supportive of employment equity but, naturally, had some concerns about implementation. Since this was a representative of a predominantly female union, she may have been overstating the extent of union support, however. The most likely scenario for the union response in this policy field is that they will continue to support the general principle of employment equity but will do battle over specifics of implementation which threaten the seniority rights of their members.⁷⁸

Air Canada is particularly sensitive to media attention and placed a lot of significance on the importance of publicity in motivating the firm to act. The managers also believe that this is what has stimulated political actions. It is extremely difficult, if not impossible, for an outside observer to be able to see any connection between fluctuations in public interest and changes in the firm's behavior in such a short time period. The only indication that Air Canada responded to publicity is that it acted before some other Crown corporations which were presumably in a similar situation.

Government controls were the only other variable thought to have explanatory power. Those interviewed clearly differentiated between political interest in this topic and the government's interest as exercised by Treasury Board. Political interest (as exercised by the

78. For more on labor's perspective on employment equity see Canada, Equality in Employment, p.219-222. Abella begins her discussion of this topic as follows:

Most representatives of labor with whom the Commission met supported the need for mandatory affirmative action. They acknowledged, however, from their observations of the American experience, that the potential for collision exists between the principles of affirmative action and of seniority

Minister, for example) was thought to be generally stimulated by media attention to an issue and was therefore generally transitory. The role played by Treasury Board, on the other hand, was recognized as clearly important at this point in time. Overall, the significance of the government's role was down-played.

The managers portrayed this as a policy area where there has been little if any need for coercion, and where the firm's mandate has been unimportant. Another citation from M. Jeannot's 1984 memo to senior managers referred to earlier suggests otherwise however:

We are faced once more with the challenge of reconciling paramount economic and commercial objectives, particularly our retrenchment program, with our social and legal responsibilities. Without lessening the importance of our commercial objectives, I would ask each of you to take a hard look at the situation with respect to Human Rights and Equal Employment Opportunity as it currently exists within your own Branch, and ask you to begin setting your 1985 Objectives, keeping in mind how best to achieve the above noted priorities.⁷⁹

We may assume that if the President perceives a "challenge" in reconciling these separate objectives, and if his support is vital to the success of employment equity policies, then there may well be an effect on the speed of implementation in instances where the firm's commercial objectives are not being met. Because Air Canada enjoys autonomy from government intervention in its day-to-day operations, it is probable that this would not be observable in the short run, except to those inside the firm responsible for the policy (and possibly to Treasury Board).

Finally, despite the assessment of the policy managers that the nature of the business has been unimportant, it is probable that the

79. Memo from P.J. Jeannot to VPs, dated October 25, 1984 on Human Rights and Equal Employment Opportunity.

existence of a representative core of women aided Air Canada in implementing this policy, at least when its efforts were only directed toward women. It is true, however, that even though this is a business which employs a relatively large number of women, they have traditionally been, and continue to be, segregated into a small number of service and administrative jobs. While they must try to combat a gender-based hierarchical structure, they must also confront the vestiges of the historical emphasis on outward appearance in this industry. In contrast to a business where there were traditionally no women, in this case the battle is against established images. While this cannot be more difficult than the first situation, it is clearly different.

b. Analysis

One factor in particular stands out in analyzing Air Canada's response in this policy area: the fact that it began with a "critical mass" of female employees. When this is combined with the fact that there has also been occupational segregation we have two ingredients for potential success. What we find in Air Canada's case is unions primarily comprised of women and able to act on their behalf; something which is generally not the case in other firms or industries. There is also the added fact that airline employees often work in an international environment which provides a much broader range of comparisons for employees and makes them more aware than they might otherwise be of employment options within the industry. The importance of this "international reference point" is something which was stressed by one of the policy managers who was interviewed.

In summary, at least up until 1987 Air Canada has responded favorably to the government's initiatives with respect to employment equity for women. It will be several more years before it is possible to assess the firm's progress with respect to the other groups. Beginning, as they did in 1986, with very small numbers for each of these groups should prove to be a true test of the firm's responsiveness.

IV. EMPLOYMENT EQUITY AT PETRO-CANADA

Petro-Canada is in an unusual situation with respect to this policy area in that its status as a Crown corporation requires it to comply with the Treasury Board guidelines but it appears that it need not comply with the Employment Equity Act because its principal business activities are not federally regulated. While both Treasury Board and the firm believe that the Act does not apply, this has still not been tested. In referring to this point Petro-Canada's Policy Manager stated:

Although we do not have anything in writing to support this statement, Petro-Canada is provincially regulated. Therefore we follow the provincial Human Rights Legislation and our Employment Equity Report will only be sent to the Treasury Board in the Federal Government, rather than the Treasury Board and CEIC.⁸⁰

When asked about this Treasury Board's Director of Employment Equity for Crown corporations concurred with Petro-Canada's analysis of the situation.

In order to understand Petro-Canada's position thoroughly it is necessary to examine how the Employment Equity Act defines employer:

"employer" means any person who employs one hundred or more employees on or in connection with federal work, undertaking

80. Letter from Senior Advisor, Employment Equity to C. Hannah dated July 24, 1987.

or business as defined in section 2 of the Canada Labor Code and includes any corporation established to perform any function or duty on behalf of the Government of Canada that employs one hundred or more employees,...⁸¹

Petro-Canada is a corporation established to perform a function on behalf of the Government of Canada,⁸² and it does employ well over a hundred people. However, since the petroleum mining, refining and retail business is not included under Section Two of the Canada Labor Code, Petro-Canada is excluded from coverage by this Act. As it currently stands, one way this could be altered is if the federal government were to change Petro-Canada's Act and specifically make the firm subject to the Employment Equity Act. The other, less likely, solution (besides doing nothing) would be to change the wording of the Employment Equity Act to read "or" instead of "and." The reason this is unlikely is that by opening up the Act for this purpose it could potentially subject it once again to wider debate, criticism and possible amendment.

A. Petro-Canada's Policy Response

1. Public Statements

a. Discussion

In the eleven years since Petro-Canada was established employment equity was specifically mentioned once in the firm's Annual Reports, in the following statement in 1986:

Petro-Canada continues to press forward in providing opportunities to all Canadians through the implementation of

⁸¹ Employment Equity Act, c.62, [1984-85-86], s.3. (underlining mine).

⁸² Section 14(1) of the Petro-Canada Act states: "The Corporation is, for all purposes of this Act, an agent of Her Majesty ..."

its Official Languages Program and active measures to promote employment equity.⁸³

However, except in three years (1979, 1982, 1983) Petro-Canada has included sometimes lengthy social responsibility statements in its Reports. For example, in its first Annual Report in 1976 the section on "Environmental and Social Concerns" begins with the statement:

Petro-Canada, as a Federal Crown Corporation has a significant responsibility to be an industry leader in the environmental and social aspects of its activities.⁸⁴

In both 1978 and 1980 a specific reference is made to the goal of increasing native employment in communities where Petro-Canada has operations. In 1985 a comment is also made about the opportunities generated for "Northerners" as a result of the Corporation's exploration program in the Mackenzie Valley.⁸⁵ Otherwise, this section of the Annual Reports is dedicated to discussions of the firm's environmental concerns and activities as well as corporate donation and sponsorship programs.

One public indication of support for the goal of equality for women was the resignation of Petro-Canada's Chairman and CEO (Bill Hopper) as well as other executives of the firm from the Calgary Petroleum Club in late 1986 after the organization voted to continue excluding women from membership. This action must be set against the fact that Petro-Canada executives were members of a Club which discriminates against women even as late as 1986 and only choose to act when the issue became a matter of public debate (not their membership but the vote).

83. Petro-Canada, Annual Report, (1986), p 4.

84. Petro-Canada, Annual Report, (1976), p 16.

85. Petro-Canada, Annual Report, (1985), p 9

At the time of the interviews Petro-Canada did not have a policy statement. The explanation offered for this was that it was "the firm's actions which count." Later in 1987, however, the following policy statement was issued:

All decisions regarding recruitment, hiring, promotion and all other terms and conditions of employment will be made without regard to sex, age, religion, marital status, physical or mental handicap, color, ethnic origin or any other factors which cannot be lawfully used as the basis for an employment decision.⁸⁶

Petro-Canada also commits to "periodically" introduce "special programs designed to eliminate systemic barriers to advancement and/or to redress the under-utilization of women and minorities caused by deliberate or unconscious discrimination."⁸⁷

b. Analysis

In an update letter of July 1987 (outlining changes since the interview in December 1986) Petro-Canada's Senior Advisor for Employment Equity notes that the company "has developed a very general Equal Employment Opportunity Policy." This is an accurate description of the above policy which, because of its brevity and generality, affords Petro-Canada maximum flexibility in its responses. The choice of this terminology and the absence of any reference to "Employment Equity" undoubtedly reflects the firm's desire to disassociate itself from the Employment Equity Act. At the same time, Petro-Canada does have a Senior Advisor and Manager for "Employment Equity" and, as we shall see shortly, has communicated with its employees about its efforts to comply with the

⁸⁶ Petro-Canada, "Human Resources Management Guidelines," HRP 104, Update No. 84-14.

⁸⁷ Ibid

law. Thus, while Petro-Canada seems to be avoiding a commitment to the Employment Equity Act specifically, there is an implicit recognition of its obligations under this Act as well as under government policy.

Petro-Canada's policy statement contains no reference to some of the following essential ingredients for policy implementation: 1) commitment to identify practices or policies which have a discriminatory impact, 2) recognition of the pay equity issue, 3) consultation or participatory mechanisms, 4) delegation of responsibility, 5) accountability measures and mechanisms, 6) reporting or data gathering obligations, 7) program development, and 8) a commitment to long-term planning. In other words, the policy statement holds no promise that structural changes will be undertaken to ensure that the policy is implemented except on an ad hoc basis.

2. Structural Changes

a. Discussion

At the time of the first interviews in December 1986 the person responsible for the policy area within Petro-Canada at the operational level had a background in human resources management. In addition, the firm had used the services of a consultant on native employment beginning in 1979. The position of Employment Equity coordinator was established in 1984. Prior to 1984 Petro-Canada had focussed some attention on women "from about 1980" and on native employment "from the late seventies."

By mid 1987 Petro-Canada had two full-time officers responsible for Employment Equity and one Coordinator for a new program called the Youth Program (to "provide young, unemployed people with their first work

experience").⁸⁸ By August 1988 a permanent position was created for Native employment efforts. These people report to a Director level position, who in turn reports to a Vice President. With total employment at about 7,270 in 1987 this represents a staff/employee ratio in excess of 1/1817 (compared to 1/2580 in 1986) plus some portion of the Vice President's time. The cost for activities in this area in 1986, including the chargeback costs for data processing and systems development, was estimated to be about \$700,00. This expenditure represented about .01 percent of sales and .38 percent of net income for 1986. Almost half of this amount was for the firm's Youth Initiative Program.

At the time of the interviews there was no internal review committee to handle employment equity but the policy coordinator indicated that she believed a senior level committee would be beneficial to the long-run success of any programs the firm might adopt. Petro-Canada did participate in the quarterly meetings of Crown corporation employment equity coordinators in the years between the introduction of the new law and the first report in June 1987 and continues to take part in the semi-annual meetings since. No interest was expressed in worker participation in the decision-making process.

The firm's first report/plan was submitted to Treasury Board in the spring of 1987. Although requested, it was not made available. When requested again during a visit in August 1988 there was even more caution about releasing information and only total employment figures were given

⁸⁸ Letter from Senior Advisor, Employment Equity to C. Hannah, July 24, 1987 and Petro-Canada, "Action on Employment Equity," (June 29-July 9, 1987). The Coordinator describes this program as one which "recruits young people, with special emphasis on the designated groups, and prepares them for entry-level positions in the industry." Petro-Canada, "Action on Employment Equity," Directions (Autumn, 1987), p 16.

for each of the groups. The explanation offered for this was that the privacy of employees might potentially be threatened and, furthermore, that Petro-Canada does not have a legal obligation to release this information. An example of ways in which an employee might be hurt, or privacy might be invaded, by inappropriate release of the employment equity data was given by Petro-Canada's Policy Manager. If, for example, an employee was the only woman at a particular level within the firm (say at the Executive level) and there was also only one disabled individual at that level it would be easy to determine who the individual was. Under the self-identification approach individuals were simply asked whether they considered themselves to be in any way disabled and this might potentially include such things as alcoholism, cancer, epilepsy, or AIDs. Obviously, it is not the intent of an equity program to publicly identify individuals in this way. A concrete example, and one which is not presumed to be threatening to the individual involved, is the fact that in 1988 Petro-Canada added one woman Senior Vice-President to its Executive and this person is also a francophone.

Finally, on the issue of disclosure, there has been no external reporting in this policy area, nor is any planned. By mid 1987 Petro-Canada remained resolute in its position that its report would not be forwarded to CEIC and eventually become a matter of public record. The principal vehicle for internal reporting on Employment Equity or related issues has been brief memos or the firm's employee newsletter, Explorer. In January 26, 1987, for example, a short update on Petro-Canada's survey results was sent to employees which boasted that the firm's response rate was "very high compared to other Crown corporations."

Totals for each of the target groups were given in this article. In June/July of 1987 employees were informed that Petro-Canada's first annual report on employment equity had been submitted for formal government approval. The firm's vice-president for Human Resources at the time (John Lynch) is quoted as saying: "We're approaching this from a business perspective"... "Our objectives are to ensure initiatives are cost-effective while demonstrating our commitment to employees."⁸⁹ In the same memo the Employment Equity manager indicated that "input (would) be solicited for future reviews and action plans" and that "focus groups (would) be established in the fall to get employee opinions on policies and implementation practices."⁹⁰

In the Autumn 1987 issue of Directions more information is provided to workers. The article includes the following quotation from the CEO:

Executive Council is solidly behind this. We need to make sure our workplace provides equal opportunity for all employees, and we are making every manager and supervisor accountable for implementing employment equity and demonstrating our support for it in the community.⁹¹

While this is clearly a supportive statement there is an assumption in the CEO's wording that by providing equal opportunity for all employees Petro-Canada's responsibilities with respect to employment equity will be fulfilled. Also included in this article are percentage targets for women in the higher job categories for the year 1990. Because the targets are presented on a bar graph (without a scale) it is difficult to be certain

⁸⁹ Petro-Canada, "Action on Employment Equity," Explorers, (June 29-July 9, 1987).

⁹⁰ Ibid. (No information was available on whether this had in fact occurred.)

⁹¹ Petro-Canada, Directions, (Autumn, 1987), pp.15-16.

about them but it appears that Petro-Canada intends to increase the percentage of women in upper management from 5 percent (which it has been since 1986) to approximately 7.5 percent by the year 1990 (which represents an increase of about 1.5 women per year if the total number in this category remains constant).⁹² Making the same assumption for the other groups, we arrive at an estimated annual increase of two women per year in middle management, and five each in the professional, semi-professional and supervisory categories.

This article also states that targets have been set for the disabled and aboriginal peoples and that Petro-Canada already exceeds the national average for visible minorities.⁹³ Examples of "specific actions" to be taken include: employee development planning to be extended to lower level jobs, extension of job posting to more professional positions, and workshops to heighten the awareness of managers and supervisors. It is mentioned that Petro-Canada's recruitment of women in engineering and earth sciences now "equals the representation graduating from these disciplines."⁹⁴ Other reported advances include the "implementation of a sexual harassment policy, introduction of a native educational awards program which awarded more than \$50,000 in 1987 to native students, the introduction of the Youth program mentioned earlier. Noting that this is

92. This calculation is made from data obtained in 1986 on the representation of the target groups at various levels within the firm. This data included absolute numbers as well as percentages which made it possible to estimate the total employment at each level. If these numbers are held constant and percentages are calculated from the graph provided in the 1987 article it is then possible to estimate the absolute increase envisaged between 1987 and 1990. When this number is divided by 3 you have an estimated annual increase. For example, in 1986 there were 5 % or a total of 9 women in upper management. This means that there were 171 men or a total of 190 persons in this category. The formula then is $(190 \times 0.05) - 9$; divided by 3.

93. Visible minorities were thought to represent 5.8 percent of Petro-Canada's workforce in 1986 and this increased to 6.1 in 1987. Petro-Canada reports the national average to be 4.9 percent.

94. *Ibid.*, p 16.

an effort which is "both required by law and strongly supported by management as a matter of good business sense" the article concludes with the following statement:

Our action plans and targets were carefully developed to ensure employment equity is not achieved at the expense of employees who are not members of designated groups.⁹⁵

b. Analysis

The concentration of the above section on reported statements of intent and plans reflects the fact that Petro-Canada was still not very advanced in implementing this policy. The fact that the firm disclosed targets to its employees and planned for employee involvement through "focus groups" is evidence of good intentions and an openness with respect to employees which does not seem to apply in the other two firms in this study. The complicated process required to obtain data and information was dealt with at length to indicate the firm's paranoia about this policy. For example, extensive analysis found that the only possibility that an individual could be identified would be if there were an overlap between the disabled and visible minority groups in the upper management category but, even so, the firm refused to provide any follow-up information on the disabled and asked that the previously supplied data not be used if there is even the slightest possibility of identification. When this excessive concern about data and information is coupled with the fact that the firm appeared to be just beginning the detailed planning and analysis work by 1987 suggests a less-than-wholehearted attack on the problems of systemic discrimination in the work place. This is

⁹⁵ Ibid

particularly true when the admittedly "modest" targets are set against the fact that in 1987 Petro-Canada reported a net income of approximately \$213 million and sales of over five billion dollars.

3. Policy Output

a. Discussion

(1) Total Employment

The only available data on total employment of all of the designated groups are for the years 1986 and 1987. As can be seen in Table C8, while the work force was reduced by about 7 percent, the percentage of aboriginal persons stayed the same (at 0.5 percent) in the two years. The percentage of disabled increased from 1.6 to 1.7 percent, and visible minorities increased from 5.8 to 6.1 percent. The percentage of women remained almost constant in the two years (24.4 percent in 1986 to 24.6 percent in 1987). No data were provided for earlier years and the Employment Equity Coordinator indicated that the Abella data should be viewed as unreliable even though they also were supplied by the firm. (Abella reported that there were 1,821 women, or 28.2 percent of the work force, in 1983; Dulude reported that there were 45 women, or 42.5 percent in 1977).

(2) Representation by Level

An examination of the composition of the board found one to two woman members out of about 15, after 1981 and one member of a visible minority at least until 1984. No women are listed among the senior officers of the firm. Reference has already been made to Table C9 which shows the distribution of the groups among the occupational categories in

1986 and 1987. The majority of women are employed in clerical and semi-professional jobs. Although Abella observed that "women (remained) practically unrepresented in upper management" in 1983, in 1986 they had reached 5 percent (representing an increase of seven women in three years).⁹⁶ The largest concentrations of native people are in the skilled trades and semi-professional categories. The strongest representation of visible minorities is in the professional category. Finally, the disabled are concentrated among the professional, semi-professional and skilled trades occupations.

b. Analysis

It is interesting to observe that even though the firm had been collecting data on women for at least two years prior to this, and had been focussing on employment for both native people and women since 1980, it was unable to provide any historical data for these two groups. As a state-owned enterprise established in the mid-seventies, at a time when the issue of equal employment opportunity was receiving considerable attention, this lack of reliable data hints of avoidance rather than oversight. Even though Petro-Canada clearly had other priorities, it is difficult to accept that management only recognized the need to keep track of the number of women employed in the firm in the mid eighties.

⁹⁶ Canada, Equality in Employment, p 106

4. External Actions (Legal, Political, Other)

a. Discussion

Petro-Canada did not release information on complaints brought before either the Canadian Human Rights Commission (if the firm comes under the federal Human Rights Act) or, if it does not, complaints brought under provincial human rights laws. This excludes one important source of information about external actions in this policy area. At one point the Policy Coordinator referred to a case before the CHRC which had clarified the firm's status with respect to the Canadian Human Rights Act and, subsequently, to the Employment Equity Act but it proved impossible to find out more about this case from either the firm or CHRC, despite several attempts to do so.

The only concrete evidence of external actions in this case is the already-mentioned participation in the bi-annual meetings of Employment Equity officers of Crown corporations and the resignation from the Calgary Petroleum Club. Aside from this Petro-Canada has maintained a very low profile in this policy area, as evidenced by the virtual absence of comment in Annual Reports.

b. Analysis

The finding of little external action is in keeping with the earlier observations about Petro-Canada's position with respect to the Employment Equity Act (and presumably, the Canadian Human Rights Act). It would be undesirable for the firm to draw attention to its unique exemption to this legislation by lobbying or getting involved in legal actions because, to use the words of the Chairman and CEO applied to another context:

...the Government maintains the right as the shareholder to formally direct Petro-Canada to carry out certain activities in the national interest.⁹⁷

B. Petro-Canada's Position on the Response Continuum

The above review of Petro-Canada's actions in this policy area suggests that the firm is still in the early stages of the implementation process. By 1987 Petro-Canada did have four officers fully dedicated to this function at corporate headquarters and it also had a basic data management and retrieval system in place. However, as of 1987 the firm was just beginning to clearly identify problems, set targets, and delegate responsibilities for actions involving all four target groups. The work that had been done up until 1987 was primarily analysis and planning and was concentrated specifically on women at certain levels of the organization. This slow and constrained start, coupled with the assessment of the Policy Coordinator that implementation was still not very far advanced by mid 1987 suggests that Petro-Canada has just reached Stage Two in the implementation process.

C. Petro-Canada's Responsiveness

a. Accepting and Resisting Responses

So far the assessment of Petro-Canada's response to this policy is not particularly indicative of an accepting philosophy as it was described in Chapter Two and depicted in Table 5.1. Despite Abella's observation in 1984 that Petro-Canada was one of the firms which had "formulated

⁹⁷ Petro-Canada, Annual Report, (1984), p 2.

TABLE 6.9: PETRO-CANADA -- EVIDENCE OF RESPONSIVENESS TO EMPLOYMENT EQUITY POLICY

Components / Response	Resisting	Neutral	Accepting
1. <u>Management Statements:</u>			
a. annual Reports-			
-not early or openly supportive	X		
-natives mentioned in 1978 but E.E. not until 1986		X	
b. policy statement--			
-issued 1987	X		
-no specific objectives	X		
-no qualifiers used			X
-no accountability	X		
-no participation	X		
2. <u>Structural Changes:</u>			
a. still skeletal unit in 1987	X		
b. obligatory planning & external reporting		X	
c. obligatory data collection		X	
d. targets disclosed and participation planned			X
e. slow to examine discriminatory practices and policies	X		
f. no visible accountability measures	X		
3. <u>Measurable Output:</u>			
a. representation of women has actually declined	X		
b. all groups inequitably represented within certain levels	X		
4. <u>External Actions:</u>			
a. some evidence of actions to clarify status	X		
b. resignation from Club		X	
Total:	11	4	2
	[Weighted Score = 4]		

programs which, when implemented will likely dramatically affect the equitable participation of women" little evidence was found about either the programs or progress.⁹⁸ Even though Petro-Canada has regularly included an extensive discussion of corporate social responsibility in its Annual Reports the only mention of this policy area was passing references to native employment until 1986. Petro-Canada did not introduce a policy statement until 1987 and when it did, the wording which was adopted

98. Canada, Equality in Employment, p.122.

allowed the firm the widest possible discretion. The firm was still continuing to staff its employment equity unit as late as 1987 and delegation of responsibilities and involvement of operational managers had only just begun in 1987. While it must be presumed that the review of discriminatory policies and practices had been undertaken for the plans required by Treasury Board there was no externally available evidence that this had been done for all groups at all levels. The fact that Petro-Canada disclosed its targets for women is viewed as an accepting response. Finally, the reference to plans for employee involvement through "focus" groups is also viewed as positive. However, despite some evidence of good intentions, many more examples of resisting responses were found than accepting. This is summarized in Table 6.9.

b. Timing of Responses

As indicated in Table 6.10 Petro-Canada's response in this policy area has not been very quick. The fact that it took ten years for the firm to issue a policy statement and make a formal commitment to all the groups is not suggestive of an accepting firm.

TABLE 6 10. PETRO-CANADA -- RATE OF EVENTS CALCULATION
(base year 1977)

Event	Description	Year:
Event 1.	First mention of EOW in Annual Reports	-
Event 2	First mention of other group(s) in ARs	1978
Event 3	First policy statement	1987
Event 4	Corporate level unit established	1987
Event 5	Formal commitment to all groups (in policy statement)	1987

c. Management's Assessment

Table 6.11 indicates how the Employment Equity Coordinator assessed Petro-Canada's response at the time of the interviews. Although only a moderate need for a greater response was perceived, policy goals were not thought to be widely recognized and accepted throughout the firm. There had only been a limited number of specific actions at the time and the resources expended were thought to be "average."

TABLE 6.11: PETRO-CANADA --
POLICY MANAGER'S ASSESSMENT OF FIRM'S RESPONSE

	Response:
1. <u>Need for a Greater Response:</u>	
-critical	
-moderate.....	X
-minimal	
-none	
2. <u>Recognition of Policy Needs:</u>	
-limited.....	
-management only	
-all firm	
3. <u>Policy Formalized:</u>	
-informal	
-in specific areas.....	(
-institutionalized	
4. <u>Explicit Responses Implemented:</u>	
-none	
-limited response and resources ..	X
-response in several areas, adequate resources	
-major effort, significant resources	

In summary, in this case, as in the others, analysis of the firm's responses and responsiveness uncovered sometimes contradictory evidence. On the whole, however, we must accept the assessment of Petro-Canada's Employment Equity Coordinator that the firm is still in the early stages of implementation. We shall now turn to consider why the promise that Abella saw in 1984 for Petro-Canada has yet to be fulfilled.

D. The Search for Explanations -- the explanatory variables

a. Discussion

On the one hand, the Policy Coordinator identified Petro-Canada's responsibilities in this policy area as "meeting government reporting and Treasury Board requirements." On the other hand, she emphasized the extent to which both the firm and the industry are really ahead of the government. This is a reflection of the view that modern firms, especially those operating alongside American competitors, are already sensitized to the need for a more representative work force and will respond voluntarily. If this is so, the only evidence at Petro-Canada was some attention to women and native employment beginning in the late seventies/early eighties. What is forgotten in this assessment is that the government had actually been indirectly sending messages to both private and publicly-owned firms about this policy area for several years prior to the law.

TABLE 6 12 PETRO-CANADA --
MANAGERS' ASSESSMENTS OF EXPLANATORY VARIABLES

<u>Variable</u>	<u>Manager's Assessment</u>
Mandate	none
Geographic Location	minimal
Size of Firm	minimal
Profitability	none
Type of Business	minimal
Organizational Dynamics	moderate
Government Controls	strong
Public Pressure	none

The interviews uncovered little evidence of internal support for the goals of this policy area within the firm. The Policy Coordinator was not able to offer any insights into the level of support within the executive council, the Board of Directors, or senior management. This is due to the limited access which the manager has to the firm's executive officers. She assessed her own level, middle management, as being moderately supportive. With only 15 percent of the work force unionized -- and those widely dispersed -- there was no easy way of obtaining an indication of the level of support among the rank and file. In light of the extensive downsizing which had been occurring prior to the interviews there is little doubt that most employees were almost exclusively concerned about their jobs. The manager indicated that the existing unions had indicated "moderate support" for the policy.⁹⁹

In assessing the prognosis for the future of this policy area, the Coordinator indicated that support from all levels (especially senior management) would be critical for the success of any programs. One way of achieving this, she thought, would be to establish a senior level committee to monitor and review progress. This would also open a communication link to senior management which was clearly lacking in the existing structure. The manager pointed out that the firm's still very centralized organizational structure slowed progress because information had to filter through so many layers.

As indicated in Table 6.12, the firm's geographic location, its size, and the nature of its business were all thought to have some slight

⁹⁹ In her words, there was an "initial buy-in and commitment."

importance in explaining Petro-Canada's responses, both past and future. The firm's rapid growth through acquisitions has undoubtedly slowed down the data-gathering process and has limited the firm's ability to enhance representation through hiring. In addition, Petro-Canada's expansion into a broad range of business activities over its very short history has made employing experienced personnel very important. Finally, Petro-Canada's location is relevant because the majority of its operations (at least those over which it has hiring control) are in parts of the country with relatively high native populations which led the firm to direct attention towards native employment before the Employment Equity Act, although with no noticeable success.

b. Analysis

The important ingredients in the Coordinator's assessment of the explanatory variables are her emphasis on Petro-Canada's own initiatives in this policy area, her inability (in 1986) to accurately assess the level of support of the Board and Executive, her conclusion that middle management was "moderately" supportive and her recognition of the need for some sort of formal committee involvement. When put together in this way the picture which forms is that of a firm still in the early stages of implementation where the policy is not widely recognized and the implications for the firm are not fully understood. The fact that this interview (there have been a couple of communications since) occurred precisely at a time when the firm was still reeling from large layoffs undoubtedly influenced how the policy was being perceived at the time.

Despite the uncertainty of the policy coordinator on this issue, the findings of this study suggest that the federal government has played a

major role in Petro-Canada's response because its actions had the effect of excluding the firm from coverage under the Employment Equity Act and, presumably, under the Canadian Human Rights Act. Petro-Canada was one of the original eleven Crown corporations examined by the Abella Commission and it is difficult to imagine how this situation could have arisen unintentionally. Whatever the case, the wording of Petro-Canada's policy statement and its position on release of information is evidence that a more limited interpretation of its duties will be adopted than would have been the case had the firm been specifically included.

Another variable which has played a role in Petro-Canada's policy response, even though it cannot be quantified, is the instability in both the firm and the industry over the period in which this policy was being introduced. Particularly during the first visit to Petro-Canada (and Calgary) in late 1986, it was clear that the firm was "under siege." Receptionists had been laid off, offices in Petro-Canada's still-very-new tower sat vacant, and there were rumors constantly circling about who would be next to go. In the period prior to 1985 Petro-Canada's work force expanded each year. In 1985 acquisitions increased the work force by 57 percent, from 6,700 to 10,565. However, in 1986 employment dropped approximately 27 percent and in 1987 about 7 percent. In an environment such as this it was difficult to get anyone to give serious attention to the need to increase the representation of the four target groups.

In summary, Petro-Canada's weak response until 1987 seems to be best explained by a combination of factors: the nature and instability of the business, the fluctuating size of the firm, government requirements,

expressed in the law and an absence of strong internal support. By 1986-87 it was becoming apparent that the federal Employment Equity Act would probably be replicated (with some variations) in more jurisdictions¹⁰⁰ (both provincial and municipal) so that Petro-Canada will ultimately be covered by law as well as policy.

V. COMPARATIVE ANALYSIS

A. Introduction

In comparing how these three large commercial state enterprises have responded to the employment equity policy area we have been able to observe both considerable variation and some interesting similarities. One of the most noteworthy differences is the presence in Air Canada of a "critical mass" of women from the beginning of implementation. Another difference which was identified is Petro-Canada's apparent exclusion from the federal equity statute. We noted as well that CN has not only been involved in a complex and long-term legal battle but has also been drastically reducing the size of its work force. The virtual absence of unionized employees at Petro-Canada is another potentially significant difference between it and the other two firms.

There are also numerous similarities among the three firms in this policy area. In all three cases there was an implicit denial of duties and obligations prior to the legally mandated requirements in 1986 (or Treasury Board policy in Petro-Canada's case) and an acceptance of the notion that this was a "new social responsibility" for the firm. In

100 See discussion in Chapter Five

addition, whether by design or intent, all three firms were found to have effectively controlled the flow of information about the status of the designated groups until 1986. In all three this was done by either ignoring the need for data completely, or by selective collection methods. These, and other similarities and differences will be discussed in more detail in this section.

B. Policy Response

1. Public Statements

Of the three firms CN dedicated more space in its Annual Reports to some aspect of this policy area (686 words) than either Air Canada (111 words) or Petro-Canada (75 words) and also referred to the policy more frequently (six times compared to four and three). CN also gave much more information about its activities than the other two firms. None of the firms made a strongly supportive statement in Annual Reports but it is also true that none offered qualified support. In other words the three SOEs were decidedly neutral on this issue. The fact that CN was involved in on-going legal disputes pertaining to this policy area automatically gave Employment Equity issues some priority in allocation of space in Annual Reports.¹⁰¹

In this policy area there seems to be a link between the appearance and complexity of policy statements and the level of overall progress in implementation. In each case the policy statements are carefully worded

101. In Official Languages, for example, the policy manager prepares something for the Annual Report each year but the decision about whether it will be included is made at a more senior level depending on the priority attributed to the policy at the time.

so as to accord the firms the widest possible discretion. While Petro-Canada allows for "periodic" special programs, CN indicates that they will be "planned and implemented within a reasonable period of time," and Air Canada promises to make "every reasonable effort to achieve and maintain" a "qualified", "representative" work force with "particular regard" to the four groups. Air Canada goes on to delegate responsibility for corrective measures to the Branches and to indicate that they will be "accountable for the results." By addressing the issue of accountability and by discussing details of implementation Air Canada lends an air of seriousness to its policy statement which is missing from the others.

The fact that none of the policy statements mentions participation of either the groups or work force representatives in the decision-making process is noteworthy. Section 4 of the Employment Equity Act specifically refers to "consultation with employee representatives" (or a bargaining agent). Treasury Board's guidelines refer to "ongoing consultation at all stages of program implementation with individuals and groups having an interest or role to play in the program."¹⁰² It may well be that this "oversight" in the policy statement reflects management's view that such consultation could present unsurmountable hurdles to advancement. Despite the absence of recognition for this concept in the policy statements, each of the firms has had preliminary talks with its unions about this policy but there was no evidence to suggest that there will be ongoing consultation.

¹⁰² Treasury Board, Employment Equity for Crown Corporations, p 10

2. Structural Changes

It is clear that all three firms have made structural changes in order to implement this policy. Since this is a relatively new policy field, those who are charged with review and planning tend to be human resources generalists rather than equity specialists. Before the addition of the other designated groups, there were a relatively small number of individuals involved in equal opportunity activities across the country. They developed a communications network, and there was a considerable amount of information sharing. In this way an expertise was developed by individuals who otherwise had no formal or practical training in this policy area. It is still the case that the individuals responsible for employment equity in the Crown corporations know each other, meet on occasion, and share information. Whether by design, or natural occurrence, an atmosphere of healthy competition has developed among the Crown corporations who watched with great interest how everyone would fare with Treasury Board in the first round of reports.¹⁰³ This is something which TBS has carefully nurtured by involving the Employment Equity Officers at each step of the government's policy implementation process.

These cooperative efforts have produced similarities in the administrative structures which have been developed within the firms. Identification of regional employment equity coordinators and the emphasis on "awareness" workshops and seminars are two examples but the best example is the uniform way in which the survey and the related

103. Interviews with Treasury Board and the firms in June 1987 found a keen interest in whose survey had been most successful, whose report had been rejected, etc. In its annual Equity Reports CN makes a point of the fact that its implementation process has served as a model for other SOEs.

communications with employees were handled. The real test of the effectiveness of Treasury Board's strategy will be in the degree of consistency which can be observed in the presentation of data in the annual Equity Reports (and, of course, in the unavailable plans).

The distribution of responsibility within the firms was such that in both Air Canada and CN in 1987 those responsible for the policy had direct access to the executive whereas at Petro-Canada there were several layers between the policy managers and the corporate executive. All three firms were found to have some fully-dedicated staff at corporate headquarters who are responsible for policy formulation, program design, and implementation. Of the three firms, Air Canada had a marginally better employment equity staff/worker ratio (1/2444) than CN (1/3447) or Petro-Canada (1/2580) in 1987.¹⁰⁴ CN's budgetary allocation seemed to be the largest (at \$800,000 in 1986) but variations in costing for computer time make such comparisons unreliable. At this point in the development of this policy area it is impossible to say whether, in Treasury Board's words, this represents a "sufficient" allocation of "human, financial and material resources to ensure that assigned objectives can be achieved."

In none of the firms was there evidence that accountability measures were in place to ensure that policy objectives would be met, although Air Canada made the strongest commitment to this (in its policy statement). Since the process of first identifying sources of systemic discrimination and then identifying appropriate and reasonable targets to remedy problems

104. In 1986 CN had 7 full-time and 22 1/3 time staff devoted to Employment Equity and human rights issues and total employment was about 56,000, Air Canada had 6 full-time and 10 1/3 time staff and total employment was about 22,000, and Petro-Canada had 3 full-time staff with total employment at about 7,500.

is extremely complex, it is unlikely that this will enter into manager's performance reviews in the near future.

In none of the firms was it possible to ascertain very clearly what communication mechanisms and controls were in place, let alone determine whether they were effective. This was because the firms were still primarily involved in analysis and planning at the time of the interviews. In both CN and Air Canada, however, a regional network was in place and efforts had been made to inform operational managers as to their responsibilities while at Petro-Canada this was being planned in 1987. In none of the cases were there fully-dedicated senior level committees who met on a regular basis to discuss this policy. In general, in all three firms there was an absence of formalized practices and procedures with respect to this policy and a continuing sense that issues were often handled in an ad hoc manner.

All three firms had made some effort to communicate basic information about the policy to employees but only Petro-Canada actually identified some targets. Air Canada provided the strongest message of support for the policy to its management but there is no information about how this was relayed to workers. CN, on the other hand, has been subjected to more internal and external analysis than the other two firms because of the Action Travail case and as a result its employees are probably more aware of the employment equity issue. There was a shared acceptance that workers and managers would probably be resistant to the policy because of the threat of "special measures" and that they would need to be educated or coerced into acceptance.

Finally, none of the firms was enthusiastic about the notion of public disclosure and became less so over time. It proved very difficult to obtain the sort of detailed information required given the absence of other sources. While the above-mentioned experience with Petro-Canada provides the best illustration of this, all the firms were reluctant about releasing data and were as evasive as possible given that they had been instructed by superiors to assist in this study. It is also true that in some ways Petro-Canada was more forthcoming than the other firms in that it provided data on all four groups and for levels within the firm whereas the other two firms only released data on women.

To summarize, in assessing structural changes Air Canada appeared to be further along in the implementation process than the other two firms but as is evident from the above discussion in many important ways the differences among the firms were minimal, non-quantifiable and not directly observable.

3. Policy Outputs

Because of the scarcity and unreliability of historical data it is virtually impossible to analyze the behavior of a single firm over time let alone compare firms. It is also quite clear that each of the firms has faced a different set of obstacles in implementing this policy. There is, therefore, no fair measure of performance which might be used to compare the firms at this time. If we look at changes in participation rates, for example, it is necessary to account somehow for differences in labor force availability, hiring ability, as well as other factors unique

to each firm and each industry.¹⁰⁵ Comparison of changes in representation of the groups within the firms is equally difficult; first, because of insufficient data; second, because of the obvious differences in internal availability; and third, because of a lack of knowledge about position requirements. In summary, at this point in time there does not appear to be any valid quantitative measure of output which might be used to compare firms in such clearly different circumstances.

4. External Actions

CN was observably the most active firm externally in this policy area. The Action Travail case has now become a fundamental part of the human rights case law in Canada and CN's poor record with respect to hiring women for non-traditional jobs is well documented. However, as we saw when reviewing Air Canada's human rights record, that firm also has received many complaints and has had several reach the Courts. It must be presumed (although it proved impossible to verify)¹⁰⁶ that Petro-Canada has also had to deal with human rights complaints at the provincial level. In other words, while none of the firms directly challenged the government's authority on these issues, they did so indirectly by resisting conciliation efforts and CHRC Tribunal decisions and seeking clarifications from the Court on particular aspects of the law.

105. Knowing, for example, that between 1977 and 1985 the proportion the women in CN increased by 3.7 percentage points (from 5.9 to 9.6 percent), at Air Canada it increased by 2 points (from 29.0 to 31.0 percent), and at Petro-Canada it decreased by 17.5 points (from 42.5 to 25 percent) without being able to factor in all the other variables affecting each firm's progress, is of little value.

106. Two letters to the Canadian Human Rights Commission asking for information on cases relating to the three firms in this study remain unanswered. Indeed, the CHRC and the CRTC were the only two agencies (aside from the unions) which completely ignored requests for information.

C. Position on the Response Continuum

Of the three firms Air Canada appears to be closest to having institutionalized this policy; this was also the observation of the Abella Commission. While all three firms lacked formal communication and participation mechanisms as well as accountability systems, Air Canada had undertaken a more rigorous analysis of practices and policies, had well-established responsibility and reporting centers, and had effected some small but measurable changes in the representation of women within the firm. However, the absence of concrete evidence about programs to address the needs of the other groups coupled with the problems just identified suggests that the policy is still not institutionalized.

CN has essentially the same missing ingredients as Air Canada except that it had paid even less attention, in its policy statements and reports, to the other groups and also admitted to a limited capacity to change the situation for these groups. CN's policy statement was less detailed, lacked implementation guidelines and was not as all-encompassing as Air Canada's. In CN's case, at the time of the interviews, it also appeared that there had been very little delegation of responsibility to branches or regions. On this basis, and with the policy manager's assessment in mind, it was suggested that CN was just past Stage Two of the implementation process.

Petro-Canada is an anomaly in this policy area. On the one hand, it was the most forthcoming with information, had also provided more details to its employees than the other two firms, and had plans to establish formal consultative mechanisms. On the other hand, the firm had an admittedly general policy statement, recognized the need for a greater

response, and had just begun to think about delegating responsibilities. Even though more data are available for this firm than the other two, it is virtually impossible to assess whether Petro-Canada had achieved any measurable policy outputs (as a result of intentional actions) because of the wide fluctuations in the size of the total work force. More will be said on this point shortly, but for the time being it is assumed that Petro-Canada is at Stage Two on the Continuum.

