

SKILLS SHORTAGES, GRADUATE OUTCOMES, AND THE FUTURE OF POSTSECONDARY EDUCATION

ALEX USHER

HIGHER EDUCATION STRATEGY ASSOCIATES

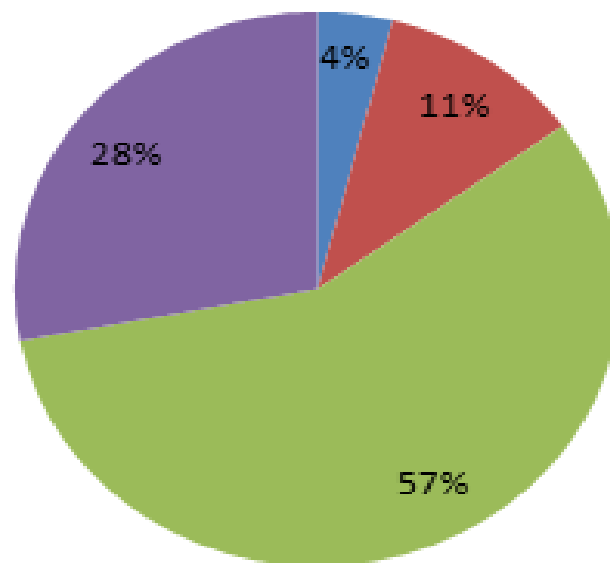


“Skills for the Future”

Charlottetown, Prince Edward Island — July 9, 2014

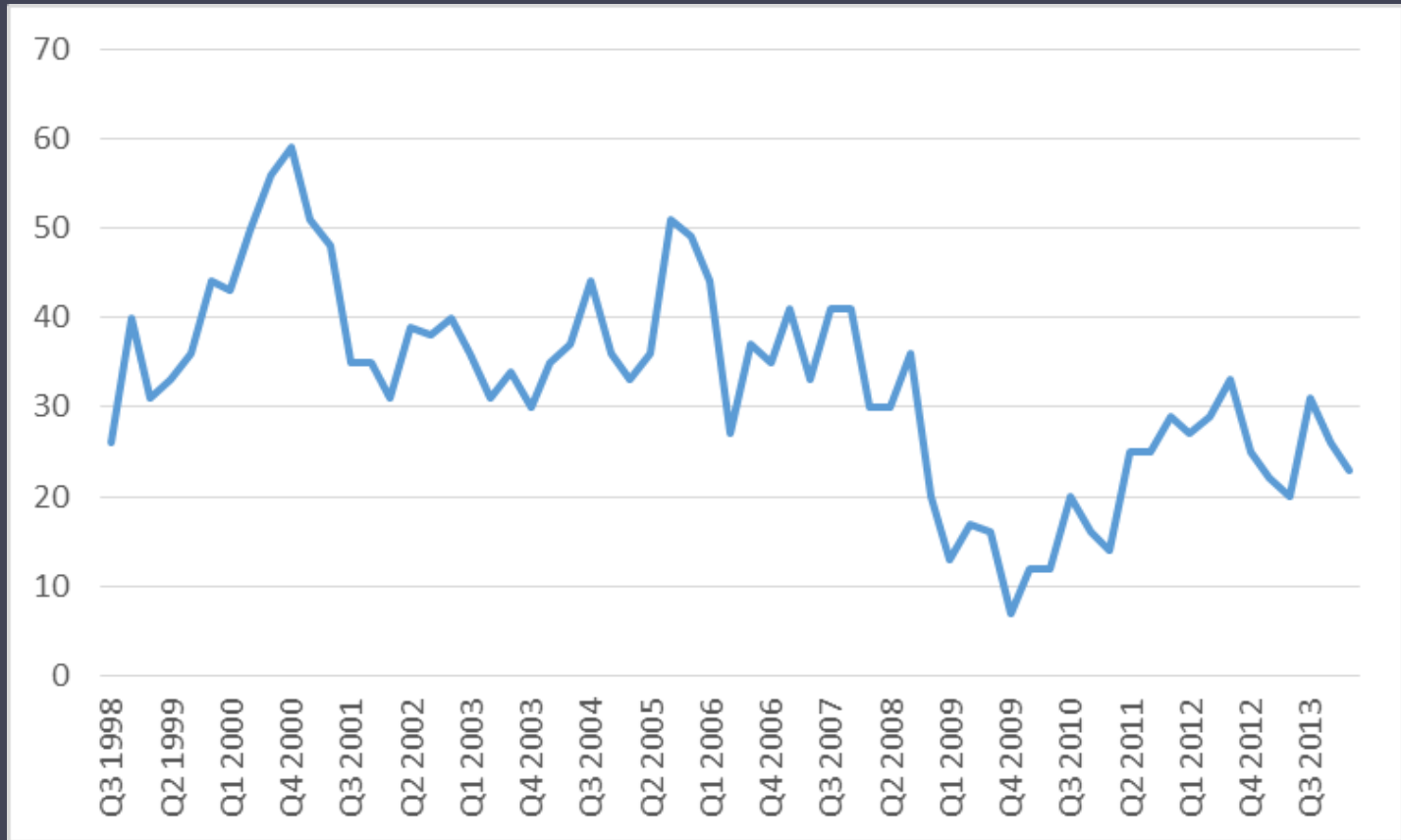
Skills Shortages?

Skills Shortages: How big a problem is this?



