



BUSINESS COUNCIL  
OF ALBERTA

# Clearing a Path

## Helping Displaced Albertans Re-enter the Workforce



Final Report from the Task Force on Long-Term  
Unemployment & Workforce Transition

February 2022

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## **Land Acknowledgement**

In the spirit of truth, reconciliation, and respect, we honour and acknowledge the lands upon which we live and work as guests, including the traditional territories of the First Nations in Treaties 6, 7, and 8 and the citizens of the Metis Nation of Alberta. We thank the First Peoples of this land, which we now call Alberta, for their generations of stewardship of the land, and we seek to walk together in the spirit of truth and reconciliation to build a shared future for all in Alberta.

## **About the Business Council of Alberta**

The Business Council of Alberta is a non-partisan, for-purpose organization dedicated to building a better Alberta within a more dynamic Canada. Composed of the chief executives and leading entrepreneurs of the province's largest enterprises, Council members are proud to represent the majority of Alberta's private sector investment, job creation, exports, and research and development. The Council is committed to working with leaders and stakeholders across Alberta and Canada in proposing bold and innovative public policy solutions and initiatives that will make life better for Albertans.

*This document reflects the views of the Business Council of Alberta based on our own research and on engagement with members and stakeholders. Alberta is a diverse place. In many cases, there are a range of views on an issue within the Council membership. This piece may not necessarily reflect the perspective of all BCA member companies, and should not be read as the position of any one member.*

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# Summary of Recommendations



## Building a strong foundation

### Supporting mental health and addiction

» **RECOMMENDATION:** That the Non-Group Coverage program administered by Alberta Blue Cross cover at least 75 percent of the cost of a counselling session and that the overall subsidized cost for the Non-Group Coverage program is reduced by lowering the premiums and increasing the qualifying annual income cap to under \$40,000, thereby making the program accessible to more people.

### Developing a national competency framework

» **RECOMMENDATION:** That, following a recommendation made by the Canada West Foundation, the Government of Canada assemble a committee of interested stakeholders (including employers, labour, government, and education providers) to decide on a pilot sector in which to start building a pan-Canadian competency framework and provide initial direction. A working group would then determine the details of the framework (including number of levels and common vocabulary) using the frameworks of other countries as a guide.

### Identifying skills shortages and labour market gaps

» **RECOMMENDATION:** That businesses or business representative organizations work together to identify and catalogue the skills and competencies required in the workplace and initiate an ongoing and formal relationship with post-secondary institutions to communicate those skills and competencies to inform the development of a job-focused curriculum. Necessary steps include:

- Organizing a cross-sectoral working group of businesses that meet regularly (e.g., semi-annually) and agree on a list of current in-demand skills and competencies, future in-demand skills and competencies, and skills missing from the workforce;
- Creating a strategy to engage with post-secondary institutions on a regular basis; and
- Developing a framework to measure how responsive post-secondary institutions are to labour market needs—this level of responsiveness should increase over time.

» **RECOMMENDATION:** That post-secondary institutions coordinate with government and the business community to adapt programs to emphasize skills development. This could include:

- Focusing learning outcomes on demonstrating mastery of skills rather than uptake of discipline-specific content;
- Providing opportunities to apply learnings through career-focused experiential learning methods; and
- Communicating graduates' skills attainment on official credentials (e.g., course transcripts), thereby helping employers understand the skills graduates have mastered.

» **RECOMMENDATION:** That the Government of Canada, through Statistics Canada, collect more detailed labour market information data and make it accessible to businesses and job-seekers—in particular, data on the skills and competencies required by a job.



## Improving government training support programs

### Developing a cohesive workforce development strategy

» **RECOMMENDATION:** That the Department of Jobs, Economy and Innovation serve as the central ministry that guides the Government of Alberta's workforce development strategy and coordinate the allocation of funds to Advanced Education, Labour and Immigration, and Community and Social Services for their respective workforce development programs.

### Consolidating and simplifying existing programs

» **RECOMMENDATION:** That the governments of Canada and Alberta consolidate and streamline their existing training supports into a smaller number of well-funded, broad-based programs. Overall spending levels should, at minimum, be maintained.

### Creating a one-stop window

» **RECOMMENDATION:** That the governments of Alberta and Canada fund a single, clear, accessible one-stop window, administered by a non-profit organization, to help individuals, businesses, and community organizations access government and third-party supports for upskilling and training programs. Necessary steps include:

- Testing the design with businesses and individuals to make sure it is easy to navigate;
- Employing customer-service oriented individuals to field inquiries, identify specific program(s) that best fit the client's need, and assist with filling out applications;
- Ensuring a rapid response and turnaround time, whereby inquirers can expect to complete their applications within a few days;
- Establishing an open line of communication between the non-profit and relevant government ministries to ensure the non-profit has sufficient knowledge of existing programs; and
- Promoting the one-stop window so it is widely recognized as a portal to the myriad available training programs.

### Reforming the Canada-Alberta Job Grant

» **RECOMMENDATION:** That the federal government increase its annual contribution to the Workforce Development Agreement by \$30 million. The Alberta government should earmark half that amount specifically towards efforts to support training for unemployed Albertans under the Canada-Alberta Job Grant (CAJG). These additional funds can be used to either increase the \$300,000 grant contribution cap on employers or to expand the number of companies the program is able to support.

» **RECOMMENDATION:** That, to improve access to employer-driven training for unemployed Albertans, the Government of Alberta remove existing conditions that require businesses to hire, or to have extended a job offer to, an individual before they can qualify for training support under the CAJG



» **RECOMMENDATION:** That the Government of Alberta allocate the other \$15 million of new CAJG funding to expand the program so that employees facing termination are eligible for 100 percent government-funded training support in the same way as individuals who are unemployed. As above, these additional funds could be used either to increase the per-employer grant cap, or to increase the number of companies the program is able to support. If an employer later chooses to retain or re-hire that person, they would be required to reimburse the government for their share of those training costs.

## Reforming the Alberta Jobs Now Program

» **RECOMMENDATION:** That access to the Alberta Jobs Now program be limited to employers who hire unemployed Albertans.

» **RECOMMENDATION:** That the Alberta Jobs Now program expand incentives to hire people from groups with higher levels of unemployment, including women, recent immigrants, youth, recent graduates, visible minorities, and Indigenous People. As with the targeted incentive for persons with disabilities, the program should allow employers to receive a deeper subsidy (37.5 percent of a new hire's salary) when hiring from these cohorts.

» **RECOMMENDATION:** That the Alberta Jobs Now program transition to purely a wage-subsidy program. The program should be extended and made permanent to provide long-term support to help the long-term unemployed gain jobs.

## Measuring Success

» **RECOMMENDATION:** That the federal and provincial governments develop and make available outcomes-based evaluation and performance measures for government-funded training programs. Programs should be evaluated based on their effectiveness at helping individuals find well-paying work. Programs should be revisited and reviewed based on past successes and failures, as well as international best practices.



## Creating incentives through Employment Insurance Reform

» **RECOMMENDATION:** That the Government of Canada reform the Employment Insurance (EI) program, shifting its focus towards supporting individuals who use their period of unemployment to upgrade their skills. Options include:

- Requiring individuals to participate in employment and career management services programs as a condition for receiving EI payments;
- Allowing individuals to complete a training program before accepting a new job if the skills being acquired are relevant in a high-demand field; and
- Increasing the duration and level of EI benefits (currently about \$638 per week) for individuals who pursue training programs while unemployed.

» **RECOMMENDATION:** That the Government of Canada begin making a direct financial contribution to the EI program, with the additional funds over and above existing employer/employee contributions being used to support individuals who undertake self-directed training and skills upgrading during the tenure of their unemployment.



## Building effective just transition programs

» **RECOMMENDATION:** That when developing future just transition legislation and support programs, the federal government incorporate the following considerations:

- The business community must play a central role in informing just transition policies;
- Just transition resources should be focused on the regions and communities directly impacted by job losses and closures;
- Just transition supports should reflect workers' preferences, skills, and age;
- Historically disadvantaged groups need to be considered in just transition policy design;
- A just transition should take place in the context of a vibrant and growing Canadian energy sector;
- Better information is needed about labour market development and skills demand; and
- Transition programs should incorporate clear, outcomes-based success metrics.



