

***CLOSING BC SKILLS GAP 2008:***

***THE ECONOMIC IMPERATIVE OF ADDRESSING SKILLS  
SHORTAGES AND WASTAGE IN BRITISH COLUMBIA***

**Prepared by  
The British Columbia Chamber of Commerce**



**January 2008**



## **PREFACE**

The British Columbia Chamber of Commerce promotes as one of its policy goals, “ensuring a skilled and educated workforce.” All of our other policy priorities such as taxation, regulation, trade, technology, productivity and innovation depend on this human capital goal.

Since the 1990s, The Chamber recognized and promoted this fact, starting with its *Moving Forward* report: “Education to develop our human resources is an indispensable investment for the future and is as important to economic development as financial capital and productive facilities.”

Five years ago, after extensive research and consultation, The Chamber published *Closing the Skills Gap*. This widely read report identified key labour market issues, made several recommendations, and committed The Chamber to follow up action.

Recently we partnered with Community Futures Association of BC to consult local businesses on the issue of skills shortages and its impact on small business. The goal of this partnership was to connect directly with BC businesses to get their perspective on the issue and to engage them in the process of helping to develop potential solutions. This initiative has resulted in the creation of a number of Regional Advisory Skills Councils.

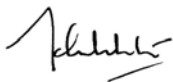
In the preface to *Closing the Skills Gap*, I stated:

“The challenge put forth in this report is very clear: leaders of BC must commit to action and change now, or BC’s economy and society will suffer the consequences. Leadership is needed to shift words and intentions into action and change. While this challenge is shared among stakeholders, the BC business community must take the lead.”

Five years later, the skills “gap” is even more acute and no longer simply “looming.” The imperative for action by all stakeholders – in particular with leadership from policy makers and the business community – is even stronger.

On behalf of the British Columbia Chamber of Commerce, I encourage you to review this report and work with The Chamber and other business organizations, governments and stakeholders to address the priorities and recommendations we have provided.

Sincerely,



John Winter  
President

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## EXECUTIVE SUMMARY

### **Introduction**

In 2002 the British Columbia Chamber of Commerce (The Chamber) released a watershed report – *Closing the Skills Gap*. This widely read report represented the first strong expression of concern by the BC business community about “looming” skills shortages. It also identified the serious skills “wastage” reflected in the under-utilized Aboriginal people, immigrants and visible minorities, persons with a disability and women in BC.

This report provided a series of recommendations for government and business that would have ensured BC develop a provincial capacity to address this critical issue. Unfortunately, progress on these recommendations has not kept pace with the extent of the challenge. This has resulted in the shortage of skilled workers and new job entrants no longer being a looming issue – it is now a reality for the business community in British Columbia.

While this is an issue that is affecting businesses of every sector, every size and in every region of British Columbia’s economy, it is particularly impacting the viability of small businesses in BC; in turn, this is having a particularly profound impact on small and rural communities. These communities are facing the challenge of their essential small business community having to ignore new business opportunities, hire under-qualified workers, function with fewer employees, reduce customer service, and artificially increase wages.

In short this is now threatening the economic viability of communities across British Columbia.

The Chamber provides this report as a “sequel” to *Closing the Skills Gap* to assess the impact of measures undertaken over the last five years, provide an analysis of the evolving nature of the challenge and, most importantly, lays out a comprehensive plan for government, business, educators and others to address the challenge.

### **Economic Context**

The Chamber believes British Columbia’s current combination of strong growth and high employment has led to an increased recognition of the challenges our skills and labour shortage presents to the provincial economy.

In 2002 the province faced a clear set of economic priorities. The shortage of skilled workers was a less pressing challenge than the need to address an uncompetitive taxation regime, a restrictive labour code and a regulatory regime that was strangling business.

Further to this there is an increasing awareness in British Columbia and across Canada of the need for a concerted effort to address our collectively poor productivity performance. Perhaps the most important element in addressing the productivity challenge is access to

a highly skilled workforce. Indeed, the central premise for this report is that the need for a skilled and educated workforce is not only an economic imperative but is also a pivotal goal for BC's ability to address all other priorities, be they societal, environmental, or economic.

### **The BC Chamber Commitment to Action**

In *Closing the Skills Gap*, The Chamber did not simply point fingers at others – we made commitments to action all of which have been addressed<sup>1</sup>. From working with government (and the Industry Training Authority), to reforming apprenticeship, promoting immigrant employment and qualification recognition, partnering on welfare-to-work strategies, and promoting the employment of persons with disabilities were just some of the areas where The Chamber has played a leadership role. More recently, The Chamber has initiated the development of locally based, business-orientated solutions through the creation of Regional Advisory Skills Councils.

Without immediate action on the issues and challenges identified in this report, BC's business community and policy makers will lose the increasingly intense international competitive talent war. The Chamber has provided a comprehensive set of solutions for the BC Government and others focused on the need to work together in the short and long terms to address these human capital issues as a key part of British Columbia's strategic economic direction. The Chamber will do its part in leading this action; it is essential that governments and other stakeholders join us.

### **Principles**

While there is a need for a focused and structured plan of action from all stakeholders, there is a longer-term need for a fundamental realignment of thinking in our collective approach to the development and implementation of education, training and labour market policies, programs and strategies particularly for small business, the cornerstone of BC's economy. The Chamber believes all stakeholders need to embrace the following principles as a cornerstone of their policy and decision-making processes:

1. Small-business specific policies and programs;
2. Comprehensive strategies that address the needs of small businesses in all sectors, regions and occupations;
3. Labour demand-driven development and implementation of strategies;
4. Balancing small business short-term and long-term skills priorities;
5. Strategies that can be adapted to the needs of small businesses in various regions;
6. Strategies that can be adapted to the needs of small businesses in various industry sectors; and,
7. Programs and tools that are readily accessible and practical for use by small businesses.

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<sup>1</sup> A full list of recommendations is provided in Appendix 2

### **BC Chamber Recommendations**

The recommendations of The Chamber are focused on a collaborative approach between all stakeholders. As such the recommendations appear under the following headings:

- Government Approach/Infrastructure
- Immigration
  - Permanent Immigration and Foreign Credential Recognition
  - Temporary Foreign Workers and Students
- Human Resource Management: Recruitment and Retention
- Industry Training/Apprenticeship
- K-12 Education
- Post-Secondary Education
- Labour Market and Human Resources Information and Planning

### **BC Chamber Recommendations**

#### **Government Approach/Infrastructure**

1. The new WorkBC initiative should be the basis for a **strategic, comprehensive and integrated provincial labour market strategy** that includes small business-specific measures and small business groups. This strategic approach must also include better coordination across government agencies.
2. The BC and Federal Governments should continue to **review with business input federal-provincial agreements** on immigration and labour market development. BC should also consider negotiating a labour market partnership agreement that covers federal support for non-EI recipients, and that provides better service to the needs of small businesses, workers and communities. The BC Government should involve the small business community in developing and negotiating goals for these agreements as well as in their implementation.
3. The BC Ministry of Economic Development should **use regional economic development staff more strategically** in helping small businesses and communities respond to labour supply challenges and in trouble-shooting, intelligence-gathering. This effort should be tied to expanding the Regional Skills Councils initiated by The Chamber with Ministry funding.
4. The **Small Business Roundtable** should work with the BC Chamber to establish a mechanism to allow small businesses to communicate their HR requirement needs to and jointly develop solutions with the Roundtable.

#### **Immigration**

##### **a) Permanent Immigration and Foreign Credential Recognition**

5. The Federal Government should overhaul our permanent immigration system to ensure that it promptly provides entry to people with the skills required in our economy.

6. Significantly and immediately expand the scope and scale of immigration under the Provincial Nominee Program:

- Increase the number of immigrants coming to BC through the program
- Allow individuals with relatively low skills to access the program
- Create an online portal that will connect immigrants to available jobs, while also allowing businesses to view pre-approved immigrants looking for positions in BC

7. The BC and Federal Governments should work together and exert appropriate influence on regulators to initiate the development of a **fast-track foreign credential assessment and recognition process/service** for Canada. This should include working with the business community, regulators, professional and trade associations, educators, and immigrant service organizations to implement the service.

#### **b) Temporary Foreign Workers and Students**

8. The Federal Government should streamline and broaden access by small businesses to using the **Temporary Foreign Worker Program**, including exerting more provincial involvement and facilitating regional and sectoral bi-lateral agreements in high skills shortage areas.

9. The Federal Government should change the **Canadian Working Holiday Visa Program** to extend the period of validation from one year to at least two years and to eliminate current age restrictions.

#### **Human Resource Management: Recruitment and Retention**

10. The BC Government should work with the BC Chamber to promote and distribute the **practical guide for small businesses on “how to”** develop and implement practical recruitment and retention strategies including reward and recognition programs, employer of choice tactics, etc., that is being developed by the BC Government. This should include offering **short workshops** throughout BC.

11. The BC and Federal Governments should provide funding for the BC Chamber to follow up the *Skills Force* survey to probe more into the reasons for **small business lack of interest in recruiting older workers and immigrants**, and develop specific strategies accordingly.

12. The BC and Federal Governments should work with small business groups, particularly in rural regions, and First Nations and other Aboriginal groups to increase **business-First Nation/Aboriginal collaboration and partnerships** for economic development strategies and awareness-building, recruitment, employment, training and retention strategies. This could involve WorkBC and Aboriginal Human Resources Development Agreement (AHRDA) resources.

13. **Representatives of British Columbians under-represented groups in the workforce** should work with the BC Chamber and other small business groups to better promote the business case for recruiting from these talent pools; and to increase an



understanding among small businesses of “how to” connect with and resources for working with such groups to pursue recruitment and retention.

14. The BC Government, BC Chamber and other business groups should work together to develop **strategies and tools specifically targeted at mature and older workers** aimed at retaining and re-recruiting them through the use of flexible workplace arrangements and other incentives.

15. The BC Government should work with women’s and small business groups to **increase small business entrepreneurship, occupational training and employment activities and incentives for women**, particularly for single mothers, those re-entering the labour market, and older women.

16. The BC and Federal Governments should urge **Small Business BC** (Canada-BC Business Service Centre) to develop and offer more targeted recruitment, retention and training tools and services to small businesses and self-employed persons.

### **Small Business Work-Based Training**

17. The BC and Federal Governments should expand their **Training Tax Credit** programs to broaden it to include non-apprenticeship training as well as making eligible for tax credits other training such as workplace language training; **or** introduce a separate small business training tax credit **or other financial incentives**.

18. Small Business BC should work with small business groups to develop practical, effective tools to help small businesses offer on- and off-the-job **training for owners, managers, supervisors and their workers**.

19. The BC Government should work with The Chamber and other small business groups – as part of its \$1 million partnership funding – to develop and pilot a new **Small Business On-the-Job Training Program** that address the unique barriers to on-the-job training experienced by small businesses.

### **Industry Training/Apprenticeship**

20. The Industry Training Authority should **increase use of online training** and other flexible/alternate delivery models to enable employees of small businesses to complete technical training closer to work and home.

21. The Industry Training Authority should review its experience with the **ITA Trade Routes (mobile industry training unit)** demonstration projects to see how this resource could be expanded to small businesses throughout rural regions of the province. This might include supporting a small business project even during the demonstration phase.

22. The Industry Training Authority should work with small business groups to **increase awareness and understanding of ITA** programs and processes (e.g., how to get involved in the ACE-IT or Secondary School Apprenticeship programs, how to propose new industry training programs or changes in existing ones) among small businesses throughout the province.

### **K-12 Education**

23. The BC Government should **appoint small business representatives** to the Minister of Education's Education Advisory Council, and invite small business representatives to participate in the Learning Roundtable.

24. The BC Government should work with School Boards and others to ensure an appropriate level of **current and relevant training for career counselors**.

25. The BC Government and the school system (school trustees and administrators) should work with small business groups to develop strategies and tools for small businesses to **participate directly in career development** in their local schools and communities. This should also include expanding the Junior Achievement of BC's reach into the schools and stronger linkages with small business groups and more entrepreneurship course delivery.

### **Post-Secondary Education**

26. The BC Government should include the **involvement of the business community** and government in how the Ministry's Strategic Investment Plan of 25,000 spaces is allocated in terms of regional and sectoral skill requirements.

27. The BC Government should introduce a **structure for formal input from business into curriculum** at the post-secondary level on a regular basis.

