



Conseil économique  
du Nouveau-Brunswick inc.

## **Conseil économique du Nouveau-Brunswick inc. (CÉNB) Report on the Survey on Workforce Requirements and Skills - June 2011**

The workforce heads the list of the top 10 main concerns of the Francophone business community as represented by the CÉNB for a sixth consecutive year.

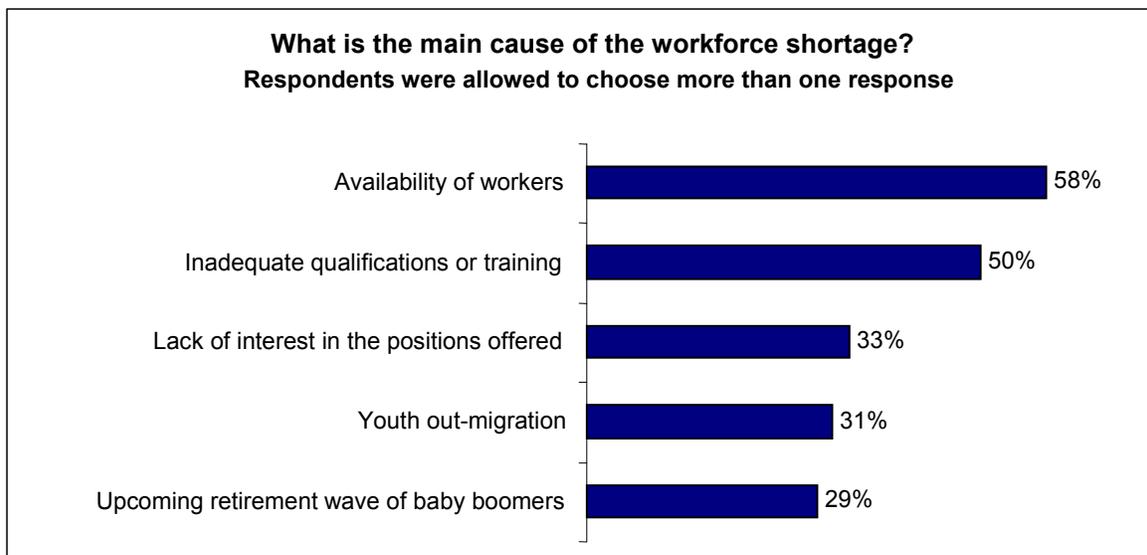
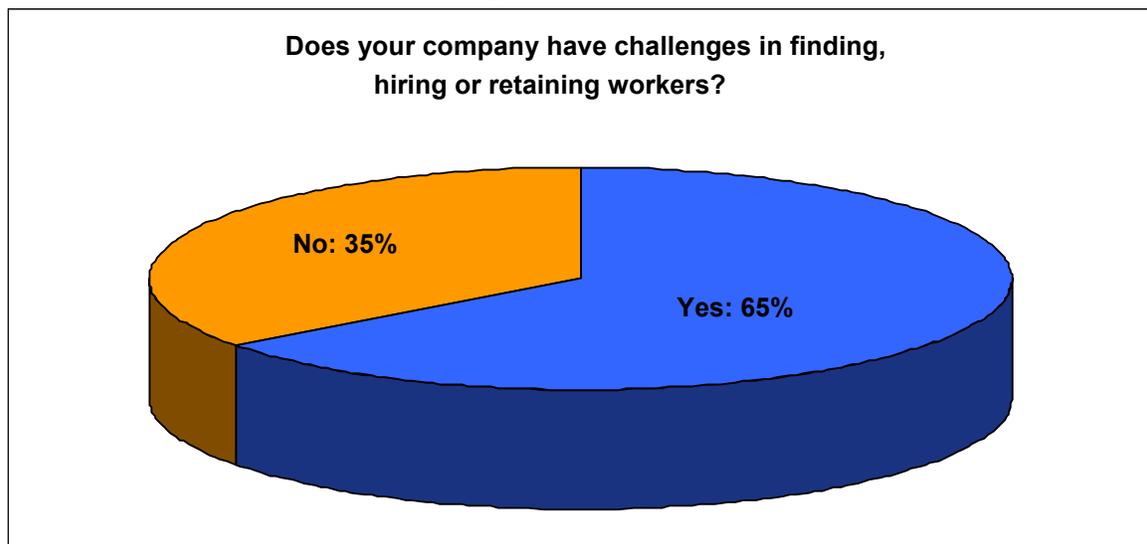
The CÉNB surveyed its members in March 2011 to gain further insight into the scope of this issue and their workforce requirements.