## Encouraging private sector solutions

» **RECOMMENDATION:** That Alberta employers consider the business and societal benefits that can be accrued by proactively cultivating an agile, skilled, resilient, and future-focused workforce. Best practices to help build this type of workforce include:

- Improving coordination across industries and occupations to communicate current and anticipated skills needs with governments and post-secondary institutions;
- Investing more in training and upskilling of existing staff;
- Improving recognition of how intergenerational skillsets can be complementary;
- Creating a more inclusive and welcoming workplace culture;
- Studying and adopting best practices for workforce transition programs;
- Studying and adopting best practices for employee orientation/rotation programs; and
- Revisiting the effectiveness of current hiring practices.





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# Introduction

Alberta's labour market is in turmoil.

The impact of the COVID-19 pandemic is still rippling through the economy as large numbers of Albertans remain unemployed, certain industries are struggling to find people to fill vacant positions and uncertainty reigns for both workers and businesses. These factors compound a pre-existing crisis in the province: persistently high rates of long-term unemployment.

In the past, Alberta's hot job market meant that even if you found yourself unemployed, you weren't likely to remain jobless for very long. That all changed after the 2014 oil price crash. Since then, the share of Albertans who have been unable to find work for at least one full year has soared, rising to well above the national average, where it has remained for the last five years.

Looking ahead, the challenge will only grow. Automation and technology are already transforming the workplace, changing the kinds of jobs available and the skills needed to do them. On top of that, the transition to a low-carbon future will only further disrupt Alberta's labour market. Traditional, high-paying oil and gas jobs will decline, while new opportunities will be created in renewable energy, clean tech, and elsewhere. And while these new jobs are expected to be numerous, many require completely different skillsets.

These two trends will magnify Alberta's current structural unemployment problem. And the longer people remain unemployed, the more likely they are to face social and economic costs. Thoughtful and decisive policy action is needed to turn the ship around to address the urgent, short-term challenges and the ongoing, long-term trends.

In July 2021, the Business Council of Alberta assembled a Task Force on Long-term Unemployment and Workforce Transition ("the Task Force") to examine and address Alberta's long-term and transitional employment challenges. Our first report, *Silent Crisis: Trends and Challenges Facing Alberta's Displaced Workers*, painted a picture of Alberta's current challenges and explored the trends that will impact the future of work in the province.

This second paper is the final instalment of our work. We put forward a series of desired outcomes for provincial labour markets and propose a range of government- and industry-led solutions to help Albertans rejoin the workforce or pivot their careers in new directions; and help businesses find and develop the workers they need.

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# Consequences of inaction

Long-term unemployment and skills gaps present serious problems for Alberta.

## Economic costs

The most obvious impact of long-term unemployment is the loss of income for affected individuals—losses that add up quickly with each passing week of joblessness. During the economic downturn of 2008, data from the US suggests that household incomes for families with an unemployed worker fell by 40 percent or more—leading to depleted savings, higher rates of borrowing, and missed mortgage or rent payments. Eventually, long-term unemployment can result in poverty. Someone who has been without a job for more than six months is twice as likely to experience poverty than someone unemployed for less than six months.

And the longer a person is unemployed, the more they miss out on things that drive future income: valuable work experience, on-the-job training, and promotions. Even worse, an individual's skills can start to erode when not frequently used, making it even more challenging to find employment as time passes.

Furthermore, it is not just a matter of slower wage growth over time but lower wages altogether. Often, unemployed individuals who find work after an extended absence do so at a lower initial starting income, in many cases setting themselves on a permanent path to lower lifetime earnings.

One study found that men can lose the equivalent of up to three years of pre-displacement earnings over their lifetime.

The more people who find themselves in such a position, the greater the impact on the overall economy. A large cohort of Albertans unable to find work for an extended period leads to lower consumer spending, lower tax revenues, and higher public spending in the form of social services. Over time, these all lead to slower rates of economic growth and a weaker fiscal position for the provincial government.

From an employer's perspective, a large number of individuals on the sidelines means Alberta businesses struggle to find the workers they need, constraining production, and curbing innovation. Likewise, high unemployment means lower sales, less vibrancy in Alberta's municipalities, and a limited ability to attract investment. Ultimately, persistent long-term unemployment in Alberta cripples private sector competitiveness and profitability.

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## Health and social costs

The negative consequences of long-term unemployment extend well beyond the economic costs. It can take a toll on an individual's physical and mental health and create a range of socially undesirable outcomes.

The loss of income can force individuals to delay needed health expenditures to pay food or housing costs. As a result, people may skip dental appointments, leave prescriptions unfilled, and avoid necessary health care, potentially leading to poor health outcomes.

Unemployment can also negatively affect mental health and well-being. According to the [Canadian Mental Health Association](#), these impacts include higher stress, social isolation, increased risk of substance abuse, and increased risk of or worsening mental illness. Over time, issues like these can create a vicious cycle: unemployment can erode mental health and one's sense of self-worth, potentially leading to substance abuse problems. These challenges, in turn, make it harder to find work.

These impacts spill over into the broader community. For example, unemployment is associated with increased suicides, homelessness, crime, domestic violence, substance abuse, death from heart disease, alienation, and admission to psychiatric hospitals. These all impose significant social and economic costs.

While economic costs are easier to quantify in terms of foregone income and economic growth, the social costs should not be overlooked. In fact, they underscore the urgency of addressing this problem.



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# Objectives

The Task Force is committed to identifying policy proposals to support disengaged and displaced Albertans navigating an increasingly digital and low-carbon economy to find meaningful career opportunities. Our four desired outcomes are the following:

## »» Displaced or disengaged Albertans have a pathway to meaningful work

Alberta's economic structure is changing, but that does not mean there are no opportunities to find work or even start one's own business. Employment services, skills assessments, and mental health supports will help discouraged and trepidatious Albertans re-enter the workforce. An improved and enhanced suite of re-skilling, training, and transition programs will help open up new employment pathways. And fostering a business culture of continuous learning and on-the-job training will help Albertans who lose their jobs transition quickly to new ones. In sum, this is about creating accessible avenues through which Albertans can explore different work opportunities that reflect their preferences, competencies, and aptitudes.

## »» Alberta's workforce is resilient and adaptable

The skills businesses are looking for are changing. What was once a knowledge economy is transitioning to an innovation economy—where value is found in how you can adapt and apply information in novel ways rather than in the information itself. To take advantage of new opportunities and an ever-changing workplace, Albertans must continually learn new technical and soft skills and update or upgrade existing ones. By participating in continuous learning (e.g., micro-credentialing, on-the-job training, skills upgrading), workers can ensure their soft and technical skills align with current business needs.

## »» Businesses find it easy to hire and train workers according to the skills they need

Even in a time of high long-term unemployment, businesses report having difficulty finding workers, suggesting a mismatch between the skills they are looking for and those possessed by job seekers. Better aligning post-secondary education with business needs will help close this gap in the long term. More immediately, skills and competencies assessments will improve matchmaking between employers and potential employees, while adjustments to government training supports will help encourage more employer-led training. Finally, adopting a competency-based approach to hiring will help employers identify applicants with the knowledge, skills, and attributes required to do the job rather than solely relying on formal credentials and years of experience.

## »» Alberta's workforce is a magnet for business attraction and new investment

Traditionally, business location decisions were based on the availability and cost of inputs such as raw materials, transportation, and trade. Increasingly, however, businesses are making location decisions based on the expertise and skills of the local workforce. Bolstering Alberta's reputation as a great place to live and work will help attract and retain top talent. Top-tier post-secondary institutions will signal the expertise, specialties, and values of the local labour force. And a work-ready, skilled, and adaptable workforce will attract new investment, creating new jobs and new opportunities for Albertans.

