

Northern British Columbia Service Industry Sector Study

Quantifying the Problem

Prepared by

Don Manson

Community Development Institute
University of Northern British Columbia

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“Funded through the Canada-British Columbia Labour Market Development Agreement”

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Acknowledgements

This 'Quantifying the Problem' report is third in a series of reports that are part of the Northern BC Service Industry Sector Study. Its purpose is to delineate the Service Industry Sector labour market issue and identify practical responses to addressing human resources gaps in both the short and long term.

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Greg Halseth and Don Manson
Prince George
December 2008

Availability

Copies of Northern British Columbia Service Industry Study reports are available in a number of locations. At the University of Northern British Columbia, copies have been deposited at the Geoffrey R. Weller Library, or can be accessed on the Community Development Institute website:

<http://www.unbc.ca/cdi/research.html>

Service Industry Sector Project Reports

- Extracting the Value
- Population Background and Trends Report
- Quantifying the Problem Report
- Solutions

Contact Information

For further information about this topic and the project, please contact:

Greg Halseth, acting Institute Director
University of Northern British Columbia
3333 University Way
Prince George, BC
V2N 4Z9

Office: New Lab 8-141
Phone: (250) 960-5826
Email: halseth@unbc.ca

Don Manson, Institute Coordinator
University of Northern British Columbia
3333 University Way
Prince George, BC
V2N 4Z9

Office: Lab 4-158
Phone: (250) 960-5018
Email: manson@unbc.ca

Introduction

Quantifying the problem phase Objectives:

The objective of the Quantifying the problem phase of the project was to use information from a cross-section of northern communities to identify and understand the labour shortage in the Service Industry sector in northern British Columbia from the perspective of owners and operators.

The Service Industry Sector Labour market issue:

Much has been written about the transformation of the North American economy and the rise of the Service Industry sector. As knowledge and information become increasingly valued commodities, the need for workers in all components of the Service Industry sector will be crucial to extracting increased value and GDP from the traditional basic sectors of the economy.

Across northern BC, the Service Industry sector has been, and will continue to be, a critical part of local and regional economic development. For example, Timber Supply Reviews by the Ministry of Forests routinely identify a multiplier effect from direct forest industry jobs of between 2.1 and 3.1 – with most of this in-direct employment and benefit being in the Service Industry sector. In other words, it is through the Service Industry sector that jobs and GDP are generated in northern British Columbia's communities. The proposed new inland container port study for Prince George estimates about 75 direct jobs but over 800 in-direct jobs – again with most of these being in the Service Industry sector. The recent economic upswing in resource industry development exposed a critical lack of Service Industry sector employees across the north. Firms were unable to find employees across almost all of the industry components listed above, and this limits our ability to respond to opportunity and reduces the benefits our communities and regions are able to derive from such development activity. This has emerged as a critical labour market issue in northern British Columbia.

Defining the Service Industry Sector Labour Market

A working definition of the Service Industry sector for this project is drawn from Statistics Canada's standard industrial classification system. In this case, we identify six support clusters, as well as two additional categories, that comprise the Service Industry sector.

These are:

Goods Support
Wholesale Trade

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Transportation and Warehousing
Retail Trade

Administrative Support
Administrative and Support
Public Administration
Management of Companies and Enterprises

Social Support
Educational Services
Health Care and Social Assistance

Cultural Support
Information and Cultural Industries
Arts, Entertainment and Recreation

Finance Support
Finance and Insurance
Real Estate and Rental and Leasing
Professional, Scientific and Technical Services

Accommodation and Food Services

Methodology

Selection of Key Informant Interview Participants

The data for this project was collected through key informant interviews, which were conducted between November 2007 and May 2008 (Appendix A). The purpose of the interviews was to provide information relevant for understanding Service Industry Sector issues facing northern British Columbia communities. A total of thirty-four key informant interviews were completed in twelve communities.

Research Ethics

The research conducted by the Community Development Institute is bound by research protocols established by the University of Northern British Columbia (UNBC). This requires all survey materials be submitted to UNBC's Research Ethics Board for review and approval. A key component to this protocol is to provide key informant participants with a copy of the consent form (Appendix B) that outlines the purpose of the study; how the research process will protect their anonymity and confidentiality, and that their participation is voluntary.

