



# FutureForce Halton Beyond the Workforce Crisis

Trends in Halton's Workforce

A collaborative study by  
Halton Industry Education  
Council and Deloitte

Summit October 30, 2007

Audit • Tax • Consulting • Financial Advisory.

**Deloitte.**

# Executive summary

- Employers across the Halton Region are hitting an invisible, but debilitating wall: increasing difficulty in attracting and retaining qualified talent
- Most of the over 150 Halton businesses that responded to our survey view availability of human resources as one of their top business issues
- With the survey data, supported by research into the region's demographics, we explore the phenomenon of rapid growth in the region: the challenges that it creates for businesses large and small; and the business practices that employers are engaging in to deal with it
- Halton is among the fastest growing regions in Canada, and 75% of the Halton Region businesses surveyed expect to hire additional staff in the next year
- Over 10% of Halton's labour force will be retiring in the next 5 years
- In fact, a labour force shortfall of as many as 125,000 over the next 5 years is forecasted
- Halton Region residents are significantly better educated as compared to Ontario or Canadian residents as a whole – and Halton Region's households are among the highest wage earners in the GTA
- But, the higher paying jobs, for the most part, are located outside of the region: approximately 50% of the workforce commute outside of Halton; few commuters come into Halton from other regions
- Manufacturing jobs are among the highest-paying hourly jobs in Ontario. However, less than 3% of Halton's workforce are employed at large-scale manufacturers. The majority of manufacturing job opportunities are in small-medium businesses
- The business services segment is the highest employment segment in Halton

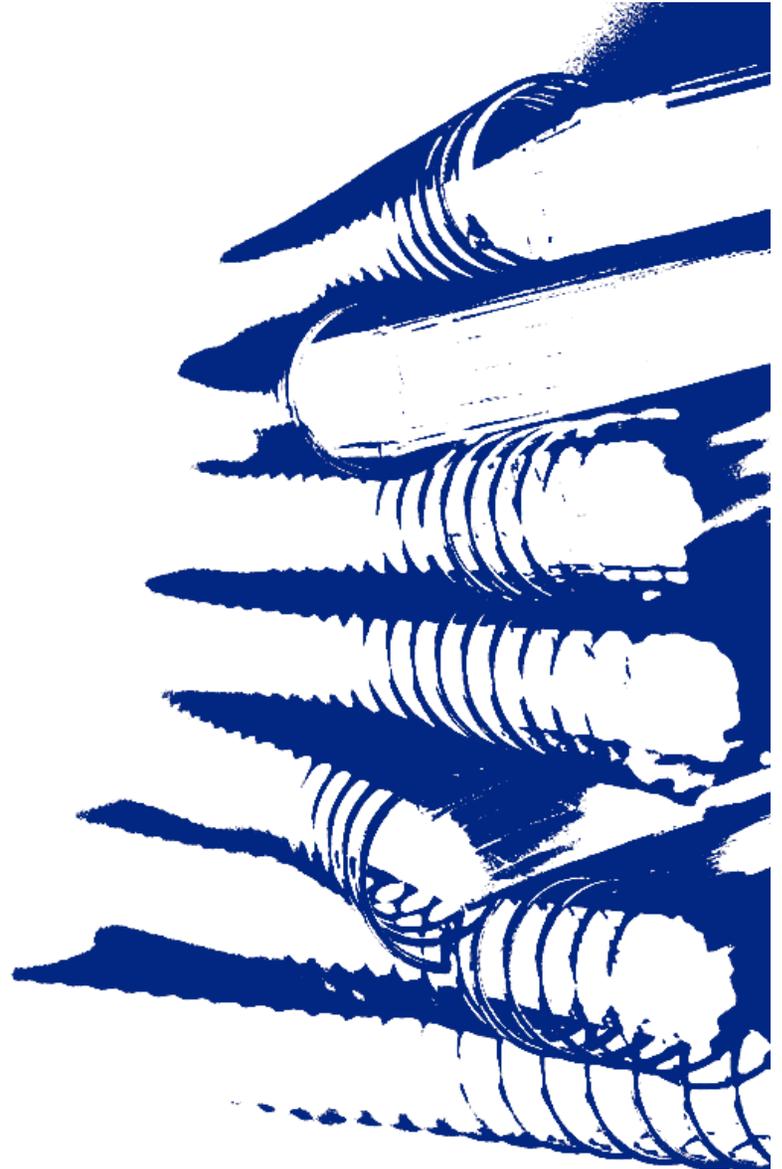
# Executive summary

- The fastest growing segment of Halton's population is in the age group under six years old
- Young people, the new entrants to the labour force, are growing roots in the community and selecting Halton as the place to raise a family. The question is whether this demographic is part of the itinerant commuter segment or has found employment in the Region
- In order to recruit qualified human resources, Halton's business leadership may need to get involved in creating, advancing, and supporting the social agenda incorporated in the Halton Strategic plan, and ensure that the following issues are addressed:
  - Immigration
  - Child care
  - Affordable Housing
  - Transportation
- To survive, Halton's business leadership will need to implement best-in-class management development, compensation, recruitment and staff retention strategies to retain their best and brightest
- Businesses will need to be proactive, and start early

