

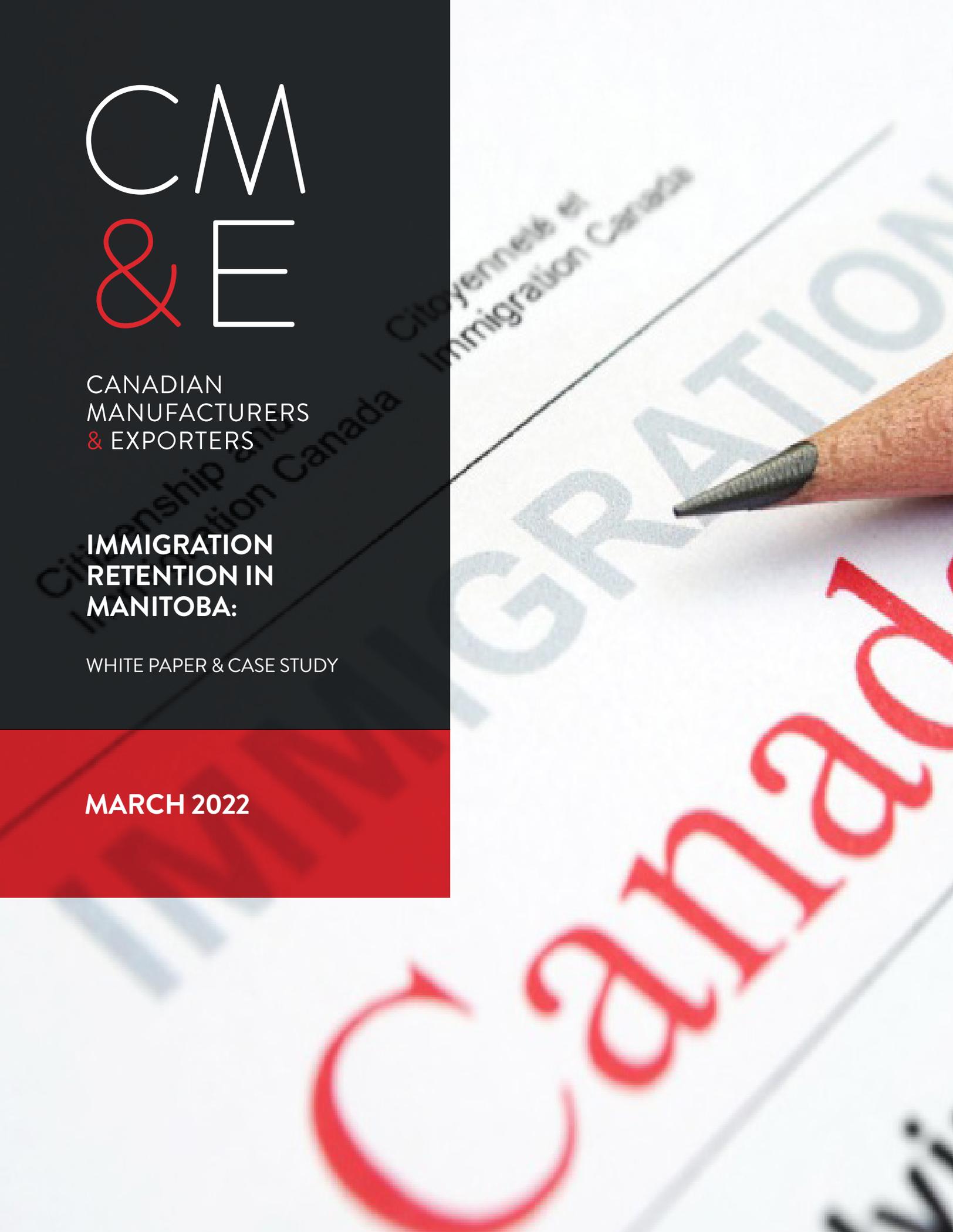


CANADIAN
MANUFACTURERS
& EXPORTERS

**IMMIGRATION
RETENTION IN
MANITOBA:**

WHITE PAPER & CASE STUDY

MARCH 2022



WHO WE ARE

ABOUT CANADIAN MANUFACTURERS & EXPORTERS

Since 1871, we have made a difference for Canada's manufacturing and exporting communities. Fighting for their future. Saving them money. Helping manufacturers grow.

