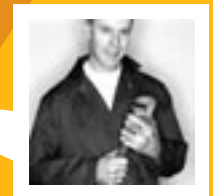
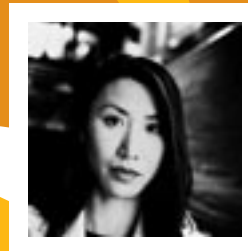
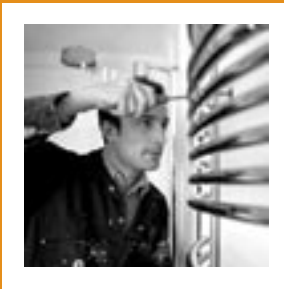


# Skills and Skills Shortages: The Views of Business, Labour, and Public Sector Leaders in Canada



Workplace Partners Panel  
Partenaires du milieu de travail



Findings from the Workplace Partners Panel's  
2005 Viewpoints Leadership Survey

September 2006

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Workplace Partners Panel  
Partenaires du milieu de travail

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# EXECUTIVE SUMMARY

Reflecting their concern about the skills challenges facing Canada, the Canadian Labour and Business Centre's Board of Directors sought funding from Human Resources and Social Development Canada for a Workplace Partners Panel (WPP) initiative that would allow business and labour to take a lead role in examining the skills shortages and demographic issues, identifying their key features, and proposing directions for governments, business and labour to address these. The *Viewpoints Survey* is a key background piece to this initiative. It examines the perspectives of business, labour, and public sector leaders on these issues.

The level of concern about shortages of skilled labour has increased substantially since the first *Viewpoints Survey* was conducted in 1996. In that year, less than one-third of managers, and only one in five labour leaders

judged the shortage of skilled labour to be a serious problem. Today, well over 50% of private and public sector managers, and nearly two-thirds of private and public sector labour leaders describe it as a "serious problem" for the Canadian economy and labour market. Very few respondents say it is "not a problem."

The issue of skills shortages ranks as the number one issue among Canada's public sector managers (out of 42 issues). Among private sector managers, it ranks third.

Concerns about the shortage of skilled labour are highest in Alberta and British Columbia. In Alberta, two-thirds of private sector managers judge it as a serious problem. In British Columbia, it is the number one issue.

“The issue of skills shortages ranks as the number one issue among Canada’s public sector managers.”

# EXECUTIVE SUMMARY

Canada's managers and labour leaders are concerned about the issue of skills shortages for good reason; they are experiencing the shortages first hand. At the national level, 44% of private sector managers indicated that they had an occupational shortage within their firm, and an additional 10% anticipated a shortage within the next two years. The responses of labour leaders corroborate these findings, with about one-half saying that their members report current shortages in the organizations where they work.

Within the private sector, trades occupations, production workers, general labourers, front-line supervisors and technicians were frequently cited by both groups as being in shortage. Public sector managers and labour leaders most commonly pointed to professionals, technicians and trades as the groups in shortage.

*Viewpoints* respondents in Canada's western provinces were more likely to report occupational shortages than respondents in Ontario, Quebec, and the Atlantic provinces. Private sector managers in Alberta were most likely to report a current occupational shortage (60%).

Filling occupational shortages is important, but so too is ensuring that the existing workforce has the skills it needs. Leadership and management skills, communication skills, problem solving skills, and interpersonal and teamwork skills were consistently cited as needing "much improvement".

Literacy skills of employees were least likely to be seen as needing improvement. This finding points to a potentially serious "disconnect" on the issue of literacy, as one in four employed Canadians between the ages of 16 and 65 has average literacy scores *below* the desired threshold for coping with the rapidly changing skills demands of a knowledge-based economy and society. Increasing awareness and understanding of literacy issues among

Canada's business and labour communities is essential if there is to be real progress made in addressing workforce literacy requirements. Failure to do so could mean that many workplaces and individual workers will face a potential major impediment to training and skills upgrading.

Although there are nearly three million workers within 10 years of the median retirement age, a significant share of managers report that their organizations are not actively addressing the question of how they will replace workers who retire. Many organizations, especially in the private sector, are likely to find themselves inadequately prepared to effectively deal with the retirement and replacement situations they face.

Employers and labour leaders also identified a number of barriers they expect to face in trying to meet their future skills requirements. Both groups expect that there will be difficulties increasing compensation levels in order to attract and retain workers, and that competition from other employers for qualified workers will be a serious problem.

The *Viewpoints Survey* findings suggest that many labour leaders are sceptical about management's commitment to meeting skills needs, and they are critical about management's ability to effectively plan for the skills that will be required. Labour sees these as serious problems that will hamper our ability to meet future skills requirements.

One out of every five managers surveyed felt their organization would have difficulties meeting skills requirements because training costs are too high. In fact, many of the managers surveyed, particularly in smaller business, indicated that their firms are without training plans and budgets to guide and assist with their business objectives.

Despite these difficulties, *Viewpoints* respondents as a whole felt that upgrading the skills of current employees was the most important action that could be taken in meeting future skills requirements. However, current evidence shows that Canada falls short of other industrialized countries in this area, and that there is a need for an improved and expanded commitment to workplace training. Both groups agreed that certain actions, such as government cost shared training programs, developing better partnerships with educational institutions, and potentially, using Canada's EI program to support workplace training could be very effective at increasing the amount of workplace training received by Canadian workers.

The idea of extending the working careers of older workers in order to help address shortages of skilled labour finds some level of support from managers and labour leaders, but only to the extent that it involves voluntary measures. In fact, most labour leaders do not see a need to move in this direction, and neither managers nor labour leaders viewed the prolongation of work careers as among the most important actions that might be taken to address future labour and skills requirements.

Immigration is not a 'top of mind' solution for most employers and labour leaders, in spite of the fact that immigration now drives the vast majority of net labour force growth. Few managers or labour leaders described the hiring of new immigrants as a "very important" action. In fact, about one-half of managers surveyed said that it was "not important". These views may reflect the difficulties respondents associate with internationally trained workers.

Problems with language and communications skills, lack of resources available to help assess newcomers' education and credentials, lack of Canadian work experience, and additional training requirements for newcomers were frequently described as problems associated with the hiring of new immi-

grants to Canada. These long-standing immigration integration issues have yet to be adequately resolved, at least from the perspective of Canada's employers and labour leaders. A large majority of respondents agreed that there should be more community supports to help integrate immigrants into the workforce and the community.

With the exception of private sector managers, a majority of labour leaders and public sector managers in the western provinces said that hiring Aboriginal people was either "somewhat" or "very important" in meeting skills needs. This response is understandable insofar as Aboriginal peoples make up a relatively large and growing share of the population – particularly the youth population – in these provinces. Of more concern perhaps, is the relatively large share of private sector managers (between 50% and 60% in each of the western provinces) who felt that the hiring of Aboriginal people was "not important" in meeting their organization's future labour and skills requirements.

The challenge of meeting Canada's human resource and skills requirements in the wake of the baby-boom retirement wave will depend on our ability to make optimal use of available human resources, to enhance the quantity and quality of workplace training and lifelong learning, to enhance the school-work-school transitions, and to ensure that barriers to full participation are minimized if not eliminated. The *Viewpoints Survey* shows that while we may recognize the seriousness of skill shortages, we are falling short in several of these areas. Our record on workplace training continues to lag behind that of other countries, we often lack training plans, we fail to appreciate and address the central importance of literacy and essential skills, and we pay insufficient attention to those under-represented in our workforce – including Aboriginal peoples and immigrants. These are not new problems. But our collective failure to resolve them places us increasingly at risk of a serious skills crisis down the road.

# THE CHALLENGE OF SKILLS SHORTAGES

Reports about shortages of physicians, nurses, skilled tradespeople, truck drivers, and many other occupations and professions have become commonplace in the pages of our daily newspapers across the country. It is becoming increasingly apparent that these shortages are not isolated, short-term anomalies, with easy “quick-fix” solutions. Instead, they are the outcome of structural trends that are fundamentally affecting the supply and demand for skilled labour. They are rooted in the demographic trend of an aging population and the requirements of an advanced economy in which knowledge, skills and innovation are nothing less than prerequisites for continued prosperity. In this sense, current examples of specific occupational shortages are indicative of a more significant, longer and widespread human resource challenge that will directly or indirectly affect all sectors of the Canadian economy.

Consider the following:

Unemployment levels in Canada are currently at their lowest level in three decades, and labour force supply is likely to remain tight for many years. The Organisation for Economic Cooperation and Development (OECD) projects that Canada’s annual labour force growth will fall to less than 0.5% between 2000 and 2020. Over the period 2020 to 2050, labour force growth is expected to be negative<sup>2</sup>.

According to Statistics Canada, there are 2.9 million workers within 10 years of the median retirement age<sup>3</sup>.

The expected tightening of labour supply is occurring at a time when the demand for skills is apparently increasing. Already, a large majority of net labour force growth occurs in jobs that the National Occupational Classification system identifies as typically

requiring post-secondary education and training. For instance, Statistics Canada reports that from 1991 to 2001, the number of people in the labour force increased by 1.3 million to 15.6 million (a 9.5% increase). However, the number of people in highly skilled occupations – those that usually require a university education – increased by 33% – more than three times the rate of the overall labour force<sup>4</sup>.

In all provinces and territories, the rate of growth in highly skilled occupations is far outpacing that of occupations requiring only secondary education or less<sup>5</sup>.

The challenge of meeting human resource requirements in the wake of the baby boom retirement wave will depend on our ability to make optimal use of available human resources, to enhance the quantity and quality of workplace training and lifelong learning, to enhance the school-work-school transitions, and to ensure that barriers to full participation are minimized, if not eliminated. To be sure, skills shortages are not evenly spread throughout the country, nor do they affect all occupations to the same extent. Businesses continue to restructure or close, and workers do lose their jobs. But there is no reason to expect that in a time of skills shortage, such adjustments would not continue to take place. The real challenge is to develop effective ways of minimizing the impact of such events and to ensure that learning and employment opportunities are available to all who need them.

This report presents the findings from the *2005 Viewpoints Survey*, and is organized along four main sections. The first examines managers’ and labour leaders’ views about the seriousness of skills shortages as an issue facing the Canadian economy and labour market. Part II takes a look at

some of the specific challenges and obstacles that confront employers in their efforts to address future labour and skills requirements. In Part III, the perceptions of management and labour about the kinds of solutions that they feel are most important in addressing skills needs are discussed. Finally, the report concludes with a summary and offers some key messages about the issue of skills shortage.


*According to Statistics Canada, there are 2.9 million workers within 10 years of the median retirement age.*

<sup>2</sup> OECD (2005). Ageing Populations: High Time for Action. Background paper prepared by the OECD Secretariat for the meeting of G8 Employment Ministers, London, 10-11 March, 2005.

<sup>3</sup> Statistics Canada (2005). The Canadian Labour Market at a Glance. Catalogue 71-222-XWE.

<sup>4</sup> Statistics Canada (2003). The Changing Profile of Canada's Labour Force. Ottawa: Minister of Industry. Catalogue no. 96F0030XIE2001009.

<sup>5</sup> Calculations by the Canadian Labour and Business Centre using Statistics Canada Census data, Catalogue no. 96F0030XIE2001009.



Will  
workers  
who  
retire  
be  
replaced?

PUBLIC SECTOR



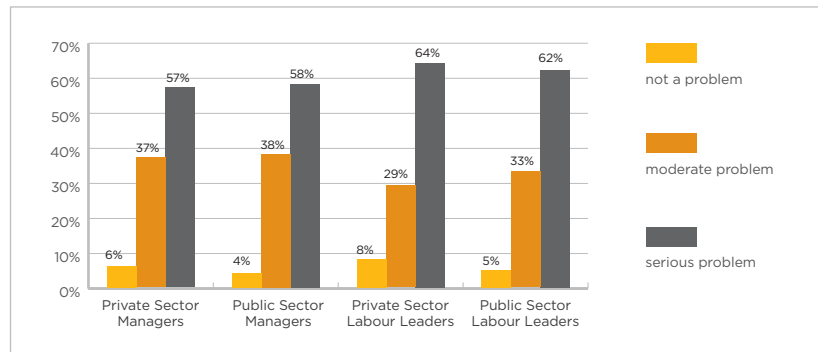
SMALL BUSINESS OWNER

## PART I. SKILLS SHORTAGES: AN ESCALATING PROBLEM



Managers and labour leaders responding to the *Viewpoints Survey* expressed a mutual and high level of concern about skill shortages. Well over 50% of private and public sector managers, and nearly two-thirds of private and public sector labour leaders described it as a “serious problem” for the Canadian economy and labour market. Very few respondents said it was “not a problem” – less than 10% in each group (figure 1).

