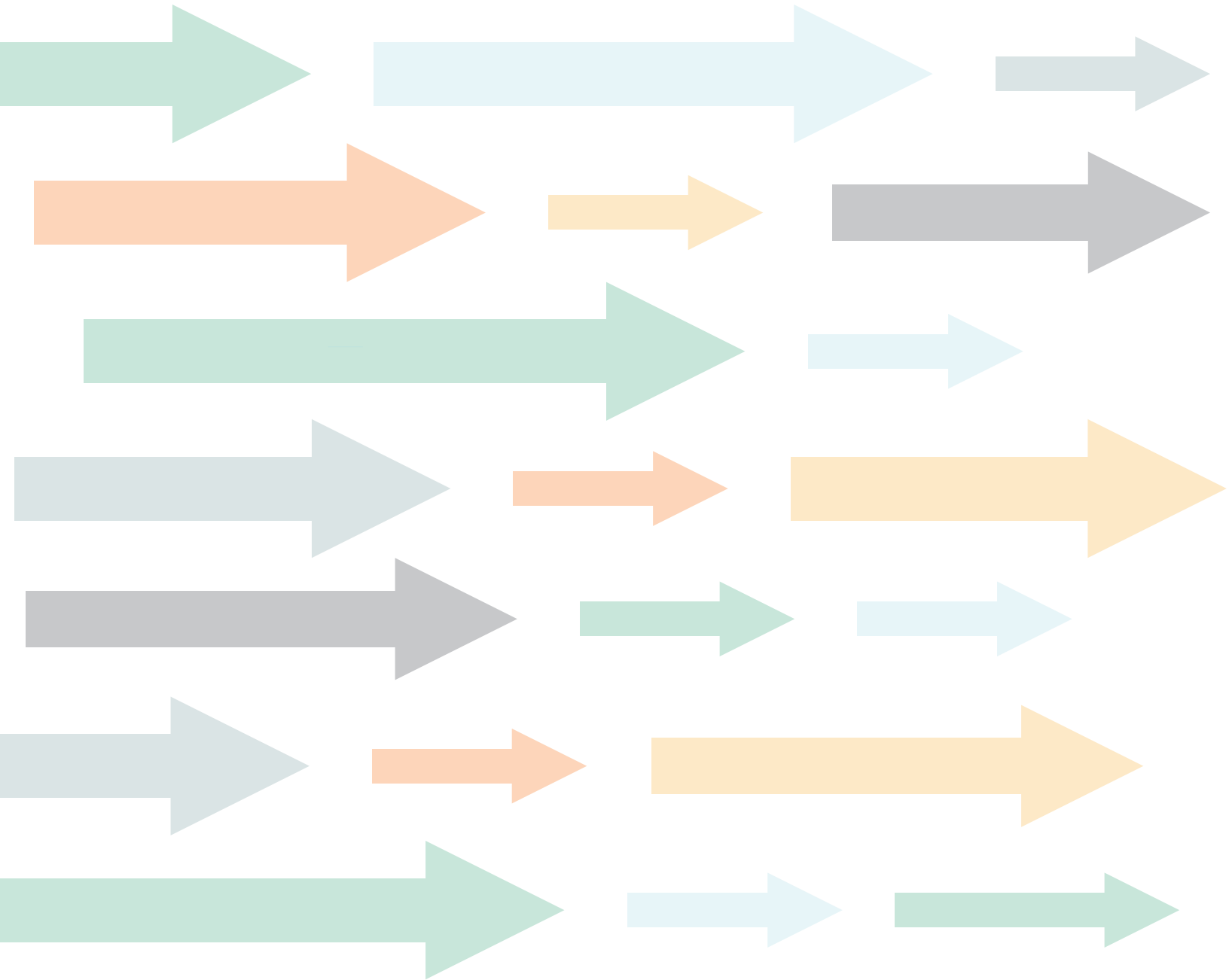


MOVING FORWARD TOGETHER

An Employer Perspective on the Design of Skills Training Programs in Ontario



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ABOUT THE ONTARIO CHAMBER OF COMMERCE

The Ontario Chamber of Commerce (OCC) is a business network of 160 local chambers of commerce and boards of trade in Ontario. Through this network, we are the voice of 60,000 members that range from small businesses to major corporations and industry associations. Together, our members employ over two million people and produce nearly 17 percent of Ontario's GDP. Visit us at occ.ca and follow us @OntarioCofC.



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Essential Skills Ontario works to find the most innovative and effective solutions that provide low-skilled adults with the skills they need to thrive in a rapidly-changing world. By conducting focused research and implementing demonstration projects to inform policy and programming, Essential Skills Ontario delivers meaningful results to those who need it most. Visit us at essentialskillsontario.ca and follow us @ES_Ontario

Moving Forward Together: An Employer Perspective on the Design of Skills Training Programs in Ontario

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Executive Summary

This report presents the business perspective on the steps the Government of Ontario can take as it evolves the province's suite of training and employment services. Specifically, this report makes five recommendations that, if taken, will go a long way in ensuring employer-driven training and employment programs, such as the Canada-Ontario Job Grant (Job Grant), are a success.

These recommendations are a product of extensive consultation with employers throughout the province. In Spring 2014, the Ontario Chamber of Commerce (OCC) and Essential Skills Ontario (ESO), in collaboration with the Ministry of Training, Colleges and Universities, travelled across the province and met with employers of all sizes, as well as representatives from postsecondary and training institutions.

Throughout our research process, we found that despite falling behind their international peers when it comes to investing in the skills of their employees, Ontario employers are interested and willing to participate in revamped training programs. However, current employee training in Ontario is heavily concentrated among large firms and within certain, often regulated, industries. In fact, there is little substantive training being performed by small and medium enterprises (SMEs).

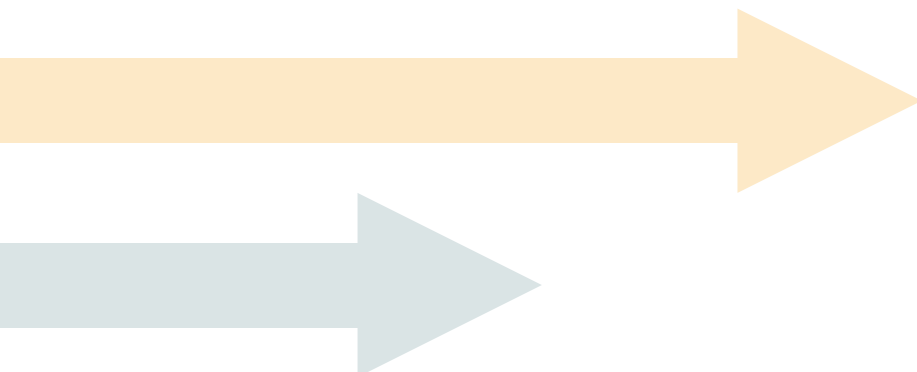
Employers are not training due to a couple of key factors, including cost, risk of turnover and 'poaching', and a lack of human resource capacity. The success of employer-driven training programs is contingent on employer engagement. It is vital that government design training and employment programs so that they overcome these barriers. Training and employment programs should be easy to access for businesses, offer flexible training options to the workers who need it, and make room for not-for-profit and private service providers to play an intermediary role in the new training and employment system.