The association directly represents more than 2,500 leading companies nationwide. More than 85 per cent of CME's members are small and medium-sized enterprises. As Canada's leading business network, CME, through various initiatives including the establishment of the Canadian Manufacturing Coalition, touches more than 100,000 companies from coast to coast, engaged in manufacturing, global business, and service-related industries.

CME's membership network accounts for an estimated 82 per cent of total manufacturing production and 90 per cent of Canada's exports.

ACKNOWLEDGEMENTS

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EXECUTIVE SUMMARY

Canadian Manufacturers & Exporters (CME) is the voice of manufacturing. Our daily engagement with members is both broad and deep, across all levels of all organizations – from entrepreneurial start-ups to Manitoba’s largest employers. CME receives input, disseminates information, and formulates industry-generated positions on matters of critical importance to companies through a variety of mechanisms including large-scale surveys and in-depth and ongoing focus groups with senior manufacturing leaders and subject matter experts like human resource leads.

Today, Manitoba’s manufacturers employ more than 60,000 people; however, an aging workforce and slowing population growth require manufacturers to replenish the workforce through immigration.

Labour shortages are the sector’s most pressing issue and labour market pressures are only expected to grow in the near future. Indeed, the extreme circumstances of the COVID-19 pandemic have only exacerbated the challenge of finding workers. This inability to find enough workers is hampering the recovery in the province’s manufacturing sector and, by extension, in its overall economy. Workers have become more difficult to find and harder to replace.

Enter immigration. The prospect of an aging population has been with us for a long time, and immigration is one of the central policies designed to expand the supply of

labour. In fact, without it, the population would shrink. An inverted age structure would have dire consequences for manufacturers, along with Canada in general. One has only to look at Japan to see the challenges on the horizon. The median age in Japan is expected to increase to 55 years by 2100 and with very little immigration, the Japanese economy has been sluggish, its schools are closing, and taxes are rising. An aging population will put a significant strain on Manitoba’s public finances, as health care is the single largest budget item for every provincial government in Canada. Manufacturers in Manitoba already face challenges related to a higher tax burden than many competing jurisdictions; additional hikes would drive us further out of sync. Which is why the attraction and retention of immigrants to the Canadian workforce is urgently needed and will require a collaborative approach with actions at both the policy and operational level.

It is simply not enough to attract new Canadians. Manitoba’s ability to retain immigrants must be viewed relative to our provincial counterparts. In rural areas outside of city centres, the challenge is even steeper. Manufacturers must work with all levels of government and community supporters to both attract, but more importantly, retain this new workforce, and onboard employees both to the workplace as well as the community.

This report explains how.

INTRODUCTION

MANITOBA IS MANUFACTURING

Manufacturing is the backbone of Manitoba's economy and will drive Manitoba's economic recovery. However, manufacturing leaders consistently rank skills and labour shortages as the most pressing challenge they face. Specifically, executives noted deep concern both about the availability of workers as well as the skill level of existing and future employees at all levels within their organizations. These gaps are undermining the current performance and potential future growth of their companies.

Today, Manitoba's manufacturers employ more than 60,000 people. Common occupations include general labourers, skilled tradespeople, engineers, sales and service representatives, and managers. The skillsets of each of these occupations is constantly being redefined as technology, competition, and opportunity reshape the business of manufacturing. Technology is changing both the type of workers being used – a shift from general labour to specialized work – and the type of skills that are needed – from single-skilled and repetitive to multi-skilled and flexible. In other words, jobs are becoming more multi-skilled and specialized, and they are growing more valuable and less interchangeable. As a result, workers are becoming more difficult to find and harder to replace.