D. Policy Responsiveness

a. Accepting versus Resisting Responses

Air Canada had the most accepting responses in this policy area while Petro-Canada had the least. However, there are some important exceptions in both cases: for example, Air Canada essentially failed to recognize the policy in its Annual Reports and Petro-Canada was very open about its performance and targets. This is consistent with the idea that the social responses of firms will be the product of an inter mixing of variables. It also reflects the fact that a firm's philosophy may change over time as it becomes aware of its limited ability to meet policy objectives.

b. Rate-of-Events Calculations

Using the rate-of-events calculation Petro-Canada, because of its later base year, obtains the lowest score (10.2), followed by Air Canada (11.2) and CN (17.83). (See Table 6.13) While this finding is skewed because of Petro-Canada's late entry it serves to illustrate in more

TABLE 6.13: COMPARISON-- RATE-OF-EVENTS CALCULATION
(base year 1967/1977)

Event	Description:	CN	AC	PC
Event 1	First mention of EOW in Annual Reports	1975	1975	-
Event 2	First mention of other group(s) in ARs	1984	1981	1978
Event 3	First policy statement	1987	1973	1987
Event 4	Corporate level unit established	1985	1973	1987
Event 5	Formal commitment to all groups (in policy statement)	1987	1984	1987
Average Number of Years		17.6	11.2	8.75

Note: The scores represent the accumulated waiting time in years (base year = 1), divided by the number of events for each company (See Logsdon, "Organizational Responses," p. 65).

concrete terms how much slower CN's response has been than Air Canada's.

c. Managers' Assessments

Taken as a whole management's assessment of the firms' responses corresponds fairly closely to what was observed in the discussion of the response indicators (see Table 6.14). All three firms recognized the need for some further response of some sort. The fact that Petro-Canada, which seems not very far advanced in implementation, saw only a moderate need for further response is undoubtedly indicative of its peculiar situation with respect to this policy and its limited view on its obligations. CN's recognition of a critical need for a further response reflects the huge task which lies ahead in achieving acceptable representation for women, in particular, at all of the levels within the firm.

The fact that all three firms perceived limited or selective internal support is fully understandable given the nature of the policy

TABLE 6.14: COMPARISON --
POLICY MANAGERS' ASSESSMENTS OF FIRMS' RESPONSES

	CN	AC	PC
1. Need for a Greater Response:	critical	minimal	moderate
2. Recognition of Policy Needs:	mgmt.	mgmt.	limited
3. Policy Formalized.	specific	specific	limited
4. Explicit Responses Implemented:	major	adequate	limited
Score:	9	10	7

Note: The scores are derived as follows:

1. critical = 1, moderate = 2, minimal = 3, none = 4
2. limited = 1, management only = 2, pervasive = 3
3. informal = 1, specific = 2, institutionalized = 3
4. none = 1, limited = 2, adequate = 3, major = 4

Total Possible Score = 14

area and the way in which implementation has been approached. It is hard to conceive of a situation in which firms involved in staff reductions, budgetary cutbacks, and volatile market conditions would be able to convince management of the merits of employment equity. To quote the Minister of State for the Status of Women,

There is a very fundamental truth about equality, that is, that genuine equality does not thrive without a sound economic base.¹⁰⁷

The fact that this has been approached by all three firms as a policy area which must be imposed on a presumably unwilling work force has not helped to gain the commitment of management. The secrecy surrounding specific goals and targets also must not have helped.

To summarize, all three firms have more work to do in this policy area before they will have institutionalized the policy. Furthermore, while there is reason to suspect that this may occur in the foreseeable

107. Canada. House of Commons Debates. March 7, 1988, p.13440, The Hon. Barbara McDougall

future, there is little reason to be optimistic that this policy will be widely recognized and accepted within all three firms, that they will be open in communications with employees and the public about successes and failures, and that they will be supportive of the government's initiatives. In other words, full implementation as it is envisaged here does not seem possible at this time.

E. The Explanatory Variables

Each of the policy managers discounted the role of government at some point during the interviews, while at other points, they recognized the importance of mandatory legislated requirements. This reflects a belief on the part of each of the policy managers that the firms had been making progress before the Act. It also may reflect an uncertainty about a lasting commitment to this policy area by political leaders who have consistently exercised extreme caution in proceeding with policy initiatives despite overwhelming evidence that they were needed. The primary reason that the government's role was ultimately assessed as strong was that the firms were engrossed at that time in fulfilling the data collection, analysis, and reporting requirements of Treasury Board.

There was also a consensus about the relative importance of executive support in being able to successfully implement this policy. Underlying this was a shared assumption that policy goals could be implemented successfully by decree as long as the backing of senior management was guaranteed. Weak support or resistance at other levels in each of the firms was recognized but it was clear that there was little hope that this would change. There was no evidence that an effort had

To summarize this discussion, if we take a broader view of the findings in these case studies, it must be concluded that none of the three firms has yet fully implemented or even fully institutionalized the employment equity policy, as those terms have been defined in this study. On the other hand, each has made some public statements, structural changes, and policy outputs which been observable if not measurable. The above discussion has tried to give a balanced view from the perspective of the individual firms. In concluding, there are some further points which should be made about the attributes of this particular policy.

Another key to the behavior of these Crown corporations in this policy area lies in the tone which has been set by political leaders. In exercising extreme caution, and focussing extensively on information-gathering, politicians have sent a message of uncertainty to these firms. The inadequacies of the Employment Equity Act, with the obvious comparison of the Official Languages Act in full view, serve to reinforce the idea that progress will continue to be achieved in small measure. To find that the firms have responded accordingly is not in the least surprising.

While frustrating to policy advocates, the "incrementalism" which has been observed is completely rational behavior on the part of policy-makers. This is true also of the behavior of the firms. Besides an absence of incentives which might have helped produce voluntary initiatives and speedy implementation, there have been few disincentives for non-compliance with government policy. Apart from this, there is an aversion to introducing measures which might further jeopardize relations with workers at a time when all three firms have been forced to reduce their work forces.

Graph 1 and Table C10 in Annex C show, there is no evidence to support a relationship between a firm's size and the proportion of women workers. Since all of the firms operate across Canada and the designated groups are also fairly equally distributed, we would not expect location to be as much of a factor as it was in hiring francophones, for example. It is also true at this early stage of implementation that the availability of the target groups in some locations is still unknown.

There were varied perceptions about the relevance of the type of business. CN's conclusion that it is very important no doubt reflects its experience to date in hiring women in non-traditional jobs within the firm. Petro-Canada's impression that the type of business has been only minimally important may be largely explained by its early stage of implementation and the absence of organized opposition or resistance within the firm. Finally, in Air Canada's case policy managers assessed the nature of the business as unimportant. It has been suggested here that, in fact, the nature of Air Canada's business meant that the firm faced one less problem than the other firms because they at least began with a "critical mass" of women.

Finally, there was also an absence of consensus about the importance of public pressure in stimulating action in this policy area. Despite the variations in response all three agreed that the general public was not very interested in employment equity or the behavior of the firms in this policy area. In addition, all agreed that media attention did have some effect on both the government and the firm. The difference is that Petro-Canada and CN both felt that the effect was minimal and transitory,

whereas those interviewed at Air Canada believed that the media played a more fundamental role.

VI. CONCLUSIONS

This Chapter has added even further insights into the difficulty of assessing the effectiveness of state enterprises as agents of social policy. In this case, like that of Official Languages, the three firms were confronted with constantly expanding expectations as policy makers became aware of the dimensions of the problem they were trying to address. In Chapter Five we saw how the focus shifted from equal pay for women, to equal opportunities for them within the work place, to equal employment opportunities within Canadian society, to affirmative action, to equal opportunities for all disadvantaged groups, and finally to "employment equity" which targets four groups for "special measures." At the same time that the scope of this policy was widening we observed that the government was adjusting and refining its policy control devices. There has been a gradual but recognizable movement from a reliance on voluntary actions and moral suasion to specific policies, implementation guidelines and legislated requirements. There has also been a marked increase in the number of bodies with some involvement and responsibility for this policy: first PSC and TBS, then the CHRC, the Advisory Council, the Minister, an Office for the Status of Women, CEIC, interdepartmental task forces, special groups within each of these agencies, parliamentary committees, and finally, an enhanced responsibility for the CHRC. In addition to having to respond to the evolving demands of this policy it was observed that the three firms have also had to deal with the need to be increasingly financially independent and commercially viable given

sometimes-difficult market conditions. The fact that all of the above points (and more) must be taken into account when assessing the "effectiveness" of the firms in responding to the policy area greatly increases the likelihood of reaching an unfair or improper conclusion. One goal of this study is to ensure that the complexity and pitfalls of any such evaluation are understood while also trying to identify the ingredients which are essential for the task.

With these "cautions" in mind let us turn to what has been discovered about the responses of the three firms in this policy area and what remains to be known. We found evidence that all three firms had responded to this policy both before and after the legislated mandatory requirements. It was observed that Air Canada seems to be most advanced in implementing the policy as it pertains to women and it was suggested that this may have something to do with the fact that the firm began with a "critical mass" of that group and has also been relatively more stable than the other two firms (both in terms of employment size and business activity). These two factors are also the most likely explanations for the larger number of "accepting" responses observed for Air Canada than the other two firms. The point was made, however, that the true test of policy acceptance and full implementation lies ahead for Air Canada as it must not only increase the representation of women at all levels within the organization but must also focus attention on the other target groups.

In CN's case we found a large, floundering company undergoing a massive employment reduction and business consolidation exercise while operating in an industry which had traditionally excluded women. The likelihood that a business in this situation would be very responsive, at

least in the short term, is extremely slight. Yet, it was possible to find some evidence of progress at CN and there were even some indications of "accepting" behavior on the part of the firm. In comparative terms CN was believed to be less far along than Air Canada and the likelihood of reaching the point of full implementation seemed even more remote, but these observations must be put in the context of the much larger problem confronting CN. In practical terms, a firm with only 10 percent women clearly faces a much different set of problems in implementing the employment equity policy than one with 31 percent women. It is also quite apparent that a company whose work force has been constantly shrinking (as has CN's) is less likely to be accepting of this policy than one whose work force has been more stable (Air Canada's).

In observing Petro-Canada's responses we found a good test of the analytical framework and the assumptions contained therein. Specifically, although Petro-Canada has not done many of the things which we expect a firm to do in responding to a social policy, there still seems to be some evidence of progress and some isolated examples of advanced "accepting" behavior. For example, Petro-Canada was found to be relatively more open with its employees about its intentions and also more sensitive to the need for consultation and participation. Since there are many ways in which Petro-Canada is different from the other firms it is particularly difficult to explain this behavior. Possible contributing factors include a smaller work force, fewer unionized employees, less experience in dealing with this sort of situation, a more centralized decision-making system, and so on. This issue is considered again when the firm's behavior is compared across the three policies.

To summarize this discussion, if we take a broader view of the findings in these case studies, it must be concluded that none of the three firms has yet fully implemented or even fully institutionalized the employment equity policy, as those terms have been defined in this study. On the other hand, each has made some public statements, structural changes, and policy outputs which been observable if not measurable. The above discussion has tried to give a balanced view from the perspective of the individual firms. In concluding, there are some further points which should be made about the attributes of this particular policy.

Another key to the behavior of these Crown corporations in this policy area lies in the tone which has been set by political leaders. In exercising extreme caution, and focussing extensively on information-gathering, politicians have sent a message of uncertainty to these firms. The inadequacies of the Employment Equity Act, with the obvious comparison of the Official Languages Act in full view, serve to reinforce the idea that progress will continue to be achieved in small measure. To find that the firms have responded accordingly is not in the least surprising.

While frustrating to policy advocates, the "incrementalism" which has been observed is completely rational behavior on the part of policy-makers. This is true also of the behavior of the firms. Besides an absence of incentives which might have helped produce voluntary initiatives and speedy implementation, there have been few disincentives for non-compliance with government policy. Apart from this, there is an aversion to introducing measures which might further jeopardize relations with workers at a time when all three firms have been forced to reduce their work forces.

Workers are also behaving quite rationally in being less than fully supportive of this policy area. As it now stands there are no apparent benefits to be derived from supporting the policy measures, but there are numerous potential costs. These include possible displacement by a member of a designated group as well as the burden of assuming responsibility for operationalizing policy goals. Even the policy managers may be expected to be less than fully supportive since this is a case where successful implementation should make their jobs unnecessary.

This inherently conflictual situation also presents problems for members of the designated groups. A policy which attempts to either bring individuals into firms or advance them up the hierarchy on the basis of these attributed characteristics, and at the expense of existing workers, runs the risk of backlash and animosity towards those individuals. In times of economic prosperity and growth this is much less a problem because there is room for expansion, but at any other time the beneficiaries of such measures may bear the added burden of working in a hostile environment.

Apart from these fundamental conflicts, there are a number of issues which may be expected to pose problems in the future. We may expect, first of all, that the time-frame for implementation will be a continuing matter for discussion and negotiation. Determining what is "reasonable" behavior for any one firm in any given year may well turn out to be as much an art as a science. The absence of historical data means that it will inevitably be a number of years before a fair evaluation can be made. If their response to Official Languages policies is any indication, we may expect the firms to push the time-frame for implementation as far out in

the future as possible. The fact that they are practiced in this makes the task of the central agencies all that more demanding.

On the same note, we have observed that the firms were quite efficient at controlling the flow of information in the Official Languages policy area and there is reason to suspect that the same will be true in this policy. Although the purpose of the Employment Equity Act is to ensure that reliable, comprehensive data are produced on a regular basis, the absence of rigorous enforcement measures and of a fully-dedicated independent oversight body makes the continued vigilance of Treasury Board, CEIC, and the Human Rights Commission important. The clear benefit of this arrangement derives from the power and authority that resides with these agencies. The "downside" is that they are very sensitive to shifts in political priorities and have no formal obligation to keep the public fully informed.¹⁰⁸ There is already good reason to believe that the firms' reports (which should be publicly available) will only present disaggregated annual data, and this will make it very difficult for an outside observer to assess a firm's progress. The individual who is responsible for implementing the federal government's policy on Employment Equity in the Crown corporations indicated that members of the public will find the reports to be "overly complex with unconsolidated data presented in a year-to-year format" meaning that critical analysis will be "virtually impossible."¹⁰⁹ We also may expect an emphasis on "qualitative" versus "quantitative" improvements in order to detract attention from what

¹⁰⁸ Treasury Board's policy exceeds the law by requiring the firms to submit comprehensive annual plans, but sticks to a rigid interpretation of the law when it comes to informing the public.

¹⁰⁹ Telephone interview notes, spring 1988

all the firms admit is a "less than desirable" rate of progress. Dealing with the firms' proven ability to maintain this control over information will be one important test of the government's newest policy efforts.

In conclusion, as it now stands the potential for significant advances in implementing the employment equity policy as it is envisaged in the existing body of law and government policy seems limited. The balance of forces appears to be clearly weighted on the side of those who would favor slow and cautious implementation. Under the circumstances, there is no reason to believe that these SOEs will assume a stronger role with respect to policy implementation than is absolutely required. The fact that they are Crown corporations is what makes this observation particularly interesting. After examining the responses of the firms in one more policy area -- occupational health and safety -- we will return to this point and try to sort out whether any generalizations are possible about state enterprises and responsiveness to social policies.

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CHAPTER SEVEN
OCCUPATIONAL HEALTH AND SAFETY
AND THE CROWN CORPORATIONS

I. INTRODUCTION

The purpose of this chapter is to describe the evolution of Occupational Health and Safety (OH&S) policy in Canada and then consider how federal laws, regulations and policies apply to state enterprises. As indicated earlier, there are several attributes of this policy which make comparison interesting with the two equity policies. Following a brief discussion of these unique policy attributes, some of the major issues in this policy will be discussed. After this the focus will shift to the task of identifying broad stages and some specific "critical incidents" in the evolution of the policy. Once this policy background has been established we then turn to a discussion of its implications for SOEs.

A. Some Policy-Specific Attributes

The first attribute of this policy which sets it apart from the other two is that its strongest source of support is presumed to be from workers and their organizations rather than from external pressure groups. The following quotation from an article by Bruce Doern supports the idea that unions have been the driving force behind this policy but is careful to differentiate between the backing unions have offered for safety policies and their position on health:

Organized labor has historically been the major element in exerting political pressure on federal and provincial political systems to adopt stronger legislation and compliance practices in the field of occupational safety and health, with the emphasis on safety. Only in the last few years, however, has organized labor elevated the question of toxic substances and their regulation in the workplace to a high priority level. The pressure has come from the bottom up, however, and

not until 1976 did it result in a major high-priority resolution of the Canadian Labor Congress.¹

Even though organized labor has played an important role in the evolution of this policy it is argued here that it has not consistently attributed a high priority to either occupational safety or health, at least at the national level. It is suggested, moreover, that the absence of a strong national "voice" for this policy has meant that it does not enjoy widespread public recognition and that it has never achieved the status on the national political agenda of the other two policies. This results in large measure from a fragmented system of unions in Canada and from the still relatively low level of unionization.² The Canadian Labor Congress (CLC), for example, is bound to represent the diverse interests of all of its members but has no legal power over its affiliates and no role in collective bargaining.³ The weakness of the national unions is widely recognized by the State and clearly diminishes the impact of the CLC's position on any given issue. The CLC has had to choose its issues carefully in order to maintain its credibility and occupational health and safety has not been as attractive as certain other issues.⁴ To summarize: the role of labor is viewed as central in explaining both what has and has not been achieved and this means that the discussion of the

1. G Bruce Doern, "The Political Economy of Regulating Occupational Health: the Ham and Beaudry Report," Canadian Public Administration, 20 (March, 1977), pp.1-31.

2. Doern, "Political Economy," p.20 reported union membership to be about one-quarter of the labor force in 1977. The 1988 Canada Year Book indicates that 37.7 percent (or 3,730,000) of non-agricultural workers were unionized in Canada as of 1986. This was an increase of 2.2% over 1984. Statistics Canada, Canada Year Book -- 1988, (Ottawa: Supply and Services, 1988).

3. Leo Panitch, "The Development of Corporatism in Liberal Democracies," paper presented to the Annual Meeting of the American Political Science Association, Chicago, 1976.

4. These observations benefit in part from a personal close association with another national-level body which has many shared characteristics with the CLC: the Canadian Teachers' Federation.

stages in the evolution of this policy must be set in the context of the development of Canada's labor union movement. Only by tracing the path of both can we get some idea of the forces which have molded the policy into its present form.

A second difference between this policy and the others is that financial and economic considerations are presumed to have played a strong role in policy decisions. As we will see when we discuss the evolution of the policy in greater detail, the issue of "who will bear the cost" of occupational health and safety initiatives has been a central one from the earliest identification of this as a social problem. In the other two policies we found an implied acceptance that the cost of implementation should be borne by society as a whole, but in this policy area the issue of cost has been dealt with more explicitly. As Doern points out, "to the questions, 'who pays' and 'who benefits', industry, labor and government will have different answers."⁵ Private profit-seeking corporations and some Crown corporations, Doern contends, will view the costs associated with occupational health "unless they can be passed on to consumers" as "an expense which reduces profit, at least in the long run."⁶ As Robert Sass, explains it:

Management faces a contradiction between health and safety concerns and production and profit priorities...These variables are interdependent and inversely related inasmuch as an increase in the level of occupational health and safety often results in a decrease in production and profitability, and vice versa ...both cannot be maximized simultaneously.⁷

5 Doern, "Political Economy," p.18.

6 *Ibid*, p 18

7. Robert Sass, "The Underdevelopment of Occupational Health and Safety in Canada" in William Leiss (editor) Ecology and Politics in Canada, (Toronto: University of Toronto Press, 1979), p.74.

In summary, given that the cost of implementing this policy has been such a central issue we would expect to find some evidence of this in the responses of the three SOEs.

A third attribute of this policy is that both private and public firms are covered by Federal and Provincial labor codes and standards whereas in the other two policies (at least until 1988) SOEs were selected for "special treatment." This aspect of the policy is important because of the potential insights which may be afforded into the role of an "accepted competitor" in effective social policy implementation. In the case of Employment Equity it was suggested that an "atmosphere of healthy competition had developed" (perhaps purposely induced by TBS) among the federal SOEs and in Chapter Four the absence of this ingredient in the Official Languages area was noted. Much more than in the other cases we would expect to find evidence of an alignment with industry's position on the policy and will therefore be particularly interested in external policy outputs.

Finally, unlike the other policy areas, where the problems were fairly easy to identify, in this case the boundaries of the policy are constantly expanding (without an end in sight). The policy not only encompasses known hazards (such as the danger of falling from a moving train, suffering a back injury when lifting heavy luggage, or being poisoned by seeping hydrogen sulphide gas from a drill hole) but also includes many dangers which are just beginning to be understood. In referring to the issue of what it calls "time-bomb" hazards the Canadian Centre for Occupational Health and Safety discusses such problems as asbestosis, stress, whitefinger, exposure to vinyl chloride monomer (which

took 30 years to identify) and the potential danger to the unborn of parent's exposure to chemicals.⁸ In a situation where the dimensions of the problem are constantly changing and expanding, formulation of effective laws, regulations, standards, guidelines and policies is particularly challenging. The challenge extends to the implementing agencies and administrative bodies who must interpret what should be done. While there were cumulative obligations in each of the other two policies (for example, the shift in focus from equal pay, to equal opportunity to employment equity or from the passive requirement to provide services to the public in both official languages to the demand that there be an "active offer of service"), in the case of occupational health and safety the dimensions of the problem are much more dynamic and there is no chance that the need for action will ever be eradicated.

B. A Shared Attribute: Control of Information

Besides the above-mentioned differences between this policy and the other two there is at least one very important similarity: corporations view it as very "sensitive" and information is carefully guarded. Indeed, besides the absence of a strong national "voice" to publicize the need for action in this policy area another explanation for the absence of a stronger public interest in occupational health and safety is undoubtedly that information has been controlled by "policy experts." In this study, for example, on more than one instance the excuse given for not providing data was that they would be too easily subject to misinterpretation by a

8. Canadian Centre for Occupational Health and Safety, A Mosaic of Mosaics--A Report on Occupational Health and Safety in Canada, (May, 1983), p. 7.

"layperson." As we will soon discover, however, this control of data applies as equally to workers within the firms as to members of the general public.

C. Some Occupational Health and Safety Issues

In Canada and internationally, those who have been involved in occupational health and safety policy formulation and implementation have focussed on several issues including (1) the above issue of consistently inadequate data and information, (2) the question of how and how much the government should intervene, (3) the problem of calculating and distributing the costs of accidents and illnesses in the workplace, and (4) the appropriate assumptions about the basic causes of accidents. For each issue we find at least two opposing positions and often more.

1. Information Deficiency: Causes, Consequences and Proposed Solutions

Not surprisingly, there are several explanations for the causes and consequences of the information deficiencies in this field. There are those who simply see this as intrinsic to a situation in which each of the thousands of workplaces in Canada poses an unknown and often unique set of problems. The fact that information demands arise from every level of government, and each industry-specific agency, adds to the complexity of the situation and makes information handling particularly cumbersome. In Canada by 1982, for example, there were 241 laws and 108 agencies dealing with occupational health and safety across the country. A less benign view of the information deficiency places much of the blame for data inadequacies on the administering agencies that issue conflicting and unclear standards and regulations. The solution identified by

organizations such as the ILO are rationalization of agencies and regulations. In dealing with this issue there are also those who focus on the system as essentially at fault, pointing, for example, to the incentives for both workers and firms to under-report injuries. Like the previous groups they favor fine-tuning as opposed to radical change. Finally, there are those who believe that there is some sort of class-based collusion among owners, politicians, bureaucrats, and medical professionals aided by workers who fear for their jobs. Short of a total change in the system, the proponents of this approach believe remedies lie in even stronger penalties, effective disincentive systems⁹, and mechanisms to ensure that workers obtain information about hazards in the workplace.

2. The Need for Government Intervention

On the second issue listed above (the matter of the need for government intervention) there are some who contend that, when there is a question of safety or illness, workers will demand higher wages which will in turn lead the employer to automatically make desired changes. In his book entitled The Politics of Safety and Health Graham Wilson describes this "conservative" view as relying on three price mechanisms which will produce higher levels of occupational safety and health: (1) workers will require higher wages for working in unsafe enterprises and the desire to minimize the wage bill will force the employer to take remedial action, (2) employers will find themselves facing mounting awards

⁹ As opposed to the current one where performance-based premiums are not actually used because they are not considered to be cost-efficient.

in court (in the U.S. system), and (3) insurance costs will increase.¹⁰ Proponents of this view suggest that the solution is to ensure that workers are fully informed and let the market take care of the rest. Those who oppose this view and support some form of government intervention focus on the problems of deficient information and high unemployment, and believe that the solution lies in stronger government intervention to protect workers and correct problems. Wilson, who supports this latter view, explains that the non-interventionists fail to recognize the fact that workers often do not have access to the necessary information to make informed judgments, that they may not have the knowledge to interpret the information even if it is available, and that they may lack the power (in periods of high unemployment) to change jobs if employers are unresponsive.¹¹ John Mendeloff, in addressing the issue of health versus safety regulation, points out that the problem is not so much that workers lack knowledge but that "experts know a great deal more about health than workers do but not much more about safety."¹² The problems resulting from the monopoly on information of occupational health professionals is a point we will return to in the case studies.

3. Who Bears the Cost?

Approaches to the third broad issue, assessment and distribution of costs and benefits, also differ. First, there are the predictable

10. Graham K. Wilson, The Politics of Safety and Health: U.S. and U.K., (Oxford Clarendon Press, 1985)

11. Ibid.

12. John Mendeloff, Regulating Safety, (Cambridge, Mass The MIT Press, 1979), p.14

differences of opinion about the ethical and technical aspects of placing a value on loss of life or limb.¹³ An offshoot of this debate is the one about the efficacy of using cost information as a bargaining tool. One side sees it as critical to advancements, while the other believes that cost should not be a factor in determining health and safety standards: in other words safety should not be a bargainable issue.¹⁴ There is also a debate over how best to distribute costs. Some contend that the socially optimum method is to ensure that firms bear all the costs and, in turn, pass these on to consumers. John Mendeloff explains this view in the following way:

The adequacy of the private market for safety depends primarily upon two assumptions: first, that firms know enough about safety technologies to choose the most cost-effective methods of prevention; second, that the firm bears all the costs of the injuries and illnesses resulting from its production. If some of these costs are thrown upon external parties who have no control over the level of safety, then the firm will have too many accidents. If the firm does not bear all these costs, the prices of its products will not reflect the true social costs of production; more of one good and less of another will be produced than if prices equaled the social (marginal) cost rather than the firm's (marginal cost).¹⁵

The other point of view is that if employers had to bear the full cost of health and safety many firms would not be able to maintain their competitive position, which in turn would result in higher unemployment. In Canada, for example, certain costs are widely distributed through the

13 On the "value of life and limb" see, for example, Thomas Schelling, "The Life You Save May Be Your Own," in S. Chase (editor) Problems in Public Expenditure Analysis, (Washington, D.C.: The Brookings Institution, 1968) and W. Kip Viscusi, Risk by Choice: Regulating Health and Safety in the Workplace, (Cambridge, Mass.: Harvard University Press, 1983), Chapter Six.

14 See the editorial by Susan Stanton, "What Matters Most," Occupational Health and Safety Canada, 4, No. 5 (1986), p. 4, which argues against "buying" occupational health and safety with cost information/education. She concludes that change should not be negotiable.

15. Mendeloff, Regulating Safety, p. 7-9.

government-sponsored medicare program, unemployment insurance program, and, of course, through the extensive standard-setting and monitoring systems.¹⁶

4. The Cause of Accidents in the Workplace: Man or Work?

Finally, there is dissension over which of two basic assumptions should be accepted about the cause of accidents in the workplace. The answer has had a significant, if sometimes subtle, impact on government actions and corporate responses. One school of thought assumes that the worker is at the center of most accidents and incidents. It concentrates on worker irrationality, thrill-seeking and "macho" behavior. Remedies include increased training, supervision, and monitoring. This will be referred to in the future as the "person-centered approach." The other school of thought assumes that "the preponderance of accidents are...related to inherently hazardous work environments."¹⁷ This approach believes that workers are basically rational and risk-averse but are forced by factors beyond their immediate control (generally economic) to work in hazardous situations. Remedies are increased government control over the conditions of work including severe penalties for employers who refuse to make necessary improvements. This is referred to as the "work-centered approach" and is best illustrated in Canada by Saskatchewan's policy on occupational health and safety.

16. For a good discussion of these issues; see, e.g., Robert Saes, "The Underdevelopment of Occupational Health and Safety in Canada" in William Leiss, ed., Ecology and Politics in Canada, (Toronto, Ont.: University of Toronto Press, 1979), pp. 72-96.

17. Pran Manga, Robert Broyles, and Gil Itesenthale, Occupational Health and Safety: Issues and Alternatives, (Ottawa: Economic Council of Canada, 1981), pp. 202-203.

II. OCCUPATIONAL HEALTH AND SAFETY IN CANADA

1. Introduction

There are several key components in the evolution of Canada's occupational health and safety policy, some of which have already been referred to and some which will be examined more thoroughly below. We began this Chapter by pointing out that the role of organized labor is central in understanding how this policy has evolved. Other things which have influenced the direction Canada's policy has taken include the nature of federal-provincial arrangements, the country's proximity to the U.S., and its legal and administrative heritage.

The division of responsibility between the provinces and the federal government (where the provinces are primarily responsible for conditions of work) has resulted in what one writer has described as a "mosaic of mosaics, requiring all the determination and patience of a jigsaw fanatic to put the pieces together."¹⁸ Second, Canada's close ties with the U.S. have allowed the former to take advantage of its neighbor's more aggressive action and larger resource commitment in this policy area. The U.S. has proven a ready source of tried and tested standards which Canadian government agencies have often been able to adopt unchanged. The U.S. "adversarial system" has also been most helpful, even if it has often served as a model of what not to do. Third, one of the major differences between the two countries results from Canada's British legal and administrative heritage, which has led to a more conciliatory approach to conflict resolution than the adversarial one in the U.S. Firms are

18. Canadian Centre for Occupational Health and Safety, Mosaic, p.2.

brought into the policy-making and regulatory process at an early stage and battles are fought not in the courts, but in "consultative meetings." Finally, the involvement of what some insiders refer to as Ottawa's "sleepin_ giant", Labor Canada has helped push policy initiatives through. However, the absence of a cohesive target group, with strong advocates, ensured that occupational health and safety would have a generally low national profile. We now turn to a more detailed exploration of the stages of policy evolution. As in the other two policy areas these stages are not sacrosanct; they simply represent an attempt to see whether the stages identified by earlier writers in other policy areas are applicable.

2. Stages of Policy Evolution and Implementation

a. Stage One (1884-1960): An Emerging Issue but with a Limited Focus on Improved Working Conditions and Costs

The first indications of concern about occupational health and safety in Canada were the enactment of provincial factory laws which were intended to improve the drastic conditions in factories at the time. A stimulus for these laws (which were introduced in the 33 year period between 1884 and 1917) was the fact that women and children, in particular, were working in factories which were unsanitary and unsafe. In addition to the factory laws Manga et al¹⁹ point out that between 1886 and 1911 many of the Canadian provinces also passed liability acts which required employers to buy insurance so they would be able to compensate workers for costs of injuries and accidents. As early as 1886 the federal

19. Manga et al. Occupational Health and Safety, pp.118-119.

government passed the Employer's Liability Act which established that an employer had to buy private insurance as protection in the event that a worker was injured on the job. However, it was clearly up to the employee to prove negligence on the part of the employer in order to receive compensation.²⁰

Interest in working conditions heightened in the period from 1898 when William Lyon MacKenzie King, then a reporter, wrote an expose on working conditions in the sweatshops which made garments for the Post Office and took his stories to the Postmaster General, William Mulock. This stimulated the federal government to introduce the Public Works Health Act (1899), to establish the Department of Labor with Mulock as Minister and Mackenzie King as Deputy (1900), led Parliament to pass Mulock's Fair Wage Resolution (1900), and also led to the enactment of the original Canada Labor Code Act in 1904.²¹

Shortly after this flurry of activity, Quebec adopted a law which "established a worker's right to compensation regardless of fault."²² This was the first of a whole new set of laws in Canada establishing "no fault insurance scheme(s) that (were) financed through employer contributions to a state accident fund"²³--in other words, workmen's compensation. The comparable act at the federal level was the Government Employees Compensation Act (1918) which covered the federal public service and Crown agencies if they were brought in by special legislation. The law

20. Ibid., p 119.

21. Labor Canada. "Labor Canada: An Historical Perspective."

22. Manga et al. Occupational Health and Safety, p.119.

23. Ibid., p.120.

established the principle that federal employees would present their claims to the provincial workmen's compensation facilities in which they were working. A main provision of this act was that "a federal government employee is entitled to compensation at the same rate and under the same conditions as are provided by the law of the province where he or she is usually employed."²⁴ The benefit of the workmen's compensations acts not only accrued to those who were injured but also benefited employers because once a claim had been filed employees were barred from taking legal action.²⁵

This spate of legislative activity surrounding working conditions and cost considerations occurred during a period in which there was widespread labor unrest and violence in Canada and elsewhere. This is generally explained as arising out of the rapid industrialization and economic growth of the early twentieth century which in turn resulted in a greater concentration of wealth and wider income disparities.²⁶ At the international level recognition of the need to address the issue of working conditions and provide a forum for discussion resulted in the formation of the International Labor Office (ILO) in 1919. The first Convention of this body was on Hours of Work. In Canada this period of unrest culminated in a wave of strikes in 1919/20 and ended with a severe depression and increased unemployment in 1920/21.

24. Jim Ellsworth, "Workers' Compensation--The Federal System," The Review, (July, 1983), p 4.

25. Ibid., p.5.

26. For a discussion of this see, for example, Stuart Jamieson, Industrial Relations in Canada, (Second edition), (Toronto:Macmillan of Canada, 1973).

The rest of this decade was characterized by optimism and economic expansion along with a campaign of anti-unionism by employers and few policy or legislative initiatives. In British Columbia, however, we find Canada's first experiment with a system of voluntary safety committees in this period. And, at the end of the decade, in 1930, the Federal government enacted another important piece of legislation in its portfolio of labor laws: the Fair Wages and Hours of Labor Act.

The next major actions relating to occupational health and safety were the establishment of Industrial Hygiene Divisions in each province; beginning with Ontario in 1920 and ending with Saskatchewan in 1945. At the federal level the Division of Industrial Health was established in 1938 to:

- 1) examine the effects of working conditions on the labor force;
- 2) conduct air contamination studies;
- 3) distribute information concerning occupational health; and
- 4) coordinate the efforts of other groups interested in industrial hygiene.²⁷

These actions were followed by a period of relative inactivity on occupational health and safety issues until the early sixties. Manga et al report that:

During the period immediately following World War II, the rate of growth in employer-sponsored health programs declined and there is evidence which suggests that the number of health services and the proportion of the labor force covered actually declined.²⁸

They indicate, however, that:

27. Manga et al, Occupational Health and Safety, p.121.

28. Ibid., p 122.

safety programs continued to grow and improve in response to pressures exerted by workmen's compensation boards as well as by labor and governmental authorities.²⁹

Organized labor during the thirties, forties and early fifties was busy consolidating power and regrouping after the battles of the twenties and the depression in the thirties. During the forties and fifties unions in Canada were fighting off the specter of communism and trying to soften their image. It is also true that the prosperity of the postwar period led employers to adopt a more conciliatory approach with employees and we find a general concentration by business and the state on social reforms and the "human" aspects of work.³⁰

Peace was shattered in 1960/61 by a recession, mounting strike activity and increasing industrial conflict. Rapid economic growth was coupled with high inflation after the mid sixties. Wage demands and job security became the priority issues for unions who were also facing a more militant and informed memberships than they had in the past. Workers demanded wage increases in order to keep ahead of the rising cost of living and then prices were raised even higher resulting in a destructive inflationary spiral. Kovacs characterizes this stage as one in which there was a preoccupation with "bread and butter" issues.³¹ Labor organizations during this period took on the dominant function of

29. Ibid.

30. On the evolving theories of management and leadership which corresponded to these economic and political changes see Charles Perrow, Complex Organizations: A Critical Essay, (Glenview, Ill. Scott, Foresman and Company, 1972), particularly, Chapter 3, "The Human Relations Model."

31. Aranka E. Kovacs, "The Philosophy of the Canadian Labor Movement" in Richard U. Miller and Fraser Isbester, Canadian Labor in Transition, (Toronto: Prentice-Hall of Canada, Ltd., 1971).

"business unionism."³² Immediate institutional survival became the primary goal of many unions and they saw bigger increases in wages for workers as the way to ensure their survival. Kovacs suggests that the increased affluence of workers was also making them less class conscious.³³

Perhaps spurred on by an awareness of the increasing labor unrest, we find some evidence once again of federal government attention to occupational health and safety. In the early sixties, for example, a study was conducted of the federal government which found "no comprehensive safety program for the Public Service."³⁴ In response to this, in 1967 the Financial Administration Act was amended, giving Treasury Board authority "to establish standards for physical working conditions and for the health and safety of Public Service employees."³⁵

These latter two actions, we suggest, were the beginning of an increased attention to occupational health and safety at the national level and, a new stage in the evolution of the policy. Certain parallels may be observed between increased union activity and government actions which suggests that there was at least an indirect link between the two. There was no extended period of time, however, when occupational health and safety was a first priority for unions.

32. On this see, for example, Doern, Political Economy, p 20.

33. Kovacs, "Philosophy," p.132.

34. "Public Service Health and Safety program" Background Note.

35. Ibid

b. Stage Two (1968-1977): A Period of Intense Study

In this case the period of intense examination and more widespread public interest in problems and issues occurred after one of the major pieces of legislation was introduced rather than before. As we have seen, however, the basic issues of health and safety in the workplace had been around for a very long time and there had been a long history of government intervention. Therefore, the proclamation of the Canada Labor Code, Part IV (occupational health and safety) on January 1st, 1968 was simply the next step in a long process rather than the culmination of a massive effort to effect change, although there were groups (including the CLC) which had pushed for this initiative. The 1968 version of the Act was applicable to federally regulated industries (including Crown Corporations) but the decision was made at that time that the Public Service should not be included in the law "after consideration of the legal and practicable issues."³⁶ The Department of Labor was charged with administering this Act and setting regulations. Also in 1968, the federal government announced its federal occupational safety policy which established that the requirements of Part IV of the Canada Labor Code would be "minimum standards" for the federal public service.

The decade which followed this action was one in which there was even greater labor unrest in Canada. In 1974, for example, "Canadian workers staged more man-days on strike per capita than workers in virtually any other western country except Italy."³⁷ For organized labor

36. "Public Service Health and Safety Program" Background Paper.

37. Robert Laxer, Canada's Unions, (Toronto: James Lorimer & Company, 1976), p x

wages and jobs were most important during this time particularly after the federal government introduced an Anti-Inflation Program which included a temporary program of direct wage and price controls (1975). The CLC's response to this was to introduce a Labor Manifesto in 1976 which focussed on such things as: 1)"the right to employment for a living wage," 2)the need "to protect those who suffer from inflation by taxing those who benefit," 3)the importance of achieving better income redistribution, and 4) the need to constrain prices not just wages. Nowhere in this "programme of action to defeat wage control and achieve national social and economic planning" is a reference made to the issue of occupational health and safety. However, in the same year as it issued the Manifesto the CLC also passed a "major high priority resolution"³⁸ on occupational health and safety which is evidence that the need for action on this front was also recognized.

Meanwhile, in addition to the need to respond to the problems of inflation and labor unrest, governments were also being pressured to intervene to deal with escalating medical and health costs³⁹ (to which occupational illnesses and injuries were a major contributor). Several provincial Governments responded to these problems (labor strife and evidence of health hazards) by ordering studies and, as a result, during this decade there was an outpouring of reports and research on occupational health and safety problems. In reviewing these studies Manga et al found many common themes including:

38 Doern, Political Economy, p 20

39. W T Standbury (editor). Government Regulation--Scope, Growth, Process, (Montreal: The Institute for Research on Public Policy, 1980), p 239.

1. the assessment of the Canadian administrative structure in this policy area as a "bureaucratic labyrinth";
2. the conclusion that inspectorates were understaffed, under-equipped, and underfinanced;
3. the finding that inspectors were inadequately trained and lacked expertise and experience;
4. a widespread belief by inspectors that minimal government intervention and enforcement was the appropriate course of action (which the Ham Report concluded was suggestive of "at best an accommodation of interests and at worst collusion");
5. the observation that laws and regulations were imprecise, insufficient and difficult to apply (Manga *et al* point to the popularity of such phrases as: "all reasonable means", "as far as is reasonably practicable" and "suitable and efficient means"); and
6. the lack of incentives to prosecute for failure to comply because of the small penalties which would be imposed.⁴⁰

The seventies were a period of intense government action, especially at the provincial level in Canada. In 1972, for example, Saskatchewan's Occupational Safety and Health Act consolidated the province's health and safety measures and also provided for mandatory health and safety committees. Ontario, Manitoba, and Alberta all proclaimed Occupational Health and Safety Acts in 1976. By the late seventies, in other words, there was a clear consensus that it was time to deal more aggressively with occupational health and safety as a whole area of policy concern rather than in the piecemeal fashion in which it had previously been conceived.