# How do we get there?

The Task Force has identified five broad areas where policy action is needed to address Alberta's structural unemployment problem:



## Building a strong foundation

These are the basic steps needed to help Albertans re-engage in the workforce. They include improving mental health supports and providing a standardized language that workers, businesses, and post-secondary institutions can use to talk about skills.



## Improving government training support programs

Changes to the design and delivery of federal and provincial education and training supports will make them easier to access and more effective at targeting those who have been unemployed long-term.



## Creating incentives through Employment Insurance (EI) reform

Government-funded training programs are not always the answer. There is an opportunity to reform the EI program to incentivize and better support individual-led training for those who are unemployed.



## Building effective just transition programs

The transition to a lower-carbon economy will disrupt thousands of jobs while creating new opportunities in new fields. Anticipating and bridging those gaps will be key to mitigating future skills gaps and long-term unemployment.



## Encouraging private sector solutions

The private sector has a critical role in developing the workforce it needs through initiatives like business-led training programs and adopting best practices for hiring.

The recommendations in these areas represent steps we believe are necessary to help displaced Albertans get back into the workforce. That said, there is no silver bullet solution to persistent long-term unemployment. Bringing the long-term unemployment rate down will be a gradual process. The Alberta economy—and the policy environment supporting workers—will need to adapt and evolve as circumstances and conditions change.



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## Building a strong foundation

Addressing long-term employment in Alberta requires a coordinated effort between government, the private sector, and post-secondary institutions. However, certain foundational elements need to be in place for that effort to succeed. Without them, targeted policies will be less effective.

**These foundational elements include the need for a whole-person approach to helping Albertans struggling with long-term unemployment. Individuals need mental health supports and the necessary assistance and interventions to help them re-enter the workforce.**

Individuals also need help identifying and articulating their existing skills and competencies, especially when those skills are intangible or come from work experience rather than formal education. And once identified, these skills need to be connected with current and future labour market needs. Moreover, the connection between the skills taught in schools and those needed in the job market must be strengthened.

Finally, and most importantly, information on current and future in-demand skills and competencies must be made more widely available to the general public. Doing so provides individuals with valuable insight into where jobs are located and the skills they need to capitalize on labour market opportunities.

## Supporting mental health and addiction

Supporting Albertans' mental health is a critical first step to addressing the long-term unemployment problem. As noted above, mental health and addiction are both causes of, and contributors to, long-term unemployment and labour force detachment. The longer people are out of work, the more likely they will experience mental health challenges. And the more their mental health suffers, the harder it is for them to re-join the workforce.

While mental health supports are important at the best of times, COVID has exacerbated the problem. Repeated waves of infections, shutdown measures, and re-openings have created profound uncertainty for Albertans and businesses. Though this problem will fade with time, there is an urgency with which the related mental health challenges must be addressed to limit future consequences. This is critical to helping many Albertans break the vicious cycle and remove some of the personal and social barriers that might prevent them from finding appropriate work.

The Alberta government has committed \$140 million over four years to enhance the mental health and addiction care system. To date, this funding has primarily supported targeted initiatives, including:

- \$600,000 to expand the Edmonton Police Service's HELP teams which partner officers with navigators who have the skills to support vulnerable Albertans.
- \$1.25 million per year for a new 50-bed, 12-week youth recovery program in Calgary that provides recovery-oriented care for youth living with addiction and mental health concerns.
- \$4.9 million over two years to the Alberta Health Services Indigenous Wellness Core, which provides accessible and culturally-appropriate health services for Indigenous communities.

However, broad-based mental health supports are needed in addition to these targeted programs. Broad-based programs accessible to the general public can support people before a crisis. Encouraging people to proactively and regularly look after their mental health can help them remain employed and increase their resilience if they do find themselves out of work.

Counselling services with a mental health professional can greatly benefit a person's mental well-being. Unfortunately, counselling can be financially prohibitive for many people who do not have private or employer-sponsored benefits (the recommended fee schedule suggests \$200 per session).

To assist those without such benefits, Alberta Health offers an alternative Non-Group Coverage plan administered by Alberta Blue Cross. While this plan does cover psychological visits, at \$60 per session for a maximum of 5 sessions, the coverage is limited and leaves people paying up to 75 percent of the cost out-of-pocket. And the benefits plan isn't cheap; monthly premiums will cost an individual \$63.50 per month (or \$44.45 if their income is under \$21,970). In sum, the Non-Group Coverage program does not adequately alleviate any financial constraints an individual may face in accessing counselling.

» **RECOMMENDATION:** That the Non-Group Coverage program administered by Alberta Blue Cross cover at least 75 percent of the cost of a counselling session and that the overall subsidized cost for the Non-Group Coverage program is reduced by lowering the premiums and increasing the qualifying annual income cap to under \$40,000, thereby making the program accessible to more people.

## Developing a national competency framework

In Alberta, there were 97,000 jobs that wanted people and about 182,000 people that wanted jobs in late 2021. Aside from the impact of short-term COVID effects, this indicates a potential skill mismatch in the market—where the skills sought by employers differ from those possessed by the labour force.

One reason for this mismatch is that people have skills that go unrecognized because they are not embedded in their official credentials. Formal credentials like degrees or Red Seals serve as surrogates for our skills and abilities, and we use them to prove our skillsets to future employers. However, people are constantly building and acquiring skills outside of institutionalized establishments, such as through work or volunteer experiences, or even self-driven learning at home. But without a recognized mechanism for articulating these skills, they are often left off of job applications.

Workers are just half of the skills mismatch challenge; employers make up the other half. Like workers, employers can have trouble identifying or articulating the skills needed for a job. And like workers, employers use formal credentials as a proxy for types of skills; and years of experience as a proxy for level of skill. As a result, some jobs are left unfilled because the employer couldn't find someone who ticked all the boxes. Furthermore, qualifications are often written in industry-specific language, even if the skills the employer actually needs are common across many industries. As such, qualified, competent people from other industries are less likely to apply.

Key to helping Albertans facing structural unemployment is to help them identify the skills and competencies they possess and those needed in the workforce.

**To address the skills mismatch, the Canada West Foundation recommends implementing a pan-Canadian competency framework: “an instrument for the development, classification, and recognition of skills, knowledge, and competencies across a hierarchy of defined levels.”**

It supports the assembly of competencies to describe job requirements and reveals the linkages between competencies across different occupations and industries. Ultimately, helping jobs find qualified people and helping people find the right job.

» **RECOMMENDATION:** That, following a recommendation made by the Canada West Foundation, the Government of Canada assemble a committee of interested stakeholders (including employers, labour, government, and education providers) to decide on a pilot sector in which to start building a pan-Canadian competency framework and provide initial direction. A working group would then determine the details of the framework (including number of levels and common vocabulary) using the frameworks of other countries as a guide.

### **Identifying skills shortages and labour market gaps**

Developing a competency framework is only the first step. To close the skills gap and help the long-term unemployed find meaningful work, we must also do a better job identifying and articulating existing and anticipated skills shortages and labour market gaps.

Making this information publicly available will provide individuals with a glimpse into where jobs are located and what skills are required to do them.

Each key player—government, businesses, and post-secondary institutions—has a role in bridging this divide and must act in concert to ensure workers have every opportunity to acquire the skills and competencies businesses need today.

#### **Businesses' Role**

Businesses best know which skills are missing in the workforce and are best positioned to identify which will be in demand in the future. However, this knowledge tends to stay within the business community and isn't communicated to other stakeholders.

A McKinsey survey found that 20 percent of Canadian employers never interact or coordinate with post-secondary institutions, and only 10 percent of employers frequently do so. Research shows that employers who have more frequent communication and coordination with education providers have more success when searching for talent.



Businesses would benefit from greater cross-industry collaboration on identifying common gaps in skills and competencies (this collaboration is discussed further below in “Encouraging private sector solutions”). After coming to a consensus, these gaps need to be communicated to post-secondary institutions. By improving communication and coordination with post-secondary institutions, businesses can help them better align training with the skills needed in the workforce.

