

# **New Configurations of Work Relations and Their Impacts on Work, Employment, and Collective Action**

## The Poultry Value Chain in Quebec: the Production Segment

### *Summary*

Martine D'Amours, with the collaboration of Marie-Hélène Deshaies  
Université Laval

November 2019

Martine D'Amours, Full Professor, Université Laval.

Marie-Hélène Deshaies, Research professional (at the time of the research), Université Laval

Project entitled Les nouvelles configurations de la relation d'emploi et leurs impacts sur le travail, l'emploi et l'action collective, SSHRC Insight Grant, no. 435-2014-1404.

Picture credit to: Jonathan CHNG on Unsplash

November 2019  
All rights reserved

OVERVIEW OF THE PROJECT AND OUR RESEARCH STRATEGY.....	3
SUMMARY.....	4

## Overview of the project and our research strategy

It is increasingly noticeable that contemporary work is no longer taking part inside the traditional employment relationship between an employer and employees, but within new organizational configurations like subcontracting, interim appointments (obtained through an employment agency) and self-employment. These organizational configurations place workers (employees or self-employed) in contact with various entities that influence their working and employment conditions without necessarily endorsing the legal status of an employer, and effectively upsets the employment relationship by making it more complex to control workers.

To understand contemporary work and employment relations, it seems necessary to shift the analysis from the firm level to that of the value chain, conceived as a “social system”, in order to take into account the nature of relationships between firms, and also between the firms and the different types of workforce they put into contact. The general objective of this research project is to understand, from a historical and comparative perspective, how these new configurations operate, and their impacts on work, employment and the capacity of the various actors to take collective action.

The research strategy that was chosen is that of the multiple-case study (Yin, 1989; Eisenhardt, 1989). Four sectors distinguished by the nature and strategy of the pivot firm and by the degree of qualification of the workers concerned, are targeted for analysis, namely: ICT business services, childcare services, transportation and food processing.

For each of these sectors, a synchronic (current configurations) and diachronic (their development over the last ten years) case study of a pivotal company, its subcontractors, agency workers and independent workers was carried out. Due to the current context of globalization, subcontracting chains are spreading to multiple countries; the case studies on transportation equipment and food processing will thus focus on a multinational firm simultaneously present in Canada, France and Mexico (comparative case-study on these 3 countries).

## Summary

### **Introduction**

The poultry value chain in Quebec is made up of three segments (production, processing, distribution) that are both strongly concentrated and functionally integrated. This monograph deals with the production segment, which begins at the hatchery and lasts until the chicken arrives at the processing plant

### **The product and its characteristics**

Chicken production in Canada and Quebec has been on the rise for several years, in response to a similarly growing demand. Mass production is standardized in order to meet the highly standardized demands of end clients.

One particularity in Quebec is that male and female chickens are raised separately, because of the small size of the industry, as well as the needs of certain large distributors or rotisserie chains; for some, male chickens are preferable for their products, and for others, female chickens are preferable. This explains certain unique operations in the Quebec poultry industry, like determining the sex of the chicks in the hatcheries.

### **Description of the production structure leading to the final product/service**

The degree to which the sector is both concentrated and integrated justifies the label “value chain.” The value chain is defined as “a network of labor and production processes whose end result is a finished commodity” (Hopkins and Wallerstein, cited in Lakhani et al., 2013).<sup>1</sup>

Dupont (2009)<sup>2</sup> writes of the birth of a Fordist<sup>3</sup> model of agriculture between 1940 and 1973, which has resulted in a decrease in the number of farms alongside an increase in their size, a reduction of the agricultural workforce alongside an intensification of the sector’s productivity, and greater specialization across the board. The poultry sector has not escaped this trend.

In 2017, there were 744 broiler chicken producers in Quebec, all quota holders. The number of quota holders has remained stable since the beginning of the 1980s (hovering around 750), but it has dropped significantly in comparison to the 1960s. A share of these quotas, presently unknown, is owned by other actors in the industry: mills, hatcheries, and slaughterhouses.

---

<sup>1</sup> Lakhani, Tashlin, Kuruvilla, Sarosh, and Avgar, Ariel (2013). “From the Firm to the Network: Global Value Chains and Employment Relations Theory,” *British Journal of Industrial Relations*, vol. 51, no. 3, pp. 440–72.