A HISTORY OF IMMIGRATION

Foreign-trained talent has always been critical to supplementing the domestic workforce. In light of the chronic shortage of skilled workers described above and the aging of the population, the need for more foreign-trained workers is urgent. In fact, no matter how successful the efforts are at maximizing the labour force participation rate of Canadian-born individuals, Canada will still need immigration to fill gaps because domestic population growth is stagnating.

Manitoba itself is a province of immigrants, who joined first nations on the prairies, and arrived en masse at the turn of the 20th century. In fact, Manitoba was first province to launch a Provincial Nominee Program (PNP) more than two decades ago, driven in large by a push from the manufacturing sector. As a small province with few newcomers, the province needed the PNP to promote itself to skilled immigrants. In the intervening decades, Manitoba has been a tremendous immigration success story: immigration has played a major role in Manitoba's population, labour force, and economic growth

To put it simply, foreign workers are needed to replace the existing workforce as it retires. Given that most immigrants are younger on average than Canada's current population, they help mitigate Canada's demographic challenges.

IMPLICATIONS OF AN AGING POPULATION

Manitoba's population has increased steadily over the past 50 years, climbing from a little less than 1.0 million in 1971 to 1.38 million in 2021, equivalent to an average annual increase of 0.7 per cent. Along with Saskatchewan, Manitoba has the youngest population in the country. This is largely because the prairie provinces have a higher proportion of Indigenous populations who are generally younger and with higher fertility rates.

However, just like every other province in Canada, Manitoba's population is getting older. In 2021, the median age of the population was about 38 years old, up from 27 years old in 1971. Population aging represents one of the major demographic trends in Manitoba and across Canada, and it has important implications for the province and country's society and economy.

The demographic aging process is currently accelerating as individuals born between 1946 and 1965—collectively known as the baby boomers—reach more advanced ages. This process is also being influenced by the combination of a fertility rate below the replacement level (2.1 children per woman)—and a steady increase in life expectancy.¹

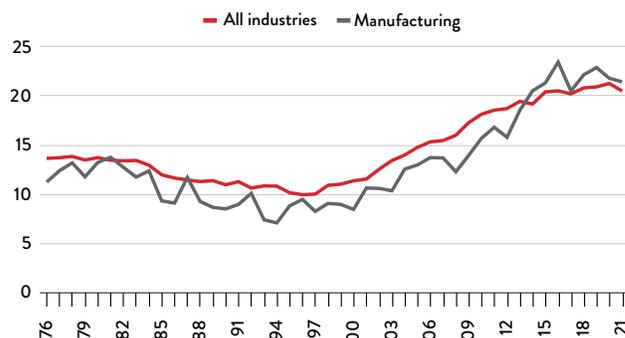
Today, individuals in the baby boomer generation are aged 55 to 75, implying that the oldest baby boomers turned 65 years old in 2011 and the youngest baby boomers will reach this milestone in 2031. In other words, this massive demographic shift has many more years to play out. The implications of an aging population are described in detail below.

AN AGING POPULATION WILL CONSTRAIN LABOUR FORCE AND ECONOMIC GROWTH

The continued aging of Manitoba's population will also reduce labour force participation rates, which in turn will hinder economic growth and make current issues related to finding and retaining a quality workforce even more challenging.

When it comes to labour shortages, the manufacturing sector often feels the brunt of the impact, and this is never truer than today. Indeed, the extreme circumstances of the COVID-19 pandemic have only exacerbated the challenge of finding workers. In CME's most recent member survey conducted in the fall of 2021, 76 per cent of Manitoba's manufacturers said they were facing labour shortages, up dramatically from just 38 per cent in a 2020 survey. Relatedly, the sector also reported a record 24,330 job vacancies in the third quarter of 2021. This inability to find enough workers is hampering the recovery in province's manufacturing sector and, by extension, in its overall economy. Although the pandemic-related labour force disruptions will eventually dissipate, the challenge of labour and skills shortages is not going to go away any time soon, due to an aging population.

Chart 2 – Workforce Growing Older
Manitoba (share of workers aged 55 years and over)



Sources: CME; Statistics Canada – Table 14-10-0023-01.

