

Future Skills Centre Podcast

Episode 2

Adapting to Change: The Case of Canada's Hospitality & Tourism Industry

Restaurants, hotels, and attractions across Canada are an important place of work, particularly for youth, students, and newcomers to Canada. But with cycles of closures and layoffs, health and safety concerns, and new enforcement requirements due to COVID-19, there has been an exodus of workers from the hospitality and tourism industry. How are businesses rethinking their hiring, training, and compensation practices to adapt and recover?

This episode explores issues of workforce development and business strategy in the hospitality and tourism industry, in conversation with Krista Bax from go2HR and Adam Morrison from OTEC. We also hear firsthand from a business about their experiences.

Guests

Matt Pearson, Director, Human Resources, Living Waters Resorts
Adam Morrison, President and CEO, Ontario Tourism & Education Council (OTEC)
Krista Bax, CEO, go2HR

Host

Linda Nazareth

Links

Future Skills Centre and Conference Board of Canada links, such as recommended articles and webpages, social media handles, etc.

Future Skills Centre Homepage:

<https://fsc-ccf.ca/>

OTEC:

<https://otec.org/>

Future Skills Centre Twitter:

https://twitter.com/fsc_ccf_en

Go2HR:

<https://www.go2hr.ca/>

The Conference Board of Canada Homepage:

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Transcript

Linda Nazareth:

You're listening to Season Two of the Future Skills Centre Podcast, gathering experts from all over Canada to explore the most crucial challenges to the future of work. I'm your host Linda Nazareth. This podcast is brought to you by the Future Skills Centre and the Conference Board of Canada.

Canada is facing wide demographic and technological changes, and the COVID-19 pandemic has accelerated these disruptions to our work environment. Our economy is changing fast, and this means we have to change fast too.

In this episode, we explore the case of Canada's hospitality and tourism industry, one of the industries most affected by COVID-19. The impact of the pandemic on the industry has been devastating with nearly 85% of Canadian tourism businesses losing revenue in 2020. We wanted to know how tourism and hospitality businesses – the vast majority of which are small businesses – are adapting to revenue losses, closures, uncertainty, and labour shortages. What do these pressures mean for the industry moving forward?

Matt Pearson is Director of Human Resources for Living Waters Resorts in Collingwood, a town of approximately 25,000 in Southwestern Ontario. The four-season resort near Georgian Bay has two hotels, several restaurants, a golf course, and spa, with a big part of their business being timeshare and fractional timeshare. He told us about this business' experience facing the pandemic.

Matt Pearson:

So we are Collingwood's largest employer. We are just over 500 employees. Our busiest season is the spring and summer operations. So that's the time where we employ the largest majority of seasonal workers, high school, college, and university students.

I think pre-COVID, a lot of resorts were faced with a similar challenge of trying to find enough staff to support lodging operations – so, specifically housekeeping and food and beverage operations, specifically kitchen and server positions.

And obviously the pandemic, like all businesses within the hospitality and tourism industry, has really hit us hard. Our hardest hit area without a doubt has been food and beverage.

They have been placed on temporary layoff. They've been called back. They've been placed on temporary layoff, and they've been called back.

And what we've seen is we've seen each time, fewer and fewer employees returning. And it's not anything that they have against an employer as an example, it's just trying to find an industry where they're going to be able to have a more predictable income.

We've had two individuals that have moved into the healthcare profession. When the pandemic first hit, our first shutdown came and went, they decided that they wanted to play a role in helping out the community. They enrolled in online schooling, and one is now moved into the PSW personal support worker program. And another is on track to complete their nursing. And they still are in contact with us. They still maintain working a few shifts.

Linda Nazareth:

The labour shortages and job transitions that Matt describes are not limited to his business or his community. It's all across Canada.

We spoke to experts from two provinces. Adam Morrison is the President and CEO of the Ontario Tourism and Education Council, OTEC, an organization that focuses on training, labour market development, and workforce strategy. Krista Bax heads British Columbia's tourism and hospitality industry's human resources and health and safety organization, go2HR.

