

Building Healthy Labour Markets in Newfoundland and Labrador

Strategic Investments – Education, Skills Training and Lifelong Learning

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About The Conference Board of Canada

- A not-for-profit Canadian organization.
- Objective and non-partisan. Not a government department or agency
- Specialists in economic trends, organizational performance and public policy issues.
- Run conferences, conduct, publish and disseminate research, help people network, develop leadership skills and build organizational capacity.



"Practical know-how and ingenuity are at an all-time premium. Skills and knowledge are driving national economic prosperity..."

To contribute to today's knowledge economy, everybody—from individuals to companies, to communities and regions—needs to build and sustain a high-performance blend of skills, attitudes and behaviours."

Kurtis Kitagawa, *Building and Sustaining a Culture of Innovation/Entrepreneurialism in Canada*, The Conference Board of Canada, 2001.



Human Capital – Talent for Success

- Human Capital is a key driver of future individual, organizational, community, regional, provincial and national performance.
- *Improving* human capital is essential to strategies for increasing productivity, innovation and high performance-competitiveness.

...education, skills training, workplace learning, and recognizing skills (immigrants, across boundaries and sectors)...are all important components of the solution.



Productivity

...is about *creating value* in the most *efficient and effective* way; measured as output per person per unit of time (hour, year).

Innovation

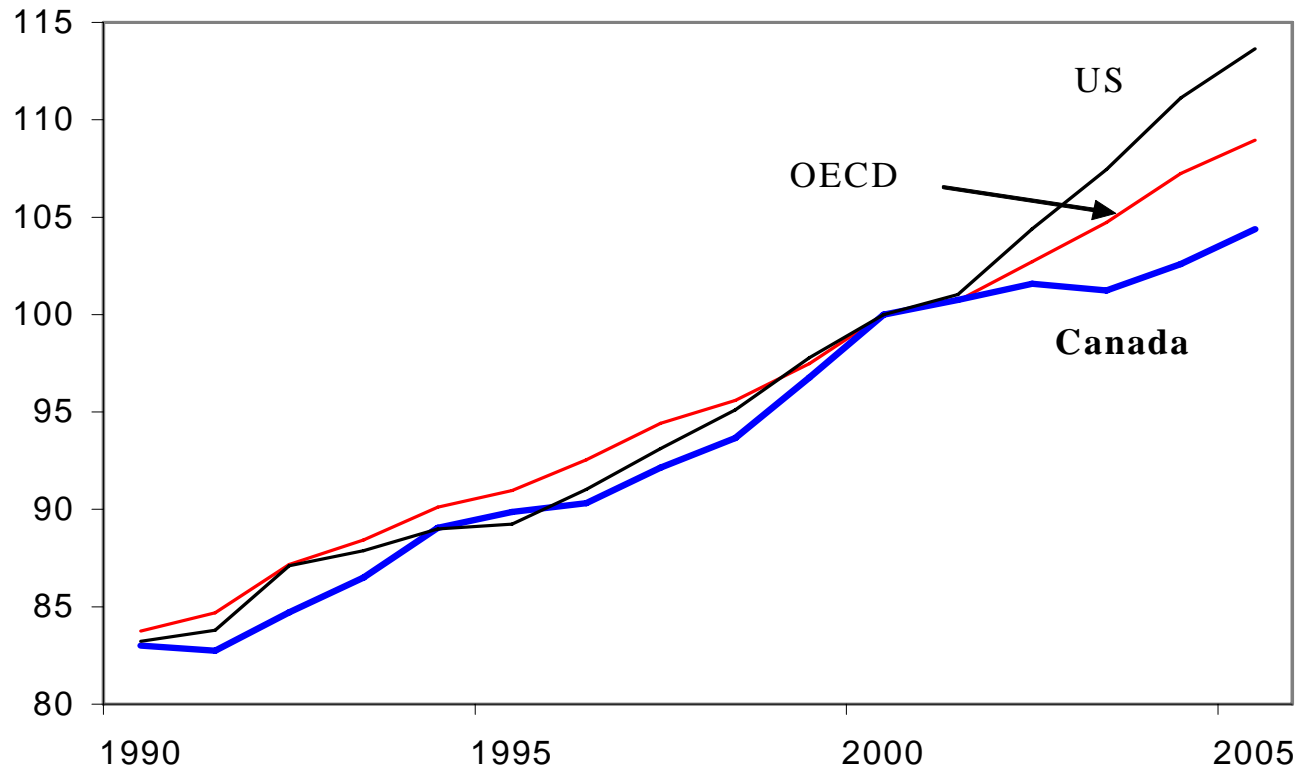
...a process through which *skills and knowledge are used* to create and implement *new or improved products, processes and services* to generate economic or social value.