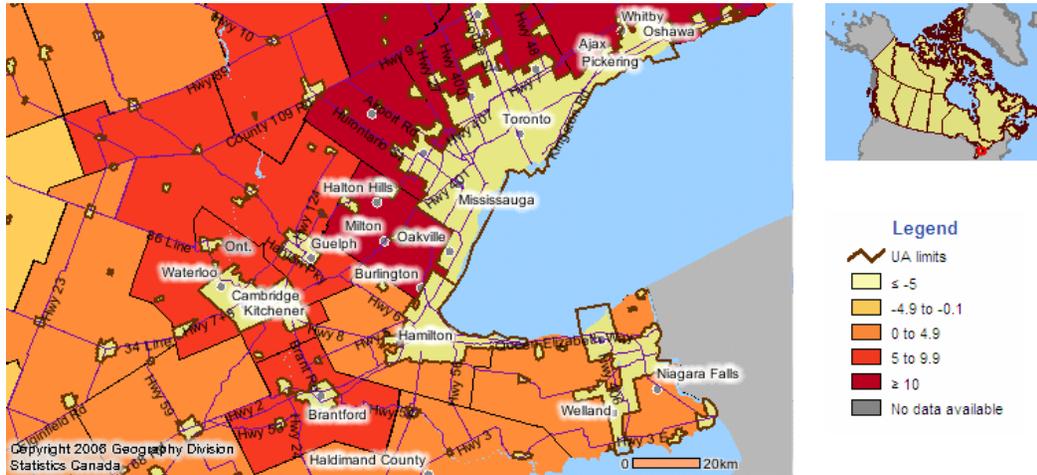
# Demographics

Key Business and Population Demographics

Strategy & Operations Consulting



# Halton Region has one of the highest growth rates in the GTA 2001-2006



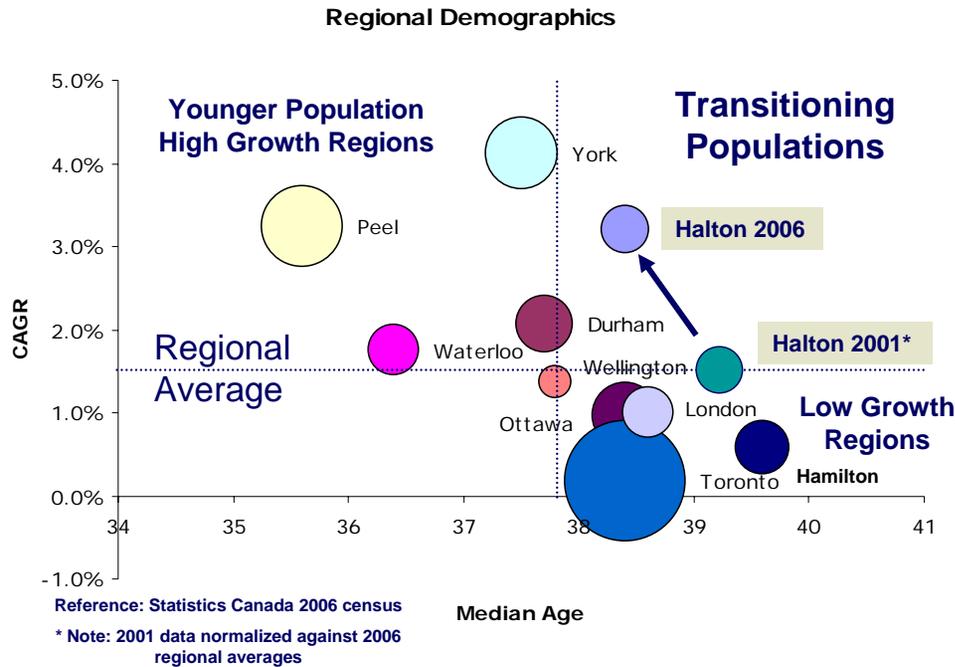
- Halton Region experienced a population growth rate of 17.1% between the 2001 and 2006 census
- Halton Region is part of the Greater Toronto Area (GTA), which had an overall growth rate over the same period of 8.4%
- GTA's growth accounts for 84% of Ontario's 6.6% growth rate, and 39% of Canada's 5.4% population increase
- International immigration is the main reason for the GTA's high population growth rate

To some extent, Halton Region's growth is coming at the expense of Metro Toronto, the Toronto environs, and QEW corridor, which are nearing full development

## FutureForce Halton Survey Observation

The continuing high rate of growth in the Halton Region is spawning business opportunities. Seventy-five percent (75%) of Halton Region businesses survey anticipate hiring additional staff in the next year.

