Seasonality and Labour Challenges in Rural Cape Breton

Meeting the Needs of the Tourism Sector

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1 Executive Summary

Business demand in the tourism sector is closely tied to travel patterns that ebb and flow throughout the year, with large numbers of individuals arriving at a destination in some seasons and very few arriving in others.

Seasonal business cycles present many challenges, not least of which is finding the labour required to meet rapidly increasing customer demand. Research has shown that the demand for tourism services has grown faster than the ability of the Canadian labour force to supply the workers needed. This gap between labour demand and labour supply has created labour shortages. Data for the province of Nova Scotia shows that the tourism labour market entered a shortage in 2012. Between 2012 and 2019 there were an estimated 2,096 unfilled tourism jobs in Nova Scotia as a whole. If current labour market conditions remain unchanged, 5,132 tourism jobs could go unfilled by the year 2035.

Since these projections were made, the Government of Canada increased its yearly immigration intake targets. Higher immigration should fill some of the jobs that were expected to go unfilled, but the benefit will not be spread evenly across the country. Areas that are a destination for new arrivals will be most likely to see reduced labour shortages. Currently, immigrants make up 2.2% of the Cape Breton population.

Cape Breton experiences significant increases in seasonal tourism demand that coincide with the summer and fall months. Tourists begin to arrive in increasingly large numbers starting in late June/early July and continue to arrive until early October, after which the number of tourists arriving in the region falls dramatically.

The Nova Scotia Tourism Human Resource Council commissioned this study to understand how Cape Breton tourism businesses are managing seasonal employment in the face of increasing tourism demand and a tightening labour market. The research was funded by the department of Labour and Advanced Education and supported by a working group made up of individuals with an interest in supporting the economic growth of the Cape Breton region.

The purpose of the study was to examine economic and labour trends in the region and engage business operators, employment service providers, and other stakeholders to thoroughly analyze the seasonality issue. The information gathered can be used to identify industry-led initiatives that will mitigate labour difficulties caused by seasonal business cycles. Many Cape Breton tourism stakeholders supported this project through their time and effort by participating in consultation events, interviews and surveys.

Cape Breton tourism businesses face significant challenges finding enough workers, despite relatively high unemployment rates in the region. The tourism business cycle is highly seasonal, more so than in other regions of the province, and this trend is unlikely to change in the near future. Demand growth in
the summer season is outpacing demand growth in the winter. This, combined with the challenges businesses face in transitioning to year-round operation, is likely to entrench seasonal patterns further.

At the same time, the population of Cape Breton is declining, and the number of young people is declining particularly quickly. As the youth population is a traditional source of summer employees, operators will need to look elsewhere for workers. There is untapped capacity in the Cape Breton labour force, but challenges related to transportation and housing limit the ability to match unemployed workers with existing job vacancies, creating a situation where high unemployment and labour shortages exist alongside each other.

The results of this study are based on the labour market in Cape Breton but reflect the realities of the rural tourism sector in many regions of Canada. The situation is difficult, and tourism is faced with a shortage of labour that is compounded by accelerated demand for products and services. The sector will need to face these challenges head on to address these shortages by looking for opportunities to improve available housing and transportation, forging closer connections with employment service providers, and by sharing resources and expanding existing efforts to identify solutions to labour shortages.
Table of Contents

1 Executive Summary ................................................................................................. i
2 Introduction ........................................................................................................... 4
3 Summation of Key Findings .................................................................................. 5
4 Cape Breton Tourism Demand .............................................................................. 12
  4.1 Cape Breton Room Nights Sold ........................................................................ 12
  4.2 Seasonality in Cape Breton ............................................................................... 13
  4.3 Cape Breton Total Available Rooms ................................................................. 14
  4.4 Key findings: Cape Breton Tourism Demand .................................................... 17
5 Summary of Cape Breton Demographics ............................................................... 18
  5.1 Population ......................................................................................................... 18
  5.2 Age .................................................................................................................... 18
  5.3 Immigrant Population ....................................................................................... 20
  5.4 Indigenous Population ...................................................................................... 21
  5.5 Education Level ............................................................................................... 21
  5.6 Labour Force Participation and Employment .................................................. 22
  5.7 Key findings: Cape Breton Demographics ....................................................... 24
6 Tourism Employment Cycles and Shortages ......................................................... 25
  6.1 Unemployment Rate ........................................................................................ 25
  6.1.1 Unemployment Rates in the High Season of Tourism Demand .............. 27
  6.1.2 Nova Scotia Tourism Labour Force ............................................................... 28
  6.2 Key findings: Tourism Employment Cycles and Shortages .......................... 37
7 Labour Shortage Projections in Nova Scotia ......................................................... 38
  7.1 Effect of Immigration on Labour Shortages .................................................... 39
  7.2 Labour Supply by Tourism Industry Group ..................................................... 41
  7.2.1 Food and Beverage Labour Supply and Demand ........................................ 42
  7.2.2 Accommodations Labour Supply and Demand ......................................... 45
  7.2.3 Key findings: Labour Shortage Projections in Nova Scotia ...................... 48
8 Tourism Labour Seasonality Literature Review ................................................... 49
  8.1 The Seasonality of Tourism ............................................................................ 49
  8.2 The Importance of Labour in the Tourism Sector .......................................... 50
8.3 Distinguishing Factors of Tourism Labour

8.4 Labour Issues of Seasonality

8.4.1 Quantity

8.4.2 Quality

8.5 Labour Flexibility

8.5.1 Functional Flexibility

8.5.2 Numerical Flexibility

8.6 Key findings: Seasonality Literature Review

9 Labour Seasonality Best Practices and Available Labour Sources

9.1 Migrant Labour

9.1.1 Canada

9.1.2 The United Kingdom

9.1.3 Australia

9.1.4 United States of America

9.2 Retaining Migrant Labour

9.2.1 The United States of America

9.3 Private Sector Initiatives

9.3.1 Disney

9.3.2 Marriott

9.3.3 Four Seasons

9.3.4 Small Business Initiatives

9.4 Accessing Underutilized Local Labour

9.4.1 New Zealand

9.4.2 Canada

9.4.3 Japan

9.5 Available Temporary Labour Sources

9.5.1 Temporary Foreign Worker Program

9.5.2 International Mobility Program

9.5.3 International Experience Canada Program

9.5.4 Working Holiday

9.5.5 Young Professionals

9.5.6 International Co-op
9.5.7 Canada Summer Jobs Program ................................................................. 72
9.5.8 International Students Studying in Canada .............................................. 73
9.5.9 Employing Newcomers in Canadian Hotels Pilot Project ......................... 74
9.6 Private Sector Initiatives ........................................................................... 74
9.7 Key findings: Seasonality Best Practices .................................................. 75

10 Seasonality Survey of Businesses and Employment Service Providers .......... 77
10.1 Effects of Labour Shortages on Businesses ................................................. 81
10.2 Constraints to Connecting Job Seekers and Employment ......................... 81
10.3 Potential Solutions to Labour Shortages ................................................... 83
10.4 Key findings: Survey of Businesses and Employment Service Providers .......... 85

11 Consultation Session .................................................................................. 87
11.1 Managing Seasonality ............................................................................. 87
11.2 Skills Required by Seasonal Employees and Seasonal Business Owners ........ 88
11.3 Potential Solutions .................................................................................. 89
  11.3.1 Minimize Job Shedding ......................................................................... 89
  11.3.2 Policies and Programs Offering Solutions ........................................... 91
11.4 Key Findings: Consultation Session .......................................................... 92

12 Analysis and Recommendations ................................................................ 94

13 References .................................................................................................. 97
2 Introduction

Tourism is an important driver of the Nova Scotia economy. One in ten employed Nova Scotians worked in the tourism sector according to the 2016 census. International tourist arrivals to Canada showed significant growth in 2015, seeing a 9% increase over 2014. In 2016, Canada welcomed 20 million international visitors, the highest number since 2002. Visitation to Nova Scotia increased by 9% in 2017, marking the fourth consecutive year of growth in the province.

Cape Breton is an island in Nova Scotia that is home to 132,000 people, located in the north-eastern corner of the province with the Gulf of St. Lawrence at its eastern coast and the Atlantic Ocean on its west. The area’s beautiful scenic backdrop and rich cultural history has framed it as a highly desirable tourism destination. Travellers can experience the natural beauty that Cape Breton has to offer by hiking, camping, whale watching, fishing, boating and exploring the unique landscape. The Cabot Trail and the Cape Breton Highlands National Park offer amazing opportunities for tourists to enjoy the breathtaking surroundings. Cape Breton Island also offers tourists the ability to experience their rich cultural history through their coastal culinary offerings, Celtic music, museums and historic sites. The Cape Breton tourism sector is a unique combination of elements which work together to create desirable and memorable travel experiences.

The economic importance of tourism is contrasted with a declining labour force which makes it difficult to realize the full potential for growth that the sector offers. In fact, systemic labour challenges have been exacerbated by the growth of the sector. Yet, Cape Breton also has systemically high unemployment, creating a situation where jobs without people and people without jobs coexist side by side.

In May and June of 2017, meetings were held to discuss ways that labour challenges could be mitigated and growth realized. One key outcome of the first meeting was the determination to pursue a pilot project that can be industry-led, and not reliant on government, meaning that business capacity to support such a project needed to be considered.

The second meeting brought together several representatives from industry associations, employment service providers, regional and provincial government departments, and economic development associations. The aim was to discuss employee recruitment and retention issues in Nova Scotia from a broad perspective. It was determined that as a next step an ad hoc working group, lead by Labour and Advanced Education, should be formed to identify solutions to key issues facing businesses and those looking for work. A key strategy would be engaging business operators and connecting them with resources.

The Nova Scotia Tourism Human Resource Council was invited to join the ad hoc working group and sought funding for an in-depth study of key labour challenges faced by businesses in Cape Breton due to seasonality challenges. The study would focus on the accommodations industry but also be inclusive of
other tourism industries and seek to identify a pilot project that the tourism sector could support and initiate.

An examination of current economic and labour market trends in Cape Breton and projections of future labour market trends was conducted using available research to identify the likely future of Cape Breton’s tourism sector, should no intervention be taken to mitigate labour issues associated with seasonality. This included a situational analysis of seasonality and the tourism sector both in Cape Breton and worldwide to identify common trends and potential solutions, surveys of businesses and employment service providers, direct consultations with industry stakeholders, and an in-depth examination of existing labour market information.

3 Summation of Key Findings

Cape Breton Tourism Demand
Demand for tourism in Cape Breton is increasing, with the greatest increase in demand occurring in the summer months. Tourism in Cape Breton is highly seasonal and will continue to be for the immediate future.

- Sales of hotel room nights, taken as a proxy for overall demand levels, show high levels of seasonality and significant fluctuation between the summer and winter months.
- In the last four years, demand in peak season has increased steadily. While demand in the off-season has also grown, it has done so more slowly. This has created a widening gap between demand levels in the summer and demand levels in the winter.
- Fluctuations in demand levels are much greater than is experienced by the rest of the province.
- The number of available rooms also decreases drastically in the off-season.
- The vacancy rate in Cape Breton has been decreasing, meaning the demand for rooms is encroaching upon available supply.
- Demand in the high season has been increasing, however, total supply of rooms in the high season has been decreasing. July and September especially have experienced a sharp decrease in supply of rooms since 2007.

Cape Breton Demographics
The demographic trends in Cape Breton are not conducive to increasing the supply of labour, or to increasing local demand for tourism in the off-season. However, the immigrant and indigenous populations are growing and there is a significant pool of unemployed individuals that could be drawn on. Despite the long-term decline in the size of the population and labour force, there is untapped capacity in the labour market, as evidenced by Cape Breton’s high unemployment rate.
Cape Breton’s overall population declined 2.9% from 2011 to 2016, and now stands at 132,000 individuals.

All age groups from 15 to 54 declined, while age groups older than 55 increased as a share of the overall population.

The share of 15 to 24 years olds in the population declined 14.1% from 2011 to 2016.

Population projections show that for the province as a whole, the number of 15 to 24 year olds will not begin to increase until the year 2026.

The immigrant population has grown 11.4% since 2011 to a total of 2.2% of Cape Breton’s population. This growth has occurred outside the Cape Breton Regional Municipality.

The Indigenous population of the Island has grown substantially from 8,655 individuals to 11,755 individuals in 2016.

The education level of the population has been increasing, and there has been a significant drop in the percentage of the population without any form of educational certificate or degree.

The share of Cape Breton’s population that is actively participating in the labour force is low compared to both the rest of the province and Canada as a whole. Conversely, Cape Breton has a higher unemployment rate, suggesting that there is an available labour pool to draw from.

Tourism Employment Cycles and Shortages

Tourism employment has been growing but remains highly cyclical. During the summer, the unemployment rate in some industries reaches zero, indicating that workers are not available to meet expanding demand for tourism services.

During the year, the tourism unemployment rate fluctuates much more than the overall unemployment rate, and falls well below the overall rate in the summer months.

The level of unemployment within the tourism sector is dependent on the cyclical nature of tourism demand and directly related to seasonality.

Unemployment in the accommodations industry sees greater seasonal variance than tourism as a whole, or than the food and beverage services industry.

The closer the unemployment rate gets to 0.0%, the greater the risk that the industry’s workforce will be unable to support operations and future growth.

The number of full-year tourism jobs in Nova Scotia has been growing since 2012, but the number of individuals employed in a given month fluctuates.

Since 2012, the size of the tourism labour force in peak season has been decreasing despite an overall increase in full-year jobs.
• The food and beverage service industry has followed a similar labour trend to the tourism sector, while the accommodation industry has seen consistent declines in the size of its labour force, both in terms of full-year jobs and peak season employment.

Labour Shortage Projections in Nova Scotia
Tourism labour shortages began in 2012, when the demand for labour in Nova Scotia’s tourism sector surpassed the supply of labour, creating a shortage of 126 unfilled positions. This discrepancy between supply and demand will grow continuously if current labour market conditions remain unchanged. Between 2012 and 2019, there were an estimated 2,096 unfilled tourism jobs in Nova Scotia as a whole. This shortfall is expected to continue to build to a total of 5,132 unfilled jobs by 2035.

• Estimates of the demand for labour based on spending within the tourism sector indicate that by 2035, a cumulative total of 5,132 tourism jobs that could exist will go unfilled because of labour constraints.
• Increased intake of immigrants announced in the fall of 2017 could mitigate, although not eliminate, tourism labour shortages that are expected in Canada as a whole.
• Cape Breton is not ideally placed to take advantage of increased immigration, as only 2.2% of the current population are immigrants.
• The food and beverage services industry is facing the largest labour shortages, with particularly significant shortages of food counter attendants/kitchen helpers and cooks.
• The accommodations industry will be unable to fill 871 positions, with a particular lack of light duty cleaners (housekeepers) and hotel front desk clerks.

Seasonality Literature Review
Tourism in Cape Breton is highly seasonal and this trend will likely continue, as there are natural factors that draw tourists at specific times of the year. Shoulder season growth in September and October is already strong, while increasing customer demand in May and June would expand the season at a time of year when student labour can be utilized. However, students are showing less interest in the tourism sector as a place of work. To counteract this, any policies that could increase the available workforce overall should be supported.

• Seasonality can be categorized into natural and institutional factors. Natural factors cover environmental occurrences, such as temperature and sunshine. Institutional factors are related to social norms and practices.
• Effects of seasonality are most prominent among coastal regions, as visits to these areas is driven by sun, sand and surf, which are direct results of seasonal weather patterns.
• Residents of a destination need to understand the benefits of tourism in their community. Locals who believe tourism adds value are more welcoming, which enhances the tourism exchange for the area.
• The success of tourism relies on customer experience and satisfaction, which is driven by employee performance. The seasonal nature of tourism work can lead to a lack of motivation and commitment, adversely affecting customer satisfaction.

• Labour issues are problematic for tourism as the product is consumed in the place of production. Production cannot be moved to places with more available labour, rather labour must be increased at the destination.

• Students, who traditionally fill many tourism jobs are reducing their participation in the labour force overall. Increasingly, students who are working are moving away from tourism jobs and opting to seek work in their field of study.

• Some of the main factors deterring students from participating in the industry are long and highly variable hours, uncertainty surrounding career progression, and the image of tourism being a “low-skilled” industry.

• Islands typically have more difficulty because their smaller labour pools are geographically segregated, reducing labour mobility.

• Island destinations often build their appeal on unique cultural elements, with the local population acting as the carriers of that culture. The use of external sources of labour may jeopardize the authenticity of the cultural tourism experience.

• Labour flexibility can help reduce shortages. Functional flexibility refers to the transfer of workers between departments and jobs dependent upon where their labour would be most efficiently used. Numerical flexibility refers to volume changes with different amounts of labour employed throughout the year. Numerical flexibility is more important and effective than functional flexibility at addressing seasonal labour issues.

Seasonality Best Practices
There are limited private sector initiatives that alleviate labour shortages, and those that exist are mostly created and executed by large companies. Smaller businesses tend to rely on government policies, such as migrant labour programs. Temporary workers have offered a solution to seasonal labour issues in many countries, including Canada. However, programs for migrant labour can be politically contentious and subject to sudden policy changes. Migrant workers also need access to housing and transportation, which Cape Breton lacks.

• Migrant labour has been successfully used by the tourism sector in the United Kingdom, including Northern Ireland and Scotland, which is facing similar demographic pressure to those seen in Cape Breton, and relies on tourism to economically support rural areas and small communities.

