

Will Canada Manage?

Baby boomers, the demographic group born during the post–World War II baby boom. Members of this demographic are currently between 53 and 74 years of age. They are 26 percent of the current population, and over the next 10 years many of them will no longer be in the labour force.

Canada’s labour force is expected to see demand growth of about 0.8 percent per year over the next decade – see Figure 1. 11 percent of this demand falls in the category of management occupations, which are positions often held by those in higher age groups. Our nation is expected to add 15,000 new management jobs per year over the next 10 years, and over 82,000 Canadians are expected to retire from management positions every year over the same period – see Figure 2. Does Canada have the labour supply available to fill these nearly 97,000 management positions annually?

Workforce Outlooks – An Overview

Workforce Outlooks provides information to decision makers to help them obtain the workers they need, with the right skills, at the right time, and in the right geographic location. Several public and private sector clients, including government departments in 6 provinces are current subscribers to Workforce Outlooks. Workforce Outlooks represent a “requirements” approach to labour force analysis. This approach first focuses on estimating the required level of labour force demand given the current economic and demographic performance of the economy. After estimating demand and the sources of that demand, the model then focuses on the possible sources of supply to fill these requirements and the number of workers that can or need to be obtained from each supply source. Finally, Workforce Outlooks present an assessment of the possible difficulty in meeting these requirements.

Labour Force Demand for Managers

Labour force demand, which is referred to as job openings, is separated into two components: expansion demand and replacement demand. Expansion demand is the change in employment and the associated normal unemployment. Replacement demand is the demand that is necessary due to deaths and retirements from the labour force. In more recent years, replacement demand has become the largest contributor to total demand, a result of Canada’s aging population. As many managers are often found in the higher labour force age groups, it is no surprise that replacement demand for managers is expected to average about 85 percent of total demand for these occupations over the next 10 years. Total demand for managers in Canada is expected to average near 97,000 persons per year to 2026. Of this total, expansion demand averages 15,000 persons per year and replacement demand averages 82,000 persons per year – see Figure 2.

Fig.1 Total Labour Force Demand (% Change)

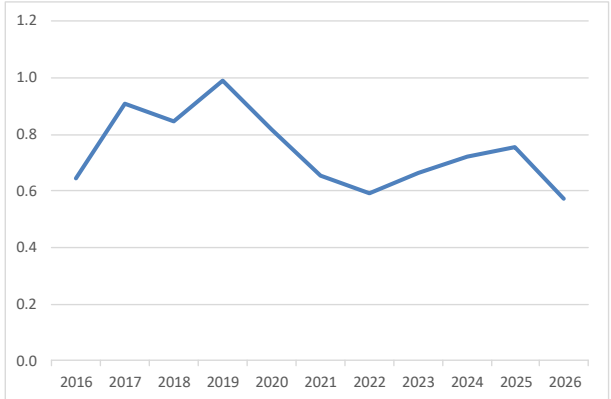


Fig.2 Managers, Job Openings

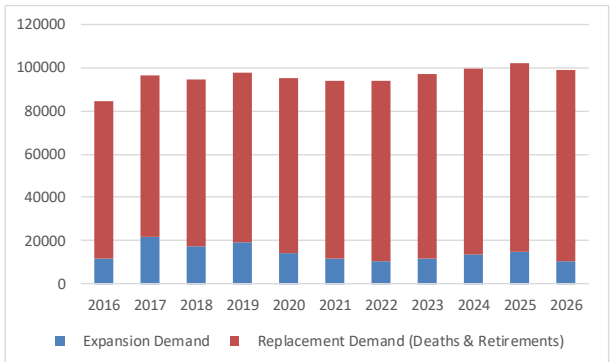


Fig.3 Managers, Sources of Supply

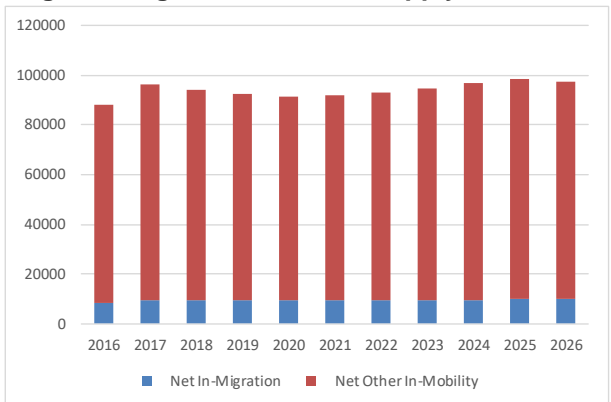
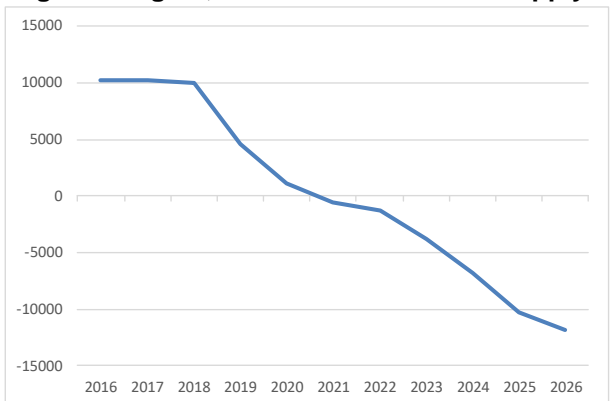


Fig.4 Managers, Labour Force Excess Supply



Sources of Supply for Managers

The sources of labour supply are new entrants and net in-mobility. New entrants are graduates who enter the workforce for the first time. Workforce Outlooks assumes that new entrants do not fill management positions, so in this case, the sole source for managers is net in-mobility.