■ Not a problem ■ A big problem ■ A moderate problem ■ A small problem

% of Businesses Reporting a Skills Shortage

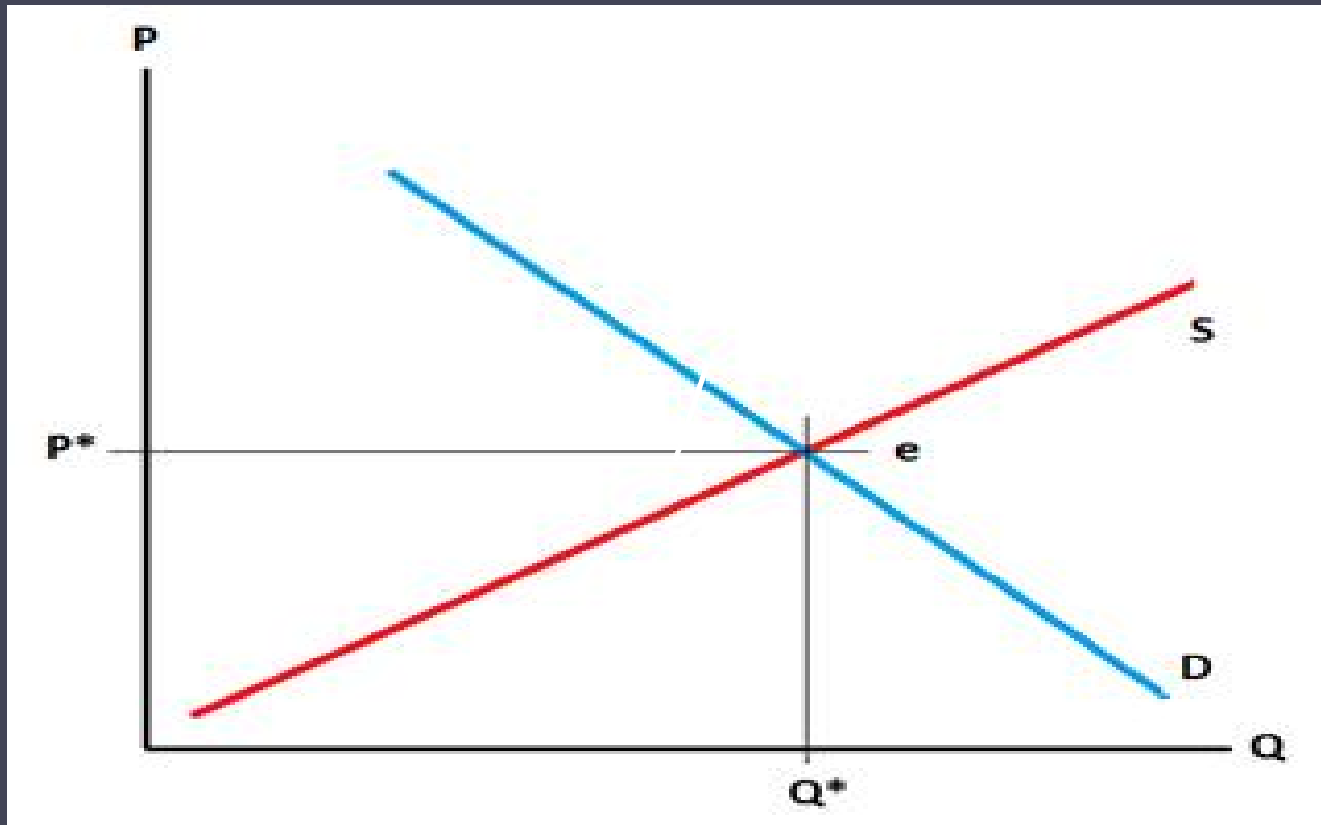


Defining a Labour/Skills Shortage

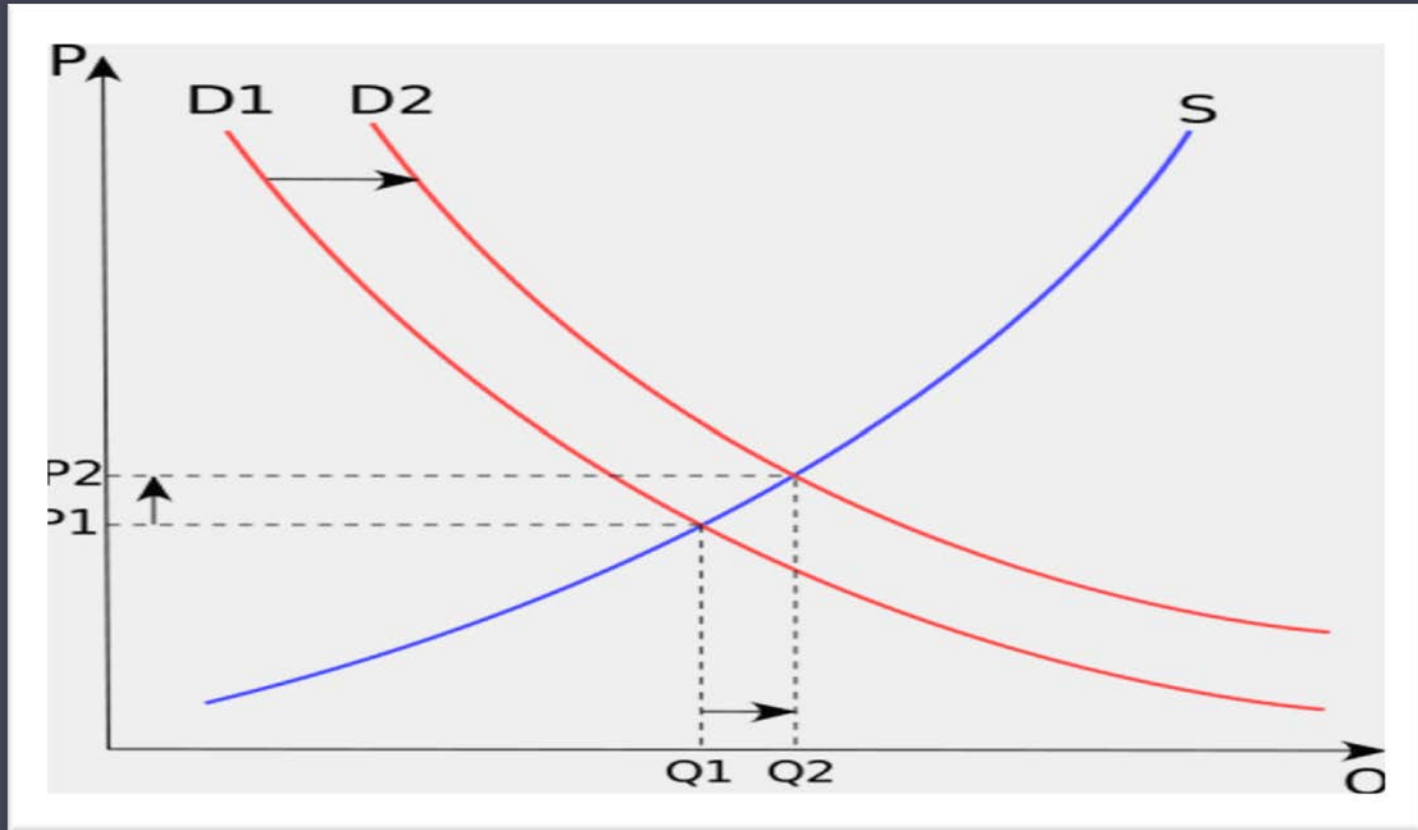
Definition 1:

- *A shortage exists if employers have difficulty finding individuals to fill open positions at current wage rates.*

Right-Side of the Demand Curve



Raise Wages!



Defining a Labour/Skills Shortage

Definition 2:

- *A shortage exists if employers are consistently unable to fill open positions even as wages rise.*

A looming labour shortage?

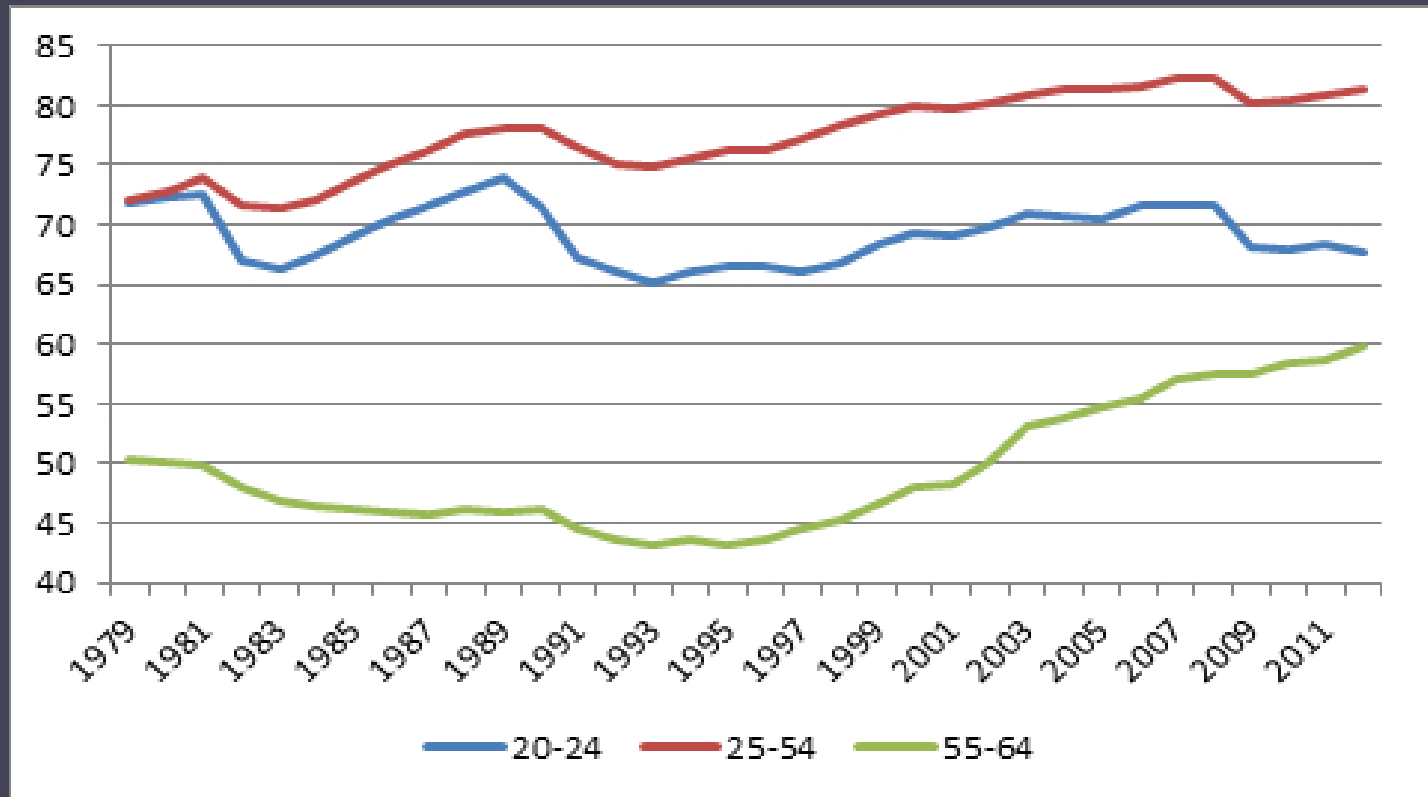
- Rick Miner has popularized the idea of “jobs without people, people without jobs” – a consequence of what he views as an imminent labour market shortage.
- He projects a shortage of 2-3 million workers by 2030. This would cause wages to rise and productivity to fall.
- This projection is based on:
 - HRSDC projections from 2006 to calculate labour market demand to 2015;
 - An assumed 0.8% annual growth in employment thereafter; and
 - To derive labor market supply, he applied “current” (the base year is unclear) rates of participation by age group, and applied them forward to 2031.

These estimates produced a potential demand of 21.1 million jobs and a supply (using his “medium estimates”) of about 18.4 million – a deficit of 2.7 million jobs.

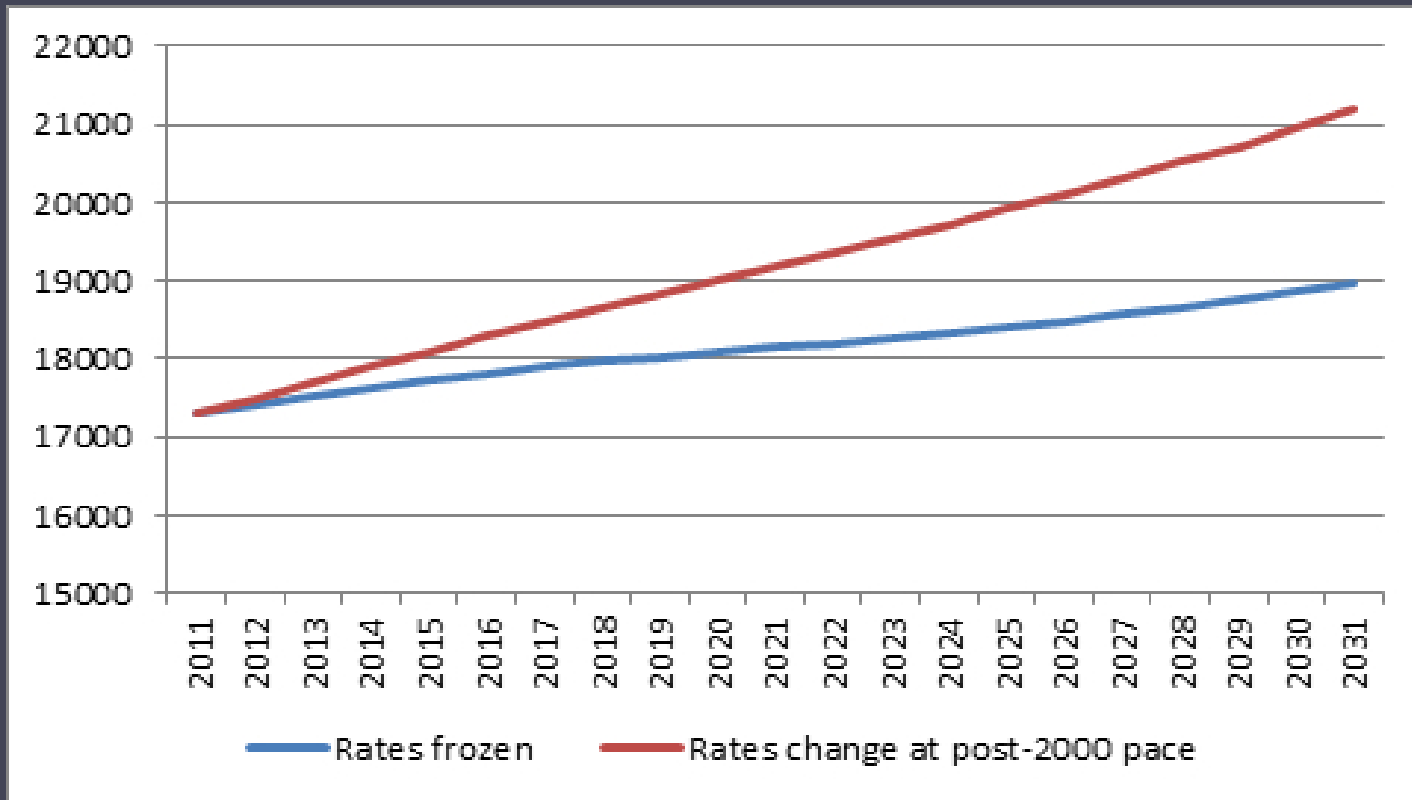
Implications of a Labour Shortage

- Increased size of the 24-54 labour force
- More young immigrants
- Shortened number of years spent in education (e.g., 3-year degrees)