40. Manga *et al*, Occupational Health and Safety, pp 123-125.

3. Stage Three (1978-1988): More Legislation and Regulations
--The Right to Know, to Participate, and to Refuse
Dangerous Work

The federal government's response to increasing labor unrest, economic pressures and evidence of the need for a centralized source of information was to enact Bill C-35 which established the Canadian Centre for Occupational Health and Safety (CCOHS). The broad-ranging objectives of this independent government-funded body are to:

- 1) promote health and safety in the workplace as well as the physical and mental health of Canadian workers;
- 2) facilitate consultation and cooperation among the various legislative jurisdictions;
- 3) encourage cooperation between management and labor in establishing a high standard of occupational health and safety;
- 4) assist in the development of policies or programs designed to reduce or eliminate occupational hazards; and
- 5) serve as a national centre for statistics and other information pertaining to occupational health and safety.⁴¹

In taking this action the federal government was recognizing the need for a central independent body fully-dedicated to occupational health and safety which would begin to address the problems associated with the "bureaucratic labyrinth" mentioned earlier. More than anything else the CCOHS was intended to be a central clearinghouse for information about occupational injuries and illness in Canada.

While the CCOHS has been criticized by its own Board and President as "drowning in information but starving in knowledge" it has helped bring attention to the cost of occupational injury and illness. In its 1983 publication, Mosaic of Mosaics, which has already been cited, the CCOHS reported that in 1980 "a Canadian worker had approximately a one-in-eight

41. Ibid., p 169-70.

chance of suffering injury, and a one-in-10,000 chance of being killed at work."⁴² The cost of "total payments for work injuries, including compensation, medical aid, hospitalization, rehabilitation and funeral expenses were approximately \$1.34 billion."⁴³ If indirect costs were included, the CCOHS suggests, the total cost would be in the order of \$5.4 billion for 1980.

While the CCOHS was helping focus attention on costs and trying to define the dimensions of the problem, during this period organized labor was also focussing more attention on the issue of occupational health and safety (although it is difficult to find published materials or articles on policies). In 1981 the CLC issued "A Strategy for Workplace Health and Safety in the 1980's" which proposed specific changes to the Canada Labor Code. Not coincidentally, this was also the year that the ILO passed Convention No. 155 which identified most of the problems that the Canadian studies had highlighted in the seventies (except at an international level) and endorsed such concepts as a "worker's right to know," "to refuse dangerous work," and "to participate" in joint labor-management committees. At the same time, the federal public service unions (which had been gaining strength in this period) were also pressuring the government to include federal public services under the Canada Labor Code.

Several highly publicized "incidents" occurred during the period from 1979 to 1982 which served to focus more attention on the issue of public safety and of occupational health and safety and which provided the

42. Ibid., p.8.

43. Ibid.

impetus and opportunity for further, more forceful, government intervention. In March 1979 the world experienced the Three Mile Island Incident raising serious concerns about public safety, and in November of the same year a freight train was derailed in Mississauga, spreading chlorine gas over a wide area.⁴⁴ One year later, in MacGregor, Manitoba a train containing liquid vinyl chloride monomer (a toxic and flammable cancer-causing chemical) was derailed causing concern for the public and workers. Finally, in February of 1982, the Ocean Ranger, an oil rig off the coast of Newfoundland sank during a violent storm and all workers were killed.

These incidents, coupled with pressure from unions as well as a growing national awareness of the cost of occupational injury and illness all helped propel the federal government into action once again. In its December 1983 throne speech the Liberal government promised to introduce legislation which would "provide for consolidation under a single act of occupational safety and health standards that apply to federally regulated industries and for the extension of the same standards to federal public servants."⁴⁵ As they were leaving office in 1984, the Liberals passed some major amendments to the Labor Code which were finally proclaimed in 1986. In this case, as was true for the Employment Equity Act, there was a belief on the part of the Conservative government that a delay in implementation was necessary in order to ensure that employers would be

44. For a more detailed discussion of Canada's industrial hazards see A Mosaic of Mosaics, Ibid.

45. Speech from the Throne, December, 1983.

able to comply with the changes in the law and that the federal government apparatus to monitor implementation was properly in place.

As suggested, the 1984 amendments were a response to the continuing and escalating problems in this field and to the obvious inefficiencies of the existing system. They broadened the coverage of the Act to include more interprovincial and international industries as well as public servants. The amendments provided three essential rights for employees: (1) the right to refuse dangerous work (Sec.85), (2) the right to know about "known or foreseeable hazards in the workplace" [Sec.82(s)], and (3) the right to participate in identifying job-related safety and health problems through mandatory safety and health committees. These committees are required "for each workplace at which there are 20 or more employees."⁴⁶

To summarize, there has been a shift (not only in Canada but in the U.S. as well) between two fundamental ideas about occupational health and safety. At first those who formulated policies believed that problems could be handled with effective regulations and regulatory agencies. As the dimensions of the problem of workplace safety and health have become understood there has been a shift away from a sole dependence on laws, regulations and standards towards a system which tries to also engender communication and participation in the workplace as well as to strengthen the rights of workers and reinforce the duties of employers. In Mosaic the CCOHS concludes:

Workplace health and safety requires an effective 'internal responsibility system' in which management plays the key role.

46. Labor Canada, A Guide to the Revised Canada Labor Code Part IV, (Ottawa: Minister of Supply and Services Canada, 1985), pp.4-5.

but is willing to involve the workers and their organizations in health and safety programs and procedures."⁴⁷

In terms of policy, this means a stronger focus on prevention than on remedial action.

4. Stage Four: Widespread Public Recognition?

In this case the question of whether Canada has reached the point of full implementation is much less clear than it was for the other two policies. Evidence is provided in Chapter Eight which suggests that the policy is still not recognized as having widespread social and economic implications. There is also evidence that industries are resistant to government intervention to protect the health and safety of workers and would prefer to retain more control than they presently do. At this time, therefore, it must be concluded that the concept of a safe and healthy working environment for all Canadian workers is not so well established in the practices, policies, and fundamental laws of the country that it could not be eroded by changes in policy or amendments to laws.

III. CROWN CORPORATIONS AND OCCUPATIONAL HEALTH AND SAFETY POLICY

The above discussion portrayed the evolution of this policy in Canada as occurring slowly over a long period of time and often being secondary to concerns about wages, jobs and economic stability. Only in the last decade has there been any significant attempt to understand the dimensions of the problems posed by occupational illnesses and injuries. We would not, therefore, expect to find that state enterprises were

⁴⁷ Canadian Centre for Occupational Health and Safety, Mosaic, p.4

considerably more aware of policy needs than federal and provincial legislators. However, we would expect to find that these three state enterprises were in full compliance with the law by 1986. The main reason for taking this position is the fact that the firms had had at least two years to prepare prior to proclamation and that most of the provisions of Part IV of the Labor Code had been in place since 1968 (including the possibility of a Minister-ordered safety and health committee). It is also true that laws pertaining to employee safety and working conditions had been in place for most of the twentieth century. In addition, in this case there has been no differential treatment of state and private enterprises which could in any way justify less than full compliance with the law. Because of these facts the base years selected for this policy are 1968 for CN and Air Canada and 1977 for Petro-Canada.

By 1986, when the interviews were conducted and data were collected, it was expected that the three state-owned enterprises would have fully-institutionalized the policy and that the remaining questions would therefore be whether the firms were "accepting" toward this policy and whether there was evidence that they had succeeded in making their working environments safer for their employees. In this case since participation and communication mechanisms are mandated they were treated as measures of institutionalization rather than full implementation, as can be seen from Table 7.1. Two standard measures of output are used in this policy area: 1) the injury incidence rate, which measures the number of injuries per 100 workers and 2) the disabling injury frequency (DIFR), which measures the number of disabling injuries and fatalities per million person hours. Other measures which might be useful, but were not used in

TABLE 7.1: RESPONSES OF AN ACCEPTING FIRM TO OCCUPATIONAL HEALTH AND SAFETY POLICY

Indicator	Stage 1 Awareness	Stage 2 Research & Development	Stage 3 Institution- alization	Stage 4 Full Implementation
Statements	Recognition of safety and/or health in Annual Reports by 1970.	Regular statements of concern about safety with some indication of progress in identifying problems and solutions.	References to both health and safety concerns. Data shows improvements and indications of a strong commitment.	Support for policy enhancements, (eg. worker rights) evident in policy statements.
Internal Organizational Responses	Basic staff in place by late sixties with some monitoring capacity.	Design of data collection system under way, focus on communication and training. Safety and Health Committees established. Ongoing review of policies and practices.	Fully-staffed corporate level with decentralized responsibilities. System for data collection, retrieval and analysis all functional.	Accountability for progress part of management review. Workers kept fully informed about health and safety hazards. Committee system functional. Focus on planning and prevention.
Measurable Outputs	Training programs begun.	Health and safety awareness programs established. Basic hazards identified with appropriate monitoring programs.	Some measurable progress in reducing accidents across the company. Health tracking system in place. Major hazards eliminated.	Constant improvements in accident and injury rates bringing them below national and industry averages.
External Actions (Political, Legal, Other)	Support for government measures to address occupational health and safety measures.	Provides data to task forces and agencies. Works with gov'n't to find solutions.	Openly supports all efforts to increase awareness of occupational health and safety issues. Supports worker involvement.	Continued support government efforts reduce accidents, injuries and health hazards in the workplace.

this case because of the lack of data, are the number of citations for non-compliance which have been filed against a firm as well as the number of exemptions which the firm has requested.

As in the other two cases the expected behavior of an accepting firm is depicted in Table 7.1 and that of a resisting firm is shown in Table 7.2. Given what we have learned about the evolution of this policy we

TABLE 7.2: RESPONSES OF A RESISTING FIRM TO
FEDERAL OCCUPATIONAL HEALTH AND SAFETY POLICY

Indicator	Stage 1 Awareness	Stage 2 Research & Development	Stage 3 Institution- alization
Statements	No recognition of policy in Annual Reports. Brief qualified policy statement focussing on public safety.	Some neutral comments in Annual Reports. Policy statement unchanged.	Rare mention in Annual Reports with little or no concrete data to support claims of progress. Policy statement pays little attention to worker health and safety. No recognition of worker rights.
Internal Organizational Responses	No structural changes.	Small corporate level unit responsible for monitoring safety problems, no formal recognition of occupational health issues. Ad hoc responses to accidents and injuries.	Responsibilities decentralized but no corresponding accountability system in place. No evidence of an integrated approach to health and safety. Continued emphasis on short-term problem-solving rather than long-range planning.
Measurable Outputs	No measurable or visible policy outputs.	Training programs are primary policy output. Introduction of technological improvements slow. Hazards still being identified.	Minimal improvements in accident and injury rates. Continued focus on training and standards rather than on changes to workplace.
External Actions (Political, Legal, Other)	Openly supports status quo and denies need for government intervention.	Joins with industry to fight proposed changes in legislation which would enhance worker rights.	Opposes further government initiatives.

would expect to find evidence of policy "awareness", including policy statements, within CN and Air Canada by at least 1968 and by 1977 at Petro-Canada. We would also expect evidence that administrative changes

had occurred to facilitate implementation. In the period of the seventies, while governments were evaluating their health and safety responses and administrative structures, we would expect that accepting state-owned enterprises would have developed a data collection and retrieval system, a communication system, delegated responsibilities appropriately and established some management-level committees. We would also expect to find evidence that the firms have offered public support for the government's policy initiatives and included regular references to the policy in Annual Reports.

As stated above, by 1986 an accepting firm should have fully institutionalized the policy. That is, there should be a well-established policy statement which includes references to all major tenants of the law. There should be evidence of strong support for the policy in public statements. References in Annual Reports should be reporting progress on a yearly basis. In addition to fully operational work-level committees, we would expect to find evidence that management regularly reviews and monitors progress. Comprehensive data should be available and readily accessible to workers and management. Accountability systems should be in place and managers (in consultation with committees) should not only be assessing the past but should also be setting targets to reduce accidents, illnesses and injuries. By this time we would also expect the firm to be able to establish that it had made some progress in reducing injuries and accidents and that it had identified and begun to take appropriate measures toward alleviating major work-related health problems.

In contrast to the above, we would expect a "resisting" firm to have barely complied with legislated mandatory requirements by 1986--in other words, the policy will not have been institutionalized. While we would expect to find a fully-operational administrative structure in place, a resisting firm will not place a lot of importance on internal monitoring, planning and communications mechanisms. Finally, a resisting firm may be expected to have joined industry in fighting the 1984 amendments and to have adopted the view that government intervention in this policy is unnecessary and inappropriate.

To summarize, as in the other policy areas the first task in this policy is to identify what each firm's response has been to the occupational health and safety policy area. The long history of government intervention in this policy area, along with the considerable body of laws, regulations and standards which exists, suggests that policy implementation will be well advanced at this point. While there is reason to suspect that the state enterprises will not have been accepting of this policy (for the reasons discussed in Chapter One), out of the three policies studied this is the one in which there is the greatest likelihood of acceptance and full implementation. The reason for believing this is that occupational health and safety enjoys a solid core of support at the worker level within the organization, poses no immediate threat to any employee, and has not aroused much external debate. Because of this solid core of internal support, and the existence of formal mechanisms through which it may be expressed, this policy is perhaps the best test of the state enterprises' effectiveness as agents of public policy.

CHAPTER EIGHT
OCCUPATIONAL HEALTH AND SAFETY
AND THE STATE ENTERPRISES--
THREE CASE STUDIES

I. INTRODUCTION

This Chapter employs the analytical framework outlined in Chapter Two in order to assess the responses and responsiveness of the three state enterprises to federal occupational health and safety policy. As we saw in the discussion of the evolution of the policy, safety in the workplace has been a matter of public concern virtually from the time Canada's first factory opened. It was also argued that occupational health and safety has never enjoyed the political attention that the other two policies have and that even public concern has been muted and episodic. Unions, it was suggested, have been supportive but have also tended to allocate first priority to issues such as wages and jobs.

This policy's relatively low profile at the federal level means that less information is available than for either official languages or employment equity. The fact that for most of this century responsibility for the policy has been concentrated within a small group at Labour Canada also differentiates it from the other two policies which have benefitted from attention by numerous bodies. In general, therefore, there is a much smaller public "paper trail" in this policy area than in the other two policies which have been examined in this thesis. In addition to a weaker external information base it also proved much more difficult to obtain specific data from the firms. Aside from the fact that policy managers were concerned about how information would be handled, it is also true that they were much less accustomed to responding to these sorts of questions than their counterparts in the other two policy areas. As a consequence there are numerous instances where dates for "events" could not be verified and where managers were simply not willing to invest the

time required to sort through files and papers to provide the necessary historical information. To some extent this deficiency is compensated for by significantly more data pertaining to policy outputs than were available for the other two policies. The net result is approximately the same amount of information as for the employment equity case studies.

II. OCCUPATIONAL HEALTH AND SAFETY AT CN

By the time CN was established in 1923 governments had already introduced several measures aimed at improving working conditions and at least some safety concerns related to railroading had been identified. The fact that workers were operating heavy moving equipment in often-remote areas of the country meant that they confronted many hazards as a normal part of the job. This contributed to a situation in which danger has become an accepted part of the job for workers in this industry and has in some ways made policy implementation more difficult. Certain practices, such as jumping from moving trains when entering a yard or station, are so well established and such an integral part of the "railroading culture" that it has proven difficult to change them. Following an inquiry into a train collision in Hinton Alberta in February 1986 Justice Foisy gave this assessment of the situation in his report (henceforth referred to as the Foisy Report):

The Commission has found no reason to suppose that these were isolated circumstances within the context of the railway system. Rather, the Commission believes that the style of operations and the culture of the "railroader", as it has evolved within CN, creates an environment in which otherwise well motivated and responsible people throughout the company place inadequate priority on safety and, in effect, give tacit acceptance to rules violations that affect the safety of CN's rail operations. Within this culture, rules and procedures intended and developed to ensure the safe and prudent

operations of the system have become "background" and ritual, with the result that CN management and its partner in the definition of work environments and conditions -- organized labor -- fail to place proper or effective emphasis on safety.¹

In examining CN's policy response we shall try to understand more about how and why the situation described by Justice Foisy came about and what this tells us about CN's "effectiveness" as an agent of occupational health and safety policy.

A. CN's Policy Response

1. Public Statements

a. Discussion

Either safety or health were mentioned in nine of the 18 Annual Reports published between 1969 and 1986. Most of these statements occurred in the seventies with only two references since 1980. Beginning in 1971 a reference is found to a training program for track maintenance workers "with the objective of ensuring safe work performance and reducing track motor car accidents."² In addition to this brief comment on a safety issue, there is an extensive report on health services within the firm which provides information about the number of examinations given, first aid training for workers, the number of hygiene inspections carried out, and an alcoholism program which had been introduced. A similar report on health services is provided in 1972. In 1974, the first extensive statement is made about safety:

1. Commission of Inquiry into the Hinton Train Collision. Report of the Commissioner, (The Honorable Mr Justice René P. Foisy), (Ottawa: Supply and Services Canada, 1986), p.5.

2. CN, Annual Report, (1971), p.24.

Accident prevention and safety continued to be a matter of concern to the Company. About 14,000 operating employees and supervisors took part in courses across the System and computerized reporting programs were developed that are increasing understanding of why accidents happen and indicating ways to prevent them. In addition, continuing technical studies are carried on in consultation with the Canadian Transport Commission, with unions and with other bodies. Although the safety record of CN is better than the average for the railway industry as a whole, the Company is not satisfied and is pursuing a vigorous program of improvement."³

In combination, the earlier statements on health and this latter one on safety are indicative of an awareness of the need to address occupational health and safety issues within the company. The above statement also provides evidence that CN views the standard for performance in this policy area to be that of the railway industry.

In 1975 CN claimed that there was "accelerated activity in the field of accident prevention and safety."⁴ This statement mentions a computerized program to identify "trends" in accidents, target setting, a supervisory training program, and a "significant improvement in the accident rate in 1975." Again in 1976 CN reported progress and identifies workshops, target setting exercises, improved maintenance, and safety audits as being responsible for the "24 percent reduction" in train and yard accidents and 12 percent reduction in disabling injuries.⁵ Finally, in the last of three fairly comprehensive reports on safety, in 1978 CN once again claims to have made progress in reducing accidents and injuries

3. CN, Annual Report, (1974), p.14.

4. CN, Annual Report, (1975), p.16.

5. CN, Annual Report, (1976), p.4.

as a result, primarily, "of a continuing program by CN Rail to make employees more safety conscious."⁶

In 1980 the Annual Report includes a statement on health services and refers to "new government legislation" which has "brought about increased attention to industrial hygiene and an extra workload in this area."⁷ After five years with no mention of either safety or health, the 1986 Annual Report includes an extensive comment on safety which begins by referring to the Hinton accident and contends that the firm's record has continued to improve.⁸

In addition to these public statements about health and safety contained in Annual Reports, CN was in the process of revising its separate policy statements on health and safety at the time of the interviews. Only the safety policy was made available unofficially⁹ and efforts to determine the precise content and timing of all earlier policies or changes thereto were not successful. The 1986 proposed "Policy and Authority on Safety" is quoted in its entirety below:

It is corporate policy to take all reasonable measures to protect passengers, employees and the public at large from accidents or misadventure while on Railway equipment, or on the railway right-of-way or other corporate property. This is accomplished by inspecting, repairing where necessary or installing modified or new equipment or facilities that will contribute to the safe operation of the railway. The working habits, facilities and conditions shall be such that they will contribute to the safety and well being of employees and

6. CN, Annual Report, (1978), p.8-9.

7. CN, Annual Report, (1980), p.27.

8. CN, Annual Report, (1986), p.12.

9. The policies for health could not be obtained and only the new one for safety was provided "unofficially". It should be noted that the CEO had just resigned at the time of the interviews and the organization was in upheaval as a result of reorganizations, downsizing, and the debates over deregulation. In addition, the Foisy Commission report was due and changes in railway safety legislation were being contemplated. All of these factors conceivably explain the absence of approved policy statements.

others. In no case will such measures be less than the obligations imposed upon the Corporation by Law. To this end it is corporate policy to engage in a continuing program to promote accident prevention through the (sic) education and training, this will recognize the importance of safe work habits, the prescription of working and operating rules designed to ensure safe work and operating practices and the elimination of hazardous conditions. This is achieved through continuous research, testing and use of modern technology such as the CN Research Centre, the Association of American Railroads Test and Research Center and many other such organizations.¹⁰

This policy differs from its immediate predecessor in the following ways: (1) the second and third sentences which list actions to be taken and mention the well-being of employees are new; (2) the words "accident prevention" in sentence five replaces the word "safety;" (3) reference to the Uniform Code of Operating Rules (UCOR) is deleted from the policy; and the following sentence is also eliminated:

Further, it is Corporate policy to comply promptly with regulations and directives of governmental or similar bodies having jurisdiction over the Corporation thereof in matters of public and employee safety and to co-operate with organizations and associated devoted to safety research and education.¹¹

In other words, in the draft amendments the firm is signalling a shift toward "prevention" (and away from ad hoc measures); toward recognition of specific obligations (inspection, repair and replacement of equipment and facilities); and away from the "compliance mentality" implicit in the deleted parts. The specific deletion of the reference to UCOR is

10 CN, draft "Management Guide Bulletin: Policy and Authority on Safety," p.1.

11 CN, Safety and Health Committee Guide, (undated), p.3.

especially interesting in light of the observations of the Feisy Report that the Code was obsolete and unnecessarily obscure.¹²

There are several other features of the draft policy statement which deserve to be noted. First, is the fact that the policy continues to be prefaced by the commonly-used qualifying phrase: "all reasonable measures" (to which reference was made in Chapter Seven). Second, employee safety is only mentioned very briefly and there is no commitment to the three principles which were included in the 1984 amendments to the Canada Labour Code (the right to know, to participate and to refuse dangerous work); even to those that came into force in March 1986. Third, the only reference to the firm's legal obligations is to indicate that the response will not be less than required by law. Fourth, more emphasis is placed on education, training, and changing working habits than on changing the work environment which suggests an acceptance of the "man centered" rather than "work centered" assumption about the causes of accidents and injuries in the workplace.

b. Analysis

As was observed in the other policy areas, the approval of a policy statement and any subsequent amendments is treated very seriously in this policy area. In this particular case the earlier policy "was jointly prepared with the co-operation of the Canadian Railway Labour Association, Labour Canada and CN" and was approved by the federal minister of labor. When amendments are made, therefore, it must be presumed (and this was verified by the policy managers) that they have been subjected to rigorous

12. Canada, Commission of Inquiry--Hinton Train Collision, p 11

analysis and review. Given that this is so, the changes noted in the 1986 proposed amendments must be viewed as very important indicators of CN's response and responsiveness. The changes which were observed suggest that CN was making some progress toward a more generous interpretation of its obligations in this policy area. The reason for believing this is the adoption of the concept of prevention, the recognition of specific obligations to change working conditions, and the mention of employee safety and well-being. Despite these positive signs it is important to note the absence in the policy statement of specific implementation guidelines and of any reference to accountability, as well as the lack of a formal commitment to the three worker's rights contained in the Labour Code amendments.

Further evidence of policy awareness and progress was observed in the discussion of statements in Annual Reports. As noted, health and safety are consistently treated separately, reflecting the division of responsibility and authority for health and safety within the firm. All the public statements report progress and several acknowledge the need for action but none specifically lends support for government initiatives. The fact that reporting mechanisms, target setting and safety audits were discussed in the late seventies suggests that the firm was already well on the way to institutionalizing the policy at that time. In the following discussion we shall look for further evidence to support this view.

2. Structural Changes

a. Discussion

At the time of the interviews and data collection health and safety were managed by the Director of Health Services and the Director of Accident Prevention (Operations) respectively. The former is a practicing physician while the latter developed his expertise over a lifelong career with the firm. Both had been in their current positions in excess of fifteen years at the time of the interviews. They reported to separate Vice Presidents and are each responsible for policy review, formulation, and implementation in their respective sections. There were no formal mechanisms whereby they could coordinate or integrate their activities but both individuals indicated that information was shared. The findings of the Foisy Commission, however, suggest that (at least at the operational level) there is not an adequate system whereby information is communicated between the health and safety functions and it was therefore recommended that the firm "take steps to establish effective coordination of the functions of its medical officers and operational officers."¹³

The 1986 draft policy statement on safety establishes a system whereby the Senior Vice President of Operations and other Senior and regional vice presidents regularly review accident statistical data and consider measures to correct problems as well as participate in target-setting exercises. There are, in addition, regional managers for accident prevention who have a functional responsibility to monitor and report accidents and injuries as well as plan and take corrective actions.

It is evident from the above that CN had had an administrative structure in place for this policy since at least 1971. It is also

13. Canada, Commission of Inquiry, p 113.

evident that, at least on the safety side, responsibilities had been delegated to the regional and branch levels. The following quotation from the 1980 Annual Report also provides some information about the extent to which responsibility for the health function has been delegated to the local level:

Paramedical examination service was provided to employees in the remote areas of the country by means of mobile medical vans. There has been a demand for increased training in First-Aid and Cardio-Pulmonary Resuscitation in all areas of the Company and this has increased the workload of first-aid supervisors and local instructors.¹⁴

Although the total number of dedicated staff for the health side could not be determined, it was determined that the "health system" at CN is comprised of a doctor or doctors, hygiene technicians, industrial first aiders and paramedics.

Table D1 in Annex D provides estimates of the time and money allocated to health and safety within the corporation. As of 1986 there were four officers at headquarters and 27 in regional and branch locations who were fully dedicated to safety, representing a staff/worker of about 1/1,714. There were, in addition, five officers at headquarters working on health but the number at the regional and branch level was not known. The policy managers estimated the costs for staff, computer and program time in 1985 to be at least \$4.7 million, which was about 0.1 percent of gross revenue or 4 percent of net income in that year.

Apart from the meetings between vice presidents and functional managers mentioned above, CN did not have a fully-dedicated senior level committee for this policy area and did not envisage one for the future.

14 CN, Annual Report, (1980), p 27

This is quite in keeping with the practice in this policy field of focussing attention and responsibility at the operational level. However, CN's Director for Accident Prevention noted that the firm had had some voluntary working level committees in place for as long as 40 years. As of 1986, he indicated, the firm was almost in complete compliance with the obligations pertaining to safety committees contained in the 1984 amendments to the Canada Labour Code. These provisions require employers to establish a safety and health committee for any workplace with 20 or more employees and at least half of the members of such committees must be non-management employees. As of 1986 CN had approximately 20 allowed exemptions from this provision. The reasons for these exemptions were not given but the only instances in which an exemption is allowed under the Code is when employees are based on a ship, when the Minister determines that the nature of the work is relatively free from risks, or when there are less than 20 employees at the worksite.¹⁵

On the next measure of implementation - planning - it should first be noted that no external authority requires CN to prepare annual action plans for occupational safety and health activities or even to report regularly on progress in implementing policy. Indeed, the idea that planning should or even can be done is still very new in this field. On the safety side, the Director indicated, planning is "informal" and is primarily done on a "day to day" basis when a need is recognized.¹⁶ The one formal annual "planning exercise" is the setting and approval of

15. Labour Canada, A Guide to the Revised Canada Labour Code Part IV, (Ottawa: Supply and Services, 1985), p.11.

16. Interview, CN management, November 1986

improvement targets for accidents and injuries at various levels within the firm. On the health side, annual plans are developed but they are very general and tend, like those in safety, to be activity- rather than goal-oriented. For example, the 1986-87 Health Services Plan included the following sorts of objectives: (1) implement policy update, (2) introduce office automation pilot project in Montreal, (3) undertake a medical surveillance project on the prairie region, and (4) undertake research in hearing conservation.

Finally, looking at the measure of public disclosure we find that CN included regular statements about safety and health in its Annual Reports during the seventies but did not continue with this practice throughout the early eighties. In addition, CN published a Safety Backgrounder, in March 1986, in which it claims that a "steady downward trend in all accident categories over the past ten years" is due to a "continued emphasis on safety."¹⁷ However, it fails to mention that most North American railroads have experienced a decline in railroad accidents in the last decade due, among other things, to an overall reduction in traffic and equipment usage.¹⁸ In the single mention of employee injuries it claims a reduction of 42 percent from 1974 to 1985. This is extremely misleading since this figure is derived by comparing the absolute number of injuries in the two years and ignoring what happened in between. It also does not account for the fact that CN's work force shrank from about

17. CN, Safety Backgrounder, (Montreal: 1986), p.1.

18. The latter point was raised in the course of telephone conversations with Bob Finklestein, DOT, Washington, March 1987 who pointed out that all North American rail companies have experienced a decline in equipment usage over this time period which has, in turn, contributed to a reduction in accidents totally unrelated to any efforts on the part of the firm.

the Canadian Transport Commission(CTC) in 1979 (under Section 226 of the Railway Act) on accident prevention measures, performance and progress but this was simply a reporting exercise rather than a lobbying effort.

B. CN's Position on the Response Continuum

An examination of the selected indicators and analysis of the available data suggests that CN is not at the point of full implementation (Stage Four) as the Director contended during the interview. Rather, it has been suggested that CN had almost institutionalized the policy by 1986 but more changes are needed before the policy is fully implemented. One reason for this assessment - aside from the absence of accountability measures and formal recognition of worker's rights - are the findings of the Foisy Commission which were reported shortly after the interviews were conducted. The Commission was not only very critical of the standards and practices within the firm and the industry but was also upset about what it referred to as CN's "fraternal approach" to supervision and discipline. It found, in addition, numerous deficiencies in CN's operating policies as well as a reluctance to recognize problems and their cause. Even though the Commission distributes the blame for many of the deficiencies among the firm, the industry, government agencies (CTC), and the unions, it must ultimately be concluded that CN was not in compliance with the spirit and letter of the law in this case. In summary, whether we use the measures adopted in this study or the observations of the Foisy Commission, the conclusions are the same -- CN has more to do before the occupational health and safety policy is implemented. In the next section

structure in place both at the corporate and the regional and branch levels. In addition, the firm has a sophisticated data collection and retrieval system in place and is able to readily track accidents, injuries and illnesses in the CN System. Responsibilities have been clearly identified and appropriately delegated and the firm has a well-established system of safety committees in place. There is, in addition, a senior level officer at the corporate level who has responsibility for policy implementation and progress and who is in a position to communicate with the executive when and if required. In other words, CN appears to have made most of the structural changes required to implement the policy. We shall now consider whether there is evidence of measurable policy outputs which will tell us more about the firm's progress.

3. Policy Outputs

a. Discussion

The above discussion offered some evidence about policy outputs. The training courses for accident prevention and first-aid which were mentioned in the Annual Reports are examples. The references to reductions in accidents and injuries are not accepted as valid indicators of policy outputs since information is provided for only two years. In the following section data obtained from an external source are examined to see if the firm's claim of improvements can be verified. As is true in all three cases, the data presented below should be approached with caution because they could not be checked against other sources and because they originate from individual safety officers located at about 80 sites across Canada who are required to file monthly reports on all

accidents, injuries and fatalities for their area. The collecting agency has neither the resources nor the capacity to verify this data and has only a limited ability to ensure that reports are filed. Unfortunately, Workmen's Compensation Files, which would have been a much-preferable source of data, were not available. It should also be noted that there was no way, in any of the firms, of obtaining data on work-related illnesses within the firms. Even if such data were produced (which is doubtful) health services personnel would have been at least as reluctant as safety to part with them and in this case there is still no central statistical repository of such information. With these qualifications in mind, we now examine what could be determined about CN's performance in the safety area.

(1) Injuries and Illnesses

Analysis of the data collected for CN suggests that since 1972 the firm has realized a slight improvement in the two available measures of performance for reduction of injuries. Graphs D1 and D2 in Annex D show what happened with the disabling injury frequency rates (DIFR)¹⁹ and the injury incidence rates (IIR)²⁰ for CN from 1972 to 1985. Graphs D3 and D4 show how CN compares with the industry for these ratios. As can be seen from these latter graphs, CN's dominant presence in the industry²¹ makes it virtually impossible to control for the external factors which

19. DIFR= disabling injuries + fatalities x 1,000,000/person hours.

20. Injuries per 100 workers= total injuries x 100 /(manhours/1950 or 2000)

21. CN employs over 60 percent of railroad workers in Canada, and is responsible for over 60 percent of all disabling injuries, and over 50 percent of total injuries. See Tables and Graphs at ANNEX D.

may have caused a reduction in these rates. A comparison of the DIFRs for the first six years (to 1978) with those for the last six (to 1984), shows that the averages decreased approximately 8 percent (from 19.62 to 18.01). (See Table D5, Annex D.) The average IIRs for the same two periods dropped almost 23 percent (from 20.76 to 16.07). In other words, between 1973 and 1978 a worker's chance of suffering a job-related injury was about one in five, whereas, between 1979 and 1984 it was about one in six. The average number of workers only dropped 2 percent between these two periods, which suggests that other factors may be responsible for the improvement.

b. Analysis

In summary, the data presented above does not support the conclusion that CN has achieved as much as the firm itself claims, but they do indicate some improvement. In the absence of a valid comparison and specific information about policy and program measures, it is not possible to determine with any degree of certainty whether the reductions are the result of CN's activities or whether they are the result of factors beyond the firm's control. The full set of data for the firm and the industry (as well as some for CP) is presented in Annex D.²²

4. External Actions (Legal and Political)

Very little could be determined about CN's external actions in th's policy area (or for that matter those of the other two firms). The Director indicated that the firm had made an obligatory presentation to

22. Since only four years of data could be obtained for CP (with the restriction that it be confidential) it is provided for information only and is not considered to be suitable for the purposes of comparison.

the Canadian Transport Commission(CTC) in 1979 (under Section 226 of the Railway Act) on accident prevention measures, performance and progress but this was simply a reporting exercise rather than a lobbying effort.

B. CN's Position on the Response Continuum

An examination of the selected indicators and analysis of the available data suggests that CN is not at the point of full implementation (Stage Four) as the Director contended during the interview. Rather, it has been suggested that CN had almost institutionalized the policy by 1986 but more changes are needed before the policy is fully implemented. One reason for this assessment - aside from the absence of accountability measures and formal recognition of worker's rights - are the findings of the Foisy Commission which were reported shortly after the interviews were conducted. The Commission was not only very critical of the standards and practices within the firm and the industry but was also upset about what it referred to as CN's "fraternal approach" to supervision and discipline. It found, in addition, numerous deficiencies in CN's operating policies as well as a reluctance to recognize problems and their cause. Even though the Commission distributes the blame for many of the deficiencies among the firm, the industry, government agencies (CTC), and the unions, it must ultimately be concluded that CN was not in compliance with the spirit and letter of the law in this case. In summary, whether we use the measures adopted in this study or the observations of the Foisy Commission, the conclusions are the same -- CN has more to do before the occupational health and safety policy is implemented. In the next section

the measures of responsiveness are examined to see if they offer any further insights into CN's behavior.

TABLE 8.1: CN -- EVIDENCE OF RESPONSIVENESS TO
OCCUPATIONAL HEALTH AND SAFETY POLICY

<u>Components / Response</u>	<u>Resisting</u>	<u>Neutral</u>	<u>Accepting</u>
1. Management Statements:			
a. annual Reports--			
-regular reports until 1980, sometimes supportive			X
b. policy statement--			
-progress from safety to prevention			X
-specific but brief reference to employee safety		X	
-qualified commitment	X		
-no mention of worker rights	X		
-no accountability	X		
-no participatory mechanisms	X		
2. Structural Changes:			
a. fully-staffed admin. structure			X
b. H&S not coordinated		X	
c. regular review and target setting			X
d. responsibilities delegated		X	
e. no accountability measures apparent	X		
f. committees prior to mandated requirements			X
g. no planning	X		
3. Measurable Output:			
a. some evidence of improvements in IIRs & DIFRs			X
b. evidence of failure to meet standards	X		
4. External Actions:			
a. some evidence of opposition to new initiatives	X		
Total:	8	3	6

[Weighted Score = 7.5]

Note: Negative responses = 0, Neutral responses = .5,
Positive responses = 1.

C. CN's Responsiveness

a. Accepting and Resisting Responses

A review of CN's responses finds slightly more accepting than resisting responses in this policy area (see Table 8.1). The findings in this study suggest that CN is accepting of the need to respond to this policy but, at least until 1986, had adopted a "compliance strategy" with respect to its obligations. In other words, it had made most of the necessary structural changes but there was still evidence of limited support for the spirit or intent of the policy, especially with respect to workers' rights.

TABLE 8.2: CN -- POLICY MANAGER'S ASSESSMENT ON FIRM'S RESPONSE

	<u>Response</u>
1. <u>Need for a Greater Response:</u>	
-critical	
-moderate	
-minimal	X
-none	
2. <u>Recognition of Policy Needs:</u>	
-limited	
-management only	
-all firm	X
3. <u>Policy Formalized:</u>	
-informal	
-in specific areas	
-institutionalized.....	X
4. <u>Explicit Responses Implemented:</u>	
-none	
-limited response and resources	
-response in several areas, adequate resources	
-major effort, significant resources....	X

b. Timing of Responses

In Chapter Seven a base year of 1968 was established for this policy but it was recognized that awareness of health and safety issues would probably have predated this. In CN's case the only certain date which is

available for the rate-of-events calculation is the reference in the 1971 Annual Report to health and the extensive discussion of safety in 1974. The other point which can be made about timing is that CN was still in the process of amending its policy statement in December 1986 "to bring it into conformity" with the 1984 changes to the Canada Labour Code which had been delayed until 1986 to allow for implementation. A delay of this sort is not indicative of an accepting philosophy.

c. Management's Assessment of Response

As can be seen in Table 8.2 the policy managers believed that there was only a minimal need for a greater response on the part of the firm and also expressed the belief that recognition and support were widespread within the firm. They believed, moreover, that the policy was institutionalized and that a major effort had been made by CN.

Three things make this assessment particularly unpalatable: (1) the very critical observations of the Foisy Report, (2) CN's failure to recognize formally the three important principles contained in the 1984 amendments, and (3) the firm's approach to disclosure of information about its record in this policy area. Another disturbing finding is that policy managers expressed satisfaction with the status quo even though close to 1,500 workers were suffering disabling injuries each year, about four were killed, and over 5,500 received minor injuries.

In summary, even though CN has almost institutionalized the federal occupational health and safety policy, there are some important steps to be taken before the policy is fully implemented. The main change which remains is, in Justice Foisy words, the need to modify "the railroader

culture" so that the safety and health of workers becomes a first priority for both management and workers. This not only requires certain rule changes and adjustments in management priorities but also means that long-standing practices and attitudes must be changed. Justice Folsy found that these practices and attitudes were not only pervasive within the firm but also extended to unions and the government. Thus, without the eradication of the concept that accidents and injuries are an inevitable part of being a "railroader" CN will not be able to fulfill its duty under the Canada Labour Code to ensure the health and safety of its workers.

D. The Search for Explanations -- the explanatory variables

a. Discussion

In the above discussion reference was made to Justice Folsy's conclusion that the "railroading culture" has been an important determinant of CN's policy response. The policy managers who were interviewed expressed the belief that the nature of the business had been moderately important in explaining the timing and method of implementation but thought that government initiatives and strong internal support had probably been most important (see Table 8.3). These will be briefly considered, along with the other explanatory variables, before proceeding to the Air Canada case study.

Both managers expressed the opinion that government initiatives have been an important influence in this policy area. In other words, government attention to occupational health and safety has acted as a stimulus to keep the firm pushing ahead with implementation. However, the government was portrayed more as a facilitator than a rule-maker and

TABLE 8.3: CN -- MANAGERS' ASSESSMENTS OF EXPLANATORY VARIABLES

<u>Variable:</u>	<u>Manager's Assessment:</u>
Mandate	none
Geographic Location	none
Size of Firm	minimal
Profitability	none
Type of Business	moderate
Organizational Dynamics	strong
Government Controls	strong
Public Pressure	none

enforcer, meaning that few conflicts are perceived between what the firm would wish to do and what it is required to do. For example, managers pointed out that CN (and the industry) had taken initiatives in advance of legally mandated requirements (principally, the establishment of voluntary safety committees). While this is true, it is important to remember that the concept of safety committees had been discussed from at least the early 1920s (when British Columbia introduced a system of voluntary committees) so that it did not originate within CN or even the rail industry.

The evidence collected for this study (from both internal and external sources) strongly suggests that government initiatives have been important in achieving advancements in worker rights and in ensuring that appropriate data have been collected. While there is some evidence that legislation and regulations have influenced the firm's public pronouncements and structural changes (for example, the 1986 amendments to the policy statement, establishment of committees, and data collection

activities), it was not possible to find evidence that there has been a positive effect on the output side. Without published reporting of targets and historical aggregated data such an assessment will continue to be impossible.

The managers indicated that the next strongest factor in successful implementation was internal support which they assessed as high at all levels within the firm. The safety manager stated that the CEO was strongly supportive and interested in occupational health and safety policy and also viewed this as a most important ingredient for successful implementation. Since privatization of health services was being considered at the time of the interviews the Director of Health Services was less sure about the level of executive support than his counterpart in safety. He did agree, however, that support from the CEO was a critical factor in successful implementation. While the managers were not asked specifically to rank the importance of the other groups within the firm, the discussions suggested that, after CEO support, the Directors viewed worker support as being next in importance, followed by managers, and then by unions. The Board of Directors, while considered generally supportive (at least on the safety side), was not believed to have a strong interest in occupational health and safety unless a problem occurs.