28. The BC Government should review and **reform the Student Financial Assistance Program** and consider the following principles and changes:

- Provide improved accessibility to student loans, changing the restrictions which may apply to those with poor credit (or who are at maximum levels of credit but have a good credit rating) where appropriate due diligence measures have been taken;
- Increase the amount available for student loans so that it reflects the rising costs of education in both the public and private sectors and the increased numbers of students seeking to upgrade their skills or education levels to become more productive workers;
- Create a funding formula change that ensures that the amount available for a student loan not be tied to the number of weeks of a course or program (or the number of instructional hours per week); and a change to the dependency restriction on student loans, reducing it from four years to two.
- A pool of \$50,000,000 be established annually as funding for working adult students in British Columbia to access educational opportunities regardless of length of program, or hours of instruction per week, or type of institution (must be accredited), providing they attend as a full-time student.

29. The BC Government should introduce a **co-op tax credit to BC business employers** equal to 15% of wages paid to qualified co-op students for work placements. The terms of the tax credit should ensure that:

- It be capped at \$1,500 per student, for each co-op work placement;
- The co-op work term applies toward completion of a post-secondary co-op education program at a qualifying BC university, college or institution;
- It be applied against outstanding BC tax liabilities;
- It be applicable to all eligible public and private sector employers including corporations, partnerships or proprietorships; and
- As a demonstration of leadership the BC public service commission increasing the number of co-op placements across all the ministries, and ensure that these co-op placements are spread across all regions of BC.

### **Labour Market and Human Resources Information and Planning**

30. The BC and Federal Governments should work with business associations to better **promote the awareness and understanding of government and private labour market programs and services** aimed at assisting small businesses, and about practical, low-cost things that small businesses can do to attract, recruit and retain human resources. Building on the WorkBC inventory of provincial labour market programs, both governments should produce an inventory of all (federal and provincial) programs.

31. The BC and Federal Governments should **develop specific and practical labour market information that small business owners**, managers and employees and job-seekers, students and educators can use to make training, recruitment and career decisions at the local and sectoral levels.

32. The BC and Federal Governments should **promote small business human resource planning and ownership succession planning** as a strategic tool for companies to get on top of these problems and for developing proactive strategies for addressing skill gaps.

## Immediate Priorities

Given the scope of work required to address the 32 recommendations The Chamber believes there is a need to focus the attention of stakeholders on those recommendations that require immediate attention.

While a number of our recommendations are longer term and perhaps less important in the short term, the following recommendations reflect immediate needs of small business and can be actioned fairly quickly:

- \* The BC Government work with the Federal Government to further expand the scope and the scale of the Provincial Nominee Program.
- \* The BC and Federal Governments should work together and exert appropriate influence on regulators to **fast-track foreign credential assessment and recognition processes/services** for Canada.
- \* The Federal Government should streamline and broaden access by small businesses to using the **Temporary Foreign Worker Program**.
- \* The BC Government **increase small business entrepreneurship, occupational training and employment activities and incentives for under-represented groups, including women, First Nations, disabled workers and youth**.
- \* The BC and Federal Governments should expand their **Training Tax Credit** programs to broaden it to include non-apprenticeship training as well as making eligible for tax credits other training such as workplace language training.
- \* The ITA should work with small business groups to **increase awareness and understanding of ITA** programs and processes among small businesses throughout BC.
- \* The BC Government should introduce a **co-op tax credit to BC business employers** for wages paid to qualified co-op students for work placements.
- \* The BC and Federal Governments should better **promote the awareness of labour market programs and services** that assist small businesses.
- \* The BC and Federal Governments should **develop specific and practical labour market information for small business owners and managers**.

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## About the British Columbia Chamber of Commerce

The Chamber is a volunteer, not-for-profit association, which serves its members as the provincial federation of autonomous community chambers of commerce/boards of trade and corporate members.

The Chamber is the widest and broadest based business organization in the province. Representing the views of 130 chambers of commerce and boards of trade The Chamber is the voice of over 32,000 businesses from every size, sector and region of the province. The BC Chamber is “The Voice of BC Business.”

Known to be in operation as early as March 1867, The Chamber was re-established in 1951. The Chamber is mandated to:

- Develop a true cross section of opinions of the British Columbia business community, and effectively present these opinions to government;
- Build a diverse, competitive and sustainable economy that provides opportunity for all who invest, work and live in British Columbia; and
- Create and nurture an effective membership organization that provides value and purpose to its members

The Chamber has been highly successful at generating innovative policy solutions through local evidence-based analysis as well as information and judgments about the needs of communities across the province which reflect the values of influential stakeholders and community members. The understanding that it is only through the direct input of local chambers that The Chamber develops policy recommendations has come to a growing realization by the media, public and by government that The Chamber is the organization best able to continue to offer real solutions to real challenges facing business across the province.

The Chamber has led business community opinion on education and skills issues over the last two decades. In 1994, The Chamber emphasized the role of education in the landmark *Moving Forward* report<sup>2</sup> and concluded, “Education must belong on the economic agenda, not the social agenda.”

It is within this context that The Chamber is pleased to provide this report as an important contribution to the ongoing challenge of the skills and labour shortage facing the provincial economy.

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<sup>2</sup> BC Chamber of Commerce. *Moving Forward: The Vision of BC Business*, 1994.

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## 1. INTRODUCTION

No longer “looming,” the shortage of skilled workers and new job entrants is now a direct threat to British Columbia’s economy and the well-being of industries and communities throughout the province. As an issue, the skills and labour shortage is particularly impacting the viability of small businesses in BC, causing some of them to ignore new business opportunities, hire under-qualified workers, function with fewer employees, reduce customer service, and artificially increase wages. Also, having a highly skilled, adaptable workforce is critical if BC industries are to improve our labour productivity performance.


Five years ago, the British Columbia Chamber of Commerce (The Chamber) released a watershed report – *Closing the Skills Gap*.<sup>3</sup> It identified a number of issues and potential solutions for averting economy-threatening skills shortages and gaps.

This widely read report represented the first strong expression of concern by the BC business community about “looming” skills shortages. It also identified the serious skills “wastage” reflected in the unemployed and/or under-utilized Aboriginal people, immigrants and visible minorities, persons with a disability and women in BC. *Closing the Skills Gap* warned of the economic impacts of doing nothing about labour supply problems, and made several recommendations for addressing them.



Converging pressures:

- Economic growth
- Aging workforce
- Declining 15-24 cohort (new entrants)
- Competition from other jurisdictions



Since 2002, after five years of steady economic growth, skills and labour shortages have become widespread in BC and many other parts of Canada and the world – a “perfect labour storm” has evolved.

How have BC businesses done over the last five years? What labour market issues are facing British Columbians now and into the future? What needs to be done by employers, governments, educators, and

others?

The Chamber provides this “sequel” to *Closing the Skills Gap* to answer the above questions, and to provide a framework for action for The Chamber and its members and partners.

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<sup>3</sup> BC Chamber of Commerce. *Closing the Skills Gap*, April 2002.

## 1.1 The Imperative for Action

Will BC have enough power lineman technicians to repair downed lines after storms? Will we see more restaurant and hospitality outlets downsize or shut down because of labour shortages in certain regions? Will you be able to get your home repaired or to build your dream home with a lack of skilled tradespersons? Will you get necessary healthcare in emergency or from a specialist in time? Or will there be adequate space to move your aging parents to? These are some of the impacts of skills and labour shortages on British Columbians.

It has been 13 years since the *Moving Forward* report, and human capital issues have vaulted to a number one priority for employers and policy-makers. Unfortunately, it is not apparent that BC as a province and business community has made progress on the skills shortage issues and, hence, we are faced with an uncertain economic future unless something is done now.

As we said five years ago, BC is at a “skills crossroad.” In its report last year to the BC Competition Council, The Chamber stated, [BC] “is now significantly behind the eight ball on this issue. We have passed the crossroads (heading in the wrong direction); small businesses in the province are now being directly affected. In short, the skills shortage is no longer looming, it is here.”<sup>4</sup>

The research for this report shows skills and labour shortages in many sectors and regions of the province which are already causing problems for small businesses and communities. For example, The Chamber and the Community Futures Development Association of BC found in an extensive study of small businesses – *Skills Force Initiative* – that, because of shortages of labour, 28% of companies in the North and 21% in the Southern Interior have had to limit production and 26% were impacted in customer service.<sup>5</sup>

### *Adapting to change*

- “It is not the strongest species that survive, nor the most intelligent, but the ones most responsive to change.”

(Sir Charles Darwin)



Given the pivotal contribution of small businesses to the BC economy, the impact of labour supply gaps is serious and will constrain future economic growth without immediate action. These issues also have particularly serious implications for rural communities in BC since small businesses represent the core of local economies, and

<sup>4</sup> BC Chamber of Commerce. *BCCC Submission to the Competition Council*, March 2006.

<sup>5</sup> BC Chamber of Commerce and Community Futures Development Association of BC. *BC Skills Force Initiative: Final Report*. CFDABC. September 2005; and BC Chamber of Commerce and Community Futures Development Association of BC. *BC Skills Force North: Final Report*. CFDABC. May 2006.

they do not have the capacity to deal with the HR challenges. Adding to these challenges is the fact that a large number of small business owners will soon be retiring; research has confirmed they do little succession planning.

Given its mandate of advocating a policy framework that promotes a healthy and vibrant economy in which all British Columbians can grow and prosper, The Chamber has published this report which identifies the previous critical skills issues that still need to be addressed as well as new challenges that have emerged or become more apparent in the last five years:

“As we explore the changing workforce, remember that the problems are bigger than we imagine. We’ve never had such an older age mix in the workforce or a generation as large as the baby boomers preparing to retire. The growth rate of the labour force has never dropped so precipitously or stayed so low before. We’ve never before relied so heavily on intellectual rather than physical labour. We simply cannot anticipate all of the additive effects of these trends.”<sup>6</sup>

## 2. THE SIGNIFICANCE OF SMALL BUSINESS IN BC<sup>7</sup>

Numerous indicators show the importance of small business to BC’s economy. The BC Small Business Roundtable led by the Honourable Rick Thorpe, Minister of Small Business and Revenue, recently stated, “Small business is the engine that drives our growing, booming economy.”<sup>8</sup>

The Chamber has consistently been the leading voice calling for the recognition of the role played by small businesses in economic growth, job creation, regional and local development and the social cohesion of communities across the province. This continues

*“Small business employment in BC grew 3.8 percent between 2004 and 2005 – the highest rate of growth among the provinces and well above the national average of 0.6 percent.”*

*(Small Business Profile 2006, BC Stats)*

to be reflected in the adoption of resolutions focused on small business needs and continues to be the focus of The Chambers presentations to government at all levels.

BC has a strong reliance on small business with a full 98% of all businesses in BC being either self-employed or having 50 employees

or less. While these businesses are active in all sectors and all regions of the province, there is a concentration in the business service sector with almost 22% of companies

<sup>6</sup> Ken Dychtwald, Tamara Erickson and Robert Morison. *Workforce Crisis: How to Beat the Coming Shortage of Skills and Talent*. Boston: Harvard Business School Press, 2006.

<sup>7</sup> Unless otherwise specified, statistics cited in this section are from the Small Business Profile, 2006 (BC Stats, 2007).

<sup>8</sup> Small Business Roundtable. *Small Business Roundtable Report to Government*. Victoria, BC: Ministry of Small Business and Revenue. October 2006.

being small businesses. Many industries are composed of almost all small businesses. For example, 97% of BC’s high-technology businesses are small businesses.

The level of job creation by small companies in BC is second only to Saskatchewan in Canada. Small businesses in BC employed just over one million people in 2005; this represents an impressive 48% of all jobs in the province and translates to 57% of all private sector jobs. Perhaps, more importantly, small businesses in BC rank first in Canada in terms of their contribution to the provincial economy when measured as a proportion of Gross Domestic Product (GDP) at 26% of the provincial total.

During the period 2000-2005, BC has led provinces in the growth of the number of small businesses with an average 7.2% increase compared to Alberta’s 4.9% increase and a national average of 0.2%.

It is particularly important to note that small enterprises are the economic “lifeblood” for most communities in BC. This is driven by the fact that the distribution of small enterprises does not depend on proximity to any particular resource or location; the distribution of small businesses is simply related to population and the need for goods and services.

