

Submission to House of Commons Standing Committee on Finance
2015 Pre-Budget Consultation Process
Maximizing the number and types of jobs for Canadians

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Like any other market, the labour market consists of two components: the supply-side (employees and job seekers) and the demand-side (employers). In Canada, the major portion of our public policy focuses on supply-side interventions, in particular, promoting education and supporting more effective job search strategies.

These supply-side interventions are certainly essential. But it is important to point out that Canada has the highest proportion of workers with a post-secondary education among all the industrialized countries in the world. In many respects, Canadians have answered the call for improving their levels of educational attainment. More can always be done, but much already has been achieved.

Canada also ranks first in having the highest rates of post-secondary degree holders working in jobs where they earn at or below half the median income, the commonly-accepted cut-off point for the poverty level.

Any initiatives aimed at improving the number and types of jobs must explore demand-side interventions, focusing on the practices of employers and what is happening in the workplace, and not just the preparation of individuals for jobs.

That includes:

- Helping individuals acquire work experience
- Supporting the transition into employment
- Supporting workplace training
- Supporting career advancement

The Canada Jobs Grant primarily addresses only one factor related to workplace training, namely cost. As such, it is a necessary but not sufficient demand-side response to the challenge. There are many barriers that may stand in the way of skills development in the workplace. To address these barriers requires strategies operating at several levels, including:

- 1) Strategies that assist individual employers to overcome barriers to training in their workplaces

For example, commissioning studies that demonstrate the return on investment of training in the workplace

- 2) Strategies that enhance the capacity of labour market intermediaries to better promote, refine and deliver workforce development on a broader, more effective and efficient scale

For example, supporting industry sectors to mobilize employers in the same industry to undertake common training programs and to adopt common industry standards for training and certification

- 3) Strategies that advance attitudes, expectations and business models that make it more likely that employers will engage in workforce development

Defining and promoting what are good employment practices and using these standards to leverage change in the workplace

There is a strong business case for investment in workforce development. Firms that train experience increases in productivity, value-added, net output, return on assets, and net income per employee. They see increases in sales and profitability, in the quality of their products and services, in customer service and satisfaction, in occupational health and safety, in organizational learning and development. These improvements are measurable and quantifiable, and represent a financial return on the cost of training.

This represents the benefits to the individual business. Employees also gain, from improved job satisfaction, and greater opportunities for advancement and increases in wages.

In addition, the overall economy also benefits, from improved corporate revenues, higher employee earnings, greater consumer purchasing power, increased productivity growth, and greater diffusion of innovation.

To achieve this virtuous cycle requires a concerted effort at all three levels, that is, addressing barriers at the level of the individual firm, enhancing system-level institutional structures and processes, and changing broader attitudes and business models about workforce development.

At the very least, it is respectfully submitted that this Committee should propose that the Government acknowledge the need to bring more balance to our labour market policies through greater promotion of demand-focused policies. One way to begin such a re-orientation would be the preparation of an options paper, outlining the ways in which a demand-focused labour market approach could find expression through the policies and programs of federal, provincial and territorial governments.