# Halton Region is in transition toward being a high growth, younger population area



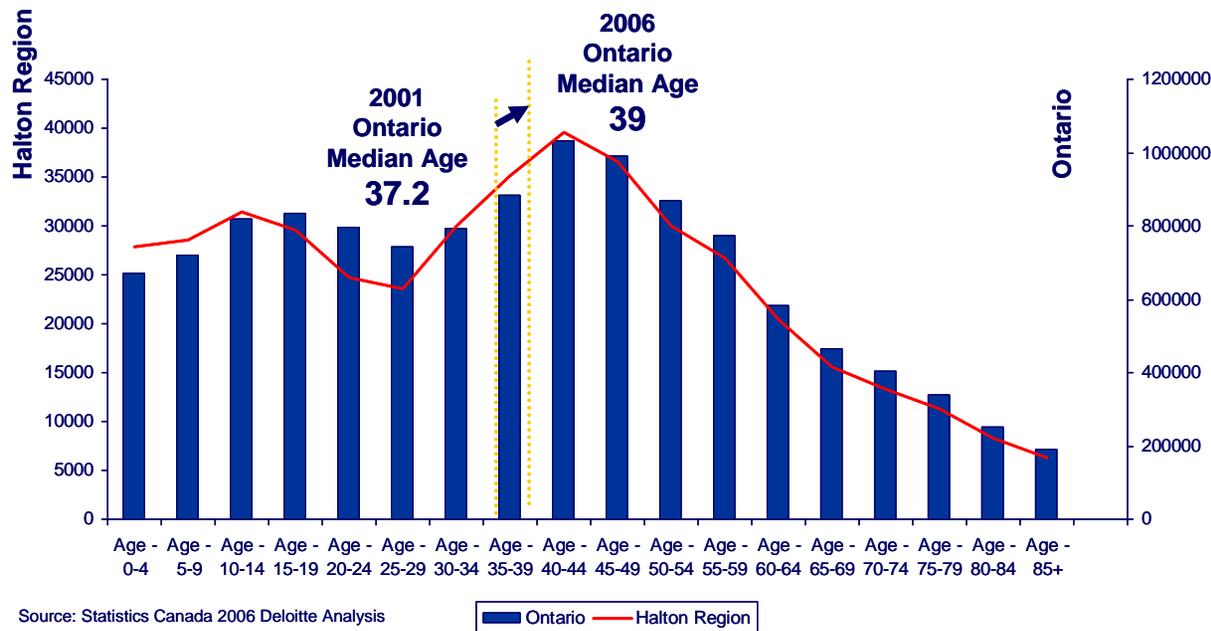
- Halton Region has the fastest growth rate in Ontario for children up to six years old
- Ontario population growth rate for children up to six years old is from 2001 to 2006 was -3%
- Halton Region's growth rate over the same period was +17%
- The rapid growth is putting pressure on children's services in the community
- Recent research conducted by the Our Kids Network found that 21 per cent of parents in Halton with young children can't get services like daycare in their communities due to long wait lists

During the period 1996 to 2001, Halton could be characterized as a low-growth older-population region. Halton's growth rate from 2001 to 2006 was more than double the rate from 1996 to 2001, and the third highest among the major urban regions

## FutureForce Halton Survey Observation

Availability of affordable & quality child care were cited by Halton employers as being among the top three factors that prevent individuals from obtaining employment in the Halton Region.

# Ontario's population is aging. Proportionately, Halton Region's population is getting younger

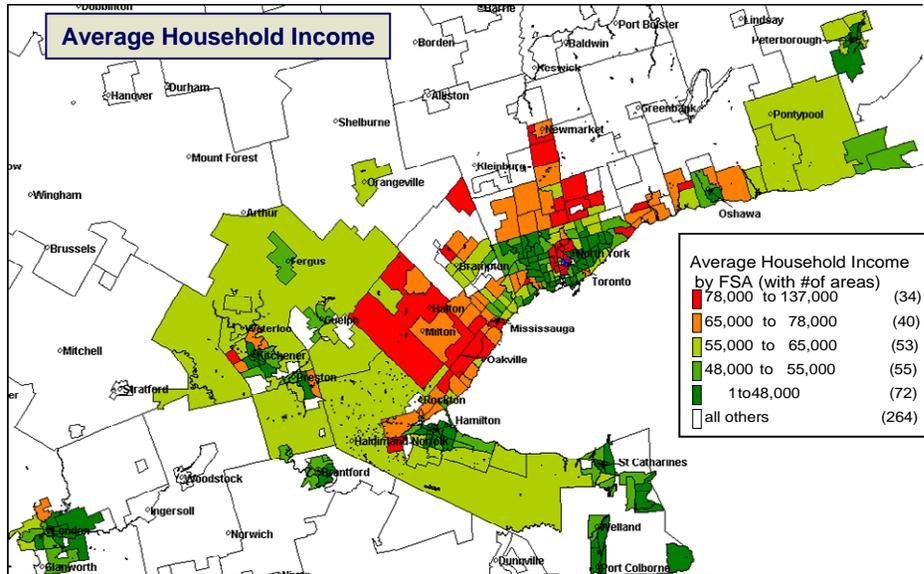


- Ontario's median age in 2001 was 37.2 years, compared to 39 years in 2006
- In 2001, Halton's median age of 37.6 was higher than the province-wide population
- By 2006, Halton's median age of 38.4 was lower than the province-wide median; a significant change

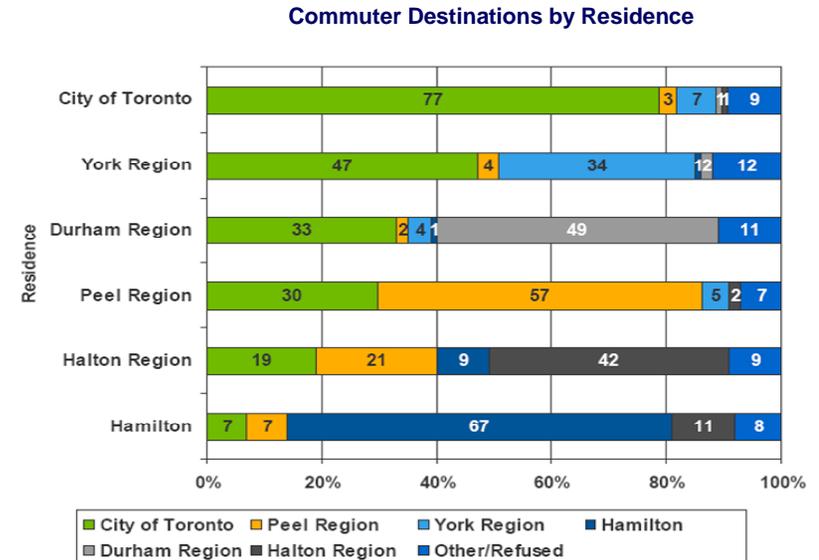
## FutureForce Halton Survey Observation

A large number of Halton businesses are concerned about the "greying" of Ontario and generational differences/work ethic differences between the current workforce, and younger workers entering the workforce.