**Figure 1.** Managers’ and Labour Leaders’ Views on Shortage of Skilled Labour

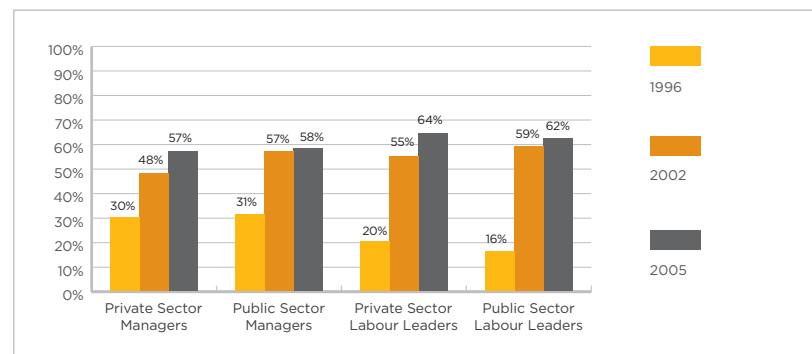


Workplace Partners Panel, *Viewpoints 2005*

The level of concern about shortages of skilled labour has increased substantially since the first *Viewpoints Survey* was administered in 1996. In that year, less than one-third of managers, and only one in five labour leaders judged the shortage of skilled labour to be a serious problem – a view now held by a solid majority of managers and labour leaders (figure 2).

Shortages of skilled labour can create difficulties for the economy insofar as they may limit the ability of business to seize growth opportunities,

**Figure 2.** Growing Concern about Shortage of Skilled Labour



Workplace Partners Panel, *Viewpoints 2005*

impede innovation in the workplace, restrict the adoption of new technologies, or hamper the capacity to bring new products and services to market. Skilled labour shortages can also limit the availability or timeliness of important goods and services required by Canadian consumers. And while competition for skilled workers may contribute to rising wage levels in some occupations, it could also exacerbate existing wage inequalities between persons with and without desired skill sets, or contribute to already rising levels of overtime work. In short, there are numerous economic and labour market implications associated with skills shortages that make the issue of top of mind concern to Canada’s business and labour leaders.

## How Does Concern about the Issue of Skills Shortages Rank in Relation to Other Issues?

A shortage of skilled labour is one of many important public policy issues in Canada. Concerns about productivity performance and the need for improvement in innovative capacity have been at the forefront of much policy debate over the past several years. Concerns about the health care system, access to post-secondary education, environmental degradation and tax policy are also among the numerous issues that vie for the attention of the public and policy makers. By comparing the level of concern the business and labour communities express about the issue of skills shortage *vis à vis* other social and economic issues, it is possible to gauge, however roughly, the priority each constituency attaches to various issues<sup>8</sup>. For example, are skills shortages more likely to be seen as a “serious problem” than other issues such as poor productivity performance, income inequality, or international trade issues?

The *Viewpoints Survey* presented respondents with a list of 42 social, economic and labour market issues, asking them to judge whether each issue is “not a problem”, a “moderate problem”, or a “serious problem”. The complete list of 42 issues is available online at [www.wpp-clbc.ca](http://www.wpp-clbc.ca) (questions 1a and 1b). In the following analysis, each of the 42 issues is assigned a ranking, based on the percentage of respondents who judged the issue to be a “serious problem”. The issue with the highest percentage of respondents saying “serious problem” receives a ranking of 1, and the issue with the lowest percentage saying “serious problem” receives a ranking of 42.

Skills shortages ranked as the number one issue among public sector managers, with 58% judging it a serious problem (Figure 3).

Only one other issue – “high personal taxes” – received a “serious problem” rating by more than one-half (53%) of public sector managers. Three other issues rounded out the top five concerns of public sector managers: “international trade issues” (44%); “health care issues” (43%) and “lack of protection for pension funds during bankruptcies” (39%)<sup>9</sup>.

Among private sector managers, a shortage of skilled labour was the third most commonly identified “serious problem” for the Canadian economy. Only two other issues, “high personal taxes” and “high corporate taxes” were more likely to be viewed as serious problems. Other top five issues included “government deficits/debts” (44% said “serious problem”) and “health care issues” (40%).

Even though private and public sector labour leaders were more likely than managers to judge the issue of skills shortages to be a “serious problem”, the issue did not rank among their top five issues of concern. Among private sector labour leaders, it ranked 9<sup>th</sup>, and among public sector leaders, 11<sup>th</sup>. For both groups of labour leaders, there was a higher and shared level of concern about a number of other issues. These included:

- “lack of protection for pension funds during bankruptcies”;
- “off-shoring of Canadian jobs”;
- “polarization of work hours”;
- “international trade issues”;
- “reduced government spending on social programs”;
- “health care issues”;
- “impacts of globalization on the Canadian business environment”;
- “privatization of government services”.

<sup>8</sup> The Viewpoints Survey does not ask directly ask respondents to identify priority issues. It must therefore be acknowledged that the method used to assign rankings (based on the percentage responding “serious problem”) may not necessarily reflect actual priorities of the business and labour communities.

<sup>9</sup> A complete presentation of the findings for each of the 42 issues is available at [www.wpp-clbc.ca](http://www.wpp-clbc.ca).

For public sector labour leaders, two additional issues – “environmental degradation” and “increased government de-regulation” also edged out skills shortages as an issue of concern.

**Figure 3.** How Skills Shortage Ranks as an Issue of Serious Concern

Leadership	Shortage of Skilled Labour Rank Among 42 Issues*	Percent viewing shortage of skilled labour as a “serious problem”
Public Sector Managers	# 1	58%
Private Sector Managers	# 3	57%
Private Sector Labour Leaders	# 9	64%
Public Sector Labour Leaders	# 11	62%

\* Ranking is based on the percent of leaders viewing issues as a “serious problem”.

## Skills Shortages or Under-utilization of Labour and Lack of Jobs?

Although the majority of managers and labour leaders view skills shortages as a serious problem for the Canadian economy, labour force statistics indicate that there are significant numbers of unemployed and under-utilized Canadian workers. In 2005, for instance, Canada’s official unemployment rate stood at 6.8%, and represented an estimated 1,172,800 unemployed people<sup>10</sup>. However, this number does not measure the full extent of labour under-utilization in Canada. Statistics Canada produces supplementary measures of unemployment, which take into consideration people who are discouraged job searchers and who no

longer are actively looking for employment, people waiting for recall to a job from which they have been laid-off, people awaiting replies from job applications, and the underutilized portion of involuntary part-time workers. When these people are counted, the rate of unemployed and underutilized increases to 9.7%, equivalent to 1.68 million people<sup>11</sup>. An even more comprehensive measure of under-utilization would also include those persons who are fully employed but over-qualified, working in jobs that do not take advantage or require the use of all their employment-related skills<sup>12</sup>. Clearly, the human resources and skills available within the existing Canadian labour market are not being utilized or developed to their full potential.

The availability of a large pool of unemployed or under-utilized labour might appear to contradict the views of managers and labour leaders about the problem of skills shortages. Perhaps their concerns are exaggerated or misplaced? However, the *Viewpoints Survey* finds that a large majority of managers and labour leaders also judge the issue of “under-utilization of available skills” to be “moderate” or “serious” problems facing the economy (Figure 4). And while managers and labour leaders are more divided on the issue of “lack of jobs,” more than 50% of managers and about 90% of labour leaders also describe this as a moderate or serious problem (Figure 4).

In other words, managers’ and labour leaders’ concern about skills shortages is accompanied by a mutual, albeit somewhat tempered concern about the availability of employment opportunities and the under-utilization of current labour force skills.

<sup>10</sup> At the time of writing, the most recent unemployment figures – for May, 2006 – put the national unemployment rate at 6.1% (seasonally adjusted). Unemployment rates are at their lowest level in three decades.

<sup>11</sup> The rate of unemployment and under-utilization is available from Statistics Canada, Labour Force Historical Review 2005, Catalogue no. 71F0004XCB. The estimated number of people (full-time equivalents) unemployed or under-utilized was derived by multiplying the rate times the total labour force.

<sup>12</sup> Estimates based on the New Approaches to Lifelong Learning Survey indicate that one in five employed persons considered themselves to be underemployed. See Livingstone, D.W. (2001) *Basic Patterns of Work and Learning in Canada: Findings of the 1998 NALL Survey of Informal Learning and Related Statistics Canada Surveys*.

The idea that a shortages of skilled labour may exist *alongside* under-utilized human resources may be unfortunate or even imprudent, but it is not surprising - and managers' and labour leaders' views on these issues should not necessarily be interpreted as contradictory. Indeed, there are many ways in which shortages and under-utilization are related:

- Skills shortages are often a result of supply and demand imbalances within particular regions, sectors, or occupations. Shortages in one region for instance, may co-exist with excess supply in another.
- Shortages of skilled labour may also co-exist alongside under-utilized labour if regulatory barriers prevent the use of such labour. This is often the case with under-utilized immigrant labour, when foreign credentials are not recognized in Canada, or with barriers to inter-provincial labour mobility in the case of the regulated trades and professions.
- Shortages may also co-exist with under-utilized labour when learning and training systems fail to develop the level and type of skills commensurate with existing employment opportunities, or when individuals are not able to access learning and employment opportunities, whether because of lack of availability, time, financial resources, or community and social supports.

From a policy perspective, the *Viewpoints Survey* findings underscore the need to develop and enhance the kinds of programs and approaches that address both the under-utilization of labour and skills shortages.

**Figure 4. Managers' and Labour Leaders' Views on Lack of Jobs, Under-utilization of Available Skills, and the Shortage of Skilled Labour**

	Lack of Jobs	Under-utilization of Available Skills	Shortage of Skilled Labour
<b>Private Sector Managers</b>			
Not a problem	46%	26%	6%
Moderate problem	34%	53%	37%
Serious problem	20%	21%	57%
	100%	100%	100%
<b>Public Sector Managers</b>			
Not a problem	41%	13%	4%
Moderate problem	41%	65%	38%
Serious problem	18%	22%	58%
	100%	100%	100%
<b>Private Sector Labour Leaders</b>			
Not a problem	11%	6%	6%
Moderate problem	39%	54%	29%
Serious problem	49%	40%	64%
	100%	100%	100%
<b>Public Sector Labour Leaders</b>			
Not a problem	10%	6%	5%
Moderate problem	38%	49%	33%
Serious problem	52%	45%	62%
	100%	100%	100%

## Views on Skills Shortages by Industry Sector

Concern over the issue of skills shortages is not limited to one or two sectors of the economy. The *Viewpoints Survey* found that in nearly all sectors, a majority of respondents – whether business or labour – assessed the shortage of skilled labour as a “serious problem” (Figure 5). Very few *Viewpoints* respondents, regardless of sector, felt that the shortage of skilled labour is “not a problem”.

In four sectors – Forestry, Mining, Oil and Gas Extraction; Education Services; Health Services; and Public Administration – skills shortages ranked as the number one issue of concern among managers (out of 42 issues). In these sectors, at least 60% of managers described the shortage of skilled labour as a serious problem. Managers from the construction sector were most likely to evaluate skills shortage as a serious problem (71%), although the issue ranked third, behind “high personal taxes” (81%) and “high corporate taxes” (72%).

The issue of skills shortage received the highest ranking (seventh out of 42 issues) among labour leaders representing workers in the Health Services and the Forestry, Mining, Oil and Gas Extraction sectors. In every industry sector, with the exception of the construction sector, labour leaders were more likely than managers to describe the shortage of skilled labour as a serious problem<sup>13</sup>.

**Figure 5:** Percent of Managers and Labour Leaders Saying Shortage of Skilled Labour is a Serious Problem by Industry Sector

	Number of Respondents	% judging shortage of skilled labour to be a “serious problem”
<b>Managers</b>		
Forestry, Mining, Oil and Gas Extraction	24	67
Education Services	102	63
Health Services	72	61
Public Administration/Government	60	52
Communications and other Utilities	14	50
Construction	38	71
Manufacturing	90	56
Retail Trade and Consumer Services	106	56
Finance, Insurance, Real Estate, Rental/Leasing	24	54
Transportation, Warehousing and Wholesale Trade	44	41
Business Services	31	39
Information and Cultural Industries	6	50
<b>Labour Leaders<sup>1</sup></b>		
Health Services	100	72
Forestry, Mining, Oil and Gas Extraction	86	69
Transportation, Warehousing and Wholesale Trade	109	73
Business Services	49	76
Retail Trade and Consumer Services	77	70
Manufacturing	122	69
Construction	130	55
Communications and other Utilities	84	64
Finance, Insurance, Real Estate, Rental/Leasing	28	68
Public Administration/Government	89	65
Education Services	101	65
Information and Cultural Industries	34	65

<sup>1</sup> Many of the labour respondents in the *Viewpoints Survey* represent workers in more than one industry sector. As a result, adding the number of labour respondents from each industry sector will produce a total that exceeds the total number of labour respondents in the survey.

<sup>13</sup> The exception of the construction sector may reflect a concern expressed by some labour groups that the argument of labour shortages is being used as a justification for the hiring of lower cost foreign temporary workers. See for example, Calgary Herald, “Trades council to protest use of foreign workers; Labour groups question lack of manpower”. April 13, 2006, Page D7.

## Views on Skills Shortages by Province/ Region

Current unemployment rates in most provinces are at their lowest level in 20 years<sup>14</sup>. This may explain why managers and labour leaders in each of the provinces/regions expressed a fairly high level of concern about the issue of skills shortages. Typically, at least 50% of managers and labour leaders judged the issue to be a serious problem (Figure 6).

behind the issue of “high personal taxes”, with 67% of private sector managers judging the shortage of skilled labour to be a serious problem.

