

# **B.C. SKILLS PROVINCIAL SUMMARY**

## **REPORT**

Prepared for the  
**Community Futures Development Association of B.C.**

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## **SUMMARY REPORT**

### **BACKGROUND**

The fact that British Columbia is dealing with a shortage of skilled labour has been well documented to the extent that B.C.'s skills shortage challenges now make headlines in our local media on a regular basis. The implications of this phenomenon for business and our economy in general are such that the issue of skills shortages has gained heightened interest with employers across all sectors.

### ***Demographics***

Compounding the skills shortage challenge in British Columbia and the rest of Canada is the phenomenon which has become known as the "demographic bomb". 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. By the year 2026, one in five Canadians will be 65 years of age or older. By the year 2010, for the first time in our history, our workforce is expected to shrink as declining birthrates combined with an aging workforce see more people exiting than entering the workforce. The significance of this situation in terms of its negative impact on our provincial economy is enormous.

### ***Implications for Small Business and B.C.'s Rural Communities***

Over the course of the past twenty years, British Columbia has been emerging as a small business economy. The impacts that a prolonged skills shortage will have on the growth and productivity of our small business sector will be considerable. Unlike larger firms, small businesses, for the most part, do not have dedicated human resource personnel to help them recruit and retain the workers they need. Also, they often do not have the structures in place to be able to deliver in-house training for their employees. Their size gives them less flexibility in dealing with job vacancies. This situation has particularly serious implications for our rural communities, since small businesses represent the backbone of their local economies.

In light of these issues, the Community Futures Development Association of B.C. (CFDA) and the B.C. Chamber of Commerce decided to combine efforts and investigate the issue of skills shortages and its impact on small business. Their goal was to connect directly with B.C. businesses to get their perspective on the issue and to engage them in the process of helping to develop potential solutions.

### **PROJECT SCOPE AND OBJECTIVES**

The approach taken for this initiative was to consult with B.C. businesses, at the ground level, within each of the following economic regions of non-metropolitan B.C.: Vancouver Island; Kootenays; North East; North West; Cariboo; and Thompson-Okanagan. This was achieved by conducting both focus group sessions and telephone surveys within each region.

The project was designed to serve as a mechanism to engage B.C.'s small 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. B.C. Skills Force Initiative sought to elicit detailed information from the small business community in the following areas:

- Exactly which skills are small 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 non-metropolitan B.C. facing the same shortages, and to the same degree?
- What is the role of public education in supplying skilled personnel?
- What skills development programs and/or services are available in the various regions of the province to deal with any skills shortages? Are they adequate?
- Are small businesses taking advantage of these programs and services to resolve their skilled labour requirements? If not, what can be done so that they do?
- 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?
- What is the mechanism through which educational institutions and other service providers can gain knowledge of specific occupational or sector skills shortages?

This report reflects the views of the small business owners who participated in this project.

## **METHODOLOGY**

Research was undertaken to provide a brief review of labour market information, projections and prior research studies in British Columbia and other jurisdictions. Twenty-four group sessions were held involving 411 participants from small businesses and small business service providers in the following communities: Courtenay, Cranbrook, Duncan, Fernie, Grand Forks, Kamloops, Kelowna, Merritt, Nanaimo, Nelson, Osoyoos, Princeton, Sechelt, Squamish Prince Rupert, Terrace, Smithers, Houston, Vanderhoof, Prince George, Quesnel, Williams Lake, Dawson Creek and Fort St. John. A project web site [www.bcskillsforce.com](http://www.bcskillsforce.com) was developed to help promote the project across the province, served as a means of disseminating information throughout the course of the project, and also served as a means to obtain additional input from the business community. An integrated telephone and web survey was designed to generate statistically reliable data on skills shortages in small businesses throughout B.C.

## **FINDINGS**

### ***Literature Review***

While there has been an increasing focus on the issue of skills shortages and an aging workforce at both the federal and provincial levels, much of the research has been at the macro level and/or has focused on specific industry sectors. Very little attention has been given to the impact that these issues will have on small business. While the general aging of the Canadian population is likely to have an enormous impact on the labour force in the coming decade, Canadian research on older workers is quite limited and what is available suggests that more research needs to be done. The literature also suggests that effort needs to be applied in the development of youth strategies and older worker retention strategies and that research needs to be done in order to establish Canadian “best practices” in these areas.