Changes in Labour Market Participation Rates by Age



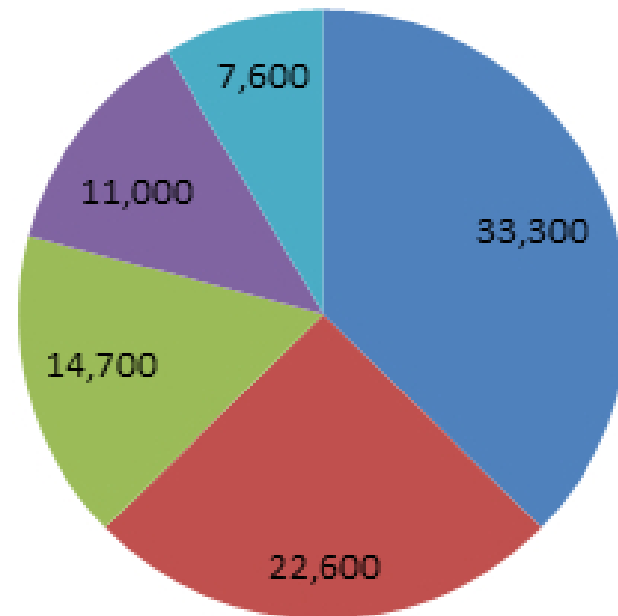
Two Scenarios for the Labour Market



Specific Skills Shortages

- Though there is a lot of talk of skill shortages, especially in trades, the evidence to support this is thin.
- Acute skills shortages do seem to exist in SK and AB; less so elsewhere
- Nationally, only five occupations are expected to be in acute shortage from 2011–21: Supervisors (Mining Oil & Gas), Nurses, Doctors/Dentists, Managers (Health, Education, Social Services), HR & Business Services