<sup>2</sup> Dupont, David (2009), *Brève histoire de l’agriculture au Québec: de la conquête du sol à la mondialisation* (Montréal: Fides), 226 pp.

<sup>3</sup> The Fordist mode of production combines mass production, most often within large vertically integrated companies, and mass consumption.

Both upstream and downstream of farming itself are a number of other entities. In Quebec there are currently four or five broiler chicken hatcheries, which incubate and hatch the eggs, and then transport the chicks to the farmers. There are also 37 to 40 mills, grouped under several large banners. The mills provide feed to the chicks and also offer technical services and advice about raising and caring for the flocks. A small number of businesses that specialize in catching and transporting poultry undertake these activities, which are subcontracted to them by the slaughterhouses.

There are 20 poultry processing businesses in Quebec, but more than 90% of the slaughters can be attributed to two large companies (Government of Quebec, 2019: 12),<sup>4</sup> each of which is owned, in full or in large part, by an agricultural cooperative. After a process of concentration spread over around 15 years, these two companies now own, control or supply most of the raw material to a hierarchy of establishments, which occupy a different position in the division of labour and correspond to different employment configurations and working conditions (on this matter, see the monograph on the processing segment).<sup>5</sup>

The same phenomenon of concentration has affected the distribution segment, where, due to mergers and acquisitions, there are a limited number of retail businesses, controlled in large part by five companies (Loblaws, Metro, Sobeys, Walmart, and Costco). As the data of the Further Poultry Processors Association of Canada shows, 63% of chicken sales in Canada in 2009 took place in the retail market (Government of Quebec, 2011: 7).<sup>6</sup> A handful of rotisseries and fast-food chains make up the majority of the remaining 37%.

The distribution segment is generally considered to dominate the poultry industry. However, this observation must be nuanced when we are looking at productions governed by the institutional framework of supply management and collective marketing. This system, a result of the collective action of the producers, has given them significant individual and collective power, which has resulted in operating conditions that are much more favourable than those of their American counterparts, especially in terms of remuneration and economic risk management. For these reasons, it is fairer to speak of two poles of authority in the poultry chain, rather than one.

## **Different groups of workers and their social labour relations**

---

<sup>4</sup> Government of Quebec (2019), *Portrait-diagnostic sectoriel de l'industrie de la volaille au Québec*. Quebec Ministry of Agriculture, Fisheries and Food, Director of Trade and Intergovernmental Politics, 34 pp.

<sup>5</sup> Martine D'Amours and Cathy Belzile, *La chaîne de valeurs du poulet au Québec: le segment de la transformation*, November 2019.

<sup>6</sup> Government of Quebec (2011), *Monographie de l'industrie de la volaille au Québec*. Quebec Ministry of Agriculture, Fisheries and Food, Director of Trade and Intergovernmental Politics, 57 pp. + appendices.

This section will present a comparison of the various configurations of the employment relationship that coexist in the poultry production sector. These relationships can be internal: regular employee (typical) or atypical employee (part-time, seasonal or occasional). They can also be external and cross-company: subcontracting, own-account self-employment, franchising, or interim work.

For this project, we have adopted the concept of the social labour relations (SLR) in order to expand the notion of wage-labour nexus so that it applies to configurations beyond just a binary employment relationship—for example, to include own-account self-employment (D’Amours, 2014).<sup>7</sup> This concept can be subdivided into five analytical components:

- work organization, autonomy, qualifications
- working conditions: workload, hardship, schedules
- rules, level, and the extent to which remuneration is guaranteed or predictable
- breakdown of economic risks: business risks, job security/stability, risk of knowledge obsolescence (employability)
- breakdown of social risks: illness, accident, parenthood, retirement

Poultry producers (or farmers) are legally designated as self-employed workers. According to the data of MAPAQ (Lévesque, 2008),<sup>8</sup> in 2007, 52.9% of the workforce in the poultry sector (including chicken and turkey) was made up of families (farm owners, and partners and other family members who are not owners) and 47.1% was made up of workers hired outside of the family.<sup>9</sup> The latter group was divided as follows: 48.8% full-time annual employees; 24.7% part-time annual employees; and 26.5% seasonal or occasional workers.