The trend of an aging workforce can be observed by calculating the share of workers aged 55 years and over. (See Chart 2.) In Manitoba, this share has been increasing at a sharp rate over most of the 2000s in both the manufacturing sector and across the wider economy. More than one-in-five manufacturing workers was aged 55 and over in 2021 compared to just 8.5 per cent in 2000. The all-industry average has followed a very similar trend. With the population continuing to get older over the coming years, so too will the province's workforce.

¹ According to Statistics Canada, Manitoba's fertility rate was 1.61 in 2020.

REPLENISHING THE WORKFORCE THROUGH IMMIGRATION

The prospect of an aging population has been with us for a long time, so all levels of government have been actively pursuing policies to mitigate its effects for many years. Immigration is one of the central policies designed to expand the supply of labour and reduce pressures on public finances. The number of immigrants coming to Canada has been steadily climbing over the past 50 years. In the 1970s, Canada admitted an average of about 145,000 immigrants per year. This grew to an average of nearly 280,000 immigrants per year in the most recent decade. Canada plans to dramatically increase immigration even further over the next few years to boost the economic recovery following the COVID-19 pandemic, with plans to welcome over 400,000 immigrants per year over 2021-23. Immigration will remain very important to Canada. In fact, without it, the population would shrink over the next 50 years.

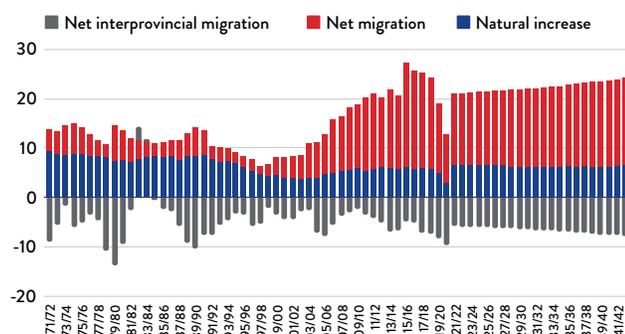
Immigration is also very important to Manitoba's efforts to replenish its workforce and reduce the burden of an aging population on the health care system. In the most recent decade, the province welcomed an average of 15,200 immigrants annually, 5.4 per cent of the total number of immigrants that arrive in Canada each year. This is a significant improvement over trends in the 1990s. In fact, over that decade, the province attracted an average of 4,300 immigrants per year, just 2 per cent of the national average.

As with Canada as a whole, immigration will be the primary driver of population growth in Manitoba over the coming years. In fact, according to Statistics Canada's medium-growth projection, Manitoba's population will increase over the next 25 years from 1.38 million in 2021 to 1.73 million by 2043. But for this scenario to pan out, Manitoba will need to continue to attract an increasing number of immigrants. Indeed, the natural increase (births minus deaths) is expected to hold relatively steady, but the province is expected to continue to suffer from interprovincial outmigration throughout the forecast period. As such, demographic growth in Manitoba will need to come primarily from immigration. In the medium-growth scenario, net international migration climbs from 14,400 in 2021-22 to 17,600 by 2042-43. (See Chart 3.)

While Manitoba has done a commendable job of becoming more attractive to immigrants in recent years, what is its record when it comes to retaining them? This is the question we examine in the next section.

Chart 3 – Population Projections by Component of Population Growth

Manitoba (medium-growth scenario)



Source: Statistics Canada – Tables 17-10-0008-0 1 and 17-10-0058-01.

IMMIGRANT RETENTION IN MANITOBA AND ACROSS CANADA

Understanding whether or not immigrants stay in their intended destination is very important in developing policies to encourage immigrants to stay in their province or territory of admission. Accordingly, Statistics Canada tracks the mobility of immigrant taxfilers through the Longitudinal Immigration Database (IMDB).

