



'Talentism,' Mobility and Migration: Implications for BC's Labour Market

"Canada's skills shortage has risen to a 'crisis' level and [is] deemed the #1 barrier to the country's economic competitiveness according to the Canadian Chamber of Commerce."¹

"The Conference Board of Canada estimates that skills gaps cost the Ontario economy up to \$24.3 billion in foregone GDP – as well as \$4.4 billion in federal tax revenues and \$3.7 billion in provincial tax revenues – annually."² Extrapolating from this and using GDP in BC suggests some \$8 billion in foregone GDP from skills gaps in this province each year, which is \$0.5 billion more than the BC government's annual education and training budget.

While debate continues on "talent globalism" versus local hiring in terms of where employers find qualified human resources, the reality is that Canada and British Columbia (BC) need both – to fill jobs, we must seek out British Columbians and out-of-province and international workers concurrently.³

Discussions of Canadian human capital and workforce issues often exhibit a rather insular policy focus. This article argues that public and private sector leaders must find a better balance in both internal and external orientation towards human capital development, mobility and migration. British Columbia's workforce policies have to look beyond the province's borders to address changing labour supply requirements.

The demographic and global facts speak for themselves.

In an enlightening presentation at the Immigrant Employment Council of BC's *Mind the Gap 2014 Summit*⁴ in Vancouver earlier this year, Dr. Demetrios Papademetriou, founder of the Migration Policy Institute (MPI) in Washington, D.C., referred to a demographic "triple-squeeze" in Canada: lower fertility rates; higher median ages of the population; and a higher old-age dependency ratio.

Table 1 below – presented by Dr. Papademetriou – shows that BC is not particularly well-positioned in demographic terms, considering that a 2.1 fertility rate is required to replenish the population over time. BC's median population age is higher than some other jurisdictions but still lower than the Canadian average (and below some international competitors). Persistent low fertility, if not offset by net migration, will lead to shrinking pools of workers and consumers, faster population aging, and negative demographic momentum. Dr. Papademetriou stated that "beggar-thy-neighbor labour market policies that seek to protect the jobs of domestic workers above all else (what the The Economist has called 'people protectionism') will prove to be shortsighted when it comes to the talent and competitiveness game."⁵

¹ The Canadian Chamber of Commerce, Tackling the Top 10 Barriers to Competitiveness 2014. Ottawa, Canada. February 2014, p. 5.

² James Stuckey and Daniel Munro, The Need to Make Skills Work: The Cost of Ontario's Skills Gap. Prepared for The Conference Board of Canada, June 2013.

³ While there is an important role for temporary foreign workers in parts of Canada as a component of a comprehensive workforce strategy, this article, in appropriate sections, will focus on international workers

seeking permanent resident status as well as existing landed immigrants. We do not consider the role of TFWs.

⁴ Immigrant Employment Council of BC, Mind the Gap Summit 2014 Final Report, 2014.

⁵ Demetrios Papademetriou, Migration Policy Institute, Talent, Competitiveness and Migration. March 31, 2014 presentation at IEC-BC Mind the Gap Summit.

Table 1 – International Demographic Indicators					
Country	Total Fertility Rate (children per woman) 2005-2010	Median Age of population 2010	Old-age Dependency Ratio ⁶ 2010	Old-age Dependency Ratio 2030 (projected)	Median Age of Population 2030 (projected)
Japan	1.32	44.9	36	53	51.4
Germany	1.36	44.3	31.6	48	48.8
Italy	1.38	43.3	30.9	44	49.7
France	1.97	40.0	25.9	41	42.4
B.C.	1.46 (2013)	41.7 (2013)	25.9 (2013)	43.5 (2036)	44.1 (2036)
Spain	1.41	40.2	25.2	36	48.0
U.S.	2.07	37.1	19.5	32	39.1
Russia	1.44	38.0	18.2	30	43.3
Canada	1.63	39.7	20.4	37.4	42.8
Norway	1.92	38.7	22.7	33	40.3
China	1.64	34.6	11.4	24	42.5
India	2.61	25.5	7.8	12	31.2

Source: Migration Policy Institute; United Nations, *World Population Prospects: The 2012 Revision*; Statistics Canada, *Population Projections 2009 to 2036*.

