

# THE SKILL ADVANTAGE

*The 21<sup>st</sup> century  
challenge for  
Canada's unions*



CANADAWEST  
FOUNDATION

HUMAN  
CAPITAL  
CENTRE

MAY 2017  
JANET LANE &  
JEFF GRIFFITHS

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## CONTENTS

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<b>02</b>	<b>EXECUTIVE SUMMARY</b>	<b>14</b>	<b>WAIWARD &amp; THE IRONWORKERS UNION</b>
<b>04</b>	<b>THE PROBLEM</b>	<b>18</b>	<b>THE BUSINESS CASE FOR CRAFT UNIONS TO ADOPT A COMPETENCY APPROACH</b>
<b>05</b>	<b>THE SOLUTION FOR UNIONS</b>	<b>23</b>	<b>CONCLUSION</b>
<b>07</b>	<b>THE CONSTRUCTION SECTOR</b>	<b>24</b>	<b>APPENDIX</b>
<b>10</b>	<b>SKILLS, COMPETENCY &amp; TRAINING – THE CURRENT SITUATION</b>	<b>25</b>	<b>BIBLIOGRAPHY</b>

# EXECUTIVE SUMMARY

Craft unions have two significant opportunities in the heavy construction market.

First, at least \$186 billion worth of infrastructure will be built in Canada over the next 12 years. Unions will be involved in at least one-third of this work if recent trends continue. Supplying the required labour, at a time when 250,000 construction tradespeople will be retiring, is both an opportunity and a challenge. Because unions have traditionally been a major stakeholder in Canada's apprenticeship system, they will be called upon to support the learning of the apprentices who will be recruited to meet this heavy construction sector demand.

Second, Canada's craft unions can meet this challenge – and add more value – by adopting a competency approach to development and deployment of their apprentice and journeyman members. By dispatching workers who have the right competencies to do the jobs contracted employers require, unions will:

- Increase their value to existing and potential new contractors.
- Increase their value to union members by managing their training needs, their competencies and their careers, as well as creating safer workplaces.

Ultimately, unions can become strategic human resources partners with their contracted employers. By having data on the collective competence of their members, and providing the training to meet current and future demands, unions can help provide employers a truly competent workforce today and into the future.

Unionized construction contractors look to their unions to assure them of the quality of the workers they dispatch. Unions have dispatched the workers at the top of their lists to employers without knowing how competent they truly are for the tasks to which they will be assigned. There is a better way. The case study of Alberta-based steel fabrication company Waiward Steel and its union, the International Ironworkers, shows how unions can assure contracted employers their workforce is competent.

Over the last five years, Waiward has worked with the union to move to a competency-based approach to workforce development and deployment. The firm assesses every employee, including its unionized ironworkers, for their competence in performing different tasks they must do in their jobs. Supervisors do the assessment through observation to set standards using objective criteria. If any training gaps are identified, they are then filled by on-the-job mentoring, or through the union or third-party certificates.

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**A COMPETENCY APPROACH  
NOT ONLY WORKS FOR EMPLOYERS,  
BUT FOR UNIONS AND WORKERS  
AS WELL.**

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As Waiward's case bears out, workers who are competent for their jobs work more safely and productively. The firm's safety record, measured by the number of lost-time claims, has improved 800 per cent over historical averages since it began the competency program. Productivity and quality have also improved.

Waiward's union, Locals 720 (field) and 805 (shop) of the International Ironworkers, supported the program. Now, it has access to more than 3,000 individual competency assessments of its members. Local 720 will begin using these profiles when it dispatches its members to other contractors who also engage in the competency program. It is also beginning to work towards managing the competencies of its members.

This paper demonstrates that a competency approach not only works for employers, but for unions and workers as well. In *Matchup: A case for pan-Canadian competency frameworks*, we describe what a broad approach to competencies would look like and how it could be accomplished across sectors and labour market participants, including training.

Over the next decade, the federal government is spending billions to get things built. Canada must have more than infrastructure to show for its major investment. It is crucial that the investment is also used to develop the skills of the Canadian construction workforce.

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*This paper follows on our previous reports, [Beyond the Rules: Moving safety from compliance to competence](#), and [Matchup: A case for pan-Canadian competency frameworks](#). These papers recommend that governments support and employers implement competency-based workforce development and deployment. This paper shows how Canada can benefit if unions ensure that their members have the skill advantage that comes from being truly competent.*

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# THE PROBLEM

Canada's federal government plans to invest \$186 billion in infrastructure construction over the next 12 years.<sup>1</sup> Provinces and territories will also invest billions in schools, hospitals, transit systems, airports, roads and bridges.

Meanwhile, 250,000 construction workers are expected to retire over the next decade. If Canada is going to get this essential infrastructure built, it will need tens of thousands of new skilled tradespeople.

