

EMPLOYER INVESTMENT IN WORKPLACE LEARNING IN CANADA

How we are doing. Why it matters
What the key issues are. How we can do better

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A discussion paper prepared by Canadian Policy Research Networks on behalf of the Canadian Council on Learning

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Executive summary

Investing in people – and particularly in the skills and training of our current workforce – is key to success for Canada and Canadians in today’s global knowledge economy.

This paper presents an overview of workplace learning in Canada, examines key issues, and outlines some of the proposals and ideas that have been put forward to increase and improve employer investment in training and developing the skills of their workforce. The paper has been prepared following a review of some of the major current literature and research on workplace learning in Canada and international experience, as well as key informant interviews conducted with knowledgeable persons in the business, labour, research and academic communities, and in government

WHY IS WORKPLACE LEARNING IMPORTANT?

Canada’s workforce will be smaller in the future, due to the retirement of many in the “baby boom” generation and a smaller youth cohort entering the labour market.

In fact, more than one-half of the workforce of 2015 is *already* in the labour force.

We are already experiencing skills and labour shortages in many parts of the country and sectors of the economy, and these will continue and intensify.

In addition, the demands of the knowledge economy and the transformational nature of information technology mean that skill requirements will continue to rise and will change constantly.

All this points to the imperative, more than ever before, of investing in the skills, knowledge and talents of today’s workforce.

HOW IS CANADA DOING?

At present, Canada appears to be under-performing in workplace learning in comparison with other countries.

For example, international studies show that Canada has recently slipped from 12th to 20th place in terms of the priority employers place on training their workers.

The rate of participation in job-related training in Canada is only average compared to other countries, and is below that of some of our competitors.

Less than 30 percent of adult workers in Canada participate in job-related education and training, compared to almost 35 percent in the UK and nearly 45 percent in the US, for example.

As a percentage of their overall payroll, US firms spend about 50 percent more on training than Canadian firms.

Denmark	46%
Sweden	45%
United States	44%
Finland	44%
Switzerland	41%
United Kingdom	34%
Canada	29%
Austria	24%
France	23%
Germany	14%

While overall participation in adult training *is* increasing in Canada, this masks a number of issues of concern:

- Employer-sponsored training in Canada has been stagnant. Participation rates in employer-sponsored training and firms' spending per employee have remained virtually the same in recent years.
- Worker training is highly concentrated in Canada, among younger workers, those with higher education and skill levels, and workers in larger firms.
- Measures of "essential skills" show that workers in Canada have lower levels than what is needed, according to international standards, to participate in the knowledge economy. Adult literacy levels in Canada have remained virtually unchanged over the last decade, with over 40 percent of adult Canadians lacking the literacy and numeracy skills they need.
- Yet, basic skills training remains at the bottom of training priorities (only 2.2 percent of total training expenditures).
- Almost one-third of Canadian workers report unmet job-related training needs.

WHY DON'T WE DO MORE?

A number of factors influence firms' decisions whether to invest in workplace learning.

Time and money – the costs of training and the costs of lost working time – are significant barriers.

Firms lack information about where to get training and how to organize and provide it, and what training is effective.

Employers are not convinced about the return-on-investment of training as compared to physical capital and equipment or other investments.

Many firms worry about “poaching” or the so-called “free rider” problem – losing workers and their training investment.

These barriers to training are greater for small and medium-sized firms, although they tend to do more informal training.

WHOSE RESPONSIBILITY IS IT?

There is general agreement that employers, workers, governments and educational institutions all must play a role and work together.

Firms benefit from a skilled workforce in terms of productivity and innovation. Many employers feel that while they are prepared to support firm-specific training, the state should be responsible for “basic” education and skills.

Individuals are also expected to take some responsibility for their own development and training, since they also benefit.

Government is seen as having important roles to play in encouraging and facilitating investment in learning by firms and workers, ensuring access for disadvantaged populations, sharing information and “best practices”, promoting labour mobility, fostering skilled immigration, and ensuring effective credential recognition systems are in place.

PUBLIC POLICIES AND SUPPORTS

Governments in Canada have put in place a number of policies and programs to support workplace learning.

The Government of Canada offers programs to help employers deal with labour adjustments and assist unemployed workers to acquire skills and find work, and supports industry sector initiatives. It has also signed Labour Market Development and Partnership Agreements with provinces and territories, and recently announced a Workplace Skills Strategy.

All provinces and territories also offer programs and supports. For example, Quebec has legislation requiring a minimum level of investment in training by firms, and Ontario has recently introduced an apprenticeship training tax credit.

Internationally, governments have adopted a wide variety of policies and supports to encourage workplace learning.

These include framework policies and legislation, and financial incentives for firms and individuals. The latter can take the form of tax measures as well as subsidies and grants, loans, and individual learning accounts.

Other policies and supports include compulsory training policies; right-to-training-leave; information, advisory and referral services; support for disadvantaged populations; and qualification and certification systems and standards.

While there are no simple answers about “what works”, international and Canadian experience suggests a number of general observations about effective workplace learning:

- Training works best when linked to a firm’s priorities and business plan and integrated with overall management practices and firm culture.
- A comprehensive system of policies and supports for workplace training is required. This should include incentives for firms and individuals; information and other tools and supports; well-functioning certification and recognition systems; outreach and awareness activities; and ongoing evaluation.
- A “co-financing” approach, involving firms, individuals and governments seems most effective.

- Careful design of subsidies and other public financing instruments is necessary to avoid “deadweight” costs (public financing for training that firms or individuals would have undertaken anyway) and ensure access for smaller firms and disadvantaged populations.
- Support for partnership arrangements and the pooling of resources and sharing of costs can be effective.
- Further examination, testing and development of approaches such as individual learning accounts and distance and e-learning methods is needed.

SO NOW WHAT?

Many ideas have been put forward by firms, business and labour organizations, and other knowledgeable and interested parties in Canada to improve workplace learning.

Common themes in these ideas and proposals include the need for **partnership** and involvement by all – firms, workers, unions, governments, and educational institutions.

A **comprehensive** approach is recommended, involving a “menu” or “tool box” of a wide variety of supports and initiatives, with **flexibility** to tailor their application to specific needs and circumstances.

Many have called for **promotion** and **awareness** campaigns, led by industry and labour, as well as the need for “compelling evidence” to convince employers about the benefits of investing in workplace learning.

Many persons interviewed, as well as different business and labour organizations, believe enhanced public/government **supports to firms**, both financial and other kinds of support, are necessary to help overcome barriers, provide **incentive**, and **leverage** investment.

Proposals include tax credits, matching training funds, training levies, and initiatives targeted to **SMEs**. The need for better **information** and training-related **tools** is often noted, as well as **testing** of new approaches and sharing of **best practices**.

Many also express the view that government should provide better **support to individuals** as well, to address financial and informational barriers to training and offer incentives.

Proposals for **financial** supports to individuals include use of Employment Insurance (EI) for paid training leave; training vouchers; tax measures; and individual learning accounts. Non-financial supports identified as important include **information**, **advice** and **tools**.

Other proposals and recommended approaches include: **sectoral** initiatives and **sector councils**; **partnership** initiatives, including closer collaboration between businesses and educational institutions; stronger national **recognition** and **qualification** systems, including foreign credential recognition; and action on **basic skills** and **literacy**.

AND IN CONCLUSION

This paper has been prepared by Canadian Policy Research Networks (CPRN) on behalf of the Canadian Council on Learning in order to outline some of the important issues regarding workplace learning in Canada and provide key information and facts.

It is hoped that it will stimulate further discussion among employers, business, labour, workers, governments and educational institutions on concrete measures to improve workplace learning in Canada.

Some ideas that have been put forward to improve workplace learning in Canada

A tax credit for firms to encourage investment in training, perhaps scaled to provide greater incentive for SMEs

A training fund, with matching contributions from firms and government

A national training levy

Job protection and right-to-leave for training, and paid training leave funded by government, employers and workers (e.g., through EI)

Increased support for sector councils and sectoral initiatives, and for the pooling of resources and expertise (especially for SMEs)

Greater government support for essential/basic skills and literacy training, as a public good. This could include support for sector council initiatives, development of tools and curricula, and cost-sharing of training

Information dissemination and awareness on the return-to-investment of training

Active advocacy by business organizations to encourage a training culture

Provision of information, advice and tools, including “one-stop service” for individuals and firms, at community centres, business service centres etc.

Employer investment in workplace learning in Canada

Introduction

A well-educated, skilled workforce is increasingly seen as key to success in today's global knowledge-based economy.

Rising skill requirements, constant and rapid technological change, the demographics of an aging population and a smaller workforce in the future, and emerging labour and skill shortages all point to the imperative of investing in the skills and training of our people.

While action is required on many fronts – elementary and secondary schooling, post-secondary education, adult learning, immigration – employers' investment in learning for their employees in the workplace is critical.

But how is Canada doing in terms of workplace learning? How do we compare to other countries who are our competitors in the global economy? Who is getting training, and who is not? What kind of training is being done, and is it effective? What are the barriers to increasing our investment in workplace learning? Who needs to take action? What can we do to promote more and better training and learning in our workplaces?

This discussion paper has been prepared by Canadian Policy Research Networks (CPRN), on behalf of the Canadian Council on Learning (CCL), in order to present some of the key information, facts and data about workplace learning in Canada, and outline some of the key issues.

The paper is intended to stimulate discussion among business, labour, government, educators/learners and others, with a view to identifying concrete actions to increase and improve workplace learning and skills development to better meet the current and future needs of Canada and Canadians.

Methodology

The paper has been prepared following a review of some of the major current literature and research on workplace learning in Canada, as well as international experience. Over 20 key informant interviews were also conducted with knowledgeable persons in the business, labour, research and academic communities as well as government.

Organization of the paper

The paper proceeds as follows.

First, the paper discusses factors and trends that point to the growing importance of skills training and workplace learning in the global, highly-competitive knowledge economy.

