



## **Competing to Win in the Global Economy**

Author: The Conference Board of Canada

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Foreword – May 2007

In February 2007, Microsoft Canada hosted its fifth CAN>WIN summit on Canada's ability to *Compete to Win* in the global economy. More than 140 senior industry, government and academic thought leaders gathered in Ottawa to discuss the importance of creating a skilled workforce to meet Canada's growth and productivity potential.

The optimism born of Canada's strong position in the world, and the health of our economy, was tempered by insistent and repeated warnings that Canada's prosperous standard of living is endangered by a too small workforce that requires the proper skill-set to compete in the 21<sup>st</sup> century economy.

Discussions turned to three major themes:

- The impact of weak productivity on competitiveness
- The role of a skilled workforce in boosting productivity
- The economic threat posed by a lack of skilled workers

This report details these discussions and, most importantly, the conclusions and recommendations of the group. Speakers and participants alike felt that while the issue of Canadian competitiveness can and should be discussed at every opportunity, we now know enough about the challenges to take action. And the time for action is now.

Thank you to the Conference Board of Canada for partnering with Microsoft on this event for a second time and for preparing this report. Thanks also to the speakers and panelists for their inspirational and informative presentations and, of course, to the delegates for sharing their ideas at CAN>WIN.

Sincerely,

A handwritten signature in black ink that reads 'Phil Sorgen'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Phil Sorgen  
President  
Microsoft Canada



## Introduction

On February 20, 2007, some 200 senior executives from academia, industry and government gathered for “CAN>WIN 2007: Competing to Win in the Global Economy—Creating a Skilled Workforce to Drive Economic Prosperity.” The one-day leadership summit—held in Ottawa by Microsoft Canada, in partnership with The Conference Board of Canada—addressed the importance of an innovative and highly skilled workforce to productivity and competitiveness. It also presented other key elements that are critical to a country’s prosperity.

Speakers and participants agreed that a changing workforce is impacting Canada’s ability to compete globally and, ultimately, Canada’s economic prosperity. Key themes identified during the day included:

- the impact of weak productivity on competitiveness;
- the role of a highly skilled and innovative workforce on prosperity; and
- the economic threats posed by skills shortages.

The first part of this report explores the ideas and themes discussed during the day, and provides highlights of the presentations and the spirited discussions of challenges and solutions. The latter part of the report addresses the recommendations provided by the speakers to address the skills gap, and it identifies targeted structural changes to improve productivity in the Canadian economy.

## The Impact of Weak Productivity on Competitive Performance

From Sweden’s dedication to welfare reform to Microsoft’s commitment to supporting university-level entrepreneurs, the role of a skilled workforce on productivity, innovation and competitiveness was a key theme at CAN>WIN 2007.

However, many speakers identified Canada’s weak productivity performance relative to other countries as a major obstacle to this country’s ability to compete in the global economy. The Conference Board of Canada’s president and CEO, Anne Golden, started the day by emphasizing the impact of Canada’s slipping productivity on competitive performance and on the country’s standard of living. As she noted, when it comes to average productivity growth among Organisation for Economic Co-operation and Development (OECD) countries, Canada fell from 20th place in 2000 to 24th place in 2005. At the same time, Canada’s gross domestic product (GDP) per capita ranking fell from 5th place in 1990 to 10th place in 2006.

Despite these significant shifts in national performance, neither Canadian businesses nor the Canadian public have a sense of the dire consequences associated with poor productivity. Dr. Alastair Glass, Ontario’s Deputy Minister of Research and Innovation, believes that Canada’s outstanding record in education and its current success in the resources sector allows the nation to overlook the indicators that show Canada is not performing as well as it should. Canadians, he said, must develop a sense of urgency about their declining productivity and global competitiveness. The rest of the world is capturing opportunities we miss and is accessing a larger share of global wealth.

Sweden’s Minister for Employment and Industry, Sven Otto Littorin, echoed these sentiments, and argued that addressing these challenges requires more than cosmetic changes. In fact, the Swedish government feels a sense of urgency to significantly alter political and economic systems within Sweden in order to become more competitive.