• The United States attracts migrant workers from Jamaica to support the tourism sector during that country’s off-season. The creates a well-trained workforce for American companies and
provides individuals with year-round or higher paying employment when a job in their home country would be less lucrative.

- Well organized private sector initiatives can be found, but are implemented by large companies, much larger than any found in Cape Breton. Smaller businesses need to be more focussed in the types of programs they attempt. One successful strategy that was identified was to target recruitment to a single unique labour pool.

- Since 2014, changes to Canada’s temporary foreign worker program have restricted its usefulness as a source of labour. It had been used to mitigate labour shortages in some regions prior to these changes, but the system is socially contentious and shows a tendency to constantly change and shift due to political changes. This makes it a potentially useful, but volatile source of labour and a poor long-term solution.

- The working holiday visa program is also a potential source of labour that has been restricted in the recent past. Thought it still is a source of labour, the benefits of the program accrue largely to Western provinces.

- One growing demographic group that is available to employers are international students, who can work up to 20 hours per week during study periods and full-time during school breaks.

- The Canada summer jobs program is well known and extensively used by tourism businesses in Cape Breton. It can supplement the wages of young workers, but does not contribute to an increase in available labour.

- There is a general lack of private sector initiatives available in Nova Scotia and the Cape Breton area, and existing private sector options are not readily available or easy to find. Building private sector initiatives would be highly beneficial for the Cape Breton tourism sector in terms of helping local businesses to gain access to seasonal labour.

Survey of Businesses and Employment Service Providers
Cape Breton’s tourism businesses are mostly small, giving them limited capacity to manage labour shortages on their own. They operate in an environment in which demand for their product is highly seasonal, but where the workforce is mostly looking for year-round work. There is a gap between the work the businesses can offer and the type of jobs unemployed Cape Bretoners are looking for.

- The majority of businesses are small, both in terms of annual revenue and staff numbers, and almost all see significant fluctuations in staffing levels, with a significant increase in staff required for the summer months.

- Most clients of employment service providers are looking for full-time/year-round work. A minority were looking for full-time/seasonal work.

- In 2017, tourism businesses were unable to fill about 20% of the positions they had available, and the majority of businesses report that it is very difficult to find staff for the peak season.
• The temporary foreign worker program and the Atlantic Immigrant Pilot program were not being used by a significant number of tourism businesses in Cape Breton.

• Infrastructure was seen as an impediment by both businesses and service providers, with public transportation and rental housing considered the most problematic issues.

• Additional barriers to working in the tourism sector were wages, split shifts, and shifts on evenings and weekends, which compound employees’ difficulty in finding transportation and childcare.

• The clients with whom employment service providers are working have gaps in essential skills and knowledge gaps in areas such as workplace safety or food preparation that act as barriers to work in hospitality. In addition, most tourism businesses do not have dedicated human resource personnel, making essential skills gaps a difficult barrier to overcome.

• Several potential solutions were rated highly by businesses and employment service providers, but many practical obstacles were noted that must be overcome if a solution is to be implemented.

• The size of businesses in Cape Breton makes it difficult and potentially risky for businesses to attempt new, innovative and untested approaches to mitigating labour shortages.

Consultation Session
Seasonality is a feature of the Cape Breton tourism sector. This seasonal cycle is unlikely to shift in the near term as both businesses and employees have adapted to this cycle and there are incentives in place that support its continuation. More connection between businesses and those who serve individuals looking for work are needed. However, both tourism businesses and employment services providers have limited capacity beyond managing their day-to-day work.

• Tourism is a seasonal industry but compared to other industries it sees more turnover year-over-year among the individuals that make up its labour force.

• Seasonal work has positive effects such as flexibility to pursue other interests, but it limits the ability of businesses to attract those seeking full-year work.

• The workload associated with seasonality makes it difficult to make proactive adjustments to business practices during the season itself.

• The seasonal cycle of employment has become a feature of the local economy.

• Frontline workers need specific skills in areas including local product knowledge, communication, customer service, cultural awareness, and conflict management to effectively function on the job. They also need dynamic abilities that allow adaptation to different types of demand.
• Shifting to year-round employment could reduce job shedding, but off-season demand could not accommodate all workers and the shift would be expensive, especially as existing tax incentives would be lost.

• Current employment insurance rules make it financially advantageous for workers to go on employment insurance, which limits the ability of businesses to retain staff in the off-season or to retain them in a partial capacity.

• Overcoming barriers such as a lack of childcare, public transit and affordable housing are hampered by the size of most tourism businesses, creating a need for cooperation between businesses and government entities to address these issues.

• It is difficult to connect program providers and potential users of programs when both program providers and business owner/operators are focused on managing the day-to-day requirements of their jobs.

• A point to point employee shuttle service may be under consideration in the Cape Breton Regional Municipality as a pilot project.
4 Cape Breton Tourism Demand

The past few years have seen significant increases in tourism activity in Cape Breton and increased tourism revenue for Nova Scotia as a whole. In 2017, there was a 9% increase in visitors to the province compared to 2016, and tourism revenue for 2017 was estimated at $2.7 billion.¹ The federal government provides strong support to the tourism sector through marketing and the Atlantic Canada Opportunities Agency (ACOA) for destination development. The Nova Scotia tourism industry’s goal is to double 2010 tourism revenues by 2024. Based on results to date, Cape Breton Island is projected to surpass its targeted share of that goal.²

However, the seasonality of the tourism market in Cape Breton has created challenges in terms of staffing and managing labour within the industry. This issue can restrict a destination’s ability to grow their industry and provide a quality experience for their guests. This section will provide a review of Cape Breton hotel occupancy data, current and projected data on tourism labour supply and demand for Nova Scotia, along with an overview of the Nova Scotia labour force and unemployment rates. This information can be used to make educated decisions regarding the most appropriate course of action to address the labour issues facing Cape Breton and Nova Scotia.

4.1 Cape Breton Room Nights Sold

The demand for tourism in Cape Breton, Nova Scotia is highly seasonal and fluctuates greatly throughout the year. Figure 1 is a representation of hotel room nights by month in Cape Breton. Hotel room nights was chosen to show these trends because it provides a more accurate representation of demand than other measures like occupancy percentage. Demand for rooms can be taken as a proxy of overall visitor demand and indicative of demand levels for food services, entertainment, recreation and other tourism products. High levels of hotel nights purchased in the summer months, followed by sudden sharp falls in purchases in the off-season creates staffing and labour difficulties for tourism companies. For example, on average between 2007-2017, 17% of tourism business has come in July, and 19% of business occurred in August. It is also significant to note that, in the last four years, the demand for tourism during the peak season has been steadily increasing, with 90,000 room nights sold in August 2017, a 22% increase since August 2011. Conversely, January has consistently been the slowest month for Cape Breton hotels in the last 10 years, and January demand has only increased by 8% between 2007 to 2017. This makes the effects of seasonal fluctuations even more predominant and demand for seasonal labour even more acute.

² Destination Cape Breton Strategy, 2018
4.2 Seasonality in Cape Breton

Cape Breton is especially susceptible to extreme seasonality of demand, which is made clear when comparing fluctuations of demand between Cape Breton and the surrounding area. The surrounding area includes the Bay of Fundy/Annapolis Valley, Eastern Shore, Halifax Metro, Northumberland Shore, South Shore and Yarmouth/Acadian Shores. Figure 2 shows hotel nights per month as a percentage of total hotel nights for the year. The graph demonstrates that the difference between the peak and low seasons for Cape Breton fluctuates far beyond that of the rest of Nova Scotia. For example, in 2017, August accounted for 19% of the year’s room nights compared to only 14% for the surrounding area. In contrast, in Cape Breton, February accounted for 3% of the year’s room nights compared to 5% in the surrounding area in the same year. As a result of the level of seasonality of demand in Cape Breton, it is difficult to schedule labour effectively since a great deal of labour is needed in the summer months and only a fraction of this labour is needed during the rest of the year. As a result, the industry is unable to support the employment of all the peak season staff for year-round positions, creating the need for a seasonal labour force.

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3 Open Data Nova Scotia, Tourism Nova Scotia Fixed Roof Accommodations, 2018
4.3 Cape Breton Total Available Rooms

Figure 3 shows the number of rooms sold in Cape Breton against the total available rooms. The total available room numbers were estimated based on data made available from Open Data Nova Scotia (2018). This primary data provides monthly occupancy rates and room nights sold for Cape Breton. Monthly room nights sold were divided by the number of days in that month to give an average daily room night. Then, this daily room night number was divided by the monthly occupancy rate, and then multiplied by 100 to give an estimate of the number of rooms available, as a proxy for total daily supply. For example, in January 2007 the monthly occupancy rate was 26% and room nights sold was 12,000. The total available rooms for January 2007 was calculated as follows:

- 12,000 (rooms sold) / 31 (days in January) = 387 (average daily room nights)
- 387 / 26 (monthly occupancy) = 14.88
- 14.88 X 100 = 1,488 (total rooms available per day in January, 2007)

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4 Open Data Nova Scotia, Tourism Nova Scotia Fixed Roof Accommodations, 2018
5 Open Data Nova Scotia, Tourism Nova Scotia Fixed Roof Accommodations, 2018
The total rooms available fluctuates greatly depending upon the season. For example, in 2017, total rooms available in August per day was about 3,541 compared to only 1,498 in January.

One significant trend to note is that difference between total available rooms and rooms sold (room vacancy), has been decreasing over time. Figure 4 shows the vacancy rate from January 2007 to December 2017. The graph’s downward sloping trend line indicates that the difference has decreased over time, meaning that the demand is increasingly encroaching upon supply. In other words, supply has been decreasing while demand has been increasing. This means that the vacancy rate has been decreasing, as fewer rooms are available and occupancy rates are increasing. In August 2007, 29% of available rooms were vacant compared with only 18% in August 2017. This is a percentage decrease of 37.9% in the August vacancy rate between 2007 and 2017. It is of significant importance to monitor this decreasing vacancy rate to ensure that the total available rooms in the future will be sufficient enough to facilitate future growth in demand.

**Figure 3: Cape Breton Total Available Rooms and Rooms Sold**

![Cape Breton Total Available Rooms and Rooms Sold](image)

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6 Open Data Nova Scotia, Tourism Nova Scotia Fixed Roof Accommodations, 2018
Table 1 shows the percentage change of total available rooms by month from 2007 to 2017. Over the last ten years the number of available rooms between August 2007 and August 2017 has decreased by 5.0%. In contrast, the number of available rooms from January 2007 to January 2017 has increased by 0.6%. As earlier discussed, demand in the high season has been increasing, however, total supply of rooms in the high season has been decreasing. July and September have experienced a especially sharp decrease in supply of rooms since 2007, with a decrease of 8.3% and 8.2% respectively. The increases in demand coupled with the decreases in supply have resulted in increasing occupancy rates for Cape Breton, which if not properly planned can have the potential to stifle growth. It seems as though many of the accommodations businesses in Cape Breton are open seasonally, which may also have an effect on future growth potential, especially if attempting to grow the industry in the off-season. These businesses are likely taking advantage of Nova Scotia’s seasonal tourist business designation that applies to restaurants, roofed accommodation or camping businesses that are closed for at least four months of the year. Businesses that meet this definition are eligible for a reduced commercial tax rate. This creates a financial incentive to operate a tourism business in a region where there are low demand levels for part of the year, but it also creates a barrier to expanding the tourism season because demand must rise enough to outweigh the financial incentive of reduced tax rates.

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7 Open Data Nova Scotia, Tourism Nova Scotia Fixed Roof Accommodations, 2018
### Table 1: Percentage Change in Total Available Rooms in Cape Breton from 2007 to 2017

<table>
<thead>
<tr>
<th>Month</th>
<th>Percentage Change</th>
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<tbody>
<tr>
<td>Jan</td>
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</tr>
<tr>
<td>Feb</td>
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<tr>
<td>Mar</td>
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<td>Nov</td>
<td>-6.3%</td>
</tr>
<tr>
<td>Dec</td>
<td>-4.2%</td>
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</tbody>
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### 4.4 Key findings: Cape Breton Tourism Demand

Demand for tourism in Cape Breton is increasing, with the greatest increase in demand occurring in the summer months. Tourism in Cape Breton is highly seasonal and will continue to be for the immediate future.

- Sales of hotel room nights, taken as a proxy for overall demand levels, show high levels of seasonality and significant fluctuation between the summer and winter months.
- In the last four years, demand in peak season has increased steadily. While demand in the off-season has also grown, it has done so more slowly. This has created a widening gap between demand levels in the summer and demand levels in the winter.
- Fluctuations in demand levels are much greater than is experienced by the rest of the province.
- The number of available rooms also decreases drastically in the off-season.
- The vacancy rate in Cape Breton has been decreasing, meaning the demand for rooms is encroaching upon available supply.
- Demand in the high season has been increasing, however, total supply of rooms in the high season has been decreasing. July and September especially have experienced a sharp decrease in supply of rooms since 2007.

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8 Open Data Nova Scotia, Tourism Nova Scotia Fixed Roof Accommodations, 2018
5 Summary of Cape Breton Demographics

Understanding trends in the demographics of a destination’s workforce is critical when planning industry employment. The degree to which the population’s workforce matches the jobs that need to be filled has a great impact on the effective staffing of the industry. If the destination does not have an adequate supply of local labour to support their businesses, plans must be made to ensure that a lack of labour does not inhibit the quality of the tourism experience and possible future industry growth.

This section will outline some of the demographic information for the economic region of Cape Breton, that pertains specifically to various segments of labour, by analyzing and comparing trends between the 2011 and 2016 census data. In 2011, a short form census was collected, along with a voluntary National Household Survey. This was followed in 2016 with a long form census. The response rates are slightly variable between the two years due to the voluntary nature of the National Household Survey, however, they still provide useful insights and means of comparison.

Data for the economic region of Cape Breton was published for the year 2016, while data for the year 2011 was compiled from data available for the counties of Cape Breton, Inverness, Victoria and Richmond. This information can be used to assess the degree to which the population in Cape Breton can satisfy the employment needs of the highly seasonal tourism sector. It can also show the possibility to target different demographic groups as potential sources of labour.

5.1 Population

Table 2 shows the population of Cape Breton in 2011 and 2016. Between these years the population declined by 2.9%. The population is declining as the demand for tourism is increasing, which may contribute to the labour shortages Cape Breton experiences now and is expected to experience in the future.

Table 2: Cape Breton Population

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>135,974</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>132,010</td>
<td>-2.9%</td>
</tr>
</tbody>
</table>

5.2 Age

In Nova Scotia, one can work in many tourism businesses at the age of 15. Restaurants are permitted to hire people 14 or 15 years of age, but labour laws limit the kinds of tasks they can perform. In the Nova Scotia hotel industry, labour legislation dictates that companies cannot hire people below the age of

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9 Source: Statistics Canada, 2011 and 2016 Canadian Census Profile
Young people make up a key part of the tourism labour force, filling 30.4% of all tourism jobs in 2016, 16.7% of jobs in the accommodation industry and 42.2% of jobs in food and beverage services. The provincial age restrictions on industry labour should be taken into account when using this data to plan future hiring strategies.

Table 3 shows the distribution of Cape Breton by age range, starting at age 15. Data is given for the years 2011 and 2016 along with the percentage change between these years. The age ranges of 15-24, 35-44 and 45-54 all experienced substantial decreases with percentage changes of -14.1%, -10.3% and -15.6% respectively. The age range of 25-34 years experienced little change, dropping only by 0.3%. The population of those aged 65 years and older saw an increase of 16.7% between the years of 2011 and 2016. It is also significant to note that the 65 years and older age range also experienced the greatest increase in the size of the group as a percentage of the population as a whole, increasing from 19.7% of the population in 2011 to 23.6% in 2016. The population of Cape Breton is aging, which may provide an opportunity for tourism businesses to target older workers, but also shows that young workers who have historically been a key source of workers will not be a growing labour pool. The sharp decline in the size of the youth and young adult demographic may suggest that investing a great deal of time or finances recruiting this segment may not provide the desired results. Older workers who may be retired or soon retiring from their careers may be interested in picking up part-time or seasonal work in the tourism sector for additional income, or to keep busy. The availability and lifestyle of retired people is a great match for seasonal or part-time hospitality positions.

Table 3: Cape Breton Population Age Distribution

<table>
<thead>
<tr>
<th>Age</th>
<th>2011</th>
<th>Percentage of the Population</th>
<th>Total</th>
<th>Percentage of the Population</th>
<th>Total</th>
<th>Percentage Change in Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-24</td>
<td>16,830</td>
<td>12.4%</td>
<td>14465</td>
<td>11.0%</td>
<td></td>
<td>-14.1%</td>
</tr>
<tr>
<td>25-34</td>
<td>12,170</td>
<td>9.0%</td>
<td>12135</td>
<td>9.2%</td>
<td></td>
<td>-0.3%</td>
</tr>
<tr>
<td>35-44</td>
<td>15,255</td>
<td>11.2%</td>
<td>13680</td>
<td>10.4%</td>
<td></td>
<td>-10.3%</td>
</tr>
<tr>
<td>45-54</td>
<td>22,260</td>
<td>16.4%</td>
<td>18780</td>
<td>14.2%</td>
<td></td>
<td>-15.6%</td>
</tr>
<tr>
<td>55-64</td>
<td>22,875</td>
<td>16.8%</td>
<td>23455</td>
<td>17.8%</td>
<td></td>
<td>2.5%</td>
</tr>
<tr>
<td>65 and older</td>
<td>26,740</td>
<td>19.7%</td>
<td>31195</td>
<td>23.6%</td>
<td></td>
<td>16.7%</td>
</tr>
</tbody>
</table>

11 Source: Statistics Canada, Customized Tabulations, Census 2016
13 Source: Statistics Canada, 2011 and 2016 Canadian Census Profile
Projections of the population for Nova Scotia show that the number of young workers who are available will not begin growing in the near future. These projections cover the entire province, but are also a good proxy for what is occurring in Cape Breton.

