Invest in Labour Market Information to Close the Skills Gap

Issue

The skills gap and mismatches in Canada are challenging employers, educators and governments to respond. As they navigate skills shortages, changes in skills requirements and the future of the labour force, each are coming up against shortfalls in the utility and accessibility of labour market information (LMI). Employers continue to report significant skills shortages, and hard evidence is needed to critically analyze the basis of these shortages, determine areas of concern, and develop related strategies. Unfortunately, Canadian employers and policymakers currently lack sufficiently granular and reliable LMI in several areas, especially at the local level. Despite steps taken, there is remains more work to be done.

Background

The inadequacy of LMI is a critical gap for policy makers who depend on this information to help inform their decision-making on programs such as the Temporary Foreign Worker Program or Employment Insurance. Besides policymakers, accurate and accessible labour market data is also a vital tool for employers, job seekers and educational institutions for planning their education, future careers and geographic region to work in. Employers are interested in LMI for a number of different reasons: to understand the availability of workers in their community, to find the people that match the skills they need and for their human resources planning.

Stakeholders continue to cite the lack of good LMI as a challenge, such as the feedback from the 2016 pre-budget consultations[62], where stakeholders called for better LMI, the need for sustainable funding and better data on learning outcomes. The Advisory Panel on Labour Market Information led by economist Don Drummond in 2009[63], the 2012 report on labour and skills shortages by the House of Commons Human Resources Committee, Colleges and institutes Canada[64], Polytechnics Canada[65], and Universities Canada[66], and others have recommended the introduction of better and more user-friendly LMI. The current government has made clear commitments to evidence-based policy[67], and fulfilling that promise requires better data.

The lack of localized context and sector-specific information makes it extremely difficult for employers such as SMEs to get an accurate picture of the trends across their respective sectors. According to the 2014 auditor general's report, Canada requires more specific job classification categories so as to identify vacancies for individual occupations.

Other federal resources related to LMI are in need of greater detail and timeliness. Currently, the National Occupation Classification (NOC) is only fully reviewed every 10 years, with limited updates every five years. As a result, it is often outdated and unable to provide consistently reliable data. This could be further enhanced by examining the benefits of a competency-based occupational measurement system, or skills-based systems, such as that detailed in the Canada West Foundation report of 2017, similar to those systems such as the European Qualifications Framework[68].

Measurements that monitor the employment outcomes of different programs could be expanded, and make use of existing datasets such as tax filing, student loans, and post-secondary institution records, as well as non-governmental sources of data such Magnet, Linkedin, or Burning Glass. Examples of projects in this area include the

[62] http://www.parl.gc.ca/content/hoc/Committee/421/FINA/Reports/RP8137950/finarp02/finarp02-e.pdf
[63] Drummond, Don. "Wanted: Good Canadian Labour Market Information." Institute for Research and Public Policy. June 11, 2014. http://irpp.org/research-studies/insight-no6/
[64] https://www.collegesinstitutes.ca/policyfocus/advanced-skills/
[65] http://www.polytechnicscanada.ca/media-centre/news/ahead-budget-2017-nobina-robinson-calls-better-labour-market-information
[66] http://www.univcan.ca/media-room/publications/mobilizing-people-ideas-innovative-inclusive-prosperous-canada/
[67] https://www.liberal.ca/realchange/making-decisions/
[68] Lane, Janet and Jeff Griffiths, Matchup: A Case for Pan-Canadian Competency Frameworks, Canada West Foundation, Feb 2017, Calgary AB, Canada, http://cwf.ca/wp-content/uploads/2017/02/HCC_Matchup_Report_11FEB2017_WEB.pdf

EPRI project at the University of Ottawa[69], and the US-based "College Scorecard"[70], showing the potential insight offered through a larger dataset. These programs could be further refined by examining the diversity of learning pathways that students are taking and accounting for all qualifications they receive (degrees, certificates, post-graduate diplomas, and others) and the order they receive them in.

The government has announced initiatives around using the Forum of Labour Market Ministers (FLMM) to improve LMI data[71], and budget 2017 also contained reference to the suggestion from the Advisory Council on Economic Growth's plan for the "Future Skills Lab"[72], investing $225 million over four years on initiatives around skills development[73]. However, the outcome of these announcements has yet to be seen. Considering the importance of this issue, and the need for a rapid response to the changing demands of the labour market, these initiatives should be supported and continue, but with close supervision to ensure that they are making progress and having an impact on the creation and dissemination of LMI.

Recommendations

That the federal government, in collaboration with the Forum of Labour Market Ministers (FLMM):

1. Continue to expedite the planned creation of a new organization, such as the proposed Future Skills Lab, focused on collecting and analyzing Labour Market Information (LMI) so that it is operational no later than December 2018.

    a. The business community should continue to be consulted throughout its development, as well as involved in overseeing the operations of this organization and providing ongoing direction.