***“To be successful in today’s world, be it political or economical, you have to be able to handle change. This sometimes requires questioning even fundamental values and sacred cows.”***

—The Honourable Sven Otto Littorin, Sweden’s Minister of Employment and Industry

In the face of globalization and declining wages, Sweden suffered from mass unemployment and falling levels of competitiveness. The government made policy changes designed to ensure a competitive workforce. Instead of struggling to maintain manufacturing jobs that were shifting to low-wage developing economies, Sweden focused on creating an economy built on expertise and execution, and on investment in education and training. While this shift yielded initial periods of unemployment and insecurity, it provided long-term opportunities for citizens to change their knowledge base and improve employability capabilities.

While the need to increase productivity is easily understood by business leaders, communications expert Allan Gregg points out the difficulty in selling such an idea to the workforce—Canadians understand how employers would benefit from increased productivity, but they do not understand the personal risks associated with declining competitiveness.

***“The public authors outright hostility every time the subject is raised. For them, increasing productivity involves more work, or even worse, personal sacrifice ... if there is a perceived beneficiary to increased productivity, it is not the individual, but business.”***

—Allan Gregg, The Strategic Counsel

From the public’s point of view, there are no consumer or employee benefits from productivity improvements. Canadian business and government simply have not been able to articulate a compelling argument that there is anything in it for the consumer or employee.

Minister Littorin recounted efforts made in Sweden to overcome the consumer perception of personal sacrifice by underlining the importance and opportunities of being competitive in the global knowledge economy. While initially met with resistance, the government effectively educated the population about the impacts of dropping productivity, and it positioned the nation to compete on a knowledge and innovation basis.

## The Role of a Highly Skilled and Innovative Workforce

***“At the end of the day, it is people that create, it is people that drive innovation, and it is people that ultimately bring innovations to market. Our ability to have well-trained, skilled, capable people is ultimately the currency of the new knowledge economy—and without the right skills and training, companies in Canada as well as the world simply cannot compete.”***

—Phil Sorgen, President, Microsoft Canada Co.

Creating a highly skilled and innovative workforce is critical to boosting productivity and competitive performance. Speakers and participants agreed that a lack of skilled labour puts Canada at a disadvantage, especially when graduates flee the country for more lucrative and creative jobs in other countries.

***“Human capital will be to the Knowledge Revolution what physical capital was to the Industrial Revolution.”***

—Prof. Thomas J. Courchene, Jarislowsky-Deutsch Professor of Economic and Financial Policy, Queen’s University

Phil Sorgen was the first speaker to point out that Canada lacks the culture of innovation that encourages employees to be creative, innovative and entrepreneurial. Elyse Allan (President and CEO of GE Canada) built on this point, stating that technology development and innovation only occurs with skilled talent. Scientists, engineers and researchers are all required to make the discoveries that keep Canada ahead of the curve. However, the rate of engineers graduating each year is on the decline, Allan noted. 500,000 engineers graduate each year in China and India, while only 160,000 graduate in Canada.

***“Without young scientists, engineers and researchers, how can we possibly make the discoveries, create the products and develop the production processes that will keep our manufacturing ahead of the curve? How can we expect to compete successfully in a tough global market that is dependent on innovation if we do not have people with creative juices and that knowledge that comes from a scientific and engineering base?”***

—Elyse Allan, President and CEO, GE Canada

Canada needs more than technical skills to increase its productivity and competitiveness; businesses also need good managers and leaders. Both Sorgen and author Michael Treacy agreed that the failure to create a culture rich in innovation is, in part, reflective of the lack of managerial know-how. An employee may be very good at his or her job but might not make a good manager. This can be a hindrance in the workplace where a lack of good management can prevent employees from accessing the resources that would encourage creativity and fresh thinking.

Managerial know-how plays an important role in creating an innovative workforce, but skills development provides the foundation for the culture of innovation. Treacy powerfully commented that 100 per cent of Canadians make a contribution to the economy—but only 5 per cent make a difference in terms of innovation.

Despite Canada’s development of a highly educated workforce, there is no guarantee that this skilled workforce will remain and work within the nation. There is a global competition for top talent. Too frequently, skilled people find work abroad where innovation is encouraged and regulation favours entrepreneurs. As a significant portion of innovators leave the country, the nation is effectively drained of its most innovative talent.

***“Talent is the ultimate mobile and fungible resource going forward.”***

—Dr. Michael Treacy, author of *Double-Digit Growth* and *The Discipline of Market Leaders*

To turn this tide in Canada, Microsoft chairman Bill Gates says we must ask ourselves: What is our edge? What is the unique thing we do, and how do we renew the strengths that got us here in the first place?

