



**ACCORDING TO ATLANTIC
EMPLOYERS SERIES**

#2

Skills Shortages & Hiring Challenges

JANUARY 2021



ABOUT PPF

Good Policy. Better Canada. The Public Policy Forum builds bridges among diverse participants in the policy-making process and gives them a platform to examine issues, offer new perspectives and feed fresh ideas into critical policy discussions. We believe good policy is critical to making a better Canada—a country that’s cohesive, prosperous and secure. We contribute by:

- Conducting research on critical issues
- Convening candid dialogues on research subjects
- Recognizing exceptional leaders

Our approach—called Inclusion to Conclusion—brings emerging and established voices to policy conversations, which informs conclusions that identify obstacles to success and pathways forward. PPF is an independent, non-partisan charity whose members are a diverse group of private, public and non-profit organizations.

© 2021, Public Policy Forum
1400 - 130 Albert Street
Ottawa, ON, Canada, K1P 5G4
613.238.7858

ISBN: 978-1-77452-038-3

ppforum.ca

[@ppforumca](https://www.instagram.com/ppforumca)

THIS PROJECT IS FUNDED BY

Canada

THANK YOU TO OUR SURVEY PARTNERS



**Atlantic Canada
Opportunities
Agency**

**Agence de
promotion économique
du Canada atlantique**



Canada



NL WORKFORCE
INNOVATION
CENTRE

Ideas. Innovation. Impact.

TABLE OF CONTENTS

About the Authors.....	6
Introduction.....	6
Analysis and Key Findings.....	9
Labour and Skill Shortages	9
Why do Employers Have Labour and Skill Shortages?	12
Conclusion.....	19

ABOUT THE PROJECT

As Atlantic Canada faces demographic and labour market changes, retention is on everyone's minds. Keeping workers, immigrants, skills and talent in the four provinces over the medium and longer term is a complex and priority issue for economic growth and regional prosperity. [Atlantic Revitalization](#) is the Public Policy Forum's three-year project (2017-2020) addressing the challenge of retention and economic growth, with a focus on boosting long-term immigrant retention, deepening labour pools and improving employers' access to the skills they need. Through research reports, surveys, qualitative stories, provincial roundtables and regional summits, PPF is advancing regional and Canadian understanding and cross-sector networks around Atlantic Canada's most pressing immigration and economic policy priorities.

ACCORDING TO ATLANTIC EMPLOYERS SERIES

Perceptions on Hiring, Retention, Immigration and Growth

Employer projections and perceptions of issues affecting their business activities can represent a significant indicator of where these broader social and economic trends will go. Keeping the pulse of employers across industries in Atlantic Canada supports positive feedback loops with effective policymaking around economic growth priorities like retention, skills, hiring and immigrant integration. As part of the [Atlantic Revitalization](#) project, PPF partnered with Memorial University to survey over 800 Atlantic employers on their insights into the unique economic and labour market dynamics in Atlantic Canada and develop deeper understanding of how their perceptions of the economic climate impact the region's economic growth. The resulting According to Atlantic Employers series mobilizes these findings for wider discussion in five thematic reports:

- #1 Business and employment growth
- #2 Skills shortages and hiring challenges
- #3 Attitudes towards immigrants and international students
- #4 Immigration policy effectiveness
- #5 Retention of skilled workers

[ACCESS THE FULL
SERIES](#)

ABOUT THE AUTHORS

Tony Fang, Stephen Jarislowsky Chair in Economics and Cultural Transformation, Memorial University

Dr. Tony Fang is the Stephen Jarislowsky Chair in Economic and Cultural Transformation at Memorial University. Currently he sits on a World Bank's Expert Advisory Committee on Migration and Development. He is dedicated to publishing cutting-edge research on the Canadian, and Newfoundland and Labrador economies. His areas of research interest encompass issues of high-performance workplace practices, retirement policy and the aging workforce, education, immigration, innovation and firm growth.

Jane Zhu, Postdoctoral Research Fellow, Department of Economics, Memorial University

Dr. Jane Zhu is Associate Professor of Economics and Management at Sichuan College of Architectural Technology. Her research interests include human capital investment efficiency, the development of the Human Resources service industry in Sichuan, China and linkages between workforce diversity and workplace productivity. With over 20 years of working experience in human resources and human capital research, Jane has developed a broad range of technical expertise in data collection, processing and analysis from existing research, survey, interview and other sources.

Paula Struk Jaia, Research Assistant, Memorial University

Paula Struk Jaia is a Master of Arts in Economics candidate at Memorial University of Newfoundland. Her research focuses on society and economics, combining economic theory and econometric analysis. Paula assists the Stephen Jarislowsky Chair in projects related to migration and labour market in Newfoundland and Labrador. Paula holds a Bachelors of Science majoring in economics from Memorial University.

Evan McCarthy, Research Assistant, Memorial University

Evan McCarthy is an undergraduate research assistant pursuing a B.A in Economics at Memorial University. He assists the Stephen Jarislowsky Chair in projects related to immigration and the labour market in Atlantic Canada. His research interests include economic growth strategies for Newfoundland and Labrador, labour market, immigration, natural resource, and environmental economics. He is hoping to pursue an MA in Economics.

Alex David Wells, Research Assistant, Memorial University

Alex David Wells is an undergraduate research assistant pursuing a Joint Bachelor of Commerce and Bachelor of Arts in Economics at Memorial University. He assists the Stephen Jarislowsky Chair in projects on immigration and labour research. His areas of interest include the economics of immigration and labour.