It is also important to note that only 5,100 businesses (representing 1.4% of the total number of small businesses in the province) are responsible for a full 31% of the total value of the province’s exports, representing \$8.9 billion in economic activity.

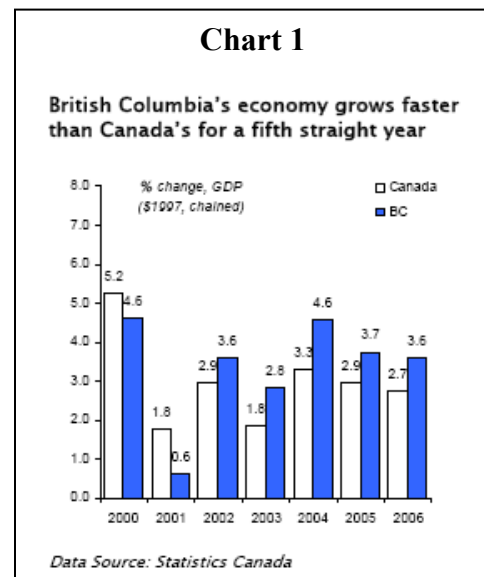
The future competitiveness of BC’s economy will depend upon the competitiveness of small- and medium-sized enterprises. However, one of the biggest threats to these businesses is skills shortages and labour supply gaps.

### 3. A BRIEF UPDATE ON THE BC ECONOMIC CONTEXT

What has happened in the BC economy – as it relates to labour demand and supply challenges – since 2002? This section provides a brief overview of some key developments that have affected labour supply in the province.

#### Economic Growth

BC has experienced strong economic growth since 2001, leading the country in several key economic indicators. Fiscal, economic, education and regulatory policies have created a positive business climate and increased business confidence. According to a survey of small businesses conducted for the BC Small Business Roundtable, almost two-thirds of small



business owners in BC believe the overall business climate is better now than five years ago.<sup>9</sup>

A result of strong economic growth in BC is significant and sustained job creation (see Chart 1). Employment in BC increased by 359,000 since December 2001, 89% of these were full-time positions. BC has also had the highest employment growth rate in Canada during this period, while its unemployment rate dropped to an all-time low of 4.0% in February 2007, with some industries and occupations experiencing only 1% or 2% unemployment.

It is estimated that over one million job openings will be created in BC between 2003 and 2015. Over half of these new employment openings will come from workforce attrition. Even if all of the 650,000 young people who are expected to progress through the BC school system during the same period filled jobs, there would still be a shortfall of over 350,000 workers.<sup>10</sup>

It must be noted that this level of growth may be understated due to the fact that capital project spending and starts have accelerated faster than expected in the last few years. For example, this growth prediction projects construction employment in BC to reach approximately 175,000 by 2015. However, construction employment has already reached 200,000 as of May 2007.<sup>11</sup>

## **Productivity**

The Chamber believes that underlying the future prosperity and competitiveness as a province and a nation is the need to improve productivity, particularly in small- and medium-sized enterprises (SMEs), as a means to boosting our prosperity, thereby leading to a better standard of living and quality of life for Canadians.

While the province is undergoing a period of economic growth, a discussion about a somewhat amorphous concept such as “productivity” is difficult to have. Yet no matter how difficult, unless we address this issue we simply cannot build a foundation for long-term sustainable economic growth and prosperity.

Productivity, often defined as the value of output per hour worked, is a measure of the efficiency with which goods and services are produced. It is the key long-term determinant of a jurisdiction’s living standards and competitiveness. Productivity is not about working harder, but about working smarter through better management practices and organizational design, through better use of technology and most importantly, through better levels of education and training.

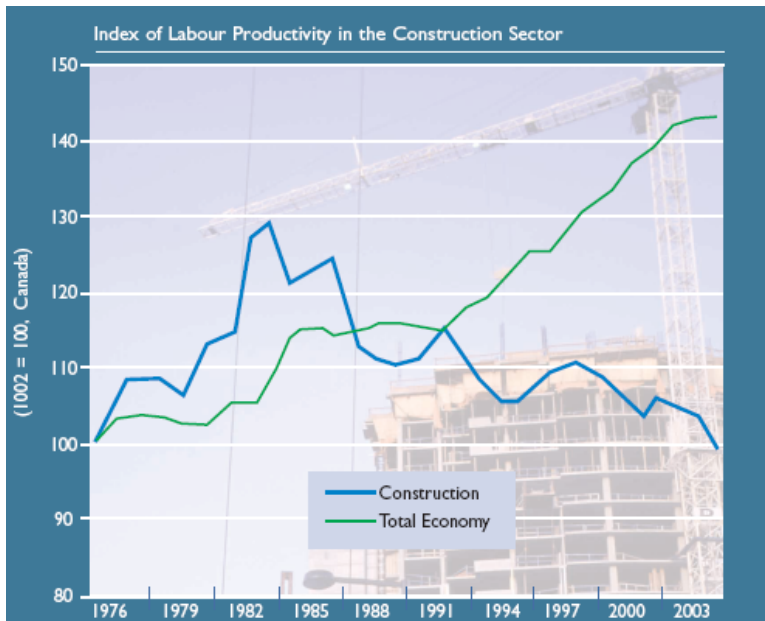
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<sup>9</sup> Malatest & Associates Ltd. *Small Business Survey: Summary Report*. Prepared for the Ministry of Small Business and Revenue. May 1, 2006.

<sup>10</sup> Ministry of Economic Development. *WorkBC Action Plan*, May 2007.

<sup>11</sup> BC Stats. *Labour Force Survey Tables: May 2007*, June 2007.

Chart 2



Source: Independent Contractors and Businesses Association, *The Construction Monitor*, Spring 2006.

BC's productivity record during the last decade and a half has been less than stellar. During the 1990's BC had productivity gains similar to those at the national level; however, since then BC has fallen significantly behind the national average. This trend has continued with BC's ranking slipping to sixth place among the provinces. Real GDP per hour worked in BC was \$31.40, well below the national average (\$33.70). Only Manitoba and the Atlantic provinces

(excluding Newfoundland and Labrador) had lower overall productivity levels<sup>12</sup>.

The basis of BC's economy is cyclical in nature, based on the strength of commodity markets and robust domestic demand. This means that the province is relying heavily on an increase in labour and capital; these are not the foundation of long-term productivity growth.

Despite both the importance of this issue and strong economic growth, Canadian productivity continues to trail other industrialized nations. A recent report showed that Canada ranked 18<sup>th</sup> in average labour productivity growth between 1981 and 2005.<sup>13</sup>

### **Aging Population and Workforce and Other Demographic Change**

*"David Dodge said the labour force will start to shrink as early as 2009 as waves of Baby Boomers begin to retire, lowering the economy's 'potential output' ... Only by squeezing more output out of fewer workers and raising productivity growth could the country offset the trend."*

*(National Post, "Economy Risk Real: Dodge." June 14, 2007, p. 1)*

According to the Urban Futures Institute, the 50-years-old plus population will grow by 44% in BC between 2005 and 2020 (637,800 more) compared to a 2% decline in the 18 to 29-year-old population

(21,900 fewer) and a 5% growth in the under-50 population (135,400 more).<sup>14</sup>

<sup>12</sup> Business Indicators, September 2005 – Probing the Productivity Puzzle, Government of British Columbia

<sup>13</sup> The Institute for Competitiveness & Prosperity. Agenda for Canada's Prosperity: Report on Canada 2007. Toronto, March 2007, p. 28.



BC is entering a new phase, one in which the number of British Columbians leaving the labour market will exceed those entering it for the first time in our history. This also means small businesses will increasingly need to develop and implement strategies to keep, attract and accommodate older workers.

The Chamber has been clear, this challenge is a “demographic time-bomb,” one being faced by most countries around the world due to declining birth rates and a longer life expectancy. An implication of this major change is the composition of new workforce entrants for small businesses. The “Echo Boomers” born between 1975 and 1990 are highly independent, look for challenges and variety, are entrepreneurial, distrust hierarchy and authority, want a fun and socially interactive workplace, and stress continuous development of skills and work/life balance. This has definite implications for small businesses trying to attract, recruit and keep such workers.

The other implication of declining birth rates and competition of human resources from companies in other jurisdictions is that BC employers will need to make better use of people typically under-represented in our workforce. In particular, Aboriginal people, immigrants and visible minorities, older workers, people with a disability, and women are a chronically underutilized resource that offers potential for employers..

...over half the workforce talent pool

- Approximately 10 million in Canada workforce are Aboriginal people, immigrants and/or visible minorities, persons with a disability, and women. Leaving these labour force participants out eliminates 60% of your available labour

Source: Canadian Business



## Immigration

The need to look at strategies for recruiting immigrants and foreign workers by small businesses is critical given that demographers expect that immigration as a source of labour will constitute 100% of net labour force growth by around 2030. It has been estimated that Canada would have to increase its immigration levels almost three-fold to an average of 720,000 a year (from the current 246,000) for the next 50 years to ensure our country has enough workers.<sup>15</sup>

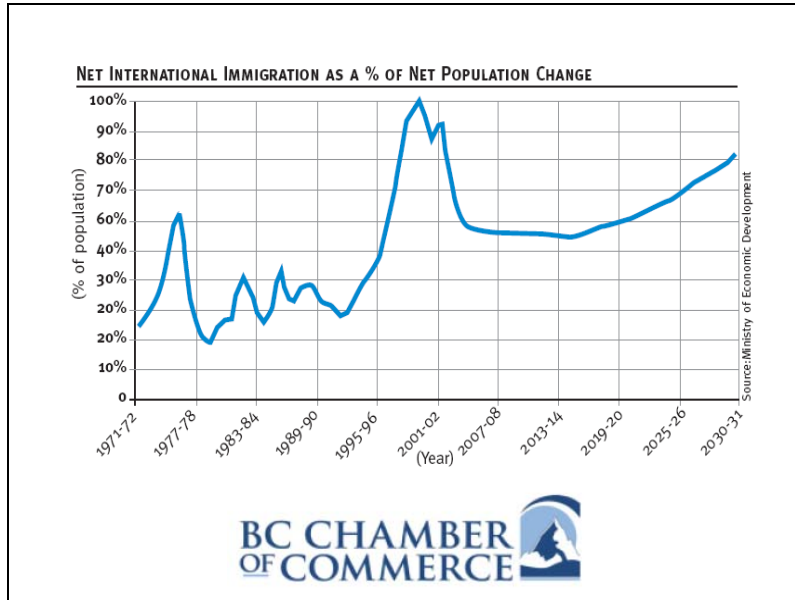
The Chamber readily acknowledges that this level of immigration is unlikely in the short to medium term. Having said this, federal and provincial policies must reflect a higher priority of using immigration as an economic tool. For example, federally, there is not enough emphasis on the Skilled Worker category, and less priority should be placed on family reunification.

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<sup>14</sup> Ramlo, Andrew. *Changing People, Changing Places: Implications of Demographic and Economic Change for BC's Post Secondary Sector*. Prepared for *Campus 2020*. Urban Futures Institute, 2006.

<sup>15</sup> The Urban Futures Institute. *A Perfect Storm: Sustaining Canada's Economy During Our Next Demographic Transformation*. Vancouver, BC: TUFU. 2006.

Chart 3

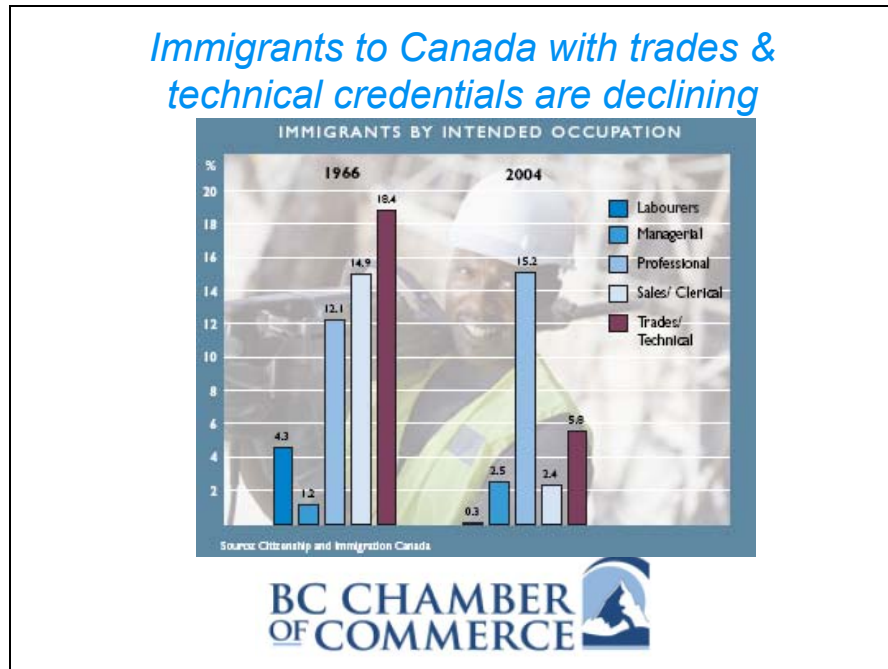


Source: BC Stats, 2006.