It then discusses how Canada is performing in workplace-based learning, with emphasis on employer-sponsored training. It presents international data and comparisons of Canada's performance relative to other countries, and outlines current patterns and trends regarding participation rates, the kinds of workplace training being provided in Canada, and who has access to training.

The paper then discusses factors influencing employers' decision to invest in training and developing the skills of their workforce, and the question of responsibilities for workplace training – including the interests and roles of employers, workers, unions, government, and educational institutions. Information is also provided on public policies and supports in Canada for workplace learning, and on international experience.

The paper concludes by summarizing a number of proposals and suggestions that have been put forward by different parties in order to improve workplace-based training and learning in Canada.

Employers face a major challenge in maintaining and generating employees' skills to ensure that they can contribute to their organizations' performance and competitiveness. Given Canada's aging workforce and predicted labour shortages, lifelong learning will play a critical role in their – and our nation's – future prosperity.

Investing in our people so they have the necessary skills to be productive and innovative is crucial.

Conference Board of Canada
Changing Employers' Behaviour About Training

Canada needs a new approach to worker training. We need to develop a culture based on the recognition that continuous updating of skills and education is critical, not only for employers and workers, but for the country as a whole.

Canadian Labour Congress
Labour's Vision
of Workplace Training
and Lifelong Learning

Why does workplace learning matter?

Countries that succeed in the 21st century will be those whose citizens are creative, adaptable and skilled. The so-called “new” economy is demanding new things from us . . . Today’s workplace requires higher levels of education and skills . . .

The knowledge-based economy means an ever-increasing demand for a well-educated and skilled workforce in all parts of the economy and in all parts of the country . . .

Government of Canada
Knowledge Matters. Skills and Learning for Canadians

. . . “Life-long” learning is no mere slogan or empty rhetoric because it defines human life itself in 21st century societies

Albert Tuijnman
Challenges in Measuring Human Capital for the Knowledge Economy

Several key factors are driving Canada and many other countries to the recognition that maintaining and improving the skills of our current workforce is essential for economic growth and success.

These factors include: demographic changes that will mean a smaller workforce in the future; emerging skills and labour shortages; and rising education and skills requirements.

At the same time, there is increasing understanding and recognition of the significant contribution that skills and learning make to productivity, innovation and competitiveness.

DEMOGRAPHIC CHANGES MEAN THAT CANADA WILL HAVE FEWER WORKERS IN THE NEAR FUTURE

Canada, like most countries around the globe, is facing an aging of its population as the baby boomers move into retirement. At the same time, the next generation of young workers that will soon be coming into the workforce will be a smaller one.

The result, states a 2002 Government of Canada white paper on Innovation, is a “looming demographic crunch” that will mean that “our future labour supply will be inadequate to meet the demands of the economy”¹.

A smaller workforce in the future means that Canada will be more dependent on people who are currently in the workforce. In fact, more than half of the workforce of 2015 is *already* in the labour market².

These demographic changes will necessitate a shift in thinking and planning on the part of firms, workers and governments, and will mean, among other things, that we will need to invest more in the skills of our current workforce.

Canada is midway through a profound demographic shift. In the 1990s, the central challenge in economic policy was how to generate enough jobs for our people. A decade from now, the focus will be on ensuring that Canada has enough skilled people for the work that still needs doing.

Canadian Council of Chief Executives
From Bronze to Gold
February 21st, 2006

WE ARE ALREADY FACING LABOUR AND SKILLS SHORTAGES, AND THESE WILL CONTINUE AND INTENSIFY

Canadian businesses are increasingly concerned about growing skills and labour shortages.

The Expert Panel on Skills reported in 2000 that skills shortages were already being felt in some industries, although it found no evidence of generalized shortages. However, it noted that, “in sharp contrast”, there was “a persistent shortage” of “essential” skills such as teamwork and communications skills and of management skills³.

A survey by the Canadian Federation of Independent Business (CFIB) reported in late 2000 that up to 300,000 jobs were vacant in Canada because of a lack of suitable skilled workers⁴. At the same time, the Conference Board of Canada projected a shortfall of nearly one million workers within 20 years⁵.

Today, skills and labour shortages appear to becoming much more widespread, especially in regions experiencing high economic growth (e.g., Alberta), and are a matter of growing concern for management and labour alike, in both the private and public sectors.

Surveys of management and labour leaders conducted over a period of several years by the Canadian Labour and Business Centre (CLBC) show that there has been “a dramatic increase . . . and convergence of opinion” in levels of concern about skills shortages. The CLBC reported after its 2002 survey that skills shortages had gone from being “a relatively modest share of mind” in 1996 to ranking among the top five concerns for managers and the top ten concerns for labour⁶.

For a long time, companies counted on the public education system to provide “off-the-shelf” workers . . . Now, the availability of people with the skills needed is tight and the training of current workers and the pool of potential workers is critically important . . .

Companies are changing quickly, are becoming more specialized, facing more global competition, increasing their use of technology, and need to be more flexible than ever. Therefore, more than ever, you need a skilled and trained workforce . . .

The aging population and shrinking labour pool mean that if you are going to fill key positions, you may have to train for the skills you need rather than buy off-the-shelf . . .

Key informant interviews

In 2005, close to 60 percent of private and public sector managers identified skill shortages as a serious challenge (twice as many as in 1996), as did over 60 percent of private and public labour leaders (three times as many as in 1996).

Over half of private sector managers now report current occupational shortages (44 percent) or anticipate shortages within two years (10 percent); some 66 percent of public sector managers report current (51 percent) or anticipated (15 percent) shortages. Occupational shortages are being felt even more in larger firms (reported as “common” by 81 percent of private-sector managers and 77 percent of public-sector managers in organizations with over 500 employees)⁷.

Given our demographic realities, these growing skills and labour shortages can only be met by improving the skills and knowledge of our existing workforce and increasing the participation of people not currently in the workforce or under-employed, as well as bringing in more skilled immigrants and doing a better job of recognizing their skills and credentials.

SKILL REQUIREMENTS ARE RISING AND CONSTANTLY CHANGING IN THE KNOWLEDGE ECONOMY

Canada is experiencing rising and ever-changing skills requirements in all sectors of the economy and all parts of the country.

This is being driven by the emergence of the knowledge economy, the rapid advance and transformational nature of new technologies, and the force of global competition.

The last quarter-century saw a significant increase in knowledge and management jobs as a share of total employment in Canada. The majority of all new jobs in the future are expected to go to people with at least some post-secondary qualifications⁸.

New products, new firms, new industries and new technologies are constantly emerging, as well as new ways and processes of working. Skills are quickly becoming dated and new ones required.

In this context, investing in people, in training and upgrading the skills of our existing workforce, is taking on new importance.

To remain competitive and keep up with the accelerating pace of technological change, Canada must continuously renew and upgrade the skills of its workforce. We can no longer assume that the skills acquired in youth will carry workers through their active lives. Rather, the working life of most adults must be a period of continuous learning.

Government of Canada
Knowledge Matters
Skills and Learning for Canadians

Skills and knowledge in a sector in transition

Canadian manufacturers are restructuring their businesses in response to the challenges they face in global markets . . . There is a revolution occurring around the world in the business of manufacturing. Business strategies are changing. Manufacturers are entering new markets and striving to meet new and changing customer needs . . .

Workforce capabilities will be an even more important determinant of competitive success . . .

Manufacturers find it difficult to define with any precision what the specific skills requirements of the industry – or even sub-sectors within the industry – are likely to be five years, let alone ten to fifteen years, in the future . . .

But, all agree that the growing complexity of tasks and the pace of change with respect to technologies, organizations, and business objectives will mean that the core competencies of Canada's manufacturing workforce in 2020 will be substantially different from those of today . . . Future skills requirements will include:

- A mix of creative problem-solving capabilities, technical know-how, business skills and an ability to interact with colleagues and customers
- A higher degree of technical and technological expertise . . .
- Continued reliance on the skilled trades, but in combination with other technical and business skills
- A greater reliance on manufacturing and product engineering, product and process design, and scientific research
- Multilingual and multicultural skills
- Management skills

All employees will . . . have to be . . . willing and able to continuously upgrade their knowledge and skills on a path of life-long learning . . .

Business success depends on people. Canadian manufacturers will only be as competitive as the capabilities of their workforce allow. In 2020, Canada's manufacturing workforce will have to be highly knowledgeable, highly skilled, highly experienced, and highly flexible . . .

Canadian Manufacturers and Exporters
Manufacturing 20/20: The Future of Manufacturing in Canada

INVESTING IN SKILLS AND TRAINING PAYS OFF

There is now substantial evidence that investing in people is one way in which organizations can make positive gains in productivity and other business outcomes. Such human investment can have greater impact than investment in IT, in machinery, or in R&D

Penny Tamkin
Measuring the contribution of skills to business performance

There is also growing evidence of the positive benefits and impacts of training and higher skill and education levels on productivity, innovation, employability, and economic success.

While the measurement of the impacts of training and skills remains an inexact science and results are difficult to quantify, notably at the firm level, international studies demonstrate the benefits and returns of these investments.

Some UK research, for example, has found that manufacturing firms that spend more heavily on staff training enjoy 47 percent greater productivity than those that spend little; in the services sector, the productivity increase is 13 percent⁹.

Research in the US has found that the equivalent of an extra year of schooling can raise productivity by between 4.9 percent and 8.5 percent in the manufacturing sector and between 5.9 percent and 12.7 percent in the services sector¹⁰. Another US study found training investments were positively linked to higher total stockholder returns the following year¹¹.

Studies in Europe have found that “higher levels of productivity in firms in continental Europe were closely related to the greater skills and knowledge of their workforces”¹².

Various Canadian studies have found close linkages between innovative firms and employer-sponsored training, as well as between training and the introduction and use of new technologies, and that new firms that place greater emphasis on employee training are more likely to succeed¹³.

The link between overall education and literacy levels and economic performance is also well established.