Figure 5 shows the projected youth population of Nova Scotia, which began to decline early in this decade and will continue to do so until the year 2025. There will be an increase in the population of individuals aged 15 to 24 starting in 2026, but the total number of youth within the population will be greatly diminished compared to the early years of the current decade.

![Nova Scotia Projected Population Aged 15 to 24 Years of Age (2014 – 2030)](chart)

5.3 Immigrant Population

Tables 4 and 5 show the total number of immigrants living in Cape Breton and the Cape Breton Regional Municipality (CBRM), as well as this value as a percentage of the population. Between 2011 and 2016 the number of immigrants in Cape Breton increased by 11.4%, while the population within the CBRM declined, although immigrants as a percentage of the total population remained constant at 1.8%. This suggests that immigrants moving into the region are choosing rural areas over urban centres. Although immigrants still make up a small share of the overall population, this could indicate that targeting immigrants as potential labour sources could be a viable option for rural operators.

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14 Statistics Canada. Table 17-10-0057-01 Projected population, by projection scenario M1: medium-growth, 1991/1992 to 2010/2011 trends 3, age and sex, as of July 1 (x 1,000)
Table 4: *Cape Breton Immigrant Population*\(^{15}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Percentage of the Population</th>
<th>Percentage Change in Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2,630</td>
<td>1.9%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>2,930</td>
<td>2.2%</td>
<td>11.4%</td>
</tr>
</tbody>
</table>

Table 5: *Cape Breton Regional Municipality Immigrant Population*\(^{16}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Percentage of the Population</th>
<th>Percentage Change in Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1,760</td>
<td>1.8%</td>
<td>-</td>
</tr>
<tr>
<td>2016</td>
<td>1,690</td>
<td>1.8%</td>
<td>-4.0%</td>
</tr>
</tbody>
</table>

Note: When calculating the percentage of the population, the total number of people in private households was used.

5.4 Indigenous Population

Table 6 shows the total number of Indigenous people living in the Cape Breton, as well as this value as a percentage of the population. Between 2011 and 2016, the number of Indigenous people in Cape Breton increased by 35.8%. In 2011, the Indigenous population made up 6.4% of the total population compared to 8.9% in 2016. The Indigenous population is growing quickly, both as share of the population and in absolute terms. This suggests that tourism companies could target Indigenous people as a potential labour source.

Table 6: *Cape Breton Indigenous Population*\(^{17}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Percentage Of The Population</th>
<th>Percentage Change in Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>8,655</td>
<td>6.4%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>11,755</td>
<td>8.9%</td>
<td>35.8%</td>
</tr>
</tbody>
</table>

Note: When calculating the percentage of the population, the total number of people in private households was used.

5.5 Education Level

Table 7 shows the makeup of the population within the Cape Breton, by the highest level of education achieved for people over the age of 15. Between the years of 2011 and 2016, the number of people who do not have any certificates deceased by 9.3%. This suggests that a greater number of people within Cape Breton are completing secondary and/or post-secondary education. This is also seen in Table 7 where the number of people between 2011 and 2016 with a secondary school diploma has increased by 6.1%. The number of people with post-secondary educations has also increased slightly by 1.9%. The increasing levels of education may suggest that tourism businesses could target or employ workers with

\(^{15}\) Source: Statistics Canada, 2011 and 2016 Canadian Census Profile

\(^{16}\) Source: Statistics Canada, 2011 and 2016 Canadian Census Profile

\(^{17}\) Source: Statistics Canada, 2011 and 2016 Canadian Census Profile
higher levels of education, which would also be a benefit in terms of the skill level of the workers they employ.

Table 7: Cape Breton Level of Education\textsuperscript{18}

<table>
<thead>
<tr>
<th>Education Level</th>
<th>2011</th>
<th>2016</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>No certificate</td>
<td>29,385 (25.9%)</td>
<td>26,105 (23.5%)</td>
<td>-9.3%</td>
</tr>
<tr>
<td>Secondary school diploma</td>
<td>27,450 (24.2%)</td>
<td>28,525 (25.6%)</td>
<td>6.1%</td>
</tr>
<tr>
<td>Post-secondary diploma or degree</td>
<td>56,725 (50.0%)</td>
<td>56,605 (50.9%)</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

Note: When calculating the percentage of the population, the total number of people living in private households who are above the age of 15 was used.

5.6 Labour Force Participation and Employment

Figures 6 and 7 show the monthly participation rate and unemployment rate from 2015 to May 2018, for Cape Breton, compared to the same rates for Nova Scotia and for Canada. The participation rate measures the total labour force (comprised of those who are employed and unemployed, combined) relative to the size of the working-age population. In other words, it is the share of the working-age population that is working or looking for work.\textsuperscript{19} The unemployment rate is the percentage of individuals participating in the labour force who are currently unemployed but looking for work. Relative to the rest of the province and to Canada, Cape Breton has a lower participation rate and a higher unemployment rate. The share of the labour force that is unemployed fluctuates anywhere from 12.3% to 19.4%, showing that at any given time there is a significant share of the population looking for work.

\textsuperscript{18} Source: Statistics Canada, 2011 and 2016 Canadian Census Profile

Figure 6: Participation Rate, Canada, Nova Scotia and Cape Breton

![Participation Rate Graph]

Figure 7: Unemployment Rate, Canada, Nova Scotia and Cape Breton

![Unemployment Rate Graph]

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20 Statistics Canada. Table 14-10-0293-01 Labour force characteristics by economic region, three-month moving average, unadjusted for seasonality, last 5 months

21 Statistics Canada. Table 14-10-0293-01 Labour force characteristics by economic region, three-month moving average, unadjusted for seasonality, last 5 months
5.7 Key findings: Cape Breton Demographics

The demographic trends in Cape Breton are not conducive to increasing the supply of labour, or to increasing local demand for tourism in the off-season. However, the immigrant and indigenous populations are growing and there is a significant pool of unemployed individuals that could be drawn on. Despite the long-term decline in the size of the population and labour force, there is untapped capacity in the labour market, as evidenced by Cape Breton’s high unemployment rate.

- Cape Breton’s overall population declined 2.9% from 2011 to 2016, and now stands at 132,000 individuals.
- All age groups from 15 to 54 declined, while age groups older than 55 increased as a share of the overall population.
- The share of 15 to 24 years olds in the population declined 14.1% from 2011 to 2016.
- Population projections show that for the province as a whole, the number of 15 to 24 year olds will not begin to increase until the year 2026.
- The immigrant population has grown 11.4% since 2011 to a total of 2.2% of Cape Breton’s population. This growth has occurred outside the Cape Breton Regional Municipality.
- The Indigenous population of the Island has grown substantially from 8,655 individuals to 11,755 individuals in 2016.
- The education level of the population has been increasing, and there has been a significant drop in the percentage of the population without any form of educational certificate or degree.
- The share of Cape Breton’s population that is actively participating in the labour force is low compared to both the rest of the province and Canada as a whole. Conversely, Cape Breton has a higher unemployment rate, suggesting that there is an available labour pool to draw from.
6 Tourism Employment Cycles and Shortages

Two data sources were used to analyze two different trends occurring simultaneously within the Cape Breton tourism labour force. Data drawn from the Provincial-Territorial Human Resource Module (PTHRM), measures the number of full-year jobs in tourism. This data source smooths out seasonal fluctuations. The labour force survey (LFS), shows the number of people employed monthly as well as the number who are not employed but are searching for work.

6.1 Unemployment Rate.

The unemployment rate is the percentage of people who desire to be working but are without work as a percentage of the labour force (Statistics Canada, 2016). Figure 8 shows the unemployment rates for the entire Nova Scotia economy compared with the unemployment rates of the Nova Scotia tourism sector. What can be learned from this comparison is that the tourism unemployment rates fluctuate far beyond and below the rates of the total economy, and do so in a cyclical manner. In the summer, the unemployment rates for Nova Scotia tourism are far below the provincial total, and in the winter the tourism unemployment rates are much higher than the total provincial total. In August of 2016, the tourism unemployment rate was only 2.5% compared to 8.5% for the rest of the economy. In contrast, the tourism unemployment rate in December of 2016 was 10.9% compared to 7.7% for the total economy. This suggests that the level of unemployment within the tourism sector is highly dependent upon the cyclical nature of tourism demand and is directly related to the seasonality of the industry. The challenge this poses for tourism companies is finding enough workers who are willing to fill temporary seasonal positions in the summer months, knowing that their employment may not continue into the winter.

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22 To compare tourism to the entire labour force, seasonally unadjusted unemployment rates are used. These rates will differ slightly from the overall monthly unemployment rate reported for Nova Scotia which is the seasonally adjusted rate.
Figure 9 depicts the unemployment rate for Nova Scotia’s whole tourism sector, food and beverage industry and accommodations industry, which provides some important insights. Data on unemployment rates in individual sectors in a single month is not an exact measure. This data should be used as an indicator or estimate of the labour market unemployment rates, and as a means to assess general trends. The monthly fluctuations for all three industries follow essentially the same pattern, where unemployment rates peak in the winter months and fall in the summer months. In terms of the degree of these fluctuations, all of tourism and the food and beverage industry experience similar levels of unemployment, for the most part falling somewhere between 2.0% and 16.0%. As Figure 9 shows, the accommodations industry fluctuates far beyond the other two industries. In summer months its unemployment rate often hits 0.0%, and in the winter months has reached as high as 40.0%. Due to the fact that the accommodations industry is relatively small and this data is not an exact measure, it is unlikely that the unemployment rate is actually 0.0%, or 40.0%. However, the fact that this trend appears in the data repeatedly and regularly over time is significant, and points to the trends that these volatile unemployment rates represent. This immense volatility surrounding employment levels within the accommodations industry suggests the importance of seasonal summer labour to match the employment needs of the industry.

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24 Labour force survey data is based on a sample of Canadians in the labour force. Monthly estimates for a single industry in a single province, should be read as indicators, and not as an absolute value for unemployment.
6.1.1 Unemployment Rates in the High Season of Tourism Demand.

Figure 10 shows the Nova Scotia unemployment rates in the month of August for the whole tourism sector, the food and beverage industry, and the accommodations industry, between the years of 2001 and 2016. It is important to note that the data on unemployment rates in individual sectors in a single month is not an exact measure. That being said, this data should be used as an indicator or estimate of the labour market unemployment rates. The month of August generally experiences the highest levels of tourism demand, so it was chosen as an example to help to understand trends in unemployment rates during the high season. It is interesting to note that between the years of 2011 and 2016, all three groups shown have experienced fairly significant decreases in the August unemployment rates. Figure 10 shows that the unemployment rate for the tourism sector was 8.2% in August of 2011, which dropped to 2.5% by 2016. This trend is also present in the food and beverage industry, where the August unemployment rate dropped from 8.6% to 5.2% between 2011 and 2016. In the accommodations industry, the August unemployment rate in 2011 was 12.8% and dropped to 0.0% by 2016, as seen in Figure 10. The implication of these falling unemployment rates in the high season is that the closer the unemployment rate gets to 0.0%, the greater the risk that the industry’s workforce will be unable to support operations and future growth. While in August there still seems to have been available labour to

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draw on in the years 2007 to 2011, since 2011 the trend has been towards a tighter labour market, with little if any unemployed workers to draw on in the face of increasing demand for tourism.

**Figure 10: Nova Scotia All Tourism, Accommodations and Food and Beverage Industries August Unemployment Rates**

![Unemployment Rates Chart](chart.png)

6.1.2 Nova Scotia Tourism Labour Force

Figure 11 shows the number of full-year tourism jobs in Nova Scotia. Full-year jobs decreased in the years between the 2007 recession and 2012, after which the number of tourism jobs increased from 41,290 to 42,923 by 2015. This increase in jobs suggests growth in the tourism sector of Nova Scotia, and further supports the need for adequate labour supplies to ensure that further industry growth is possible.

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Figure 11: Full-year Tourism Jobs in Nova Scotia

The LFS shows that the size of the labour force fluctuates seasonally in cohesion with local fluctuations in tourism demand. The labour force is largest in the summer months and smallest in the winter. For example, in 2016 the labour force in January was 45,000 which increased to 57,100 in July. Another trend of significant importance is that even though full-year jobs have been increasing, the size of the labour force in the peak season has been decreasing consistently since 2012. This continual decrease in the size of the labour force during the busiest season, paired with the increasing seasonality of demand, makes acquiring adequate staffing levels increasingly difficult.

Figure 12: *Nova Scotia Tourism Labour Force (Monthly)*

Figure 13 depicts the size of the Nova Scotia tourism sector labour force for the month of August between the years of 2001 and 2016. Between 2007 and 2012, the labour force increased from 52,600 people to 62,700 people, showing significant improvement. From 2012-2016, the labour force decreased to 55,700 people. These recent decreases in the size of the labour force in the busiest months of the year, coupled with the increasing seasonality of demand, both contribute to the staffing issues that Cape Breton is faced with.

Figure 13: Nova Scotia August Tourism Labour Force

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6.1.2.1 Nova Scotia Food and Beverage Labour Force.

Figure 14 shows full-year food and beverage jobs in Nova Scotia. As with tourism, after 2012 the number of tourism jobs increased from 22,058 to 24,940 by 2015. This increase in jobs suggests growth in the food and beverage sector of Nova Scotia, and further supports the need for adequate labour supplies to ensure that industry growth is possible.

**Figure 14: Total Food and Beverage Jobs in Nova Scotia**

Figure 15 displays the size of the Nova Scotia food and beverage industry labour force as a whole between the years of 2001 and 2017. The size of the labour force before 2011 generally experienced smaller fluctuations which did not always peak in the summer months. In the years following 2011, the monthly fluctuations in the food and beverage labour force more closely resemble those of tourism demand, where the size of the labour force peaks in the summer and falls in the winter. The overall trend shows an increasing labour force, as the data from the PTHRM would suggest. However, in the years 2014, 2015 and 2016, the size of the labour force in July decreases each consecutive year to 30,900, 29,800 and 28,400 respectively. These recent and persistent decreases to the size of the labour force makes the acquisition of sufficient quantities of food and beverage labour more difficult, in the months when it is needed most.

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Figure 15: *Nova Scotia Food and Beverage Labour Force*[^1]

Figure 16 depicts the size of the Nova Scotia food and beverage labour force in the month of August from 2001 to 2016. The general trend has been that the size of the food and beverage labour force in August has been increasing over time. In August 2001, the labour force consisted of 23,600 people, and grew to 29,500 people by 2013. From 2013 to 2016, the size of the August labour force slowly decreased to 27,000 in 2016.

**Figure 16: Nova Scotia August Food and Beverage Labour Force**


The accommodations industry in Nova Scotia has faced consistently downward pressure on its labour force since the years 2007-2008. Figure 17 shows the number of full-year accommodations jobs in Nova Scotia based on data from the PTHRM. In 2015, the number of jobs was the lowest it has been since 2007, with a total of 5,444 jobs.

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Figure 17: Total Number of Accommodations Jobs in Nova Scotia

![Graph showing the total number of accommodations jobs in Nova Scotia from 2007 to 2015. The graph displays a peak in 2008, followed by a decline, with a sharp decline starting around 2012.](image)

Figure 18 displays the size of the Nova Scotia accommodations industry labour force as a whole between the years of 2001 and 2017. The size of the accommodations labour force fluctuates monthly and generally peaks in the summer months. The industry has experienced consistent and fairly drastic decreases to the size of the labour force, starting around 2012. In August 2012, the accommodations labour force included 9,400 people, which by August 2016 had declined to 5,500 people. This rapid decrease in the size of the labour force, especially in the summer months, in addition to the increasing seasonality of demand, creates serious staffing difficulties for the accommodations industry.

---

Figure 19 depicts the size of the Nova Scotia accommodations labour force in the month of August from 2001 to 2016. Between 2005 and 2016, the size of the labour force decreased significantly from 11,300 to 5,500 people for the month of August. This is a decrease of 51.2%, which may explain some of the issues that the accommodations industry has been having in Cape Breton with increasing labour shortages.

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6.2 Key findings: Tourism Employment Cycles and Shortages

Tourism employment has been growing but remains highly cyclical. During the summer, the unemployment rate in some industries reaches zero, indicating that workers are not available to meet expanding demand for tourism services.

- During the year, the tourism unemployment rate fluctuates much more than the overall unemployment rate, and falls well below the overall rate in the summer months.
- The level of unemployment within the tourism sector is dependent on the cyclical nature of tourism demand and directly related to seasonality.
- Unemployment in the accommodations industry sees greater seasonal variance than tourism as a whole, or than the food and beverage services industry.
- The closer the unemployment rate gets to 0.0%, the greater the risk that the industry’s workforce will be unable to support operations and future growth.
- The number of full-year tourism jobs in Nova Scotia has been growing since 2012, but the number of individuals employed in a given month fluctuates.
- Since 2012, the size of the tourism labour force in peak season has been decreasing despite an overall increase in full-year jobs.
- The food and beverage service industry has followed a similar labour trend to the tourism sector, while the accommodation industry has seen consistent declines in the size of its labour force, both in terms of full-year jobs and peak season employment.

