



# Young Love

Will Generation Y ever get that special feeling for Atlantic Canada?

**John Kennedy**

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**January 2012**

## **Atlantic Institute for Market Studies**

The Atlantic Institute for Market Studies (AIMS) is an independent, non-partisan, social and economic policy think tank based in Halifax. The Institute was founded by a group of Atlantic Canadians to broaden the debate about the realistic options available to build our economy.

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- b) investigating and analyzing the full range of options for public and private sector responses to the issues identified and acting as a catalyst for informed debate on those options, with a particular focus on strategies for overcoming Atlantic Canada's economic challenges in terms of regional disparities;
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Halifax, Nova Scotia  
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Published by the Atlantic Institute for Market Studies  
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Halifax, Nova Scotia B3J 3K1

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## ABOUT THE AUTHOR

**John Kennedy** is a recent graduate of Wilfrid Laurier University with an honours degree in Political Science and History. He has held research assistant positions with the Laurier Institute for the Study of Public Opinion and Policy (LISPOP), the Atlantic Institute for Market Studies (AIMS), and the Chief of Staff's Office of the PMO. Currently, John is a Master's candidate in Political Science at Wilfrid Laurier University, specializing in public opinion and electoral studies and working on research projects relating to Canadian politics and voting behaviour of rare populations.

# Executive Summary

With a quickly aging population, low birth and immigration rates, and substantial ‘brain drain’, Atlantic Canada faces major challenges in the near future for business and economic growth. Some suggest that Gen Y’ers – essentially, those born in the 1980s – are the answer. Gen Y’ers hold unique characteristics, such as adept use of technology and project-oriented attachment in the workforce, and these traits may be the key to the revitalization of the Atlantic Canadian economy.

In this paper, AIMS Research Intern John Kennedy explains what makes his generation tick, and offers advice as to how businesses and policymakers can attract and retain these twenty-somethings to the Atlantic Canadian workforce. Currently, Atlantic Canada is not a particularly lucrative locale for Gen Y. It is the most taxed region in Canada, and one of the most expensive places to study. The region offers lower wages than the national average, few job opportunities, and high unemployment rates (outside of the public sector, where the employment rates are the highest in the country).

Gen Y’ers offer a different skill set (and a different set of negative qualities) than generations past. They are tech savvy, flexible, mobile, and engaged in more social networks and circles of interconnectivity. Though studies show young people who leave Atlantic Canada would like to return, low wages generally outweigh the perks of the ‘Atlantic lifestyle’.

The paper outlines that provincial policymakers have attempted strategies to attract and retain Gen Y’ers, but have not been successful. This paper offers advice on how to attract this demographic. Effective attraction and retention start with higher education, so Atlantic Canada should be presented as a hub of higher education and innovation. Businesses don’t have to bend over backwards to this new demographic—rather, this paper suggests they should look at new strategies that will benefit both employer and employees, allowing for less rigidity and embracing a slightly altered understanding of what constitutes employer loyalty.

The paper argues that Atlantic Canada would benefit from more venture capital investment, and tax credits directed towards new Gen Y-friendly small businesses that could speed economic growth on the ground. Policymakers in the region could also provide more support through funding and developing connections with local businesses and charities dedicated to entrepreneurial development.

These, among other suggestions in the paper, provide an insiders viewpoint on how to improve incentives towards attracting and retaining the younger demographic that could help grow Atlantic Canada’s workforce and enhance economic prospects.

# Can Atlantic Canada Afford Youth Out-Migration?

Those born during the 1980s have been tagged with the label: “Generation Y” – a natural progression from the previous cohort known as “Generation X”. As the population ages, some are looking for those twenty-somethings with their adept usage of technology and their project-oriented attachment to the workforce to provide the innovation and knowledge to revitalize the Atlantic Canadian economy.

By 2031, it’s estimated that Atlantic Canada will have almost 700,000 residents over the age of 65, almost twice the current levels. The current 40-49 demographic will plummet to around 80,000, leaving the following generation, Gen Y, with increasingly large public services bills.

Right now, Atlantic Canada suffers from a trifecta of regional problems that will have a drastically negative effect on its future: low birthrate, low immigration rates, and severe brain drain. While these problems aren’t just an Atlantic Canada phenomenon they are more pronounced than elsewhere in the country. The region has both the lowest fertility rates and the smallest percent share of new immigrants of all Canadian provinces. On top of that, Atlantic Canada already has the oldest population the country, and the health and retirement needs of the Boomer population will make it difficult to meet spending demands.

75% of Atlantic Canadian business owners believe that this aging population is one of the top three greatest challenges to the region in the next five years.<sup>1</sup> Coming in at an extremely close second (74%), however, was the underlying cause—youth out-migration and the related issue of an emerging labour shortage.

Over the last decade, the Atlantic Provinces have experienced a net loss of about 55,000 people in the 18-24 demographic—which roughly equates to the entire population of Fredericton.<sup>2</sup> Even when the region returned to the black in terms of migration numbers (+899 in 2007), it still incurred a net loss of 4,900 in the 18-24 demographic.

The reality is that nothing can be done to solve the majority of these problems. You cannot force people to have babies or force people to move to the region, so the only tangible solution, at the moment, is to try and quell regional brain drain by implementing proper retention and attraction strategies for Gen-Y youth. This is easier said than done for a number of reasons.

Provinces and companies alike have spent years working on effective retention and attraction strategies for Gen-Y, without resounding success. These same provinces and companies have adopted fairly similar strategies. In response, that demographic has evidently concluded that Atlantic Canada does not offer an environment sufficiently attractive for them to feel that the investment of their time and skills is worthwhile.

Currently, Atlantic Canada simply cannot compete with mega-cities and larger, urban metropolises of other provinces. The sooner policy makers realize that, the sooner they can take steps to attract a greater share of the Gen Y stock.

# Why Atlantic Canada is an Expensive Place to Study

Those from outside who choose the region as a place to study do so to “get away from home” as well as to experience the “Atlantic” lifestyle. But their choice comes with a hefty out-of-pocket cost.

Nova Scotia charges the second highest tuition rates in the country (around \$5,700 per year) coming a close second to Ontario (about \$5900 per year). New Brunswick comes in as the fourth most expensive tuition rates, while PEI ranks 7th (although it has only a single, so UPEI’s rate defines the provincial rate).

