



Business Council
of Canada

MORNEAU
SHEPELL 

Investing in a resilient Canadian workforce: 2020 Business Council of Canada Skills Survey

Summer 2020



Table of contents

1	Executive summary
3	Introduction
5	Methodology
6	The new talent reality
10	Aligning expectations and skills
16	Impact of technological and demographic change
18	Investing in a resilient workforce
21	The importance of post-secondary education partnerships
24	Final thoughts
25	About the Business Council of Canada
25	Contacts



Executive summary

Accelerating technological change, volatile trade environments, the *gig economy*, and massive demographic shifts are just a few of the new circumstances facing Canadian employers.

Building a resilient workforce – one with the right mix of skills to respond to the technical and creative demands of the next decade – requires continued investment and adaptation by Canadian businesses, along with strong partnerships with government and post-secondary institutions.

Based on a survey of 86 leading Canadian organizations in the summer of 2019 and prior to the outbreak of COVID-19, *Investing in a Resilient Canadian Workforce: Business Council of Canada Skills Survey 2020* explores the Canadian talent market through the eyes of human resources executives at some of Canada’s biggest firms. This report is not meant to be a definitive look at Canada’s changing labour market. It is an exploration of how these employers are responding to rampant change and preparing to respond to the uncertainty of future labour market trends.

Major takeaways for 2020 include:

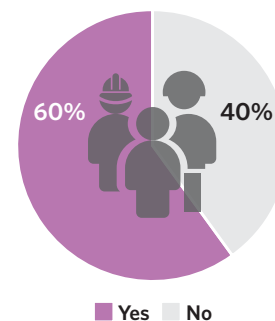
The new talent reality:

Workforce growth and competitive recruitment

The surveyed employers are optimistic about workforce growth in the next three years. That said, they worry about a coming shortage of technical skills, particularly around artificial intelligence and cyber-security. They also note a gap in human skills, such as collaboration and problem solving among younger workers.

As in 2018, finding the right people is difficult, but many of these firms have learned to mitigate the impact of scarce talent by re-skilling existing workers, outsourcing key tasks, and using contractors to fill gaps.

Workforce growth anticipated over next three years



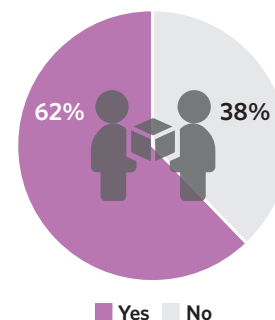
Aligning expectations and skills:

Employers and employees want more

Employers are expecting more from new graduates, with 75 per cent saying their expectations are higher than five years ago. Expectations focus on productivity, resilience, technical and human skills. Candidates, too, have increasing expectations, but their focus is primarily around work-life balance, flexibility, empowerment, and meaningful work.

The misalignment around skills is significant. Canada’s post-secondary system is doing a good job of keeping pace with respondents’ demands for technical skills, but human skills are not meeting expectations.

Improvement in human skills is lagging behind



Collaboration, teamwork, and relationship building top the wish list for both mid-level and entry-level hiring. And for entry-level employees, there is an expectation that they can also bring strong abilities in communication, problem solving, and resiliency to the workplace. Yet 62 per cent of respondents report that they see no improvement in graduates’ human skills in the past five years. Simultaneously, new grads are asking for more from their employers. Respondents identified increasing expectations from new hires for opportunities to advance, meaningful work, increased guidance, and improved work-life balance.

Impact of technological and demographic change:

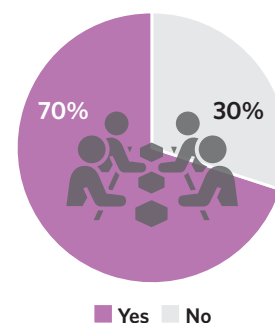
Parallel shifts lead to uncertainty

Employers are uncertain about how many (and which) jobs will be impacted by technological change. About half of the respondents predict only minimal changes to the overall size of the workforce as a result of automation, though its impact varies both by sector and by firm, with some businesses embracing change more quickly than others.

The majority of respondents plan to reskill and upskill rather than replace workers and are taking a wait-and-see approach in their long-term planning for technology changes.

The organizations are, however, confident in their ability to manage the retirement of baby boomers, with 70 per cent saying they don't anticipate any problems replacing them.

Respondents confident in replacing boomers



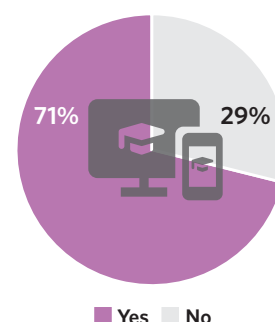
Investing in a resilient workforce:

New ways to learn, new investments in training

The employers surveyed continue to invest in training their employees, with 71 per cent expecting to increase this spending in the next three years. The majority of firms have an up-skilling and re-skilling strategy in place, though there is an opportunity to make these plans more formal and holistic.

Along with increased investment in training, these organizations are looking for new, more efficient and effective ways to build skills, including digital badges and mobile apps.

Respondents plan to increase training spend



The importance of post-secondary education partnerships:

Strengthening and diversifying relationships is key

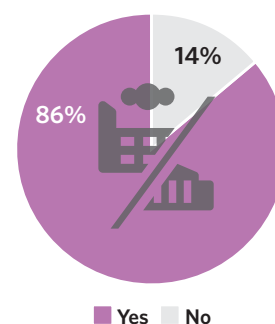
Respondents are interested in stronger relationships with colleges and universities, both to improve talent pools and to understand and prepare for the future needs of the workplace. Eighty-six per cent have a relationship with one or more institutions, and a strong interest in improving alignment and processes with these institutions to keep pace with changing skill needs.

Partnerships to develop co-op and internship programs are paying off to produce better prepared graduates with real world experience.

However, keeping talent pipelines full will require new approaches, including recruiting graduates outside of Canada and closely assessing which schools and which programs are producing the right candidates.

Despite considerable uncertainty resulting from the increasing pace of change, the employers in this survey are optimistic about the opportunity to invest in developing a resilient workforce that will support Canada's global competitiveness and economic growth for many years to come.

Majority have forged post-secondary relationships





Introduction

“The more we’re able to partner to address the coming skills shifts and shortages, the better. It’s clear that fierce competition for hot skills will make it difficult for each company to find enough skilled talent on the street.”