A Statistics Canada study of 14 OECD countries, for example, estimated that a country with 1 percent higher than average literacy and numeracy skills would end up with labour productivity 2.5 percent higher than other countries, and GDP per capita 1.5 percent higher on average.

The Statistics Canada study estimates that differences in average skill levels among OECD countries explains over one-half (55 percent) of differences in economic growth in those countries over the last 40 years¹⁴.

Investment in human capital, such as education and skills training, is three times as important to economic growth over the long run as investment in physical capital, according to a new study.

Statistics Canada
The Daily, June 22nd 2004
[Literacy scores, human capital and growth](#)

There is also evidence on the positive impacts of training for workers, in terms of wages, employment, job security and mobility.

An OECD study in 2003, for example, found that obtaining formal post-secondary education qualifications increased wages for Canadian adults in the mid-1990s. Workers aged 30 to 49 saw a 37 percent increase within two years of obtaining a college certificate and a 32 percent increase after obtaining a university degree; high-school graduates who did not update their qualifications saw only a 10 percent wage increase¹⁵.

There is, however, debate about whether firms or workers obtain greater relative benefit from training, and the relative impact of training on workers' wages. A recent US study, for example, found that productivity growth for firms from on-the-job training considerably outweighed wage growth¹⁶. Some studies suggest that the primary benefit for workers is in terms of greater labour force participation and employment (weeks/hours worked) rather than wage growth¹⁷.

Summary – Why workplace learning matters

Demographics – an aging population and a smaller next generation of youth workers – mean that Canada will have a smaller labour force in the near future. We will not have enough workers for the work that needs doing.

Already, businesses are facing labour and skill shortages that will continue and intensify.

This means we will need to invest more in developing the skills of our existing workforce and developing and putting to best use the skills of older workers. Fifty percent of the workforce of 2015 is already in the labour market.

We will also need to do everything we can to get more people skilled and into the labour force – the unemployed, the under-employed, disadvantaged groups – as well as bring in more skilled immigrants and do a better job at recognizing their credentials.

Skills requirements are rising in all sectors of the economy. Most of tomorrow's new jobs will require higher levels of education and skills.

The pace of technological change and the demands of the global knowledge economy mean that skill requirements are constantly changing.

Investing in people, in training and skills development for our workers, pays off. There is solid evidence that higher education and skills levels lead to greater productivity, an increased capacity for innovation, firm success, and economic growth, and improved employment and earnings for workers.

How is Canada doing?

A review of the literature and research on training and skills development, demographic and labour market trends, learnings from the experience of other countries and international organizations, interviews with knowledgeable experts, business and labour leaders and government officials – all point to the critical and growing importance of workplace learning in the competitive global economy of today and tomorrow.

But how are we doing? How does Canada compare to other countries? How much training are we doing? What kind of training? Who gets training? Who doesn't? What are the gaps and issues in workplace-based training in Canada?

CANADA'S PERFORMANCE IS ONLY AVERAGE – AND WE MAY BE LOSING GROUND

International comparisons show that Canada is at best average in providing workplace-based training, and is not keeping up with some of our important competitors.

Canada obtains only a mediocre rating when it comes to making employee training a priority.

Conference Board of Canada
Learning and Development Outlook 2005

It should be noted that some caution must be exercised in making international comparisons about training investments and participation rates.

Data is not always directly comparable across countries; reference periods vary; and different countries use different definitions and measures of training. As well, differences among countries in terms of their overall economic context, industrial structure and educational systems must be taken into account.

For example, Canada has the highest proportion in the OECD of young adults who have some form of post-secondary education, and we have one of the largest college systems in the world. Arguably, we may have a stronger knowledge and skills base for our workforce than some other countries.

This said, a number of key indicators suggest that we are under-performing in workplace learning compared to our competitors, and may not be investing enough given the demographic, labour market and economic imperatives that are driving us and other countries to do more.

Looking at a variety of performance measures, the message of Canada's under-performance is consistently the same:

- Canada slipped from 12th place in 2002 to 20th in 2004 in terms of the priority employers place on employee training¹⁸.
- Just under 30 percent of adult Canadians aged 25-64 in the labour force participate in some form of continuing job-related education and training (2003), a participation rate that is behind that of the UK (about 35 percent), the US (almost 45 percent) and several Scandinavian countries with participation rates around or above 45 percent¹⁹.
- While Canada does tend to offer training that is of longer duration than some other countries, a new OECD indicator using a full-time equivalent measure of participation still found Canada in the middle of international comparisons, out-ranking only 8 of the 17 countries being compared²⁰.
- Firms' spending per employee is lower in Canada than in many of our competitors. For example, spending per employee in Canada was about CAN\$824 in 2003 compared to US\$1,135 per employee in the United States. Although Canada's per employee spending increased to CAN\$914 in 2005, this increase is rather marginal, especially when adjusted for inflation²¹.
- As a percentage of their overall payroll, Canadian firms' spending has been virtually stagnant at 1.57 percent in 2001 and 1.55 percent in 2003, compared to 1.9 percent and 2.34 percent in the US in those same years. Thus, US firms spend about 50 percent more of their payroll on training (2003) than Canadian firms²².

OVERALL PARTICIPATION IN JOB-RELATED TRAINING IS INCREASING IN CANADA . . . BUT THIS MASKS A NUMBER OF CONCERNS

Participation in formal job-related training increased in Canada between 1997 and 2002. An estimated 4.8 million workers aged 25-64 participated in formal job-related training in 2002²³.

However, behind these figures there are a number of issues of concern.

While overall participation in job-related training has increased in recent years, employer-sponsored training has **not**.

Workplace-based training remains highly concentrated among certain groups of workers and in larger firms.

Large numbers of Canadian workers continue to have unmet training needs.

And while, according to international standards, many Canadian workers have low levels of the “essential skills” needed for the knowledge economy, including literacy skills, basic skills training remains a priority need that is not being adequately addressed.

THE LEVEL OF EMPLOYER-SPONSORED TRAINING IN CANADA HAS REMAINED STAGNANT

While overall participation in job-related training increased between 1997 and 2002, participation rates for employer-sponsored training remained virtually the same.

A practical plateau seems to have been reached whereby executives believe that an optimal level of training has been achieved and no further investment is necessary.

Unfortunately, this view ignores the fact that Canada lags behind other nations, particularly the United States, in its learning investment and does not address the substantial learning requirements necessary to keep Canadian organizations innovative and competitive.

Maintaining the status quo in terms of supporting learning efforts achieves only a false economy because organizations remain complacent, while other organizations in the global environment are making the best of their human capital in order to evolve and progress.

Conference Board of Canada
Learning and Development Outlook 2005

Only two provinces, New Brunswick and Quebec, saw any significant increase in employer-sponsored training during this period²⁴.

As well, while participation rates for managers and professionals in employer-sponsored training increased somewhat, participation rates for “blue-collar” workers remained essentially the same, and rates for clerical, sales and service workers increased only slightly. Participation rates for managers and professionals in employer-sponsored training remain twice what they are for blue-collar workers²⁵.

And while 7 out of every 10 participants in workplace training and learning received support from their employers in 2002, this proportion has in fact declined since 1997, from 79 percent to 72 percent of all workers²⁶.

Between 1997 and 2002, participation rates in employer-sponsored training increased only slightly, if at all . . . This relative stability in participation in employer-supported training is in direct contrast to the growth in overall participation in formal job-related training. The role of the employer relative to that of the individual worker in supporting training shifted over the 1997-2002 period, with an increasing proportion of workers undertaking job-related training that was not employer-supported. . . over the five-year period, adult workers increased their participation in training largely on their own initiative and at their own expense.

Statistics Canada and Human Resources and Skills Development Canada
Working and Training: First results of the 2003 Adult Education and Training Survey

WORKPLACE TRAINING IS HIGHLY CONCENTRATED AMONG CERTAIN CATEGORIES OF WORKERS AND IN LARGER FIRMS

Training begets training . . .

The more training a worker has already had, the more education, the higher his/her skills level, and the younger he/she is . . . the more they will get training.

Key informant interview

Workplace-based training in Canada, both formal and informal, is highly concentrated among younger workers, those with higher education and skill levels, and workers in larger firms.

Participation in training is highest among younger workers, and declines with age.

Some 42 percent of workers aged 25-34 participated in formal job-related training in 2002, compared to 34 percent of workers aged 45-54, and only 23 percent of workers in the 55-64 age group²⁷. The figures are comparable for participation in informal training.

Participation in workplace training is also much greater for workers who already have higher levels of education and skills. Over half (52 percent) of workers with university credentials participated in formal job-related training in 2002, as did 38 percent of those with non-university credentials (college or trade certificate or diploma); only 18 percent of workers with the least education (secondary school or less) received training. Again, the figures for informal training are comparable²⁸.

In fact, the great majority of the overall increase in participation rate during the 1997-2002 period was for workers with some form of post-secondary qualification. The participation rate increase for workers with only high school or less was negligible²⁹.

Training in Canada is also highly concentrated in larger firms³⁰. Firms with over 500 employees had a participation rate of 37.2 percent in formal training in 2002; the participation rate was 32.1 percent for firms with 100-500 employees, 25.1 percent for firms with 20-99 employees, and 18.5 percent for firms with less than 20 employees³¹.

Small and medium-sized firms (SMEs) do tend to offer more informal training than formal training. The Canadian Federation of Independent Business (CFIB) estimates that some 88 percent of SMEs provide some form of training³². However, data remains incomplete on the extent and nature of informal training in Canada.

It should also be noted that a further aspect of the concentration of training activities in Canada is what Statistics Canada calls the "striking overlap" between participants in informal training and those who have also participated in formal training³³.

The way in which workers combine formal and informal training tells us something about the concentration of training and learning activities [in Canada]. Of all workers who engaged in self-directed learning during the four-week period prior to the survey, fully 87 percent had also participated in formal training at some point during 2002 . . .

. . . Given this relationship, it is unlikely that significant increases in participation can be realized through informal training alone . . .

