

Challenges of the Changing Workforce for Economic Development

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Abstract

“Future Ready: An Introspection on Our Profession” by Gareth Potts, addresses the future changes and challenges to be faced by economic development organizations (EDOs) over the next five to fifteen years. With technological advances, globalization and climate change, municipalities will face increasing challenges for which they must prepare. Those EDOs that pay attention to emerging trends and future obstacles may get ahead, and possibly even benefit from, these issues, but anticipation and being proactive is a must to not be left behind. Advancing the talent and skills of our work force is imperative to keep up with these changes, and this is the topic of this paper.

Introduction

The EDCO conference provided the opportunity to engage in a workshop with six Economic Development professionals. The participants were from the following municipalities: Goderich, Elliot Lake, Orillia, Simcoe County, New Tecumseth and Atikokan; all relatively small communities in Ontario. Here, we discussed the theme of ‘Talent & Skills’, within the context of the paper “Future Ready: An Introspection on Our Profession” by Gareth Potts, addressing the following two questions:

- 1) What trends/changes/challenges do you see impacting your community in the next 5-10 years?
- 2) How can your community, or the community of those at your table, change or adapt to prepare for these emerging trends?

In “Future Ready”, Potts describes three different levels in which economic development organizations (EDOs) can address Talent & Skills (Potts 12-13):

- a) Control: Where the EDO has the most control over the skills gap and/or the shortage of human resources;
- b) Influence: The community in the EDO’s sphere of influence such as partner organizations (big business, universities, and community colleges), which may affect higher education and the work force;

c) Awareness: The larger national and international forces at play in overall human capital. With an increasing number of jobs lost to automation, low tech jobs are the most likely to grow; however, these tend to be the lowest paid and have the least appealing working conditions. The Bureau of Labour Statistics (BLS) employment projections for 2016-2026 show that the sectors expected to have the largest growth are food preparation and serving related; healthcare practitioners and technical; personal care and service; and healthcare support (Potts 13).

Future Trends/Changes/Challenges

In our round-table discussion, one common theme for the smallest communities was, not just a shortage of skilled workers, but the absolute lack of workers in those communities. Particularly in the northern areas, there is an excess of jobs over people, as well as a lack of initiatives to attract more people to those areas. Part of the problem is an aging population, with younger people moving out of those communities in favour of the larger towns and cities in southern Ontario. The mature workforce lacks the technical skills to keep up with modern job demands, yet the younger population that remains lacks the social or customer service skills required, creating a generation/skills gap. Among the larger communities represented at the table, the population may have sufficient workers, but lacks a skilled labour force to meet the needs of increasing automation or knowledge-based jobs. All participants felt this was going to worsen unless initiatives are taken to counteract these trends. Participants spoke of the 'brain drain', where younger people leave the smaller towns to get an education but fail to return. They also felt there was a lack of awareness as to what jobs are available in smaller communities to retain younger workers, and a lack of culture and entertainment that younger workers desire.

Housing prices were an additional concern as wages have not kept up with housing inflation; while housing may be less expensive in smaller communities, the wages may also be lower, causing workers to commute to nearby larger towns and cities; communities closer to the GTA and other larger cities lose potential workers as people are willing to commute for work, rendering these smaller towns as 'bedroom communities'. People retiring from Toronto to these communities continue to push up housing prices, and thus property taxes, making it more difficult to survive on a lower wage in these areas. An influx of retirees has also resulted in developers building homes for the mature market, making it less likely that affordable housing will be available for younger workers. Furthermore, workers that do stay in the smaller communities may also lack transportation to get to jobs on a regular basis, as there may be no public transit.

A lack of training and apprenticeship is also an issue. Local colleges are not offering programs to train just a few workers for skills that are needed. Likewise, local businesses are not investing in apprenticeships, as they fear workers will leave for higher paying jobs once they have the required certification. Municipalities need to consider incentives for worker training and retention to meet the demand in these areas.

All of these issues contribute to a lack of workers, and in particular, skilled workers, that smaller communities may require to attract industry. Without industry in these communities, more pressure is put on larger cities, such as the GTA. A more proportional population spread over the province is desirable for delivering the services that people need and want, resulting in a better quality of life for all.

Changes/Adaptations to Prepare for Emerging Trends

Suggested solutions during our round-table discussion focused on increased immigration and repatriation to smaller communities. This led to a discussion on how to make these communities appealing to newcomers and previous residents/youth that have relocated, including affordable housing initiatives; awareness of job opportunities in these areas; marketing of lifestyle and recreational benefits, and a lower cost of living; working with local colleges and businesses to provide educational and training opportunities; providing public transportation to key areas in the community; and improved provincial and municipal policies to encourage investment and training in the community.

EDOs must anticipate the changes and resulting challenges they will likely face. Some of the main considerations under work force challenges, according to Potts (Potts 14), may also present solutions to some of these challenges:

1) Automation

While large numbers of jobs are at risk from automation, automation may also be a result of a skill shortage. The level of automation will be a result of the time and costs of technological development, as well as the supply and demand (i.e. cost) of labour; economic benefits of automation (i.e. performance improvements); and regulatory/social acceptance (i.e. if politicians allow it/people want it).

2) Training and Retraining

EDOs would be wise to evaluate their economy's potential for automation and plan for, not only the retraining of those who lose their jobs to automation, but in anticipation of new and growing sectors and industries, to attract those industries to their community.

3) The Gig Economy

The gig economy is defined as short-term jobs found through the internet and is a rapidly growing source of employment. This offers both employers and employees flexibility as required and allows for filling skills or timing gaps. EDOs can support this new workforce by providing employers with the legal and administrative requirements, encouraging employees to have adequate insurance and retirement funding, and viewing such work as a route to increasing skills and more permanent work.

4) Changing Reward Mechanisms

EDOs may need to rethink economic incentives for job creation within new and growing sectors. The growing challenges and opportunities of automation, globalization and climate change may require innovative ways to attract growth industries to smaller communities.

The need for solutions is highlighted as General Motors (GM) recently announced the closing of several plants in the US and one in Oshawa, Ontario, to focus on electric and autonomous vehicles. As it cuts thousands of manufacturing jobs, it is hiring highly skilled software engineers and coders for its new Canadian Technology Centre (CTC) in Markham, Ontario. While GM is attempting to relocate workers to this new sector and other areas within the company, the provincial government is authorizing the Rapid Re-Employment and Training Services program to help impacted local workers regain employment as soon as possible.

Conclusion

Creativity and innovation will be key factors in how EDOs can anticipate and successfully deal with workforce challenges in a dynamic global economy. Governments on all levels must have the political will to invest in new technologies, embrace green energy, and encourage an equitable and inclusive society in which no one is left behind.

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