Key Informant Interview Guide

The purpose of the Northern British Columbia Service Industry Sector Project was to provide information relevant for understanding Service Industry Sector issues facing northern British Columbia communities

This report assembles key findings from the Quantifying the issues phase of this project.

Questions that were put forth to research participants covered various issues, including:

- Pressures facing the northern BC Service Industry Sector in the recruitment of employees;
- Human resource training needs; and
- Additional human resource pressures were likely in the next five years.

Confidentiality

All interviews were conducted with an assurance of anonymity of the participants. Interviews were voice recorded and transcribed to ensure the completeness and accuracy of participants' comments. To maintain privacy all recordings and transcripts were destroyed at the completion of this project.

Interviewees

Interviewees were chosen from a broad spectrum of employers and business organizations involved in the Service Industry Sector of northern British Columbia. Categories included Goods Support, Social support, Cultural Support, Financial Support, and Accommodation and Food Services. Staffs from a number of Chambers of Commerce were also interviewed. Approximately half of the interviewees were owner/operators and identified themselves as 'small business owners.

Service Sector Skills

While often looked upon as a 'low skill' industry, the reality is that the Service Industry sector employers require a broad set of skill sets from their employees.

Interviewees in Accommodation and Food Services required a basic competency in literacy and numeric ability. Some categories, such as Goods Support, Financial Support, and Administration Support, required employees to have specific training and licensing. All interviewees noted that 'positive' attitude, behaviour, strong communication and interpersonal skills were core attributes that they were looking for in prospective employees. Most interviewees noted that basic computer skills are becoming a requirement. Significantly, few participants felt that many job applicants did not meet employers' basic skills requirements.

Changes over Time

This section was included to gauge whether there had been a change in expectations of employers and employees over time. Interviewees noted that while rates of pay continued to be a central theme, issues surrounding training, opportunities for advancement and 'quality of life' have become more pronounced over time.

Interviewees had strong opinions on the changes in employee expectations. Younger employees were seen as expecting a more fast-paced work environment. Employees were in general seen as being less patient when it came to 'earning' perks. The decline of a sense of corporate loyalty was identified as having a major impact on the retention of employees. One interviewee stated that "today employees don't quit, they just stop showing up for work". Interviewees stated that their expectations of job seekers had changed over time. Some interviewees, especially in the Accommodation and Food Services, referred to having to settle for hiring for "a warm body" rather than a more qualified employee.

Recruitment issues

Interviewees reported difficulty in successfully recruiting for vacant positions. Most interviewees reported that the average position was filled in thirty days. A few interviewees stated that some positions were 'never' filled. Few interviewees contracted outside agencies for their human resource needs. Low wages and the seasonal, or contractual, nature of some of the Service Industry Sector jobs were seen as an obstacle to recruitment.

The aging population demographic in northern British Columbia was seen as the major pressure point in future recruitment to the Service Industry sector. While many interviewees identified First Nations as a potential pool of labour for meeting human resource needs, few had experience in accessing this employee cohort. Immigrant labour was most often cited as a potential pool of labour for meeting current and future human resource requirements. As in the case of recruiting from the First Nations community, most interviewees had little experience in recruiting immigrants. Only a few interviewees identified people with disabilities as a potential recruitment cohort.

Why do employees leave?

The majority of interviewees identified the higher rates of pay in other sectors, most notable the Oil and Gas industry, as a reason for staff losses. The next most cited reason for employee loss was to retirement. This was particularly evident in Service Industry Sectors that required employees possessing skill certification. Interviewees in the Accommodation and Food services identified that many employees did not view their sector as providing long term career advancement opportunities. Interviewees noted with some frustration that employees did not have a sense of 'loyalty' to their employers. Poor performance was most often cited as a reason employees were asked to leave employment.

What type of worker is leaving?

Employees still in high school were the most identified group of workers leaving employment. Employees possessing skill certification were identified as another high 'turn-over' group, mainly through aggressive recruitment by higher wage sectors. Interviewees identified 'older' workers as the least likely group to leave employment.