» **RECOMMENDATION:** That businesses or business representative organizations work together to identify and catalogue the skills and competencies required in the workplace and initiate an ongoing and formal relationship with post-secondary institutions to communicate those skills and competencies to inform the development of a job-focused curriculum. Necessary steps include:

- Organizing a cross-sectoral working group of businesses that meet regularly (e.g., semi-annually) and agree on a list of current in-demand skills and competencies, future in-demand skills and competencies, and skills missing from the workforce;
- Creating a strategy to engage with post-secondary institutions on a regular basis; and
- Developing a framework to measure how responsive post-secondary institutions are to labour market needs—this level of responsiveness should increase over time.

### **Post-Secondary Institutions' Role**

Post-secondary institutions play a pivotal role in preparing Alberta's workforce for the jobs of today and in developing the skills needed for the future. However, there is a growing disconnect between educational institutions and labour markets.

The same [McKinsey survey](#) cited above found that 83 percent of Canadian education providers felt their graduates were adequately prepared for the job market, but only 34 percent of employers and 44 percent of new graduates agreed. Educators and employers are not aligned in what skills they think are important, meaning education programs are emphasizing skills that employers don't value.

In the near term, post-secondary institutions need to work with government and the private sector to identify and catalogue the skills present in the wider workforce and then compare this inventory against those being taught through their educational programs. Longer term, Alberta's post-secondary institutions should shift their approach to delivering education and training by emphasizing skills competency and evaluation rather than knowledge transmission.

» **RECOMMENDATION:** That post-secondary institutions coordinate with government and the business community to adapt programs to emphasize skills development. This could include:

- Focusing learning outcomes on demonstrating mastery of skills rather than uptake of discipline-specific content;
- Providing opportunities to apply learnings through career-focused experiential learning methods; and
- Communicating graduates' skills attainment on official credentials (e.g., course transcripts), thereby helping employers understand the skills graduates have mastered.



### Government's Role

Government has an opportunity to facilitate increased coordination between businesses and post-secondary institutions by quantifying and describing the skills mismatch.

While there is no shortage of labour market data in Canada, the information is dispersed between various agencies and levels of government, is difficult to access, and contains gaps. Essential to solving the skills mismatch problem is being able to see the problem clearly. To that end, it would be worthwhile to aggregate labour-skills data into one source and expand the information collected. In particular, the federal government can leverage the Job Vacancy and Wage Survey (JVWS) distributed by Statistics Canada to dig deeper into the gaps in the labour market.

The JVWS asks businesses about the nature of unfilled jobs but is missing information on the characteristics of vacant jobs—the hard and soft skills or competencies that are required. This data would help identify the specific skills that are in demand and potentially missing from the workforce.

On the other side of the same coin, better data also needs to be collected about workers themselves—what skills they have (beyond educational attainment) and where they are located.

Detailed labour market information can guide key players towards the most appropriate choices: individuals can see which skills and occupations are in high demand and subsequently make training or education choices; businesses and investors can make business location decisions based on the existing talent pool; and post-secondary institutions can tailor programs to meet current business needs.

» **RECOMMENDATION:** That the Government of Canada, through Statistics Canada, collects more detailed labour market information data and makes it accessible to businesses and job-seekers—in particular, data on the skills and competencies required by a job.

### Improving government training support programs

The federal and provincial governments offer a wide array of programs and supports aimed at upskilling and re-skilling the workforce.

Most of these programs are designed to solve a specific problem or target certain groups. For example, the federal Sectoral Workforce Solutions Program connects people with training in areas where employers are looking for skilled workers—like health, clean energy, and construction.

Some, however, are broader in scope. Notably, the Canada-Alberta Job Grant (CAJG) is a cost-sharing program that businesses can use to offset the cost of a wide range of work-related training for any employee.

Still, other supports provide individuals with tax-based incentives to help offset the cost of education and training. Two notable federal examples include the Lifelong Learning Plan (LLP) and the Canada Training Credit (CTC).





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## Developing a cohesive workforce development strategy

Currently, workforce development programs live in silos, even within a single level of government. The Government of Alberta runs programs out of three main departments—Advanced Education (AE), Labour and Immigration (LI), and Community and Social Services (CSS). Each has a slightly different focus: AE focuses on the post-secondary environment and supports further learning; LI focuses on people close to the labour market and supports jobs; and CSS focuses on people farther from the labour market and provides income support.

While each department brings valuable services and resources to the table, inter-departmental collaboration is low, leading to a piecemeal approach to workforce development—and this is causing people to fall through the cracks. For example, if someone has exhausted Employment Insurance (EI) benefits, they will likely transition to the income supports provided by CSS. Unfortunately, CSS offers very little in the way of employment training because more intensive programs are run by LI and are often only accessible to those on EI. However, those who have exhausted EI need this training the most.

A more effective strategy for workforce development requires a collaborative approach. This doesn't mean collapsing all programs under one department. Rather, a governing body needs to be established, under which all program delivery departments work towards a commonly understood and defined goal.

» **RECOMMENDATION:** That the Department of Jobs, Economy and Innovation serve as the central ministry that guides the Government of Alberta's workforce development strategy and coordinate the allocation of funds to Advanced Education, Labour and Immigration, and Community and Social Services for their respective workforce development programs.

## Consolidating and simplifying existing programs

One of the biggest challenges that individuals and businesses face is navigating the sheer number of re-skilling and training support programs available. While there are notable flagship supports like the Canada-Alberta Job Grant or the Alberta Jobs Now program, dozens of others are either directly run by the federal or provincial governments or delivered through non-government organizations.

The problem is that similar programs and services are dispersed across a range of government departments (or delivered by third parties), so it is difficult for workers and employers to know what programs are available, where to find them, how to apply, and what supports they are eligible to receive. On top of that, many programs are narrowly targeted, limiting eligible applicants to specific demographic groups, industries, occupations, or company size. These factors create high search costs that present barriers to the uptake of government training programs.

Businesses and individuals would benefit from increased simplicity and clarity. Instead of offering an extensive range of training programs, the federal and provincial governments should significantly reduce the overall number of programs and supports; and instead, redeploy and augment funding to expand select programs proven to be most effective.

» **RECOMMENDATION:** That the governments of Canada and Alberta consolidate and streamline their existing training supports into a smaller number of well-funded, broad-based programs. Overall spending levels should, at minimum, be maintained.

## Creating a one-stop window

We recognize that part of the reason governments offer a wide range of programs is to ensure that specific target demographics, cohorts, and industries are given policy attention designed to meet their particular needs. For this reason, we accept that there are limits to program consolidation.

In light of an array of offerings, program accessibility becomes an important consideration for addressing long-term unemployment in Alberta. A [Public Policy Forum](#) report notes that those most in need of training and re-skilling are those least able to get it: less-educated, Indigenous, older workers, as well as those living in rural and remote communities. They face barriers in accessing programs—barriers which include time constraints, financial constraints, limits to learning ability, and training location.

For this reason, we also recommend that a single, widely recognized concierge service be created to guide interested individuals and businesses to relevant programs and to assist with navigating the eligibility requirements and administrative process.

» **RECOMMENDATION:** That the governments of Alberta and Canada fund a single, clear, accessible one-stop window, administered by a non-profit organization, to help individuals, businesses, and community organizations access government and third-party supports for upskilling and training programs. Necessary steps include:

- Testing the design with businesses and individuals to make sure it is easy to navigate;
- Employing customer-service oriented individuals to field inquiries, identify specific program(s) that best fit the client's need, and assist with filling out applications;
- Ensuring a rapid response and turnaround time, whereby inquirers can expect to complete their applications within a few days;
- Establishing an open line of communication between the non-profit and relevant government ministries to ensure the non-profit has sufficient knowledge of existing programs; and
- Promoting the one-stop window so it is widely recognized as a portal to the myriad available training programs.

## » SORCe

SORCe (Safe Communities Opportunity and Resource Centre) is a widely used, non-profit concierge service in Calgary that connects people experiencing, or at risk of, homelessness to programs and services that can help them address barriers to housing. The centre itself does not provide any programming other than to offer information, connect service users with appropriate agencies, and help with intake forms.