MPI is not alone in its assessment of the global demographic and talent dynamics. Strategically linking the global and local talent paradigms is critical for our economic future. The importance of human capital to BC's and Canada's economic growth and competitiveness is predicated on the following four fundamentals:

1. Talentism

Klaus Schwab, founder and Executive Chairman of the World Economic Forum, described this concept as follows: "The success of any national or business model for competitiveness

in the future will be placed less on capital and much more on talent. We could say that the world is moving from capitalism to talentism." The era of "talentism" means cash flows are likely to follow talent flows and "cluster around masses of talent, more easily than vice versa," according to Morehouse and Clemens.⁷ They postulate that, "[W]inning at the talent game is not merely a matter of buying talent by successfully competing for scarce skills on the global labor market. Investing in talent,

⁶ The old-age dependency ratio is the ratio of the population 65 years and over to the population aged 15 to 64, multiplied by 100.

⁷ Christal Morehouse and Michael Clemens, *The Big Picture on Global Talent: How to Better Compete for, and Grow Talent*, Bertelsmann Stiftung, 2013, p. 3.

growing talent at home **and** abroad are important ways of winning the talent game.”⁸

2. Mobility

Mobility is the physical movement of labour within or across organizations, industries, occupations or jurisdictions. It can be temporary or permanent, and may involve people transitioning from unemployment to employment.⁹

In “Talent Mobility Good Practices,” the World Economic Forum identified the key labour market issues facing organizations, governments and individuals:

1. Widespread unemployability that exists because of the lack of basic employment skills.
2. Critical skills gaps between what job-seekers and employees possess and what businesses need and want.
3. Information gaps that make it difficult for labour markets to match workers to jobs effectively – workers and employers both lack the necessary information, and labour markets do not always provide clear signals on skill needs and job openings.
4. Public and private sector constraints on mobility that impede the ability of markets to balance supply and demand by adjusting wages or the number of workers (e.g. government wage laws and visa restrictions, union rules, or professional credentialing restrictions).¹⁰

3. Migration

The migration of skilled workers within BC, from other parts of Canada, and from other countries represents more than 100% of the province’s net population and workforce growth (since the fertility rate is well below the replacement level). Therefore, migration is critical in meeting labour market demand and filling key job vacancies.

Migrants accounted for 70% of labour force growth in Europe over the last decade and for 47% in the United States over the same period.¹¹ In BC, one-third of job openings to 2020 (340,000 openings) are expected to be filled by migrants. How we prepare for this era, in which people and not capital increasingly will create the balance of wealth and prosperity, will depend largely on two factors: migration and skills development. Migration and the competition to attract people of working age are already a priority for decision-makers and policy-makers in many jurisdictions.

4. Talent Hubs

According to Marder, a talent hub is “a location that contains a critical mass of talent with the skills and expertise required by employers in a specific company, industry or collection of industries.”¹² In the past, businesses have generally moved people to jobs in order to meet their expansion requirements. Marder notes that, “While mobility gets the job done, it can be expensive and does not fully tackle the scale of intervention now required.”¹³ As a result, more businesses today are looking to move jobs *to* people.

⁸Ibid, p. 13.

⁹ Definition adapted from The ManpowerGroup, 2014 Talent Shortage Survey, 2014, <http://manpowergroup.ca/campaigns/talent-shortage-2014/>.

¹⁰ World Economic Forum, Talent Mobility Good Practices: Collaboration at the Core of Driving Economic Growth. Prepared in collaboration with Mercer, 2012.

¹¹ Barbara Marder, Creating and Sustaining Talent Hubs: Four Accelerators that will Advance Talent Development. Prepared for Mercer and Bertelsmann Stiftung, 2013, p. 2.

¹² Ibid, p. 3.

¹³ Ibid, p. 3.

The relevance of this for BC is that Marder suggests talent hubs can be driven by the existence of natural resources in “a particular location and thus the need for talent with the skills to effectively exploit those resources.”¹⁴ She further claims that four “critical accelerators” can speed up the creation of productive, sustainable talent hubs:

1. Education that prepares people with the knowledge and skills necessary for their roles.
2. Health and wellness in a population and workforce to improve productivity and accelerate talent development.
3. Access to progressive opportunities for growth and career development.
4. Enablers or underlying infrastructure such as workforce planning and talent management and related systems, socio-cultural supports, physical infrastructure and the right public policies.

Migration, mobility and talentism are the new metrics for economic and human capital success for all countries and businesses. Those who benchmark against these indicators through innovating, taking risks and showing leadership will position themselves for jurisdictional and business prosperity.