Statistics Canada and Human Resources and Skills
Development Canada
Working and Training: First results of the 2003 Adult
Education and Training Survey

There are also differences in terms of employer-sponsored training across industry sectors and across the private, public and non-profit sectors. The highest average investment in formal employer-sponsored training is found in the non-profit sector, financial services, education, and the government and communications sectors³⁴.

For example, in 2002 slightly over 50 percent of public sector employees participated in formal job-related training; in the educational services and utilities sectors, the rate ranged between 40-45 percent; in the financial, insurance and real estate sectors, as well as the health care and social assistance sectors, it was around 35 percent; overall, participation was higher in service-producing industries (27.7 percent) than in goods-producing industries (18 percent)³⁵.

Organizations in the non-profit sector and the “quango” sector (non-profit organizations operating in quasi-public fields such as education and health care) appear to perform better than for-profit organizations in terms of worker training. Both small and larger non-profit organizations provide more training for their workforce than their for-profit counterparts³⁶.

It should also be noted that while almost all full-time workers and most part-time workers are eligible for training (whether they receive it or not), only about one-half of Canadian firms say that they consider their contract workers eligible for training³⁷. This may be an issue of increasing importance given the trend to greater use of contract workers in all sectors.

MANY CANADIANS LACK ESSENTIAL SKILLS FOR TODAY’S ECONOMY . . . YET BASIC SKILLS TRAINING REMAINS A LOW PRIORITY

“Essential skills” are the fundamental skills that people need to make it possible for them to learn all other skills. They are enabling skills that help people participate fully in the workplace and the community. Essential skills include: reading text; document use; writing; numeracy; oral communication; thinking skills; working with others; computer use; and continuous learning³⁸.

According to a recent OECD report using results from the 2003 Adult Literacy and Life Skills survey, 42 percent of working-aged Canadians have literacy skills *below* the level necessary to participate successfully in the knowledge economy³⁹.

There has in fact been little substantial progress since the last such survey a decade ago. The percentage of Canadians at each prose literacy level in 2003 is virtually the same as it was in 1994.

Moreover, basic skills training continues to lag far behind professional, management, technological and firm-specific training as a priority for firms, perhaps reflecting the view that this is a responsibility of the state and the public education system, despite increased international recognition of the importance of basic skills for the knowledge economy. Only 2.2 percent of training expenditures, according to the Conference Board, are for basic skills training⁴⁰.

Basic training skills continue to sit at the bottom of the training priorities . . .

Conference Board of Canada
Learning and Development Outlook 2005

Canada does not have an effective adult education and training system in terms of reaching the bottom third of the workforce.

Andrew Jackson, Canadian Labour Congress,
Productivity and Building Human
Capital for the "Bottom Third"

The knowledge economy has once again made basic skills a necessary condition to cope with everyday life in general and to enter the labour market in particular. The International Adult Literacy Survey (IALS) shows that the level of basic skills needed to function in today's societies is greater than generally thought . . .

Organisation for Economic Co-Operation and
Development (OECD)
Beyond Rhetoric:
Adult Learning Policies and Practices

MANY CANADIAN WORKERS REPORT UNMET TRAINING NEEDS

Almost 30 percent of Canadian workers reported in 2002 that there was job-related training that they needed or wanted to take, but were unable to do so. The level of unmet need reported was highest for younger workers and workers with higher levels of education (up to 40 percent) as well as workers who had participated in job-related training, reflecting again the concentration of workplace learning in these categories of workers⁴¹.

IN SUMMARY, CANADA NEEDS TO ADDRESS SOME IMPORTANT ISSUES IN WORKPLACE TRAINING IN ORDER TO ENSURE CONTINUED ECONOMIC SUCCESS, PRODUCTIVITY AND COMPETITIVENESS IN THE KNOWLEDGE ECONOMY

To sum up, while Canada does have relatively high levels of participation in workplace training and learning, there are a number of areas of concern.

These include: our relative under-performance in workplace training compared to other countries, including some of our key competitors; an apparent “plateau” that has been reached in employer-sponsored investment in training, just when demographic and economic imperatives suggest we should be doing more; the concentration of training among certain categories of workers and in larger enterprises; and inadequate essential skills among adult Canadians for the demands of the knowledge economy.

It is worth noting that not everyone is convinced that there is a “training problem” in Canada.

Several persons who participated in the key informant interviews for this study, for example, questioned whether Canada is in fact under-performing internationally, pointing out issues regarding the comparability of data and the different socio-economic and educational contexts of different countries, as noted earlier.

Important issues remain, as well, around the measuring of training effort and results. “What would be the right amount of training and how would you know it if you had it?” was the way one person interviewed expressed it. Many also believe that businesses are actually doing more training – particularly informal training – than is captured by the available data.

All would agree, however, that workplace training and learning are important and that we do need to do a better job of both in Canada, for the benefit of firms, workers, and the economy overall.

The next section of this paper examines some of the factors influencing employers’ decisions to invest in training and skills-development for their workforce.

Summary – How Canada is doing

Compared to other countries, including some of our chief competitors, Canada's performance in workplace training is only average:

For example, about 29 percent of adult Canadian workers participated in some form of job-related training in 2002, a participation rate behind that of the UK (35 percent) and the US (45 percent).

We have slipped from 12th to 20th place in terms of the priority employers attach to training.

Overall participation in adult job-related training increased somewhat in Canada between 1997 and 2002:

However, the level of participation in employer-sponsored training was stagnant during this period. Canada appears to have reached a plateau in terms of firms' investment in worker training:

The proportion of workers who receive support from their employers has declined since 1997, from 79 percent to 72 percent.

Employer \$ investment per employee has remained virtually the same as in 1997.

Workplace training is highly concentrated in Canada:

Participation rates are significantly higher among younger workers (e.g., 42 percent of those aged 25-34), higher-educated and skilled workers (e.g., 52 percent of those with university credentials), and in larger firms (e.g., 37.2 percent in firms with more than 500 employees).

Participation rates are significantly lower for older workers (e.g., 23 percent of those aged 55-64), those with only high school education (18 percent) and workers in smaller firms (e.g., 18.5 percent for firms with less than 20 employees).

Participation is higher in certain sectors such as the non-profit, para-public and government sectors, as well as financial services and communications.

Most participants in informal training have also participated in formal training.

Essential skills are weak among Canadian workers:

Forty-two percent of adult Canadians lack literacy skills for participation in the knowledge economy.

Little progress has been made in raising literacy levels over the last decade.

Basic skills training is lowest on the scale of current training investments.

Why aren't we doing more?

If training and skills development are increasingly important to economic success and prosperity, why aren't firms in Canada doing more?

What are the barriers to more and better investment by employers in workplace training?

What influences firms' decisions whether to invest in learning for their workforce?

Literature and research on workplace training, as well as key informant interviews, consistently point to a number of important factors.

TIME AND MONEY ARE SIGNIFICANT BARRIERS

A fundamental issue is one of training costs relative to the results and impacts of training, and as compared to other possible investments by firms.

For employers, time and money are two sides of the same issue. Training costs include the costs of the actual purchase and delivery of training, and also the time spent not working or away from the workplace and, in some cases, replacement costs while workers are taking training.

And for firms, cost considerations go hand-in-hand with other considerations in the decision to invest in training.

LACK OF INFORMATION IS AN IMPORTANT ISSUE

In order to make a decision to invest in training for their workers, employers need to know with confidence what their specific training needs are both now and in the future, what kind of training is available, how best to organize and provide it, and how effective the training will be.

If they lack adequate information in these areas, employers may decide to invest their limited dollars in other ways, such as the purchase of machinery and technology or improvements in the physical plant, where they may feel that the pay-off will be greater or at least more certain or immediate.

EMPLOYERS ARE NOT CONVINCED ABOUT THE RETURN-ON-INVESTMENT OF TRAINING

Despite growing evidence on the positive impacts of workplace learning in terms of increased productivity and firm performance, many employers do not appear to be convinced.

This was a recurring theme during the key informant interviews, with many of those interviewed expressing the view that the argument for training and the return-on-investment must be made much more “compelling” for employers if they are going to decide to invest in training for their workers as opposed to physical capital or other investments.

For business, the greatest motivator is the impact on the ‘bottom line’ and improved productivity. Otherwise, they don’t need another deductible expense.

Key informant interview

FIRMS WORRY ABOUT “POACHING”

For many employers, a very real concern is whether other firms will hire away workers for whom they have invested in training – the “free rider” problem – or whether workers will, once trained, themselves seek out other employment opportunities. These concerns can lead employers to invest only in “firm-specific” training for their workers – i.e., training related to only specific and knowledge for their own firm – or not to invest in training enough or not at all.

SMALLER FIRMS FACE GREATER BARRIERS

Why don’t SMEs train more? No time, no money, too busy. And employees can leave anytime afterwards once they have been trained.

There are big differences in the ability of larger firms and SMEs to train. Cost is an issue, but it is more than that. Time is another huge issue – how does a small firm give someone time off to train without affecting service or production? Also, SMEs don’t always know where to go for training or for information on training. They don’t know what programs would be best for their firms . . .

Key informant interviews

Small and medium-sized enterprises (SMEs) face special challenges when it comes to investing in workplace training⁴².

Smaller firms may lack the economies of scale that can make training more feasible for larger firms. They may also have less money available for training investments, and encounter greater difficulties in obtaining financing for such investments, given that they generally have poorer access to credit and financial markets.

Smaller firms, more than larger ones, may also feel that they cannot afford to have workers take the time away from their actual work. Fears about “poaching” appear to be even stronger among smaller businesses, who also tend to have higher employee turnover rates.

Smaller firms may also suffer more from a lack of adequate information about the availability of training, how to organize it, and results and effectiveness.

The decision to train is often linked to technological change. Smaller firms, however, tend to be less likely to adopt new technologies than larger ones, and so may not feel the need for training as much as larger firms do.