As Canada builds the infrastructure it needs, it must also build the next generation of skilled tradespeople. This will require paying attention to workforce development and deployment to ensure there are enough workers to get the job done. It will also mean developing the competency of that workforce so that these projects are built safely, and built to last.

This paper discusses the opportunity for unions in the sector to adopt a competency approach to train and deploy Canada's heavy construction workforce.

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**\$186B**

**worth of infrastructure will be built  
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**construction tradespeople  
are expected to retire over the  
next decade.**

<sup>1</sup> Government of Canada. [www.infrastructure.gc.ca/plan/index-eng.html](http://www.infrastructure.gc.ca/plan/index-eng.html)

# THE SOLUTION

*for unions*

More than 70 per cent of people who become certified as skilled tradespeople train through apprenticeships. Many learn their trade and become certified journeypersons through the associated trade unions.

Typically, unionized labour is involved in 30 to 50 per cent of heavy construction work. That means that union labour will be responsible for building at least \$60 billion of Canada's new infrastructure.

Canada's building trades unions serve two main functions. They offer training and benefits to their members (including apprentices) and dispatch workers to meet the requirements of their contracted employers. For more on the role of unions, see the Appendix (page 24).

An opportunity exists to improve training and dispatching workers to:

→ **Create value for unions**

Increasing their value to existing and potential new contractors

Improving competitiveness for unions

Making union membership more attractive

→ **Create value for union companies**

Safer workplaces and fewer safety incidents

Higher quality and less rework

Improved productivity

Lower overall costs and increased competitiveness

→ **Create value for union members**

Management of training needs, competencies and careers

Competency management is a better way to assure employers of unionized labour that their workforce can do the tasks they are assigned. Unions would track the competencies of individual members, and dispatch workers to jobs that are the right fit. Moreover, unions would also provide their members with training in any areas in which they are not fully competent.

Competence is associated with safety and quality production. As firms compete to build Canada's new infrastructure, a competency approach to develop and deploy union members, including apprentices, would give unionized employers a competitive edge. In the long run, by being able to assure employers that their members are the best skilled workers available, Canada's building trades unions could become strategic human resources partners with their contracted employers. Furthermore, because unions dispatch their workers to a variety of contractors, they would be able to forecast skills demand, do training and supply competent workers – before skills shortages occur.

Before we look further at the competency approach to workforce development, we discuss the sector in which the building trades unions work.

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*As Canada builds the infrastructure it needs,  
it must ensure that it is also building the*

# **NEXT GENERATION OF SKILLED TRADESPEOPLE.**



Photo: Saskatoon, Canada, July 2016, iStock.com

# THE CONSTRUCTION SECTOR

From a labour perspective, construction is a unique industry. Unlike other industries where goods or services are produced to meet specific consumer demand and workforces are relatively stable, during construction projects, different types of specialized skills are required at different times. Workforce numbers rise and fall as construction projects move through different phases, from initial site clearance and ground preparation to final commissioning. For these reasons, the industry is still largely craft-based.

For many years, the majority of workers in the industry were aligned with the craft union that represented their specific trade (electricians with the International Brotherhood of Electrical Workers [IBEW]; Boilermakers with the International Brotherhood of Boilermakers [IBB]; plumbers, pipefitters and steamfitters with the United Association [UA], etc.). The non-residential construction sector was once between 70-90 per cent unionized. Since the 1970s, as open shop and alternative union players came into the picture, entire segments of construction became largely non-union.<sup>2</sup> Since 1999, overall unionization rates for construction have been stable, at just over 31 per cent nationally.<sup>3</sup> Some regions are lower; Alberta government figures for 2014, for example, show the unionized construction sector is just 17.2 per cent of workers.<sup>4</sup>

In Canada, residential construction makes up 48 per cent of construction employment, according

to Buildforce, the construction sector council.<sup>5</sup> However, residential construction rarely involves unionized labour. This means the percentage of unionized labour working in heavy construction is higher. We estimate it to be between 30 and 50 per cent (the precise number is not available).

Union contractors pay higher hourly rates in exchange for the flexibility to scale their workforce as needed. The union, meanwhile, agrees to provide the skills contractors need, when and where they need them, on a project-by-project basis. When the job is done, the workers are turned back to the union, where they await the next job. Those out of work the longest are first in line for the next job that becomes available – which could happen immediately or months later, depending on the state of the construction market.

Under collective agreements, the union dispatches a mix of journeypersons and apprentices (the exact ratios are stated in the agreements). Most collective agreements also contain language about the job readiness of the workers. Job readiness in this case refers to the safety-related certificates or endorsements suitable for the job or worksite to which workers are being dispatched – not individual skills.

In a competitive environment, contractors of all stripes (union and non-union alike) attempt to keep good workers employed by moving them to other projects where their skills are needed.