As Chart 3 shows, the contribution of international immigration will play an increasingly important role as a contributor to our skilled workforce in the coming decades. The key is to make better use of the talent of immigrants already here, as well as attract and effectively utilize those with the skills our economy needs.

As Chart 4 shows, the proportion of skilled immigrants coming to Canada with trades and technical qualifications has declined from over 18% to just under 6% during the period 1966-2004 – a decrease of over two-thirds.

Chart 4



Source: ICBA, *The Construction Monitor*, Summer 2006.



If Canada is to have a viable immigration policy, it needs a system that gives potential immigrants assurance that their applications will be processed in an efficient manner within a reasonable and predictable period of time. Otherwise, they will look to other countries.

It is equally important that our immigration system enhances our chances of attracting individuals with the skill sets Canadian industries require. A recent study by Statistics Canada revealed that by 2017, around 50% of the population in our three major urban centres will consist of visible minorities, many of whom will be newly settled immigrants.<sup>16</sup>

Many skilled immigrants who come to BC are finding it difficult to obtain employment in the profession or trade in which they hold foreign credentials because such credentials are not recognized by Canadian employers and/or professional associations. This presents a significant obstacle to attracting skilled immigrants and undermines our competitiveness. Furthermore, faced with having to incur costs to repeat their studies or undertake additional training, some simply give up, resulting in productivity loss to our province. The Chamber sees the solution as the development of a fast-track foreign credential assessment and recognition service in BC.

While progress has been made on this under the Foreign Credential Recognition Program according to a study by the Conference Board of Canada, an estimated 500,000 Canadians are under-employed and could earn an additional \$5 billion per year, and could contribute to the economy if their education and skills were formally recognized. Another study by Jeffrey Reitz of the University of Toronto found that the under-utilization of immigrant skills represents an earnings deficit of \$15 billion in 1996 dollars.<sup>17</sup>

### **Other Factors**

The nature, extent and rate of technological change across all industries will affect how small businesses and their employees remain competitive.

Regional economic development will significantly affect communities and small businesses in every region of British Columbia, making local human resource development and talent pools extremely important for sectors such as natural resources, transportation, construction, utilities, manufacturing, tourism, retail and business services.

The educational attainment of the population and labour force is, and will continue to be, a significant factor in maintaining and advancing economic growth in British Columbia. By 2015 approximately 72% of new job opportunities in British Columbia are expected to require some post-secondary or industry training. While currently around 66% of jobs

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<sup>16</sup> Statistics Canada. *Portrait of the Canadian Population in 2006 Census*, Ottawa: Minister of Industry, March 2007.

<sup>17</sup> Conference Board of Canada. *Brain Gain: The Economic Benefits of Recognizing Learning and Learning Credentials in Canada*, Ottawa: Conference Board of Canada, September 2001.

require some post-secondary education or industry training in British Columbia, by 2015. This is an increase of 60,000 jobs based on the future growth of over 1,000,000 openings.

Having motivated, skilled and productive employees has become a major competitive advantage for small businesses, and will become even more critical.

### *Prepare for workforce change*

- Aging
- More women
- More ethnic diversity
- Increasing lifestyle and life-stage variety
- Tightening labour markets
- Shortages of skills and experience
- Shortages of labour
- Shortages of educated candidates
- Pressure on training and development
- Non-traditional HR policies and practices
- Challenges to organizational coherence



## **4. STATUS OF 2002 ISSUES AND RECOMMENDATIONS**

### **4.1 Today's Labour Market and Human Resource Challenges**

Where are we today vis-à-vis the issues identified in *Closing the Skills Gap*?

The simple, short answer is the skills gap has seriously worsened in BC and elsewhere. Skills shortages, employee turnover and other human resources issues are being reported by virtually every sector of the BC economy, as well as those in other provinces and countries. Many studies and reports demonstrate the strong impact these issues have on the BC economy, and particularly on small businesses and communities.

For example, a recent study sponsored by a Sea-to-Sky Corridor committee estimated a current shortfall of approximately 3,500 workers in Whistler alone.<sup>18</sup> A survey of small businesses completed for the Ministry of Small Business and Revenue found that the challenge of finding skilled labour was a number one issue for small businesses in various regions of the province.<sup>19</sup>

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<sup>18</sup> Ruth Emery. *Tourism Labour Market Demand: Analysis for the Sea-to-Sky Region*. Prepared for the Sea to Sky Tourism HR Steering Committee. May 2006.

<sup>19</sup> Malatest & Associates, op. cit.

In order to gain a better understanding of the nature and impact of skills shortages, particularly as it relates to regions outside the Lower Mainland and the Capital Region, in 2005 The Chamber, in partnership with the Community Futures Development Association of BC initiated the *Skills Force Initiative*. Some of the more troubling results were:

- Approximately 50% of the employers stated that they currently have vacant positions;
- 34% of respondents reported that they had job vacancies in “difficult to fill positions”;
- Employers have to take what workers they can rather than who they want;
- Small businesses undertake little human resource planning and even less succession planning; and,
- Small businesses in rural regions are not considering a member of under-represented labour force group as a potential talent to tap.



Below we list the issues identified in 2002 and provide a brief update on each. The *Closing the Skills Gap* report identified 10 key skills issues and challenges facing BC:

1. *Demographic realities* – The impacts of the declining birthrates and of the aging of the BC population, and the need to better utilize existing and new talent pools.
2. *Immigration* – The need for change in programs for new Canadians, and the effective and flexible assessment and recognition of their credentials and training.
3. *Literacy* – The need to increase workplace literacy strategies.
4. *Industry-based training and apprenticeship* – The need to develop a new, flexible industry training model in BC.
5. *Attitudes* – The need to shift attitudes about non-university careers, while balancing education and training priorities across all types of post-secondary education.
6. *Businesses’ commitment to invest in human capital* – The need to perceive training as an investment, and for businesses and educators to work together to address skill shortages.
7. *Secondary and post-secondary education* – The need to revamp these systems should be a major priority for educational leaders and government.
8. *Information gaps* – Businesses need better information on training resources and skill shortages.

9. *Adapting to economic transition* – Governments, industries, communities and educators need to develop and utilize more re-employment strategies to move unemployed workers into new jobs.
10. *Strategic workforce planning* – Governments, industry sectors, employers, workers and educators all need to adhere to a more strategic perspective on human resource management and learning, and collectively to undertake innovative planning approaches.

### **Demographic realities – Impacts are increasing and more apparent**

Labour market pressures from an aging workforce and declining new labour force entrants are becoming more apparent and will exert further pressures on employers to make better use of existing and non-traditional talent.

Research finds that little consideration is being given to hiring Aboriginal people, persons with disabilities, visible minorities, and women by many small businesses; yet, as indicated earlier, these are large potential pools of labour.

One example of the potential is persons with disabilities. In a BC Chamber of Commerce survey of employers (93% were small businesses) regarding hiring people with disabilities, an overwhelming 79% of the respondents agreed with the statement, “Persons with disabilities represent a qualified, but largely untapped pool of potential job applicants,” while only 5% disagreed and 16% were neutral.<sup>20</sup> A majority of employers do not experience or foresee many barriers to prevent them from recruiting or retaining a person with disabilities. The key was “whether or not they can perform the job.”

### **Immigration – Much work still needed on policies and programs**

Many small businesses are interested in recruiting more immigrants and/or temporary foreign workers but they do not know where to start. For many, this source of labour is not an option or is not even on their “radar screen.” The Skills Force Initiative survey of small businesses in the BC Northern and Southern Interior found that only 2% of companies considered recruiting or have actually recruited immigrants as a strategy for dealing with labour shortages and an aging workforce.<sup>21</sup>

While BC has received its fair share of immigrants through the current system at around 15-16% of new immigrants, this is simply a fair share of a too-small pie. One of the goals set by the federal government as part of its Innovation Strategy is to “ensure that Canada receives the skilled immigrants it needs and helps immigrants to achieve their full potential in the Canadian labour market and society.”<sup>22</sup> While The Chamber fully

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<sup>20</sup> BC Chamber of Commerce. *Survey Results: Hiring People with Disabilities*. 2006.

<sup>21</sup> BC Chamber of Commerce & Community Futures Development Association of BC, op. cit.

<sup>22</sup> Human Resources Development Canada. *Knowledge Matters: Skills and Learning for Canadians – Canada’s Innovation Strategy*. Ottawa: Human Resources Development, 2002.

agrees with this goal, we have serious concerns regarding the government's ability to deliver on this goal both in terms of the capacity of the government but more importantly through the structures currently put in place to process applications.

Immigration services abroad are provided through a network of approximately 80 offices in Canadian Embassies, High Commissions and Consulates. The visa offices may process applications differently depending on the application and the visa office. The length of time it takes to process an application can also be different in each mission or visa office. The reality is that we resource visa offices in different countries to varying extents, the effect of which is to slow down immigration from some countries relative to others. Approximately 50% of cases emanating from Africa and Asia are processed in thirty-three months, while it takes twelve months from Europe and twenty-one months from the Western Hemisphere. In some cases, the wait can be up to five years or more, depending on the location.

The massive backlog of unprocessed visa applications has rendered the federal system sclerotic. Estimated at up to 800,000 unprocessed applications, and not getting any smaller, this backlog is responsible for the lengthy wait times being experienced by immigrants. Such delays have created an unofficial quota system by discouraging residents in certain countries from applying to Canada.

While much progress has been made by the federal and provincial governments to enhance the responsiveness of immigration through the expansion of the Provincial Nominee Program and the the Temporary Foreign Worker Program through the development of the Enhanced Labour Market Opinion program, there is a need for continued improvement.

Also putting Canada at the bottom of the list for hotly sought-after immigrants are policies that force the holders of temporary work visas (immigrants who have entered the country legally and are currently working) to leave the country in order to apply for permanent residency status. The European Union allows workers with five years of service to stay on a permanent basis, without having to leave and return.

The structural problems outlined above will assist businesses that have the capacity access a pool of skilled labour. However, most small businesses do not have the capacity or the necessary information to view either the Provincial Nominee Program, or the Temporary Foreign Worker Program as a viable source of labour.


If Canada is to have a viable immigration policy, it needs a system that gives potential immigrants assurance that their applications will be processed in an efficient manner within a reasonable and predictable period of time. Otherwise, they will look to other countries.

**Literacy – Progress has been made but still a big issue**

While “literacy” is not identified as an issue by many small businesses, the *Skills Force Initiative* research found that employers find that youth and other new job entrants lack the basic skills and attitudes to function, develop and succeed in the workplace. These surveys of businesses in Northern and Southern Interior regions of the province showed

**Important Skill Sets**

- Leadership skills
- Management and supervisory skills
- Entrepreneurship/self employment skills
- Computer/IT skills
- Core technical, trades and service skills
- Employability or soft skills
- And...ATTITUDE!



companies identified a lack of “work ethic” among job seekers, particularly youth, and a lack of life skills (e.g., attitude, punctuality, etc.) and basic employability skills.

Also, the earlier referenced Ministry of Small Business and Revenue survey of small businesses found that promoting skills and trades training to youth was the number one opportunity area in six of seven BC regions. Many small businesses feel that there is not enough

emphasis on basic practical skills in the education system.

Many of these basic skills are part of what literacy is, and literacy continues to be a big problem in BC, where 40% of adults score below acceptable levels in international studies. This means two in five BC adults do not have the reading skills required to do everyday tasks such as completing forms or researching information on the internet.