Table 1 shows data from the 2020 database and focuses on the movements of immigrants that landed in Manitoba in

2014. In each year, the out-migration rate outpaces the in-migration rate, leading to a gradual decline in the number of immigrants from the 2014 cohort living in Manitoba. Among immigrant taxfilers landing in Canada in 2014, 9,700 of them called Manitoba home. (See Table 1.) Five years later, the total number of immigrants from the 2014 cohort living in Manitoba was down to 9,180. Of those taxfilers, 8,695 were immigrants that originally landed in Manitoba. This works out to a retention rate of 72.8 per cent.¹

Table 1 – Interprovincial Migration of Immigrant Taxfilers
Manitoba (2014 cohort, all admission categories, population 15 years and over)

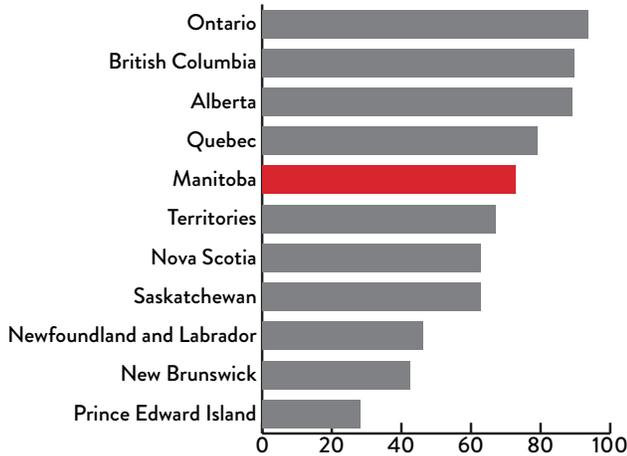
	2014	2015	2016	2017	2018	2019
Persons						
Total	9,700	9,730	9,660	9,585	9,385	9,180
Stayed in intended province	9,470	9,375	9,225	9,095	8,890	8,695
Out migration	980	1,655	2,070	2,445	2,875	3,255
In migration	230	355	435	490	495	490
Per cent						
Retention rate	90.6	85.0	81.7	78.8	75.6	72.8
Interprovincial out migration rate	9.4	15.0	18.3	21.2	24.4	27.2
Interprovincial in migration rate	2.2	3.2	3.9	4.2	4.2	4.1

Source: Statistics Canada – Table 43-10-0018-01.

¹ The retention rate does not take into account immigrants migrating in from another province of destination.

Chart 4 – 2019 Retention Rates of Immigrant Taxfilers by Province

Canada (2014 cohort, all admission categories, population 15 years and over, %)

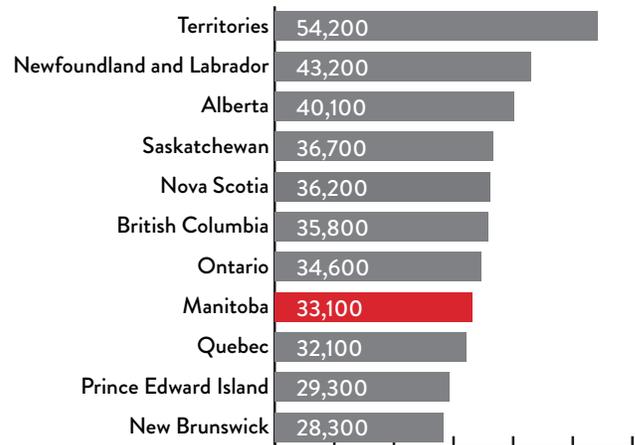


Source: Statistics Canada – Table 43-10-0018-01.

How does Manitoba’s ability to retain immigrants compare to its provincial counterparts? The short answer is middle of the pack and below the national average. Five years after admission in 2019, 85.5 per cent of immigrants who were admitted in 2014 filed taxes in their original province or territory of admission. Overall, Ontario had the highest provincial retention rate (93.7 per cent), followed by British Columbia (89.7 per cent) and Alberta (89.0 per cent). (See Chart 4.) Manitoba’s retention rate of 72.8 per cent was good enough to rank fifth. Atlantic provinces had lower retention rates than the rest of the country; among them, Nova Scotia had the highest provincial retention rate of 62.8 per cent, while PEI had by far the lowest retention rate at just 28.1 per cent.