The BC Labour Market Context

“Investment in building human capital and in upgrading workers’ skills, education and training are perhaps the most critical areas to attend to if policymakers want to achieve higher productivity. This should include a focus on improving the human capital of lower-skilled individuals who make up a significant fraction of Canada’s workforce.”¹⁵

It is an understatement to say that into the next decade and beyond demographic trends will reduce the pool of skills available in many jurisdictions, thereby increasing the competition for talent. The BC government projects more than one million job openings to 2020, at a time when insufficient numbers of students (530,000) are expected to graduate from the province’s K-12 system. This means that many employers and some industry sectors in BC will not have the necessary domestic talent to meet their needs.¹⁶

While a new BC Labour Market Outlook publication to 2022 is imminent – including a forecast of LNG employment – the existing Outlook which runs to 2020 projects that growth in the demand for workers will exceed growth in labour supply. This will lead to an estimated aggregate shortfall of 61,500 workers by 2020. As a result, “[T]he BC labour market is expected to rely increasingly on migrants (net arrivals from other parts of Canada and from other countries) for new labour supply over the outlook period. New migrants to BC are expected to fill one-third of job openings to 2020.”¹⁷ As depicted in Chart 1 below, the Ministry of Jobs, Tourism and Skills Training projects that the demand for workers will begin to outstrip expected supply as early as 2016.

Resource industries, construction, value-added manufacturing and service sectors such as technology and health care are all facing challenges in filling vacancies. Future worker shortages will be exacerbated if even a few of the LNG projects on the books in BC come to fruition. If five LNG plants get built, the province estimates there could be up to 58,700 direct and indirect construction jobs and another 23,800 positions related to LNG plant operations.¹⁸

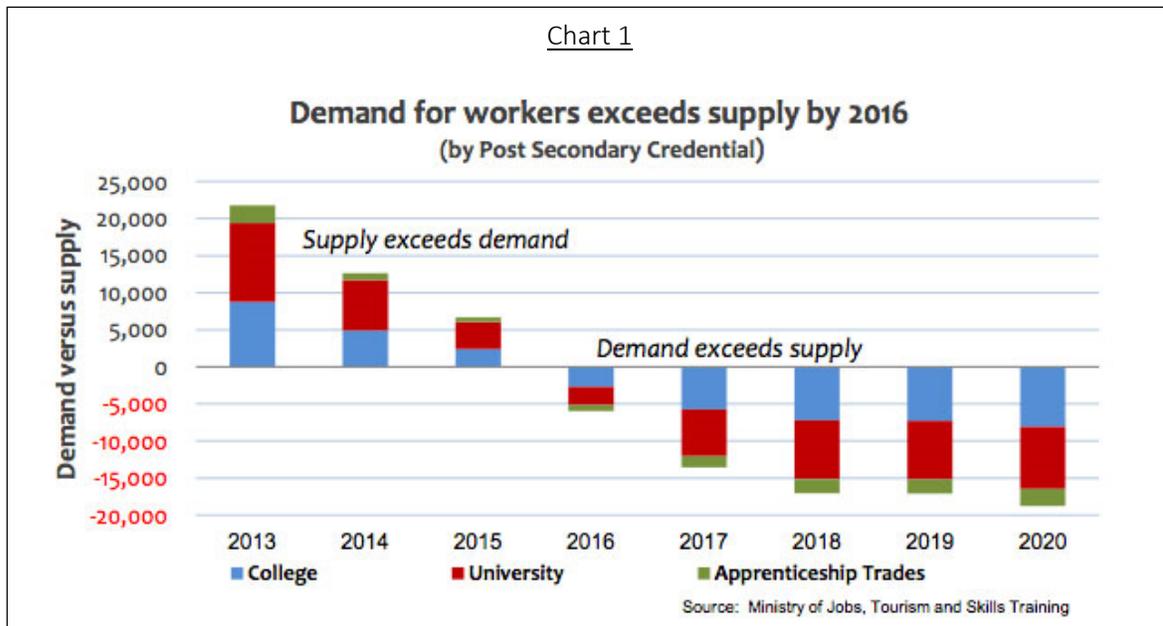
¹⁴ Ibid, p. 4.

¹⁵ Ken Peacock and Jock Finlayson, “Productivity: BC’s Position and Why We Should Care,” Policy Perspectives, Business Council of BC, Volume 20, Issue 3, August 2013, p. 5.

¹⁶ Government of BC, WorkBC, British Columbia Labour Market Outlook 2010-2020, 2013.

¹⁷ Ibid., p. 4.

¹⁸ Brent Jang, “BC to Release LNG Tax Laws Next Month” The Globe and Mail, September 21, 2014.