## ***Focus Group Sessions***

### Recurring Themes

Some recurring themes surfaced across all of the focus group sessions:

#### a. Employer Labour Needs:

- Approximately 50% of the employers stated they have vacant positions
- Employers are looking for both skilled and unskilled employees
- Employers are having to compromise by simply hiring any available workers they can find rather hiring people with the skills they want
- Competition between employers has driven-up wage costs
- Employers are having difficulty finding younger workers who are reliable and have appropriate skills, a positive attitude, and a good work ethic

#### b. Skills and Education:

- The school system is not adequately preparing students for the work place
- Career and Personal Planning and other cooperative career education programs are useful
- Dialogue is needed between the school system and the business community
- Businesses need to increase their investment in internal training programs
- Financial support should be provided to help businesses train their employees
- First Nations communities need support for skill development programs targeted at early childhood

#### c. Attitudes:

- Today's younger workers lack an appropriate workplace attitude
- There is a need to promote trades as a positive career option
- Employers are frustrated in their experiences with apprenticeship programs
- Substance abuse is a significant issue that is effecting the productivity of workers
- Employees expect higher wages and improved working conditions
- Today's younger workers are looking for life/work balance and quality of life
- The expectations of recent graduates regarding the type of work and pay level available to them are too high

#### d. Human Resource Strategies:

- Small businesses have difficulty recruiting/training/retaining the right workers
- Employers don't have effective human resource strategies
- Partnerships between Aboriginal organizations and small businesses are needed
- Employee ownership or profit sharing programs need to be considered
- Employers need to create a positive work environment to retain employees
- It is difficult for small businesses to match the wages paid by bigger firms

e. Infrastructure:

- Employees need to have easier access to local apprenticeship training
- Delivery of trades training needs to become more flexible
- Lack of affordable housing is an issue in some areas
- Employers need assistance with immigration programs
- A better system is required to recognize and accredit immigrants' credentials

f. Succession Planning:

- Most business owners are not thinking about succession planning
- Mentorship programs need to be established to help train younger, less skilled employees

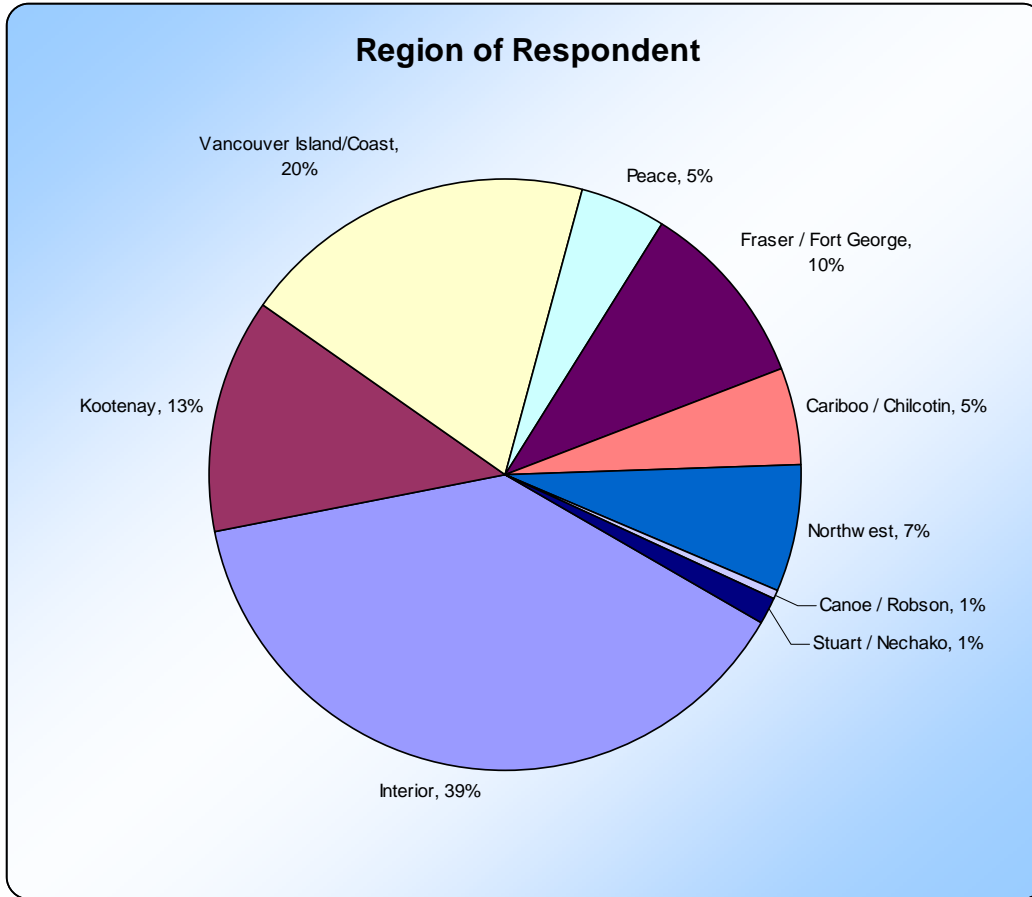
g. Community Based Initiatives:

- Cooperation between rural communities is needed to promote the area to potential workers