Similarly, employers need to get more engaged in building the skills of their employees. Ontario's population is aging and our workforce is shrinking. Some 28 percent of OCC members are having trouble filling job vacancies. Yet, unemployment levels are stubbornly high.

This paper represents a joint effort among employers, educators, and government, which all recognize that a more employer-driven training landscape is essential if Ontario is to solve its labour force challenges. Getting the training and employment landscape right is crucial if Ontario is going to emerge stronger from this period of economic uncertainty.

Summary of Recommendations

| Recommendations to Government | | |
|-------------------------------|---|--|
| 01 | Strike a balance between program integrity and employer usability | <p>Minimize administrative burdens on employers</p> <p>Develop one access point for all government-funded workforce, training, and employment services</p> <p>Provide flexibility in employer financial contributions</p> <p>Reserve funding for small to medium employers and first-time program participants</p> |
| 02 | Facilitate efficiency and effectiveness in the provider market | <p>Encourage competition and consolidation in the service provider market</p> <p>Enable third parties to play a brokerage role</p> |
| 03 | Allow flexibility in how training is delivered | <p>Where no third party training provider is available, allow employers to train in-house</p> <p>Leverage existing partnerships between employers and training providers</p> |
| 04 | Encourage sector-based approaches to training | <p>Promote a consortia approach to training; allow employers with similar human capital needs to pool resources</p> |
| 05 | Drive awareness of training programs within the business community | <p>Execute an employer engagement and marketing strategy in collaboration with employer organizations</p> |



Introduction

The Government of Ontario will be designing and implementing new employer-driven training programs in the coming months. The goal of these new programs is to better address Ontario's workforce needs through greater employer involvement in skills training.

As a first step, the province has been charged with designing programs that fit under the parameters of the *Canada-Ontario Job Grant* (Job Grant). With up to \$10,000 available to employers from government to cover the cost of training prospective and/or current employees, the Job Grant represents an opportunity for employers to play a more central role in determining the level and type of training their workers receive.

These changes to training and employment programs come at a critical time. Ontario's economy faces a number of challenges. Ontario's labour force is one of the most highly educated in the world, but some sectors are experiencing persistent skills shortages. At the same time, too few employers are investing in the skills development and training of Ontarians.

The goal of this report is to help inform the design of—and contribute to the success of—new employer-driven training and employment initiatives in Ontario. It brings together the perspectives of employers from across Ontario on training and employment issues. Specifically, this report makes recommendations that, if adopted, will foster greater employer involvement in training, and as a result, ensure that government-funded employer-driven training programs benefit Ontario's business community, workers, and economy.

The Ontario Chamber of Commerce (OCC) and Essential Skills Ontario (ESO) understand that there is no magic bullet solution for alleviating Ontario's workforce challenges. Government-funded training programs and workplace training are only two pieces of the puzzle—a highly skilled workforce is also the product of a responsive postsecondary education system and an immigration system that works for employers.

What We Did

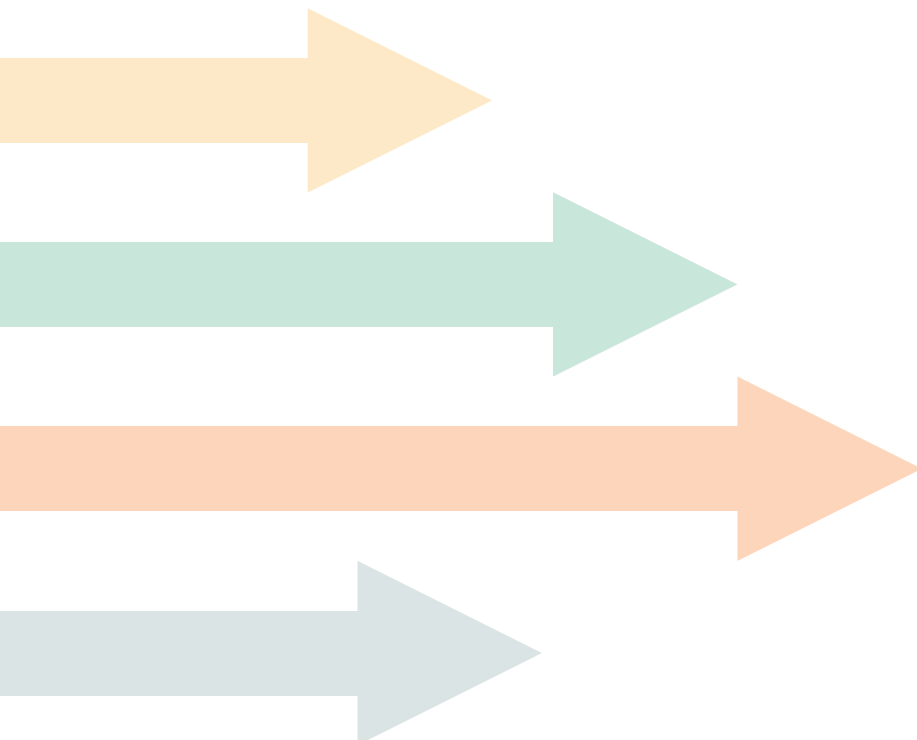
The OCC and ESO have undertaken extensive consultations with employers across the province on the employer role in training. In Spring 2014, we spoke with more than 100 employers in eight face-to-face consultations. In partnership with local chambers of commerce and boards of trade, we conducted consultations in the following communities:

- Belleville, Prince Edward County, and Quinte West
- Chatham-Kent
- Hamilton
- Newmarket
- Ottawa
- Sudbury
- Timmins
- Toronto

Throughout the consultative process, representatives from the Ministry of Training, Colleges and Universities were in attendance to hear employers' perspectives on the training system.

We also met with service providers (private and not-for-profit), sector associations, and college representatives. In addition, we undertook a survey of our membership as part of our Spring Quarterly Policy Survey in partnership with Leger Marketing.

This report summarizes the results of our research.