Net in-mobility is the sum of net in-migration and other net in-mobility. Other net in-mobility consists of all other changes in labour force supply such as, those who change occupations (inter-occupation mobility), or re-enter the labour force after an illness, or increasing participation rates caused by increased wages or social factors such as the increased desire on the part of women to enter the labour force. Those who occupy management positions often do so as the result of upward movement in their career. For this reason, the largest contribution of supply for managers is net other in-mobility, specifically, inter-occupation mobility. The supply of managers in Canada is projected to average near 95,000 per year to 2026 – see Figure 3.

Demand – Supply Balance

In average terms, it appears that Canada is not expected to have the labour supply available to fill demand for management occupations over the next 10 years. Demand is projected to average 97,000 per year, and supply to average 95,000 per year. It is beneficial here then, to take a closer look at the annual data. In Figure 4, the outlook for excess supply is positive until 2022. Supply for managers in Canada exceeds demand until 2022, and then demand exceeds supply, thereafter. We can take an even closer look at the data to see which sub-categories of management occupations may face difficulty in acquiring their required workforce in the future.

3 Digit NOC Managers

Figure 5 shows average excess supply for management occupations at the 3-digit NOC level, over the second half of the outlook period, 2022-2026. Negative values imply excess demand, or a shortfall in supply. Occupations are sorted, starting with the greatest excess demand. For some of the occupations below, the excess demand is relatively small and it should not be difficult to plan for the level of excess demand shown. To further assess the situation for those occupations with higher excess demand levels, it can also be useful to look at the demand pressure for occupations. For those occupations with a larger labour force, the levels below may only be a small percentage of the total demand change for the occupation. When we look at the demand pressure for occupations, this adjusts for the relative sizes of occupation groups.

**Fig.5 Excess Supply, Managers (3 digit NOC)
2022-2026**

NOC	Description	Average
#062	Retail and wholesale trade managers	-1492
#001	Legislators and senior management	-1172
#063	Managers in food service and accommodation	-768
#011	Administrative services managers	-624
#012	Managers in financial and business services	-515
#042	Managers in education and social and community services	-398
#071	Managers in construction and facility operation and maintenance	-341
#021	Managers in engineering, architecture, science/information systems	-278
#060	Corporate sales managers	-229
#031	Managers in health care	-219
#091	Managers in manufacturing and utilities	-146
#051	Managers in art, culture, recreation and sport	-130
#065	Managers in customer and personal services, n.e.c.	-107
#073	Managers in transportation	-91
#041	Managers in public administration	-90
#082	Managers in agriculture, horticulture and aquaculture	-63
#013	Managers in communication (except broadcasting)	-57
#043	Managers in public protection services	-48
#081	Managers in natural resources production and fishing	-43

Figure 6 below, shows average demand pressure for the same group of management occupations above, from 2022-2026. Occupations are sorted, starting with the greatest demand pressure. In comparing Figure 5 and 6, you can see that some of the occupation groups that topped the list for excess demand are nearer the bottom of the list for demand pressure and vice versa, some of the occupations with lower excess demand, appear near the top of the list below. For example, excess demand for Managers in public administration is only 90 persons per year, though the demand pressure for the same occupation group is in the top 3 for all management groups. What it says in Figure 6 below, is that, Managers in public administration will be required to add 5.4 percent of their labour force each year. And, while Managers in construction and facility operation and maintenance come in towards the top of the list for excess demand levels, the demand pressure on the occupation is less than 4 percent. This occupation group is required to add 3.6 percent of its labour force each year to meet required demand.

**Fig.6 Demand Pressure, Managers (3 digit NOC)
2022-2026**

NOC	Description	Average
#031	Managers in health care	6.8
#042	Managers in education and social and community services	5.6
#041	Managers in public administration	5.4
#051	Managers in art, culture, recreation and sport	5.3
#001	Legislators and senior management	4.9
#011	Administrative services managers	4.7
#021	Managers in engineering, architecture, science and information systems	4.6
#062	Retail and wholesale trade managers	4.5
#043	Managers in public protection services	4.4
#060	Corporate sales managers	4.3
#063	Managers in food service and accommodation	4.2
#091	Managers in manufacturing and utilities	4.1
#073	Managers in transportation	4.1
#081	Managers in natural resources production and fishing	4.1
#012	Managers in financial and business services	4.1
#082	Managers in agriculture, horticulture and aquaculture	4.0
#013	Managers in communication (except broadcasting)	3.9
#071	Managers in construction and facility operation and maintenance	3.6
#065	Managers in customer and personal services, n.e.c.	3.2

When completing this kind of labour market analysis, our team would further assess those occupation groups which appear near the top of both Figure 5 and Figure 6. These will be occupation groups which have relatively high excess demand and greater demand pressure. To assess the difficulty these groups may face in acquiring the required level of demand, Workforce Outlooks provides a ranking system which can be used for this analysis. Rankings are provided at the 4-digit NOC level across all provinces. This analysis allows subscribers of Workforce Outlooks to view which sub-occupations of the groups above are expected to face possible difficulty in acquiring the labour force required by each provincial economy over the outlook period.

The above workforce outlook was derived using the results of the January 2017 C4SE macroeconomic outlook. The major factors driving the economic outlook for Canada are the outlook for Canada's trading partners, commodity prices, government policy and major resource projects scheduled for development over the outlook period. We can provide medium to long term workforce outlooks and analyses of the demand for and supply of workers for 500 occupations (NOC 2011) and 70 industries for Canada, the provinces and sub-provincial geographic areas. If there are questions to do with the outlook or the tools used to produce this outlook please get in touch with a member of our team at 905-878-8292 or email us with your questions at info@c4se.com.