

Future Skills Centre Podcast

Season 3: Episode 1

Understanding Labour Shortages in Canada

More people are working than before the pandemic, yet there is still more demand for labour than there is supply. In this episode, our guests share insights on the economic context surrounding these shortages and the implications for Canadian businesses. We discuss what all this means for skills leaders, employers, and workers.

Guests

Pedro Antunes, Chief Economist, The Conference Board of Canada
Geneviève Bich, Vice President, Human Resources, Metro Inc.

Host

Julie Cafley

Links

Future Skills Centre and Conference Board of Canada links, such as recommended articles and webpages, social media handles, etc.

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Transcript

Julie Cafley:

Hi, you are listening to the Future Skills Centre podcast, which brings together experts from across Canada to discuss the most important challenges facing the future of work. I am your host, Julie Cafley. I am the Executive Director at Catalyst Canada. I am passionate about diversity and equity issues and also the links to education, learning and the future of work. This podcast is brought to you by the Centre for Future Skills and the Conference Board of Canada.

The Future Skills Centre is a Canadian centre dedicated to creating a future in which everyone has access to career advice, learning opportunities and meaningful work. The Conference Board of Canada is Canada's leading independent applied research organization and provides unique answers to the most critical issues facing economy. Canada is facing major demographic and technological changes. Our economy is changing rapidly, which means we must change rapidly as well.

Our third season of the Future Skills Centre podcast is primarily in French and looks at some of the major trends in the labour market, from an economic standpoint and in terms of profiles and skills in demand. You can also find the verbatim of today's discussion online on our website in English. Each episode explores a specific area with examples from different Canadian provinces and territories.

Today we are going to talk about labour shortages and their impact on the labour market and on Canadian businesses. Canada is facing a serious labour shortage, with nearly 1.4 million jobs to be filled by 2026. Although Canada has added nearly half a million jobs to its pre-pandemic employment base, the demand for labour still far outstrips supply. This issue is already being felt in our economy and labour market, not only by employers and human resource managers, but also by employees in terms of their prospects, and by governments in terms of the public policy that needs to be put in place to help resolve this situation.

We are very fortunate today to have with us Pedro Antunes, Chief Economist of the Conference Board of Canada, and Geneviève Bich, Vice-President Human Resources of the Metro Group. To help us better understand the scope and causes of this phenomenon. To discuss strategies and solutions at the economic level as well as in terms of business strategies and the profiles and skills that will be most in demand and most useful in our labour market. Welcome to you both and thank you very much. To begin with Pedro, what is the extent of labour shortages in Canada and how does it impact the workforce and employers?

Pedro Antunes:

We basically have a lack of capacity in Canada. It is a problem in the sense that it impedes our economic output and it is partly to account for why we hear a lot about a recession or a stumbling economy over the next few quarters and so on, this caused for the most part by this labour shortage. We are over capacity, there is a demand that is higher than what many industries and professional occupations can deliver. We are unable to find the skills and labour we need to generate this supply.

Canada, of course, like the rest of the world, experienced a very deep recession during the pandemic in 2020. All of these pressures have led to where we are today, which is facing a record low unemployment rate nationally. Job vacancies are at record levels as well, essentially at double the level they were in 2019. Everywhere I go, employers are telling me, "We are not able to find the right number of workers."

Julie Cafley:

Thank you very much Pedro, this is very interesting and especially with the numbers released this morning of course. Geneviève, can you tell us about your day-to-day experience, what you are seeing in the field at Metro, and in your current human resources position?

Geneviève Bich:

As Pedro explained very well, the labour shortage affects all companies. A company like ours in the retail sector or in pharmacies, but everywhere across Canada. Regardless of the sector of activity, the public sector, the private sector, the labour shortage affects us all. We can think, of course, of employers who are looking for people. If there are not enough people to fill the positions that are currently open in large numbers, this has an impact on the economy. We are not as productive as we could be.

We don't contribute as much to the economy as we could if we had all the human resources we needed. There are other impacts that we can think of. For example, this lack of manpower means that when there are jobs available, and there are many, as Pedro said, it takes a long time to fill them. This translates into a loss of productivity and a loss for the Canadian economy because there is a job to be filled, but we can't fill it. There is an interesting statistic in Quebec, and the same is true throughout Canada, whereby nearly 40% of vacant positions remain vacant for more than 120 days before being filled.