### **Challenges in Workforce Access, Hiring and Retention**

The following results were collected through a survey conducted among the members of Conseil économique du Nouveau-Brunswick inc. (CÉNB) in March 2011. These results are being published in a series of five articles. The first article addresses challenges in workforce access, hiring and retention.

Challenges in gaining access to workers were a concern for 65% of the survey respondents. According to the respondents, the three main causes of the workforce shortage are the availability of workers, lack of qualifications or training and lack of interest in the positions offered.

## Figures 1 and 2



### Highlights:

- 40% of respondents to the survey indicated that challenges in workforce access, hiring and retention are holding back the growth of their business.
- Companies in the manufacturing and processing industries and in tourism, accommodations and dining bear the brunt of the impact in this regard.
- The labour market is not necessarily experiencing an actual shortage of workers but rather skill gaps in key areas.

**Overview of the situation:**

One explanation for the shortage of workers in New Brunswick despite a high unemployment rate could be a gap between the skills of available workers and labour market requirements.

In exploring the reasons behind this lack of skills, it is important to look at the issue of literacy. Five levels of literacy have been defined:

**Level 1 (very poor skills):** The individual has great difficulty understanding and using written information. He or she has only rudimentary reading abilities and may not know how to write.

**Level 2 (poor skills):** The individual can deal only with simple, clearly laid-out texts relating to uncomplicated tasks. This category is important in that it is used to describe persons who may have developed coping skills to manage everyday literacy demands but would have a difficult time facing challenges such as learning new job skills.

**Level 3 (minimum required skills):** This is the level generally required to complete secondary school. The individual has fair reading skills but may have limited ability to carry out more complex tasks.

**Levels 4 and 5 (advanced skills):** Reading skills are higher at these two levels in that individuals are able to process multiple information sources at once or solve more complex problems.

According to the Fédération d'alphabétisation du Nouveau-Brunswick, 68% of Acadian and Francophone adults in the province fall into either of the two lowest literacy categories (level 1 or 2). In terms of numbers, this translates into 160,000 people in levels 1 and 2 competing for 50,000 jobs available to these skill levels, which explains the high unemployment rate.

Meanwhile, another 180,000 jobs require level 3 skills, yet only 80,000 workers fall into this target category, which explains the challenge in gaining access to workers.

Finally, youth out-migration and retention problems can be attributed to the low employment rate for level 4 and 5 jobs in the province. For every 100,000 workers falling into either of the highest literacy categories there are only 85,000 jobs.

**Recommendations:**

Based on the preceding information, the CÉNB supports and recommends measures assisting our small and medium-sized enterprises (SMEs) in gaining access to a pool of qualified workers with suitable skills. This would enable businesses to increase productivity and help to attract new businesses to set up shop in New Brunswick. These measures include:

- increasing government involvement in supporting literacy and the acquisition of essential skills
- ensuring that government training programs target not only job creation and returning employment insurance claimants to the workforce but also increasing certification levels, training and even

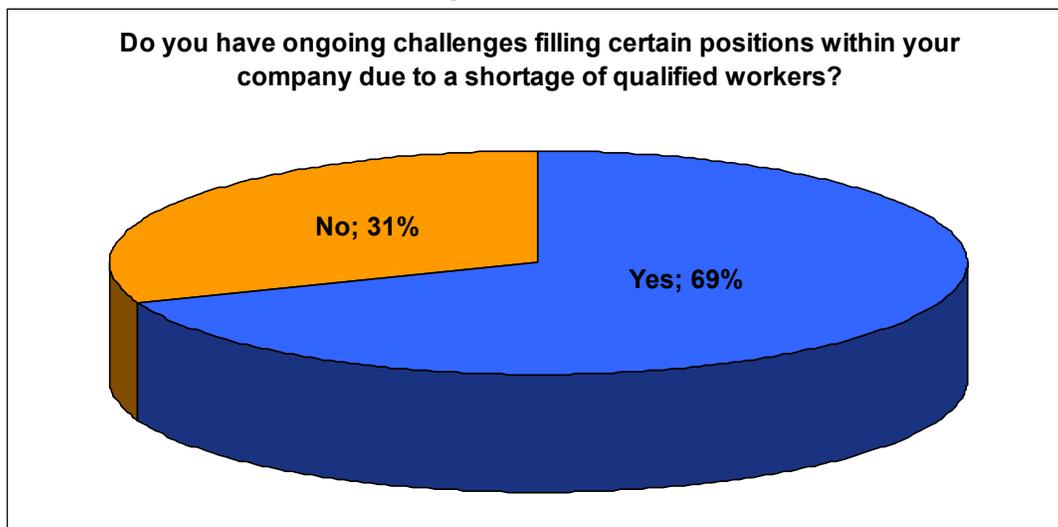
recognition of prior learning in light of the current and increasing trend toward a labour shortage rather than a lack of jobs

