



THE DEVASTATING IMPACT OF THE LABOUR SHORTAGE: IS DELUSION A FACTOR?

The labour market is in crisis. Yet for the last 15 years at least, demographic projections have suggested that serious labour shortages are on the horizon for Quebec as well as for most of the industrialized world. However, it also seems clear that the vast majority of employers, even those who have expressed concern, still seem to be waiting for a solution to magically appear out of thin air.



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Conference
*Dérapages en RH : l'aveuglement
serait-il en cause?*

As long as their operations aren't severely disrupted, they're not inclined to take action. But their indifference and inertia is setting the scene for a disaster that will cost them dearly for years to come.

1996: THE OECD SOUNDS THE ALARM.

Recent years have seen significant changes in the composition of the workforce. This is due to a number of factors, more specifically the demographic shift (an aging workforce and a shrinking birth rate), compounded by a growing need for workplace competencies and skills. The information or knowledge society has created new trends that require new skills. Not only are these skills more specialized, but once they've been acquired, they're also more likely to quickly become obsolete. Given this environment, the shortage of skilled labour can only be expected to grow in the coming years. The OECD believes it is vital for companies and governments to recognize these changes and take appropriate steps that will enable organizations to become proactive rather than simply submit to the repercussions of a dwindling workforce.

In the early 2000s, a substantial majority of large corporations were already reporting a lack of skilled workers, a situation that would only deteriorate. In a 2003 study by the Canadian Federation of Independent Business, nearly 50% of SMEs ranked the labour shortage as their number one problem. In 2008, the Fédération des chambres du commerce du Québec was appalled to report that 84% of the province's companies lacked sufficient human resources.

Today, in 2010, the labour market is experiencing an unprecedented crisis. Most organizations, in both the public and the private sectors, are suffering from staffing shortfalls.

MULTIPLE CAUSES

By focusing on the spectre of massive retirements, we've tended to overlook all the other factors underlying the current shortage, including staff movements and their impact on the actual labour supply. Recent years have witnessed:

- A sharp increase in the number of maternity (and paternity) leaves, as a result of a heightened focus on younger hires that began in the early 2000s; in some workplaces, the number of maternity leaves is double that of early retirements;
- An astronomical rise in the number of long-term sick leaves (over six months), 79% of which are linked to mental health in the workplace; several studies have shown a direct correlation between the work environment and the malaise that is almost palpable in some organizations;
- Escalating turnover rates owing to the high number of fixed-term contracts and significant job market expansion, which have in turn promoted workforce mobility;
- Growing numbers of educational leaves in organizations offering accelerated training, as well as sabbatical and unpaid leaves.

In short, for a true picture of the drastic labour situation, we need to factor in all departures and extended leaves. Once we do that, the balance is definitely in the red.

As a result, those who are working have to cope with a far heavier workload because of all the vacancies. The number of long-term sick leaves then increases, which again contributes to reducing the pool of available workers.

And that's only one example...

DISASTROUS IMPACT

We are, in fact, attempting to reconcile the irreconcilable: financial objectives, deadlines and working conditions. Given the current labour shortage, these essentially economic goals have major consequences not only for organizations, but also for the population as a whole. Here are a few examples.

MOST ORGANIZATIONS, IN BOTH THE PUBLIC AND THE PRIVATE SECTORS, ARE SUFFERING FROM STAFFING SHORTFALLS.



Continuity and quality of service

To improve their efficiency and cost-effectiveness, many companies decided to restructure, basically cutting costs by substantially reducing their workforce and their payroll expenses. The Quebec health system is a telling example of the impact of such an approach. In 1997, in the ultimate quest for "Zero deficit," the department of health introduced a voluntary retirement plan that led to a flood of departures. Thousands of professionals decided to take advantage of this option... And the result? Exhausted nurses, seemingly interminable emergency wait times, and frequently postponed operations, with the former increasing the risk of medical errors and the latter seriously endangering patients' lives.