That is a lot. It means that 4 out of 10 positions take more than three months to fill. That is a big contributing factor in a slowdown. The other thing I mentioned was the impact this is having on us as consumers. There are impacts on us as businesses, but there are also impacts on us as consumers. If we are short of manpower as consumers, we will have to get used to waiting much longer to receive everything. We'll have to wait longer at the cash register because we don't have enough cashiers, but we'll have to wait longer at the bank because there won't be enough banking staff.

We will have longer wait times when we call public services asking for help because there are fewer staff in call centres. We are going to have longer wait times in restaurants. There is a real impact on our daily lives from this lack of manpower.

Julie Cafley:

Pedro, are there any historical precedents or similar cases in other economies?

Pedro Antunes:

Yes, it is interesting, because since the pandemic, we have had in developed countries, advanced economies around the world, a somewhat similar situation. Essentially, this was the policy of shutting down the economy to combat the effects of the pandemic. We saw these restrictions imposed across many countries, in developing and developed countries together in the same way. However, in developed countries, there has been a lot of support, which means that governments have gone into debt in quite a significant way.

Especially here in Canada and the United States, this support was to make up for the loss of income, jobs and profits at the corporate level. All this means that we have been through a similar period and these supports have been generous enough to generate increased demand. We saved money during the pandemic, which is very rare. Generally, during a recession, you lose income, you lose shares, but this time it was completely the opposite because the support programs were more robust, bigger than the loss of income which was linked to the loss of employment and so on.

I stress all of this again because by August 2021 and 2022, many developed countries had experienced the same kind of very strong economic recovery, a sharp rebound in demand, for example in real estate, where we experienced in Canada something similar to the United States and many other countries. Inflationary pressures have impacted almost every country in the world and, of course, a tightening of the labour market has occurred in the United States and in Europe; this is despite the fact that some of these countries are having more difficulties with their economy than we are currently experiencing here in Canada or in the United States.

Yes, it is a global problem. Canada is now aiming, with the information we just saw from the Department of Immigration, to take back the immigration losses that we experienced in 2020 and 2021, losses in regard to our regular immigration plan. We see a strong increase in the number of immigrants. The problem now and the difficulty will be to ensure that we can properly integrate new immigrants, especially those associated with the war in Ukraine, including refugees who typically take longer to integrate into the labour market. Basically, I think there is going to be more competition for immigrants, as we look to the years ahead.

Julie Cafley:

Geneviève, how are business leaders and human resources managers reacting to all these changes? It is quite dramatic for the labour market.

Geneviève Bich:

You have to understand that what we are experiencing today, it is something we saw coming. The demographic shock didn't happen without us noticing. We knew that in 2019, looking at Canadian demographics, there would be a terrible shock in terms of labour. This shock was tempered somewhat by the pandemic, but obviously, after the pandemic, as Pedro said so well, we have capital, we are able to invest, the economy is booming, and now we have labour shortages. We already had labour shortages, but now they are more acute. It is not a new issue, it is not a problem that we didn't see coming.

Moreover, it should be noted that this is a structural problem. Current models indicate that we will have labour issues like those we are experiencing until at least 2030, and that from 2030 onwards we should start to come out of this situation, but we will not have emerged completely. It is really a very broad issue. Businesses have obviously been thinking for some time about a number of things that will have an impact on the workforce. I will carry on from where Pedro left, which is about immigration. Canada is a land of immigration. We must continue to foster immigration to our country, across Canada.

The federal government's recent announcement that it will raise the thresholds to 500,000 immigrants per year is good news and will allow us to make progress. It is great to have immigrants coming in, but they have to be allowed to work. We need to deal with all types of immigration: permanent, temporary, refugees and students, for example. All these groups must be processed more quickly. This is a request from employers. Employers obviously cannot speed up the process themselves, but they certainly need it.

The other point, and here employers can contribute, is integration into the workplace. It is up to employers to welcome immigrants who come to our country. Integration through the workplace is often the most effective way to ensure a good integration in your new home. Employers need to invest in workplace integration, preparing teams to receive contingents of immigrant workers, something they might not be used to, and helping as well to support integration in the living environment.

