WORKFORCE DEVELOPMENT, DEMAND-LED STRATEGIES AND THE GOAL OF GOOD JOBS

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Context: The growing emphasis in Ontario on workforce development and demand-led labour market initiatives

In two busy years, the policy and program landscape affecting the labour market in Ontario has changed considerably. The Ontario Centre for Workforce Innovation was established, providing a platform for evidence-based research and capacity building for employment and training service providers. The Local Employment Planning Council pilots were begun, to strengthen the local capacity to address labour market challenges. The Premier’s Highly Skilled Workforce Expert Panel was convened and promptly produced its report, advocating for more local partnerships to ensure that employers can meet their skill needs and for more experiential learning to ensure that education prepared students for the workplace. A Workforce Policy and Innovation Division was established within the Ministry of Advanced Education and Skills Development to, among other things, oversee implementation of the panel’s report. The SkillsAdvance Ontario Pilot and the Sector Strategy Planning Grants encouraged skills upgrading to prepare job seekers for high-demand industry sectors, followed by the Skills Catalyst Fund to better align education, skills training and employment services to meet the skill needs of employers.

What has prompted these various new activities, and what is meant by workforce development, demand-led initiatives, sector strategies and the like? This paper will describe these terms, explain why these concepts have come about, and provide some guidance on how to put them into effect.

Counterpoint: The nature of employment services

Workforce development and demand-led strategies are often characterized as a necessary complement to what currently is already being done, namely the provision of employment services. To understand this point better, we need to view these activities in relation to broad labour market policies.

Like any market, the labour market consists of supply and demand. Supply refers to the provision of labour, and so represents individuals who are working or who are seeking employment. Employers offering jobs represent demand.

Supply-side interventions seek to support the supply-side to access employment. This includes improving the skills of prospective employees (via education or training) as well as improving their capacity to find job openings and present themselves as attractive candidates. Our educational institutions, vocational training programs and employment services largely represent supply-side initiatives.

Demand-side initiatives place their attention on employers. However, unlike what supply-side interventions do, that attention comes in two forms. Certainly, one aspect of demand-side strategies involves changing the behaviour of employers, for example, by providing incentives to hire or to train
workers. The more typical meaning of a focus on the demand-side is that a program takes its cue from what employers need, that is, what the demand-side is requiring.

**Employment services** places most of its attention on the supply side, starting with the fact that the job seeker is the formal client. Their service is predicated on an individual seeking help in finding employment. That individual may be assessed in terms of their needs, referred to other services, counselled regarding their career options and current labour market opportunities, and supported to apply effective job search techniques and to present themselves in the most favourable manner via their resumes and performance in a job interview. Employment services do engage the demand-side, but primarily to identify current job openings. In most respects, their activities are limited to producing that one-to-one match of a job seeker to a vacant position, with limited follow-up once a client becomes employed (although job retention support is growing as a component of what employment services should be doing). In some cases (the limits are set by the funding available), individuals may be assigned to training programs or employers may be enticed by wage subsidies to facilitate the job match.

**Describing workforce development**

**Workforce development** relies on many of the same tools as employment services, but the major distinguishing feature is that while employment services largely focus on a singular result for one individual (placement in a job), workforce development aims to put in place processes that help multiple individuals access jobs and/or advance along career pathways, often targeting more than one employer.

This distinction makes a lot of difference: it is one thing to receive from employers a request to fill a job opening and screen job candidates accordingly; it is another to dig deeper to learn about continuous recruitment needs and to customize employment preparation programs that provide an on-going supply of qualified workers. Similarly, employment services can advise a job seeker regarding training or educational programs that would better qualify him or her for a higher wage job, while workforce development seeks to encourage employers to participate in workplace training that supports the ability of incumbent workers to take on higher-skilled functions, improving the company’s productivity and resulting in wage gains for those workers.

Much of what employment services do is *transactional*, that is, it relates to a single event, the act of matching a job seeker to a job opening. Workforce development aspires to be *transformational*, engaging in an on-going way with employers to influence how they hire and promote their employees. Workforce development also seeks to integrate the contributions of other stakeholders to produce these outcomes. For example, this could include influencing what educational institutions do (not only the content of what they teach, but how they prepare students for the world of work, through experiential learning or career counselling), or partnering with municipal economic development offices, to propose workforce development as another lever to affect the location choices of new businesses.

This is not to take away from what employment services provide. In a labour market with greater mobility and disruption, individuals need assistance to conduct a competent job search and to learn how best to present themselves to employers. Workforce development includes employment services activities, just as it would include training. The point is that workforce development seeks to integrate
these different strategies and to bring the various stakeholders together in a common process, with the
goal of linking up these various activities to meet the needs of both job seekers/employees and
employers. Employment services that only provide a matching function may not always be enough, and
training that is not informed by a specific labour market need may also not be enough.