**The non-residential construction sector was once**  
**70<sup>to</sup> 90%**  
**unionized.**

**Statistics Canada figures show that in 2012,**  
**31%**  
**of the construction workforce belongs to unions.**

<sup>2</sup> Brown, Richard M. 1979. "The Reform of Bargaining Structure in the Canadian Construction Industry", *Berkeley Journal of Employment & Labour Law* v.3. 542.

<sup>3</sup> Galarneau, Diane, and Thao Sohn. 2013, Long-term trends in unionization. Statistics Canada. 4

<sup>4</sup> <http://www.albertacanada.com/business/overview/unionization-rates.aspx>

<sup>5</sup> [https://www.constructionforecasts.ca/sites/forecast/files/highlights/2017/2017-National-Constr\\_Maint-Looking-Forward.pdf](https://www.constructionforecasts.ca/sites/forecast/files/highlights/2017/2017-National-Constr_Maint-Looking-Forward.pdf)

In the face of declining market share and increased competition, the traditionally adversarial relationship between organized labour and employers is changing. “In the old days, labor and management were enemies. Not anymore. Now we have finally figured out that the best way to prosper is by working *with* each other instead of being at each other’s throats,” notes Mark Breslin, former CEO of Engineering and Utility Contractors Association, and labour strategy consultant.<sup>6</sup>

Skills are key to improving market share for unions. As Bob Blakely, Canadian Operating Officer of Canada’s Building Trades Unions, points out:

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*“A really important point in all of this is they [contractors] sell the ability to man the job. Sure, they also sell their skill in managing the work, their engineering and their warranty. But they sell us, the working people here in Canada. The people who can always get the job done.*

*That ability for us to man the contractor with the right people at the right time has created a very powerful partnership. And that partnership has been a positive force in our industry. They have skills to sell. Remember, we the unions, have only one thing to sell: skilled people.”<sup>7</sup>*

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<sup>6</sup> Breslin, Mark. *Survival of the Fittest: How the Future of Union Construction Depends on Every Journeyman, Every Apprentice and You*. 140

<sup>7</sup> Blakely, R. Speech to the 31<sup>st</sup> consolidated Boilermakers convention, Las Vegas NV, 25 July 2006. <https://convention.boilermakers.org/2006/highlights/tuesday/blakely/transcript%3Fpage=0,0.html>



*Union locals can manage and enhance*

**THE SKILLS AND  
COMPETENCIES OF  
EVERY MEMBER**

*– making them part of an elite team that  
is custom-assembled for the job.*

# SKILLS, COMPETENCY & TRAINING

## *The current situation*

Craft unions have always taken pride in their members having higher skills than their non-union competition, and in creating the next generation of workers through apprenticeships. “Our training programs are recognized as the very best in the industry,” says the United Association of Plumbers and Pipefitters website.<sup>8</sup> “Better people, better built,” say the Ironworkers.<sup>9</sup> Still, there are opportunities for unions to improve the dispatch of workers to jobs, worker safety and member training.

### **DISPATCHING WORKERS TO JOBS**

Today, the measure of competence is a journeyman certificate. There is no certification for within-the-trade specialization. Yet, within any trade, specialization occurs due to experience. Depending on where they have worked, journeymen become more proficient in specific areas of the trade. Other skills fade over time if they are not used. Journeymen may also lack experience with new techniques, materials and technologies. As such, the journeyman credential is a good proxy for *general* skills, but less so for *specific* skills.

Union locals do not directly manage or track the skills of their individual members. In a large craft union local, dispatchers may not know a member’s specific skills, level of proficiency in those skills, or what types of work they may want to do or what new skills they wish to develop. This, along with union principles of

equality and fairness, means that union locals are not able (or willing) to dispatch workers on the basis of particular skills beyond a broad generalization (“We need 20 guys who can tie re-bar,” or “We need crews who can do modular assembly and welding at height on an industrial job,” or “We need someone who can do the steel work on a bridge repair job,” etc.).

When union dispatchers send out a worker, they assume (in the absence of any other evidence) that a journeyman is competent, and that an apprentice will be working under the supervision of experienced journeymen. They are not directly responsible for the specific skills that are dispatched. There is a vetting process after dispatch. Contractors match the skills available to the skills required to do the job. Individuals who do not have the required skillsets are returned to the union hall and additional workers are dispatched until all the requirements are filled.

Contractors are similarly hampered. They may request specific safety training, or certain trade sub-specialties when they make a manpower request to the local, but they are generally unable to qualify their requirements in terms of specific skills and competencies. A certain amount of “back and forth” between the contractor and the union local can occur until the right skills are in place. When this happens, as it often does, costs increase.

