

A HUMAN RESOURCES STUDY OF THE HOME BUILDING AND RENOVATION SECTOR FOR NEWFOUNDLAND AND LABRADOR PHASE III

Employer Survey Report

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Introduction

1.0 Introduction

1.1 Report Description

This report presents the results of the survey of employers in the residential construction industry in Newfoundland and Labrador. It reports but does not analyze the survey results. Analysis is undertaken in a separate, companion report entitled “Key Findings”.

1.2 Purpose of Survey

The survey was conducted on behalf of the Eastern Newfoundland Home Builders’ Association (ENHBA). It was designed to collect some basic information on the industry and on important human resource issues in the industry, notably:

- ▲ A breakdown of the workforce by occupation and work activity;
- ▲ The use of sub-contractors;
- ▲ The most important problems facing businesses in 2002;
- ▲ The number of seasonal and full-year job openings by trade that were difficult to fill in 2002;
- ▲ The reasons why job openings were difficult to fill;
- ▲ The most important factors influencing employers’ hiring decisions;
- ▲ The types of training that employers were willing to invest in;
- ▲ The suitability of graduates from post-secondary training institutions;
- ▲ Recommended changes to the training system; and
- ▲ Support for mandatory licensing of homebuilders and renovators and mandatory certification of carpenters.



1.3 Sample Size, Selection of Firms, Completion Rates

Initially Goss Gilroy Inc. (GGI) was provided with a list of 655 companies with address and telephone information. These companies came from a number of sources such as Info-Canada, Human Resources Development Canada (HRDC), the Newfoundland and Labrador Home Builders' Association and the Atlantic Home Warranty Program (AHWP).

This list was used to pre-test the survey questionnaire. During the pre-test, it was found that many of the companies listed were either not in construction at all or not in residential construction. In addition, many of the telephone numbers were either incorrect or not in service. As a result, it was decided to try to develop another survey frame and PRAXIS approached HRDC for assistance on this matter. HRDC was able to provide a new list of employers in the residential construction industry¹. This list consisted of 813 companies but did not include telephone numbers.

GGI then conducted a search of local telephone directories and the Internet to find telephone numbers for these 813 companies and cross-referenced the list with the previous list. In total, 652 telephone numbers were found. These 652 companies then made up the survey frame.

All 652 companies were called, most five or more times. Companies were called at different times of day and on different days in an attempt to reach them. Some of these companies were out of business while the telephone number for others was either out of service or incorrect. The outcome of the attempt to reach the 652 companies is summarized in Table 1.

¹ Standard Industrial Classification codes beginning with 4011, 4012, and 4013



Table 1

NUMBER OF BUSINESSES CONTACTED	
Telephone number no longer in service	67
Wrong Number	44
Out of Business	18
Valid Numbers	523
Not in residential construction	125
Refused	62
More than five calls and no contact	134
Completed	202
Total Number of Companies	652


Some companies requested a hard copy of the questionnaire, completed it and returned it. Of the 523 companies for which there were valid numbers, 202 were completed.

GI conducted telephone surveys over the summer of 2003 to the end of September and completed 88 questionnaires. The number of respondents answering their phones and agreeing to complete questionnaires increased significantly near the end of the construction season. As a result of this, Vision Research was contracted to make further attempts to contact the remaining companies on the list in October and early November. Vision Research completed 114 questionnaires, which were then forwarded to GGI for data entry and conversion to SPSS for analysis.

1.4 Confidence Levels

With an estimated population size of about 650 and 202 completed surveys, the survey resulted in a minimum statistical accuracy of reported proportions of +/- 6.3%, 19 times out of 20, using a finite population correction factor and conservative estimates of expected proportions = 0.5. This assumes that a minimum of 191 respondents answered the specific question under consideration. For questions with a greater number of respondents, the level of accuracy would be better than +/- 6.3%.

There are some individual questions in the survey where the number of respondents is less than this minimum of 191. This occurred when a question was asked of a sub-set of respondents, for example,



only those employers who experienced difficulty in filling jobs in 2002. In these cases, the sample size is considerably smaller and the statistical reliability is therefore lower. When the level of accuracy is less than +/-6.3%, it is noted where appropriate in this report.

1.5 Geographic Representation

1.5.1 Statistics Canada Census Sub-Divisions

Statistics Canada divides Newfoundland and Labrador into ten Census Divisions. The number of surveys completed by Census Division is presented in Table 2. Census Division 1 covers the Avalon Peninsula and includes St. John's. Divisions 2, 3 and 4 run from east to west across the southern part of the province. Divisions 5, 6 and 7 run from west to east across the central part of the province and include Gander, Grand Falls-Windsor and Corner Brook. Divisions 8 and 9 run from east to west in the north. Division 10 covers Labrador.

Table 2 compares the number and percentage of surveys completed by Census Division with the number and percentage of businesses in the residential construction industry in the Statistics Canada Business Register². It shows that 56% of the completed surveys were on the Avalon Peninsula compared to 52% of companies in the Business Register. While there are some differences, the geographic dispersion of businesses in the survey is reasonably close to that in the Business Register.

² The Business Register is assumed to represent the true distribution of businesses by Census Division.



Table 2

COMPARISON OF PRAXIS SURVEY AND BUSINESS REGISTER BY CENSUS DIVISION NEWFOUNDLAND AND LABRADOR, 2001				
	Business Register		PRAXIS Survey	
	Number	% Of Total	Number	% Of Total
1001 - Division No. 1	460	52.0%	111	56.1%
1002 - Division No. 2	27	3.1%	4	2.0%
1003 - Division No. 3	14	1.6%	3	1.5%
1004 - Division No. 4	28	3.2%	5	2.5%
1005 - Division No. 5	80	9.0%	16	8.1%
1006 - Division No. 6	61	6.9%	14	7.1%
1007 - Division No. 7	79	8.9%	23	11.6%
1008 - Division No. 8	66	7.5%	6	3.0%
1009 - Division No. 9	28	3.2%	2	1.0%
1010 - Division No. 10	41	4.6%	14	7.1%
Provincial Total	884		198³	

Source: Statistics Canada Business Register and PRAXIS Employer Survey

1.5.2 Statistics Canada Economic Regions

The coverage of the employer survey also was compared to the population of businesses as represented by the Business Register by Economic Region as defined by Statistics Canada. These regions are:

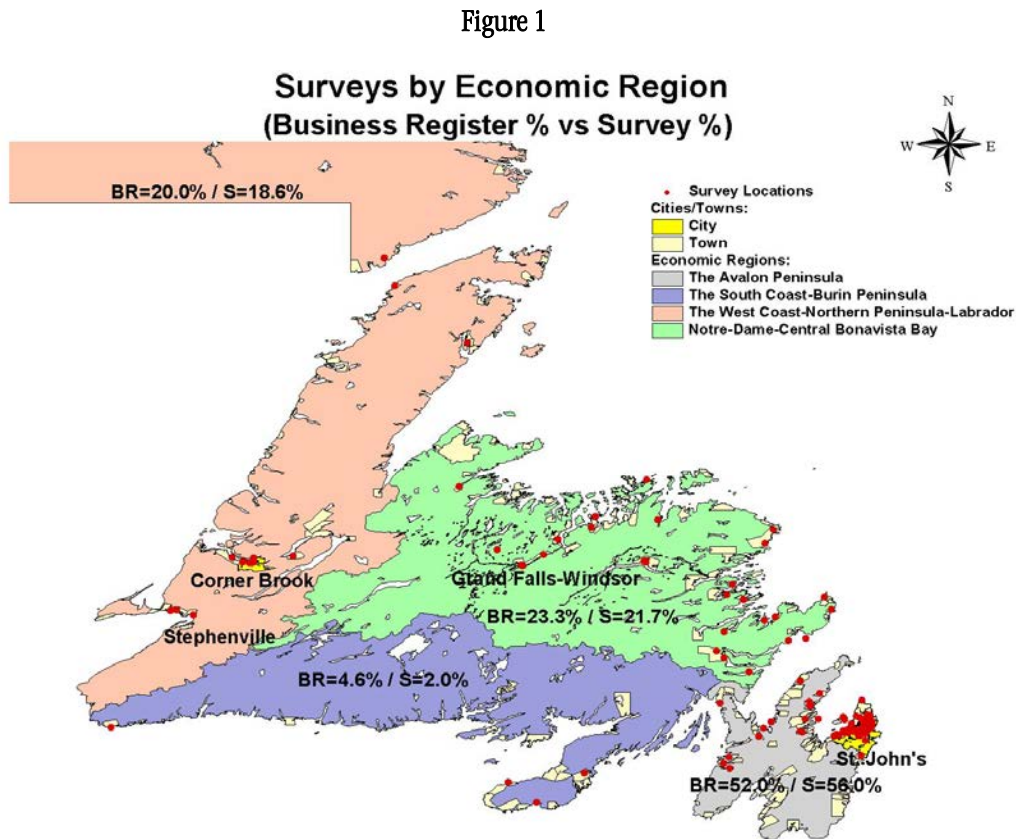
- ▲ The Avalon Peninsula – Region 1010
- ▲ The South Coast-Burin Peninsula – Region 1020

³ Four surveys had incorrect postal codes.