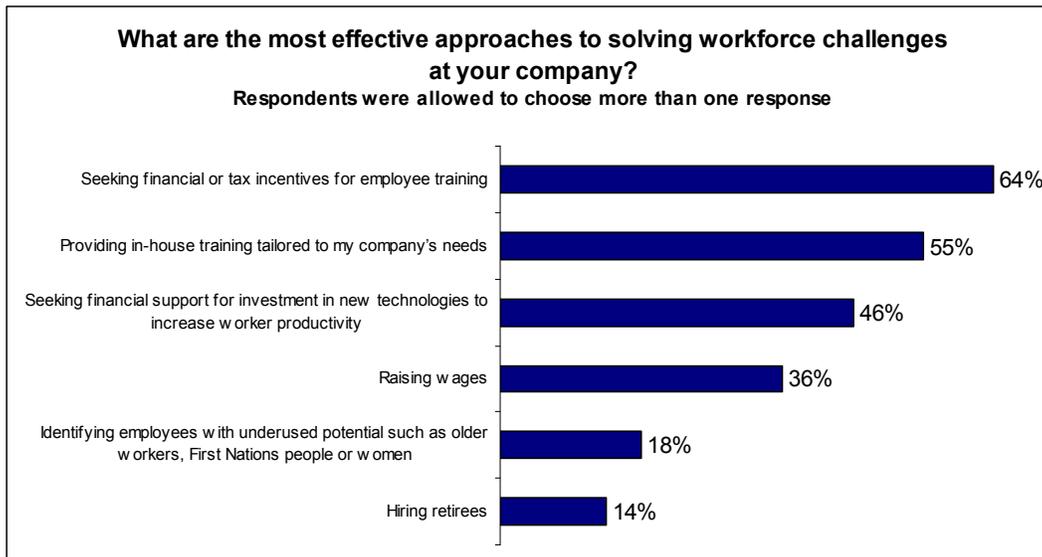
- ensuring that assistance programs address the root cause of unemployment and under-employment, this being the lack of work skills and workplace training
- fostering an economic context in which businesses are encouraged to innovate, invest and develop with the purpose of increasing the number of jobs of interest to people with advanced qualifications who can in turn create additional business opportunities for their employers.

### **Challenges in Recruiting for and Filling Positions**

69% of respondents cited ongoing challenges in filling certain positions within their companies due to a shortage of qualified workers. 28% of respondents indicated that they hire from outside of their immediate region to fill certain positions.

**Figures 3 and 4**





**Highlights:**

- According to seven out of 10 respondents, the positions for which they are forced to recruit from outside of the region are typically professional in nature (lawyer, teacher, officer).
- The companies responding to the survey hire two to five new employees each year.
- 69% of respondents expressed interest in either hiring a Francophone newcomer to the region or taking one on as a volunteer, intern or apprentice.

**Overview of the situation:**

It is important to consider the specific context in which New Brunswick's economy has developed. New Brunswick is a primarily rural province whose reality is shaped by two major factors: a relatively low population density and economic activities based mainly on natural resources, such as fishing, farming and mining.

An aging population, migration to the province's urban centres, low education levels, difficulty in attracting skilled workers, the higher cost of operating businesses in rural areas, the transition from a mainly natural resource-based economy to a knowledge economy, economic globalization and greater openness of economies are among the many economic challenges faced by rural communities in Acadian and Francophone New Brunswick.

Moreover, current socio-economic trends tend to favour the knowledge-based economy, driving the productivity and competitiveness of rural regions further downward as the exodus of people to cities and metropolitan areas continues. For example, a surplus of qualified teachers in most urban centres means that school districts there rarely need to hire staff from outside of their immediate area. This is not necessarily the case in rural communities.

This state of affairs highlights the importance of adjusting supply to demand. In 2009, the Réseau de développement économique et d'employabilité du Nouveau-Brunswick (RDÉE NB) developed a provincial strategy concerning the knowledge economy for New Brunswick's Acadian and Francophone communities.