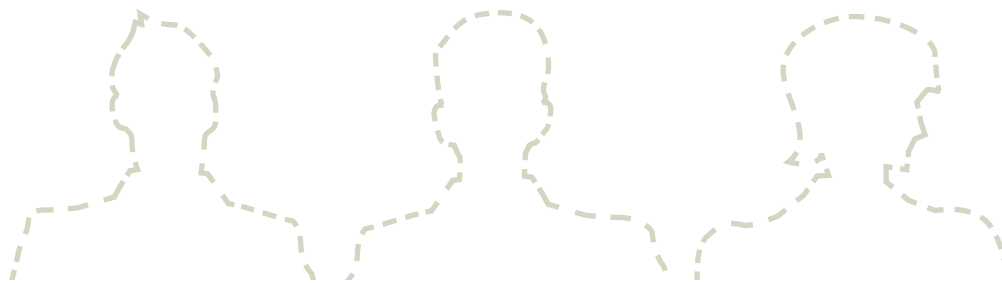
The education sector has also been affected and now suffers from an acute shortage of teachers. With more and more substitute and unqualified teachers being hired, the quality of teaching has deteriorated. What's more, admissions to programs in sectors with labour shortfalls are limited because the teaching staff is unable to meet the demand.

Other services are just hanging on by a thread. When Canada's auditor general drew attention to the government's obsolete computer equipment, she also underscored the system's vulnerability, pointing out that it has been a number of years since new graduates have received any training on older programming languages. Thus, in many organizations, the departure of a single employee can severely impact operations.

Compliance with safety standards

This crucial lack of labour has inevitably put pressure on safety standards. Workers are being asked to "Do more with less and do it faster!"

Even today, the death of a worker due to employer negligence has very few consequences for the employer or for the government authorities concerned. Few control mechanisms or measures have been introduced to prevent companies that fail to protect their employees' health and safety from continuing their operations and raking in the profits.



Mental health

Alain Marchand, doctor of sociology and a professor at the École des relations industrielles at Université de Montréal, heads a research team studying work and mental health. In his view, the figures are overwhelming. Each year, Quebec workers lose over three million workdays because of mental health problems. The direct and indirect costs of psychological distress, anxiety, professional burn-out and depression are estimated at 20% of an organization's annual payroll.

The International Labour Organization (ILO) estimates that work-related accidents and illnesses claim a devastating 2 million lives each year. And the cost of this "carnage" is 20 times higher than the level of international development aid.

For some time now, the obligation of work has become an obligation of results, without giving workers the chance to participate in decisions about how these results will be attained. This new focus has dramatic consequences for workers and those close to them.

For example, every week Quebec reports five to six suicides linked to violence in the workplace. According to Roger Levreault, president of CÉRIM in charge of developing and implementing EAPs in the workplace along with other mental health programs, these statistics are even more alarming when compared with only five work-related suicides a decade ago.

And the problem isn't just local; the work crisis has reached international proportions, as illustrated below:

- Suicides at France Télécom clearly indicate that France is facing a critical work, management and organizational crisis in addition to the challenge of mass unemployment;
- Studies in Japan report over 10,000 work-related suicides and several hundred deaths directly linked to overwork each year.

A PLEA FOR ACTION

This brief review of the direct impact of the labour shortage gives some indication of the extent of the damage. It involves all stakeholders in the world of work: companies, unions, educational institutions, economic and social development organizations, as well as the various levels of government

However, it's important to understand that it is precisely because companies are feeling seriously threatened by the labour shortage that labour supply has suddenly become a priority. Employers usually take action when faced with a crisis situation. That's why attraction, mobilization and retention are some of the new concepts being promoted in an attempt to limit the damage caused by nearly three decades of corporate indifference. Yet the rhetoric about "human capital" being a company's most strategic asset is not being translated into concrete actions. So what conclusion can we draw? Are companies really prepared to act?

Obviously, there's no magic bullet. But there are a number of solutions that require a buy-in by the major stakeholders. Above all, it's important to remember that without sufficient numbers of qualified human resources, organizations simply cannot survive.