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7 Labour Shortage Projections in Nova Scotia

Staffing issues resulting from tourism seasonality have created a discrepancy between the demand for labour and the supply of available labour in Nova Scotia. This section will look at the supply and demand of tourism labour in Nova Scotia, along with any resulting labour shortages. The data represented here is cumulative and builds upon the years before. Figure 20 shows the difference between Nova Scotia tourism labour supply and demand from 2010 until the present, and then from the present to 2035 as a projection. Starting in 2012, the demand for labour surpassed the supply, which resulted in a tourism labour market shortage of 126 unfilled positions. It is projected that from 2019 to 2035 the discrepancy between supply and demand will grow continuously if current labour market conditions remain unchanged.

Figure 20: *Nova Scotia Tourism Labour Supply and Demand*

![Graph showing Nova Scotia Tourism Labour Supply and Demand from 2010 to 2035]

Figure 21 depicts the projected labour shortage in the Nova Scotia tourism market as a whole. Nova Scotia is not expected to have an adequate supply of labour for the foreseeable future, given the current conditions. Between 2012 and 2019, there were an estimated 2,096 unfilled jobs. These represent jobs that could have been created, if a person were available to fill them. This shortfall is expected to continue to build to a total of 5,132 unfilled by 2035. This issue will require corrective action moving into the future to be able to support the level of tourism that the province is projected to experience.

7.1 Effect of Immigration on Labour Shortages

These projections of labour supply and demand were first published in June 2016. On November 1st, 2017, the Government of Canada announced immigration targets for 2018 to 2020 that will see the yearly intake of immigrants rise to 0.9% of the Canadian population, above the historical intake used for the projections.

Nationally, the model projected 145,400 jobs going unfilled between 2018 and 2035. Under the new immigration intake plan, about 85,000 of those jobs will be filled, which is beneficial, but still leaves a shortfall of 60,000 jobs unfilled.

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Tourism generally does a good job of attracting new Canadians, but this benefit will not be spread evenly across the country, and areas that are a destination for new arrivals will be most likely to gain. Twenty-six percent of the tourism labour force is made up of immigrants (compared to 23.8% of the overall labour force), but those regions with a smaller share of immigrants in their population may not see as much impact on their labour shortfall. Immigrants make up 6.1% of Nova Scotia’s population and only 2.2% of the Cape Breton population, compared to 21.8% of the overall Canadian population. The new Atlantic Immigration Pilot project may help attract more immigrants to the region, but it is difficult to assess the impact the program is having as it is still in its infancy.

Figure 22: Effect of New Immigration Targets on Projected Shortfall

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38 Tourism HR Canada, Bottom Line: Labour Challenges Threaten Tourism’s Growth, 2016. Tourism Labour, Supply and Demand Study 2018 Supplement
39 Statistics Canada, Census Profile, 2016 Census
Figure 23: Immigrants as a Share of the Total Population\textsuperscript{40}

![Immigrants as a Share of the Total Population](image)

<table>
<thead>
<tr>
<th></th>
<th>Canada</th>
<th>Nova Scotia</th>
<th>Cape Breton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immigrants as a share of total population</td>
<td>21.8%</td>
<td>6.1%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

7.2 Labour Supply by Tourism Industry Group

Figure 24 shows the average share of tourism sector jobs by each of the five industry groups that make up tourism for the years 2007 to 2015. The food and beverage industry group makes up the largest share of tourism jobs, followed by the transportation and accommodations industry groups. The food and beverage and accommodations industries rely heavily on labour, making them highly susceptible to labour shortages resulting from seasonality. For this reason, it is important to understand the current situation and future needs of these two major sectors, as they are integral components of the Nova Scotia tourism sector as a whole.

\textsuperscript{40} Source: Statistics Canada, 2016 Canadian Census Profile
7.2.1 Food and Beverage Labour Supply and Demand.

Figure 25 shows the projected labour supply and demand for the food and beverage industry in Nova Scotia. Starting in 2012, the demand for labour surpassed the supply resulting in a shortage of 20 workers. Between 2012 and 2024, the shortage is expected to fluctuate, however, by 2025 there are expected to be 1,329 unfilled positions, and this number is projected to grow to 1,715 unfilled positions by the year 2035.

Figure 25: Nova Scotia Food and Beverage Labour Supply and Demand

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41 Sources: Statistics Canada Provincial-Territorial Human Resource Module, 2015
Figure 26: *Cumulative Nova Scotia Food and Beverage Labour Shortage*\(^{43}\)

![Cumulative Nova Scotia Food and Beverage Labour Shortage](image)

Figure 27 shows the projected percentage change in the labour shortage by year. A positive percentage change indicates an increase in the labour shortage from the previous year, whereas a negative percentage change indicates that the labour shortage decreased from the previous year, which would indicate a relative improvement. The size of this increase or decrease is of significant importance. This information can be useful in being informed about and planning for years where the shortage is expected to increase significantly. Figure 11 shows that in 2021, 2024, and 2025, the percentage change in the labour shortage are expected to be 4.7%, 8.5% and 6.6% respectively. Each of these increases are drastic spikes in the labour shortage from the previous year. Knowing this, advanced planning should be done to ensure that additional labour is available in these years.

The food and beverage sector can be further subdivided and analyzed by specific occupation. Table 8 outlines the major occupations that make up the food and beverage industry, along with the percentage of the industry’s labour that each occupation demanded in 2017. The two largest occupations are food counter attendants/kitchen helpers and cooks, which will also account for a large share of the total shortage by 2035. Also notable is the occupation of food service supervisor. Even though this occupation only accounted for 8.5% of labour demand in 2017, it will account for over a quarter of the industry’s shortage by 2035.

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Table 8: Percentage of Food and Beverage Labour Demanded by Occupation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percent</th>
<th>Share of Shortage (2035)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food counter attendants and kitchen helpers</td>
<td>26.9%</td>
<td>50.6%</td>
</tr>
<tr>
<td>Cooks</td>
<td>15.0%</td>
<td>17.8%</td>
</tr>
<tr>
<td>Cashiers</td>
<td>14.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Food and beverage servers</td>
<td>12.5%</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Food service supervisors</td>
<td>8.5%</td>
<td>26.5%</td>
</tr>
<tr>
<td>Restaurant and food service manager</td>
<td>6.0%</td>
<td>0.9%</td>
</tr>
<tr>
<td>All other food and beverage occupations</td>
<td>4.6%</td>
<td>-5.8%</td>
</tr>
<tr>
<td>Chefs</td>
<td>3.0%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Bakers</td>
<td>2.8%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Delivery drivers</td>
<td>2.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Bartenders</td>
<td>2.2%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Maîtres d</td>
<td>1.9%</td>
<td>5.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

7.2.2 Accommodations Labour Supply and Demand.

Figure 28 shows the labour supply and demand for the Nova Scotia accommodations industry, along with the projected future values. Starting in 2014, the demand for accommodations labour surpassed the supply of accommodations workers in the market, resulting in a labour shortage of 51 unfilled positions. From 2016 onwards, the labour shortage is expected to continually increase each year.

Figure 29 shows the past and projected labour shortage for the Nova Scotia accommodations sector. Up until 2015, the industry experienced brief labour surpluses followed by a couple years of fluctuating shortages. By 2016, the accommodations industry had experienced a total of 189 unfilled positions. The labour shortage is projected to increase to 871 unfilled positions that the industry is expected to experience over the years leading to 2035.

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Figure 28: Nova Scotia Accommodations Labour Supply and Demand\textsuperscript{46}

Figure 29: Nova Scotia Cumulative Accommodations Labour Shortage\textsuperscript{47}

Figure 30 shows the projected percentage change in the labour shortage the accommodation industry of Nova Scotia. The projected percentage change is expected to remain positive, indicating that the labour shortage is expected to increase consistently each year. The size of the labour shortage of takes significant jumps in the years 2018, 2020 and 2024, with percentage increases of 25.2\%, 12.0\% and 10.9\% respectively. In these years the shortage of workers for the accommodation sector will significantly increase from the previous year, meaning that action should be taken to ensure that in these years especially, efforts are made to offset this lack of workers in the occupation.

\textsuperscript{46} Tourism HR Canada, Bottom Line: Labour Challenges Threaten Tourism’s Growth, 2016. Accessed via Tourism HR Canada, Rapid ReSearch

\textsuperscript{47} Tourism HR Canada, Bottom Line: Labour Challenges Threaten Tourism’s Growth, 2016. Accessed via Tourism HR Canada, Rapid ReSearch
Figure 30: Accommodation Labour Shortages – Percent Change by Year

The accommodations sector can be further subdivided and analyzed by specific occupation. Table 9 outlines the major occupations that make up the accommodations industry, along with the percentage of the industry labour that each occupation demanded in 2017, and their expected share of total unfilled jobs in 2035. The largest category within the accommodations sector is “all other occupations in accommodations”. Due to the fact that this category includes a collection of occupations which are individually small in terms of demand and does not account of a major spare of the shortage, it will not be counted as the most significant occupation. The occupations to focus on, based on labour demand and expected shortfall are light duty cleaners and hotel front desk clerks. They required 21.5% and 11.4% respectively of total accommodations labour demand in 2017 and each is expected to contribute an outsized share of unfilled jobs by 2035.

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Table 9: Percentage of Accommodations Labour Demanded by Occupation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percent</th>
<th>Share of Shortage (2035)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other occupations in accommodation</td>
<td>27.5%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Light duty cleaners (housekeepers)</td>
<td>21.5%</td>
<td>26.5%</td>
</tr>
<tr>
<td>Hotel front desk clerks</td>
<td>11.4%</td>
<td>24.9%</td>
</tr>
<tr>
<td>Cooks</td>
<td>7.7%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Accommodation service managers</td>
<td>7.6%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Food counter attendants and kitchen helpers</td>
<td>5.3%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Janitors, caretakers and building superintendents</td>
<td>4.9%</td>
<td>15.2%</td>
</tr>
<tr>
<td>Food and beverage servers</td>
<td>4.4%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Program Leaders and Instructors</td>
<td>3.6%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Chefs</td>
<td>3.5%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Bartenders</td>
<td>2.6%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

7.2.3 Key findings: Labour Shortage Projections in Nova Scotia

Tourism labour shortages began in 2012, when the demand for labour in Nova Scotia’s tourism sector surpassed the supply of labour, creating a shortage of 126 unfilled positions. This discrepancy between supply and demand will grow continuously if current labour market conditions remain unchanged. Between 2012 and 2019, there were an estimated 2,096 unfilled tourism jobs in Nova Scotia as a whole. This shortfall is expected to continue to build to a total of 5,132 unfilled jobs by 2035.

- Estimates of the demand for labour based on spending within the tourism sector indicate that by 2035, a cumulative total of 5,132 tourism jobs that could exist will go unfilled because of labour constraints.
- Increased intake of immigrants announced in the fall of 2017 could mitigate, although not eliminate, tourism labour shortages that are expected in Canada as a whole.
- Cape Breton is not ideally placed to take advantage of increased immigration, as only 2.2% of the current population are immigrants.
- The food and beverage services industry is facing the largest labour shortages, with particularly significant shortages of food counter attendants/kitchen helpers and cooks.
- The accommodations industry will be unable to fill 871 positions, with a particular lack of light duty cleaners (housekeepers) and hotel front desk clerks.

8 Tourism Labour Seasonality Literature Review

8.1 The Seasonality of Tourism

Seasonality as it pertains to tourism refers to a “temporal imbalance in the phenomenon of tourism” which manifests itself in terms of variability in visitor numbers, expenditure, utilization of modes of transportation, employment opportunities and the number of visits to local attractions. Variations in demand create high and low periods of business which are referred to as a “peak season” and an “off-season”, which both create challenges for destinations. In the off-season, the tourism sector experiences reduced revenues, and in the peak season high visitor volumes makes it difficult to maintain quality, meet guest expectations and ensure guest satisfaction. An influx of tourism in the peak season also has implications in terms of affecting the quality of everyday life for the residents. These patterns in the demand for tourism are cyclical and typically repeat themselves on an annual basis.

The reasons for tourism seasonality have been categorized into natural and institutional factors. This distinction is widely accepted and used throughout current literature to understand the root causes of tourism seasonality. In his framework, natural factors refer to environmental occurrences like wind, precipitation, temperature, cloudiness, sunshine or visibility. In contrast, he describes other reasons for variations in demand as institutional factors, which refers to social norms and practices. This can include religious, cultural, economic or historical occurrences that influence people’s decision to travel. It is critical to understand the factors that drive seasonality, so that the concept can be accurately assessed and planned for. Institutional factors influence many destinations including Cape Breton. Cape Breton is affected by natural factors of tourism seasonality, because of the variable weather patterns that it experiences throughout the year, as well as institutional factors that encourage travel in the summer months.

Corluka, Mikinac and Milenkovska express that issues relating to seasonality are experienced by the majority of tourism destinations, however, the effects are most prominent amongst coastal areas. This can be explained by the 3S concept which refers to the fact that typically the primary motivation for visiting coastal areas is to partake in activities that involve sun, sand, and sea. The ability to access and

enjoy these three elements is almost entirely subjected to seasonal weather patterns. Coastal areas are most susceptible to the effects of the natural factors of seasonality, which should shape their strategy of addressing issues of tourism seasonality. Much of Cape Breton’s tourism offering pertains to the natural environment, meaning that cyclical weather patterns have an impact on the cyclical variations in tourism demand. Peak demand for tourism in Cape Breton coincides with the two warmest months of the year, July and August. However, shoulder season demand is greater in September and October, despite equivalent temperatures in May, driven by the attraction of fall colours and the Celtic Colours festival which builds upon the natural attractions on offer in early to mid-October.

Corluka et al describe seasonality as the greatest problem that faces contemporary tourism, which requires attention to mitigate some of the associated negative impacts. Doing so is an integral part of ensuring that local people and businesses are not disadvantaged by the cyclical nature of tourism. Residents of the destination need to perceive the economic, social and environmental impacts of tourism as a benefit to the community. Local people who believe that tourism adds value to their community are more welcoming of incoming travellers, thereby enhancing the tourism exchange for everyone.

8.2 The Importance of Labour in the Tourism Sector

Tourism has proven to provide many benefits for local people and communities. One of the greatest benefits that tourism provides is an opportunity for economic development and growth. The services that tourism businesses provide requires a substantial amount of labour, which generates many jobs for the local community, and around half of all these jobs in the industry involve constant direct contact between the employee and the customer. The success of the industry relies greatly upon customer experience and satisfaction, which is driven by employee performance. The staff of tourism businesses are responsible for a great deal of the experience construction for the traveller, so their ability to perform their job well is integral to the success and longevity of the business. Although labour is crucial for tourism operations, the seasonality of the industry and the nature of the work makes the staffing of tourism businesses a challenge. These challenges will be discussed further in the following pages.

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56 Corluka et al, 2016.
61 Jolliffe & Farnsworth, 2003
8.3 Distinguishing Factors of Tourism Labour

There are several factors that differentiate tourism labour from the labour of other industries. Jolliffe and Farnsworth refer to staffing as the most difficult aspect of seasonality to manage. One of the reasons for this is that working in the tourism sector requires working long hours, with varying shifts, limited upward mobility and for relatively low wages, making employment in the industry less appealing than other sectors.\(^{62}\)

W.C. Terry discusses another key characteristic of the tourism sector creating staffing issues which is the idea that in tourism the “product” is consumed in the place of production. In other industries like manufacturing for example, if there is a shortage of labour, production is moved to a location where labour is readily available. This is not an option in the tourism sector, as the labour must be moved to the destination itself, creating significant challenges for areas with weak labour pools.\(^{63}\) This is one of the issues that Cape Breton faces, as their local labour does not sufficiently fill the demand for workers. This problem will be analyzed in detail in later sections.

High employee turnover rates are characteristic of the hospitality and tourism sector.\(^{64}\) High turnover rates are associated with increased costs for recruitment, selection and training, as well as decreases in productivity.\(^{65}\) Some of the main reasons why the industry experiences such high turnover rates are the seasonality of the business, lack of organizational culture, employment of young or unskilled workers, low pay and long hours.\(^{66}\)

Atkinson is known for making the distinction between the two main types of tourism employment which he has named “core” and “peripheral” labour. Core labour refers to “managerial and professional staff whose skills are in short supply in the external labor market; employers are therefore keen to retain their services”. In contrast, peripheral labour includes less educated or skilled workers who are typically employed for part time and/or temporary positions, and they make up the majority of tourism labour.\(^{67}\) This mix of core and peripheral workers is critical to understand and manage, as it allows for labour flexibility to assist in coping with the effects of seasonality.\(^{68}\)

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\(^{63}\) Terry, 2003.


8.4 Labour Issues of Seasonality

Seasonality has created numerous problems for tourism businesses in terms of staffing and issues surrounding labour. These problems are typically related to being able to find the appropriate quantity and quality of available labour.

8.4.1 Quantity.

During the peak season, tourism destinations require additional labour, however, there is often a lack of an available and willing labour pool for multiple reasons, and as the baby boomer generation continues to retire, their positions on the job market are not being filled.69 The baby boomer generation is one of the most hard-working and loyal generations of employees, especially in the hospitality industry, which makes them difficult to replace.70

Another reason the industry has experienced a lack of applicants is because students, who have typically made up a large proportion of the hospitality workforce in the past, are opting to seek work experience in their field of interest during their summer and holidays.71 In Canada, people aged 15 to 24 filled 30.2% of tourism jobs in 2016.