The Government of Alberta is a community partner at SORCe and provided funding to support a staff position. SORCe is an example of a successful partnership between a non-profit and government to help people access and navigate a complex web of available programs and supports. And it can be used as a model to implement a one-stop window service that helps remove barriers to labour participation for those who need it most.

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## Reforming the Canada-Alberta Job Grant

The Canada-Alberta Job Grant (CAJG) is one of the flagship training support programs available to Alberta businesses. Under the CAJG, eligible employers pay one-third of the total training cost (up to \$5,000 per employee) for current employees, with the remaining two-thirds split between the federal and provincial governments, to a maximum of \$300,000 per employer per year.

However, if a company hires an unemployed Albertan, up to 100 percent of training costs (up to \$15,000 per trainee) are covered by the two orders of government, subject to the same \$300,000 maximum. Only those individuals in possession of a formal job offer are eligible for this enhanced support.

The CAJG is an example of effective government support for workforce training. Subject to certain conditions, it provides employers with the latitude to pursue the kinds of training they need. Moreover, because employers only pay one-third of the total cost, the CAJG dramatically reduces one of the risks of investing in workforce training—that the employee will be lured away by another job, causing the company to lose its upfront investment.

That said, there are opportunities to adjust the CAJG to create additional incentives to hire unemployed Albertans and encourage training investment at times when companies are considering reducing their staff, whether because of workforce transition or other reasons.

### Hiring unemployed Albertans

A strong feature of the CAJG is that it offers additional financial support for training unemployed Albertans. However, as noted in our *Skilled by Design* report, only a fraction of CAJG funding—approximately two percent—is used for this purpose.

In that report, we recommended that additional funds be added to the CAJG, with those funds devoted exclusively to training unemployed Albertans. We continue to support that recommendation.

➤ **RECOMMENDATION:** That the federal government increase its annual contribution to the Workforce Development Agreement by \$30 million. The Alberta government should earmark half that amount specifically towards efforts to support training for unemployed Albertans under the Canada-Alberta Job Grant (CAJG). These additional funds can be used to either increase the \$300,000 grant contribution cap on employers or to expand the number of companies the program is able to support.

As noted earlier, CAJG funding is conditional on the individual either being employed by the funding recipient or, in the case of unemployed Albertans, in possession of a formal job offer. We believe that waiving the latter requirement provides an opportunity to help Albertans struggling with long-term unemployment.

When an individual has been out of the workforce for an extended period, their existing skillset can atrophy or become stale. Albertans struggling with long-term unemployment would greatly benefit from on-the-job training or other forms of employer-driven upskilling programs. Businesses might not be in a position to add staff. But with government covering the costs, they could be more willing to offer employer-led training opportunities that help update, enhance, or refresh the skills of those detached from the labour force.

➤ **RECOMMENDATION:** That, to improve access to employer-driven training for unemployed Albertans, the Government of Alberta remove existing conditions that require businesses to hire, or to have extended a job offer to, an individual before they can qualify for training support under the Canada-Alberta Job Grant.

### **Leveraging the CAJG to assist with workforce transition**

An important finding in the literature on education and training is that retraining programs tend to be most successful when workers start them before they leave their old job or as soon as possible after they do. The challenge, however, is that when businesses are looking to cut positions, they have no incentive to invest in training the employees they plan to lay off.

One solution is to have governments cover up to 100 percent of the training costs for Albertans facing imminent unemployment. Measures would need to be put in place to prevent businesses from gaming the system, but as mentioned earlier, there is no better time to upgrade ones' skills than while still employed.

» **RECOMMENDATION:** That the Government of Alberta allocate the other \$15 million of new CAJG funding to expand the program so that employees facing termination are eligible for 100 percent government-funded training support in the same way as individuals who are unemployed. As above, these additional funds could be used either to increase the per-employer grant cap, or to increase the number of companies the program is able to support. If an employer later chooses to retain or re-hire that person, they would be required to reimburse the government for their share of those training costs.

### **Reforming the Alberta Jobs Now Program**

The Alberta Jobs Now (AJN) program is a jointly federal/provincial-funded initiative that supports getting Albertans back to work. The program provides businesses with financial support to help subsidize wages, fund training, or a combination of both when hiring a new employee. The AJN has up to \$370 million to allocate over three intake periods.

For the first intake (which closed in July 2021), employers could apply for a grant covering 25 percent of a new employee's annual salary for 52 weeks (up to a maximum of \$25,000) if they hired an unemployed Albertan for a new or vacant full-time, permanent position. The program provided additional incentives to hire persons with disabilities by increasing the subsidy amount to 37.5 percent of their annual salary (up to a maximum of \$37,500).

The government expanded eligibility for the program's second intake (which closed December 17, 2021) by removing the requirement for new hires to be previously unemployed and enabling businesses to hire for permanent, part-time positions.

We welcome the change to allow companies to use the AJN program to hire for part-time positions. It opened up opportunities for those who may not be able to work full-time hours, such as persons with disabilities or those with caregiving responsibilities (usually women).

However, by expanding eligibility to individuals who leave their current job to move to an AJN-supported job, the program is no longer focused on supporting the hiring of unemployed Albertans. Unemployed individuals, especially the long-term unemployed, face additional headwinds when finding a job. We believe this program could be a successful vehicle for reaching this cohort, but only if it is designed to specifically capture them.

» **RECOMMENDATION:** That access to the Alberta Jobs Now program be limited to employers who hire unemployed Albertans.

We know that people in specific groups experience additional barriers to re-employment, including women, recent immigrants, youth, Indigenous People, and recent graduates. However, those in these groups will continue to face additional barriers without targeted support.

» **RECOMMENDATION:** That the Alberta Jobs Now program expand incentives to hire people from groups with higher levels of unemployment, including women, recent immigrants, youth, recent graduates, visible minorities, and Indigenous People. As with the targeted incentive for persons with disabilities, the program should allow employers to receive a deeper subsidy (37.5 percent of a new hire's salary) when hiring from these cohorts.

This program is currently designed to provide businesses with the flexibility to use funding to subsidize training or wages. And while the government does not collect data on how participating businesses spend the money, it is likely that most, if not all, of the funding is used as a wage subsidy.

With the CAJG existing as a strong public-private partnership to support training, the AJN should shift its focus and become a wage-subsidy program designed exclusively to support the long-term unemployed.

» **RECOMMENDATION:** That the Alberta Jobs Now program transition to purely a wage-subsidy program. The program should be extended and made permanent to provide long-term support to help the long-term unemployed gain jobs.

## Measuring success

A critical component to designing and delivering effective training programs is to measure their success. At present, there is very little information collected on the results achieved by training programs. To the extent that they exist at all, performance measures tend to focus on indicators like program uptake and the successful disbursement of allocated monies.

Just because money is spent on training or employment support services doesn't mean it's well spent. Better performance metrics might include employer or employee satisfaction with the program results. Another option could be to track the individuals who received training to determine if they were promoted, given new responsibilities, or a higher wage due to the training. While this kind of tracking can be onerous, better success metrics are critical to learning best practices and continuous improvement.

» **RECOMMENDATION:** That the federal and provincial governments develop and make available outcomes-based evaluation and performance measures for government-funded training programs. Programs should be evaluated based on their effectiveness at helping individuals find well-paying work. Programs should be revisited and reviewed based on past successes and failures, as well as international best practices.





## Creating incentives through Employment Insurance reform

Outside of direct government initiatives to support training, there is an opportunity to reform Canada's Employment Insurance (EI) program to focus more on helping unemployed Canadians re-join the workforce.

At present, the EI program allows recipients to undertake training while collecting benefits in a restricted set of cases:

- An individual may take training on their own initiative. However, if they receive a job offer while collecting EI, they must accept that offer and, if necessary, cancel their training.
- An individual may secure permission from their provincial government to undertake full-time training while continuing to receive EI benefits.
- Long-tenured workers who lose their jobs can apply to become full-time students at an approved educational institution and continue to receive EI benefits. However, individuals must pay for their education.