Toward workforce resiliency

Canada’s largest employers are caught between the immediate need for a workforce that shows up with today’s required skills, and the certainty that in a not-too-distant future, these skills may fall short of what is required. The growing need for organizations to recruit talent with the agility and resilience this decade will demand is a top priority of Canada’s largest employers.

Welcome to the fourth iteration of the biennial survey by the Business Council of Canada. Previous reports released in 2014, 2016, and 2018 have:

- Informed public policy;
- Supported the development of programs to help young Canadians transition from school to work;
- Examined the role of automation and artificial intelligence in the future Canadian workforce; and
- Facilitated critical discussions on health, diversity, skills, and talent requirements for Canada’s workforce.

Beyond this, the survey data contributed to the formation of the Business + Higher Education Roundtable (BHER) by the Business Council of Canada in 2015. BHER is a not-for-profit organization that harnesses the strengths of some of Canada’s top businesses, universities, and colleges to deepen collaboration between schools and employers while improving opportunities for Canadians.

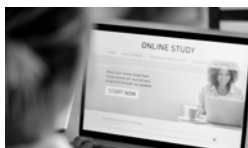
The 2020 Skills Survey is grouped under five themes, each offering insight into the major trends facing Canadian employers:



An increasingly competitive talent market



What graduates and employers expect from one another



The impact of technology and an aging workforce



Investing in a resilient, agile, skilled workforce



How employers benefit from partnerships with post-secondary education



Economic conditions

This survey was conducted over the summer of 2019, during which time Canada experienced continued economic growth, with generally low unemployment¹. However, ongoing uncertainty about Canada's trading relationships, and low energy prices created pressure on employment and growth, particularly in Alberta. Alberta's labour force failed to gain momentum in 2019, with growth slowing to 0.5%, down from 1.9% in 2018². The province's unemployment rate remained high, averaging 6.9% in 2019. The Canadian economy grew by a modest 1.6 per cent in 2019³. Growth softened at the end of the year and is expected to remain restrained due to ongoing domestic and global challenges that are affecting business investment and exports.

1 Statistics Canada (2019, October 11). [Labour Force Survey 2019](#).

2 Alberta Treasury Board and Finance (2020, January). [Labour Market Notes January 2020](#).

3 Bank of Canada (2020). [Monetary Policy Report January 2020](#).



Methodology

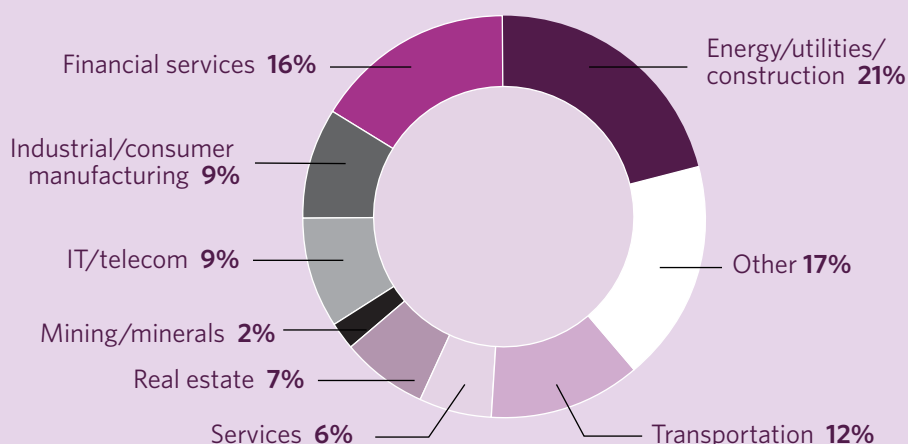
This report is based on a survey of 86 large Canadian private-sector employers conducted between July and September 2019. The participating companies employ more than 850,000 Canadians across the country in a wide range of industries.

It is the product of a partnership between Morneau Shepell, a global leader in human resource solutions, and the Business Council of Canada, an association representing over 150 of Canada's largest firms. The methodology of the Skills Survey has remained consistent over the four times it has been conducted (reports were previously produced in 2014, 2016, and 2018). This consistency facilitates year-over-year comparisons.

The 2020 survey (conducted in 2019), asked respondents 37 questions covering the following categories, many of which were aligned with those in the 2016 and 2018 reports (with surveys conducted in 2015 and 2017, respectively):

- Expectations of employers and new graduates
- Relationships with post-secondary education
- Learning and innovation
- Hiring and skill availability

Chart 1: Respondents by industry



Survey tool

Questions were developed by Morneau Shepell and the Business Council of Canada, in consultation with stakeholders in the post-secondary education and business communities.

The survey was completed online using a browser-based data collection tool, with each company invited to complete the survey. Respondents included chief human resources officers, vice presidents or directors of HR, and/or HR managers, and their results were aggregated.

Quotes from survey participants have been anonymized and edited for clarity. This survey does not purport to reflect the workforce trends and challenges of all Canadian employers; rather, it serves as a snapshot of a subgroup of the Canadian economy to provide insight to the priorities and challenges of Canadian employers in the current market.



The new talent reality

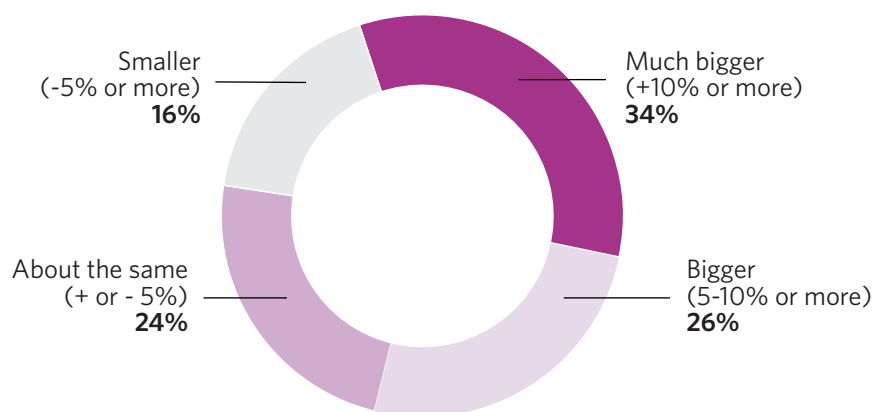
“There is a war for talent. We are all stealing from each other, which is only perpetuating the problem. Because of the skills shortage, companies are losing key players, wages increase, and competitiveness is challenged.”