When these observations are compared with the conclusions of the Foisy Commission there are some interesting parallels and contradictions. The Commission was very critical of CN management and the company's policy which "operates in effect to absolve management of any responsibility for ensuring that workers are reasonably fit to perform their duties safely

and well."²³ Moreover, the Commission found substantial evidence that management displayed "a remarkable and unacceptable contempt" for specific safety rules.²⁴ This finding mirrored the observations of a CTC inquiry into a collision which occurred on February 15, 1986 at Trudel, Quebec (only seven days after the Hinton collision). The CTC inquiry found fault with supervisory and management practices in monitoring and enforcing Company safety rules and concluded that supervisors and management personnel needed to be made more aware of the importance of adhering to rules and adopting a more "safety-conscious" attitude.²⁵ On the issue of the role of the unions in promoting safety, the Foisy Commission made the following observation:

The Commission was shocked by the failure of CN to provide appropriate medical or supervisory support or response in the case of Engineer Hudson, although management and the medical staff had all the information necessary to determine that the ability of this employee to perform his duties in a safe and effective manner had clearly been at risk for a prolonged period of time...The Commission further notes the failure of the unions purporting to represent the interests of CN employees to demand such support for their members.²⁶

In other words, the observations of the Foisy Commission seem to support the perspective that CN's unions have not adopted an aggressive adversarial role in promoting the health and safety of their members (which was also the view of those interviewed). However, the Commission further concluded that the actions of management as a whole (both those

²³ Canada, Commission of Inquiry, pp 2-9.

²⁴ Ibid., p.122

²⁵ Ibid., p 126.

²⁶ Ibid., p 9. (Underlining mine)

industry that it is difficult to even find anyone with an interest in the former topic. In the course of determining Air Canada's level of implementation and examining the firm's performance, an effort will be made to establish to what extent this neglect is justified.

1. Public Statements

a. Discussion

In the 17 years between 1970 and 1986 Air Canada mentioned occupational health once in its 1981 Annual Report when it announced the creation of its own autonomous medical service unit (it had previously used CN's). No references were found to either public or worker safety in any of the Annual Reports in this period.

At the time of the interviews in late 1986 Air Canada had a safety policy which closely resembled CN's. It stated that the firm would "take all reasonable measures to protect passengers, employees and the public from accidents or misadventure while in Company equipment or on Company property."²⁸ Like CN's policy, this one stressed the "education of employees in the importance of safe work habits" and also allowed for the establishment of voluntary safety committees. The policy does not deal with such specifics as information dissemination or with the three basic rights (the right to know, to refuse work, and to participate). In this policy responsibilities are divided amongst managers, supervisors and employees.

28. Air Canada, undated, untitled safety policy provided by J.J. Nozco.

also made that, at least on the safety side, a communication system has been established to compensate for this problem. As was the case in the other policy areas, managers rejected the idea that the timing and method of implementation had in any way been affected by changing levels of profitability. Although a relationship between profitability²⁷ and attention to health and safety makes some intuitive sense, this is not supported when profitability measures are compared with the two output measures (IIRs and DIFRs) (See Annex D). The fact that the number of staff dedicated to this function has remained constant while the firm has been downsizing also suggests that policy implementation has not been directly affected by changes in CN's financial position. However, the observation of Justice Foisy, that CN was slow to introduce new safety technology partly because of cost considerations, suggests that the importance of this variable can only properly be assessed when much more detailed information is available about the firm's operational decisions.

Finally, those interviewed expressed the opinion that the general public has little interest in this policy area while the media were viewed as the "villains in the piece." The point was made that generally speaking the firm, government, and unions manage to work together to find solutions in a harmonious and civilized fashion in Canada (unlike the adversarial relationship in the U.S). Even though the media have managed on occasion to stir up and maintain interest in certain problems, it is not viewed as having a significant impact on policy formulation, implementation or performance. Since occupational injuries and illnesses are not a high

27 In this case the measure of profitability is net income but the same low r squares are also obtained when operating income and return on investment are used.

profile concern, and enjoy only sporadic media attention, this evaluation is probably accurate. There is, of course, a problem of possible auto correlation between this variable and government pressure. Divining when and how the media precipitates government action and when they simply report events is a problem requiring more information and time than is possible here.

b. Analysis

The above discussion, while not by any means conclusive, suggests that CN's policy response has been a function of government initiatives (or the lack thereof), the level of internal support for the policy, and certain prevailing attitudes and practices in the railroad business. While it is likely that the firm's response has been constrained in some way by the need to give priority to its commercial mandate and by its financial difficulties, it was not possible to establish a cause in this case study. More than anything, the simple exercise of considering each of these explanatory variables illustrates how difficult it is to understand the reasons for a firm's behavior and suggests that studies which try to establish a single cause should be viewed with suspicion. Perhaps the most notable thing about this policy and case study is the absence of strong support or interest in any of the stakeholder groups.

III. OCCUPATIONAL HEALTH AND SAFETY AT AIR CANADA

A. Air Canada's Policy Response

Employee health and safety is not a central concern in the airline industry and this is true as well for Air Canada. Public safety and accident prevention so far outweigh any other considerations in this

industry that it is difficult to even find anyone with an interest in the former topic. In the course of determining Air Canada's level of implementation and examining the firm's performance, an effort will be made to establish to what extent this neglect is justified.

1. Public Statements

a. Discussion

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²⁸ Air Canada, undated, untitled safety policy provided by J.J. Nosco.

In 1987 the firm reorganized its corporate level safety office and the new Director proposed an amended policy, part of which is quoted below:

Safety and Health must be an integral part of the total job receiving priority along with quality and quantity in the overall performance of each employee. Air Canada shall continue to comply with obligations imposed by law, by government directives or by similar bodies having such jurisdiction. Air Canada shall cooperate with organizations and associations devoted to occupational safety and health research and education. We are all responsible to work safely and to adhere to company procedures in performing our duties in a manner that will ensure:

- our protection and safety
- the safety of our co-workers and colleagues
- the safety of Air Canada facilities and equipment
- the safety of our customers and the protection of their property

This will be done in a co-operative manner consistent with the teamwork nature of the airline operations.²⁹

When this policy was given to the newly formed Employee Safety Board (which is discussed shortly) for approval the following changes were noted between it and the earlier policy:

- (1) deletion of three classes of employees (managers, supervisors and employees) and replaced with all inclusive references (co-workers, and employees);
- (2) deletion of reference to establishing committees with ground employees and their labor organization and replaced with "co-operation with organizations and associations devoted to safety and health";
- (3) deletion of reference to the Canada Labour Code as the policy is applicable to all the countries into which we operate; (and)
- (4) Branch Heads and Division Heads are to countersign the policy prior to posting in the field.³⁰

29. Air Canada, draft Safety Policy, 1987.

30. Air Canada, "Minutes of Meeting," Employee Safety Board, August 18, 1987.

The Safety Board's response was to recommend that more emphasis be placed on the Corporation's concern for its customers. The final policy statement was not available at the time of this writing.

b. Analysis

In combination, the fact that Air Canada has essentially ignored occupational health and safety in its Annual Reports and was late in introducing these policy amendments, suggests that the firm was not very far advanced in implementation by 1986/87. Perhaps the most interesting point in the above discussion is the one about the Employee Safety Board's concern that more emphasis be placed on the airline's customers in the company's safety policy. As suggested at the outset, the issue of public safety has consistently been predominant in this industry and this is reflected once again here.

2. Structural Changes

a. Discussion

At the time of the 1986 interviews health and safety were handled by a Director of Employee Safety and Senior Director of Medical Services respectively. From 1984 to September 1986 the two functions were together under medical services but were split as a result of a major reorganization in the latter year. After another reorganization in 1987 the Senior Director of Medical Services reported through the Senior Vice President for Corporate and Human Resources while the Director, International Employee Programs and Safety reported through the Vice President for Employee Relations. At this writing another proposed reorganization was being considered which would expand the employee safety

and occupational health function significantly. In other words, the firm has been regularly reviewing and changing its administrative structure for this policy.

In 1986 the person in charge of safety had been in the job for two years, had a background in accounting and had been "shuffled" into the job as a result of reorganizations.³¹ As of 1987 the Director of Safety was an individual with a background in human relations. The Director of Medical Services has consistently been a practicing physician. Each position is theoretically responsible for policy review, formulation, and implementation in the respective areas.

When the interviews took place the administrative structure on the safety side was highly decentralized and the Director (at Headquarters in Montreal) was still in the process of defining his own role. In addition to the Director, there were three Safety Managers (one of whom was physically located at the Dorval Maintenance Base) and one secretary. This small group was supposed to coordinate the firms' activities in this area, collect and disseminate information, and keep the executive informed about problems and issues. In fact, the Director at that time admitted to being ill-equipped for the task, lacking both the resources and the power to do so effectively. One reason for this was that the people responsible for safety in the field (the Airport Operational Services Managers) did not report to the Director of Safety but to Transportation Services which, in turn, reported through a different Vice President (Passenger and Organizational Services). Employee safety was just one of many

31. This was the assessment of the policy manager himself as well as other employees who were interviewed

responsibilities of Airport Managers, who have no special training or expertise in occupational health and safety issues, so the chances that this would receive a high priority were slight.

Assessing the costs of occupational health and safety activities in particularly difficult for this firm because there is no chargeback system for services in the field (which would at least help to identify costs). In 1986 the cost for the Montreal staff of five may be estimated at approximately \$200,000. Since data were not available for Health Services it is not possible to make even a rough estimate of total costs or their budgetary implications.

Besides the mandatory health and safety committees which were all in place at the time of the interviews (99% compliance), the firm had just established a Safety Board. By 1987 this body had been renamed the "Flight Safety Board" and a new "Employee Safety Board" had been formed. This latter body, which held its first meeting on August 18, 1987 was chaired by the Senior Vice-President for Corporate and Human Relations and was comprised of six vice presidents and the two directors. According to the rules established at this meeting the Board is to meet on a quarterly basis to: (1) review and approve recommended policy on employee safety and health, (2) review the firm's position on proposed government legislation and regulations in this area, (3) review incidents and accident trends, (4) approve safety programs, (5) provide a final review of issues and (6) report to the Board of Directors.

The contents of the Minutes of this first meeting provide further verification of the firm's early stage of policy implementation. One of the matters brought before the Safety Board was the fact that the existing

policy did not "make investigation of employee accidents or incidents mandatory" and it was recommended that this be changed. In response the Board requested the Employee Safety Division to: "develop definitions showing degrees of injuries which would automatically determine participation in and responsibility for investigation."³² While it is understandable that the Board might be unwilling to support a policy that all accidents should be automatically investigated, its failure to require automatic investigations of fatalities or major injuries immediately and instead to call for further clarification is indicative of a still-constrained policy response. Another matter raised in this meeting was the fact that "Employee Safety, Maintenance, Flight Safety and Passenger and Operational Services each maintain a portion of existing safety and incident statistics" and it was suggested that "perhaps they (the statistics) should be gathered and retained in a centralized section."³³ The Board's response to this was that while "centralization would be preferable ... as long as everyone knows where to obtain the data, the present arrangement would be acceptable." In other words, the idea of a central consolidated data base was still not considered to be a priority in August 1987.

At the time of the interviews in 1986 planning was described by the Safety Manager as being "a top-down and very informal process". At this time, responsibility for the policy was so decentralized that it would have been very difficult to undertake the kind of comprehensive planning

32. Air Canada, Employee Safety Board, "Minutes of Meeting," p 6

33. Ibid.

envisaged in this study. It is also true that the firm was still in the early stages of policy implementation when information was being collected and its concentration was still on making basic structural changes to accommodate and facilitate policy implementation. In 1987, for example, among the 15 objectives which were established for occupational health and safety are such preliminary tasks as:

- developing a "well defined" occupational health and safety policy,
- developing an "employee safety awareness programme,"
- amending "employee accident monthly reports to provide key performance indicators, and
- developing "mandatory safety training and standards for specific functions."³⁴

More "advanced" objectives include recognition of the need to reinforce branch responsibility for occupational health and safety and to make operating managers accountable for safety performance by making it an "integral part of all operating managers annual performance reviews."³⁵

Finally, on the issue of public disclosure, like CN, Air Canada reports annually to the Minister of Transport and also provides data to Labour Canada. At the time of the interviews there was no formal mechanism for regular internal reporting of safety issues but one of the 1987 objectives was to "develop and implement an employee safety awareness programme."³⁶ Not surprisingly, the managers expressed no commitment to the concept of public disclosure although they were somewhat more

34. Air Canada, 1987 Objectives -- Occupational Health and Safety, undated internal memorandum.

35. *Ibid.*

36. *Ibid.*, objective no 7.

forthcoming with the little data and information which appeared to be available than either CN or Petro-Canada.³⁷

b Analysis

The above discussion portrays a firm at the early stages of implementation but possibly beginning to build some forward momentum. The fact that rather basic changes were being proposed as late as 1987 is noteworthy and attests to the low priority that employee safety has had within the firm. However, it is possible to observe in the recent changes the same organizational approach being adopted in this policy as was found in official languages and employment equity. This is particularly true of the way in which the 1987 objectives are framed in the context of the firm's obligations and concerns. Whether this new, more systematic approach, results in more timely implementation remains to be seen.

3. Policy Output

a. Discussion

(1) Injuries and Illnesses

There is some evidence that Air Canada's employees have experienced an increase in injuries suffered at work during the time period of this study. A comparison of the average disabling injury frequency rates (DIFR) for the first six years (to 1978) with the average for the last six (to 1984) years, shows that the rate increased from 26.81 to 31.39. (See Table D14, Annex D.) This is also true for the injury incident rate

37. The data, which covers more employees than that provided by Labor Canada, is included in Annex D. It shows consistently lower, but still increasing, IIRs for the years, 1979 to 1985. There is also some comparative data which shows Air Canada to be about in the middle of the major North American airlines for another measure (disabling injuries per 100 employees).

(IIR), which averaged 10.73 for the first period, and 13.95 for the second. In other words, between 1972 and 1978 a worker's chances of suffering a work-related injury were approximately one in ten, whereas, between 1979 and 1982 they were one in seven. It should be noted that the average number of workers covered by the Labour Code appears to have declined 9.16 percent over this same period³⁸ which suggests that the work environment itself may have become more hazardous and that there has been a relative as well as absolute increase in the number of injuries. Graphs 8 and 9 in Annex D illustrate what has happened with the two performance measures in the time period in question. No information is available on occupational illnesses for either the firm or the industry.

When Air Canada's record is compared with that of the Air Transport Industry, it comes out ahead for the injury incident rate (with an average for the entire period of 12.85 compared to 14.23) and behind on the disabling injury rate (with an average of 28.83 compared to 22.61). Graphs 10 and 11 illustrate these differences. Like Air Canada, the industry as a whole experienced an increase in both rates in the second seven years (from an average of 20.06 to 24.42 for the DIFR; and from 13.39 to 16.99 for the IIR). In other words, prior to 1978 approximately one out of every nine workers in the industry was likely to suffer a work-related injury. Between 1979 and 1985 this increased to one in seven workers.

38. Average employment was 14,829 for the first period and 14,286 for the second. It should be noted that the average for the second half is low because of a reduction in employees included in the Labor Canada statistics in 1982 through 1984. This is also reflected in all of the other figures, including the DIFR and IIR and is the result of changes in the firm's own administrative and reporting systems and should be viewed as an aberration. As can be seen in Table D16 in Annex D, actual employment increased.

While Air Canada accounted for only 37 percent of the workers included in the Labour Canada data, it contributed 51 percent of the disabling injuries. On the other hand, the firm was only responsible for 33 percent of the total injuries during this period and had a consistently lower IIR. When the rate of change for the DIFR and the IIR over a 13 year period (from 1973 to 1985) is examined for the major industries in the transportation sector, the average increase for the airline industry was considerably higher than that for the other industries. This suggests that the relative conditions of employees in the airline industry are worsening and that Air Canada's experience mirrors what is happening in the industry as a whole. (See Tables in Annex D).

The above data confirm what might have been expected after looking at the implementation indicators; that Air Canada has not shown any progress in reducing its injuries. It would seem, from the brief review of the industry's record, that the firm's behavior mirrors what is happening in the industry as a whole. Since Air Canada employs on average only about 37 percent of the workers (covered by Labour Canada) in the industry, its impact on the industry statistics is not dominant, but is important. Explanations for the firm's apparently deteriorating performance will be discussed in some detail shortly.

b. Analysis

The above analysis of Air Canada's performance on reducing employment injuries suggests that further policy responses are needed. The fact that an average of more than 800 Air Canada employees suffers a disabling injury each year and that over 1000 workers suffer minor injuries on the job should be reason enough. When the Safety Board met

TABLE 8.6: AIR CANADA --
MANAGERS' ASSESSMENTS OF EXPLANATORY VARIABLES

<u>Variable:</u>	<u>Manager's Assessment:</u>
Mandate	none
Geographic Location	none
Size of Firm	none
Profitability	none
Type of Business	moderate
Organizational Dynamics	moderate
Government Controls	mod/strong
Public Pressure	moderate

actors to initiate change.⁴⁰ Support from unions and the executive was thought to be important for successful implementation but it is not at all clear how this support has been exhibited or how extensive it is. The Board of Directors was not considered an important player in this policy area although it was said to be strongly supportive. In the following section, the managers' assessments will be critically reviewed in order to establish the extent to which they are supported by the findings of this study.

There is no evidence that the firm's activities in this policy area are now, or have ever been, affected positively by its mandate. At the same time, no evidence was uncovered to support the antithetical conclusion; that the mandate has been a negative factor. While it is conceivable that the stronger emphasis on the firm's commercial functions in recent years might have made it less inclined to forge a path for its private sector counterparts, nothing discovered during this study supports

40. This was a generalisation they believed applied to all three policy areas.

of the interviews. The lack of attention to this policy in Annual Reports is mirrored in the structural responses of the firm. The fact that a corporate level unit was still being formed in 1986, that there was still not a central repository for data and that there were few (if any) central controls are all indicative of an early response. Analysis of the contents of the Safety Board Minutes indicate an absence of such basic things as mandatory investigation of accidents and gives an impression that there was still not a clear consensus about the importance of this policy area. As we will see shortly, the conclusion that the firm was still at an early stage of policy implementation was shared by both Directors of Safety. Before considering some explanations for Air Canada's response, the responsiveness indicators are examined below to see what further insights may be offered into the firm's behavior.

C. Air Canada's Responsiveness

a. Accepting and Resisting Responses

As indicated in Table 8.4, many more "resisting" responses were observed for Air Canada than "accepting." Perhaps the most important of these are the fact that there have been no public statements of support for occupational health and safety, that the corporate level administrative unit was still not fully functional by 1987, and that there has been an identifiable increase in accidents and injuries. When the responses of senior management to the question of a central repository for data and the mandatory investigation of accidents are considered alongside these other findings, there is a definite impression of weak support for the policy.

TABLE 8.4: AIR CANADA -- EVIDENCE OF RESPONSIVENESS TO
OCCUPATIONAL HEALTH AND SAFETY POLICY

<u>Components / Response</u>	<u>Resisting</u>	<u>Neutral</u>	<u>Accepting</u>
<u>1. Management Statements:</u>			
a. annual Reports--			
a single reference			
in 1981	X		
b. policy statement--			
slow in amending	X		
specific but brief			
reference to employee			
safety		X	
draft policy not			
qualified			X
no mention of worker			
rights	X		
no accountability	X		
no participatory			
mechanisms	X		
<u>2. Structural Changes:</u>			
a. skel. admin. structure	X		
b. no apparent coordination			
of Health & Safety	X		
c. no central data base	X		
d. responsibilities			
delegated but weak			
central controls		X	
e. accountability			
mentioned in objectives			X
f. Safety Committee			X
g. no reporting/planning	X		
<u>3. Measurable Output:</u>			
a. some evidence of			
poorer IIRs & DIFRs	X		
b. on par with industry			
but little information		X	
<u>4. External Actions:</u>			
a. some evidence of			
criticism of govt.			
initiatives	X		
Total	11	3	3
	[Weighted Score = 4.5]		

b. Timing of Responses

As was true with CN, it proved impossible to get the kind of detailed historical data necessary to undertake a rate-of-events calculation similar to those done for the other two policies. However, the fact that the firm still did not have a fully-staffed corporate unit capable of performing basic policy functions by 1986 is indicative of a

TABLE 8.5: AIR CANADA -- POLICY MANAGERS' ASSESSMENT ON FIRM'S RESPONSE

	<u>Response:</u>
1. <u>Need for a Greater Response:</u>	
-critical	
-moderate.....	X
-minimal.....	X
-none	
2. <u>Recognition of Policy Needs:</u>	
-limited	
-management only.....	X
-all firm	
3. <u>Policy Formalized:</u>	
-informal	
-in specific areas.....	X
-institutionalized	
4. <u>Explicit Responses Implemented:</u>	
-none	
-limited response and resources.....	X
-response in several areas, adequate resources.....	X
-major effort, significant resources	

slow response. The additional fact that the policy had not yet been amended to reflect the 1984 changes to the Canada Labour Code by mid 1987 is further evidence of this. Finally, the continued absence of a central data repository in 1987 (and the acceptance of this by the executive) also suggests that Air Canada does not attribute a high priority to employee health and safety.

c. Management's Assessment of Air Canada's Response

Those interviewed did not agree in their evaluation of Air Canada's response to this policy area. The policy manager perceived the firm's efforts as being at a relatively early stage of development whereas the Corporate Ombudsman (his boss) expressed the opinion that the firm's response has been both appropriate and sufficient. As indicated in Table 8.5 both believed that the policy needs were generally recognized by management. However, the two also disagreed on the amount of resources

which had been invested -- the policy manager expressed the view that they had been limited, while the Ombudsman believed that they had been "adequate." In later telephone conversations with the new Director, he supported the view that the firm's response had been limited but also argued that Air Canada was now moving ahead.

To summarize, the evidence uncovered in this case study suggests a still-limited response by Air Canada as of 1987. Indeed, the observation of a union executive that the following three principles dictate Air Canada's occupational health and safety policy response are not as much of an exaggeration as they at first appeared to be. These principles are:

- only spend money if it is legislated, or
- if there is a return-on-investment in three years, or
- to save a life.³⁹

Even though the state response to occupational health and safety has not been strong and sustained, the evidence collected here suggests that Air Canada's response has fallen far short of what is intended by law, regulations, and policy leading to the conclusion that the firm has not been an effective agent of policy in this instance.

D. The Search for Explanations -- the explanatory variables

a. Discussion

Table 8.6 summarizes management's assessment of the explanatory variables. Those interviewed believe that media and public attention play a very important role in highlighting issues and influencing the other

39. Interview with a Vice President, CA' FA, November 25, 1986

TABLE 8.6: AIR CANADA --
MANAGERS' ASSESSMENTS OF EXPLANATORY VARIABLES

<u>Variable:</u>	<u>Manager's Assessment:</u>
Mandate	none
Geographic Location	none
Size of Firm	none
Profitability	none
Type of Business	moderate
Organisational Dynamics	moderate
Government Controls	mod/strong
Public Pressure	moderate

actors to initiate change.⁴⁰ Support from unions and the executive was thought to be important for successful implementation but it is not at all clear how this support has been exhibited or how extensive it is. The Board of Directors was not considered an important player in this policy area although it was said to be strongly supportive. In the following section, the managers' assessments will be critically reviewed in order to establish the extent to which they are supported by the findings of this study.

There is no evidence that the firm's activities in this policy area are now, or have ever been, affected positively by its mandate. At the same time, no evidence was uncovered to support the antithetical conclusion; that the mandate has been a negative factor. While it is conceivable that the stronger emphasis on the firm's commercial functions in recent years might have made it less inclined to forge a path for its private sector counterparts, nothing discovered during this study supports

40. This was a generalisation they believed applied to all three policy areas.

such a conclusion. In the absence of any supporting evidence, it is most unlikely that the apparent decline in performance over the period of this study is in any way explained by changes in the firm's mandate.

As indicated in Annex D comparison of injury rates and various measures of profitability do not support the idea of a relationship between profitability and performance in this policy area, at least for the short time period covered by this study. This, plus the generally weak interest in occupational health and safety in the firm and the industry as a whole, makes it unlikely that implementation has been noticeably affected by changes in the firm's financial position. The low expectations for this policy field also suggest that Air Canada's response would not have been different even if it had been very financially successful over this period.

While never clearly expressed, there seems to be a sentiment shared by all concerned that the airline industry is essentially a "clean" industry when it comes to illnesses and injuries. This perception was reflected in the almost complete disinterest with which this topic was met when attempts were made to contact unions and associations. If anything, then, the nature of the business may have helped justify inaction and neglect of the issue. The industry is somewhat unusual in that employees from competing firms often work side by side and are easily able to compare working conditions. This, plus the fact that many aspects of the work environment are determined by airport management, means that the differences in working conditions among the major airlines are small and not very visible. These factors have led to a similar situation to that which was observed in CN, that is, an "airline culture" which tends to

downplay the extent of work-related injuries and illnesses. It took many years, for example, for workers to understand (and in some cases they still may not) that handling heavy luggage was causing a very high level of back injuries in the industry and that there was technology available to deal with the problem. Hearing impairment of ground and maintenance crews is another example of a case where hazards have been accepted as a normal part of the job.

The benign neglect with which this policy has been treated in the industry is also evident in the low level of internal support which appears to exist for this policy. Some comments have already been made about the low priority which the executive seems to attribute to employee safety and health matters. Those interviewed agreed that management support for this policy area was "moderate" but stated that the union leadership was "strongly supportive." They also expressed the belief that the CEO was committed to improvements in this policy area and viewed his support as very important. The Board of Directors was not thought to be concerned except when a problem arises. While there was agreement about these generalizations, there was a divergence of opinion about whether the level of management support was appropriate. The corporate ombudsman felt it was and the safety manager thought not. Agreement was also lacking about the importance of management support.

Unfortunately, Air Canada's major unions had just rearranged themselves (CALFA attaching itself to CUPE; and the ground staff with UAW) which made it difficult to find anyone interested in presenting the union perspective on this issue. The fact that they have headquarters across the country made the task even more difficult. Preliminary discussions

with CLC and other union representatives in Ottawa uncovered minimal interest in the topic. This was mirrored in discussions with their American counterparts. The one interview obtained (with a union Vice President) confirmed that while this is a matter of concern it is by no means a priority. She indicated that one important reason for this is the fragmented union system and highly decentralized administrative structure which make obtaining a unified position extremely difficult. She suggested that changes which could significantly reduce injuries were not introduced as quickly as desirable but placed the blame for this on the system rather than on the firm.⁴¹

Those interviewed were resistant to the notion that government initiatives have been important (perhaps because they were generally antagonistic to any connection between the firm and the Ottawa bureaucracy) in determining the firm's response. As was true with CN, they pointed to the fact the firm had voluntary safety committees before they were required as an example of Air Canada's responsiveness. Since in every other respect (except for the establishment of a senior level committee) the firm does not appear to have exceeded the minimal requirements of the law it may be safely assumed that government initiatives have in fact been an important factor.

Finally, those interviewed believed publicity had been a very important variable in this policy area. Since there appear to have been very few "changes" at Air Canada, and there has also been little interest

41 For example, back injuries (which are a major problem in this industry) can be significantly reduced by introducing moving baggage ramps at check-in counters which would require passengers to handle their own luggage.

in employee safety, this assessment may well be correct. In other words, it may well be that the little Air Canada has done is best explained by the fact that there has not been much public attention to occupational health and safety.

b. Analysis

When taken together the analysis of Air Canada's response and the examination of the explanatory variables suggests that the firm has been "reactive" rather than "proactive" in this policy area. With the information at hand it would seem that Air Canada's response can best be explained by a weak level of internal support within the firm, the absence of public pressure, attributes of the airline business, and, to a lesser extent, government initiatives. After looking at Petro-Canada's response we shall consider whether comparison of the firms can enhance this conclusion.

IV. OCCUPATIONAL HEALTH AND SAFETY AT PETRO-CANADA

As was the case with the Employment Equity policy area, Petro-Canada's position with respect to the federal occupational health and safety legislation is somewhat fuzzy. At this time it is the view of Petro-Canada and Labour Canada that the firm is only obliged to report on its operations on federal lands or on pipelines and it would seem, therefore, that compliance with the Canada Labour Code only applies to those operations. As stated previously the basis of this position is that the petroleum mining, refining and distribution industry is not federally regulated. The implication of this is that Petro-Canada must comply with the individual legislation in each jurisdiction in which it

operates. The firm's approach to this situation is to seek compliance with the most stringent regulation or standard applying in all the jurisdictions but the task of monitoring changes to what has become a mammoth legal and regulatory framework is onerous.

For the purposes of this study, since Petro-Canada is a federal Crown corporation, the assumption is made that it should be striving to adhere to the letter and spirit of the federal policy on occupational health and safety as well as the applicable provincial policies. In other words, except for the later base year the standard which is applied to Petro-Canada is the same as for the other firms. As observed in Chapter Seven this position is easily defended given the fact that federal legislative activity has more frequently followed than led provincial initiatives in the area of occupational health and safety.

A. Petro-Canada's Policy Response

1. Public Statements

a. Discussion

In the twelve years between 1976 and 1987 Petro-Canada mentioned employee safety twice; once in 1985 and a passing mention in 1987. The 1985 statement indicated that the firm uses the International Safety Rating System which enabled it to achieve an "excellent record" in that year. On the one occasion when the firm might have made a comment about occupational health and safety -- the sinking of the Ocean Ranger -- Petro-Canada simply reported its loss and indicated that operations at Hibernia had subsequently been terminated.

At the time of the interviews Petro-Canada had a very general statement on Health and Safety Policy, which was posted in all offices. It is comprised of three sentences; one statement of purpose, one on management's role, and one on the responsibilities of employees:

Petro-Canada Inc. expects excellence in health and safety performance to be achieved through the support and active participation of all employees. Management will dedicate itself to providing a safe and healthy working environment through active leadership and support of occupational health, safety, fire prevention and security programs while paying due regard to the protection of the environment. Employees and others engaged on behalf of Petro-Canada Inc. shall safeguard their health while performing their function in a manner which protects themselves, their fellow workers, the general public, and the physical assets of the Corporation.⁴²

As was true of the other firms' statements there is no mention of a worker's "right to know," of the "right to refuse dangerous work," or of the "right to participate," although active participation of all employees is a component of the policy. This policy has much in common with the other two policy statements we have seen from Petro-Canada: it is brief and general in wording, thereby affording the firm wide discretion and avoiding specific commitments.

b. Analysis

If Petro-Canada's public and policy statements were the only evidence available about the firm's response and responsiveness in the occupational health and safety policy area it would be necessary to conclude that there must be a low level of commitment. Knowing what we do about Petro-Canada's handling of the two other social policies, suggests that this is simply the standard-operating-procedure for the firm

42. Petro-Canada, Health and Safety Policy, undated

and must not be given too much weight. However, it still is worth noting that Petro-Canada has almost always dedicated a larger section of its Annual Reports to social and environmental concerns than the other two firms in this study, yet has only seen the need to include one reference to this policy area. One possible explanation for this is that the firm's record may well be as excellent as it has suggested and there is therefore no need to dedicate valuable space to a policy which is fully implemented. In the following discussion we shall try to determine whether this is the case. In 1985 (the year in which the firm claimed an excellent record) out of 6,430 employees covered, the firm reported two fatalities, 58 disabling injuries, and 39 minor injuries. This gave Petro-Canada a DIFR of 4.85 and an IIR of 1.56 for 1985, both of which are minuscule when compared to Air Canada's or CN's injury rates in any year for which there are data. If we look at all companies under federal jurisdiction, in 1984, for example, the average IIR was 12.78 meaning that "one out of every eight employees was hurt on the job" while the DIFR was 25.33.⁴³ This suggests that Petro-Canada may indeed be a "star" in this policy area.

2. Structural Changes

a. Discussion

At the time of the interviews Petro-Canada's organizational structure was similar to that of the other two firms in that there was not a single person responsible for this function at the corporate level. Rather, there were two regional managers for Occupational Health, both of

43 Labor Canada, Employment Injuries and Occupational Illnesses (1981-1984), (Ottawa: Supply and Services, 1986), pp 13-16.

whom are practicing physicians with extensive backgrounds in industrial medicine. They are responsible, respectively, for policy and program analysis, development, and implementation throughout the corporation. At the time of the interviews the Corporate level position for Occupational Safety was empty. At this writing there is a Director, Health, Safety and Security and there are Managers for health and safety under him. This organization reports through the Corporate Vice President, Human Resources. Both Petro-Canada Resources (Resources) and Petro-Canada Products (Resources) each had their own "Loss Management" staff, programs, and budgets. The managers and staff have typically "come up through the ranks" in the industry, developing a specialization in safety along the way. These units perform three basic functions: (1) advisory/operational support, (2) analyze data/identify trends, and (3) audit/ management control.

At the time of the interviews the administrative structure for occupational health and safety at Petro-Canada was complex and diversified. In the firm's short history this function has undergone numerous changes, reflecting the growth through acquisition, diversification, and the downsizing exercises which Petro-Canada has undergone. Although there had been a Corporate level office responsible for both health and safety, it was disbanded and the safety/accident prevention function was gradually decentralized (especially in the Resources Division). The reason given for this was that both Resources and Products wished to retain control over this function and were able to persuade the executive council that this was the way to proceed. In 1986 the ratio of dedicated health and safety workers to employees was

a five year period it may be reasonable to make some tentative conclusions about measurable progress with a little more confidence.

4. External Actions (Legal and Political)

As was the case for the other two firms it was not possible to obtain details about external actions of Petro-Canada in this policy area. However, in the course of interviews references were made to joint submissions (with other companies in the industry) made through the Canadian Petroleum Association. The content of these submissions was not divulged but the firm was said to have taken a position against the introduction of more specific regulations and standards in this policy area.

B. Petro-Canada's Position on the Response Continuum

None of the individuals interviewed at Petro-Canada suggested that the firm had fully implemented this policy. The fact that Petro-Canada has a relatively sophisticated planning regime in place is offset by an inattention to workers' rights to know, participate, and refuse dangerous work. In addition: (1) the absence of a reliable data collection and retrieval mechanism until end 1986, (2) managers' expressed concerns about the lack of strong central control and coordination, (3) the lack of formal participatory mechanisms at any level, and (4) the absence of public support for the policy all suggest that Petro-Canada has still not fully institutionalized the policy. At the same time, the firm's adoption of a rigorous planning and evaluation regime (and centralized data bank as of 1987) suggests that it is close to Stage Three. We shall now

employ a five-star safety rating system⁴⁵ designed by the International Loss Control Institute in Atlanta. The annual audits are preceded by initial baseline analyses, all of which are intended to measure management's control of the loss prevention system. Resources claims a 25 percent increase in loss prevention since 1984, largely as a result of this system.⁴⁶

At the time of the interviews (not unexpectedly after a 2,000 plus reduction in the work force) Petro-Canada seemed to be an organization under siege. Its empty halls and receptionists desks were matched by an excessive paranoia about "outsiders." Every possible excuse was given to avoid providing any concrete data, from an unreliable computer system to the fear of corporate espionage. In other words, openness and full public disclosure were not an objective for the firm in this policy area.

The firm appears to do no better on the issue of internal reporting. One of the policy managers interviewed suggested that the constant organizational changes have been a deterrent to reporting as has been inadequate data collection capabilities. Both Products and Resources prepare monthly reports which are submitted to senior management and are for internal use only. In addition, annual reports are prepared and submitted to the Canadian Petroleum Association. This organization was just as reluctant, if not more so, to provide any detailed information about the activities of its members in this area. At the point when

45. It offers a total of 21 elements of safety although Petro-Canada still only uses 10 of them

46. It should be noted that all of those interviewed were quick to point out the weaknesses in the data base. Resources points to the fact that many of their workers are in isolated locations and often work alone so it is difficult to ensure that every incident is reported. They believe that reporting of all "losses" (which includes injuries) is only about 50 percent reliable but that it is much higher on serious losses. Products had just brought their new computer system on line the day of the interviews and was very pessimistic about the reliability of their earlier data.

Health and Safety were together they issued an internal annual report but after the reorganization Health did not continue the practice. In summary, Petro-Canada follows the general practice of not making its record in this policy area readily available either to the general public or to its own workers.

b. Analysis

In general it may be concluded that Petro-Canada has a fully-operational administrative structure in place for this policy area and is proceeding in an organized, systematic manner to ensure that injuries and illnesses are kept to a minimum. The availability of an international standard as well as coordination and monitoring efforts by the Canadian Petroleum Association appear to have been important ingredients in the firm's progress. The major difficulties observed were: (1) the absence of a reliable data collection and retrieval system until December 1986 (meaning, presumably, that all the earlier data provided to external sources should be ignored), (2) the lack of strong central control capable of directing the separate units toward a common goal (a problem noted by two of the three managers interviewed), (3) an unwillingness to be open about the firm's record, and (4) a rejection of the applicability of federal government standards.

In this case, therefore, if the firm's record on illnesses and injuries is actually as good as is suggested by the data presented in Annex Table D22 (and by the firm itself) then we conceivably have a situation where the ultimate goals of the policy are being met even though there is not full compliance with federal standards, public recognition of the policy, guarantees for worker rights, or openness.

There are, however, two reasons to wait for more information before deciding that all of these measures are unimportant. First, the managers themselves question the reliability of the data and believe that there is substantial under-reporting. This may be an even greater problem for Petro-Canada than for the other two firms because workers' concerns are even less likely to be voiced given that only 15 percent of the work force is unionized and there are few work-level committees. It was pointed out, moreover, that much of the dangerous work takes place in isolated locations with only one or two workers and the chances are that accidents will simply not be reported because of the trouble of doing so, the fear of reprimand for not following rules, or concern about loss of employment. Whether Petro-Canada's data are accurate or not, it is still the case that workers are still being injured on the job and as will be discussed shortly there is also evidence that the policy managers themselves were not uniformly satisfied with the firm's response.

3. Policy Output

a. Discussion

As already noted, every policy manager interviewed at Petro Canada suggested that the injury data which existed in 1986 were not reliable and probably underestimated the extent of accidents and injuries. While this did serve as a convenient excuse for not providing data, there is no reason to question the accuracy of this assessment. At the time of the interviews the firm did not have any active operations on federal lands and was not formally covered by the Labour Code of Canada except for its pipeline operations. Even so, reports have been consistently filed with Labour Canada since 1977. It is not possible to identify any trends, or

to reach any conclusions about the firm's performance from the data which are available since they cover such a short time period. Over the nine years for which there are statistics, the firm's DIFR ranged from a low of 4.09 in 1980 to a high of 9.01 in 1983. The IIR ranged from a low of 1.56 in 1985 to a high of 6.83 in 1979. To date both measures have only consistently gone down at the same time for as many as three consecutive years but this is not viewed as sufficient evidence to establish a downward trend. One problem in this particular case is that there were no comparable industry data which could be used to evaluate Petro-Canada's performance.

As was true in the other two policy areas there are no illness statistics available for Petro-Canada. Petro-Canada's Corporate-level Manager for Health Services indicated that the major health problems which have been identified are: trauma, hearing impairment, burns and respiratory problems. The major sources of problems are: chemicals, carcinogens, chemical explosions, heavy equipment, and H_2S . In this case, as in the others, the firm was just beginning to track these health problems in the mid eighties. The only indication of coordination between Health and Safety is that they exchange information if a worker is off work for more than five days.

b. Analysis

Little can be said about Petro-Canada's policy output at this time. There is no way, with such a short period of time (and such doubt about the validity of the data) to assess whether measurable progress has been made. When there has been a steady decline in both measures for at least

a five year period it may be reasonable to make some tentative conclusions about measurable progress with a little more confidence.

4. External Actions (Legal and Political)

As was the case for the other two firms it was not possible to obtain details about external actions of Petro-Canada in this policy area. However, in the course of interviews references were made to joint submissions (with other companies in the industry) made through the Canadian Petroleum Association. The content of these submissions was not divulged but the firm was said to have taken a position against the introduction of more specific regulations and standards in this policy area.

B. Petro-Canada's Position on the Response Continuum

None of the individuals interviewed at Petro-Canada suggested that the firm had fully implemented this policy. The fact that Petro-Canada has a relatively sophisticated planning regime in place is offset by an inattention to workers' rights to know, participate, and refuse dangerous work. In addition: (1) the absence of a reliable data collection and retrieval mechanism until end 1986, (2) managers' expressed concerns about the lack of strong central control and coordination, (3) the lack of formal participatory mechanisms at any level, and (4) the absence of public support for the policy all suggest that Petro-Canada has still not fully institutionalized the policy. At the same time, the firm's adoption of a rigorous planning and evaluation regime (and centralized data bank as of 1987) suggests that it is close to Stage Three. We shall now

consider whether Petro-Canada is likely to move forward and fully implement this policy (as this has been defined in the present study).

TABLE 8.7: PETRO-CANADA -- EVIDENCE OF RESPONSIVENESS TO OCCUPATIONAL HEALTH AND SAFETY POLICY

<u>Components / Response</u>	<u>Resisting</u>	<u>Neutral</u>	<u>Accepting</u>
1. <u>Management Statements:</u>			
a. annual Reports:			
• two brief, neutral comments after 1985	X		
b. policy statement:			
• no amendments	X		
• refers to both occupational health and safety			X
• unqualified commitment			X
• no mention of worker rights	X		
• no accountability	X		
• no participatory mechanisms	X		
2. <u>Structural Changes:</u>			
• fully-staffed admin structure			X
• H&S not coordinated		X	
• regular review and target setting			X
• responsibilities delegated		X	
• no accountability measures apparent	X		
• committees prior to mandated requirements			X
• comprehensive planning and evaluation			X
3. <u>Measurable Output:</u>			
• some evidence of possible trend toward lower IIRs & DIFRs		X	
• relatively low accident injury rates but no industry data		X	
4. <u>External Actions:</u>			
• some evidence of opposition to new initiatives	X		
Total	7	2	6
	[Weighted Score = 17]		

C. Petro-Canada's Responsiveness

As can be seen in Table 8.7 Petro-Canada has exhibited marginally more accepting and neutral responses than negative responses. If we consider the firm's approach to federal government initiatives in this policy area (or, actually, any government interventions) then it must

inevitably be judged as resisting. Those interviewed made it clear that they believed that the petroleum industry's own unassisted efforts in controlling injuries and illnesses were far superior to any standards which the government might set -- hence the adoption of the international five star rating system. However, if we consider whether Petro-Canada is accepting of the spirit of occupational health and safety laws we would have to conclude that there is certainly some evidence of this.