The EI program is not designed to encourage training. If the duration of training is longer than the number of weeks of EI eligibility, the individual collecting the income support will not receive any additional weeks of benefits to cover the entire length of the training. Moreover, pursuing self-initiated training while collecting EI imposes a cost on individuals while they are already struggling with lower incomes. This deters the pursuit of skills upgrading and training at a time when many individuals have the time and capacity to do exactly that.

The federal government should re-examine the purpose of EI. We believe the program should be used not only to support the unemployed and those on maternity/parental leave, but also to encourage recipients to upgrade their skills, giving them the tools they need to find new work.

» **RECOMMENDATION:** That the Government of Canada reform the EI program, shifting its focus towards supporting individuals who use their period of unemployment to upgrade their skills. Options include:

- Requiring individuals to participate in employment and career management services programs as a condition for receiving EI payments;
- Allowing individuals to complete a training program before accepting a new job if the skills being acquired are relevant in a high-demand field; and
- Increasing the duration and level of EI benefits (currently about \$638 per week) for individuals who pursue training programs while unemployed.

Implementing the change proposed above would almost certainly result in higher overall EI payments than is currently the case. Rather than increasing employer and employee contributions, one option for financing any additional costs associated with an updated EI is for the federal government to make direct contributions to the program as it did pre-1990. If the federal government were to top up existing contributions, the additional funds could be used to support training expenses, including extending EI payments for the duration of an individual's retraining program.

» **RECOMMENDATION:** That the Government of Canada begin making a direct financial contribution to the EI program, with the additional funds over and above existing employer/employee contributions being used to support individuals who undertake self-directed training and skills upgrading during the tenure of their unemployment.

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## Building effective just transition programs

Alberta's long-term unemployment challenge will face additional headwinds during the transition to a low-carbon future. As the home of Canada's energy sector and the bulk of the country's greenhouse gas (GHG) emissions, the impact of the energy transition will be felt in this province more than in any other.

Workers and communities will face the brunt of this impact. A [report by TD bank](#) suggests that the transition to a net-zero economy could result in a 50-75 percent decline in direct and indirect jobs in the oil and gas sector. A significant share of that impact will be in Alberta; some communities have 25-30 percent of the workforce directly employed in those industries—to say nothing about the indirect, support, and spinoff jobs that rely on energy sector workers.

The good news is that most net-zero scenarios anticipate net employment growth in the energy sector over time. At the same time, however, the skills required to work in fossil fuel extraction are not necessarily transferrable to clean energy jobs. These new jobs are likely to pay far less on average than those in the oil patch, be less stable, offer fewer benefits, and they are likely to be more geographically dispersed.

These factors all speak to the need for targeted government policy support for workers and communities affected by the energy sector transition. Evidence from Alberta's experience with coal worker transition—along with several examples in other jurisdictions—suggests that income supports for displaced workers are of only limited and temporary value; workforce training needs to be a central component of transition supports.

In December 2019, the federal government committed to introducing a Just Transition Act that, according to the [mandate letter](#) to the Minister of Natural Resources, would “...advance legislation to support the future and livelihood of workers and their communities in the transition to a low-carbon global economy.” About 18 months later, Natural Resources Canada released a discussion paper that would serve as the basis for consultations on the principles that should guide a “people-centred just transition.”

On behalf of BCA, the Task Force was pleased to contribute to those consultations by way of a formal written submission. The Task Force believes that the federal government has a critical role in delivering just transition supports and ensuring that adequate resources are provided to Alberta's workers and communities to minimize the disruption.

**➤ RECOMMENDATION:** That when developing future just transition legislation and support programs, the federal government incorporate the following considerations:

- The business community must play a central role in informing just transition policies;
- Just transition resources should be focused on the regions and communities directly impacted by job losses and closures;
- Just transition supports should reflect workers' preferences, skills, and age;
- Historically disadvantaged groups need to be considered in just transition policy design;
- A just transition should take place in the context of a vibrant and growing Canadian energy sector;
- Better information is needed about labour market development and skills demand; and
- Transition programs should incorporate clear, outcomes-based success metrics.

Each of these points is discussed below.

## **Employers need to be at the table**

The business community must play a central role in a just transition. Employers have first-hand knowledge of the skills needed to access new job opportunities in clean energy, tech, emerging local businesses, or industries that affected communities seek to attract. This knowledge needs to be shared with government and education providers to ensure that training programs are relevant and address present and future labour force needs. For these reasons, business representatives should be at the table alongside workers and communities to develop just transition programming and supports.

## **Government supports and resources should be targeted**

As noted above, the transition to a low-carbon future is expected to create economic activity, jobs, and growth across Canada. But these benefits will be relatively disbursed, while the costs will be highly localized in fossil fuel producing regions. For this reason, resources and supports should be exclusively focused on the regions and communities directly impacted by job losses and business closures. Moreover, the level of government support should be commensurate with the impact on those areas.

## **Just transition supports should be flexible**

Transition supports cannot simply be about pivoting workers from traditional energy sector roles into new clean energy or clean tech jobs. Just transition policy needs to consider and reflect individuals' skills, aptitudes, and desires.

Policy should incorporate a suite of options that allow individuals to leverage their strengths and competencies and choose their own path forward, including:

- Competency assessments and career counselling;
- Retraining support for another role with their current employer;
- Education and skills upgrading for a career change; and
- Financial and other support for those who wish to start their own business or entrepreneurial venture.

## **Different approaches for different age groups**

Research suggests that retraining programs are most successful for people under the age of 40. When older workers are displaced, retraining tends not to be as effective.

There are several ways to address this problem, including pension bridging grants, financial support during training, or temporary income supplements to help mitigate any considerable decline in wages. However, these options overlook older workers' accumulated knowledge and experience, which should neither be underestimated nor discarded. Instead, transition programs should guard against ageism by identifying and marketing these skills and exploring unconventional ways to preserve their value.

## **Considering collateral impacts and historically disadvantaged groups**

The impact of the energy sector transition will not just be felt by energy sector workers. According to a [Canadian Centre for Policy Alternatives](#) study, indirect employment related to the fossil fuel sector (e.g., retail, accommodation, and food services) accounts for 2-3 times more jobs than direct employment in the industry itself. These individuals may not work in oil and gas, but the impact on their careers, incomes, and livelihoods is just as real.

Adding to the challenge, those indirectly affected tend to be in much lower-paying jobs and have fewer transition supports available. It is imperative that governments not overlook these indirect casualties.

Similarly, historically disadvantaged groups need to be considered in just transition policy design. While transition supports should focus on all impacted individuals, particular attention should be given to those least able to transfer their skills and get the training or support they need. Often, that means women, Indigenous Peoples, and other racialized Canadians.

### **Incorporating best practices**

Canada is not the only country facing a transition challenge, and we should study and learn from the successes and failures of workforce transition policies implemented elsewhere. While no single jurisdiction has found the perfect solution to workforce transition challenges, key principles and best practices guiding government and private sector programs developed elsewhere should inform Canada's just transition legislation and program design. Among others, we believe the following best practices should be considered:

- Workforce transition and re-skilling efforts should be proactive, ongoing, incorporated into existing employment structures, and include a high degree of partnership between businesses and labour representation, as exemplified in Sweden's Job Security Councils.
- Governments should focus on enabling market-led investments that are well-suited to tap into regional comparative advantages. Government funding, provided through programs like the Manufacturing USA network, can catalyze public-private partnerships in R&D that spur long-term, sustainable private sector investment that creates jobs in areas hard hit by economic transitions.

Successful workforce transition efforts should be informed by an accurate and comprehensive analysis of the local unemployed workforce. For example, One East Kentucky's workforce analysis of hard-hit coal communities has informed transition program design and regional economic development plans.

### **Outcomes-based success metrics**

Similar to our earlier discussion on improving government training support programs, policy success in any just transition support program should be tracked and measured to ensure the design and rollout of the program effectively supports affected workers and communities. Some possible examples of outcomes-based success metrics include:

- Stable or increasing full-time employment rates in affected regions;
- Regional unemployment rates that do not significantly increase relative to the national average;
- Minimal lag time between completing training or re-skilling programs and re-employment; and
- A stable or increasing net number of businesses operating in affected areas.