Let's start with what was going on immediately prior to the pandemic, and the industry's initial responses to COVID's impacts. Here's Adam.

Adam Morrison:

In the years leading up to the pandemic, we were experiencing year over year growth. Markets like Toronto and Vancouver and others were breaking records, each year. And with that came, well, what we thought were some of the most crippling labor shortages and some of the most concerning forecasts in terms of the availability of skills and labor that we'd ever seen.

The first eight to ten months were carnage. We watched the number of affected workers climb so quickly. And honestly, in the early days of the pandemic, the solutions were limited.

So, our industry represents roughly 10% of the total workforce in Canada. And it's the industry where 30% of Canadians get their first job.

And so, it's big and it's important to the economy. And yet, it is predominantly small and mid-sized businesses – organizations of five to 10 employees and spread out across huge geographies. In rural and remote communities as well as urban centers. And so, it's really tough to build resilience and consistency in our capacity across an industry network like that.

Linda Nazareth:

The story has been similar across Canada. Krista tells us that there were regional differences in impact too, in her province of British Columbia. Communities such as Vancouver and Victoria really suffered when the cruise ship visitors they relied on stopped arriving. Other areas though, that had opportunities for outdoor recreation, did well with domestic tourism.

In these early days of the pandemic, Krista notes that businesses in BC needed human resources skills and support: for employers to know how to keep their staff safe, how to handle mass layoffs during closures, and how to manage sick days. Another part of go2HR's work was to provide

on-demand training resources that businesses could use to equip their staff – who are disproportionately young people, women, and newcomers – to cope with the changes and new demands that COVID-19 introduced.

Krista Bax:

I think over the last three years, what we can say is that we have been identifying the skill, the competency gaps in training and trying to adjust. And so, on the health and safety topic one of the pieces that we've developed is the Be Safe program, which is BC safety assurance for everyone.

And this was a program to ensure that there was foundational knowledge around COVID 19 protocols and the workplace and keeping, not only workers, but guests and communities safe. That's something that we developed on behalf of industry.

And this was really important to give all businesses, regardless of size, accessible turnkey training that they could deliver to their workers. Our goal on this program is, as we all hope we put the pandemic behind us, we're going to be able to position this as a long-standing onboarding health and safety program, for all tourism and hospitality workers.

It did include some training around conflict management, some scenarios about, what to do when you encounter a guest that is not in compliance with the public health orders that are out there.

The pandemic has taken a huge toll on the mental health of Canadians and particularly tourism and hospitality workers. And it's not only the workers that have experienced the challenges, but employers have also been under immense stress. And to address this growing issue and to try and provide some supports to businesses and workers, we've partnered with the mental health association here in BC, to do a number of different things. We're trying to create more awareness of the resources at the Canadian mental health association here in BC.

The challenge that I see on the training front right now with employers is that they're tapped out. Because of the worker shortage that's there, every additional hour is important in the day. You hear of owners that are doing kitchen prep for their restaurants because they just don't have the staff. They're working under reduced hours, reduced days, reduced menus. And so, when you're trying to encourage and add on training, it's a nice to have, it's a luxury at this point.

Linda Nazareth:

In other parts of the country, there are similar needs for this type of training. For example, in Manitoba, in addition to continuing to provide standard training for thousands of workers, the Tourism Education Council introduced a course called Clean it Right, that teaches enhanced facility cleaning, and has also been delivered in 8 other provinces and territories. They also led a Handling Difficult Situations course that helps workers learn to cope with conflict around enforcement of mask and vaccine mandates.

Knowing that many workers have moved on, and that COVID-19 (and the associated uncertainties) remain a part of our lives, how are businesses planning to fill these labour shortages and train and retain these individuals? Matt talked to us about how his business is managing this.