Chart 5 – 2019 Median Income of Immigrant Taxfilers by Province

Canada (2014 cohort, all admission categories, population 15 years and over, \$)

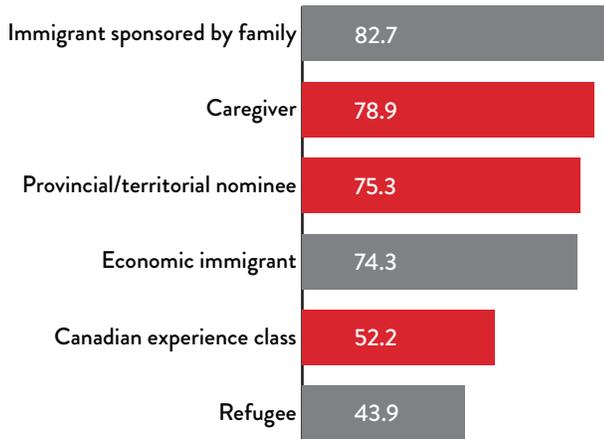


Source: Statistics Canada – Table 43-10-0026-01.

The ability of a province to retain immigrants is likely related to the amount of income they can earn at a job. Among immigrant taxfilers admitted to Manitoba in 2014, median income five years after admission was \$33,100. (See Chart 5.) This was below the national average of \$35,400 and lower than median incomes in six other provinces plus the territories. Only immigrants in Quebec, Prince Edward Island, and New Brunswick had lower median incomes. Raising the pay of immigrant workers surely needs to be a part of any retention strategy.

Chart 6 – 2019 Retention Rates by Immigrant Admission Category¹

Manitoba (2014 cohort, all admission categories, population 15 years and over, %)

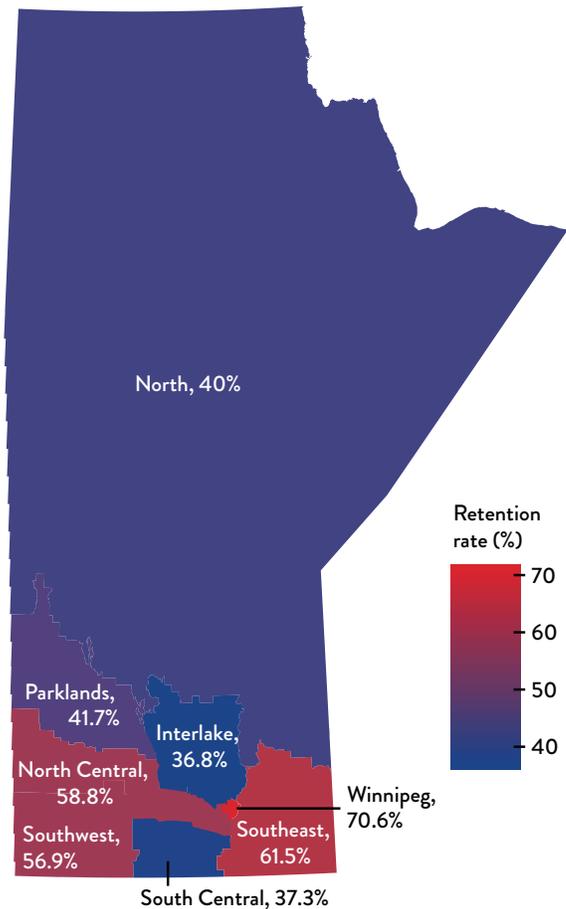


Source: Statistics Canada – Table 43-10-0018-01.