Workforce development aims to improve the soft and hard skills of individuals, to increase their chances
of getting a job as well as to support their ability to advance along a career pathway while they are
working, by encouraging on-going workplace training. It is holistic in its desire to address the numerous
and distinct barriers that may inhibit success, from appropriate assessment and referrals to necessary
services (from child care to assistance with transportation), to enrolment in appropriate educational
upgrading and vocational training programs. It ensures that the training is relevant and reflects
marketplace demand. And its goal is to create systems that can continuously benefit successive cohorts
of job seekers and workers, while also meeting the needs of employers.

The rationale for workforce development: the underlying logic

The emergence of workforce development as a labour market strategy is a response to the changes that
have affected our workplaces over the last 30 to 40 years. Through much of the 20th century, most
adults living in advanced economies, particularly in North America, worked for only one or two
employers their entire lifetime. Individuals often started in entry-level occupations and, with training
and experience, were promoted to higher-level positions. Larger corporations, with multiple entry
points and formalized career ladders, provided the hierarchical structure for advancement and the
secure setting for permanent employment.

Starting in the late 1970s and early 1980s, this paradigm began to unravel. The impulse to cut costs
resulted in entry-level jobs being transformed, through automation, outsourcing to other jurisdictions,
contracting out to other firms, or losing their permanence, for example, through reliance on temp
agencies or contract work.

With entry-level jobs no longer being the feeder for higher level positions, the hiring for these
occupations relied less on internal grooming and more on external hiring, that now took place “just-in-
time,” as the need arose. Rather than rising through the ranks, a job candidate had to establish their
qualifications with credentials and resumes that highlighted their work experience.

It was not because workplace tasks became more complex that education rose in prominence, rather it
was because the expectation for where skills were to be acquired changed. If employers were going to
rely less on grooming their own and instead were hiring on an as-needed basis, prospective job
candidates had to present themselves as being job-ready, and one assurance of competence was having
acquired the appropriate level of education.

For some time now, a high school diploma has no longer been a sufficient qualification for anything but
the most basic entry-level occupation. And so, youth have been encouraged to stay in school longer and
adults are exhorted to embrace life-long learning, with the growing perception that a post-secondary
certificate has become the new minimum. The continuous clamour promoting the need for education
might make some presume that Canadians have been falling behind. It may surprise some to learn that for many years now, Canada has had the most educated adult population in the world, with the highest proportion of persons aged 25 to 64 years with a college diploma or university degree, and by a considerable margin.¹

Despite this achievement, it is common for Canadian employers to lament the lack of skilled workers, while a large proportion of residents with a post-secondary degree work as coffee baristas or sales clerks. And even these common entry-level jobs frequently stipulate prior work experience as a prerequisite.² The switch to this new paradigm for job hiring and career advancement has created gaps in how skills are acquired and honed. As a result, employers complain that the educational system does not produce job-ready graduates, while schools are expanding experiential learning opportunities, to make their offerings more labour market relevant.

This perceived lack of employment preparedness and work skills is what has prompted the emergence of workforce development initiatives, which are an attempt to design alternative systems to the internal labour markets that had existed, seeking to align education and training pathways toward job openings, and to encourage on-going work-related training to permit career advancement.

**How the labour market data makes the case for workforce development**

It is not only the impressions of employers and the experiences of job seekers that suggest the need for remedies to address labour market dysfunctions. An analysis of the data also reveals outcomes that warrant attention. To begin with, how has this achievement of educational attainment served the individuals who have invested in more schooling, and how has it met the needs of employers? One way to answer this question is to compare the levels of education of the labour force and compare that to the levels of education required for the various jobs in which people are employed. Indeed, we can go further and distinguish levels of education for the employed and the unemployed and, in the case of jobs, we can also look at the levels of education required for those jobs that are vacant. Finally, to get a better picture of the labour market dynamic in Ontario, it is necessary to separate the figures for the Greater Toronto Area from the rest of Ontario, because of the considerable differences in levels of education and types of jobs present in these two geographies.³

Charts 1 (Toronto Census Metropolitan Area) and 2 (Ontario minus the Toronto CMA) compare the levels of education of all employed residents to the levels of education required for the jobs in which they are employed. It also provides the level of educational attainment for those looking for work (the unemployed), as well as the levels of education required for the jobs that are vacant.