INTRODUCTION

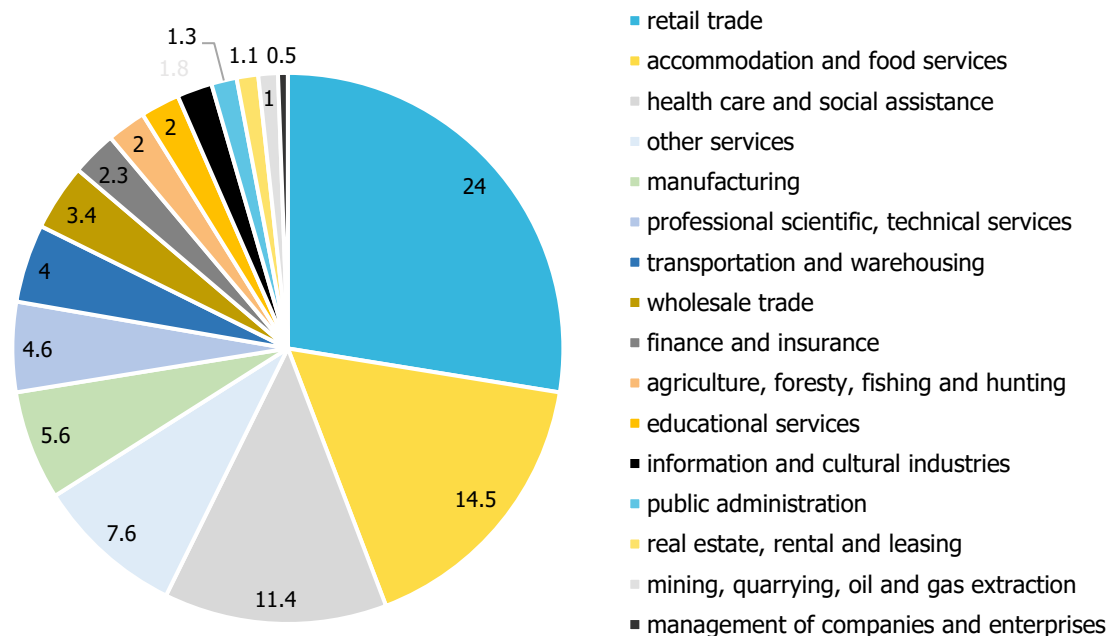
How did Atlantic employers experience skills and labour shortages over the recent medium-term? What kinds of hiring opportunities or challenges do they anticipate over the next few years? This paper is the first in a series of five reports on the results of a survey of 801 employers across Atlantic Canada on hiring, retention, immigration and economic growth. This report focuses on Atlantic employers' experiences and perceptions and outlook related to skills and labour shortages and hiring.

METHODS

In Fall 2019, Memorial University commissioned a telephone survey with over 800 employers across Atlantic Canada to understand their perceptions on the state of the economy and labour market, their projections for the next three years and how it impacts their business growth and activity. The 15-minute qualitative semi-structured telephone survey was conducted by Narrative Research (formerly Corporate Research Associates) between September and October 2019. The survey is based on business register information of Statistics Canada (2018). The target number of responses for each province was: 301 samples in NL; 100 samples in PEI; 200 samples in NS; and 200 in NB. It applied a stratified random sampling to employers by region, industry (North American Industry Classification System) and organizational size. Target respondents were owners/senior executives or Human Resources Managers where possible. The survey data was analyzed using descriptive statistics as well as the logistic regression model and the ordinary least squares (OLS) regression model.

This report outlines the results from statistical analysis of this survey data pertaining to skills and labour shortages and the policy implications for supporting immigration and economic growth in the four Atlantic provinces.

Figure 1: Distribution of survey participants by industry



Employers who participated in the survey reflected a diversity of Atlantic Canada’s key industries (Figure 1) and were divided into three size classifications for the analysis: small (5 to 9 employees), medium (10 to 49 employees) and large (50+ employees). Of those interviewed, 84.4% represented private sector employers, 13.5% represented non-profit organizations and 2.1% represented government employers.

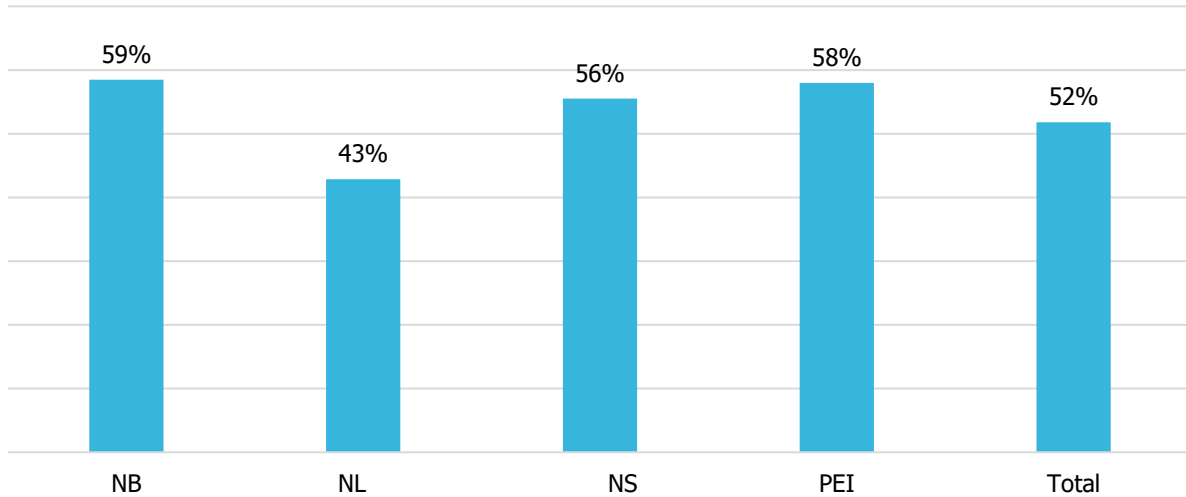
ANALYSIS AND KEY FINDINGS

LABOUR AND SKILL SHORTAGES

Employer experiences over last 3 years

Approximately 52% of employers surveyed across Atlantic Canada have reported difficulties in filling job vacancies in the last three years (as shown in Figure 2, below). Employers in New Brunswick, Nova Scotia and Prince Edward Island reported more difficulty in filling these vacancies when compared to Newfoundland.