The Extent of The Shortages



■ Nurse mgrs, RNs

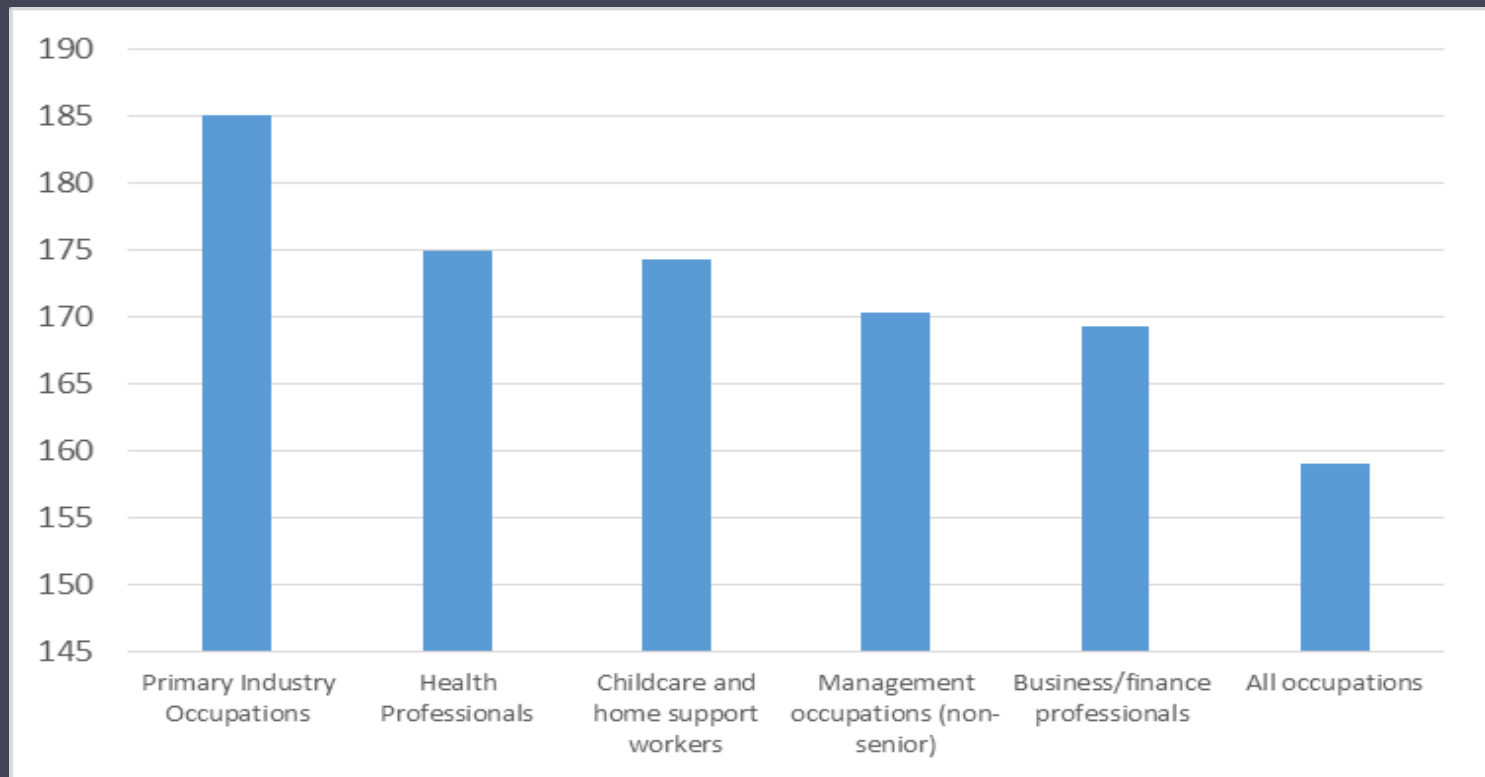
■ HR, Bus. services

■ Mgrs in Health & Ed

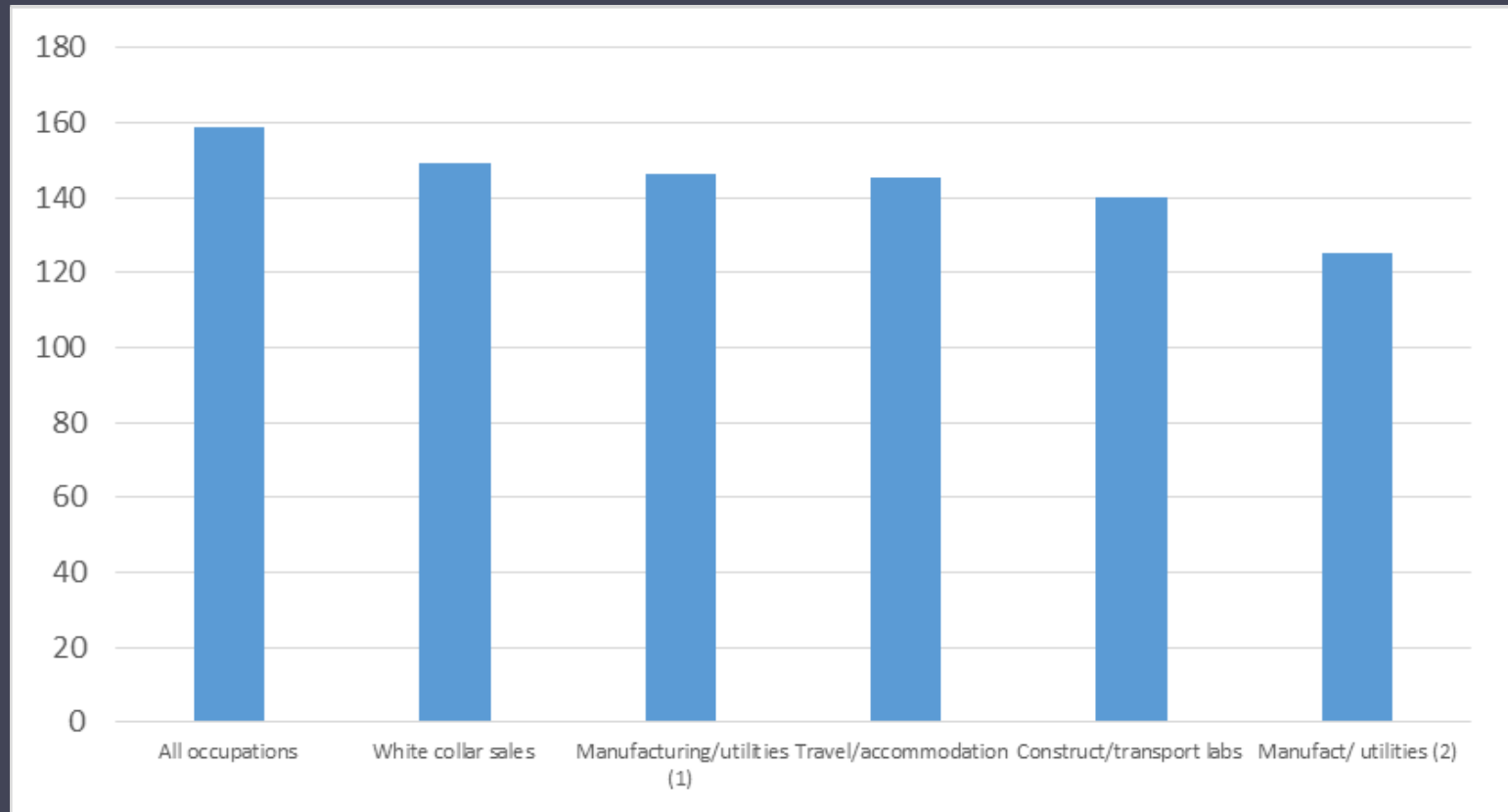
■ Doctors, dentists

■ Supers, nat. resources

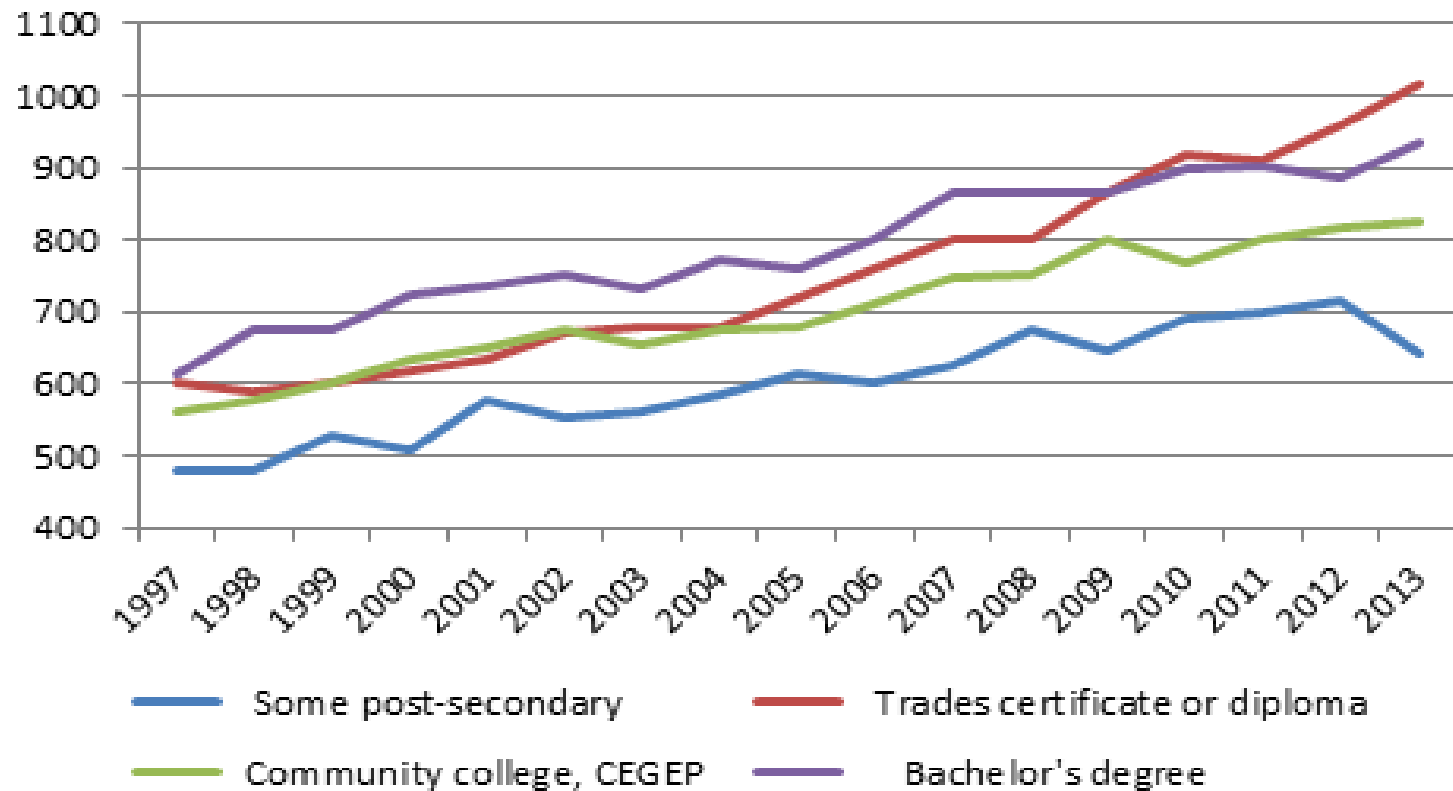
Highest Occupational Wage Gains, 1997–2014



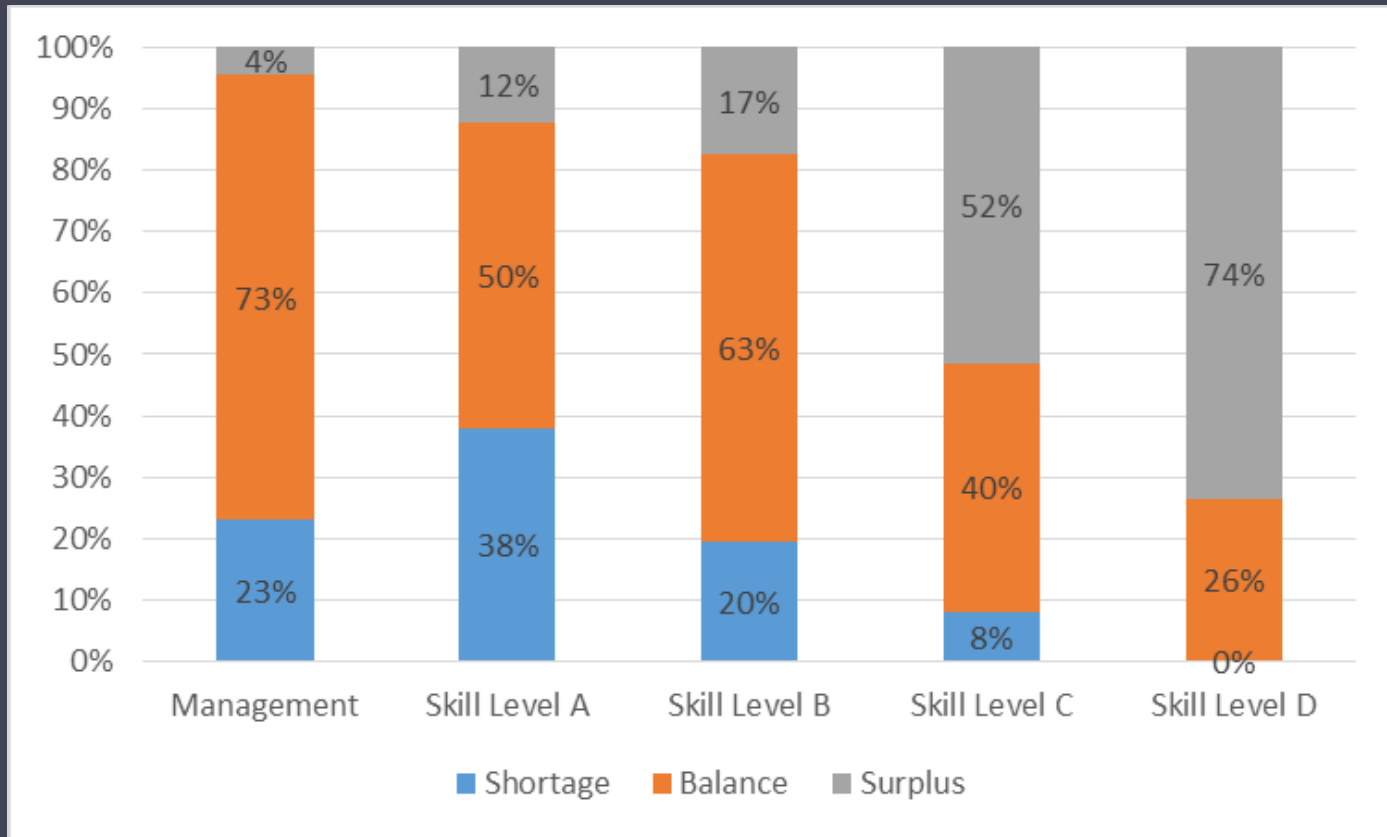
Lowest Occupational Wage Gains, 1997–2014



