

Productivity isn't just a talking point

Advocates must bridge the gap between people and prosperity

By ALLAN GREGG

There is a general consensus that Canada has a productivity gap. Yet, the issue refuses to capture the public's imagination or take a higher priority on the country's political agenda. Claims that the sky is falling run contrary to public confidence that the economy is buoyant and resilient. At the same time, there is a widespread view that, while prosperity is abundant, it is shared unequally and that, in the face of unprecedented growth, the same advocates of productivity stand idly by and allow our social safety net to unravel.

For most people, increasing productivity involves little more than working harder or sacrificing more. The perceived beneficiary to increased productivity is business, and therefore it hardly seems worthy of pursuit. Even those in government who might recognize productivity as good policy are loath to advance the topic with vigour.

I have moderated Microsoft Canada's CanWin conference on this topic four times since 2001 and watched some of Canada's and the world's brightest minds work their way through this dilemma. The consensus solutions to Canada's prosperity problem are at once simple and deceptively complex.

Last year, economist Richard Florida argued that the key to productivity rests not with investment in machinery and equipment, taxation levels or technology, but with people – prosperity follows innovation and innovation is a function, pure and simple, of the calibre of people assigned to the task. Surprisingly, Microsoft CEO Steve Ballmer agreed with Mr. Florida, saying that, as head of the world's largest technology company, he spends the lion's share of his time on human resources.

Two weeks ago, this year's CanWin set its sights on the importance of people: educating them, retraining them, attracting them, keeping them, inspiring them and leading them. This focus is possibly the most important and substantive element of the productivity agenda because not only may it be the key to enhancing the country's prosperity and productivity, but it also might bring the public more willingly into the debate.

The exercise of holding successive conferences on productivity is bringing participants closer to identifying the most important part of the policy puzzle and has set the stage for cutting the Gordian knot of political indifference.

But even with this breakthrough, there will still be many challenges.

In the past five years, we have witnessed a decline in the perceived value of postsecondary education among Canadians. In the public's mind, postsecondary education has become more and less important at the same time. It is more important because, without it, opportunities are severely limited. It is less important because very few associate an undergraduate degree with the guarantee of meaningful job skills or employment, making it the equivalent of the old high-school diploma.

Both arguments should support encouragement of more postgraduate education. But University of Waterloo president David Johnson identified that Canada produces only half as many MAs and one-quarter as many PhD graduates as the United States on a per capita basis. As a country, we are ambivalent about the purpose of postsecondary education. We feel its purpose is to spawn intellectual growth and to impart skill sets, yet we give both universities and community colleges less than stellar marks for achieving these goals.

Even with a greater focus on education, the needs of "the creative class" do not necessarily align with the interests of the public.

Swedish Employment and Industry Minister Sven Otto Littorin spoke about his country's remarkable economic transformation and how it was achieved not by an exclusive focus on elite education, but by a broader effort aimed at reducing dropout rates in high school and welfare reform to bring the marginalized more fully into the economic mainstream.

At CanWin, a conference peopled largely by Canada's business leaders, there was broad agreement that Canada's business community must change its behaviour and outlook where people skills are concerned. Today, human-resource development is viewed as a cost rather than an investment – it is often the first thing to be cut when times get tough and the last thing to be funded under pressure to produce higher margins.

Our workplaces have also failed to take full advantage of an underutilized pool of labour: university-educated women. Similarly, new Canadians with university degrees are twice as likely to be employed in jobs requiring only a high-school education as the non-immigrant work force.

Perhaps even more alarmingly, there appears to be an anti-intellectual bias in Canada's business community. In a major study I conducted for the Rotman School of Management's task force on competitiveness and prosperity, the most significant difference in the attitudes of Canadian versus American business leaders was that Americans were twice as likely to recommend that a young person get a university education. This helps explain the underdeveloped relationship our business community has with Canadian universities and our rather woeful record on commercializing scientific research and development.

But there is hope. The CanWin conference concluded that there are fundamental initiatives that can proceed without delay if business, government and academics start pulling together:

Recognizing the credentials of immigrants and aligning their skills with labour-market needs;

Removing interprovincial trade barriers;

Erasing the artificial divide between universities and community colleges and encouraging them to share resources and recognize each other's course credits;

Creating a more comprehensive program of co-op placements, internships and apprenticeships to benefit businesses and schools, as well as young people.

The challenge remains: If advocates of the productivity agenda want to do more than simply talk to themselves at conferences, they are going to have to start speaking in a way that engages the public.