## TELEPHONE/WEB SURVEY RESULTS

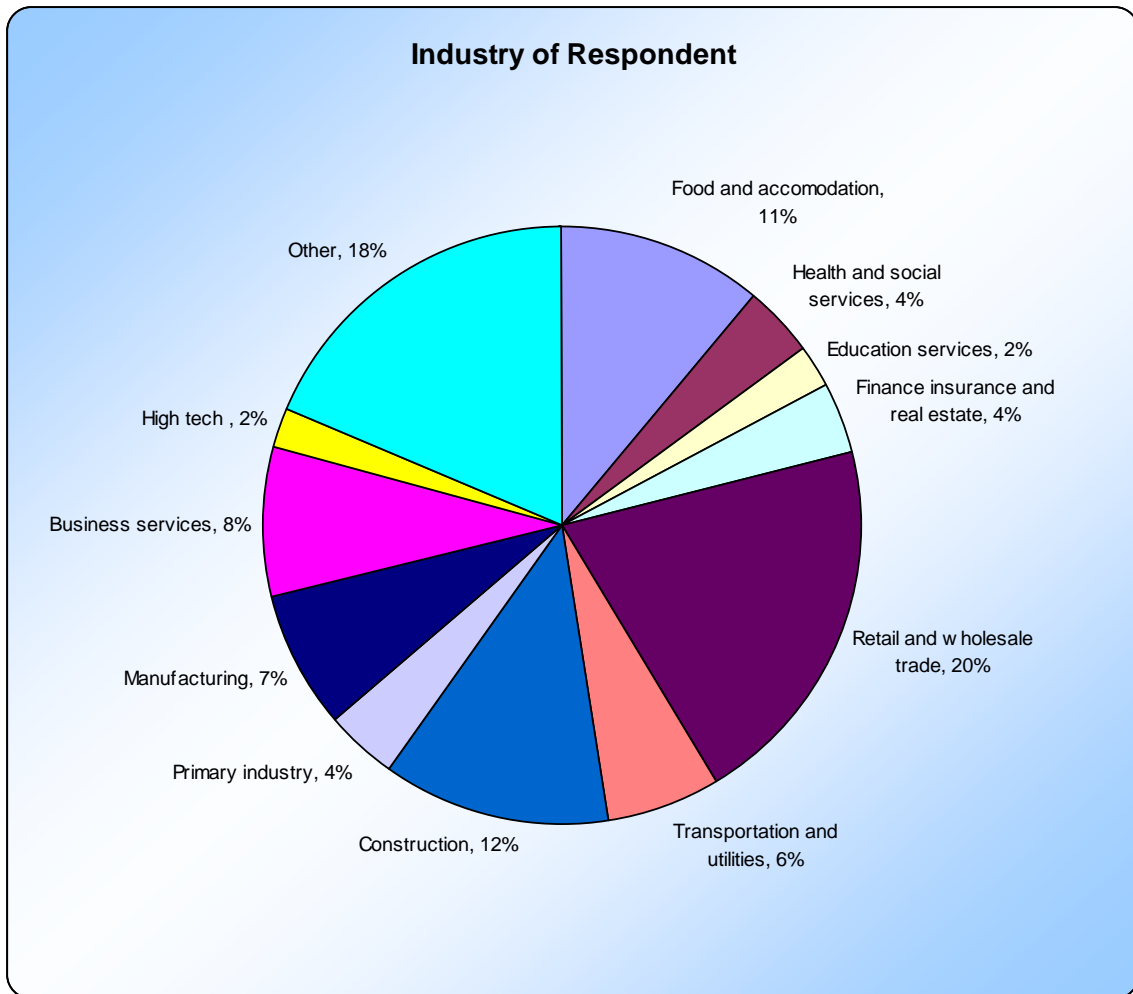
### *Representativeness of Responses*

A total of 1,833 useable survey responses were received. The interior provided the largest group of respondents, representing 39% of all respondents. Canoe/Robson and Stuart/Nechako had the lowest number of respondents reflecting a smaller population base of businesses in these regions.



The small businesses that responded to the survey were well established firms, with 85% having been in operation five years or more. The majority of respondents were from smaller companies with 10 or less employees.