Figure 2: Hiring difficulties by province



Employers in rural areas were more likely to experience hiring difficulties when compared to employers in urban areas but the difference was minimal (Figure 3). Figure 3 demonstrates that larger employers (50+ employees) in Atlantic Canada experienced the greatest difficulties in filling job vacancies.

Figure 3: Hiring difficulties by location & size

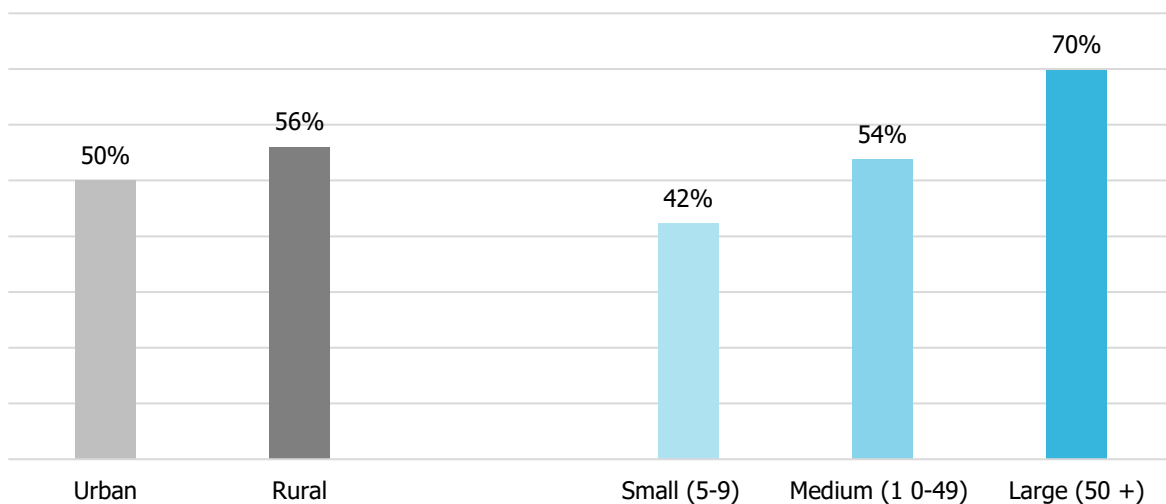
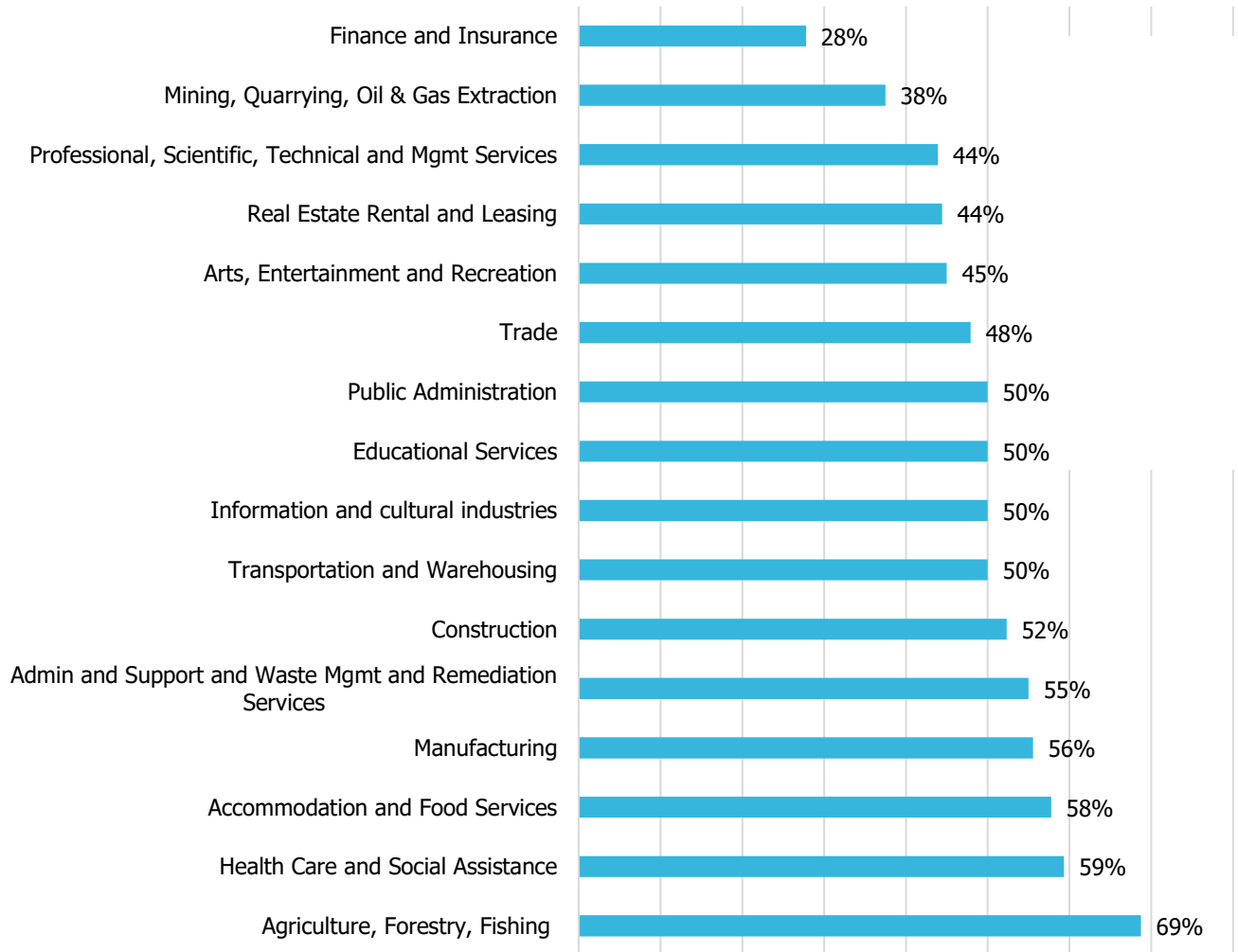


