

TRANSCRIPTION

DATE February 27, 2001 10:30 a.m.

HEADLINE: Round Table on Creating a More Efficient Labour Market in Canada Hosted by the Centre for the Study of Living Standards: Second Session - Promoting a More Efficient Labour Market Through Better Labour Market Information

PRINCIPAL: Noah M. Meltz, University of Toronto and Member of Expert Panel on Skills;

Moderator: Okay, I'd like to keep this round table on schedule. Our second session is on improving -- promoting a more efficient labour market through better labour market information. And in the expert panel on skills report there were a number of recommendations on labour market information and you have them in your binder. We have four lead speakers who are very familiar with this area and I'm going to turn it over to them in a minute.

Just one thing that caught my attention, I guess it was in Friday's Globe, some of you may have seen this document, "Top 100 Internet Sites for Learning and Employment" put out by Human Resource Development Canada, the youth group over there. And I'm really quite impressed by it. I don't want to give them a plug or anything but I think they deserve it and I hope that this afternoon we'll have copies here for everyone to see. I'm sure they have documents in both English and French. And it was very useful to -- on career information. So this is -- we may want to talk about this kind of career information.

So I'll turn it over to Noah Meltz who is Professor Emeritus from the University of Toronto and was a member of the Expert Panel on Skills and I think more than anyone else in Canada over the last 30 years or so has been working in this area of occupational forecasting and labour market information, so I think it's most appropriate that he be our first lead speaker. He has informed me that he has to go to Toronto and then Boston today and he will be leaving around noon so his departure I don't think will reflect his protest of the session, he really has to get to the airport by 1. So Noah, I'll turn it over to you.

Noah Meltz: Thank you Andrew. I am delighted to be here, both as a member of the Expert Panel and for a number of other reasons that I'll mention briefly. First, I want to thank HRDC and the Minister, Jane Stewart, for sponsoring this roundtable on the Panel's report. It is really great to see the support that the panel has gotten through the Speech from the Throne and the Minister's remarks last night. I also want to thank Andrew Sharpe for organizing the event and for inviting me. I'm sorry that Jacke Scott, the chair of the Expert Panel, couldn't be here, but fortunately with us are two colleagues from the staff of the Expert Panel, Bert Pereboom and Derwyn Sangster. I'm also delighted to be here because it is just a little over 40 years since I started in this field of research in Ottawa, with the Economics and Research Branch of the Department of Labour, the really old Department of Labour, that's almost been recreated through HRDC. And the final reason I'm delighted to be here is that I met my wife in Ottawa.

Andrew posed three questions for this particular session. Does the current system of labour market information, including career counselling and job placement, etc., serve equally well all client groups? Second, are there important gaps in labour market information? And third is a single window for labour market information an appropriate and realistic goal, and if so, what measures are required to introduce it?

I'd like to deal with all three questions by dividing the area of labour market information, and how it can increase the effectiveness of the labour market, into two parts. The first part is the bringing together of demand and supply through a faster and improved match of job seekers and job openings. The second part is the role of labour market information in providing additional potential for the analytical capacity and the implementation, downstream, of that analytical capacity, to improve labour market effectiveness.

Why do we want to improve the bringing together of demand and supply? What role does it play? The faster and the better the quality of the match, the less the loss of production and the easier of transition for job seekers, both employed job seekers and unemployed job seekers. The greater the ease in

providing information to job seekers, the greater the improvement of this match and the more positive the impact on the economy. Second, for employers, improvement in the job – job seeker match means that employers can more quickly recruit the best quality of people for the jobs they have available. So labour market information is really crucial in terms of the matching dimension.

However, there is one thing that might be viewed as a downside to this improved matching process, which I want to mention and then qualify. In providing more information to job seekers and employers, one of the impacts, is the potential for more turnover, that people find out about jobs and then they want to change jobs and the same thing for employers looking for the best people. I say potentially negative impact, because if people aren't happy with their jobs they're going to leave anyway, and if employers aren't happy with the people they have there's going to be turnover. So what you're really looking for is an improvement the job match through information.