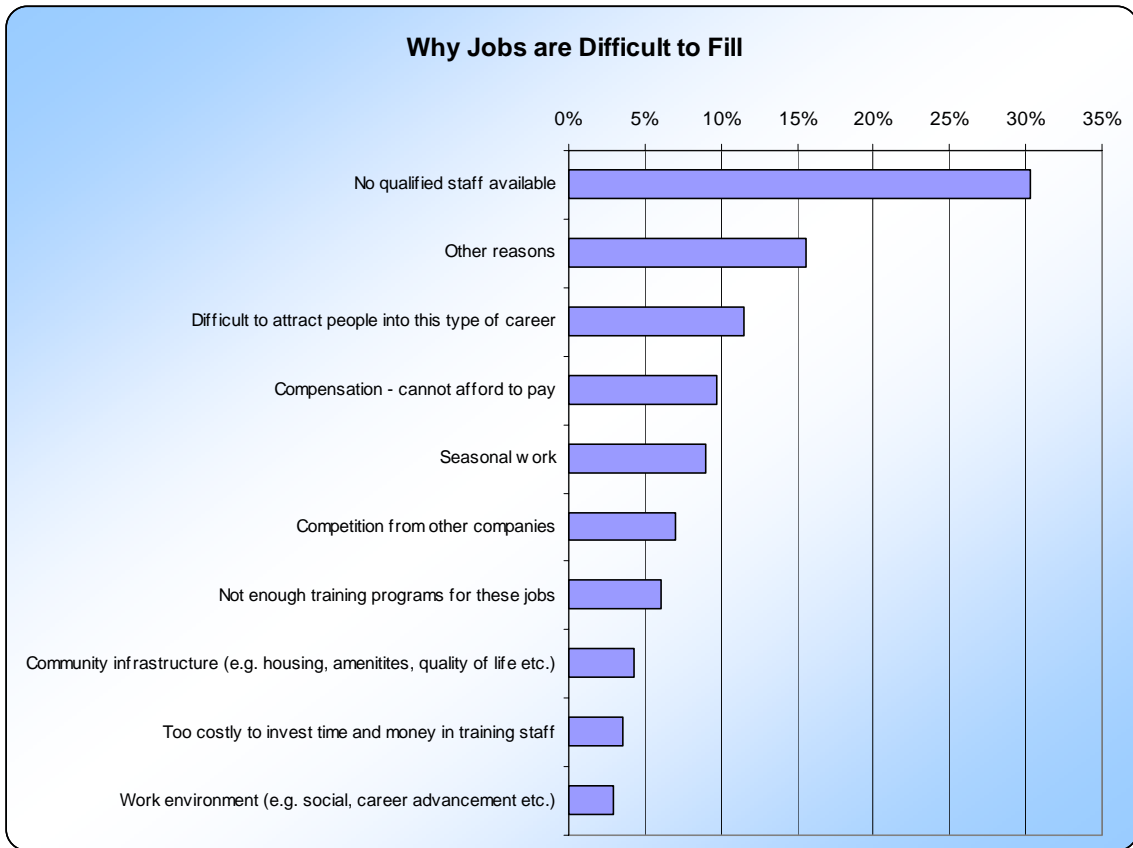
The major respondent groups were from Retail and Wholesale (20%), Construction (12%) and Food and Accommodation (11%).



### **Reasons for Difficulties in Filling Jobs**

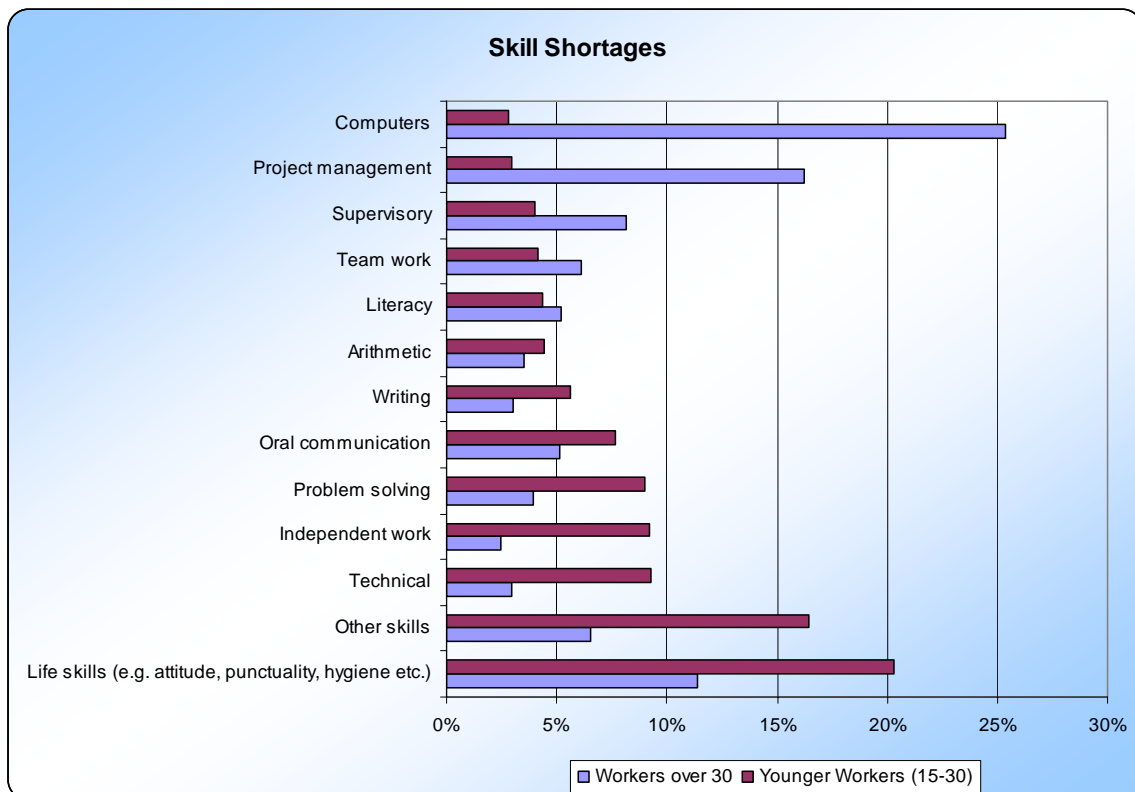
The most likely reason for difficulty in filling jobs was the fact that no qualified staff were available, followed by 'other' reasons and the difficulty of attracting people into a specific type of career.

The least likely cited reasons were the cost of training staff, the community infrastructure and the work environment, each accounting for less than 5% of responses.