For businesses that hire students, a long-term trend should be of concern. The participation rate measures the percentage of the population that are active labour force participants (whether or not they are successful in finding work). Among returning students of all ages, the participation rate has been dropping.

Among 20-24 year olds, the rate for the month of July peaked at 83.0% in 2003, but dropped to 75.6% by 2012 and has stayed close to that mark ever since. The participation rate among younger students has also dropped. In 2016, it stood at 40.8% among 15 to 16 year olds, down from 53% in 2007. Among 17 to 19 year olds, it was 71.4%, down from 79% in 2007.

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71 Terry, 2016.
A 2016 study by Grobelna and Marciszewska looked at the motivations of hospitality students choosing to work within the industry. They found one of the most important driving factors for the students was an “intrinsic interest” in the job and career path, which has become of growing importance for students when choosing work. Not only have students been shying away from tourism as a temporary employment option, but Jiang and Tribe suggest that the nature of the job is also deterring students from choosing to pursue hospitality and tourism as a career. Some of the main factors that have been deterring students from participating in the industry are long and highly variable hours, uncertainty surrounding career progression and the image of tourism being a “low-skilled” industry.

An additional pressure on finding labour locally is how tourism can drive up the cost of living in a community, making it difficult for local people willing to work for relatively low wages to afford housing, in a market that is inflated by tourism itself. Locals are choosing to live on the outskirts of popular tourism areas for financial reasons, and as a result seek employment closer to where they can afford to

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72 Adapted from Statistics Canada. Table 282-0006 - Labour force survey estimates (LFS), by students during summer months, sex and age group, unadjusted for seasonality, monthly (persons unless otherwise noted), CANSIM (database). (accessed: October 20th, 2016)
75 Terry, 2003.
This was not a concern raised during consultations in Cape Breton, but it is something to be aware of as tourism demand grows.

Baum talks specifically about the issues unique to islands when it comes to finding enough employees to staff their tourism businesses. He explains that islands typically have small labour pools that are constrained and segregated from neighboring areas, making the flow of labour more difficult. This is an obstacle that Cape Breton faces as an island tourism destination and is further compounded by the presence of Bra d’Or lake which further subdivides the island.

Much of the tourist appeal of small islands is the desire to experience the unique cultural elements of the area. Due to the fact that locals are the carriers of the culture, the authenticity of the delivery of local cultural tourism hinges upon the willingness of locals to work in the industry. If a destination cannot obtain enough local labour to deliver the region’s cultural components of the travel experience, they must use external labour supplies which may jeopardize the authenticity of the cultural experience. An example of this situation can be seen in Ireland’s tourism sector. Much of the destination’s branding places emphasis on people as a part of the product offering. One challenge that Ireland has faced with increases in migrant tourism labour is that the guest’s cultural experience does not always match their perceptions and Ireland’s branding. This has created challenges for Ireland in terms of preserving the authenticity of their cultural tourism in a way that accurately delivers the historical and cultural elements of the destination.

Baum also argues that in areas affected by seasonality, employee retention takes on a slightly different meaning. He explains that many employees are seasonal workers and are expected to leave at the end of the peak season, leading to unsurprising high turnover rates. The problem arises when companies are unable to retain seasonal workers for the following peak season, leading to increases in staffing costs along with investment loss when trained employees do not return for a following season. Having strong seasonal employee retention helps to ensure that an adequate quantity of seasonal workers is available, and it helps to reduce costs associated with recruitment, selection and training.

8.4.2 Quality.

When excess labour is required, tourism companies not only have difficulty finding sufficient quantity of workers, but they also face trouble finding enough quality workers within local labour markets. A
general lack of motivation and commitment to the job is something that often results from the seasonal nature of the positions being offered.\textsuperscript{81} McCole suggests that because seasonal workers are aware that their employment will be terminated at the end of the peak season, they are more willing to act on feelings of dissatisfaction with the job. He explains that this is the case because for permanent employees, leaving the job would mean losing a steady income, whereas leaving a seasonal position would only mean foregoing a few additional months of income. It is this lack of income and employment stability that fosters employees’ lack of commitment to the job, which is also one of the reasons for the high turnover rates and low employee retention that the industry experiences.\textsuperscript{82}

A significant number of seasonal workers are “involuntary seasonal workers”, meaning that they desire to be permanent employees and do not wish for their employment to be terminated.\textsuperscript{83} Employment service providers in Cape Breton indicated that most of their clients are looking for year-round full-time work. This creates low job satisfaction for many employees that is reflected in the quality of work they provide, and the overall experience that a tourist receives is directly tied to employee performance.\textsuperscript{84} Tourism organizations have long been aware that the success of their companies greatly depends on customer satisfaction, which is directly tied to the quality of their workforce. The inability to find enough high caliber and dedicated workers is an issue that can have detrimental effects for individual businesses and the industry.\textsuperscript{85} Terry also mentions that many of the applicants are considered unskilled workers with little job experience or training, making it difficult to find enough workers that will maintain quality standards without requiring excessive training and coaching.\textsuperscript{86}

\section*{8.5 Labour Flexibility}

One of the greatest tools which can be utilized to assist with some of the issues that arise from fluctuations in demand, is the construction of a flexible employment scheme.\textsuperscript{87} A statistically significant relationship exists between the productivity and effectiveness of seasonal workforces and the flexibility

\begin{footnotesize}
\begin{enumerate}
\item Terry, 2016.
\item Terry, 2016.
\end{enumerate}
\end{footnotesize}
of the labour. Atkinson is known for distinguishing between functional flexibility and numerical flexibility of employment, as strategies to improve seasonal labour issues. 

8.5.1 Functional Flexibility.

Functional flexibility refers to task redistribution where workers are transferred between departments dependent upon where their labour would be most efficiently used. This reshuffling of existing labour sources is meant to improve the productivity of the labour by ensuring that the staffing system is flexible for the needs of the business.

8.5.2 Numerical Flexibility.

Numerical flexibility refers to volume changes where different amounts of labour are employed throughout the year either from within the organization, or through external labour sources. If choosing to focus on local labour sources, companies can target underutilized or underrepresented groups of workers like students or older workers, for example. 

When local labour markets are simply not enough in terms of the quantity and quality of workers available, seeking migrant workers is a strategy that has been growing in popularity. Another option is to utilize international student worker programs. These options involve specific policies which allow people from other countries to reside and work in the destination for predetermined amounts of time. In a study by Lockwood and Guerrier, they found numerical flexibility to be more important and effective then functional flexibility at addressing issues of seasonality of labour. This was also confirmed by Nickson, who expressed that functional flexibility offers great tools to address issues in the short term, however, numerical flexibility is necessary to see long term results. Options in terms of numerical flexibility including migrant worker programs and international student worker programs will

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92 Terry, 2016.
be examined in greater detail within this report as viable solutions to address tourism labour issues in Cape Breton.

8.6 Key findings: Seasonality Literature Review

Tourism in Cape Breton is highly seasonal and this trend will likely continue, as there are natural factors that draw tourists at specific times of the year. Shoulder season growth in September and October is already strong, while increasing customer demand in May and June would expand the season at a time of year when student labour can be utilized. However, students are showing less interest in the tourism sector as a place of work. To counteract this, any policies that could increase the available workforce overall should be supported.

- Seasonality can be categorized into natural and institutional factors. Natural factors cover environmental occurrences, such as temperature and sunshine. Institutional factors are related to social norms and practices.
- Effects of seasonality are most prominent among coastal regions, as visits to these areas is driven by sun, sand and surf, which are direct results of seasonal weather patterns.
- Residents of a destination need to understand the benefits of tourism in their community. Locals who believe tourism adds value are more welcoming, which enhances the tourism exchange for the area.
- The success of tourism relies on customer experience and satisfaction, which is driven by employee performance. The seasonal nature of tourism work can lead to a lack of motivation and commitment, adversely affecting customer satisfaction.
- Labour issues are problematic for tourism as the product is consumed in the place of production. Production cannot be moved to places with more available labour, rather labour must be increased at the destination.
- Students, who traditionally fill many tourism jobs are reducing their participation in the labour force overall. Increasingly, students who are working are moving away from tourism jobs and opting to seek work in their field of study.
- Some of the main factors deterring students from participating in the industry are long and highly variable hours, uncertainty surrounding career progression, and the image of tourism being a “low-skilled” industry.
- Islands typically have more difficulty because their smaller labour pools are geographically segregated, reducing labour mobility.
- Island destinations often build their appeal on unique cultural elements, with the local population acting as the carriers of that culture. The use of external sources of labour may jeopardize the authenticity of the cultural tourism experience.
• Labour flexibility can help reduce shortages. Functional flexibility refers to the transfer of workers between departments and jobs dependent upon where their labour would be most efficiently used. Numerical flexibility refers to volume changes with different amounts of labour employed throughout the year. Numerical flexibility is more important and effective than functional flexibility at addressing seasonal labour issues.

9 Labour Seasonality Best Practices and Available Labour Sources

The hospitality and tourism industry is highly susceptible to labour shortages and employment vacancies due to the seasonal nature of the industry. This issue has become an increasingly prevalent trend in tourism labour markets. Tourism companies operating in highly seasonal markets are having a difficult time staffing their businesses effectively with current local labour markets and demographics alone. There is a general lack of comprehensive literature analyzing tourism labour shortages, part of the reason being that it has proven to be difficult to design a methodology to accurately measure and analyze the impacts of the issue for businesses and communities. There is also limited research on the use of different sources of seasonal labour, particularly on the results that are achieved by employing them.

The following pages will outline some of the strategies that destinations and companies across the world have implemented to mitigate some of the challenges of labour seasonality. These systems can be seen as possible solutions that can be applied to destinations dealing with similar issues, like Cape Breton. It is beneficial to consider the practices of other destinations and companies to formulate a plan that will address the issue as effectively as possible for Cape Breton. This summary will look specifically at strategies used to access additional labour (either international labour sources or underutilized local labour) to assist with operations during the peak season of demand.

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9.1 Migrant Labour

A migrant worker is a person who travels to another country with permission for a specific amount of time, for the purpose of employment. The importance of the distinction between a working immigrant and a working migrant should be noted. An immigrant is someone who has moved to the destination for settlement with a sense of permanency, whereas a migrant is there temporarily with the possibility of returning. This distinction is one of the reasons why migrant labour is a great option to assist with the seasonality of the hospitality industry, because they are flexible in the sense that they agree to short term contracts when their labour is needed. The following pages will outline some destinations that have been utilizing migrant labour to meet seasonal tourism demands and the impact those workers have had. It is important to note that the policies and laws surrounding the movement and employment of temporary labour varies depending upon the country, so possible solutions must be amended to meet the requirements of the host country.

9.1.1 Canada.

In an attempt to address labour shortages within Canadian job markets the federal government of Canada introduced the Temporary Foreign Worker Program (TFWP) in 1973, which would allow for international workers to live and work in Canada for a specified amount of time. Initially, this program was designed to fill the need for high-skilled workers. By 2002, the program began allowing the employment of low or semi-skilled workers. This allowed the hospitality and tourism sector to fill their vacant positions using the program. The accommodations and food service sectors in Canada employed a great deal of international workers using the TFWP in the years prior to 2013. This changed greatly in 2014 when amendments were made to the structure of the program. These amendments were made out of the fear that the program was limiting Canadians’ access to jobs by employers who were abusing the program, along with the fear that foreign workers were not being treated well.

The program was divided into two distinct segments which are the Temporary Foreign Worker Program and the International Mobility Program. Some of the multiple changes made to the Temporary Foreign Worker Program include a 10% cap on the number of low-wage temporary workers that can be employed, increased inspections, increased application fees, and reducing the duration of the work permits. In June 2014, applications for the program from the accommodations and foodservice industries for low-wage earners could be rejected in regions where the unemployment rate was 6% or higher. This has had a major impact on the tourism sector in Canada in terms of the effectiveness of the program at addressing local labour shortages. In areas where the unemployment rate was above 6%

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102 Park et al, 2015.
and use of the program was limited, businesses struggled to fill their vacant positions without the TFWP because they experienced a general lack of interest in the available positions by locals.\textsuperscript{104}

Before these changes, many popular Canadian tourism destinations had successfully alleviated some of the pressure of labour shortages through the use of The Temporary Foreign Worker Program, along with other temporary employment visas. For Canada specifically, some of the most popular tourism destinations are in remote rural areas that are known for their natural surroundings and unique landscapes. These tourist areas are not places where there are great numbers of local residents, nor are a large number of Canadians willing to relocate there for work.\textsuperscript{105} For this reason, rural Canadian destinations have seen good results through the employment of temporary migrant workers.

Within Canada, temporary workers were particularly important for the tourism industries of Alberta and British Columbia. Banff, Alberta has employed international workers from many countries including The United States, Australia, New Zealand, Great Britain, Germany, Japan, Korea and the Czech Republic, for temporary seasonal positions during the high traffic tourist season. The major benefits that Banff had experienced were increases in productivity, improved service quality, and shorter customer wait times. They had also noticed that the employee retention rate of Temporary Foreign Workers is much higher than the retention rate of Canadian workers. Banff specifically, had seen noticeable improvements to their labour shortage issues that was reflected in the work that the industry produced.\textsuperscript{106}

British Columbia had also seen positive results through the use of the former Temporary Foreign Worker Program. Popular and highly seasonal tourism destinations like Whistler had been able to fill their vacant jobs in the high season with the help of foreign workers. According to Employment and Social Development Canada, in 2008, Whistler had 1,170 positions filled by temporary foreign workers. Tourism businesses benefited greatly by being able to fill seasonal positions that locals had left vacant.

Whistler’s tourism sector is highly dependent on young Australian workers on the Working Holiday Visa program. This program also saw changes which restricts an individual to only be able to apply for the visa once, and they are no longer permitted to reapply for the visa at the end of their work term, as was previously allowed.\textsuperscript{107}

The examples of Banff and Whistler demonstrate how the use of migrant labour can provide noticeable results in terms of addressing the labour shortages during the peak season of demand. What can be learned from these examples is how susceptible tourism businesses are to being negatively impacted by


changing policies. Although migrant labour is a great resource, it is important to ensure that a company’s business model is not entirely reliant upon it, as changing policies can be impossible for the company to recover from without alternative methods of supporting their business. These programs have seen minimal use in Cape Breton itself. Attempts have been made to recruit those with a Working Holiday Visa but with limited success. Although the program can be a source of workers, as evidenced by Banff and Whistler, Western Canada’s success in attracting these individuals has limited their penetration into labour markets in eastern regions.

9.1.2 The United Kingdom.

The United Kingdom (UK) Tourism Industry is very reliant on migrant labour from two main sources: people from within the European Union (EU) and people from other places in the world. One of the great benefits that The United Kingdom capitalizes on is the ease with which workers from other EU countries may move for work. In 2017, KPMG estimated that between 12.3% and 23.7% of the UK hospitality workforce was made up of EU nationals from countries outside of the UK. The UK also relies on migrants from other parts of the world and are often preferred because of their high level of commitment and reliability. The combination of migrant workers from other countries in the EU and countries from around the world have helped the UK to support their tourism businesses, and limit the effects of persistent labour shortages.

Northern Ireland employs a substantial number of migrant workers both from within and outside the EU. The 2016 Irish census found that the number of non-Irish workers increased by 9.6% from the previous census. The Northern Ireland Tourist Board sets goals for growth of the industry, which is largely based upon and facilitated through migrant labour. One of the ways Ireland has succeeded in effectively utilizing migrant labour is by developing strategies to specifically target the skills that are needed most. For example, Ireland recently approved changes to the employment permit regulation that will make it easier for food and beverage operations to hire chefs from countries outside the EU. There was a serious labour shortage within this occupation and the government responded to the industry’s concerns. Brendan Griffin, the Irish Minister of State for Tourism and Sport explains the understanding that tourism is an integral component of the Irish economy and its success is a priority. This kind of quick action by governments to directly address immediate tourism labour issues has been helpful for Ireland and could be beneficial for other areas with similar issues.

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Trends in Scotland’s local population are similar to Cape Breton’s, in the sense that both locations are experiencing an aging population with “below replacement levels of fertility rates”. Scotland has been using migrant labour to fill vacant positions within their tourism sector that their local population has been unable to fill. For Scotland especially, tourism is a vital component of their economy because it brings money into rural areas and financially supports small communities. In Scotland there is a high demand for rural tourism. Migrants have been moving to these areas to work in the tourism sector, which has been very beneficial for the Scottish economy. One obstacle that Scotland has faced is that in rural areas providing public services for migrants and assisting them with social integration has been difficult (de Lima & Wright, 2009). What can be learned from Scotland is that in areas with an aging population action must be taken to ensure that there is a workforce available so that the demographics of the area will not restrict economic growth. It is also important to recognize some of the difficulties destinations may face in regard to providing the necessary services for migrant labour, particularly in rural areas.

London, England is one of the regions in the UK that is most heavily reliant on migrant workers to support their hospitality industry. In London and other parts of England and the UK, a noticeable trend with migrant labour is that the majority are well overqualified for the jobs they apply for. A much greater percentage of migrant workers are overqualified for their jobs then local residents. Business owners have noticed that by employing migrant workers they can access highly qualified and experienced workers for relatively low labour costs. This is a benefit that other destinations can experience by capitalizing on the large proportions of highly skilled migrant workers who are willing to work in low-skill positions, regardless of their level of qualification.