Surprisingly, Newfoundland and Labrador has the lowest rates in Canada outside of Quebec, charging around \$2600 (Memorial University rates are also the provincial rates). It’s unknown, however, how long this rate will be sustainable given the year-after-year cost increases in delivering post-secondary education.

Other than Ontario (and excluding the unsustainable Newfoundland and Labrador rates), the Atlantic region has the most expensive tuition in Canada. Student activity fees in the region are also the most expensive in the country. Students in Atlantic Canada, and especially in Nova Scotia, can expect to pay close to \$1000 per year for obligatory, often unnecessary, student fees.

# How the Region Discourages Gen Y Employees

The appeal of the region as a place to work or establish a residence is no greater. New Brunswick has been the only Atlantic province to attempt establishing a tax- and business-friendly environment. Outlandishly high tax rates across the rest of the region certainly discourage in-migration.

Other than Quebec, Atlantic Canada is the most taxed region in Canada.—that clearly discourages attracting human capital and investment. PEI and Nova Scotia are the most heavily taxed provinces in Canada when taking into account income and corporate taxes combined with consumption tax rates. These two provinces pay the highest rate of value-added tax in the country (with PEI paying a 15.5% HST and Nova Scotia paying 15% after a recent 2% HST increase).<sup>34</sup> Income tax rates don't offer much relief. PEI and Nova Scotia rank third and fourth, respectively, in terms of average income tax rates before \$50,000 earned (barely behind Manitoba), and anything above that bumps them up to third and second, respectively. They both pay a 16% general corporate income tax rate (the highest in Canada), and even though PEI's small business rate is the lowest behind Manitoba, the regional average is still the highest outside of Quebec.<sup>5</sup> The region could hand out rebates and credits by the truckload and it wouldn't be enough to entice much-sought after Gen-Y talent with such uncompetitive taxation rates.

Even if applicants were willing to pay the high taxes, the reality is that there are few job opportunities. Unemployment rates in Atlantic Canada are substantially higher than elsewhere (11.4% to the national average of 8.3%). Newfoundland and Labrador's approximately 13.5% unemployment rate leads the country, even when factoring in seasonal adjustments and a recent employment increases.<sup>6</sup> The region also has the lowest participation rates in the country.

Those who do make the choice to remain in—or migrate to—the region can expect significantly lower remuneration. As of December 2011, the average hourly wage for the 15-24 demographic in Atlantic Canada is \$12.26/hr. This is roughly \$2/hr less than the Canadian average and more than \$4/hr less than the Alberta average for the same demographic.<sup>7</sup>

Conditions in the region seem bleaker at every turn. Public service employment is the highest in the country (1 out of every 6 people in the Atlantic Canadian labour force works for the public sector). Debt-to-GDP ratios in Atlantic Canada average around 35% compared to around 26-27% for the rest of the provinces.<sup>8</sup>

# Generation Y Explained

Before jumping right into what Atlantic Canada is doing wrong in retaining and attracting Gen Y, it is important to properly identify the characteristics and motivations of the average Gen Y'er. For the policy maker intent on attracting or retaining more of this demographic, that is crucial: you have to know the habits of your prey, before you catch it!

Let's start by addressing some stereotypes. Studies and surveys administered by the human resources/human capital departments of Deloitte and Generation-Y consultancy companies, like Rainmaker Thinking, outline the kinds of biased perceptions that Boomers and Gen-X'ers have against this new generation.<sup>9</sup>

Millennials—as Gen Y's are sometimes called—are sometimes thought of as a generation of lazy, disloyal, opportunists. They spend all day on their smart phones, instant messaging and social networking sites, come in after 9 and leave at 5, and have an inflated sense of entitlement. On the surface, these unflattering details seem to have some resonance, and in some regards, they are true. But what Boomers and X'ers have to realize is that **THEY** gave Y'ers the tools—psychological, technological, etc—that shaped them into what they are. If they don't like the results of their mad experiment, perhaps they shouldn't have been conducting the tests in the first place.

These same studies, however, also go into great length debunking these myths about Gen Y employees. There is a flipside to all those negative stereotypes, a flipside that sheds a more accurate light on what makes Gen Y tick. Gen Y is **NOT** lazy, disloyal, and opportunistic. They are not lazy. Gen Y has always had amongst the best technology available to them and they know how to use it—in fact, very effectively. They can multi-task like no other and it doesn't take them as long to do tasks as it would take older generations.

Loyalty to Generation Y, as opposed to the Boomers and Gen X, is an entirely different concept. Loyalty to the latter usually means staying with one employer for an entire career, or, at least, dedication to the employer. Loyalty to Gen Y, on the other hand, means loyalty to their career **BEFORE** their employer. Gen Y is the ultimate mobile generation; they grew up in a world of mass globalization so this should be expected. And of course they are opportunistic; who isn't? It is in our rational nature to be opportunistic, so they cannot be faulted for that. If they feel a specific employer best represents what they are looking for in a workplace, that's where they are going, end of story.

Gen Y employees, currently, represent a sort of reciprocal investment that the Atlantic region cannot manage or afford. Gen Y'ers invest their stock in companies, locations, etc. that appeal to their interests, lifestyle, and ambitions. Atlantic Canada is known for its distinct atmosphere and way of life, but it's still not enough. Gen Y'ers know they are a hot commodity and know their stock is on the rise. They are an investment in a company's future and, in that sense, are just as—if not more valuable—than the most experienced Boomer.

If Atlantic Canadian businesses and policymakers truly want to attract and retain, they have to know who they're targeting. They have to know what to offer these targets—without necessarily catering to their every whim. The typical Gen Y employee has some leverage, but they are seeking to be part of a structure and they know—or should know—that there are many, hungry, replacements for them.

Whatever provincial policy makers are attempting to try and make this region attractive to young mobile Gen Y's simply isn't working. So why not try a new method?

One quality that makes Generation Y difficult to attract and retain is their increasingly elevated expectations. Gen Y has been raised in the digital age where everything is at their fingertips and a quick download. The sky was the limit, and sometimes even that can be exceeded.

