



Canada's Workplace Skills Strategy

***Workshop on Supporting Economic Growth
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Human Resources Skills Development



the issue



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Policy Challenges

- Recent labour market developments underline the need to adjust the Government of Canada's programs to ensure they are fully responsive to the evolving needs of workers and employers.
- Some of the key drivers of change include:
 - Changes in the nature of work (e.g. increase in skills requirements of jobs, variety of labour market transitions, growth in non-standard employment)
 - Changes in the composition of the labour force (e.g. aging of the workforce, participation of women)
 - The lack of flexibility in reaching clients who need employment supports but who are not eligible for Employment Insurance
 - The need to better respond to the needs of employers (e.g. skilled, adaptable and resilient workers, better access to skills development opportunities and labour market information)

Strategic Objectives

- In the face of these challenges, there is a need to rethink and retool employment programs to respond to changes in the labour market:
 - **An employment system that fosters a skilled, adaptable, and resilient workers.**(foster lifelong learning, enable the workforce to fully utilize the skills, knowledge and abilities they possess)
 - **A flexible, efficient and productive labour market** (reduce barriers to labour mobility so that Canadians are able to take advantage of existing and emerging employment opportunities, support smooth labour market transitions helping individuals obtain and maintain employment)
 - **Full participation of Canadians who face labour market barriers.** (focus on Aboriginal Canadians, recent immigrants, youth and lesser-skilled older workers)
 - **Responsiveness to the needs of employers** (focus on the workplace and engage employers to ensure that there is continued growth in high-valued employment opportunities)

Human Capital Agenda

- Investments in the **quality** of Canada's workforce—their skills, knowledge, work environments, their human capital—are the key to improved firm performance, economic growth, and a better standard of living for Canadians
 - Due to a declining birth rate, Canada cannot rely solely on the **quantity** of people working to fuel growth
 - Canada needs to remain competitive with those nations making investments in skills
- Government has done a good job at the macro level (e.g., working on the deficit, reducing taxes) and has made investments in other factors linked to productivity (smart regulations, investments in research and development, technological infrastructure)—the time is ripe to address human capital issues

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Labour Market Supply

Literacy & Essential Skills

- 42% of Canada's working age population are below IALS literacy level 3
- While 6.5 million read well, many have problems with more complex tasks required for skilled jobs

Post Secondary Education

- Number of jobs requiring university education increased by 33% between 1991 and 2001
- Canada currently world leader in post-secondary attainment (54% of adult Canadians)
- Provincial jurisdiction

Highly Qualified Personnel

- Occupational pressure points in health, security, teaching and some KBE occupations (e.g., engineers and systems analysts)
- Shortage of managers willing to grow small business into mid-size firms

K-12

- Strong universal system
- One out of six individuals currently in labour force has not completed high school
- Provincial jurisdiction

**Workplace Skills
Labour Market
Environmental
Factors**

Entrepreneurship

- New business start-ups are higher than average (out of 21 countries assessed)
- Many are not prepared to take risk of growing firms larger

Skilled Trades

Regional shortages evident for a range of occupations: mechanics, machinists, carpenters, plumbers

Underemployment

- In 2001, 35% of workers with PSE were employed in low-skill jobs that did not require PSE diploma
- Problem is largely one of integrating immigrants
- While 24% of high-skilled jobs were held by persons with high school or less
- Canada's Aboriginals represent an untapped resource

Employer Sponsored Training

- Access to training is significantly lower among the 37% of the workforce in non-standard work forms
- Employers sponsor training for only 10% of employees without high school completion but for 36% with university degrees

Sectoral Adjustment

- Key sectors of economic growth provide opportunities to ensure competitiveness and economic viability
- Sectors facing decline need to re-orient their activities and workforce to manage transition

Labour Market Demand

As IM/IT systems generate more and more data, this will:

- Increase the demand for analytical, problem-solving, and communications skills of managers and workers
- More workers will need to generate, convey and use knowledge needed for decision-making

Synergies across technologies (data transmission speed, connectivity, storage capacity, power, networks) :

- Generate advances in research and development
- Shape production processes
- Determine how capital, material and labour inputs are combined in production
- Establish how work is organized, where it is conducted and even who can or cannot perform a certain task or job