<sup>8</sup> <http://www.ua.org/training>

<sup>9</sup> <http://www.ironworkers.ca/>

If, after dispatch, a union member performs poorly, the contractor will often send him or her back to the union hall without specific feedback on the worker's limitations. Fired or laid off workers do not come back to the hiring hall with a report card on what they need to improve, or other reasons they may have been let go. The reasons may be relayed informally, but there is generally no real way to capture this information, much less use it. As such, it is difficult (if not impossible) for the union to proactively fix issues. Workers will usually be dispatched again once they get back to the top of the hiring list.

## **SAFETY AND COMPETENCE**

Under Occupational Health and Safety (OHS) legislation, employers are responsible for ensuring that only “competent workers” perform hazardous duties. In the case of apprentices, it is the employers’ responsibility to ensure that they are being supervised by competent journeypersons, particularly in the case of compulsory trades.<sup>10</sup>

In cases where the union is the “employer of record” for apprentices, a case can be made that there is some shared responsibility for ensuring that the apprentices are adequately supervised by competent individuals. In practice, however, it is the employer (i.e., the contractor) who is held responsible for ensuring competence.

Legislation does not specify what “competent worker” means. When something goes wrong, the employer must prove that it had reasonable grounds to believe that the worker was competent. This is generally done by using journeypersons’ credentials and third-party safety certifications as a proxy for “trained and competent tradesperson.”

Relying on credentials though, is not always sufficient. As we will see in the Waiward case study (page 14), some workers may need to develop their competencies further to be truly safe on the job.

## **COMPETENCY ISSUES IN UNION MEMBERS**

There are three competency issues facing unions:

- Matching workers with the appropriate range of competencies to the job requirements;
- Matching workers with the appropriate level of competence to the job requirements; and,
- Changes in the demand for competencies – the mix, level and new skills required as the mix of jobs and construction technology change.

<sup>10</sup> Trades considered compulsory are those in which only journeypersons or apprentices are permitted to perform the tasks of the trade. They are legislated by provinces and territories and vary between jurisdictions.

The first issue may be resolved by improved knowledge of the competencies required by the jobs and those held by individual members, and the second by training and assessment. The third requires tracking and forecasting skills demand.

Because union locals lack detailed information on the skills of individual members, they cannot systematically and proactively improve competence. Training offered through locals includes programs that upgrade or refresh existing technical skills; increase awareness of new technologies and techniques in the industry; supervisory training; safety training; and, other topics of interest or concern. It is generally voluntary for certified journeypersons and up to the individual member to sign up for training. Except for certificates awarded for specific safety training courses, there may not be any record or recognition for the training.

But, it does not have to be that way. Union locals can manage and enhance the skills and competencies of every member – making them part of an elite team that is custom-assembled for the job.

Competency frameworks and assessment technology now make this feasible. The Waiward story in the next section is an example of how a competency approach works.

## THE “SIX-PACK OF COKE”

### *Analogy*



In conversation regarding competency and dispatch practices, a union member drew the following analogy:

*“If Coke was sending cans of product to a retailer, they would not knowingly put two cans that were not up to standard into a six-pack. And if the retailer noticed and sent the cans back, Coke would not then turn around and put those two cans into another six pack and send them to a different retailer hoping the second retailer either did not know or did not care. But we do that all the time.”*

Photo: iStock.com, DNY59

*Waiward, together with its union,  
achieved remarkable success in implementing*

# **A COMPETENCY APPROACH**

*to workforce development and deployment.*

# WAIWARD & THE IRONWORKERS UNION

## *A successful competency implementation case study*

Being an ironworker is not for the faint-hearted. There are risks involved in working with massive beams of steel. Between 2010 and 2012, Waiward Steel was reminded of this too often. Despite its world class workplace safety program, with the Government of Alberta Certificate of Recognition to prove it, Waiward experienced four life-changing safety-related incidents. The leadership team vowed that never again would they be responsible for someone almost losing their life on the job. They decided to do whatever it took to prevent other major incidents from happening.

In late 2012, to ensure that every person working on its job sites was competent to do the tasks assigned, Waiward implemented a competency-based approach to workforce development and deployment.

### **RESULTS**

The results have been remarkable.

As of April 2017:

- Zero lost time injury claims in more than 4.6 million hours since 2013 – an 800 per cent improvement (over historical averages) in safety;
- A substantial decrease in Workers' Compensation premiums (tens of thousands of dollars);
- The capacity to investigate the true competence of workers on site when any safety incident occurs;
- A reduction in medical aids (more than 443,000 hours, medical aid free);
- Reduced cost of on-boarding because safety training certificates are in the system; and,
- Other savings that are still being quantified.

### **WHAT WAIWARD DID**

First, Waiward, working with a consulting firm, surveyed its employees on how to become a safer company. Then the firm devised a new vision and values statement and committed to it, and to implementing a competency program. The leadership team was determined that this was not going to become just another “flavour of the month” change.

To get started, the program co-ordinator had to determine the competencies people needed for their job tasks. They began with the ironworkers, but eventually they developed competency profiles for every employee in the firm – including the CEO.