Gates believes the answer is investment in education. The initial challenge is to train teachers to educate students from an early age about the potential for science, math and technology. The curriculum must develop interest in technical fields, show that entrepreneurship is a true and honourable profession, and not discourage young people from taking advantage of great opportunities in such fields. Education should focus on creating a dynamic and innovative population—even from an early age.

This is not to say that students should always be guided from high school to university. A skilled and innovative workforce depends on a variety of skills. Elyse Allan and Thomas Courchene (Jarislowsky-Deutsch Professor of Economic and Financial Policy at Queen’s University) emphasized the importance of a workforce with a range of skills and experiences. The existing Canadian high school system often fails to highlight the trades, in contrast with the prevalence of the trade system in many other nations. By presenting trades as an option in high school, Courchene believes the population would more readily recognize the importance that technologists, crafts people, and skilled tradesmen play in the economy.

Lastly, Anne Golden pointed out that business and government are taking steps to help schools produce more students with advanced training. However, individuals with advanced degrees are only the top rung of the ladder when it comes to building a more productive workforce. The education system must focus on basic skills—such as literacy, workplace and employability skills—and on high-level, essential skills—like communication and innovation skills—in order to create an innovative workforce and facilitate an environment rich for entrepreneurs.

## Economic Threats Posed by Skills Shortages

***“Canada has a decade before the aging of our workforce will actually undermine our economic performance... We believe that by 2025, less than twenty years, Canada will be facing a labour-force deficit of 1.2-million skilled workers, even assuming optimal levels of immigration.”***

—Dr. Anne Golden, President and CEO, The Conference Board of Canada

Looming skilled-labour shortages threaten Canada’s ability to address productivity, competitiveness and the economy as a whole. Anne Golden noted that an aging population and slumping birthrates threaten the availability of skilled labourers in sectors like healthcare, construction and natural resources, as well as economic performance on the whole. Robert Wright, Canada’s Deputy Minister of Finance, also stressed the challenges posed by low business investment in training, an aging infrastructure and shortages of skilled people across the country.

***“A lot of Canadians are not actively enough participating in [Canada’s] prosperity, including recent immigrants, older workers and Aboriginal Canadians.”***

—Robert Wright, Deputy Minister of Finance, Finance Canada

Several speakers confirmed that government and business leaders alike are struggling to maintain and train a new workforce, and they acknowledged that a range of Canadians are prevented from contributing to Canada’s productivity.

***“We need to create a Team Canada approach between business and government which defines the skills Canada needs to win in the global game. This approach would actually go into the world and actively recruit for those skills, and then do everything possible to show employees the ropes using training, counselling and mentoring.”***

—Gwyn Morgan, recently retired Founding President and CEO, Encana Corporation

All of the day’s speakers discussed marginalized labour groups, each of which presents an opportunity to close the skills gap.

The first labour group includes skilled immigrants. Anne Golden presented the alarming fact that 52 per cent of recent Canadian immigrants are working in jobs requiring only a high school diploma, yet three-quarters of them have advanced degrees. Anne Golden and Gwyn Morgan agreed that increasing global competition means giving higher priority to skilled immigrants, including matching immigrant skills with labour force demand.

Anne Golden, Gwyn Morgan and Thomas Courchene discussed the need for credential-recognition reform in order to attract immigrants with needed skills. Gwyn Morgan presented three examples that demonstrate the failures of the immigration system, and resulted in the loss of skilled talent:

- A Russian engineer found full-time employment, but his application for citizenship failed, forcing him and his family to leave the country.
- A Canadian-educated engineer from Bangladesh could not obtain a Canadian work permit, causing him to seek work in another country.
- A South African obstetrician failed to secure a residency permit after three years of applications. This case was only resolved after it attracted national media attention.

***“The elimination of mandatory retirement in some of our provinces is a good first step, but employers seeking to hire and retain seasoned workers must eliminate ageism, modify work schedules and encourage skills upgrading.”***

—Dr. Anne Golden, President and CEO, The Conference Board of Canada

The second labour group includes older or “seasoned” workers. These skilled workers are among the most productive members of the value chain, and must be encouraged to stay in the workforce longer. The Prime Minister’s Task Force to promote the hiring and retention of older workers is a step in the right direction, according to Golden and Robert Wright. Both speakers noted creative approaches employed in Europe and the United States to increase the number of seasoned workers in the labour market, including changing the ergonomics of the workplace to make it safer for older workers.