Gen Y employees expect a lot, and Atlantic Canadian employers are often unable to offer what is necessary to get these employees. This new generation has a skill set that is unique to them, not traditionally seen from Boomer's and X'ers. Tech savvy, seamlessly flexible and mobile, and in more social networks and circles of interconnectivity that would astonish those of generations past are but a few modern skills that the average Gen Y brings to the table.

These Millennials know their value, perhaps better than any generation before them, and therefore their expectations are through the roof. They want high salaries commensurate with their education, flexibility, room for advancement, and responsibilities that can show their talents right after their degree is in hand.

Research has shown that Gen Y's perception of their value to employers is over-inflated. Unfortunately, if Atlantic Canada is to garner any of these prospective talents, they will have to somehow satisfy at least some of these expectations. A recent study conducted by the Canadian Alliance of Student Associations (CASA) revealed that nearly all graduating students, regardless of program, overvalued their expected salaries with some reaching estimates of \$10,000 over market value.<sup>10</sup>

This isn't bad news for Atlantic Canada. It's horrible news! Atlantic Canada experiences brain drain partially because it can't offer wage rates that are competitive with provinces like Ontario, Alberta and BC. It is generally understood that people leave the region due to low wages. Richer provinces are able to offer more (both monetarily and lifestyle-wise), so Atlantic Gen Y goes where the money is. Unfortunately, there's no way of knowing whether or not Atlantic Gen Y would stay at home even if the wage offer was matched. Atlantic Canadian businesses might even have to pay more than the already over-market salary expectations of Gen Y employees to convince them to stay in the region.

# What Atlantic Canada is Doing And Why it's Not Working

Despite having the regions largest population and being the most susceptible to Gen-Y out-migration, Nova Scotia might just be the most behind in terms of policy engagement towards attracting and retaining Gen-Y. Over the next three decades, Nova Scotia's 18-24 demographic is projected to drop by nearly a quarter, to 68,000 from about 90,000. This downward trend will only become worse for the province with the increasing retirement rate of the Boomers.

So what is Atlantic Canada's largest province, along with the region's central economic hub, doing to curb this spiral? Unfortunately, the province is not doing a whole lot, especially anything innovative, to keep Gen Y from leaving. Some initiatives include a \$15,000 max graduate tax rebate (upped from \$10,000 by Premier Darrell Dexter), private sector tax breaks, the average package of career prep and internship programs, etc. On paper this seems like quite incentive-laden policy, and to an extent it is, but obviously it isn't working due to year-after-year increases in Gen Y out-migration.

Nova Scotia has had two good opportunities to deal with the issue. About three years ago, the Greater Halifax Partnership, a public-private investment cooperation within Halifax, hired a consulting agency to pinpoint how they could encourage Gen Y residents to stay in province. It makes sense to start building proper youth retention/attraction in Atlantic Canada's biggest economic hub and metropolitan area. With around 65-70% of Halifax's population under 45, the urgency to figure out how to prevent losing significant portions of this demographic should be critical. The study, dubbed the "Measuring of the Halifax Handprint", suggested typical retention/attraction strategies based around technological convergence of employment opportunities, building Gen Y social networks, and international promotion.<sup>11</sup> One particularly interesting strategy (and a uniquely innovative one at that) was the proposition of a targeting "convincibles".

Research revealed that 74% of people surveyed who no longer live in Halifax have considered moving back. These people for research and marketing purposes were dubbed "convincibles". The campaign had two components: a continual, up-to-date database of anyone considered a convincible and a targeted PR campaign directed at convincibles' parents. Family was the number one factor that might entice an out-migrant to return to the province. The approach turned family members into middle-men advocating on behalf of the province—which should be a far better sales pitch than a direct appeal. Unfortunately, there is no evidence that the Nova Scotian government actually implemented such a strategy.

The only other notable attempt at an attraction/retention strategy was developed through the Cumberland Regional Economic Development Association in an attempt to stop Gen Y's from leaving rural Nova Scotia,—an issue for all Canadian provinces. It was a repopulation commission done by Mount Allison University aimed at attracting, retaining and repatriation of county residents under 30. Youth town councils and student community projects are some of the proposed ideas, but these will do little to entice Gen-Y youth to stay and certainly won't attract anyone from outside the area. CREDA has the most difficult task of all youth retention: trying to keep and attract youth to a rural area.

While Nova Scotia is probably the furthest behind the curve, Prince Edward Island is pulling a close second. If it is difficult convincing Gen Y'ers to stay in Halifax, the busiest metropolitan region in Atlantic Canada, it would be exponentially more difficult to convince them to return to Summerside or Charlottetown.

PEI has devoted resources within their Population Secretariat to Gen Y retention, attraction, and repatriation. The Population Secretariat conducted research in collaboration with UPEI to determine the attractive and unattractive features of the province and the results were hardly surprising. Attractive features of PEI included quality of life (lifestyle), close to family and affordable housing. Results showed that 12% were actively planning to leave PEI (not including those who would consider leaving, are considering leaving, etc.) for a variety of concerning reasons. Survey results suggested that close mindedness of Islanders, limited job prospects, high taxes/cost of living and unsuitable unemployment were all reasons that made PEI an unattractive living environment. It doesn't matter how much someone may love their family or want to enjoy the Atlantic seaside lifestyle, such a negative outlook on such important economic indicators will have PEI desperately scrambling to implement new policies to reverse such a detrimental stigma.

The PEI Population Secretariat has devoted specific resources towards youth retention, the Department of Innovation and Advanced Learning (DIAL) but nothing drastically effective has come from this body.<sup>12</sup> DIAL has begun implementing some unique and potentially positive policies with regards to Gen-Y attraction (which will be discussed in detail later) but they have been poorly advertised. This poor advertising has led to almost negligible impact.

DIAL has plenty of other initiatives on its website, none of which carry any weight compared to what other provinces are doing. Skills PEI subscribes to vanilla student field work through unlisted labour market relationships and community internship programs with municipal governments and NGO's. The CAP (Community Access Program) Youth Initiative especially, seems like rather an odd program with the backing of Industry Canada.<sup>13</sup> Its aim is to provide youth with IT skills that could be used to find jobs in the market place, but these "facilities" seem to be in libraries, schools and community centres and consist of small rooms with a few computers and nothing more.