The presence of family members is related to higher retention rates. Among immigrant taxfilers admitted to Manitoba in 2014, the provincial retention rate five years after admission was 82.7 per cent for family-sponsored immigrants, highest among all categories. (See Chart 6.) In comparison, retention rates were 74.3 per cent for economic immigrants and 43.9 per cent for refugees. Of the three sub-categories of economic immigrant, retention rates were 78.9 per cent for caregivers, 75.3 per cent for provincial/territorial nominees, and 52.5 per cent for Canadian experience class immigrants.²

Figure 1 – 2019 Retention Rates of Immigrant Taxfilers by Economic Region

Manitoba (2014 cohort, all admission categories, population 15 years and over, %)



Source: Statistics Canada – Table 43-10-0018-01.

Some areas of the province have done a better job than others at retaining immigrants. Retention rates are highest in Winnipeg. Among immigrants arriving in 2014, the retention rate in 2019 was 70.6 per cent in the province’s most populated economic region. (See Figure 1.) This was followed by the Southeast (61.5 per cent), the North Central (58.8 per cent), and the Southwest (56.9 per cent) economic regions. At the other end of the spectrum, the Interlake and South Central economic regions had by far the lowest retention rates at 36.8 per cent and 37.3 per cent, respectively.

¹ The caregiver, provincial/territorial nominee, and Canadian experience class categories are coloured in red because they are sub-categories of the economic immigrant category.
² The Canadian experience class includes immigrants who have been selected by the federal government and were granted permanent resident status on the basis of their Canadian work experience. They were assessed on the basis of selection criteria such as their Canadian education, language abilities and Canadian work experience in management, professional, or technical jobs.

CASE STUDY

In virtually every formal survey conducted of CME members over the past decade, labour shortages have emerged as the most pressing issue facing manufacturers. However, as the policy landscape shifts and different challenges emerge, one constant remains – large and SME manufacturers alike continue to struggle with the tactical, operational challenges of attracting, recruiting and retaining immigrant labour in non-urban centres.

ABOUT FRIESENS

Enter Friesens Corporation, with a colourful history dating back nearly 120 years.

In order to explain the longevity and success of a business, it's sometimes necessary to take a journey back in time and learn about the "story behind the name". Founded just 30 years after the first Mennonite settlers arrived in Canada in Altona, Manitoba, D.W. Friesen's business served the community as a small confectionery store, and later, as a stationer, and then as a printer. Leadership soon realized that to compete broadly they would need to specialize, eventually landing on printed yearbooks. It was this product that allowed the company to grow outside of the province. Printing and binding school yearbooks led to other books; first black and white only, then colour. The company also pivoted to an employee-owned business model, which leadership believed would better link the efforts of the workers with the success of the business. They were right.

Although Friesens focus has been on printing, the company is far more than just a book manufacturer. Decades of expansion have led the company into both the packaging and publishing businesses, with 600 employees throughout four divisions. Friesens helps others share their best story with the world by hiring caring people and enabling them with the latest technology to create excellent experiences and great printed products.

FRIESENS AND THE COMMUNITY

Friesens is built around serving others. Employees and leaders at Friesens get out of bed every day to make a difference in the lives of their customers, their customers' customers, fellow employee-owners, and the community. The company seeks a win-win outcome in everything it does. A "think like an owner" philosophy drives the company's core values and influences all decisions: commitment to quality, excellent customer service and the stewardship of resources and the environment.

Friesens has always been a positive influence in the community. In 2021 alone, Friesens supported over 60 organizations and initiatives – from community-building projects like a local youth drop-in centre / maker-space, a daycare, and a community garden, to cultural initiatives like The Winnipeg Art Gallery and Mennonite Central Committee.

RECRUITMENT

Given its rural location, Friesens has always placed great emphasis on recruitment and onboarding, as well as in community integration initiatives related to housing, education, banking, grocery, and transportation.

More than 20 years ago, Friesens realized that future growth would be constrained by a lack of available labour in the local market, especially given Southern Manitoba's strong manufacturing sector and high demand for talent. To grow, Friesens needed to find other ways of recruiting. These conditions were the impetus behind the organization's first campaign to recruit over 100 foreign employees to join its workforce.