CDN Productivity Growth has been Disappointing...

Labour productivity levels

Per employee, 2000 = 100



Source: OECD.

Why Demographics (and Skills) Matter

We know
what we
want here

**GDP
Growth
Rate**

↑
Depends on
consumer
demand

We know
what we
have here

**Labour
Growth
Rate**

↑
Demographics
and behaviour

Do we have
enough of this
to make it work?

**Productivity
Growth
Rate**

↑
Quality of workers,
...capital stock
(skills, knowledge),
and technology

=

+

Source: Ian Markham, Watson Wyatt Worldwide



International Challenge: *Workplace Learning & Skills Development*

- In Canada, U.S., England, Scotland, Australia, N.Z. and other OECD countries:
 - Ratio of retired-to-working population, and retired-to-school-age population is lowering.
 - Young people are too few to replace total number of retiring workers.
 - Fewer workers to support retired—means more productivity per worker required.

Some Solutions: keeping and up-skilling current workers, recruiting well, tapping into and maximizing the skills and talents of all those in our communities, regions; skilled immigrants.



Many Countries Share a Similar Skills and Literacy Challenge

- Basic skills deficit underpins learning challenge.
- Over 35 per cent of adults in 21 of 22 major economies have literacy and other basic skills deficiencies (*all except Sweden*). Over 40 per cent in U.S. and Canada.
 - (IALS: 1995, 1999)
- Lack of skilled employees restricts business growth in many regions. A major issue in Canada, U.S., U.K., Scotland...
- Basic skills (team work, problem-solving, communications) are increasingly valued by employers – for productivity and innovation.



Poor reading, math skills a drag on productivity, performance

(Canadian HR Reporter, Feb. 28/05)

Atlantic communities call workers back home

(Canadian HR Reporter, Nov. 21/05)

And now, a learning deficit

(Edmonton Journal, Sept. 16/06)

Canadian companies fight for staff

(cnews, Oct. 11/06)

Labour shortages hit small business hard

(Langley Times, Sept. 17/06)

Aging Canadians present policymakers with some tough challenges

Financial Post, Sept. 27/06

Canada's labour crunch

(Globe and Mail, Aug. 18/06)

Worker shortage on mining's horizon

(Canadian HR Reporter, Sept. 12/05)

Looming labour shortage poses managerial challenges

(Chronicle Herald, Oct. /06)

Rising costs, labour shortage cramping development

(Prince George Free Press, Sept. 8/06)



Economic Issues of Low Skills

- **Employers are less productive**
 - *Reduces corporate competitiveness, cuts profitability and growth.*
- **Employees earn less**
 - *Lowers standard of living, career prospects.*
- **Productivity growth is slowed**
 - *Limits community/regional prosperity, provincial/national growth, and cuts international competitiveness.*



The Productivity/Labour Cost Challenge

- Although employees' skills are a key to improving the productivity/labour cost trend-line...

...skills development takes time...yet many employers face competition and markets that requires them to make their labour more productive *now*.

Questions:

- How great is the opportunity?



The Skills Opportunity: What *Employers* Want

- Increased quality of incoming labour.
- Reduced costs of training and retraining employees.
- Real returns on training and learning investments.
- Increased retention rates of entry-level employees.
- Decreased competition with other employers for skilled workers.



The Skills Opportunity: What *Employees* Want

- Increased pay and promotion opportunities.
- Career-paths not just ‘jobs’.
- More training that *improves* their *marketability*, as well as *job-performance*.
- More competition among employers *for* their *labour*.



Workplace Skills and Training Programs Help

Programs that focus on the *skills training* that individuals need to gain new employment, retain present jobs, advance in their careers, and ultimately, increase productivity and performance.



Four Challenges of Increasing Investments in Skills and Learning

- **Awareness:** Lack of awareness of benefits of improving skills.
- **Needs:** Uncertainty about needs.
- **Choices:** Uncertainty about how to make choices for investing in skills.
- **Expertise:** Lack of expertise in taking effective action.