Difficulty recruiting

Interviewees that required potential employees to possess certificates, and have prior work experience, experienced higher rates of on-going staffing vacancies. It was noted that potential employees were looking for more full-time, rather than contractual, or seasonal, employment. Significantly, interviewees in both high

employment, and low employment, communities reported difficulty in recruiting employees. Some interviewees in the Accommodation and Food services category reported resorting to 'permanent' help wanted signs.

Recruitment Strategies

The majority of interviewees identified advertising, mainly in local newspapers, as their number one strategy for filling vacancies. Spouses/partners of people who are moving into a community were identified as a potential source for recruitment. Interviewees from smaller communities mentioned 'word of mouth' as a source of employment inquires. Spreading the word through professional and service networks such as a Chamber of Commerce or Rotary were identified as strategies used by interviewees.

Visiting local high schools was seen as a positive method for encouraging young people to view Service Industry Sector jobs as a "good place to start". While most interviewees stated that they were limited in their ability to compete in the area of wages, they felt that Service Industry Sector businesses needed to stress non-monetary advantages. One interviewee noted that "the type of people that you attract for this type of employment is not for financial gain. Other benefits aside from monetary ones must be available."

Offering flexibility was identified as a good incentive for staff because of the reality of employment in modern families. One interviewee related how they were able to retain a valued employee (a single mother) by scheduling hours of work so that she was able to pick up her children from school. Other interviewees stressed the need to create a 'team' and 'fun' environment.

Case by Case or ongoing?

The majority of interviewees filled staff vacancies on an 'as needed' bases. Small organizations were the least likely to have a human resource strategy. Larger organizations were the most likely to have a strategy in place for human resource needs. Few organizations, regardless of size, had a dedicated budget for filling vacancies.

Human Resource Training

This section was included to gauge how employers met their human resource training needs.

Training Needs

A common theme from the interviews was the issue of preparedness of most potential employees. Participants from more seasonal businesses identified the need for employees who were 'job ready'. Interviewees in the Accommodation

and Food services noted that employees often did not have needed certification such as 'serving it right' and 'food safe'.

All interviewees stressed the need for reading, writing, and critical thinking skills that are appropriate for the work place. Communication or 'people' skills (including how to deal with difficult customers) were seen as key skills across all support groups. Administrative and Financial support interviewees noted that knowing how to write letters with proper grammar and punctuation was an important skill for employees.

Other skills identified included:

- Problem solving skills.
- Basic Computer skills
- Analytical and critical thinking.
- Independent work skills

Who does the training?

Interviewees in the Accommodation and Food services sector were most likely to provide 'on the job' training. Training of new employees was most often the responsibility of owners or supervisors. Interviewees whose business was associated with a franchise or a co-operative were most likely to have access to 'in-house' training programs. Most participants felt that 'in-house' training met their needs.

External Training

Few interviewees engaged external training organizations to meet their training needs. While a number of interviewees were aware of government and business organizations (chiefly Chambers of Commerce) programs, few took advantage of these programs.

Lack of time, or inability to cover employee absences for training, were the most often cited reason why interviewees did not take advantage of existing external training programs.

Understanding your Labour Force

Few interviewees were personally aware of studies that had been undertaken in their sector. If participants were aware of a study, most had not personally read that study. Most of the interviewees' understanding of the Service Industry Sector labour force came from personal experience in the industry. Understanding of long-term labour force issues facing the Service Industry Sector was mainly gleaned from the news media or peers in the industry.

Internal Studies

Few interviewees reported contracting, or conducting, a study into their human resources and training needs.

External Studies

There was very little awareness of external studies that had been conducted into the Service Industry Sector.

Succession Planning

Succession planning was most often identified with the retirement of the owner/operator. Very few participants had given much thought to succession planning. In the case of small business owners succession planning fell into two categories; the children would take over the business, or their retirement plan was to sell the business and live off the profits.

Few interviewees had actively planned for the succession of retiring employees even though the aging workforce and pending retirements were seen as a significant cause for concern.