Respondents expect growth in their workforce, with 60 per cent anticipating more hiring over the next three years. More than a quarter predict moderate increases, while one third are looking at strong workforce growth of more than ten per cent. This puts the sample population well ahead of the 2019 national employment growth rate of two per cent⁴.

This difference is possibly due to the nature of the firms surveyed, which disproportionately represent growing industries such as professional services, financial services, and technology. Nationally, weakness in the energy and manufacturing sectors depressed overall employment growth.

Chart 2: Anticipated changes in workforce size 2019-2022, not including retirements



Despite optimism for growth, there are significant challenges to recruiting the right talent. At the time of the survey, Canada's unemployment rate had been at a steady low for a number of quarters, with notable exceptions in the energy sector¹. However, in many larger centres, the competition for talent continued to escalate, particularly in Vancouver and Toronto⁵.

Over the past two years, employers have responded to these pressures through investments in skills development and targeted hiring. Respondents report that a shortage of skilled workers is having less of an impact than in 2018. In fact, the majority of respondents (64%) say there is little or no impact from skilled worker shortages, while just seven per cent find the impact significant.

Comments from respondents suggest that, where skills shortages exist, the impact is being managed with additional training for existing workers, along with the use of third parties and contractors.

As in 2018, the surveyed companies (by virtue of their size) may enjoy an advantage because of their ability to invest in robust training programs for employees and advanced recruitment techniques to attract talent.

That said, the market for skilled labour remains competitive in most areas of the country and can have a knock-on effect beyond individual organizations or sectors. For example, respondents rated Ontario as the top province in which they experience skills shortages, and in this province alone, that gap results in more than \$24-billion in foregone GDP⁶.

⁴ Statistics Canada (2019, October 11). [Labour Force Survey 2019](#).

⁵ Conference Board of Canada (2019, August 12). [Labour markets healthy in most metropolitan areas](#).

⁶ Monro, D. & Stuckey, J., (2013). [The need to make skills work: The cost of Ontario's skills gap](#). The Conference Board of Canada.



Competition for candidates with the right technical, leadership, and human skills continues to challenge employers, and at least one respondent notes delays in hiring “impact the workload of existing employees and may delay projects.”

Respondents report six key challenges in their recruitment and retention efforts.

Six barriers to finding and keeping talent:

1	2	3	4	5	6
Finding candidates with the right technical skills	Meeting candidates’ salary, benefits, and development expectations	Finding management and leadership talent	Candidates looking for a modern, “start-up culture”	Attracting candidates with the right human skills	Cost of living near work location

Connecting with qualified candidates is a barrier for nearly half of respondents (48%), followed by satisfying expectations for total compensation and ongoing development. Challenges persist, as well, in recruiting at the manager and leader levels.

New this year is a concern about candidate expectations of workplace culture among 27 per cent of respondents. Larger organizations often struggle with the perception that they are not as agile or “modern” as media representations of start-up companies. Employers may need to address this gap in actual versus perceived office culture expectations.

Cost of living is a concern for nearly a quarter (23%) of employers surveyed. The average Canadian household currently spends more than half its income on housing costs⁷, and this pressure is much greater in markets such as Vancouver and Toronto⁵. This could present additional challenges for students who are participating in co-op and internship programs where they may have to pay simultaneously for accommodation at school and close to employment.

As housing affordability and availability decline, employers must find ways to offset these costs for employees, or look to flexible hours, outsourcing, or the use of remote workers in less expensive centres to fill some of these roles. Indeed, 85 per cent of Canadian employers are already offering flexible working options,⁸ and more than eight per cent of the workforce is engaged in *gig work*⁹.

⁷ Royal Bank of Canada (2019). Housing trends and affordability.

⁸ Conference Board of Canada (2018). Flexible work arrangements: Transforming the way Canadians work.

⁹ Statistics Canada (2019). Measuring the gig economy using administrative data.



Coming skills shortages

Asked to rank the top five areas in which they anticipate a skills shortage in the next three years, the employers surveyed are worried about data automation, analysis, and security more than before. It should be noted that respondents to this year’s survey are weighted in favour of sectors that may not hire extensively in the skilled trades.

	1	2	3	4	5
2020	Analytics, statistics, quantitative analysis	NEW Cognitive computing, such as artificial intelligence and machine learning	NEW Computer science	Skilled trades (e.g construction, electrical, welding)	NEW Cybersecurity, such as threat analysis, file recovery and risk management
2018	Information technology	Skilled trades	Analytics, statistics, quantitative analysis	Engineering	Leadership, management
2016	Skilled trades	Leadership, management	Information technology	Engineering	Analytics, statistics, quantitative analysis

For the first time, skills around data protection and recovery have made the top five, though this skill ranked sixth in both the 2018 and 2016 surveys. This could be connected to the number of high-profile data breaches and cyber-attacks that were in the news at the time of this survey. The ascendance of analytical skills from fifth in 2016 to first place today is also noteworthy.

The increased focus on information and communication technology (ICT) skills also reflects the growing role of artificial intelligence and machine learning as everyday tools in larger organizations¹⁰.

This is in line with predicted growth in demand for ICT workers. In fact, this year Canada is expected to have more than 1.5-million ICT workers (versus 764,000 in 2014), the vast majority of whom will work in non-ICT industries¹¹.

In addition to the five skills above, respondents also see coming shortages in skills related to basic research and manufacturing roles, such as production work.

As we shall see in the next section, these existing and expected skills shortages are driving change in the recruitment of new and experienced workers.

10 Walker, V., Bowkett, G. & Duchaine, I. (2018) All companies are technology companies: Preparing Canadians with the skills for a digital future. Canadian Public Policy, November 2018.

11 Information and Communication Technology Council (2017). The next wave: Navigating the digital shift - Outlook 2021



Aligning expectations and skills

“We are finding candidates have strong technical skills but are sometimes lacking the ability to manage and deal with change. We need more focus on resiliency and the ability to navigate when things don’t go as planned.”



The employers surveyed appear to be struggling with the need to find employees with the right technical skills for today and the softer, more human skills that will build resiliency for the future.