# Halton Region's households are among the highest wage earners in the GTA – but many of the higher paying jobs are located outside of the region



Source: Statistics Canada 1996 Census; Deloitte Analysis



Source: Smart Commute Association: Commuter Attitudes Study 2006

The median household income in Halton Region is \$74,921

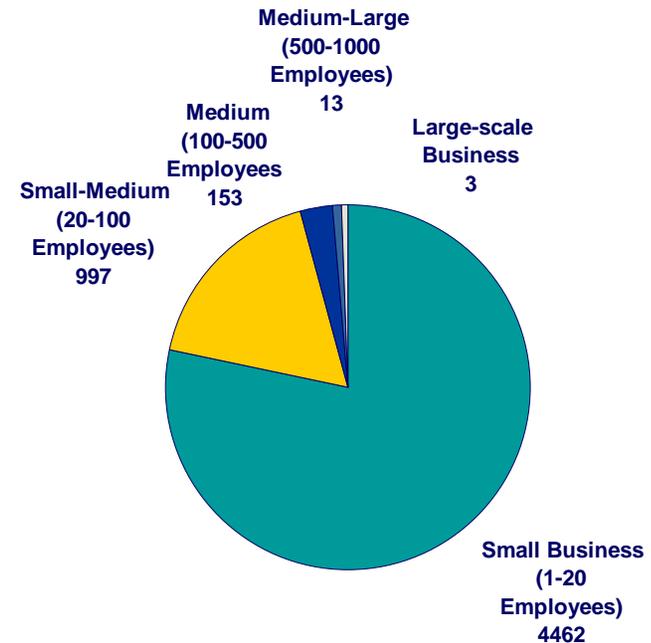
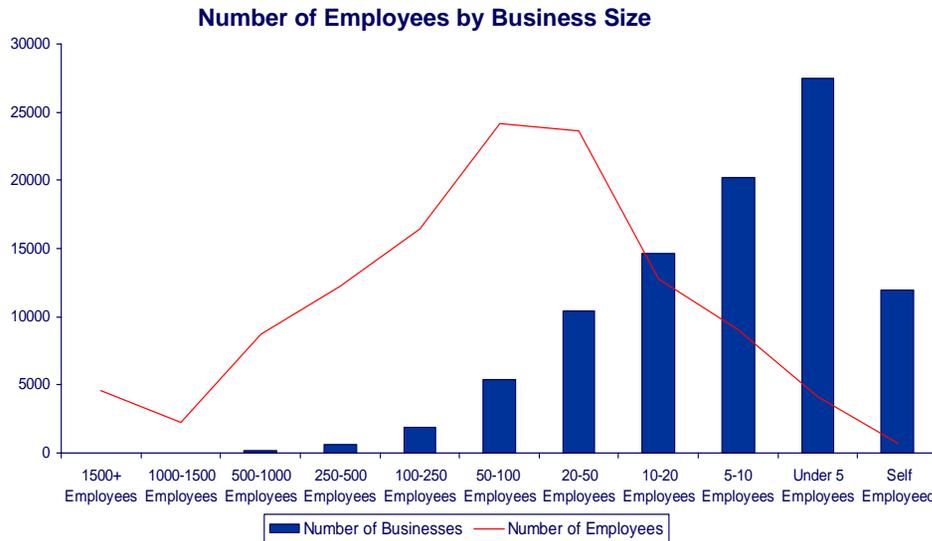
About half of Halton's workforce commutes outside of the region. Commuters traveling to or within Halton are more likely to have household incomes between \$35,000 and \$44,000

Source: Smart Commute Association: Commuter Attitudes Study 2006 – Final Report

## FutureForce Halton Survey Observation

Availability of affordable housing and transportation were cited by Halton employers as being among the top four factors that prevent individuals from obtaining employment in the Halton Region.

# Approximately half of Halton's labour force are employed in Halton-based businesses. Halton Region is primarily the home to small-medium size business