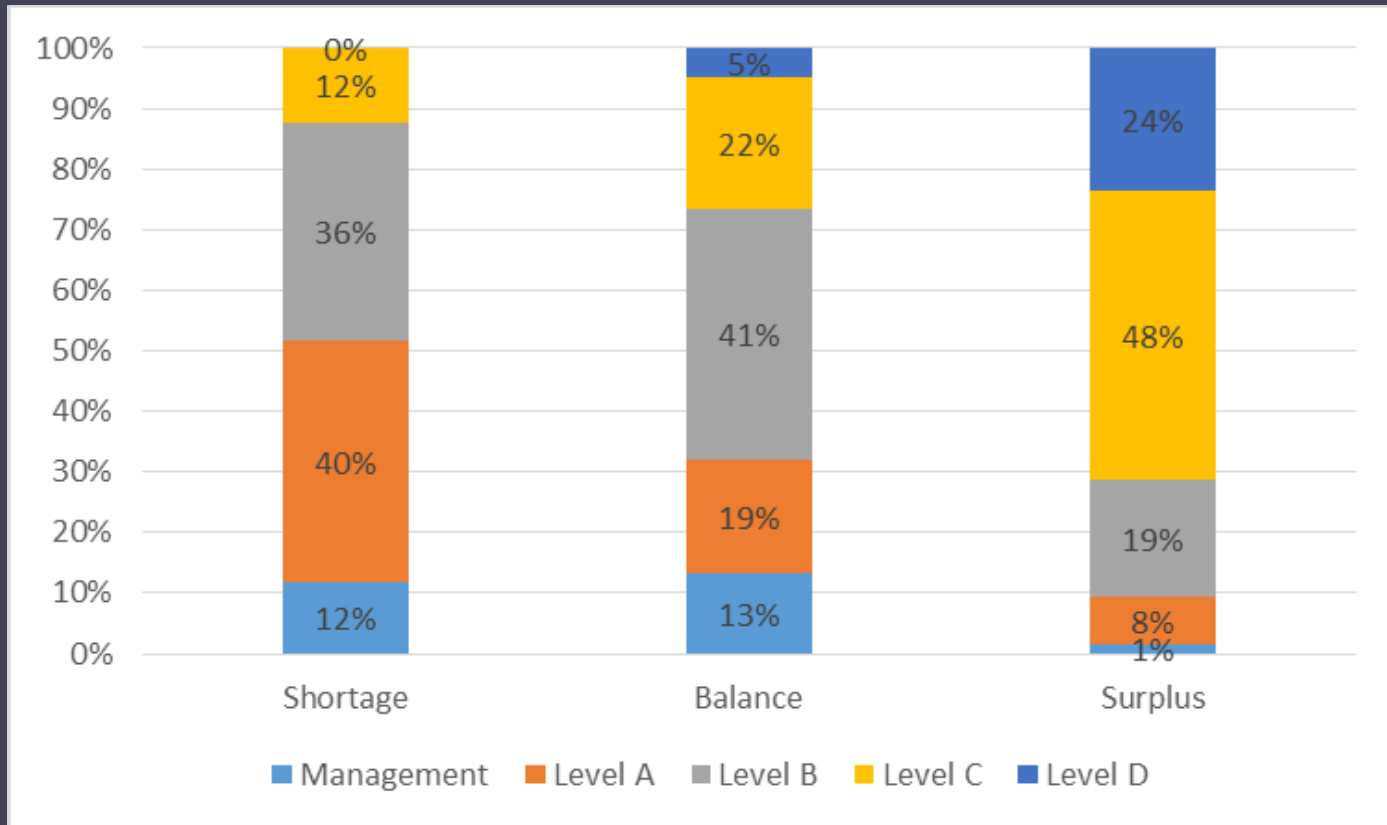
Young Males in Trades do Well



Shortages and Surpluses by Occupational Education Requirements



Occupational Educational Requirements of Jobs in Surplus/Shortage



Difficult to Find/Retain Fields

- 1. Engineering
 - 2. IT
 - 3. “General Business Skills”
 - 4. Skilled Trades
- Canadian Council of Chief Executives

What Skills Matter Most?

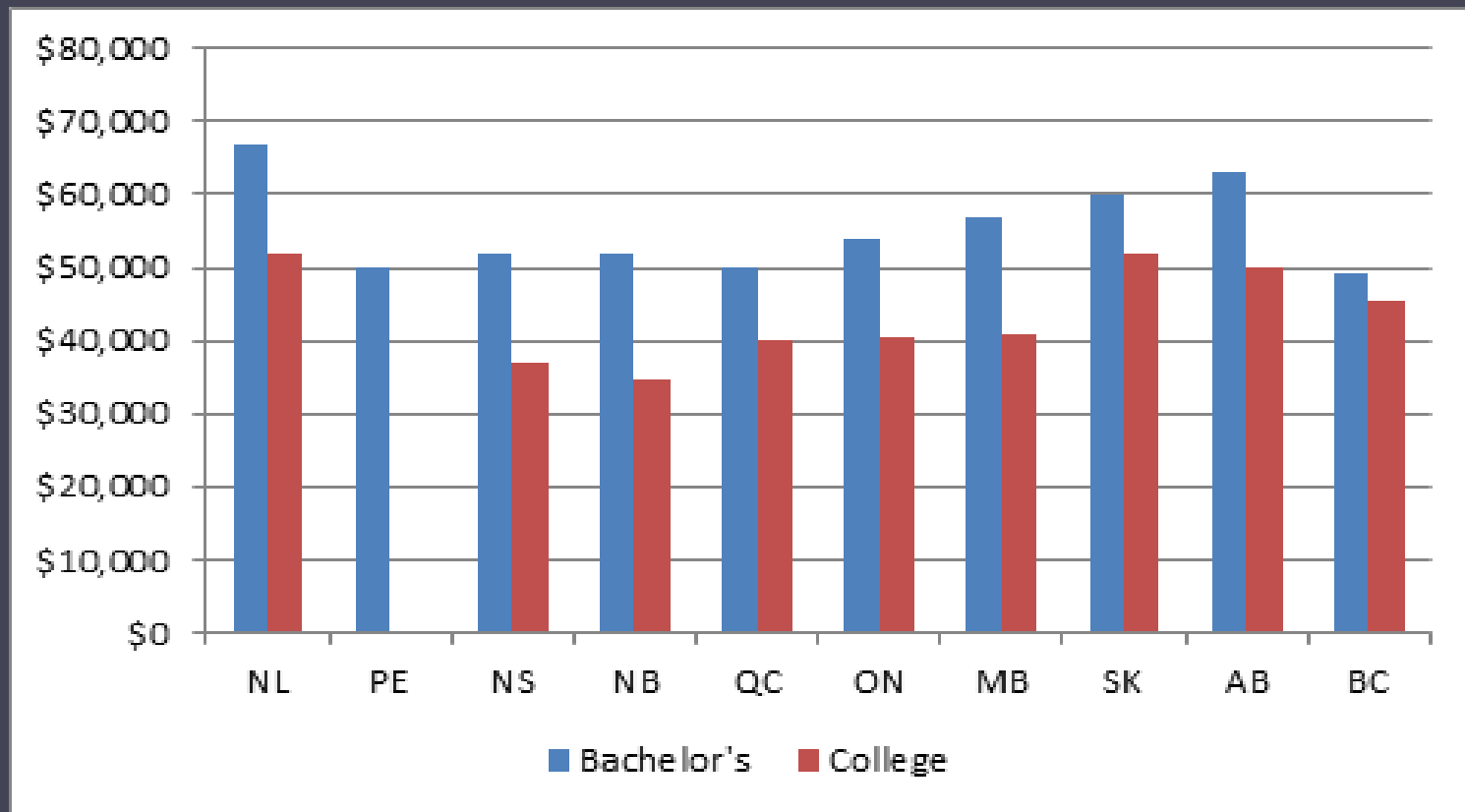
- 1. People Skills
- 2. Communication Skills
- 3. Problem-Solving Skills
- 4. Analytical Abilities
- 5. Leadership Skills
- 6. Industry-Specific Knowledge and Experience