The BC Government has made literacy one of its priorities, including creating a Premier’s Advisory Panel on Literacy and launching a number of new literacy initiatives for children and adults.<sup>23</sup> However, BC will not achieve one of its five great goals of being the “best educated, most literate jurisdiction in the continent” without ongoing school-based, community-based and work-based literacy efforts.

**Industry-based training and apprenticeship – Progress has been made**

The *Skills Force Initiative* study found the following for small businesses in both the Northern and Southern parts of BC:

“Delivering on-the-job training is onerous for a small business. The process is usually fairly time-consuming, taking either the business owner or a senior level person in the firm away from their productive time at work. As a result, 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.”

<sup>23</sup> Premier’s Panel on Literacy. *Literacy and Lifelong Learning in BC: A Legacy of Leadership*, Final Report, April 2006.

The BC Government's creation of a "New Training Model" and the establishment of the Industry Training Authority (ITA) in 2004 were good first steps to reforming traditional apprenticeship and starting to address small business training needs throughout the province.

This reform relates only to formal apprenticeship training and initiatives are needed to help small businesses sustain the capacity to provide on-the-job training. The BC Government is to be commended for its introduction of a \$90 million training tax credit as well as the continued support of the ITA; however, the training tax credit needs to be expanded to formal training outside of apprenticeship.

To ensure that small businesses are provided the necessary tools, government should provide innovative public policies and flexible solutions in order to allow businesses to provide the necessary training and skills development opportunities.

The *Skills Force Initiative* raised some interesting recommendations that provide an action plan for business, government and educators. A complete list of these can be found in the full report, but one of its recommendations supports the need for a training tax credit program that can be accessed by small businesses:

#### On-the-Job Training

Small business employers need to develop greater capacity to deliver effective on-the-job training for their employees. Government needs to play a greater role in helping to provide small businesses with progressive and effective tools to stimulate their investment in training. Small businesses will work in partnership with industry/trade associations and educational institutions to ensure that the most effective training models and delivery methods are used to achieve maximum results.<sup>24</sup>

#### **Attitudes – Awareness of trades opportunities is increasing**

While the bias against non-university and professional careers is a long-term, cultural challenge, The Chamber has noticed improvements in the awareness of other career options such as trades, technical, service and entrepreneurial careers in BC. Through the efforts of the ITA, the Ministry of Education, several industry associations and others, this awareness is spreading throughout the province. Governments, business groups and others need to keep working to advance this goal beyond awareness to action so that more young people enter non-university careers in areas of high demand. We need to keep reaching out to parents, teachers, counselors, administrators, and the media.

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<sup>24</sup> BCCC/CFDABC, op. cit.



### **Businesses' commitment to invest in human capital – Small business training needs significant support**

Many reports have identified the difficulty of providing and funding training by small businesses in BC. They lack capacity, time and financial resources to train, and/or are discouraged from doing so after employees are “poached” upon completion of training. Yet, these same studies show that small businesses believe in-house training is critical to addressing retention issues. For example, the *Skills Force Initiative* survey found the most prevalent strategy for dealing with skills shortages was in-house training (29% of businesses).<sup>25</sup>

A recent BC Chamber of Commerce submission offered some insight into the training capacity issue for small businesses:

“Often, small firms lack the capacity to train their employees on the job properly because of a lack of either financial or human resources, or both. And, as indicated earlier, 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.”<sup>26</sup>

Many small businesses also complain about the inaccessibility and cost of traditional apprenticeship training. Either traditional apprenticeships do not cover the occupations or skills many small businesses need or, if they do, small businesses do not have the resources or expertise to meet training and regulatory requirements. Small businesses also find the apprenticeship curriculum out of date and not keeping up with technological changes. Also, small businesses and their employees have limited access to apprenticeship technical training in rural regions of the province. Further, many apprenticeship and trades programs have large waiting lists which is a barrier and disincentive to businesses and workers from participating.

The lack of supervisory and ownership time and higher wages and benefits resulting from shortages are factors limiting small businesses' ability to respond to labour supply issues. For example, in a Canadian Home Builders' Association of BC study, the biggest barrier to home builders hiring apprentices reported by 38% of respondents was that they “can't free up anyone to supervise/train on the job;” 23% indicated cost was a significant barrier.<sup>27</sup>

Many small businesses have called for some type of financial incentives to help them hire and/or train new and existing workers. Many surveys of small businesses already cited found that the majority of small businesses would like to see tax credits or other incentives to help in this area. While the federal and BC apprenticeship and training tax credits will help, they are confined to apprenticeship trades which represent a minority of

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<sup>25</sup> Ibid.

<sup>26</sup> BC Chamber of Commerce, op. cit.

<sup>27</sup> Canadian Home Builders' Association of BC. *Human Resources Survey of BC Home Builders*. 2005.



occupations (albeit important) in BC's workforce.

Many industry groups are undertaking strategic human resources planning to identify skills challenges and develop and implement strategies to address them. These include the BC Trucking Association, go2, and other industry sectors.

Small businesses need support and evidence of the business case for developing an "employer of choice" company and work environment including considering such innovations as flexible work schedules or arrangements, a more welcoming work environment, and comprehensive benefits packages with the help of associations.

**Secondary and post-secondary education – Much reform and more flexible programming needed**

Many small business surveys show that small businesses feel disconnected from BC's educational system and that there is a lack of understanding of small business among educators. On the other hand, many small businesses themselves lack an awareness and understanding of various education, training and employment-related programs and services.

Many small businesses believe that our school (K-12) system needs to do a better job of preparing youth for the world of work and equipping them with basic work skills. They also think that secondary school programs need to be more applied and have more direct links with the business community, particularly local small businesses.

More promotion of and information on local high school career, work experience, co-op, mentorship and apprenticeship programs needs to get to small businesses. In turn, small businesses need help in getting into their local schools.

We understand that career counselors in the BC school system have never been trained in any formal manner and that the material in use is based on personal biases and preferences of the counselors.

Many reports from small business groups indicate that post-secondary institutions and programs are not flexible enough to meet small business owner and employee educational needs. More online training and flexibly scheduled courses and programs need to be offered.

Other issues in post-secondary education are identified in the Campus 2020 Report recently completed by Geoff Plant.<sup>28</sup> This is discussed later in section 4.3 of this report.

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<sup>28</sup> Geoff Plant, Q.C. *Campus 2020 Final Report – Access and Excellence: The Campus 2020 Plan for British Columbia's Post-Secondary Education*, April 2007.

**Information gaps – Small businesses need practical, relevant LM information for making decisions**

Most small businesses do not use labour market information or other government information in their HR decisions and activities. However, many would be interested in doing so if the information was tailored to the company's regional, sector or job categories.

Despite best efforts of business and industry associations, some small businesses can feel disconnected and on their own in terms of addressing labour supply needs; and they do not know where to start in addressing them, even with simple strategies.

This is particularly true with small businesses in rural regions of BC where they are more isolated and have less access to HR and training resources and information. It is also more difficult for these businesses' employees to access training and career development assistance. Small businesses in more remote parts of the province have much more difficulty in attracting and keeping workers. The lack of adequate housing, transportation, social services and other infrastructure is also a key factor in these communities.

**Adapting to Economic Transition – Workers, sectors and communities need help to adapt and seize opportunities**

Economic, demographic, technological, social and cultural changes mean BC businesses and workers have to continually adapt to changes in order to seize opportunities and mitigate risks. Upside and downside change will only result in the survival and growth of nimble, anticipatory small businesses supported by a progressive public policy climate.

Many of the challenges identified in both Closing the Skill Gap reports inter-relate to the threats and opportunities of economic transition.

**Strategic Workforce Planning – More government, sector and business planning needed**

It is clear from research that because of day-to-day bottom-line pressures, many small businesses do not have the time and capacity to do human resource or workforce planning or ownership and management succession planning. For example, one study found that two-thirds of those companies surveyed had no HR plan and 56% undertook no ownership succession planning.<sup>29</sup>

In its submission to the BC Competition Council, The Chamber emphasized that BC small businesses need to build greater capacity to develop and implement effective recruitment, training and compensation strategies to ensure that they are using proper techniques and developing practical tools to allow them to attract and retain workers.

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<sup>29</sup> Community Futures Development Association of BC, op. cit.

BC business and industry can become and remain competitive only by the continued investment in, and maintenance of, the highest standards in the development of human capital. These standards must effectively meet international levels of competitiveness reflecting the changing needs of the world's economic activity to keep BC business and industry competitive for the future.

#### **4.2 Status of *Closing the Skills Gap* Recommendations**

Five years ago in *Closing the Skills Gap*, The Chamber made 32 recommendations to governments, business and industry, labour and K-12 and post-secondary educators.

Many of these are still apropos today – unfortunately – ranging from showing no, to little or moderate progress and the challenge is not going away. Some recommendations have been directly or indirectly addressed and are well in hand or no longer a priority.

Below are recommendations that are still relevant and need more work, with comments:

1. Businesses should make it a priority to develop and retain their own skilled workforce through **innovative human resource management**, compensation, profit sharing, motivational practices, etc. *This is starting to be promoted through “employer of choice” branding and limited use of “tool kits,” but small businesses need much more help to plan, execute and measure practical human resource practices. The BC Minister of Small Business and Revenue recently announced \$1 million in funding to help small businesses in this area.*
2. Business, government and community service groups should make it a top priority to work together to develop partnerships and strategies to recruit and develop human resources from **non-traditional sources of workers**. *Awareness of the importance of this is increasing, but small businesses lack the information and capacity to pursue partnerships and strategies to recruit members of under-represented groups.*
3. Federal and provincial governments, professional and trade associations, educators, and immigrant service organizations should develop a **fast-track foreign credential assessment and recognition** service for immediate implementation in BC. *Little in the way of substantive progress has been achieved on this front; much more needs to be done by governments and professional regulators, with employer input to make it easier and faster for skilled immigrants to have their qualifications assessed and recognized. A positive sign is the Citizenship and Immigration Canada expansion of its Foreign Credential Recognition program including Referral Offices across the country.*
4. **ESL training** should be made more of a priority by federal and provincial governments and training institutions. More innovative work-based models should be implemented. Higher-level, work-related English should still be a priority for the federal government to fund. *The BC Government recently*

- announced a new WelcomeBC initiative to increase support (\$43 million over two years) including increasing funding for intermediate ESL and other immigrant labour market services.*
5. Governments and educators should work with business groups to develop **practical training and retention tools for smaller businesses** with no such expertise or economies of scale. *This relates to #1, and smaller businesses need help with retention strategies.*
  6. The federal and provincial governments and business groups should explore and agree on implementing **innovative new financing schemes** that treat training as an investment. Specifically, a feasibility study should be conducted by government on the cost-benefit of a “human resource investment tax credit” program. *While training tax credits have been introduced by federal and provincial governments, they are too narrowly focused on apprenticeship training to date.*
  7. The provincial government and school districts should significantly increase the number of secondary and post-secondary education school students in **career-based, experiential programs** such as Secondary School Apprenticeship, Career Technical Centres, Co-operative Education, etc. *SSA and new high school trades programs (e.g., Accelerated Credit Enrolment in Industry Training) have been expanded, but Co-operative Education is an under-utilized tool for employers and students.*
  8. The provincial government and post-secondary education institutions should significantly increase the use of **flexible delivery** methods throughout the province. *The ITA is starting to tackle this through its Trade Routes mobile training unit and pilot projects, but flexible delivery, including web-based training, needs to be expanded and made more accessible to small businesses and their employees.*
  9. The provincial government and post-secondary institutions should increase learning capacity through the use of **internet-based training**. For example, if every full-time student enrolled in one internet-based course each term, it would increase access by twenty percent. *See comments in #8.*
  10. Federal and provincial governments should play a more important role in providing **useful information on human resource management and training for businesses**. Such information could be posted on an interactive government or business website. *Governments need to provide access and practical decision-making labour market and human resource information, bench-marking and best practice information.*
  11. The provincial government should re-negotiate a **new labour market development agreement** with the federal government that reflects stronger employer and workforce roles in its planning and implementation. Nothing has been happening in this area. *Little progress has been made on this front and it represents almost \$300 million in programming funds with no business and*

*industry input. Ontario has also negotiated a Labour Market Partnership Agreement with Canada (in addition to its LMDA) to cover services for non-EI clients.*

Other recommendations on which substantive progress has been made in recent years are:

