

THE B.C. SKILLS FORCE INITIATIVE

PARTNERSHIP of the

B.C. Chamber of Commerce

and the

Community Futures Development Association of BC



BACKGROUND

The fact that B.C. businesses are experiencing significant skills shortages - and that these shortages will reach crisis levels within five to ten years – has been well documented. A report of the B.C. Chamber of Commerce produced in April 2002 entitled *Closing the Skills Gap*¹ confirmed that small and medium-sized businesses throughout B.C. were experiencing difficulty in finding skilled workers and that they were concerned about the impact that skills shortages would have on their businesses.

A November 2002 survey on the availability of labour undertaken by the Canadian Federation of Independent Business revealed that over 67 percent of B.C. businesses were having difficulty hiring people due to a lack of local candidates with the required education, experience or skill set. The report also revealed that close to one third of the affected businesses dealt with the skill shortage issue by functioning with fewer employees and/or ignoring new business opportunities while 54 percent hired someone even though the person didn't meet their requirements.

The seriousness of the skills shortage situation in B.C. was further reinforced in a recent study undertaken by the Canadian Manufacturers and Exporters. According to the results of their survey released in December 2003, B.C.'s advanced manufacturing sector is facing a critical shortage of skilled workers. Almost one half of B.C.'s advanced manufacturing employers reported having more than one unfilled position in a skilled occupation, with many employers reporting critical shortages in key areas.²

Adding to the skill shortage challenge is what has become known as the “demographic bomb”. Declining birth rates and increased longevity have resulted in a “greying” of the population around the world. A report produced for the Canadian Alliance of Sector Councils in February 2003, underscores how this situation is expected to have a profound effect on our local labour market. The study outlines how, for a number of years, Canada's birth rate has been falling rapidly and, in the year 2000, stood at an all time low of 1.5 children per woman. It suggests that by the year 2026, one in five Canadians will be 65 years of age or older – up from one in eight in 2001. As such, it has been projected that, over the next ten years, the number of Canadian workers aged 55 to 64 will increase by more than 50 percent. Significant skilled labour shortages are to be expected when these baby boomers begin to exit the labour market as they turn 65.³

These issues have particularly serious implications for our rural communities, since many of the small businesses that represent the backbone of local economies lack the capacity to deal with the impending labour shortages. Compounding the problem is the fact that a large number of small business owners, themselves, will soon be retiring. Small businesses represent almost 98% of the total number of businesses in British Columbia – they employed 952,900 people in 2002, which represents 47 percent of the total employment in the province. Of the province's 347,900 small businesses, 52% are

¹ Closing the Skills Gap: A Report of the B.C. Chamber of Commerce Skills Shortages Initiative, April 2002

² A Catalyst for Change, a report produced for the Canadian Manufacturers and Exporters (B.C. Division) by R. A. Malatest and Associates, December, 2003.

³ The Aging Workforce and Human Resources Development Implications for Sector Councils, a report prepared for The Alliance of Sector Councils by R.A. Malatest & Associates Ltd., February 2003.

owned by entrepreneurs over the age of 45. Twenty two percent are over the age of 55.⁴ A special breed of skilled workers will soon be required to take over the reins of these businesses as their current owners move out of the workforce.

The B.C. Chamber of Commerce *Closing the Skills Gap* report sums up the situation quite clearly:

British Columbia is at a skills crossroads. The quality and creativity of the workforce has become the single most competitive factor in the industrialized nations. The degree to which skill shortages are averted by stakeholders will be a large determinant of B.C.'s economic prosperity and social health.

Despite the apparent skill shortage, the B.C. unemployment rate for youth continues to be considerably higher than unemployment rates of other workers. This would indicate that there is a lack of understanding of the types of skills and experience younger workers require to gain employment. Furthermore, the business community needs to better communicate those requirements to the labour force.