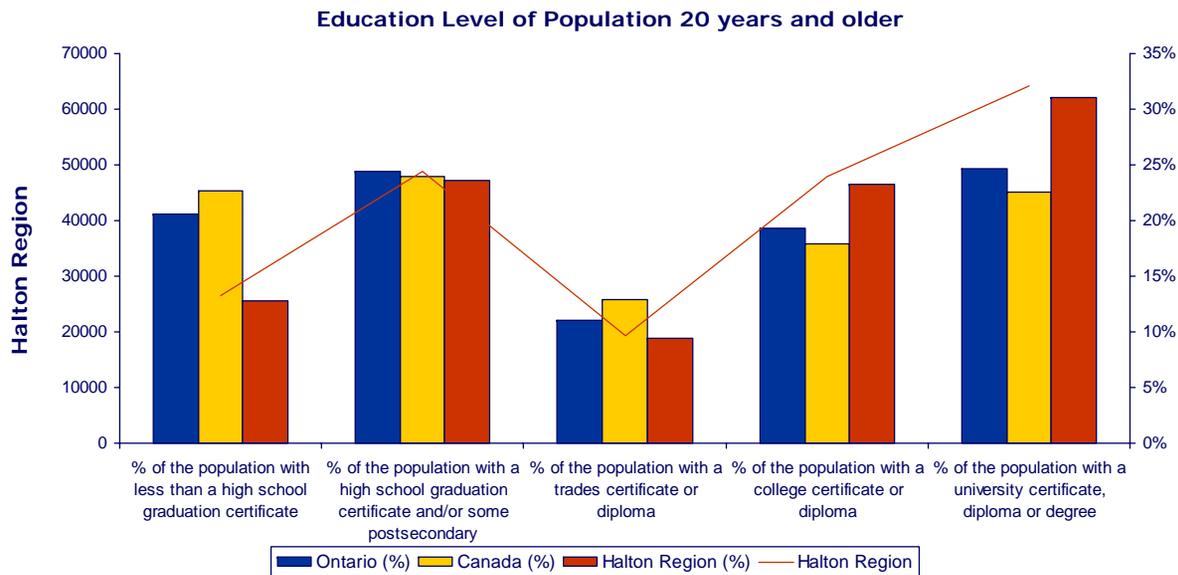
Source: Statistics Canada Census 2006

Halton's labour force is approximately 247,000 individuals  
80% of Halton's 5600 businesses employ less than 20 people

## FutureForce Halton Survey Observation

Small business requires proportionately more support from government, trade associations and educational institutions than large companies. Halton businesses are seeking greater support from these organizations, or NGO-type organizations like HIEC with their connections and partnerships, in dealing with recruitment and retention issues; including more information on recruitment strategy and tactics, succession planning workshops, and training for mid-career professionals to develop their skills to fill senior management roles.

# Halton Region residents are significantly better educated as compared to Ontario or Canadian residents as a whole



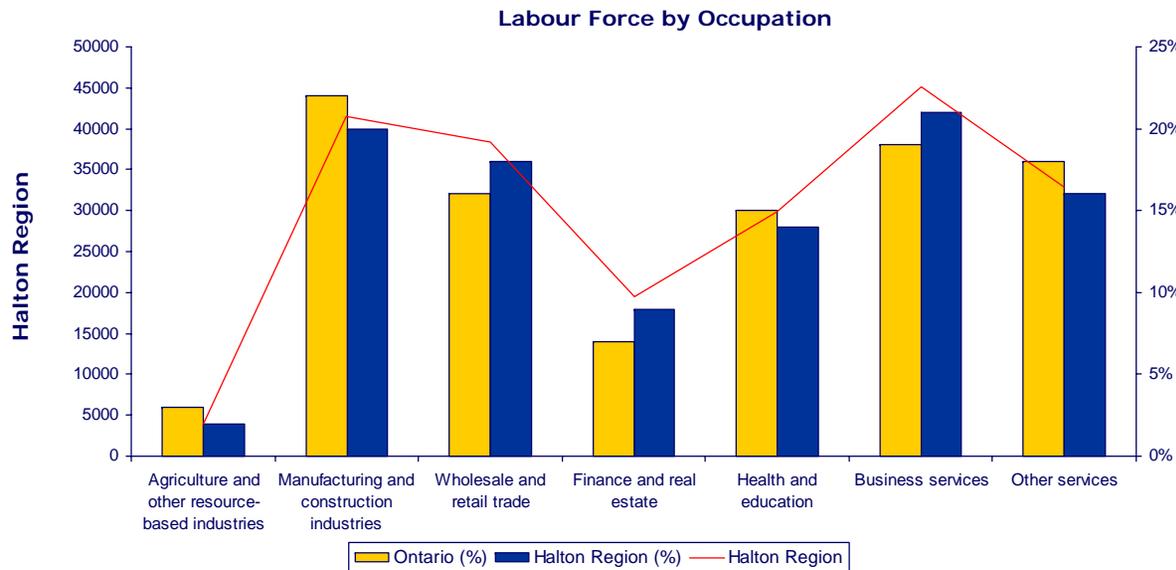
Source: Statistics Canada 2001 Census; Deloitte Analysis

- During the period from 1996 to 2001 (note: the 2006 census data will be released in April, 2008), the portion of the workforce with high school-only and less than a high school diploma has decreased by 9%.
- In the same timeframe, the portion of the workforce with a trades certificate and/or a college diploma has increased by 6%, i.e., from an aggregate 31% of the population to 32.8%
- The portion of the workforce with a university degree has increased by 3%

## FutureForce Halton Survey Observation

Significant progress is being made in increasing the education level of the workforce, beyond the grade 12 level. However, Halton businesses would like to see educators provide practical business and/or trade skills to all students, in order to increase “day-one” productivity.

# Halton Region's labour force are engaged in proportionately more business/transactional occupations as compared to Ontario residents as a whole



- Manufacturing jobs are among the highest-paying hourly jobs in Ontario
- However, less than 3% of Halton's workforce are employed at large-scale manufacturers
- The majority of manufacturing job opportunities are in small-medium businesses
- The business services segment is the highest employment segment in Halton

Source: Statistics Canada 1996 Census; Deloitte Analysis

## FutureForce Halton Survey Observation

Survey respondents have high expectations for education in terms of their job entry requirements. Over 47% of Halton businesses require a post-secondary school education for an entry level position. Over 70% of respondents require a post-secondary school education for a management-level position. Only 6% of Halton businesses would consider offering an entry level position to individuals with less than a high school diploma.