The efforts of New Brunswick's Population Secretariat overshadow PEI's in just about every shape and form, although its results are not resoundingly better. Gen-Y students and workers from outside the province have started to trickle in, but the province's net migration loss is still substantial. In fact, almost 42% of polled New Brunswick undergraduates felt likely to leave the province for work upon graduation. The truth is that high unemployment numbers and expensive tuition have made many hesitant about placing roots in New Brunswick, but there is merit to their youth retention campaign and, potentially, some light at the end of the tunnel.

What the New Brunswick strategy does better than Nova Scotia and Prince Edward Island is advertise, and it advertises quite well. Advertising Gen-Y retention and attraction strategies is one of the most important components of this kind of policy planning. A province could have the best retention policy in the country, but if it's not properly advertised to a national, not just provincial, audience, it is inherently useless. NBjobs.ca, New Brunswick's premier Gen-Y job database, placed major television and online advertisements in order to reach out to targets. New Brunswick promotes its strategy better than Nova Scotia and PEI, but people aren't falling for the bait.

It's not like New Brunswick has nothing to offer, in fact nothing could be further from the truth. The Graham government was actually quite innovative and generous with its incentive-laden program in enticing Gen-Y to remain or come to the province. The New Brunswick government was the first province to offer a \$10,000 graduate tax rebate for ANY graduate who settled and began work in the province. This tactic was copied by Western provinces like Saskatchewan and Manitoba to prevent out-migration to Alberta. This grad tax rebate has been increased, exponentially, since the Graham

government's implementation of the policy, with Western provinces following suit—it now stands at \$25,000. While most Gen-Y's aren't familiar or care about getting tax rebates, it is a huge incentive that should not be overlooked.

It's not that New Brunswick hasn't implemented fresh, innovative and attractive policies (\$50,000 signing bonuses for Emergency Room doctors who move to Saint John) and these policies aren't properly advertised, because they are, it's just that larger barriers (like high unemployment and tuition costs) cause Gen-Y to retreat.

If proper advertising provides an adequate starting point in retaining Gen-Y, then Newfoundland and Labrador is setting the standard for Atlantic Canada. While the New Brunswick government may have been the most innovative in its policies, Newfoundland and Labrador's retention and attraction policies are the most visible. The province does far better than the other Atlantic Provinces is promoting the province itself, primarily as a tourist destination, but it is nevertheless still good publicity. The recent award-winning tourism advertising campaign surely helped in increasing visitors to the Newfoundland and Labrador, now the only problem is enticing people to stay for school or employment

In late 2008, Newfoundland and Labrador launched Youth Retention and Attraction Strategy initiative.<sup>14</sup> This particular policy initiative has been the most comprehensive and coherent in Atlantic Canada and shows promise of becoming the most effective in achieving its retention and attraction goals. Although so far this has not led to a decrease in net migration, the initiative at least provides an appropriate framework that all Atlantic Provinces should aspire to achieve.

The YRAS sets objectives in several key policy areas (such as engagement, promotion, education, employment/job creation, quality of life, incentives, etc.) and provides potential means of achieving them. The first engagement initiative promoted is an all-out social media campaign, targeted at Facebook users, bloggers, etc. The most effective way to target Gen Y is on their own turf, which happens to be technological, preferably online, mediums. A few short clicks can find Facebook groups filled with events for social networking, blogs on upcoming policy meetings, and a plethora of links under the umbrella of the YRAS.

The provincial government has even created a ministerial portfolio position within the Human Resources, Labour and Employment Department similar to other Commonwealth governments like Australia and Great Britain. The YRAS has devoted extensive marketing campaigns to promote Memorial University's low tuition costs.

The YRAS includes transitional policies from educational institutions to the workplace, which is noticeably absent from other Atlantic policies. Increases to the Graduate Employment Program, which acts as a work placement proxy for recent graduates, and support for ANVIL (Advancing Non-Profit and Voluntary Investments in Learning), which allows for co-op placements in altruistic settings, are examples of much-needed transitional policy initiatives. Transitional policies for graduated immigrant students have been put in place through the International Graduate Retention Incentive, helping ensure that a Newfoundland and Labrador-based education is put to work in the province.

The policy also calls for a combination of wage subsidies, especially for non-EI eligible Gen-Y employment hopefuls, in lieu of graduate tax rebates as well as increases for self-employment and entrepreneurship (similarly to New Brunswick). Unfortunately no metrics are given for these specific initiatives.

With such attractive retention and recruitment initiatives, one would think students and those new to the workforce would be flocking to Newfoundland and Labrador. The other Atlantic Provinces believe the YRAS is the Holy Grail for retaining Gen-Y, based on how many YRAS spokespeople make presentations to provincial governments and businesses.

Despite all these initiatives—some innovative, others overlapping—there is one unfortunate conclusion: they aren't working. Proposing grad tax rebates, and subsequently increasing the rebate, is not an attractive policy for the average Gen-Y because this market doesn't care about tax rebates. It does not equate to immediate money in their pocket for them. So if these policies aren't working, why persist?

If consultants and marketers are right, then this really is a war for talent and the region needs to treat it as such. Atlantic Canada needs to hearken back to the Sun-Tzu principle of “knowing thy enemy”, strategizing based on this knowledge, and then counter-attacking. In this instance, “thy enemy” includes provinces free riding from Atlantic Canada's Gen-Y stock (i.e. Ontario, Alberta etc.) Instead, the region has decided to learn the ways of the “enemy” and merely provide a weaker, watered down version. By the same token, the provinces within Atlantic Canada need to stop trying to undercut each other. The region, as a whole, has to create innovative policies geared towards Generation Y, and they simply are not doing that at the moment. Generation Y'ers have been subject to constant innovation during their adolescent development.

The region needs to build on what Newfoundland and Labrador and its Youth Retention and Attraction Strategy started and keep moving forward. This initiative, while promising and likely the best strategy put forth by any province, should be but the first step, yet the Newfoundland and Labrador government has let it plateau.

Before possible suggestions for improved retention and attraction are put forth, there needs to be a point of clarification. While there are many business and human resources experts that have profiled Gen Y and provided “How-to” guides--they are based on broad concepts. There have been many advisory councils, meetings and forums that have attempted to identify what it is that Gen Y youth want, but the problem is that they themselves don't know EXACTLY what they want. They want concepts like “flexibility”, “increased responsibilities”, “stability”, “effective mentoring”, etc., but those concepts are vague and difficult to build into policy.

