Labour Market Issues for Young Educated Workers in Newfoundland and Labrador

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Abstract

In recent years, the labour market in Newfoundland and Labrador has declined mainly due to outmigration. Many people, especially younger residents, move out of Newfoundland and Labrador to find jobs in other provinces in Canada. For example, from 2002 to 2003, 50% of people who outmigrated from Newfoundland and Labrador were ages 15 to 29 (Morrissey, 2005). In fact, the province lost 22,000 young people age 15 to 29 between 1996 and 2001 (Statistic Canada, 2001). One key reason is that during recent years, the unemployment rate in Newfoundland and Labrador was consistently the highest in the country high (Tang & MacLeod, 2006; Statistics Canada, 2008). The reasons for these young workers choosing outmigration are various. Some want to try a different lifestyle, and some seek for higher pay and more job opportunities in other regions. It is true that only a minority of those leaving the province have high education. For example, only 11% of outmigrants from NL had university degrees in 1996. Looked at another way, though, 30% of people who have university degrees chose outmigration in 2001 (Morrissey, 2005). That is, more educated workers have more options. Moreover, a survey of the post-secondary class of 2002 revealed 78.4% of graduates stayed in the province, but the number of those leaving with degrees or diplomas was increasing (Morrissey, 2005). The Government of Newfoundland acknowledges brain drain, with Newfoundlanders leaving the province for opportunities elsewhere, an aging population and existing jobs that are demanding new and up-dated skills (Skills Task Force, 2007).

This study explores some of the implications of the labour market for young educated workers in Newfoundland. In particular, this presentation will shed light on questions like: Given the current economic environment, what are university students’ career choices? How many graduates expect versus prefer to stay and work in Newfoundland? What are the factors that these young people use when making career choices? Is it too difficult to find a good job locally? Literature shows that career choices for students are not only influenced by culture, gender, age, and family but also by other various factors. According to Agarwala (2008), further research has identified career choice influencing factors what have focused largely on personality, such as individuals’ aptitudes, interests, opportunities, etc. Other studies show that socio-cultural as well as political changes affect the career choices of students, and that economic conditions have affected the values of university students (Bai, 1998).

Perhaps surprisingly then, an emerging skilled labour shortage is also one of the biggest problems in Newfoundland and Labrador. The skilled worker shortage is visible in different industries, such as health care, oil and gas, mining, skilled trades, marine industry, human resources, and retail & food services (Newfoundland seeks skilled migrants, 2007). In Canada, the labour shortage was exacerbated by skilled
people moving to the US to escape higher Canadian taxes (DeCloet, 1999, as cited by Cohen and Zaidi, 2002). Unfortunately, employees complain that they earn less income in Newfoundland and Labrador than in other provinces, such as Ontario and Alberta. According to Statistic Canada (2008), the average weekly revenue in August 2008 was $744.49 in Newfoundland and Labrador, $ 826.48 in Ontario and $ 871.85 in Alberta.

Due to its economic challenges and new opportunities, and to encourage population growth, the provincial government has implemented policy responses, such as giving the parents of every newborn and adopted baby $1,000 (CBC News, 2007). The minimum wage per hour will also rise to $10 in 2010 (Human Resources, Labour and Employment, 2008). Fortunately, the ongoing operation and expansion of the offshore oil projects and other major construction plans offer the possibility of up to thousands of additional high-quality jobs being created in Newfoundland and Labrador for those with the relevant skills. The provincial government has also launched province’s first immigration policy to attract and retain new immigrants, and an Office of Immigration and Multiculturalism was established to implement the various goals of the immigration strategy (Newfoundland Seeks Skilled Migrants, 2007). Of course, young educated people are an important part of the future labour market in the province. As noted by Beale (2008, p1) said: “how can this region succeed if we cannot retain the energy, talent and creativeness of our youth, of our best and brightest”. Thus, keeping these young and educated people to stay and work in Newfoundland’s labour market becomes one of the biggest challenges.

Thus, provincial government policy can play an important role in students’ career choice decision making. The government cannot only consider how to keep population, but also should research how to attract outmigrants back to the province. For example, Dustmann and Weiss (2007) indicated that many migrants left only temporarily and returned back home within ten years. Compounding the issue is that several provincial governments have already implemented solutions to retain their keep post-secondary students, such as tax-rebate programs (The Year in HR, 2008). That said, young workers are likely to be influenced by a strong economic climate, and/or by factors that they perceive to provide a good quality of life (Shannon, 2007). It’s also fair to say that students generally prefer to stay in their home province, or the province in which they are educated.

Multiple sources of data are used for this study. First, 182 post-secondary students in Newfoundland and Labrador were surveyed on their expectations and preferences for their first job after graduation. Second, a convenience sample of interviews with ten different business executives within the NL energy sector was undertaken. Third, ten public sector employees were interviewed to understand their perceptions of the quality of their job, and the impact of any nonstandard work arrangements that they endure.

In terms of preliminary survey results, the most important reasons for choosing Newfoundland and Labrador as the preferred workplace were living in hometown, staying with family and friends, owning properties here, and loving this place. On the other hand, there were 48.5% students would prefer to find the jobs outside of this province after graduation or completion of their current program. Most of them thought that there were more job opportunities and pay in some other provinces and countries. The other reasons include going back to their hometown, looking for different lifestyles, experience and weather, and finding jobs which were not available in NL.

Among the employees interviewed, the number one outcome desired by participants was benefits. Since benefits are the primary monetary difference between permanent and temporary work arrangements and can account to 30% of total compensation costs, it is clear why employers might favour nonstandard work arrangements. Not only do employers have the ability to increase or decrease the amount of employees with business demand, but they also need only pay an hourly wage, saving on the total cost per employee. From an employee view, not accessing benefits is detrimental. One participant noted that they had not been to the dentist in over two years because they lacked insurance. Nonstandard workers have no real job
security or set income. It could be argued that these workers are much more in need of benefits than permanent employees. Other outcomes desired by participants varied by individual and age-group, however, the majority of participants, even those not seeking permanent employment, expressed a desire for more hours and more workweeks per year. The majority of participants appeared to be ‘auditioning’ for a full-time permanent job opportunity within the public sector. Participants noted that employment in the public sector paid well, had room for growth and offered benefits such as health and dental, vacation and a pension. These participants did not voluntarily choose temporary work, rather they seen it as a ‘stepping stone’ to a better career. It is interesting to note here that only one participant explicitly desired a career their field of study. The remaining participants were concerned primarily with working with the public sector, not in their particular field of study per se. This may indicated that employees are settling for a particular type of job primarily for monetary and security purposes.

Turning to the interviews with business executives, the consistent view is that brain drain (i.e. the outmigration of skilled workers) poses a real threat to the development of economic initiatives with many Newfoundlanders now in Alberta. Initiatives to bring them back to the province will assist companies for form links with government and other big businesses. Various options for skills shortages experienced by employers were utilized: altering recruitment practices, reviewing wage and compensation packages, lowering entrance requirements, developing stronger links with educational institutions and investing in training and development of new employees.