Among private sector labour leaders representing workers in the western provinces, skills shortages was among their top five issues of concern.

**Figure 6:** How does the Issue of Shortage of Skilled Labour Rank in each Province / Region?

	2005 unemployment rate (%)	private sector managers		public sector managers		private sector labour leaders		public sector labour leaders	
		% saying serious problem	rank out of 42 issues*	% saying serious problem	rank out of 42 issues*	% saying serious problem	rank out of 42 issues*	% saying serious problem	rank out of 42 issues*
Atlantic Provinces†	10.4	48%	3	42%	7	56%	9	48%	21
Quebec	8.3	59%	3	71%	1	65%	9	59%	14
Ontario	6.6	51%	3	50%	1	60%	10	60%	10
Manitoba/Saskatchewan†	4.9	49%	3	60%	1	76%	2	58%	14
Alberta	3.9	67%	2	75%	1	69%	5	58%	14
British Columbia	5.9	62%	1	59%	1	76%	3	66%	13

†Unemployment rates in specific provinces: NFLD 15.2%; PEI 10.8%; NS 8.4%; NB 9.7%; MB 4.8%; SK 5.1%.

\*Rank out of 42 issues, based on percentage saying the issue is a “serious problem”

Nevertheless, the level of concern about skills shortages is generally higher in provinces with notably low jobless rates. Private sector managers in B.C. for example, were more likely to describe the shortage of skilled labour as a “serious problem” than any of the other 41 issues, including the long-standing business concerns about high personal and corporate taxes (62% felt that the shortage of skilled labour was a serious problem for the economy). In Alberta, the issue of skills shortages ranked second,

In comparison, the issue ranked somewhat lower among private sector labour leaders representing workers in provinces east of Manitoba. In all regions except Atlantic Canada, skills shortages ranked as the number one issue among public sector managers.

<sup>14</sup> The exception is Ontario, which recorded an unemployment rate of 5.0% in 2000 compared with 6.6% in 2005, and 5.9% as of June 2006 (seasonally adjusted).

Skills shortages tended to rank lower among public sector labour leaders compared to their private sector counterparts. In Manitoba and Saskatchewan for example, skills shortages ranked fourteenth among public sector leaders, compared to second among private sector labour leaders. The issue of skills shortages received the lowest ranking among public sector managers surveyed in the Atlantic provinces (21<sup>st</sup> out of 42 issues).

While the issue of skills shortages is viewed as a serious problem by a significant proportion of managers and labour leaders in all parts of the country, the factors giving rise to these concerns are likely to be quite different. In some provinces such as Alberta, concerns about skills shortages are influenced by an extremely robust economy with near full employment. In the Atlantic provinces on the other hand, concerns about shortages remains high, despite elevated levels of unemployment. In these provinces, concerns about skills shortages may be more a reflection of inter-provincial migration, with the region losing large numbers of their youth and young adults to other parts of the country.

Provinces and regions also differ in terms of the nature of their industries, the number of immigrants they receive each year, population demographics, the literacy levels of their residents, and numerous other characteristics. In short, a common concern about the issue of skills shortages will not of necessity involve a common solution. Effective strategies must reflect the very different social, cultural and economic circumstances that have given rise to a common national skills challenge.

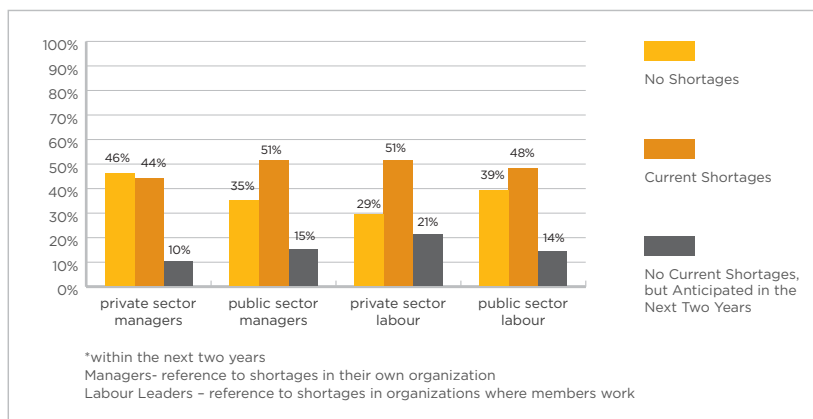
## PART II. WORKFORCE SKILLS ISSUES: EXPERIENCE WITH SKILLS SHORTAGES AND SKILLS SET NEEDING IMPROVEMENT



Canada's managers and labour leaders are concerned about the issue of skills shortages for good reason; they are experiencing them first hand. The *Viewpoints Survey* asked managers whether their organization currently faces, or expects to face within the next two years, a shortage of skilled labour in any of its occupational groups. Similarly, labour respondents were asked whether their unionized members report skills shortage in the organizations where they work. The findings suggest that the experience of skills shortages is far from uncommon.

Forty-four percent of private sector managers indicated that they currently had an occupational shortage within their firm, and an additional 10% anticipated a shortage within the next two years (Figure 7). Shortages were even more likely to be reported by public sector managers: 51% indicated a current shortage and an additional 15% anticipated a shortage within two years. The responses of labour leaders corroborate these findings, with about one-half saying that their members report current shortages in the organizations where they work.

**Figure 7.** Percentage of Managers and Labour Leaders Reporting Current or Anticipated\* Skills Shortages



Workplace Partners Panel, *Viewpoints 2005*

## Which Occupations are in Shortage?

Management and labour demonstrate a high level of agreement about the occupational groups most commonly in shortage. Within the private sector, trades occupations, production workers, general labourers, front line supervisors and technicians were frequently cited by both groups as being in shortage. Similarly, public sector managers and labour leaders most commonly pointed to professionals, technicians and trades as the groups in shortage. Whether these shortages constitute long-term vacancies or represent short-term hiring difficulties cannot be ascertained from the survey, but in either case, the extent of some occupational shortages is striking.

- The most commonly identified shortage in the private sector is in the trades occupations (Figures 8 and 9). About one in four managers (23%) reported a current occupational shortage in trades; an additional 10% anticipated a trades shortage within two-years. One-third of private sector labour leaders cited trades occupations as being in shortage, and an additional 29% anticipated them.

- A relatively large percentage of private sector managers and labour leaders also reported current shortages of production workers or general labourers (20% and 21% respectively). This was the second most frequently cited occupational group among managers and the third most frequently cited among labour leaders. Other occupations commonly mentioned were front line supervisors, technicians and technologists, and professionals.

- One in three public sector managers reported a current shortage of professionals within their organization, and an additional 19% anticipated a shortage of professionals within two years (Figures 10 and 11). A large percentage of managers in the public sector also anticipate

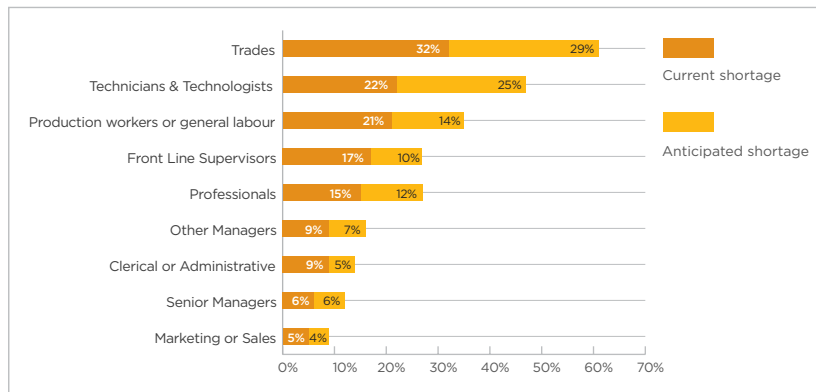
shortages in senior management occupations within the next two years, even though relatively few have current shortages in this area. This finding likely

**Figure 8.** Percent of Private Sector Managers Reporting Current and Anticipated Shortages, by Occupation



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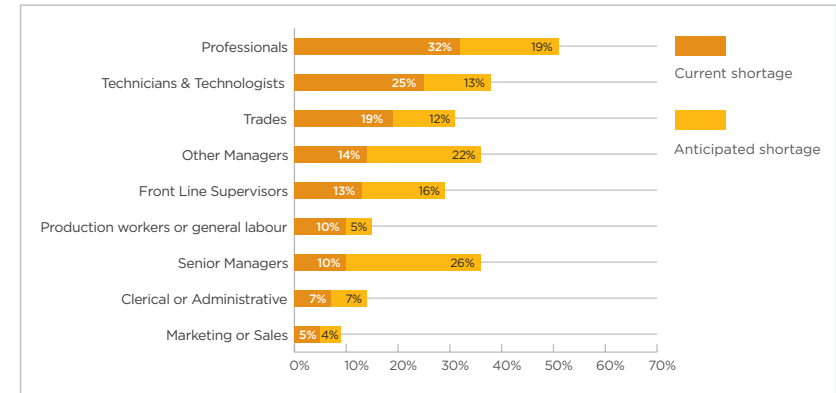
**Figure 9.** Percent of Private Sector Labour Leaders Reporting Current and Anticipated Shortages, by Occupation



Workplace Partners Panel, *Viewpoints 2005*

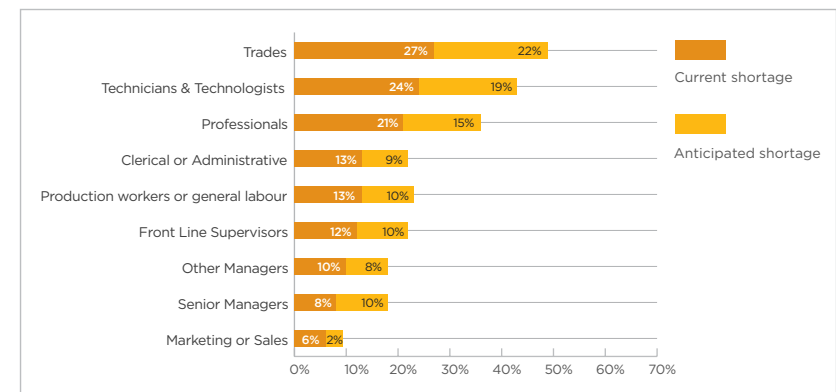
reflects anticipated retirements of senior managers in the coming years.

**Figure 10.** Percent of Public Sector Managers Reporting Current and Anticipated Shortages, by Occupation



Workplace Partners Panel, *Viewpoints 2005*

**Figure 11.** Percent of Public Sector Labour Leaders Reporting Current and Anticipated Shortages, by Occupation

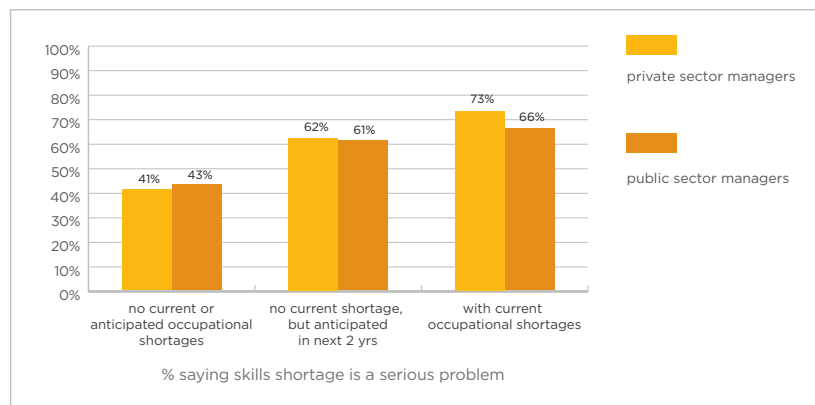


Workplace Partners Panel, *Viewpoints 2005*

- About one-quarter of labour leaders representing workers in the public sector said their members were reporting current shortages in trades, technicians and technologists occupations.

The *Viewpoints Survey* shows that the high level of concern expressed by managers and labour leaders about the issue of skills shortages is directly grounded in their current and actual experiences with occupational shortages. For example, among private sector managers who did not report any occupational shortages, 41% judged the issue of skills shortages to be a serious problem facing the Canadian economy, and the issue ranked ninth out of 42 issues (Figure 12). On the other hand, among private sector managers reporting a current occupational shortage, 73% described skills shortages as a serious problem, and it received a number one ranking, eclipsing all others.

**Figure 12.** Managers’ Concern about Skills Shortages Reflects Actual Experience



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The message should be clear. Business and public sector organizations can ill afford to wait for shortages to happen before action is taken. Pro-active preparations and planning for future labour and skills requirements is of critical importance.

### Occupational Shortages are More Prevalent in the Western Provinces

With their robust economies and low levels of unemployment, it is not surprising that *Viewpoints* respondents in Canada’s western provinces were more likely to report occupational shortages than respondents in Ontario, Quebec, and the Atlantic provinces (Figure 13). Among private sector managers for example, those in Alberta were most likely to report a current occupational shortage (60%) and those in Quebec were least likely to do so (35%). Despite these differences however, occupational shortages were nonetheless reported by a sizable share of managers and labour leaders in all provinces/regions.