■ Canadian Council of Chief Executives

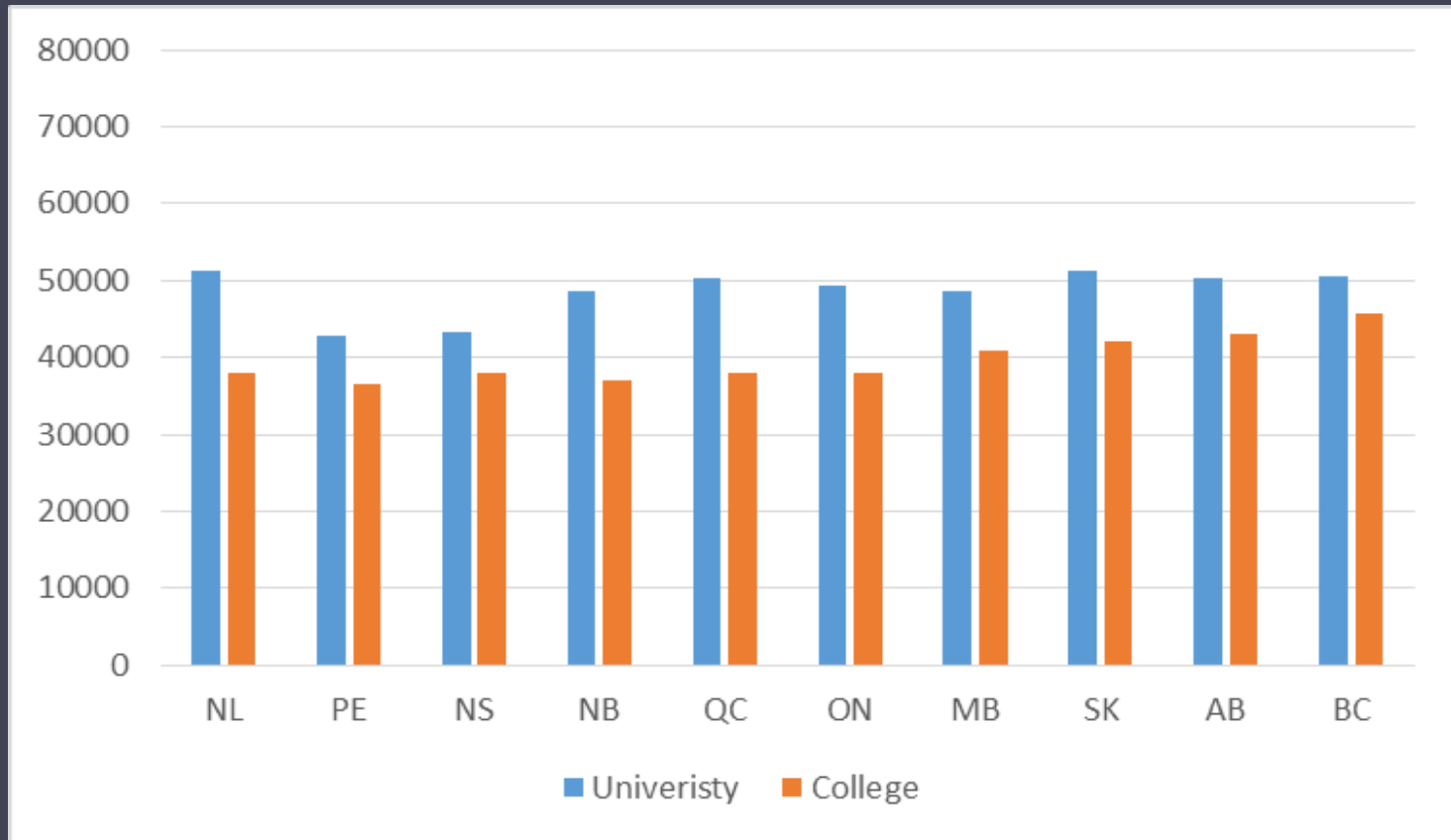


Graduate Outcomes

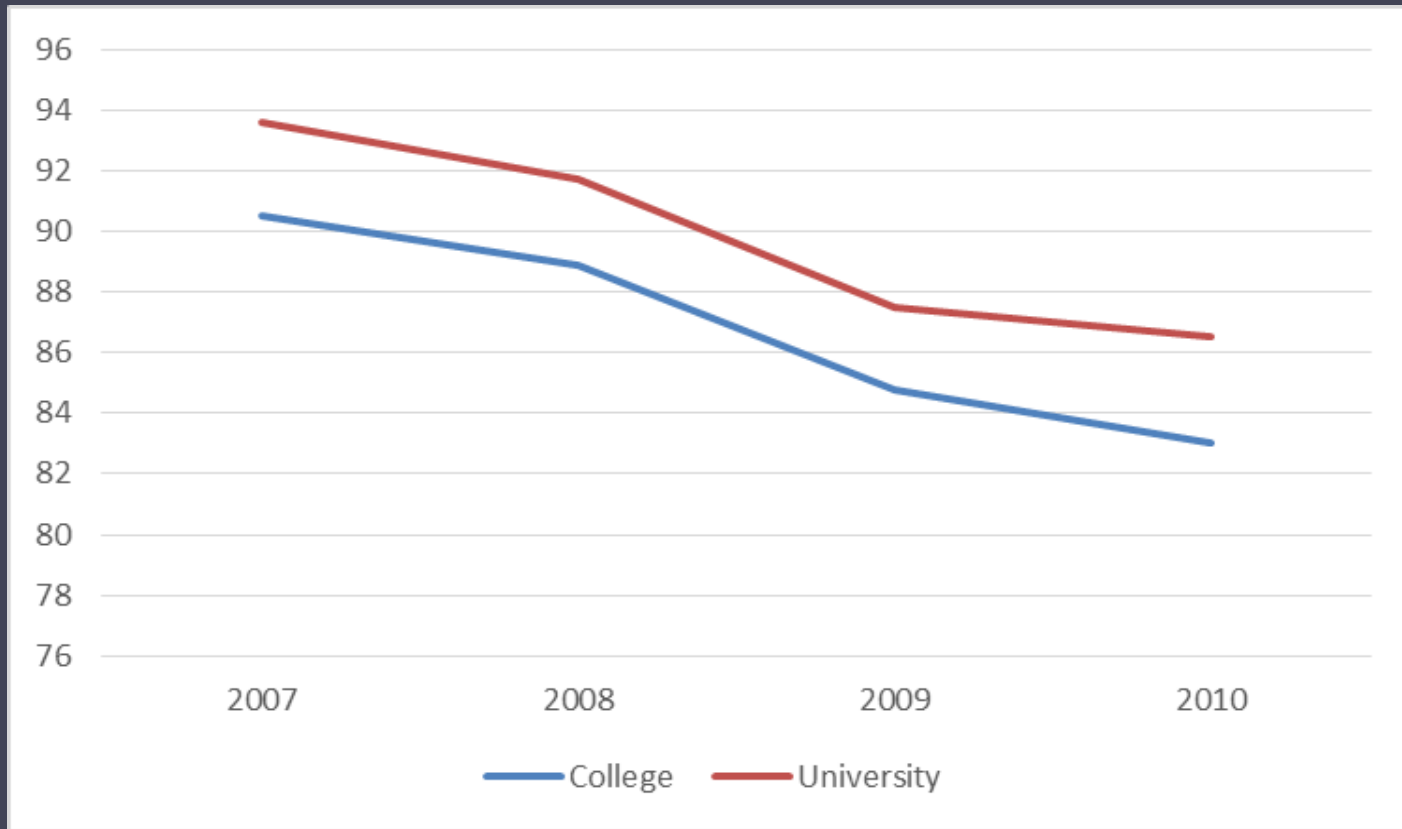
Graduate Incomes, Class of 2010



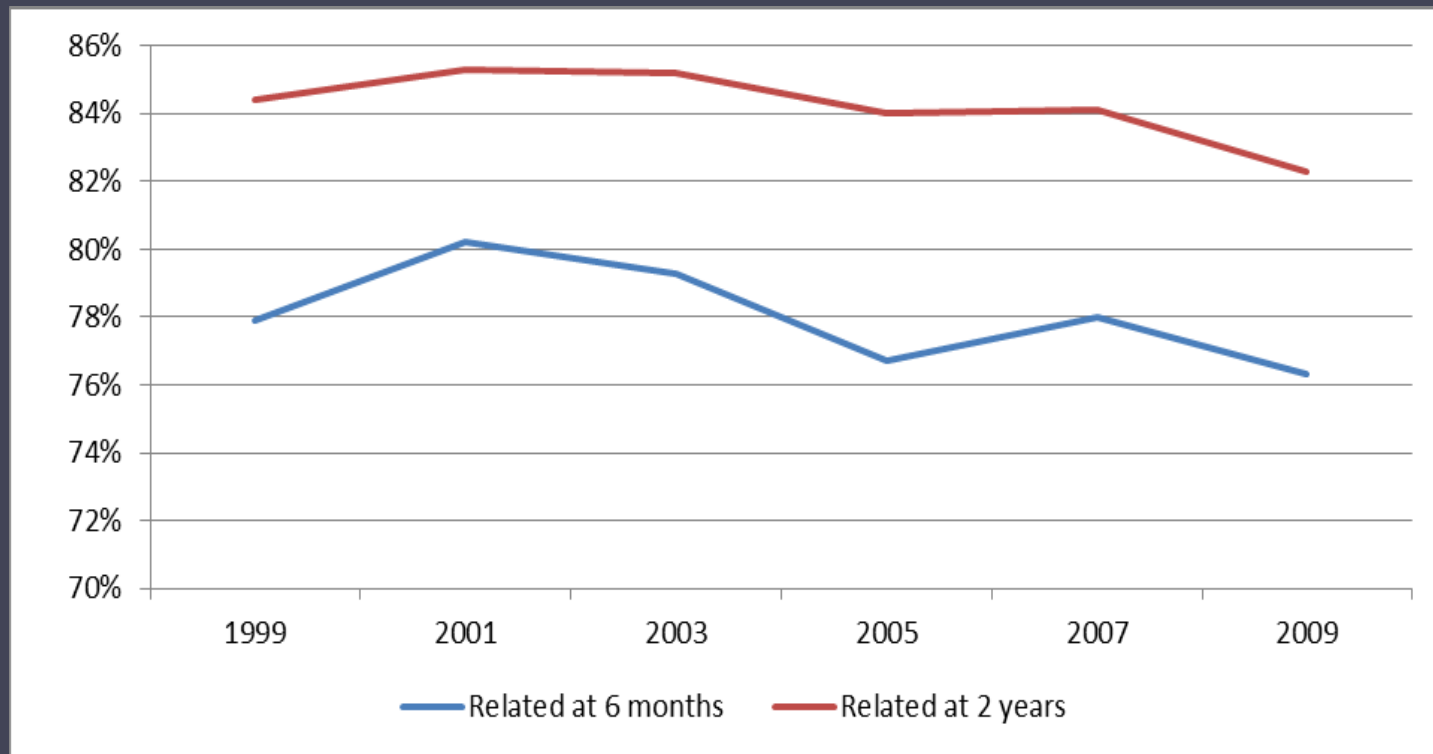
Graduate incomes, Class of 1976



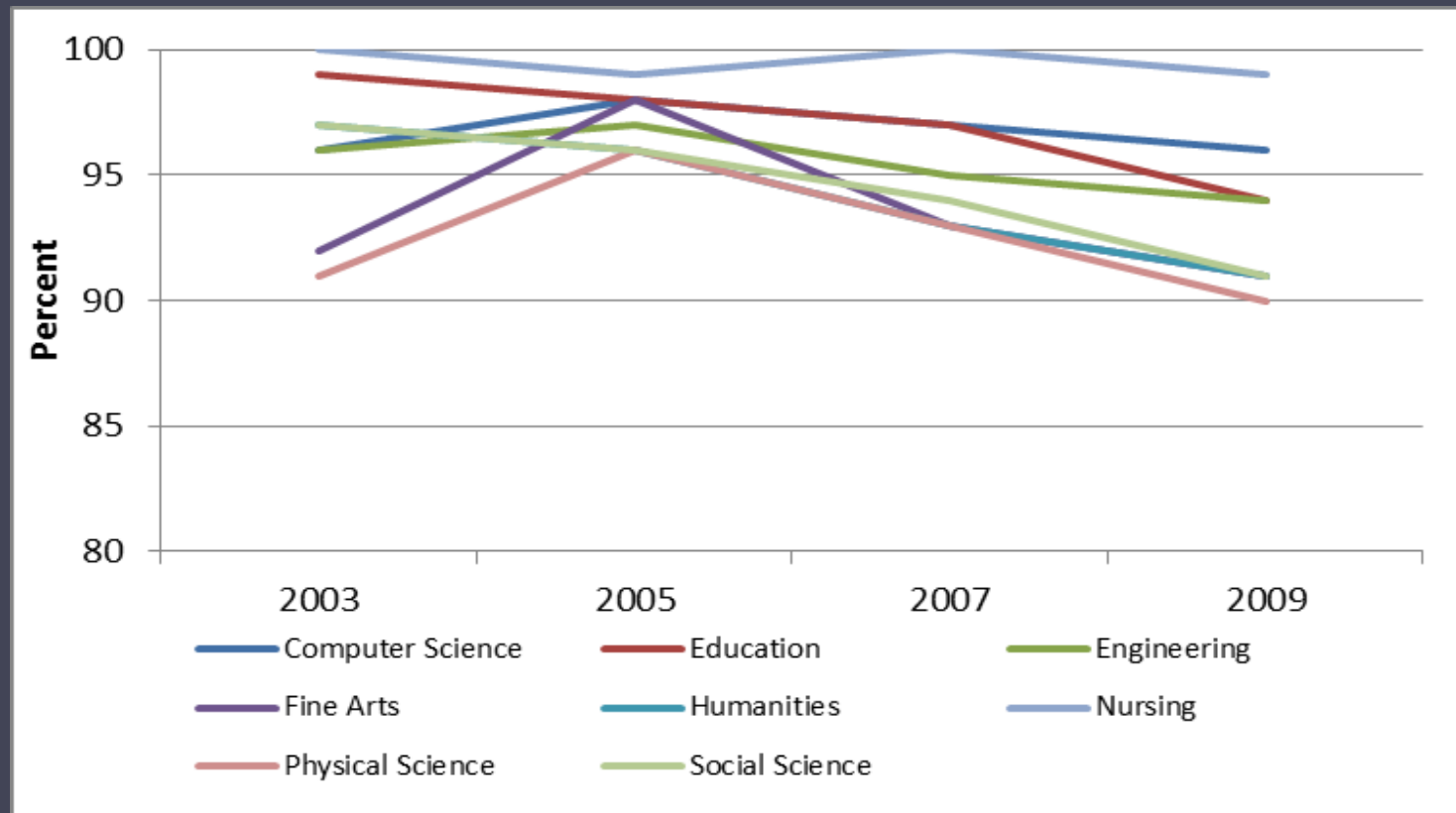
Graduate Unemployment 6-Months out by Institution Type