One of this strategy's three objectives was to make New Brunswick's human capital more skilled and proactive. This requires closer alignment of training and education offerings with the needs and new realities of people, businesses and communities. Adjustments in this regard will require action from government, public institutions, employers and economic players on issues relating to labour market information and adaptation of the education and training system to meet the needs of the knowledge economy.

**Recommendations:**

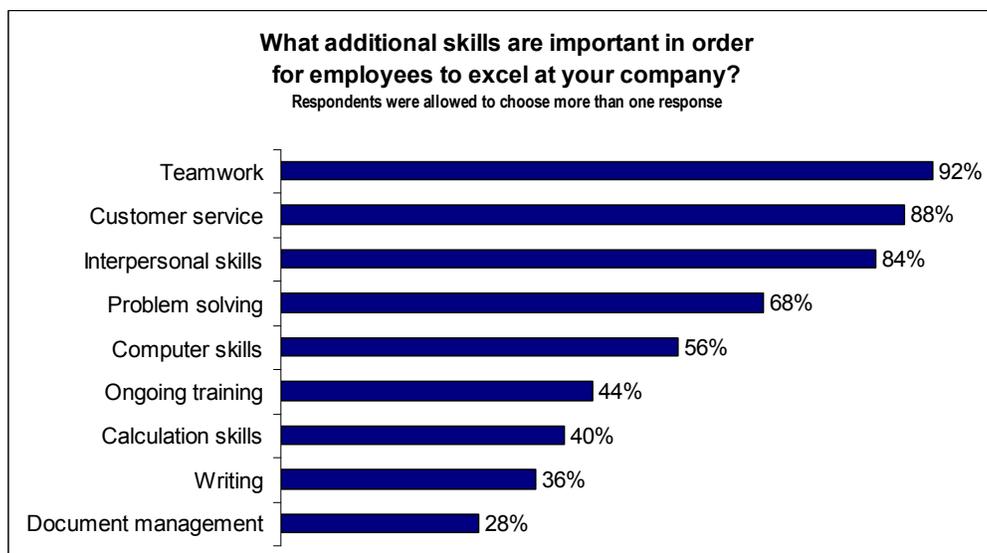
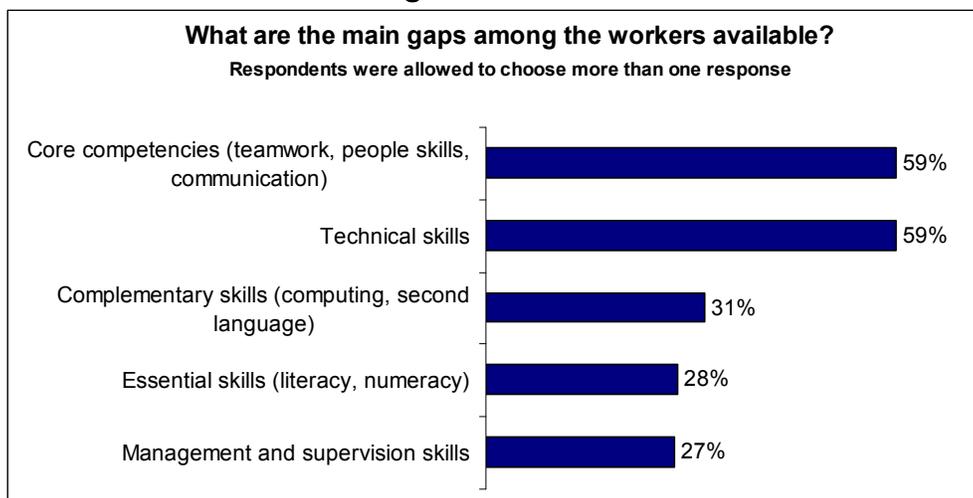
Based on the preceding information, the CÉNB supports and recommends the following measures:

- aligning education and training offerings to the needs and new realities of people, businesses and communities and ensuring their compatibility with the transition to a knowledge economy
- adopting the use of financial and tax incentives to promote greater workforce participation in continuing education initiatives
- assisting companies in developing a knowledge-based entrepreneurial culture
- encouraging employers and the academic community to work together with respect to recognition of prior learning
- acknowledging the financial contributions, academic backgrounds and qualifications of workers from abroad and streamlining procedures, processing time and recognition of these people's credentials.

## Required Skills in Our Workforce

According to the survey respondents, the main gaps in terms of worker availability relate to core competencies (teamwork, people skills, communication) and technical skills.