A six-point rating scale was devised:

- Three levels of competence, **C1, C2, C3**;
- **Not Applicable** – some jobs don't require people to be competent in every task associated with the occupation;

- **Not Suitable** – some people are not suitable for some of the tasks in ironworking, while being fully competent in others; and
- **Needs Training** – some people need to learn or upgrade their competencies in a specific task.

Employees were assessed to set standards for their competence by their supervisor, through on-the-job observation, using the rating scale.

Ironworkers at Waiward belong to the Ironworkers Union, and in Alberta, it is compulsory that ironworkers be either journeypersons or apprentices. It was uncomfortable, at first, for a foreman to indicate in an assessment that a union brother or sister, a certified journeyperson, needed further training. Over time, management proved that a rating of “Needs Training” was, in fact, a signal that the company was going to invest in the worker. Workers, seeing the improvements in safety on the job, became more willing to upgrade their competencies.

Waiward developed a system for keeping track of its workers’ competencies and their individual learning plans. This software system, called MODOS, also tracks worker third-party training certificates. Waiward has spun MODOS off into an independent company, called MODOS Performance Solutions, and is making the software, and consultants with expertise in implementing a competency program, available to other firms and unions who are ready to implement programs of their own.

Locals 720 (field) and 805 (shop) of the Ironworkers International Union have been involved since the program’s inception, and they have supported it. However, they have not yet taken up the full benefit of MODOS, which could help them to manage the competencies and careers of their members. This paper is, in part, a call to action for Ironworkers

International to encourage its locals to harness the power of MODOS to give them a competitive edge.<sup>11</sup>

## WHAT WAIWARD LEARNED

There were seven main factors that contributed to Waiward’s success in its competency program.

**Commitment:** Businesses can put in place new processes and procedures to improve performance, but they often do not stick. For this transformational change, Waiward needed executive-level buy-in. In fact, the firm’s leadership team remained committed, even during the downturn in the Alberta economy.

**Consistent leadership:** The Waiward supervisors suddenly had more work. Doing performance reviews using a competency approach with objective performance criteria, takes longer. Some leaders found it difficult to make time to complete their reviews on time. It took four years to integrate the program; it could have been done faster if all leaders had consistently embraced the program earlier.

**Co-ordination:** Someone must “own” implementing the program. Waiward’s competency administrator started from scratch and built the program from the ground up. Other firms who take up this approach will be able to start from further along the path, which will save time. Some will resist the change so the competency administrator needs to be tenacious and have good motivational skills.

**Champions:** Waiward’s executive team, head of human resources, and the competency administrator quickly became the champions of the program. Their vocal support of the program helped to ensure it became an integral part of the way the firm gets things done.

<sup>11</sup> This paper was funded by GO Productivity, through the support of the Ironworkers’ employer-union partnership, IMPACT.

**Coaching:** A competency coach to assist foremen in the field to perform the observed competency assessments helped speed up Waiward's progress implementing the program. Since the management of the competency program has been transferred to the occupational health and safety manager, there is now a team of people who can provide coaching.

**Communication:** Communication about goals, milestones and successes of any program is important to build buy-in and commitment from employees. It needs to be from the top down and all the way back up. However, communication is also one of the most difficult things to get right. This proved to be the one area in which Waiward could have done a better job – something that may have contributed to the length of time it took to fully integrate the program.

**Continuous learning:** The development and implementation of both the program and the MODOS software for managing it have changed the way Waiward operates. It also provided a means to become a learning organization – and will ultimately support a culture of continuous improvement.

## WAIWARD CASE STUDY CONCLUSION

Waiward, together with its union, has achieved remarkable success in implementing a competency approach to workforce development and deployment. The program has led to workers being safer on the job. While the full return on investment is still being calculated, no doubt this added safety has also improved productivity and the bottom line.

This experience also shows how unions can work with employers who assess performance on the basis of observed competence, and are committed to training those who need to improve their competence in tasks of the job. Through forwarding completed competency assessments when it dispatches its members, the Ironworkers Union adds more value to both its members and its other contracted employers.

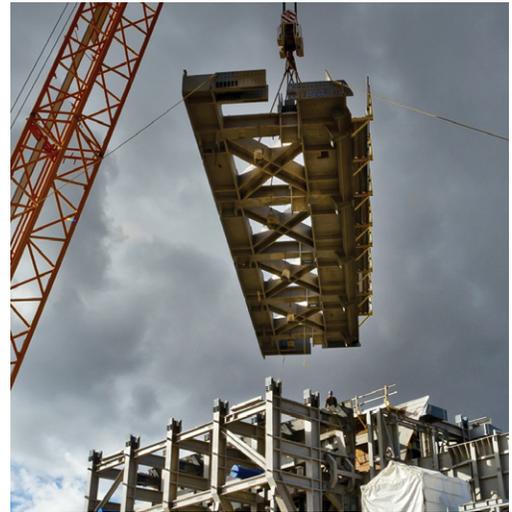


Photo: Waiward Steel LP

A woman with blonde hair, wearing safety glasses, a red ear protector, and a black t-shirt, is focused on her work in a workshop. She is using a power tool on a piece of wood. The scene is lit with warm, golden light, creating a professional and industrious atmosphere.