***“Why not put a First Nations’ national Aboriginal citizens’ assembly together to inform leaders about Aboriginal needs and desires for skills and human capital? My guess is [Aboriginal citizens] want the very same things we do.”***

—Prof. Thomas J. Courchene, Jarislowsky-Deutsch Professor of Economic and Financial Policy, Queen’s University

The third labour group spans the Aboriginal workforce. Anne Golden estimated that the Aboriginal population accounted for 3.3 per cent of Canada’s total population in 2001, and Aboriginal children made up 5.6 per cent of all Canadian children. Despite a growing population, Aboriginal peoples frequently receive poor education, training and attention from government and industry alike. Fifty-eight per cent of Aboriginal people on reserves between the ages of 20 and 24 have not completed high school. However, 75 per cent of Aboriginal high school graduates complete postsecondary or trades education—the same rate as non-Aboriginal high school graduates. For this reason, Elyse Allan and Thomas Courchene believe education is vital to the development of a First Nations workforce. From childhood, Aboriginal children should have access to daycare regardless of where they live, states Courchene. Allan also highlighted the need to provide high school graduates with education and training support.

The fourth labour group encompasses workers outside the workforce. Both Robert Wright and Sven Otto Littorin agreed that people outside the workforce who are fit to work must have access to opportunities to support themselves. In Sweden, high taxes made unemployment more attractive than work. For example, nine out of every ten women working in health care lost money when they gave up unemployment to take a job. Skilled members of the workforce chose to live outside the labour market to avoid taxation and, ultimately, the loss of income.

While marginalized labour groups impact the availability of skilled labour, the skills shortage is also endemic. Anne Golden cited a Conference Board of Canada report that shows 42 per cent of Canadian adults—or 9 million—lack the literacy and numeracy skills required for success. The educational system is not producing graduates with the skills required in the current workplace, and this is hampering the nation’s ability to use new technologies and limiting the rate of innovation.

While higher education is vital to creating a skilled workforce, Thomas Courchene stated that creating an environment where all Canadians have the ability to choose what line of training they would like to undertake creates a more competitive infrastructure, enhances employability and ensures equality of opportunity for all Canadians.

## Finding Solutions to the Skills Gap

***“It’s about protecting the employability of the workforce, not the protection of every single job.”***

—The Honourable Sven Otto Littorin, Sweden’s Minister of Employment and Industry

No single solution to the skills gap was presented. Instead, the speakers painted a picture of a collaborative environment where government, industry, educational institutions and citizens cooperate to develop joint solutions.

The Honourable Sven Otto Littorin presented an insight into the Swedish dedication to “flexicurity.” Flexicurity is a social model with a focus on creating a proactive labour market. It combines flexible hiring for employers with security and benefits for employees. In order to receive full benefits, an unemployed person is required to continuously seek employment or education.<sup>1</sup> The Swedish government has undertaken a series of measures to ensure the flexicurity of the workforce. First, the government implemented a more flexible education system—one that respects individual needs—in an effort to create a foundation of the basic literacy and numeracy levels required for employment. Second, the government collaborated with employers, trade unions and employees to develop a pooled resource dedicated to employee retraining should jobs be eliminated. In the same vein, the government proposed training schemes to concentrate skills development in areas in which a labour shortage exists. Third, the government reduced employer taxes for the low-wage parts of the service sector, providing more funds for job creation. Fourth, the government lowered taxes for low- and medium-wage earners. Higher take-home wages provide the incentive to enter the workforce (since more money can be made by working than by relying on social assistance programs).

Each of these efforts is intended to reinvigorate the labour market with new skills and participants.

***“One of the key attributes that has kept GE surviving and thriving for all these years is adaptability. Technology and innovation only adapts because people think of it and people make adaptations. That’s why, as a company, we’re so incredibly focused on people. We take the responsibility of learning and development very, very seriously. We invest over a billion dollars a year in employee training and in executive development—that doesn’t even include all the on-the-floor training.”***

—Elyse Allan, President and CEO, GE Canada

Elyse Allan discussed how a dedication to learning and development is built into the fabric of work-life at GE. Allan estimated that 75,000 GE workers took part in classroom learning last year—including some at management development institutes at Crotonville, NY, and in China—while over 200,000 workers participated in online courses. These training programs are not restricted to tenured employees; GE also supports students and new graduates with scholarships, internships and graduate training programs. The programs help the company develop an understanding of the workforce, and they provide young people with workplace experience.