For all these reasons, smaller firms tend to invest less in training in Canada than larger ones do. Smaller firms also tend to undertake more informal training, as it may be less costly and easier to provide “on-the-job”.

ACCESS TO TRAINING RESOURCES CAN BE AN ISSUE

A number of key informant interviews pointed to access to training resources as an issue for firms.

Businesses that are in more rural or remote areas, for example, may not be able to easily organize training for their workers, and may not know where to go for it.

THE DECISION TO TRAIN MUST BE SEEN IN A FIRM’S OVERALL CONTEXT, OBJECTIVES AND NEEDS

At company level, it is increasingly recognized that training only yields the desired results if it fits within the objectives of the company in respect of quality, productivity, innovation or rapid response and adaptation to the market.

Organisation for Economic Co-operation and Development (OECD),
Beyond Rhetoric

The decision to train has to make “business sense”, and be related to the running of a business, as many persons interviewed pointed out. The determining factor is often likely to be whether the need for training is clearly related to business and market realities.

Training is important to firms if it relates to production or safety. For firms that rely on expensive capital equipment, training can be essential – in our industry, for every job on the floor, there is a million-dollar piece of equipment.

Key informant interview

The need to respond to market changes and shifts, or to introduce new technology, products, services or processes, will be critical in making the training investment decision.

The decision to invest in training is often made because there is a change in the skills set of the job. Training works best when it is linked to the use of technology, the organization of work, and the introduction of new or different products, systems, services or ways of working.

Key informant interview

For example, one study of employer-sponsored training in Canada notes that “the adoption of new technologies and training investment may be better viewed as a joint decision taken by firms”⁴³.

Market forces work . . . ‘Hot’ sectors or regions are more prepared to invest in training because they need the workers and the skills . . .

Three things will compel employers to invest in training for their workers: technological change; market opportunities or, conversely, quality problems in products or services; and if the firm is re-engineering.

Key informant interviews

Summary – Why we aren't doing more

Time, money and lack of information are significant barriers for many firms, and especially for smaller ones.

Employers aren't convinced about the return-on-investment of training compared to other investments they can make.

“Poaching” is seen as a real problem.

SMEs face greater barriers.

Access to training resources may be difficult in some areas.

The decision to train has to be seen in the context of a firm's overall objectives, needs and business plan. It has to make market sense.

Whose responsibility is it?

Employers, workers, and government all bring different perspectives on training.

The ‘human capital argument’ is that all training and learning is good, even if it is not job-specific. The ‘contingency view’ is that training must be linked to needs and changes in the workplace. Many employers hold to this view.

There is a strong argument that ‘more’ is better, that an across-the-board increase in knowledge and skills is good for individuals and for the economy.

Employers, understandably, are focussed on job-specific training and on the question of whether their learning investment will pay off, how fast, and how much compared to other investments.

Public vs. private returns is a big issue to consider. There is an argument to be made that the state has an interest and a role to facilitate and promote more learning and skills development overall, as a public good, and that individuals need to take greater responsibility as they will benefit more in the new economy.

Key informant interviews

If investing in our workforce is critical to our economic success, who is responsible for taking action?

What are the roles of employers, workers themselves, government, educational institutions and others?

The short answer is that responsibility is shared by all parties. Investments in learning and skills development benefit firms, individuals, communities, and the economy and society overall.

FIRMS HAVE A CLEAR INTEREST AND THEREFORE ALSO HAVE A CLEAR RESPONSIBILITY

Firms stand to benefit in both the long and shorter run from investments in their workforce – increased productivity and competitiveness, greater capacity for innovation, and enhanced ability to introduce new products and services and to better deliver existing ones.

Empirical evidence seems to show that firms support a substantial part of the costs of training . . . and also capture most of the benefits in the form of higher productivity.

Zhengxi Lin and Jean-François Tremblay, [Employer-Supported training in Canada : Policy-research Key Knowledge Gaps and Issues](#)

Many employers see it as their responsibility to ensure “firm-specific” training is provided for their workers.

Some employers, however, feel that, beyond the skills needed for their firm, it is not their responsibility – or at least, not theirs alone – to support the development of workers’ skills more generally.

Many employers, as we have noted, also fear “poaching” of their employees after they have invested in skills upgrading for them. They may feel that this possibility is enhanced if they offer “general” skills training beyond specific firm requirements and, as a result, employees acquire skills that are “transferable” to other firms or industries. In practice, however, it appears that this distinction between “general” and “specific” training is not easily made⁴⁴.

Many employers also believe that the state is responsible for “basic” education and skills, including literacy and numeracy, and that employers should not have to invest in “remedial” training.

Employers are mostly comfortable with ‘proprietary’ training, i.e., firm-specific training. They are prepared to train for what they need and to industry standards. Beyond that, they believe governments must bear some responsibility. A skilled, trained workforce is a public good and benefits the economy as a whole ...

Key informant interview

GOVERNMENT HAS A ROLE TO PLAY

Investment in people, in a skilled and well-educated workforce, has clear benefits for society and the economy overall, beyond the benefits to individual businesses or workers.

The role of government is often seen, in addition of course to responsibility for the public education system, as one of addressing market imperfections and of facilitating and encouraging investment in learning by both firms and individuals.

Specific government roles are seen as including: leveraging greater employer investment; providing incentives to employers and workers; assisting individuals to access learning; providing information, sharing data and “best practices”; facilitating economic adjustment; and ensuring access and participation for disadvantaged and at-risk populations.

Governments have to take the lead in addressing market failures. This includes addressing deficiencies in adults’ basic skills, especially among people living in deprived areas or at risk of being socially excluded, and preventing the risk of firms investing too little or unevenly in training, especially among low-skilled workers, older workers, and workers in SMEs . . .

Governments can play a role through the provision of information, through shifting resources, through helping to create a conducive environment . . .

Government’s influence over national legislation and public resourcing policies is perhaps the most important way it can express clear commitment to supporting integrated policies for adult learning . . .

Organisation for Economic Co-operation and Development
(OECD),
Beyond Rhetoric

And, in Canada of course, there is always the question of the relative roles and responsibilities of the federal and provincial/territorial governments.

Quebec and other provinces are strongly of the view that training is exclusively or primarily a provincial responsibility, and that the federal government must respect its 1995 decision to withdraw from the direct provision of training, and transfer adequate resources to provinces/territories for them to meet their responsibilities.

The federal-provincial dimension is important. The movement has been towards devolution of arrangements for training from the federal government to the provinces . . . A general tax credit would work in this context, but instruments designed to reassert federal influence over training priorities would not.

Key informant interview

At the same time, some provinces – and many Canadians – feel that there are important roles for the federal government to play in this area.

Immigration policy, foreign credential recognition, and inter-provincial labour mobility are some of the specific roles often noted for the federal government.

Many also feel that a national “leadership” role is important in this area, and others believe that national “standards” and national certification and qualification systems are desirable.

Employers do see a role for the federal government. They feel that the federal government’s focus should be on immigration, temporary foreign workers, mobility, and also facilitation, research, information, best practices and testing. Support for the disadvantaged is also seen as a federal role, as well as economic adjustment.

Key informant interview

INDIVIDUALS MUST ALSO TAKE RESPONSIBILITY FOR THEIR LEARNING AND TRAINING NEEDS

Individual workers, of course, also benefit from training and skills development, in terms of improved employability, mobility, and earnings. They must also, therefore, accept some of the responsibility for their own learning and development.

At the same time, workers need support from their employers and from government to be able to do so.

Individuals must take ownership for ensuring they have skills that are relevant to business.

Workers are recognizing the need for skills acquisition and upgrading. They are doing more about it themselves. There is a role for the state to facilitate this (e.g., learning leave, financial incentives).

Key informant interviews

Public policies and supports for workplace learning

This section of the paper examines briefly public policies and supports for workplace learning in Canada, as well as international experience.

The intention is not to present a complete or exhaustive description of public policies and supports, but rather to illustrate the kinds of initiatives governments have undertaken, and what we have learned about “what works”.

GOVERNMENT OF CANADA POLICIES AND SUPPORTS

The Government of Canada offers a wide range of supports for businesses, including financial and tax assistance, information and advisory services, and support for innovation, technology, research and development, largely through Industry Canada and the regional economic development agencies. Many of these supports can assist firms in addressing workforce training needs⁴⁵.

A number of programs and supports for workers and firms are also offered through Human Resources and Social Development Canada (HRSDC) to assist employers with their human resources needs, help businesses deal with labour adjustments, and assist unemployed individuals to acquire skills and find work. HRSDC programs include: Employment Insurance; Sectoral Partnerships and support for Sector Councils; Support for Apprenticeship; the Red Seal program; the National Literacy Secretariat; and Youth Employment programs⁴⁶.

The Government of Canada has also signed Labour Market Development Agreements with provinces and territories to support training and skills acquisition by eligible EI claimants, including, in some jurisdictions, the full devolution of this responsibility.

The Government of Canada has also provided financial support for the creation of the Canadian Council on Learning, with the mandate to provide learners, educators and policy-makers with high-quality research and information about best practices in all aspects of learning from early childhood through the workplace and beyond.

In the 2004 Budget, the federal government announced a Workplace Skills Strategy.

The Strategy has three priority areas:

- workplace skills investment;
- skills recognition and utilization;
- partnerships, networks and information.

In addition to strengthening existing programs such as sector councils, the Strategy includes a Workplace Skills Initiative designed to promote and test new approaches to skills development and encourage employers to invest in the skills development of their employees. An arms-length Workplace Partners Panel will enhance awareness of the importance of investing in skills in the workplace. A Trades and Apprenticeship Strategy is intended to support apprenticeship training and employment in the skilled trades.

More recently, the federal government also announced a Labour Market Partnership Agreements with provincial and territorial governments, focussing on areas such as essential skills, apprentices, immigrants, skills development, and Aboriginal Canadians.

The electoral platform of the newly-elected Canadian Government contained tax incentives for young Canadians to learn skilled trades, and for businesses to hire new apprentices.