### Figures 5 and 6



### Highlights:

- According to the Fédération d'alphabétisation du Nouveau-Brunswick, 68% of Acadian and Francophone adults in the province fall into either of the two lowest literacy categories (level 1 or 2). In other words, the adult Acadian and Francophone population has very low core competencies and poor literacy skills.

**Overview of the situation:**

These competencies and skills are required to carry out a wide range of work-related tasks on a daily basis. Technical skills are not limited to those required to perform the work of specific positions but in fact include skills applicable to all positions in general. For example, a great number of jobs call for strong writing skills, although the level of complexity and frequency of use may vary from one job to the next.

Core competencies form a foundation on which people build additional skills as they develop at work and learn to adapt to changes in their work environment. Before people can develop core competencies and technical skills, therefore, they must first have certain essential skills, including literacy skills, particularly in today's rapidly evolving labour market.

In the spring of 2008, the CÉNB surveyed its members on the skills development and training programs offered by the Department of Post-Secondary Education, Training and Labour to assist workers in New Brunswick in improving their skills and preparing for the jobs of tomorrow.

Among the recommendations emerging from the 2008 survey, three programs were identified as the most beneficial for businesses and their employees:

- (1) technical and financial assistance from the government for employees needing to acquire new skills or update their existing skills in order to keep their jobs
- (2) "customized" ongoing training and development offered through educational institutions
- (3) on-the-job training to support development of competency profiles by trade or profession.

**Recommendations:**

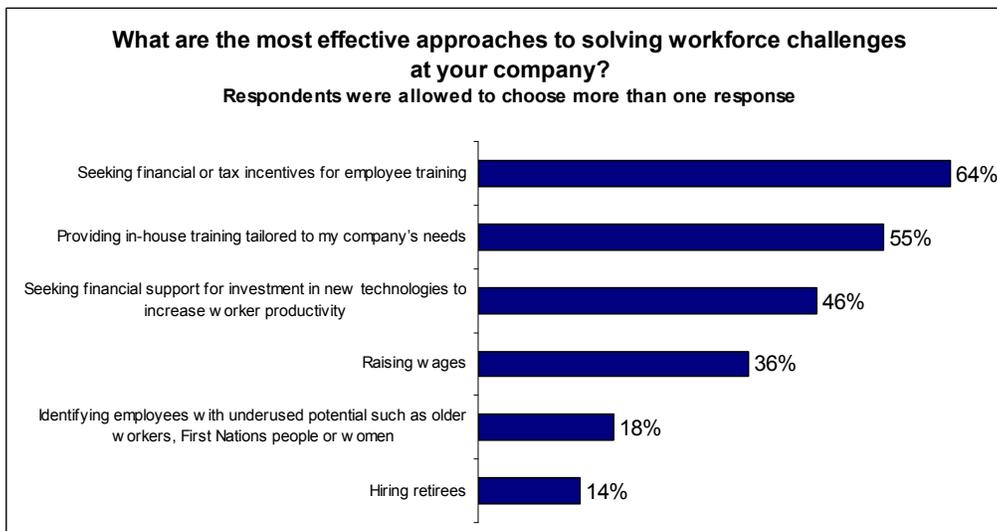
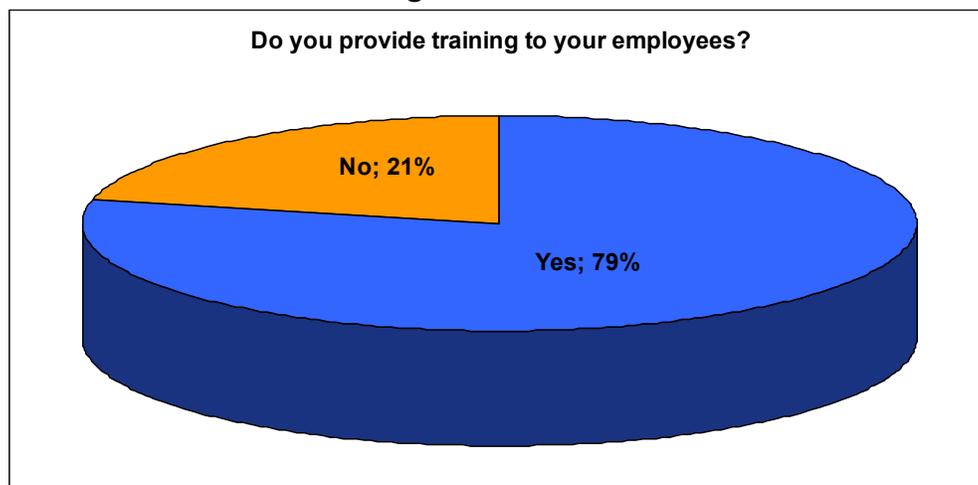
The CÉNB proposes adopting an awareness-raising approach among businesses and workers with respect to recommendations:

- educating current and future employees about the importance of developing and improving essential skills
- promoting the benefits of a healthy learning culture in the workplace (examples of tangible benefits: improved performance, reduced turnover, increased company productivity and competitiveness, etc.)