Welcoming immigrants here means we have to think again about wages, of course. In a tightening market, employees are empowered when it comes to remuneration. It is not only about money, but how is the remuneration structured? Does it meet the needs of the employees? We have to think in terms of flexibility. We need to offer our employees different types of flexibility depending on their life cycle, so that they can balance work with the rest of their lives.

What a 20-year old starting out wants in terms of flexibility at work will normally be quite different from what a parent with young children or a grown-up who is still in employment might want. It is not a one-size-fits-all and that is important. The last element I would mention, and there are many others, is investment in development. It is absolutely essential for employers to invest in skills development for their current employees.

Skills development is both a way to develop our workforce, to ensure that it maintains its know-how up to date and remains relevant to the company's mission, but it is also key in order to attract people, if they know that we are going to support them in the transitions that we see coming, even if we don't always know what those transitions will be. We know that they are coming. We have to develop technical skills, task specific skills, tool specific skills, but we must also develop the leadership of managers, so know-how skills are key.

Soft skills are also important. If we want to attract and retain workers, encourage them to stay longer with us, quality in terms of pay, in terms of job flexibility and also workplace leadership are fundamental.

Julie Cafley:

Great, I love it Geneviève. And it is really interesting the evolution of the employer's role with so much flexibility, adaptability, empathy, really considering the human being as a whole and not just this traditional employee-employer relationship. It is really a change. I would say that it is also quite dramatic to really look at the whole life experience of the individuals we work with. It is impressive, and it is interesting.

Geneviève Bich:

It is necessary.

Julie Cafley:

Geneviève, I know that we are both passionate about diversity and equity. When we discuss the issue of under-represented groups, can you tell us a little bit about the impacts for under-represented people in the workplace? How do all these changes affect them, in particular for Aboriginal people and others?

Geneviève Bich:

It is a tragedy. It is a crime in Canada that there are under-represented groups in the labour market. We must hope, as our grandmothers used to say, that every cloud has a silver lining and that necessity is the mother of invention. That in a context where the labour market is truly looking for new talent, employers will no longer

hesitate to engage with these numerous pools of talent. We need to have a morally right approach to equity, diversity and inclusion, it is a core value, but under the circumstances, that value, whether it is shared by some or not, is certainly going to translate into an economic imperative.

There is an opportunity. I think there is a real opportunity for us as Canadians to learn to work with some of the people in groups that have been historically disadvantaged. This includes Aboriginal peoples, newcomers, people with disabilities, racialized peoples, women, and others. Really, there is a wonderful opportunity here that we need to seize because it is simply the right thing to do, but also because it might be an opportunity to do better and then put some of the equity issues to rest.

Julie Cafley:

Excellent. Thank you very much Geneviève. I agree and that is so well said. Pedro, do you want to add more?

Pedro Antunes:

No. Basically, I agree. It is very important and these are key sources to allow us to improve the situation for individuals and improve the outcome for the economy from a broader perspective. It can also include new immigrants, who are a very important source. We must ensure that we respect people's skills, that we are able to employ them to their full potential, to their full employment, which is also very important. The other thing I would like to point out is that the Conference Board is concerned about another solution.

We are concerned about private capital investment. I know we talk a lot about the adoption of technologies. I know we have seen a lot of innovation through this pandemic, but if you look at the levels of private investment in Canada in capital, in machinery and equipment, in intellectual property, in research, and so on, we have a very significant gap with the United States and many other countries. Capital investment is another solution. It is a solution that increases productivity because it increases the capital allocated per employee.

It is a solution to perhaps provide some relief for certain occupations. It is a concern we have because we are not very competitive in terms of attracting private investment to Canada. I am sure Geneviève would like to talk about this because I know that a lot of investments have been made at Metro, but across Canada, in the broadest sense, there is a gap and we need to look at it.

Julie Cafley:

Geneviève, we are listening.

Geneviève Bich:

Pedro, this is such an important point. I used to think that employers saw these things coming. Then the employers who paid attention to the labour signals actually started to act. Were they in a sufficient number? That is a question, but the employers who saw the issue coming started to invest in technology. And we see it every day, the banks have been doing it for many, many years, we have fewer tellers in the banks, we now have self-checkout machines that everyone goes to.