# FutureForce Survey

Key Insights

Strategy & Operations Consulting



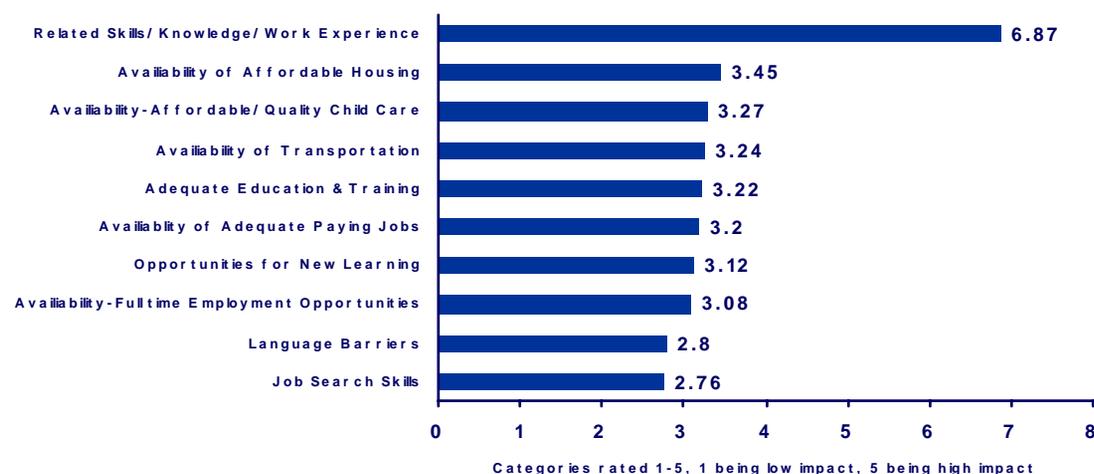
# Finding and retaining qualified, affordable personnel is one of the top issues facing Halton businesses

- The top 3 issues identified by Halton businesses are:
  - Growth: how to attract new customers and how to grow the business
  - Business Environment: changing economic & regulatory landscape
  - Human Resources: finding and retaining qualified, affordable personnel
- All businesses cite externalities such as the economy and the regulatory environment as key issues
- Halton businesses face a unique challenge with the workforce squeeze

- According to the US-based Small Business Research Board, the top 5 issues cited by small business owners are:
  - Taxes
  - General economic conditions
  - Energy/fuel costs
  - Other
  - Health care costs

# A gap exists between job seeker's skills and the knowledge/work experience required for many of Halton's jobs

Factors Preventing Individuals from Obtaining Employment in Halton Region - Summary



- Tactics employers can use include:
  - Ensure position descriptions are up to date
  - Ensure position descriptions correctly describe the position and responsibilities
  - Ensure education, skills, knowledge, and experience desired match the job requirements
  - Offer competitive level of wage
  - Provide work/life balance

Source: Deloitte Human Capital Advisory Services

## FutureForce Halton Survey Observation

Businesses are seeking a greater focus on trades and technical skills from the Halton workforce, and more practical instruction, e.g. the Ontario Youth Apprentices Program, from the education system. Businesses continue to value appropriate dress, manners, and advance preparation for the interview process.

# Survey results and demographics suggest a looming labour shortage

- Approximately 10% of the Halton workforce is advancing to retirement age in the next 5 years
- The approximately 150 survey respondents forecast the need for 4245 new hires in the near term
- As a sample proxy for Halton's 5600 businesses, this would imply a need for over 150,000 new workers over the coming years
- At current growth rates (17% in the last 5 years), the workforce is forecast to grow by 25,000 (net of retirements) over the next 5 years
- The labour shortfall could be as high as 125,000<sup>1</sup> people over the next 5 years

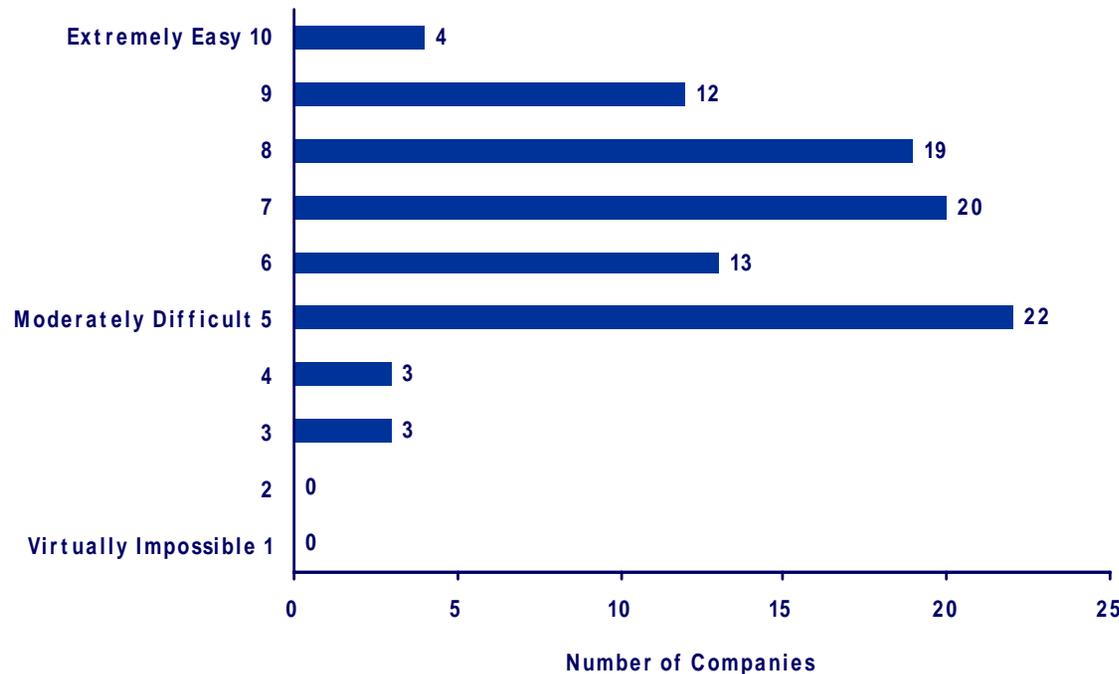
1. Based on the sampling size, the Margin of Error of the survey is 7% and the Confidence Level is 95%.

