

Skill needs in the B.C. context

Short-term or long-term, B.C.'s need for skilled workers needs to be addressed in order to maintain a healthy economy.

- * An October 2001 MarketExplorers survey found 90 percent of B.C. employers agree skills training is critical for the economy.
- * Two-thirds felt economic growth is hindered by shortages.

While there is agreement on the need for skills, what is less certain is the extent of the skills gap today and in the future, and what we should be doing about it.

SkillsFACT

Two-thirds of B.C. small and medium sized businesses who had difficulties hiring, said it was because of a lack of qualified candidates.
Canadian Federation of Independent Business

The current labour market

Particular sectors and regions across B.C. are already experiencing short-term gaps. Employers in construction and oil & gas have voiced concern about their inability to fill positions and the loss of production capacity because of those unfilled positions. Some public sector occupations such as doctors and nurses also have regional gaps.

That doesn't say for certain that B.C. is in the midst of a province-wide labour shortage. But we are definitely experiencing a labour supply/demand imbalance that is resulting in skill shortages in some regions and occupations. We have 2.5 people looking for work for every job opening each year, yet we still have an estimated 37,000 job vacancies annually.

WHAT EMPLOYERS ARE TELLING US

In late 2002 the Ministry of Skills Development and Labour held a series of detailed discussions with employers from key sector groups, including forestry, tourism, high-tech, construction and others. The skill strategies they suggested are included later in this document. Here, though, are some of their general observations about the skills issue:

- △ Current skills shortages are not a critical concern (aside from a few exceptions in certain occupations or regions).
- △ Concern of future skills shortages, particularly those driven by demographics and regional needs.
- △ High expectations for the new apprenticeship model, despite only 15 percent of job openings being in traditional apprenticeable trades.
- △ Disconnect between institutions/educators (both K-12 and post-sec) and businesses over skills required of graduates.
- △ Disconnect between employers and institutions within the education sector.
- △ Need for government to maintain quality health care and education: critical to attracting workers to the regions.



Looking ahead:

Why is this time different?

B.C. has faced skill crunches many times over the past half century, but in most cases the labour market has eventually corrected itself.

This time around is different. Four factors in particular are driving us toward a potential skills shortage unlike any we've seen in the past, and affecting the degree to which markets may be able to respond on their own.

1. Demographic trends: By 2010 – for the first time ever – the cohort leaving the workforce will exceed the 15-24 age cohort entering it, as baby boomers begin retiring en masse. While productivity improvements mean fewer people can do more work, this will not fully compensate for the large numbers of retirements expected in many sectors.

2. Technological trends in production are creating an increasing demand for workers with the skills and competencies to use new technologies. This trend is raising skill requirements for all jobs.

3. Economic trends are favouring countries and production facilities with a large pool of skilled workers. In order to create niche markets, increase comparative advantage, and attract capital investment, British Columbia must be able to demonstrate that it has a pool of workers with "world class" skills.

4. Global competition for business "inputs" is a serious consideration today. Both capital and labour are increasingly mobile, and will go where they see the best opportunities or return on investment.

Tomorrow's skill needs

The bottom line is fairly straightforward: B.C. will need to attract more people to our workforce, and they'll need a greater level of skill.

The most recent employment projections estimate there will be 913,000 job openings between 2003 and 2015. Here are the top five sectors:

- * Health Services (113,898 openings)
- * Accommodation, food, and recreation services (110,355)
- * Retail trade (109,961)
- * Computer & business services (67,132)
- * Construction (61,843)

The Olympics and related capital projects will create an additional 132,000 person-years of employment in key sectors such as: tourism; construction; communications; business & related services; and transportation.

However, not all these opportunities will occur at the same time.

SkillsFACT

Along with Japan, Canada has the lowest ratio of younger individuals in the workforce (20 to 39) to those aged 40 to 59.



Where will the pressures be?

In the years ahead, not all sectors will be affected by labour shortages to the same degree. The chart below shows which sectors are most at risk -- it has been developed by the Ministry of Skills Development and Labour using four key criteria:

- * **Economic Impact:** does this sector have significant wealth-creating importance to British Columbia, or is it a key to growth in B.C.'s changing economy?
- * **Olympic Impact:** is this sector key to successfully preparing for and staging the 2010 Winter Games?
- * **Job Growth:** is this sector's growth of jobs higher than the economy-wide average annual job growth rate?
- * **Retirement Pressure:** based on the current rates of retirement within each sector, will 50 percent or more of vacancies in this sector be due to retirements?

SECTOR	Economic impact	Olympic impact	Job growth rate	Retirement pressure
Construction	●	●	●	●
Transportation & storage	●	●	●	●
Accommodation, food, recreation	●	●	●	
Communications	●	●		●
Energy (oil & gas, hydro, etc.)	●		●	●
Health	●		●	●
Agriculture and fishing	●			●
Business & related services		●	●	
Education	●			●
Finance, insurance, real estate	●			●
Forestry & wood products	●			●
Mining & related manufacturing	●			●
Personal and other services			●	●
Retail trade		●	●	
Other manufacturing	●			●
Public administration				●
Wholesale trade			●	

B.C. Unique Scenario, COPS 2001-2011 and Roslyn Kumin & Associates

The analysis found that, while there may not be an overall shortage of workers, employers could face significant challenges in filling positions for senior managers and specialized jobs, such as mechanical trades and specialty nurses.



What level of skill will be needed?

B.C. workplaces are becoming increasingly technology-based. Employers are looking for people who understand technology and, more importantly, know how to use it to work smarter and achieve results.

Beyond technology skills, employers are also looking for what are commonly called the “soft skills” – the intangibles that make an employee a good leader or team player.