TABLE 8.8: PETRO-CANADA --
POLICY MANAGER'S ASSESSMENT OF FIRM'S RESPONSE

	Response:
1. <u>Need for a Greater Response:</u>	
-critical	
-moderate.....	X
-minimal	
-none	X
2. <u>Recognition of Policy Needs:</u>	
-limited	
-management only	X
-all firm	
3. <u>Policy Formalized:</u>	
-informal	
-in specific areas.....	X
-institutionalized	
4. <u>Explicit Responses Implemented:</u>	
-none	
-limited response and resources	X
-response in several areas,	
adequate resources.....	X
-major effort, significant resources.....	X

a. Timing of Responses

As with the other firms, there is limited information about the timing of events in this policy area and it is therefore not possible to assess the timeliness of Petro-Canada's response. If compliance with the Canada Labour Code is the standard, then the fact that Petro-Canada had not yet established working level committees or recognized the basic worker rights guaranteed by the 1984 amendments at the time of the

interviews (and had no intention of doing so), must be viewed as indicative of a resisting response.

c. Management's Assessment of Response

As can be seen in Table 8.8, the only point of agreement among Petro-Canada's policy managers was that management is generally supportive of this policy and recognizes the need for action. Both Resources and Health thought there was a moderate need for stronger support within the firm while Products felt there was only minimal need. Products also expressed the view that the policy had been fully institutionalized in late 1986 whereas the other two felt that this had only been partly accomplished. Finally, there was considerable divergence on the question of the firm's commitment, which reflects the relative strength of the three groups within the organization at the time. Products, which was growing, expressed the opinion that the firm's commitment had been major and had involved significant resources. Health (which was stable) thought adequate resources had been expended, while Resources (which was contracting) believed that the firm's response and resource output had been limited.

To summarize, Petro-Canada's rapid expansion through acquisitions has made it particularly difficult to coordinate and integrate its activities in this policy area. Efforts to centralize management of the policy area have been successfully resisted by those who wish to maintain autonomy between the firm's "downstream" and "upstream" operations. The industry's pioneering and individualistic heritage makes it particularly resistant to such integration. The notions that occupational health and

safety issues are work site specific, and that this should be reflected in a decentralized administrative structure, are readily accepted in this environment. The present division of responsibility for safety and health reflects the above influences and those interviewed expressed a predictable amount of dissention about the firm's policy response. At this time, both because of Petro-Canada's rejection of the applicability of federal laws and policy and also because of other concerns about the internal response structure, the only possible conclusion is that the firm has not been an effective agent of government policy. If it can be established that Petro-Canada has eliminated (or has come very close to doing so) injuries and illnesses in the workplace -- even if it does not fulfill the other measures of implementation employed in this study -- then this view will need to be reconsidered. For the time being, this question will be put aside while attention is focussed instead on what the explanatory variables have to tell us about Petro-Canada's response and responsiveness.

D. The Search for Explanations -- the explanatory variables

a. Discussion

Management's assessment of the explanatory variables is presented in Table 8.9. The legally-mandated requirements were assessed as an important factor in this policy area, and in Petro-Canada's case the need to comply with the laws, regulations and standards in each province (and even municipality) where it is operating may well explain most of the firm's behavior. This may well account for Petro-Canada's adoption of an internationally recognized rating system which is presumably applicable

TABLE 8.9: PETRO-CANADA --
MANAGERS' ASSESSMENTS OF EXPLANATORY VARIABLES

<u>Variable:</u>	<u>MANAGER'S ASSESSMENT:</u>
Mandate	none
Geographic Location	moderate
Size of Firm	min/mod
Profitability	min/mod
Type of Business	strong
Organizational Dynamics	moderate
Government Controls	strong
Public Pressure	none

across all jurisdictions. This also makes a brief and general policy statement more practical than a detailed one which might run afoul of the laws or standards in a single jurisdiction. This, and the other explanatory variables will be briefly examined in the next section in order to clarify how the assessments were derived and to consider whether they are supported by the findings of this study.

In Petro-Canada's case the firm's mandate requires management to establish "efficient, profitable and responsible business operations."⁴⁷ The managers recognized no conflict between the firm's primary purpose and operational objectives and the goals of this policy area. While the firm's policy response was not considered to be optimal, the mandate was not believed to be responsible for deficiencies (which are considered to be minor). The argument used in support of this view is that there appear to be no differences (either perceived or real) between what is expected

⁴⁷ Petro-Canada, "Mandate," in Canada's National Energy Corporation. (Calgary: Petro-Canada Public Affairs, July, 1984), p.2.

of Petro-Canada and what is expected of its private sector counterparts. There is a general acceptance, at least on the part of the firm, that this is appropriate and that it need not strive to be a role model in this policy area. None of the findings or observations of this study contradicted management's assessment of this variable.

The manager for health, in particular, suggested that the often-remote location of many of Petro-Canada's operations has adversely affected the speed and method of implementation⁴⁸ and has also contributed to an underestimation of work-related accidents and illnesses. While the location of operations poses unique problems for each firm in this study, there is no evidence to suggest that this has made a great difference in the method and timing of any of the firms' responses in this policy area.

Another factor which has inevitably had an impact on Petro-Canada's response is the firm's dramatic growth over a short time period. The nature of the firm's relationship with some of its acquired "employees" is also quite tenuous which makes application of corporate policies difficult. In the case of the acquisition of Gulf service stations, for example, four possible relationships exist, ranging from a situation where Petro-Canada is the employer to one in which the only connection is that the station sells Petro-Canada's products.⁴⁹ While the direct impact of this is hard to ascertain, the fluctuations in the firm's size as well as

48. For example, in the health area in order to ensure necessary medical care and monitor particular problems, contractual arrangements must be made with a number of doctors who service the remote areas in which the firm operates. This undoubtedly affects not only the speed with which health problems are handled but also the total cost of this activity. It also favors decentralization of the occupational health and safety function.

49. First, the only relationship with Petro-Canada may be that the station sells its products. Second, Petro-Canada may also own the premises but the employees may be contractual. Third, it may be a franchise sort of relationship. Finally, Petro-Canada may be the proprietor and employer.

the overall expansion must have made it harder to ensure the safety of all workers over this time period.

Although it is politically undesirable to admit to a relationship between profitability and responses in this policy area, two of the managers came very close to supporting such a conclusion. They pointed out that senior management's increasing focus on profit and the "bottom line" in the 1980s led it to undertake a "thorough reorganization and streamlining according to rigorous business objectives" which has affected virtually every aspect of the firm's operations. In Resources especially, this has meant a fairly drastic reduction in staff but no corresponding reduction in the workload. This has also led to a greater dependence on contractual arrangements which weakens the firm's control over safety and health issues. The reorganization has also enhanced rather than alleviated the competitiveness amongst the various groups responsible for this policy area and has resulted in an "environment of uncertainty" about authority and control for the function.

Those interviewed focussed on the unique aspects of the petroleum business as one of the strongest explanations for the firm's behavior in this policy area. The fact that almost all of the company's employees have come to the firm from the private sector (through the acquisition process) helps to at least partly explain this attachment. It is further accentuated by the fact that the industry is centered in the West, operates in hostile isolated environments, and has been severely buffeted by a changing political and economic climate. The most important effect of this variable, however, is that the nature of the business has ensured that federal laws and policies do not apply to this Crown corporation.

Another "moderately" important variable has been the level of internal support generated for the policy. Since only about 15 percent of the work force is unionized, and these workers are not located in Calgary, it was virtually impossible to obtain a reading from them on the firm's response to this policy area. On the Products side, union support was believed to be strong and important. On the Resource side, there are only a few unionized employees and although they were said to have expressed some interest in the topic, the manager also said they were not dissatisfied with the firm's response. The policy managers pointed out that the only complaints received about safety standards have come from unionized employees of drilling contractors. There was no indication that the non-unionized employees have taken, or have been able to take, a position on any of the issues in this policy area.

The operational managers for both groups perceived the executive council's support for this policy area to be relatively weak. The Board of Directors ("comprised of lawyers and businessmen with no expertise in the business" were thought to be generally disinterested in occupational health and safety unless there was possibility of political "fallout". An assessment of senior management's support was more difficult because of the changes resulting from reorganizations. Following the 1984 reorganization there was a gradual decentralization of the Safety and Accident Prevention function resulting in a situation where the safety manager no longer had a direct line to senior management and consequently

found at Air Canada. Petro-Canada's actions have been decidedly "neutral" in this policy area.

The absence of enough specific information about the timing of the firms' responses mean that it is not possible to construct a rate-of-events calculation for this policy. However, the overall impression gained from the study is that none of the firms has been particularly quick to respond to government initiatives in this policy area. This no doubt reflects their adverse reaction to government intervention rather than any resistance to the goals of the policy.

TABLE 8.10: COMPARISON --
POLICY MANAGERS' ASSESSMENTS OF FIRMS' RESPONSES

	CN	AC	PC
1 Need for a Greater Response:	minimal	min/mod	mod/none
2 Recognition of Policy Needs:	perv.	mgmt	mgmt
3 Policy Formalized:	instit.	specific	spec/inst
4. Explicit Responses Implemented:	major	limit/ad.	limited / adeq /major
Scores:		13	9 10.5

Note. The scores are derived as follows:

1. critical = 1, moderate =2, minimal =3, none = 4
2. limited =1, management only =2, pervasive = 3
3. informal =1, specific =2, institutionalized =3
4. none =1, limited =2, adequate =3, major =4

Total Possible Score = 14

Table 8.10 compares the managers' assessment of their firms' performance. By assigning a value to each of the possible responses (which reflect progress along the implementation continuum) it is possible to derive a simple score for each firm (totals). Of the three, CN's management was most satisfied with the firm's response (with a score of

found at Air Canada. Petro-Canada's actions have been decidedly "neutral" in this policy area.

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Total Possible Score = 14

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Since there is also little evidence of a sustained interest in the issues of workplace health and safety, this is probably an accurate reflection of the importance of this variable.

b. Analysis

Of the explanatory variables examined in this study, the nature of Petro-Canada's business has probably been the most important determinant, along with the level of internal support. The type of business has determined Petro-Canada's position with respect to the law and has also meant that it has not had to contend with a union position on occupational health and safety. The fact that the net internal support for the policy has not been strong may also account for some of the basic deficiencies observed above.

In conclusion, in Petro-Canada's case the overall impression gained in this study is that of a firm which has set its own course in this policy area and is pursuing it in a generally organized and systematic manner. While there was evidence that Petro-Canada has adopted a "proactive" approach to reducing accidents, injuries, and illnesses in the workplace, there was no evidence that it perceives any need to increase worker participation in the process, or delegate responsibilities more widely. In other words, the firm appears to have adopted a strategy which combines careful planning and analysis, rule setting, and regular auditing procedures.

V. COMPARATIVE ANALYSIS

A. Policy Response

The first thing to note is that differences in policy implementation among the three firms are more subtle than might have been imagined. They

have all advanced to the stage where they have some sort of administrative mechanism in place to respond to needs in this policy area but are not at the point of full implementation as defined here. CN and Petro-Canada seemed to be closer to having institutionalized the policy than Air Canada. In all firms the occupational health and safety functions were separate, and there seemed to be little evidence of a coordinated effort by the two. In none of the firms was there solid evidence that senior management is particularly interested or involved in the firm's responses, except when problems arise. There is also no evidence that the firms either exceed or strive to exceed their basic legal obligations. All guard information about injuries and illnesses jealously and none appears to report to workers on a regular basis on progress or problems.

1. Public Statements

CN dedicated the most space to this policy in its Annual Reports (over 1000 words), while the other two firms virtually ignored health and safety issues (Air Canada, 57 words and Petro-Canada 33 words). All three firms had adopted very general policy statements which allow them broad discretion. CN and Air Canada had recently changed their policies to reflect changes in the Canada Labour Code but Petro-Canada had not done so and there was no indication that it had any such intent.

2. Structural Changes

In terms of structural changes related to the policy, Petro-Canada had the largest corporate level staff while Air Canada had the smallest (see Annex D). Air Canada's administrative organization was the only one

still undergoing substantial changes. Petro-Canada had the least decentralized decision-making system of the three firms and also had the fewest working level committees. Air Canada was the only firm with an executive level committee in place (for planning and review), while CN appeared to have the strongest system of operational (or implementation) committees at the management level.

In all three firms the role of safety committees at the working level was played down, both in policy statements and in operating procedures. The overall impression obtained from all of the interviews was that these committees were perceived as having much greater symbolic than actual value and there was a sense that they were one in a sequence of superficial remedies proposed by governments that must be tolerated but not necessarily respected. All three firms expressed the belief that the voluntary committee system was superior.

As was observed in the other policy areas, none of the firms indicated any interest or support for the idea of public disclosure of occupational injury and illness data. Indeed, release of such information was viewed as dangerous not only for the firms but also for those who might misinterpret and distort the findings. This view extended to release of information to workers within the firm as well as to unauthorized external observers. In other words, in none of the firms was it possible to find any evidence that the three would provide any more information to workers or the public than was absolutely required.

All three firms indicated that data were unreliable on injuries and basically non-existent on illnesses. Of the three, CN's data collection and retrieval system was most advanced, followed by Petro-Canada's and

then Air Canada's. In the latter case, there was still not a central data collection system as of 1987 and there was no evidence of a commitment to change this situation. All three contended that the most reliable data in this policy area are those which are held by the various workmen's compensation boards in each of the provinces. Since these boards will not release data for individual firms without approval from the firms (and such approval was not forthcoming) there was no way this "reliable" data could be accessed.

3. Policy Output

The lack of reliable comparable data for all three firms over a reasonable length of time makes an objective assessment of performance impossible. While reluctant to provide any supporting evidence, those interviewed expressed the belief that their firm's performance was quite satisfactory, if not exemplary. In each case they stated that their company was among the top few firms in the industry in controlling injuries and illnesses on the job. In the absence of standardized measures of performance and an adequate data base, it is not possible to either accept or refute this assertion.

The dominant positions of both Air Canada and CN in their respective industries tends to distort the value of industry comparisons in any event so that the best measure continues to be the firm's own performance over time. Analysis of CN's data suggests that the firm may have made some progress in reducing injuries over the time period under study. In Air Canada's case, however, the evidence suggests that the firm's record may have gotten worse on work-related injuries. Finally, there was not a

sufficient data base in Petro-Canada's case to establish any trends. However, Petro-Canada's DIFRs and IIRs appear to be much lower than either of the other two firms throughout the entire period and are also lower than the average for all federally regulated firms.

Internal variables were perceived to have had a greater effect on the firm's output than external variables. By definition, the nature of the business determines the types of injuries and illnesses sustained, and it also appears to be a strong predictor of their frequency. Changes in the work environment were not perceived to be as important as strong support from the workers. There was a clear assumption, among those interviewed, that the key to improvements lay in greater awareness and commitment on the part of the workers who are most at risk. There was also a shared sentiment that improved controls, standards, and procedures would help performance. Only one of the firms (Air Canada) actually acknowledged a need to improve performance although all recognized that this was a socially desirable goal. All defended the use of slightly different methods of calculating the injury and illnesses rates as appropriate for their particular industry and all were very critical of the idea that comparison might be appropriate across industries.

4. External Actions (Legal and Political)

Evidence about this response indicator was particularly disappointing in this policy area. While all the firms indicated that they had taken a position on the changes to the Canada Labour Code, for example, this was typically done through informal verbal means rather than in documents or briefs. What seemed evident in this policy area, was that

any external actions taken by the firms would not have been opposed to the basic principles of occupational health and safety -- that is obtaining a healthier and safer workplace -- but to the method which should be employed to achieve this end. All three firms expressed the view that less government intervention and involvement in implementation decisions was preferable.

B. Position on the Response Continuum

CN seems to be marginally further along the response continuum than Petro-Canada in this policy area, but both were very close to the point of having institutionalized the policy by 1986. Air Canada, on the other hand, seemed to be closer to Stage Two in the implementation process. That is, the firm was still involved in basic planning details and there was no evidence that it would be capable of addressing its problem of increasing injuries in the near future. In none of the firms was there evidence of strong forward momentum toward full implementation but the potential for this to occur was greater than in the other two policy areas because support for the policy is more widespread both internally and externally.

C. Responsiveness

It proved more difficult to ascertain the responsiveness of the firms towards this policy than to the others partly because much less has been said. As might be expected from the above discussion, the most "accepting" responses were found at CN while the most "resisting" were

found at Air Canada. Petro-Canada's actions have been decidedly "neutral" in this policy area.

The absence of enough specific information about the timing of the firms' responses mean that it is not possible to construct a rate-of-events calculation for this policy. However, the overall impression gained from the study is that none of the firms has been particularly quick to respond to government initiatives in this policy area. This no doubt reflects their adverse reaction to government intervention rather than any resistance to the goals of the policy.

TABLE 8.10: COMPARISON --
POLICY MANAGERS' ASSESSMENTS OF FIRMS' RESPONSES

	CN	AC	PG
1. Need for a Greater Response:	minimal	min/mod	mod/none
2. Recognition of Policy Needs:	perv.	mgmt.	mgmt
3. Policy Formalized:	instit.	specific	spec/inst.
4. Explicit Responses Implemented:	major	limt/ad.	limtd / adeq ,major
Scores:		13	9 10.5

Note: The scores are derived as follows:

1. critical = 1, moderate =2, minimal =3, none = 4
2. limited =1, management only =2, pervasive = 3
3. informal =1, specific =2, institutionalized =3
4. none =1, limited =2, adequate =3, major =4

Total Possible Score = 16

Table 8.10 compares the managers' assessment of their firms' performance. By assigning a value to each of the possible responses (which reflect progress along the implementation continuum) it is possible to derive a simple score for each firm (totals). Of the three, CN's management was most satisfied with the firm's response (with a score of

13 out of 14), and Air Canada was least (with a score of nine out of 14). None of the managers would place their firms as far down the implementation continuum as is suggested in this study.

D. The Search for Explanations -- the explanatory variables

All three firms recognized the importance of government initiatives in bringing attention to the policy even though they were not particularly positive about what actually transpired. There was also evidence to suggest that each firm's response had been affected by the type of business in which it is involved and specific attributes of that business.

**TABLE 8.11: COMPARISON --
MANAGERS' ASSESSMENTS OF EXPLANATORY VARIABLES**

<u>Variable:</u>	<u>CN</u>	<u>AC</u>	<u>PC</u>
Mandate	none	none	none
Geographic Location	none	none	moderate
Size of Firm	minimal	none	min/mod
Profitability	none	none	min/mod
Type of Business	moderate	moderate	strong
Organizational Dynamics	strong	moderate	moderate
Government Controls	strong	strong/ mod	strong
Public Pressure	none	moderate	none

However, the fact that all three perceived this as important and all three are involved in different businesses suggests that attention must also be paid to attributes of the policy and the way it has been implemented by the state as well as to other factors.

There was basic agreement among the policy managers that the firms' commercial mandates had not affected their responses either positively or

negatively. This proved difficult to substantiate, however, and there is good reason to suspect that at some level within the firms decisions have been taken to limit responses. Some slight evidence of this was found in analyzing the contents of the Minutes of the Safety Board at Air Canada and in examining the findings and observations of the Foisy Commission Report for CN. While not conclusive, this evidence suggests that the need to focus on commercial priorities has influenced how the executives of these firms perceive this policy.

In all three firms it was recognized that there were differences in how the various internal stakeholder groups viewed this policy. Workers were consistently thought to be the most interested groups while the Board was thought to be least interested. In all cases there was some evidence that support from the executive was not as strong as the policy managers would have liked even though there was general agreement that such support was crucial for successful implementation. Altogether, the evidence which has been collected suggests that the net internal support for the policy is one of the factors which has influenced the responses which have been observed but it was not possible to conclude that any one group was more important than another in determining the final outcome.

Only one instance was found where a policy manager was able to easily see a connection between profitability and corporate responses to the policy (at Petro-Canada), but there was also an indication from the two health managers who were interviewed that they perceived such a relationship. Spending on the administrative structure for occupational health and safety has not been a sizable budget item for these firms, and there is little evidence in any event that they have undertaken many

voluntary initiatives, so it is unlikely that the annual profit level of the firm has directly influenced how much has been spent on implementing the policies. The true measure of the importance of profitability in this case is not whether the firm cuts back or increases the administrative apparatus needed to implement the policy but whether it decides to introduce changes in technology or operating procedures which may reduce accidents and injuries. At both Air Canada and CN some evidence was uncovered to suggest that implementation of recognized technological improvements was delayed because of cost considerations and it may be presumed that a more detailed examination would uncover more evidence of this sort.

One of things which has clearly contributed to this situation is the absence of data about accidents and injuries in these firms as well as an accurate accounting of the costs. It is possible to argue that the absence of this information is caused by, and is derived from, the low level of public and political interest in the policy. Presumably if information and data were widely known there would be increased public pressure for action which would, in turn, encourage political leaders to demand public disclosure by the firms. At the same time, the absence of such information and pressure helps maintain the status quo.

VI. CONCLUSIONS

While many of the observations in this study were predictable and expected, there were a few surprising results. As expected, the firms' responses in this policy area were not momentous and there was evidence of a strong attachment to respective industries. It was somewhat

surprising, however, to observe the degree to which those interviewed identified with their private sector counterparts and rejected any association with either the public enterprise sector or the federal bureaucracy. Much more than in the other two policy areas, there was a sense that the firms and their respective industries had a better grasp of the nature of the problems and plausible solutions relating to occupational health and safety than did governments. It was also interesting to note that all of the firms rejected the idea of being an industry leader in implementing occupational health and safety policy. The shared position seemed to be that an acceptable response would put the firms somewhere in the top half for their industry but not at the top.⁵¹

As expected, the firms were reluctant to provide information on progress in implementing this policy and were especially unwilling to release accident and injury data. The surprising thing, in this instance, was the consensus that data have been unreliable and that they have probably underestimated the seriousness of the problem. This was much more true of safety statistics than of health (which appear to be non-existent). The interesting thing about this is that the data which were obtained do not provide evidence that the firms have been behaving irresponsibly in this policy area; they simply establish that there were continuing problems at each of the firms, something which all of the policy managers readily admitted. It seems, therefore, that the resistance to releasing data is so well established in this policy area

51 When this point was raised in discussion with one of the policy managers at Petro-Canada he readily admitted that this was an informal "rule of thumb" at the firm. He was not able to explain, however, what the perceived problems were with being an industry leader or why this position had been adopted.

and the issue of the worker's right to know has drawn so much attention to the situation, that managers react automatically by withholding information.

In reviewing the assessments of the explanatory variables, a somewhat unexpected finding was the recognition by policy managers of the importance of the government's role in stimulating action. As was observed in the other two policy areas, managers exhibited ambiguous attitudes towards the role of government. While the argument was made in Chapter One that workers within the SOEs would have mixed feelings about the responsibilities of their firms in the three policy areas, it was not clear that this would be observable in their responses. In this instance the managers expressed the view, on the one hand, that government should intervene less and leave implementation decisions to the firms and, on the other, were willing to recognize that without government interventions it is unlikely that as much would have happened as has.

In summary, the environment in all of the firms was one in which only a limited number of solutions were even considered, primarily because the biggest problem was thought to be the "human factor." Evidence of the persistence of the "person-centered" approach was found in policy statements and was particularly noticeable during the interviews. All the managers, either directly or by implication, suggested that carelessness and rule avoidance on the part of workers was a major constraint to successful policy implication. At the same time, none of the managers referred to practices or technological innovations which had been identified but not changed. In other words, there was a strong and

pervasive assumption that solutions rested in better rules, monitoring, training and enforcement rather than in changes to the work environment.

Finally, we must ask if this study has enabled us to make any generalizations about the effectiveness of state enterprises as agents of occupational health and safety policy. Probably the most important point to be made here is that without clear information about the actual behavior of their private sector counterparts, no definitive conclusions can be reached. However, there was no direct evidence that these state enterprises viewed their situation as substantially different from their private sector counterparts. Moreover, their observed behavior did not differ from that which would be expected from private firms. Indeed, it seemed that any of the extra pressures resulting from their unique ownership had been so completely assimilated, that they were not recognized. In the next Chapter, when the firms' responses are compared across all three policy areas, more can be said about this question.

CHAPTER NINE
SUMMARY AND COMPARATIVE ANALYSIS

I. INTRODUCTION

In the case studies several firm- and policy-specific attributes were identified which might have made it difficult for CN, Air Canada, and Petro-Canada to act as effective agents of the three policies under examination. A goal in this chapter, in addition to the principal one of summarizing the results of the study, is to compare the findings for the three policy areas and the three firms in order to see if more can be learned about the importance of firm- and policy-specific attributes as well as firm- and policy-shared attributes. The summary of findings and the comparative analysis is organized around the various steps in the analytical framework, beginning with a discussion and comparison of the observations about the stages of societal implementation for the policies, followed by a review of the firms' responses, and concluding with an examination of the explanatory variables.

II. THE STATE AND THE THREE SOCIAL POLICIES

Chapters Three, Five and Seven traced the evolution of official languages, employment equity, and occupational health and safety policy respectively. A common finding was that these are by no means new policy concerns for the federal Canadian government. On the contrary, in each case it was possible to find some awareness of the need to address the issues of equity and safety in the workplace from at least the early twentieth century. Another shared attribute of these policies is that governments have approached the notion of intervention cautiously and have proceeded in what may be best described as a piecemeal fashion. While it is difficult in retrospect to determine exactly what propelled the

policies forward, in each case it is possible to find evidence which suggests that government actions were stimulated at least as much by economic and political forces as by altruism. For example, advances in official languages policy have typically occurred simultaneously with evidence of increased dissatisfaction or disaffection of francophone Canadians. In the case of employment equity, it is possible to see how Canada's international status as a member of the ILO as well as the efforts of various pressure groups may have helped push the federal government into action, but it is also possible to see that concrete advances in this policy area are dependent on economic prosperity. Finally, in the case of occupational health and safety, the examples of provincial governments (influenced by local worker groups) and the continued, but often muted interest of Labour Canada, have undoubtedly been factors in the evolution of the policy; however, there is also evidence that advances have been greater in periods of widespread or potential labor unrest or when workers' economic well-being was being threatened.

After tracing the evolution of the three policy areas and identifying some of the major factors which appear to have influenced successive federal government responses, some tentative conclusions were reached about the stage of implementation which had been achieved for each policy by 1987-88. Table 9.1 illustrates the results of this analysis. The fact that all three policies would seem to be around Stage Three (institutionalization) on the continuum reflects the fact that all three had been the subject of extensive study and legislative and regulatory activity by the late eighties. What is debatable, of course, is the

TABLE 9.1: COMPARISON OF STAGES OF SOCIETAL POLICY IMPLEMENTATION

	Stage One	Stage Two	Stage Three	Stage Four
	<----->			
OFFICIAL LANGUAGES			Three	
EMPLOYMENT EQUITY			< Three	
OCCUPATIONAL HEALTH & SAFETY			> Three	

conclusion that none of the policies has been fully implemented despite all of this activity. The reason for arriving at this conclusion is that there is evidence of a continuing absence of strong national consensus about all three policies. In none of the cases can it be argued that the values and goals of the policy are so deeply embedded in the laws and mores of the country (and are no longer a matter of debate) that they therefore may not be eroded (as, is true of child labor laws).

As is indicated in Table 9.1 the analysis of the evolution of the three policy areas suggests that implementation of occupational health and safety is most advanced, followed by official languages, and then employment equity. The basis for this conclusion rests in an overall evaluation of government statements and policies, the sorts of structural changes which the government has made to accommodate each policy, and policy outputs (including the legal and regulatory framework). In addition to these indicators, another important element in assessing the level of societal implementation was the evidence uncovered about the net social support for the policies. While occupational health and safety has

not enjoyed widespread public or political attention, it is also true that there has not been the resistance to policy initiatives which there has been for the two equity policies. Thus, because of more widespread "acceptance" progress toward implementation, while slow, has been relatively unimpeded. The task of trying to explain the observed differences among the policies must be left to another study. Suffice it to say at this point that the policies have evolved as they have as a result of a set of interconnected, overlapping variables just as is true for corporate implementation.

III. THE THREE CROWN CORPORATIONS AND THE THREE POLICY AREAS

A. A Comparison of Stages of Implementation -- By Policy and By Firm

Table 9.2 illustrates the conclusions which were reached in the case studies about the level of implementation for each firm in each of the three policy areas. Generally speaking the firms are believed to be somewhere between Stages Two and Three on the response continuum for all

TABLE 9.2: COMPARISON OF STAGE OF CORPORATE RESPONSE

	<u>CN</u>	<u>AIR CANADA</u>	<u>PETRO-CANADA</u>
OFFICIAL LANGUAGES	> Two	< Three	< Two
EMPLOYMENT EQUITY	> Two	Three	Two
OCCUPATIONAL HEALTH & SAFETY	Three	Two	< Three

three policies. If the idea of a one-stage lag between corporate and

societal responses is accepted (as was suggested in Chapter Two), the analysis of the firms' responses alone suggests that they have been behaving appropriately. When the responsiveness measures are considered, however, this conclusion must be rejected because of the low level of "accepting" behavior which was observed in all three policy areas as well as the virtual absence of self-perpetuated forward momentum on the part of the firms.

As indicated in Table 9.2, the findings in the case studies suggest that, as a whole, the firms are farthest along in implementing occupational health and safety policy and are a little less advanced for employment equity and official languages. In comparing the three firms, Air Canada is a little more advanced than the other two firms in the equity policies but is behind on occupational health and safety. If the one-stage lag assumption were adopted as the standard, there are only two instances in which the firms are behind where they should be in implementing the policies: (1) Petro-Canada in the official languages policy area and (2) Air Canada in occupational health and safety. However, table 9.2 simply depicts the positioning of the firms based on analysis of their responses, not responsiveness. When the latter -- which is really an indication of the potential that a policy will be fully implemented -- is factored in there is reason to take a more pessimistic view of the situation.

B. Some General Observations about the Three Firms

Before reviewing the evidence which made it possible to arrive at the above conclusions about the firms' policy responses, it is first

useful to briefly summarize some of the characteristics of the three SOEs which are potentially significant for this study. More will be said about the implications of these firm-specific attributes later in this Chapter when explanations for the observed behavior are being considered. The following are simply impressions of the firms which were formed in the course of the research and which were supported by an analysis of Annual Reports, and discussions with external administering agencies.

In CN's case we found a large old lumbering bureaucracy in a faltering industry trying to compete with leaner more modern firms for an ever smaller share of the market. Its relationship with its heavily unionized work force has been volatile because of the many layoffs which occurred during the time period in question. Its employees are predominantly white male anglophones who have made a career in the firm or industry. Its long experience in handling and weathering political and bureaucratic demands is perhaps its only advantage in responding to these social policy areas.

In contrast, Air Canada has experienced somewhat more stability in both its employment levels and its financial position over the time period in question. It is a relatively lean and modern firm in a highly competitive industry. Its management practices and approaches to policy implementation reflect these characteristics and have been an advantage in implementing these policies.¹ Air Canada's behavior in general has been subjected to much more scrutiny than has CN's because of its high

¹ For example, in each policy area Air Canada has gone through the process of identifying problems, setting goals, defining objectives, establishing implementation guidelines, and establishing mechanisms for evaluation and feedback. Organisation charts are prepared and available, responsibilities are spelled out in detail and there is at least some mention of accountability. These modern approaches to management and planning were not as evident in the other two firms.

visibility as the national carrier and it may be assumed that this has made the firm's management more aware of the need to respond to government and public policy concerns.

Finally, Petro-Canada is a young firm in an industry which is noted for its volatility, independence and risk-taking behavior. It has been subjected to microscopic examination since it was established and has been at the center of the growing debate over the role of state enterprise in Canada. Its location and inexperience in dealing with political and bureaucratic demands have been a disadvantage in responding to these policy areas. Its rapid growth through acquisitions and its simultaneous layoffs have further restricted the firm's ability to respond to policy demands. One advantage Petro-Canada has had is that its work force is not heavily unionized so that it has not faced organized resistance to the few actions which it has undertaken in these policy areas.

In addition to these comments about the characteristics of the three firms, there are a number of general observations which help to set the stage for the discussion of specific findings. In the course of interviews it became apparent, for example, that all the firms date the onset of their accountability in each policy area to the specific time when their obligations were clarified in law, in the courts, or in Governor in Council-backed policy. Managers contended that actions taken prior to this point were indicative of the firms' recognition of their corporate social responsibilities.

Another general observation was that all three CEOs had emphasized the burden and conflict implied by these secondary obligations even while expressing their support. This was most apparent in appearances before

the Joint Committee on Official Languages but may also be seen in introductory remarks to Annual Reports. The policy managers, on the other hand, rejected any suggestion of a conflict between primary and secondary responsibilities. There are several possible explanations for this apparent anomaly: CEOs may be emphasizing the conflicts in hope of gaining sympathy and support from politicians, actual policy decisions may have been unaffected by the conflicts, or policy managers may not be privy to the playoffs which occur between various corporate responsibilities. In all likelihood the truth lies in some combination of the above.

While there was no concrete evidence that these three policies actually compete for corporate resources, CEO statements referring to the cumulative nature of the firms' social responsibilities are common. Establishing that trade-offs have indeed taken place among the equity policies, for example, would require an intimate understanding of corporate decision-making. In corporations like these, where there have been so many reorganizations, tracing the path of such decisions would be difficult even for inside observers.

Another interesting finding was the virtually unanimous opinion among policy managers that it was either unnecessary or undesirable to be a role model for private sector firms. While they indicated that it was appropriate to be somewhere near the top of the industry in responding to a policy area, with one exception they all agreed that their particular SOE did not strive to be the pacemaker. The exception was Petro-Canada's new policy manager for official languages who decided to include the following phrase in the firm's new policy statement:

we can build a corporate image that reflects Canada's unique diversity more fully than that of our competitors.

The policy manager noted that the CEO had queried the inclusion of the underlined phrase when asked to approve the new policy but had agreed to leave it in after being reminded that these were actually words he had used in addressing Petro-Canada's response in this policy area. This break away from a "standard operating procedure" for SOEs in social policy areas may be explained in a number of ways: (1) it may be that Petro-Canada's policy manager's familiarity with the Ottawa bureaucracy enables him to understand better than his colleagues the benefits of adopting a leadership strategy, (2) this may simply reflect the policy manager's "newness" and fresh enthusiasm for his task, or (3) this may reflect a greater tendency within Petro-Canada to tackle problems in a direct, aggressive and competitive fashion.

One thing which all the policy managers shared, without exception, was an excessive concern about releasing information and a fear that data would be used to distort the truth about their firms' good intentions and appropriate responses. There is evidence that this distrust of external scrutiny and the tendency to automatically withhold information applies not only to independent researchers but also to government agencies, parliamentary committees, and commissions of inquiry. This is presumably due to the sensitive nature of these policy issues and a recognition that concrete evidence of less-than-outstanding performance will not be well received.

Another observation which applies to all the firms is that, on occasion, they have all joined with their respective industries to argue

against more restrictive legislation or regulations in at least one of the policy areas. In some cases resistance was particularly apparent as the firms resorted to the courts or other bodies to define what was required of them under the law. In general, however, resistance was hidden and evidence about the substance of positions was scant. In some instances (official languages in particular), external agencies suggested that the firms took advantage of weak and ambiguous policy pronouncements to delay implementation by seeking clarifications of their obligations and more explicit guidance.

The three firms were all found to have adopted narrowly legalistic views of their responsibilities in these policy areas. When possible they seem to have patterned their responses after the expected or actual behavior of private profit-maximizing firms rather than that of other state enterprises or government departments. During the interviews the comparison which was inevitably offered was that of the industry norm rather than that of government.

Another observation which was common to all firms and all policies was an antagonism towards any role for Treasury Board in policy implementation and, indeed, to any other external agency except the firms' respective Ministers. Managers expressed concern about conflicting requirements from different agencies and about the possibility of changes with different administrations or even different agency staff. Treasury Board, in particular, was viewed as very likely to adjust its position depending on the orientation of its leadership and the party in power. There was also a recognition that Treasury Board is able to wield more

power than other central agencies and it therefore seemed to be viewed as an antagonist in the process.

Those interviewed at Treasury Board were much more willing to criticize the firms and point out the inadequacy of their policy responses (in responding to the official languages and employment equity policy areas) than were officers within the Commissioner of Official Languages Office or the Human Rights Commission, for example. This presumably reflects Treasury Board's relative influence within the Ottawa bureaucracy as well as the fact that the Financial Administration Act affords the agency some authority over the Crown corporations.²

Finally, all the managers expressed the view that their firms had been behaving in a socially responsible manner well before the government had decided to intervene. In the case of Occupational Health and Safety, for example, policy managers all pointed out that safety committees had been established well in advance of legislated mandatory requirements. This was also true of the employment equity program where all three firms claim to have recognized the importance of EOW well before any laws or policies were introduced. Despite this, it proved difficult to find much evidence of positive forward momentum in any of the policy areas. While it was not possible to find actual "slippage" even some of the policy managers recognized the potential for this to occur. They expressed skepticism about the endurance of political interest and commitment to these policy areas as well as to the existence of any significant amount of public interest in them.

² See Part 12, Subsection 96(1) of the Financial Administration Act.

These general observations are important components of a study of this sort because of the need to rely on both qualitative and quantitative data and bring together every possible bit of evidence about the firms' responses. Some of the points which were raised above will be mentioned again in the explanatory section of this chapter and others simply help shed light on the findings about the firms' responses. The next task is to discuss and compare these findings.

TABLE 9.3: COMPARATIVE CONTENT ANALYSIS OF ANNUAL REPORTS (Words)

SOEs	Official Languages	Employment Equity	Occupational Health and Safety
CN	847	686	1010
Air Canada	794	75	57
Petro-Canada	20	75	35
Total:	1661	836	1122

C. The Firms' Policy Responses

1. Public Statements

Both the presence and absence of public statements about these policies were noted. In analyzing the contents of the Annual Reports, it was observed that the most space has been dedicated to OL (1661 words), followed by OH&S , and then EE (See Table 9.3). This finding is probably best explained by the high profile of federal official languages initiatives, and the public attention which has been engendered by the annual release of reports by the Commissioner of Official Languages as well as by the scrutiny of the Joint Committee.

TABLE 9.4: COMPARATIVE CONTENT ANALYSIS OF ANNUAL REPORTS BY YEAR (Words)

Year	Official Languages			Employment Equity			Occupational Health and Safety		
	CN	AC	PC Total:	CN	AC	PC Total:	CN	AC	PC Total:
1970	76	0	0	76	0	0	0	0	0
1971	112	0	0	112	0	0	0	140	0
1972	119	128	0	247	0	0	0	72	0
1973	0	67	0	67	0	0	0	0	0
1974	0	38	0	38	0	0	0	100	0
1975	0	0	0	0	121	13	0	134	101
1976	0	84	0	84	65	0	0	65	112
1977	154	0	0	154	32	0	0	32	45
1978	111	49	0	160	0	12	33	45	62
1979	134	0	0	134	0	0	0	124	0
1980	141	191	0	332	0	14	15	29	114
1981	0	112	0	112	0	36	0	36	0
1982	0	125	0	125	0	0	0	0	0
1983	0	0	0	0	0	0	0	0	0
1984	0	0	0	0	217	0	0	217	0
1985	0	0	0	0	67	0	0	67	0
1986	0	0	20	20	184	0	27	211	160
1987	0	0	0	0	0	0	0	0	0
Total:	847	794	20	1661	686	75	75	836	1030
								57	35
									1122

Note: The only available copy of CN's 1979 Annual Report was in French so the number of words in that year are in French not English.

As indicated in Table 9.3 CN had much more to say about these policies in its Annual Reports than did the other two firms. Petro-Canada paid virtually no attention to the three policy areas (either directly or indirectly) in its Annual Reports. Were it not for one point it might simply be concluded that Petro-Canada is a young, action-oriented firm not given to long expositions on its non-core activities. The fact is, however, that this firm has frequently dedicated more space to corporate social responsibility issues than the other two firms yet has not seen fit to include reports on efforts to implement these particular policies. Apart from the logical explanation that these policies have been relatively unimportant to Petro-Canada, there are no ready explanations for this particular observation.

In examining the timing of Annual Report statements it appears that reports on the three policy areas were included more frequently in the mid to late seventies than in either the early seventies or eighties (see Graphs in Annex E). This may reflect any number of things including an attitude on the part of senior corporate decision-makers that everything has been done and said that needs to be in the three policies, it may reflect an increasing concern about the primary commercial goals of the firms, or it may even reflect some more widespread shift in political and public priorities. Whatever the case, it is not appropriate to make too much of this single observation given the small sample size upon which it is based.