Combine this with, essentially, no methodology on retaining and attracting Gen Y with the exception of a few attempted assessments and it's easy to see why this is such a problem. The Atlantic Provinces have conducted few surveys asking Gen Y what could entice them or bring them back home to the region. In fact, such studies don't exist in Canada outside of the business world. The research just isn't there to enable the design of viable policy approaches.

# Potential Solutions that Could Work in Atlantic Canada

Truth be told, there is no fundamental, sure-fire approach to Gen-Y retention and attraction. Simply attempting to replicate efforts undertaken in better-off jurisdictions would be self defeating.

There is, however, another model of retention and attraction that Atlantic Canada could model its policy after that is external to the world of government. Businesses often share the similar problem of having to retain and attract Generation Y, so why not model policies on companies that are successful in this field? While it's not easy to shift policies from a micro-level like a business to the macro-level of a whole province or region, there are areas that seem like they can overlap.

Why not treat this as a simulation where Atlantic Canada is a business that is losing its human capital to more attractive firms? The region has to think outside-the-box because what's inside the box obviously isn't working.

Proper retention and attraction starts with post-secondary education. The difficult part in post-secondary education retention/attraction is that Atlantic Canadian universities and colleges need to be filled, but at the same time, you don't want to openly discourage study elsewhere. Going out and experiencing the world, which usually begins when students leave home for post-secondary education, is a major factor in Gen-Y out-migration. There are students who have their mind made up that they are leaving, and the region will not be able to do anything about it except try and persuade them to return upon graduation.

Alternative models in post-secondary education are in plentiful supply, so finding new and innovative approaches to higher education in Atlantic Canada should be without difficulty.

Atlantic Canada should remodel itself as a unique and innovative region for higher education, if it hopes to have any success with respect to retaining and attracting students.

The obvious place Atlantic universities need to start with is tuition costs. While this isn't particularly innovative, it is a necessary "first strike" to pave the way for innovation. To be clear, this isn't an advocacy for the lowest rates in Canada or tuition freezes even. Slashing tuition costs would make higher education in the region uncompetitive because they wouldn't be able to offer the level of service comparable to other provinces. Tuition costs in Atlantic Canada, however, need to be brought closer in line with other provinces. The answer isn't for all Atlantic universities to adopt Memorial University's tuition fee program either. MUN's tuition costs are completely unsustainable and once their freeze is lifted, costs will spike. New Brunswick's \$2000 first year tuition rebate was ambitious and innovative, but it's unlikely that policy could be sustained throughout all of Atlantic Canada.

Tuition costs can become competitive if fees are deregulated. Under the current system, a student from a wealthy background pays the same fees for their program as those who are barely scraping by with governmental loans. The first step in retaining and attracting Gen-Y post-secondary students is to make education more accessible. Many proponents against tuition deregulation argue that it makes education unaffordable, which is simply not the case. It helps maintain sustainability in terms of rising service costs while also making tuition affordable for each socio-economic class. It's pretty simple, students will pay more if they can afford it, and students who can't will pay lower rates, instead of a flat rate seen in regulated tuition. It makes university much more accessible and trends have shown, verified by StatsCan

data and the recent example of this being implemented within post-secondary institutions in Texas, that enrolment actually increases on both ends of the socio-economic spectrum when tuition rates were deregulated.

Current post-secondary education is evolving. It is becoming more and more flexible and designed to get students ready for the workforce (whether it effectively gets them ready for employment is another issue entirely). Student's needs are also evolving. No longer are many students interested in completing four year programs, and the education market in Atlantic Canada needs to reflect that. Students increasingly desire options and customization with regards to their educational delivery. While educational delivery in Atlantic Canada is following the trend of increasing flexibility, it could be setting the trend by adopting different frameworks provided by successful alternative delivery models.

Regional institutions, notably Dalhousie University, have started implementing flexible delivery but more could be done to increase customization. Giving potential Gen-Y students the ability to, essentially, design their entire post-secondary program is sure to attract and retain students who are more and more frustrated with the rigid requirements and requisites of the current system.

Potential program redeveloping to enable more options for customization, such as the inclusion of "inquiry" courses (as introduced at McMaster University), might be an effective starting point.<sup>15</sup> "Inquiry" courses are self-directed learning courses that are designed by a student and his instructor and works like a "contract" between the two, with the onus on filling the commitment resting with the student. Students choose what they wish to research, based on approval of their instructor. While this sounds like a daunting task when faculty is limited, more and more contracted faculty are becoming the norm and part of their contract agreement could include helping shoulder this load. In 2001, McMaster University started the inquiry course program with 670 students. This strategy was extremely successful and student enrolment in these courses increased without overburdening staff.

On top of this increase in customization, delivery needs to be shorter, faster, focused and more flexible. Atlantic Canadian institutions drastically need to fully integrate a 2-year degree program into the post-secondary curriculum because demand for such a program is rising exponentially. Dalhousie University has implemented principles of Prior Learning Assessment Recognition for the increasing number of adult learners. Increasing PLAR should be an attractive feature for Atlantic Canadian institutions. Most of the Atlantic Provinces already offer this service, and have so for a number of years, but this program hasn't really taken off due to lack of demand, although trends show that is starting to change. Continuous enrolment, flexible scheduling to accommodate both full-time study and employment, online tutors (increased accessibility to video conferencing in general would be apt also), and more credit opportunities for co-op internship programs across the Atlantic region, as opposed to a single institution, might be features that could strongly resonate with potential Gen-Y students.

As mentioned earlier, post-secondary education is evolving. Evolution equates to trying new, outside-the-box approaches, and delivering education should be no different. With this in mind, applying a business model framework to attracting and retaining Gen-Y students is the next logical step. It's difficult to imagine that you can implement how a business retains and attracts within a post-secondary setting, but all you need is "building block" concepts and work from there, which is what a big part of alternative strategy modelling is all about.

For example, when asked what could keep a Gen-Y at their current employer, surveys have shown that these employees want to "advance their knowledge" on particular subjects or "have the ability for career development or advancement". Obviously, post-secondary students want to "advance their knowledge"

or else they wouldn't be at university or college. But, studies show that about 65-70% of people learn best while working in a group or part of a team.<sup>16</sup> Universities are not the best to foster team or group work, in fact very few group assignments are offered. Students often have to take the initiative and organize study groups, but a large majority of this 65-70% won't bother.