Priority Given to Employee Training in Canada is Not Good

2002

2004

| | <u>Value</u> | <u>Ranking</u> | <u>Value</u> | <u>Ranking</u> |
|----------------|--------------|----------------|--------------|----------------|
| Finland | 7.89 | 1 | 7.94 | 1 |
| Denmark | 7.72 | 3 | 7.79 | 2 |
| Japan | 6.85 | 9 | 7.26 | 7 |
| Australia | 6.24 | 18 | 6.83 | 15 |
| Germany | 7.14 | 7 | 6.75 | 16 |
| Canada | 5.56 | 12 | 6.72 | 20 |
| United States | 6.72 | 10 | 6.42 | 23 |
| France | 5.90 | 24 | 6.06 | 28 |
| China | 4.64 | 39 | 5.85 | 34 |
| United Kingdom | 5.11 | 35 | 5.56 | 44 |

Source: IMD World Competitiveness Yearbook, 2004

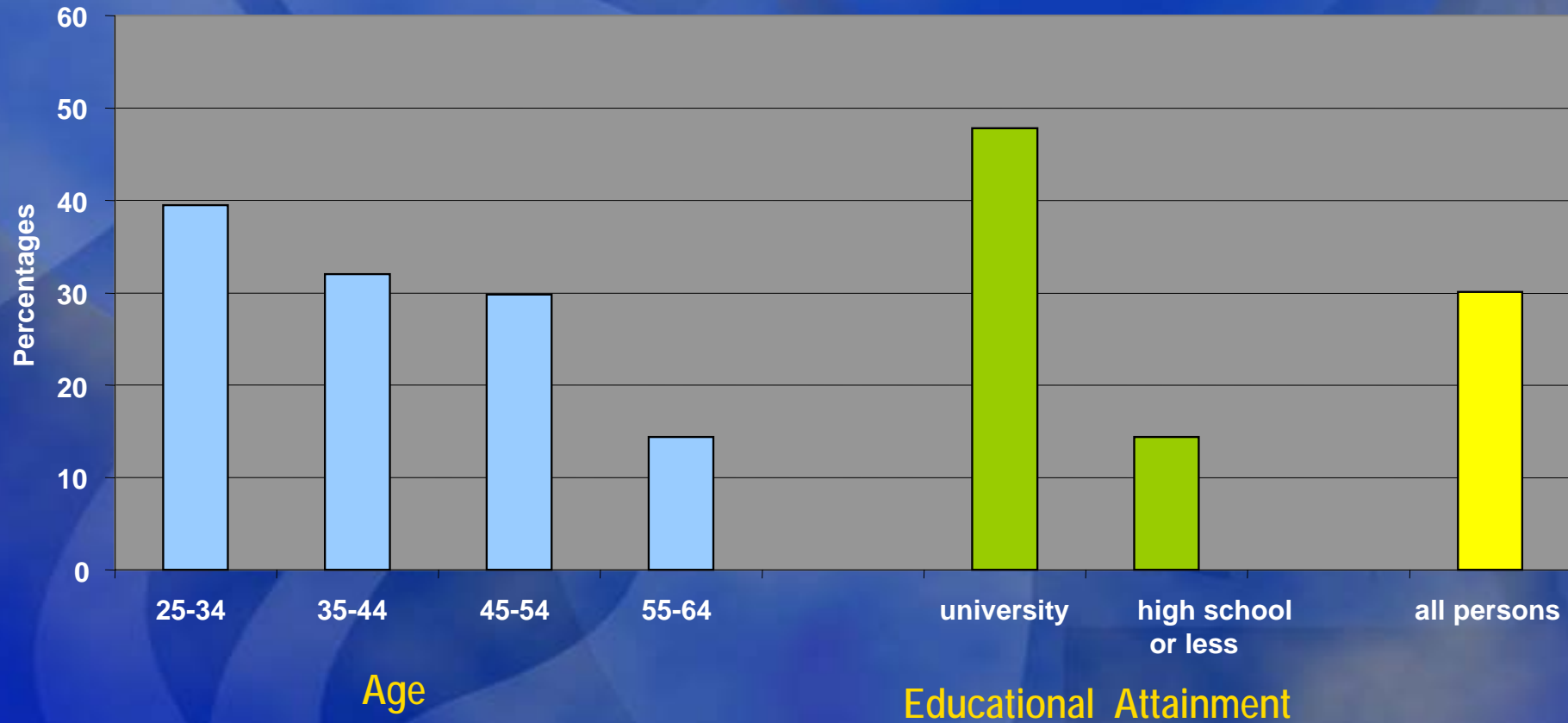


Training Investment per Employee, 1996 - 2004, Canada

| | Average Investment per Employee | Average Annual Percent Change | Average Annual Dollar Difference | Present Value Investment per Employee (Average CPI = 2%) |
|----------------|---------------------------------|-------------------------------|----------------------------------|--|
| 1996 | \$842 | | | \$842 |
| 1998 | \$776 | -8% | -\$66 | \$746 |
| 2000 | \$859 | 11% | \$83 | \$793 |
| 2002 | \$838 | -2% | -\$21 | \$744 |
| 2004 | \$914 | 9% | \$76 | \$780 |
| Average | \$846 | 2% | \$18 | \$781 |