We can see, for example, the growing concern about technical abilities, noted in the previous section, reflected in how respondents prioritize the skillsets they are seeking in their experienced hires.

Table 2: Top skills employers look for in mid-level hires

	1	2	3	4	5
2020	Collaboration / teamwork / interpersonal / relationship-building	Industry-specific knowledge and experience	NEW Technical skills	Communication	Problem-solving
2018	Collaboration / teamwork / interpersonal / relationship-building	Leadership	Communication	Industry-specific knowledge and experience	Problem-solving

The emergence of technical skills in the top five this year is likely linked to the anticipated skills shortages noted in Table 1. It may also be a response to the growing presence of advanced analytical tools in the workplace, creating a requirement for more senior staff to integrate these technologies into day-to-day operations.

The interesting departure of leadership skills in favour of industry knowledge may be driven by an assumption that employers can develop the necessary leadership skills through training, while they must recruit from a competitive marketplace for technical skills. It could also signal a need to protect institutional knowledge that is lost as older workers retire and younger workers move to other organizations.

So-called *human* skills continue to hold the top position for tenured hires, and they are even more sought out in entry-level workers (see Table 3).

“Collaboration, teamwork, interpersonal, and relationship-building skills all lead to better resiliency.”

Despite the ongoing competition for technically skilled workers, respondents continue to emphasize the importance of human skills in the newest members of the workforce. The interesting prioritization of resiliency is a likely response to the acceleration of technological change, such as artificial intelligence, anticipated in the 2018 report. Employers are looking for new hires who can adapt to change and are open to developing new skills.



Table 3: Top skills employers look for in entry-level hires

	1	2	3	4	5
2020	Collaboration / teamwork / interpersonal / relationship-building	Communication	Problem-solving	Resiliency	Analytical capabilities
2018	Collaboration / teamwork / interpersonal / relationship-building	Communication	Problem-solving	Analytical capabilities	Resiliency

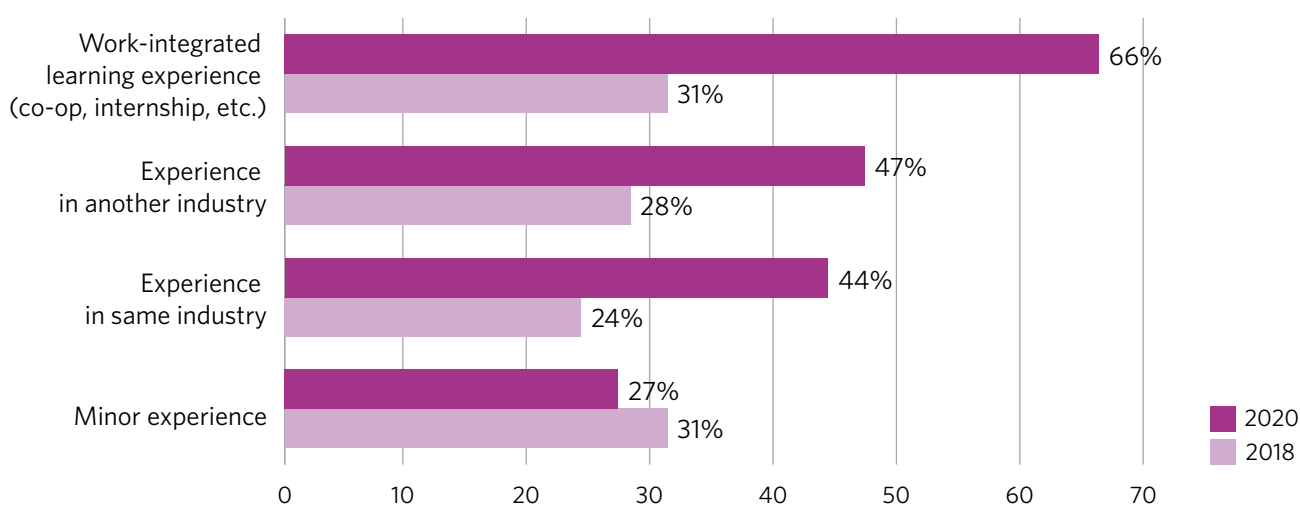
To better understand the differences between entry-level and mid-level skills preferences, there may be an opportunity to evaluate how different workplace generations actually define terms such as *collaboration* and *teamwork* in an increasingly virtual work environment.

An evolving definition of “experience”

As in 2018, most respondents expect one year or less of experience for entry-level candidates. What is changing is the nature of that experience. It’s no longer enough to have a few “real jobs” listed on a resume; employers are increasingly looking for *relevance* rather than length of time in a job.

There is a significant increase in entry-level employees who have work-integrated learning experiences, such as internships and co-op assignments. Young Canadians who can clearly articulate how their skills transfer from one experience to another will be best poised for success.

Chart 3: Typical entry-level hire experience by type



There are also marked increases in new hires who bring relevant experience from the same or a different industry. Respondents continue to look favourably on volunteer work or school experiences that build valuable collaboration, teamwork, and problem-solving skills.



As we shall see, the prioritization of relevant experience may be a response to the growing expectation among employees to advance quickly in the workplace. Hiring candidates who can “hit the ground running” creates a more immediately effective workforce, and one that is more likely to identify high-potential employees who can be fast-tracked into senior roles as a development and retention strategy.

Canadian employers continue to use different strategies to find and engage entry-level candidates, but key channels are increasingly external, reflecting a need to meet candidates where they are.

The top recruiting channel is employee referrals, used by 87 per cent of respondents, followed closely by social media (84%) and campus recruiting at about 78 per cent. This external focus is likely driven by the intense pressure to recruit candidates with the hottest skills on the market.

Top places employers look for candidates

1	2	3	4	5	6	7	8
Employee referrals	Social media networks	Campus recruiting	Recruiting websites	Work-integrated learning programs	Job fairs	External recruiters	Industry associations

There are some interesting trends emerging from this year’s data, most of which appear to reflect the ongoing challenges of reaching candidates with relevant experience.

Employee referrals, industry associations, and recruitment websites have all returned to strong 2016 levels, while the large increase in external recruiters noted in 2018 continues. These shifts, along with the increase in the use of social media platforms, reflect the competitive nature of the labour market in most of the country.