This, in turn, relates to the question of the government providing a single window. Is a single window an appropriate, realistic goal? I think it's appropriate, and with modern technology it is realistic, but I think it's important to stress that it's going to have downstream effects or upstream effects -- I'm not sure which direction the water's flowing. When you have a single vehicle, at least from a government perspective, this is going to affect the information that you need. For example, there has to be a common classification of occupations. When you have a single window there is going to be a desire not only to make sure that you're talking about the same occupation, a common classification system, but there is going to be pressure for more detailed occupational information.

This gets into the second question that Andrew raised, gaps in information. The most critical gap that we have is on detailed occupational information. HRDC does an excellent job in terms of the publication *Job Futures* and the Canadian Occupational Projection System (COPS), but there are limitations in terms of the depth of information that is available. People looking from the placement side need more information on job detail. There is one vehicle, and an outstanding one, that's available to provide information to both dimensions of the labour market, and that is the Workplace and Employee Survey (WES) of Statistics Canada. But it doesn't provide occupational detail.

One of the inclusions in the package that everyone at this conference received was an article about the IT (Information Technology) area. One of the references was to the problems of occupational classification and the problems in obtaining detailed information. Here is a suggestion. Although the Workplace and Employee Survey can't go into depth on all occupations across the board, where there are specific occupations that are either in shortage or in surplus, this could be an area where WES can sample selectively. You can start with in-depth examinations for some selected occupations.

To improve the immediate operation of the labour market, yes, a single government window is desirable and feasible but we're going to need common classifications and we're going to need more selective, additional information. This single window will not preclude the private sector offering alternatives. But it will put pressure on employers to standardize and to have a common language in terms of what they mean by skill requirements. The Expert Panel put a lot of stress on what are called soft skills. There's been a study of the American labour market that says, there has been a huge increase in the number of educated people in the U.S. labour market, based on the number of highly educated graduates, and yet wages for high skilled workers are rising. It should be the other way around. The study found that the problem related to the softer skills for which years of education do not totally measure labour market effectiveness or the ability to get jobs. These softer skills, referred to as cognitive skills by the authors, relate to such things as literacy and management skills. They found there were a lot of educated people, in the sense of having many years of schooling, but there was a gap in terms of the cognitive skills that enabled people to function more effectively in the labour market. (Frederic L. Pryor and David L. Schaffer, *Who's Not Working and Why? Employment, Wages and the Changing U.S. Labor Market*. Cambridge, UK: Cambridge University Press, 1999).

The second dimension in terms of the labour market goes beyond the immediate matching, and that is providing the potential for increased analytical capacity to improve the effectiveness of the market. One related aspect that's also fundamental is career counselling information. Obtaining a first job through co-

op programs was mentioned earlier is really important. But the career counselling side, and this we stress this in the Report of the Expert Panel, deals with both analyzing how labour markets are functioning and the question is who's giving the information on career opportunities . There's no formal training program for career counsellors in Canada, even though we have thousands of people doing career counselling.. So the Panel recommended that there be a program in this area to help to train career counsellors and that it include understanding how labour markets function.

A bigger gap is analyzing the data that are available. We have repeated occupational shortages in Canada. I did a study of nurses a decade ago when there was a shortage and it was called the shortage of registered nurses, then it became a surplus, now I'm back in fashion again, there's a shortage. We can do something when there are cycles, or persistent imbalances, plus or minus. We need to devote more resources to analyzing labour market developments and that's why the Expert Panel stressed that the SSHRC (Social Sciences and Humanities Research Council) should be putting more money into encouraging research on labour market analysis. " [Another related input for analysis would come from the Panel's recommendation for the creation of a Centre for Labour Market Statistics at Statistics Canada].

I want to mention one last thing, and this relates to what Doug MacPherson mentioned earlier in the session on sectoral councils, the crucial importance of linking employers anticipated skill needs with planning by training and educational institutions. Nobody can anticipate everything, but if there is consultation, this can reduce the time lags in changing the supply of skills and can also harmonize more effectively what employers want, with what educational and training groups are providing. Even if you're on top of this all the time there can be surprises, but if the employers, hopefully through sectoral councils, communicate their needs and work in partnership with colleges and universities in terms of where they're going, then I'm convinced this will make an enormous contribution to the effectiveness of the labour market. [See: Noah M. Meltz, "Linking Universities and Industry in Advanced Training" *The Proceedings of the Symposium on the Universities' Collaborative Role in Training and Adjustment*, Toronto: Council of Ontario Universities, 1994, pp. 7-30.] Thank you.