

The Unintended Consequences of Working From Home Will Be Multifold and Worrisome for Canadians



On my Sunday Newstalk 1010 show, a caller complained that while his employer was permitting him to continue working from Costa Rica, it was cutting his pay by 25 per cent.

He was unhappy with my advice.

Remote working is at a tipping point. Close to two years ago, most employers were legislatively required to close their offices and employees, those not laid off, were required to work from their homes.

Many Canadians seized upon that to move to their cottages or relocate to less expensive areas, whether rural Canada or not in Canada at all.

The implicit understanding was that, when matters normalized and offices could reopen, they would return to work. My firm shut for all of two months from March to May 2020 and has been going at full tilt, in the office, ever since. But we are an anomaly. Our office building is largely empty as are most of the towers of Corporate Canada. Despite much talk about returning to the office, it has, by and large, not yet taken place.

Soon enough, and it may have already occurred, employees asked to return to their offices will be able to argue that that is a constructive dismissal since they have now been working remotely beyond the time that was legally necessary. My advice to employers is to get ahead of this issue now and require employees to either return or execute a contract permitting the employer to require them to return in the future on one month's notice.

Work-from-homers, lobbying to make work-from-home permanent ... should watch what they wish for

As for my caller, as long as the employer is prepared to let the employee return to the office in Toronto at full salary, it can allow him the choice of working remotely at a lower salary. It could even, as some U.S. companies are doing, designate a different pay rate depending upon where the employee chooses to work. So there might

be a 10 per cent pay cut if the employee works from their Toronto home, no pay cut if they move to New York City, but a 50 per cent reduction if they move to India or Costa Rica. This is permissible only if the employee has the option of returning to the office at full salary. Otherwise, reducing their salary is a constructive dismissal.

I pointed out to this caller that there was something else he had not considered. If the employer became comfortable with his job being performed remotely, what was to prevent it from hiring a Costa Rican or from anywhere else, to perform their job at a fraction of even their reduced salary. The Bank of England warned of precisely this situation months ago.

The work-from-homers, lobbying to make work-from-home permanent (and most Canadians who are doing it wish it to continue, at least part of the time), should watch what they wish for. The unintended consequences of working from home will be multifold and worrisome for Canadians.

Let me take the example of a fictional Alice, a loyal employee of many years of a fictional employer. Over time, this employer got to know her and her family and helped her through various life difficulties.

Alice grew older and her work deteriorated. But the company did not fire her because it knew the burden that would place upon her and her family. Instead, it allowed her to work out her remaining time until she chose to retire. Alice is a common story. I have acted for many employers and heard about their Alices.

With employees working from home, there is no longer the human connection creating the loyalty which employers show to their Alice. And employees, who never got to know and socialize with their employers in the hallways and at company functions, have less loyalty to their employers in turn.

Dismissing becomes more anonymous. I have spoken to employees who have been hired in the last two years and never once met their managers or coworkers outside of a Zoom call, often with the video off or with an avatar as their representation. Another aspect of that anonymity is that employers are less likely to see an employee's benefits to the organization and, as result, more likely to find them disposable in any cost reduction.

Without the personal rapport, and comfortable with employees working remotely, companies can recruit new workers anywhere in the world at a fraction of the wages.

And smart recruitment agencies are expanding their searches to meet those demands. In the same way, they might not even wait until they need a new employee but replace existing employees with less expensive ones.

This is not only problematic for the employees in question but for Canada's employment and tax base, as fewer Canadians are ultimately employed. Coupled with robots and other forms of automation becoming increasingly functional and less expensive, I see the makings of a labour force and financial crisis, with less employees paying taxes on high income jobs, on the horizon.

Of course, employees that are still working remotely will lack the relationships with key executives that lead to promotional opportunities.

Looking ahead, what will working from home ultimately beget? Unemployment, reduced salaries, the transfer of jobs abroad and an underclass of employees far removed from decision-making and promotional opportunities.

Source: [Levitt Sheikh](#) – [Howard Levitt](#)