Matt Pearson:

Our compensation strategy is where we've started. It's been the priority to reevaluate what we're paying positions to ensure that we're competitive in the market. Trying to offer the right base pay. We've tried things like signing bonuses and end of season bonuses. We've tried to get creative with perks and privileges that we offer as part of our typical employment package. So, compensation has been a real focus. And we've partnered with other resorts in the area to try to be more transparent in terms of what we're paying position versus position. Again, there's some collaboration in our local area. Nobody wants to lead the market, but again, we're just trying to determine what is fair value.

We focus in on our youth population, so from high school up through to the first few years of college or a university. We've really redeveloped our co-op education type programs and partnerships. So, what we've tried to do is bringing people to work in a specific area, we're committed to expanding the different roles and responsibilities that they might hold during the course of that four month or six month or eight-month co-op position. We offer a lot of internal and external training opportunities, so as an example, soft skills, leadership skills. So for that young aspiring worker that wants to move in down the road into a leadership position, we do try to offer some training in those areas.

Linda Nazareth:

This is happening elsewhere too. Adam told us that he sees businesses changing to stay competitive, offering new signing bonuses and other perks in their compensation packages.

And it isn't just about the money. Adam thinks we'll see more effort put into employee development, training programs, and mentorship. It could mean that more employers bring on workers with lower skills and work to bring them up to speed. It can also mean appealing to values that matter to potential employees, making it the type of workplace that they want to be in.

Krista Bax:

We've seen a lot of businesses that are taking on workers and hiring workers that have probably less experience and less skill that they were probably hiring for three years ago. They're willing to invest in bringing this person on, having a bit more supervision, mentorship to get them up to the level that they need them to do the work that they need them to do. And so, even the large employers, or the employers of choice that usually recruitment and retention wasn't an issue, they're not seeing the number of resumes. They're not seeing the number of qualified candidates to pick from. A lot of their workforce is getting recruited and poached away into other industries because they know the good training ground, and the good experience that tourism and hospitality workers acquire.

When you look at attracting a workforce, workers nowadays have different values. Many value wanting to be part of sustainable solutions for a better climate future, many want to ensure that businesses that they're part of embrace diversity and inclusion, want to make sure the workplace that I'm working for is supporting truth and reconciliation and what are they doing around that? They want to make sure that they're going to be in a safe workplace. And those weren't pieces that we necessarily communicated about five years ago in terms of why you would join tourism and hospitality. There's not just one value, everyone has a different value proposition, and you need to consider that when you're talking to new Canadians about work opportunities, in accommodations and hotels, or restaurants like, how do you speak to the opportunities for the unique audience. How do you encourage, and relate and resonate to secondary and post-secondary students about the great opportunity to get your work experience, build your resume, build your toolbox with a whole bunch of great customer service skills, time management skills, people skills, at the same time as having some very unique experiences?

Students are looking for one thing. International workers are looking for another thing. New Canadians are looking for another opportunity. You have some snowbirds who may be looking for a different opportunity. So really targeting your message and where you're going to find these people, to try and get more out of your efforts.

Some people might want to come in for a couple of years, while they're going to school – that's great. They're going to get some great experience. Some are going to continue to go on. It's not realistic to think that you're trying to convince everyone to start a career and stay in a career for the long-term, that's just not how things work nowadays.

Linda Nazareth:

We know that many tourism and hospitality enterprises are small businesses. They don't always have the capacity to develop their own training, or the money to invest for employees to do training on work time instead of their regular work duties. They may not have HR departments for recruitment or staff development initiatives.

Adam speaks about one initiative that seeks to band together, to work with each other and with education and employment services, to pool resources to perform some of these functions.

Adam Morrison:

One of the lessons that we learned very quickly is we have to scale new solutions, that can link businesses to supports, with consistency.

Prior to the pandemic, we had been developing, the Tourism Skills Net Alliance, which is a coalition of industry organizations on both the employer side, the industry side of the equation, as well as on the supply side – so, the education and employment ecosystem. Essentially this model brings together all of the relevant stakeholders within the province.