*Embracing*  
**COMPETENCY COULD  
STOP OR EVEN REVERSE**

*the trend toward declining union membership,  
increase the prestige and value  
of the union in the eyes of the members,  
and improve the competitiveness for contractors.*

*The business case for craft unions to adopt*

## **A COMPETENCY APPROACH**

If unions embrace competency, it could benefit members and increase market share.

A union that could assure its employers that workers it dispatches are competent in the specific requirements of the jobs would:

- Increase its value to existing and potential new contractors;
- Increase value to its members by managing their training needs, their competencies and their careers.

As noted earlier, managing skills and competencies in this manner is made easier with technology and software tools.

### **CREATING VALUE FOR THE UNION**

The competency approach developed by Waiward Steel in co-operation with its union was an internal response to a safety problem. It could be adopted more broadly, but that will be difficult unless the unique political environment of unions is taken into consideration.

Assuring contracted employers of the competence of their members would contrast perceptions that unions exist to protect the weakest among their members, and lower performance to this lowest common denominator. This would make them far more attractive to employers. Managing the competencies of their members from “Day One to Retirement” would also make unions more valuable to their members. However, moving toward proactive management of individual competency represents a significant and potentially risky paradigm shift, and as such it must be carefully managed – or it will fail.

For this approach to work, the union rank and file must see it as something that benefits each of them, along with the union as a whole. In fact, union culture and politics demand that any initiative of this nature must be approached from the perspective of increasing value for rank and file members. While this is not incompatible with the needs of the signatory contractors, this distinction is critical. The union can take a proactive position on individual competency management only if each member views it as an individual direct benefit to them, pursued from a union perspective and to promote the union agenda. “If you do this, you get to keep your job,” isn’t enough. Mark Breslin (*Survival of the Fittest*) says:

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*“Union construction is supposed to be the best in the world. Not ‘good’, not ‘above average’, but the best. The thing is, the height of the bar is not just up to your foreman or superintendent; it’s up to you. If you want to be an elite warrior in the fight for the marketplace, you need to set your own bar very high and expect it from everyone around you.”<sup>12</sup>*

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Unions are democratic institutions with deep social roots. The loyalty of members (its “citizens”) depends on them seeing that the union leadership acts in their best interest. As Corliss Olsen points out “The union walks a fine line in cooperative ventures [with employers] ... the challenge to unions then, is to embark on union-management cooperative ventures with an independent agenda, grounded in the needs of its members ... an appropriate balance between cooperation and conflict not only must be found, but must also be communicated to an informed and involved membership. Furthermore, union involvement must be integral, and not merely tangential, in the operation of the firm.”<sup>13</sup>

It is crucial that before setting out to make the change, the union leadership gauges the culture, identifies internal opinion leaders, and begins to shift the culture in a way that honours the history and traditions of the union – and creates an environment where a transformational change can succeed. This type of detailed change management process is lengthy and difficult. But it is not optional if the initiative is to succeed.

## **CREATING VALUE FOR UNION COMPANIES**

Unions face an uphill battle to win back market share. First, there is the hourly cost of union labour and benefits, which are higher than the competition. Second, they must battle negative public perceptions of the union movement. There is a perception that

unions cannot, or will not, discipline members or hold them accountable, and that it is almost impossible to remove a union member from a job. This makes many contractors leery of unions – and willing to fight to avoid union organization. By the same token, negative perceptions of unions make it more difficult to attract members.

True or not, these stereotypes are a barrier. Beating them on both sides requires a focus on value. That value can come from active management of worker competency and collection of the data that demonstrate the collective skills of the union.

These, when tied to empirical data on the safety, quality, reliability and cost benefits of competence, would provide significant competitive advantages for employers of union labour in an increasingly crowded and competitive business environment.

### **Improved and more efficient dispatch (there is an app for that!)**

The added complexity of dispatch by competency does not necessarily mean the dispatch process is slowed. Technology can automate the dispatch process, increase efficiency and improve response times. In a fully automated system, a computer program in the contractor’s human resources department would send a message to a computer program at the union, which would automatically send information on competencies required to qualified individuals on the out-of-work list – who could then respond by pushing a button on a smartphone app to accept the position and begin the on-boarding process. This method may be particularly attractive to younger workers.

When a job is finished, an individual could be automatically returned to the “out-of-work” list via a similar process.