The Evolving Employment and Training Landscape

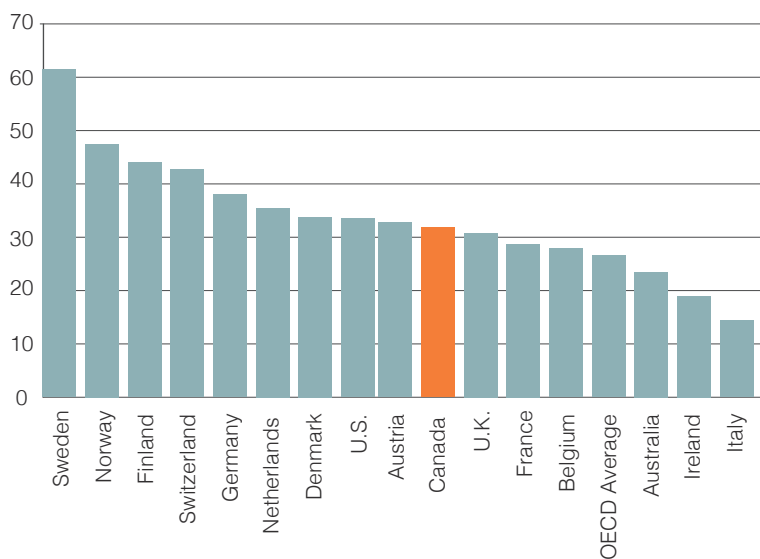
Ontario is facing an array of labour market and skills challenges. Many sectors that were historically Ontario's strengths are now struggling. Emerging occupations are replacing others due to a number of variables, including globalization and technological advances. The required skills and competencies needed to meet the demands of these new occupations are constantly evolving.

The province's labour force is one of the most highly educated in the world.¹ Yet, there is a gap between the knowledge and skills demanded by employers and those that the current education and training system provides.

OCC survey data reveals that 28 percent of businesses in Ontario have had difficulty filling job vacancies over the last 12 to 18 months due to a lack of skilled applicants.² Meanwhile, provincial unemployment (7.5 percent) is above the national average (7.1 percent), and youth unemployment continues to be high (15.4 percent) (Ontario Ministry of Training, Colleges and Universities, 2014b).

At the same time, employers undervalue their role in the skills development of their workforce. There is a longstanding concern that Canadian employers tend to underinvest in employee training relative to their counterparts. Between 1993 and 2013, the amount that Canadian employers invested in employee training declined by 40 percent (Munro, 2014). In addition, those workers in Canada who did receive non-formal job related education (31 percent) also received fewer hours of instruction than their peers in other countries (49 hours vs. the OECD average of 59 hours) (Munro, 2014).³

ADULT PARTICIPATION IN NON-FORMAL JOB-RELATED EDUCATION, 2009 OR MOST RECENT YEAR (PERCENT)



Source: OECD, *Education at a Glance 2011* (Indicator C5).

¹ The province is a leader in terms of postsecondary educational attainment, with 56 percent of Ontario's adult population holding a college or university credential (Statistics Canada, 2012).

² N= 2,050 | Survey Date: January-February 2013

³ Non-formal job related education is defined by the OECD as an "organized and sustained educational activity that can take place both within and outside educational institutions and caters to individuals of all ages" (OECD 2012, 416).

These factors, compounded by Ontario's aging population and slower labour force growth, elevate the urgency of ensuring that the province's training system is responsive to the needs of employers and their workers.

The Government of Ontario is aware of these challenges. In the coming months, the Government will be introducing a suite of employer-driven training and employment programs with a renewed focus on engaging employers to make sure that their workforce development needs are being met.

As a first step, the Government of Ontario is launching the Job Grant: a skills training program available to businesses to train Ontarians. Introduced by the Government of Canada in 2013, the province is now charged with designing and implementing training programs that operate within the Job Grant parameters.

The Job Grant will provide businesses and non-profit organizations with up to \$10,000 to cover training costs for workers or unemployed Ontarians in need of skills upgrading, including tuition and training materials. In order to participate in the program, employers are expected to contribute up to \$5,000, or one-third of total training costs, with some flexibility for small employers. Training eligibility is limited to short-duration training provided by a third party trainer (such as a postsecondary institution, union training centre, or recognized sector council).

The introduction of employer-driven training and employment programs, like the Job Grant, represents a significant shift in Ontario's training system. Apart from the provincial apprenticeship system, the majority of employers traditionally have not played a significant role within this system. Instead, Ontario's current employment and training services are primarily supply-driven, helping displaced workers re-enter the workforce and job seekers navigate hiring processes. The Ontario Ministry of Training, Colleges and Universities delivers the bulk of these services, such as the Second Career and Literacy and Basic Skills programs, through Employment Ontario (EO).

While employer-driven training can take many forms, it ultimately means a shift in the focus of government-funded training and employment services from the supply to the demand side and from the institutions to the users (Jaramillo, 2013). This shift in focus is described further in Appendix 1.

This evolving training landscape represents a valuable opportunity for employers to be directly involved in decisions about the training and skills development of Ontario's workforce. However, the traditionally informal and weak relationship between government and the business community is a concern. Moving forward, Ontario's biggest training-related challenge will be finding ways to increase the employer role in training.

“With employers’ skin in the game, the Canada Job Grant will lead to a guaranteed job. Helping employers train Canadians for jobs that need to be filled will help their businesses grow and succeed. And that is good news for the Ontario economy.”

The Honourable Jason Kenney, Minister of Employment and Social Development, 2013

DESIGNING LABOUR MARKET POLICY IN A DATA VACUUM

Ontario is operating in a data vacuum when it comes to labour market information, hindering our ability to effectively design labour market policies and deliver responsive training programs.

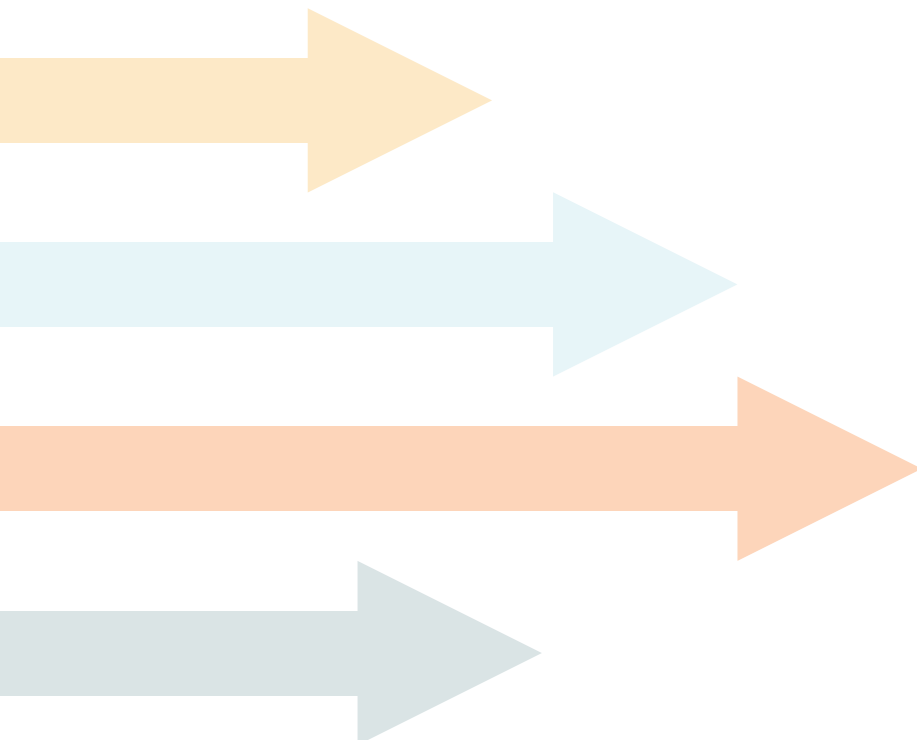
Labour market information provides policy makers with critical data about the supply, and potential supply, of skills available to the labour market, as well as employers' human capital needs (e.g. specific skills, training, or qualifications). This knowledge allows government to invest in training and employment programs that match skills supply with employer demand. However, as emphasized by TD Economics, “[w]hen it comes to labour market information, we are currently operating in a data vacuum and flying in the fog without instruments” (Burleton et al. 2013, 42).