PROVINCIAL AND TERRITORIAL GOVERNMENT SUPPORTS

Provincial and territorial governments are responsible for education in Canada, and also offer support for workplace learning.

All governments have policies and programs to promote adult and workplace learning, including support under the Labour Market Development Agreements with the Government of Canada and support through provincial/territorial programs and initiatives.

The following are illustrative examples of recent provincial initiatives.

The Government of **Alberta** announced early in 2006 a ten-year strategy to support the development of a highly-skilled workforce in the province, responding to significant labour and skills shortages being experienced by industry and other economic challenges⁴⁷.

The strategy proposes four major thrusts: attracting skilled immigrants and workers from other provinces; developing a high-performance workforce and work environment; retaining workers through community and work attractiveness; and improving access to education, career and labour market information.

In this century, the drivers of economic growth, societal well-being and quality of life for future generations will increasingly depend on innovative, well-educated, skilled, productive, self-reliant and adaptable people.

Government of Alberta, [Building and Educating Tomorrow's Workforce](#)

The Government of **Quebec** offers a wide variety of supports and assistance to workers and firms to promote workplace learning and skills development. The *Act to Foster Manpower Development* requires employers whose total payroll is \$1 million or more to invest at least 1 percent of their payroll in employee training. Firms failing to do so pay into a collective fund used to support training projects⁴⁸.

The **Ontario** government, in addition to a variety of other programs and supports, has recently introduced an Apprenticeship Training Tax Credit to support the hiring of new apprentices⁴⁹.

British Columbia announced a series of measures in its February, 2006 Budget to enhance training and skills development, and recently announced that it is launching public consultations on how to structure a new tax credit program to increase training and skills development.

The inter-provincial **Council of the Federation** recently hosted a national summit on post-secondary education and skills training and has called on the Government of Canada to collaborate on the development of a pan-Canadian strategy, and to provide adequate financial resources to provinces and territories to this end.

INTERNATIONALLY, GOVERNMENTS USE A WIDE VARIETY OF SUPPORTS TO PROMOTE WORKPLACE LEARNING

Many countries have adopted a variety of policies and supports to encourage greater workplace learning and skills development.

OECD Member countries have recognized the need for public interventions in this market, for equity and efficiency reasons. Overall, countries agree on the long-run goals, which include economic and non-economic reasons: the need to target low educational attainment and to intervene for social cohesion and economic growth, to reduce unemployment and for personal and social development. . .

Countries have recently adopted a variety of approaches to target adult learning. These range from general action plans to increase learning opportunities for all adults to more specific programs designed to upgrade skills, target particular adult sub-groups of the population, or increase training opportunities for those in the labour force. . .

[Approaches include] a more integrated or holistic approach that is learner centred . . . general frameworks for policy development, including co-ordination among different (including social) partners . . . and taking greater account of individual needs . . . Policy responses vary according to a country's economic and social contexts, the historical development of the education systems, and the political structures and systems in place.

Organisation for Economic Co-operation and Development (OECD), *Beyond Rhetoric: Adult Learning Policies and Practices*

While policies vary enormously, and reflect each country's particular situation and needs, there are a number of key areas and ways in which governments intervene and provide support:

- Framework policies, including tax measures, and legislation to promote competitiveness and productivity and investment in human capital
- Financial incentives to stimulate firm investment in workplace training, including tax credits and deductions as well as subsidies
- Training levies, "train-or-pay" schemes, and mandatory training requirements
- National or sectoral training funds
- Measures directed towards individual workers, such as rights to education and training leave and financial incentives and supports, including loans, grants. Individual learning accounts, learn-saving schemes and training vouchers

- Information, advisory and referral services
- Support for best practices, testing of innovative approaches and pilot projects
- Qualification and certification systems, and recognition of prior learning
- Assistance for disadvantaged population sub-groups and at-risk groups
- Establishment of arm's-length agencies to promote learning, set standards, measure and report on progress, and undertake research and provide information
- Promotion of partnership approaches involving business labour, educational institutions and government
- Support for the establishment of training consortia to pool resources among different enterprises.

Investors in People

The UK established the Investors in People (IiP) program in 1991 to encourage companies to invest in training.

Built on the recognition of good practices across the country, the IiP label is awarded after assessing a firm's performance against 12 indicators.

One quarter of all employees in the UK now work in companies that have the IiP label. Over 70 percent of IiP companies say that they have gained in terms of customer satisfaction and productivity.

OECD
Beyond Rhetoric: Adult Learning Policies and Practices

WHAT DO WE KNOW ABOUT WHAT WORKS?

There are, of course, no simple or easy answers about “what works”. Specific policies and initiatives must be assessed in the overall context of a given country and its socio-economic circumstances.

However, some general observations, based on Canadian and international experience and studies, can be made.

TRAINING WORKS BEST WHEN IT IS LINKED TO A FIRM’S PRIORITIES AND BUSINESS PLAN AND INTEGRATED WITH FIRM MANAGEMENT PRACTICES AND OVERALL CULTURE

A key question has been whether more education, training and skills is enough or whether training needs to be embedded in the strategic context of the organization . . . Indeed, there is evidence that training is most effective when there is a strategic association between training and development policy and business strategy . . .

The emerging evidence is therefore that training of the existing workforce has benefits for productivity and employee morale and engagement, and that this is most clearly recognized when such development activity is linked to the business strategy of the organization.

Penny Tamkin, [Measuring the Contribution of Skills to Business Performance](#)

Research suggests that training is most effective when it is linked to a firm’s business strategy, integrated with its plans and priorities, and part of firm culture and management approach.

As we have seen, the decision to train often accompanies other organizational needs, such as the acquisition of new technologies or the introduction of new processes, products or services. Integration of training strategies with these organizational developments makes for better results.

Increasingly, as well, there is recognition of the potential of “high-performance” workplaces or “learning organizations”, firms that integrate learning into their overall management and culture, linking it to other workplace practices such as retention of talent, employee satisfaction, job design, organization of work, work-time arrangements and workplace well-being⁵⁰.

Canadian organizations that are committed to organizational learning and the integration of learning into their culture, values and modus operandi will be better able to adapt to new competitive and environmental conditions. They will become leaders in their industries and champions of Canadian organizational life.

Conference Board of Canada
[Learning and Development Outlook 2005](#)

EFFECTIVE ADULT LEARNING SYSTEMS HAVE A NUMBER OF DESIRABLE FEATURES IN COMMON

International research and experience suggest a number of desirable features of a comprehensive and integrated approach to adult learning, including:⁵¹

- Government policies, legislation and regulation that encourage and facilitate adult learning
- Financial and other supports and incentives that encourage firms to invest in their workforce
- Incentives for individuals to engage in learning
- Equitable access to learning opportunities, addressing the needs of disadvantaged and at-risk populations and smaller firms
- Improving accessibility through high-quality information, advice and guidance, and flexible learning arrangements, including distance- and e-learning

- A well-functioning system of recognition and certification
- Outreach and awareness
- Ongoing evaluation

THE FINANCING STRUCTURE FOR ADULT LEARNING IS CRITICALLY IMPORTANT – SHARED FINANCING MAY BE THE BEST APPROACH

The OECD suggests that “**co-financing**” of workplace learning, with financial participation by employers, employees and government, can be effective in addressing some of the barriers faced by both firms and individuals.

Shared financing is important. The financing of the adult learning systems is a key but complex issue ... Adult learning is funded by both public and private sources in all the countries under review. And indeed it seems agreed that responsibility for financing should be shared among all partners. Governments can provide the right incentives to create a conducive environment for adults to participate. Enterprises should be involved too, through the provision of on-the-job or other training activities and, according to the context, with co-operative financing mechanisms. In some cases, making individuals participate in the financing, if they can afford it, can also be applicable as a return on the benefits that they receive from participation.

OECD
Beyond Rhetoric

PUBLIC FINANCING INSTRUMENTS MUST BE CAREFULLY DESIGNED

The OECD recommends that government/public financing schemes be carefully designed so as to maximize their leveraging potential and ability to mobilize substantial private resources.

To the extent that it generates considerable private returns, much of adult learning should be co-financed. It could be a waste of public resources to fund learning with public subsidies when it would have been undertaken anyway (the so-called deadweight effect). However, given the inequitable outcomes, there is a stronger case for governments offering co-financing and setting economic incentives for low-skilled and disadvantaged groups, as well as for certain types of firms (such as small and medium-sized enterprises). The challenge is to find solutions that address those cases where financial constraints indeed constitute major obstacles to investment and participation in learning.

Funding mechanisms that co-finance adult learning expenses by firms and adults, or that allow greater choice to individuals, can raise the efficiency of provision.

OECD
Promoting Adult Learning

Subsidies and loans, both for firms and individuals, compulsory/levy schemes and other types of financing arrangements can all be effective in different contexts.

However, they must avoid pitfalls such as high “deadweight” costs and “substitution” effects (i.e., public financing for training that businesses or individuals would have undertaken anyway), and inequitable participation (e.g., SMEs, disadvantaged groups)⁵².

In terms of **subsidies** to firms, the OECD suggests that these should be designed to target incremental costs (both direct costs and “opportunity” costs). It cautions that some subsidies can end up only affecting firms that already spend on training without encouraging those who do not provide training to do so.

Financing supports for firms

Profit tax deductions are used in many OECD countries, allowing firms to deduct the cost of training from profits when calculating tax.

National training funds, grants based on payroll tax contributions, are used in Belgium, Italy, Japan, Korea, and Spain. Sectoral funds are used in Belgium, Korea, Denmark, the US and France.

Training grants financed from general government revenues are used in the EU (the European Social Fund), Korea, Mexico, Poland and the US.

“Employment Training Pilots” (ETPs) for SMEs are being tested in the UK.

OECD Promoting Adult Learning

THE JURY IS STILL OUT ON COMPULSORY/LEVY SCHEMES

Various forms of compulsory or “mandated” approaches to workplace training have been tried by different countries.