Considering the restricted space, we will limit ourselves to a detailed description of the SLR of the poultry producers and chicken catchers.<sup>10</sup>

### ***Poultry producers***

Chicken producers have a limited number of clients (two large businesses and a few smaller businesses), which serve an increasingly concentrated selection of end clients, large distribution and fast-food chains.

For each production period (there are 6,5 per year), the producer receives chicks and raises them for a certain number of days, depending on the type of production. When the chickens reach the weight sought by the slaughterhouse, the slaughterhouse sends

---

<sup>7</sup> Martine D’Amours (2014). *La qualité des emplois des travailleurs indépendants qualifiés: traducteurs, journalistes, avocats*. Québec: Presses de l’Université du Québec, 270 pp.

<sup>8</sup> Jocelyne Lévesque (2008), *Profil de la main-d’œuvre agricole au Québec 2007*, MAPAQ, Director of Development and Innovation.

<sup>9</sup> This configuration can vary depending on the size of the farms. Our interviews suggest that on smaller farms, the workforce is essentially made up of family members (or through reciprocal arrangements with other family members who are also farmers) but they sometimes hire on an occasional basis, to wash and disinfect the henhouses between two batches. Larger farms, for their part, hire employees on an annual basis.

<sup>10</sup> The complete monograph also includes a complete analysis of the SLR of poultry workers.

a team of catchers and a transporter to the farm. The producer must then clean and disinfect the henhouses before receiving a new group of chicks.

Even if the social labour relations of Quebec poultry farmers includes some level of heteronomy, they have significantly more autonomy than American poultry farmers. They can negotiate more or less as equals with hatcheries and mills for the purchase of their principal inputs (chicks and feed), except in cases of flat-rate production<sup>11</sup> and when another actor, such as a hatchery or a mill, lends them part of a quota or finances their purchase of a quota. They have far fewer sources of dependence than American producers, who work on contract for large integrated firms. Insofar as Quebec poultry farmers can exercise a choice, they may choose among a limited number of hatcheries and mills.

Except in the case of flat-rate contracts, Quebec producers own their chicks and largely determine their workplace regulations<sup>12</sup> and those of their employees, where appropriate. The poultry catching schedules are determined by the slaughterhouse. Respecting animal welfare regulations is a responsibility shared by the producer, the chicken catching company and the transporter.

The work schedules of poultry farmers are highly variable (depending in particular on the season, the developmental stage of the birds, any repairs needing to be done, and other unforeseen circumstances), but they are also flexible (and much less restrictive than, for example, in the pork industry). Our interviews reveal some pressure related to both availability and responsibility. In addition, poultry work involves health risks, especially respiratory illnesses (Guillam et al, 2016).<sup>13</sup>

Chicken farmers are paid per kilogram of live chicken. The minimum prices are negotiated between collective actors representing the farmers on one side, and the processors or further processors on the other. Importantly, the negotiated price is based on the calculation of production costs; it remunerates physical capital (machinery, buildings) as well as the work of a skilled worker. Primes (which the processors call “quality incentives”) can be added to these base prices if the producer fulfills certain conditions: presence when the birds are loaded, low rate of cage deaths, application of animal welfare regulations, respect of the weight ranges requested by the end client, etc.

According to data from Statistics Canada, the revenue and net profit of chicken farmers and egg producers are clearly higher than those of other agricultural

---

<sup>11</sup> “Contracts for flat-rate production are arrangements where the producer supplies the workforce and investments while the contractor supplies most of the materials (animals, chicken feed, veterinary services, management and transportation). The producer does not therefore have proprietary rights over the agricultural products that he cultivates or raises. The producer is barely involved, or not involved at all, in production decisions, and in investment decisions, they are usually paid per unit” (Royer and Vézina, 2012: 11).

<sup>12</sup> However, they must conform to various governmental standards, especially those of the Animal Care Program (ACP) and the On-Farm Food Safety Program (OFFSP). They are audited at least once per year by an external firm, and failing to respect the rules can result in fines or reductions to their quotas.

<sup>13</sup> Guillam et al. (2016), “Exposition aux poussières organiques et santé respiratoire des professionnels en aviculture,” *Revue d'Épidémiologie et de santé publique*, vol. 64, no. 4.

producers, on average (see Table 1), a conclusion that was confirmed over the course of numerous interviews.