- **Reform industry training and apprenticeship** to be more flexible and responsive to the clients (employers and employees), using new models for training. *The establishment of the Industry Training Authority and a new trades training model represents major progress in this area. More could be done to increase small business access to apprenticeship.*
- Governments should **expand “welfare-to-work” training models** using work-based training and industry groups to deliver it. The new BC Employment Program has been launched, but it is important to retain and expand the JobWave and similar employment training models.
- Business, labour, government and education should more aggressively champion and **promote trades and technical careers** and training among their constituents, particularly among young people, parents, educators, the media, and general public. *Significant progress is being made in increasing awareness of trades careers – the issue now is creating more training spaces and increasing the number of SMEs participating in apprenticeship.*
- The provincial government should facilitate the development of a **provincial human resource development strategy**, led by the business community with input from labour, education and community groups. *This is happening through the Ministry of Economic Development and the recently launched WorkBC Action Plan.*
- Business, professional and labour groups should work with and engage immigrant and multicultural service groups to develop **partnerships to address barriers** to the full participation of new Canadians in BC’s economy and labour market. *Progress has been made on this front through provincial programs such as Skills Connect.*
- The provincial government should ensure that public post-secondary institutions and school district continue to make **literacy and numeracy** and basic skill development an appropriate priority. *Progress has been made in BC, with the creation of the Premier’s Literacy Task Force, more funding for literacy, and other initiatives for children and adults.*

### 4.3 Recent Government Workforce Initiatives

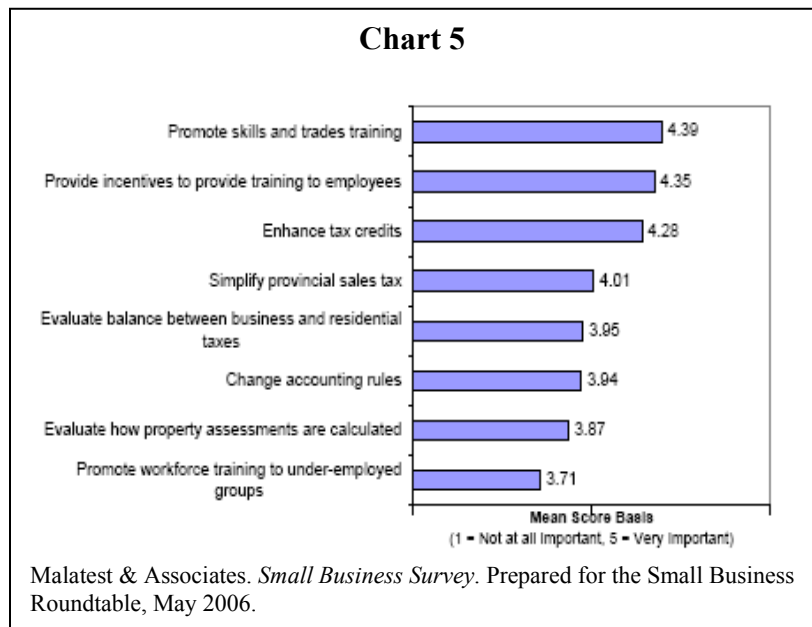
A number of recent BC Government initiatives fully or partially address some of the skills gap issues identified in The Chamber’s 2002 report and today’s labour market priorities. The following initiatives are briefly highlighted below:

- Small Business Roundtable;
- Mandatory Retirement reform;
- Aboriginal Post-Secondary Education Strategy;
- Campus 2020 Report;
- 10 by 10 Challenge; and,
- WorkBC Action Plan.

#### **Small Business Roundtable**

The BC Government’s Small Business Roundtable, chaired by the Honourable Rick Thorpe, released a report in October 2006.<sup>30</sup> A survey conducted for the report shows that HR issues were a high priority for BC small businesses (Chart 5). The Roundtable identified the following actions to pursue:

*Recommendations to Government – Support Human Resource Access, Development, Education*



#### Access to Labour

- Accelerate the process for developing a long-term focused and comprehensive provincial labour supply strategy.
- Take immediate action to increase the effectiveness and efficiency of the Provincial Nominee Program and ensure it is accessible to the small business community.
- Work with professional associations, the federal government and other provinces to streamline the accreditation process for those who obtain their certification outside British Columbia.
- Develop a Human Resource Best Practices’ Guide for small businesses to learn how to effectively recruit and retain staff.

<sup>30</sup> Small Business Roundtable, op. cit.

#### Trades Development and Training

- Provide training tax credits to small businesses to encourage employers to train and develop their employees.
- Work with the Industry Training Authority to attract private sector investment in private-public partnerships for trades training facilities.
- Encourage online trades training programs for rural communities with limited access to available schools.
- Promote business education courses throughout the province leveraging partnerships with Small Business BC.

#### Business, Trades and Entrepreneurship Education for Youth

- Broaden the career exposure for elementary and secondary students to include business, trades and entrepreneurship with programs such as ACE-IT and Junior Achievement BC.
- Communicate to high school counselors and parents the benefits of careers in the technical field.
- Market the benefits of a trade's career as a viable alternative to a university education.

#### *Roundtable Commitments Going Forward – Support Human Resource Access, Development, Education*

- Encourage the development of a long-term labour supply strategy for BC.
- Champion increasing labour supply through employment of under-represented groups, such as Aboriginal people, persons with disabilities, new immigrants, and mature workers.
- Support the expansion of Junior Achievement BC by encouraging business participation in Junior Achievement and other elementary and secondary school business programs.

#### *Recommendations to the Small Business Sector – Invest in Recruitment and Retention of Staff*

- Broaden potential employee candidates to include under-represented groups (i.e., Aboriginal, lower-income, persons with disabilities, retirees, etc.).
- Provide volunteer opportunities to expose youth to the benefits of working in the small business sector.
- Support local schools and programs (such as Junior Achievement) with your business expertise to enhance the career exposure for elementary and secondary students in the areas of business, trades and entrepreneurship.

Since release of the report, the Ministry of Small Business and Revenue has followed up on recommendations including providing support for the expansion of Junior



Achievement, implemented a Small Business Lens (regulatory checklist), and included new initiatives in the WorkBC Action Plan. More recently, the Ministry announced a \$1 million public-private partnership with The Chamber and other business groups to focus on filling gaps in existing business education and skill development programs targeted at small businesses.

### **Mandatory Retirement Reform**

In April 2007, legislation eliminating mandatory retirement as a barrier to older workers continuing to work was introduced by BC Attorney General, the Honourable Wally Oppal.

BC's Bill 31 implements a key recommendation of the report, "Aging Well in British Columbia," presented to government by the Premier's Council on Aging and Seniors' Issues in December 2006. It means people who turn 65 will have the option to keep working. The legislation will be enacted in January 2008.

*"In short, this is a positive change. Employers need not find themselves stuck with burned-out bench-warmers and, if they did, it's their own failure to manage that's to blame. And they're being given a chance to address the looming labour shortage by tapping into a wonderfully skilled pool of older workers who would otherwise be sidelined."*

(Don Cayo, *Vancouver Sun*, May 1, 2007, p. D3)

While in principle this is a good reform, care will need to be taken in how this legislation and its implications are communicated and implemented, including minimizing the risk of increasing the costs of employment to employers.

Also, without action by governments, employers and business groups to support small businesses in developing new approaches to retaining and recruiting older workers, removing the legislative barrier will not alone guarantee an increased supply of and participation in the workforce by those British Columbians who would otherwise retire.

### **Aboriginal Post-Secondary Education Strategy**

In April of this year, the BC Government announced a new \$65 million Aboriginal post-secondary education strategy that includes the following actions to help Aboriginal students by:

- Reducing financial barriers through \$10.3 million in scholarships for Aboriginal students, starting in September 2008/09;
- Increasing access, retention and success by investing \$14.9 million to create three-year service plans between public post-secondary institutions and Aboriginal communities that identify interests and educational needs of Aboriginal students and create programs that meet those needs;



- Providing over \$12.1 million to increase programs that are designed, in conjunction with First Nations communities, to be culturally appropriate in content and delivery, such as language and university preparation programs;
- \$12.8 million to encourage more transitions from high school to programs offered by post-secondary institutions in fields like health, social work and business; and,
- Investing \$15 million over three years to create gathering places that reflect Aboriginal culture at public post-secondary institutions.

This strategy – while very important – focuses exclusively on post-secondary education, but should include provision for linkages with the business community, employers and industry groups and industry training programs.

### **Campus 2020 Report**

Geoff Plant’s recommendations focus on broad principles, goals and strategies and call for setting clear, concrete and measurable targets that express goals for higher education.

Two provincial structures are proposed: a Higher Education Presidents’ Council – to facilitate collaborative, co-ordinated planning among all post-secondary institutions in the province; and a public interest Higher Education Board – to measure the progress of the entire sector in achieving government’s goals for post-secondary education from an integrated, life-long learning perspective.

New Regional Learning Councils are also proposed, and are intended to bring the K-12 and post-secondary sectors together to maximize opportunities to learn close to where we live.

In addressing issues of funding for the post-secondary system itself, and for the students in it, the report recommends a modified cap on tuition fee increases, the removal of fees for Adult Basic Education and a comprehensive review of our complex student financial assistance program.

It also recommends the provincial government commit the funds necessary to attain the targets contained within a new, long-term and comprehensive plan to provide access and excellence in BC’s higher education system.

The Chamber applauds Minister Plant and the government for this report and consultation. In principle, The Chamber supports some of the key recommendations in this report, and we would like to ensure that The Chamber and other business groups are involved in the planning and implementation of any accepted recommendations. Regional universities and Regional Learning Councils are two positive measures.

## **10 by 10 Challenge**

The Minister's Council on Employment for Persons with Disabilities is encouraging communities and industry sectors to join the 10 by 10 Challenge to increase employment for persons with disabilities in British Columbia by 10% by the year 2010. The Challenge was launched last fall in conjunction with the Ministry of Employment and Income Assistance.

The Minister's Council is working toward this goal of *10 by 10*, by supporting initiatives like the *Measuring Up* pilot, which is assisting communities to dialogue with key stakeholders to assess their accessibility and inclusion and *WorkAble Solutions*, which provides employers with best practices for recruiting and retaining persons with disabilities.

## **WorkBC Action Plan**

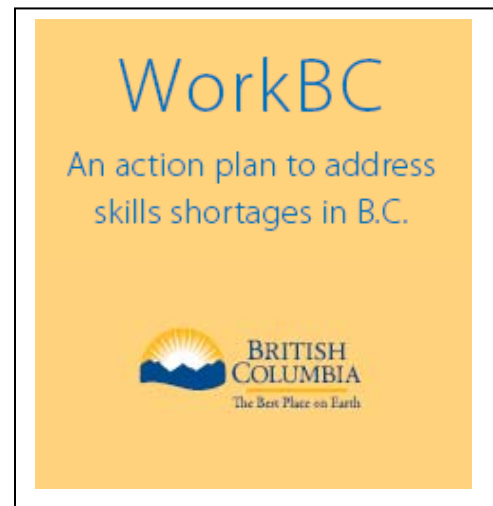
The Minister of Economic Development recently released the WorkBC Action Plan, which is the BC Government's first comprehensive labour market strategy. It provides five Strategic Action areas, each with several specific actions:

### 1. Keep the workforce we have

- Key actions such as creating an employer HR tool kit for SMEs and the 10 by 10 Challenge to industry re employment of persons with disabilities are positive initiatives.
- As mentioned earlier, eliminating mandatory retirement alone will not increase older worker participation; supports/incentives need to be provided to small businesses to retain or hire them.

### 2. Develop the skills of our existing workforce

- Expanding Industry Training Organizations, renegotiating a "made in BC" BC-Canada Labour Market Development Agreement, and increased literacy and basic skills training are all needed to expand and enhance our labour market capacity.
- The Training Tax Credit Program needs to be expanded and made accessible to small businesses for on-the-job training, regardless of whether or not it involves apprenticeships.



### 3. Increase the labour market participation and success of Aboriginal people in BC

- Developing a comprehensive Aboriginal training strategy with the ITA and facilitating more business-Aboriginal training and recruitment projects are important actions.
- Government should involve the BC Chamber and local chambers in initiatives such as expanding the Aboriginal Business and Entrepreneurial Skills Training program.