Structure of corporate Canada:

- majority of businesses (98%) have fewer than 100 employees with 74% having fewer than 10 and 57% having 1 to 4 employees
- of the 1,047,132 employer businesses, about 0.3% have more than 500 employees



Workplace Skills Micro Firm-Level Factors

Medical advances will likely:

Further life expectancy and improved quality of life for those who are older or with disabilities , which may translate into enhanced workplace productivity

Typical failures that arise in the financing of human capital investments:

Uncertain and insufficient returns from training investment due to labour turnover, limited information about training opportunities, questions related to the quality of training available and ability of employees to assimilate the training received

Move toward more specialized, vertically disintegrated firms:

Where firms divide up the production pipeline and specialize in products and services that define core competencies while outsourcing noncore activities



**what have we learned from
consultations?**



Findings: major human resources issues faced by employers

- Lack of access to information
 - small companies don't know where to go/who to talk to about HR planning needs
- Report shortages of skilled/experienced/trained workers
 - difficulty hiring or hire under-qualified to “fill holes” or cannot retain staff
- Lack of HR planning skills and good HR practices
 - unaware which sets of knowledge, skills, abilities, and attitudes are most valuable to support economic performance of organization
- Insufficient capacity to forecast skill requirements or to measure results
 - asking government to take the lead in determining what occupations will be required, when and under what conditions
- Out-migration of workers
 - key issue for rural and remote areas – also linked to inability to attract skilled immigrants

Findings: skills in demand

- Soft skills (including communication, teamwork, good work ethics) and technical skills are equally important to employers and claimed as most frequently lacking
- Entrepreneurial skills are seen as key to the growth of their business
- Essential skills and literacy skills are scored lowest in terms of importance for employers and workplace stakeholders (note – this may relate to a nomenclature issue i.e., the term “essential skills” is not understood as including communications, teamwork, and problem solving skills)
- Employers and workplace stakeholders recognize the need to improve HR skills within places of business
- Others add that management skills be added for owner/operators

Findings: Barriers to developing / maintaining a skilled workforce

- Operational constraints make it difficult to provide ongoing training
 - e.g., lack of time, lack of financial and/or human resources
- Difficulty finding workers with skill set required (mismatch)
 - many see this as quality of skills issues as opposed to number of workers – this for them, signals a need for upgrading existing workforce
- Although respondents indicate a change in attitude toward training and skills development in the last few years, many respondents stated “blinkered” executives who just don’t believe in this as a barrier
 - Some examples include: not prepared to make long-term investments, want ready-made employees, low wages
- Other issues include:
 - Difficulty finding recent graduates with skill set required by firm
 - Fear of “poaching” from small organization to larger ones
 - Lack of HR and LMI information/research that may provide a better understanding of the human resource issues in the sector

IN SUM:

Generally, the labour market is doing well, employment is good, but more is needed

■ ***Employer investment in training is not optimal***

- Current levels of employer investment in workplace skills training is a concern given the increasingly higher levels of skills required and potential skills/labour shortages in some areas.

■ ***Workers unwilling or unable to access training***

- Barriers to training include cost, inability to take time away from work, family responsibilities, no direct link between training/skills upgrading and job, and poor perceptions/attitudes to training in formal learning setting.
- There are skill deficits in advanced skills, skilled trades, and literacy and essential skills

■ ***Government programs not focused on workplace skills***

- Programs and services focussed on “quick returns to work” rather than the ongoing skills development required for the new economy.
- Government has not involved employers in design and delivery of programming resulting in limited capacity to meet employers’ needs.

- 56 % of CDN participants in adult education received support from their employer. This compares to an 18 OECD state average of 63 %
- Distribution of training is uneven – 65% for university educated workers, 40% for those with less than high school.
- Fewer than 1% of employees receive employer sponsored literacy training in the workplace.