While occupational shortages appear to be more prevalent in some provinces than others, there is a great deal of consistency in the types of occupations most frequently said to be in shortage (Figure 13). In the private sector, managers and labour leaders from all regions most often pointed to shortages of production-oriented occupations such as trades, general labourers, front-line supervisors and technicians and technologists. In the public sector, managers from all regions frequently cited professionals and managers as groups in shortage, while labour leaders commonly identified technicians and trades occupations.

## Skills Needing Improvement

The issue of skills shortages is not only about the ability to find the required number of qualified workers to fill emerging job vacancies. In today’s rapidly changing and highly competitive marketplace, it is also about the skill sets of current employees. Filling job vacancies is obviously important, but ensuring that the existing workforce has the skills it needs for success is equally critical. In many respects, managers’ and labour

leaders’ assessment of employees’ skills are remarkably similar. First, on almost all of the seven skill sets, whether communications skills or technical job specific skills, a large majority of respondents acknowledged the need for at least “some improvement” (see Figures 14 through 17). Second, four particular but related skill sets – leadership and management skills, communications skills, problem solving skills, and interpersonal

and teamwork skills – were consistently cited as the ones needing “much improvement”. In comparison with these “soft skills”, computer skills and technical or job specific skills were less frequently seen as requiring “much improvement”. Finally, the skills least likely to be seen by managers and labour leaders as needing “much improvement” were basic skills such as literacy and numeracy.

The relatively low ranking given to literacy and numeracy skills as an area needing improvement appears to be at odds with existing research on

**Figure 13.** Current and Anticipated Shortages, by Province/Region

	Number of Respondents	% with current shortages	% with current or anticipated shortages	Three occupational groups most commonly said to be in current or anticipated shortage
<b>Managers, Private Sector</b>				
Atlantic Provinces	70	44%	53%	trades; general labourers; technicians
Quebec	79	35%	46%	trades; senior managers; front-line supervisors
Ontario	113	36%	49%	trades; general labourers; front-line supervisors
Manitoba / Saskatchewan	86	44%	53%	trades; general labourers; front-line supervisors
Alberta	84	60%	68%	trades; general labourers; front-line supervisors
British Columbia	87	53%	60%	trades; general labourers; front-line supervisors
<b>Managers, Public Sector</b>				
Atlantic Provinces	56	39%	59%	trades; professionals; senior managers
Quebec	44	50%	64%	professionals; other managers; technicians
Ontario	81	37%	52%	professionals; technicians; senior managers
Manitoba / Saskatchewan	72	46%	64%	professionals; other managers; front-line supervisors
Alberta	46	59%	78%	professionals; trades; front-line supervisors
British Columbia	32	59%	78%	professionals; senior managers; other managers
<b>Labour Leaders, Private Sector</b>				
Atlantic Provinces	43	47%	67%	trades; technicians; general labourers
Quebec	63	40%	68%	trades; technicians; general labourers
Ontario	77	51%	73%	trades; technicians; general labourers
Manitoba / Saskatchewan	43	54%	77%	trades; technicians; general labourers
Alberta	35	66%	80%	trades; front-line supervisors; technicians
British Columbia	56	59%	82%	trades; technicians; general labourers
<b>Labour Leaders, Public Sector</b>				
Atlantic Provinces	42	43%	57%	professionals; trades; technicians
Quebec	76	41%	59%	technicians; trades; professionals
Ontario	83	43%	55%	trades; technicians; professionals
Manitoba / Saskatchewan	40	43%	60%	trades; professionals; technicians
Alberta	40	45%	67%	trades; professionals; technicians
British Columbia	51	41%	63%	trades; technicians; professionals

**Assessing Skills:**

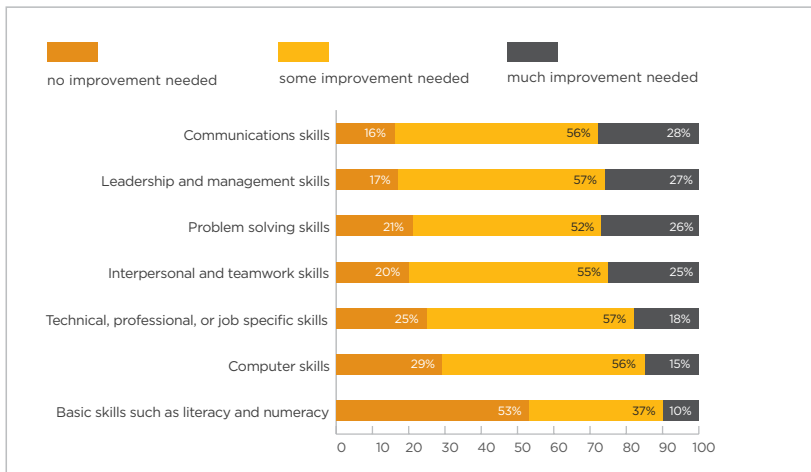
The *Viewpoints Survey* asked managers and labour leaders to assess seven different skills sets of their current employees (in the case of managers) or in the workplaces where their union members work (in the case of labour leaders).

The skills sets included:

- Technical, professional, or job specific skills
- Leadership and management skills
- Computer skills
- Interpersonal and teamwork skills
- Problem-solving skills
- Communications skills
- Basic skills such as literacy and numeracy

For each skill sets, respondents were asked to indicate whether no improvement, some improvement, or much improvement was needed.

**Figure 14.** Skill Sets of Current Employees in Need of Improvement  
Private Sector Managers' Response

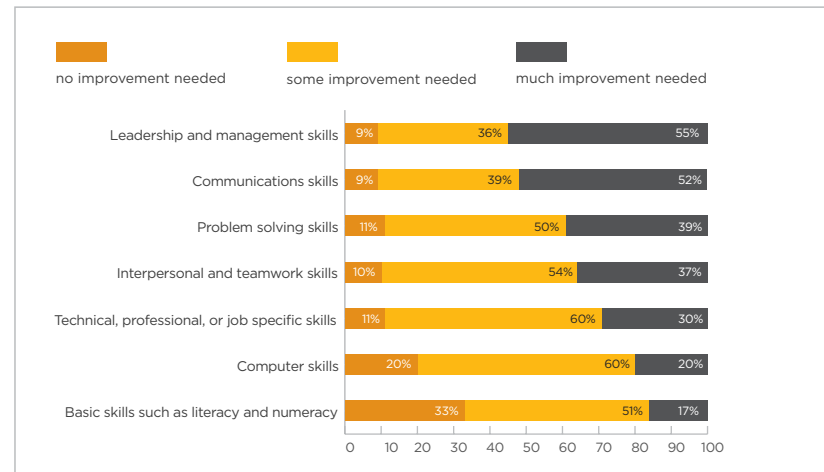


Workplace Partners Panel, *Viewpoints 2005*

workplace literacy. The Canadian results of the 2003 International Adult Literacy and Skills Survey found that about one in four employed Canadians between the ages of 16 and 65 had average literacy scores *below* the desired threshold for coping with the rapidly changing skills demands of a knowledge-based economy and society<sup>16</sup>.

With so many employed workers falling short on literacy skills levels, the *Viewpoints Survey* points to a potentially serious “disconnect” among business and labour on the issue of literacy. Increasing awareness and understanding of literacy issues among Canada’s business and labour communities is essential if there is to be real progress made in addressing workforce literacy requirements. Failure to do so could mean that many workplaces and individual workers will face a potential major impediment to training and skills upgrading.

**Figure 15.** Skill Sets of Current Employees in Need of Improvement  
Private Sector Labour Leaders' Response



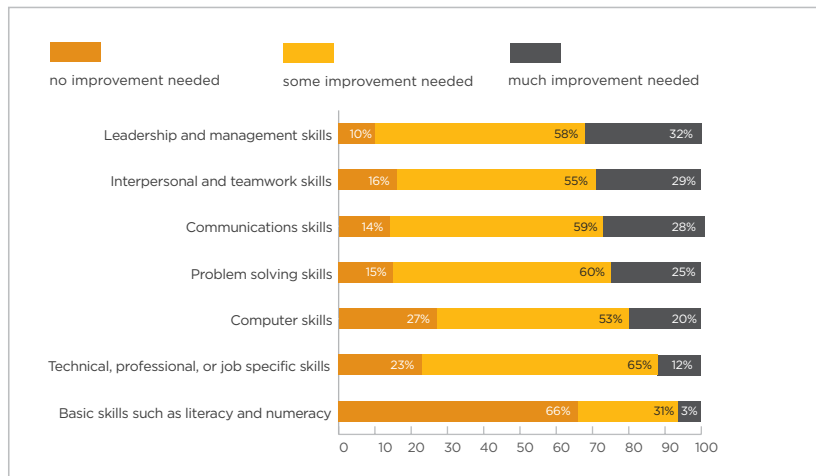
Workplace Partners Panel, *Viewpoints 2005*

<sup>16</sup> These were scores on the “document literacy domain”. The findings of the IALSS are reported in “Building on our Competencies: Canadian Results of the International Adult Literacy and Skills Survey. Human Resources and Skills Development Canada and Statistics Canada, Catalogue no. 89-617-XIE

While managers' and labour leaders' evaluations of workforce skills are similar in many ways, they do differ in one notable respect. Whether in the private sector or in the public sector, labour leaders were far more likely than managers to judge each of the respective skill sets as needing

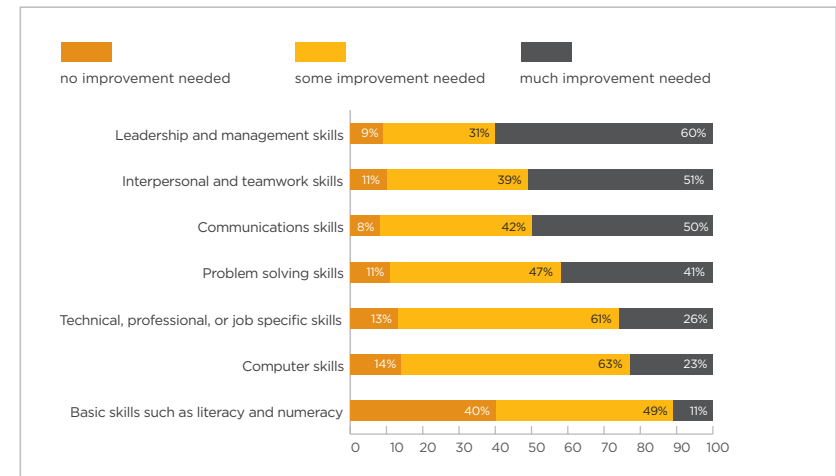
“much improvement”. Even so, the *Viewpoints Survey* findings do suggest there is a broad base of labour-management agreement about the need to enhance the skill set of the existing workforce.

**Figure 16.** Skill Sets of Current Employees in Need of Improvement  
Public Sector Managers' Response



Workplace Partners Panel, *Viewpoints 2005*

**Figure 17.** Skill Sets of Current Employees in Need of Improvement  
Public Sector Labour Leaders' Response



Workplace Partners Panel, *Viewpoints 2005*



The trades are one of the occupational groups most commonly in shortage.

## PART III. THE CHALLENGES OF MEETING FUTURE LABOUR AND SKILLS REQUIREMENTS



## Replacing Workers Who Retire

In the coming years, Canada will experience a dramatic increase in its senior population, fuelled by the wave of the retiring baby-boom generation (persons born between 1947 and 1962). As of 2003, Statistics Canada reports that there were 2.9 million workers within 10 years of the median retirement age, representing about one in five employed workers. The percentage of workers within ten years of the median retirement age is nearly double what it was just 20 years ago.

As Canadian organizations begin to experience elevated levels of retirement, there will likely be a similarly elevated loss of workplace skills and experience that will need to be replaced, or otherwise substituted. The magnitude and nature of that skills loss is an important management and public policy issue, with implications for productivity, profitability and the availability and quality of products and services for individuals and their families.

### Changing Retirement Patterns

In Canada, the median age at retirement was fairly stable over the course of the 1970s and 1980s (around 65 years of age), but fell dramatically over the 1990s, reaching a low of 61 years in 1997. The dramatic drop in retirement age was likely the result of several factors, including a change in 1987 which lowered the minimum age at which benefits could be withdrawn from the Canada Pension Plan. In addition, government cutbacks and corporate downsizing, coupled with early retirement incentives likely contributed to the falling retirement age.

Emerging evidence, however, suggests that the trend toward earlier retirement may be reversing. Between 2002 and 2003, the median age at retirement increasing from 61.4 to 63.3 for men, and from 60.1 to 60.4 for women (Statistics Canada, *The Canadian Labour Market at a Glance*. Catalogue no. 71-222-XWE).

Other studies have noted that labour force participation rates of older persons have increased substantially. Among persons aged 55 to 59, participation rates increased to 68% in 2004, up from 60% in 1998. Even more pronounced is the increase among persons aged 55 to 69, from 36% in 1996 to 47% in 2004 (P. Cross, 2005, "Recent Changes in the Labour Market" in *Canadian Economic Observer*, Statistics Canada catalogue no. 11-010, March.).