### 4. Attract and recruit new workers

- Additional apprenticeship spaces, directing post-secondary spaces to areas of skills shortages, the *BC's Calling* job marketing campaign, a women's mentoring program, and several actions regarding immigrants and foreign credential recognition are all excellent new actions.
- BC should keep pushing for federal reform of immigration and for having more provincial influence in permanent and temporary immigration processes.
- More needs to be done by BC and Federal Governments to facilitate skilled immigration to rural communities in BC.
- Continue aggressive expansion of the Provincial Nominee Program with a focus on semi-skilled workers.

### 5. Address regional skills shortages

- Expanding regional skills councils and the *TradeRoutes* mobile training initiative, better labour market information and career awareness, and greater industry involvement of co-operative education/internships/work experience are good initiatives to increase opportunities throughout BC.
- We need to ensure that the regional skills councils are adequately supported and linked strategically to other initiatives, including the participation of Regional (Ministry of) Economic Development staff.
- Link Regional Advisory Councils to Learning Councils as they are created.

The introduction of this strategy is a clear demonstration of the beginning of a co-ordinated focus from the provincial government to address the issues of our skills and labour challenges. Indeed, without the introduction of these five BC Government initiatives, The Chamber's analysis of the current policy context would be more critical and its recommendations would be more plentiful.

## 5. BC CHAMBER OF COMMERCE RECOMMENDATIONS

### Principles

The Chamber recommends that governments, education and training providers and others reflect the following principles in their development and implementation of education, training and labour market policies, programs and strategies:

1. Small-business specific policies and programs;
2. Comprehensive strategies that address the needs of small businesses in all sectors, regions and occupations;
3. Labour demand-driven development and implementation of strategies;
4. Balancing small business short-term and long-term skills priorities;
5. Strategies that can be adapted to the needs of small businesses in various regions;
6. Strategies that can be adapted to the needs of small businesses in various industry sectors; and,
7. Programs and tools that are readily accessible and practical for use by small businesses.

### BC Chamber Recommendations

#### Government Approach/Infrastructure

1. The new WorkBC initiative should be the basis for a **strategic, comprehensive and integrated provincial labour market strategy** that includes small business-specific measures and small business groups. This strategic approach must also include better co-ordination across government agencies.
2. The BC and Federal Governments should **review with business input federal-provincial agreements** on immigration and labour market development. BC should also consider negotiating a labour market partnership agreement that covers federal support for non-EI recipients, and that better serves the needs of small businesses, workers and communities. The BC Government should involve the small business community in developing and negotiating goals for these agreements as well as in their implementation.
3. The BC Ministry of Economic Development should **use regional economic development staff more strategically** in helping small businesses and communities respond to labour supply challenges and in trouble-shooting, intelligence gathering. This effort should be tied to expanding the Regional Skills Councils initiated by The Chamber with Ministry funding.
4. The **Small Business Roundtable** should work with the BC Chamber to establish a mechanism to allow small businesses to communicate their HR requirements to, and jointly develop solutions with, the Roundtable.

## **Immigration**

### **a) Permanent Immigration and Foreign Credential Recognition**

5. The Federal Government should **overhaul our permanent immigration system** to ensure that it promptly provides entry to people with the skills required in our economy, including the following specific priorities:

- Immediately allocate the **necessary resources in offices abroad** to process immigration applications more efficiently and effectively.
- Review overall training strategy to **ensure that visa officers receive necessary, appropriate training** and have the necessary tools and means to assess immigration applications more effectively and efficiently.
- Adopt **quality assurance frameworks** to ensure consistency in decision making when selecting immigrants.
- Review and **adjust the points required for skilled worker** immigrant candidates to allow improved access to immigration to Canada.
- Encourage employers to hire immigrants in **regions outside of Southwestern BC**.

### *Comprehensive Immigrant Approach*

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Recruiting permanent immigrants:             <ul style="list-style-type: none"> <li>- Skilled Worker category</li> <li>- Provincial Nominee Program</li> <li>- Recruitment missions</li> </ul> </li> <li>• Recruiting temporary foreign workers:             <ul style="list-style-type: none"> <li>- Foreign Worker Program</li> <li>- Working Holiday Program</li> <li>- Student Working Holiday Program</li> </ul> </li> <li>• Better utilization of existing immigrants:             <ul style="list-style-type: none"> <li>- Foreign credential recognition</li> <li>- Mentoring and work experience</li> <li>- ESL and Bridging programs</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Government programs</li> <li>• Industry associations</li> <li>• Immigrant groups</li> </ul> |
|--|--|

6. Significantly and immediately expand the scope and scale of immigration under the Provincial Nominee Program:

- Increase the number of immigrants coming to BC through the program
- Allow individuals with relatively low skills to be eligible to access the program
- Create an online portal that will connect immigrants to available jobs, while also allowing businesses to view pre-approved immigrants looking for positions in BC.

7. The BC and Federal Governments should work together and exert appropriate influence on regulators to initiate the development of a **fast-track foreign credential assessment and recognition process/service** for Canada. This should include working with the business community, regulators, professional and trade associations, educators, and immigrant service organizations to implement the service.

**b) Temporary Foreign Workers and Students**

8. The Federal Government should streamline and broaden access by small businesses to using the **Temporary Foreign Worker Program**, including exerting more provincial involvement and facilitating regional and sectoral bi-lateral agreements in high skills shortage areas.

9. The Federal Government should change the **Canadian Working Holiday Visa Program** to extend the period of validation from one year to at least two years and to eliminate current age restrictions.


**Human Resource Management: Recruitment and Retention**

10. The BC Government should work with the BC Chamber to promote and distribute the **practical guide for small businesses on “how to”** develop and implement practical recruitment and retention strategies including reward and recognition programs, employer of choice tactics, etc., that is being developed by the BC Government. This should include offering **short workshops** throughout BC.

*Top predictors of employee satisfaction*

1. At work, I have the opportunity to do what I do best every day (0.57)
2. My performance is evaluated in a manner that makes me feel positive about working (0.55)
3. Conflicts are managed in a way that result in positive solutions ((0.53)
4. My opinions seem to matter to my manager (0.52)
5. My manager shares all the information my co-workers and I need in order to feel part of the team (0.52)
6. I receive information I need to do my job (0.52)
7. The organization has developed work/life policies that address my needs (0.51)
8. I trust my immediate manager (0.51)
9. During the past year, communication between leadership and employees has improved (0.50)
10. My manager does a good job of recognizing employee contributions (0.50)

*The Carrot Principle (Adrian Gostick and Chester Elton, 2007)*



11. The BC and Federal Governments should provide funding for the BC Chamber to follow up the *Skills Force* survey to probe more into the reasons for **small business lack of interest in recruiting older workers and immigrants**, and develop specific strategies accordingly.

12. The BC and Federal Governments should work with small business groups, particularly in rural regions, and First Nations and other Aboriginal groups to increase **business-First Nation/Aboriginal collaboration and partnerships** for economic development strategies and awareness-building, recruitment, employment, training and retention strategies. This could involve WorkBC and Aboriginal Human Resources Development Agreement (AHRDA) resources.

13. **Representatives of British Columbians under-represented groups in the workforce** should work with the BC Chamber and other small business groups to better promote the business case for recruiting from these talent pools; and to increase an understanding among small businesses of “how to” connect with and resources for working with such groups to pursue recruitment and retention.

14. The BC Government, BC Chamber and other business groups should work together to develop **strategies and tools specifically targeted at mature and older workers**

aimed at retaining and re-recruiting them through the use of flexible workplace arrangements and other incentives.

15. The BC Government should work with women’s and small business groups to **increase small business entrepreneurship, occupational training and employment activities and incentives for women**, particularly for single mothers, those re-entering the labour market, and older women.

16. The BC and Federal Governments should urge **Small Business BC** (Canada-BC Business Service Centre) to develop and offer more targeted recruitment, retention and training tools and services to small businesses and self-employed persons.

**Small Business Work-Based Training**

17. The BC and Federal Governments should expand their **Training Tax Credit** programs to broaden it to include non-apprenticeship training as well as making eligible for tax credits other training such as workplace language training, **or** introduce a separate small business training tax credit **or other financial incentives**.

18. Small Business BC should work with small business groups to develop practical, effective tools to help small businesses offer on- and off-the-job **training for owners, managers, supervisors and their workers**.

19. The BC Government should work with The Chamber and other small business groups – as part of its \$1 million partnership funding – to develop and pilot a new **Small Business On-the-Job Training Program** that addresses the unique barriers to on-the-job training experienced by small businesses.

**Model the behavior you demand**

• Teamwork	• Be strategic with your time
• Continuous improvement	• Practice what you preach
• Priority setting	• Train and be trained
• Motivation	• Bridge we/they gaps
• Taking ownership	• Step back to step ahead
• Be a team player	
• Engage your team	

Jim Clemmer, Globe and Mail, June 9/06



**Industry Training/Apprenticeship**

20. The Industry Training Authority should **increase use of online training** and other flexible/alternate delivery models to enable employees of small businesses to complete technical training closer to work and home.

21. The Industry Training Authority should review its experience with the **ITA Trade Routes (mobile industry training unit)** demonstration projects to see how this resource could be expanded to small businesses throughout rural regions of the province. This might include supporting a small business project even during the demonstration phase.

22. The Industry Training Authority should work with small business groups to **increase awareness and understanding of ITA** programs and processes (e.g., how to get involved in the ACE-IT or Secondary School Apprenticeship programs, how to propose



new industry training programs or changes in existing ones) among small businesses throughout the province.

### **K-12 Education**

23. The BC Government should **appoint small business representatives** to the Minister of Education's Education Advisory Council, and invite small business representatives to participate in the Learning Roundtable.

24. The BC Government should work with School Boards and others to ensure an appropriate level of **current and relevant training for career counselors**.

25. The BC Government and the school system (school trustees and administrators) should work with small business groups to develop strategies and tools for small businesses to **participate directly in career development** in their local schools and communities. This should also include expanding the Junior Achievement of BC's reach into the schools and stronger linkages with small business groups and more entrepreneurship course delivery.

### **Post-Secondary Education**

26. The BC Government should include the **involvement of the business community** and government in how the Ministry's Strategic Investment Plan of 25,000 spaces is allocated in terms of regional and sectoral skill requirements.

27. The BC Government should introduce a **structure for formal input from business into curriculum** at the post-secondary level on a regular basis.

28. The BC Government should review and **reform the Student Financial Assistance Program** and consider the following principles and changes:

- Provide improved accessibility to student loans, changing the restrictions which may apply to those with poor credit (or who are at maximum levels of credit but have a good credit rating) where appropriate due diligence measures have been taken;
- Increase the amount available for student loans so that it reflects the rising costs of education in both the public and private sectors and the increased numbers of students seeking to upgrade their skills or education levels to become more productive workers;
- Create a funding formula change that ensures that the amount available for a student loan not be tied to the number of weeks of a course or program (or the number of instructional hours per week); and a change to the dependency restriction on student loans, reducing it from four years to two.
- A pool of \$50,000,000 be established annually as funding for working adult students in British Columbia to access educational opportunities regardless of the length of program, or hours of instruction per week, or type of institution (must be accredited), providing they attend as a full-time student.



29. The BC Government should introduce a **co-op tax credit to BC business employers** equal to 15% of wages paid to qualified co-op students for work placements. The terms of the tax credit should ensure that:


- It be capped at \$1,500 per student, for each co-op work placement;
- The co-op work term applies toward completion of a post-secondary co-op education program at a qualifying BC university, college or institution;
- It be applied against outstanding BC tax liabilities;
- It be applicable to all eligible public and private sector employers including corporations, partnerships or proprietorships; and,
- As a demonstration of leadership, the BC public service commission increase the number of co-op placements across all the ministries, and ensure that these co-op placements are spread across all regions of BC.

**Labour Market and Human Resources Information and Planning**

30. The BC and Federal Governments should work with business associations to better **promote the awareness and understanding of government and private labour market programs and services**

*Find out...*

- What your staff truly value
- Align their motivations with what you want them to do for the company
- Clear understanding of your workers – regular interaction
- Who are they? Why are they working here?
- The motivation varies – flex schedule for one, need to be stimulated for another
- What really moves your employees to push themselves
- Establish rewards for behavior/practices/results that you communicate as the ideal



aimed at assisting small businesses, and about practical, low-cost things that small businesses can do to attract, recruit and retain human resources. Building on the WorkBC inventory of provincial labour market programs, both governments should produce an inventory of all (federal and provincial) programs.