Understanding the employer perspective on skills training has been left to organizations such as the OCC, and other industry and sector associations. The Government of Ontario should expand on the work currently being carried out and also look to other jurisdictions for examples of ways in which it can gather better intelligence on employers' investment in skills. The UK Commission's Employer Skills Survey (UKCESS) is such an example.

The UKCESS has given the UK government access to reliable, timely, and valuable insight into the skills issues being faced by employers and the action they are taking to address them. The first survey was conducted at a UK wide level in 2011, and repeated in 2013, with more than 91,000 businesses, across all sectors, participating in the most recent interview process (Winterbotham et al., 2014).

The findings of the UKCESS have enabled the UK government to identify:

- Employer recruitment activity
- The percentage of businesses with particular skills needs currently unmet
- The extent and nature of employer investments in training, including the total number of training days offered to employees and training expenditure levels (Ibid.).



The Employer Role in Training

Employers' training choices are often dependent on the strategies they choose to adopt to remain competitive in today's economy. Some employers choose to train because they understand that employee training is part of a larger retention and business strategy (see Appendix 2 for Ontario case studies). Others, are deterred due to concerns about the costs and risks associated with training.

In Ontario, employee training is heavily concentrated among large firms and within certain, often regulated, industries. For example, in the mining sector, employers are mandated under the *Mining Act* to provide a specified level of training to all employees. Businesses in regulated industries are also more likely to collaborate within their sector to offer workforce training.

Employers with highly technical and specialized hiring needs, which are not being met by the current labour supply, also frequently train their employees. As one participant during our consultations in Ottawa noted, "our skills don't come from the labour market. We look for the basic skills in a candidate and then we train them."

Our research finds that employers who do not train are discouraged from doing so because of cost, lack of time, and limited human resource capacity. Employers are also concerned about turnover and the financial risk associated with investing in training. These barriers are discussed further below. Overcoming them will be an important element in ensuring Ontario's employer-driven training and employment programs are a success.

The challenges faced by the UK's *Train to Gain* program offer lessons for Ontario on both the barriers to successful program design and the means to overcome them.

The *Train to Gain* program was introduced by the UK Government in 2006 to "support employers in improving the skills of their employees, and to contribute to improved business performance" (United Kingdom National Audit Office, 2009). Operating under similar parameters to the Job Grant, *Train to Gain* provided employers with public funding for employees to take specified courses and training, with some training paid for by employers (Ibid.).

However, the *Train to Gain* program faced challenges, particularly low employer demand in the first two years. This lack of employer uptake partly reflected the limited demand among the business community for skills training that was eligible for public funding. Employers found the parameters of the program far too narrow, with confusion surrounding eligibility (Ibid.).

"[W]here a government's job ends and an employer's begins is something of a gray area,' when it comes to solving the problem of the right skills for the jobs available."

Canadian Chamber of Commerce, *Upskilling the Workforce: Employer-Sponsored Training and Resolving the Skills Gap*, 2013

The program also resulted in large displacement effects, with over half of employers who had arranged training via *Train to Gain* stating that they would have arranged the same or similar training in the absence of the program (United Kingdom National Audit Office, 2009).

It is important that Ontario's employer-driven training programs do not suffer the same fate.

BARRIERS TO EMPLOYER-DRIVEN TRAINING

We have identified the following barriers to increasing employer engagement in training:

Problems of Scale

Large firms often have in-house capacity to identify skills deficits and develop training curricula. Because of this scale, they also have considerable financial resources that can be applied to training. However, smaller employers often have limited human resource capacity. The same person doing the hiring in a small organization is also frequently the general manager and financial controller.

Cost

Many employers perceive the costs of training as too high. In addition to the upfront costs of tuition, they are concerned that the cost of taking current employees 'off the floor' to train will be too high to justify the expense.

This is often based on the perception that training is time consuming and can only be provided off-site and in a formal capacity. Many firms that do not train, choose not to because they "operate in low-value product markets, competing on cost and price rather than quality and professional competence" (Lanning and Lawton 2012, 2).

Risk

Employers are also hesitant to invest in employee training given the perception that the changing nature of work has led to higher than average rates of turnover and 'poaching' by competitors. Smaller businesses are particularly hesitant to create sector-based partnerships with larger competitors since they are competing for the same pool of talent with fewer resources and smaller budgets.

The fear of employee turnover also impedes the training of new or prospective employees. This disproportionately impacts the ability of workers with weaker labour market ties (i.e. persons with disabilities, Aboriginals) to benefit from up-skilling and training opportunities.

Lack of Awareness

The lack of knowledge of government-funded training programs is also a barrier to employer engagement in training. Many employers consulted were not familiar with Employment Ontario (EO) or the services it currently offers.