According to the OECD, very few jurisdictions (Spain, France, Quebec in Canada, the Swiss canton of Geneva) have instituted broad-based compulsory training levy schemes (Korea and Australia abolished theirs in the late 1990s).

Some countries, however, use compulsory levies to finance specific measures (e.g., a fund for individual study leave in Finland, managed by the social partners) or to implement sectoral or intersectoral agreements.

The OECD notes that there are pros and cons of compulsory or levy-type approaches.

Such schemes generally seem to be more advantageous for larger firms than SMEs, and may not address inequalities in workers’ access to training.

Different approaches could be examined: for example, “tailoring” the levy to profits rather than payroll; “grading” to accommodate new companies or SMEs; and giving priority access to training funds to less-skilled workers⁵³.

INDIVIDUALS CAN CONTRIBUTE TO THEIR OWN LEARNING

Employee contributions to their training can take different forms including “pay-back” clauses, apprenticeship contracts, “time accounts”, and company-based and other kinds of individual learning accounts⁵⁴. Governments and firms use different means to support individuals’ investment in learning.

Financing schemes for adults

Income tax deductions (Austria, Denmark, Germany, Japan, US, Netherlands, Portugal).

Payroll tax-based individual training grants (Japan, Korea, Spain).

Payback clauses requiring trained adults to pay back training costs if they leave (legislated in Poland and Luxembourg; used in collective agreements in other OECD countries).

Individual loans (New Zealand, Norway, US, UK). Vouchers or allowances (UK, Germany, Switzerland, Sweden, Poland, Denmark, Italy). Individual learning accounts (UK, US, Spain, Netherlands).

OECD, *Promoting Adult Learning*

INDIVIDUAL LEARNING ACCOUNTS MAY HOLD SOME PROMISE

Individual learning accounts are one mechanism to encourage worker training that are being tried in several countries, including Canada, on a pilot-project basis. This approach starts from the principle that the individual is best placed to decide on her or his training needs.

Accounts generally follow the individual and are not tied to a particular company. Matching contributions can come from the company or government, or both. Tax incentives can be used to encourage employers to invest jointly with their employees.

The OECD suggests, however, that individual learning accounts “are still at the developmental stage and have yet to make their mark”. Issues include how to minimize administrative complexity and costs and reduce “deadweight” and “substitution” effects, as well address equity concerns (participation of lower-income individuals)⁵⁵.

SMEs have been generally critical of training leave schemes, pointing out the difficulty for them to give their limited staff time away from work to take training.

A wide variety of training and education leave programs are used in many countries in the OECD, some funded by the state and others by employers and social partners, with support ranging from partial to full wage costs ⁵⁶.

TARGETTING DISADVANTAGED AND AT-RISK GROUPS CAN PAY DIVIDENDS

There is increasing recognition of the importance and returns to society and the economy of ensuring the participation of disadvantaged and at-risk populations in adult learning and skills training.

International research and literature suggest that this may be a particularly important role for governments.

[We recommend] a stronger emphasis on . . . policies to increase the participation of low-skilled adults . . . Recent studies have shown that an equitable distribution of skills has a strong impact on overall economic performance. This is an important finding, one that helps justify policies to upgrade the skills of disadvantaged groups. It also shows that the distribution of skills is important over the long term for living standards and productivity: more equitable investment in skills can foster growth by making the overall labour force more productive . . .

OECD
Promoting Adult Learning

POOLING RESOURCES AND SHARING RISKS AND COSTS CAN BE AN EFFECTIVE STRATEGY

Pooling resources from different enterprises is one means of addressing cost and other barriers to training investment, particularly among SMEs.

The OECD notes, for example, that various models of **training consortia** are gaining momentum in several countries, both with and without public/government financial support⁵⁷.

As well, “vertically-linked firm networks”, where larger firms help provide training to smaller firms in their supply chain “are a promising avenue for the pooling of resources among firms with different training capacity”⁵⁸.

Summary – Public policies and supports for workplace learning

Governments in Canada provide supports to workplace learning, and have recently announced new initiatives.

Internationally, governments offer a wide variety of supports: framework policies; financial incentives for firms and individuals; mandatory training levels; rights to training leave; information, referral and advisory services; national certification and qualification systems; and assistance for disadvantaged and at-risk populations.

Lessons learned about what works include:

- Training is most effective when linked to a firm’s priorities, business plan and overall culture.
- A comprehensive approach is required, addressing many different dimensions of the training issue.
- Partnerships are important.
- Shared or “co-financing” may be the best approach, involving firms, workers and government.
- Care must be taken in designing public financing instruments to maximize leverage, reduce deadweight costs, and ensure equity.
- The “jury is still out” on compulsory/levy schemes and individual learning accounts.
- Targeting disadvantaged populations pays dividends.
- Pooling resources can be an effective strategy.

So now what?

What can we do to encourage more and better workplace learning in Canada?

This section of the paper discusses various recommendations and proposals that have been put forward to foster workplace learning in Canada. The ideas outlined below emerged in the literature review and in the key informant interviews. They are grouped according to key thematic areas suggested for action and recommended approaches.

Recent surveys by the Canadian Labour and Business Centre of managers and union leaders in both the public and private sectors show a “strong convergence” of ideas and “symmetry of views” on the need to focus on workplace learning.” There is “a remarkable agreement . . . on the need to upgrade and improve the skills of the current workforce”⁵⁹.

Ideas and proposals on how to do this, however, are many and varied.

ONE THING IS CLEAR. ACTION IS REQUIRED BY ALL PLAYERS. PARTNERSHIP AND WORKING TOGETHER ARE ESSENTIAL

Opinions vary considerably on the different roles of employers, individuals and government in increasing and improving workplace learning in Canada, and on solutions.

Business leaders, for example, generally favour lower payroll taxes, reduced Employment Insurance (EI) premiums, and training tax credits or deductions.

Labour leaders generally support greater use of EI for training purposes, government support for individual learners, and “mandated” or compulsory training obligations on firms.

All agree, however, that there is a role for everyone to play, and that enhanced collaboration and partnership are key.

A COMPREHENSIVE APPROACH IS NEEDED . . . AND SO IS FLEXIBILITY

Some persons interviewed spoke of a “menu” of choices and initiatives to help foster workplace learning. It was suggested that all players need to ask themselves, “What can I add to the menu?”

Awareness, information and tools, financial supports and incentives for firms and for individuals, distance education, closer collaboration and partnership among the different actors, legislation, taxation and regulatory policies – a whole “tool box” of policies and supports is seen as needed, to be applied in different situations and contexts.

The need for flexibility to address the diversity of firms’ needs and workplaces was also emphasized, including the need for local and “customized” approaches and solutions.

Training needs to be customized and firm-specific, not a generalized program for everyone.

Local solutions that are geared to specific local issues and needs will be much more effective than general programs.

Key informant interviews

For example, a recent examination of regional case studies in Alberta and the Northwest Territories, undertaken for the OECD, underlines the importance of “customization and flexibility” in the application of assessment tools around essential skills⁶⁰.

Diavik employee skills upgrading

Diavik Diamond Mines, based in Yellowknife, operates unique **community-based** training programs tailored to the needs of the company and the situation of the local community.

Key elements and success factors include:

- Community involvement and mobilization.
- Partnerships with local institutions, governments and others.
- Direct link between training and skills needed on-the-job.
- Combination of classroom and hands-on training.
- Practical training on projects that benefit the local community.
- Training includes both technical and essential workplace skills (e.g., teamwork, reading and writing skills, which are critical for safety).
- On-site Workplace Learning Centre.
- Two-weeks on/off-site rotation, with training continued in community during off-site time.
- Release time from management to let workers participate in program.
- Essential skills focus customized for employees.

Richard Brisbois and Ron Saunders
Skills Upgrading Initiatives in Canada:
Regional Case Studies

TRAINING MUST BE SEEN AS AN INVESTMENT . . . AND AWARENESS IS IMPORTANT . . .

A frequent comment made in the key informant interviews was that training is an investment, one that should also be seen as linked to other firm investments (e.g., equipment or new ways of organizing work). A positive climate for investment generally in Canada, it is argued, should also positively affect investments in training.

Many persons interviewed and several different organizations have proposed various informational and promotional initiatives to make both firms and individuals more aware of the importance and advantages of investing in training and skills development. Several persons interviewed emphasized the need to present “compelling evidence” to business about the benefits of investing in workplace learning. They caution that what is needed is hard facts and data on the return-on-investment, not “promotionalism”.

The best way to build awareness and get buy-in for increased investment in training is to clearly demonstrate the impact of training on the bottom line>

Key informant interview

The need for ongoing information and awareness efforts, and the importance of using existing communications channels to reach business, are also seen as important.

The Conference Board of Canada has proposed a number of awareness initiatives, including a “national information campaign aimed at individuals employers”, a “sector training adviser outreach” program, and a “CEO national campaign on the importance and value of workplace training”⁶¹.

FIRMS REQUIRE SUPPORTS

Many persons interviewed, as well as different business and labour organizations, believe enhanced public/government supports to firms, financial and other, are desirable and necessary to overcome barriers to training investment and provide incentive for employers to do more.

The need for better information for firms, and training-related tools, is often noted, as well as different kinds of financial supports and incentives.

The Conference Board of Canada has called on government to “increase the use of economic instruments to encourage employer investment in training”, particularly for SMEs.

Its proposals include: a tax credit matching dollars invested by firms in training; a training fund to match firms’ training investments up to a certain amount; and, while noting employers generally oppose such measures, examination of a possible national training tax, if appropriately designed⁶².

Some observers, including labour leaders, support different forms of mandatory or compulsory training investment levels or targets requirements being established for firms. Quebec’s labour unions are strongly supportive of the legislated 1 percent training minimum, and wish to see that approach strengthened.