Figure 4, below, shows the following industries most likely to report labour and skill shortages include agriculture, forest and fishing, health care and social assistance, accommodation and food service, manufacturing, administration and support and waste management and remediation services and construction. The industries that are least likely to report hiring difficulties include finance and insurance, mining, quarrying, oil & gas extraction, professional, scientific, technical and management services, real estate rental and leasing, arts, entertainment and recreation and trade.

Figure 4: Hiring difficulties by industry

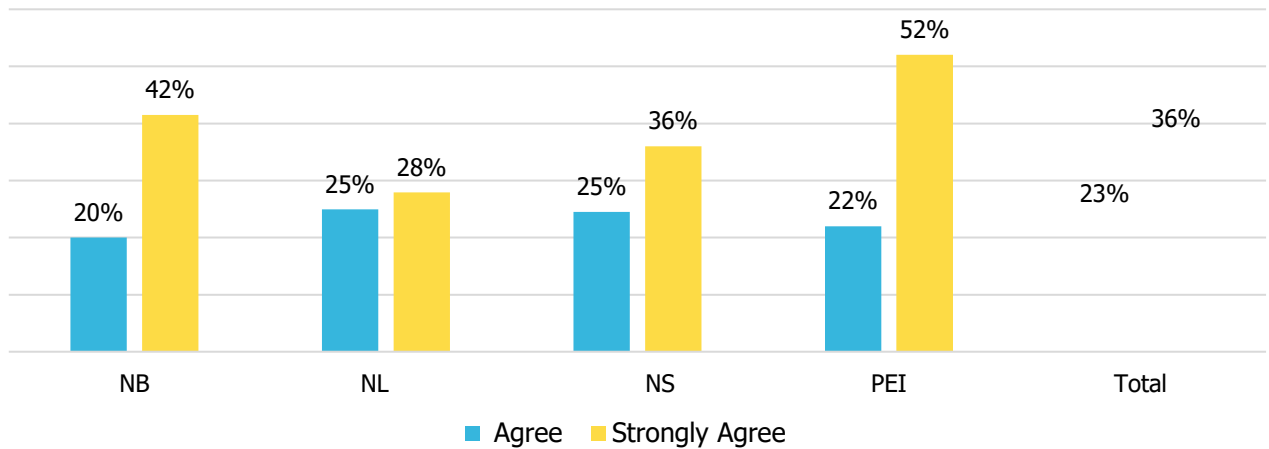


Employer projections over the next 3 years

Of the employers surveyed across the four Atlantic provinces, 59% agreed or strongly agreed that their province would face labour and skill shortages in the next three years, largely reflecting the region’s ongoing labour challenges due to economic growth. Employers in Newfoundland were least likely to anticipate labour shortages in the region in the future (53%), while employers in PEI and New Brunswick were most likely to anticipate labour shortages (at 74% and 62%, respectively).

Figure 5: Employer expectations of provincial labour and skill shortages in the next 3 years

Do you expect skill and labour shortages?



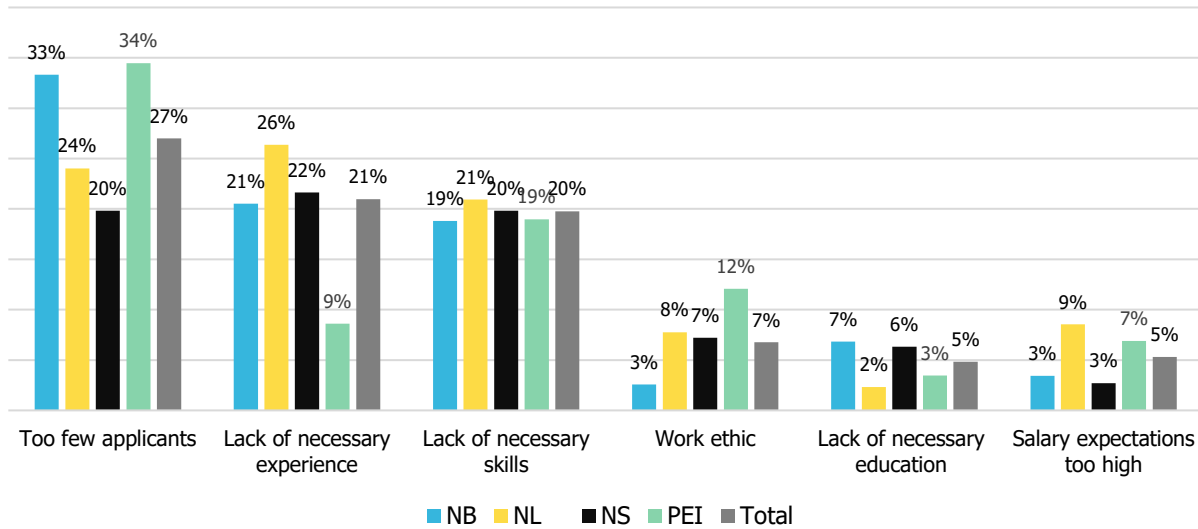
WHY DO EMPLOYERS HAVE LABOUR AND SKILL SHORTAGES?