31. The BC and Federal Governments should **develop specific and practical labour market information that small business owners, managers and**

employees and job-seekers, students and educators can use to make training, recruitment and career decisions at the local and sectoral levels.

32. The BC and Federal Governments should **promote small business human resource planning and ownership succession planning** as a strategic tool for companies to get on top of these problems and develop proactive strategies for addressing skill gaps.

## Immediate Priorities

Given the scope of work required to address the 32 recommendations The Chamber believes there is a need to focus the attention of stakeholders on those recommendations that require immediate attention.

While a number of our recommendations are longer term and perhaps less important in the short term, the following recommendations reflect immediate needs of small business and can be actioned fairly quickly:

- \* The BC Government work with the Federal Government to further expand the scope and the scale of the Provincial Nominee Program.
- \* The BC and Federal Governments should work together and exert appropriate influence on regulators to **fast-track foreign credential assessment and recognition processes/services** for Canada.
- \* The Federal Government should streamline and broaden access by small businesses to using the **Temporary Foreign Worker Program**.
- \* The BC Government **increase small business entrepreneurship, occupational training and employment activities and incentives for under-represented groups, including women, First Nations, disabled workers and youth**.
- \* The BC and Federal Governments should expand their **Training Tax Credit** programs to broaden it to include non-apprenticeship training as well as making eligible for tax credits other training such as workplace language training.
- \* The ITA should work with small business groups to **increase awareness and understanding of ITA** programs and processes among small businesses throughout BC.
- \* The BC Government should introduce a **co-op tax credit to BC business employers** for wages paid to qualified co-op students for work placements.
- \* The BC and Federal Governments should better **promote the awareness of labour market programs and services** that assist small businesses.
- \* The BC and Federal Governments should **develop specific and practical labour market information for small business owners and managers**.

## 6. NEXT STEPS AND THE BC CHAMBER COMMITMENT TO ACTION

In *Closing the Skills Gap*, The Chamber did not simply point fingers at others – we made commitments to action. These are listed in Appendix 2, and each of them was addressed, including the creation of the Critical Skills Task Force, working with government (and the ITA) to reform apprenticeship, promoting immigrant employment and qualification recognition, partnering on welfare-to-work strategies, and promoting the employment of persons with disabilities.

### What will The Chamber do?

The first step in addressing the skills gap priorities is for the The Chamber to participate in research and consultation to identify the key skills challenges facing small businesses throughout BC. This included the two major studies of the small business needs in the northern and southern interior regions with the Community Futures Association of BC.

The Chamber has also established momentum on its recommendations with the piloting of three Regional Skills Councils (more to come), a new Small Business Certificate training program, and engaging its members to actively participate in skills initiatives. Collectively, The Chamber’s membership provides a very effective and representative network of small businesses throughout the province.

#### *Framework for averting workforce crisis*

Focus on three cohorts:      Focus on three practices:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Mature workers</li> <li>• Midcareer workers</li> <li>• Young workers</li> </ul> | <ul style="list-style-type: none"> <li>• Flexible work arrangements</li> <li>• Flexible learning</li> <li>• Flexible compensation and benefits</li> </ul> |
|--|---|

Based on *Workforce Crisis*,  
Ken Dychtwald et al, 2006.



The Chamber will submit this report to appropriate Cabinet Ministers and senior bureaucrats in both BC and Federal Governments, and follow up with each to pursue the recommendations and priorities. This will include dialogue with the BC Government to ensure the BC Chamber is part of the next steps on implementing key aspects of the WorkBC Action Plan; as well as continuing involvement of the next steps of the Small Business Roundtable, including steering the development of the new Roundtable training initiative.

The Chamber demonstrated its commitment to action and follow up on the 2002 skills gap report as outlined in the beginning of this report and it is committed to working with governments, other business groups, local chambers, and other stakeholders to address the priority skills issues facing small businesses throughout British Columbia.

## What can others do?

Small businesses and the associations that represent them can do things to address skills gap issues. For example:

- Associations can co-operate on labour supply issues with other industry associations by helping small businesses with recruiting Aboriginal people, immigrants, persons with disabilities, women, etc.
- Associations can promote compensation and benefits programs to small businesses to help them attract and retain workers.
- Associations can partner with local schools and post-secondary education providers on co-op, apprenticeship and mentorship programs; and make presentations, donate equipment/tools, etc.
- Small businesses must clearly articulate their needs to their associations, local service providers, and government departments.
- Small businesses need to consider branding themselves and establishing an “employer of choice” reputation by undertaking regular HR planning and succession planning; creating employee recognition and reward programs; and offering flexible work arrangements (e.g. hours of work/flexible scheduling, telecommuting, job-sharing, etc.).

### *Developing a Workforce Strategy*

- Expanding the talent pool
- Recruiting out of province workers
- Recruiting permanent and temporary immigrants workers
- Retaining mature and older workers
- Enhancing skill levels
- Improving employer of choice branding
- Increasing labour productivity
- Exporting work



What can other stakeholders do?

- Provincial public and private post-secondary education and training organizations can meet with provincial and local small business groups and not rely solely on their program advisory committees.
- Employment service providers can ensure they connect with appropriate small business channels (e.g., chambers of commerce, industry associations, etc.) when offering placement services.
- Schools and school districts can work with chambers of commerce and other local business and industry groups to co-ordinate work experience placements and industry career presentations.
- Communities and local economic development agencies can host forums and planning sessions with small businesses on local labour supply solutions and tools.

- Aboriginal communities can work with business groups and local businesses to identify labour supply needs and create strategies for addressing them and partnering on economic development projects.
- Under-represented labour force groups can coordinate their contacts with small businesses and provide businesses with an integrated resource for recruitment and retention strategies.

Without pre-emptive action on the key skills gaps identified in this BC Chamber report, BC small businesses and policy makers will increasingly lose the competitive talent war. The Chamber has provided several suggestions to the BC Government and others for working together in the short and long terms to address these human capital issues as a key part of British Columbia's strategic economic direction. The Chamber will do its part in leading this action; we hope governments and other stakeholders will join us.

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## **APPENDICES**



## APPENDIX 1

### ***Closing the Skills Gap Recommendations (2002)***

1. Businesses should make it a priority to develop and retain their own skilled workforce through innovative human resource management, compensation, profit-sharing, motivational practices, etc.
2. Business, government and community service groups should make it a top priority to work together to develop partnerships and strategies to recruit and develop human resources from non-traditional sources of workers.
3. The federal and provincial governments should establish a government-business-Aboriginal task force on economic and employment opportunities.
4. Federal and provincial governments, professional and trade associations, educators, and immigrant service organizations should develop a fast-track foreign credential assessment and recognition service for immediate implementation in BC.
5. ESL training should be made more of a priority by federal and provincial governments and training institutions. More innovative work-based models should be implemented.
6. Business, professional and labour groups should work with and engage immigrant and multicultural service groups to develop partnerships to address barriers to the full participation of new Canadians in BC's economy and labour market.
7. The Conference Board of Canada's *Employability 2000+* should be formally adopted by secondary and post-secondary institutions and their respective ministries, to be a basis for curriculum in all programs at these educational levels.
8. The provincial government should ensure that public post-secondary institutions and school districts continue to make literacy and basic skill development an appropriate priority.
9. Business groups should partner with the Conference Board of Canada, Literacy BC, and governments to hold literacy "best practices" forums in BC.
10. Reform industry training and apprenticeship to be more flexible and responsive to the clients (employers and employees), using new models for training.
11. Governments and educators should work with business groups to develop practical training and retention tools for smaller businesses with no such expertise or economies of scale.
12. Governments should expand "welfare-to-work" training models using work-based training and industry groups to deliver it.
13. In unionized environments, employers and unions should work together to develop innovative human resource management and training practices that respond to skill needs and do not overlap into collective bargaining.

14. Business, labour, government and education should more aggressively champion and promote trades and technical careers and training among their constituents, particularly among young people, parents, educators, the media, and general public.
15. This is a systemic, cultural challenge—all stakeholders must work together to find resources to sustain a long-term awareness campaign.
16. The federal and provincial governments and business groups should explore and agree on implementing innovative new financing schemes that treat training as an investment. Specifically, a feasibility study should be conducted by government on the cost benefit of a “human resource investment tax credit” program.
17. Public policies and private practices should reflect the principle of “those who benefit from training should pay for this investment.”
18. The provincial government and school districts should significantly increase the number secondary school students in career-based, experiential programs such as Secondary School Apprenticeship, Career Technical Centres, Co-operative Education, etc.
19. Vocational and technical education programs offered by a number of post-secondary education institutions should adhere to consistent provincial standards. In the context of small business needs, training programs which create and adhere a consistent curriculum, such as the BC Chamber-sponsored *Business Edge*, should be expanded and supported in public policies.
20. The provincial government and post-secondary education institutions should significantly increase the use of flexible delivery methods throughout the province.
21. The provincial government and post-secondary institutions should increase learning capacity through the use of internet-based training. For example, if every full-time student enrolled in one internet-based course each term, it would increase access by twenty percent.
22. A provincial education and training plan and strategy should include private and non-profit training institutions as an integral component, both in the development of such a plan and the implementation of it.
23. The provincial government and education groups should encourage and stimulate public-private partnerships among post-secondary institutions (e.g., public institution-private institution, public institution-industry, etc.) – perhaps by offering financial incentives.
24. Business and industry groups should do more to profile and celebrate excellence and success in human resource development and work-based training, including publishing “best practices.”
25. Federal and provincial governments should play a more important role in providing useful information on human resource management and training for businesses. Such information could be posted on an interactive government or business website.

26. The provincial government should incorporate programs like *Fishing for Your Future* and *Oceans of Opportunities* into curriculum throughout the province, and provide schools with the resources to use and update career information.
27. With the increasing economic change and volatility, workers will continue to be laid off, and more of them will be older, middle-aged workers. Business, labour, communities and governments should work together to develop innovative, quick-response models and re-employment strategies that can be replicated throughout the province.
28. Federal and provincial governments should work closely with communities, business groups and First Nations people to proactively diversify regional economies and ensure a highly skilled local workforce.
29. The provincial government should develop an economic strategic plan, with input from key business, labour and community groups.
30. The provincial government should facilitate the development of a provincial human resource development strategy, led by the business community with input from labour, education and community groups.
31. The provincial government should re-negotiate a new labour market development agreement with the federal government that reflects stronger employer and workforce roles in its planning and implementation.
32. Government, business and labour leaders in BC should work together to develop a high-level workforce “pact” where trade-offs are sought among these constituencies for the best of the economic and social prosperity of the province.

## APPENDIX 2

### **The BC Chamber of Commerce's Commitment to Action and Leadership in *Closing the Skills Gap* (2002)**

There is no single solution to the skilled worker shortage in BC; only a balanced approach among education and training institutions, labour, governments, and business can resolve these problems. The BC Chamber of Commerce will provide its share of leadership and action to ensure the necessary changes are considered, planned and successfully implemented. Specifically, The Chamber will take the following actions:

1. The BC Chamber and its affiliated organization, the Leadership and Management Development Council of BC, will meet with major media outlets to raise concern about the need for immediate action to prevent serious skill shortages and the resulting disruption to economic growth in BC. ✓
2. The BC Chamber will form a “Critical Skills Task Force” to develop an action plan and strategy for Chamber members and other businesses and associations to address the skills gap challenges. ✓
3. The BC Chamber will provide direct input to the Minister of Advanced Education on the development of a new industry training and apprenticeship system in BC. ✓
4. The BC Chamber will work with the Canadian Chamber of Commerce to spearhead leadership on this issue at the national level. ✓
5. The BC Chamber will work with key representatives of women, First Nations, immigrants and visible minorities, and people with disabilities to promote partnerships and effective utilization of BC’s human resources among local chambers and small- and medium-sized businesses. ✓
6. In recognition of the provincial and regional economic development and employment potential, the BC Chamber will seek to initiate strategic partnerships and demonstration projects with First Nations and Aboriginal groups. ✓
7. The BC Chamber will work with key education groups such as parents’, educators’ and administrators’ associations to provide input, and develop partnerships for promoting trades and technical careers and industry training for small and medium-sized businesses. The Chamber will provide tools and information to local chambers to undertake such activities at the regional level. ✓
8. The BC Chamber will create a partnership with other groups to sponsor a “Small Business Recruitment, Human Resource Development and Retention Tool Kit” for use by companies throughout BC. ✓