If this metric rings true, then the region should try its best to foster innovative post-secondary initiatives aimed at promoting learning in a group setting. Canadian universities already offer "tutorials", which are instructor-led small groupings that are led by discussion. From personal experience, tutorials are highly ineffective because they don't foster participation.

One of the most innovative approaches to group-based learning has been created at the University of Waterloo through its VeloCity program.<sup>17</sup> This program is small and extremely competitive and offers truly group-based learning surroundings. It acts as a dorm-style residence but also as an incubator for innovation and collaboration. It allows for constant access to technological resources and mentoring networks. Students within this program are assigned groups, take what they learn in the classroom, and apply it to mandatory extracurricular projects. Many of these projects have led to legitimate solutions adopted within the business world, so there is proof that this kind of program is both effective and successful.

Now think if this kind of program could be developed across all post-secondary institutions in Atlantic Canada, or at least those that could viably afford and promote such a program? It hits a plethora of points that are important to the average Gen-Y student. It fosters new, different, and more effective ways of learning, encourages entrepreneurship and collaboration that can be translated to the work force after graduation, it give students constant access to feed back and mentoring programs, and is unique as opposed to the old method of complete classroom and tutorial work. Groups within the program compete with each other and compete with other groups across the region. Similar competitions are encouraged throughout business and commerce programs, but not the extent and effectiveness of the VeloCity initiative.

Developing a program like this across the region might encounter a few speed bumps along the way. The most immediate problem would be cost. Initial investment in such a program, however, would likely pay off in a major way over the long run. This "dormcubator" program is still under-the-radar and it could develop into a regional staple. It will link increasing numbers of students to mentors within the region, increasing the likelihood that mentors could hire them based on developed relationships.

UPEI jumped on board this idea (dubbed the "Launch Pad") and have provided many local locations as "incubators" for entrepreneurship.<sup>18</sup> While it isn't quite as integrative as the idea of Waterloo's "dormcubators", it's a step in the right direction. As previously mentioned, however, PEI tends to have a bit of an advertising problem. Only two students have been enrolled in the program for the 2010-2011 school year, whereas in Waterloo's version there are waiting lists to keep up with excessive demand.

It's commitment to providing proper technological resources might incur heavier costs, but no one said that employing proper strategies to retain and attract the best would come cheap. In fact, this might be another positive reason to implement such a program. Being ahead of the curve, in terms of technology resources, would be another attractive feature for Gen-Y.

The region has developed access to online learning resources, eLearning, etc., but so has every other province. Atlantic post-secondary institutions need to further pursue Gen-Y's need for technological integration. An attractive example is the idea of an increasingly paperless education setting. This

framework plays on two specific Gen-Y interests: increased access to new technology and promoting environmental sustainability/consciousness. More and more students are using less and less paper on campuses, so why not target that characteristic? There are two models that could be combined to provide a framework for technological integration of this nature within the Atlantic Canadian higher education system.

An interesting concept that could be considered is the almost explicit elimination of traditional textbooks to be replaced with eBook readers. This initiative has been implemented by select universities (Princeton for example has experimented using this idea by giving out 700 eBook readers and feedback has been mostly positive). Many textbooks come with eBook version included and this initiative would cut down on copyright and printing fees that drive up costs of books and printed course packs. Even some curriculums, notably Stanford and UC Irvine medical programs, have begun implementing the use of iPads, instead of textbooks.

While this idea sounds expensive, it actually is rather cost effective. Reselling textbooks is becoming less and less common, especially with the increase in non-refundable course packs and additional online supplements with verification codes, so the net benefit of students buying textbooks is continually deteriorating.

Institutions could provide these readers at a reduced cost based on purchasing larger quantity orders. Course materials would be cheaper because institutions could save on shipping/delivery costs and it takes fewer resources to upload material rather than have a textbook manufactured. Considering the federal government allows a technology and textbook rebate of more than \$500 per year for full-time students, even if some out-of-pocket expense were incurred to purchase such a device, tax breaks would offset overall monetary loss.

These devices are also Wi-Fi capable, which is an added bonus. Instead of wasting multitudes of paper booklets on exams, they could be downloaded and submitted online (through a secure internet connection that blocks use of helpful internet resources). Many classrooms in universities can currently control the amount of internet connection allowed in the classroom, so integration for this type of initiative should not be too difficult.

Combine this idea with software developments that reduce paper needed for administrative tasks and a university facility can become almost paperless and increasingly technologically integrated. Recent software developments from Kerala University have reduced administrative paper needs by 80% (although paper was more frequently relied upon in this institution). Similar developments could be made, perhaps with even loftier expectations, within the Atlantic Canadian framework. Considering the move by many institutions to opt for LCD monitor advertisements instead of placing paper posters and boards around campus, this seems like the next viable step.

Obviously, these proposed solution components are anything but fool-proof. They are merely recent models put forth in other regions based on what fits with the characteristics of the average Gen-Y individual.

Applying the business model to post-secondary education is the hard part; extending the business model to Atlantic Canadian employment shouldn't be as difficult. Following the previous methods of taking surveyed responses and applying them as "building block" concepts, certain patterns can be seen within results. Gen-Y wants "flexibility", "options", "the ability to be their own boss", and to have their company "advocate or participate in social causes or issues".

However, when it comes to developing retention and attraction strategy, businesses and employers can't just bend over backwards and cater to the every whim of this new working class. Businesses need to develop solutions that will be mutually beneficial to both Gen-Y employee and employer. The best part is, basing potential retention and attraction solutions can have a multitude of positive effects for business, other than merely gaining desired human capital. Benefits ranging from philanthropic to cost-cutting to heavily increased efficiency can occur from ideas relating to Gen-Y retention/attraction strategy

Flexibility is an easy one. Increasingly less and less Gen-Y employees see themselves working a rigid 9-to-5 and spending 8 hours a day behind a desk. Staring at a computer screen all day is no way to keep consistently positive morale, especially when a vast portion of work requiring computer access could be done from home. Telecommuting has become a popular method of operation inside business circles, and results of such a policy have been shown to be extremely beneficial. Just recently, the U.S. government passed legislation requiring more federal employees to telecommute.