Employers identified the following reasons for labour and skill shortages:

- lack of applicants (27%),
- lack of applicants with necessary experience (21%),
- lack of applicants with necessary skills (20%),
- lack of work ethic (7%),
- lack of necessary education (5%) and
- high salary expectations (7%).

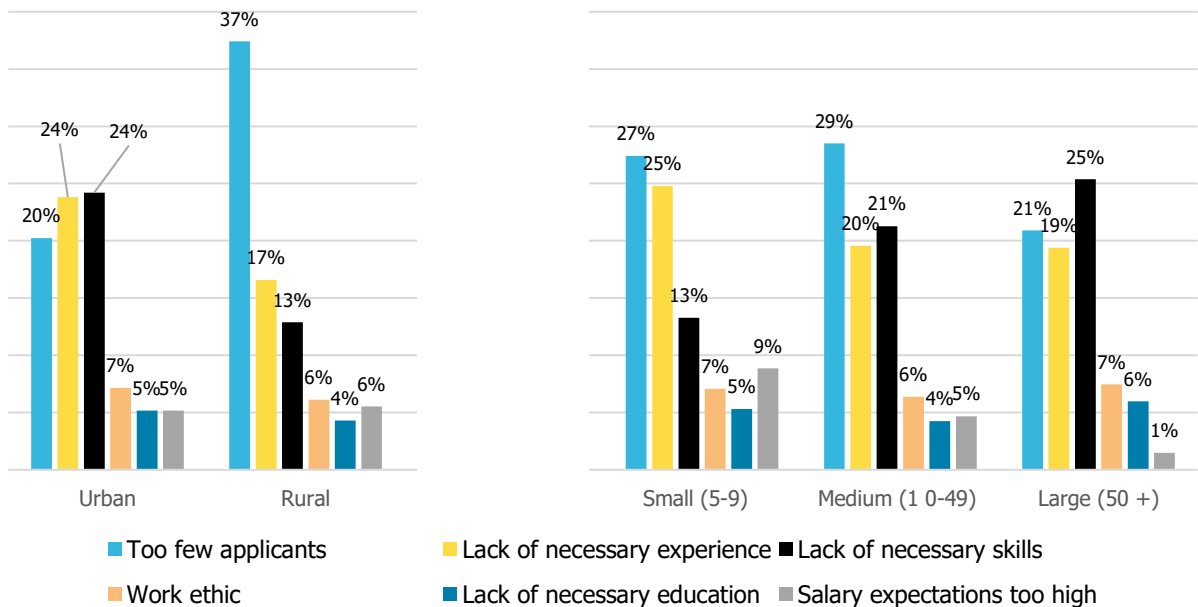
For organizations in PEI and New Brunswick, the lack of job applicants was identified as the primary reason for labour and skill shortages. For employers in Newfoundland and Nova Scotia, lack of experience was identified as the primary reason. Employers from all four Atlantic provinces reported similar concerns with a perceived lack of necessary skills. Smaller percentages of employers across Atlantic Canada identified lack of work ethic, education, and high salary expectations as reasons behind labour and skill shortages.

Figure 6: Reasons for labour and skill shortages by province



Employers in urban areas indicated that they could not fill the job vacancies primarily because of a lack of job applicants with necessary experience, skills or education. In contrast, employers in rural areas indicated their primary challenge was too few job applicants.

Figure 7: Reasons for labour and skill shortages by employer location & size



For smaller employers, the key challenges identified were that job applicants were too few in number or job applicants lacked the necessary experience. Skills, education and salary expectations were less important factors for smaller employers. For medium sized employers, the primary challenge was there

were too few job applicants. Gaps in necessary experience or necessary skills were also identified as challenges for employers. Large employers identified lack of applicants with necessary skills as their key challenge, followed by gaps in necessary experience and too few job applicants. Salary expectations were less of an issue for larger employers.

Reasons for Skill and Labour Shortages, by Industry

The challenge of too few job applicants was identified in primarily labour-intensive industries, such as forestry and fishing. In contrast, lack of necessary experience was identified as a key challenge for employers in industries where hands-on experience is generally required to perform job tasks (e.g. construction). Similarly, a lack of necessary skills was identified as a key challenge for employers in knowledge-intensive industries (e.g. professional services). The table below illustrates the top reason for hiring difficulties by industry.