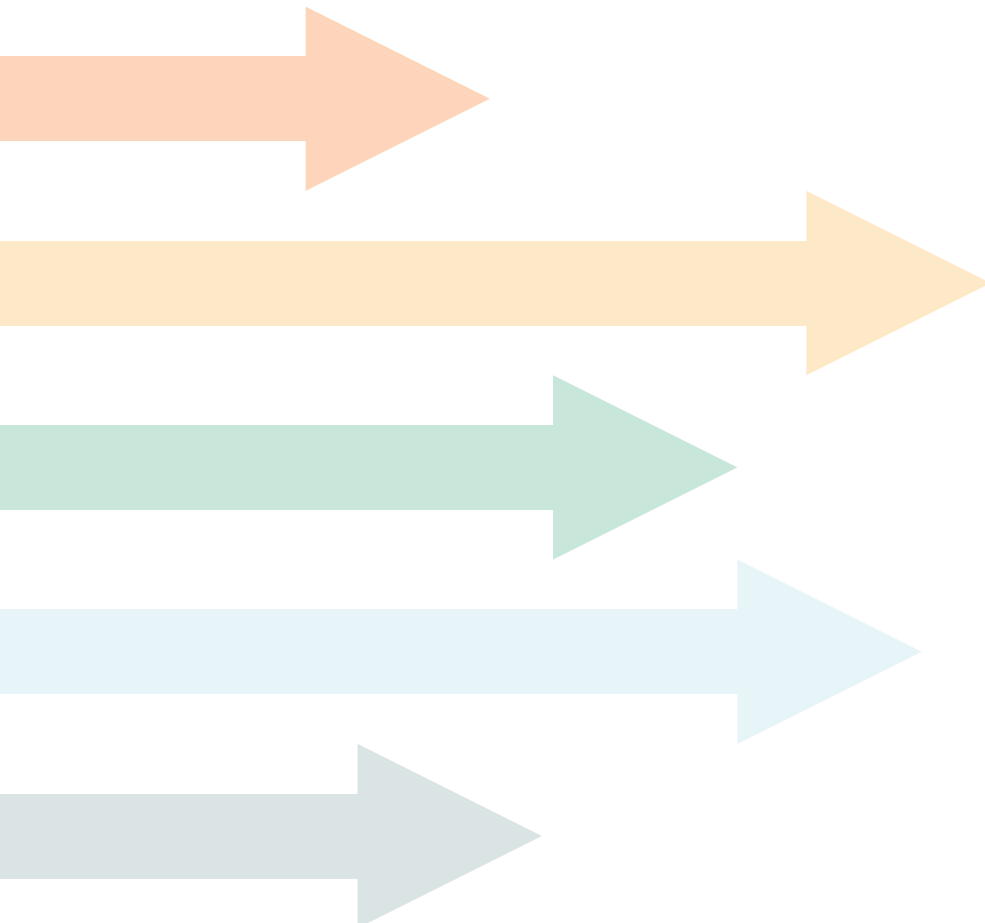
Compounding this lack of awareness is the large number of training providers and service delivery organizations in the training market. There is a lack of understanding among employers about which providers specialize in the training of certain skills or demographics (e.g. technical vs. essential skills), as well as which providers can help them to access government funding.

LEVERAGING THE POTENTIAL OF UNDEREMPLOYED AND UNEMPLOYED ONTARIANS

The consultations revealed that employers are particularly unengaged when it comes to training and tapping into the pool of underemployed and precariously employed Ontarians. This lack of engagement can be attributed to a number of factors, such as the belief that training for this demographic is solely a government responsibility.

However, there is increasing evidence that direct employer involvement in skills training can not only support employers in acquiring the skills they need to grow, but also provide better routes to employment for individuals who are precariously situated in the labour market—including those with no post-secondary credentials (OECD, 2013). As Ontario's workforce ages, encouraging greater labour market attachment for those who are precariously employed should be an important workforce objective for employers and government.

More flexible, employer-driven training delivery, which provides practical skills and work experience valued by employers, can create better employment opportunities for groups under-represented in Ontario's workforce, as well as help them transition into new work. Additionally, stronger employer involvement in training could generate upskilling for unemployed adults and encourage closer collaboration between industry, community groups, and public institutions.



Recommendations

Employers' training decisions play an important role in shaping Ontario's workforce. Employee training can not only enhance productivity for businesses, but also the employability and earning capacity of workers (Brisbois, Pollack, and Saunders, 2012). As Froy et al. note, "it is not just investment in the supply of skills which counts, but [it is also important to] work with employers to ensure human potential is effectively harnessed and skills fully utilized (2012, 1).

Employer investments in training can also lead to gains for the economy. According to the OECD, "although not every employer could follow this strategy given the market structure, even if 10 percent more employers could be persuaded to take this 'high road', the Ontario economy would move to a significantly higher skills equilibrium" (Verma 2012, 80).

For these reasons, it is important that Ontario is equipped with a responsive training system that meets the needs of businesses and their workers.

This report makes five recommendations to the Government of Ontario as they design and implement employer-driven skills training programs, including the Job Grant. The OCC and ESO believe that these recommendations will go a long way in overcoming barriers and changing employer perceptions around training.

"[E]mployers must be in the driving seat with government creating the right incentives both for businesses and for agile and responsive providers of training and development."

UK Commission for Employment and Skills, Employer Ownership of Skills: Building the Momentum, 2013

Recommendation 01

Strike a balance between program integrity and employer usability.

In order to ensure that Ontario's workers and economy benefit from employer-driven training, the Government of Ontario must design programs that are accessible to employers while also ensuring that workers receive the training they need. In this spirit, the government should:

→ **Minimize administrative burdens on employers.**

As the Government of Ontario designs employer-driven training programming, particularly to meet the parameters of the Job Grant, it is important that there be a balance between usability and the bureaucratic and administrative demands of government. At the same time, employers support the government's efforts to protect the integrity of the training system and minimize fraudulent activities.

One of the single most important factors influencing the success of employer-driven training programs is the level of administrative burden placed on businesses. Administrative processes must be held at the minimum level required to ensure the integrity of the program. Applications to access training programs and funding must be designed as simple as possible, while requiring only the necessary legal, financial, and workplace training information from employers.

The OCC makes similar recommendations in *Think Fast: Employer Perspectives on Immigration Reform and the Expression of Interest System*. The federal Express Entry (EE) system represents an opportunity for a greater employer role in the selection of Ontario's skilled immigrants. Similarly, onerous levels of paperwork and red tape will only deter future employer participation and limit the success of employer-driven training programs.

➔ **Develop a single access point for all government-funded workforce, training, and employment services.**

All information related to government-funded training and employment services should be available to employers through a single access point. To the extent possible, a one-stop online window should be created that includes information and applications for the Youth Employment Fund (YEF), Second Career program, and any new employer-driven skills programming, including the Job Grant.

Why? Because the integration of workforce development and training services offers more simplified access from an employer perspective. The “establishment of one-stop-shops, integrated online portals, and formal networks of service delivery organizations” can benefit employers as they no longer “have to navigate a confusing array of services to locate the support they need” (KPMG and Mowat Centre 2013, 4).

The province's online government services business portal, One-Source for Business, is a positive example. This single online portal provides quick and easy access to over 5,000 services and information from all levels of government, allowing small business owners to focus on creating jobs and competing in the global economy.

➔ **Provide flexibility in employer financial contributions.**

Currently, under the parameters of the Job Grant, employers are expected to pay a minimum of one-third of training costs (up to \$5,000). However, this requirement is a barrier for many employers who do not have the financial capacity to do so.