Welcoming newcomers into a small community is more challenging than in large urban centers. When the company welcomed its first foreign recruits there was limited community infrastructure to support them. Friesens HR team was tasked not just with recruiting, but with making sure people had a place to live, helping new employees buy furniture, registering for government services and bank accounts, finding recreational activities, setting up supports for spouses and much more.

Friesens not only onboards newcomers into its business; it onboards them into the community.

The company shows great care for each individual both in the workplace and the community. This effort is made possible through partners like the Manitoba Provincial Nominee Program, Regional Connections Immigration Services, Opportunities for Employment, and many other local services. Friesens also holds job fairs in the area focusing on the recruitment of both locally born workers and immigrants who have recently moved to Manitoba.

Today, Friesens benefits from an established community, and people who were welcomed themselves over the last several years are now helping welcome others.

DIVERSITY & INCLUSION

Friesens corporate theme for 2021 was “Stronger Together”, highlighting how the employee-ownership model is about people coming together focused on a common purpose. The company is stronger together when everyone is included, connected, and appreciated.

It was this goal that helped Friesens to embrace differences and knock down barriers that might be preventing employees from advancing their career. Efforts include a significant investment of time to encourage diversity at all levels of the company and included training for everyone to help recognize and overcome biases. This included investment in equity and diversity through scholarships and targeted recruitment.

Acceptance and inclusion starts with leaders and staff who genuinely care for newcomers as people first and as employees second. Part of Friesens efforts in this area were deliberate, but much was driven by local culture. Early on, company leaders were deliberate in the many ways they **help to tell the story of newcomers to other staff. In this way, the organization was able break down any underlying prejudice and increase compassion.** What’s more, on an ongoing basis, leaders receive training about how to manage cultural differences and build inclusion.

COMMUNITY

The Friesens team engaged municipal governments early on, building on the regions’ own motivation to help grow the population. The local credit union was engaged to provide training about money management, establishing credit, and loans. Regional Connections was engaged to bolster the company’s existing training programs to accommodate the needs of newcomers and local builders were engaged to build housing to meet the needs of newcomers. Moreover, schools were engaged to prepare for and welcome an influx of new students. **Engaging and keeping newcomer Canadians is work best shared by many partners**, in the business and in the community, which the Friesens model highlights in first-class fashion.

LESSONS LEARNED

When reflecting on the critical steps and milestones necessary for others should they wish to create something similar, Friesens recommends that companies make sure to resource the effort appropriately. Foreign recruitment is not something you can do “off the side of your desk”. It requires significant and sustained effort, but the payoffs are significant. It is also important to focus efforts on a single geographic location to start: Friesens began with focused attention with one recruitment agency in the Philippines. While there is a downside to concentrating in one geographic location, but at the beginning the benefits outweigh the negatives.

In addition, Friesens suggests that companies prepare for groups of newcomers who may lack English or French language skills. It is possible to offset these challenges with additional language training after their arrival, but it’s important to note that this does add expense for the company and additional effort for the employee. With our later recruits, Friesens has focused more on English competency with fewer barriers for the employee on arrival.

IN SUMMARY

There is no end in sight for the Friesens journey. The company has managed to sustain its desired growth while mitigating their labour constraint. What’s more, Friesens is much more diversified than ever, which has led to greater inclusivity, diversified thinking, and reflects society overall. And finally, a growing staff group helps fuel the surrounding community, creating a better place to live and work.

CONCLUSION

Immigration is clearly a federal responsibility. However, the province, municipal governments and manufacturers themselves play an important role in executing several critical elements.

CME encourages manufacturers to:

1. Work with the Government of Canada through CME membership to redefine what qualifies as a “skilled worker” and speed up processing times.
2. Work with the Government of Manitoba to expand the Provincial Nominee Program and ensure it is aligned with industry needs.
3. Participate in efforts to improve and streamline the process that recognizes credentials for internationally educated workers, especially in trades and technical roles.
4. Develop partnerships with community stakeholders to onboard employees not just to the workplace, but to the community as a whole.
5. Invest in Diversity and Inclusion training for leaders and all staff, to ensure newcomers are invited to a welcoming and respectful workplace.

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