Industries	Top Reason for Hiring Difficulties
Trade, accommodation and food services, agriculture, forestry and fishing, transportation, warehousing	Too few job applicants
Construction, health care and social assistance, mining, quarrying, oil & gas extraction, arts, entertainment and recreation	Lack of applicants with necessary experience
Manufacturing, information and culture, finance and insurance, professional services, scientific, technical and management services, administrative and support, waste management and remediation	Lack of applicants with necessary skills

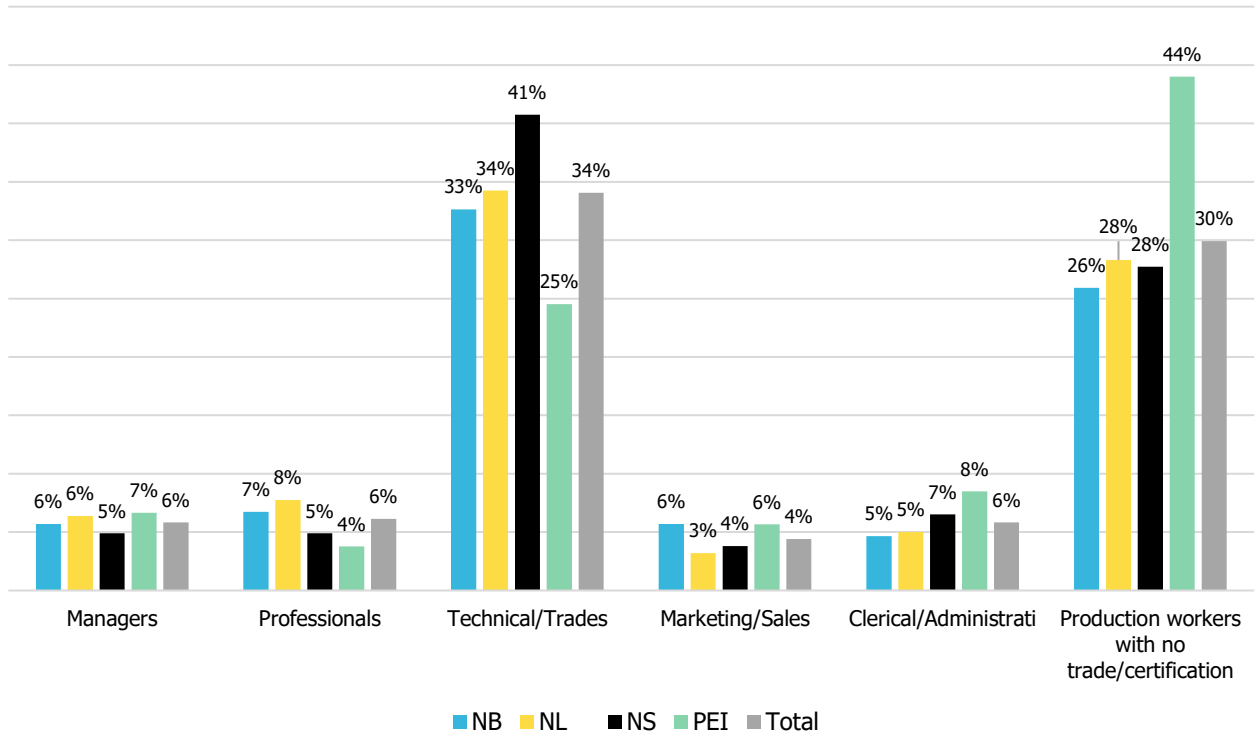
Main Types of Occupations for Shortages, by Industry

The most common types of occupations that employers reported difficulties in filling vacancies are technical/trade (34%), production workers with no trade/certification (30%), professional (6%), managerial (6%) and clerical/administration (6%). Technical/trade and production workers with no trade/certification are the two most underfilled occupations in all four Atlantic provinces.

There are subtle difference across Atlantic provinces. Employers in New Brunswick, Newfoundland and Nova Scotia were most likely to report shortages of workers in technical/trade occupations, which require experience and skill. In contrast, the lack of production workers with no trade/certification was ranked as the primary underfilled occupation in PEI, likely driven by its pillar industries of agriculture, fisheries and

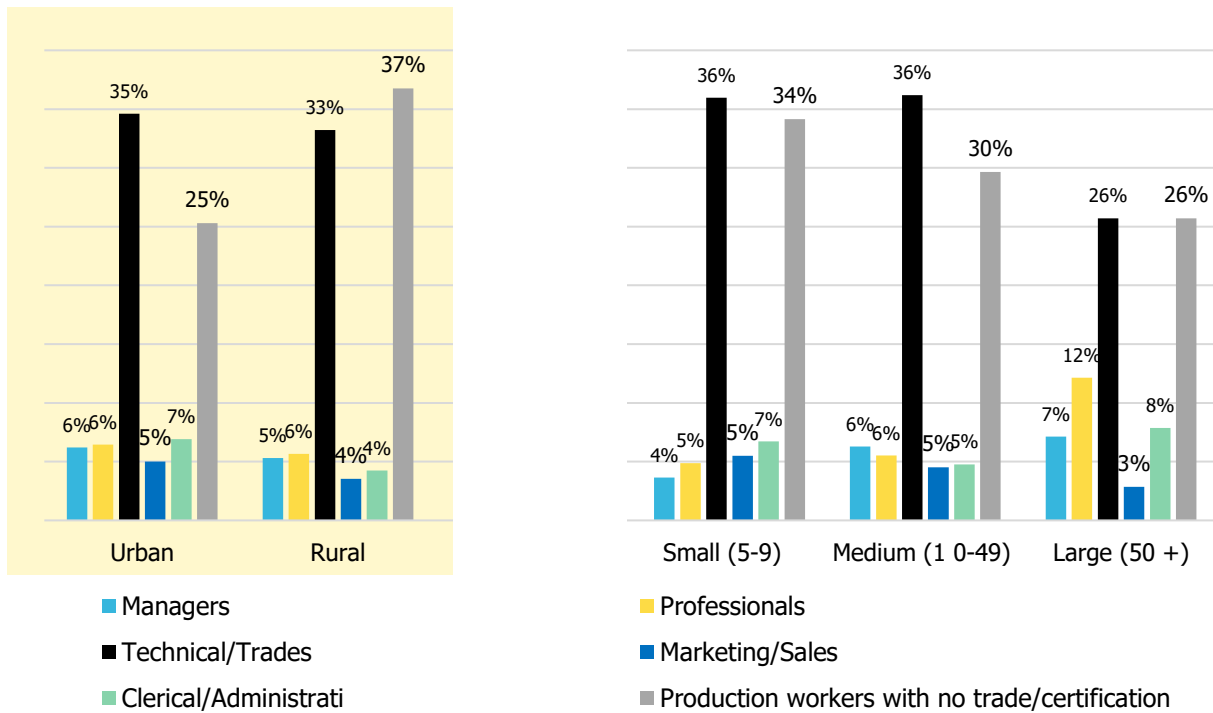
tourism. This trend is also consistent with the finding that the main reason for hiring difficulties in PEI was “too few applicants” (see Figure 6).