- ▲ The West Coast-Northern Peninsula-Labrador – Region 1030;
Notre-Dame-Central Bonavista Bay – Region 1040

The economic regions and comparisons are depicted in the map included as Figure 1.



The red dots on the map represent completed surveys. The proportion of businesses in each region in the Business Register is presented as “BR” and the proportion of completed surveys in each region is indicated by “S”. The map shows that the coverage of the survey was a good match with the proportion of businesses in each region, except for some under-representation in the southern part of the province.



The statistical accuracy of the survey was described in Section 1.3. One implication of this discussion is that it is not possible to report statistically valid results from the survey at a sub-provincial level. There are, however, important regional differences in the residential construction industry in the various regions of the province. For this reason, key results of the survey will be presented by region as categorized by Statistics Canada. In interpreting these data, it is important to remember that it is not possible to make statistically valid conclusions about the differences in the regional results.

The Existing Industry

2.0 The Existing Industry

2.1 Workforce Profile

Over half of the employees of the firms surveyed by PRAXIS were tradespeople, including supervisors and apprentices. Thirty-five percent of employees, according to the survey, were labourers.

Table 3 shows that, according to the PRAXIS survey, 70% of the overall workforce in 2002 was hired on a seasonal basis. Management, administration and support personnel had significantly lower seasonality rates, with 30% of employees in this group being employed on a seasonal basis. In the labourers' positions examined in the survey, 76% were seasonal.

Table 3

TOTAL NUMBER OF WORKERS, FIRMS SURVEYED PEAK SEASON, 2002			
	Seasonal	Year-Round	Seasonal as % of All Employment
Trades Workers, including Supervisors and Apprentices	978	385	72%
Labourers	662	206	76%
Management, Administration and Support Personnel	66	151	30%
All Employees	1,706	742	70%

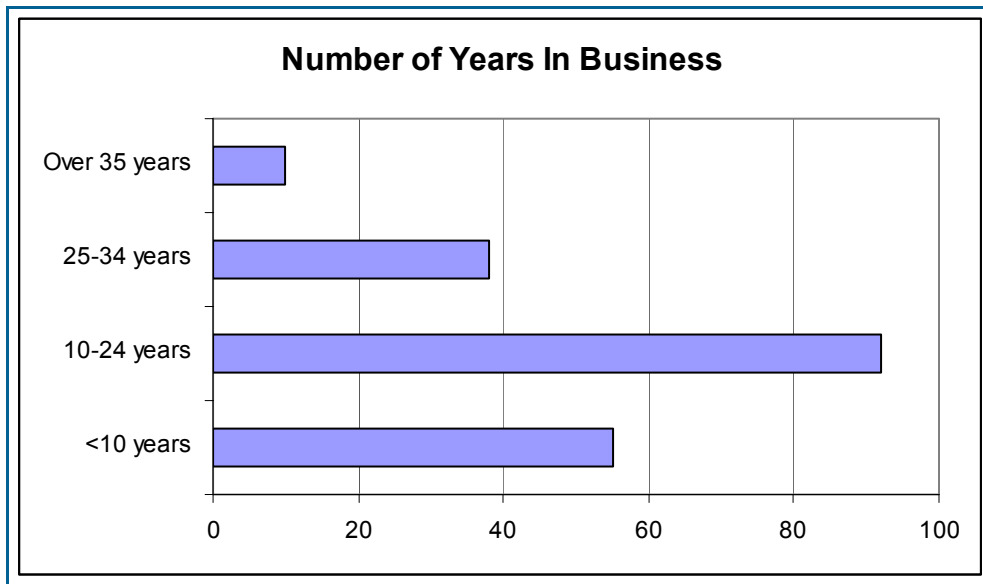
Source: PRAXIS Survey, Question Nine



2.2 Years in Business

The firms surveyed by PRAXIS ranged in age from less than one year to 100 years, with an average age of 16.7 years. Figure 2 shows that 28% of the firms have been in business less than 10 years, and 75% have been in business less than 25 years.

Figure 2



Source: PRAXIS Survey, Question Two

2.3 Number of Employees

The firms surveyed were largely small firms. Table 4 shows that about two-thirds of the firms surveyed had fewer than ten employees, with 35% having fewer than five employees.

Table 4

NUMBER OF EMPLOYEES	
	Percent of Firms Surveyed
0-4 Employees	35%
5-9 Employees	30%
10-24 Employees	22%
25-49 Employees	8%
50+ Employees	4%

Source: PRAXIS Survey, Question Nine

It is interesting to examine regional differences in the size of firms in the residential construction industry. Responses on the number of firms in each employee size range by region as depicted in Figure 3. The regions used in Figure 3 correspond to economic regions defined by Statistics Canada as described above.

A very small number of surveys were completed in the South Coast – Burin Peninsula region (1020) of the province. For this reason, survey results for this region were aggregated with those in the Notre-Dame-Central Bonavista Bay region (1040). These results are presented in Table 5 and illustrated in Figure 3. They show that businesses in Regions 1020 and 1040 in the central part of the province had fewer employees and no firms with fifty or more employees.

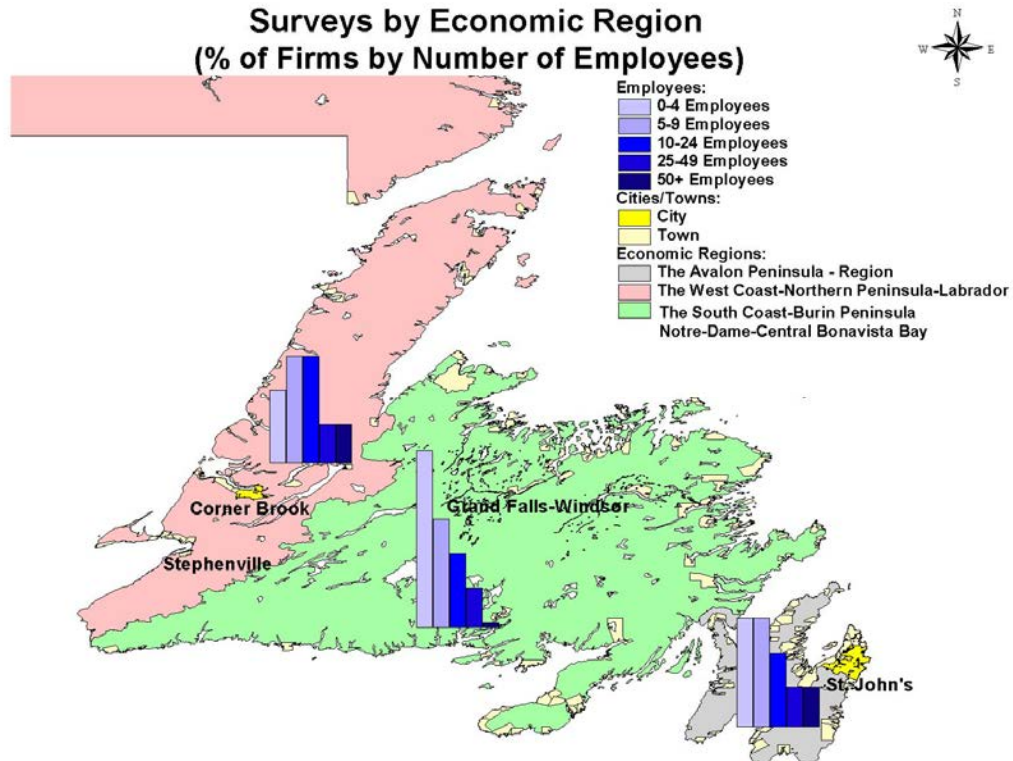


Table 5

PERCENTAGE OF EMPLOYEES BY REGION			
	Percent of Firms Surveyed		
	Region 1010	Region 1020 and 1040	Region 1030
0-4 Employees	35%	46%	24%
5-9 Employees	31%	30%	27%
10-24 Employees	22%	16%	32%
25-49 Employees	7%	8%	11%
50+ Employees	6%	0%	5%

Source: PRAXIS Survey, Question Nine

Figure 3



2.4 Source of Revenue

Table 6 shows that the largest number of firms included in the PRAXIS survey were involved in New Home Construction (40%), as classified by the activity in which the firm received the largest portion of its revenue. Home Renovations were the second largest group with 30% of respondents. Non-Residential Building Construction companies made up 9% of survey respondents.⁴

Approximately 14% of the companies earned equal revenues in two sectors, primarily New Home Construction and Home Renovations. Seven percent of the companies earned the largest portion of their revenues from a wide variety of businesses ranging from demolition to selling building materials.