THE NEED FOR ACTION

While the reports cited above have effectively flagged the broad skills shortage problem that is facing B.C.'s business community, very little information is available that provides details regarding the specific shortages that various types of businesses either are experiencing or foresee as a future challenge in various parts of the province. The most detailed information available in this regard is a recent study undertaken for the 2010 Winter Games Human Resources Planning Committee.⁵ The report underscores the limitations that we currently face in B.C. in attempting to capture detailed labour supply data, since all current data sources apply to the province as a whole and do not detail regional distribution. The report highlights the need for more research and analysis of labour demand and supply before definitive conclusions can be drawn for human resource/labour market planning and strategy development purposes.

More specifically, in order for B.C. to be in a position to deal effectively with its skills shortages issues, detailed information is required in the following areas:

- Exactly what skills are BC businesses looking for that are not found in the available workforce?
- Are all sectors being similarly affected? If not – what sectors are facing which shortages and to what extent?
- Are all regions of the province facing the same shortages, and to the same degree?
- What skills development/training programs and/or services are available in the various regions of the province to deal with these shortages? Are they adequate?
- Why are businesses not taking advantage of these programs and services to resolve their skilled labour requirements? What can be done so that they do?

⁴ *Small Business Profile 2003: A Profile of Small Business in British Columbia*, produced by Western Economic Diversification Canada, the Ministry of Competition Science and Enterprise and BC Stats.

⁵ 2010 Winter Games Labour Supply and Gap Analysis (British Columbia, 2003 – 2015), a report prepared for the 2010 Winter Games Human resources Planning Committee by Roslyn Kunin & Associates, Inc., October 2003.

- Are new types of skill development programs/services needed? If so - what is required and how could these new programs/services be developed and effectively delivered?

Moreover, it is essential that B.C.'s business community – particularly small businesses operating in rural communities – together with the other stakeholder groups (i.e. schools, colleges, training facilities, etc.) in communities throughout the province, become meaningfully engaged in a process that will enable them take an active role in finding solutions to the province's skill shortage problems.

This proposal outlines the framework for a strategy that will allow B.C. to move forward in finding innovative, creative solutions to the skills challenge.

THE PROJECT PARTNERS

The British Columbia Chamber of Commerce

The British Columbia Chamber of Commerce is a volunteer driven, not for profit association that serves its members as the provincial federation of autonomous community chambers of commerce, boards of trade and corporate members.

As the "Voice of BC Business", the Chamber represents over 28,000 businesses located throughout the province. The Chamber provides programs and services to its members which include 125 local Chambers and 250 corporate members, located in communities throughout British Columbia.

The Community Futures Development Association of B.C.

The Community Futures Development Association of B.C. (CFDA) represents a B.C. wide network of thirty-three Community Futures Development Corporations (CFDCs) located in communities outside of the metropolitan regions of Vancouver and Victoria. As a provincial coordinating body, the Association acts as a liaison to facilitate effective communication and coordinated effort amongst its members. The CFDA has also served as a catalyst in developing and promoting strong partnerships between its members and key stakeholders involved in community economic development activities.

THE B.C. SKILLSFORCE INITIATIVE

Phase 1:

Phase 1 of this project will serve as a venue to engage B.C. businesses in a proactive process that will enable them to deal more effectively with the current challenges they are facing in acquiring the skilled workers they need to be successful. Through this process the business community will be enlisted in helping to author a report that will identify:

1. the skills that B.C. businesses currently require to be competitive;
2. where and to what extent skills shortages exist; and
3. solutions to the problems they are encountering in accessing skilled workers

The proposed activities in this project will also connect B.C. businesses with employment service providers. This process will allow the private sector to raise awareness of the types of employment opportunities that currently exist for unemployed

individuals. This linkage may result in job placement for those unemployed workers that have the necessary skills to do the work.

This project will also analyze how B.C. businesses will be affected by projected labour skill shortages in the future. Specifically, it will examine the future impact that an aging workforce will have on B.C.'s small businesses.

The proposed approach is to work with B.C. businesses, at the ground level, within the economic regions of Vancouver Island – Coast; Thompson-Okanagan; and Kootenays. This will be achieved by conducting both focus group sessions and telephone surveys within each region.