## Shortages of Specific Skills Sets

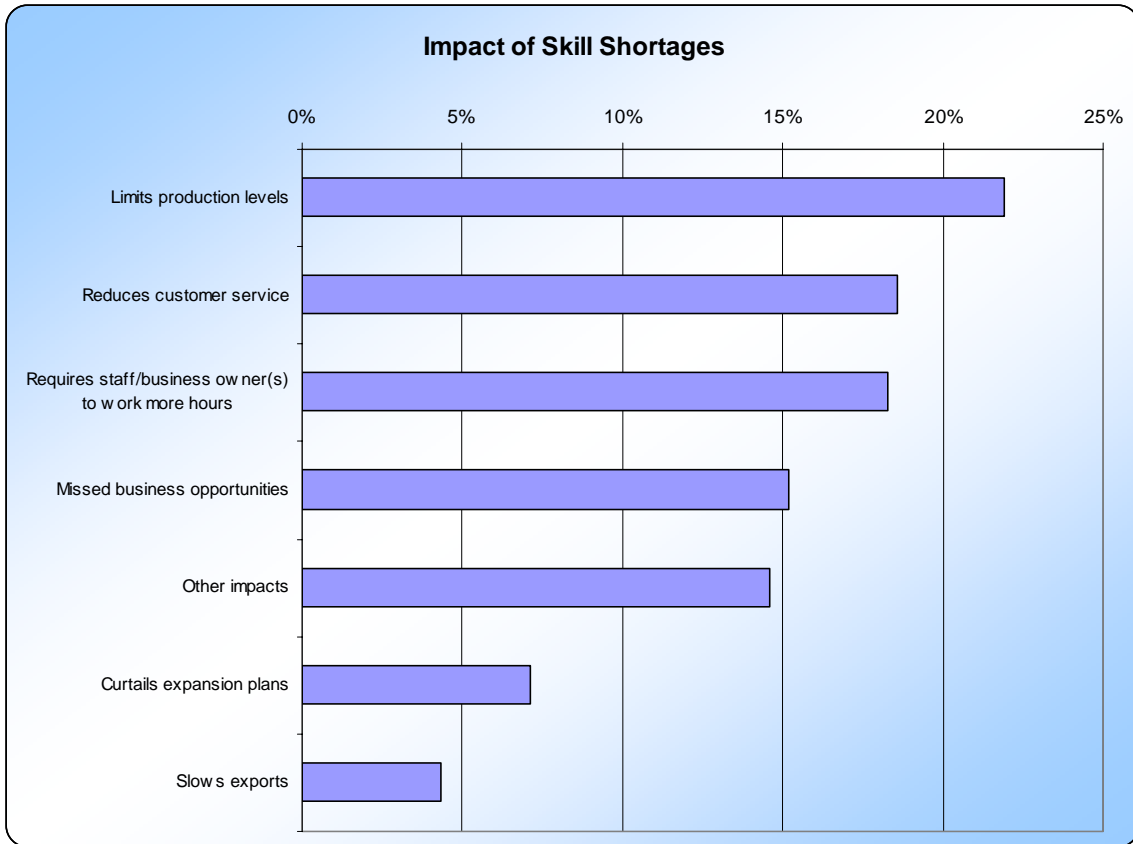
The identified skill shortages were different for younger workers than for workers over 30 years old<sup>1</sup>. Older workers were seen to have more issues with computers and project management, while younger workers were most likely to be identified as having poor life skills, and lack the necessary technical skills. However, life skills were also seen as lacking in older workers, pointing to an area for improvement.



<sup>1</sup> For the Southern survey, the choices were Younger Workers (15-30) and All Workers. For the purposes of this report, All Workers are assumed to be older than 30 years old.