Table 6

DISTRIBUTION OF FIRMS SURVEY BY INDUSTRY ⁵		
	Number	%
New Home Construction	81	40%
Multiple Unit Housing	1	0%
Home Renovations	60	30%
Non-Residential Building Construction	18	9%
Other	14	7%
Ties between one or more categories	28	14%

Source: PRAXIS Survey, Question One

It is interesting to examine regional differences in the structure of the residential construction industry. Responses on the proportion of revenues earned in each sector of the industry were aggregated by region as depicted in Table 7 and Figure 3.

⁴ Firms with over 90% of revenues from non-residential construction were excluded from the survey.

⁵ Activity in which the firm received the most revenue. In cases where firms received equal revenues from two activities, the firm is included under "Ties."



Table 7

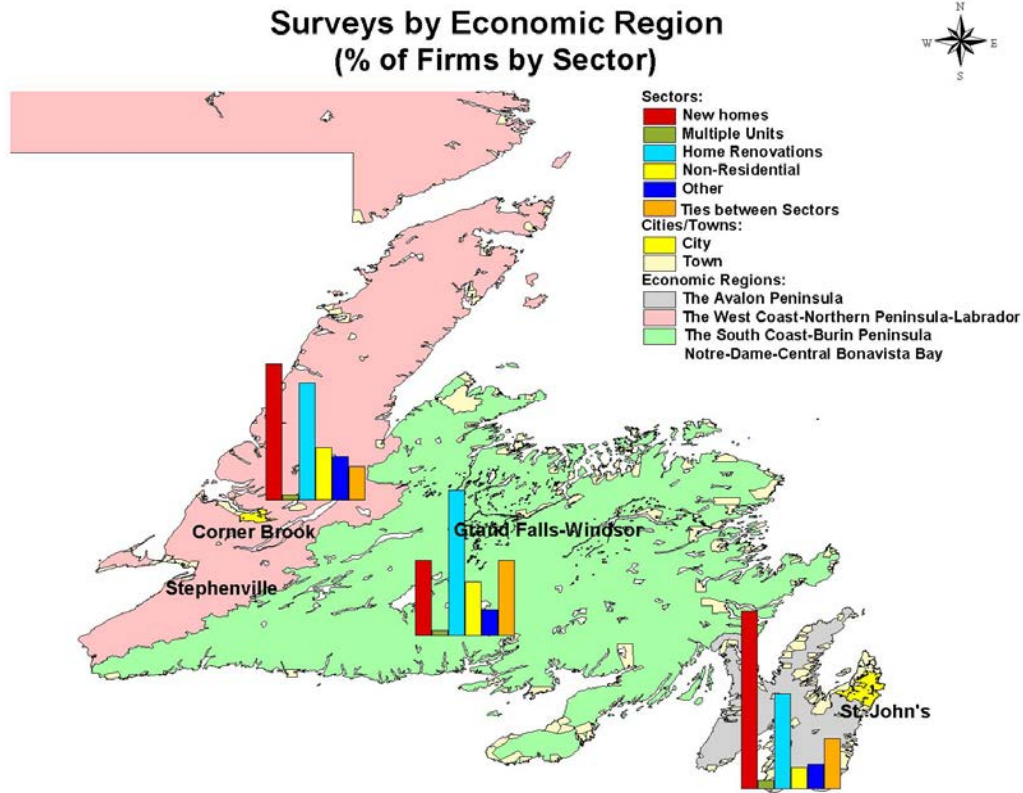
DISTRIBUTION OF SURVEYED FIRMS BY INDUSTRY AND REGION			
	Percent of Firms Surveyed⁶		
	Region 1010	Region 1020 and 1040	Region 1030
New Home Construction	49%	20%	38%
Multiple Unit Housing	1%	0%	0%
Home Renovations	25%	40%	32%
Non-Residential Building Construction	5%	14%	14%
Other	5%	6%	11%
Ties between one or more categories	13%	20%	8%

Source: PRAXIS Survey, Question Nine

⁶ Activity in which the firm received the most revenue. In cases where firms received equal revenues from two activities, the firm is included under "Ties."



Figure 4



New Home Construction accounted for a greater proportion of the industry in Region 1010, the Avalon Peninsula, than in the other areas. Home Renovations comprised a relatively large proportion of activity in Regions 1020 and 1040, the South Coast-Burin Peninsula and Notre-Dame-Central Bonavista Bay. These areas also recorded a high proportion of ties where activity in two sectors, primarily New Home Construction and Home Renovations was equal.

Table 8 shows that about 60% of the firms were specialized, that is, there was only one category of activity accounting with over 25% of revenues. New Home Construction and Home Renovations were the most common areas of specialization.

About 40% of the firms combined different construction activities. These firms received more than 25% of their revenues from at least two activities. The most common combination of activities was New Home Construction and Home Renovation with 20% of all firms having business in these two areas.

Table 8

COMMON COMBINATIONS OF CONSTRUCTION ACTIVITY		
(Businesses with more than 25 % of revenue in area)		
	Number	Percent
Specialization: (1)⁷		
New Home Construction	61	31%
Multiple Unit Housing	1	1%
Home Renovations	40	20%
Non-Residential Building Construction	11	6%
Other	8	4%
TOTAL SPECIALIZED	121	61%
Common Combinations of Specialization (2)⁸		
New Home Construction and Home Renovation	40	20%
Home Renovation and Non-Residential Construction	14	7%
New Home Construction and Non-Residential Construction	10	5%
Other Combinations	12	6%
TOTAL COMBINATIONS	76	39%

Source: PRAXIS Survey, Question One

⁷ Firms with 25 % or more revenues in a single category

⁸ Firms with more than one category of revenues each with 25 % or more of total revenues

2.5 Owner-Operators

Table 9 shows that most of the businesses surveyed were owner-operated (70%). Home Renovations firms were most likely to be owner-operated (83%). Non-residential construction firms were 33% owner-operated.

Smaller companies (fewer than ten employees) were most likely to be owner-operated. Over 80% of firms with fewer than five employees were owner-operated, compared to 44% of firms with more than 50 employees.

Table 9

OWNER-OPERATED BUSINESSES (PERCENTAGE)	
ALL FIRMS SURVEYED	70%
By Main Source of Revenue	
New Home Construction	71%
Multiple Unit Housing	0%
Home Renovations	83%
Non-Residential Building Construction	33%
Other	60%
Ties Between One or More Categories	86%
By Number of Employees	
0-4 Employees	81%
5-9 Employees	84%
10-24 Employees	71%
25-49 Employees	25%
50+ Employees	44%

Source: PRAXIS Survey, Question Eight



Table 10 shows that 57% of the owner-operated firms had a single owner operator. Twenty-seven percent had two owner-operators and 17% had three or more owner-operators.

Table 10

NUMBER OF OWNER-OPERATORS	
	Percentage of Owner-Operated Firms
1	57%
2	27%
3	11%
More than 3	6%

Source: PRAXIS Survey, Question Eight



Table 11 shows that owner-operators were most likely to be framers and finish carpenters (26-27% of owner-operators), followed by managers, administrators and construction managers.