Work-integrated learning opportunities such as co-op terms and internships are proving to be effective tools in developing the skills graduates need to be productive once hired. This is reflected in the continued growth of these programs we see in the next section. A significant number of respondents express a strong preference for hiring candidates who are coming out of their own or another organization’s work-integrated programs.

Diversity in the driver's seat

Respondents are putting diversity and inclusion (D&I) considerations front and centre in their hiring and team-building strategies, highlighting a diversity of skills and perspectives as their top two considerations, followed closely by work experience and representation of the overall population.

This strong commitment to diversity and alignment of practice to policy may offer some relief for the ICT talent shortage as well. The Information and Communications Technology Council (ICTC), among others, recommends looking to immigration, women, and Indigenous populations to help fill the ICT skills gap, while addressing employability challenges for these groups and supporting corporate diversity and inclusion goals.*

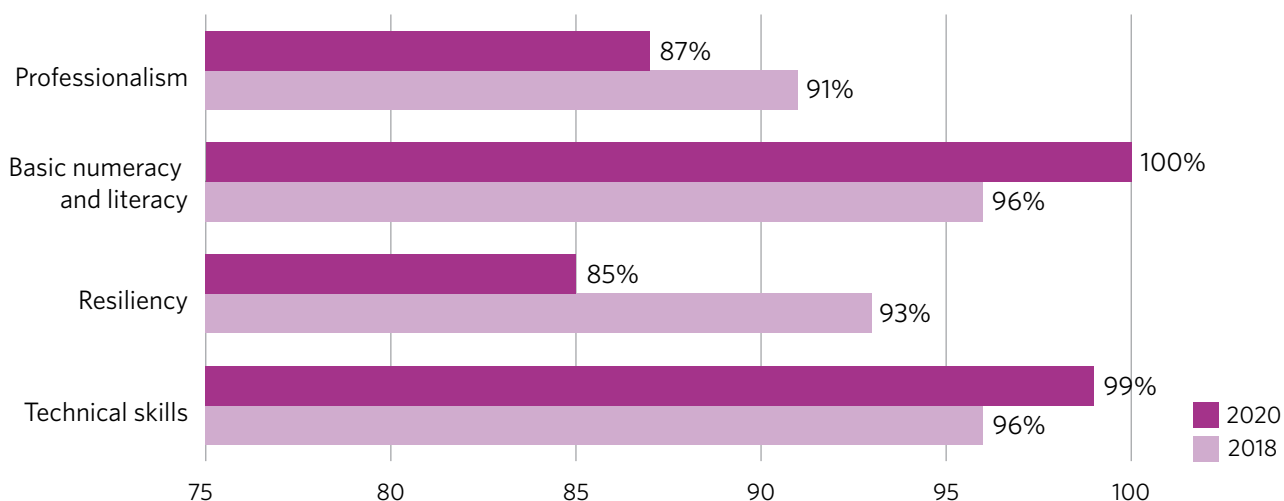
* Information and Communication Technology Council (2017). [The next wave: Navigating the digital shift - Outlook 2021](#)



As in 2018, employers surveyed are generally very satisfied with the foundational skills Canadian post-secondary graduates are bringing to the workforce.

Overall, respondents agreed that graduates have the basic technical, literacy and numeracy skills required, though there is a slight decline in the perception of the resiliency of new grads.

Chart 4: Do new graduates have these skills?



There is also a decline in satisfaction with the professionalism of new graduates. This year's assessment of punctuality, dress, meeting preparedness, and office etiquette reveals a lower satisfaction rate, though the understanding of professionalism may also be shifting, as a respondent observed:

"The definition of "professionalism" is contextual, and the lens has changed in recent years as company norms have changed. It's about showing up in a way that aligns with the environment and expectations of the customers and company."

Expectations on the rise

Alignment is a prevalent theme in the comments this year, as expectations of both employers and graduates rise. Three-quarters of employers say they expect more or much more from graduates compared to five years ago. They cite competitive pressure, doing more with less, and replacing retiring workers as key factors in this expectation.

Employers also note that graduate expectations are increasing at an even faster rate, with 87 per cent saying they are higher or much higher than two years ago. This gap is creating a need for employers to better align work experience with graduate expectations. At the same time, they need to find ways to manage these expectations and perceptions against the reality of organizational life.

Whereas employers are looking for resiliency, productivity, and the technical and human skills to get the work done, graduates are seeking work-life balance, flexible work, empowerment, and meaning. They are looking for support, feedback, and advancement, and some employers are working to close the expectation gap.



Looking at overall preparedness of college and university graduates, respondents' perceptions have not changed significantly from 2018. About half of employers (48%) say technical preparedness is the same, and about half (52%) find graduates are better or much better prepared than five years ago.

As noted in 2018, this technical alignment is the result of ongoing investment in skills development at the post-secondary level, and it may also reflect the success of internship and co-op programs that help students acquire skills ahead of graduation. As one respondent stated:

"Graduates are more prepared from a technical aspect, provided the university has a co-op or internship program. Without a work experience term, technical skills for university graduates have not advanced compared to five years ago."

There may also be a generational factor at work, with new graduates representing Generation Z (born since 1993¹²), arguably the most technologically enabled cohort in history.

Human skills alignment has also shown little change since 2018, which is more problematic, given the continuing ranking of collaboration, teamwork, and interpersonal skills as the most desired for employees and managers.

Sixty-two per cent of respondents find graduates have the same human skills preparedness as five years ago, and fewer than one-quarter feel these skills are better (23%) or much better than five years ago.

"They are great technically, but soft skills such as presentations, crucial conversations, problem-solving, and resilience could be improved."

It remains unclear whether this result reflects the changing expectations of employers, or a need to focus on human skills in post-secondary programs. Regardless of the cause, employers are concerned that graduates *"struggle to manage nuances of emotional intelligence and the impact that has on their way of working."*

¹² Statistics Canada (2018). [Generations in Canada](#).



Impact of technological and demographic change

“We anticipate technological advances impacting up to 50 per cent of our employee population, but not in the form of workforce reduction, as they will need to re-skill to adapt to new roles and ways of working.”



In our 2018 survey, we included, for the first time, questions about the impact of technological change, particularly artificial intelligence and machine learning. This year's data reveals that Canadian employers remain unsure about the long-term impact of automation on workforce size. While some acknowledge that automation will reduce the need for certain roles, others believe that the coming deluge of data will require new roles to manage and protect it.