Figure 8: Positions with most hiring difficulties (by province)



Employers in urban areas are slightly more likely to report “lack of technical/trades positions to be filled” than employers in rural areas. However, employers in rural areas are much more likely to experience shortages in production workers without trades/certifications (see Figure 9). In terms of size, small and medium sized employers are more likely to report shortages in technical/trades positions and production workers without trades/certifications when compared to larger employers. However, larger employers also experienced some shortages in professional positions.

Figure 9: Positions with most hiring difficulties (by location and size)

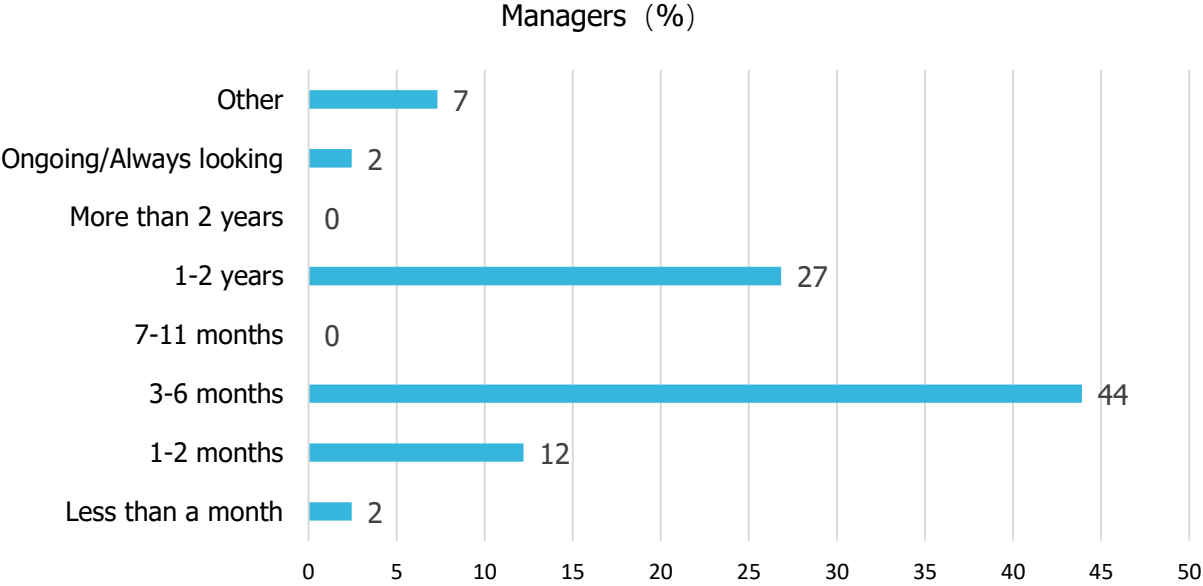


DURATION OF VACANCIES

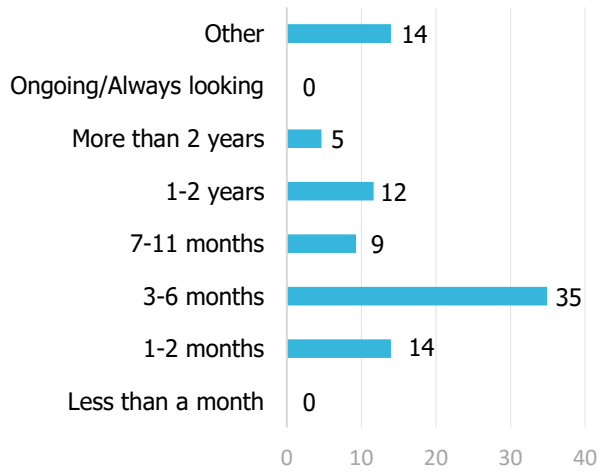
Figure 10 (below) shows that, in general, occupations requiring higher levels of skills are more challenging for employers to fill. Approximately 50% of vacancies in all kinds of occupations in Atlantic Canada could be filled within 6 months. Employers indicated that managers are the position that take the longest time to fill, with 27% of manager positions taking more than 2 years to fill and 44% requiring 3-6 months to fill. Manager positions may be particularly challenging to fill due to the multiple types of skills required.

Professional positions take longer to be fill than technical/trade positions. Production workers with no trades/certifications typically take a shorter time to fill. Some production worker positions may take longer to fill due to lower wages, harsh working conditions, remote locations or a combination of the factors.