Table 11

OWNER OPERATORS BY TRADE ⁹	
Managers and Administrators	13%
Construction Manager	10%
Trades Supervisor	3%
Site Preparation/Septic	2%
Excavators	2%
Foundation Installers/Forming	2%
Concrete Pouring and Finishing	3%
Framers	27%
Finish Carpenters	26%
Cabinet Makers	1%
Roofers	3%
Siders	4%
Eavestroughing Installers	1%
Wall & Ceiling Finishers	1%
Floor Installers	3%
Floor Finishers	2%
Bricklayers/Masons	0%
Insulators	2%
Drywallers	3%
Glass/Glazing Installer	1%
Plumbers	2%
Heating and Air Conditioning	1%
Electricians	1%
Tilers	1%
Painters	2%
Exterior, Landscapers and Pavers	2%
Trades Helpers and Labourers	3%
Other	11%

Source: PRAXIS Survey, Question Eight

⁹ Note: Firms did not always report the same numbers of owner-operators by trade as the total number of owner-operators. They often reported more than one occupation for the same owner-operator, and sometimes did not report any. This table is intended to show the relative representation of the various trades among owner-operators.

2.6 Value of Sales in 2002

Table 12 shows that the majority of businesses surveyed by PRAXIS had sales in 2002 of less than \$500,000. Almost one quarter (24%) had sales of less than \$100,000 and 20% had sales of over \$1 million in 2002.

Table 12

VALUE OF SALES IN 2002	
	Percent
Less than \$100,000	24%
\$100,001 - 200,000	18%
\$200,001 - 500,000	20%
500,001 - 1,000,000	17%
Greater than \$1,000,000	20%

Source: PRAXIS Survey, Question Twenty-Eight

The regional differences in the value of sales are presented in Table 13.

Table 13

VALUE OF SALES BY REGION IN 2002			
	Percent of Firms Surveyed ¹⁰		
	Region 1010	Region 1020 and 1040	Region 1030
< \$100K	18%	44%	21%
\$100K - \$200K	20%	22%	10%
\$200K - \$500K	20%	17%	21%
\$500K - \$1,000K	16%	10%	31%
> \$1M	26%	7%	17%

Source: PRAXIS Survey, Question Nine

Two-thirds of the firms surveyed in the South Coast-Burin Peninsula and Notre-Dame-Central Bonavista Bay regions had sales of less than \$200,000 in 2002 and almost one-half had sales of less than \$100,000.

¹⁰ Activity in which the firm received the most revenue. In cases where firms received equal revenues from two activities, the firm is included under "Ties."



Almost one-half of the firms in the West Coast-Northern Peninsula-Labrador region and Avalon Peninsula regions had sales over \$500,000. One quarter of the firms on the Avalon Peninsula had sales over \$1 million.

The value of sales by region are illustrated in Figure 5.

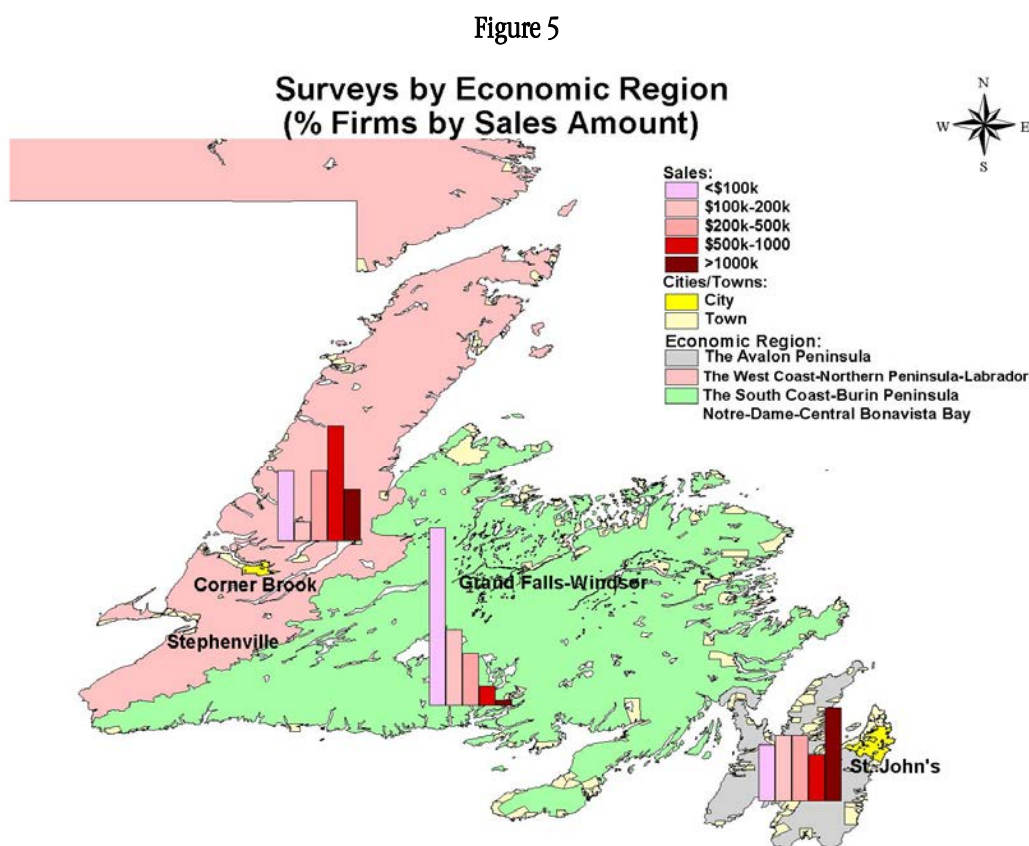


Table 14 shows that firms whose main source of revenue was New Home Construction or Non-Residential Building Construction had the largest value of sales in 2002, with 30 and 25% of these firms reporting sales of over \$1 million respectively. Of the firms in the Home Renovations business, by contrast, 9% had sales of over \$1 million, and 34% had sales of less than \$100,000. Seventeen percent of New Home Construction and 19% of firms in Non-Residential Building Construction had sales of less than \$100,000.

Table 14

VALUE OF SALES IN 2002					
Main Source of Revenue	Less than \$100,000	\$100,001 - 200,000	\$200,001 - 500,000	500,001 - 1,000,000	Greater than \$1,000,000
New Home Construction	17%	17%	20%	17%	30%
Home Renovations	34%	23%	20%	14%	9%
Non-Residential Building Construction	19%	13%	13%	31%	25%
Other	0%	0%	0%	0%	100%
Ties between one or more categories	28%	20%	28%	20%	4%
ALL FIRMS	24%	18%	20%	17%	20%

Source: PRAXIS Survey, Question Twenty-Eight

Firms on the Avalon Peninsula had the highest value of sales with 26% of firms in this area having sales over \$1 million compared to 20% of firms in the province as a whole.

3.0 Sub-Contracting

3.1 Number of Sub-Contractors

Table 15 shows that 80% of firms were general contractors for most or all of their business (over 90%). In interpreting this question, it is important to note that this finding does not imply that general contractors completed all of the work activities involved in projects in which they were sub-contractors. Some of the work activities involved in these projects could have been sub-contracted as will be illustrated below. Five percent were almost exclusively sub-contractors. The remaining 15% combined general contracting and sub-contracting.

Table 15

BUSINESS THAT WERE GENERAL AND SUB-CONTRACTORS IN 2002		
	Number	Percent
General Contractors > 90% of revenues	153	80%
Sub Contractors > 90% of revenues	10	5%
Combined General and Sub-Contractors	28	15%
Total	191	100%

Source: PRAXIS Survey, Question Two

3.2 Jobs Most Likely to be Sub-Contracted

Table 16 shows that respondents to the PRAXIS survey were most likely to say they used sub-contractors for electrical work, plumbing, heating and air conditioning, and drywall and plastering. About 20% or more of the firms responding also said they used sub-contractors for painting, excavating, roofing and foundation installation and forming.

Firms who were sub-contractors for at least 5% of their business were most likely to be sub-contractors in framing and finish carpentry.