A project team comprised of at least one representative from each of the project partners will be established. In addition to collaborating on the design and implementation of the various project components, each project team member will be responsible for overseeing a particular project component.

A) Literature Research and Project Planning:

A brief review of labour market information, projections and prior research studies in British Columbia and other jurisdictions will be conducted. The review will cover issues related to skills shortages, their impact on business performance and approaches and best practices in alleviating skill shortages.

B) Focus Group Sessions

It is proposed that 15 focus group sessions will be held involving participants from small and medium-sized businesses throughout the Southern Rural B.C. A broad cross section of the business community will be asked to participate in the focus group sessions. The mix of participants will be comprised of representatives from:

- Hospitality Tourism
- Forestry
- Mining, Oil & Gas
- Manufacturing
- Business Services
- High Technology
- Construction
- Retail
- Health and Social Services

Engaging the Business Community

The focus group sessions will provide a forum for B.C. businesses to provide input on potential strategies to address the skill shortage and aging workforce issues. Businesses will also be asked for their views on how training institutions/service providers might work more closely with the business community to address these issues.

A SkillsForce Project web site will be developed to help promote the project across the province, obtain input from the business community, and serve as a means of disseminating information throughout the life of the project.

Coordination and Implementation:

The close collaboration of the B.C. Chamber of Commerce and the Community Futures Development Association of B.C. will ensure the successful delivery of the focus group sessions. Both organizations represent province-wide networks that are actively involved with the business community on a day-to-day basis, and as such, they are able to mobilize the target client group in the communities that have been identified above. Participating CFDCs and local Chambers of Commerce will be remunerated for the work they undertake on the project.

Working through their local networks, the Chamber's role will be to ensure a representative sample of local business from each community participate in the focus group sessions. The local Chamber of Commerce will also be responsible for hosting the sessions, handling the logistics of promoting the project and providing the meeting facility.

The local Community Futures Development Corporations (CFDCs) will work in partnership with the local Chambers of Commerce in developing an invitation list for the focus group sessions. The CFDCs and Chambers will utilize their existing clientele and membership as the basis for sending out invitations to the focus group sessions.

The CFDCs will be responsible for facilitating the focus group sessions. Their knowledge and expertise in group participation and facilitation, and their ability to work with the business community will ensure that the sessions are run in an effective manner. The CFDCs will be responsible for capturing all of the information generated from the local focus group session. They will then disseminate the information gathered from each session to the participants.

C) Telephone/Web Surveys

To achieve broader input from businesses within the regions identified above, the project will utilize a telephone/web survey process. The survey will be designed to gather detailed information on the current impact of skill shortages on B.C. businesses. The survey will also provide an avenue for follow-up feedback with those businesses that participated in the focus group sessions. The survey will be developed with input from the project partners.

Survey Target Audience

The telephone/web survey will be conducted within the same regions in which the focus group session will be held. The sector mix of businesses surveyed will also be the same as identified for the focus group sessions. The survey will be administered to a random sample of the businesses located within the six regions mentioned above.

Compilation of Results and Phase I Report

The project team will collaborate in analyzing and distilling the information gathered from all the focus groups and telephone surveys. The project team will then develop a report of the findings based on the information collected. The report will contain recommendations regarding the action to be pursued in Phase II of the B.C. SkillsForce Initiative. The report and recommendations will then be circulated to participating organizations and funding agencies.

Phase 2 – Proposed Action

While it is difficult to identify remedial action that will be required until Phase I has been completed, it is anticipated that the following elements would form part of Phase II of this initiative:

- Work with businesses to help locate skilled workers
- Work with training facilities and service providers to help address the issues identified in Phase 1
- Development of skills shortages profiles for the independent class immigration criteria
- Development of new programs/services and design of delivery methods where deemed appropriate including business-education partnership mechanisms to provide input to post-secondary education institutions' programs and curricula
- Implementation of new programs and services
- Develop follow-up strategies to ensure businesses are following through in dealing with identified skill shortages and to identify any new issues