<sup>12</sup> Breslin, p.26

<sup>13</sup> Olson, Corliss. “Can Joint Training Increase Union Knowledge And Power?” Just Labour 6 (2005). p. 2, 3

Embracing technology to track third-party certifications, qualifications, skills and competency will connect workers with jobs that match their capabilities and aspirations, and employers with the skills they need faster and more affordably, avoiding the cycling between job site and union hall. Small savings on each transaction can result in big savings over the life of a project, and those efficiencies can make the contractor and the sector more competitive.

### **CREATING VALUE FOR MEMBERS**

When it comes to actively and proactively managing and enhancing the skills and competency of their members, and by extension for the industry as a whole, craft unions have an advantage. They “own” the workforce. When workers finish a project for a contractor and are laid off, they return to the hiring hall and are accessible to the union while waiting for another job, either with the same or a different contractor. By contrast, an open shop cannot maintain this degree of oversight for laid-off workers, or take steps to improve skills of workers who are off the jobsite.

The dynamic of the construction industry and the hiring hall, with collectively bargained ratios for journeypersons and apprentices dispatched to jobs, means that the union has an obligation to keep bringing in new workers to the industry. This function of unions will be especially important over the next decade, as large numbers of older, more experienced workers retire. Tracking and developing the skills learned on the job during apprenticeship (beyond apprenticeship log books) gives the union local incredible insight into the skills profiles of members right from the beginning of their career.

In addition, tracking the existing skills of union members, post-apprenticeship, would ensure that skills are kept fresh and new skills are added. This would keep members at the top of the industry with respect to their skills and competencies, making them as employable as they can be throughout their careers.

If a union uses a competency approach, building to the full journeyperson suite of competencies, it could actively manage the apprenticeship process to ensure that apprentices learn all aspects of the trade from fully competent journeypersons as they are assigned to different types of work and different contractors. This would result in higher skill levels, faster. It would also mean that the union could offer this sort of “Day One to Retirement” active competency management as a member benefit to ensure that individual members are the best workers possible, now and for the future. That sort of benefit could encourage more individuals to join a union.

### **MORE VALUE CREATION FOR UNIONS**

Craft unions and building trades councils could leverage the competency information in other ways. A thorough understanding of skills and competencies coupled with forecasting future project skills demand would allow unions to strategically manage the labour pool, anticipate future skills requirements and take steps to grow these skills proactively rather than reactively. That is, they could manage the skill supply to ensure that current and future demand for skills is met, and that steps are taken to prepare the workforce for new technologies and methods before they are needed.

Bob Blakely again:

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*“The issue ... for the construction unions in Canada is the supply of skilled people at the work place, at the right time, in the right number, with the right skill sets, every time they [contractors] ask us... making sure we own those highly skilled, motivated, drug-free, safe, and competent people who can go to work on any kind of construction by producing their dispatch slip and go to work without more [ado]. It is the thing that the building trades have relied on for the last hundred years. We have always got the work force there [to the jobs]. Recently we have not always been able to supply the work force, and a number of the owners are now looking around and saying, “Well, these guys were great, but they did not supply this job.” There are a number of failures that they will forgive us for — the occasional bump on a job, the occasional problem — but they’re never going to forgive us for not manning their work.”*<sup>14</sup>

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At a macro level, the international arm of any craft union could use workforce competency information to plot strategic workforce development and long-term human capital policies for the trade. In addition, cross-craft co-ordination in this effort would be possible through the building trades councils. The responsibility would need to be shared between craft union internationals and their locals so that the data on the number and types of skills that will be required in the future, based on project demand forecasts and Labour Market Information (LMI) were available when and where needed.

Unions could thus work with employers to ensure that there is an adequate supply of skilled workers for both current and future needs.

The best available data on future demands for specific trades is the LMI produced by BuildForce (formerly the Construction Sector Council), which has projections for the country and each province. The data are collected on a trade-by-trade basis, because that is as granular as the current systems allow. If you consider that a certain package of skills and context is a boilermaker, and a different package (which may contain some common elements) is an ironworker, there is a great deal of potential to provide projections on the basis of skills rather than specific occupations. This could help smooth out the peaks and valleys in the labour supply equation.

Embracing competency could stop or even reverse the trend toward declining union membership, increase the prestige and value of the union in the eyes of the members, and improve the competitiveness for contractors. Whether or not unions, at the national or international level, and importantly at the local level, can change to take on this more sophisticated human resource management role for the industry is an open question upon which their future depends. To quote one of the North American labour movement’s most iconic figures:

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*“Labor cannot stand still. It must not retreat. It must go on, or go under.”*

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— **Harry Bridges** (July 28, 1901 – March 30, 1990)

<sup>14</sup> Blakely, 2006 op cit

## THE BUSINESS CASE IN BRIEF

### If ...

- skills and competency information can be parsed and connected to future/expected work as detailed through Labour Market Information (LMI), and
- a union, because it actively manages the competencies of its members, is the guardian of (and source of) the competent workers that will meet future demand,

### Then...

- a union has, through active management of competency, the empirical data to demonstrate the collective skills of its members, and
- is uniquely positioned as a full strategic partner in the construction value chain – fully able to sit at the table to scope jobs, determine training requirements, etc.