While participation rates have increased among older persons, it is worth noting that after the age of 60, most people are not active labour force participants. For example, the participation rate of persons aged 60 to 64 is 44%, and only 16% among persons aged 65 to 69.

The adjustment costs associated with the replacement of the future wave of retiring workers could be high, particularly within the current context of a declining number of young people entering the labour market, and Canada’s growing reliance on internationally trained workers. Potential challenges include<sup>17</sup>:

- Higher recruitment costs due to a tightening labour supply and increased competition for skills.
- Higher training costs for new employees due to the need to replace the loss of experience and firm specific skills.
- New hires may cost more since the pool of available replacement workers will be older (costing more) and/or require additional training (as may be the case with immigrants).
- Increased retirement activity could trigger a chain of job moves, involving additional adjustment costs.
- In certain regions, sectors, occupations, and within some firms characterized by a large near-retirement population, adjustment costs may be more immediate and more pronounced.

An additional challenge is whether Canadian employers are sufficiently aware of the human resource and adjustment-cost implications of retirement, and how active they are in preparing plans and strategies to deal with the replacement of retiring workers. Obviously, in firms anticipating higher than average levels of retirement, such plans and strategies could be a critical factor in their ability to successfully meet their future labour and skills requirements.

The *Viewpoints Survey* finds substantial variation in the expected level of retirement over the next five years (Figure 18). Most private sector managers (61%) expect that less than 5% of their current employees will retire over the next five years, while one in four managers expected 10% or more of their employees to retire. In the public sector, where employees typically retire earlier<sup>18</sup>, managers’ retirement expectations were considerably higher. More than one-half (52%) expected at least 10% of their employees to retire in the next five years, and one in seven (14%) expected that more than 25% of their current employees would retire in the coming five years. To the extent that managers’ expectations of retirement are accurate, the *Viewpoints Survey* data indicate that the challenge of replacing retiring workers is more immediate and pronounced within public sector organizations.

**Figure 18.** Percent of Employees Expected to Retire in the Next Five Years, Managers’ Response



Workplace Partners Panel, *Viewpoints 2005*

<sup>17</sup> This summary was derived from Boothby, Daniel, Julie Dubois, Maxime Fougère and Bruno Rainville (2003). “Labour Market Implications of an Aging Population”. Working Paper 2003 A-01, Skills Research Initiative. Ottawa: Human Resources Development Canada, Industry Canada, Social Sciences and Humanities Research Council.

<sup>18</sup> In the 2005, the median retirement age of public sector employees was 58.7 years, compared with 62.6 years for private sector employees.

## Will Retiring Workers be Replaced?

The challenge of replacing retiring workers may be greater within organizations facing large numbers of retiring workers, but only if those workers will indeed be replaced. It is possible that some organizations will simply downsize, substitute technology or machinery for labour, or find various other ways of compensating for the loss of labour and skills. Whether or not retiring workers are expected to be replaced has implications for the nature and magnitude of the skills shortages issue, and what potential actions will be taken in the future.

The *Viewpoints Survey* asked managers what percentage of the workers who retire from their organizations they expected to replace. Labour leaders were asked what percentage of their retiring membership would be replaced. The tabulated results are shown in Figure 19.

**Figure 19.** Percentage of Retiring Workers Expected to be Replaced

	private sector managers	public sector managers	private sector labour leaders	public sector labour leaders
None	16	6	4	2
Less than 50%	10	10	39	40
More than 50%, but not all	9	23	29	32
All will be replaced	65	61	30	27
Total	100%	100%	100%	100%

The wording of the question about replacement of retiring workers differed slightly for managers and labour leaders.

Managers: In the next five years, what % of the workers who retire from your organization do you expect to replace?

Labour Leaders: Looking at the organizations where your members work, what % of the retiring workforce do you expect them to replace?

Generally, managers were much more likely than labour leaders to say all retiring workers would be replaced. In the private sector, 65% of managers said all retiring workers would be replaced. Only 30% of private sector labour leaders had this expectation. Similarly, in the public sector, 61% of managers said all retiring workers would be replaced, compared with 27% of labour leaders.

One out of four of private sector managers and one out of six public sector managers indicated that less than one-half of workers who retire within the next five years will be replaced.

Labour leaders expressed a high degree of scepticism about the prospects for replacing all workers. In fact, 42% of private and public sector labour leaders felt that less than one-half of their retiring workers would be replaced.

## Different Visions of the Retirement Scenario

Four very different retirement scenarios can be constructed by combining the *Viewpoints Survey* information about expected levels of retirement and replacement of retiring workers. When expected retirement levels are relatively low (less than 10% of workforce) and replacement expectations are relatively low (not all workers are expected to be replaced), this can be thought of as a scenario of “slow attrition” (shown in the upper left shaded cell in Figure 20). The “stable workforce” scenario entails a relatively small number of retirements with all retiring workers being replaced. The “rapid attrition” scenario sees relatively high num-

ber of expected retirements with not all retiring workers being replaced, while the rapid turnover scenario sees high retirements with all workers being replaced.

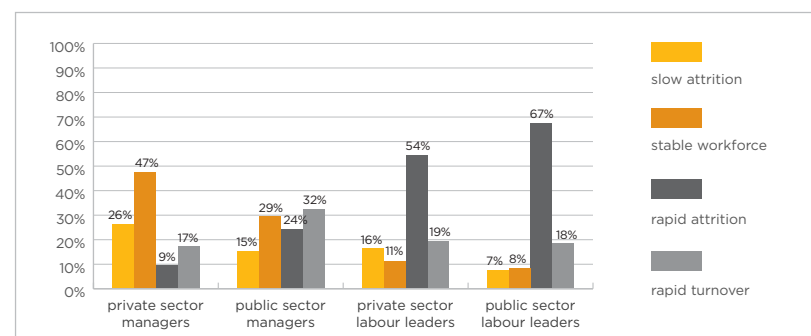
**Figure 20. Four Workforce Retirement Scenarios**

Retirement Expectations		
Replacement Expectations	“low” (<10% of workforce)	“high” (10% or more of workforce)
“low” (not all retiring workers will be replaced)	Slow Attrition	Rapid Attrition
“high” (all retiring workers will be replaced)	Stable Workforce	Rapid Turnover

Using the scenarios shown in Figure 20, it is clear that managers and labour leaders surveyed in *Viewpoints Survey* have very different expectations about the retirement scenarios that will unfold over the next five years (Figure 21). Among private sector managers, for example, the most commonly held retirement scenario is one of a stable workforce in which retirements are expected to be relatively low and the replacement of retiring workers is expected to be high (47% held this view). Managers in the public sector on the other hand are more likely to envision a rapid turnover scenario (32%), that is, large numbers of retiring workers with all of them being replaced. An almost equal proportion of public sector managers (29%) see a workforce retirement scenario of rapid attrition, with a relatively large percentage of the workforce retiring, but not all retiring workers being replaced.

Labour leaders in both the private and public sectors are most likely to see a workforce retirement future characterized by rapid attrition, in which there will be large numbers of retiring workers with less than full replacement.

**Figure 21. Distribution of Managers and Labour Leaders by Workforce Retirement**



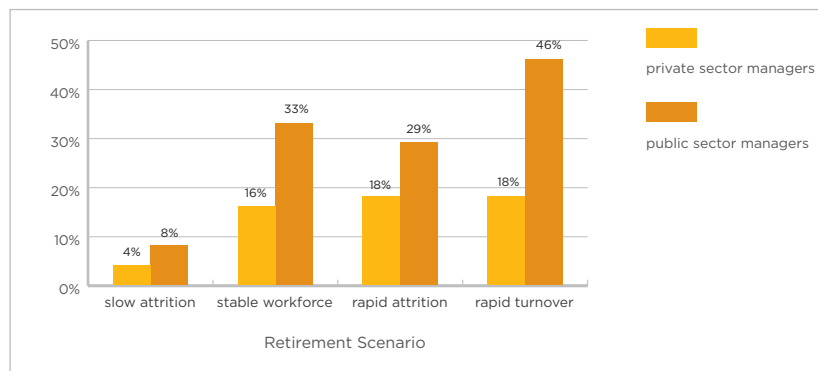
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## Preparedness to Deal with Retirements

The extent to which organizations are actively addressing retirement issues is likely to depend on the urgency of the issue. The *Viewpoints Survey* findings (Figure 22) indicate that to a certain extent, this is true. As expected, managers who foresee relatively low levels of retirement and less than full replacement of retiring workers (the “slow attrition” scenario) are least likely to say that their organizations are “very active” on the question of replacing retiring workers (4% of private sector managers and 8% of public sector managers). In fact, the majority of these managers say their organizations are “not at all” active on the question of replacing workers who retire.

However, the findings also show that among managers who envision a rapid turnover scenario, less than one-half describe their organizations as “very actively” addressing the question of replacing workers who retire (18% of private sector managers and 46% of public sector managers). In fact, 36% of private sector managers who expect a rapid turnover workforce retirement scenario describe their organizations as “not at all active”. Given the potentially high adjustment costs related to the replacement of retiring workers, the *Viewpoints Survey* findings suggest that many organizations, especially in the private sector, may find themselves inadequately prepared to effectively deal with the retirement and replacement situations they face.

**Figure 22.** Percentage of Managers Saying their Organization is “Very Actively” Addressing the Question of Replacing Workers Who Retire, by Workforce Retirement Scenario



Workplace Partners Panel, *Viewpoints 2005*

## Barriers to Labour and Skills Needs

Employers could face a variety of barriers in trying to meet their future labour and skills requirements. Some employers may find it difficult to attract new workers to their organizations, particularly in the context of a “tight” labour market. Others may find training costs prohibitive, preventing them from upgrading the skills of their current employees. Others yet may simply have an inaccurate picture of the skills they require to effectively achieve their organizational objectives.

To better understand the types of problems employers face in meeting their future labour and skills requirements, *Viewpoints* asked managers and labour leaders to evaluate each of thirteen potential barriers facing their own organizations or the organizations where their members work in the case of labour leaders. Each item was evaluated as being “not a problem”, a “moderate problem” or a “serious problem”. A summary of the results is shown in Figure 23.

Two barriers that were commonly judged serious problems by managers and labour leaders in both the private and public sectors are “difficulties increasing compensation to attract and retain workers” and “competition from other employers for qualified workers”. It is interesting to note that among managers surveyed in Alberta, where the unemployment rate is the lowest of any province, concern about competition from other employers and the difficulties of increasing compensation to attract and retain workers was particularly high. In that province, 50% of private sector managers described these barriers as serious problems facing their organization. On the other hand, concern over these issues was lowest in the Atlantic provinces, with 31% saying it was a serious problem. In the context of a “tight” labour market brought on by diminishing labour force growth and increasing demand for skills, there appears to be a broad

and common expectation that heightened competition for workers will become a prominent feature of the labour market in the coming years.

The third barrier most frequently judged to be a serious problem by managers was “*lack of qualified new graduates*”. One out of four private and public sector managers viewed this as a serious problem. There are particular sectors however, where concern about a lack of qualified graduates is particularly high. These include Forestry, Mining, Oil and Gas

Extraction (54% said serious problem) and Health Services (50%). Managers in Public Administration on the other hand, were least likely to view lack of qualified graduates as a serious problem (8%).

One out of every five managers surveyed felt their organization would have difficulties meeting skills requirements because “*training costs are too high*”. This barrier ranked fourth among private sector managers and sixth among public sector managers, based on the percentage describing it as a serious problem.

Similar percentages of labour leaders saw training costs as a serious problem, although its ranking relative to other barriers is relatively low. Only about one-third of managers and labour leaders felt that too high training costs was “not a problem”; the remainder viewed it as a “moderate problem”.