**Table 1: Total revenues and net operating income of farms, Canada and Quebec, 2010 and 2014**

Year	All farm types, Canada		Eggs and poultry, Canada		All farm types, Quebec		Eggs and poultry, Quebec	
	2010	2014	2010	2014	2010	2014	2010	2014
Total operating revenues	315,165	418,080	1 092,018	1 230,019	369,002	459,779	1,390,244	1,685,534
Net operating income (revenues minus expenses)	50,534	70,997	166,795	186,199	58,480	74,598	238,998	231,560
Net operating income adjusted for capital cost allowance	21,029	31,852	115,476	125,462	29,636	40,077	187,937	176,724

Source: Author, based on Statistics Canada, Table 32-10-0078-01 (formerly CANSIM 002-0044)

The economic risk for poultry producer is considerably moderated by the institutional framework of supply management, which guarantees market opportunities for each producer's full output, at least at the price negotiated between the farmers' associations and processing associations. We might speak in this case of a quasi-FordistSLR, considering the security that it guarantees and the level of consumption that it permits. We were not at all surprised that several respondents among the producers expressed their fear of seeing this system disappear or grow weaker. As long as this institutional framework persists, the revenue of the Quebec poultry farmer will be predictable and quasi-assured (even if certain producers, when questioned, criticize the way in which production costs are calculated). The residual risk is flock illness, but there are compensation systems for the illnesses that farmers are required to declare, such as avian flu. Producers can also reduce the risk of flock illness by controlling the environment (biosecurity). Lastly, there are other types of private insurance for other kinds of risk, but the producer must make contributions in order to receive compensation when necessary.

Like other self-employed workers, farmers have little social protection, especially in case of illness. Our interviews revealed that on small farms, family support allows for vacation and holidays, or for leaves and financial support in case of illness. On large farms, the business often defrays the cost of private insurance. In all cases, the value of the assets is seen as a source of retirement savings. Lastly, owning at least 40% of a business provides certain protections attached to the status of employee (e.g., employment insurance).

### **Chicken catchers**

The process of emptying henhouses has, for several decades, been undergoing a radical transformation: initially an informal activity, accomplished through the

occasional hiring of neighbours and family members, it has become a formal activity, carried out by companies that specialize in chicken catching. As a result, the composition of the workforce has changed dramatically over the last 10 years, from principally Quebecois to principally immigrant. Today, the workforce of businesses specializing in chicken catching is chiefly made up of temporary foreign workers (TFW) from Guatemala.

Aside from the team leaders and assistants, chicken catchers have very limited autonomy. The team leader and the assistant supervise the other workers, but, as we will see, the lead companies are the ones that make strategic decisions about many aspects of the working conditions, including schedules and remuneration.

The work is physically demanding, involving repetitive movements, undertaken according to irregular and unpredictable schedules, often at night. Typically, a chicken catcher catches five chickens in each hand and presents them to another worker who is responsible for putting them in a cage, following strict standards, especially concerning how to handle the birds without hurting them. The work involves numerous health and safety risks, which depend in part on how well the farmer maintains their henhouses, and in part on the presence of safe facilities and equipment. Our interviewees also spoke about how, at certain farms, chicken catchers do not have access to basic toilet facilities.

Catchers are sometimes paid a flat rate and sometimes paid hourly, but either way, the time it takes to travel between two farms is not always remunerated, which can cause the pay to fall below minimum wage. On its website, the Ministry of Immigration, Francization and Integration (MIFI) mandates the current minimum wage for TFWs in the poultry sector, \$12.50 since May 1, 2019. Quebecois catchers are not guaranteed work hours, even if, in theory, the business must provide the number of hours promised in the contract (usually 35 hrs).

These workers assume many kinds of economic risk, especially risks concerning their revenue, which depends on whether they are paid by volume or by the hour, and on whether the transportation and waiting time is paid. They also experience fluctuations in activity (some weeks are busier than others). Animal welfare regulations also have an impact on their schedules and working methods and can affect the time that they must spend emptying a henhouse. In cases where workers are paid on the basis of their performance, this too can affect their remuneration.