These examples of migrant labour in various parts of the UK have all shown multiple benefits that have been gained through the employment of migrant labour. Many of these benefits come from the ease with which labour can flow through various areas within the EU. The UK tourism sector is worried about the effect that the planned departure of the UK from the EU (Brexit), will have on their labour supply. Any restrictions to access of EU labour will result in the hospitality and tourism sector being negatively affected above any other industry. Once again, the UK is another example of the impact that changing policies can have on the structure of the labour market, thereby demonstrating the importance of ensuring that the industry is not solely reliant on one main source of labour.

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114 Janta, 2011.
9.1.3 Australia.

International working holiday makers are an integral component of the Australian tourism labour force. Working tourists are employed within their travel destination for a predetermined amount of time, primarily to fund their travels.\textsuperscript{115} Working holiday makers have been beneficial to Australia’s economy for two main reasons. First, they fill labour shortages in industries like tourism and agriculture, which are highly seasonal. A second benefit is the direct economic impact that comes as a result of a large majority of working holiday makers in Australia spending more than they earn.\textsuperscript{116} These migrant workers are working to earn enough money to enjoy themselves while in the destination, and spend the majority of their money on accommodations, food and beverage, transportation and recreation.\textsuperscript{117} Tan and Lester conducted a study which estimates that for every 100 working holiday makers that Australia employs, they stimulate the economy creating an additional 5 full time positions within the industry. Australia recognizes the importance of this group of migrant workers for their economy and actively works to ensure that this source of labour is readily available. Policy discussions surrounding increasing the maximum age for the permit, ensuring tax rates are low for this group and reducing application fees have all been priorities.\textsuperscript{118}

9.1.4 United States of America.

In the United States of America, the J-1 and H-2B visas are used to employ migrant workers for temporary positions in various industries.\textsuperscript{119} Terry conducted a study looking at the employment of migrant hospitality workers in North and South Carolina from the perspective of hiring managers. Some of the key findings of the interviews were that hiring managers have found that there is a general lack of interest amongst local residents regarding working in tourism. They also found the employee retention rates and level of motivation of migrants to be far greater than that of the local population.\textsuperscript{120} Jamaican migrant workers make up a significant proportion of seasonal workers throughout The United States. Tourism is one of the most important sectors for the Jamaican economy, and a great amount of Jamaican migrant workers who come to The United States work in the tourism sector back home. What this means is that The United States is gaining a workforce that is very experienced and knowledgeable about the operations of tourism companies before they even arrive, which is a major advantage.\textsuperscript{121}

\textsuperscript{117} Jarvis & Peel, 2013.
\textsuperscript{119} Taylor & Finley, 2009.
\textsuperscript{120} Terry, 2016.
\textsuperscript{121} Taylor & Finley, 2009; Terry, 2016.
Another advantage that Terry notes is that the peak season in North America is generally the low season in Jamaica. This means that these migrant workers can earn a living in their home country during their peak season, and then they come to North America and make good money in a time where their jobs back home would not be as profitable. Some of the benefits that The United States experiences through the employment of skilled hospitality workers from other countries is a reduced need for extensive training and a highly efficient and flexible workforce.\textsuperscript{122}

9.2 Retaining Migrant Labour

It is especially important for tourism companies to make efforts to retain their seasonal workers to return in the following peak season of demand. High turnover rates are associated with increased costs for recruitment, selection and training, as well as decreases in productivity.\textsuperscript{123} Having strong seasonal employee retention helps to ensure that an adequate quantity of seasonal workers is available, and it helps to reduce costs associated with recruiting, selection and training.\textsuperscript{124}

9.2.1 The United States of America.

Reynolds, Merritt and Gladstein conducted a study that looked at best practices of American restaurants in coastal and ski areas in terms of retaining seasonal workers. After conducting interviews with 46 restaurants they concluded that there are four main strategies that American restaurants are successfully using to retain their seasonal workers:

1. Recruiting: Advertising job listings that are accurate. This lays a strong foundation from the beginning of the employment relationship.

2. Orientation and Training: Creating a training system where new hires are taught not only the technical aspects of the job, but they are also integrated into the workplace community.

3. Separation Management: Holding meetings with seasonal staff at the end of their seasonal work term. This allows for the exchange of information to keep in touch during the off-season and shows the employee that the relationship is valued.

4. Relationship Building: Taking the time to establish strong relationships throughout the short period that the employee is with the company and maintaining regular communication during the off season.\textsuperscript{125}

These are four methods that American restaurants have had great success with in terms of retaining seasonal workers for the next peak season. Other destinations that employ seasonal staff could use

\textsuperscript{122} Terry, 2016.
\textsuperscript{123} Davidson et al, 2010; Joliffe & Farnsworth, 2003.
\textsuperscript{124} Baum, 2012; Šošić et al, 2018.
these strategies to ensure that their seasonal employees return, and their turnover rates are as low as possible.

9.3 Private Sector Initiatives

Many private companies that are affected by the seasonality of tourism demand have certain initiatives that help their business to ensure that they are adequately staffed during the peak season. These initiatives are ones that have proven to be helpful for these seasonal companies and may act as possible solutions for companies in other highly seasonal destinations.

9.3.1 Disney.

Disney World in Orlando, Florida has created a program called the Disney College Program, where college/university students can gain work experience while completing their degree. The program brings in up to 12,000 student workers annually, which is about 5% of Disney’s workforce. This program is a way for Disney to bring in student workers in the summer, when Disney has a need for additional labour and when students are on break from classes. This mutually beneficial arrangement fills seasonal positions for Disney while allowing students to work for a globally recognized company, gain experience and make new friends and memories.126

9.3.2 Marriott.

Marriott hotels has an international program that connects foreign workers to positions in their American locations. They accept migrant workers on both the F-1 and J-1 visas so both student and other migrant workers can apply for the program. Workers with these visas can apply for positions directly through the Marriott website. As previously discussed, the accommodations industry is one of the most affected industries in terms of seasonality, with very low unemployment rates in the peak season. Establishing a migrant worker recruitment program within hotel companies is a great way to directly hire additional staff for the peak season of demand.127

9.3.3 Four Seasons.

Four Seasons hotels has a student internship program that offers internships for students who believe they may be interested in a career in tourism. This allows Four Seasons to capture the employment of a group of students who are genuinely interested in making a career in the hospitality and tourism industry. The company recruits students directly by going to schools, especially schools that offer hospitality and tourism programs and majors. The student interns work in various departments within

the hotel which not only gives them the opportunity to learn multiple skills, but it also ensures that Four Seasons’ workforce is flexible. The internships range from 3 to 12 months, so these types of short term employment contracts are very beneficial for addressing labour seasonality issues.

9.3.4 Small Business Initiatives.

Adler and Adler conducted a study that looked at the practises of dealing with labour seasonality issues in a handful of small scale Hawaiian resorts. The resorts studied faced severe seasonality issues and highly variable labour needs. The resorts had various strategies that allowed them to always fill their seasonal positions and ensure that their workforce was highly flexible both functionally and numerically. In terms of supplementing local labour sources, the resorts targeted one unique segment of external labour, along with multiple other strategies. The resorts sought out a group of migrant labour that would work in the resort during the peak season, and then travel and vacation in the off-season. These employees would have homes in Hawaii where they would stay for six months of the year, and then the remainder of the year they would spend travelling. The resorts helped to encourage this lifestyle by not permitting employees to take vacation time during the peak season, so they would opt instead to travel in the off-season when the positions they filled were no longer necessary.

Mark Wafer is a Canadian franchisee who owns and manages a handful of Tim Hortons locations. He has been dedicated to hiring people with disabilities within all his restaurants. What he has found is that people with disabilities are more committed, have higher rates of productivity, are willing to work longer hours and have lower rates of absenteeism. These benefits of employing people with disabilities are all assets that help during the peak season of demand by accessing an underutilized group of labor, and through the higher levels of productivity they offer.

It is common for tourism businesses within a region to combine their resources in order to market the region or advocate on behalf of specific policy issues. Many regions have industry associations or marketing associations for this purpose. It is less common that specific regions have organizations dedicated to HR issues, but there are examples of local tourism associations expanding their mandate to include labour issues. Ottawa tourism developed Ottawa Host customer service training. The training is free of charge for businesses and trains frontline employees on customer service, while informing them of local attractions, events and other information they can pass onto guests. Explorers’ Edge, regional tourism organization number 12 in Ontario has allocated some of its marketing power towards showing parents that the tourism sector is a place for young people to work and build a career.

In Banff, the Banff & Lake Louise Hospitality Association has gone even further to solve labour issues. The organization advocates on behalf of its members but also hosts a job postings board, connects members to available training and education, and connects them with services for their staff who are new to Canada and require support, among many other member services.

9.4 Accessing Underutilized Local Labour

When a destination is experiencing labour shortages it can be helpful to look at segments of the local population that are underrepresented in the industry’s workforce, and make an attempt to increase their participation in the labour market.

9.4.1 New Zealand

Generally, the involvement of students in the hospitality industry has been decreasing, whereas in the past students formed the foundation of the hospitality workforce. Choudhury and McIntosh conducted a study which looked at improving the involvement and retention of student workers in hospitality businesses, especially ones located near education institutions. Based on the findings of this study it was concluded that it is highly beneficial for tourism businesses to develop close relationships with nearby hospitality and tourism education facilities. Doing so allows for companies to advertise themselves as a potential employment opportunity or set up student internship programs. This strategy could be implemented by destinations who wish to find ways to employ greater numbers of students locally.

9.4.2 Canada.

Popular tourism destinations in western Canada have programs that target students and young people for short term seasonal positions. Many of these workers will migrate from their homes to work for the summer, gaining job experience while enjoying a new destination themselves. Various Banff and Lake Louise companies including hotels, restaurants and attractions hire these workers to assist during the peak seasons. The need for workers in these areas is so great that often times young people will arrive without having secured a job in advance, knowing that peak season employment options are always readily available. Companies in these destinations, like the Fairmont Chateau Lake Louise Resort, will often advertise these positions to university students across the country as a way to spend their summer vacation. This strategy is effective because it fills necessary seasonal positions for these companies and

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131 Terry, 2016; Jiang & Tribe, 2009
students get the opportunity to move away from home, earn money and meet new people. Locally, Cape Breton University has advertised jobs in tourism as well but with a focus on highlighting local opportunities before those further away.

9.4.3 Japan.

Many destinations are struggling with aging workforces and declining fertility rates. The Japanese government has been slowly increasing the age of retirement to accommodate the need for additional workers. In response to this need, a private-public partnership was created called the Silver Human Resource Centers, where older or retired people can make connections and get assistance with securing part-time jobs. In Canada “retirement age”, or the age when Canadians are eligible to receive Old Age Security (OAS), has remains at 65, despite an attempt to increase the age to 67 in 2012. In this regard, Canada is acting counter to a trend in many nations. In addition to Japan, the United Kingdom, Ireland, Denmark, France, Belgium and Australia are all raising the retirement age. If Canada’s retirement age does increase, this kind of a program can be implemented in other destinations like Cape Breton that struggle with an aging workforce, as a means of reincorporating the retired demographic back into the workforce for part-time or seasonal positions.

9.5 Available Temporary Labour Sources

When faced with high levels of seasonal demand for labour and a Canadian labour market that has little if any surplus labour to provide at the height of the season, businesses will look for other temporary labour sources that can meet their needs. There are various programs and sources of temporary labour that are available to business owners, which can be viable options for companies looking for supplemental labour during the peak season. This section will outline some of the programs that are available for Cape Breton business owners to utilize. In regard to some of these programs, there are specific requirements or legalities involved, making it critical for companies to be fully aware of the specific details that these programs entail before moving forward. This section will give a general overview and description of some of the available options.

9.5.1 Temporary Foreign Worker Program

The Temporary Foreign Worker Program is a government program designed to assist Canadian businesses in filling their vacant positions with foreign labour sources. The process of using this program would begin with an employer having a need for additional labour, having already been unsuccessful in

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filling their vacancies with Canadian labour sources. After this, the employer would need to obtain a Labour Market Impact Assessment (LMIA). This assessment determines if the hiring of the foreign worker will have a negative impact on the Canadian labour market. Once the employer is approved they send the positive LMIA to their prospective employee, who then can apply for a Canadian work permit.

This program has been very beneficial in the past for filling acute shortages at Canadian hospitality and tourism businesses, although it never filled a large percentage of jobs within the sector as shown in Figure 32.

Figure 32: Jobs in Tourism Sector & Number of Temporary Foreign Workers in the Low-Wage Stream

Although TFWs were a small component of the overall workforce, tourism did rely on the program to a significant degree when compared to other sectors. Looking at the total number of TFWs by industry across all streams of the program, we see that the accommodation and food services sector was one of the heavier users of the program, but since 2012 has utilized the program to a much reduced degree (see Figure 33).

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137 Figure 32 shows sectors that had more than 8,000 TFW positions in any given year. Sectors that utilized the program but did not have over 8,000 positions in any year between 2009 and 2016 are excluded.
Recent changes to the program have severely restricted its use within the industry. Amendments to the program were made with the stated objective of preserving jobs for Canadian workers. There were multiple changes to the rules of the program, however the major ones are:

- In low wage positions there is a cap of 10% of total employees that can be temporary foreign workers for businesses who have not used the program prior to June 20, 2014, and 20% for businesses who were program users prior to this date.

- A fee of $1,000 will be charged for each LMIA application and is charged regardless of the success of the application.

- Applications may be refused for low-wage positions in regions where the unemployment rate is 6% or higher.

- Applications may be refused for a list of different National Occupational Classification Codes many of which are frontline tourism occupations.\(^{139}\)

These stipulations have resulted in massive declines in the number of temporary foreign workers that the industry has been able to employ. There are some exemptions that exist for low-wage positions

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\(^{138}\) Open Government Data Portal, IRCC, Number of temporary foreign worker (TFW) positions on positive Labour Market Impact Assessments (LMIA)s, by North American Industry Classification System - 2002 (NAICS), by province/territory.

where the work term is under 180 days in seasonal industries, however it is uncertain if this exemption will last, as it was originally given as a temporary policy exemption.

9.5.2 International Mobility Program

The International Mobility program is another method of obtaining temporary foreign workers, however an LMIA is not required. The international mobility program works with a list of countries where agreements have been made for the transfer of labour. Countries belonging to the North American Free Trade Agreement qualify to take advantage of the International Mobility program. This program looks to improve the flexibility of hiring workers who will contribute significantly, socially, culturally and economically to Canada.

9.5.3 International Experience Canada Program

The International Experience Canada program allows international workers between the ages of 18-35 (dependent upon the country of origin), to work in Canada on a temporary permit. The worker must be a citizen of a country that has a bilateral Youth Mobility Agreement with Canada. The three types of permits available are the Working Holiday, Young Professionals and International co-op.

9.5.4 Working Holiday

The Working Holiday visa is for people who would like to fund their travels in Canada by taking up temporary employment. An open work permit is needed, which essentially allows the person to work for the majority of employers in the country. This permit allows the worker to work in multiple locations or for multiple employers as they travel the country. This permit is a great option to fill seasonal positions because of the flexibility and the limited restrictions.

9.5.5 Young Professionals.

The Young Professionals work permit allows international workers to gain temporary experience that will assist them in developing their careers. This visa is open to workers who have an offer of employment from a Canadian company that contributes to the development of their professional career. Typically, the position must be in an industry where the individual has pursued education or has previous work experience. This permit also specifies that while in Canada, the individual may only work for the employer that they were hired by prior to applying for the Young Professionals visa. This visa is restricted in terms of the kinds of jobs that are accepted. The job must be classified as a skill type level of 0, A or B on the National Occupational Classification. Typically, these jobs are slightly higher than entry level positions, for example, a restaurant manager. This visa does not allow for filling entry level or low-skilled positions, however it may still prove to be helpful for some companies.
9.5.6 International Co-op.

The International Co-op visa is similar and has the same stipulations as the Young Professionals visa, accept the applicant must be a student at a post-secondary institution and be completing the co-op as part of their education. Once again, this visa is for slightly higher-level positions.

However, like the temporary foreign worker program, recent changes have restricted the use of this program. In particular, Australians who met the age requirements of the program could apply for a multiple working holiday visas, allowing them to work in Canada for multiple two-year terms. Since 2016, Australian citizens can only participate in the program once, and the number of individuals applying for visas under the IEC program has been in decline.

Figure 34: International Experience Canada work permit holders on December 31st 2001-2017

9.5.7 Canada Summer Jobs Program

The Canada Summer Jobs program is an initiative that helps secondary and post-secondary students gain work experience during their summer break. The program provides a partial wage subsidy to companies who employ students through the program. For a company to be eligible for the program, they must have less than 50 employees and they must show that they intend to support youth from underrepresented groups. The program is open to companies across Canada and businesses can apply

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140 Open Government Data Portal: International Mobility Program work permit holders with a valid permit on December 31st by program, 2007 to 2016
to be a part of the program. This opportunity is a good option to address seasonal labour issues because it runs during the summer months when labour is needed most. It also helps to connect companies to youth labour sources, along with providing them subsidies to pay the workers. Several employers in the municipality of Baddeck were approved for Canada Summer Jobs funding in 2018, showing that owners are aware of, and using the program. However, while it benefits the business financially, this program does not create more labour.