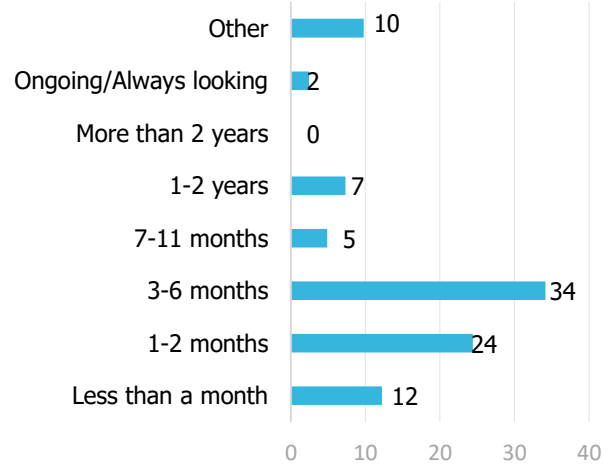
Figure 10: Approximate duration of vacancies (by occupation)



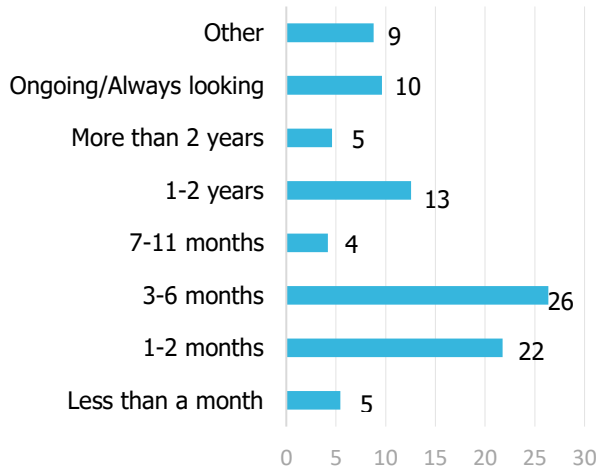
Professionals (%)



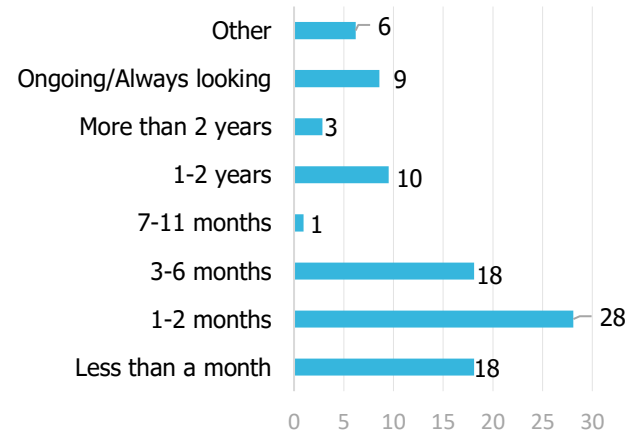
Clerical/Administration (%)



Technical/Trades (%)



Production workers with no trade/certification (%)



CONCLUSION

Aging populations, technological changes and economic growth have all contributed to the labour and skill shortages in Atlantic provinces. Many vacancies could not be filled due to a lack of applicants or a lack of necessary education, experience or skills. Although employers in Atlantic Canada have tried to attract immigrants, international students and workers from other provinces, they anticipate that more serious labour and skill shortages will occur in the next three years.

Structural labour and skill shortages driven by demographic and technological changes can be difficult to mitigate in the short term.¹ Alleviating labour and skill shortages in Atlantic Canada in the future will require a multi-faceted strategy to fully utilize all existing human resources. As the survey shows, employers reported a high percentage of hiring difficulty both in semi-skilled technical/trade occupations and relatively low-skilled production occupations with no trade/certification requirements in both urban and urban areas.

NEXT STEPS

Employers and policymakers in Atlantic Canada should consider some of the following next steps to address the challenges identified in this report:

1. Encourage labour force participation of the underrepresented groups. The latest participation rate in Canada is 65.5%, compared to 57.1% in Newfoundland, 62.4% in Nova Scotia, 60.7% in New Brunswick and 66.8% in PEI.² Apart from PEI, there is room for improvement in Atlantic Canada to encourage labour force participation among underrepresented groups, including women, older workers, recent immigrants, international students, Indigenous peoples and individuals living with a disability.
2. Attract and retain skilled workers from outside of Atlantic provinces and outside of Canada. There is a significant opportunity to promote Atlantic Canada's low cost of living, welcoming communities and lifestyle to potential job candidates (similar to the tourism marketing that has been very successful in Atlantic Canada).
3. Develop and improve immigration policies that meet the needs of local employers. Some of these promising policies include the Provincial Nominee Program (PNP), Municipal Nominee Program (MNP), Atlantic Immigration Pilot Program (AIPP), Rural and Northern Immigration Pilot Program (RNIPP) and Agri-Food Immigration Pilot Program (AFIPP).
4. Settlement agencies need to work with employers and training institutions to develop and improve job-specific language training and bridge programs for newcomers. These programs would be particularly beneficial to align with the skill needs of the local labour market.

5. Increase community-based support to newcomers, including spousal and family support. Provide a focused pilot on improving spousal and family support such as affordable childcare, health care and education to encourage immigrants to relocate to Atlantic Canada permanently.

ENDNOTES

¹ Fang, T. (2009). Workplace responses to vacancies and skill shortages in Canada. *International Journal of Manpower*, 30(4), 326-348.

² Statistics Canada (2020). [Labour force characteristics by province, monthly, seasonally adjusted.](#)