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¹ OECD, *Education at a Glance 2017*. Among Canadians aged 25 to 64 years of age, 56% have a college diploma or university degree. Two countries are tied for second place, Israel and Japan, at 50%.
² In a content analysis of a large sample of Canadian job advertisements for entry-level positions geared toward postsecondary graduates, less than a quarter accepted to work experience as a minimum requirement. On average, employers asked for a minimum of 1.4 years and a maximum of 2 years of work experience. Sophie Borwein, *Bridging the Divide, Part I: What Canadian Job Ads Said*, Higher Education Quality Council of Ontario (2014).
³ There is a technical note at the end of this paper which explains what data sets were used for the analyses in this paper.
Chart 1 demonstrates the very high levels of educational attainment among employed residents of the Toronto area – 71% have either a college diploma/trades certificate or, more likely, a university degree. This level of educational attainment is slightly higher than what is required to be hired for the occupations they are employed in. On the other hand, the education levels of the unemployed are only somewhat lower than those of the employed, particularly in terms of university degree completions. Their educational attainment is only slightly lower than that required of current jobs, while it is higher than what is required of those jobs which are vacant. In fact, of vacant jobs, almost half (47% = 15% + 32%) require no more than a high school diploma.

**Chart 1: Educational attainment levels for employed and unemployed, and for jobs and job vacancies, Toronto CMA, 2016**

![Educational attainment chart](image)

Statistics Canada: Labour Force Survey and Job Vacancy and Wage Survey; “Some PS” is Some postsecondary; “Below HS” is no high school diploma

Chart 2 illustrates the contrast in these same indicators in the rest of Ontario, starting with somewhat lower levels of post-secondary schooling, and a noticeably higher proportion of college diplomas/trades certificates than university degrees. Outside Toronto, there is a rough match between the levels of educational attainment and the jobs in which individuals are employed, and there is a greater fall-off in educational attainment from the employed to the unemployed. On the other hand, the other feature evident for the Toronto area still holds: the level of educational attainment of the unemployed is higher than that required for the jobs which are vacant.
A further observation regarding education and occupations: it is not the case that all jobs requiring a university degree are held by individuals who possess a university degree. This adds to that portion of workers with a university degree who work in jobs that do not require a university degree. That percentage has been growing over time, and it has especially grown where we find the greatest concentration of university degree holders, that is, Toronto. Chart 3 illustrates this point, and displays the results for the City of Toronto, for the suburbs around Toronto (Toronto CMA minus the City of Toronto), and for the rest of Ontario outside of the Toronto CMA.

At the start of the 1990s, across all three areas, less than 15% of employed residents who possessed a university degree worked in a job that did not require a university degree. That proportion rose everywhere, but especially in the City of Toronto and its suburbs. In 2016, 30% of employed Toronto residents who had obtained a university degree were working in a job that did not require a university degree, and residents of Toronto suburbs were not far behind, at 27%.
Chart 3: Percentage of employed residents with a university degree working in jobs that do not require a university degree, City of Toronto, Toronto CMA minus the City of Toronto, and Ontario minus the Toronto CMA, 1990-2016

Statistics Canada: Labour Force Survey

The analysis presented in Charts 1 and 2 can also be applied to the Employment Ontario (EO) data, to help understand the circumstances of individuals receiving Assisted Service employment services, that is, more involved support to help them achieve their labour market goals. In 2016-2017, just over 190,000 Ontarians received this service.

The data presented displays the following: the level of education held by the Assisted Service clients, the level of education required for the job from which he or she had been laid off, and the level of education of the job the Assisted Service client became employed in, after receiving EO help.

There is not a consistent match between these levels of data: for one, the data is not always complete, and this is especially so with respect to the “Hired” data. For another, not every person comes to EO after a lay-off – there may be youth or newcomers seeking their first job, or some individuals may be transitioning back into the labour force. As a result, the “Laid-off” data represents a subset of the total Assisted Service client population, whereas the “Hired” data represents both those who had a prior job and those who did not.

Chart 4 provides the data for clients in the Central Region (City of Toronto, Peel, Halton, Durham, York, Simcoe and Muskoka – essentially, the Toronto CMA plus Simcoe and Muskoka).
Chart 4: Education levels of EO Assisted Service clients, the prior lay-off job and the subsequent hire, Central Region, 2016-2017

Compared to the educational attainment levels of the unemployed in the Toronto CMA (Chart 1), the educational attainment levels of the Assisted Service clients in the Central Region (Chart 4) are slightly higher. However, the jobs from which they have been laid off have considerably lower educational requirements. As for the “Hired” data: the profile of clients indicates that 63% of them have post-secondary degrees or trade certificates, whereas 61% of the jobs they get hired into require no more than a high school diploma.

Chart 5 presents the same data for Assisted Services clients in the rest of Ontario (that is, excluding the Central Region). They have considerably lower levels of educational attainment, yet still also come from jobs that on average have lower educational requirements and end up being hired in jobs of still lower qualifications. Indeed, over one-third of the employment (36%) is found in jobs that require no educational certificate.
One possible explanation for these outcomes is that employers, when assessing these job candidates, are placing far more weight on their most recent job history and less so on their educational credentials. That would account for the strong correlation in the distribution of educational requirements between the lay-off jobs and the hired jobs, in contrast to the actual level of educational attainment of these individuals.