The issue of training costs is often seen as particularly problematic for small business. The *Viewpoints Survey* findings show that managers in firms with fewer than 20 employees are indeed more likely that those in larger firms (100 or more employees) to see

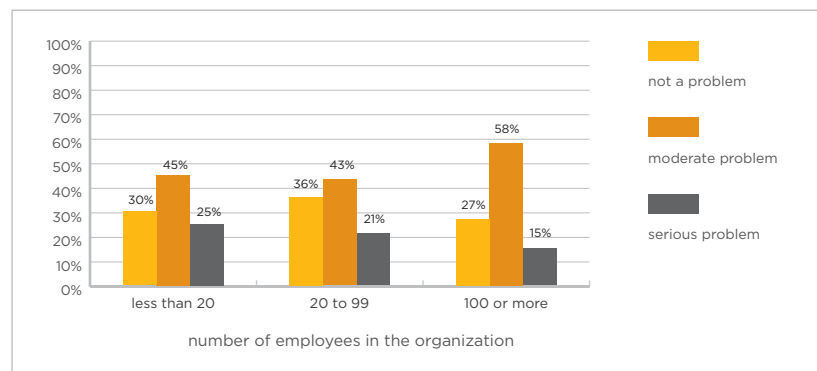
**Figure 23.** Expected Barriers in Meeting Future Labour and Skills Requirements (% saying barrier is a “serious problem”)

	private sector managers	public sector managers	private sector labour leaders	public sector labour leaders
Difficulties increasing compensation to attract/retain workers	<b>37%</b>	<b>40%</b>	<b>51%</b>	54%
Competition from other employers for qualified workers	<b>36%</b>	<b>38%</b>	<b>36%</b>	34%
Lack of qualified new graduates	<b>27%</b>	<b>27%</b>	32%	28%
Training costs too high	<b>21%</b>	21%	26%	21%
Increased efforts by other employers to retain employees	<b>19%</b>	16%	23%	21%
Qualified workers moving out of our region/province	18%	<b>25%</b>	36%	27%
Difficulties finding qualified Aboriginal workers	16%	<b>26%</b>	26%	24%
Difficulties recruiting due to poor industry image	16%	12%	35%	24%
Difficulties finding qualified new immigrants	14%	11%	17%	8%
Poor succession planning	13%	16%	<b>47%</b>	<b>54%</b>
Low worker literacy will impede training/upgrading	12%	5%	18%	13%
Inaccurate picture of what new skills are needed	10%	11%	<b>44%</b>	<b>42%</b>
Low management priority on meeting skills needs	6%	7%	<b>48%</b>	<b>40%</b>

The figures in bold represent the 5 barriers most commonly viewed as “serious problems”

training costs as a serious problem (25% compared with 15%) (Figure 24). Nevertheless, a majority of managers in both smaller and larger firms see training costs as at least a moderate problem in meeting future skills requirements. Later sections of this report examine the types of actions and incentives seen as most effective in increasing the amount of workplace training.

**Figure 24.** Barriers to Labour and Skills Requirements: “Training Costs Too High,” Private Sector Managers by Number of Employees



Workplace Partners Panel, *Viewpoints 2005*

In their respective evaluations of the potential barriers to meeting organizational skills requirements, managers and labour leaders showed considerable disagreement in three areas: “*low management priority on meeting skills needs*”; “*inaccurate picture of what new skills are needed*,” and; “*poor succession planning*”. Forty per cent or more of labour leaders judged each of these items to be serious problems organizations will face in meeting their labour and skills requirements. Each of them was among the five barriers most frequently described as serious problems (Figure 23). On the other hand, relatively few managers, in either the pri-

vate or public sectors, viewed these as serious problems. For managers, these barriers were among those *least* likely to be seen as serious problems. The *Viewpoints Survey* findings suggest that many labour leaders are sceptical about management’s commitment to meeting skills needs, and are critical about management’s ability to effectively plan for the skills that will be required.

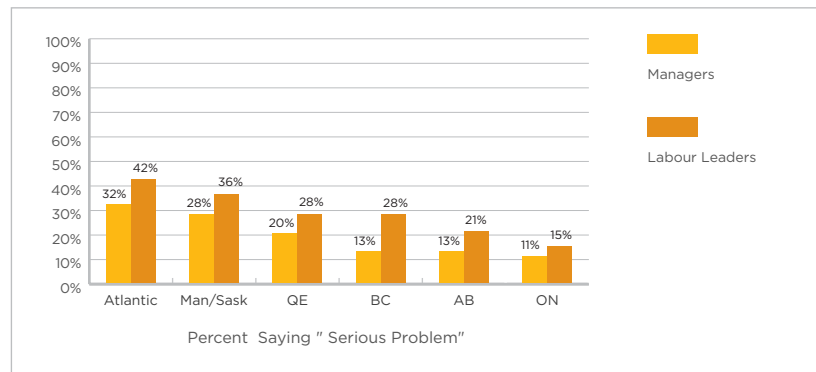
Some of the potential barriers organizations could face in attempting to meet their labour and skills requirements were seldom seen as serious problems. Very few managers or leaders for example, felt that “*difficulties finding qualified new immigrants*” was a serious problem (Figure 23). Similarly, relatively few managers and labour leaders felt that “*low worker literacy*” would be a serious impediment to skills training and upgrading.

Enhancing labour mobility is often seen as an important way of addressing skills shortages. Indeed, governments at the federal and provincial level and regulatory bodies for certain professions have been working to reduce the barriers that prevent workers from moving from province to province (for example, differences in the licensing requirements required to practice a profession in a particular province). However, while increased mobility may have benefits to workers, employers and to Canada as a whole, not all provinces or regions benefit in the same ways from the movement — or migration patterns — of workers. Some provinces, such as Newfoundland and Labrador or Saskatchewan, have experienced a net loss of workers through inter-provincial migration, and many of those who have left are young and highly educated. For some employers then, the loss of workers to other parts of the country may actually act as a barrier to meeting their labour and skills requirements.

Not surprising, the *Viewpoints Survey* found that concern about the loss of qualified workers to other provinces was highest in the Atlantic prov-

inces (Figure 25), a region that has, over the past 30 years, experienced a substantial loss of people though inter-provincial migration<sup>19</sup>. Among all managers surveyed in the Atlantic provinces, “qualified workers moving out of our region” was the barrier most likely to be described as a serious problem. Among labour leaders representing workers in the Atlantic provinces, it ranked fourth.

**Figure 25.** Barriers to Labour and Skills Requirements: “Qualified Workers Moving Out of Our Province/Region” Provincial Perspectives



Workplace Partners Panel, *Viewpoints 2005*

Loss of qualified workers to other provinces is not the only barrier to skills needs that has a distinct regional character. The survey also found substantial regional differences in managers’ and labour leaders’ concerns about the difficulties of finding qualified Aboriginal workers. At the national level, 16% of private sector managers, 26% of public sector managers, 26% of private sector labour leaders, and 24% of public sector labour leaders described this barrier as a “serious problem”. In the western provinces however, the percentage of respondents describing it as a serious problem was considerably higher. In Manitoba and Saskatch-

ewan for example, 24% of private sector managers, 35% of public sector managers, 36% of private sector labour leaders, and 37% of public sector labour leaders described this barrier as a “serious problem”.

Canadian employers face a number of challenges in meeting their future labour and skills requirements. In the context of an aging workforce and growing number of retiring employees, employers will face increased competition for qualified workers. They will need to find ways of retaining and attracting employees, of planning and budgeting for investments and skill development, and they will increasingly draw upon sources of labour that have traditionally been under-utilized. In the next section, managers’ and labour leaders’ perspectives on the actions they see as most important in addressing skills and labour requirements are presented.

<sup>19</sup> See Workplace Partners Panel, *Skills Shortage in the Context of an Aging Workforce: The Atlantic Provinces Handbook*. May 2006.



Many organizations will find themselves inadequately prepared to effectively deal with the retirement and replacement situations they face.

## PART IV. SOLUTIONS TO SKILLS SHORTAGES



Managers and labour leaders demonstrated a remarkable degree of agreement on the actions they felt to be most important in addressing skills needs. From a list of 16 possible actions (Figure 26) they were asked to evaluate how important each would be in meeting their own organiza-

tion's human resource and skills requirements over the next five years<sup>20</sup>. Each action was rated as being either “not important”, “somewhat important” or “very important”. Out of the list of 16 possible actions, five emerged as the top five actions of private and public sector managers and labour leaders:

**Figure 26.** Actions to Address Future Labour and Skills Requirements (% saying action is “very important”)

	private sector managers	public sector managers	private sector labour leaders	public sector labour leaders
Taking specific measures to retain current employees	<b>45%</b>	<b>46%</b>	<b>47%</b>	<b>50%</b>
Upgrading skills of current employees	<b>44%</b>	<b>47%</b>	<b>70%</b>	<b>59%</b>
Improving succession planning	<b>43%</b>	<b>51%</b>	<b>59%</b>	<b>66%</b>
Hiring young labour market entrants	<b>39%</b>	<b>36%</b>	<b>68%</b>	<b>63%</b>
Mentoring of young workers by older workers	<b>38%</b>	<b>43%</b>	<b>63%</b>	<b>55%</b>
Attracting workers from other organizations	21%	19%	11%	14%
Extending the working careers of older Canadians	20%	17%	10%	17%
Changing job descriptions: reallocating work	17%	17%	21%	22%
Substituting machinery/equipment/technology for labour	15%	4%	32%	19%
Hiring new immigrants	15%	16%	16%	20%
Hiring Aboriginal people	11%	23%	30%	28%
Contracting out	11%	5%	42%	37%
Hiring Visible minorities	7%	12%	19%	25%
Hiring people with a disability	6%	11%	14%	22%
Downsizing	6%	4%	34%	32%
Recruiting workers directly from abroad	6%	6%	4%	7%

The figures in bold represent the 5 actions most commonly viewed as “very important”

- “taking specific measures to retain current employees”;
- “upgrading the skills of current employees”;
- “improving succession planning”;
- “hiring young labour market entrants”, and;
- “mentoring of young workers by older workers”.

Less important actions for dealing with skills requirements included *attracting workers from other organizations, extending the careers of older Canadians, and changing job descriptions or reallocating work*. In addition, although managers and labour leaders often described the hiring of young labour market entrants as very important, they were much less inclined to give the same rating to the hiring of specific

<sup>20</sup> Labour leaders were asked this question with reference to the organizations where their union members work.

groups within the population such as *immigrants, Aboriginal peoples, members of a visible minority, or persons with disabilities*. Three actions - *substituting machinery or technology for labour, contracting out, and downsizing* - were seldom viewed by managers as very important. In comparison, a much higher percentage of labour leaders described these as very important; perhaps further indication of their scepticism or lack of trust with management over the solutions to future skills and human resource requirements.

A more detailed examination of the various actions to address future labour and skills requirements follows below.

## Upgrading Skills of Current Employees

The most important action for *Viewpoints* respondents as a whole, *upgrading the skills of current employees* ranked first among private sector labour leaders, and second among each of the other three groups. In fact, this action was the least likely out of sixteen perceived to be “not important”.

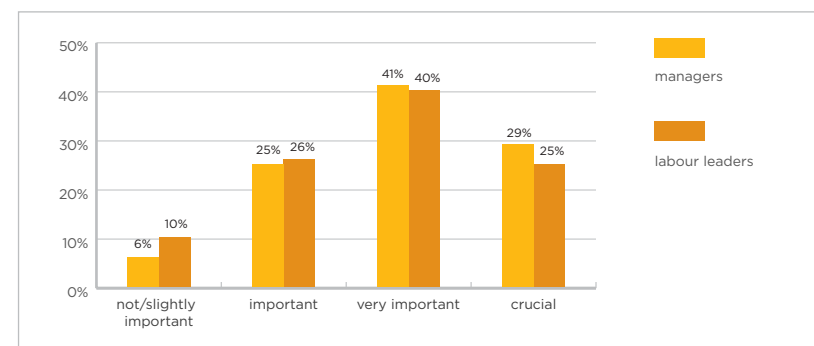
A further demonstration of the importance managers and labour leaders attach to upgrading employees' skills is shown in Figure 27. Seventy per cent of managers described training as a very important if not crucial part of their overall business strategy. A similar percentage of labour leaders described training as a very important if not crucial element among their overall list of bargaining issues.

Despite the importance given by managers and labour leaders to upgrading skills and workplace training, Canadian employers may have some way to go to catch up with international competitors. According to

**Figure 27.** Views on the Importance of Training

Managers - reference to overall business strategy

Labour leaders - reference to list of collective bargaining issues



Workplace Partners Panel, *Viewpoints 2005*

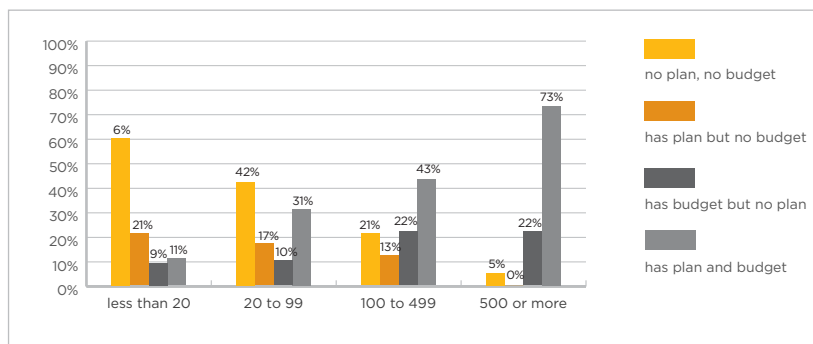
the Organisation for Economic Co-operation and Development, Canada ranks in the middle of OECD countries in terms of the percentage of Canadian workers participating in job-related training, lagging behind Scandinavian countries, the United States, and the United Kingdom<sup>21</sup>. In addition, the Adult Education and Training Survey, conducted by Statistics Canada, showed that the percentage of workers aged 25 to 64 participating in *employer-supported* training increased only slightly between 1997 and 2002, from 22% to 25%<sup>22</sup>.