It's operating in 20 destinations in Ontario, and there's roughly 280 organizations formally partnered, within the Alliance. And what they do is they share resources; they agree on the priorities for the industry on an annual basis. And that helps to direct investments into employment, training, and preparation.

They share a common communications model and common data points so that they can speak with consistency. And they operate in a series of industry clusters in each destination that share resources and best practices across the network. It's been a successful model. The momentum behind it has been phenomenal.

But again, it was proven to be insufficient in the face of the kind of disruption that we saw during the pandemic. So, some of the first things that we did to respond, included working with the Future Skill Center to just really do an analysis. What are our gaps? What would we need to invest in to ensure that we could withstand another disruption of this kind?

And so, some of those things were technology to connect the various nodes in that network and ensure that we had, visibility, consistency in the type of service, that we were providing to displaced workers. And then shortly thereafter, to those workers trying to return to the industry.

The next was certainly data and working with the Conference Board and Future Skills Centre to develop much more real-time local data points that businesses could use to plan. I've never heard small businesses so hungry for any form of data and forecasting that they could get their hands on. The Conference Board had long been working with tourism and hospitality and supporting the national labor market forecasting model, which is a five-year projection. We began working with them in leveraging a web scraped data set that OTEC has access to, and really extending that model to the local level. And so, for the first time through this pandemic, we've been able to start offering five-year economic and labor market forecasts to very small markets, and we can update those five-year forecasts quarterly.

And there's a lot of optimism that among small businesses that they're going to be able to leverage much more relevant data going forward as they plan their recovery.

The third was support for businesses. With many of these businesses being five to 10 employees, there isn't an HR department per se.

The budget for consultants to dig into the P and L and study the markets and plan those investments, it's not there. So, we worked with, the University of Guelph's Lang School of Business and developed, some business redesign tools that would enable them to do a

self-assessment of their operations and decide on key adjustments in their business model to respond to the changing market.

Finally, it was a matter of really starting to combine these tools, combine these new resources that we developed in the first year of 2020 into a playbook that we could offer more broadly. And so, in 2021, we began scaling the tourism and hospitality emergency recovery project, with our national industry partners, including Restaurants Canada, Tourism Industry Association of Canada, as well as our provincial partners, like the Tourism Industry Association of Ontario, Ontario restaurants, hotel, and motel association, and corporate partners like Marriott.

While working together, we began scaling these resources, scaling a communications plan to invite people back to the industry and to start working with industry clusters outside of Ontario, to provide this playbook and understand where their gaps lie so that we could collectively, strengthen the industry, in advance of any future disruptions.

Linda Nazareth:

The hospitality and tourism industry is all about people. It needs customers to stay in hotels and eat at restaurants – and workers to provide these services and keep facilities running. With the workforce being such a big part of the hospitality and tourism industry, the COVID-19 pandemic has caused huge disruptions. With continuing uncertainty and less staff there to do the work, industry leaders see an increasing need to think differently about how they can address challenges, attract and retain workers, and make their business a place where people want to work. These workforce strategies can help businesses adapt to future economic shocks.

Particularly if labour shortages spur businesses to hire individuals with less experience, the hospitality and tourism sector is becoming a growing training ground for skills development. Whether it's a teenager looking for their first job or a newcomer to Canada looking for Canadian work experience, workers in this industry can develop valuable, transferable skills such as

active listening, negotiation, and time management. These opportunities can help tourism and hospitality businesses develop new skills to help these individuals progress to new roles, transition to new industries, and better adapt to the changing economic circumstances.

Linda Nazareth:

If you enjoyed this episode, please subscribe, and recommend the podcast to others who might enjoy it. And join us next time for our episode that focuses on skills development innovations for small and medium-sized businesses in Canada. Thanks for listening to this episode of the Future Skills Centre Podcast. I'm your host, Linda Nazareth, talk to you soon.

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