Table 16

SUB-CONTRACTING, 2002				
Number of Employers Who				
	Used Sub-contractors		Were Sub-contractors	
Management and Administration	1	1%	0	0%
Construction Management	1	1%	0	0%
Trades Supervision	3	2%	0	0%
Site Preparation/Septic	20	10%	3	2%
Excavating	43	23%	4	2%
Foundation Installation/Forming	36	19%	4	2%
Concrete Pouring and Finishing	32	17%	4	2%
Framing	23	12%	21	11%
Finish Carpentry	10	5%	14	7%
Cabinet Making	15	8%	2	1%
Roofing	39	20%	6	3%
Siding and Shingles	25	13%	5	3%
Eavestroughing Installation	11	6%	4	2%
Wall & Ceiling Finishing	11	6%	1	1%
Floor Installation	22	12%	5	3%
Floor Finishing	22	12%	4	2%
Bricklaying/Masonry	23	12%	0	0%
Insulating	26	14%	2	1%
Drywall and Plastering	66	35%	6	3%
Glass/Glazing Installation	8	4%	3	2%
Plumbing	110	58%	3	2%
Heating and Air Conditioning	76	40%	3	2%
Electrical	128	67%	2	1%
Tiling	12	6%	1	1%
Painting	46	24%	3	2%
Landscaping and Paving	24	13%	3	2%
Other	12	6%	7	4%

Source: PRAXIS Survey, Question Two

3.3 Sub-Contracting Trends

Table 17 shows that most of the firms said their use of sub-contractors had stayed the same over the past two years. Of the remaining, more said that the use of sub-contractors increased (16%) than decreased (8%).

Table 17

CHANGE IN THE USE OF SUB-CONTRACTORS OVER THE PAST TWO YEARS, 2002		
	Number	Percent
Decreased Substantially	6	3%
Decreased Somewhat	9	5%
Stayed the Same	135	72%
Increased Somewhat	26	14%
Increased Substantially	4	2%
Don't Know/NA	7	4%

Source: PRAXIS Survey, Question Four

Workforce By Trade

4.0 Workforce By Trade

4.1 Specialization

Table 18 shows that survey respondents said that most of their employees were multi-skilled workers (80% of the workforce) rather than trades workers who specialized in one area.

Table 18

EMPLOYEE SPECIALIZATION, 2002	
	Percent of Employees
Trades workers who specialized in one area	21%
Multi-skilled workers	79%

Source: PRAXIS Survey, Question Ten

4.2 Breakdown by Trade

Table 19 presents employer estimates of the number of employees by trade and the proportions of employees in each trade who were certified and held Red Seal endorsements. In interpreting Table 19, it is important to note that the data reflect employer perceptions about the proportion of their workforce that was certified and held Red Seal endorsements. These perceptions may not reflect reality but they are reported as provided by respondents.

It also is important to note that the employers were referring to the certifications and endorsements held by their employees. An employee could hold a certification or endorsement as a carpenter but be employed in some other position such as a manager. For this reason, some Managers and Administrators are shown in Table 19 to hold certifications or endorsements even though this occupation has no such designations.

Trades helpers and labourers make up the largest group of employees of the firms surveyed. Table 19 shows that this group accounted for 32% of the total employees reported by employers. Carpentry trades made up the second-largest group, with framers comprising 19% of the workforce, finish carpenters and cabinet-makers another 10%. The other occupation making up more than 2% of the workforce was

exterior, landscapers and pavers, at 5% of the total.

Table 19

EMPLOYEES BY TRADE			
	Total	% Certified	% Red Seal
Managers and Administrators	41	34%	12%
Construction Manager	24	58%	8%
Trades Supervisor	21	57%	5%
Site Preparation/Septic	30	10%	0%
Excavators	47	11%	0%
Foundation Installers/Forming	9	44%	22%
Concrete Pouring and Finishing	96	10%	1%
Framers	406	38%	4%
Finish Carpenters	200	33%	5%
Cabinet Makers	12	33%	8%
Roofers	26	15%	4%
Siders	49	4%	2%
Eavestroughing Installers	11	27%	9%
Wall & Ceiling Finishers	4	0%	0%
Floor Installers	11	18%	9%
Floor Finishers	7	29%	29%
Bricklayers/Masons	12	0%	0%
Insulators	8	38%	13%
Drywallers	9	33%	11%
Glass/Glazing Installer	6	0%	0%
Plumbers	39	56%	3%
Heating and Air Conditioning	13	46%	0%
Electricians	27	85%	19%
Tilers	3	0%	0%
Painters	20	5%	0%
Exterior, Landscapers and Pavers	114	2%	0%
Trades Helpers and Labourers	691	1%	0%
Other	203	14%	0%

Source: PRAXIS Survey, Question Nine



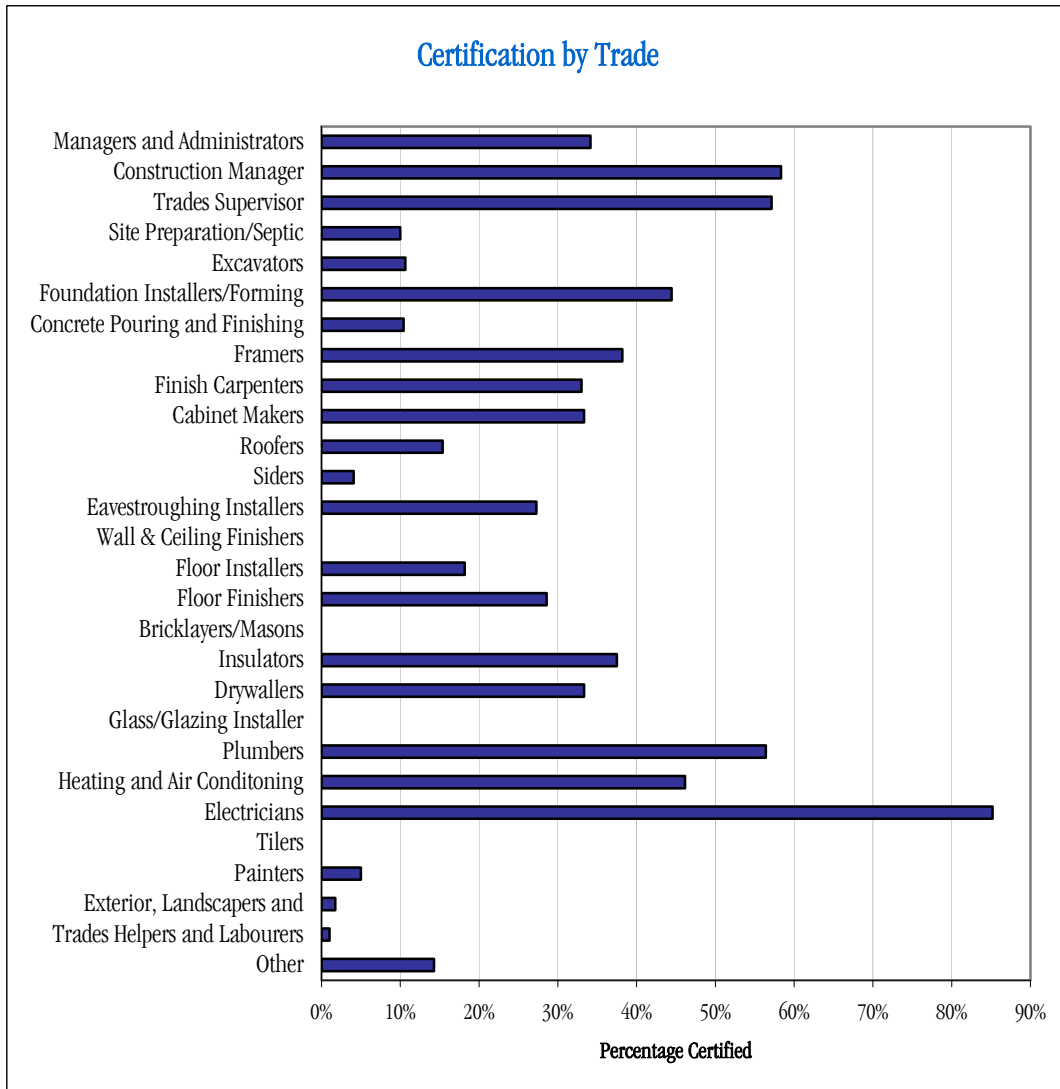
4.3 Certification Rates

Figure 5 shows that the highest rates of certification were for electricians (85%), construction managers (58%) and plumbers (56%). Heating and air conditioning trades had a certification rate of 46% while the foundation installers/forming occupation had a certification rate of 44%. The carpentry trades (framers, finish carpenters and cabinet-makers) had between 33% and 38% certification rates, according to the PRAXIS survey. Employers reported no certified workers in the trades of bricklayers/masons, wall and ceiling finishers, glass/glazing installers, or tilers.