TABLE 9.5: COMPARATIVE CONTENT ANALYSIS OF POLICY STATEMENTS
(Words)

SOEs / Policies	Official Languages	Employment Equity	Occupational Health and Safety
CN	3786	351	1369
Air Canada	3067	995	168
Petro-Canada	400	137	93
<u>Total:</u>	7253	1483	1630

In addition to analyzing the contents of Annual Reports, policy statements were also examined for any light which they might shed on the firms' responses. Unlike Annual Report statements, policy statements are viewed as very important indicators of the firms' responses, representing a careful and even painstaking evaluation of responsibilities and commitments. In this instance, it is even clearer that more words have

TABLE 9.6: COMPARATIVE ANALYSIS OF POLICY STATEMENT CONTENTS*:
BY POLICY

Contents:	Official Languages			Employment Equity			Health and Safety		
	CN	AC	PC	CN	AC	PC	CN	AC	PC
1. Qualified commitment (reasonable, practical, feasible)	yes	yes	yes	yes	yes	no	yes	yes	no
2. Detailed Objectives	yes	yes	no	yes	yes	no	no	no	no
3. Detailed responsibilities	yes	yes	no	no	yes	no	yes	no	no
4. Guidelines	no	yes	no	no	yes	no	yes	no	no
5. Recognizes Participation or Consultation	no	no	no	no	no	no	no	no	no
6. Refers to Accountability Measures	no	yes	no	no	yes	no	no	no	no
7. Commits to Reporting	no	no	no	yes	yes	no	no	no	no
Scores:	{1	3	-1}	{1	4	1}	{1	-1	1}
Total:	(3)			(6)			(1)		

Note: The scores are a simple total with the maximum score being 7 and the minimum score being -1. For the first component a yes is given -1 and a no is given a +1.
*The most recent approved or draft policy as of 1987 is used in each case.

been expended on official languages than on the other two policies (see Table 9.5). At the same time, however, Table 9.6 indicates that analysis of the contents of official languages policy statements found less evidence of commitment to the policy and progress in implementation than was true for employment equity. This may reflect a variety of things, including more extensive guidance by Treasury Board on employment equity implementation and, possibly, greater acceptance of this policy than official languages. Once again, with only three firms and three policies in the sample it is not appropriate to make too much of these comparisons.

TABLE 9.7: COMPARATIVE ANALYSIS OF POLICY STATEMENT CONTENTS :
BY FIRM

<u>Contents:</u>	CN			Air Canada			Petro-Canada		
	OL	EE	OH&S	OL	EE	OH&S	OL	EE	OH&S
1. Qualified commitment (reasonable, practical, feasible)	yes	yes	yes	yes	yes	yes	yes	no	no
2. Detailed Objectives	yes	yes	no	yes	yes	no	no	no	no
3. Detailed responsibilities	yes	no	yes	yes	yes	no	no	no	no
4. Guidelines	no	no	yes	yes	yes	no	no	no	no
5. Recognizes Participation or Consultation	no	no	no	no	no	no	no	no	
6. Refers to Accountability Measures	no	no	no	yes	yes	no	no	no	no
7. Commits to Reporting	no	yes	no	no	yes	no	no	no	no
Scores:	(1	1	1)	(	4	-1)	(-1	1	1)
		(3)			(6)			(1)	

Note: Scoring is the same as for Table 9.6.

A closer examination of Table 9.6 finds that Air Canada's policy statement is basically responsible for the higher score which was given to the employment equity area. And, Table 9.7 indicates that Air Canada's statements on both equity policies were much more substantive and comprehensive than those of either CN or Petro-Canada. The interesting thing about this observation is Air Canada's lower score on OH&S which may reflect a lower priority for the policy, a shared-practice among the firms (all three OH&S policies were very brief), or it may have something to do with the policy itself. One thing that does seem clear is that it

is not simply a corporate practice in Air Canada to write detailed policy statements.

In Petro-Canada's case, on the other hand, it appears that it is in fact a corporate practice to write exceedingly brief policy statements. In the case studies there were at least two instances where Petro-Canada's CEO indicated a preference for action rather than words or studies (in statements before the Joint Committee on Official Languages, for example) and the brevity of the firm's policy statements is presumably a manifestation of this philosophy. It is noteworthy that the only instance in which qualifying terminology is used is in the firm's official languages statement. The best explanation for this is the most straightforward one: that Petro-Canada's commitment is more limited in this policy area than in the other two.

To summarize, as argued in Chapter Two, the above observations about the firms' public and policy statements should be treated as one part of a puzzle rather than as independent indicators of progress in policy implementation. In other words these findings are only useful for what they are able to contribute to the total picture which is being formed. The small sample size makes it especially important that any given set of indicators not be attributed too much weight.

2. Structural Changes

Table 9.8 summarizes the findings about structural changes taken to implement the three policies. In general there are few differences among the three policy areas. That is the "quantity" of responses (as measured by the scores at the bottom of the table) is almost identical. Some of

TABLE 2.8: COMPARISON OF CHANGES TO STRUCTURE AND PRACTICES -- BY POLICY AREA

Response Category / Policy Area	Official Languages:			Employment Equity:			Occupational Health and Safety:		
	CN	AC	PC	CN	AC	PC	CN	AC	PC
Policy Specialist(s):									
*full-time position(s)	yes	yes	yes	yes	yes	yes	yes	yes	yes
*relevant career experience in									
*policy planning & implementation	yes	yes	yes	yes	yes	yes	yes	yes	yes
*some specific training	..	..	..	yes	yes	yes	no	no	no
*policy manager has direct access to executive	no	yes	yes	yes	yes	no	no	no	no
Administrative Structure:									
*skeletal/extensive	skel.	ext.	skel.	ext.	ext.	skel.	ext.	skel.	ext.
*decentralized decision-making	(yes	yes	no	yes	yes	no	yes)	yes	yes
*accountability measures (eval., sanctions, and rewards)	(no	no	no	no	no	no	no)	no	no
Committees:									
*multipurpose Exec. level	no	yes	no	yes	yes	no	no	no	no
*fully dedicated Exec. level	yes	no	no	no	no	no	no	yes**	no
*Senior mgmt.(functioning)	no	no	no	no	yes	no	yes	no	yes
*Operational level regular	no	no	no	no	no	no	..	..	.
*Group/Worker participation	no	no	no	no	no	no	yes	yes	yes
Annual Plans:									
*reports/plans prepared	yes	yes	yes	yes	yes	yes	no	no	plan
public report includes:									
*historical analysis	no	yes	no	..	..	..	...	...	...
*includes detailed goals	yes	yes	yes	..	..	..	...	...	yes
*includes specific targets	no	no	no	..	..	..	...	...	yes
*full aggregated data set	no	yes	no	..	..	..	...	yes	yes
Disclosure:									
*regular & complete internal reporting	no	no	no	no	no	no	no	no	no
*provided reports freely	no	yes	no	yes	no	no	no	no	no
*released plans	no	no	no	no	no	no	no	no	no
Scores:									
	(6	11	6)	(9	9	5)	(7	5	10)
		(23)			(23)			(22)	

Note: Scores are based on a point for each response item with the exception that decentralized decision-making must be coupled with evidence of a functioning accountability system before each is given points and two points are given for an "extensive" administrative structure.

the variations among the policies are fairly readily explained. For example, participatory safety committees are legislated requirements in OH&S (or in Petro-Canada's case, are soon expected to be) so that all

three firms receive a point for participatory mechanisms in this policy area.

The things that are typically missing across all three policy areas are evidence of a commitment to: (1) disclosure of information to either workers or the public, (2) accountability measures which would give the firms' policies some "teeth" by providing performance-based rewards and penalties, and (3) participatory mechanisms at each level within the firm. It was argued in Chapter Two that each of these is a key ingredient for successful social policy implementation. In the case studies it was observed that the importance of disclosure of basic information and data has been discussed extensively in each policy area. In the official languages policy area, for example, the Commissioner has complained each year about the inadequacy of data for CN and the communication problems in Air Canada. In the case of employment equity, a major purpose behind the most recent statutory measure was purportedly to ensure greater access to information. Finally, in the occupational health and safety area, the worker's right to information about hazards in the workplace (and about the incidence of injuries and illnesses) has been a major policy issue.

Accountability is another crucial ingredient in social policy implementation. The COL, in particular, has noted the problems which arise when a firm delegates responsibilities widely but has no accountability measures in place to ensure that the policy is being implemented. With some exceptions, it was observed that responsibility for these policies has been widely distributed within the firms but in no instance was it apparent that there were corresponding accountability measures. When asked about this point, managers agreed that this was an

important weakness in the implementation processes, but indicated that they could not imagine obtaining support for a system which would make performance in these policy areas a part of annual personnel evaluations.

The third missing ingredient in the observed structural changes was participatory mechanisms within the various levels of the firm. This has been recognized as a particularly important factor in OH&S where health and safety committees are now mandated at the working level of the firms. The need for consultation with labor organizations and participation by target groups has also been a matter of discussion in the employment equity area and there is a legal requirement in the Employment Equity Act to consult employee representatives in the implementation process. It is noteworthy that analysis of the policy statements found no formal commitment to, or even recognition of, the principle of participation and also very little evidence that this has been part of the implementation process, except where specifically mandated. In the case of the equity policies, this seems to reflect a view that a low level of internal support among most groups makes consultation and participation an impractical idea. Discussions with the policy managers found little appreciation for the idea that in all three cases successful implementation will ultimately be dependent on gaining widespread internal support for the policy measures.

Another observation which was common to all three policy areas was that it had apparently been very difficult to reach a point where there was a reliable data base upon which the firms' could base future plans. While some progress had been made toward this goal by the time of the interviews, with the exception of CN's OH&S managers there was a general

expression of concern about the reliability of previous data. What makes this point particularly interesting is that in all instances the firms had been asked for data, or had been required to provide them, for numerous studies, task forces, and Royal Commissions. Thus, the only reasonable explanations for an inadequate data base by 1986 are a low priority for the policies, a concern that evidence of a capacity to provide data might result in an imposition of reporting requirements, a concern about privacy and corporate security, or some technical difficulties in acquiring the data. In some cases -- for example, information about some of the four target groups in employment equity -- the latter explanation appears to apply. In some cases -- for example, CN's difficulty in providing data on the linguistic capacity of its entire work force some 17 years after the Official Languages Act was passed -- the first explanation seems appropriate.

When the structural changes are compared across the firms as opposed to the policies (see Table 9.9), Air Canada obtains a slightly higher overall score (25) than either CN or Petro-Canada (22 and 21). Since the total possible score is 63 (if a firm had made every desirable structural change in order to implement all three policies), none of the firms can be viewed as taking strong measures to implement the policies.

In looking at the specific components of the scores, it is evident that Air Canada's response to the official languages policy area is what puts it ahead of the other two firms. It is also apparent that Petro-Canada's stronger response in the occupational health and safety policy area explains its respectable showing overall. As has already been suggested, the best explanation for Air Canada's response in the official

TABLE 9.9: COMPARISON OF CHANGES TO STRUCTURE AND PRACTICES -- BY FIRM

Response Category / Firm	CN			AIR CANADA			PETRO-CANADA		
	OL	EE	OH&S	OL	EE	OH&S	OL	EE	OH&S
Policy Specialist(s):									
*full-time position(s)	yes	yes	yes	yes	yes	yes	yes	yes	yes
*relevant career experience in									
*policy planning & implementation	yes	yes	yes	yes	yes	yes	yes	yes	yes
*some specific training	..	yes	no	..	yes	no	..	yes	no
*policy manager has direct access to executive	no	yes	no	yes	yes	no	yes	no	no
Administrative Structure:									
*skeletal/extensive	skel.	ext.	ext.	ext.	ext.	skel.	skel.	skel.	ext.
*decentralized decision-making	(yes	yes	yes	yes	yes	yes	no	no	yes)
*accountability measures (eval., sanctions, and rewards)	(no	no	no	no	no	no	no	no	no)
Committees:									
*multipurpose Exec. level	no	yes	no	yes	yes	no	no	no	no
*fully dedicated Exec. level	yes	no	no	no	no	yes	no	no	no
*Senior mgmt. (functioning)	no	no	yes	no	yes	no	no	no	yes
*Operational level regular	no	no	..	no	no	..	no	no	..
*Group/Worker participation	no	no	yes	no	no	yes	no	no	yes
Annual Plans:									
*reports/plans prepared	yes	yes	no	yes	yes	no	yes	yes	plan
*public report includes:									
historical analysis	no	..	...	yes	..	...	no	..	...
detailed goals	yes	..	...	yes	..	...	yes	..	yes
specific targets	no	..	...	no	..	...	no	..	yes
full aggregated data set	no	..	yes	yes	..	no	no	..	yes
Disclosure:									
*regular & complete internal reporting	no	no	no	no	no	no	no	no	no
*provided reports freely	no	yes	no	yes	no	no	no	no	no
*released plans	no	no	no	no	no	no	no	no	no
Scores:									
	(6	9	7)	(11	9	5)	(6	5	10)
		(22)			(25)			(21)	

Note: Scoring is the same as for Table 9.8.

languages area is the firm's high visibility in this policy area. Petro-Canada's relatively strong response in the occupational health and safety area may be related to standards and norms in the petroleum industry which the firm has adopted. Petro-Canada's weaker responses in both equity

policy areas may be a function of the instability in employment levels which has made recruitment difficult. In official languages, the firm's location has undoubtedly been an impediment to rapid implementation.

3. Policy Outputs

It has already been observed that acquiring a reliable set of data was virtually impossible in all three policy areas. In Chapter Two and in each of the case studies it was noted that even if data had been available it is highly questionable whether they could have been used to compare the performance of these firms in these policy areas. The varying circumstances under which the firms approach policy implementation is apparent from the brief description of each company offered earlier in this Chapter. With these qualifications duly noted -- that data were very scarce in all cases and that comparison using any of the performance indicators is risky -- the little information which it was possible to uncover is briefly summarized below. As argued previously the only reasonable measure of a firm's performance in these policy areas is presumed to be its own past record (to the extent that that is known).

In the official languages policy area it was necessary to rely heavily on external sources of information -- primarily the Commissioner of Official Languages' Annual Reports -- which are neither comprehensive nor consistent with respect to data presentation. If the number of complaints received is used as a measure of performance CN appears at first glance to have made remarkable strides having gone from an average of 51.5 complaints in the first period (from 1971 to 1979) to an average of 25.8 in the second period (1980 to 1987). Its ranking for complaints

in these two periods also improved dramatically -- moving from an average of 4th place to 12th among the organizations for which there are data. However, the reduction in number of complaints must largely be attributed to the significant reduction in public contact jobs at CN which occurred when subsidiaries were sold or achieved independent status. When francophone participation rates are used as a measure there is some evidence that CN has made slight improvements among the top 300 positions in the firm (from 18.3% in 1981 to 21.0% in 1986, or .5% per year) but there is no way of telling whether this is true for the firm as a whole because it has so far failed to do a complete linguistic survey of all CN System employees.³

In Air Canada's case, looking first at complaints, it was observed that the average annual complaints received climbed dramatically in the second period over the first (from an average of 86 to 171). In the first period (1971-1979) Air Canada placed 2nd five times and 1st three times whereas in the second period (1980-1987) it ranked 1st six out of the eight times. Francophone participation rates increased slightly at Air Canada from 19.4 percent in 1978 to 21.9 percent in 1986. Among management, participation rates rose from 16 percent in 1981 to 19.1 percent in 1986.

At Petro-Canada an average of 19.8 complaints have been received per annum for the period 1980 to 1987. Francophone participation rates were estimated at between 10 and 15 percent in 1985 and at 12 percent in 1987.

³ COL, Annual Report, 1987, p.89.

Approximately 9 percent of the firm's executive level employees were francophones in 1985.

In all three state-owned enterprises language of service problems generated the most complaints. All three were also more firmly committed to providing services to the public in their official language of choice than they were to ensuring that their workers could use their own language on the job. When combined, the slow changes in participation rates, the continuing problems with language of service, and the caution respecting language of work policies suggest that these firms have a way to go before full implementation. In both Air Canada and CN's cases⁴ if the firms were to continue to increase francophone participation at the same rate as they did between 1981 and 1986 they should reach 25 percent in 1992 or 1993.⁵ However, the fact that Air Canada remained at 21.9 percent from 1985 to 1987, and that CN has stayed at 21.0 percent since 1984 makes such "rapid" progress unlikely.

Looking at performance indicators for employment equity, Air Canada was found to have the highest percentage of women employees (at 31% in 1986), Petro-Canada was second with 25 percent and CN was last with 9.6 percent. If projections are made based on their current rates of change CN can be expected to reach 20 percent female participation by about 1997 and would not reach 40 percent until the year 2017.⁶ In Air Canada's case, projecting from the firm's recent rates of change we may not anticipate

4 In CN's case this calculation is based on data for the top 300 positions in the firm and in Air Canada's for the firm as a whole.

5 This is based on a projected annual increase of .28% for CN and .25% for Air Canada.

6 This is based on a yearly increase of about 1% which is a generous interpretation of what the firm has been able to achieve in the period since 1980. (Refer Annex C Table C 1.)

a 40 percent female participation rate until the year 2022.⁷ Both of these projections make the rather unrealistic assumption that all other factors remain the same and that the rate of change remains constant over the entire time period. In Petro-Canada's case the small amount of information available indicates that the firm's position has actually worsened with respect to female employment in the period since 1980. Unfortunately no historical data are available for the other target groups so that no such projections can be made but it may be assumed that the time-frame for progress is similarly long-term.

Finally, the data which were used to calculate the DIFR and IIR for occupational health and safety ultimately had to be obtained from external sources since the firms were either unwilling to provide them (because they could be too easily misinterpreted) or were apparently unable to do so (because computer systems were just being set up). One problem in this particular policy area is that the same small group within Labour Canada collects and analyses the data for all federally regulated entities as well as all government departments and there have not been resources to adequately follow-up on inconsistencies or missing data. Analysis of the information which was collected suggests that CN realized a slight decrease in both the disabling injury frequency rates and the injury incidence rates for the period from 1978 to 1984. Air Canada, on the other hand, appears to have experienced a slight increase for the same period. It was not possible to make an assessment of how Petro-Canada was

7 This is based on an increase of about 1% every 4 years. (See Annex C Table 2.1)

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TABLE 9.10: COMPARISON OF WEIGHTED SCORES ON THE
ACCEPTING/RESISTING RESPONSE MEASURE

<u>Firm/Policy</u>	<u>OL</u>	<u>EE</u>	<u>OH&S</u>	<u>Total</u>
CN	3.0	5.0	7.5	15.5
Air Canada	8.0	9.0	4.5	21.5
Petro-Canada	2.0	4.0	7.0	13.0

mother tongue and the appropriateness of adopting temporary measures to remedy the effects of past discriminatory hiring practices, strongly suggests that there is a continuing problem of acceptance of certain principles which are basic to at least the official languages and employment equity policy areas. In the next section we shall see what additional evidence was found about the firms' acceptance of the three policy areas.

D. Responsiveness

1. Accepting and Resisting Responses

Table 9.10 presents a summary of the weighted scores on the accepting/resisting measure, which were calculated for the three firms and the three policies. Air Canada has the highest overall accepting score (21.5) because of its responses to the two equity policies. However, Air Canada has also exhibited the most resisting responses to the occupational health and safety policy area. Petro-Canada, with a score of 13 appears to be the least accepting of the three firms, especially in the equity policy areas. In general, however, the observed differences among the firms were small and Petro-Canada's tendency to favor actions as opposed to words, planning, and study may well be responsible for the firm's slightly lower score. In other words, it is important, in making a

comparison of this sort, to at least be aware of the bias of the measures which are being employed. Given these clearly limited measures, it must be concluded that none of the firms was very accepting of obligations in the three policies since the maximum score obtainable is 48.

2. Rate-of-Events Calculation

It is most unfortunate that a rate-of-events calculation could not be made for the occupational health and safety policy area. Perhaps with more time and resources it would be possible to obtain enough data and events that this could be done but that will have to await a future study. Another problem was the adoption of a later base year for Petro-Canada which then distorts the findings and gives the firm the best ranking for both policy areas. It is worth noting that even with the advantage of a much later base year the firm's average response time in both official languages and employment equity was over eight years.

TABLE 9.11. COMPARISON OF RATE-OF-EVENTS CALCULATION
FOR OFFICIAL LANGUAGES AND EMPLOYMENT EQUITY ONLY

<u>Firm/Average</u>	OL		Base +		EE	
	Average (Rank)		Average		Average (Rank)	
CN	11.2	2	1974	17.6	3	
Air Canada	13.5	3	1977	11.2	2	
Petro-Canada*	8.5	1	1986	8.75	1	

*Note: Petro-Canada ranks first simply because of its later base year (1977).

Excluding Petro-Canada, Table 9.11 indicates that CN was slightly quicker to respond in the official languages policy area while Air Canada seemed much faster in the employment equity area. It may be presumed that

CN's speedier response in official languages (at least in the seventies) was the result of the Donald Gordon incident referred to in Chapter Four. The media and political attention aroused by this incident undoubtedly made the firm's management aware of the need to take some actions. In Air Canada's case, one good explanation for an earlier response on employment equity is that the firm's capacity to respond was greater in this area because of the larger representation of women in its work force. It should be noted that while the rate-of-events calculation is interesting, the small number of events and the absence of measures for policy outputs, means that it is limited as an evaluative tool. In these cases it simply gives some indication of how quickly the firms managed to issue policy statements and allocate functions to the task but does not provide information about the substance of a firm's policy response.

TABLE 9.12: COMPARISON OF MANAGERS' ASSESSMENTS
OF FIRMS' RESPONSES

<u>Firm/Score</u>	OL	EE	OH&S	Total:
CN	9.0	9.0	13.0	31.0
Air Canada	11.0	10.0	9.0	30.0
Petro-Canada	9.0	7.0	10.5	26.5
<u>Total:</u>	29.0	26.0	32.5	

3. Manager's Assessments

With some exceptions the managers' assessments of their firms' responses match fairly closely the other observations in this study. Table 9.12 provides a summary of the scores for this responsiveness

measure and Tables 9.13 and 9.14 provide some more detailed information. On the whole, managers in the occupational health and safety policy area were most positive about their firms' responses (with a score of 32.5) and the employment equity managers were least positive (with a score of 26). This corresponds with the overall assessment of this study that implementation of the occupational health and safety policy is slightly more advanced than the other two policy areas.

TABLE 9.13: COMPARISON OF COMPONENTS OF MANAGERS' ASSESSMENTS

Component/Firm	Official Languages				Employment Equity				Occupational Health and Safety		
	CN	AC	PC	Total:	CN	AC	PC	Total:	CN	AC	PC
a Greater response	2	4	3	9	1	3	2	6	3	2.5	3.0
b. Recognition	1	1	1	3	2	2	1		3	2.0	2.0
c Response formalized	2	2	2	6	2	2	2		3	2.0	2.5
d resources and explicit responses	4	4	3	11	4	3	2		4	2.5	3.0
Total	9	11	9	29	9	10	7	26	13	9.0	10.5

Scoring a critical need for greater response =1, moderate=2, minimal=3, no need=4 (maximum score =4)
 b limited=1, management only=2, all=3. (max =3)
 c. informal=0, in specific areas=1, institutionalized=3 (max.=3)
 d. no response/no resources=0, limited=1, moderate=2, major=3. (max.=3)
 Total possible score for any firm (indicating advanced implementation) is 14

When the firms are compared, CN's managers were more positive (and less balanced) than were Petro-Canada managers (the former's score is 31 and the latter's is 26.5). As can be seen in Table 9.13, however, CN's stronger showing is largely the result of the evaluations of its OH&S policy managers. While the evidence in this study does suggest that CN's

strength has been in its OH&S policy response it only supports the notion that the firm is marginally ahead of Petro-Canada.

Of the response components, there was a fairly widespread belief that the resource allocation to the policies had been major or at least adequate. Looking at the first component in Tables 9.14 and 9.15, we can

TABLE 9.14: COMPARISON OF COMPONENTS OF RESPONSE --
BY POLICY AREA

<u>Component/Policy</u>	<u>OL</u>	<u>EE</u>	<u>OH&S</u>	<u>Total:</u>
a.Greater response	9	6	8.5	23.5
b.Recognition	3	5	7.0	15.0
c.Response formalized	6	6	7.5	19.5
d.Resources and explicit responses	11	9	9.5	29.5
<u>Total:</u>	29	26	32.5	

Note: Consolidation of Table 9.13 allowing comparison of the policies and components.

see that only CN's employment equity manager recognized a critical need for a greater response on the part of the firm while CN's occupational health and safety manager saw no need for a greater response.

When asked to assess the degree to which the policy had been formalized (or institutionalized) once again CN's OH&S policy manager differed from the other; (see Table 9.13, item c.) It should be noted, however, that Air Canada's managers had difficulty with this question and chose not to respond to it directly during the preliminary interviews, although upon later questioning indicated that it was "probably" appropriate to assume that the policies had not been completely institutionalized ("whatever that meant"). Ideally, all of the summary questions including item three should have been repeated at a later date

but it was not practical to simply ask them outside the context of the entire questionnaire; moreover, there are problems associated with re-asking questions within a short time-frame. Therefore, the decision to allocate Air Canada a score of two for the purposes of this analysis is somewhat arbitrary and may not accurately reflect managers' perceptions, particularly in the case of official languages (where they otherwise expressed satisfaction with the firm's response).

Finally, the differences across the three policy areas on the question of policy recognition are very interesting (see item b in both Tables). There was consensus among all three official languages policy managers that recognition (and acceptance) of the policy was limited within the firm. In the case of employment equity there was agreement that support and recognition was limited to management. In occupational health and safety policy recognition was believed to be more widespread (at least at CN and Petro-Canada).

The fact that the managers were all most reflective and serious about their responses to this last question is something which should be noted. There was a strong impression that this is something to which they had given some thought, and about which they were concerned. It is also noteworthy that no one group (or level) within the firm was singled out as least supportive of the equity policies. As we will see in the discussion of explanatory variable, managers were just as inclined to view their own level within the firms as not supportive as they were workers.

E. Summary

In discussing the responses of the three firms to the three policy areas, it is clear that there have been some differences in how they have chosen to respond, but it would be difficult to argue that they have been major. At an aggregate level (and it is questionable whether it is even appropriate to speak of such a small sample in such terms) the points made in the foregoing discussion may be summarized in the following way. First, more words have been allocated to official languages than the other two policies. Second, CN has written more than the other two firms in all cases. Third, the "quality" of policy statements in the employment equity area is better than the other two. Fourth, the structural responses to all three policies have been very similar. Fifth, Air Canada has made slightly more structural changes than the other two firms (at least in the two equity policies). Sixth, there is a notable absence in all cases of accountability measures, effective communication and participatory mechanisms, as well as a commitment to disclosure of information. Seventh, data are so abysmally weak in all cases that it is virtually impossible to measure policy outputs but there are slightly more data for occupational safety than for the two equity policies. Eighth, it was very difficult to find even one observable external response by the firms which was supportive of existing or proposed government actions. Ninth, on the accepting/resisting measure Air Canada had the most "accepting" scores across all three policies and Petro-Canada had the least. Tenth, using the rate-of-events calculation CN appeared to respond in a more timely fashion than the other two firms to the equity policy areas. Eleventh, managers assessed the responses in occupational health and safety as

strongest and employment equity as weakest. Twelfth, CN's managers were marginally more favorable in their evaluation of their firm's responses than were Air Canada's or Petro-Canada's.

When these observations are taken as a whole they suggest that none of the policies has been fully implemented or even fully institutionalized in any of the firms. The following section discusses some of the explanations for these responses and reviews and compares the explanations favored by the policy managers. First, the assessments of the policy managers are discussed and then some more general comments are made about the explanatory variables.

TABLE 9.15: COMPARISON OF EXPLANATORY VARIABLES -- BY POLICY AREA

	OL				EE				OH&S			
	CN	AC	PC	Total:	CN	AC	PC	Total:	CN	AC	PC	Total:
1.Mandate	0	0	0	0	0	0	0	0	0	0	0	0
2.Location	2	3	3	8	0	0	1	1	0	0	2.0	2.0
3.Size	1	1	2	4	1	0	1	2	1	0	1.5	2.5
4.Profitability	0	0	0	0	0	0	0	0	0	0	1.5	1.5
5.Nature of Business	1	3	3	7	3	0	1	4	2	2	3.0	7.0
6.Organizational Dynamics	3	3	1	7	2	3	2	7	3	2	2.0	7.0
7.Government Pressure	2	2	2	6	2	3	2	7	3	3	3.0	9.0
8.Public Pressure	1	1	0	2	1	3	0	4	0	2	0	2.0

Scoring: Managers assessed as having no importance = 0, minimum = 1, moderate =2, strong =3.

F. Explanatory Variables

1. Managers' Assessments of the Explanatory Variables

Tables 9.15 through 9.18 summarize the policy managers' evaluations of the explanatory variables. Looking first at the policies, the consolidated data in Table 9.16 suggest that on the whole the three most

TABLE 9.16: COMPARISON OF EXPLANATORY VARIABLES BY POLICY

	OL	EE	OH&S	Total:
1.Mandate	0	0	0	0
2.Location	8	1	2	11
3.Size	4	2	2.5	8.5
4.Profitability	0	0	1.5	1.5
5.Nature of Business	7	4	7	18
6.Organizational Dynamics	7	7	7	21
7.Government Pressure	6	7	9	22
8.Public Pressure	2	4	2	8

Note: This is a consolidation of Table 9.15 allowing a comparison of the totals for each firm for each policy.

important explanatory variables were perceived to be: first, government pressure (with a total score of 22); second, organizational dynamics (21); and third, the nature of the business (18). Location was seen as important in explaining responses to the official languages policy (a score of 8) but with this exception the other variables were not perceived by the managers to have been particularly important in determining the firms' responses. Government pressure was assessed as slightly more important in OH&S than in EE or OL. At the same time, public pressure was viewed as having been slightly more important in EE than in the other two policy areas.

In examining the specific responses above, it has already been observed, that location is a factor in successful implementation of the official languages policy. The greater emphasis on government pressure in OH&S may be the result of the policy's low public profile and the small number of wholly-dedicated interest groups supporting policy initiatives. The opposite is true for EE, where interest group lobbying seems to have been very important in bringing about government initiatives (and may also have directly influenced the firms' responses).

TABLE 9.17. COMPARISON OF EXPLANATORY VARIABLES -- BY FIRM.

Variable/Firm/Policy	CN --				AC --				PC --			
	OL	EE	OH&S	Total:	OL	EE	OH&S	Total:	OL	EE	OH&S	Total:
1. Mandate	0	0	0	0	0	0	0	0	0	0	0	0
2. Location	2	0	0	2	3	0	0	3	3	1	2	6
3. Size	1	1	1	3	1	0	0	1	2	1	1.5	4.5
4. Profitability	0	0	0	0	0	0	0	0	0	0	1.5	1.5
5. Nature of Business	1	3	2	6	3	0	2	5	3	1	3	7
6. Organizational Dynamics	3	2	3	8	3	3	2	8	1	2	2	5
7. Government Pressure	2	2	3	7	2	3	3	8	2	2	3	7
8. Public Pressure	1	1	0	2	1	3	2	6	0	0	0	0

Scoring: 0 = no importance, 1 = minimal, 2 = moderate, 3 = strong.

When the assessments of the explanatory variables are compared for the firms, in Tables 9.17 and 9.18, the ranking of the variables remains constant but it is easier to see some of the differences and similarities among the firms. Both CN's and Air Canada's policy managers emphasized the importance of organizational dynamics in explaining their firms' responses. Government pressure was perceived to have been important by

all three firms. Petro-Canada's managers placed slightly greater emphasis on the nature of the business and the firm's location than was true for the other two firms. Finally, Air Canada focussed more attention on public pressure than did either CN or Petro-Canada.

**TABLE 9.18: COMPARISON OF EXPLANATORY VARIABLES
-- BY POLICY**

Variable/Firm	CN	AC	PC	Total:
1.Mandate	0	0	0	0
2.Location	2	3	6	11
3.Size	3	1	4.5	8.5
4.Profitability	0	0	1.5	1.5
5.Nature of Business	6	5	7	18
6.Organizational Dynamics	8	8	5	21
7.Government Pressure	7	8	7	22
8.Public Pressure	2	6	0	8

Note: This is a consolidation of Table 9.17 allowing a comparison of the totals for each firm for all three policies.

Most of the above points have already been referred to earlier in this chapter as various explanations were offered for observed responses. CN's and Air Canada's greater emphasis on organizational dynamics than Petro-Canada's in all likelihood has to do with the problems each has had with unions over implementation of the two equity policies. As has already been said it is readily apparent that Petro-Canada's responses to the two equity policies will have been adversely affected by the instability in its primary business operations and by the firm's location.

Finally, Air Canada has consistently enjoyed a high public profile in the state enterprise sector and has consequently been a frequent target of public scrutiny. It is therefore to be expected that the firm's policy managers would place greater significance on the public pressure variable than would their counterparts at CN or Petro-Canada.

The only thing about which there was almost complete agreement among the policy managers was that neither mandates nor profitability had much to do with the actions taken in these policy areas. In all cases managers denied any conflict between the firms' primary responsibilities and those related to their own areas of responsibility. In each instance they replied that these were simply the cost of doing good business in Canada. There is no way of determining whether the managers' assessment is accurate without much more detailed information about budgetary decisions over an extended period of time.

Having examined what managers perceived to be important in explaining their firms' responses, it is now time to reconsider what explanatory insights were offered by the comparative analysis.

2. Explanations Arising from the Comparative Analysis

a. Summary of Firm-Specific Factors

When the firms' responses are compared across all three policy areas there are few unique attributes which have strong explanatory appeal. The effect of Petro-Canada's location on its capacity to implement the official languages policy is one example. Another unique observation is Air Canada's weak response to occupational health and safety which is presumed to be a reflection of the industry norm. The fact that Air

Canada is slightly more advanced in implementing the official languages policy may have something to do with the publicity which this firm has received in this policy area. Finally, Air Canada's slightly stronger response in the employment equity area is thought to be related to the initially higher representation of women in its work force. Other than these few examples there are really no unmatched observations (instances where a response is not fairly closely shared by at least one other firm).

While this does not negate the importance of variables such as organizational stability, the extent of unionization, patterns of decision-making and control, the composition of the work force and various other characteristics of individual firms, it does argue for a broader approach in explaining the firms' responses. Since the comparative analysis seeks generalizations and emphasizes larger similarities and differences, these firm-specific attributes must still be viewed as important in explaining minor differences among the firms.

b. Policy-Specific Factors

Throughout the dissertation reference has been made to various characteristics of the three policies which might have limited the capacity of the firms to fully implement the policies. These characteristics are briefly summarized below along with some comments about their importance in explaining the observed responses.

In the case of the federal government's official languages policy several self-limiting characteristics were identified. First, the policy supports positive action to improve the situation of a minority of the population (albeit a large one) which has been the focus of much

controversy, divisiveness and even open hostility. For many Canadians the official languages policy has been similar to a very bitter pill which must be swallowed to correct a serious national illness. The fact that it has been administered by a federal government which has often seemed insensitive to the needs of other groups and regions of the country has not been helpful. Some Canadians have perceived the policy as benefiting insufficiently grateful recipients at the expense of a beleaguered majority. Especially in the beginning, English-speaking Canadians with little knowledge of, or proclivity toward, the French language feared for their jobs and those of their children. For their part the potential beneficiaries greeted policy measures with a certain wariness in light of the very real possibility of backlash. We may say, in summary, that this is a policy area which has needed to surmount a legacy of distrust and fear unequalled by any other in Canadian history and has had to do so (or appear to do so) somewhat expeditiously.

Aside from these fundamental aspects of the Official Languages policy there are also some practical issues which have been impediments to progress. First, of course is the fact that francophones are not dispersed evenly across the country. Second, is the considerable lead-time and resources required to make an individual functionally bilingual. Finally, discriminatory practices are so thoroughly entrenched, both within the corporations and within society, that a coordinated attack is required at each level of society. Thus, to a large extent the responses of these three firms are seen as constrained by factors which are often beyond their control.

There is little doubt that these attributes of the official languages policy have affected the responses of the three firms. The fact that the firms have been so slow to institutionalize the policy is one indication of this, as is the evidence of low internal support and acceptance. The difficulty experienced by all three firms in achieving measurable policy outputs over a sustained period of time is also presumed to be at least partly caused by these attributes of the policy.

In the case of Employment Equity a big problem for all three firms has been obtaining the correct mix of target group representatives, with the appropriate skills and knowledge, at the right locations. It is clear that this is at least partly dependent on external changes in the educational system and society as a whole so that group members are adequately prepared for entrance level positions. It was observed that a great risk in an employment equity program in general, is that members of the target groups -- if perceived to be receiving unwarranted preferential treatment in promotions or placements -- may be isolated and alienated from other workers, with potentially undesirable consequences. Any progressive equity program implies numerous risks as well as benefits and little is still known about both. While it is not possible to draw a direct connection between this attribute of the policy and the observed responses of the firms it seems reasonable to assume that this would have caused them to proceed with caution. Another characteristic of this policy is that it is virtually impossible to estimate the appropriate time-frame for implementation, which leaves considerable room for bargaining between the administering agencies and the firm about what is reasonable and appropriate. So far there is little evidence that this has

been a factor in the firms' responses but this is expected to be important when programs are operational. To summarize, there is some evidence that the responses of the three firms have been affected by the above attributes of the policy but Treasury Board's role has been so strong in the case of employment equity and implementation is still at such an early stage that a connection is difficult to establish.

In the case of occupational health and safety there is some evidence that all three firms have adopted a "man-centered" rather than "work-centered" approach to both problems and solutions and that this has affected their responses. All three firms tend to look at problems as deriving primarily from poor work habits and therefore focus on solutions which monitor employee behavior more closely, educate workers, and so on. Another attribute of the policy which has presumably affected all the responses adversely is the shared belief that occupational health and safety issues vary with each worksite and that government intervention in the form of uniform standards is generally inappropriate. This belief is so thoroughly entrenched that firms, industries, workers, and even politicians tend to focus on differences and ignore similarities in problems and solutions. A third attribute of this policy is an inattention to data collection and analysis (which might be disadvantageous for the firm) which has meant that both the unions and management have not been able to calculate the cost of illnesses and injuries properly. Finally, the traditional focus on solving immediate problems rather than on planning and taking preventative actions has also limited policy responses, although there is evidence that this is changing.

Each of the unique attributes of the three policies has undoubtedly had a role to play in the firms' responses. Sometimes this is easy to establish -- as in the dependence on appropriately trained members of the target groups to implement employment equity -- and sometimes the relationship is much more difficult to substantiate -- as in the impact of the continuing "work centered" approach on the responses in occupational health and safety. In general, however, there is reason to consider these factors as potentially having an important impact on the capacity of the firms to respond as effective agents of the government policy. In summary, to the extent that it can be argued that the observed responses of the three firms are essentially similar in any of the three policy areas (and this may easily be argued for the two equity policies) the above policy attributes are considered to be very important.

3. Policy-Shared Attributes

In addition to the above individual characteristics of each policy area there are also some commonalities among them which were observed and which may be important in explaining the firms' responses. First, in all three instances political support and interest has been sporadic and, at times, openly divided. Second, goals and objectives are all much more likely to be achieved in times of economic prosperity than when workers are being laid off and there are high levels of unemployment. Third, in all three policies full implementation implies the elimination of those management jobs which plan, execute, and monitor the policy (although this is highly unlikely in occupational health and safety). Fourth, all three require an already-significant resource commitment by the government and

are still, to a greater or lesser degree, dependent on continuing political support (in other words, at this point none is yet so fully protected by law that a major constitutional amendment would be required to reduce the level of government commitment). Fifth, in none of these policy areas are there universally accepted standards which apply across all firms, in all regions, and in all sectors of Canada. The fact that changes which affect these policy areas are constantly occurring at each level of government (municipal, provincial and federal) means that reporting alone represents a substantial burden for the firms and the administering agencies. Finally, there is, in each of these policy areas, the potential for slippage as well as forward movement. That is, they all require vigilance as well as nurturing because each attempts to correct long-term systemic problems.

The above policy attributes are typical of social policies in general. There is little doubt that the firms are fully cognizant of these factors when they approach the task of policy implementation. There is no way of easily establishing a link between these variables and the firms' responses but to the extent that responses are similar across the three policy areas these factors may be important.

Aside from what seems to be a generally weak response in all three policy areas, it was also noted that there has been little evidence of accepting behavior. Indeed, it proved very difficult to find even one instance of a strongly supportive statement on the part of the firms let alone any evidence of supportive actions. The other common responses were the absence of a commitment to participation by affected groups, strong resistance to the notion of either internal or external disclosure of

information, and no evidence of a concern for accountability measures to ensure that the policies were being appropriately implemented.

Since the issues of participation, information disclosure and accountability measures are all much-debated aspects of social policy implementation in general (whether in the private or the public sector) there is reason to believe that at least some of the observed responses are best explained by the policies' common "social attributes." However, only with further studies, which include many more firms from both sectors, can such a conclusion be substantiated.

4. Firm-Shared Attributes -- State Ownership

Ownership is assumed to be important in explaining similarities among all three firms in one or in all of the policy areas that cannot readily be explained by the characteristics of the policies or other shared attributes of the firms. In fact, there are not many instances where this seems to be the case. For example, it is quite likely that managers of private sector firms would have been just as loath to disclose information, would have been equally concerned about further government intervention, and would have been similarly attached to their respective industries as were the policy managers in this study. It is, in other words, not likely that the firms in question would have been any more open, more egalitarian or more aggressive in implementing the policies had they been privately owned. In the case of employment equity, for example, the little evidence available on private sector responses suggests a similarly unenthusiastic approach (see, for example, the comments about voluntary efforts in Chapter Five). In the case of occupational health

and safety, what information there is about private sector behavior (based primarily on industry-wide data) suggests that these state-owned firms have behaved in much the same way as have their private sector counterparts.