## FutureForce Halton Survey Observation

Halton businesses are seeking more support from the government for immigration to the region, and means for recognizing new Canadian's professional and trades qualifications.

# Concerns are growing that Halton businesses will face increasing difficulties in retaining qualified staff

Halton Summary to Retaining Qualified Workforce



- According to a recent survey, the top three reasons why employees feel satisfied with their employer were:
  - they like their boss
  - they are treated with respect
  - they are paid well
- The top three reasons why employees were not satisfied with their jobs were:
  - they want better pay
  - more respect
  - better recognition

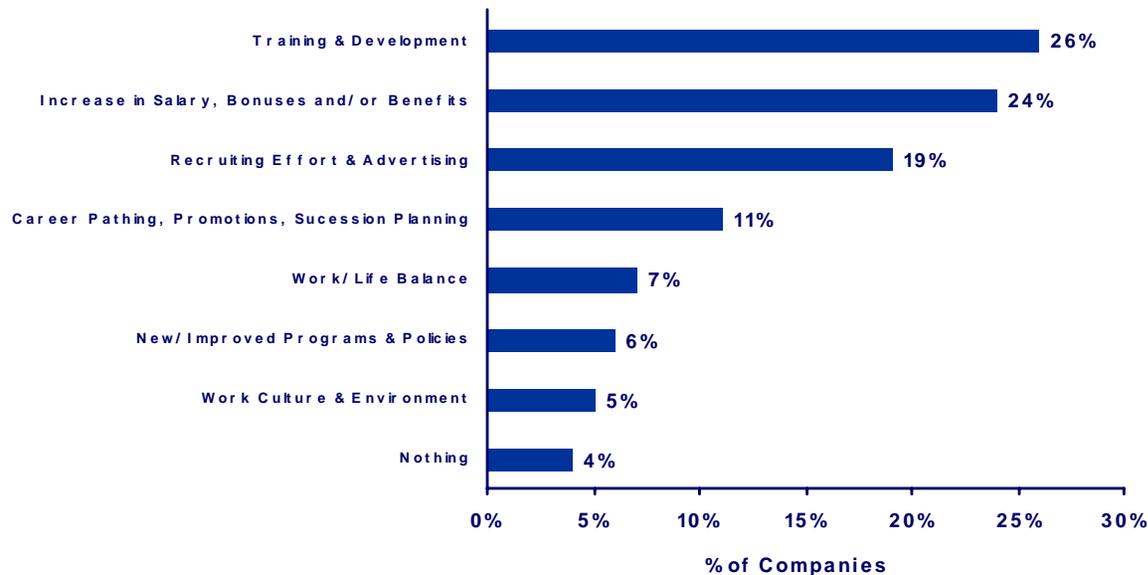
Source: Kronos Incorporated 2006; Deloitte Analysis

## FutureForce Halton Survey Observation

Halton businesses, although used to competing with other regions in the GTA and the U.S. for resources, are also now competing with Western Canada for skilled and unskilled labour, but seem to be holding their own.

# Increasingly, Halton businesses are investing in training and development as a retention strategy

What Halton Organizations are doing now to address HR Challenges



- Best practices suggest that Halton businesses should consider:
  - designing financial incentives that confer a sense of ownership for results
  - recruiting & developing effective managers
  - providing opportunity for advancement, and career path planning
  - addressing work/life balance issues

Source: Deloitte Human Capital Advisory Services

## FutureForce Halton Survey Observation

Although the vast majority of the survey respondents were very small businesses, consistent with the overall industry profile in Halton, they recognize the importance of investing in training and development. Succession planning and bringing the next level of management forward to run the business are key concerns for Halton business.