The disconnect between the existing levels of education and the jobs from which these clients were laid off may also indicate that their higher levels of education may not necessarily translate into an appropriate mastery of basic skills. A recent Canadian study examining the labour market outcomes of university-degree holders sheds light on this. Employed university graduates were sorted according to their literacy skills, on a scale of 0 to 5, where 2 or under represented a low literacy score and 3 or higher was considered a high literacy score. They were further sorted according to the educational requirements for the job in which they were employed. Chart 6 presents the results.

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4 Sebastien LaRochelle-Cote and Darcy Hango, “Overqualification, skills and job satisfaction,” Insights on Canadian Society, September 2016, Statistics Canada, Catalogue no. 75-006-X.
A university credential does not guarantee a reasonable level of literacy and it appears that employers have, to some extent, sorted these university grads according to their basic skill abilities (when numeracy is assessed, the pattern is very similar to Chart 6). Thus, around a third of university grads who score “0” or “1” on literacy proficiency (meaning their reading and comprehension is at the most basic level) are working in jobs that only require a high school diploma.

That could explain in part why some university grads working in low-skilled, entry-level occupations. However, only 6% of university grads in Canada score at that lowest level (“0” or “1”), and another 21% are found at Level 2. Applying these proportions to the overall calculations regarding university grads working in jobs that do not require a university degree suggests that perhaps 40% of these outcomes could be explained in terms of lower basic skills, and possibly by extension, lower employability skills.

So, some portion of these university-educated workers are drifting down to lower-skilled jobs. It is likely that the same dynamic applies to college-educated workers – some portion of them do not have the necessary foundational skills, and they find themselves working in occupations that only require a high school diploma or less. If that is the case, what is happening to individuals who have only a high school diploma or less, for whom these jobs are an appropriate match?

Chart 7 shows the participation rate of Ontario residents aged 25 to 55 years old –prime working age, dissecting the data by educational attainment and gender, and comparing the figures between 1990 and 2017. The participation rate is that portion of the adult population who are either employed or actively looking for work, or in other words, who is participating in the labour force.

The data shows that the participation rates for males with either a university degree or a college diploma or trades certificate has fallen very slightly, a few percentage points at most. For females with the same levels of educational attainment, their participation rates have stayed steady. However,
participation rates for those with lower levels of educational attainment have dropped considerably, especially for those without a high school diploma. In this age of higher educational achievement, there still remains a considerable number of people in these other categories. If the participation rates in 2017 had remained the same as they were in 1990 for individuals with either a high school diploma, some high school education, or a 0-8 grade education, there would be an additional 90,000 males and 56,000 females in the Ontario labour force.

Chart 7: Participation rates, males and females, by level of education, Ontario, 1990 and 2017

What does all this data tell us? Here are some propositions:

- We are producing a significant quantity of post-secondary graduates;
- A portion of these graduates have poor foundational skills and find themselves in lower-skilled jobs (this includes both Canadian- and foreign-educated graduates);
- However, there appears to be a larger proportion who are genuinely over-qualified, at least in terms of both their education and their foundational skills, who also end up in lower-skilled occupations;
There is good reason to believe that displacement is occurring, that is, that as these graduates become employed in lower-skilled occupations, individuals who would otherwise be qualified for those jobs lose out in the competition;

At the same time, it is also likely, just as in the case of post-secondary graduates, that among individuals with lower levels of educational attainment there are a portion whose foundational skills and employability is below what is expected in today’s labour market;

A disproportionate number of job vacancies consist of lower-skilled occupations;

Employers would appear to be relying more on recent job history in assessing the capabilities of a job candidate;

The outcomes generated by employment services appear largely constrained by this tendency of employers to rely on recent job history, rather than prior educational credentials, in making their hiring decisions.

This is not a criticism of the quality of assistance provided by employment services. These outcomes are a function of what employment services are tasked and funded to do. Employment services can access programs that provide training and in some cases pre-employment preparation, but these programs are limited in terms of funding and target population groups.

Considering our surfeit of post-secondary graduates, one could argue that perhaps the chosen fields of study do not match the current skill needs of our labour market. But at the aggregate level, it seems hard to imagine that the solution is to shift a large chunk of graduates from humanities programs into engineering. In 2011, among persons in Ontario with a Bachelor’s degree or higher in engineering, 21% of those who obtained their degree in Canada and 44% of those who obtained their degree outside Canada were employed in an occupation not normally requiring a university degree.\(^5\)

The problem is not the level of education of our labour force. The real challenges are two-fold:

- How to ensure that individuals have the requisite skills to function in a workplace, whether these be basic employability skills (punctuality, taking direction) to soft skills (customer services, interpersonal communications) to applying critical thinking and innovation for higher level positions?

- How to ensure there is a sufficient number of good jobs, commensurate with the educational skill levels of our workforce?