## » Sweden's Job Security Councils, Manufacturing USA, One East Kentucky

Sweden's Job Security Councils are a partnership between employers and social partners that provide financial support and job counselling to help laid-off workers return to the workforce as soon as possible. The councils are funded by employer contributions and have been successful in getting 85 percent of workers new jobs within a year.

Manufacturing USA is a network of research institutes that develop new manufacturing technologies through public-private partnerships between industry, academia, and all levels of government. The institutes are funded by the government and run by non-profit organizations.

One East Kentucky, an economic development agency, commissioned a workforce analysis of the region in 2016 to identify the skills of the region's unemployed coal workers. The goal was to understand the transferable skillset of the local labour market to help attract compatible industries to the region and establish relevant education and training programs.

## Encouraging private sector solutions

Businesses have long been an integral part of the broader skills and workforce development ecosystem, along with the education system, government programs, and labour-funded learning models.

However, when private sector participation in skills training is lacking, businesses often find themselves unable to hire workers with the skills they need. Without sufficient business sector integration into the broader skills and workforce development ecosystem, the entire ecosystem becomes less capable of producing the resilient, innovative, and agile workforce necessary for a healthy and growing economy.

Especially in Alberta—where the challenges of structural unemployment are significant, prolonged, and can quickly become self-sustaining—there is a great need for the private sector to step up. Fortunately, there is no shortage of forward-thinking companies in Alberta and abroad that offer instructive examples of how the private sector can promote lifelong learning and targeted skills training.

» **RECOMMENDATION:** That Alberta employers consider the business and societal benefits that can be accrued by proactively cultivating an agile, skilled, resilient, and future-focused workforce. Best practices to help build this type of workforce include:

- Improving coordination across industries and occupations to communicate current and anticipated skills needs with governments and post-secondary institutions;
- Investing more in training and upskilling of existing staff;
- Improving recognition of how intergenerational skillsets can be complementary;
- Creating a more inclusive and welcoming workplace culture;
- Studying and adopting best practices for workforce transition programs;
- Studying and adopting best practices for employee orientation/rotation programs; and
- Revisiting the effectiveness of current hiring practices.

Each of these points is discussed below.



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## Improving coordination across industries and occupations

The nature of work is changing, and the private sector is on the front lines of this shift. Businesses are in the best position to account for the skills and competencies they need from their workforce.

The challenge of identifying and communicating these needs to government and post-secondary institutions has already been discussed. The remaining issue is coordination across the business community itself. Businesses are aware of their own skills needs and that their competitors share the same challenges. However, the solution to broad skills shortages is not to compete for scarce talent but to expand the available labour pool. That means: working together to identify skills gaps; required competencies; and training needs; and co-operating on the development and delivery of occupation-specific or industry-specific training.

Businesses are beginning to realize that pooling training investments and resources with competitors can help drive mutually beneficial outcomes as a business collective. For example, the European Round Table for Industry's pan-European [Reskilling 4 Employment](#) initiative has brought together cross-sector corporate supporters to re-skill one million workers by 2025, even if these workers do not necessarily directly benefit their own companies.

## Investing more in training and upskilling of existing staff

While employers must find better ways to coordinate with their counterparts and education providers to prepare a skilled workforce, they also have a role in developing talent within their existing workforce.

Adopting continuous learning and workforce upskilling as a key component of business strategies is key to creating an agile and adaptable workforce resistant to long-term unemployment. The [benefits to businesses](#) are significant—workers are more satisfied with their jobs, employee turnover costs are reduced, and institutional knowledge is retained.

Programs like AJN or the CAJG are examples of ways that governments are supporting private sector investment in workforce training. However, not all funding models need public sector involvement. Some examples of private sector-led training initiatives include:

- The [FORTE](#) model (Financing of Return to Employment), where private companies agree to pay the upfront training costs for individuals who would otherwise be paying negligible tax due to lost income. The newly skilled individual can then gain employment and return to a taxable income level. The private company recoups their investment as the government returns a portion of the tax revenue generated by the newly skilled individual to the company; and
- [Income-Sharing Agreements](#), where investors pay for a student's upfront education or training costs. In return, the student agrees to pay a portion of their post-training income back to the investor over a set number of years.

Such programs have advantages and disadvantages for individuals and businesses; nevertheless, they serve as models for consideration by companies looking to hire new employees or train existing ones.

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## **Improving recognition of how intergenerational skillsets can be complementary**

The changing nature of work and the evolving skillsets required to succeed in current and future jobs present unique challenges for older workers. Research indicates that older displaced workers don't benefit from retraining programs to the same degree younger workers do. These intergenerational differences can exacerbate the structural unemployment challenges already facing older workers.

While younger workers have a better capacity to learn new skills and pivot to changing work environments, the skillsets already developed by more experienced workers create their own value-add to businesses. Businesses should identify the value that older workers bring and find where their skills overlap with and complement younger workers' skills.

For example, strategic intergenerational mentorships can help transfer experienced-based knowledge from older workers to younger workers, especially for skills in deficit, including leadership, project and people management, and critical thinking and decision-making skills.

## **Create a more inclusive and welcoming workplace culture**

A company's workplace culture can be a barrier to hiring new employees.

Employees, particularly younger ones, often want to work in companies that share their values—including evidence that a company is committed to: employee diversity across age, gender, and race; investments in employee career development; accountability and good behaviour from colleagues and superiors; and adequate supports for employee mental health.

Furthermore, company culture can be a barrier for people looking to switch careers or industries. The corporate cultural norms and industry-specific jargon can seem daunting or exclusionary to people accustomed to a different workplace. If we want, for example, software engineers to transition from an oil and gas company to a tech start-up, the company needs to facilitate a culture accepting of those with different corporate backgrounds.

Cultivating an attractive company culture takes many years and a specific strategic focus. Still, Alberta's private sector must pursue this objective to attract new talent. Resting on this province's business-as-usual laurels may be tempting, but without an ongoing pursuit of company culture improvement, skilled workers may be lured by opportunities outside this province.

## **Studying and adopting best practices for workforce transition programs**

While usually inevitable and necessary from the company's perspective, layoffs can be devastating to a worker.

Fortunately, private sector efforts can help mitigate the impacts of layoffs and set up workers for continued success. Forward-thinking companies, like Nokia, have introduced policies and programs to help their employees transition through layoffs—policies that can serve as a guide for companies looking to implement similar programs. While Nokia implemented a broad suite of mitigating programs, companies looking to learn from this success should not see it as an all-or-nothing approach. Even a partial adoption of a proven and successful model represents a step in the right direction.

## »» Nokia's Bridge Program

In 2011, Nokia needed to drastically restructure to remain competitive, and this meant 18,000 inevitable layoffs over two years across 13 countries. In response, Nokia created the Bridge program to help those impacted by layoffs find their next step.

In the Bridge program, Nokia gave employees and communities ample notice that layoffs were coming—over a year in some cases. In the meantime, Nokia provided employees with five different paths to choose from, along with the resources to pursue them: (1) find another job at Nokia, (2) find another job outside of Nokia, (3) start a new business, (4) learn a new skill or profession, or (5) pursue personal interest goals such as volunteering.

The program was a success. Two-thirds of participants were satisfied with the program (a high percentage given mass-layoffs), and 1,000 new businesses were started. The program benefited Nokia, too. It only cost the company 4 percent of its restructuring budget, and they avoided many of the negative effects of layoffs (e.g., reduced quality and productivity, lower employee engagement).

## Studying and adopting best practices for employee orientation/rotation programs

While job rotation programs are traditionally thought of as a professional development and employee engagement strategy, they can also be used to help the long-term unemployed find a pathway back into the workforce.

Those who are unemployed may not know which path to take to find work. Workers who have been removed from the labour force for some time or displaced from their long-established careers may not know where their existing skillset is applicable. And workers entering the workforce for the first time may not know where their interests lie or what jobs are available.