Because these conditions make labour recruitment difficult, chicken catching companies use the federal Temporary Foreign Worker Program (TFWP).<sup>14</sup> Yet many recent research studies have highlighted that the exceptional nature and characteristics of this program leave workers in a highly vulnerable position, primarily because their work permit only allows them to work for a single employer. Workers

---

<sup>14</sup> It is important to note that the TFW Program for low-skilled workers, as with the Seasonal Agricultural Worker Program (SAWP), does not give workers access to permanent residency in Canada. For the moment, the poultry chain relies on temporary migrant worker programs only for chicken catchers, but many level 2 and 3 plants (see the monograph on poultry processing), as well as small slaughtering businesses, mention the possibility of turning to these programs if they have difficulty finding Canadian labour to fill their posts.

are afraid of breaking the employment relationship, which would cause them to be sent back to their country of origin, and they are also afraid of not being rehired the following year. Because of these fears, they rarely complain when accidents occur or their rights are not respected.

As employees, chicken catchers contribute to several social protection programs, but they rarely actually receive the benefits. A worker who does not have the right to search for another job cannot receive employment insurance benefits (in one case that was reported to us, an employee received three weeks of sick benefits). Although they contribute to the Quebec Parental Insurance Plan, they cannot take parental leave. And how are these workers supposed to withdraw their pension from the Quebec Pension Plan (QPP) once they have returned to their country of origin? Certain businesses do contribute to a group insurance plan, and employees can be compensated for injuries by the CNESST (Commission of workplace health and safety).

### **Groups that intervene in SLRs and their forms of authority**

One of our research objectives was to identify the various entities involved in the "manufacturing" of social labour relations. In this section, we offer a general analysis of the roles played by these entities in the implementation of the SLR of various groups of workers, the modalities of this intervention and the resources on which they rely.

In this summary, we will first offer a general analysis of the roles of different actors, and then we will analyze in more detail, and through an example, the role played by actors who have an influence on the working and employment conditions of chicken catchers.

The SLR of poultry producers is above all dependent on the institutional framework of supply management, which was created as a result of collective action by producers. Supply management gives producers significant individual and collective power, allowing them to stabilize the volume of production, the market opportunities, and the prices, and to negotiate with other actors in the chain. Chicken farmers thus retain considerable control over their activities, even if certain elements of their work are imposed by public regulations or the regulations of private actors downstream (especially the large distributors, whose requirements are relayed by the slaughterhouses). Through their Federation (Éleveurs de volaille du Québec, Chicken Farmers of Quebec, affiliated with the Union des producteurs agricoles, Union of Agricultural Producers), farmers can also affect the configuration of the chain; for instance, in 2010 the EVQ suspended<sup>15</sup> the transfer of quotas (with the exception of those between immediate family members) to avoid the possibility that, because of the high prices, an increased portion of these quotas might end up in the hands of other actors in the industry.

Employees of catching businesses have many more sources of dependence. Their legal employer directs production and work, but the lead firm and the end clients also exercise control indirectly. Because of the exceptional characteristics of the TFWP

---

<sup>15</sup> This suspension was lifted in the spring of 2019.

(notably the nominal work permit, and the power of the employer to send a TFW back to their country of origin), the TFW is far more dependent on his employer than an employee who is a Canadian citizen or permanent resident. Other actors also have an important influence on the quality of chicken catchers' working and employment conditions. In what follows, we will describe these different actors' zones of influence.

***The legal employer (the subcontracted firm specializing in chicken catching):***

- is responsible for training, remunerating, evaluating, disciplining, etc. its employees, while respecting different labour laws (Act respecting Labour Standards, Occupational Health and Safety Act). Under the TFWP, the employer also has other responsibilities, such as finding suitable accommodations for the workers.

Remember that these companies are subcontractors of the slaughtering companies (lead firms), which dictate, directly or indirectly, a good number of conditions. In particular, it is rarely possible for chicken catching businesses to negotiate prices with the slaughtering firms that contract them, because the environment is so competitive.

***Slaughter companies (lead firms):***

- establish chicken catching schedules, taking into account the transportation time between the farms and the slaughterhouse, and the slaughter schedules. The slaughter schedules affect the catching schedules; it is because the slaughter chains start early in the morning that chicken catching is done in the evening or at night. A fairly dense calendar affects the working and living conditions of the catchers and—to a lesser degree—those of the producers.
- establish the prices paid to the catching firms and the principle of payment (by volume), which often affects the terms and the level of compensation given to the catchers.
- intervene as well in the training of team leaders, to teach them working methods that respect government regulations concerning animal welfare
- evaluate in various ways the quality of work performed by the subcontractors: inspection when the load arrives, audits to verify that standards have been respected. If the standards are not respected, especially those related to animal welfare, they can reduce the catching volume or end the contract. In certain extreme cases, slaughtering companies can require that their subcontractors stop assigning a particular worker to their loads (which may result in the dismissal of the worker).