Even as more pressure is placed on the education system to improve the employability of students, including their soft skills and higher-level competencies, one has to acknowledge that many of these skills reflect work experience, not school learning. They are often contextualized skills, relevant to a particular workplace and organizational culture, responding to a specific set of managers, customers and co-workers, and a particular set of tools, machines and operational processes, as well as reflective of the culture and norms unique to an industry or occupation.

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Thus, while schools can offer co-op placements and internships and other forms of experiential learning, these only provide a facsimile of the world of work which the individual will eventually enter. Ultimately, work experience is acquired through employment, and the best form of training for a specific job is training that takes place in that workplace. What is more, employers who offer workplace training and invest in their employees not only enhance the skills of their workers but also benefit from a range of improvements. There is a robust literature establishing the gains derived from training workers, including increases in sales, profits, the quality of products and services, and customer satisfaction, as well as lower human resources costs (the result of less turnover), less absenteeism, fewer accidents and mistakes, and greater employee satisfaction.6

Workforce development would encompass the following:

- Greater availability of pre-employment preparation services, to assist those individuals with marginal employability skills;7
- Providing an intermediary role between educational institutions and employers, to facilitate more experiential learning opportunities;
- Encouraging more employers to engage in workplace training, both to assist the transition and on-boarding of job candidates into employment, but also to provide opportunities to advance into better jobs.

There is, however, another aspect of the labour market which workforce development needs to address, and that is encouraging the provision of more good jobs. To elaborate on this issue, we need to expand on what is meant by demand-focused strategies, the subject of the next section.

Choosing the right demand-side focus: the goal of more good jobs

There was a time when employment services and even training focused almost exclusively on their client, the epitome of a supply-side approach. More recently, not only did it become apparent that training without meeting a workplace need was a waste of resources and a misdirection of human capital, but it also became evident that to be effective, employment services had to reflect what employers desired – it wasn’t enough to advocate on behalf of a job seeker, rather, the individual had to fit what an employer was looking for.

In that respect, employment services started incorporating demand-side perspectives, where the employer was as much a client as the individual looking for work. But a demand-side approach can encompass much more. The range of possibilities can best be described by outlining several options, which are distinguished by the nature and depth of the interaction with employers. One could envisage a spectrum, stretching from light to intense interaction with employers, as presented in Diagram 1.

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6 See Tom Zizys, Better Work: The path to good jobs is through employers, Metcalf Foundation, 2014.
7 In addition to those who have dropped out of the labour force, there is a larger proportion of the unemployed who are experiencing greater difficulties finding employment. Since the 2008 recession, the proportion of the unemployed who have been without a job for more than half a year in Ontario increased from below 15% to almost 25%. Since that time, it has stayed high, hovering around the 19%-20% mark for the last three years.
Diagram 1: Levels of interaction with employers

**← Low level of interaction**

| Employer-sensitive | Employer-led | Employer-engaged |

**Employer-sensitive** involves being generally aware of what the demand-side is looking for. It might be based on a review of labour market data to identify which occupations are growing and which are shrinking, or communicating with employers, as a job developer might, to learn about current job openings and what are the qualifications expected for that position.

**Employer-led** describes an approach where employer desires drive the response. Employers are enlisted to actively advise in the design and implementation of a program that meets their expressed workforce needs.

**Employer-engaged** involves a two-way process – employers express their needs, however, the workforce development initiative may also place expectations on the employer, including providing advice and setting expectations on how work is organized and skills are deployed.

Why articulate these different levels of interaction? Because they describe different roles and different purposes, in the following way: an employer-sensitive approach is often focused on the recruitment function, while an employer-led perspective aims to look more broadly at the human resources (HR) needs, not only in the short-term but for the on-going hiring and development of talent. The employer-engaged mode seeks to ensure that the workplace can receive and further develop talent, and in a sense is more akin to a management consulting role.

Why would this latter approach be relevant? In part because what has often driven decisions relating to staffing is a singular desire to restraint costs, with less recognition for the long-term benefits arising from investing in one’s workforce. Simply placing an individual into a job will be of limited benefit if the job has limited value (that is, relying on low-skill levels) and/or if the job is not a stepping stone to a better position (career advancement). This circumstance is well illustrated by a U.S. study reviewing labour market intermediaries serving the manufacturing sector. An intensive analysis of 220 such intermediaries (from temp agencies to employment services, from chambers of commerce to community colleges) came to the following findings:

- Using a workforce intermediary only to obtain new workers (i.e. recruitment) leads to lower wages, to the detriment of workers and to the possible detriment of employers (these employers experience both lower labour costs *and* lower productivity, and it depends from employer to employer whether the lower labour costs produce sufficient savings to offset the lower productivity);
• Using a workforce intermediary to plan and/or provide training (more like an HR function) reduces labour turnover, which then leads to higher productivity and higher wages, benefiting both employers and workers;
• Using a workforce intermediary to redesign jobs (like a management consultant) leads to higher productivity and higher wages, benefiting both employers and workers.  