As we have seen in an earlier section, employers' top requirements reflect a desire for increased ability to manage automated processes, but there continues to be a wait-and-see approach with respect to the resulting size of the workforce. About half (51%) expect changes in the range of plus or minus five per cent, and respondents' comments reflect an unwillingness to speculate at this time.

There is a similar reluctance to speculate on the specific areas within organizations that will face the greatest impact from technology change. Customer service, information technology, and analytics were all mentioned, but there was no definitive forecast among respondents, with most observing it is simply too early to tell.

Confidence as boomers retire

While the baby boomer exodus from the workforce is in full swing, and the last of that large generation will reach age 65 in 2031¹³, employers predict a manageable portion of the workforce, between five and ten per cent, will retire each year, and the majority (70%) express confidence in their ability to replace those departing skills.

There is a notable shift taking place in our understanding of "retirement age". While many workers are retiring younger than 65, a good number are re-entering the workforce as contractors or entrepreneurs. On the other hand, there is a trend toward delayed retirement that started in the early part of this century. Longer life expectancy, less physically demanding work, a desire for purpose and meaning, and financial uncertainty are keeping some people in the workforce longer¹⁴.

¹³ Statistics Canada (2019). [The labour force in Canada and its regions: Projections to 2036](#).

¹⁴ Statistics Canada (2017). [Delayed retirement: A new trend?](#)



Investing in a resilient workforce

“We need to build the skills inside the company, and thoughtfully identify roles that are vulnerable to automation so we can help great people grow through targeted development. Partnerships between government and companies will enable a more holistic, cross-industry approach.”



For the first time, this survey asked who should foot the bill for re-skilling workers. Although many respondents emphasize that reskilling is a shared responsibility, the ultimate onus is accepted by employers.

One-quarter thought government should play a larger role, particularly where a skill gap is a result of regulatory change or technological disruption.

“Government should financially support employees/employers when re-skilling is a consequence of digitalization.”

Comments highlight the need for strong partnerships between government and employers as part of a larger workforce resiliency strategy. Given that respondents represent larger organizations, there is an opportunity to explore how small- and medium-sized businesses should approach employer-driven reskilling strategies, in the context of more limited HR expertise and smaller training budgets.

As in previous surveys, employers continue to invest in employee learning and development, though the increase noted in 2018 appears to have been a spike.

Chart 5: Who should pay the majority of training costs associated with re-skilling workers?

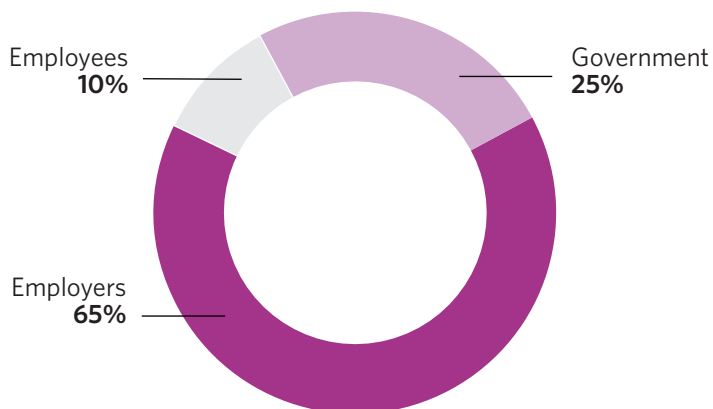
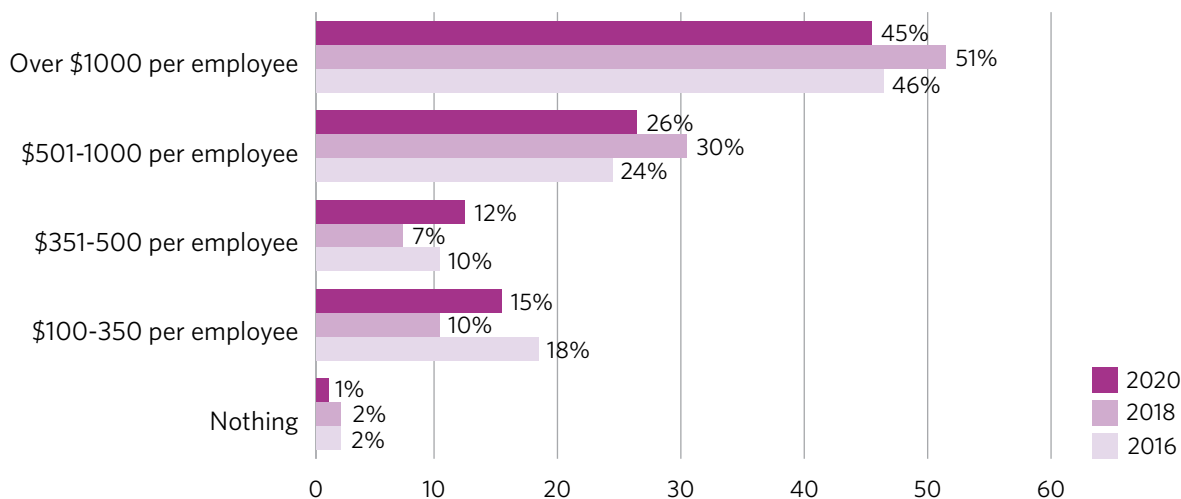


Chart 6: Annual investments in learning and development per employee



The upward trend in medium-term spending on learning and development noted in 2018 continues this year, with 71 per cent of employers anticipating a moderate to significant increase over the next three years, up from 65 per cent in 2018.