### This requires...

- a clear union position on competency that is proactive and independent from the contractors
- an internal change management process to engage the rank and file in substantive dialogue to determine what and how to change
- some changes to the internal structure and culture of the union
- modification to the union local role and mandate.

### Then,

#### Potential new members ...

- would see that becoming a union tradesperson means being part of an elite team
- would share member pride in their personal skills as well as the skills of their union, and,

#### Potential new contractors ...

- would be able to say “Our people are demonstrably better, and they offer measurably better value. Don’t you want them working on your projects?”
- would find it possible to clearly see the benefits of becoming a union contractor because skills data would be correlated with safety, quality, reliability and cost.

# CONCLUSION

Canada's new multibillion dollar, government-funded infrastructure is going to be built by a combination of unionized and non-unionized workers. Because hundreds of thousands of tradespeople will be retiring over the next decade, many of the workers will be apprenticed or journeyman certified in the building trades during the time the infrastructure is built.

All firms involved in building this infrastructure will bear responsibility for the safety and quality of their workers. Unionized contractors rely on their unions to assure them that their workforce has the skills required to be safe and do quality work. Unions will be better placed to meet this challenge if they move to a competency-based approach to developing their existing workers and training their new apprentices.

Canada must ensure that it has more than infrastructure to show for its investment. It is imperative that the funds also are used to develop the skills of the Canadian construction workforce.

# APPENDIX

## THE ROLE OF UNIONS

Unions have traditionally been, first and foremost, an expression of the ideals of equality and democracy. North American building trades unions were among the founding members of the American Federation of Labour (AFL), who merged with the rival Congress of Industrial Organizations (CIO) in 1955. The labour movement has historically upheld a set of social values, and the mission statement of the AFL-CIO provides an example of this social value philosophy:

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*“The American Federation of Labor and Congress of Industrial Organizations is an expression of the hopes and aspirations of the working people of America.*

*We resolve to fulfill the yearning of the human spirit for liberty, justice and community; to advance individual and associational freedom; to vanquish oppression, privation and cruelty in all their forms; and to join with all persons, of whatever nationality or faith, who cherish the cause of democracy and the call of solidarity, to grace the planet with these achievements.*

*We dedicate ourselves to improving the lives of working families, bringing fairness and dignity to the workplace and securing social equity in the Nation.”<sup>15</sup>*

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This social activism component of the labour movement is aimed at improving the economic and social standing for all of society – not just union members. Indeed, the labour movement made significant gains (the concept of weekends, restrictions on the number of hours that could be worked, and its by-product – overtime pay, protection against arbitrary dismissal, and others) that have since been entrenched in laws that benefit all workers. These values still permeate the unions’ approach to their business.

And that business is changing.

From the outset, unions in general have focused on the welfare of their members, whom they collectively represent both in contract negotiations with employers, and in ensuring that the provisions of collective agreements are respected. Members of craft unions usually learned their trade through their union’s apprenticeship program, have access to additional training, good hourly wages and benefits (health, pensions, etc.), and access to industry employment through the hiring hall process. The union local also provides a social environment for members. It is not coincidental that the members refer to each other as “brothers and sisters” – there is traditionally a sense of family within both the local and the larger union itself. The transient and project-based nature of the industry means workers will shift from employer to employer as projects are completed and their particular skills are no longer required. Consequently, loyalty and identity of workers is to their craft and their union rather than to an individual employer.

Because of the labour relations circumstances that led to large-scale unionization through the 19<sup>th</sup> and into the first half of the 20<sup>th</sup> century, and the significant share of the market that unions enjoyed, the relationship with contractors and project owners was often adversarial, work stoppages were not uncommon, and the unions gained significant power and influence in the marketplace.

Frustration with the status quo in the U.S. led several large industrial companies to form a group called the “Construction Users Anti-Inflation Roundtable (CUAIR), which eventually came to be known as the “Business Roundtable.” This group, along with anti-union contractors called the Associated Builders and Contractors (or ABC), encouraged an “open shop” movement which has been successful in significantly reducing the market share of craft unions in the U.S. to 14 per cent by 2011, from 40 per cent in 1973.<sup>16</sup>

<sup>16</sup> [http://inthesetimes.com/working/entry/13321/union-busting\\_is\\_as\\_easy\\_as\\_abc\\_the\\_associated\\_builders\\_and\\_contractors](http://inthesetimes.com/working/entry/13321/union-busting_is_as_easy_as_abc_the_associated_builders_and_contractors)

<sup>15</sup> <http://www.aflcio.org/About/Our-Mission-and-Vision>

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