This point is driven home by an analysis of the performance of retail stores. Profitability at retail stores is not directly related to lower labour costs. Stores with too few staff actually earn less than they could because shelves cannot get replenished in time, customers cannot be assisted with their queries, and longer line-ups at the check-out counter exasperate clients, each of which can cause frustrated customers to leave without making a purchase. Better performing stores apply a set of operating strategies that can only be implemented by staff who are better trained, and where stores operate with some staffing slack. Investing in staff and somewhat higher labour costs actually produces better returns because the stores are more productive.

The point is that training by itself is not the solution; training has to be linked to existing or proposed operating practices that contribute to the business’s success. In some cases, employers default to less-than-optimum operating practices. They may do so because they are not aware of operating practices that could improve the performance of their business, or they may be aware of better ways of doing things but they do not feel that they can secure sufficient skilled workers to carry out those higher-performing practices. Or they may feel that a lower cost strategy serves their purposes, involving less risk and allowing them to rely on a lower-skilled workforce.

But consider the low-skilled, low wage job, with little prospect of advancement. Is it any wonder that employers complain about the difficulty of finding qualified workers? If the job pays poorly and has no future, the incumbent worker will be easily drawn away by a job that offers a few cents more an hour or the promise of a promotion.

It is only recently that workforce development has begun to focus on the choices of employers and the goal of good jobs. As one presentation expressed it:

• Good skills don’t guarantee a good job
• A job, any job, may not be worth the investment of precious training dollars
• Employers with high turnover must be challenged about their practices
• A good job is not just about wages
• Considerations of job quality must be an essential component of workforce development

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The solution is not only that workers improve their game, but also employers. If our economy is to flourish, and by that is meant productive companies and good jobs, it requires a combination of skilled workers and capable managers. It is further reason why placing all the emphasis on either training or schooling in the abstract, even with exposure to the workplace, is a strategy which will fall short, because it requires a receptive employer who can make use of that qualified worker, ensuring their skills are complemented by sophisticated processes and techniques in the workplace. To thrive, not only does our economy require employees who embrace continuous learning, so must the organizations that employ them.

Thus, to truly be effective, workforce development needs to encompass the big picture. It is not simply about the job search process, although that is a part of it. It is not only about ensuring that individuals have the right hard and soft skills, although that definitely is a part of it as well. It also requires focusing on the end product, not just the outcome of a job placement, but also the quality of that job and the prospects for a career.

This requires additional resources and competencies for proponents seeking to meet this challenge. It also means understanding that workforce development embraces a far broader mission, because the dysfunctions of our labour market will not be resolved only by isolated, remedial, workforce development projects. This broader mission involves a pro-good work strategy, which will rely on five essential elements:

1. **Build a job-quality narrative**: Craft a unified public narrative that *insists on the necessity for decent, stable jobs* – simultaneously benefitting the worker, the employer and all residents within a region’s economy.
2. **Support a unified policy agenda**: Advocate an interconnected set of public policies, including minimum wage levels, essential benefits, safe working conditions and worker self-advocacy guarantees – along with aggressive enforcement of all labour laws protecting low-wage workers.
3. **Negotiate quid pro quo investments**: When offering public or philanthropic resources and investments in specific businesses, require in return job-quality benefits for frontline workers.
4. **Build business expertise**: Offer to employers a sophisticated level of technical expertise to craft a combination of business and labour strategies that benefit both the employer and the frontline workers.
5. **Highlight exemplars**: Identify and lift up both high-road employers and low-income workforce initiatives that offer concrete examples of how good jobs can be beneficial to all.\(^{11}\)

**Steps to implementing a workforce development initiative**

By this point, it should be apparent that embarking on a workforce development initiative is a substantial undertaking, both in terms of substance (*what* will be done) and process (*how* it will be done). Identifying some of its major components is one way to unpack the many activities necessary to pursue a workforce development project.

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To begin with, a workforce development initiative requires a focus. It cannot be attempted at the scale of all employers or all job seekers in a locality. Typically, it involves only one industry or occupation, usually defined more narrowly to a subsector of an industry or an occupation or occupations that form a natural group or a progression within a broader occupational category. The reason is because what workforce development purports to do requires a fairly high level of understanding of the human resource challenge, necessitating a deep dive into the intricacies of that part of the labour market. This is called a sector strategy.

The choice of the sector focus should provide sufficient scale (opportunities for employment and training for groups of individuals) that would justify the program, impact (the industry is an important part of the local economy) and continuity (the need is recurring, thus justifying developing a process rather than a one-time response).