As such, there should be flexibility for employers, particularly SMEs and those who exhibit financial need, in how they are able to contribute their portion of training funding. Possible alternatives could include a percentage of contributions provided in-kind, for example, through wages.

In addition, there should be caveats where employer contributions are not necessary. For example, start-up companies may not have the capital on-hand to contribute their one-third requirement. However, they have high-demand for specific skill sets that could be developed through government-funded training programs.



→ Reserve funding for small to medium employers and first-time program participants.

Making sure funding for training is accessible to SMEs is critical. Otherwise, it is likely that large firms with human resources capacity will scoop up the majority of annual funding. According to OCC survey results, 19 percent of employers surveyed currently access government assistance and supports to provide training. However, among those respondents from small firms (50 employees or less), fewer than 17 percent receive government support for employee training, compared to 25 percent of large firms (500 employees or more).

It is also important that there is a percentage of funding dedicated to first-time program participants in order to discourage large displacement effects, similar to that encountered by the UK's *Train to Gain*.

Recommendation 02

Facilitate efficiency and effectiveness in the provider market.

There is an opportunity for existing service providers and intermediaries to play a strong role in lowering the search costs and time faced by employers, when accessing government-funded training programs.

These providers already have existing networks across regions and sectors that can help disseminate information to employers, provide advice on available programming, simplify application processes, and steer employers to appropriate sources of training. However, it is unclear how service providers and third party intermediaries will fit into the evolving training landscape. In order to bring efficiency and clarity to the provider market, the Government of Ontario should:

→ Encourage competition and consolidation in the service delivery market.

Ontario's service delivery providers include small, not-for-profit organizations, private organizations, unions, and colleges. As it stands, economies of scale are rarely achieved in Ontario's training system because of the fragmented nature of this provider space. Instead, Ontario's employment and training services system is made up of a patchwork of service delivery organizations that receive funding from various departments and ministries (Gold and Mendelsohn 2014, 25).

In *Unlocking the Public Service Economy: A New Approach to Public-Private Partnership in Services*, the OCC asserts that government is often inattentive to the market it creates, passive in market design and stewardship, and often fails to deliver value-for-money. An observation regarding Australia applies equally in the Ontario and Canadian contexts: "policymakers have given little thought to the appropriate mix of providers (public, private, and not-for-profit) in most sectors, and the extent to which they can or should be exposed to user choice, competitive tendering, and performance benchmarking" (Ontario Chamber of Commerce 2014, 5).

Echoing the OCC, the Mowat Centre tells us that "social services sectors in Canada's provinces have evolved in a fairly ad hoc and uncoordinated way. A large number of small service delivery providers coexist in a highly fragmented system" (Gold and Mendelsohn 2014, 30). In order to encourage consolidation and competition, there is a need for government to focus more on learning and labour market outcomes when assessing funding for training and employment service providers.

To do so requires government to clearly identify and prioritize desired outcomes and tie funding to performance. Government can create this type of outcome-based training system by moving towards pay-for-performance contracting models, which among other benefits, establish clear lines of accountability and drive competition and innovation in the provider market (Ontario Chamber of Commerce and Certified General Accountants of Ontario 2013, 19).

The ability to distribute and roll out Job Grant programs and funding to employers should only be given to those service delivery providers producing demonstrable results. Government must also allow private providers to compete in the training market.

→ Enable third parties to play a brokerage role.

In order to overcome the constraints of scale, government should allow private and not-for-profit intermediaries to play a brokerage role in the new system, connecting employers with government-funded training and employment programs. Private and not-for-profit intermediaries can help SMEs access programs by lowering the information and search costs associated with navigating often-complex government-funded training system. Further, they can facilitate collaboration across sectors or among firms with similar training needs.

The UK's *Train to Gain* program relied on the use of intermediaries, called Skills Brokers, who liaised with employers to identify occupation skill needs and provided a matching service with appropriate training providers. The majority of employers (84 percent) in contact with the skills brokerage service had fewer than 50 employees at their site (UK Learning and Skills Council, 2010).

Similarly, the UK's current skills initiative, *Employer Ownership Pilot*, allows intermediaries, such as PricewaterhouseCoopers, to manage employers' access to funding, as well as source and deliver high quality training to sponsored employees.

Services that could be offered by intermediaries to employers include, but are not limited to:

- Meeting with employers to learn about their performance and hiring needs
- Explaining government-funded training program benefits and eligibility criteria
- Providing streamlined access to funding
- Designing training that meets employers' needs (or connecting employers to appropriate third party training providers)
- Supporting learners and employers in their progress
- Reporting results to government and fulfilling accountability requirements (PricewaterhouseCoopers LLP, 2013)

“The idea is that there is someone out there willing to meet the owner at 6 am to help employers through this process. This is about communication and capacity building.”

Service Provider, Hamilton, Ontario

Recommendation 03

Allow flexibility in how training is delivered.

Training under the Job Grant can be delivered in any setting (e.g. in the classroom, workplace or online) as long as a third party trainer, as recognized by the Government of Ontario, delivers it (Ontario Ministry of Training, Colleges and Universities, 2014a). Third party training providers include publicly funded institutions, such as universities and colleges, as well as private career colleges, union training centres, and sector councils.

Many employers hold the perception that third party training providers are unable to provide industry with the customized training they need. As such, this eligibility requirement could deter some employers from utilizing new training programs.

In order to ensure eligible training is flexible and meets the needs of employers and learners, the Government of Ontario should:

→ **Where no third party training provider is available, allow employers to train in-house.**

We recommend that the Government of Ontario default eligible training to that offered by certified training providers including colleges and/or other recognized training institutions.

Training providers have the ability to offer flexible training that can meet employers' needs. One college representative explained that almost 90 percent of her institution's training provided to employers is actually provided on work sites. Colleges can also work in collaboration with employers and sectors to develop customized training programs that meet their skills needs.

However, some employers, such as those in Ontario's rural and northern communities, may not have immediate access to training providers that offer the training they need. As such, we recommend that employers should also be able to offer in-house training programs when no suitable training provider is available.

At the same time, handing employers the ability to provide on-the-job training carte blanche poses a number of risks. First, on-the-job training does not provide employees with portable certification or proof of training that can be as easily transferred from job-to-job. Second, as has been proven in other countries that have introduced employer-driven training models, such as the UK, it is difficult to ensure training quality across employer sites.

“If there is no eligible third party trainer, then a workplace specialist or company trainer should do the training. Either government finds the specialist for us that meets our skills needs or we use our own.”