Having said that there is little concrete evidence of the effect of ownership on the observed responses of the firms, there is still good reason to temper this conclusion. In both the equity policy areas the firms' ownership has forced them to generate at least some responses. The unique relationship with the government and its agencies has also had some impact on the method and speed of implementation. In other words, the fact that they are state-owned has forced these firms to make some minimal responses which may be observed.

Apart from this, the managers' assessments combined with the overall impressions gleaned from interview comments, the surveys of corporate documents, and discussions with government officials all suggest that at some level the characteristics of SOEs which were discussed in Chapter One have also been important. There was, for example, evidence of uncertainty within the government, the bureaucracy and the firm about what was expected in each of the policy areas. The concerns of CEOs about the effect of these policies on their primary responsibilities is just one example of the constant need for defense against the presumption of inefficiency. Finally, the resentment which was evident toward the Ottawa bureaucracy (and any relationship with government agencies) may be interpreted as a sign of the alienation which results at least in part from the autonomy which has been afforded these firms.

IV. CONCLUSION

To summarize, there is no easy way of measuring the effect of the above variables on the firms' responses but there is at least some evidence to suggest that each is potentially important. In other words, the responses which were observed may not be viewed as solely a function of the firms' unique attributes, their shared attributes, the characteristics of the individual policies, or the fact that these are all social policies (representing non-core obligations). Rather, the observed behavior appeared to be affected by all of the above factors with none being clearly most important. Ultimately, the assessment of the relative importance of these variables depends on how much significance is attributed to the observed differences among the firms. If the differences are judged to be minor then more emphasis must be placed on the policy and ownership variables. If they are thought to be major then attention must be paid to specific attributes of the firms and policies. The position taken here is that it is inappropriate, on the basis of a single study of only three state-owned firms, to do much more than highlight the similarities and differences which arise and identify a set of factors which seem to have been important in explaining the behavior.

CHAPTER TEN

CONCLUSIONS

I. INTRODUCTION

In Chapter One it was argued that it is important to try to learn more about how state-owned enterprises have responded to public policy obligations which are not directly related to their primary mandated responsibilities. Without this information, it was contended, it is difficult to understand the costs and benefits of changing the obligations and controls which apply to state enterprises. This study was intended to contribute to addressing this problem by:

- (1) developing and testing a framework which may be used to identify and compare the responses of state-enterprises to a set of non-core public policy obligations, and
- (2) exploring some of the factors which appear to have influenced the behavior of the state-enterprises with respect to these policy obligations.

In the process of striving to achieve these goals some useful information was accumulated about the three firms and the three policies in the case studies. As important as this preliminary data collection and test of the analytical framework, however, were the insights which were afforded into the complex mix of factors which potentially affect policy performance. These points are discussed below and are then followed by a critical review of some components of the framework and methodology. Finally, a few comments are made about some of the broader implications of this study's findings.

To an extent this journey of discovery through what sometimes seemed like an intricate maze of policy initiatives and corporate responses simply made it possible to say with more confidence what many might have assumed from the outset --that the three state enterprises (CN, Air Canada, and Petro-Canada) have not been particularly effective agents of

the three social policies examined in this study. That is, the observed behavior of the three firms was not that of agents exercising judgement and discretion on behalf of the principal (the federal government) in order to fully implement policy objectives. Public statements were non-committal, constrained, and worded in such a way as to provide the SOEs maximum freedom. Although there had been at least minimal structural changes in all cases, there was no commitment to worker involvement and participation in decision-making or to the concepts of accountability and full disclosure. In other words, the changes which had been made ensured that the firms could fulfill basic reporting requirements and undertake "fire fighting" activities but they were generally not sufficient to permit sustained measurable progress toward achieving policy objectives. Finally, the analysis of the quantity, quality, timing and managers' assessments of the firms' responses suggested that the state enterprises had been more resisting than accepting of obligations in these policy areas. In summary, the findings indicate that the responses of CN, Air Canada and Petro-Canada to policy obligations in the official languages, employment equity, and occupational health and safety policy areas were basically weak and grudging and were not likely to lead to full implementation as it has been defined in this study.

In light of the little that is known about the issues addressed in this study, getting to the point where it is possible to make the above observations is useful in and of itself. However, it would have been irresponsible to avoid considering explanations for the observed responses since only by doing so is it possible to predict whether the findings are likely to be replicated in future studies. In other words, without asking

why the firms have responded as they have it is impossible to address the fundamental issue of whether all commercial state enterprises are likely to be ineffective agents of secondary policy obligations.

II. EXPLANATIONS

The search for explanations, which was conceived as a secondary task of the study, was both challenging and rewarding. The challenge was in organizing and sorting through the many different factors which seemed to be affecting the firms' behavior so that comparison could take place and larger issues could be addressed. The most rewarding aspect of this exercise was that it helped to illustrate the complexity of the goal environment in which state enterprises operate and also made it easier to appreciate the problems faced by those who must manage and guide the SOEs.

In Chapter Two it was noted that in any given policy area a particular firm's response would be a function of its capacity, willingness and need to respond. In this study we have found numerous constraints on the capacity of the firms, including organizational instability, established practices which were overtly or covertly antagonistic to policy objectives and difficulties associated with location. There was also evidence that implementation has been impeded by low levels of internal support which presumably has affected the firms' willingness to respond. Finally, there was evidence that the firms have not perceived a strong need to respond because there has only been sporadic and episodic public interest in the policies and because government policy measures have generally been weak and ambiguous.

In trying to dig deeper to explore the underlying reasons for the firms' responses it became apparent that the factors which were influencing the behavior of the firms could be categorized as having to do primarily with business, ownership or the policies. Those factors which were identified at an early stage in the research process -- specific characteristics of each firm as well as shared characteristics of the firms (referred to as business and ownership variables) -- did not adequately explain all of the similarities and differences which were found. It was evident that some specific and shared attributes of the policies were also having an effect on corporate behavior and must be considered separately. While these categories are not mutually exclusive they proved useful in organizing and analyzing the findings.

As discussed in Chapter One, students of state enterprise have generally had trouble moving beyond the control/accountability/autonomy issue to identify and explore causes of inappropriate or unacceptable behavior. This explains why it was initially difficult to recognize the need to look beyond unique and shared attributes of the firms to explain corporate behavior. It also explains why it took some time to understand that the ownership category encompassed more than just government controls (or traditional practices) but also included the impact of prevailing attitudes and beliefs relating to state enterprise.

The importance of considering attributes of the policies separately became apparent during the attempt to identify stages in the evolution of the three social policies. This exercise highlighted the fact that policy-makers have generally been uncertain about the best way to achieve policy objectives and also made it clear that none of the three policies

in question has been fully implemented at the societal level. Recognizing this rather simple point helped in understanding why the government had rarely been explicit about what it wished state enterprises to do in the three policy areas. In other words, recognition of this point made it easier to see that the messages which were being sent to the firms about their policy obligations reflected uncertainty both about the policies and about what should be expected of state enterprises. This uncertainty coupled with weak and limited lines of communication and means of control over the commercial state enterprises has made it easy for the firms to simply ignore government policy pronouncements, delay making responses while awaiting clarification, or proceed slowly and with extreme caution.

Analysis of the policies also found that while the government has employed progressively coercive measures to implement objectives in the three social policy areas this has not always meant that expectations of the state enterprises have been more clearly articulated. That is to say, while policy needs may have become more widely recognized and accepted, the evidence suggests that policy-makers remain uncertain about what should be asked of state enterprises and have therefore continued to afford SOEs wide discretionary powers. The fact that it has been difficult to make an independent assessment of the performance of the SOEs in these policy areas has ensured that this approach would be continued. The question of whether such wide discretionary powers are still appropriate, in light of the findings of this study, will be discussed at the end of this Chapter.

Despite the generally weak and ambiguous communications from the government to the firms, and the fact that the policies are not fully

implemented at the societal level, sufficient evidence was uncovered to suggest that the government's commitment to the three policies has persisted and grown over a period of many years. It was also possible to identify instances where the state enterprises had been explicitly required to begin collecting data and providing information about activities in all three policy areas. There was, in other words, sufficient information available about these policies (and government intentions with respect to them) that a responsive and effective policy agent should have had little trouble interpreting what needed to be done. However, in these three cases there is virtually no evidence that the firms tried to surmount obstacles and ambiguities in order to fully implement policy objectives.

It is a conclusion of this study that both firm-specific and policy-specific attributes are important in explaining the poor responses of the firms in this study but that they do not (either alone or together) fully explain this behavior. In other words, while each of the firms was found to have unique characteristics which have constrained implementation and each of the policies has attributes which have also slowed progress, these factors do not help explain many of the similarities which were found in this study. For example, how do we explain the fact that all the firms' responses had been generally weak and unaccepting? Or, what is the best way of explaining the fact that all of the firms basically refused to recognize obligations until they were explicitly stated in laws, were uncommitted to participation, were unwilling to introduce systems of accountability, were extremely reluctant to disclose information, and were antagonistic to government intervention? As discussed in Chapter Nine,

it is not really possible to fully explain these similarities without empirical evidence about the behavior of private sector counterparts for each of these firms (so that ownership can be accounted for properly). The little that is known about the responses of private sector firms in the three policy areas suggests, however, that they would have behaved similarly toward these non-core policy obligations. It is unclear whether this is due to the fact that all are social policy obligations, or to the fact that they are non-core and potentially conflict with profitability. It is also difficult to know exactly how prevailing attitudes about state enterprises have affected the responses of these specific firms although this study certainly found evidence of uncertainty, secrecy, alienation from government, and antagonism to external interference.

While the findings of this study seem to suggest that the state enterprises have responded no differently than would their private sector counterpart, it must be recognized that the availability of state enterprises has probably allowed policy-makers to introduce policy implementation measures earlier and more readily than if they had had to rely on private sector firms. It is conceivable that the benefits arising from even symbolic contributions of state enterprises exceed the cost of political, bureaucratic and judiciary resources which have been consumed to try to obtain compliance. Ultimately, this is an assessment that can only be made at a political level after achieving a much more comprehensive understanding of the issues than has been possible here.

In summary, taken together, comparison of the findings and consideration of the explanatory variables points to many factors as potentially important in explaining the observed behavior, and makes a

direct causal relationship with ownership difficult to substantiate. What the findings do suggest is that while the state enterprises may indeed have had a limited capacity to act as effective policy agents, there are several potentially important explanations for poor performance in these social policies (aside from ownership) which must be considered. This study cannot therefore support a conclusion that SOEs as a whole will be ineffective agents of all social policies.

III. THE METHODOLOGY AND ANALYTICAL FRAMEWORK

The second task in this concluding chapter is to comment on the strengths and weaknesses of the methodology and analytical framework. To begin with, one clear strength of the administered questionnaire was that some adjustments and corrections could be made after the first interview. It was also possible to go into some depth on particular points or issues. A disadvantage was that the interviewees found it much easier to go off onto tangents. All three firms were very sensitive to the amount of time that participation in this project would take. The fact that executive level sponsorship was obtained was very important in getting the interviews but was felt to have had an adverse effect on the willingness of those interviewed to be completely forthright in their responses. In general, however, there were very few incongruities in any one individual's responses.

In the course of conducting the research numerous problems surfaced which could not be readily corrected for this study because of the need for consistency and the limited availability of the policy managers. More than one hour was required to administer the questionnaire which proved

too long. If it were to be used in the future there are numerous questions which could benefit from further refinement. Questions relating to the explanatory variables need to be much more specific. There is a need for specific questions which address attitudes toward the political environment in which the firms are operating. In addition, what has been learned about the ingredients of successful implementation in this study needs now to be used to improve that set of questions. In summary, we may say that the interviews did provide some of the basic information which was needed to form a picture of the firms' behavior in these policy areas but the questionnaire could clearly benefit from refinements and further use.

Perhaps the most frustrating aspect of this study was the difficulty experienced in obtaining data. The virtual absence of acceptable quantifiable measures of performance and the supporting data is a weakness of the study, but we should not be optimistic that it can be easily remedied. Ultimately it was necessary to accept that certain data could not be obtained and that the deficiencies would have to be made up partially by collecting as much information from as many sources as possible. While less than perfect, this approach made it possible to move a little closer to understanding the environment in which the firms operate and the behavior of these specific firms.

Another frustrating aspect of the research process was the great difficulty encountered in obtaining responses from unions. This was in part due to the fact that the executive and management chose not to facilitate such contacts and in part because of the large number and dispersed locations of the unions. Letters to specific unions were

unanswered so that in the end it was necessary to rely on the very general perspectives of national labor organizations. It became apparent fairly early on that a reliable appraisal of union and worker perspectives would need to be the focus of a separate study.

The analytical framework served a slightly different function than at first envisaged. On the one hand, the crude response continuum did not prove to be a very useful tool for contrasting the behavior of the three firms. The fact that all three ended up around Stage 2 on the continuum serves only as a simple illustration of the basic similarities which were observed in implementation and output. On the other hand, the process of attempting to place the firms on the continuum helped clarify the point that movement is neither smooth nor unidirectional. It also raised questions about whether the measures of full implementation were appropriate and reasonable.

Generally speaking the response indicators which were selected served the purpose for which they were intended. The analysis of policy statements provided some interesting insights into the way in which these policy areas were perceived by the firms. The fact that it proved difficult to obtain current, approved policy statements is indicative of the extent to which the firms were re-examining their obligations and commitments in each of these policy areas. In the course of this research it became apparent that the writing and distribution of these statements occurs throughout the implementation process rather than at the beginning as was first imagined. In the case of both employment equity and official languages, it seemed that there was some connection between the degree of detail offered in the statements and progress along the response

continuum. The sort of detail which appears to signal progress includes (in order of difficulty) listings of specific objectives, specific implementation guidelines, operating level responsibilities, and accountability measures.

In contrast, all three firms adopted very general policy statements in Occupational Health and Safety. The primary reason for this difference likely lies in the relatively stronger control which each firm and each industry retains in this policy area. The firms have clearly not felt any internally-motivated need to be more explicit and no evidence was uncovered to suggest that the administering and monitoring agencies have indicated a need for greater specificity in this area. In large part this reflects the problematic, remedial approach which prevails in this policy area where establishing objectives and undertaking systematic planning exercises is the exception rather than the rule. Perhaps because the policy area is monitored by Labor Canada rather than Treasury Board, and by industry-specific review agencies rather than by a single agency, there seems to have been little transference of ideas from other policy areas as there has been, for example, from Official Languages to Employment Equity.

Using the existence of a policy specialist as an indicator of progress did not prove very helpful in these cases. In general, the firms assigned individuals with backgrounds in Human Resources or Labor Relations to these policy areas. Examining the backgrounds of the policy managers at the time of the interviews uncovered no important differences among the firms except in two instances where they were located far enough down the administrative structure that access to the executive was

the idea that SOEs may be fundamentally "limited" as non-core policy agents, and that they have also been constrained (in these particular cases) by firm-and policy-specific factors, there are some notions worth considering. First of all, it may be that SOEs are able to be more responsive when policies apply equally to private sector competitors. This provides the firms (and all employees) with a "legitimate" standard of comparison. It should be possible to test this idea in the employment equity policy area once private sector firms have been fully brought in to the implementation process and reports have been submitted for several years. Another tool (which has not been tried) is to partly or fully subsidize or compensate firms for at least the start-up costs of policy implementation. While there are probably several good reasons for not doing this, it is not clear that the notion has ever been adequately considered. Aside from these incentive measures it is possible that a better mix of disincentives might produce the desired outcome. Even with stronger, more detailed laws and regulations, severe penalties for non-compliance, requirements for full and open disclosure, mandatory participation mechanisms (workshops, committees, etc.), and regular Parliamentary oversight, however, it still seems doubtful that these firms could be induced to move more quickly than they are presently doing.

In light of the above observations and the findings in this study, the question which needs to be addressed is not whether state enterprises should be given less discretion in implementing non-core policy obligations but whether it is even worthwhile for them to be expected to contribute to policy objectives like the ones which were examined here. It seems clear that the problem in these cases is much more fundamental

expressed about the burden these policy areas represented on scarce executive time. There is no way of telling how often executives are called upon to reply to Ministerial, Parliamentary, or even Bureaucratic questions about these policies but this was portrayed as a significant and costly aspect of being a federal Crown corporation. We discovered that the three policy areas under study in this thesis were generally included as one responsibility of a multipurpose executive-level Committee. In only two instances was there evidence of an existing fully-dedicated Committee at the senior level. The absence of long-term formal Committees at other levels was also noted. The one exception to this was in the Occupational Health and Safety area where joint labor-management committees are required.

With the exception of CN and Air Canada in occupational health and safety, reports and/or plans are prepared on an annual basis. The only reports which were publicly available at the time of this study were those for official languages and even they proved difficult to obtain from the firms. Plans, including specific goals and targets, were not available and there was no indication that they would be in the foreseeable future. In all instances those reports which were obtained were neither consistent nor comprehensive. Data were provided selectively in order to support arguments in favor of each firm's strong commitment and progress in the face of adversity. In assessing the usefulness of this indicator it must be concluded that knowing that the firms prepare plans and reports without being able to gain access to them is of limited value. It seems legitimate (based on what is known about these firms and their

unwillingness to freely provide information) to suspect that the weaknesses observed in the reports are intentional.

Finally, the disclosure indicator proved to be the most problematic. Since none of the firms indicated any commitment to the concept of full public disclosure and there was little interest in the concept among the respective agencies it must be questioned as a valid measure of full implementation. If a firm has established the administrative machinery with which to implement policies, undertakes some planning and evaluation, communicates sufficiently with its own work force, and produces some identifiable and measurable outputs, then perhaps the issue of disclosure is a "red herring" which should be discarded. The initial reasons for including this as a final test of implementation were first, that these are publicly-owned enterprises with possible obligations to account for their behavior more openly than privately-owned firms and second, that such importance was placed on the notion of an informed public as a control in the Employment Equity policy area that it seemed to have some merit as a test of implementation across the policy areas. As we have seen, however, in the Employment Equity case it appears that the end product is likely to be much less informative than envisaged and will probably benefit politicians and bureaucrats more than the general public. If politicians are not convinced about the merits of public disclosure, or are not willing to ensure that it takes place when they have the opportunity to do so, then it hardly seems fair to expect these firms to strive for more.

Even if disclosure is discarded the behavior which has been observed in these cases does not suggest that any of the firms has yet reached the

point of full implementation, although it means that they are further along in both Occupational Health and Safety and Official Languages than was suggested earlier. The important missing ingredients continue to be evidence of adequate accountability systems, of policy recognition and acceptance throughout the firm, of effective internal communication mechanisms which result in regular reporting and provide for feedback, and of a data base which is comprehensive, consistent, and capable of being understood by external observers. It requires, moreover, that the firms are actually involved in positive ongoing measures to achieve appropriate goals and have the means to evaluate progress and establish targets.

IV. CONCLUSION

As is apparent from the above observations, at the end of this study as many questions remain as were answered and the progress toward understanding may be measured in inches rather than yards. Ultimately it must be accepted that the subject matter is enormously complex and does not lend itself readily to rigorous scientific analysis. The fit of the analytical framework was at times uncomfortable and the methodology also left something to be desired. Even so, perhaps the major contribution of this project lies in the process rather than the end product. We must first figure out a way of understanding what it is SOEs are doing and the context in which they are doing it before we can go about explaining their behavior. This is a point which has frequently evaded observers of state enterprises.

After taking as much care as possible in mapping out the diverse influences and interests in each policy area, describing the specific responses of each firm and analyzing some possible explanations for the

observed behavior, there are still numerous missing pieces to this puzzle. One critical "missing piece" continues to be a clear understanding of how the firms establish priorities amongst these policy areas. An associated issue is whether the idea of "social responsibility overload" is applicable to these firms. In these cases it is hard to accept that the "burden" represented by obligations in these three policies has been great given the little that has been done. Related to this is the intriguing question of how state enterprises decide upon allocations for discretionary versus non-discretionary social policy activities. The fact that the firms had found it possible to allocate resources for scholarships, youth programs, the olympics, and Expo (to name just some of the activities which were included in social responsibility reports) suggests that the burden of obligatory social allocations must not have been excessive.

One of the most intriguing questions has to do with how internal conflicts about a policy are resolved (to the extent that they actually exist). It was observed in this study that policy managers expressed extremely ambivalent feelings about the role of government with respect to their organizations and the implementation of the three policies. How this ambivalence affects the responses of the firms is also an interesting question which remains to be answered.

Perhaps the most important unanswered question is whether there is anything which could be done to achieve a closer match between the public interest (assumed to be full implementation of these policies) and the firms' responses. In these cases virtually every policy tool has been employed at one time or another, with only limited success. Aside from

the idea that SOEs may be fundamentally "limited" as non-core policy agents, and that they have also been constrained (in these particular cases) by firm-and policy-specific factors, there are some notions worth considering. First of all, it may be that SOEs are able to be more responsive when policies apply equally to private sector competitors. This provides the firms (and all employees) with a "legitimate" standard of comparison. It should be possible to test this idea in the employment equity policy area once private sector firms have been fully brought in to the implementation process and reports have been submitted for several years. Another tool (which has not been tried) is to partly or fully subsidize or compensate firms for at least the start-up costs of policy implementation. While there are probably several good reasons for not doing this, it is not clear that the notion has ever been adequately considered. Aside from these incentive measures it is possible that a better mix of disincentives might produce the desired outcome. Even with stronger, more detailed laws and regulations, severe penalties for non-compliance, requirements for full and open disclosure, mandatory participation mechanisms (workshops, committees, etc.), and regular Parliamentary oversight, however, it still seems doubtful that these firms could be induced to move more quickly than they are presently doing.

In light of the above observations and the findings in this study, the question which needs to be addressed is not whether state enterprises should be given less discretion in implementing non-core policy obligations but whether it is even worthwhile for them to be expected to contribute to policy objectives like the ones which were examined here. It seems clear that the problem in these cases is much more fundamental

than one of relative social responsiveness among firms. There is also little to suggest that these are cases of a willful intent to defy or subvert government policy objectives. Nor is it appropriate to view these situations as examples of purposeful political ambiguity. There are, in other words, no villains or victims in this story. Achieving social change is inevitably complex and difficult. When we add to this an "instrument" with the same characteristics, problems are magnified. If anything is apparent from this study it is that solutions probably do not lie in more and better controls but in continuing to explore the strengths and weaknesses of the instrument of state enterprise as well as increasing our understanding of the policies they are being called upon to implement.

ANNEX A

SAMPLE LETTER OF REQUEST TO CEO

October 20, 1986

Dear

I am writing to ask your assistance in a research project I am undertaking for my doctoral dissertation. This project focuses on Crown corporations' non-commercial activities. Specifically, it will examine the responses of a small number of commercially-oriented state enterprises to policies in three areas: (1) official languages, (2) employment equity, and (3) occupational health and safety. These three were selected primarily because they appear to represent a cumulative burden of responsibility for Canadian state enterprises.

To ensure that I obtain a complete and accurate picture of (your firm's) activities in these policy areas, I would like to visit your offices and discuss the project in person. This visit will serve three purposes. First, it will enable me to verify and supplement the quantitative data which has already been collected and which is mostly a matter of public record. Second, it will ensure that I fully understand the obstacles, constraints and costs to (your firm) of such activities. Finally, it will allow me to more effectively analyze some of the factors (such as size, profitability, geographic location, and organizational structure) which may affect (your firm's) ability to respond in these policy areas.

My supervisors for this project are Dr. Maureen Molot, School of International Affairs and Dr. Bruce Doern, School of Public Administration, both of Carleton University, Ottawa.

I would like to visit your offices during the third week of November and would appreciate any assistance you may be able to give me in ensuring that I meet with the appropriate people. I will contact your secretary during the first week of November to confirm these arrangements. Finally, I feel it appropriate to provide my assurance that the purpose of these interviews is solely for academic research and that the content of the interviews will be treated as confidential if you so desire.

Yours sincerely,

Christina A. Hannah

QUESTIONNAIRE FOR INTERVIEW AND DATA COLLECTION

This questionnaire served as an organisational tool during the interviews and was used to guide the conversation and ensure that the same basic material was covered in every interview. Each policy manager was first asked about his/her specific policy area (Section B), was then asked to help in filling in some missing information about the company and give some assessments of the importance of some explanatory variables, and finally, was asked the summary questions in Section C.

A COMPANY DATA

1. Firm's Role in Policy Areas

Briefly describe what you believe your firm's obligations are in the policy area for which you are responsible.

- (1.1) Occupational Health and Safety
- (1.2) Employment Equity
- (1.3) Official Languages

MANDATE

2. Changes in Mandate

- (2.1) The firm's original mandate was:
- (2.2) The firm's mandate in 1986 is (and interim changes):

3. Effect of Mandate

Do you believe your firm's mandate is in any way incompatible with government-imposed obligations in the policy area for which you are responsible? How?

LOCATION

4. Location

In which provinces does your firm operate?

- (4.1) Production, distribution, or service facilities are located in the following provinces:
- (4.2) Sales offices are located in the following provinces.
- (4.3) Headquarters are located in:

5. Effect of Location

Do you believe the firm's location has affected policy implementation? How?

ORGANIZATIONAL STRUCTURE

6. Organizational Structure

Would you say your firm's decision-making process is:

- (6.1) centralized
- (6.2) decentralized

7. Effect of Organizational Structure

Do you believe that policy implementation has been affected in any way by the organizational structure? Comments.

PROFITABILITY

8. Effect of Profitability

(8.1) Do you believe changes in the profitability of your firm have affected implementation of these policies? How?

SIZE

9. Effect of Size

(9.1) Do you believe that the size of your firm has made any difference to the way in which it has responded to these policies? How? and Why?

INTERNAL SUPPORT

10. Union Support for Policies

How would you describe the position of unions in your firm on your policy area?

- (10.1) strongly supportive
- (10.2) moderately supportive
- (10.3) weak support
- (10.4) no interest

11. Effect of Union Support

Has the level of union support affected policy implementation? How? and Why?

12. Management Support for Policies

How would you describe the level of support among management for your policy area? (Question was asked about support at senior, middle, and lower levels of management.)

- (12 1) strong
- (12 2) moderate
- (12 3) weak
- (12 4) no interest

13 Effect of Management Commitment

Does the level of management commitment effect policy implementation? Comments:

14 Board of Directors -- Composition

- (14 1) Number of Board Members from private sector? _____
- (14 2) Number of Board Members from public sector? _____
- (14 3) Number of Francophone Members? _____
- (14 4) Number of Members from designated groups? _____

15 Board of Directors -- Level of Support

Would you say the interest of the Board of Directors in this policy area is?

- (15 1) strong
- (15 2) moderate
- (15 3) weak
- (15 4) no interest

16 Executive Support for Policies

How would you describe the level of support for your policy areas among the executive?

- (12 1) strong
- (12 2) moderate
- (12 3) weak
- (12 4) no interest

17 Effect of Executive Commitment

Does the level of executive commitment effect policy implementation? How?

GOVERNMENT CONTROLS

18 Legislative Jurisdiction by Policy Area

For each policy area indicate the jurisdictional level/s to which the firm is responsible and the specific statutes and regulations which apply.

19 Regulatory Agencies

For each policy area indicate the regulatory agency/agencies to which your firm must report.

20 Reporting

How frequently, and to which agencies, must reports be filed? Is the format specified? Are action plans also required?

21 Financial Controls

How are the costs of pursuing activities in the policy areas handled?

- (21 1) grants?
 - (21 2) expenses reimbursed?
 - (21 3) tax deduction allowed?
 - (21 4) firm pays costs?
- Comments and details of costs.

22 Fines and Penalties

Are there sanctions or penalties for non-compliance or slow progress in implementing the policy?

INDUSTRY RESPONSE

23 Position of Industry on Policy Issues

How would you characterize the position of your firm's primary industry on the policy in question?

- (23 1) industry ahead of government
- (23 2) industry responds quickly to government initiatives
- (23 3) industry is slow to respond
- (23 4) no response

24 Firm's Response Compared to Industry Response

How would you compare the response of your firm with that of your competitors?

- (24 1) ahead of industry
- (24 2) in line with industry
- (24 3) slower than industry

EVALUATION OF PUBLIC POSITION OF POLICY

25. Community Support

Do you believe that there is widespread community support for activities in the policy area?
(Community includes public interest groups, client groups, suppliers, and so on).

26. Media Role

To what extent does the media act as a catalyst in the policy area for which you are responsible?

- (26.1) frequently
- (26.2) sometimes
- (26.3) not usually
- (26.4) comment:

B. FIRM'S ACTIVITIES IN POLICY AREAS**27. Occupational Health and Safety****a. Written Policy Statement**

(27.1) Does your firm have a written policy statement in this area? When was the first policy statement issued? When was it amended and why? Is a copy available?

b. Submissions to External Organisations

(27.2) Has your firm prepared any submission this topic for presentation to government or industry groups?

c. Special Office Established

(27.3) Does your firm have an officer who is solely responsible for this policy area? If yes indicate what position the person(s) hold as well as the responsibilities of the office.

d. Cost of Activities

(27.4) What costs have been incurred in implementing this policy?

e. Evaluation

(27.5) Are steps being taken to evaluate progress in implementing the policy? Please describe.

f. Action Plans

(27.6) Does the firm have an action plan for this policy which includes specific goals, responsibilities, deadlines, and sanctions? If so, is a copy available?

g. Public Disclosure

(27.7) Does the firm consistently report and defend its progress in Annual Reports, Newsletters, or any other public forum? Details

h. Committees

- (27.8) Are there safety committees within your firm? If yes,
- (27.9) Membership:
- (27.10) Responsibilities:
- (27.11) Budgetary allocation.
- (27.12) Powers:

i. Accident and Injury Statistics

(27.13) Are there data which you can provide about injuries and illnesses in the workplace.

28. Employment Equity

Items a) through g) are the same for all three policies.

h. Internal Review Committee

(28.8) Which existing committees within the firm deal with this policy? Is there a fully-dedicated senior level committee for the policy?

(28.8) Does your firm have an internal review committee with representatives from all affected parties? If yes,

- (28.9) Membership:
- (28.10) Responsibilities:
- (28.11) Budgetary allocation.
- (28.12) Powers:

i. Hiring

(28.13) How has your firm contributed to employment for each of the designated groups?

j. Data on Designated Groups in Firms

(28.14) What data are available on representation of each of the groups within the firm at present, and over time?

k. Promotion

(28 15) How would you evaluate the success of your firm in placing individuals from the designated groups at all levels within the firm?

29. Official Languages

The same as for Employment Equity.

C. SUMMARY OF RESPONSES TO THE THREE POLICIES

(Note: The following questions are reproduced from the Niagara Study)

30. To what extent is there a need for a greater response by your firm in the policy area for which you are responsible:

- (30 1) No Need
- (30 2) Minimal Need
- (30 3) Moderate Need
- (30 4) Critical Need

31 To what extent is there awareness of the policy objectives and acceptance of the need for change throughout the firm:

- (31 1) Limited to a few individuals
- (31 2) Generally recognised by management
- (31 3) Pervasive throughout firm

32. To what extent has this need been formalised within the firm:

- (32 1) Totally informal
- (32 2) Formalized in specific areas
- (32 3) Institutionalised in firm's planning system

33 To what extent has the firm developed and implemented some explicit responses to the policy:

- (33 1) no explicit responses
- (33 2) limited; response just beginning; limited resource commitment
- (33 3) response in several areas, adequate resource commitment
- (33 4) major effort in several areas impacting on corporate structure and planning; significant resource commitment

ANNEX B

TABLE B.1: CN: FRANCOPHONES--PARTICIPATION RATES (all available data)

	<u>HEADQUARTERS</u>				<u>ATLANTIC REGION</u>				<u>ST. LAWRENCE REGION</u>			
	Senior	Middle	Below Middle	Total	Senior	Middle	Junior	Total	Senior	Middle	Below Middle	Total
1977	..	..	..	26%	..	..	..	..	..	..	..	..
1978	14%	25%	32%	27%	..	..	..	..	72.0%	72.0%	74.0%	..
1979	..	..	..	..	..	..	..	33.0%	..	..	..	..
1980	..	..	..	..	..	..	..	..	..	..	..	..
1981	..	..	..	..	..	..	..	33.0%	..	..	..	..
1982	15.9%	29.2%	36.8%	29.8%	..	..	..	30.6%	..	..	..	..
1983	15.8%	..	..	28.4%	..	..	..	..	..	..	..	..
1984	..	..	..	..	..	..	..	..	..	..	..	..
1985	19.0%	..	..	..	11.1%	18.2%	..	33.8%	..	..	..	..
1986	19.7%	..	..	32.1%	11.8%	..	..	..	..	..	..	..

Sources: Official Languages Annual Reports, Committee Statement, Reports of the Commissioner of Official Languages.

TABLE B.2: CN EXECUTIVE COMMITTEE AND OFFICERS--FRANCOPHONE PARTICIPATION RATES

	<u>EXECUTIVE COMMITTEE:</u>			<u>EXECUTIVE OFFICER: HEADQUARTERS:</u>			<u>EXECUTIVE OFFICERS (CANADA):</u>		
	Number	Total	Percent	Number	Total	Percent	Number	Total	Percent
1982	..	..	..	..	..	..	8	26	31%
1983	..	..	..	..	..	..	9	28	32%
1984	2	5	40%	9	24	38%	11	29	38%
1985	1	5	20%	8	19	42%	9	24	38%
1986	..	..	..	..	..	..	6	20	30%

Sources: Official Languages Annual Reports, Committee Statements, Reports of the Commissioner of Official Languages.

**TABLE B.3 CN: FRANCOPHONE PARTICIPATION RATES-
TOP 300 POSITIONS**

	<u>CANADA:</u>			<u>HEADQUARTERS:</u>		
	Number	Total	Percent	Number	Total	Percent
1977	..	..	..	13	91	14%
1978	..	..	..	23	129	18%
1979	..	..	..	..	..	..
1980	..	..	..	..	..	..
1981	55	300	18.3%	..	..	..
1982	57	300	19.0%	..	..	..
1983	63	300	21.0%	..	..	..
1984	63	300	21.0%	40	143	28%
1985	63	300	21.0%	38	149	26%
1986	63	300	21.0%	41	152	27%

Sources: Official Languages Annual Reports, Committee Statements, Reports of the Commissioner of Official Languages.

TABLE B.4: CN: BILINGUAL PARTICIPATION RATES--HEADQUARTERS ONLY

	<u>Senior Management:</u>			<u>Middle Management:</u>			<u>Below Middle:</u>		
	Number	Total	Percent	Number	Total	Percent	Number	Total	Percent
1978	138	384	36%	627	1313	48%	517	1073	48%
1979	..	..	..	..	..	..	..	..	..
1980	..	..	..	..	..	..	..	..	..
1981	..	..	..	..	..	..	..	..	..
1982	174	452	38%	910	1955	47%	593	1082	55%
1983	..	..	..	..	..	..	..	..	..
1984	85	447	19%	576	1972	29%	374	1010	37%
1985	90	458	20%	671	2133	31%	379	972	39%

Sources: Audits and Reports of Commissioner of Official Languages and CN Official Languages Reports.

TABLE B.5: AIR CANADA: FRANCOPHONE PARTICIPATION RATES

Year	Air Canada Total	Management	In-Flight Pilots	Services	Quebec	Quebec Mgmt.
1978	19.4%	..	8%	..	..	..
1979	20.0%	16.0%	..	..	..	..
1980	21.0%	16.0%	12%	26%	..	..
1981	21.4%	16.0%	12%	26%	..	..
1982	21.6%	..	12%	26%	..	..
1983	21.7%	..	..	27%	75%	..
1984	21.8%	..	12%	27%	..	..
1985	21.9%	18.9%	13%	27%	75%	30.9%
1986	21.9%	19.1%	14%	..	75%	..
GOAL: (by 1986)	25%	..	25%	..	..	..

Sources: Official Languages Annual Reports, Committee Statements, Reports of the Commissioner of Official Languages.

TABLE B.5: AIR CANADA: FRANCOPHONE PARTICIPATION RATES--MANAGEMENT

Year	No.	Executive Officers Total (%)	Senior	Middle	Below Middle	Total Mgmt.
1979	..	..	..	..	..	15.7%
1980	..	..	..	..	..	15.9%
1981	9	34	29%	..	..	16.9%
1982	..	..	..	17.5%	..	17.5%
1983	7	27	26%	..	..	18.7%
1984	..	..	..	..	..	18.8%
1985	7	22	32%	..	..	18.9%

Sources: Official Languages Annual Reports, Committee Statements, Reports of the Commissioner of Official Languages.

TABLE B.7: AIR CANADA: FRANCOPHONE/ANGLOPHONE PARTICIPATION RATES -- REGIONAL COMPARISON

Year	National Cap.Area:		Quebec:			Atlantic:		Central:		West:	
	Franco.	Management	Franco.	Anglo.	Administrative & Technical Support	Mgmt. Admin.		Mgmt. Admin.		Mgmt. Admin.	
						Francophones		Francophones		Francophones	
1980	..	..	..	..	..	2.0%	12.0%	1.0%	0.0%	1.0%	3.0%
1981	..	..	..	..	..	2.0%	17.0%	2.0%	0.0%	1.0%	2.0%
1982	..	..	..	..	..	3.0%	18.0%	1.0%	1.0%	1.0%	3.0%
1983	35.0%	..	..	..	..	4.0%	13.0%	1.0%	1.0%	1.0%	1.0%
1984	..	..	..	..	..	2.0%	13.0%	1.0%	0.0%	1.0%	2.0%
1985	40.0%	30.9%	69.1%	33.7%	66.3%	..	..	..	..	..	..

Sources: Official Languages Annual Reports, Committee Statements, Reports of the Commissioner of Official Languages.

TABLE B.8: AIR CANADA: BILINGUAL PARTICIPATION RATES

Year	Canada Exec. Officers		Pilots In-Flight Personnel		Passenger Agents
					Canada
1975	..	..	..	43.0%	59.0%
1976	..	..	..	..	..
1977	..	..	..	..	..
1978	..	..	..	..	..
1979	..	..	..	..	..
1980	..	..	..	..	..
1981	..	47%	..	56.9%	41.3%
1982	..	..	..	58.6%	42.6%
1983	..	..	..	56.6%	43.0%
1984	43%	..	..	56.7%	42.6%
1985	..	..	..	60.3%	46.2%
1986	..	..	28.0%	..	..
GOAL:	..	..	..	100%	..

Sources: Official Languages Annual Reports, Committee Statements, Reports of the Commissioner of Official Languages.

TABLE B.9: AIR CANADA: BILINGUAL PARTICIPATION RATES
REGIONAL COMPARISON

	National Capital Area	Quebec	Atlantic West	Central	
Year	Passenger Agents				
1981	65.0%	98.4%	25.0%	20.0%	20.0%
1982	..	..	..	..	..
1983	..	..	..	..	..
1984	..	..	..	..	..
1985	..	..	..	..	..

Sources: Official Languages Annual Reports, Committee Statements, Reports of the Commissioner of Official Languages.

TABLE B.10: AIR CANADA: MINIMUM BILINGUAL CAPACITY

Year	AIRPORTS		
	Served	Bilingual	(%)
1984	31	9	29%
1985	31	17	55%
1986	31	18	58%

Sources: Official Languages Annual Reports, Committee Statements, Reports of the Commissioner of Official Languages.

TABLE B.11: LANGUAGE OF COMPLAINANT

	FRENCH (%)	ENGLISH (%)
1970-79	84	16
1980	90	10
1981	90	10
1982	84	16
1983	85	15
1984	..	..
1985	90	10
1986	96	4

Sources: Official Languages Annual Reports, Committee Statements, Reports of the Commissioner of Official Languages.

TABLE B.12: NATURE OF COMPLAINT

	LANG.OF SERVICE (%)	LANG.OF WORK (%)
1979	88	12
1980	88	12
1981	85	15
1982	92	8
1983	92	8
1984	..	..
1985	84	16
1986	46	54

This increase is largely due to the 1,784 complaints brought by employees of the Canadian Security Intelligence Service. Without these the percentage of language of work complaints is about 14%.

Sources: Official Languages Annual Reports, Committee Statements, Reports of the Commissioner of Official Languages.

TABLE B.13: PETRO-CANADA : FRANCOPHONE, ANGLOPHONE AND BILINGUAL PARTICIPATION RATES

Year	Francophone:		Anglophone:		Bilingual:	
	Number	Percent	Number	Percent	Number	Percent
1987	900	12.5%	6,117	84.7%	1,020	14.1%

Source: Petro-Canada, Annual Report on Official Languages, 1987.

TABLE B.14: PETRO-CANADA: LINGUISTIC REPRESENTATION -- SENIOR LEVELS

Year	Corporate Calgary		Petro-Canada Resources		Petro-Canada Products	
	Anglo.	Franco.	Anglo.	Franco.	Anglo.	Franco.
1983	37	3	45	1	20	5
1984	36	4	45	1	31	10
1985	26	1	57	0	30	10
1986	..	..	..	..	..	..
1987	48	3	49	0	61	12

Source: Petro-Canada, Annual Report on Official Languages, 1983-1987.

TABLE B.15: FRANCOPHONE REPRESENTATION BY LEVEL -- PETRO-CANADA

Level:	<u>1987</u>	
	Number	Percent
Upper Mgmt.	15	8.5%
Middle Mgmt.	38	9.1%
Professionals	173	9.0%
Semi-Professionals	121	16.0%
Supervisors	66	18.3%

Source: Petro-Canada, Annual Report on Official Languages, 1987.