For some employers, efforts to increase the amount of workplace training may be hindered by prohibitive training costs. An additional problem may be in the inability of many Canadian firms to develop training plans and budgets to guide and assist with their business objectives. According to the *Viewpoints Survey*, a large percentage of managers, particularly in firms employing fewer than 20 employees, had neither a training plan nor a training budget (60%) (Figure 28). Even among the manag-

<sup>21</sup> Canadian Council on Learning. “Understanding the Need for Targeted Workplace Learning Strategies”. Feb.17, 2006. <http://www.ccl-cca.ca/CCL/Reports/LessonsInLearning/LiL-17Feb2006.htm>

ers of larger firms employing between 100 and 499 people, only 43% indicated the presence of both a training plan and a training budget. In light of managers' and labour leaders' expressed priority to workplace training, and given the evidence that Canada falls short of other industrialized countries in this area, there is clearly room for an improved and expanded commitment to workplace training.

**Figure 28.** Presence of Formal Training Plans and Budgets, by Number of Employees  
Private Sector Manager Response



Workplace Partners Panel, *Viewpoints 2005*

## Actions Seen as Most Effective for Increasing Workplace Training

There are a variety of actions and initiatives that could be used to enhance the amount of workplace training received by workers. These include various types of financial incentives and supports, improvements to training resources and services, and better partnership arrangements between the workplace and educational institutions. To ascertain their views, the *Viewpoints Survey* asked managers and labour leaders to con-

sider the effectiveness of thirteen various actions that could increase the amount of workplace training. The findings are presented in Figure 29, and may be summarized as follows:

- A large percentage of managers and labour leaders felt that “*government cost shared training incentives*” would be a “very effective” action to increase the amount of workplace training. This was among the five actions most commonly viewed as very effective. Only 15% of managers and 11% of labour leaders judged to be “not effective”.
- High levels of support were also evident among managers and labour leaders for the idea of “*creating better partnerships with educational institutions*”. For both groups, this was among the five actions most commonly viewed as very effective.
- Managers and labour leaders demonstrated high levels of disagreement about the effectiveness of some actions. For example, a large percentage of private sector managers judged “*lower payroll taxes*” to be a very effective action, with the action ranking third out of thirteen. Among private sector labour leaders, lowering payroll taxes was the action *least* likely to be described as very effective (ranking 13th out of 13). In a similar way, “*mandated employer spending on training*” and “*mandated joint labour-management training committees*” received a high ranking among labour leaders, but were among the least popular actions of private and public sector managers.
- Private sector managers and labour leaders frequently evaluated the idea of “*training tax credits*” as being very effective (40% and 45% respectively). This view was less common among public sector managers and labour leaders, where training tax credits would likely have less direct applicability and relevance.

<sup>22</sup> The Adult Education and Training Survey found that overall participation in formal job-related training increased from 29% to 35% between 1997 and 2002. However, much of this increase was a result of workers taking training on their own initiative and at their own expense. According to Statistics Canada, 72% of all participants in formal job-related training were involved in employer-supported training, down from 79% in 1997. Statistics Canada, “Adult Education and Training Survey” *The Daily*, April 30, 2004.

- The idea of “reducing EI premiums for employers providing a basic threshold of training” received the strongest support from private sector managers, with 44% judging it to be a very effective action. While about one-third of labour leaders saw this action a very effective, they were far more inclined to endorse the idea of “increasing the capacity of EI to support training”<sup>23</sup>.
- Labour leaders were more likely than managers to view “greater gov-

ernment support for literacy and essential skills” as a very effective action (about one-half of labour leaders compared with one-quarter of managers).

The *Viewpoints Survey* findings indicate that while managers and labour leaders agree on the central importance of workplace training as a solution to future human resources and skills requirements, they do not necessarily agree on the actions that would be most effective in bolstering the amount of workplace training received by workers. Generally, labour

tends to have a greater interest in joint and mandated approaches, while managers are more likely to support voluntary incentive initiatives. Nevertheless there are areas of agreement between the two groups, including the importance of government cost shared training programs, developing better partnerships with educational institutions, and potentially, the innovative use of Canada’s EI program to support workplace training.

**Figure 29.** Actions to Increase the Amount of Workplace Training (% saying action would be “very effective”)

	private sector managers	public sector managers	private sector labour leaders	public sector labour leaders
Gov’t cost sharing training incentives	<b>48%</b>	<b>46%</b>	<b>63%</b>	<b>51%</b>
Reducing EI premiums for employers providing a basic threshold of training	<b>44%</b>	<b>35%</b>	33%	31%
Lower payroll taxes	<b>43%</b>	27%	26%	24%
Training tax credits	<b>40%</b>	24%	45%	26%
Better partnerships with educational institutions	<b>36%</b>	<b>46%</b>	<b>51%</b>	<b>54%</b>
Increasing the capacity of EI to support training	32%	<b>29%</b>	<b>61%</b>	<b>52%</b>
Greater gov’t support for literacy and essential skills	26%	27%	47%	44%
Better information about return on training investments	23%	27%	44%	31%
Better on-line training programs	22%	26%	31%	24%
Collaboration with other firms (sharing training costs)	21%	<b>30%</b>	33%	27%
Training provided through sector councils	14%	15%	36%	24%
Mandated employer spending on training (1% of payroll)	11%	19%	<b>58%</b>	<b>64%</b>
Mandated joint labour-management training committees	9%	11%	<b>54%</b>	<b>57%</b>

Cells in bold represent the 5 actions most commonly viewed as “very effective”

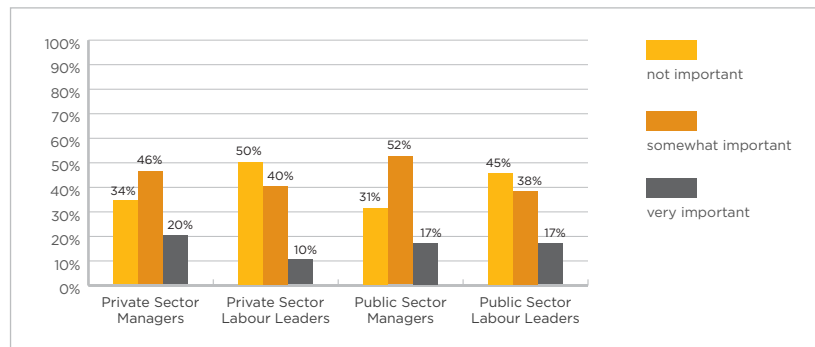
<sup>23</sup> The expansion of regular insurance benefit coverage to all premium payers for workplace based training and an EI premium reduction or rebate for employers who invest in training beyond a specific level are key elements of the Canadian Labour Congress’ proposed National Training Strategy. See <http://canadianlabour.ca/updir/nationalTraining.pdf>

## Extending the Working Careers of Older Canadians

Concern about the aging population, rising dependency ratios and their potential impact on living standards has prompted the OECD to argue that “it is vital to improve labour market retention and hiring prospects for the over 50s” and that “a comprehensive package of measures are required which act both on the demand and supply side to encourage workers to remain longer in the workforce<sup>24</sup>”.

Extending the working careers of Canadians could be one way of helping to alleviate skills and labour shortages with Canada. However, the *Viewpoints Survey* did not find this option to be among the most important actions that could be used to address organizational skills requirement. Less than one in five managers and labour leaders felt this would be a “very important” action in addressing their own organizational skills requirement (Figure 30). About one-third of managers and one-half of labour leaders felt that extending working careers was “not important”

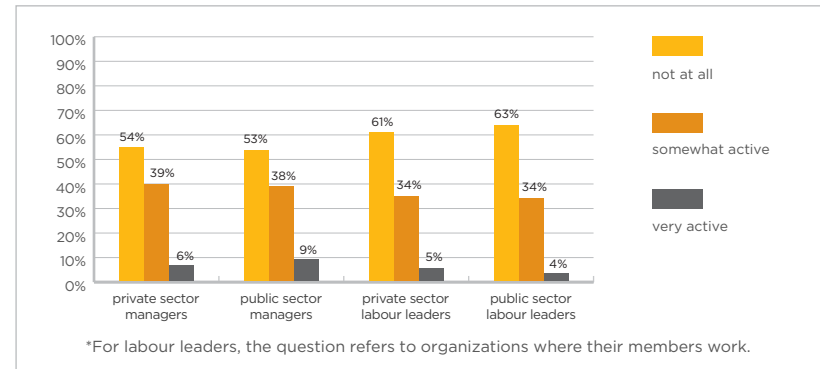
**Figure 30.** Managers’ and Labour Leaders’ Views on Extending the Working Careers of Older Workers as a Way of Addressing Labour and Skills Needs



Workplace Partners Panel, *Viewpoints 2005*

while about one-half described it as a “somewhat important” action. In addition, the survey found that the majority of managers and labour leaders said their organization, or the organizations where their members work, were not actively exploring ways of extending the working careers

**Figure 31.** How Actively is your Organization\* Addressing the Question of Replacing Workers who Retire?



Workplace Partners Panel, *Viewpoints 2005*

of their employees (Figure 31). Indeed, only a very small percentage said their organizations were very actively exploring the issue. As the OECD suggests, there are a variety of ways in which older workers might be encouraged or otherwise prompted to stay in the workforce longer. A number of these options were explored in the *Viewpoints Survey*, including changing CPP eligibility rules that would require people to work longer before receiving full benefits, to more “voluntary” approaches such as phased-in retirement programs offered by employers. A summary of the results is shown in Figure 32.

<sup>24</sup> Organization for Economic Cooperation and Development (2005). Ageing Populations: High Time for Action. Background paper prepared by the OECD Secretariat for the meeting of G8 Employment and Labour Ministers, London, 10-11 March, 2005.

**Figure 32.** Managers' and Labour Leaders' Views on Various Options for Extending the Working Careers of Older Workers (% moderately or strongly agree)

	private sector managers	public sector managers	private sector labour leaders	public sector labour leaders
There is no need to extend working careers beyond 'normal' retirement age	34%	44%	73%	68%
Prolonging working careers is a good way to deal with skills shortages as long as it is voluntary for workers	79%	76%	50%	53%
Workplaces should explore phased-in retirement	72%	80%	57%	62%
Canada Pension Plan regulations should be modified to facilitate phased in retirement programs	79%	78%	63%	67%
Retirement provisions in collective agreements should be negotiated to accommodate longer working careers	61%	61%	35%	41%
Mandatory retirement age legislation should be removed where it exists	69%	60%	37%	40%
CPP regulations should require people to work longer	23%	20%	6%	8%

It is clear that the great majority of labour leaders do *not* see a need to extend working careers beyond the “normal” retirement age<sup>25</sup>. In this, their views differ from managers, who appear to be somewhat more open to this as an option. Only about one-third of private sector managers for example, agreed that there was no need to extend working careers.

While labour leaders may not see a *need* to extend working careers, they are more likely to agree that prolonging working careers is a good way to deal with skills shortages as long as it is voluntary for workers. Exploring phased-in retirement practices at the workplace level, and modifying CPP regulations in a way that would accommodate these practices, received relatively high levels of support from both managers and labour leaders. However, labour leaders were much less inclined to agree that retirement provisions in their collective agreements should be modified to accommodate longer working careers. Finally, it is also very clear that there is little support, especially among labour, for the idea of changing

CPP regulations in a way that would require people to work longer.

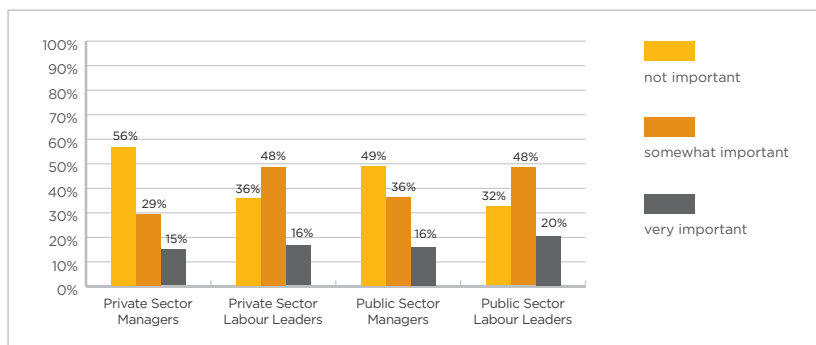
In short, the idea of extending the working careers of older workers in order to help address shortages of skilled labour finds some level of support and agreement among managers and labour leaders, but only to the extent that it involves voluntary measures. However, extending careers is seldom viewed as among the most important actions that might be taken to address future labour and skills requirements (see Figure 26). Both groups are more likely to support actions that make for a more effective and smooth retirement *transition*. Improving succession planning, hiring young people, and using older workers to mentor younger workers were among the actions they most commonly judged to be very important.

<sup>25</sup> The term “normal” retirement age was not defined for survey respondents. Since typical (or median) retirement ages vary by province, sector, and occupation, Viewpoints respondents were left to interpret “normal” retirement age themselves.

## Hiring New Immigrants

Immigration is an important source of labour and skills for the Canadian economy. Between 1991 and 2001, new immigrants accounted for 70% of the country's net labour force growth, and they will soon be the sole source for labour force growth<sup>26</sup>. These statistics are difficult to reconcile with the views of managers and labour leaders about the importance of hiring new immigrants as a way of addressing their labour and skills requirements. Relatively few managers or labour leaders described the hiring of new immigrants as a "very important" action (Figure 33). In fact, about one-half of managers surveyed said that it was "not important".

