
Labour Market Issues for Young Educated Workers in Newfoundland and Labrador

presented at ACRI/CIRA Annual Meeting – June/10 Québec City

Xiaotong (Tammy) Tang (MER graduate),
Gordon B. Cooke,
Stephanie Kennedy (MER graduate),
Susan Tobin (MER graduate)

Memorial University of Newfoundland

Faculty of Business Administration



Memorial
University of Newfoundland

Agenda

- Purpose of study
- Sample literature review
- Data sources
- Results
- Discussion



Purpose of study

- The purpose of this study is to explore some of the realities and implications of the labour market for young educated workers in Newfoundland. In particular:
 - 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?
 - Will/have skilled labour market shortages appear(ed), or is that overstated?



Sample literature review

- In Newfoundland, many people have been leaving for many years for work elsewhere (Skills Task Force, 2007).
 - From 2005 to 2019, NL's population age 65 and over is expected to increase more than 50 percent, but the 15-29 group is projected to decrease by 23.6 percent (Diversity~ "opportunity and growth", 2007). The reasons young workers choose outmigration are varied: some want to change their lifestyle, while some seek higher pay or more job opportunities in other regions. (Seek is different than find!)
 - According to Statistics Canada, average weekly earnings in August 2008 were \$744.49 in NL, \$826.48 in Ont and \$871.85 in Alta.
 - The NL economy is facing not only challenges, but also opportunities. From 2002 to 2007, NL's nominal GDP rose by 76%, which is more than Alberta (Wyman, 2008).
 - The Government of NL 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).
 - The exodus of highly skilled human capital can affect the ability to sustain economic growth and development and appeal to foreign investors (Tung, Lazarova, 2006). (Governments need to act!)
 -
 - Employers should pay significant attention to the long term composition of their workforce when formulating and implementing selection policy as it takes a long time for the desired change in staff distribution to take place (Geerlings and van Veer, 2006). (Employers need to act!)
-

Data sources

- Xiaotong's data: a survey of 182 post-secondary students in NL on their expectations and preferences for their first job after graduation
 - Stephanie's data: individual interviews with ten public sector employees to understand their perceptions of the quality of their job, and the impact of any nonstandard work arrangements that they endure.
 - Susan's data: interviews with ten different business executives within the NL energy sector, regarding labour shortage perceptions and implications.
-

Results (1): Expectations & Preferences of Memorial University of Newfoundland (MUN) students

	In NL	Outside of NL	Don't know/ No answer
Upon graduation, <u>expect</u> first job to be:	30.8%	35.7%	33.5%
Upon graduation, <u>prefer</u> first job to be:	48.4%	45.6%	6.0%

Thoughts:

- This is a problem for local government(s) and employers. Large proportions of these skilled workers expect/prefer to leave...

Results (2): Preference among Those from NL & Job Type

First job after graduation:	Prefer Paid FT job	Prefer Paid PT job	Prefer Self-employment	Prefer Other/ Don't Know
Those from NL & preferring to work in NL	84.2%	5.3%	0	10.5%
Those from NL & preferring NOT to work in NL	74.4%	7.7%	2.6%	15.4%

Thoughts:

- Hmm... It's not that people prefer to leave to get a (conventional) FT paid job...
- That's good, in one sense, because these workers now see the possibility to get a job at home.

Results (3): Expectations/Preferences and first job characteristics

	Want Paid FT job	Expect over \$50K to start	Expect over \$35K to start
Those expecting to work in NL	83.9%	32.1%	71.4%
Those NOT expecting to work in NL	81.5%	35.4%	64.6%
Those preferring to work in NL	84.1%	28.4%	65.9%
Those NOT preferring to work in NL	83.1%	38.6%	62.7%

Thoughts:

- While those expecting/preferring to leave are more likely to expect a high (\$50K+) salary, it is actually reversed in terms of expecting a good (\$35K) salary....

Results (4): Salary expectations among NL students at MUN

	Don't know/ Doesn't matter	Expect Under \$25K to start	Expect \$25-35K to start	Expect \$35-50K to start	Expect over \$50K to start
From NL & preferring to work in NL	15.7%	6.6%	7.9%	39.5%	28.9%
From NL & preferring NOT to work in NL	2.6%	15.4%	25.6%	25.6%	30.8%

Thoughts:

- Consistent with last slide...whether this is accurate or merely their perception, the folks preferring to stay in NL have similar or higher starting salary expectations than those preferring to leave.