Telecommuting is a win-win for employee and employer. For the employee, it means, less work in the office, more time at home (especially if they have young children), and it plays on both concepts of flexibility and social issue participation (working from home means less environmental strain). For the employer, studies have shown that telecommuting can save up to \$10,000 per employee, per year. When most small-to-medium sized enterprise owners were polled on what they offer potential employees, flexibility was the number one response.

The Atlantic Provinces could initiate telework legislation, similarly to what the U.S. has done for federal employees, for all applicable business in the region. It is becoming quite commonplace in Canadian business, with around 40% of businesses offering some kind of telecommuting (although not all employees, notable Boomers, decide to participate).<sup>19</sup> If it's becoming the norm, why not create provincial legislation and advertise it to a national audience? People like options, they like flexibility, and enacting this type of legislation would clearly benefit the region. This could translate to 3 days at work, 2 at home or 16 hours every 2 weeks (much like U.S. federal employee standards). The only concern many have is the notion of productivity loss if people work from home. Outside of an office setting, it's difficult to keep tabs on employees and what they are accomplishing. Individual businesses can set their own "quality assurance" measures (for example, daily updates via teleconferencing).

Going along with the idea of flexibility is the recurrent notion of increased entrepreneurship in the Gen-Y demographic. More and more young people feel ill-suited for the average 9-5 behind a desk and the hierarchal management model and hence desire to own their own business, or to "be my own boss" in their words. Atlantic Canada should be doing its part to encourage such entrepreneurial ambitions. The region could never have too many small-to-medium sized enterprises. SMEs employ roughly 50% of all Atlantic Canadians in the labour force, create 40% of new net jobs, develop approximately 50% of the region's GDP output and have allowed Atlantic Canada to create higher export business outside of Canada than the national average.<sup>20</sup>

In order to better foster the entrepreneurial spirit of Gen-Y, and by association giving them incentives to want to set roots in Atlantic Canada, the region will have to offer competitive seed capital to potential Gen-Y entrepreneurs with approved business models. Currently, most provinces offer some kind of seed capital micro-lending program, but all offer different levels of investment. Even cities have gotten into micro-lending ventures, notably the City of Toronto's Youth Micro-Loan Pilot Project, so the faster Atlantic Canada can devise a proper regionally-based venture capital system for Gen-Y, the better.<sup>21</sup>

CEED (The Centre for Entrepreneurship Education and Development) is offered in most provinces and is the premier capital investor for Gen-Y entrepreneurs in Atlantic Canada. Capital investment from CEED has a max value of \$20,000-25,000.<sup>22</sup> ACOA offers funding through the Young Entrepreneur Development Initiative.<sup>23</sup> The funding formula is based on a percentage of eligible costs necessary for project completion. While these are a place to start, there are Young Entrepreneur Development policies in Quebec that are, purportedly, offering up to \$100,000 on start-up projects with proper business models and reasonable forecasts.

Venture capital investing in Atlantic Canada has not been all that effective in the past. The region still lags behind the rest of Canada on this business front. Even, New Brunswick, the most business-friendly province in Atlantic Canada, provides venture capital at 62% below the national average.<sup>24</sup> The New Brunswick government began implementing strategies back in 2007 to help lessen the disparity, but the recent financial crisis has made the effects of such policies almost immeasurable.

In order to provide the Gen-Y demographic with enough incentive to keep and attract their entrepreneurial interests, the region needs to implement a strategy similar to New Brunswick's Fullsail Venture Capital Initiative.<sup>25</sup> This initiative not only provides necessary seed capital, but also connects Gen-Y entrepreneurs and provides for mentorship by experienced investors to help assist in developing the business venture.

Multiple investors of from both private and public funds are the key to a successful regional venture capital initiative. Provincial governments and/or ACOA should not be responsible for 100% of venture investment, nor anything close to this. Proportional investment in Gen-Y ventures can be split in a number of percentages between private equity investors (through the development of angel networks, which are small private investment groups) and provincial government or ACOA through side-car funding.

The way this venture initiative would work is that private sector angel investors would provide the initial seed capital, then if additional funding is needed, it could be taken out of a free-riding, non-bonded investment pot called a side-car fund. Due to the initial investment being fronted by the private sector investors, most experts who propose this program suggest that government provide the majority (the New Brunswick Securities Commission suggested 60% for NB) of this secondary investment fund, with the remaining portion falling to the private sector.<sup>26</sup> This number, however, should be lowered to decrease the limit on business subsidies, which have caused problems for the region in keeping and developing enterprise.

Naturally, angel investors will want a return on investment and some kind of incentive to participate in such a program. Other than entrepreneurial philanthropy and an equity stake in an array of new SMEs (until loans are repaid), the region should offer something along the lines of the Small Business Investor Tax Credit. In New Brunswick, where this is being implemented, a 30% tax credit is given on private equity investment under \$80,000 (which is Canada's maximum allowable investment).<sup>27</sup> This should be offered to all investors willing to put in capital for Gen-Y start-ups.

The region has to be willing to supersede the maximum CEED allotment of \$20,000-\$25,000 for approved Gen-Y business models. Investment does not have to reach such heights as the supposed six-figure mark of Quebec initiatives, but if further rounds of investment are needed (and the venture has provided a sound business model with proven results), then investors should put in whatever they are willing to. Businesses are usually profitable in the first few years of inception, so further investment might be warranted.

Another route policymakers in the region could take in fostering Gen-Y entrepreneurship is by providing more support, through funding and developing further connections with regional businesses, for the Atlantic subsidiary of the Canadian Youth Business Foundation (CYBF). The CYBF is a national charity devoted to entrepreneurial development. Their seed capital investment is maxed at \$45,000 for an initial start-up with up to \$30,000 in expansion capital.<sup>28</sup> It has proven to be extremely successful in job creation, investment recoument, and longevity of invested businesses.

Currently, no Atlantic Provinces invest in this organization. However, two of the Top 5 funders of CYBF (with investment between \$1-5 million) are the Albertan and Ontario governments.

Either of these scenarios, or a combination of both, could potentially create an exponential increase of small to medium-sized enterprises in Atlantic Canada. Combined with successful investors, mentors, and organizations which should increase the likelihood of survival of a large portion of these enterprises, and the first steps to creating a more positive venture capital supply in comparison to the rest of the country is in motion.