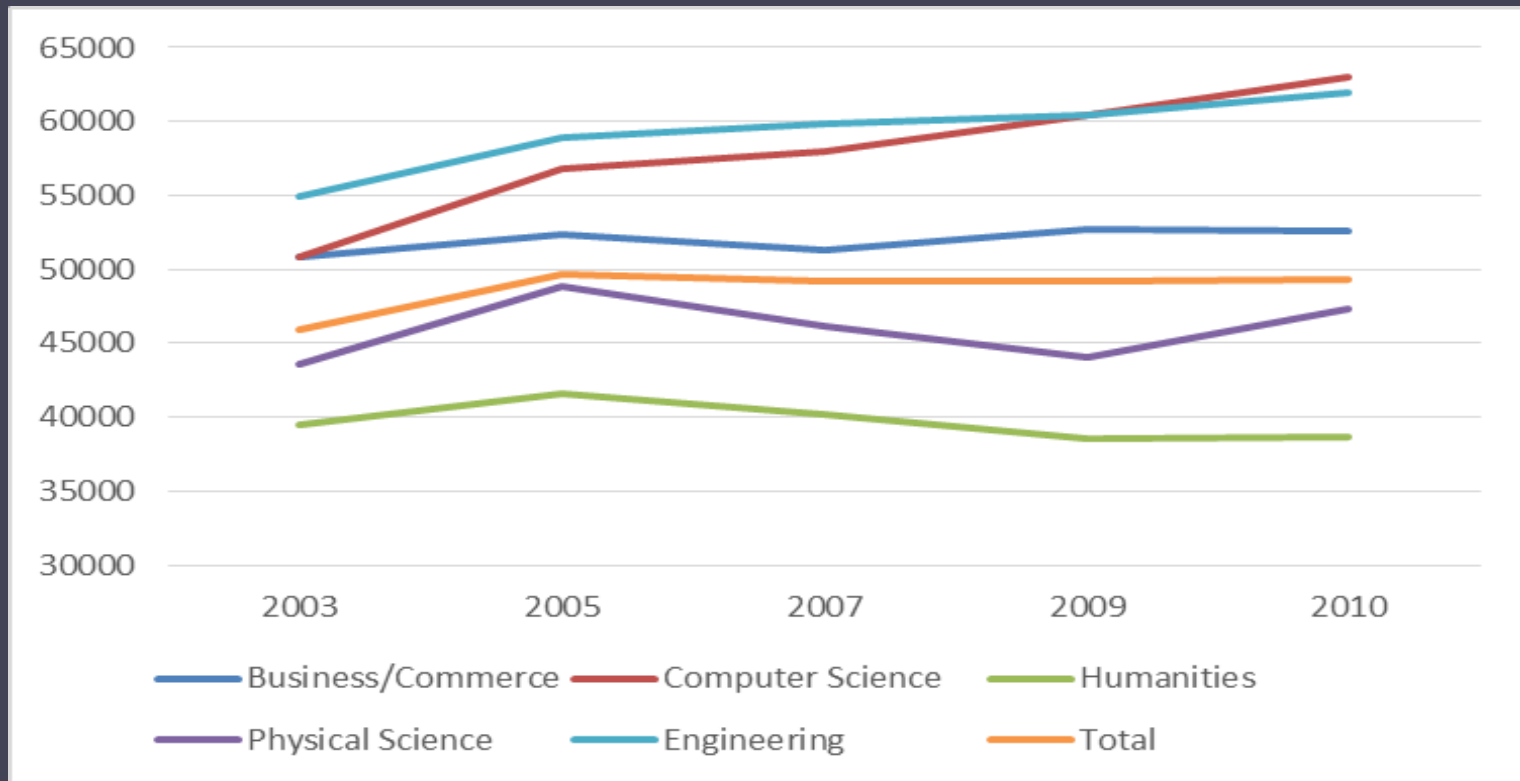
Related to Field of Study?