2. Through the Future Skills Lab (or equivalent), and other existing organizations, expand national understanding of the supply side of the labour market and educational attainment relative to employment demand by leveraging the data that already exists within post-secondary institutions. This would be achieved by:

    a. Reviewing and sustaining the National Graduate Survey and the Five-Year Follow-up of Graduates on a longer-term basis, and extending data on work-integrated learning, and better tracking alternative pathways to education.

    b. Expanding Projects such as the Educational Policy Research Institute's methods of linking student records to tax data[74]

    c. Working with provincial and territorial governments to request additional student survey and employment data from publicly funded post-secondary institutions

    d. Investing in timely, careful analysis of this education data, with a particular focus on learning outcomes, pathways, and quantity of students/graduates in high demand occupations

    e. Invest in applying and expanding tools that are currently available to the government, namely:

        i. The Job Vacancy Survey which could be improved to reflect vacancies by occupation at the local level, and/or supplemented by means of job bank data, with an aspirational goal of reaching "real time" job vacancy data.

        ii. The Workplace and Employee Survey, which could be reintroduced and upgraded

        iii. The Youth in Transition Survey, which could also be renewed and run on a regular predictable schedule.

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[69] Educational Policy Research Initiative, EPRI-ESDC Tax Linkage Project, http://www.epri.ca/tax-linkage
[70] https://collegescorecard.ed.gov/
[71] Forum of Labour Market Ministers, http://www.flmm-fmmt.ca/english/View.asp?mp=909&x=927
[72] Advisory Council on Economic Growth, Building a Highly Skilled and Resilient Canadian Workforce through the FutureSkills Lab, February 2017, http://www.budget.gc.ca/aceg-ccce/pdf/skills-competences-eng.pdf
[73] Budget 2017, "Investing in Skills and Innovation", March 22nd 2017, Ottawa ON, http://www.budget.gc.ca/2017/docs/plan/chap-01-en.html#Toc477707312
[74] Educational Policy Research Initiative, EPRI-ESDC Tax Linkage Project, http://www.epri.ca/tax-linkage

f. As a matter of priority, reviewing and reporting publicly within one year.

3. Improve the relevance of the National Occupation Classification (NOC) by reviewing it comprehensively every five years rather than every 10 years.

    a. Further, examine the potential impact of competency-based and skill-based occupational measurement systems, to better examine the skills available in Canada's labour force and the requirements of various jobs, separate from formal qualifications.

4. Improve the dissemination and marketing of all available data, including those available from provincial, territorial and local sources, and integrate existing data from employers, educators and jobs banks.

    a. Ensure that the data be made accessible/available/public to Canadians, especially Canadian employers, but also to learners, parents, career development practitioners (CDPs) in public schools, post-secondary institutions and career and employment centres. Local Chambers of Commerce can have a potential role in explaining the benefits of these resources and helping businesses navigate through them.

5. Establish formalized partnerships between provinces, business, industry, academic institutions and the public sector to share labour market data, avoid duplication and to collaboratively strategize on labour market challenges. The Forum of Labour Market Ministers should have a role in facilitating this coordination.

6. Require either ESDC and/or Statistics Canada to begin collecting and publishing more localized and regionally based labour market information. Specifically, ensure labour market indicators are collected at the census metropolitan area (CMA) level.

Manufacturing a Skilled Workforce

Issue

In the Canadian Manufacturers & Exporters (CME) Industrie 2030 report, 35% respondents to a Management Issues Survey indicated that attracting or retaining skilled labour was one of their three most pressing challenges.[75] This topped the list of all possible responses. Further, CME reports that close to 60% of businesses anticipate skilled labour shortages in 5 years. There are multiple strategies to attract youth to trade programs and to attract skilled immigrants. A third approach may be required to meet the growing skills gap: a flexible, easily accessible incentive program for employers to upgrade the skills of existing employees and potential hires to meet their specific skill requirements.

Background

A Google search for "Canadian skills gap" yields about 349,000 results, mostly news-media and "grey" literature articles. Anecdotally, employers decry the lack of skills, which leave positions unfilled. Unemployed or underemployed university graduates decry the lack of opportunities in their fields. Industry associations, such as CME, advocate for developing a stronger skilled workforce in Canada as part of their Industry 2030 reports.[76]

Loosening immigration and temporary foreign worker regulations to assist employers access skilled labour or introducing the trade careers earlier in the education stream to foster a change of perceptions regarding employment prospects are often proposed. One concept that has yet to be brought forward in any substantive form is using tax credits to provide incentives for personal or in-house training.

[75] Industrie 2030, Manufacturing Growth, Innovation and Prosperity for Canada, CME, CMC. 2016. P.15. www.industrie2030.ca
[76] Industrie 2030, Manufacturing Growth, Innovation and Prosperity for Canada. CME, CMC. 2016. P.20.
http://www.industrie2030.ca/