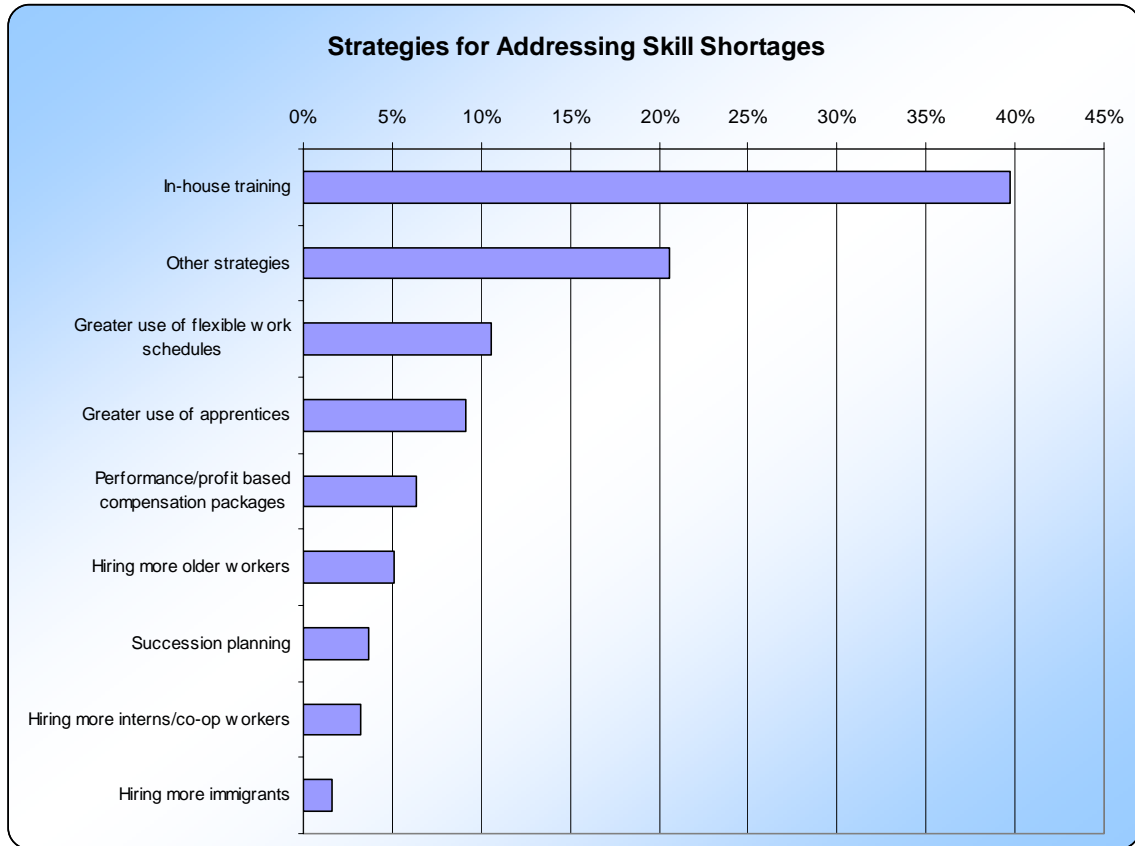
### ***Impact of Skills Shortages***

The principal impact of skill shortages was the limits that they place on production levels. The least likely cited response was the slowing of exports and the curtailing of expansion plans, although these lower levels of response are more likely due to their limited applicability to many respondents, who are either domestically oriented or are not planning on expanding.



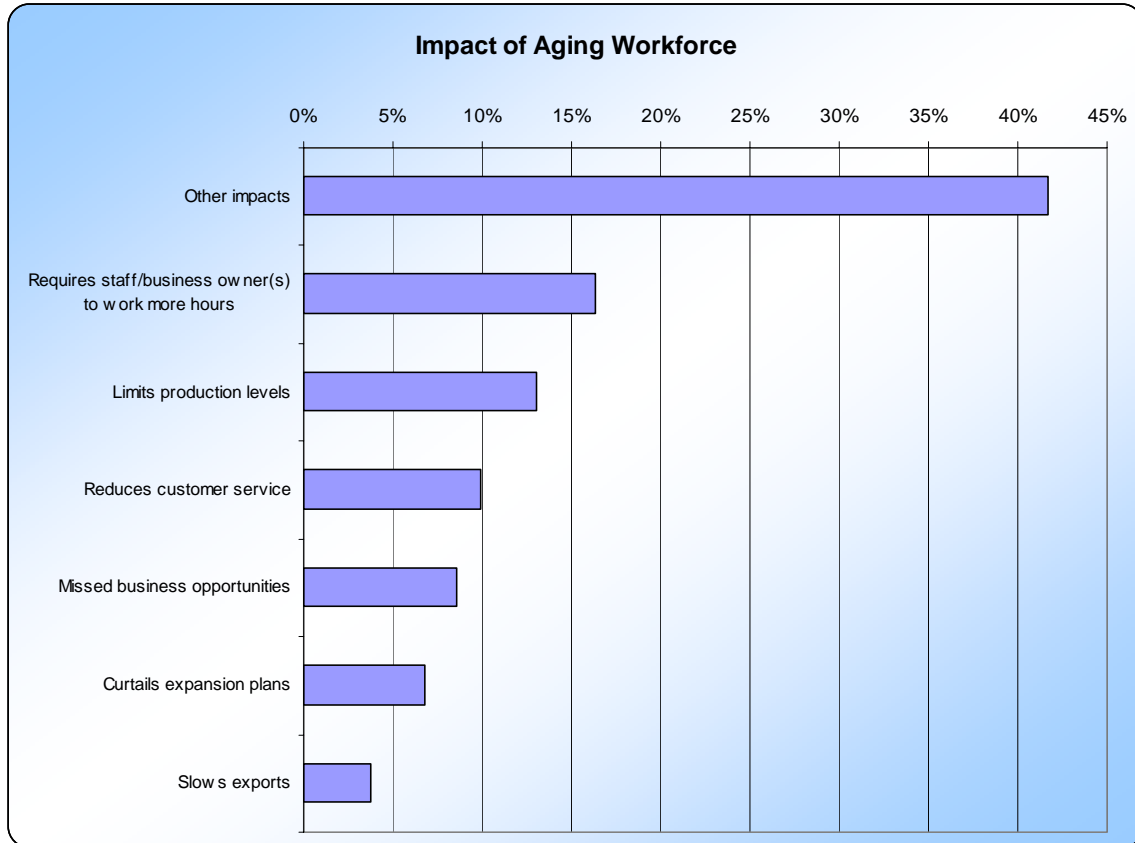
## Strategies for Addressing Skill Shortages

The most popular strategy for addressing skills shortages was in-house training, followed by greater use of flexible work schedules and greater use of apprentices. The least popular response was hiring more immigrants, with only 2%.