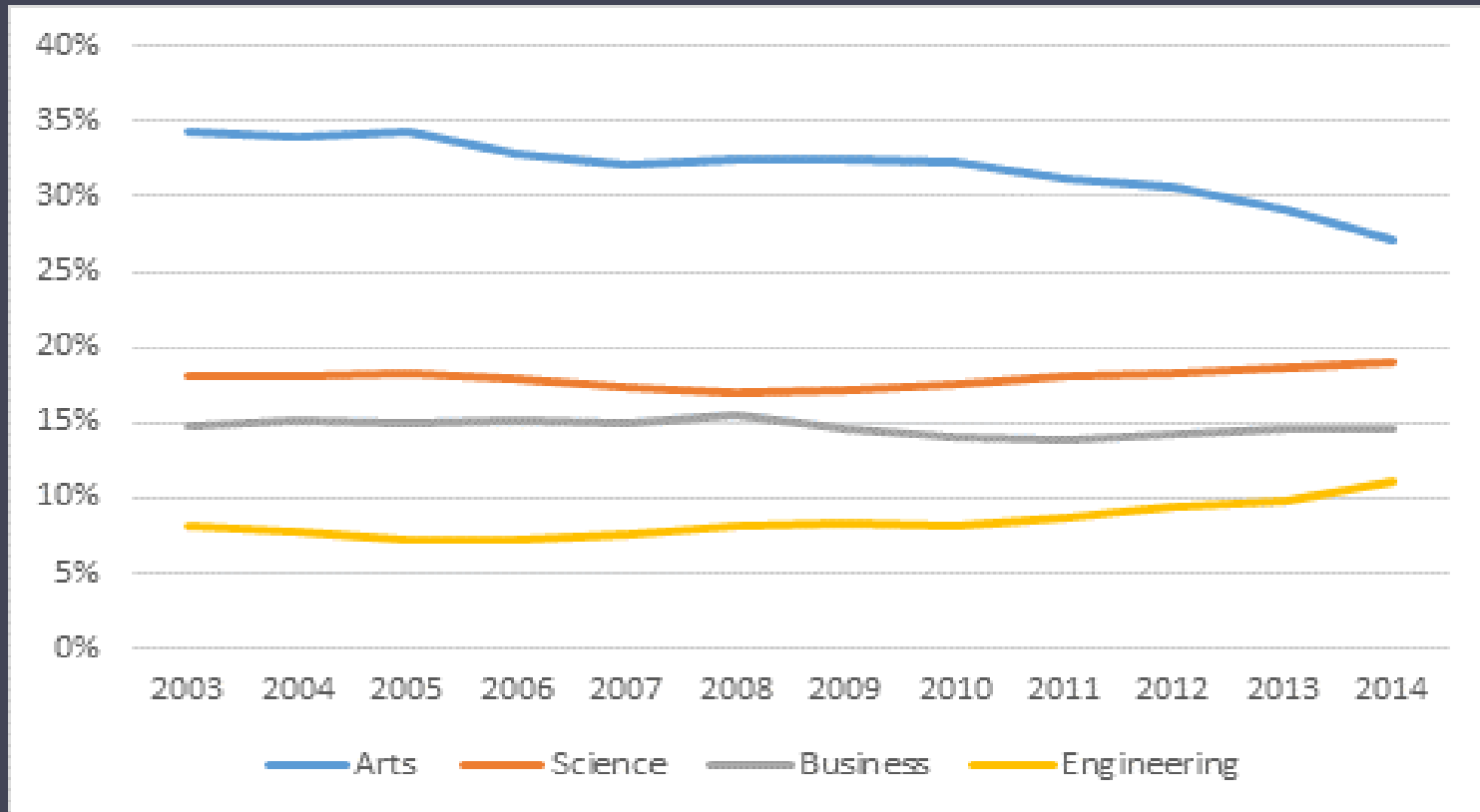
The Effects of Recession



Some Dispersion Around the Mean



Trends in Ontario Applications



The Higher Education Agenda

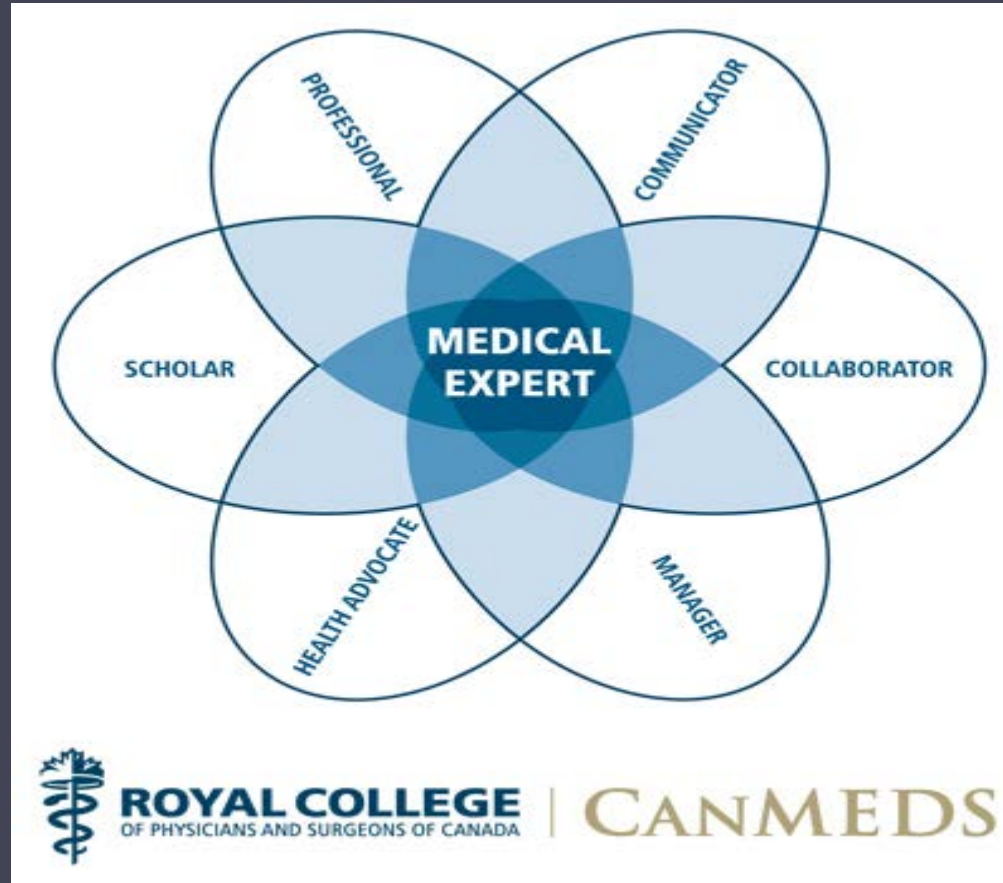
Conclusions

- 1. We have small, localized labour shortages in our economy, as we always have and always will.
- 2. They will tend to be in areas that require more years of education, thus putting pressure on costs.
- 3. There will be ongoing small shifts in demand across fields of study, which is right and proper.
- 4. Students will continue to demand more work/learning experiences.
- 5. There will be an increasing emphasis on the development of soft skills.

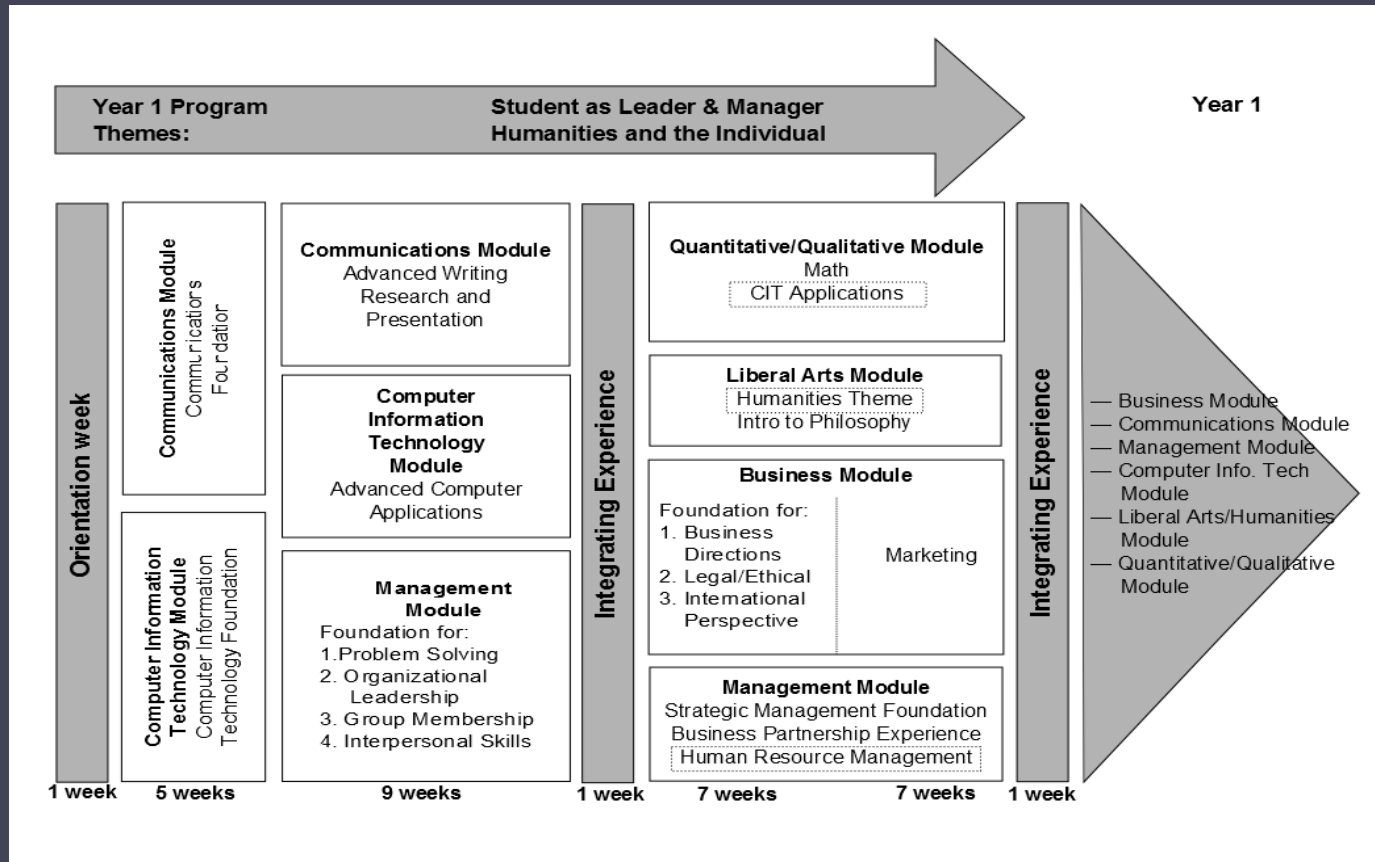
Talent Shortage?

- We need to stop talking about shortages in terms of numbers, and start talking about them in terms of quality.
- The real vacuum is in developing young, creative innovators, not “more workers in X.”
- From a provision perspective as well, the source of competitive advantage is less about content (which is easily commodified) and more about meta-content and experiences.

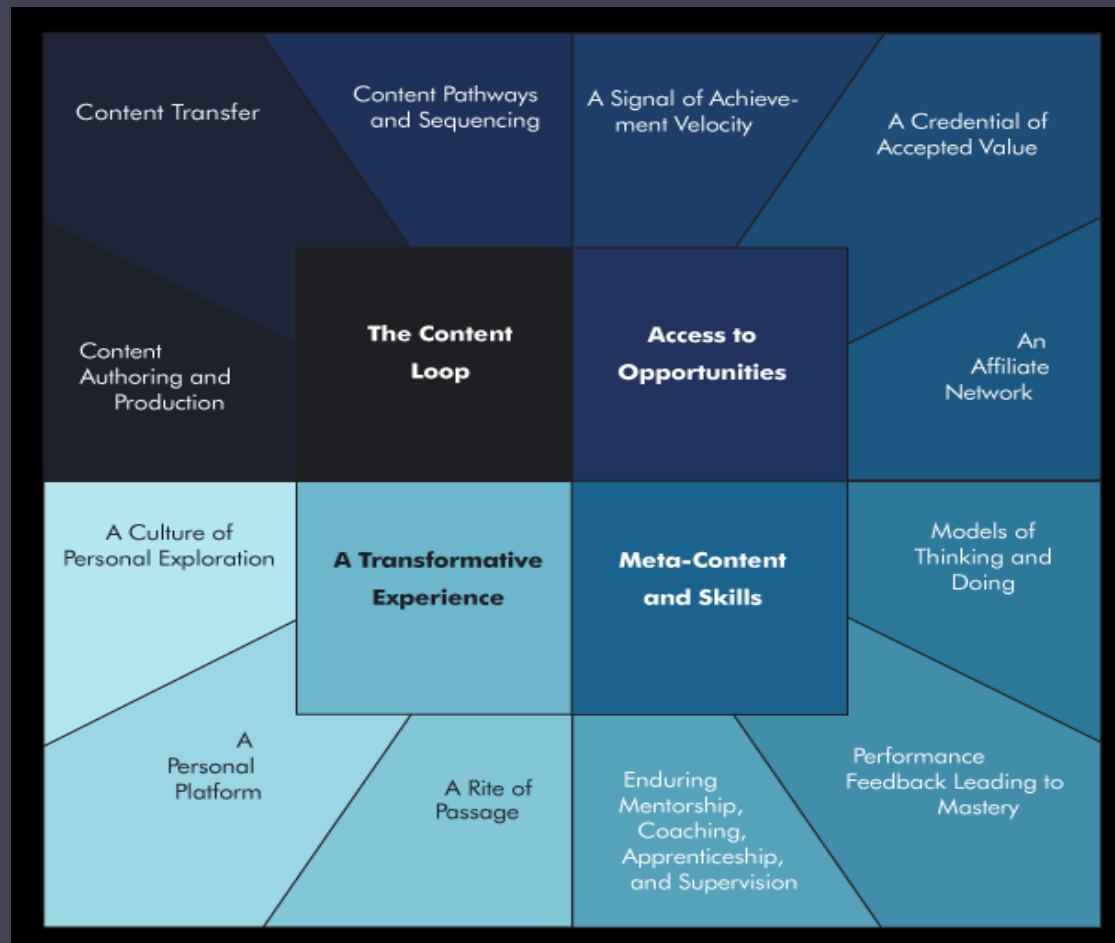
Outcomes-Based Education



Reconfiguring Time and Assessment



Staton's Model of Unbundling



A Talent Agenda

- 1. Stop talking about numbers. Start talking about talent.
- 2. Create better incentives to make institutions more outcomes-focused.
- 3. Create better feedback mechanisms from employers and students to institutions.