# FutureForce Survey

Conclusion and Next Steps

Strategy & Operations Consulting



# Conclusions

- Despite the turbulent economic time of recent years and months, the vast majority of Halton businesses are expecting to hire additional staff
- Halton has become one of Canada's fastest growing regions, and is becoming increasingly industrialized
- With that growth comes competition for talent, and over the next 5 years, the labour shortfall in the Halton Region could be as high as 125,000 people
- The region's housing, transportation and child care infrastructure is under stress, and businesses, government and industry associations cannot ignore this in their business planning: because it has an impact on the availability of human resources
- Halton businesses are, for the most part, small proprietor-owned companies. As these businesses grow and require a higher skill set, or as new industries locate in Halton, there is a well educated, capable workforce of almost 125,000 at their beck and call: the commuters

# Conclusions (cont'd)

- Strategies and practices for recruitment and retention are evolving in Halton. In order, the top three reported in the survey are:
  - Sponsoring employee training and development
  - Ensuring that salaries and benefits are reviewed regularly, and remain competitive against the market
  - Increasing recruitment and advertising efforts locally
- From a review of best practices, Halton business should consider strategies and practices that include:
  - Designing financial incentives that confer a sense of ownership for results
  - Recruiting & developing effective managers
  - Providing opportunity for advancement, and career path planning
  - Addressing work/life balance issues

# Next steps: The survey raised a number of key questions that are left open for further study

- Motivation/work ethic

**Observation:** A number of Halton businesses mentioned motivation and work ethic as a key concern

**Question:** Is this an issue of the clash between the baby boomers and gen-x/gen-y  
Or is there something else at play?

- Training

**Observation:** Training was mentioned by Halton businesses in many contexts

**Question:** Are businesses looking for better trained staff, or looking to invest in more training?

- Succession planning

**Observation:** Succession planning and career path planning were mentioned by a number of businesses as a key concern

**Question:** Are the baby boomers going to retire or will 70 become the new 60?

- Organizational challenges

**Observation:** Organizational challenges were mentioned by a number of businesses

**Question:** Do businesses need to invest in reinventing their org structure  
Do businesses need to restructure processes/adopt “lean manufacturing” practices to get more value from expensive Halton resources?

- Demand factors

**Observation:** The vast majority of Halton businesses are recruiting, some continuously

**Question:** What exactly are the roles that businesses are recruiting for, and what skills are needed?

# About the survey

- The FutureForce Halton Workforce Development Project was undertaken by the Halton Industry Education Council in partnership with Employment Ontario to help understand how predictions of a looming skilled labour shortage across Canada may affect the Halton Region
- The survey was conducted over the period of March 2, 2007 to May 4, 2007
- Approximately 200 organizations in the Halton Region completed the survey
- Survey respondents included Human Resource Managers, Chief Executive Officers, and Functional Managers
- The survey respondents were representative of Halton's business mix, including industry focus and organizational size
- Based on the sampling size, the Margin of Error of the survey is 7% and the Confidence Level is 95%

## About the survey (cont'd)

- Additional input and demographic research was garnered from a literature review of the following sources:
  - Statistics Canada; Canadian Census, 1996, 2001, 2006
  - Kronos Inc. survey on employee satisfaction, Mississauga, August 28, 2006. Survey conducted by Decima Research
  - Small Business Research Board, USA
  - Smart Commute Association: Commuter Attitudes Study 2006 – Final Report
  - Society for Human Resource Management 2004 Survey: U.S. Job Recovery and Retention Survey
  - Robert Half International: The 2007 Employment Dynamics and Growth Expectations (Edge) Report
  - Our Kids Network: 2007 Halton Youth Survey

# The Halton Industry Education Council



The Halton Industry Education Council (HIEC) is a not-for-profit organization established in 1989 to foster partnerships between industry, education and the community in Halton. Since the establishment of its successful and provincially-recognized Career Resource Centre 15 years ago, HIEC has continued to expand in an effort to offer programs and services that link the whole continuum of learning, training, management and community success



FutureForce Halton, led by the Halton Industry Education Council, is an Employment Ontario program dedicated to bringing together business, industry, education and government to build strategies surrounding workforce development issues. Since its inception FutureForce Halton has worked to foster a renewed atmosphere of partnership and openness within the community in order to ensure short- and long-term economic success in the face of both local and global workforce challenges

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[futureforcehalton.ca](http://futureforcehalton.ca)

# Deloitte

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- The Deloitte Difference: Deloitte's consulting practice is acknowledged as the world's second largest Human Capital consultancy and world's second largest Information Technology consultancy, benefiting from the expertise of 35,000 consulting professionals in 57 countries
- We are the one organization whose people understand business issues from every perspective which enables them to deliver more comprehensive solutions for their clients
- Main Lines of Consulting Services:
  - Strategy and Operations - we help clients make better decision related to their long-term goals and make full advantage of market opportunities
  - Human Capital – we assist our clients in integrating and aligning their human resource base with the corporate strategy
  - Finance Transformation – we help re-organize the financial function of companies to make them better equipped to measure performance and reward achievement
  - Technology – being able to use technology for strategic decision making, define and map processes in order to improve efficiency, and implement application toward achieving those goals is what our technology team is involved in

# Deloitte's Human Capital Practice

## Highlights

- Second largest Human Capital consulting business in the world and in Canada
- More than 3,500 practitioners located in over 25 countries.
- Practitioners include HR generalists and deep functional specialists in all areas of HR, organization design, change management and HR technology.
- Human Capital areas of expertise:
  - Organization and Change;
  - HR Transformation;
  - Total Rewards; and
  - Actuarial Insurance Services.

## Primary Deloitte Human Capital locations



- More than 1,500 specialist HR consultants in North America.
- More than 1,600 specialist HR consultants in Europe.
- More than 400 specialist HR consultants in Asia - Pacific.

The mission of Deloitte's Human Capital consulting practice is to **enhance our client's performance, productivity, and profitability through people**

Given the depth and breadth of our experience helping clients transform their organizations, the practice has emerged as a global leader in Human Resource Strategy & Management, Organization Design, and Change Management

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