I. Convening a partnership

A workforce development initiative will have many components and it requires a strong base of knowledge, guided by judgment. It is essential to assemble an effective “brains” trust, to drive the initiative, to give it credibility and to have at the table those organizations likely to be involved in implementing the resulting strategy. Among the probable participants in a workforce development project are representatives of employer organizations (an industry association or a chamber of commerce), a labour market intermediary (such as a workforce planning board or an industry-education council), one or more employment services agencies, an educational or training institution, an economic development office, potential funders, a labour union where relevant, and other comparable bodies. The membership of the partnership will evolve as the focus of the initiative becomes sharper.

II. Scoping the initiative

Identifying what the sector focus should be involves both quantitative and qualitative research. Quantitative research will highlight the major industries in a locality, the direction of their growth trends (expanding or shrinking), and a profile of their employment (quality of jobs, wages, opportunities for advancement). Quantitative research seeks to measure these findings against the views of local labour market stakeholders, such as municipal economic development offices, employment service providers, college and university institutions, and similar key informants.

III. Analyzing labour market data

Once a sector has been identified, one can delve deeper into the labour market numbers. Rarely will there be sufficiently timely and detailed data for a smaller geographic area. However, many of the broad characteristics of the labour market do not change that quickly, such as the employment share by industry or by occupation. For that purpose, Census data is quite adequate. On the other hand, more nuanced and current data may not necessarily have to correspond to the target geography of the initiative. Data that is reported at the level of the
census metropolitan area or the economic region will identify trends that very likely are felt across that area. Thus, the Labour Force Survey, as well as the Job Vacancy and Wage Survey, both can offer a fair bit of detail, which is made more robust when one compares trends year by year, rather than quarter-by-quarter or month-by-month. This includes changes in employment, wages, job vacancy numbers, hours worked, as well as demographic profiles by age categories and gender. Retrieving on-line job board advertisements can also provide an insight into what employers are looking for and the conditions of employment being offered (wages, permanent or temporary, full-time or part-time, and the qualifications required for the job).

**IV. Gathering broader labour market intelligence**

As in the case of the scoping exercise, qualitative data should be “tested” against local intelligence. It provides the start of the deeper inquiry, not its conclusive endpoint. Where the data identifies trends relative to employment numbers, wages, the mix of or inter-relationship of occupations, and so on, these can then be tested with the same key informants relied upon in the scoping exercise. In addition, helpful contextual information can be acquired through a literature review of studies examining the industry and/or occupation which is the focus of the initiative. Certainly, the more the information reflects local circumstances, the better – thus, a study of a provincial industry should carry more weight than that at the national level, and both would have more relevance than a study from another jurisdiction. That being said, given our globalized economy, studies from other jurisdictions can provide useful insights regarding trends affecting an industry, keeping in mind the different context of the comparison country.

**V. Consulting with employers**

The purpose of this prior background work is to assemble a sufficient level of knowledge to intelligently engage employers. Employers are busy individuals and one way to respect their time is to do one’s homework before starting a conversation. It also bears emphasizing that employers, even from the same industry subsector, will reflect different labour market and corporate dynamics. Those differences may reflect the business model they rely upon, their approach to setting wages, their reliance on exports and their vulnerability to imports, whether they are publicly-traded on not, where their workforce is unionized, and many other factors.

Consultations with employers are not a one-time communication; it is useful to think in terms of various ways of approaching employers and how these different modes of communication can each contribute to assembling an accurate picture of an industry. These modes include:

**i. Interviews**

Interviews by phone or in-person allow for much more customized information to be gathered, while at the same time creating a personal connection. In order to save time, it can be useful to have the interviewee fill out a short questionnaire in advance which gathers basic “tombstone” data, such as number of employees, breakdown of employees by categories, starting wage levels, and so on. Interviews should be limited to no more than 30-45 minutes.
ii. **Surveys**

Surveys have the benefit of gathering standardized information from a large number of employers which can be compared and analyzed by sub-categories of respondents. Closed-ended questions are best (where a respondent has to choose a pre-selected answer, such as “Yes” or “No,” or “Rate on a scale from 1 to 5”), both to speed up the survey process and to make comparison of responses easier. A survey should not take more than 15-20 minutes, and so should be limited to around 20-25 questions.

iii. **Focus groups**

Focus groups involve bringing a group of individuals together and facilitating a discussion, based on a series of questions or themes. It allows for both individual responses but also for a conversation amongst respondents, with the result that opinions can be tested and refined through a group process.

These three modes can be used in sequence: an initial set of interviews with a smaller number of employers (10-20) can help shape the questions for a survey. A survey administered to a larger audience (50 to 200 or more employers) can assemble a robust quantity of data. The results of that survey can then be shared via a focus group, where the reasons behind the data can be probed. The focus group may help shape the next research phase: acquiring more data, conducting more interviews, carrying out a further, more refined survey.

Ultimately, developing a workforce development initiative is an iterative process, a mix of gathering information and testing one’s analysis. Even as strategies emerge, actual implementation will reveal other issues, which will provoke the need for more consultation or for adjusting the strategies in ways that had not been anticipated.