9.5.8 International Students Studying in Canada

International students that come to Canada with study permits may be eligible to work in the country with some restrictions. These workers are allowed to work for up to 20 hours per week during study periods and full-time on school breaks. In order to be eligible to work as an international student studying in Canada, the person must have a valid study permit, be a full-time student, be enrolled in one of the designated learning institutions at the post-secondary level, be enrolled in a program that will lead to a degree, diploma or certificate, the program must be at least six months long and must be academic, vocational or professional training. Hiring international students studying in Canada is a viable option for tourism businesses to fill seasonal positions, especially as these workers are able to work full-time during the summer months when tourism is often in the peak season of demand. This potential labour pool is also growing at a time when other sources of temporary workers, such as the TFW program and IMP program are declining.

9.5.9 Employing Newcomers in Canadian Hotels Pilot Project

On June 20, 2018 the Federal government announced that a new three-year pilot project will begin which will be aimed at connecting newcomers to Canada with jobs in the accommodation industry. This program will assist with language development in the form of training along with on the job learning. The program will facilitate the inclusion of this group into the accommodations workforce, thereby assisting companies in the industry to fill vacant positions. One of the regions that the program will focus on is Atlantic Canada, making it a possible source of workers if the region of Cape Breton has an available population of newcomers looking to work in hotels.143

9.6 Private Sector Initiatives

Across Canada, private sector initiatives help business owners gain access to or facilitate the movement of temporary workers. An example of this exists in Ontario with a company called Mobilize Jobs. Mobilize Jobs is an international recruiting agency that works with Canadian companies to recruit labour

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142 Open Government Data Porta: International students with a valid permit on December 31st by gender and age, 1996 to 2015
both nationally and internationally\textsuperscript{144}. Programs like this are highly valuable, especially for small businesses that can use assistance in recruiting and understanding their labour options.

There is a general lack of private sector initiatives available in Nova Scotia and the Cape Breton area. Building initiatives like this would be highly beneficial for the Cape Breton tourism sector, in terms of helping local businesses to gain access to seasonal labour.

9.7 Key findings: Seasonality Best Practices

There are limited private sector initiatives that alleviate labour shortages, and those that exist are mostly created and executed by large companies. Smaller businesses tend to rely on government policies, such as migrant labour programs. Temporary workers have offered a solution to seasonal labour issues in many countries, including Canada. However, programs for migrant labour can be politically contentious and subject to sudden policy changes. Migrant workers also need access to housing and transportation, which Cape Breton lacks.

- Migrant labour has been successfully used by the tourism sector in the United Kingdom, including Northern Ireland and Scotland, which is facing similar demographic pressure to those seen in Cape Breton, and relies on tourism to economically support rural areas and small communities.

- The United States attracts migrant workers from Jamaica to support the tourism sector during that country’s off-season. This creates a well-trained workforce for American companies and provides individuals with year-round or higher paying employment when a job in their home country would be less lucrative.

- Well organized private sector initiatives can be found, but are implemented by large companies, much larger than any found in Cape Breton. Smaller businesses need to be more focused in the types of programs they attempt. One successful strategy that was identified was to target recruitment to a single unique labour pool.

- Since 2014, changes to Canada’s temporary foreign worker program have restricted its usefulness as a source of labour. It had been used to mitigate labour shortages in some regions prior to these changes, but the system is socially contentious and shows a tendency to constantly change and shift due to political changes. This makes it a potentially useful, but volatile source of labour and a poor long-term solution.

- The working holiday visa program is also a potential source of labour that has been restricted in the recent past. Thought it still is a source of labour, the benefits of the program accrue largely to Western provinces.

- One growing demographic group that is available to employers are international students, who can work up to 20 hours per week during study periods and full-time during school breaks.

\textsuperscript{144} https://mobilizejobs.ca/about-us/
• The Canada summer jobs program is well known and extensively used by tourism businesses in Cape Breton. It can supplement the wages of young workers, but does not contribute to an increase in available labour.

• There is a general lack of private sector initiatives available in Nova Scotia and the Cape Breton area, and existing private sector options are not readily available or easy to find. Building private sector initiatives would be highly beneficial for the Cape Breton tourism sector in terms of helping local businesses to gain access to seasonal labour.
10 Seasonality Survey of Businesses and Employment Service Providers

To help understand the interaction of labour shortages being experienced by businesses in a region with higher than average unemployment, two surveys were conducted as part of this study. One gathered responses from 32 Cape Breton tourism businesses to understand the dynamics of labour demand, and 12 employment service providers provided information via the second survey to understand the needs and wants of those seeking employment.

Almost all businesses (97%) have seasonal fluctuations in their staffing numbers. Some businesses that close for part of the year did not report fluctuations in staff numbers but for the purposes of this study were counted because they shed staff when the business closes and need to find new staff when it reopens. It is worth noting that not all seasonal businesses see themselves as having fluctuating staff levels.

Most responding businesses were small, reporting revenues of less than $500,000, and most assigned responsibilities for human resource management to the businesses owner/operator. A small minority (13.3%) has a staff person dedicated to human resource operations, although a few of the year-round businesses had outsourced these duties to a third party.

The plurality of businesses did not require a large number of employees, almost three quarters had less than 20 employees and 40% had only 1 to 4 employees. However, these numbers are based on averaging the number of staff the business had across the course of a year (or part year in the case of seasonal businesses). Because of the seasonal demand levels, the number of employees required increases significantly in the summer and autumn.

Generally, the number of employees working at a business starts to rise in April, peaks in July and August, decreases slightly in September/October before dropping precipitously in November. Including businesses that are closed for part of the year, on average five employees were required per business during the winter season, whereas businesses needed close to 30 staff during the summer and early fall (see Figure 36). These numbers hide great variability between specific businesses, but it does show the overall increase of demand for workers is very significant, and all businesses need to operate in this high demand environment whether they are looking for two employees or two hundred.
A key finding from the survey of employment service providers was that potential employees are looking for full-time work, whether it was year-round or seasonal. A minority of job seekers were looking for seasonal work.

Figure 36: Average Number of Employees Required – Monthly

Figure 37: Type of Work Sought by Clients
Despite an unemployment rate in Cape Breton that has averaged around 14.7% from January 2015 to May 2018, most businesses have positions that remain open and unfilled during the tourist season. Among respondents with seasonal positions available, 65% had at least one position that went unfilled in 2017. Businesses with more employees were more likely to have unfilled positions, but small businesses could also be significantly affected as a few unfilled spots represent a significant share of their labour needs. One business reported that they were unable to fill any of their available positions in 2017. On average, of all seasonal positions available in 2017, about 20% went unfilled. Looking forward, businesses were hopeful that labour would be less of an issue in 2018, but they still expected about 13% of available spots to remain vacant.

Figure 38: Available Positions Unfilled

Survey participants reported customer volume levels that aligned with those seen in section one, which examined tourism demand in Cape Breton based on room nights sold. Demand was low in the winter months with growth first being seen in May, spiking in August and then slowly decreasing in September and October. As reported in face to face consultation with industry, expansion of the “shoulder” season has occurred in the autumn as opposed to spring. High demand levels in September/October, greatly exceed those in May and June (see Figure 37). This makes it difficult for operators to draw on students as a source of labour for the full season. While high school schedules align with the months of highest demand, they do not cover the shoulder seasons. University and college students become available to work for two months when demand and the need for workers is lower. Students return to school in late August/early September, reducing their availability during two key months of the season.
Businesses need to find additional staff for the period of very high demand, and the majority (66.7%), report that it is very difficult to do so. Although year-over-year survey data is unavailable, industry stakeholders told us that while it has always been difficult to get seasonal staff, it has become much harder, because there are less people looking for this work. This is not simply a perception, as census data shows a decrease in the overall population, and a significant decrease in the population of young people in Cape Breton.

To find seasonal workers, 65% of businesses offered some form of incentive to workers if they returned the following season, and 75% of businesses maintained some level of contact with their employees during the off-season when the employee was not working. A range of incentives were used to retain staff year to year. Raises were a commonly mentioned incentive, while others included a mix of benefits such as better scheduling, product discounts, and additional benefits.

A minority of businesses (15.3%) had turned to the temporary foreign worker program, with year-round businesses more likely to do so than seasonal businesses. This finding aligns with the findings of consultation session held on the temporary foreign worker program in the spring of 2018. Those sessions found that the high cost ($1,000) of an LMIA, combined with the uncertainty over when, or even if it would be approved, made it financially untenable as seasonal businesses did not have enough time to recoup the cost of hiring a worker through the TFW program – assuming they were able to get a worker through the program at all. Only one Cape Breton business reported hiring an employee who arrived in Nova Scotia via the Atlantic Immigrant Pilot project.
10.1 Effects of Labour Shortages on Businesses

Labour shortages have a number of effects on businesses and owner/operators. The greatest impact was higher operating costs, with 70% of respondents indicating that they were experiencing this to a high degree. A majority of respondents also indicated that they were faced with an eroded ability to compete due to overworked staff and managers doing double duty. This in turn can lead to an inability to expand or grow the business, and reduced product or service offerings. Both were reported as being experienced to a high degree by 43% of respondents. Other impacts reported included reduced profits, inferior customer service, and foregone investment.

10.2 Constraints to Connecting Job Seekers and Employment

There are significant constraints on the ability of those seeking work to connect with the jobs that are available. In general, the response from both businesses and employment service providers suggest there is a lack of quality infrastructure in rural Cape Breton, which multiplies the difficulty in finding seasonal workers. Respondents were asked to rank several types of infrastructure from very poor (1) to very good (5). The average score across all types of infrastructure was 1.8. from businesses and a slightly more positive 2.3 from employment service providers. Educational opportunities and communications infrastructure were the highest ranked. For businesses, the two lowest ranking pieces of infrastructure are ones that have a direct impact on worker mobility, rental housing (1.32) and public transportation (1.2). Employment service providers also saw the region’s rental housing, transportation infrastructure and public transportation as being poor or very poor.

Figure 40: Rating of Infrastructure in Cape Breton (1=Very Poor, 5 = Very Good)
For employment service providers, the most commonly cited barriers to work were low wages, a lack of transportation, lack of childcare and shifts on evenings and weekends. Other barriers that prevent those looking for employment from taking jobs in tourism and hospitality are the necessity of split shifts, which compounds the problem of finding viable transportation options. Some clients also lack social and communication skills, which makes the service-oriented tourism sector less appealing to them. It was also reported that client feedback indicated that employers have difficulty accommodating mental or physical challenges. This was also seen when service providers were asked about employer’s level of preparedness to provide support to individuals from specific demographic groups as they entered or re-entered the labour market. Overall, service providers ranked employer’s preparedness levels as medium and felt that they were particularly unprepared for the levels of support required by temporary foreign works, new immigrants, and people with disabilities.

Figure 41: Level of Support Preparedness by Demographic Group

There are also reported training gaps that can act as barriers as well. Over 90% of employment service providers indicated that their clients have gaps in essential skills such as numeracy, interpersonal skills, and communication. Essential skills gaps limit the ability of individuals to join the workforce, and skills such as communication and interpersonal skills are of particular importance in tourism. In addition to essential skills gaps, 73% of service providers indicated that their clients had general knowledge gaps, such as workplace safety, and 64% said that their clients have tourism specific skills gaps such as food preparation that would require training.

Tourism is a sector which commonly provides on the job training and provides an entry point to the labour force for those with little work experience. However, a lack of essential skills in addition to a need
for occupation specific training creates a barrier to seasonal employment as there is limited time for training before the busiest part of the season begins.

Employment service providers also feel that essential employability skills will become more important in the future. When asked which skills would become more important to Cape Breton’s tourism sector, many that were ranked as likely to be much more important were essential skills such as problem solving, professionalism, and interpersonal skills.

Aside from challenges that are faced by those looking for work, those helping them can also face barriers when trying to connect their clients with work in tourism. Finding ways to overcome the distance to work with appropriate transportation options, or alternately finding housing for clients in the region where work is available is difficult for employment service providers. It was noted that the only real option for transportation in rural Cape Breton is owning a personal vehicle. They also noted that the schedule required by many tourism jobs, such as split shifts, on call shifts, or evening shifts, exacerbates issues such as transportation and finding available childcare, assuming there is any in the region.

According to employment service providers, of the available jobs in the tourism sector, their clients are most likely to be interested in looking for work as food and beverage servers, front desk agents and maintenance staff. Employment service providers were asked to rate the level of interest their clients had in a number of tourism jobs on a scale of one to ten, with ten indicating a high level of interest. The average results suggest that there are several tourism jobs in which clients are moderately interested. Two of the jobs that are most in demand (cooks and housekeepers), ranked at 6.2 and 4.3 respectively. Cook jobs likely ranked lower because of the training required for this position.

10.3 Potential Solutions to Labour Shortages

Respondents were presented with several potential solutions, ranging from partnering with educational institutions to offering year-round employment, and asked whether they agreed or disagreed that these options were indeed potential solutions. Based on the response, solutions where ranked on a scale from 1 to 5, where a higher number indicated greater agreement that a solution could solve seasonal labour issues. Business respondents felt that providing or expanding employee housing offered the best chance of a potential solution, followed by partnering with educational institutions. Many agreed that recruiting foreign workers and providing year-round employment offered potential solutions as well.

The employment service providers ranked offering higher wages as the top policy that could offer a solution to seasonal labour shortages, but other policies aligned with those selected by employers, and providing or expanding employee housing and partnering with educational institutions were the second and third ranked options. Recruiting foreign workers, adjusting service offerings and sharing employee with other businesses were seen as the least likely policy options by employment service providers.
However, it is not enough to state that an option is a potential solution. Practical obstacles must be overcome before a solution can be implemented. Respondents were asked what barriers or difficulties they would face if they tried to implement each of the potential solutions. The least preferred solution was to adjust services offered to guests.

There were many barriers, even to the highest ranked solutions. For example, respondents noted that while more accommodation offered a solution, it was too costly for small businesses or they simply lacked space or capacity to take this on. Many of the same barriers were noted in regard to organizing transportation for employees. The other highest ranked solution, partnering with educational institutions, would be hampered by the distance between the business and the institution, a problem exacerbated by the lack of housing and transportation.

While there is a tendency on the part of employers to point to benefit loss as a restricting the labour supply, the overall results support another assertion by employers, that people simply do not want to work in the industry. The nature of tourism, which requires shifts outside of regular working hours and offers low wages that are dictated by the slim profit margins of the industry, is a greater factor.

The issue around training interacts with the size of businesses in Cape Breton. Most are small, and lack dedicated human resource staff. This creates difficulty in achieving aims that are not part of the core business activity. This includes the initial recruitment and retaining of staff but also further investments in their staff, such as training, and support or accommodation of staff with special needs. It was identified that businesses would need to partner with other organizations that could support the training and employee support that could not be provided by the business themselves. It was also stated
that the need for trained professionals for jobs in the tourism sector needed to be reflected in the pay scale, which was currently not the case.

Due to the size of most tourism businesses, it is very difficult for any single business to take the steps that may help them with their staffing needs. Not all potential solutions will prove feasible, and attempting them in order to find those that are is a risky proposition for businesses. This is likely why the consultations that occurred as part of this study indicated a preference for government-led solutions, despite the aim being to find industry-led solutions.

10.4 Key findings: Survey of Businesses and Employment Service Providers

Cape Breton’s tourism businesses are mostly small, giving them limited capacity to manage labour shortages on their own. They operate in an environment in which demand for their product is highly seasonal, but where the workforce is mostly looking for year-round work. There is a gap between the work the businesses can offer and the type of jobs unemployed Cape Bretoners are looking for.

- The majority of businesses are small, both in terms of annual revenue and staff numbers, and almost all see significant fluctuations in staffing levels, with a significant increase in staff required for the summer months.
- Most clients of employment service providers are looking for full-time/year-round work. A minority were looking for full-time/seasonal work.
- In 2017, tourism businesses were unable to fill about 20% of the positions they had available, and the majority of businesses report that it is very difficult to find staff for the peak season.
- The temporary foreign worker program and the Atlantic Immigrant Pilot program were not being used by a significant number of tourism businesses in Cape Breton.
- Infrastructure was seen as an impediment by both businesses and service providers, with public transportation and rental housing considered the most problematic issues.
- Additional barriers to working in the tourism sector were wages, split shifts, and shifts on evenings and weekends, which compound employees’ difficulty in finding transportation and childcare.
- The clients with whom employment service providers are working have gaps in essential skills and knowledge gaps in areas such as workplace safety or food preparation that act as barriers to work in hospitality. In addition, most tourism businesses do not have dedicated human resource personnel, making essential skills gaps a difficult barrier to overcome.
- Several potential solutions were rated highly by businesses and employment service providers, but many practical obstacles were noted that must be overcome if a solution is to be implemented.
• The size of businesses in Cape Breton makes it difficult and potentially risky for businesses to attempt new, innovative and untested approaches to mitigating labour shortages.
11 Consultation Session

In June 2017, a group of 19 individuals representing businesses, industry associations, and employment service providers came together to discuss how labour issues associated with seasonality could best be solved. This session continued work done at two previous meetings held in the spring and early summer of 2017.

Attendees were posed a series of questions and their feedback has been summarized here and integrated into the remainder of the report to provide context to the findings of the survey and literature review.