SMEs MAY REQUIRE SPECIAL MEASURES AND SUPPORTS

Many people feel that special attention needs to be paid to the situation of SMEs, and ways found to address the greater cost and other barriers that they are felt to face in workplace training and learning.

Proposals include better information and tools to help smaller firms identify and act on their training needs, and support for initiatives that assist firms or associations of firms in pooling resources to overcome training barriers.

INDIVIDUALS NEED SUPPORT AS WELL

Similarly, the view was expressed in key informant interviews, as well as by organizations, that government should provide support to individuals to address barriers to training and offer incentives to engage in workplace learning.

Such support could include better information and advice for individuals to assist them in identifying their learning needs and in finding out where and how to go about meeting them.

Ideas for financial support and incentives include vouchers, tax credits or deductions, individual learning accounts, and other measures.

The Canadian Labour Congress, for example, has long advocated the use of EI to provide paid training leave for individuals, and has proposed pilot projects to test this approach.

Paid training leaves under EI have the potential to help build more effective workplace and sector-level training institutions of the kind which have worked well elsewhere. In effect, they would create an incentive for employers to work in concert with other partners, and to develop training strategies.

Andrew Jackson
Productivity and Building
Human Capital for the "Bottom Third"

INFORMATION, TOOLS AND SUPPORTS ARE IMPORTANT

As already noted, many of the proposals for improving workplace training and learning include a strong component relating to information and tools development.

Outreach and awareness-raising activities, information on return-on-investment, information on what works, best practices, where and how to access training, government programs and supports available, assessment tools, and so on are frequently identified as much-needed supports.

SECTORAL COUNCILS AND OTHER COLLABORATIVE APPROACHES CAN BE EFFECTIVE

Sector Councils are an especially effective way to take concerted action above the single organization level that will encourage employers. Sector Councils recognize common interests and issues exist within sectors of the economy, and connect companies on that basis. This makes sense to business people because they perceive that Sector Councils can bring relevant sectoral expertise to bear in addressing their common needs, while offering them a range of choices that will suit their particular circumstances.

Conference Board of Canada
Changing Employers' Behaviour about Training

Although some observers caution that there are limits to the sectoral council approach, many people frequently recommend a strong and increased role for sectoral councils and sectoral approaches generally in encouraging and assisting workplace learning in Canada.

Labour leaders also emphasize the importance of worker/union-employer cooperation and instruments such as worker-employer councils.

Effective sectoral institutions may also raise employer investment in skills by countering some of the barriers of firm training capacity and competition for workers between firms which train and those that do not.

Higher levels of employer investment in training in many continental European countries compared to Canada are generally seen as a product of a “training culture” and of effective sectoral and workplace-based institutions, such as unions and work councils, which counterbalance the chronic tendency for employers to under-invest, particularly in the relatively unskilled.

In sum, joint employer-labour institutions at the workplace and/or sectoral level tend to be associated with higher levels of firm investment in training, and likely, higher skill requirements in higher-productivity jobs.

Andrew Jackson
Productivity and Building
Human Capital for the “Bottom Third”

DISTANCE LEARNING AND E-LEARNING HOLD REAL POSSIBILITIES

Many people also believe that firms must do a better job of exploiting new technologies to address workplace learning needs, and that partnerships among firms, educational institutions, sectoral bodies and governments can facilitate this.

The potential savings and improved learning opportunities inherent in technology-based solutions have not yet been tapped or realized.

Conference Board of Canada, Learning and Development Outlook 2005

Interactive Distance Learning

The Canadian Automotive Repair and Service (CARS) sector council established an interactive distance learning program in 1999.

Today, between 600 and 700 automotive repair and service shops across Canada subscribe to the program. In 2004, over 11,000 workers wrote the program’s exams.

The program uses satellite technology to broadcast national learning modules for industry-required skills.

Reaching thousands of workers in “real time” without them having to leave the workplace, the program has proven cost-efficient and effective, with important productivity gains as compared to off-site training.

Conference Board of Canada
Putting the training wheels in motion in Canada’s
automotive repair and service shops

ESSENTIAL SKILLS, INCLUDING LITERACY, ARE CRITICAL

Recent studies and key informant interviews consistently identified “essential skills” as critical for today’s economy, including literacy and so-called “soft skills” such as communications, networking, and working in teams.

Jobs in the knowledge economy require a good deal of formal education. But in addition to good entry qualifications they demand continuous learning, flexibility, excellent literacy, numeracy and problem solving skills and the ability to acquire and apply new ideas and use knowledge creatively. Knowledge management is an increasingly central element in the organization of work and this puts a premium on personal qualities such as the ability to work flexibly in teams, initiative, creativity and entrepreneurship . . .

Albert Tuijnman
Challenges in Measuring Human Capital
for the Knowledge Economy

The low levels of literacy of adult Canadians relative to the demands of today’s society and the knowledge economy are an issue of concern to many.

Our view is that a decided opportunity exists for Canadian organizations to improve their innovation and productivity levels by enhancing the overall competitiveness of their workforce by incorporating basic skills training in their learning strategies.

Conference Board of Canada, Learning and
Development Outlook 2005

Going forward, there is going to have to be a greater focus on training around literacy and numeracy because of labour shortages. Firms are going to have to tap into the pool of workers who have low levels of literacy to meet their employment needs.

Key informant interview

While opinions differ on how to address this need, and whether governments or employers should be responsible for “basic” skills, all agree on its importance.

Syncrude Canada essential skills training

In the late 1980s, Syncrude recognized the need to increase essential skills, including literacy and numeracy, in its workforce.

The company partnered with Keyano College in Fort McMurray to develop a workplace literacy program called “ERIC” (Effective Reading in Context).

Strictly voluntary and completely confidential, the program offers one-on-one consultation and assessments and a choice of workshops. The reading materials used are authentic workplace materials.

Another program, “SAM” (Syncrude Applied Math) was developed to develop the math skills of employees.

Richard Brisbois and Ron Saunders
Skills Upgrading Initiatives in Canada:
Regional Case Studies

CLOSER TIES BETWEEN EDUCATIONAL INSTITUTIONS AND BUSINESS ARE NEEDED

Many observers believe that closer ties among industry, employers and educational institutions would go a long way towards ensuring that business' skill needs and requirements are understood, and to help design training activities and methods that would be effective in the workplace.

Today, colleges and institutes and business and industry have become increasingly motivated to adopt consistent, collaborative, sector-wide approaches to ensure that skills needs and challenges can be identified, mapped and met in an appropriate timeframe that mitigates against crises and opts for pre-emptive action.

Association of Canadian Community Colleges (ACCC)
Canadian Colleges and Institutes & Small- and
Medium-sized Enterprises

RECOGNITION AND QUALIFICATION SYSTEMS ARE IMPORTANT

Appropriate and effective systems to recognize qualifications, provide certification, assess and recognize prior learning, facilitate inter-provincial worker mobility, and better recognize foreign credentials are seen by many observers as key issues that need to be addressed as part of an effective workplace learning system.

Governments are seen as having a crucial leadership role to play here, in collaboration with business, labour and professional organizations and associations.

Conclusion

Driven by the imperatives of demographic change and rising and rapidly changing skill requirements in the global knowledge economy, and already facing skill and labour shortages, we need to increase and improve workplace learning and skills development in Canada.

There are a number of issues that give cause for concern.

While overall participation rates in adult learning are increasing in Canada, we are only average when compared with other countries.

And we may already be losing ground to our major competitors.

Employer-sponsored training seems to have reached a plateau in Canada. Employers' investment and worker participation rates are virtually stagnant.

Training in Canada is also highly concentrated in certain categories of workers and in larger firms.

And too many adult Canadians still lack the essential skills needed for today's economy.

Many factors enter into firms' decisions whether or not to invest in training for their workforce.

Time and costs are significant barriers, especially for smaller businesses.

Many employers lack the information they need to make wise decisions on their training investment.

And many are not convinced of the return-on-investment of training compared to other more tangible investments.

A wide variety of proposals has been put forward by different players to improve workplace learning in Canada. We need to put in place a comprehensive approach, addressing financial needs and incentives for firms and workers, information needs, attitudinal/cultural change, and other issues.

Many different parties have an important role to play in increasing and improving workplace learning in Canada – employers, workers, business and sectoral organizations, unions, governments, and educational institutions.

Some ideas that have been put forward to improve workplace learning in Canada

A tax credit for firms to encourage investment in training, perhaps scaled to provide greater incentive for SMEs

A training fund, with matching contributions from firms and government

A national training levy

Job protection and right-to-leave for training, and paid training leave funded by government, employers and workers (e.g., through EI)

Increased support for sector councils and sectoral initiatives, and for the pooling of resources and expertise (especially for SMEs)

Greater government support for essential/basic skills and literacy training, as a public good. This could include support for sector council initiatives, development of tools and curricula, and cost-sharing of training

Information dissemination and awareness on the return-on-investment of training

Active advocacy by business organizations to encourage a training culture

Provision of information, advice and tools, including “one-stop service” for individuals and firms, at community centres, business service centres etc.

This paper has been prepared by Canadian Policy Research Networks on behalf of the Canadian Council on Learning in order to discuss some of the key issues about workplace learning in Canada, identify lessons learned from Canadian and international experience, and outline some of the ideas that have been advanced to help Canada do more and better.

It is hoped that the paper will stimulate discussion and dialogue among interested parties and help identify concrete actions to better meet the current and future needs of Canada and Canadians.

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²⁴ Ibid. The increase in the participation rate in Quebec was especially high, going from 20% to 32%, an increase of 57%. This increase may, in part, be linked to the Quebec 1% training legislation. However, it is unknown whether this represents a “real” increase in the actual amount of training or is due to more training being reported by employers than was previously the case, because of the legislation.

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²⁶ Ibid

²⁷ Ibid. Older workers 55-64 did experience a jump in participation rate between 1997 and 2002, although their participation remains far below that of younger workers. This increase may be due to increased employer recognition of the realities of an aging workforce and/or the desire of older workers to prepare for post-retirement employment.

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