An employee orientation/rotation program can offer participants in-depth experiences and targeted training across a range of business areas within an organization. In this low-risk environment, employees can identify where their skills and interests best fit and determine a path forward—whether that means going back to school, getting additional certifications, or searching for opportunities in a specific occupation or industry.



Fort McKay Group of Companies is an example of a business leveraging an employee orientation and rotation program to bring opportunities to unemployed Indigenous workers in Alberta.

## » Fort McKay Group of Companies

Fort McKay Group of Companies (FMGOC), a fully owned Indigenous oilfield construction and services company in Alberta, offers a 12-month program where participants complete three 4-month rotations in health, safety and environment services; front desk administration; and finance.

In each placement, participants are assigned tasks and meet with a supervisor who serves as a mentor and resource to them. Throughout the program, participants are assessed on the skills they should be able to demonstrate.

At the end of 52 weeks, participants can apply for an open position in an area of interest, should one exist. But regardless of whether or not there are current job opportunities within the company, participants walk away with paid employment experience, skills in multiple business areas, and a better idea of where to pursue opportunity next.

FMGOC imposes very few eligibility requirements to participate in the program—casting a broad net to capture people from all walks of life who may be struggling to find employment. Besides identifying as Indigenous, passing a drug & alcohol test, and demonstrating interest, the organization does not have any other eligibility requirements (including age, pre-existing qualifications, or a valid driver's licence).

## Re-visiting the effectiveness of current hiring practices

Automation has taken over nearly every step in the recruiting process. Various software applications can source talent, score and assess candidates, and complete background checks. Three-quarters of recruiters use some form of recruitment software. And for good reason. This software reduces search costs and maximizes efficiency by minimizing the number of candidates under active consideration. As a result, the use of recruitment software is nearly ubiquitous amongst large companies.

However, this software often screens out highly qualified candidates based on a marginal deficiency.

For example, it can automatically filter out applicants that meet a certain “negative” criterion, such as previous incarceration or a gap in employment continuity exceeding six months. If an applicant meets just one of these negative criteria, the recruiter will never see that application, even if the applicant otherwise meets all the required qualifications.

This attribute of the recruiting process can make an already difficult job search near impossible for the long-term unemployed. Research from Harvard Business School found that the long-term unemployed are the most active job seekers but receive the fewest number of job offers—1.2 job offers for every 44.2 job applications.



In an environment where employers struggle to find needed talent in the labour market, despite high unemployment, perhaps it is time to re-examine the use of software in hiring practices. Employers could consider working more closely with their software providers or recruitment agencies to refine their search criteria to focus more on competency-based hiring. Doing so would broaden the candidate pool and ensure that otherwise qualified candidates are not inadvertently screened out based on one or two modest shortcomings.

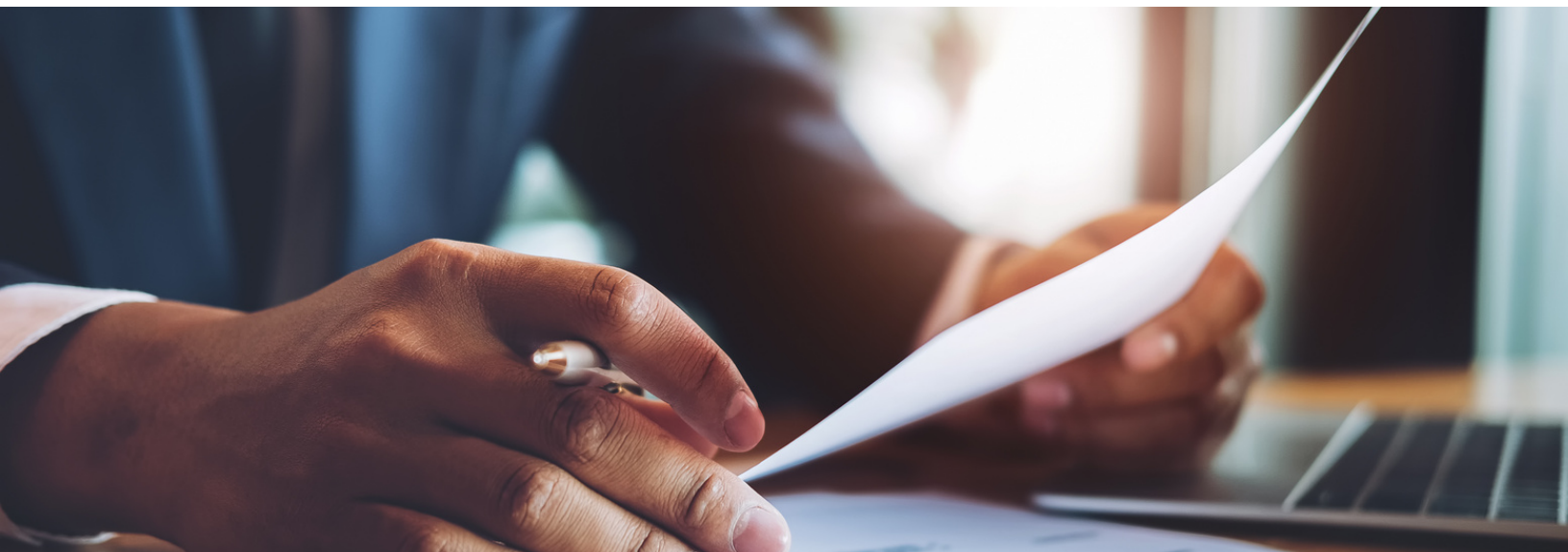
While it may be more costly upfront, bringing the human eye back into the hiring process can help employers tap into otherwise excluded pools of talent. Recruiters will be able to focus on the value an applicant can bring in terms of skills and competencies rather than on what they lack (e.g., formal credentials or continuous work history).

This investment in recruiting will pay off. The Harvard Business School found that overlooked workers outperform traditionally hired workers in six key areas: attitude and work ethic, productivity, quality of work, employee engagement, attendance, and innovation.

## » ResumeFree

Some larger companies may be less able to pivot away from recruitment software because of the time and financial costs associated with more human-led hiring practices. In this case, companies may want to consider non-traditional recruitment software that prioritizes characteristics other than credentials.

ResumeFree is an Edmonton-based company offering a recruitment tool that incorporates behavioural science into the screening process. Job-seekers complete an assessment that provides prospective employers with information on 175 behavioural traits. As a result, employers are able to get a sense of a candidate's qualities, preferences, skills, and interpersonal traits.





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# Conclusion

Albertans are facing a structural unemployment challenge. Large numbers of residents are disengaged from the workforce and lack in-demand skills, while at the same time, businesses across the province are reporting problems finding workers with the skills they need. Left unaddressed, this mismatch could lead to significant economic and social costs for our province.

The Task Force is committed to helping Albertans rejoin the workforce or pivot their career, and to helping businesses find and develop the workers they need. To that end, we have identified four desired outcomes for Alberta's labour market:

- 1. Displaced or disengaged Albertans have a pathway to meaningful work.**
- 2. Alberta's workforce is resilient and adaptable.**
- 3. Businesses find it easy to hire and train workers according to the skills they need.**
- 4. Alberta's workforce is a magnet for business attraction and new investment.**

To achieve these outcomes, we identified five areas for policy action that require government and industry-led solutions. First, Albertans need to be provided with a strong foundation where their mental health is supported, and detailed labour market information is available to inform decision-making. Second, government training programs need to be easier to access and more effective at addressing long-term unemployment. Third, Canada's EI program should be reformed and updated to incentivize individual-led training. Fourth, just transition programs need to be developed and sufficiently financed to effectively mitigate the disproportional impact that moving to a low-carbon future will have on Alberta. And finally, the private sector must be a key partner in skills training.

The good news is that Alberta is an attractive place to live and work. And with the right mix of targeted policy actions, we can develop a highly skilled and competitive workforce that attracts business investment and drives economic growth in our province.

That said, addressing long-term unemployment is not a problem that can be solved overnight. It will be an ongoing process and will require new approaches as new disruptive trends emerge. Continued collaboration between government, the private sector, and post-secondary institutions will be crucial to restoring and maintaining a vibrant and healthy labour market in Alberta.



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