Similarly, Gwyn Morgan noted that EnCana is devoted to employee development. By recruiting the best people available, providing orientation, and offering training and development programs, EnCana ensures that new employees can realize their full potential more quickly and assist in closing corporate skills gaps.

Morgan went on to recommend the implementation of a mentorship program to help new immigrants integrate into the Canadian workforce.

<sup>1</sup>Thomas Bredgaard et al., *The Flexible Danish Labour Market—A Review* [online]. (Aalborg: CARMA, Aalborg University, April 2005), [cited April 12, 2007]. [www.tilburguniversity.nl/faculties/frw/research/schoordijk/flexicurity/publications/papers/foxp2005-12-larsenmadsenbredgaard.pdf](http://www.tilburguniversity.nl/faculties/frw/research/schoordijk/flexicurity/publications/papers/foxp2005-12-larsenmadsenbredgaard.pdf)

***“How do you ask a doctor, an engineer or a tradesperson, who is already working long hours, to take on the role? You need to get creative. There are large numbers of retired Canadians who have both the knowledge and the time to mentor immigrants in the fields in which they have been trained.”***

—Gwyn Morgan, recently retired Founding President and CEO, Encana Corporation

Morgan also stated that mentorship must be accompanied by a re-evaluation of the points-based immigration system. Immigrants with needed skills must gain priority over other applicants. Thomas Courchene agreed, stating that universities select applicants based on skills profiles, and so should Canada with respect to immigrants.

Additionally, Morgan spoke of the need to capitalize on the knowledge of seasoned workers, saying these were the ideal guides for new members of the workforce. Phil Sorgen added to this statement, saying that industry loses an enormous amount of information when employees leave an organization. By conducting better exit interviews, industry can increase the knowledge of new employees, who can spend more time on innovation instead of learning processes.

***“The business community needs to get involved in education. They need to think about skill sets and the need for certain types of workers. Those can be expressed on how they partner and get involved in those activities.”***

—Bill Gates, Chairman and Chief Software Architect, Microsoft Corporation

David Johnston, President of the University of Waterloo, and Professor Thomas Courchene attribute student employment success to on-the-job experience. Through internship and apprenticeship programs, students gradually settle into the work environment. On-the-job training for young people helps solve problems associated with the transition from school to work, and it helps students define their interests while allowing employers to fulfill their needs. However, Johnston believes that education must become an integral part of a policy that recognizes the role of brainpower on national prosperity.

***“The Canada Learning and Innovation Act is based on our vision of investing in people, and will establish a framework for a smart nation, encourage innovation and empower people to use their talent most effectively.”***

—Dr. David Johnston, President, University of Waterloo

David Johnston’s proposed *Canada Learning and Innovation Act* would present each Canadian with the right to learn, would help citizens to embrace lifelong learning and innovation, and would support labour force development. Such an act would confirm the government’s commitment to skills development and dedication to innovation.

Thomas Courchene also proposed a learning-focused act—a *Children’s Charter of Rights*. Such a charter would guarantee childhood access to healthcare and education, two major contributors to lifelong productivity and skills development.

## More Than Skills are Required to Boost Productivity and Competitiveness

***“Fostering a culture of innovation must be top priority since innovative firms have better productivity and performance, faster growth and generate higher quality, better paying jobs.”***

—Dr. Anne Golden, President and CEO, The Conference Board of Canada

In order to boost productivity and competitiveness, some speakers went beyond talking about a highly skilled workforce. They presented a number of other important elements, including fostering a culture of innovation, focusing on areas of comparative advantage where we can excel globally, creating a single Canadian market, and investing in cities.

## Fostering a Culture of Innovation

Anne Golden mentioned that fostering a culture of innovation must be a top priority since, as research shows, innovative firms generally have better productivity performance, faster growth and generate higher quality, better paying jobs. Alistair Glass agreed that promoting a culture of innovation was very important to making Canada more competitive globally. Glass noted that such a culture requires interdisciplinary partnerships between institutes, provinces and nations. Without the connection between these communities, ideas that originate in the research lab cannot achieve commercialization. As an example, Glass noted that the province of Ontario is starting a venture capital fund that will partner with the private sector. The fund will help build investment to support significant, new companies at each stage of development.