Employer, Ottawa, Ontario

We recommend that in order to become eligible to train in-house, employers must demonstrate:

- No existing or immediate college and/or third party training provider exists with the skills development curriculum that meets their needs
- Any geographic barriers to accessing training offered by third party trainers
- They have the internal capacity to create and execute a training curriculum in-house that is portable and transferable between workplaces

An example of an approved training program provided by an employer is the Greater Toronto Airport Authority (GTAA) Fire and Emergency Services Training Institute (FESTI). Unable to find a training provider in Ontario that offered the specialized skills training they needed, GTAA decided to work closely with the Ontario Office of the Fire Marshal to offer an approved and tailored training program for airport personnel.

→ **Leverage existing partnerships between employers and training providers.**

In addition to offering general and professional education programs leading to bachelor's, master's and doctoral degrees, Ontario colleges and universities connect with the local and regional labour markets in a variety of ways (Verma, 2012). A number of college and university programs have been established that have a connection to a local or regional industry (Verma, 2012). Industry is also engaged informally in an advisory capacity with public colleges on the design of curricula through Professional Advisory Councils (PACs).

An example of an existing partnership is the *The Ring of Fire Aboriginal Training Alliance* (RoFATA), established by Confederation College, Noront Resources, and Kikenjigewan Employment and Training Services (KKETS) to invest in creating a homegrown Aboriginal mining workforce to participate in the development of the Ring of Fire. While Confederation College organizes and delivers the training programs, the assessment of applicants is done in conjunction with KKETS and the curriculum is based on the skills needed in the mining operations of companies like Noront Resources.

Another example is the partnership between the Canadian Supply Chain Sector Council (CSCSC) and TriOS College. In 2012, the Canadian Supply Chain Sector Council (CSCSC) accredited the college's Supply Chain & Logistics program after working together to develop curriculum and standards that benefit the sector. According to Kevin Maynard, Executive Director of the CSCSC, "development and implementation of new curriculum offerings by learning system providers will help to meet increasingly complex and demanding skill and knowledge requirements in our sector" (TriOS College, 2012).

ELEVATE CANADA: RAISING THE GRADE FOR FOOD PROCESSING

Led by Essential Skills Ontario, *Elevate Canada: Raising the Grade for Food Processing*, brings together six food processing employers and two community colleges - Fanshawe College and Loyalist College - to design training models and curriculum.

This program will train approximately 250 adults currently receiving income support with skills relevant to in-demand occupations in the food processing industry. Funded by Employment and Social Development Canada, this initiative will test whether involving employers directly in the design and delivery of workforce training for vulnerable populations can lead to more positive results than the more traditional approaches used in the past.

The first of its kind in Canada, these types of innovative delivery models have been successfully implemented in the United States, Australia, and New Zealand. These models are proving to be effective in attracting employer investment in basic skills, as well as connecting the unemployed with jobs while simultaneously reducing government expenditures. Overall, *Elevate* aims to not only train adults in Ontario for the food-processing sector but, through meaningful partnerships, create training that allows adults to be trained faster and more effectively for industries and occupations that are in-demand.

Recommendation 04

Encourage sector-based approaches to training.

Sector-based approaches are an efficient way of engaging employers to identify their skills training needs and to build the partnerships needed to deliver effective training. They are of particular interest to employers who are looking to lower the risks associated with investments in training.

To the extent possible, government should encourage collaboration within sectors on the design and delivery of industry-recognized training. In order to encourage sector collaboration on training, the Government of Ontario should:

→ **Promote a consortia approach to training; allow employers with similar human capital needs to pool resources.**

Government should allow employers with similar human capital needs to pool resources and access training programs through a consortium. By spreading costs and investments across employers within a recognized sector, the consortia approach incentivizes employers to engage in training without having to absorb the bulk of the costs and risks at the firm level.

In order to encourage collaboration, government must leverage partnerships already in existence. This includes developing a close dialogue with sector associations that are already working within their sector to provide workforce training.

Canadian Manufacturers and Exporters (CME) and the Canadian Skills Training and Employment Coalition (CSTEC) are currently piloting a consortia based approach to training in Ontario. The consortium leverages a network of participating employers “to provide rotating work terms, ensuring that apprentices receive trades training, technology training and employment” (CME and CSTEC, 2014). According to CME, this approach is particularly favourable to smaller manufacturers because it reduces the risks often associated with training apprentices.

This particular partnership is modeled after the Hamilton Skilled Trades Apprenticeship Consortium (HSTAC), a successful training consortium developed by Mohawk College, employers in the Hamilton region and by CSTEC. Through HSTAC, close to 350 new apprentices have received training in the last four years (CME and CSTEC, 2014).

The results of projects such as these should be carefully monitored and, if successful, replicated across a range of sectors and regions.

“It has been argued that because individual companies fail to invest in training that would otherwise support their competitiveness because of coordination problems or a fear of poaching, the state must step in to help them overcome this collective action problem.”

Institute for Public Policy Research (IRPP), No Train, No Gain: Beyond Free Market and State-led Skills Policy, 2014

Recommendation 05

Drive awareness of training programs within the business community.

Our research suggests that Ontario's employers are unaware of existing government-funded training and employment services. At the same time, employer engagement is a critical component to the success of employer-driven training programs and Ontario's training system in general.

Because the Job Grant will not succeed without significant employer uptake, it is important that the Government of Ontario develop an employer engagement strategy.

According to Cliff Halliwell in *No Shortage of Opportunity: Policy Ideas to Strengthen Canada's Labour Market in the Coming Decade*, "too often, training has been premised on a 'Field of Dreams' approach: if you build (train) them (the unemployed), they (employers) will come" (2013, 30). However, in Ontario, this is no longer sufficient.

In this spirit, the Government of Ontario should:

→ **Execute an employer engagement and marketing strategy in collaboration with employer organizations.**

In order for employer-driven training programs to be successful, the relationship between government and employers must be enhanced. Encouragingly, 56 percent of businesses are interested in using the Job Grant and other employer-driven training programs to train existing workers.⁴

An effective engagement and marketing strategy should include the development and communication of the business case for training. Communicating the business case to employers will be critical in garnering executive-level support, and subsequent room in budgets, for such programs. Research from Australia shows that the primary drivers for employer-driven skills training are internal and that "most commonly they have to do with making business sense" (Billett 2003, 2). In fact, "attempts to encourage employers to make greater investments in training will need to appeal to the strategic interests of enterprises if they are to succeed" (Ibid).

Employer organizations, such as chambers of commerce and boards of trade, are well positioned to help market and communicate changes to the training system and play the moral suasion role.

⁴ OCC Quarterly Policy Survey, N= 649 | Survey Date: April - May 2014.