The loan structure for this initiative, also, has to be stricter than the guidelines set out by ACOA funding. A set end-date to loan repayment must be acknowledged before any loan is put forth. Private investors would never see a return on investment if it copied the ACOA standards of providing loans. ACOA's method has enterprises paying loans back within 10 years of making the first payment, meaning they have to have sold product or service. If a firm doesn't get to this stage, the company usually goes Chapter 11 and the investor (taxpayers, in this case) never see anything remotely close to a return.

What has to be taken into account in all this is that it is an investment and there are risks involved. It would be wrong to sugar coat it and say that investing in a Gen-Y start-up will guarantee positive returns. Some start-ups won't pan out, that is a given. Investors need to realize this and accept that they might not see any return on investment. Recent revelations have shown that Atlantic Canadian companies aren't adept at paying back loans (although these particular loans were from the federal government through ACOA). About 85% of ACOA's loans through the Atlantic Innovation Fund have yet to be repaid. While this doesn't exactly inspire confidence to invest, this recent revelation shows all the more reason for the majority of this venture capital project to be undertaken by private sector investors, who can collect on loans easier than governments can.

Another interesting idea that's been floating around the policy world is the concept of a portable payroll rebate. As it stands, companies get payroll rebates for creating and maintaining a certain level of jobs with competitive salaries. If they meet targets set by the province, they are rewarded with a small percentage (somewhere along the lines of 6-8%) of gross eligible payroll paid as a rebate. These rebates are given as incentives to create new jobs with minimum, competitive salaries within a given time frame.

The way a portable payroll rebate would work is similar to a graduate retention rebate. Newly-minted graduates from Atlantic Canadian universities would be given a rebate certificate that they would be able to give to employers upon hiring them.

Graduates portable payroll rebate would likely be somewhere within the \$5000 range, it's estimated, and they can be used by companies hiring them. This type of rebate is beneficial to both the employer and the employment seeker, and the region as a whole. It incents companies in the region to hire local grads and to keep job opportunities on the table that might have otherwise been cut. For grads, it incents them to try

and find a job in the region and gives them a bargaining chip to use against employers that might not have hired them without incentive. The region profits in that the rebate can potentially open up jobs that many grads initially determined they would have to go west to get, thus slowing the brain drain process.

Finally, many believe the answer to retaining and attracting people of the Gen-Y demographic is the ability to offer them jobs with high-paying salaries. While there is merit to this claim, as many people do choose to work for the highest bidder, surveys of the demographic are showing that less and less Gen-Y'ers are interested in the "show me the money" attitude. That's not to say that people don't consider salary when choosing an employer, a large portion definitely do. Many still want high paying salaries, as seen previously in the CASA survey of grad salary expectations, but it isn't the sole driving force it once was. Employment trends of this demographic are showing employees are also focusing on the ability to move up the ladder quicker, obtaining increased responsibility, and working for an employer that suits their work habits and style.

On the recent "Top 100 employers in Canada" list, less than five companies were based primarily out of Atlantic Canada. In 2009, Workopolis and Decode, a consultant agency specialized in youth-employer relations, surveyed 27,000 upcoming graduates from around the country to see which companies rated highest with consideration to what qualities they desired from an employer.

The results showed that many of the top desired employers were all three levels of government. However, increasing the public sector workforce is not the answer to solving the impending demographic issue. Atlantic Canada already averages one public sector employee per four to five employees in the private sector, and with inevitable service cost increases that will be difficult enough to pay for, increasing the public sector would only makes matters more difficult.

What Atlantic Canada needs to do, however, is find ways to attract some of these particular companies that ranked highly with upcoming graduates. Other than government positions, Atlantic Canada has a few companies in the top 10, but these companies (notably CBC, Air Canada, and WestJet) are in every other province, giving Atlantic Canada no comparative advantage.

There are highly-rated businesses that already exist in regions of Atlantic Canada, so the region should reach out to them and see what it would take for them to expand their workforce. Businesses like IBM, Deloitte, and Ernst and Young (#14, 16, and 17 respectively) already have offices in Atlantic Canada but no more than one per province, at best. Expanding offices of highly-rated businesses, in the eyes of impending graduates, should be just as much a priority as attracting new business. This method seems more likely to be achieved as it is a lot cheaper, usually, for a company to expand rather to create a whole new office in a new region.

As mentioned before, these are only potential solutions based on previously successful policy initiatives that fit within the realm of the theoretical framework of what drives Gen-Y and what could possibly fit the landscape of Atlantic Canada. The difficulty in all this is finding solutions that are attractive both to potential Gen-Y employees AND employers. What needs to be understood, however, is that what the Atlantic Canadian provinces are doing now, isn't working. The sooner the provincial governments realize that, the better, and the sooner they can begin finding workable solutions to the problem.

The present is bleak for Atlantic Canada and many don't think this problem can be resolved. The same business owners polled about the problems of Atlantic Canada were also surveyed about the future for young people in the region. There was a definitive split, nearly 50-50, that showed many believe there's no hope for Gen-Y in Atlantic Canada. Atlantic Canada will have to figure out the answer to retaining

and attracting Gen-Y if it wants to develop a sustainable labour force. Increased birthrates and immigration aren't the answers; Atlantic Canada doesn't produce enough babies or attract sufficient immigrants to come close to sustaining the working-age population and maintain economic levels, let alone improve them. Atlantic Canadians will have to crack the code of what it takes to retain and attract Gen-Y stock, but will it be too late by the time it finally does? Only time, and demographics, will tell.

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STEP THREE:

Make my donation a SUSTAINING one. (committing to continuing your donation at this level for a minimum of three years)

.....

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Facsimile: \_\_\_\_\_

E-mail: \_\_\_\_\_

I am paying by:  VISA  Mastercard  Cheque (enclosed)

Credit card #: \_\_\_\_\_ Expiry Date: \_\_\_\_\_

Name on Credit card: \_\_\_\_\_ Signature: \_\_\_\_\_

Please send or fax this form to 2000 Barrington Street, Suite 1302, Halifax, NS B3J 3K1  
Telephone: (902) 429-1143 Facsimile: (902) 425-1393 E-mail: [aims@aims.ca](mailto:aims@aims.ca)  
For more information please check our website at [www.aims.ca](http://www.aims.ca)



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