**Figure 33.** Managers' and Labour Leaders' Views on the Importance of Hiring New Immigrants as a Way of Addressing Labour and Skills Needs

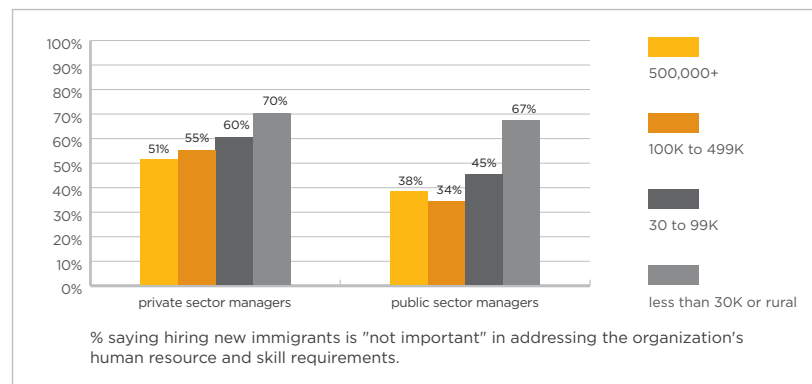


Workplace Partners Panel, *Viewpoints 2005*

Even among managers whose organizations are located in large urban centres (which tend to receive a disproportionately large share of new immigrants)<sup>27</sup>, many maintained that the hiring of new immigrants was not an important action in meeting their organizational labour and skills re-

quirement (Figure 34). Indeed, 51% of private sector managers and 38% of public sector managers located in urban centres with a population of 500,000 held this view. In smaller urban centres and rural areas, the view that immigration is not important was very common among managers.

**Figure 34.** Managers' Views on the Importance of Hiring New Immigrants as a Way of Addressing Labour and Skills Needs, by Size of Population Where Organization is Located



Workplace Partners Panel, *Viewpoints 2005*

The *Viewpoints Survey* suggests that immigration is not a 'top of mind' solution for many of Canada's employers. This may be a reflection of the perceived barriers and difficulties associated with the hiring of internationally trained workers, particularly in areas of language, work experience and the difficulties of assessing and recognizing foreign credentials.

<sup>26</sup> CLBC, *Handbook: Immigration and Skills shortage*. [http://www.clbc.ca/Research\\_and\\_Reports/Archive/report11230401.asp](http://www.clbc.ca/Research_and_Reports/Archive/report11230401.asp)

<sup>27</sup> Immigration settlement patterns within Canada are very uneven. A large majority of new immigrants settle in the largest metropolitan areas of just a few provinces. About eight out of ten new immigrants resides in one of Canada's five largest metropolitan areas - Toronto, Vancouver, Montreal, Calgary and Ottawa.

**Figure 35.** Managers' and Labour Leaders' Views on Barriers Relating to the Hiring of New Immigrants (% agree)

	private sector managers	public sector managers	private sector labour leaders	public sector labour leaders
Canada's immigration selection system does not focus enough on the skills /occupations required by my organization.	49%	42%	61%	54%
Immigrants often lack the necessary language and communication skills to be hired by my organization.	58%	57%	69%	59%
In my organization, immigrants often face barriers to employment because their foreign credentials are not recognized by regulatory bodies.	44%	45%	53%	55%
There are not enough resources and services available to my organization to help assess immigrants' education and credentials.	50%	51%	70%	66%
Immigrants' lack of Canadian work experience is a major problem for my organization when considering new job candidates.	38%	42%	48%	35%
In my organization, immigrants are more likely to require additional training than new employees who grew up in Canada.	33%	55%	51%	57%
Compared to new employees who grew up in Canada, immigrants have a difficult time adjusting to the workplace culture of my organization.	30%	33%	48%	39%
There should be more community supports to help integrate immigrants into the workforce and the community.	61%	77%	72%	76%

## Perceived Barriers Related to the Hiring of New Immigrants

The relatively low level of importance given to the hiring of new immigrants as an action for meeting future labour and skills requirements may be due to the perceived barriers and difficulties associated with internationally trained workers. For example, many of the managers and labour leaders surveyed in the *Viewpoints Survey* agreed that immigrants often lack the necessary language and communications skills to be hired by their organizations (Figure 35). In addition, about one-half of managers and labour leaders agreed that in their organization, or the organizations where their members work, immigrants often face barriers to employment because Canadian regulatory bodies do not recognize their international credentials. Importantly, one-half of managers said there were not enough resources available to their organizations to help them assess newcomers' education and credentials. Immigrants' lack of

Canadian work experience was also seen as a problem for many managers and labour leaders, and many felt that new immigrants would require additional training beyond what would be required of an employee born and raised in Canada.

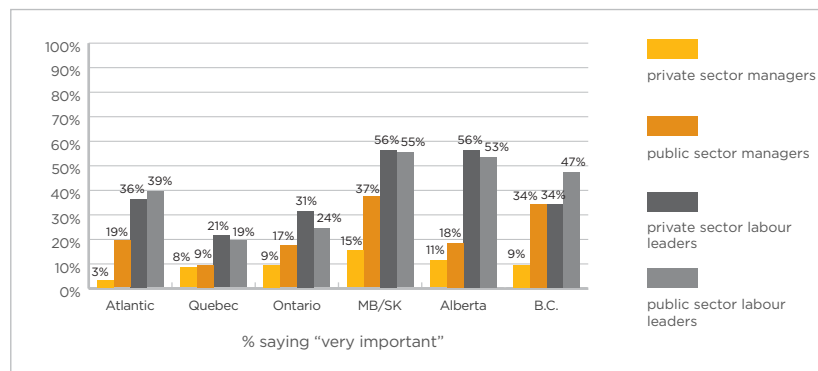
The perceived barriers and difficulties associated with hiring newcomers to Canada also figured prominently in the findings of the previous *2002 Viewpoints Survey* conducted in 2002. In that survey, language difficulties, problems assessing foreign credentials and lack of Canadian work experience were also identified as the main obstacles in hiring internationally trained workers<sup>28</sup>. It would appear that these long-standing issues have yet to be adequately resolved, at least from the perspective of Canada's employers and labour leaders. Given these views, it is perhaps not surprising that a large majority of respondents agreed that there should be more community supports to help integrate immigrants into the workforce and the community.

<sup>28</sup> Lochhead, Clarence (2003). *Perspectives on Immigration: Findings from the Canadian Labour and Business Centre's Survey of Canadian Business, Labour and Public Sector Leaders*. [http://www.clbc.ca/Fitting\\_In/Perspectives\\_on\\_Immigration.asp](http://www.clbc.ca/Fitting_In/Perspectives_on_Immigration.asp)

## Hiring Aboriginal People

Relatively few managers and labour leaders judged the hiring of Aboriginal people to be a “very important” action in addressing their organizational labour and skills requirements (see Figure 26). However, this national level finding hides important and substantial variations between the provinces and regions (Figure 27). With the exception of private sector managers, a majority of labour leaders and public sector managers in the western provinces said that hiring Aboriginal people was either “somewhat” or “very important” in meeting skills needs. This response is understandable insofar as Aboriginal peoples make up a relatively large and growing share of the population – particularly the youth population – in these provinces<sup>29</sup>. Of more concern perhaps, is the relatively large share of private sector managers (between 50% and 60% in each of the western provinces) who felt that the hiring of Aboriginal people was “not important” in meeting their organization’s future labour and skills requirements.

**Figure 36.** Managers’ and Labour Leaders’ Views on the Importance of Hiring Aboriginal People as a Way of Addressing Labour and Skills Needs, by province/region



Workplace Partners Panel, *Viewpoints 2005*

# CONCLUSION



BUSINESS

LABOUR

PUBLIC  
SECTOR

The *Viewpoints Survey* of business, labour, and public sector leaders highlights the importance of the skills shortages issue facing Canada. Six out of ten managers and labour leaders, in both the public and private sectors, judged the issue of skills shortages as a serious problem for the Canadian economy and labour market. Over 90% of survey respondents said skills shortages are at least a moderate problem, while fewer than 10% said it is “not a problem”. Managers and labour leaders are concerned about skills shortages for good reason - they are experiencing them first hand. About one out of every two managers surveyed said occupational shortages currently exist within their own organization, and a similar proportion of labour leaders said occupational shortages are currently present in their members’ workplaces.

When asked what the most important actions would be to address human resource and skills requirements over the next five years, managers and labour leaders were in complete agreement on the top five actions, including the central importance of upgrading the skills of current employees.

Despite agreement on the actions needed to address skills requirements, managers and labour leaders responding to the *Viewpoints Survey* also tell us it will not necessarily be easy to deliver the goods. Seventy per cent of managers and close to 90% of labour leaders told us there would be problems meeting future labour and skills requirements. For example, large numbers of managers tell us that their workplaces are without training plans or training budgets, and many see training costs a prohibitive. Developing actions and initiatives to enhance support for workplace training and lifelong learning is clearly warranted.

The *Viewpoints* findings also suggest a need to address certain “disconnects” on skills issues. One example is literacy. Four in ten employed Canadians have literacy skills below the desired threshold for coping with

the rapidly changing skills demands of a knowledge-based economy. But the *Viewpoints Survey* finds that only 17% of managers judge the issue to be a serious problem facing the economy. Literacy and numeracy skills were the least likely of employees’ skills set seen as needing improvement, and two-thirds of managers did not think that low literacy levels of employees would impede skills training and upgrading. Promoting awareness of the literacy issue, and providing greater support for workplace literacy and essential skills training might be appropriate responses.

The *Viewpoints Survey* shows that while we may recognize the seriousness of skills shortages, we are falling short in several areas. Our record on workplace training continues to lag that of other countries, we often lack training plans, we fail to appreciate and address the central importance of literacy and essential skills, and we pay insufficient attention to those under-represented in our workforce - including Aboriginal peoples and immigrants. These are not new problems. But our collective failure to resolve them places us increasingly at risk of a serious skills crisis down the road.

While the issue of skills shortage is viewed as a serious problem right across the country, the factors giving rise to it can be remarkably different from one region or community to the next. Some regions are experiencing shortages in the context of near full employment, others in the context of more unemployment levels. Some regions are losing large numbers of their youth and young adults to other parts of the country. Some regions receive large numbers of immigrants, while others a mere “trickle”. In some regions, literacy problems are more pronounced. And in some regions, the labour force is characterized by an increasingly large Aboriginal population. Effective solutions must reflect these very differ-

<sup>29</sup> For more information about the Aboriginal population in the province of Saskatchewan, see Sask Trends Monitor, 2006. Saskatchewan Diagnostic: A report prepared for the Saskatchewan Task Force of the Workplace Partners Panel. [http://www.wpp-clbc.ca/files/PDF/Sask\\_Diagnostic\\_May\\_Draft.pdf](http://www.wpp-clbc.ca/files/PDF/Sask_Diagnostic_May_Draft.pdf)

# Appendix 1

## 2005 Viewpoints Survey: Sample and Methodology

As part of the background research for Workplace Partners Panel, Viewpoints surveyed 1,169 leaders from the business, labour, and public sector (education, health, and government) communities to determine their perspectives on issues relating to skills and skills shortage (see Figure A.1 for a breakdown of the sample population). The survey was carried out during the months of October, November, and December, 2005.

The *Viewpoints Survey* was administered by Prairie Research Associates. The sample was drawn primarily using the Dun & Bradstreet (D&B) database, which included private firms, labour organizations, schools and hospitals. For individual constituencies, the identification of respondents was as follows:

**Private Sector and Public Sector Labour:** Questionnaires were sent to the senior local representative at labour organizations listed in the D&B database. In some cases, these included unions' national offices, in others, local offices.

**Private Sector Business:** Questionnaires were sent to the senior local representative at business organizations selected (based on regional and establishment size stratification) from the D&B database. In some cases these were corporate offices, in others, individual plants or locations. For large firms, the questionnaires were sent to the vice-president of human resources, while for small and medium-sized firms/locations the questionnaires went to owners, CEOs, or general managers.

**Public Sector Management:** Questionnaires were sent to the senior representatives of hospitals (usually hospital CEOs or admin-

istrators) and elementary/secondary schools (usually principals) listed in the D&B database. The D&B database was supplemented by a representative database of senior municipal government administrators supplied by the Federation of Canadian Municipalities. Also included were lists of presidents of Canadian universities and community colleges, and senior federal and provincial/territorial government officials at the Deputy Minister/Assistant Deputy Minister level, with responsibility for employment, labour, or labour market matters.

Figure A.1  
Sample Size, Viewpoints, 2005

Figure A1. Sample Size, Viewpoints, 2005	
<b>Private sector managers</b> 37% (n=434)	<b>Private sector labour leaders</b> 19% (n=221)
<b>Public sector managers</b> 25% (n=294)	<b>Public sector labour leaders</b> 19% (n=220)





Workplace Partners Panel  
Partenaires du milieu de travail

# The current shortage of skilled labour threatens Canada's economic prosperity

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