Results (5): Location Preferences vs. Family & Environment

Close to family or friends	Not important at all (1)	(2)	(3)	(4)	Very important (5)
From NL & preferring to work in NL	3.9%	6.65	28.9%	36.8%	23.7%
From NL & preferring NOT to work in NL	15.4%	25.6%	25.6%	25.6%	7.7%

Living Environment	Not important at all (1)	(2)	(3)	(4)	Very important (5)
From NL & preferring to work in NL	2.6%	2.6%	17.3%	38.7%	38.7%
From NL & preferring NOT to work in NL	5.1%	2.6%	7.7%	53.8%	30.8%

Thoughts:

- The more importance that is placed on proximity to friends/family the more likely a student prefers to stay in NL, but
- An equal proportion of those preferring to leave also place importance on their living environment, implying that they prefer to move to have a different one than now...

Results (6): Issues arising Job Quality & Labour Market Studies

Job Quality study:

- One should be careful not to generalize *too much* that older workers want stability & benefits and younger workers want pay and upward mobility
- the factors affecting job satisfaction, while known, still vary on an individual basis. A particular worker might prefer one job with distinct pros and cons over another with fewer of both.... Imagine a job with a casual/contract job with high hourly wage but PT hours, and few benefits, but potential for permanent status later. Is that a good or bad job? Is this job more/less suitable for a young worker compared to others?

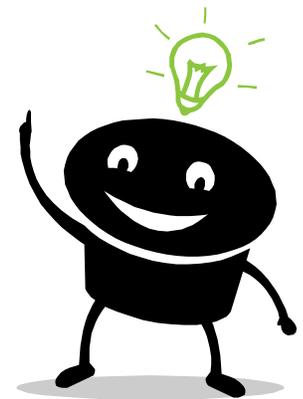
Labour Market study*:

- Almost all respondents expect that a skilled labour shortage has or will emerge soon in NL.
- One problem is that incumbent workers hold good/skilled jobs for a long time. To retain skilled young people, employers need to start hiring them or they will leave the province. Once they leave, enticing them to return is difficult. If older workers retire, it is easy to hire a young person. On the other hand, there was a feeling that employers and/or the governments need to be more proactive with policies to help retain young people now, even if only critically needed soon.
- It was agreed that hiring good young (local) workers and investing training in them is a feasible and attractive option, even for specialized occupations.

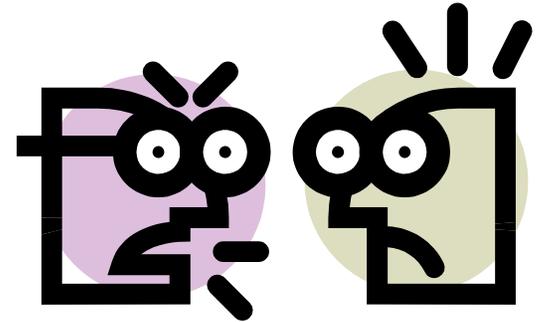
* This study implicitly examined skilled trades, but the findings appear to be applicable to university/white collar workers/jobs as well.

Discussion

- Something needs to be done. Business leaders indicate that there is an impending problem, and many impending university graduates expect/prefer to leave.
- The situation is more complicated than figuring out how to pay higher salaries in NL, to avoid losing those who chase max money...
- Somehow, employers (and governments?) need to find and target those who want to stay, and then to provide them opportunities for sufficiently attractive job.
- It seems to us that there are growing opportunities for young skilled workers.
- The first part of the solution is to ensure that there is a matching mechanism. Are interested employers interacting with these available workers early enough? (maybe yes, maybe not...) Perhaps this will boost the proportion who expect (to be able) to stay.
- Employers need to be aware that young workers focus on more than wages. In addition to lifestyle benefits, some won't stay/return unless work is secure and rewarding.



Questions?
Comments?
Complaints!?!



Xiaotong (Tammy) Tang (MER graduate),
Gordon B. Cooke,
Stephanie Kennedy (MER graduate),
Susan Tobin (MER graduate)

Memorial University of Newfoundland

Faculty of Business Administration



Memorial

University of Newfoundland