In supermarkets today, self-service checkouts are being introduced, but in the supply chain, there are also opportunities to invest heavily. Again, when you think about anything that is distributed, whether it is food or all sorts of other products, there is an opportunity to invest in technology to improve the productivity of the supply chain. The technology is very advanced, so making these capital investments that have another human impact enables people.

Instead of having a job where they are lifting boxes, maybe they can have a job where they are going to use other skills or where they can be retrained. There really is a virtuous circle. For a long time, we have been hesitant in the face of technological change. Technological change does not eliminate human beings, it just gives them other opportunities to make a living from their skills. It is key to ensure that there is investment both through public policy and through individuals and companies in developing people's skills.

As we make capital investments to automate certain tasks, we can free up this workforce and offer workers other opportunities to develop.

Julie Cafley:

Geneviève, I have another question for you. Do continuing education and apprenticeship programs help us face challenges? Does it contribute to change?

Geneviève Bich:

Absolutely. We talked about this several times during the podcast. So far, skills are key. Lifelong learning ultimately is an important differentiator for the future. When you think about what we are facing right now, we absolutely have to invest in development first so that the workers themselves can keep up with the development of technologies, new processes. New industries are going to be invented, so we have to help the workers to prepare themselves.

In this respect, it is clear that the learning programs, whether at school or in the various skills centres, can be referred to the various institutions that support education and development. We have to look ahead to see what skills are going to be needed, to make sure that what is developed today will be relevant for tomorrow. But we must always be careful not to develop only workers. Because if our education and lifelong learning system becomes task-oriented, we will lose innovation.

There is really a balance to be maintained in terms of skills development between know-how and technical expertise. In Canada, mastering two languages is an important element. Basic mastery of technology is absolutely necessary, and then, after that, investing in the development of life skills, adaptability, concern for the customer, initiative, perseverance, are things in which we can invest as skills beyond strictly technical skills.

It is absolutely important that employers and the whole ecosystem think in terms of giving Canadians lifelong learning skills that will allow them to adapt to different types of situations.

Julie Cafley:

Excellent. Thank you very much, Geneviève. I would say that you two inspire confidence. I think that when you talk about the Canadian economy, when you talk about the future, for both employers and employees, that you are well positioned to face the challenges of the future, that we are in a good position. Am I naïve or do you agree that there is reason to be hopeful, Pedro?

Pedro Antunes:

My God. I have to say that we are in a very precarious situation at the moment. We are experiencing very significant inflationary pressures. Inflationary pressures, as Geneviève mentioned, are now affecting or having a lot of impact on salaries, for instance. We see rising salaries that are giving another challenge to the central bank. There are these impacts of inflation, of monetary policy raising interest rates to try to slow the economy down to its capacity. Essentially, we are beyond capacity. I talked about this a little bit at the beginning. I certainly think that what is happening in Canada is positive.

In the broadest sense, we are a knowledge-based economy. We have created a lot of jobs in professional services, for example. We are an economy that, despite the lack of private investment, has seen an increase in productivity. We invest a lot in human capital, if you can call it that. In the long term, I think it is positive, but I would like to note that we have a period over the next few quarters, the next year, which may be quite difficult, which could bring us some pressure on the economy. Perhaps some job losses and certainly the cost of living, which is rising with inflation and interest rates that are skyrocketing.

Julie Cafley:

Geneviève, it is certain that we are seeing more and more expectations of employers, but you seem to be going through all of this with a lot of confidence.

Geneviève Bich:

You have to. If we cannot be confident in the face of adversity, we will have a hard time, but Pedro is right, it is extremely difficult. The situation is not a crisis situation. It is a structural situation, which require stakeholders in the labour market and in the economy to think differently. The solutions we had 10 years ago no longer work, so we have to be innovative. We must act on a trial-and-error basis and give ourselves the right to do it.

Then, we really need public policies that support all this so that employers, who are an important economic player, but not the only one, can manage to make the most of the situation, which will obviously ultimately benefit everyone. I think it takes a lot of optimism in the face of challenges.

Julie Cafley:

Thank you both very much. Thanks to Geneviève Bich and Pedro Antunes who were our guests on the podcast today at the Future Skills Centre. Thank you very much for being with us today. I invite you to follow the podcast to listen in to future podcasts, and then it is especially important to recommend to your friends to listen to us as well. I am your host, Julie Cafley. Thank you very much for being with us today and have a great day.

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