Red Seal Certification, which is recognized by provinces across Canada, was not common, but rates of 20% or above for Red Seal certification were found in the trades of foundation installers/forming, floor finishers and electricians.



Figure 6



Industry Trends and Concerns

5.0 Industry Trends and Concerns

5.1 Growth Rates

Business for the firms surveyed is growing. Table 20 shows that almost half of the respondents said that their business had increased over the past two years while 41% said it stayed the same. Table 21 shows that over half of the respondents expect their businesses to grow over the next two years while 31% expect it to stay the same. Less than 10% said business had decreased or expect it to decrease in the next two years.

Table 20

BUSINESS GROWTH OVER THE PAST TWO YEARS		
	Number	Percent
Decreased Substantially	6	3%
Decreased Somewhat	14	7%
Stayed the Same	79	41%
Increased Somewhat	61	32%
Increased Substantially	29	15%
Don't Know/NA	2	1%

Source: PRAXIS Survey, Question Five

Table 21

EXPECTATIONS FOR BUSINESS GROWTH OVER THE NEXT TWO YEARS		
	Number	Percent
Decrease Substantially	8	4%
Decrease Somewhat	7	4%
Stay the Same	59	31%
Increase Somewhat	78	41%
Increase Substantially	30	16%
Don't Know/NA	9	5%

Source: PRAXIS Survey, Question Six



5.2 Industry Problems/Concerns

Table 22 shows that the firms surveyed identified four levels of problems and concerns for employers in the industry:

- ▲ Price competition from the underground economy and shortages of skilled trades workers were by far the most serious problems and concerns with 63% and 44% respectively rating these items as serious.
- ▲ Three items were rated as serious by about 20% of respondents. These are: costs associated with the building regulatory and inspection system, turnover in skilled trades workers and delays associated with the building regulatory and inspection system.
- ▲ Three items were rated as serious by about 10% of respondents. These are: shortages of qualified worksite managers or supervisors, access to financing and shortages of qualified business managers.
- ▲ The remaining items were rated by 5% or fewer respondents. These are: keeping up with new work methods, keeping up with new technologies and the number of skilled trades workers who retired from the workforce.



Table 22

SERIOUSNESS OF PROBLEMS						
	Not a Problem at All				Serious Problem	Don't Know
	1	2	3	4	5	99
Shortages of Qualified Business Managers	78%	3%	9%	5%	4%	2%
Shortages of Qualified Worksite Managers or Supervisors	70%	6%	11%	7%	4%	2%
Shortages of Skilled Trades Workers	26%	8%	20%	15%	30%	1%
Turnover in Skilled Trades Workers	45%	17%	19%	9%	9%	1%
Number of Skilled Trades Workers who Retired from the Workforce	86%	5%	4%	1%	2%	2%
Keeping Up with New Work Methods	64%	17%	13%	3%	3%	1%
Keeping Up with New Technologies	62%	16%	17%	2%	3%	1%
Price Competition from the Underground Economy	11%	7%	16%	17%	46%	3%
Delays Associated with the Building Regulatory and Inspection System	42%	19%	19%	8%	9%	2%
Costs Associated with the Building Regulatory and Inspection System	39%	18%	18%	11%	10%	4%
Access To Financing	65%	13%	9%	4%	6%	3%
Other	3%		2%		5%	3%

Source: PRAXIS Survey, Question Seven



5.3 Support for Compulsory Licensing and Certification Programs

Table 23 shows that over two-thirds of respondents said they supported compulsory licensing of homebuilders and just under two-thirds said that they supported compulsory licensing of home renovators. A majority of respondents (60%) also supported compulsory certification of carpenters.

Table 23

SUPPORT FOR COMPULSORY LICENSING				
	Yes	No	Don't Know	Did Not Respond
Compulsory Licensing for Home Builder Companies	69%	15%	6%	10%
Compulsory Licensing for Home Renovations Companies	65%	17%	8%	9%
Compulsory Certification for Carpenters	60%	23%	6%	10%

Source: PRAXIS Survey, Question Twenty-Seven

6.0 Existing Training System

6.1 Suitability of Graduates

Table 24 shows that about 28% of employers surveyed by PRAXIS had hired graduates of post-secondary training programs in the past five years. Table 24 shows that about two-thirds of these employers found graduates highly suitable¹¹ in terms of employability skills (flexibility, adaptability, etc.). Just over one-half said graduates' tool and equipment skills and customer-relations skills were highly suitable. Fewer than 15% of respondents gave a low rating¹² to graduates on any of these three factors.

Somewhat under one-half of the employers indicated that graduates were highly suitable in terms of their work planning skills, job-specific skills and knowledge of the building systems. A relatively high proportion of employers (43%) expressed neutral opinions about the job specific skills of graduates.

The lowest rated skills were knowledge of the business side of the residential construction industry and project management skills. Less than one-third of employers found graduates highly suitable in these areas.

Table 24

HAVE YOU HIRED GRADUATES OF POST-SECONDARY PROGRAMS IN THE LAST FIVE YEARS?		
	Number	Percent
Yes	53	28%
No	136	72%
Total	189	100%

Source: PRAXIS Survey, Question Twenty-Two

¹¹ Highly suitable is defined as receiving a rating of 4 or 5 on a scale of 1 to 5.

¹² A low rating is a rating of 1 or 2 on a scale of 1 to 5.



Table 25

SUITABILITY OF GRADUATES FROM TRAINING PROGRAMS ¹³						
	Low	2	3	4	High	Don't Know
Job Specific Skills	8%	4%	43%	28%	15%	2%
Employability Skills	4%	4%	30%	42%	21%	0%
Knowledge of Building Systems	4%	13%	34%	30%	11%	8%
Knowledge of the business side of residential construction industry	15%	26%	26%	19%	9%	4%
Tool and equipment skills	8%	2%	32%	43%	13%	2%
Work Planning skills	9%	11%	28%	32%	15%	4%
Customer Relations Skills	6%	8%	34%	30%	21%	2%
Project management skills	19%	17%	32%	15%	13%	4%

Source: PRAXIS Survey, Question Twenty-Three

6.2 Program Effectiveness

Table 26 shows about two-thirds of the employers rated the effectiveness of training programs as high¹⁴ in terms of their relevance to practical work and to residential construction. The time of year when training is available received a high rating by 60% of respondents. The remaining items identified in the survey were rated highly by about one-half of respondents as documented in Table 26.

¹³ Asked only of employers who said they had hired graduates of post-secondary programs in the last five years.

¹⁴ “High” means the employer rated the factor a 4 or 5 on a scale of 1 to 5.



Table 26

EFFECTIVENESS OF EXISTING TRAINING PROGRAMS ¹⁵						
	Low	2	3	4	High	Don't Know
Time of day when training is available	15%	4%	21%	9%	42%	9%
Times of the year when training is available	10%	5%	19%	11%	49%	93%
Cost of training	11%	8%	19%	10%	39%	12%
Relevance of training to practical work	5%	3%	17%	12%	52%	11%
Relevance of skills to residential construction	4%	2%	20%	21%	43%	10%
Location of training	11%	8%	22%	17%	38%	5%

Source: PRAXIS Survey, Question Twenty-Three

6.3 Willingness to Invest in Training

Table 27 shows that about half of the employers said they were willing to invest in training for their workforce.

Table 27

IS YOUR BUSINESS WILLING TO INVEST IN TRAINING?		
	Number	Percent
Yes	93	50%
No	76	41%
Don't Know	18	10%

Source: PRAXIS Survey, Question Twenty-One

Table 28 shows that 61% of employers reported that they had employees who took training of some kind¹⁶ in 2001 or 2002.

¹⁵ Includes everyone who answered question, even if they did not hire graduates in past five years

¹⁶ Categories included pre-employment trades training, post-apprenticeship trades training, on-the-job training, safety and first aid training, or other types of training.



Table 28

EMPLOYERS WITH WORKERS WHO TOOK TRAINING		
	Number	Percent
Yes	124	61%
No ¹⁷	78	39%

Source: PRAXIS Survey, Question Twenty

Table 29 shows that by far the largest number of employers reported having employees who took safety and first aid training in the past two years. Over one-half of all employers reported that they provided safety and first aid training and an estimated 28% of the workforce received this training from their employers.