The BC Business Council's *2002 Skills and Attributes Survey* of members lists the top 10 skills that B.C. employers are looking for in job applicants:

- * Teamwork
- * Interpersonal skills
- * Problem solving
- * Speaking/listening
- * Leadership
- * Planning/time management
- * Writing
- * Critical thinking
- * Reading
- * Computer skills

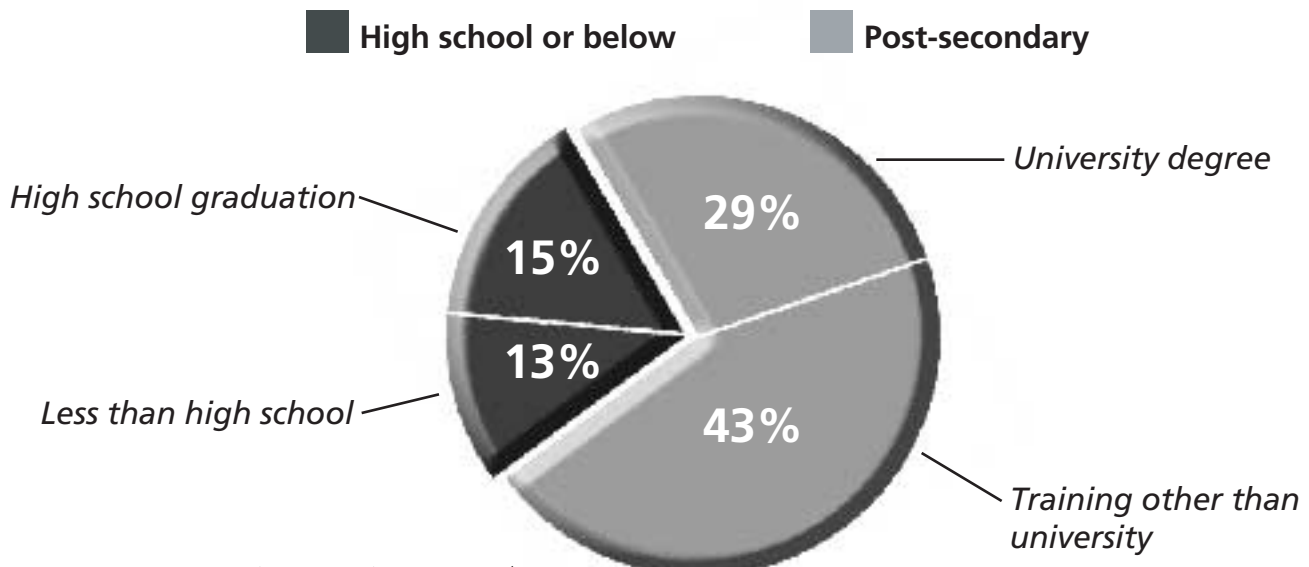
SkillsQUOTE

Companies are no longer looking primarily for employees... but instead for talent.

William Bridges
Author of *JobShift*

The emphasis on thinking, practicality and results also becomes apparent when you look at the labour market analysis of where job openings will be by the end of the decade. In B.C., of the estimated 913,000 job openings between 2003 and 2015, almost three-quarters of them will require some type of post-secondary education, though not necessarily a four-year university degree.

Level of Education Needed for projected job openings, 2003-2015



SOURCE: COPS BC Unique Scenario 2001-2011 / RKA



Positioning B.C. for the future

Developing and attracting the talent we need requires the commitment of the private sector, government, public sector, educators, labour and communities. While the impetus for economic growth must come fundamentally from business, a cohesive provincial strategy requires some involvement by government.

The overview of programs and policies you'll find on the following pages highlights government's contribution to a skilled workforce. In all, the provincial government funds around \$1.6 billion worth of skill- and education-related programs each year. In addition, it also has a responsibility to:

- Δ Collect, analyze and share the best available data on skill shortages to fuel good decision-making.
- Δ Manage B.C.'s education/training system to be responsive to regional economies and needs.

Add to that another \$400 million invested by the federal government in B.C. (see below), the training capacity of more than 1,100 private training institutes, and results delivered by the 110 job-matching Web sites available to British Columbians.

Federal Contributions

The federal government is an important contributor to human resource development in B.C., investing \$400 million in employment and training services for British Columbians. Both levels of government work together to ensure programs provide maximum benefit.

- \$291M Employment Programs for Employment Insurance clients
- \$50M Aboriginal Human Resource Development Agreements
- \$26M Youth employment programs
- \$36M Settlement Services for Immigrants

A Strategic Investment in Post-Sec

The provincial government is positioning B.C. to stay on top of the demands for greater training with a comprehensive Strategic Investment Plan, featuring three components:

- 1. Access** -- the overall growth in post-sec spaces (25,000 between now and 2010) will double the growth rate for the 18-29 cohort.
- 2. Research** -- investing in the research activities that are the catalyst for new ideas, products and technologies, positioning B.C. as a knowledge leader.
- 3. Skills development** -- developing new models of public/private training initiatives, where sectors work with local post-secondary institutions to meet skill needs.

Training isn't enough

A number of factors can influence how skills shortages are created, and the degree to which the labour market can correct itself.

Training is often the solution first considered to solve the skills shortages; however, it is only one of a number of strategies that can help address the problem. While training is important, training alone will not help us fill all of the projected job vacancies.

Today, there are nearly 680,000 students between kindergarten and Grade 12 in our schools. Even if we graduated every single one of those students and placed them into jobs from now until 2015, we would only be able to fill 74 percent of the upcoming job openings.

Clearly other solutions must also be developed, to address things like:

- Δ Work organization and productivity.
- Δ The degree to which organized labour and employers can develop solutions within collective agreements.
- Δ The role that self-regulating professions have in developing strategies for credential recognition and licensure to help more skilled immigrants work in their area of expertise.