***The end clients (large grocery or restaurant chains):***

- encourage competition among the processors so that they can buy the chicken at the lowest price, while nevertheless respecting certain precise specifications.

They send their requirements of quality, quantity, weight, schedule, price, upstream on the chain.

- also carry out audits, not only of the slaughterhouses but of the subcontractors hired for catching and transportation. They can demand that a slaughterhouse stop doing business with a particular catching company if, for example, that company does not respect animal welfare regulations.

### ***Poultry producers:***

- determine the health and safety conditions under which the catchers work, because it is on their farms (and more specifically in their henhouses) that the actual chicken catching occurs. These conditions include, for instance, access to toilets, the existence of a space to change or to eat, the presence of balconies on the upper floors of the henhouses, slippery floors, snow on the roofs, nails sticking out of the ceiling, and poor ventilation. The Occupational Health and Safety Act (OHSA) makes the legal employer responsible for the health, safety and physical well-being of the catchers, but the legal employer only has authority over certain elements (like clothing and safety equipment) while other elements (like access to sanitation facilities or the maintenance of the henhouses) depend directly on the poultry producers, and indirectly on the slaughterhouses that buy their products.

### ***Recruiting agents:***

The Foreign Agricultural Resource Management Service (FARMS; “FERME,” in Quebec) supplies workers to the majority of chicken catching companies. This service recruits workers from their country of origin, in partnership with other agencies in that country, and it takes care of their transportation to Canada; it can also send a worker back home. Until now, these agencies have not been very well regulated. However, the recent revision of the Act respecting Labour Standards in June 2018 stipulate that the government will establish precise regulatory measures for this process. At the time of printing, these regulations had not yet been adopted.

### ***Public authorities:***

- play a key role, the federal government because it is responsible for the Temporary Foreign Workers Program, and the government of Quebec through its failure to update the applicable labour legislation for businesses under provincial jurisdiction or adapt it to the contemporary reality of business networks. The Occupational Health and Safety Act (OHSA) mandates that the employer must provide a safe workplace, but this rule is difficult to apply when the work is done in the spaces of third parties (poultry producers) over whom the legal employer has no authority.

## **Conclusion**

In the last few decades, poultry production has undergone numerous transformations. Farms have grown in size and increased in specialization. Production has become increasingly concentrated in the hands of certain major players in the industry, such as hatcheries, mills and slaughterhouses. The growth of production has gone hand in hand with higher standards of quality at every step. For example, the requirements related to animal welfare have had an effect on both the work and the composition of the workforce, as well as on farmers' working methods.

The supply management system is largely responsible for the favourable social labour relationship (autonomy, remuneration, risk management) of poultry producers in Quebec and in Canada. This system guarantees markets for their products at prices that take into account the costs of production, and allows them to avoid—for the most part—flat-rate production for large integrated firms, as happens in the United States. Thanks to this legislative and regulatory framework, poultry farmers—and this is lucky—have been able to affirm themselves as a key collective actor in the development of the industry. On the contrary, the benefits of this system have very little effect for the workers at other links in the chain, such as employees of the plants (except for the regular employees, who benefit from guaranteed hours and the most favorable conditions in the industry) or chicken catchers, who endure the worst working and employment conditions in the sector.

These conditions are in part attributable to the exceptional characteristics of temporary immigration programs (the worker can only work for the employer whose name appears on the permit), in particular those that take care of low-skilled workers. But they can also be explained by the subcontracting relationship, which has repercussions on all the actors upstream in the chain, especially on the most vulnerable among them; for the lowest cost possible, the contractors and the end clients impose various quantity and quality requirements and limit the capacity of these vulnerable workers for collective action. In these networks, diverse entities exercise control over or a strong influence on numerous aspects of the working and employment conditions, without taking responsibility for them, thus withdrawing from the exchange of stability for subordination that is the foundation of the traditional employment relationship.