Less than one-quarter of employers provided on-the-job training and 9% of their workers received this type of training. Post-apprenticeship trades training was provided by about 10% of employers and was received by 1% of their employees

Table 29

TRAINING UNDERTAKEN IN THE PAST TWO YEARS			
	Number of Employers	Number of Workers	Estimated Percent of Workforce
Pre-Employment Trades Training	14	33	1%
Post-Apprenticeship Trades Training	22	34	1%
On-The-Job Training	44	215	9%
Safety and First Aid Training	106	695	28%
Other Type of Training (Specify)	22	75	3%

Source: PRAXIS Survey, Question Twenty

¹⁷ Did not report having workers who took training in past two years in any of the categories listed.

6.4 Training Priorities

Table 29 shows that health and safety skills were the most commonly mentioned priorities for training among those willing to invest in training for their workforce. Other priorities include: upgrading of trades skills, tool and equipment skills, training in construction principles and systems and building codes.

Table 30

PRIORITIES OF EMPLOYERS WILLING TO INVEST IN TRAINING ¹⁸		
	Number	Percent
Communication Skills	3	3%
Customer Relations Skills	5	5%
Business Management Skills	7	8%
People Management Skills	1	1%
Knowledge of Construction Principles and Systems	12	13%
Knowledge of the Building Code	12	13%
Literacy	0	0%
Work Planning & Site Management	2	2%
Health & Safety Skills	59	63%
Tool & Equipment Skills	19	20%
Provision of Job Specific Skills for New Employees	5	5%
Upgrading of Trade Skills for Experienced Employees	29	31%
Other	32	34%

Source: PRAXIS Survey, Question Twenty-One

¹⁸ Employers could list up to three priorities for training



6.5 Employer Priorities for Changes to Training System

Employers questioned in the PRAXIS survey were asked to rate the priorities for changes to the training system in various areas. Highest rated priorities as reported in Table 31 included:

- ▲ more input from industry on the design of programs,
- ▲ financial assistance for those who complete pre-employment training to obtain full time employment, and
- ▲ integrating on-the-job experience into training curricula.

Between 74-79% employers gave each of these items high priority.¹⁹

Over 50% of employers gave high priority to updating of community college curriculum to cover current residential construction methods, updating community college technology and equipment, using short training modules to qualify people in specific skill areas, more effective health and safety training, implementing compulsory certification for trades, and more emphasis on employability skills.

About one-third of employers gave high priority to restructuring the apprenticeship system or improving the selection process for entrants to community college and apprenticeship programs.

¹⁹ Giving “high priorities” means rating priorities 4 or 5 on a scale of 1 to 5 where 1 means low priority and 5 means high priority.



Table 31

PRIORITY FOR CHANGES TO EXISTING TRAINING PROGRAMS						
	Low Priority	2	3	4	High Priority	Don't Know
Updating of Community College Curriculum to Cover current residential construction methods	8%	6%	20%	16%	46%	4%
Updating of Community college technology and equipment	6%	5%	24%	20%	35%	9%
Use of short training modules to qualify people in specific skill areas	4%	6%	20%	28%	38%	3%
Restructuring the apprenticeship system	10%	9%	30%	17%	18%	16%
Providing financial assistance to increase the ability of individuals who complete pre-employment training to obtain full time employment	5%	4%	12%	24%	51%	4%
More input from industry on the design of training programs	1%	5%	14%	25%	54%	2%
More effective health and safety training	11%	6%	30%	24%	27%	2%
Implementation of compulsory certification for trades	11%	7%	23%	23%	31%	5%
More emphasis on employability skills	3%	6%	29%	30%	28%	4%
Integrating on-the-job experience into training curricula	2%	3%	18%	26%	48%	3%
Better selection process for entrants to Community College and apprenticeship programs	6%	8%	33%	15%	22%	16%

Source: PRAXIS Survey, Question Twenty-Five



6.6 Apprenticeship

Table 32 shows that 18% of firms employed apprentices in 2002. Table 33 shows that the largest number of apprentices, both in terms of the number of firms involved and the total number of apprentices, was in carpentry and framing (49). No other trade had more than five apprentices total for the employers surveyed.

Table 32

WERE APPRENTICES EMPLOYED BY YOUR BUSINESS IN 2002?	
Response	Percent
Yes	18%
No	82%

Source: PRAXIS Survey, Question Eleven



Table 33

APPRENTICES BY TRADE		
	Number of Firms Employing Apprentices	Number of Apprentices
Cabinet Maker	0	0
Carpenter	24	45
Concrete Finisher	2	3
Construction Electrician	1	1
Floor Covering Installer	0	0
Glazier	0	0
Insulator (Heat and Frost)	0	0
Painter & Decorator	1	3
Roofer	0	0
Sprinkler System Installer	0	0
Plumber	2	4
Bricklayer	0	0
Welder	1	1
Heavy Duty Equipment Mechanic	0	0
Construction Craft Labourer	0	0
Ironworker – Generalist	0	0
Lather - Interior Systems	0	0
Metal Fabricator	0	0
Mobile Crane Operator	0	0
Refrigeration and Air Conditioning Mechanic	0	0
Sheet Metal Worker	0	0
Steamfitter – Pipefitter	0	0
Tilesetter	0	0
Truck and Transport Mechanic	0	0
Framer	1	4
Industrial Mechanic	2	3
Other	3	6
TOTAL²⁰	34	70

Source: PRAXIS Survey, Question Twelve

²⁰ Some firms employed apprentices in more than one trade, so total by trade does not equal total firms employing apprentices

Recruitment and Retention

7.0 Recruitment and Retention

7.1 Recruitment Methods

The PRAXIS survey asked firms with difficult to fill positions what actions they took to recruit workers. Table 34 shows that these firms tended to use informal means of recruiting workers, such as word of mouth (80-90%). Less than half used more formal means such as contacting community colleges, advertising in local or provincial newspapers, or placing a vacancy with HRDC.

Table 34

WHAT ACTION DID YOU TAKE TO RECRUIT WORKERS?	
	Percent ²¹
Contacted Community Colleges	26%
Contacted the Apprenticeship Division	16%
Advertised in the Local Newspaper	45%
Advertised in Newspapers across the Province	21%
Advertised in industry magazines, newsletters, etc	0%
Tried to recruit through word of mouth among industry people	87%
Tried to Recruit through word of mouth in the local community	82%
Placed a Job Vacancy with Human Resources Development Canada	32%
Other	0%

Source: PRAXIS Survey, Question Fourteen

7.2 Factors Influencing Hiring Decisions

Table 35 shows that a positive attitude was by far the most important factor that influenced hiring decisions of employers. Approximately 95% of employers gave a high rating²² to this factor. Other important factors that were rated as high by over three-quarters of respondents were: knowledge and familiarity with the industry, good references and workplace experience.

²¹ Percent of Employers with Difficult to Fill Positions

²² "High" means the employer rated the factor a 4 or 5 on a scale of 1 to 5.

By contrast, under one-half of the respondents rated Grade XII completion or post secondary trades training as highly important and just over one-third gave a high rating to trade certification.

Table 35

WHAT FACTORS INFLUENCE YOUR DECISION TO HIRE?						
	Low	2	3	4	High	Don't Know
Grade XII complete	29%	13%	15%	10%	33%	1%
Post secondary trades training	16%	14%	23%	21%	26%	1%
Workplace experience	2%	3%	16%	17%	60%	2%
Good references from previous employers	5%	3%	13%	21%	56%	1%
General familiarity, knowledge of, the industry	1%	2%	13%	25%	59%	1%
Communications skills	3%	5%	24%	34%	33%	1%
Customer-relations skills	5%	5%	14%	28%	46%	2%
Reading and writing (literacy) skills	6%	6%	25%	22%	39%	1%
Attitude (positive attitude towards job, co-workers, etc.)	1%	0%	3%	12%	83%	1%
Trade Certification	16%	9%	36%	16%	20%	2%
Age	33%	14%	41%	8%	4%	1%
Wage Expectations	8%	7%	48%	22%	14%	1%

Source: PRAXIS Survey, Question Fifteen

7.3 Attrition

Table 36 shows that about one third of employers contacted in the PRAXIS survey said they had employees who left their business in 2002. The attrition rate for 2002 was approximately 10% of the workforce. The most common reason why employees left was due to layoffs (60%) or to get better pay in another company or industry (23%). Of the layoffs, approximately one-third was due to lack of work and the remainder were due to job performance issues. Employers reported very few retirements in 2002.