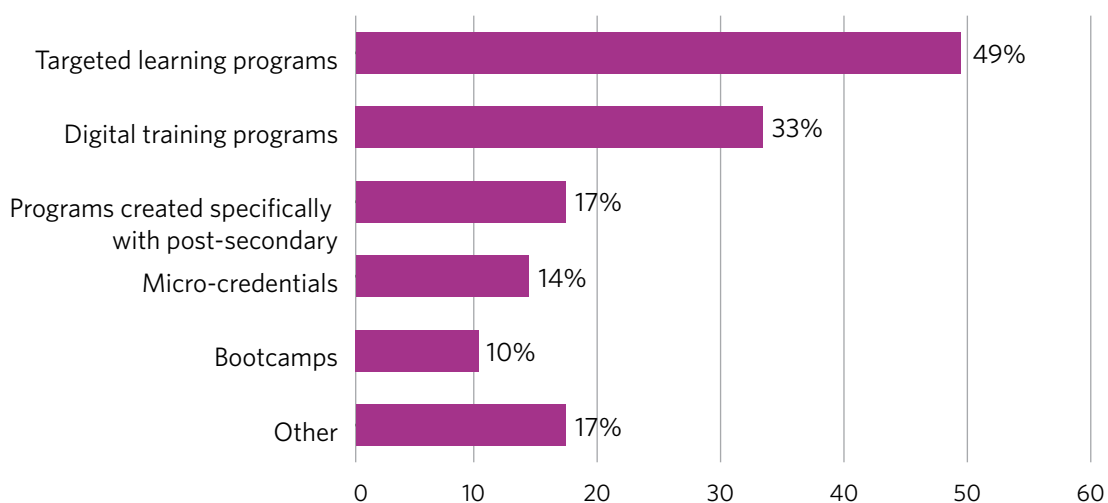
“We accept the risk of skilled talent leaving and prefer that risk over not developing our talent.”



Though spending per employee is declining moderately, employers are looking to new training methodologies to stretch their budgets, including virtual, self-directed, “bite-sized” learning, along with cultures that support continuous development.

In fact, the majority of employers, (61%) have a strategy to up-skill and re-skill workers whose jobs may be at risk, and they are counting on new, more cost-effective delivery methods to support it. More research should be undertaken to explore the efficiencies of different types of employee training, rather than charting progress only through financial data.

Chart 7: How employers up-skill and re-skill



Almost half of employers (49%) are targeting their training programs to address specific expected skill gaps, many at the front-line level. The qualitative data shows, however, that most programs are in early stages with many acknowledging no formal, company-wide strategy.

A number of respondents have existing internal training facilities and learning management systems through which they plan to deliver much of this expected content. It is worth acknowledging that such facilities are typically not available in small and mid-sized organizations. Some (33%) are looking to digital training through mobile apps, digital “badges”, and cognitive tools that identify adjacent career opportunities for existing employees.

It is interesting to note that 17 per cent of employers are looking to partnerships with post-secondary institutions to improve the quality of the talent pipeline through specific programming. We examine this partnership in the next section of the report, but it’s noteworthy that employers are also looking to partner with government and employees themselves (see Chart 5).



The importance of post-secondary education partnerships

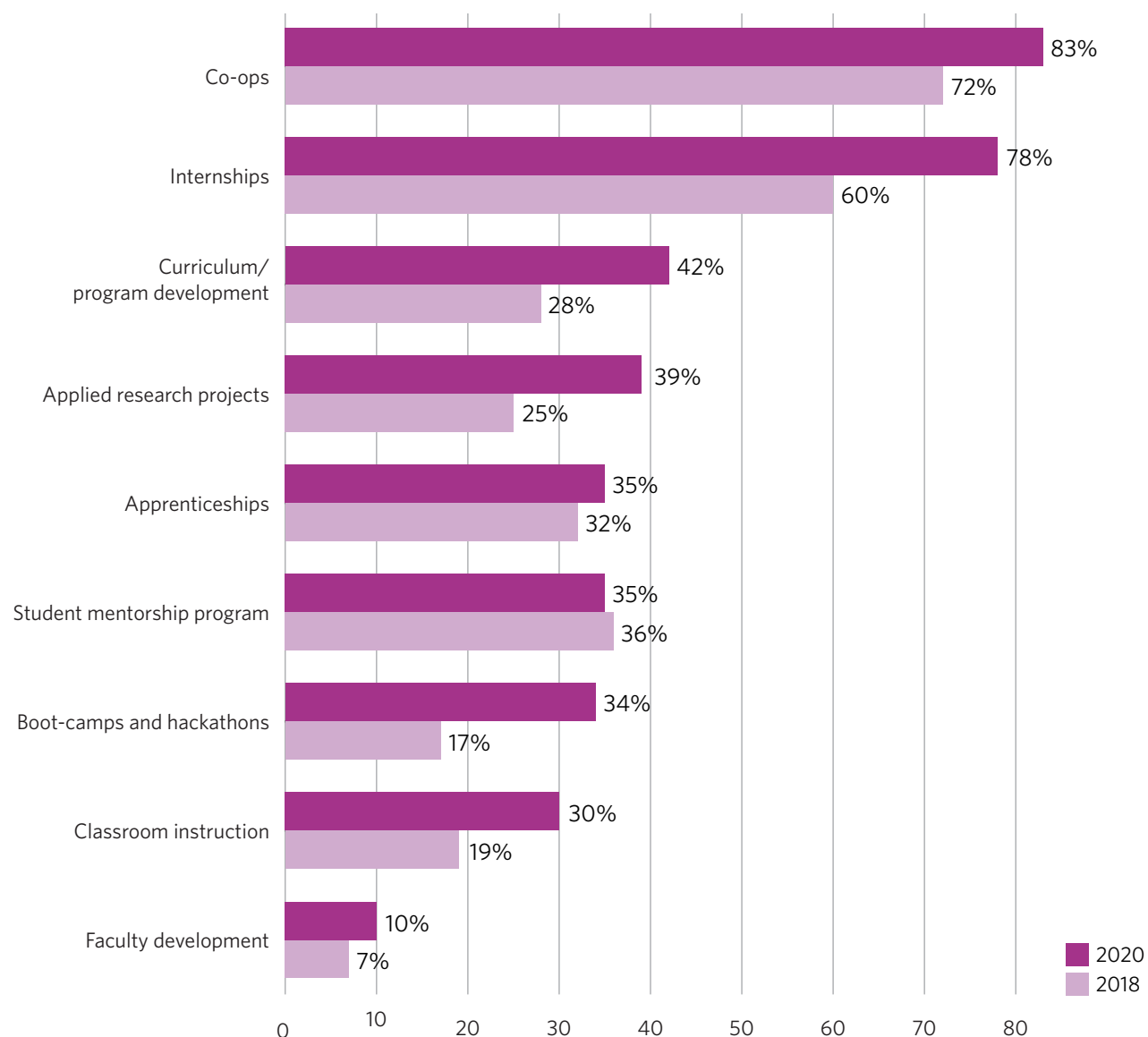
“We are keen to diversify and grow our candidate pool. There is also a desire among some of our managers to recruit from colleges that offer more relevant hands-on training.”