## Impact of Aging Workforce

There was a huge set of 'other' impacts of an aging workforce cited. The most cited expected impact of an aging workforce was that it requires staff/business owners to work more hours. Again, curtailed expansion plans and slowing of exports were the two least likely cited impacts.



## **ISSUES AND CHALLENGES**

The input received from the small business employers developed into some common issues. These include:

### *Inadequate Skill Levels*

Employers in B.C. are having difficulty finding employees that have the appropriate mix of knowledge, skills, experience, and attitude/work ethic. Of particular significance is the fact that employers found young workers to be more deficient in all categories of skills compared to the workforce as a whole. There is a general feeling among small business employers that our educational and training institutions are not adequately preparing graduates for the work that is available in today's workplace. As a result, businesses are experiencing lost productivity and missed business opportunities, and business owners and their existing staff are having to work extra hours to make up for the slack.

### *Lack of Skilled Trades Workers*

There is a serious lack of skilled trades workers in B.C. Compounding the issue is the fact that trades are not promoted as a positive career option by parents and teachers and, as a result, youth aren't attracted to pursuing trades training. Another issue impacting employers is the lack of easily accessible training for individuals who are interested in pursuing an apprenticeship program. Employee poaching also emerged as a significant issue.

### *On-the-Job Training*

Employers are basing many of their hiring decisions primarily on attitude and then are engaging in on-the-job training to bring their employees up to a skill level at which they can function well in their positions. This time devoted to on-the-job training can be quite costly for a small firm in terms of lost productivity, lost business opportunities, less attention to customer service, etc. Often, small firms lack the capacity to train their employees on the job properly. Many small business employers expressed frustration over the fact that once they have invested time and effort into training their employees, they will often lose them to other employers.

### *Human Resource Management Capacity*

Generally, small business owners across the province appear to lack the capacity to effectively recruit and retain qualified employees given the current competitive environment. The majority of small businesses do not have a human resource plan in place and many require assistance in developing appropriate strategies that will enable them to tap into the existing labour pool.

### *Lack of Communication*

Better communication is required between the small business community and the province's educational and training institutions. Small business employers are feeling disconnected from B.C.'s educational system. They feel that educators lack a proper understanding of the world of small business and the types of skills that employers require of their employees in order to be effective in today's competitive small business environment. Many employers feel that the Career and Personal Planning program (CAPP) and other work experience or co-op education programs, while useful, require some fine tuning.

### *Lack of Awareness and Understanding of Programs and Services*

Many small business employers lack information about the various employment-related programs and services that are available to them. A number of employers also expressed their interest in seeing the provincial and federal governments work with the business community to revisit some of these programs in an effort to make them more responsive to the needs of employers.

### *Succession Planning*

While most business owners or managers are aware that B.C.'s population is aging and that this will have an impact on the pool of labour and skills that will be available to small businesses over the next decade, many have not had the opportunity or the time to identify strategies or succession plans to address the issue. Only 20% of the businesses surveyed had a succession plan for their business.

### *Wages/Benefits and Work Environment*

Few small business employers feel that they can afford to pay the top wages and offer the comprehensive health care packages that include dental and vision insurance which would allow them to compete with large industry for an increasingly limited supply of skilled workers. Additionally, there is also a recognition that the work environment in a small business may not be as appealing as that in a larger firm and that employees in a small business have more difficulty defining a career path that will satisfy their long term ambitions.

### *Remoteness and Isolation*

Rural communities are experiencing difficulty in attracting people to their communities because of their remoteness or isolation. Often the difficulty may not be in attracting the worker, but the worker's spouse who may not wish to move away from the amenities that large urban centres offer.

### *Immigrant, Aboriginal, Disabled and Older Workers*

Few employers are considering hiring immigrants as a strategy to address skills shortages. Language issues were cited as a key barrier to employing immigrants. A number of employers expressed frustration over the complexity of the application requirements for government immigration programs that were designed to encourage immigrants to settle in our communities.

Small business employers are also not taking advantage of opportunities that exist to recruit and develop workers from other non traditional sources of labour, such as Aboriginals, women, persons with disabilities and older workers. Employers cited the fact that they lack familiarity with the agencies and the processes that would allow them to take advantage of these untapped labour pools.

## **Recommended Action**

The following recommendations are offered.

### *Creation of a Small Business Skills Advisory Group*

- The business community expressed an interest and a willingness to provide input into the development and delivery of work skills programs and services, but did not feel they had a mechanism for doing so. At the core of the issue is the need for a mechanism that would enable an on-going multi-stakeholder dialogue regarding skills and labour issues.
- Provincial and regional Small Business Skills Advisory Groups or Councils should be established to facilitate consultation between the small business community, government, education/training institutions, and business service providers on labour and skills issues.