Table 36

REASONS EMPLOYEES LEFT IN 2002			
	Number of Employers with Employees Who Left	Total Employees Who Left	Percent of Total
They retired from the labour force	8	1	0%
They were laid off because the business did not have enough work for them	24	52	22%
They were laid off because they lacked the skills to do the job	11	32	14%
They were laid off because of poor work performance	9	20	9%
They were laid off because of a poor attitude toward work	7	36	15%
They left to return to school	3	1	0%
They quit primarily to get better pay or benefits working for another company	27	42	18%
They quit primarily to get better pay or benefits working in a different industry	10	11	5%
They left to work in another province	16	23	10%
They quit because they wanted a full-time, non-seasonal job	4	3	1%
They left primarily because of injury or illness	4	2	1%
Other	9	12	5%
TOTAL		235	100%

Source: PRAXIS Survey, Question Nineteen

Targeted Wage Program

8.0 Targeted Wage Program

Table 37²³ shows that roughly one-third of businesses responding to the PRAXIS survey said they were familiar with the targeted wage program of HRDC. Of the employers who were familiar with the program, 46% had applied under the program. Over 85% of those firms that applied were successful and used the program.

Table 37

USE OF TARGETED WAGE PROGRAM				
	Yes	No	Don't Know	Total
Are you familiar with the targeted wage subsidy program sponsored by HRDC?	63	124		187
<i>% of Business Responding</i>	<i>34%</i>	<i>66%</i>		<i>100%</i>
Has Your Business Applied to use the program	29	32	1	62
<i>% of Businesses Familiar with Program</i>	<i>46%</i>	<i>51%</i>	<i>2%</i>	<i>98%</i>
Did Your Business Use the Program	25	2	1	28
<i>% of Businesses that Applied</i>	<i>86%</i>	<i>7%</i>	<i>3%</i>	<i>97%</i>

Source: PRAXIS Survey, Question Twenty-Six

Of the businesses that did not use the program, Table 38 shows that 32% said they did not use it because there was too much paperwork, 15% said it was due to inadequate financial support, and 59% said it was due to other reasons such as limitations and restrictions of the program.

²³ The reader should note that sub-sets of employers answered questions relating to Tables 35 and 36 and the statistical reliability of answers is reduced in these situations.



Table 38

REASONS WHY BUSINESS DID NOT USE TARGETED WAGE PROGRAM	
	Percent²⁴
Too Much Paper Work	32%
Inadequate Financial Support	15%
Other	59%

Source: PRAXIS Survey, Question Twenty-Six

Table 39 shows that 41% of the businesses that used the program said it was effective (rating the program a 4 or 5 on a scale of 1 to 5) and 12% said it was not effective (rating the program a 1 or 2 on a scale of 1 to 5).

Table 39

EFFECTIVENESS OF TARGETED WAGE PROGRAM	
	Percent
Not effective at all	10%
2	2%
3	20%
4	22%
Very effective	19%
Don't Know	27%

Source: PRAXIS Survey, Question Twenty-Six

²⁴ Percent of businesses that did not apply or did not use the program. Some employers may have selected more than one reason.

Occupational Shortages

9.0 Occupational Shortages

9.1 Overall Difficulties in Finding Workers

Table 40 shows that 18% of firms reported having difficult to fill positions in 2002. The vast majority of these firms had seasonal positions that were difficult to fill. Two percent of firms had difficult to fill positions that were year round. The total number of difficult to fill positions reported was 87 seasonal and 15 year round.

Table 40

HAD AT LEAST ONE DIFFICULT- TO- FILL JOB, 2002		
	Number of Employers	Percent
No Difficult to fill Jobs	164	81%
Seasonal Only	33	16%
Year Round Only	5	2%
Both Seasonal and Year Round	0	0%

Source: PRAXIS Survey, Question Thirteen

Table 41 shows that the primary reason jobs were difficult to fill, according to employers, was that applicants did not have the required experience.²⁵ A very high proportion (85%) of employers felt that a lack of experience was important²⁶ in explaining why they had difficulty filling positions.

Employers indicated that a lack of specific skills also was important in explaining why positions were difficult to fill, with two-thirds of employers rating this factor as important. A lack of applicants also was an important factor identified by one-half of the respondents.

Low wages and seasonal employment were rated by lower proportions of employers as reasons why positions were difficult to fill, with 22% and 32% rating these factors as important respectively.

²⁵ Since this question was asked of only those employers that reported having difficult to fill positions in 2002, the sample size of this question (33 employers) is considerably smaller than the 202 respondents for the overall survey. Therefore, the expected margin of error is considerably larger than the +/-6.3% applicable to the rest of the survey. These percentages are provided as a rough estimate only.

²⁶ "Important" means the employer rated the factor a 4 or 5 on a scale of 1 to 5. "Low importance" means the employer rated the factor a 1 or a 2.



Table 41

IMPORTANCE IN DETERMINING WHY POSITIONS WERE DIFFICULT TO FILL ²⁷						
	Low	2	3	4	High	Don't Know
Lack of Applicants	16%	9%	22%	16%	34%	3%
Applicants did not have the experience required	3%	0%	9%	12%	73%	3%
Applicants did not have the specific skills required	3%	6%	21%	9%	58%	3%
Wages in the industry don't meet expectations	28%	22%	25%	16%	6%	3%
Young people have a negative image of the industry	24%	15%	6%	12%	33%	9%
Only seasonal employment was available	32%	16%	16%	16%	16%	3%

Source: PRAXIS Survey, Question Fifteen

The number of difficult to fill positions as a proportion of the total labour force in each trade was calculated based on the answers to questions nine and thirteen in the PRAXIS survey. No difficult to fill positions were reported for a number of trades. The proportion of the labour force accounted for by difficult to fill positions by trade is presented in descending order in Table 42²⁸.

Table 42

DIFFICULT TO FILL POSITIONS AS PERCENTAGE OF EMPLOYMENT	
Eavestroughing Installers	27%
Roofers	23%
Painters	15%
Finish Carpenters	12%
Electricians	11%
Trades Supervisors	10%
Exterior, Landscapers and Pavers	10%
Construction Manager	8%
Siders	8%
Heating and Air Conditioning Installers	8%
Framers	6%
Plumbers	5%
Excavators	2%
Trades Helpers and Labourers	2%

Source: PRAXIS Survey, Question Nine & Thirteen

²⁷ Asked only of employers with difficult to fill positions

²⁸ This question was asked by a minority of respondents and the results should be interpreted with caution.



The table shows that difficult to fill positions, as a proportion of total employment, ranged from 2% for labourers and excavators to 27% for eavestroughing installers. The proportion for finish carpenters was twice that of framers.

9.2 Impact of Shortages

Employers were asked to identify actions they took when they experienced difficulties finding skilled tradespeople²⁹. The responses of employers are reported in Table 43. They show that a high proportion of them were proactive in dealing with these difficulties. All of the actions identified on the list provided to respondents were acted on by at least 40% of respondents with difficult to fill positions.

The most common way of dealing with difficulties filling positions was to provide more overtime to skilled people, with about three-quarters of respondents adopting this measure. Another common reaction to this problem was to limit the amount of work taken on, with two-thirds of employers adopting this measure. Slightly less than half of respondents indicated that they sub-contracted work, increased wages, spent a lot of time searching for skilled people, hired less qualified people, or increased training for existing workers.

Table 43

WHAT ACTION DID YOU TAKE TO DEAL WITH HAVING DIFFICULT TO FILL POSITIONS? ³⁰	
	Percent
Limited the amount of work taken on	66%
Sub-contracted work	45%
Increased wages	45%
Spent a lot of time searching for skilled people	47%
Hired less qualified people	42%
Increased training for existing workers	47%
Provided more overtime to skilled people	74%

Source: PRAXIS Survey, Question Sixteen

²⁹ Since this question was asked of only those employers that reported having difficult to fill positions in 2002, the sample size of this question (33 employers) is considerably smaller than the 202 respondents for the overall survey. Therefore, the expected margin of error is considerably larger than the +/-6.3% applicable to the rest of the survey. These percentages are provided as a rough estimate only.

³⁰ Percentage of Employers with Difficult-to-Fill Positions