Collaboration between large Canadian employers and post-secondary education continues to grow, with 86 per cent of respondents reporting a relationship with one or more institutions, up from 83 per cent in 2018 and from 76 per cent in 2016. However, smaller employers may not enjoy the same level of collaboration, creating the demand for creative strategies to include a broader range of organizations in this critical conversation.

This impressive growth in partnerships over the past four years speaks to how employers grapple with increasing pressure to find, or develop, the talent they need for the future.

Chart 8: How employers and post-secondary education partner



As noted previously, co-op programs and internships dominate because of their proven ability to create talent pools with the technical skills employers require. The growth of investment in classroom-based activities, including instruction and program development, may reflect a need to influence very specific skillsets.



Hackathons, typically day-long events where students collaborate in teams to solve a specific set of problems, have enjoyed even greater popularity, as have other experience-based programs such as accelerators and incubators. This may reflect an effort to better engage the Generation Z student population.

Finding the right people

Looking ahead, one-third of employers (34%) expect to recruit graduates from outside Canada, while more than half (55%) will be recruiting from different Canadian schools and 70 per cent will be recruiting from different academic programs.

This is likely a reflection of the continuing tightness in the Canadian labour market, particularly for certain technical skills. Several respondents note a growing need for developers, and experts in cyber security and artificial intelligence. It may also be a response to the previously noted gaps in graduates' human skills.

Respondents generally report taking a hands-on approach to their post-secondary partnerships, and routinely reviewing them for alignment. One respondent noted, "we are re-evaluating which schools are best partners for us and also how we can identify which programs will better serve the future needs of the organization."

We see some room for improvement in the understanding of programs and curricula. A number of respondents cite a need for stronger alignment to industry requirements. There is also a strong desire for improved processes for campus recruiting and work-integrated learning.

Challenges expressed by respondents focused on a lack of visibility into university and college programs, processes, and resources, along with slow progress on specific initiatives. Again, alignment is key, particularly when it comes to a shared sense of urgency for change.

"Our relationships are fairly one-sided: we engage, and they respond. It would be beneficial to have a roadmap to assist us in ensuring our needs are more aligned with the educational timelines. This is especially true when we have tight timelines on strategic deliverables."

A final consideration, mentioned by at least one respondent, is to push educational partnerships to the secondary school level to facilitate earlier responses to employer needs. Canadian employers may be poised to join growing ranks of industry associations¹⁵ and academics in calling for a more holistic view of learning and skills training¹⁶.

The Business + Higher Education Roundtable (BHER) is a non-partisan, not-for-profit organization bringing together some of Canada's largest companies and leading post-secondary institutions. Since 2015, BHER has worked to harness the strengths of Canada's business and post-secondary education sectors to build opportunities for young Canadians, boost innovation and drive collaboration. Learn more at www.bher.ca.

¹⁵ Information and Communications Technology Council (2016). *Innovation agent project (SEED)*.

¹⁶ Blit, J., Amand, S. S. & Wajda, J. (2018). *Automation and the Future of Work: Scenarios and Policy Options*



Final thoughts

This survey was conducted during a buoyant but uncertain time for the Canadian economy that included:

- Overall high employment, with significant regional disparities;
- Low energy prices affecting Western provinces;
- Trade tensions with China;
- An unratified new trade agreement with the U.S. and Mexico;
- A pending federal election; and
- Highly publicized data breaches and cyber attacks on public and private sector organizations.

This survey provides a snapshot of how large, private-sector companies are adapting to a changing business environment. Although these firms represent different sectors and regions of the country, responding employers highlight the following:

1. While they are coping with a more competitive hiring market, they worry about skills shortages, particularly in technical areas such as artificial intelligence and cyber security.
2. In addition to these technical skills, employees increasingly require a robust set of human skills, such as collaboration, communication, problem-solving, and resiliency.
3. The impact of technology on the workforce remains unclear, and employers are taking a wait-and-see approach to planning their long-term workforce needs.
4. Respondents are confident about their ability to develop the future workforce and are investing in new ways to train employees to keep up with the pace of change.
5. Strong partnerships with post-secondary institutions are paying dividends, and employers are interested in finding ways to strengthen and broaden the business-higher education relationship.

Our goal with this research is to provoke a larger conversation among employers, government, educators, workers, and students about how we can develop the resilient workforce of the future.

Canada's long-term growth and global competitiveness is rooted in its ability to seamlessly connect the boundless potential of our youth with the rapidly evolving requirements of our employers and economy. Ongoing investments in the relationship between business, government, and educational institutions are key to realizing the shared vision of a bright and prosperous future for all Canadians.



About the Business Council of Canada

Founded in 1976, the Business Council of Canada is a not-for-profit, non-partisan organization representing business leaders in every region and sector of the country. The Council's member companies employ 1.7 million Canadians, contribute the largest share of federal corporate taxes, and are responsible for most of Canada's exports, corporate philanthropy, and private-sector investments in research and development. Through supply chain partnerships, service contracts and mentoring programs, Business Council members support many hundreds of thousands of small businesses and entrepreneurs in communities of all sizes, in every part of Canada.

www.thebusinesscouncil.ca



BizCouncilofCan



Business Council of Canada



Speaking of Business Podcast

Contacts

Valerie Walker

Chief Executive Officer

Business + Higher Education Roundtable

valerie.walker@bher.ca

Kristen Coady

Vice President, Client Experience,

Health and Productivity Solutions

Morneau Shepell

kcoady@morneaushepell.com

Morneau Shepell is the leading provider of technology-enabled HR services that deliver an integrated approach to employee well-being through our cloud-based platform. Our focus is providing world-class solutions to our clients to support the mental, physical, social and financial well-being of their people. By improving lives, we improve business. Our approach spans services in employee and family assistance, health and wellness, recognition, pension and benefits administration, retirement consulting, actuarial and investment services. Morneau Shepell employs approximately 6,000 employees who work with some 24,000 client organizations that use our services in 162 countries. Morneau Shepell is a publicly traded company on the Toronto Stock Exchange (TSX: MSI). For more information, visit morneaushepell.com.



@Morneau_Shepell



Morneau Shepell