Collectively, the manufacturing industry is the province's third largest source of employment and a vital contributor to BC's exports. The Canadian Manufacturers and Exporters' BC division estimates that the sector will need to attract up to 88,000 new workers through 2020, to fill vacancies created by a mix of retirements and growth.¹⁹

According to the BC government's current Labour Market Outlook, the four occupational groups with the largest number of projected job openings to 2020 are:

- Sales and Service Occupations;
- Business, Finance and Administration Occupations;
- Trades, Transport and Equipment Operators and Related Occupations;
- Management Occupations.

These categories alone account for 68% (684,000) of all projected job openings to 2020.²⁰

At the global level, in its 2014 Talent Shortage Survey the ManpowerGroup – a US-based workforce solutions leader – identified the top ten occupations in which employers globally are having the most difficulty filling vacant positions:²¹

1. Skilled Trades
2. Engineers
3. Technicians (primarily production/ operations, engineering or maintenance)
4. Sales Representatives
5. Accounting & Finance staff
6. Management / Executive (Management / Corporate)
7. Sales Managers
8. IT Staff (primarily programmers/ developers)
9. Secretaries, PAs, Receptionists, Admin. Assistants & Office Support staff
10. Drivers

¹⁹ Alliance for Manufacturing in BC, Manufacturing Matters: <http://manufacturingbc.com/manufacturing/>.

²⁰ Government of BC, WorkBC, op. cit.

²¹ The ManpowerGroup, op. cit.

Add Nurses and Labourers to the list, and these categories are very similar to the lists of BC and Canadian occupations with the most vacancies. This underscores both the global competition for talent and why BC and Canada will find it difficult to rely solely on traditional sources of human capital to meet future labour needs.

A subsequent article (to be published by the Business Council in November) will focus on important BC talent pools such as Aboriginal people, immigrants and those with lower education levels and literacy skills and discuss their role in helping to address labour supply challenges.

The BC Workforce Public Policy Context

The provincial government has a plan to fill the projected job openings to 2020, through the following tracks:²²

1. 670,000 new workers to be sourced from within BC through high school and post-secondary graduates, apprenticeships and labour market programming.
2. 75,000 workers from across the rest of Canada through labour mobility and credential harmonization.
3. 265,000 international workers through federal and provincial immigrant streams, temporary foreign workers, and foreign qualifications recognition.

Six recent public policy developments will influence the context for labour market and human capital development in BC:

1. ***BC's Skills for Jobs Blueprint: Re-Engineering Education and Training***

This is BC's most comprehensive and ambitious skills reform agenda in several years. It includes several initiatives touching on K-12 education,

post-secondary education, apprenticeship training, and training and employment for Aboriginal peoples (some of these are linked to potential liquefied natural gas projects). It is predicated on having good labour market and other information on which to base funding decisions and to better link education, training and employment programs to high-demand labour market needs. The blueprint includes expanded high school trades and career initiatives, targeting a portion of post-secondary funding for high-demand jobs, and creating a Labour Market Priorities Board to vet funding and policy decisions.

2. ***Implementation of the McDonald Report, The Industry Training Authority and Trades Training in BC: Recalibrating for High Performance***

This report contains 29 recommendations, all accepted by the BC government. The ITA recently announced its Transition Plan that contains details on implementing these recommendations, including transforming and broadening industry engagement (e.g. Sector Advisory Groups), launching an LNG Trades Action Plan, realigning trades investments with labour market demand targets, and enhancing ITA's capability through Apprenticeship Advisors, Aboriginal Advisors and other means. ITA's goal is to move toward a high-performance, customer-focused organization – which is timely, responsive and demand-driven. Ultimately, the key to ITA's success will be engaging more employers (including SMEs) to sponsor apprentices, increasing participation and completion in apprenticeship programs, and creating innovative, flexible training models.

²² Dave Byng, Deputy Minister of Jobs, Tourism and Skills Training, *Attracting Skilled Immigrants to BC*. Presentation at March 31, 2014 IEC-BC's Mind the Gap Summit 2014.

3. The Premier's LNG Working Group Final Report

This report contains 15 recommendations on LNG workforce-related priorities. The Working Group terms of reference and structure are in the process of being refined. While the recommendations to date focus mainly on trades occupations, the report notes that workforce efforts will need to be broader in scope than simply apprenticeships. The Working Group, which will also be the ITA's LNG (including Natural Gas) Sector Advisory Group, is composed of LNG industry, labour, First Nations and government representatives. It is hoped that the Working Group will facilitate coordination and action on LNG training and employment priorities.