Job Shadowing

A number of interviewees had participated in high school work experience programs. Most participants saw job shadowing as a drain on resources providing little direct benefit to their company. Few saw job shadowing as a way to training future employees.

Human Resource Needs – The Future

First nations

Interviewees were unsure of how to access this potential group of employees.

Immigrants

While identifying immigrants as a potential source of future employees; most interviewees felt that accessing immigrant labour was too complicated, or potentially costly, to benefit their business.

People with Disabilities

A number of participants stated that they would support hiring employees with physical or developmental disabilities. As with other 'non-traditional' pools of labour, most interviewees had little experience with this group.

Growing our own

Interviewees were of the strong opinion that northern British Columbia needed to develop its own pool of labour. Participants looked to the government and the education system as key leaders in helping to meet future human resource needs.

Key Development Issues In Five Years

“The lack of people going into small business is a much greater issue that I think we’re facing than the mountain pine beetle”

Participants felt that it would be more difficult to recruit qualified employees in the next five years. While participants felt that required skill set would remain the same or grow over the next five years; they felt that potential employees would most likely not meet job requirements. Few participants were actively planning to meet their employee needs over the next five years. Participants from the Accommodation and Food Services were the most pessimistic about meeting their human resource needs in the next five years.

Pressures from an ageing population and the strength of the Oil and Gas sector were seen as the two most significant pressures on the human resource needs of the Service Industry Sector. Participants from smaller communities identified population loss as an issue over the next five years.

Conclusion

Recruitment of workers into the Service Industry Sector is a major concern at present, and is seen as facing significant challenges moving forward. However, retention of existing employees has emerged as an equally significant challenge. Interviewees were aware of the need to train workers; many interviewees were not prepared to invest too heavily in their employees beyond certification requirements. These interviewees cited the mobility (high turn-over) of employees as a reason for not investing in training beyond basic needs.

There was a strong sentiment expressed by many interviewees that policy makers, decision makers, and educators did not view the Service Industry Sector as a ‘legitimate’ career or an important economic contributor. With the government’s heavy focus on trades interviewees believed that their ability to successfully recruit employees was being diminished. Participants identified the need to educate policy makers about the importance of the Service Industry Sector’s role in economic diversification, especially in the recruitment and retention of professionals and trades people. As one interviewee notes; “we are providing the services that make our towns a more desirable places to live.”

Appendix A: Interview Script

Interview Script

Section A: Background Information

The first section of questions asks about the structure of your organization.

A1. What is your job position?

A2. How long have you been in this position?

A3. How did you start your involvement with this organization?

A4. How many staff/employees are in the organization?

A5. Can you please describe the organizational structure?

SECTION B: Job Descriptions

In this section I would like to ask you some questions relating to the job descriptions for those positions under your direction/management.

B1. Does your position have a job description?

<if yes, try to obtain a copy>

B2. Can you describe the job descriptions for the various positions under your direction/management?

<if yes, try to obtain a copy>

B3. For these various job descriptions, can you describe any specific skills or training required for applicants to be qualified for these jobs?

B4. For these job descriptions, have you been able to put people in place who have those needed skills/training?

SECTION C: Recruiting

In this section I would like to ask you some questions about recruiting employees/staff.

C1. Are there any unfilled positions within your organization?

C2. Why do you think these job positions remain unfilled?

C3. On average, how long does it take to fill a vacancy?

C4. Have you ever had any employees/staff recruiting difficulty? (please describe)

C5. What do you think are the key issues to recruiting employees/staff to positions in your business?

C6. Has your organization attempted any form of job shadowing or job succession planning as a way to train future employees/staff?

SECTION D: Human Resources Training

In this section of the interview I would like to ask you some questions about opportunities for providing training to employees/staff.

D1. Does your position/organization have employee/staff training needs? (please describe)

D2. How have you handled training needs in the past?

D3. Is your business/organization able to provide in-house training? (please describe)

Does this meet your needs?

D4. Has your business/organization made use of any external training sources? (please describe)

Does this meet your needs?

D5. What would you describe is the key training needs for your business/organization?

D6. Has your organization ever contracted or conducted a study into your human resources and training needs?