TABLE B.16: PETRO-CANADA: BILINGUAL IDENTIFICATION OF STATIONS

Year	Total Stations	Stations	
		Designated Bilingual No.	(%)
1983	2,829	256	9%
1984	2,727	346	13%
1985	2,728	335	12%

Source: Petro-Canada, Annual Report on Official Languages, 1983-1987.

doing on either of these measures because data could not be obtained for a sufficiently long period of time.

4. External Actions

Information about external responses by the firms was very scarce. Evidence was uncovered which suggests that all three firms have taken some external actions with respect to this policy, but finding out the substance proved virtually impossible. In general, the managers indicated that representations have been made by their firms to oppose further more detailed or restrictive legislation and regulations in all three policy areas. Fears were expressed about "further bureaucratization" of the implementation process and incursions into the discretionary behavior of these theoretically-independent state-owned firms. The overall impression was that of SOE managers needing to guard against inappropriate and unwarranted political interference constantly in their day-to-day operations.

It was observed that in some instances the need to clarify their positions with respect to the law has led the firms into the Courts or at least before Human Rights Tribunals. At no point was there any indication from any of the policy managers, or from government agencies, that this was inappropriate behavior for wholly-owned state enterprises. The extent to which there is acceptance of the notion that two agents of the Crown can become adversaries in a court of law in Canada is believed to be indicative of the high degree of independence which has been afforded these state-owned enterprises. The fact that the issues which brought the firms to this point included the rights of Canadians to work in their

7 OF/DE 7

ANNEX C

TABLE C.1: CN -- NUMBER AND SEX OF EMPLOYEES AT CN (all available years)

Year	<u>Men</u>			<u>Women</u>			<u>Total</u>
	Number	(%)	Change	Number	(%)	Change	
1973(June)	73,515	94.4%		4,400	5.6%		77,915
1976	71,369	94.2%	-2.9%	4,434	5.8%	0.8%	75,803
1983	58,021	93.5%	-18.7%	4,034	6.5%	-9.0%	62,055
1985	54,567	93.1%	-6.0%	4,022	6.9%	-0.3%	58,589
1986(Jan)	50,529	91.5%	-7.4%	4,694	8.5%	16.7%	55,223
1987(May)	45,231	90.1%	-10.5%	4,975	9.9%	6.0%	50,206
AVERAGE:	58,872	92.8%	-9.1%	4,427	7.2%	2.8%	63,299

Note: Active employees at time of data collection. Numbers do not necessarily correspond to averages for year presented in Annual Reports.

Sources: 1977 - Dulude Study, 1983 - Abella Study, Others - CN, Equity Reports.

TABLE C.2: MALE AND FEMALE REPRESENTATION IN THE TRANSPORTATION INDUSTRY

Year	<u>Men</u>		<u>Women</u>		<u>Total</u>
	Number	(%)	Number	(%)	
1970	580,000	84.4%	107,000	15.6%	687,000
1971	589,000	84.7%	106,000	15.3%	695,000
1980	713,000	79.2%	187,000	20.8%	900,000
1981	701,000	77.6%	202,000	22.4%	903,000

Note: All available data is provided.

Source: Labour Canada, Women in the Labour Force, (Ottawa: Supply and Services), 1983.

TABLE C.3: CN -- WOMEN HIRED: BY LEVEL

Year	Schedule		Schedule Admin.		Non-Schedule Non-Mgmt.		Grades 7 to 14		Senior Mgmt.		Total	
	(number/percent)											
1985	417	25%	102	68%	172	36%	63	29%	2	20%	756	30%
1986	564	33%	70	45%	294	53%	39	77%	1	6%	968	38%

Source: CN, Equity Reports, 1985-1986.

TABLE C.4: CN -- REPRESENTATION OF WOMEN AND MEN BY LEVEL

Year	SENIOR AND EXECUTIVE		UPPER AND LOWER MGMT. *		OTHERS**	
	Men	Women	Men	Women	Men	Women
(Number/Percent)						
1975	1,019(98.0%)	2(2.0%)	8,573(97.5%)	217(2.5%)	63,923(93.9%)	4,181(6.1%)
1985	969(97.6%)	24(2.4%)	6,817(91.1%)	664(8.9%)	40,811(93.4%)	2,877(6.6%)
1986	965(96.9%)	30(3.1%)	6,837(89.5%)	716(10.5%)	41,763(90.4%)	4,007(9.6%)
1987(May)	1,006(96.7%)	34(3.3%)	6,904(89.5%)	731(10.5%)	42,296(90.0%)	4,210(10.0%)

Notes: * Grades 7-11 and Grades 12-14.

** Below G7 and Scheduled

Source: CN, Equity Reports.

TABLE C.5: AIR CANADA -- NUMBER AND SEX OF EMPLOYEES (all available years)

Year	<u>Men</u>			<u>Women</u>			<u>Total</u>
	Number	(%)	Change	Number	(%)	Change	
1977	14,867	71.0%		6,073	29.00%		20,940
1978	..	70.9%	-0.2%	..	29.15%	0.5%	..
1979	..	70.7%	-0.2%	..	29.30%	0.5%	..
1980	..	70.6%	-0.2%	..	29.45%	0.5%	..
1981	..	70.4%	-0.2%	..	29.60%	0.5%	..
1982	..	70.3%	-0.2%	..	29.75%	0.5%	..
1983	13,705	70.1%	-0.2%	5,845	29.90%	0.5%	19,550
1984	..	69.7%	-0.5%	..	30.27%	1.2%	..
1985	..	69.4%	-0.5%	..	30.64%	1.2%	..
1986	15,581	69.0%	-0.5%	7,000	31.00%	1.2%	22,581

Source: Air Canada.

TABLE C.6: AIR CANADA -- DISTRIBUTION OF WOMEN IN MANAGEMENT

Year	<u>EXECUTIVE AND SENIOR MGMT.</u>		<u>MIDDLE</u>		<u>TOTAL</u>	
	Men	Women	Men	Women	Men	Women
1972	124(99.2%)	1(0.8%)	332(99.7%)	1(0.3%)	2,804(94.0%)	179 (6.0%)
1976	158(99.4%)	1(0.6%)				
1979	198(99.0%)	2(1.0%)	453(97.0%)	14(3.0%)	3,246(91.0%)	321 (9.0%)
1984	230(97.0%)	7(3.0%)	399(95.0%)	21(5.0%)	2,543(87.0%)	380(13.0%)
1985	165(95.4%)	8(4.6%)	360(94.0%)	23(6.0%)	2,383(86.0%)	388(14.0%)
1986(June)	190(95.0%)	10(5.0%)	357(92.0%)	31(8.0%)	2,414(86.0%)	393(14.0%)

Sources: Air Canada (1972, 1979, 1984-1986), Dulude (1976).

TABLE C.7: AIR CANADA --WOMEN IN NON-TRADITIONAL JOBS

Year	Pilot	Station Attendant	Mechanic	Cargo Agent	Cargo Rating Specialist	Vice Pres.	Total
1972	0	0	0	0	0	0	0
1979	3	2	1	2	0	0	8
1984	5	2	2	22	0	1	32
1985	7(.4%)	7(.2%)	3(.1%)	42(10%)	2(15%)	1(5%)	76(.8%)
1986 (June)	8(.45%)	7(.2%)	4(.1%)	66(15%)	4(9%)	1(5%)	90(1%)

Source: Air Canada

TABLE C.8: PARTICIPATION RATES FOR DESIGNATED GROUPS AT PETRO-CANADA

Year	Women		Visible Minorities		Aboriginal Persons		Disabled Persons	
	Number	(%)	Number	(%)	Number	(%)	Number	(%)
1986 (August)	2,269	25.0%	531	5.8%	51	0.5%	145	1.6%
1987	2,113	24.6%	526	6.1%	69	0.5%	150	1.7%

Source: Petro-Canada

TABLE C.9: DISTRIBUTION OF DESIGNATED GROUPS AMONG OCCUPATIONAL CATEGORIES-- PETRO-CANADA

	WOMEN		VISIBLE MINORITIES		ABORIGINAL PERSONS		DISABLED PERSONS	
	1986	1987	1986	1987	1986	1987	1986	1987
Upper Management	9 (5.0%)	8 (4.6%)	3 (2.0%)	2 (1.1%)	0	..	1(0.6%)	..
Middle Management	27 (6.0%)	30 (7.2%)	17 (4.0%)	17 (4.9%)	0	..	2(0.5%)	..
Professional	249(16.0%)	355(18.4%)	208 (9.5%)	191 (9.9%)	7(3.0%)	7(4.0%)	39(2.0%)	..
Semi-Professional	208(34.0%)	223(32.2%)	48 (8.0%)	50 (7.2%)	5(8.0%)	..	14(2.0%)	..
Supervisors	88(22.0%)	91(17.7%)	13 (4.0%)	23 (4.5%)	1(2.0%)	..	2(0.5%)	..
Clerks	1168(78.0%)	1097(77.5%)	145(10.0%)	149(10.5%)	7(4.0%)	17(1.2%)	20(1.0%)	..
Skilled Trades	38 (2.0%)	25 (1.4%)	40 (2.4%)	42 (2.4%)	19(1.1%)	22(1.2%)	37(2.0%)	..

Source: Petro-Canada.

TABLE C.10: TOTAL EMPLOYMENT AND GENDER AT SELECTED CROWN CORPORATIONS

Corporations	Total Employment	Rank	Percent Women	Rank
CN	62055	1	6.5%	11
Canada Post	57127	2	28.0%	8
Air Canada	19550	3	29.9%	5
CBC	12346	4	30.1%	4
Atomic Energy	7321	5	19.3%	9
Petro-Canada	6456	6	28.2%	7
CMHC	4076	7	53.6%	2
de Havilland	2952	8	9.1%	10
FBDB	1702	9	47.9%	3
Telelobe	1374	10	29.5%	6
EDC	617	11	58.7%	1

Source: Canada, Equality in Employment, (Abella Commission.), 1983 Data.

ANNEX D

TABLE D.1: ESTIMATE OF TIME AND MONEY -- CN

Administrative Structure for Occupational Health and Safety
(As of December, 1986)

	<u>Safety</u>	<u>Health</u>
<u>PEOPLE:</u>		
• at Headquarters	4	5
• regional	27	?
• other		4 industrial hygienists 5 first aid supervisors 4 mobile medical vans with paramedics
• staff/worker ratio:	1/1714	
<u>SERVICES:</u>		
	• training	• approx. 50,000 physicals
	• data collection	per annum
	• data analysis	• first aid treatment
	• supervision	• periodic exams
	• policy	• preplacement exams
	development	• policy development
		• research
<u>COSTS (1985):</u>		
	(computer) \$300,000	\$3,172,000
	(salaries) \$1,240,000	
	<u>\$1,540,000^e</u>	<u>\$3,172,000^e</u>
<u>Total:</u>	\$4,712,000 ^e	

Percent of Gross Revenues: 0.1% Percent of Net Income: 4.0%

Source: Estimates based on interviews.

TABLE D 2. INJURIES AND INJURY RATES AT CANADIAN NATIONAL RAILWAYS

YEAR	DISAB INJ.	FATAL INJ.	MINOR INJ.	TOTAL INJ.	TOTAL EMPL.	PERCENT CHANGE	PERSON HOURS	DIS. INJ. FRE RATE*	PERCENT CHANGE	INJ PER 100 EMP **	PERCENT CHANGE
1972	2122	3	12674	14799	57451		115094944	18.46		25.07	
1973	1917	2	12038	13957	61812	8%	100633464	19.07	3%	27.04	8%
1974	2055	0	11224	13279	47580	-23%	97046897	21.18	11%	26.66	1%
1975	1647	4	8776	10427	45689	-4%	92233803	17.90	-15%	22.61	-14%
1976	1849	3	7723	9580	42261	-8%	84655006	21.88	22%	22.17	2%
1977	1893	6	4224	6123	47627	13%	95410431	19.90	-9%	12.51	-43%
1978	1731	8	4918	6657	48398	2%	97585973	17.82	-10%	13.64	1%
1979	1968	6	5724	7698	48670	1%	97514242	20.24	14%	15.79	16%
1980	1912	1	5993	7906	47583	-2%	95607044	20.01	-1%	16.54	5%
1981	2269	7	7191	9467	57500	21%	114753232	19.83	-1%	16.50	0%
1982	1564	8	5604	7176	37410	-35%	92829030	16.93	-15%	15.46	-6%
1983	1507	3	5677	7187	47146	26%	90767450	16.64	-2%	15.84	2%
1984	1411	4	6584	7999	48442	3%	98222933	14.41	-13%	16.29	3%
1985	1361	7	5782	7150	46408	-4%	92145076	14.85	3%	15.52	5%
AVG.	1800	4	7438	9243	48856	-0.3%	97464252	18.51	-1.0%	18.68	-2.4%

1. DISABLING INJURY FREQUENCY RATE=((DISABLING INJURIES + FATALITIES) X 1,000,000))

2. INJURIES PER 100 WORKERS=
(INJURY INCIDENCE RATE)

PERSON HOURS
TOTAL INJURIES X 100
PERSON HOURS/1950) PRIOR TO 1978
PERSON HOURS/2000) AFTER 1978

TABLE D 3 INJURIES AND INJURY RATES IN THE RAILWAY TRANSPORT INDUSTRY

YEAR	DISAB INJ.	FAT INJ.	MINOR INJ.	TOTAL INJ.	TOTAL EMPL.	PERCENT CHANGE	PERSON HOURS	DIS INJ FRE RATE	PERCENT CHANGE	INJ PER 100 EMP	PERCENT CHANGE
1972											
1973	2331	5	20095	22431	87198		148441152	15.74		29.47	
1974	2511	3	19810	22324	69563	-20%	144541596	17.39	11%	31.12	5%
1975	2167	5	16616	18788	68207	-2%	138389418	15.69	-10%	26.47	-12%
1976	2417	3	16301	18721	64484	-5%	132554724	18.26	16%	27.94	4%
1977	2276	7	13629	15912	71654	11%	145531517	17.69	-14%	21.32	-23%
1978	2069	3	12786	14858	73367	2%	148340865	17.11	-11%	19.53	-4%
1979	2432	9	15286	17727	76255	4%	154360966	15.41	13%	22.97	18%
1980	2298	4	12784	15086	71982	-6%	145566709	15.81	6%	20.73	-11%
1981	3218	10	15042	18270	86874	21%	173067517	18.65	18%	21.11	2%
1982	3062	14	13201	16277	80757	-7%	159124536	19.33	4%	20.46	3%
1983	2355	4	12616	14975	77758	-4%	155020646	15.22	-21%	19.32	6%
1984	2278	7	13222	15507	79030	2%	161019943	14.19	-7%	17.26	-2%
1985	2156	10	11728	13894	77121	-2%	149495973	14.49	2%	18.59	3%
AVG	2428	6	14855	17290	75712	-1%	150419659	16.17	0.68%	22.84	1.15%

Source: Labour Canada

**TABLE D.4: COMPARISON OF CHANGE IN EMPLOYMENT AND INJURY RATES--
CANADIAN NATIONAL AND THE RAIL TRANSPORT INDUSTRY**

	CN	RAIL TRANSPORT INDUSTRY
	(averages)	
1. <u>EMPLOYMENT</u>		
(1973-1978)	48895	72412
(1979-1984)	47792	78776
PERCENT CHANGE:	-2.26%	8.79%
2. <u>DISAB. INJ. FREQ. RATE</u>		
(1973-1978)	19.62	16.12
(1979-1984)	18.01	16.50
PERCENT CHANGE:	-8.22%	2.36%
3. <u>INJ. PER 100 WKRS</u>		
(1973-1978)	20.76	25.74
(1979-1984)	16.07	20.64
PERCENT CHANGE:	-22.60%	-19.81%

TABLE D.5. INJURIES AND INJURY RATES AT CANADIAN PACIFIC RAILWAYS

YEAR	DISAB INJ	FAT INJ	MINOR INJ	TOTAL INJ	PERSON HOURS	DIS FRE	INJ RATE	PERCENT CHANGE	INJ PER 100 EMP	PERCENT CHANGE
1982	843	3	5699	6545	44334061	19.08			28.79	
1983	484	6	6227	6717	51638034	9.49	-50%		25.37	-12%
1984	526	6	5842	6374	49092520	10.84	14%		25.32	0%
1985	363	2	4863	5228	38809403	9.40	-10%		26.27	-1%
AVG	554	4	5658	6216	45968505	12.20	-16%		26.43	-3%

Source: Labour Canada

TABLE D.6: CN--GENERAL DATA

YEAR	AVERAGE EMPLOYEES	GROSS REVENUE	NET INCOME*	R O I **	R O E ***	DEBT/ EQUITY (by CN)	VALUE OF FIXED ASSETS	SHAREHOLDER'S EQUITY and RETAINED EARNINGS
1972	82095	\$1,405,800,000	(\$17,322,000)	1.8%	-0.9%		\$3,476,791,960	\$2,023,540,572
1973	81700	\$1,566,700,000	(\$21,324,000)	2.0%	-1.1%		\$3,522,599,297	\$2,023,540,387
1974	84246	\$1,913,400,000	(\$37,732,650)	2.6%	-1.7%		\$3,644,736,269	\$2,162,550,000
1975	84436	\$2,081,100,000	(\$16,368,000)	1.4%	-0.7%		\$3,887,526,000	\$2,224,606,000
1976	80073	\$2,454,500,000	\$11,764,000	7.2%	0.8%		\$3,312,362,000	\$1,496,789,000
1977	78671	\$2,656,700,000	\$28,000,000	4.6%	1.2%		\$3,498,342,000	\$2,384,256,000
1978	78247	\$2,965,800,000	\$136,100,000	6.1%	5.5%	34.70	\$3,677,287,000	\$2,493,140,000
1979	76597	\$3,343,200,000	\$208,200,000	7.2%	7.5%	35.50	\$3,971,245,000	\$2,764,033,000
1980	74014	\$3,717,900,000	\$188,162,000	6.6%	6.4%	35.10	\$4,398,974,000	\$2,944,890,000
1981	73287	\$4,301,300,000	\$193,170,000	7.6%	6.3%	36.80	\$4,832,112,000	\$3,059,647,000
1982	67113	\$4,165,000,000	(\$223,035,000)	0.1%	-7.9%	44.50	\$5,193,494,000	\$2,840,912,000
1983	63496	\$4,659,300,000	\$212,333,000	8.8%	6.8%	43.10	\$5,612,173,000	\$3,112,579,000
1984	66234	\$4,987,500,000	\$241,951,000	9.8%	7.1%	44.70	\$5,770,982,000	\$3,324,340,000
1985	61124	\$5,017,800,000	\$117,639,000	6.9%	3.4%	48.10	\$6,193,468,000	\$3,418,451,000
1986	56715	\$4,874,500,000	(\$86,280,000)	4.7%	-2.5%	52.80	\$6,248,505,000	\$3,034,613,000
1987	50862	\$4,784,100,000	\$120,600,000	8.9%	3.9%	48.60	\$6,212,562,000	\$3,101,079,000
AVG:	72432	\$3,430,912,500	\$65,959,834	5.4%	2.1%		\$4,587,758,095	\$2,648,685,372

*Net Income adjusted from (\$168,100,000) in 1975.

**ROI=(Net before Taxes + Interest Expense)/(Long-term Debt + Shareholder's Equity)

***ROE=Net Income/(Equity + Retained Earnings)

Source: CN Annual Reports.

TABLE D.7: MEASURES OF PROFITABILITY AND THE DISABLING INJURY FREQUENCY RATE

a. NET INCOME AND DIFR		c. ROI AND DIFR	
Regression Output:		Regression Output:	
Constant	18.7255	Constant	19.2078
Std Err of Y Est	2.2870	Std Err of Y Est	2.1445
R Squared	0.0316	R Squared	0.0337
No. of Observations	14	No. of Observations	14
Degrees of Freedom	12	Degrees of Freedom	12
X Coefficient(s)	-0.000000030	X Coefficient(s)	-0.11
Std Err of Coef.	0.000000048	Std Err of Coef.	0.11
b. ROE AND DIFR			
Regression Output:			
Constant	18.6483		
Std Err of Y Est	2.5568		
R Squared	0.0148		
No. of Observations	14		
Degrees of Freedom	12		
X Coefficient(s)	-6		
Std Err of Coef.	14		

TABLE D 8: MEASURES OF PROFITABILITY AND THE INJURY INCIDENCE RATE

a. NET INCOME AND IIR		c. ROI AND IIR	
Regression Output:		Regression Output:	
Constant	19 8663	Constant	23.1380
Std Err of Y Est	4 6218	Std Err of Y Est	4.3643
R Squared	0.1915	R Squared	0.2791
No. of Observations	14	No. of Observations	14
Degrees of Freedom	12	Degrees of Freedom	12
X Coefficient(s)	0.0000	X Coefficient(s)	-85
Std Err of Coef.	0.0000	Std Err of Coef.	40
b. ROE AND IIR			
Regression Output:			
Constant	19 8594		
Std Err of Y Est	4 5596		
R Squared	0.2131		
No. of Observations	14		
Degrees of Freedom	12		
X Coefficient(s)	-50		
Std Err of Coef.	28		

TABLE D 9: EMPLOYMENT AND INJURIES AT CM

a. EMPLOYMENT AND DISABLING INJURIES		b. PERSON-HOURS AND DISABLING INJURIES	
Regression Output:		Regression Output:	
Constant	628 5483	Constant	-216.43
Std Err of Y Est	236 5686	Std Err of Y Est	219.17
R Squared	0.3062	R Squared	0.40
No. of Observations	14	No. of Observations	14
Degrees of Freedom	12	Degrees of Freedom	12
X Coefficient(s)	0.02	X Coefficient(s)	0.000021
Std Err of Coef.	0.01	Std Err of Coef.	0.000007
c. EMPLOYMENT AND TOTAL INJURIES		d. PERSON-HOURS AND TOTAL INJURIES	
Regression Output:		Regression Output:	
Constant	-1985	Constant	-7179.74
Std Err of Y Est	2384	Std Err of Y Est	4211.72
R Squared	0.36	R Squared	0.59
No. of Observations	14	No. of Observations	14
Degrees of Freedom	12	Degrees of Freedom	12
X Coefficient(s)	0.27	X Coefficient(s)	0.00057
Std Err of Coef.	0.11	Std Err of Coef.	0.00014

TABLE D.10: EMPLOYMENT AND INJURIES IN THE RAIL TRANSPORT INDUSTRY**a. EMPLOYMENT AND DISABLING INJURIES**

Regression Output:

Constant	604
Std Err of Y Est	310
R Squared	0.23
No. of Observations	13
Degrees of Freedom	11

X Coefficient(s)	0
Std Err of Coef.	0

b. PERSON-HOURS AND DISABLING INJURIES

Regression Output:

Constant	-703
Std Err of Y Est	273
R Squared	0.41
No. of Observations	13
Degrees of Freedom	11

X Coefficient(s)	0
Std Err of Coef.	0

c. EMPLOYMENT AND TOTAL INJURIES

Regression Output:

Constant	15800
Std Err of Y Est	2873
R Squared	0.002
No. of Observations	13
Degrees of Freedom	11

X Coefficient(s)	0
Std Err of Coef.	0

d. PERSON-HOURS AND TOTAL INJURIES

Regression Output:

Constant	25688
Std Err of Y Est	2812
R Squared	0.04
No. of Observations	13
Degrees of Freedom	11

X Coefficient(s)	0
Std Err of Coef.	0

TABLE D.11: INDUSTRY COMPARISON--DIFR AND IIR

YEAR	RAIL INDUSTRY				AIR INDUSTRY				ROAD TRANSPORT			
	DIFR	CHANGE	IIR	CHANGE	DIFR	CHANGE	IIR	CHANGE	DIFR	CHANGE	IIR	CHANGE
1973	15.74		29.47		14.44		10.77		51.96		27.72	
1974	17.39	10.5%	30.12	2.2%	18.62	28.9%	14.26	32.4%	55.54	6.9%	23.10	-16.7%
1975	15.69	-9.8%	26.47	-12.1%	20.78	11.6%	14.62	2.5%	48.03	-13.5%	20.00	-13.4%
1976	18.26	16.4%	27.54	4.0%	20.13	-3.1%	13.12	-10.3%	48.56	1.1%	20.69	3.5%
1977	15.69	-14.1%	21.87	-20.6%	23.83	18.4%	13.74	4.7%	56.94	17.3%	23.19	12.1%
1978	13.87	-11.6%	20.03	-8.4%	22.55	-5.4%	13.81	0.5%	64.82	13.8%	25.96	11.9%
1979	15.81	14.0%	22.97	14.7%	23.15	2.7%	15.32	10.9%	62.94	-2.9%	25.06	-3.5%
1980	15.81	0.0%	20.73	-9.8%	23.59	1.9%	15.09	-1.5%	63.61	1.1%	25.81	3.0%
1981	18.65	18.0%	21.11	1.8%	23.82	1.0%	16.02	6.2%	60.37	-5.1%	25.34	-1.8%
1982	19.33	3.6%	20.46	-3.1%	19.79	-16.9%	15.35	-4.2%	62.94	4.3%	22.89	-9.7%
1983	15.22	-21.3%	19.32	-5.6%	28.63	44.7%	19.61	27.8%	62.62	-0.5%	22.49	-1.7%
1984	14.19	-6.8%	19.26	-0.3%	27.53	-3.8%	20.55	4.8%	70.81	13.1%	25.08	11.5%
1985	14.49	2.1%	18.59	-3.1%	27.05	-1.7%	17.40	-15.3%	64.54	-8.9%	22.91	-8.7%
AVG.	16.16	0.1%	22.92	-3.4%	22.61	6.5%	15.36	4.9%	59.51	2.2%	23.86	-1.1%

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WATER TRANSPORT				ALL INDUSTRIES			
DIFR	CHANGE	IIR	CHANGE	DIFR	CHANGE	IIR	CHANGE
1973	27.94	19.89		17.79	15.2		
1974	25.40	16.30	-18.0%	19.57	14.8	-2.6%	
1975	24.88	14.04	-13.9%	17.76	12.91	-12.3%	
1976	26.06	14.49	3.2%	19.27	13.14	1.8%	
1977	34.51	14.21	-1.9%	20.21	12.63	-3.9%	
1978	35.72	13.56	-4.6%	20.14	12.32	-2.5%	
1979	35.17	14.01	3.3%	20.46	13.06	6.0%	
1980	36.93	16.07	14.7%	20.43	12.32	-5.7%	
1981	33.27	14.63	-9.0%	20.33	12.49	1.4%	
1982	34.97	16.63	13.7%	24.45	12.22	-2.2%	
1983	37.81	19.80	19.1%	24.71	12.31	0.7%	
1984	38.65	22.31	12.7%	25.33	12.78	3.8%	
1985	35.87	19.17	-14.1%	24.28	11.84	-7.4%	
	32.86	16.55	0.4%	21.13	12.92	-1.9%	

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GRAPH D 3: CN AND INDUSTRY

GRAPH D 4: CN AND INDUSTRY

GRAPH D.5: CN AND INDUSTRY

GRAPH D6: COMPARISON RAIL, AIR, ROAD, WATER

GRAPH D7: COMPARISON RAIL, AIR, ROAD, WATER

TABLE D.12: INJURIES AND INJURY RATES AT AIR CANADA

YEAR	DIS. INJ.	FAT. INJ.	MINOR INJ.	TOTAL INJ.	TOTAL EMPL.	PERCENT CHANGE	PERSON HOURS	DIS. INJ. FRE. RATE	PERCENT CHANGE	INJ PER 100 EMP	PERCENT CHANGE
1972	504	0	953	1457	12834		25984634	19.40		11.21	
1973	601	0	946	1547	14497	13%	30095772	19.97	3%	10.28	-8%
1974	720	0	1149	1869	14914	3%	30963540	23.25	16%	12.07	17%
1975	848	1	1068	1917	14665	-2%	30443792	27.89	20%	12.59	4%
1976	776	1	617	1394	14551	-1%	30207876	25.72	-8%	9.23	-27%
1977	965	1	665	1631	14098	-3%	29120052	33.17	29%	11.20	21%
1978	950	0	605	1555	14461	3%	30797459	30.85	-7%	10.10	-10%
1979	1022	0	1236	2258	15874	10%	32954424	31.01	1%	13.70	36%
1980	1140	1	1166	2307	16253	2%	33780672	33.78	9%	13.66	0%
1981	1052	1	1229	2282	16221	0%	33674796	31.27	-7%	13.55	-1%
1982	477	1	710	1188	7953	-51%	16510428	28.95	-7%	14.39	6%
1983	792	0	974	1766	11999	51%	24909924	31.79	10%	14.18	-1%
1984	783	1	983	1767	11979	0%	24868404	31.53	-1%	14.21	0%
1985	1432	1	2570	4003	19725	65%	40949100	34.99	11%	19.55	38%
AVG:	862	0.57	1062	1924	14287	7%	29661490	28.83	5%	12.85	6%

Source: Labour Canada

AIR CANADA'S OWN DATA (Provided by Firm)

YEAR	NON-DISAB	DISAB.	TOTAL	COST (million)	NON-DISAB PER 100 EMPLOYEES	DISAB PER 100 EMPLOYEES	TOTAL
1979	1423	1311	2734		6.24	5.75	11.99
1980	1297	1492	2789		5.54	6.37	11.91
1981	1388	1410	2798		5.95	6.04	11.99
1982	1459	1267	2726		6.45	5.60	12.06
1983	2089	1330	3419	\$2.8	9.68	6.16	15.84
1984	2462	1513	3975	\$3.9	11.27	6.93	18.19
1985	2699	1472	4171	\$5.3	12.50	6.82	19.31
AVG:	1831	1399	3230	\$4.0	8.23	6.24	14.47

Source: Air Canada

TABLE D.13: INJURIES AND INJURY RATES IN THE AIR TRANSPORT INDUSTRY

YEAR	DISAB. INJ.	FAT. INJ.	MINOR INJ.	TOTAL INJ.	TOTAL WORKERS	PERCENT CHANGE	PERSON- HOURS	DIS.INJ. FRE.RATE	PERCENT CHANGE	INJ.PER 100 EMPL.	PERCENT CHANGE
1973	1077		3040	4117	33440		74567504	14.44		10.77	
1974	1340		3921	5261	36121	8%	71960600	18.62	29%	14.26	32%
1975	1454	6	3809	5269	35815	-1%	70256682	20.78	12%	14.62	3%
1976	1410	8	3323	4741	35872	0%	70440615	20.13	-3%	13.12	-10%
1977	1651	1	3110	4762	34486	-4%	69319228	23.83	18%	13.74	5%
1978	1672		3450	5122	36936	7%	74157711	22.55	-5%	13.81	1%
1979	1815		4190	6005	38796	5%	78403882	23.15	3%	15.32	11%
1980	1955		4300	6255	40486	4%	82882353	23.59	2%	15.09	-2%
1981	1983		4684	6667	41315	2%	83243349	23.82	1%	16.02	6%
1982	1477	1	4253	5731	37176	-10%	74673944	19.79	-17%	15.35	-4%
1983	2200	1	5334	7535	38963	5%	76865149	28.63	45%	19.61	28%
1984	2308	1	6310	8619	42979	10%	83873061	27.53	-4%	20.55	5%
1985	2363		5237	7600	44364	3%	87367390	27.05	-2%	17.4	-15%
AVG:	1747	3	4228	5976	38211	3%	76770113	22.61	7%	15.36	5%

Source: Labour Canada

TABLE D.14: COMPARISON OF CHANGE IN EMPLOYMENT AND INJURY RATES--
AIR CANADA AND THE AIR TRANSPORT INDUSTRY

	AIR CANADA (averages)	AIR TRANSPORT INDUSTRY (averages)
1. EMPLOYMENT		
1973-1978	14531	35445
1979-1984	13380	39953
Percent Change:	-7.92%	12.72%
2. DISAB.INJ.FREQ.RATE		
1973-1978	26.1	20.06
1979-1984	31.39	24.42
Point Change:	4.58	4.36
3. INJURIES PER 100 WORKERS		
1973-1978	10.91	13.39
1979-1984	13.95	16.99
Point Change:	3.04	3.60

TABLE D.15: INJURIES AND INJURY RATES AT CANADIAN PACIFIC

YEAR	DISABL. INJ.	FAT. INJ.	MINOR INJ.	TOTAL INJ.	TOTAL EMPLOY.	PERCENT CHANGE	PERSON- HOURS	DIS. INJ. FRE RATE	PERCENT CHANGE	INJURIES PER 100	PERCENT CHANGE
1982	264	0	2208	2472	7954		15513000	19.40		31.87	
1983	388	0	2255	2643	6902	-13%	12046000	19.97	3%	43.88	38%
1984	331	0	2983	3314	7043	2%	12341800	23.25	16%	53.70	22%
1985	331	0	1368	1699	8644	23%	14825820	27.85	20%	22.92	-57%
AVG:	329	0	2204	2532	7636	4%	13681635	22.62	13%	38.09	1%

Source: Labour Canada

TABLE D.16: AIR CANADA GENERAL DATA

YEAR	NO. OF EMPLOYEES	GROSS REVENUE	OPERATING INCOME	NET INCOME	ROI*	ROE**	DEBT/*** EQUITY	VALUE OF FIXED ASSETS	SHAREHOLDER'S EQUITY
1970	17447	\$478,259,000	\$20,863,000	(\$1,072,000)	4.5%	-2.8%	94/6	\$579,685,000	\$37,689,000
1971	17266	\$508,341,000	\$28,256,000	\$1,662,000	4.6%	3.3%	94/6	\$639,432,000	\$39,151,000
1972	18232	\$583,262,000	\$45,492,000	\$8,648,000	5.7%	17.1%	93/7	\$662,107,000	\$47,599,000
1973	20567	\$698,050,000	\$46,393,000	\$6,123,000	5.8%	12.1%	93/7	\$926,737,000	\$51,522,000
1974	21167	\$848,582,000	\$33,856,000	(\$9,225,000)	5.0%	-24.1%	95/5	\$926,083,000	\$44,097,000
1975	20589	\$957,180,000	\$39,304,000	(\$13,082,000)	5.1%	-47.1%	97/3	\$947,784,000	\$31,424,000
1976	20556	\$1,057,484,000	\$39,765,000	(\$10,455,000)	6.5%	-30.1%	97/3	\$874,424,000	\$23,970,000
1977	20443	\$1,187,655,000	\$89,127,000	\$20,006,000	8.7%	8.1%	95/5	\$818,666,000	\$43,700,000
1978	20964	\$1,322,587,000	\$84,489,000	\$47,485,000	9.4%	10.1%	58/42	\$783,842,000	\$415,200,000
1979	22217	\$1,495,200,000	\$100,800,000	\$55,400,000	9.2%	11.6%	57/43	\$713,276,000	\$457,400,000
1980	23657	\$1,905,900,000	\$90,400,000	\$57,000,000	8.7%	10.1%	56/44	\$895,805,000	\$501,200,000
1981	23532	\$2,258,200,000	\$73,600,000	\$40,100,000	7.2%	7.7%	57/43	\$1,254,068,000	\$545,500,000
1982	22612	\$2,305,900,000	(\$25,800,000)	(\$32,600,000)	1.5%	-6.5%	64/36	\$1,432,036,000	\$446,700,000
1983	21584	\$2,298,500,000	\$28,400,000	\$3,800,000	4.8%	0.7%	69/31	\$1,637,830,000	\$444,800,000
1984	21847	\$2,499,400,000	\$42,800,000	\$28,100,000	7.0%	5.4%	71/29	\$1,893,056,000	\$527,500,000
1985	22134	\$2,722,500,000	\$1,500,000	(\$14,800,000)	5.1%	-2.8%	74/26	\$1,807,189,000	\$513,100,000
1986	22234	\$2,885,200,000	\$126,300,000	\$40,400,000	8.2%	7.3%	56/44	\$1,669,675,000	\$553,500,000
AVG:	20926	\$1,451,687,500	\$46,202,813	\$11,693,125	6.2%	-1.6%		\$1,041,251,250	\$267,367,625

*Source: Air Canada, Annual Reports. (Firm suggests that acceptable standard is 12 percent.)

**Net Income/Average Shareholder's Equity

***60/40 norm for U.S. carriers.

TABLE D.17: MEASURES OF PROFITABILITY AND THE DISABLING INJURY FREQUENCY RATE**a. NET INCOME AND DIFR**

Regression Output:

Constant	28.03
Std Err of Y Est	4.86
R Squared	0.12
No. of Observations	14
Degrees of Freedom	12
X Coefficient(s)	0.0000000397
Std Err of Coef.	0.0000000471

c. ROI AND DIFR

Regression Output:

Constant	24.13
Std Err of Y Est	4.91
R Squared	0.10
No. of Observations	14
Degrees of Freedom	12
X Coefficient(s)	72.38
Std Err of Coef.	62.74

b. ROE AND DIFR

Regression Output:

Constant	28.89
Std Err of Y Est	5.14
R Squared	0.01
No. of Observations	14
Degrees of Freedom	12
X Coefficient(s)	2.98
Std Err of Coef.	7.43

TABLE D.18: MEASURES OF PROFITABILITY AND THE INJURY INCIDENCE RATE**a. NET INCOME AND IIR**

Regression Output:

Constant	14.27
Std Err of Y Est	2.46
R Squared	0.16
No. of Observation	14
Degrees of Freedom	12
X Coefficient(s)	-0.0000000288
Std Err of Coef.	0.0000000191

c. ROI AND IIR

Regression Output:

Constant	15.06
Std Err of Y Est	2.56
R Squared	0.08
No. of Observations	14
Degrees of Freedom	12
X Coefficient(s)	-34.40
Std Err of Coef.	32.77

b. ROE AND IIR

Regression Output:

Constant	12.87
Std Err of Y Est	2.67
R Squared	0.00
No. of Observation	14
Degrees of Freedom	12
X Coefficient(s)	0.89
Std Err of Coef.	3.87

TABLE D.19: EMPLOYMENT AND INJURIES AT AIR CANADA**a. PERSON HOURS AND DISABLING INJURIES**

Regression Output:		
Constant		-276.74
Std Err of Y Est		148.65
R Squared		0.69
No. of Observations		14
Degrees of Freedom		12
X Coefficient(s)	0.000038	
Std Err of Coef.	0.000007	

b. PERSON HOURS AND TOTAL INJURIES

Regression Output:		
Constant		-963.02
Std Err of Y Est		438.04
R Squared		0.63
No. of Observations		14
Degrees of Freedom		12
X Coefficient(s)	0.000097	
Std Err of Coef.	0.000022	

TABLE D.20: EMPLOYMENT AND INJURIES IN THE AIR TRANSPORT INDUSTRY**a. Person-hours and Disabling Injuries**

Regression Output:		
Constant		-2332.66
Std Err of Y Est		254.68
R Squared		0.63
No. of Observations		13
Degrees of Freedom		11
X Coefficient(s)	0.0000531353	
Std Err of Coef.	0.0000123993	

b. Person-hours and Total Injuries

Regression Output:		
Constant		-7508.19
Std Err of Y Est		844.74
R Squared		0.62
No. of Observations		13
Degrees of Freedom		11
X Coefficient(s)	0.0001756397	
Std Err of Coef.	0.0000411263	

GRAPH D.8: AIR CANADA'S

GRAPH D.9: AIR CANADA'S

GRAPH D 10: AIR CANADA AND INDUSTRY

GRAPH D 11: AIR CANADA AND INDUSTRY

TABLE D.21: ESTIMATE OF TIME AND MONEY - PETRO-CANADA**Administrative Structure for Occupational Health and Safety
(As of December, 1986)****HEALTH**

Staff Allocation 30 managers, supervisors, technicians,
clerical, and contract employees

Budget no assessment available

RESOURCES

Staff Allocation 10 (reduced from 17)

Budget no assessment available

PRODUCTS

Staff Allocation 18+

Budget \$850,000⁰ (includes computer facilities:
headquarters only)

TABLE D.22: INJURIES AND INJURY RATES AT PETRO-CANADA

YEAR	DISAB. INJ.	FATAL INJ.	MINOR INJ.	TOTAL INJ.	TOTAL EMPL.	PERCENT CHANGE	PERSON- HOURS	DIS. INJ. FRE. RAT	PERCENT CHANGE	INJ. PER 100 EMP.	PERCENT CHANGE	1 WORKER EVERY
1977	6	0	8	14	611		1140040	5.26		2.46		41
1978	15	0	22	37	1000	64%	1851768	8.10	54%	4.00	63%	25
1979	28	0	118	146	2310	131%	4275158	6.55	-19%	6.83	71%	15
1980	23	0	103	126	2868	24%	5618867	4.09	-38%	4.48	-34%	22
1981	31	1	59	91	3156	10%	6297133	5.08	24%	2.89	-36%	35
1982	75	0	215	290	5779	83%	11086971	6.76	33%	5.23	81%	19
1983	127	0	140	267	7109	23%	14090003	9.01	33%	3.79	-28%	26
1984	71	0	44	115	5881	-17%	12203656	5.82	-35%	1.88	-50%	53
1985	58	2	39	99	6430	9%	4914538	12.21	110%	4.03	114%	25
AVG:	~8	0.33	83	132	3905	41%	6830904	6.99	20%	3.95	23%	29

Source: Labour Canada

GRAPH D.12: PETRO-CANADA 'S

GRAPH D.13: PETRO-CANADA 'S

ANNEX E

TABLE E.1: OFFICIAL LANGUAGES REFERENCES

TABLE E.2: EMPLOYMENT EQUITY REFERENCES

TABLE E.3: OH&S REFERENCES

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