## Training Our Workforce

Based on the survey results, 79% of respondents provide training to their employees. According to the respondents, popular approaches to solving workforce challenges include seeking financial or tax incentives for employee training, providing in-house training tailored to the company's needs and seeking financial support for investment in new technologies to increase worker productivity.

### Figures 7 and 8



### Highlights:

- Companies provide 10 to 20 hours of in-house training annually on average.
- 19% of respondents stated that they make use of government programs for worker training.
- Companies prefer in-house training, ongoing training and customized training.

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### **Overview of the situation:**

Like other Canadian provinces, New Brunswick is experiencing a well-documented demographic decline. Due to this negative demographic growth and the increasing scarceness of workers, companies need to increase their productivity. Worker training, qualification and skill enhancement are clearly approaches that can help businesses achieve productivity gains.

For companies this evidently involves maintaining continuity of operations at consistent levels of productivity, quality and customer service. This makes the importance of training obvious. It is necessary to raise awareness among businesses in this regard about the direct value added by workforce training:

- One year of additional training or education can increase manufacturing productivity by 8.5% and service productivity by 12.7%.
- Every dollar spent on training generates \$1.38 in return to employers.
- Up to 55% of the GDP is influenced by the literacy level of the adult population.
- A 1% increase in the national literacy level increases productivity per employee by 2.5% and adds \$32 billion to the national income.

### **Recommendations:**

Fostering or growing the culture of ongoing training among businesses and workers is clearly the priority. It is essential in today's world to support the employers and the workforce in embracing this vision. The CÉNB proposes the following measures:

- promoting awareness and education among current and future employees about the importance of developing and improving their essential skills
- promoting the benefits of a healthy learning culture in the workplace (examples of tangible benefits: improved performance, reduced turnover, increased company productivity and competitiveness, etc.)
- adopting the use of financial and tax incentives to promote greater workforce participation in continuing education initiatives
- encouraging employers and the academic community to work together with respect to education, training and recognition of prior learning.

### **Conclusion**

Workforce training and availability remain critical factors in ensuring the ongoing success and growth of companies in New Brunswick. In today's global economy, companies located anywhere in the province find themselves competing against their counterparts in China, India, Europe and the United States. It is

consequently natural for them to seek to hire the best-qualified workers to provide for the vitality, growth and development of their business.

A company's value can also be measured in terms of its human capital. The success of our businesses in this regard is subject to the availability of workers with core competencies and technical skills and access to ongoing education and training. Although businesses may have a role to play in helping workers to gain core competencies and technical skills, the CÉNB questions whether these businesses should be solely responsible for delivering employee literacy training.

Our companies need access to a skilled workforce without having to dedicate their training time to conveying skills classified as basic. In our opinion, this is the role of government through our educational institutions. Moreover, it is important to promote awareness and education among current and future employees about the importance of developing and improving their essential skills.

Also in the area of training, the CÉNB encourages post-secondary educational institutions to foster stronger ties with the private and public sectors alike with a view to identifying the workforce requirements of the future. Employers and organizations delivering study programs need to work together now to forecast workforce needs and availability over the years to come.

The CÉNB contributed recently to development of a provincial strategy concerning the knowledge economy for New Brunswick's Acadian and Francophone communities initiated by the Réseau de développement économique et d'employabilité du Nouveau-Brunswick (RDÉE NB). The CÉNB deems it crucial to define a strategy in this area if New Brunswick is to make the most of the opportunities created by the knowledge economy. The CÉNB strongly encourages the government to adopt measures in this regard to help give New Brunswick businesses an edge in today's economic context.

Lastly, the CÉNB encourages businesses to innovate, invest and develop with a view to increasing the number of jobs of interest to people with advanced qualifications who can in turn create additional business opportunities for their employers.

### **About the CÉNB**

The Conseil économique du Nouveau-Brunswick inc. (CÉNB) is dedicated to promoting and supporting entrepreneurship among New Brunswick Francophones and defending the interests of the Francophone business community to government.