11.1 Managing Seasonality

Tourism in Cape Breton is not alone in being a seasonal industry, as other sectors such as the fisheries and particularly fish plants are seasonal as well. However, tourism also differs from other seasonal industries. While the demand cycle for tourism is seasonal, it is subject to fluctuations in the level of demand for the season, but also within the season, as demand within a given day or week rises and falls depending on the level of customer traffic which can be affected by such uncontrollable elements as the weather. The tourism sector is also less reliant on a seasonal workforce. Instead of the same workers returning year over year, the tourism workforce is more transient. The demand for jobs rises and falls each season, but often different individuals occupy those jobs in a given year.

Other industries have higher base wages, but tourism employees often receive tips which means earnings can fluctuate based on tourism demand during and within a given season. This also creates a divide in tourism between the tipped and non-tipped positions.

Seasonal work can have several positive influences on workers and the community, such as flexibility in employment that allows time off to spend with family or parenting. It also allows significant free time for people to pursue personal interests, and can provide a lifestyle that certain owners and staff are looking for. In terms of business operations, it allows significant time to identify challenges and address them in the off-season, without the added challenge of introducing changes while the business is still operating day-to-day.

There are also negative aspects of seasonality, for example, it results in high staff turnover and limits the ability of businesses to attract those who are looking for full-year work (as results of the survey indicated many are). The season itself does not align well with the schedule of students, who form a pool of labour that is looking for part-year work, as it extends into October, long after students have returned to school. Particularly in the shoulder season, the loss of that workforce results in a higher workload for the remaining staff leading to burnout and a lack of service. The intense workload makes it difficult to make proactive adjustments during the season itself.
The seasonal cycle of employment has also become a feature of the Cape Breton economy that creates a dependency on employment insurance and income assistance. With a segment of the labour force locked in this cycle, it also creates a period of the year when the amount of disposable income in the community drops. This in turn makes it difficult to expand the season by offering services to locals when the number of tourists drop.

Another negative aspect of seasonal work is that it is less appealing to international students who eventually want to acquire permanent residency, as full-time year-round work is more beneficial when seeking permanent residency. These negative aspects become more significant in the presence of an acute labour shortage.

Looking forward, businesses would like to expand but most feel that they will only maintain their status as they find shortages of labour make it difficult for their business just to survive. Several priorities for the next few years were suggested, such as developing into year-round businesses and extending the season through events, but shortages make it difficult for businesses to get ideas off paper and into action.

11.2 Skills Required by Seasonal Employees and Seasonal Business Owners

With limited sources of labour, optimizing the workforce that does exist is of paramount importance. Consultation session attendees indicated that providing additional training, or cross training (which would increase functional flexibility) would help optimize the current workforce, as would better partnerships with educational institutions and greater utilization of government training programs. Training programs, such as those available through the municipality of Baddeck, should be explored as potential means of optimizing worker skills.

Additional incentives for staff and the use of technology so that staff can focus on other tasks (automation) were also identified as strategies that could increase productivity and allow businesses to meet greater demand without expanding the workforce.

It was generally agreed that frontline workers need key essential skills for a seasonal business to be successful. These skills included local product knowledge, communication skills, customer service, cultural awareness, and conflict management. Overall, frontline workers need dynamic abilities that allow them to adapt to many different types of demand, not just fulfill the one role they were hired for.

For business managers, key skills were related to leadership and people management, but much like frontline employees, it was felt that managers needed to be dynamic and able to “do it all”, to effectively run a successful seasonal business.
11.3 Potential Solutions

The focus of the consultation was identifying solutions to the difficult business environment being created by labour shortages. Attendees were asked to consider three themes when identifying potential solutions.

- Opportunities to minimize job shedding in the off-season
- Challenges to implementing solutions identified by secondary research such as job sharing, daycare, etc.
- Solutions used elsewhere that could be applied in Cape Breton

11.3.1 Minimize Job Shedding

Employers identified shifting to year-round employment as a means of minimizing the shedding of jobs, or alternately partnering with other businesses who need workers in the off-season. However, it was noted by many that demand at off-season businesses was too low to employ all summer workers, while the cost associated with shifting to an all-year business would be expensive and current seasonal businesses would lose the tax breaks they receive if they close for four months of the year, increasing the financial disincentive.

As businesses must consider their bottom line, an alternative to becoming a year-round employer would be to ensure training or skills upgrading of employees occurs in the off-season. This would help maintain a connection with the seasonal staff, on top of off-season communication with employees that businesses are already carrying out. However, to do this, businesses need to contend with a problem that is outside of their control. Current EI rules limit the ability of businesses to retain staff or to retain them in a partial capacity, because it is financially advantageous for workers to go on EI due to limited demand and limited hours that can be offered.

To identify solutions to a problem, it is necessary to understand the difficulties that will be faced in implementing them and how different barriers interact with each other. Job sharing may be a reasonable idea but impractical if the two businesses are 20 kilometres apart and no transportation is available.

Establishing daycare or subsidizing the cost of a daycare is a means to increase the participation rates of women in the workforce, increasing the supply of labour. A business that subsidizes or offers daycare is in turn increasing the attractiveness of that specific business, but there are many hurdles to providing daycare. Providing daycare at a business is expensive, and businesses must weigh the cost against the number of employees who would use the service. Childcare is a highly regulated industry and the logistics and expense involved could outweigh the benefits that would accrue to a small business. Participants noted that in small communities or rural areas, childcare is also faced with labour challenges, and there may be no available qualified person to run a daycare.
Job sharing can refer to the cooperative sharing of staff between two businesses who each require one part-time worker, allowing one individual to achieve full-time work hours by working part-time hours at each business. It can also refer to a work option in which two people share the work of a single full-time employee to provide the two workers with a better work life balance. Either arrangement requires management and in the busy tourism season, coordination of these types of arrangement takes up management resources, which are already overtaxed when labour is in short supply as managers often must fill in frontline roles. The employer would need to be open-minded and willing to try job sharing as there would be concerns about the time and skill required to organize as well as the possibility of losing employees to the partnering business. There are organizations, such as Hyre, developing sharing economy style apps that allow hospitality industry workers and businesses to match their supply of labour with demand. In essence, these apps function as a staffing agency but connect the employer and worker directly to each other, and this type of service could help with the management of job sharing options.

One of the key challenges faced by Cape Breton businesses is the lack of affordable housing. This places limits on their ability to hire workers through programs such as the temporary foreign worker program (aside from the difficulties with that program discussed above). It also places limits on their ability to hire migrant labour via less problematic means such as mobilize jobs, or the international experience Canada program. In theory, more housing units, or units dedicated to seasonal workers could mitigate the issues associated with a lack of transportation because workers could live in the community where they work. Building housing units is expensive and requires land that may not be easily available. This was also a barrier to improving transportation options, as the cost associated with arranging it could easily outweigh the financial benefit to small businesses.

An alternative option to building employee housing would be home sharing, wherein employees are housed with residents of the communities. Attendees considered this idea and felt that there would need to be some form of incentive to convince members of the community to pursue this. Some noted a disincentive to home sharing, people are not comfortable with having a stranger in their home, or on a property that they own. However, a second objection suggests that people are not as concerned about strangers as it may seem. Several attendees noted that people in the community are renting their properties through AirBnB, however this is more profitable than home sharing and therefore further limits the housing that is available to seasonal workers. As noted in an article by CBC, the AirBnB phenomenon is providing support to a tourism boom in Cape Breton by providing rooms to visitors, but it is also making it difficult for residents to find housing, let alone migrant workers.145

If a sector can make itself more attractive to workers relative to other industries, it should expand its potential pool of labour. Canadians have mixed views on the sector as a career destination. Seventy-five percent believe tourism provides valuable work experience, 63% believe there are many interesting jobs

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to choose from in tourism, and 91% believe that it is a place where young people can increase their work experience and job skills. However, Canadians tend to see the sector as low paying and lacking a viable career path. Among Canadians, only 43% believe tourism provides opportunities for career advancement, only 32% believe tourism workers are appreciated by their employers, only 31% believe benefits offered are competitive, and only 23% believe wages in tourism are competitive. Generally, attendees recognized that a better image would come with more benefits and career progression but also noted that it required efforts to promote the sector in the local high school by providing co-op hours and showing staff that they are appreciated. It was also felt that creating year-round job opportunities would also improve the image of the sector.

11.3.2 Policies and Programs Offering Solutions

Employers suggested that training programs needed to complement the employment season as they were currently only offered year-round, causing conflicts in peak seasons. It was also noted that training needed to be adapted to the specific business. Employment service providers indicated that there were programs available that could meet these needs. This revealed the difficulty that occurs connecting providers of programs and potential users of programs when everyone is focused on managing the day-to-day requirements of their jobs. The consultation session itself allowed for some of these connections to be made, but the attendees are only a small sample of the tourism business owners and service providers in the region and more effort needs to be made connecting these groups.

Other suggestions for policy solutions focused on changing the financial incentives that reward shutting businesses during the off-season, providing job subsidies in the early- and late-season so employees can be retained even when business slows, government funding to improve affordable housing, and adjusting the immigration policy to attract entry level workers, not just the highly educated or skilled.

Most of these issues are bigger than a single business has the capacity to take on. Even if a single business could, it would then benefit that business only and enhance the labour problems faced by other businesses. While this would benefit the single business in the short-term, in the longer term it is likely to undercut the viability of the tourism sector in the region.

Educational opportunities should be provided for business owners on the HR skills they lack, such as recruitment strategies, available labour sources and employment service providers, and how to tap into the international market either through migrant labour or international students.

While small businesses may find it difficult to drive program changes on their own, they can leverage other opportunities. Tourism operators will have opportunities to utilize or build on programs and policies if they can find the will to do so. An example identified as part of additional consultations was the potential implementation of point-to-point employment shuttle. This program may soon be under

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consideration for the Cape Breton Regional Municipality. Initially, it may be limited to the CBRM as a pilot, but if successful could be expanded to rural regions.

One of the issues with such a program is the cost to small businesses, unless it is funded by the government, or opportunities can be found to make the cost worthwhile. An example where this has happened is a summer shuttle service between Charlottetown and Cavendish. The point of the service is to increase employment options by making transportation available, but visitors are also welcome to use the shuttle, making it more appealing to businesses because it delivers customer traffic to their doorstep.147

11.4 Key Findings: Consultation Session

Seasonality is a feature of the Cape Breton tourism sector. This seasonal cycle is unlikely to shift in the near term as both businesses and employees have adapted to this cycle and there are incentives in place that support its continuation. More connection between businesses and those who serve individuals looking for work are needed. However, both tourism businesses and employment services providers have limited capacity beyond managing their day-to-day work.

- Tourism is a seasonal industry but compared to other industries it sees more turnover year-over-year among the individuals that make up its labour force.
- Seasonal work has positive effects such as flexibility to pursue other interests, but it limits the ability of businesses to attract those seeking full-year work.
- The workload associated with seasonality makes it difficult to make proactive adjustments to business practices during the season itself.
- The seasonal cycle of employment has become a feature of the local economy.
- Frontline workers need specific skills in areas including local product knowledge, communication, customer service, cultural awareness, and conflict management to effectively function on the job. They also need dynamic abilities that allow adaptation to different types of demand.
- Shifting to year-round employment could reduce job shedding, but off-season demand could not accommodate all workers and the shift would be expensive, especially as existing tax incentives would be lost.
- Current employment insurance rules make it financially advantageous for workers to go on employment insurance, which limits the ability of businesses to retain staff in the off-season or to retain them in a partial capacity.

• Overcoming barriers such as a lack of childcare, public transit and affordable housing are hampered by the size of most tourism businesses, creating a need for cooperation between businesses and government entities to address these issues.

• It is difficult to connect program providers and potential users of programs when both program providers and business owner/operators are focused on managing the day-to-day requirements of their jobs.

• A point to point employee shuttle service may be under consideration in the Cape Breton Regional Municipality as a pilot project.
12 Analysis and Recommendations

Cape Breton’s tourism sector faces several challenges that it must overcome if it is to increase the supply of labour. Many of these challenges interact with and multiply the effect of others. Some are broad societal issues, affecting all of Cape Breton and are beyond the scope of a single industry, while others are specific to tourism. The intent of both the consultation session and the survey of businesses was to identify industry-driven initiatives that could solve the mutual problems of jobs without people and people without work. Industry-led initiatives are preferable long-term solutions because they give the sector control over its own destiny. Government programs and policies can be influenced by many factors beyond the tourism sector’s control, with the temporary foreign worker program being an example.

Despite this intention, suggested solutions tended to be ones that required government involvement, such as tax changes, employment insurance adjustments, and government funding for affordable housing. This is understandable, as many of the barriers discussed in this report are not specific to tourism businesses. Instead, they affect tourism but have root causes that cannot be fully managed at a sectoral level. It is important to examine barriers as being within the control of the sector, or outside of its control, and therefore understood in the context within which businesses must operate.

Tourism in Cape Breton is highly seasonal and will likely continue to be. As an island and coastal region there are natural factors that will continue to draw tourists at specific times of the year. Overall demand has been growing in Cape Breton throughout the calendar year, but it is growing more rapidly in the peak season. Overall growth in demand may allow some businesses to stay open year-round, meaning they will be able to maintain a core group of staff throughout the year. However, the trend is towards greater variance in demand, which will increase the seasonal variance in labour needs.

Some tourism destinations sustain a level of tourism demand in the “off-season” with a combination of winter attractions, business travel, and supplying entertainment to local residents. The peaks and valleys seen in demand for accommodation, which is largely driven by pleasure travel, combined with a declining population of residents suggest this is unlikely to occur in Cape Breton. Population decline limits the ability of businesses to operate year-round as it reduces the amount of local consumption available to offset low tourism demand in the winter. Moving forward requires acknowledgement that Cape Breton’s tourism sector will remain seasonal for the foreseeable future. Even if financial barriers to year-round operations are removed and fewer businesses choose not to close for part of the year, they will need more employees in June through October than they do the rest of the year.

Where there is opportunity to expand the season is in the spring. Shoulder season growth in September and October is already strong but occurs when student labour is limited. Increasing customer demand in May and June would expand the season in a balanced manner when student labour can be utilized. Currently, Cape Breton tends to attract couples aged 45-64, who travel in the fall. A focus on products
that attract millennials and younger travellers would be more likely to attract tourists in the spring season. Additionally, these travellers do not want to feel like a tourist and seek authentic experiences, rather than luxurious hotel stays that require high levels of labour intensive service.

Cape Breton’s population has declined and the share of youth within the population is declining rapidly, both as a share of the labour force and in absolute terms. At the same time, tourism demand is growing both regionally and nationally. This is a challenge to any industry but a particular problem for one that is place specific. Moving to places where workers are more plentiful is not an option for the tourism sector.

Tourism businesses should support policies or programs that will increase population or bring more labour to the region on a temporary basis, even if they are not targeted at tourism. The attraction of newcomers for non-tourism industries can still benefit the sector, as these workers will have families who can become part of the labour force and present an opportunity to grow local demand for tourism products. However, it should be assumed that a declining labour force is the context in which tourism businesses will need to operate for the near future. Faced with these conditions, tourism operators will need to do more with less in terms of labour if they wish to expand or maintain their current offering. Productivity of the existing labour force needs to be increased, or labour needs to be brought to the destination.

Despite the long-term decline in the size of the population and labour force, there is spare capacity to place people in jobs, as evidenced by Cape Breton’s high unemployment rate. There are people looking for work and jobs are available. This imbalance is a result of barriers linked to infrastructure and skills. These challenges must also be dealt with if more labour is brought to the region. Here there are also some opportunities for businesses to enact change themselves, although actions by government would be helpful and could be leveraged by businesses.

Public transportation and housing are the two greatest challenges to overcome, but because most tourism businesses are small, individual businesses will need to work together and with their communities to overcome them. Opportunities exists to build on the existing transportation infrastructure by developing point-to-point employment shuttles. Opening the use of these shuttles to tourists has the potential to increase the appeal and sustainability of such a service. Building such a system is being explored by the Cape Breton Regional Municipality, and while there are no plans to expand the system beyond the CBRM at this time, should a pilot be successfully implemented within that region tourism businesses should ask for and support the expansion of the system.

In the absence of government support for employee housing, businesses would need to look at building their own, but this is beyond the capacity of most individual businesses. Thus, it would require businesses sharing the costs of building and operating housing. Doing so requires that businesses accept that the capital investment will be a sunk cost, however, providing housing to employees in this manner can be done in a way so that the costs of running and maintaining units are covered by subsidized rents.
Investment in staff housing needs to be viewed as part of the attraction/retention package for employees.

More connection between businesses and those who serve individuals looking for work are needed. The consultation session showed that knowledge of available programs and changes to training is limited. There are many providers and, much like tourism businesses, these are small operations with few staff. Keeping the communication channels open between businesses and employment service providers who are focussed on their day-to-day work is difficult in the absence of someone devoted to this task. An individual appointed to this task would be helpful and offer a potential long-term solution to two problems. Ideally this individual will be working for and balancing the interests of all individuals, the clients, the service providers and the business. In addition, this individual could be tasked with identifying means of overcoming other barriers identified by stakeholders, such as identifying potential childcare options, available housing opportunities, organizing the sharing of employees, finding training opportunities, and alerting stakeholder to other opportunities as they become available, such as a reformed TFW program. The creation of the ad hoc committee is a step in this direction as it has increased the level of communication that is occurring between service providers and business, but more is needed.

Implementing this type of solution does require several questions to be answered, including who provides oversight and how is the role supported financially. One potential means of supporting this role is to recognize that such a role is vital to product development and expansion of the tourism sector. As such, it should be in the interest of businesses to support it and there is potential for support through product development funding.
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