<If yes, try to obtain copy of study>

D7. Are you aware of studies that have been done within your industry?

<If yes, try to obtain copy of study>

D8. Are you aware of human resource and training studies that have been conducted in your community?

If yes, by whom? When?

<If yes, try to obtain copy of study>

SECTION E: Human Resources Needs

In this last section of the interview I would like to ask you some questions relating to the future of your organization and the human resources needs to prepare for that future.

E1. What do you see are the key development issues for your business/organization over the next 5 years? (please describe)

E2. What new staff/employee support do you envision needing over the next 5 years? (please describe)

Please describe any new job positions.

Please describe the job descriptions for these new positions.

E3. What do you think are the key human resources development needs in order to meet staff/employee support over the next 5 years?

E4. At present, how are you planning to meet these human resources development needs?

E5. At present, what do you see as the key human resources gaps to supporting your business'/organization's development over the next 5 years?

SECTION F: Concluding Questions

F1. From the experiences you have had, can you think of anything else that has not been touched on here about meeting the human resources needs of your business/organization now and looking 5 years into the future?

F2. Are there any other issues or topics related to human resources needs or training that you would like to comment upon?

Appendix B: Consent Form

Appendix B

Northern British Columbia Service Industry Sector Interview Consent Form

Purpose – This project seeks to delineate the Service Industry Sector labour market issue and identify practical responses to addressing human resources gaps in both the short and long term. The objectives of this community driven process are two fold: to use information from a cross-section of northern communities to identify the Service Sector labour shortages, and to draw upon the participation of Service Sector employers to identify practical strategies for dealing with these labour shortages. The project is funded by Service Canada and is managed by Greg Halseth, Professor, Canada Research Chair, Rural and Small Town Studies at the University of Northern BC (UNBC). A research team from the Community Development Institute at UNBC will be conducting a series of interviews with community partners and stakeholders who can provide information on the human resources needs and demands (both now and in to the future) in the Service Industry Sector.

How Respondents Were Chosen – Potential interviewees were selected from publicly available lists and from recommendations by the project advisory committee. This advisory committee was assembled from interested stakeholders to assist in the development of the project. The interviewees were selected for their potential to provide information about issues relevant to human resources needs in the Service Industry Sector.

Anonymity And Confidentiality - The people selected for these interviews are local experts in the human resources needs of the offices or enterprises which they direct or manage. All information shared in this interview will be held within strict confidence by the researchers. All records will be kept in a locked research room at UNBC and will be accessible only to the research team. The names of participants will not be used in any reporting, nor will any information which may be used to identify individuals. The information will be kept until the final report of the project is complete. After this time, shredding will destroy all information related to the interview.

Potential Risks And Benefits - This project has been assessed by the UNBC Research Ethics Board. The project team does not consider there to be any risks to participation. We hope that by participating you will increase the knowledge of labour market issues facing the Service Industry sector in Northern BC and help in the identification of solutions and options to address labour market issues.

Voluntary Participation - Your participation in the research project is entirely voluntary and, as such, you may chose not to participate. If you participate, you

may choose to not answer any question that makes you uncomfortable, and you have the right to terminate the interview at any time and have all the information you provided withdrawn from the study.

Research Results - In case of any questions that may arise from this research, please feel free to contact Greg Halseth (250-960-5826) or Don Manson (250-960-5018) at UNBC. The names of all interviewees will be added to the distribution list for the final project report.

Complaints - Any complaints about this project should be directed to the Office of Research, UNBC (250) 960-5820 reb@unbc.ca.

I have read the above description of the study and I understand the conditions of my participation. My signature indicates that I agree to participate in this study.

(Name -please print)

(Signature)

(Date)

Appendix C

Appendix C: Interviews by Community Visit

Quantifying Phase Communities

	<u>Community</u>	<u>Interviews</u>
	Burns Lake	07
	Fort Nelson	01
	Fort St. John	02
	Houston	04
	Kitimat	01
	Mackenzie	04
	Prince George	05
	Prince Rupert	02
	Quesnel	01
	Terrace	02
	Vanderhoof	03
	<u>Williams Lake</u>	<u>02</u>
Total	12	34