4. Overhaul of the federal Temporary Foreign Worker Program (TFWP)

Recent changes in the TFWP requirements will make it much more difficult for Canadian employers to recruit temporary workers for low-skilled, low-wage jobs. The changes are expected to have less impact on high-skilled, higher wage jobs, although such applications for TFWs will require a comprehensive transition plan, more rigorous record-keeping, and compliance checks and requirements. Various industries across the country are concerned that these changes will significantly reduce the TFWP's contribution to labour supply in many economic hotspots, particularly surrounding major projects.

5. Express Entry for permanent international migrants

The federal government's new Express Entry application system will replace a first-come, first-in-the-door process that in the past has created waiting periods of two-years or more and long lists of potential immigrants. The new system is intended to create a pool of pre-qualified candidates ready to work in Canada, from which employers and governments can

select prospective immigrants based on needed skills. Many elements of the Express Entry system will be web-based and automated. For this new system to work, employers (particularly SMEs) will need education and support on using Express Entry for recruiting from economic immigrant streams, namely the Federal Skilled Worker Program, the Federal Skill Trades Program, the Canadian Experience Class program, and the BC Provincial Nominee program.

6. Changes in Federal-Provincial Labour Market Agreements

The introduction of the Canada Job Grant and reform of the Labour Market Agreement into the Canada-BC Job Fund, including the Canada-BC Job Grant, as well as possible impending changes in the Canada-BC Labour Market Development Agreement, have created uncertainty for many parties but also point to potential opportunities for positive change in the labour market arena. Both levels of government are in the process of negotiating arrangements around immigration, temporary foreign workers, etc. Employers, employees and job-seekers will need a clear, smooth transition to and effective implementation of these new federal-provincial arrangements.

Most of the above noted major policy developments (except the TFWP changes) have the potential to enhance the attraction, recruitment, development and retention of qualified talent in BC. If they all meet their policy goals, the province should be better-positioned to compete for talent globally and domestically. The proof of their success will be in their execution, timeframes, and engagement of key players, and in linking workforce supply to demand, while managing all the "moving parts" of the labour market landscape.

Critical success factors for optimizing mobility, migration and talent development in BC include the following:

1. Effective coordination, integration and harmonization of policy, funding and delivery.
2. Ensuring K-12 curriculum and programming and post-secondary education are aligned with high-demand occupations.
3. Increasing apprenticeship and trades training participation and completion rates through flexible, innovative and demand-driven training and certification.
4. Increasing literacy and raising high school completion rates.
5. Full utilization of immigrant talent.
6. Successful implementation of the new federal Express Entry system.
7. Developing and sharing strategic and tactical labour market information.
8. Increasing science, technology, engineering and math (STEM) education, training and career promotion.

Conclusion

The BC Jobs Plan's key sectors have one thing in common: they are all global or international sectors, including LNG, technology, advanced manufacturing, energy and mining, forestry, transportation and tourism. To compete and grow, these sectors and the province must adopt global *and* local approaches to workforce development and talent mobility. The [BC Jobs Plan 3-Year Progress Update](#) reiterates the need to "prepare British Columbians to be first-in-line for job opportunities through skills training."²³ This must not negate the necessity for balance in BC's talent strategy, particularly for certain sectors, occupations and regions. We need a three-pronged concurrent approach to develop and attract British Columbian, Canadian and international talent.

²³ Government of BC, [BC Jobs Plan 3-Year Progress Update](#) September 2014.

As Scott Gilmore says in a recent [MacLean's](#) piece:

"According to newly released data, Canada's population growth is slow and getting slower. This is bad news. Great nations are not made from fewer workers, fewer youth and more retirees. If Canada wants to thrive, if we want to influence the world, we will have to change this. We need immigrants and we need lots of them."²⁴

A follow up to this article, to be published as the November issue of the Business Council's *Human Capital Law and Policy* newsletter, will review the success factors/risks and discuss strategies for addressing them so as to maximize talent development, mobility, migration and labour market success in BC.

This edition of *Human Capital Law and Policy* was guest authored by **Kerry Jochen**. For the last 13 years, Kerry Jochen has been the CEO of **Human Capital Strategies**, a Vancouver-based strategic HR consultancy. Previously, he was the CEO of the Industry Training and Apprenticeship Commission. HCS has completed over 225 consulting projects, advising many key business and industry groups and employers throughout BC and Canada, and helping Aboriginal and immigrant groups build human capital capacity and employment.

²⁴ Scott Gilmore, "[Why It's Time for Canada to Grow Up](#)," [MacLean's](#). October 1, 2014.