## Focusing on Areas of Comparative Advantages

***“Economies are rapidly specializing because of the law of comparative advantage. What will become our specialties in different parts of this country, on a global— not a national—basis? It’s not good enough to be the design centre for Canada; how do we become the design centre for other parts of the world?”***

—Dr. Michael Treacy, Author of *Double-Digit Growth* and *The Discipline of Market Leaders*

Simply put, Treacy said, Canada has accepted a “good enough” status for too long. The nation has overlooked the laws of comparative advantage while trying to compete in every sector equally. Canada simply can’t excel at everything. A successful economy, said Treacy, specializes and focuses on knowledge capital, allowing less specialized physical jobs to go offshore. Emerging economies like India and China are specialists in labour-based roles—what Treacy calls “process utilities.” By outsourcing process utilities, each economy specializes and excels at an activity, becoming more productive in the process.

Alistair Glass suggested that we need to focus on niche strategies where Canada can be globally competitive. The niche areas are those where Canada has world-class science and technology and the commercial capacity to sell products and services at home and abroad.

Similarly, Michael Treacy believes that Canada must identify centres of excellence and “unnaturally” resource them, allowing these centres to be magnets for the best and the brightest students, innovators and businesses. Bill Gates agreed that focused strategies with partnerships between business and academia were important. Half the breakthroughs in the software industry, Gates said, come out of the university environment. Creation is strongly correlated with the location of large research universities.

David Johnston wholeheartedly agreed, saying that communities of excellence gather a cohesive group of people around certain ideas, and provide access to a number of different partners. Under this model, the University of Waterloo has fostered success stories, including RIM, OpenText and WatCom. These centres of excellence encourage entrepreneurial spirit within the university, allowing students to witness and participate in the commercialization of innovations.

In order to continue this success, students must see an incentive to working in a creative and innovative domain. Bill Gates noted that some U.S. universities attract professors by offering ownership of any intellectual property they develop. This creates great incentive to achieve product commercialization from a research environment. Microsoft takes this incentive to innovation one step further, and offers funding for bright new research ideas. The company runs a program that provides capital to help young entrepreneurs get their high-tech operations up and running, and provides knowledge and financial support throughout the endeavour. The program helps Microsoft develop a skilled and experienced workforce while creating the opportunity for future partners and employees.

## Creating a Single Canadian Market

Anne Golden attributed Canada's impaired competitiveness partly to internal balkanization. Interprovincial barriers to trade, investment and labour mobility adversely impact Canada's productivity and competitiveness. Canada, she said, needs to eliminate such barriers and create a single Canadian market. Sven Otto Littorin stated that the Swedish economy has clearly benefited from entering the European Union. By being part of a common market, Sweden had to become more competitive and innovative. The high mobility of labour within the European Union has helped to overcome labour shortages within Sweden and throughout Europe. Similarly, Thomas Courchene noted the trade agreement between British Columbia and Alberta has encouraged skills mobility and will enhance the productivity of both provinces.

## Hosting Successful Cities

Growing urbanization and industrial concentration in major cities means that cities are key to a country's prosperity. Anne Golden and Thomas Courchene noted the need for cities to have the fiscal capacity required to build competitive advantage. In order to attract and retain skilled talent, cities must make significant investments in infrastructure and social services. Investments in quality-of-life assets make cities attractive places for top talent.

According to Courchene, successful cities can better compete in a knowledge-based economy. Global city regions (GCRs) act as international gateways for knowledge, IT, R&D and high-value-added products and services. As such, the collective economic future of Canadians will depend on its global city regions.

***"In terms of Richard Florida's three Ts—technology, talent and tolerance—we do well on the tolerance side. But we are lagging in the other two Ts. This is problematic since firms tend to congregate in those global city regions that have scored well in all three of the Ts. Business locates where human capital and talent is, and not so much where the reverse is true."***

—Prof. Thomas J. Courchene, Jarislowsky-Deutsch Professor of Economic and Financial Policy, Queen's University

Richard Florida, Hirst Professor of Public Policy at George Mason University, presented the importance of cities in the development of creative cultures at CAN>WIN 2005. According to Dr. Florida, the creativity and quality of a nation's workforce determines national prosperity. Due to competition for talent, there has been a significant migration of creative people to cities that tolerate diversity and that have advanced technology. Quality of life in these cities is also important when it comes to attracting new talent. According to Thomas Courchene, Canada's focus on tolerance does not compensate for the oversight of technology and talent.