Participation in Job-Related Training, in Canada (by age and educational attainment, 2002)



"Learning is an active process that requires a longer-term perspective on human resource development—a departure from the short-term focus of most current workplace training programs."

Graham S. Lowe, *Leveraging the Skills of Knowledge Workers*, ISUMA (Spring 2002), pp. 83-84.



Some Recent Canadian Skills-Related Strategies

- *Innovation Strategy* – Achieving Excellence, Investing in People, Summit (2002).
- *Workplace Skills Strategy* (2004-5) – improving innovation and competitiveness in the Canadian workplace by helping develop and use skills.
- *Sector Council Program* – over 30 national sector councils that help employer, employee, labour, and education stakeholders in key industries collaborate to address workplace skills issues. (Provincial counterparts).



Sector Council Skills Programs...Work

- Construction Sector Council's *Labour Market Information (LMI) Program*
 - Using labour market data (supply and demand-side) for business decisions.
- ECO Canada's *Environmental Skills Internship Program (ESIP)*
 - Taking advantage of unique regional opportunities through skills development.
- Tourism Human Resources Sector Council's *Ready-to-Work (RTW) Program*
 - Increasing the opportunities for, and pool of skilled entry-level employees.
- Canadian Automotive Repair and Services' *Interactive Distance Learning (IDL) Program*
 - Implementing cost-effective and business-valued skills training



More Skills-Related Strategies

- Workplace Skills Initiative (WSI) – to pilot innovative models which respond to a range of skills-related challenges in Canadian workplaces, in order to transform Canadian workplaces and improve productivity.
- Credentialing articulation agreements to increase the transfers of credits and credentials across provincial jurisdictions and between professional and regulatory bodies.
- National Credit Review Service (Pilot Project) – to identify effective techniques and programs that generate post-secondary education credits, and credentials from formal workplace training.



Sample of U.S. Approaches to Workforce Development

1. Industry Clusters.
2. Business Consortia.
3. Job Migration Mapping.
4. Public and Private Sources of Customized Just-in-Time Job Training.



England – *National Skills Strategy* (*Getting On in Business Getting On at Work*)

National Employer Training Program

- Employers' needs to be met through the delivery of a National Employer Training Program (NETP).
 - A package of free training in the workplace, in basic skills, designed for employers and delivered to suit their operational needs. NETP will be linked to the full range of business support services including a national network of brokers.

Skills Academies

- Employer-led linchpin of a new network of specialist colleges and training providers, designed to prepare young people and adults for successful employment in each major sector of the economy.



Bottom Line:

- **Assessment:** determine current learning and skills levels.
- **Alignment:** arrange learning and skills development activities with corporate strategies, and broader socio-economic strategies.
- **Associate:** understand the link between learning and performance.
- **Collaborate:** work in partnership with business, government, education, labour...and other stakeholders, as appropriate.
- **Evaluate:** develop baselines for evaluating learning and skills initiatives.
- **Benchmark:** establish benchmarks for an organization and various internal groups, etc.
- **Continuous improvement:** initiate and modify learning strategies and objectives, as appropriate.



Sampling of Conference Board Reports

- ✓ ‘Changing Employers’ Behaviour About Training’
- ✓ ‘The Skills Factor in Productivity and Competitiveness’
- ✓ ‘A Series of 8 Sector Council Case Studies looking at Return on Investment’
- ✓ ‘The Strategic Value of People: Human Resource Trends and Metrics’
- ✓ ‘Learning and Development Outlook: Time to Leverage Learning Investment’
- ✓ ‘Profiting from Literacy: Creating a Sustainable Workplace Literacy Program’
- ✓ ‘Strength from Within: Overcoming the Barriers to Workplace Literacy Development’
- ✓ ‘Turning Skills into Profit: Economic Benefits of Workplace Education Programs’

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