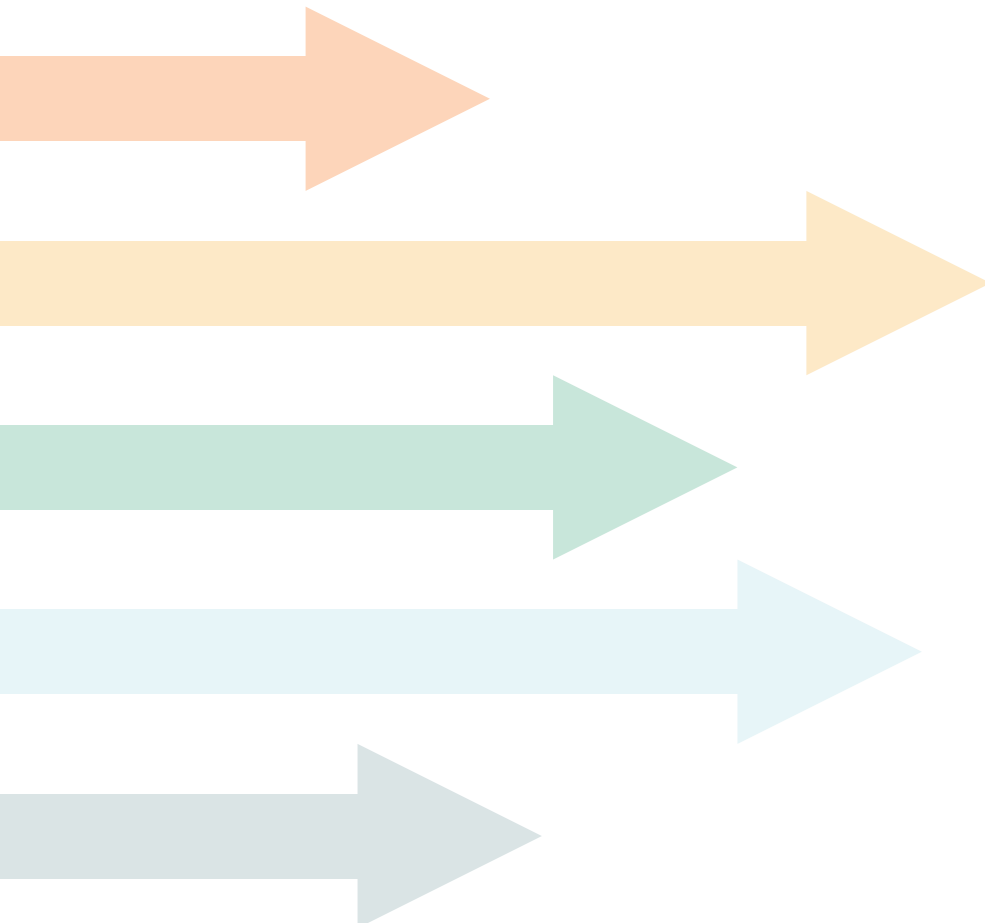
Conclusion

While government-funded training and employment programs will not solve all of Ontario's workforce challenges, the introduction of new employer-driven training programs, including the Job Grant, is an important step in enhancing the competitiveness of Ontario.

Ontario's employers recognize that they cannot rely solely on government and external-training sources to meet their workforce needs, and that it is time to step up and play a bigger role in shaping the skills of their workforce.

However, without active engagement between government and the employer community, new training programs will likely fail to deliver value and results. That is why it is imperative that the Province carefully designs new training and employment programs with the needs of businesses in mind.

The goal of this report is to present the employer perspective and ensure that the Government of Ontario designs employer-driven training programs that are flexible, easy to access, and accommodate the needs of all businesses, large and small. Government must also re-evaluate the important role that service delivery organizations, training providers, and intermediaries can play as the system evolves.



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Appendix 1: Ontario's Skills Training Spectrum



Passive Employer Role

Employer Role

- >> Minimal formal role
- >> Ad hoc engagement with college/university/training institutions

Funding

- >> Government

Delivery

- >> College/university/training institutions
- >> Third party provider

Example

- >> Postsecondary education system
- >> Literacy and basic skills training

Participant Employer Role

Employer Role

- >> Advisory capacity on postsecondary curriculum and sector-focused skills training
- >> Engagement remains ad hoc

Funding

- >> Government
- >> Government-employer co-contribution

Delivery

- >> College/university/training institutions
- >> Third party provider

Example

- >> Institutional Advisory Councils
- >> Elevate Canada

Active Employer Role

Employer Role

- >> Directly inform or delivers training
- >> Engagement is solidified and consistent

Funding

- >> Employer
- >> Government-employer co-contribution

Delivery

- >> Employer
- >> College/university/training institutions
- >> Third party provider

Example

- >> On-boarding
- >> Apprenticeship
- >> Canada-Ontario Job Grant

Appendix 2: Case Studies of Employer-Driven Training in Ontario

ESRI CANADA

Esri Canada, a provider of geographic information system (GIS) solutions, offers both formal and on-the-job training through its GIS Associate Program. Created in 2008, this program recruits post-graduate students from colleges across Canada and provides them with 18 months of paid cross-functional training in GIS mapping, sales, and technical support. Esri Canada equates their training program to three years of on-the-job experience.

VALIANT MACHINE & TOOL

Over the last five years, Valiant Machine & Tool has trained 116 underemployed and unemployed young people in the skilled trades through its Earn While You Learn (EWYL) program. This training opportunity offers 30 to 35 candidates the chance to be part of an accelerated apprenticeship-training program that supplies much needed labour to the machine, tool, die, and mould sector throughout the Windsor-Essex region. With a 95 percent employment rate for graduating students, the program has become so successful that Valiant is starting to train individuals from other companies as well.

NORONT RESOURCES: RING OF FIRE ABORIGINAL TRAINING ALLIANCE (ROFATA)

Confederation College, Noront Resources, and Kikenjigewan Employment and Training Services (KKETS) have established a training alliance to invest in creating a homegrown Aboriginal mining workforce to participate in the development of the Ring of Fire. The key objective of RoFATA is to provide training-to-employment opportunities that specifically support the Matawa First Nations people. While Confederation College organizes and delivers the training programs, the assessment of applicants is done in conjunction with KKETS and the curriculum is based on the skills needed in the mining operations of companies like Noront Resources.



The OCC aims to work with all levels of government, the post-secondary sector, and businesses to ensure Ontario has the skilled workforce it needs to compete in the 21st century economy. That is why we have been advocating for the design labour market policies that respond to Ontario's diverse needs.

To learn more, visit www.occ.ca



Partnering with diverse stakeholders, Essential Skills Ontario (ESO) is working to advance the knowledge and practice of workforce development training for vulnerable adults in Ontario. ESO believes that employer-driven training delivery methods can lead to better employment opportunities for Ontarians who are precariously situated in the labour market.

To learn more, visit www.essentialskillsontario.ca