- 28% of working adults reported that there was job-related training that they wanted but didn't take
- 47% of the adult population in Canada sees no need to participate in adult education in order to update their job skills or acquire new knowledge

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The Workplace Skills Strategy

- The Workplace Skills Strategy is a coherent framework that will guide the development of policies and programs that recognize the importance of developing human capital in, and for, Canadian workplaces.
- The overall objective of the Workplace Skills Strategy is to promote workplaces that support the full development and utilization of the abilities and skills of Canadians

The Role of the Government of Canada

- Human capital development is a shared responsibility of both public and private sectors, however, the Government of Canada has a clear leadership role to play in a number of areas, including:
 - raising awareness of the importance of workplace skills
 - assisting employers and workers to overcome barriers to workplace skills development
 - removing EI-based, tax and regulatory disincentives to action
 - providing a positive example by acting as an exemplary employer vis-à-vis skills investments and reforming/aligning our own programs

- The challenge is to undertake new and enhanced activities in areas where:
 - there are gaps and failures in the market which policy or programs can address
 - we can have the greatest effect in addressing needs, ensuring incrementality and leveraging investments
 - changes will have the most positive impact on economic growth and competitiveness of Canadian firms

Priorities

- **Promoting Workplace Skills Development** – aligning government and employer investments in skills development with the needs of the labour market;
- **Promoting Skills Recognition and Utilization** – increasing capacity of employers to use available human resources through recruitment, retention and career advancement strategies and increasing opportunities for workers fully to utilize their skills; and
- **Promoting Partnerships, Networks and Information Flows** – increasing the capacity of governments and employers to anticipate skills shortages, find skilled employees to fill vacancies, upgrade the skills of current employees by improving access to information and developing strategies with partners and stakeholders.

Linking the Problem, Purpose, Priorities and Approaches

Where we want to be: a labour market where employers and workers take ownership of human capital development and government promotes workplaces that support the full development and utilization of the abilities and skills of Canadians

Different approaches are likely required for different issues/objectives:

- Firm-level approach, with a specific focus on SMEs
- Sectoral approach
- Industrial adjustment tactics (upsizing and downsizing)

Approaches

WSS Priorities

- Promoting Workplace Skills Development
- Promoting Skills Recognition and Utilization
- Promoting Partnerships, Networks and Information Flows

Human capital investment is the key to improved firm performance, economic growth, and a better standard of living for Canadians.

- Canada cannot rely solely on the quantity of people working to fuel growth
- Skills deficiencies need to be addressed in advanced skills, skilled trades, and foundational skills
- Canada needs to remain competitive with those nations making investments in skills

Where we are now: we are not performing optimally with respect to promoting and supporting human capital development

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moving forward



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Building on and strengthening Workplace Skills Initiatives

■ **Apprenticeship & Skilled Trades**

- strengthen and extend Red Seal pan-Canadian standards to reduce barriers to mobility across provinces
- introduce Training Centre Infrastructure Fund to upgrade training equipment for skilled trades

■ **Sector Council Program**

- expand network of industry-led councils in key sectors to support collective action in addressing workplace skills needs
- focus council initiatives on needs of communities and SMEs

■ **Foreign Credential Recognition**

- forge partnerships to improve efficiency of labour market integration of foreign trained skilled immigrants, initially in health and engineering

Building on and strengthening Workplace Skills Initiatives

■ **Foreign Worker Program**

■ **Labour Market Information**

- increase relevance, utility and access of LMI resources for employers and workers to inform labour market decisions and facilitate transitions

■ **Essential Skills/Literacy**

- define and improve essential skills needs of workers in key sectors as a platform for lifelong learning, workplace adaptability and productivity

■ **Prior Learning Assessment and Recognition**

- harness and translate the skills and experience of informally qualified workers into credentials to increase learning and labour market opportunities

Next Steps

■ ***Step 1: Engagement***

- Continue phased approach consulting with stakeholders (employers, unions, business associations, sector councils, etc), provinces and territories, and other government departments to build and sustain the Strategy:
 - Assess, build and reinforce relationships with workplace stakeholders; and,
 - Inform and ground the WSS framework, ensuring it reflects and responds to skills needs of employers and workers

■ ***Step 2: Refine Thinking and Develop Ideas***

- Through diagnostic research and analysis

■ ***Step 3: Test Ideas***

- Ideas will need to be “tested” against:
 - results from diagnostic work
 - results of literature review
 - analysis of key industry sectors
 - gap analysis of current programming
 - consultations with stakeholders and partners