Even this cursory overview of what is involved in shaping a workforce development strategy makes several conditions clear:

1. **Dedicated resources**: Workforce development cannot be done “off the side of one’s desk.” It requires staff and resources to be assigned to carry out the work in a thorough manner.
2. **Sufficient amount of time**: Workforce development cannot be the outcome of a couple of roundtable discussions or as the follow-through from one report. It involves a number of steps, requiring continuous refinement of the analysis and the engagement of a broad coalition of stakeholders. The truth is, the strategy will evolve over time. One should assume a three- to five-year process.
3. **Committed funding**: If the process requires dedicated resources and a longer period of time, the project requires the commitment of funding beyond one year. Without such a commitment, the project will produce pre-mature results with little capacity for implementation.

The following observation regarding sector strategies applies to the gamut of workforce development initiatives:
Sector initiatives are relatively easy to implement in diluted form, with mediocre results, and much harder and resource-intensive to implement in such a way that they truly benefit both employers and workers.\footnote{Martha Ross, Carolyn Gatz, John Ng, Richard Kazis and Nicole Prchal Svajlenka,, \textit{Unemployment Among Young Adults: Exploring Employer-Led Solutions}, Brookings Metropolitan Policy Program, 2015, p. 4.}

\textbf{Conclusion: Seven takeaways}

The seven key points of this paper are:

- \textbf{The labour market has both a skills deficit and an over-qualification problem} – Our labour market challenges are not characterized by one problematic symptom: rather, several challenges present themselves simultaneously:
  - A considerable proportion of post-secondary graduates are working in occupations below their levels of education;
  - A portion of those post-secondary graduates have weaker foundational skills and/or poorer soft skills;
  - A portion of individuals with a high school diploma or lower level of education have dropped out of the labour market because of the drift of post-secondary graduates into jobs for which they would otherwise qualify;
  - A portion of individuals with a high school diploma or lower level of education have weaker foundational skills and/or poorer soft skills;

- \textbf{Employment services largely serve a matching function} – Our employment services are limited in how much they can invest in appropriate training for individuals and often will default to their job matching function, which is less successful in helping individuals progress to a better job;

- \textbf{Educational system cannot produce 100\% job-ready candidates} – The educational system can only do so much in preparing individuals for the world of work; there remains a need for employers to support the transition into a job and to invest in the accumulation of work-specific skills;

- \textbf{Workforce development means work-based skills development, involving numerous partners} – Workforce development seeks to integrate a range of stakeholders toward improving the calibre of job candidates as well as supporting the acquisition of skills in the workplace, to facilitate career advancement;

- \textbf{Workforce development also advocates for more good jobs} – A focus on the demand-side means not simply taking jobs as they are, but supporting employers to provide more good jobs;

- \textbf{Workforce development requires industry expertise} – To generate more good jobs through employers means acquiring industry expertise equivalent to that of employers;

- \textbf{Workforce development takes time and resources} – To be done right, workforce development depends on significant quantitative and qualitative research, the building of partnerships, and developing expertise regarding the sector being targeted; it is an iterative process which takes time.
TECHNICAL NOTE:

This section references the sources for the data and some assumptions which were made. Only those charts which require some explanation are listed in this note.

Charts 1 and 2

Data for the education level of employed and unemployed, and of the education requirements for the jobs in which the employed work, is drawn from the Labour Force Survey. The data is for 2017. The education requirements for vacant jobs is drawn from the Job Vacancy and Wage Survey. The JVWS data is presented by quarter, and the data in the charts reflect the data from the third quarter of 2016 to the second quarter of 2017.

Charts 4 and 5

The data is from the Employment Ontario services data which is provided to workforce planning boards to analyze and share insights with the EO service providers network. The data covers April 1 2016 to March 31 2017, that is, from the second quarter of 2016 to the first quarter of 2017.

The data for educational attainment is drawn from the intake forms and represents 100% of all Assisted Services employment service clients. The “Laid-off” data at the provincial level represents 57% of all Assisted Services clients. The “Hired” data represents 20% of those Assisted Services clients with employment outcomes (who make up 69% of all Assisted Services clients).

While the educational attainment data represents all Assisted Services clients, the Laid-off data only represents those clients who have been laid off and from whom information was obtained. This population is not entirely equivalent to the entire client base, because it does not include individuals who did not have a recent employment history. The Hired data would include both clients who came to employment services as a result of a lay-off, as well as those who had not had a recent employment history. It is in this respect that the second bar in the chart represents a slightly different sample from those of the first and third bars.

It would be far better if Employment Ontario could disaggregate its employment outcome data, even at the provincial level, by the following categories: gender; age; level of educational attainment (at a minimum). Such an analysis would help identify which demographic groups may require more assistance to ensure better labour market outcomes.