## Conclusions

CAN>WIN 2007 highlighted key issues impacting Canadian productivity and economic prosperity. The summit's discussion focused on workforce productivity, the marginalization of labour groups, and skills shortages. Presenters

and audience members alike shared their thoughts about Canada's declining relative productivity, and they explored possibilities for innovation and change. They focused particularly on the need for an innovative and highly skilled workforce and Canada's challenges in this area. By contributing unique perspectives and examples of opportunities to improve productivity and address skill shortages, the summit afforded the audience with concrete ideas for plans for action.

Ultimately, participants believed that Canada can thrive by taking immediate action to invest in education and skills training, to alter the make-up of the workforce, and to change national policy. Through government, business and education partnerships, the nation can develop an environment of innovation and productivity, thereby transforming Canada's ability to compete in the global economy.

Below is a summary of recommendations that emerged from the summit.

## Opportunities for Action

### **Industry should:**

#### *Competitiveness*

- Instill a sense of urgency in the workforce; create an understanding of the opportunities and threats posed by the global economy.
- Create a coherent long-term innovation agenda; show citizens why innovation matters.
- Develop a culture of partnership between business and government; build the vision, ambition and courage to establish businesses for the global economy.

#### *Skills Shortages*

- Increase workforce size by hiring and retaining marginalized workers.
- Eliminate ageism, modify work schedules and adapt work environments to facilitate older workers in the labour force.
- Encourage and provide opportunities for skills upgrading.
- Collaborate with federal and provincial governments to promote labour mobility.
- Collaborate with governments to design a sustainable, socially inclusive and internationally competitive infrastructure that ensures equality of opportunity for all Canadians to develop, to enhance, and to employ their skills.

#### *Education*

- Invest in education to encourage the uptake of the skill sets required in the workplace.
- Encourage internships, mentoring and apprenticeships to teach basic workplace and job-specific skills.
- Invest in on-the-job training.
- Invest in university-based innovations; develop a spirit of entrepreneurship to facilitate business development and growth.
- Develop relationships with universities and colleges to access both human capital and research expertise.
- Invest in technology and science in secondary schools.
- Provide a variety of career options to high school students. Make students aware of alternatives to university and the value of the trades to the workforce, but give them the opportunity to further education at university should they desire to do so after training in a trade.

## **Government should:**

### *Competitiveness*

- Create an action plan for change and innovation, and develop a benchmarking program to understand what improvements have taken place.
- Make investments (e.g., work retraining programs) to offset downsides to globalization.
- Make cities more fiscally autonomous; privilege global city regions so that they can better compete in a knowledge-based economy.
- Tilt policies toward fostering an entrepreneurial culture.
- Create a single Canadian market. Eliminate the barriers to competition that grow out of provincial/territorial regulations and practices that hamper the movement of products, mobility of workers and free flow of capital.

### *Skills Shortages*

- Encourage lifelong learning, through on-the-job training and other educational venues.
- Provide training to assist the long-term unemployed with workforce reintegration.
- Focus on matching job seekers with vacancies; improve the development and sharing of labour market information.
- Concentrate employment training programs on skills shortages.
- Develop skills and credentials recognition programs so that skilled immigrants can fill labour force gaps.
- Make the immigration application system more efficient; clear up backlogs and speed up applications of skilled immigrants.
- Discontinue mandatory retirement in order to increase the number of “seasoned” workers in the workforce.
- Collaborate with all levels of industry, trade unions and cultural institutions to understand concerns about workforce development, utilization and training.
- Change tax structures to reduce threshold and marginal effects for low and medium earners.

### *Education*

- Put science and math education in context; allow students to better understand how these abstract tools can be applied in the business environment.
- Design the basic educational systems to teach thinking, communication and innovation skills.
- Develop a *Children's Charter of Rights*.
- Establish early childhood education opportunities for Aboriginal populations, regardless of location.
- Improve the high-school and post-secondary completion rates for Aboriginal students through increased on-the-job training programs.
- Lower first-year tuition for post-secondary education. Increase tuition in subsequent years, with the offer of a loan-repayment program.
- Subsidize tuition fees paid by technologists, craftsmen and skilled trades people.
- Increase the number of doctoral and masters graduates by encouraging more undergraduates to pursue advanced degrees.
- Provide on-the-job internships, mentoring and apprenticeships to teach basic employability skills.
- Fund innovation-centric universities to become national centres of excellence and knowledge-intensive clusters.
- Create college programs to help immigrants integrate existing skills into the Canadian workforce.

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