### *Trades/Technical Labour Shortages*

- Business, labour, government and our educational system should more aggressively champion and promote trades and technical occupations as viable career options for B.C.'s youth. Business, government and education should also place a special emphasis on ensuring that an adequate supply of well-trained trades workers are graduating from the training institutions that are located across the province.
- School Districts need to be encouraged to develop and implement new trades/technical education and related programs and provide information and opportunities for students to explore trades and other technical career paths.
- A more effective mechanism needs to be developed for sharing information with small businesses about the work that is being accomplished by the provincial government's newly created Industry Training Authority (ITA) and how small business employers can participate in apprenticeship programs.
- The technical training that is required to complete apprenticeship programs needs to be made available at locations that are more readily accessible, and with schedules that are more flexible to individuals who are working in small businesses located in B.C.'s rural communities.

### *On-the-Job Training*

- Small businesses need to recognize that delivering training on the job is an investment that will pay dividends to their businesses over the long term. They also need to develop greater capacity to deliver on-the-job training for their employees.
- Opportunities for collaborative training delivery models need to be explored. Small businesses need to work in partnership with industry/trade associations (e.g., Retail B.C., go2, etc.) to ensure that the most effective training models and delivery methods are used to achieve maximum results.
- Government also needs to play a greater role in helping to provide small businesses with progressive and effective tools to stimulate their investment in training. There is some urgency in ensuring that the tax credit opportunity announced in the provincial government's most recent budget is implemented without further delay in order to expedite the training of B.C.'s current workforce.

- Small business employers need to work more closely with educational institutions to develop, fine tune and more effectively utilize co-operative training programs. These programs provide students with an opportunity to apply their academic skills in a business setting, and to experience a particular industry sector with a view to developing their career plans.
- Small businesses need to consider establishing mentoring programs in their workplaces so that the older workers in their firms become role models to their younger workers. Mentoring is an ideal way for small businesses to ensure they hang on to the huge investment they have made in developing the skills and expertise of their employees.

#### *Marketing and Promoting*

- More strategic effort needs to be devoted to marketing and promoting rural communities to potential workers and their families. Rather than targeting the Lower Mainland, this marketing effort should be focused on recruiting people from other regions of the province, the rest of Canada, and other countries around the world.

#### *Human Resource Management*

- Small business employers need to devote more time and effort to developing and implementing effective human resource strategies for their businesses. Local service providers can play a meaningful role in helping their local small businesses to develop their capacity in this area.
- Small business employers need to work more collaboratively with other businesses and local business organizations in developing strategies to attract more skilled workers to their communities.
- The small businesses need to work with their industry/trade associations to ensure that the benefits programs that they have access to not only satisfy the needs of their members but are competitive with the benefits packages offered by larger industry so that the employees of small businesses will find them attractive.
- Small businesses need to consider developing profit-sharing plans as a formal way of rewarding employees for their performance. Employee bonuses, which are usually paid in a single lump at the end of the year, are also an effective way of rewarding individual performance and compensating employees.
- Small businesses also need to consider investing some of their energy and resources into creating a friendly and inviting workplace as another means of offsetting the lower wages that they generally offer.

#### *Greater Diversity in the Workplace*

- Small business employers can address some of the impacts of skills shortages on their operations by expanding their recruitment practices to target underutilized sources of labour. Aboriginals, immigrants, women, persons with disabilities and older workers represent pools of skilled labour that are currently not being accessed to any great extent by small businesses.
- Canadian immigration policies and practices need to be regularly reviewed, with input from the business community, to ensure that they remain sensitive and responsive to the needs of small businesses.

- Small business employers need to take better advantage of the Aboriginal Employment Centres and the various other Aboriginal training facilities and services that are available to them.
- Qualified persons with disabilities represent a largely untapped labour source. Small business employers need to familiarize themselves with the programs offered by both the federal and provincial governments so that they can take better advantage of this pool of skilled talent.
- Small business employers need to realize that the skills and experience of older workers are of great value and they should begin exploring various forms of phased or partial retirement and flexible working arrangements (i.e., permanent part-time, reduced hours, fixed term contracts, home working, temporary etc.) in order to both recruit and retain them.
- Employers should also begin the process of promoting and reinforcing a greater culture of diversity within their organizations through the development of corporate policies, education and communication in the workplace.

#### *Succession Planning*

- Small businesses need to understand that succession planning for the eventual loss of key employees is a critical issue for their business. Finding potential buyers to take over their businesses when they want to retire is also something they need to consider ahead of time.
- Government should invest in the development of programs and services that are targeted at assisting businesses in creating and implementing effective succession plans.

#### *Raising Awareness of Program and Services*

- It is critical that small business owners make the effort to become familiar with the various resources that are available to them in dealing with the recruitment and retention of qualified workers.
- Organizations responsible for the delivery of these programs need to better coordinate their communication efforts with local community-based organizations such as the Chambers of Commerce, Community Futures Development Corporations and other local business associations.