

CANADIAN FEDERAL TRAINING PROGRAMS
IN A CHANGING ECONOMY

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1. INTRODUCTION

Are the federal government training programs in Canada a solution to the economic problems we are facing now? Are the federal government's training programs a new phenomenon? Or are Canadians just reluctant to buy into this idea as a solution to some of our economic and demographic problems?

Training programs are not really a new phenomenon for the federal government. Employment and Immigration Canada has attempted to offer employment programs to its Canadian customers for quite a while. In the past, these programs were mostly geared towards two groups: occasionally unemployed people who resided in the more affluent regions, and the unemployed living in the needier areas who had specific needs. Examples of the needier areas are the Atlantic provinces where the seasonal fishing industry is dominant and Southern Ontario where automobile plants are major employers.

Today's patrons of Human Resources Development Canada (HRDC), formerly Employment and Immigration Canada, have grown and the industrial structure of the labour market has changed. The service sector has increased its demand for employees and the Natural Resources Industries have diminished their employment share. The client base for federal government training programs consists of displaced workers with long-term work experience, youths entering the work place, women seeking work, fishermen unemployed due to

depletion of the fishing industry in the Atlantic provinces, and so on. The number of unemployed is larger and the duration of unemployment is longer than in the past. The Canadian labour force and businesses must compete with low income countries who have lower production costs. The increasing demand for federal government training programs is therefore partially due to dramatic changes in the Canadian work force.

With its debt increasing at a rapid rate, Federal Government must function under very restrictive financial constraints, which limit the dollars allocated for programs. With more demands for employment programs, the Federal Government finds itself in a "catch 22" situation. Public policy makers must tighten their belts on expenditures, but they must also meet the political pressures such as finding jobs for their constituents, encouraging business growth, and creating a healthier economic environment in Canada. Human Resources Development Canada has undertaken a major evaluation of Canada's Social Programs. These policy makers are looking into the unemployment insurance program, social assistance programs, pension programs, child credit programs, and so on. The objective of this process is towards less government intervention in the social and economic life of Canadians.

The major objective of this paper is to evaluate how well federal policies on employment programs have functioned to help match Canadian job seekers with job vacancies. As well, this paper

will determine whether the employment programs adequately prepare the potential and actual labour force participants for the workplace and whether they meet local labour force requirements.

In Section 2, various factors that have caused the need to consider training as a partial solution to the labour markets unbalance are stated and related to today's workplace needs. In this section various economic, demographic and social factors are examined regarding their relevance to the demand and supply of jobs. To put this in perspective, a general overview on how the Federal Government decided to organize its new strategy towards a "Learning Society" is presented in Section 3. In this section as well, the various government programs are illustrated. Section 4 provides an overview of the perception of the various training programs and their funding by both government and business sectors. Since empirical studies on Canadian programs are scarce, it was decided to look at the experience in the United States. Thus, Section 5 examines studies on the effects of training programs in the United States, and reports some specific empirical results. Lastly, a summary and conclusions are presented in Section 6.

2. VARIOUS FACTORS THAT HAVE CAUSED THE NEED TO OFFER TRAINING

2.1 What Caused This New Approach Towards Training Policy?

Given the changing Canadian economic structure, the Canadian labour force needs to be flexible. New technologies are entering the economy faster than they can be implemented. This unbalance is creating new types of skill requirements in the labour force for which the Federal Government found it necessary to adopt a new approach in the development of its training programs. This new approach adopted by the Federal Government will be presented in Section 3. Each of the various factors contributing to the changing economic structure will be discussed in more detail in the subsections below.

2.1.1 The Changing World Economic Environment

The Canadian economy is part of an integrated world economy. World exports and imports play a key role in the economic well-being of Canadians. We have become more export oriented than in the past. The Canadian economy is also faced with higher import penetration than in the past. While exports have also increased in volume, the growth is larger for imports. The volume of merchandise trade exports that are stated in millions of 1986 dollars in Canada was 174,905 in 1993 compared to 120,318 in 1986 (a growth of forty-five percent). Volume of merchandise trade

imports went from 110,374 in 1986 to 169,826 in 1993 (a growth of fifty-four percent) (STC, 1994b, 63-64). Due to the Free Trade Agreements with the United States and Mexico, Canadian capital flows are increasingly dominated by multinational firms transferring production between countries (STC, 1994a, 83). In Canada, these events have resulted in a significant loss of jobs in certain sectors such as manufacturing and transportation. The laid-off labour force associated with these sectors requires a lot of re-training in order to be able to re-enter the work force. Thus, more federal training programs for these displaced workers are needed.

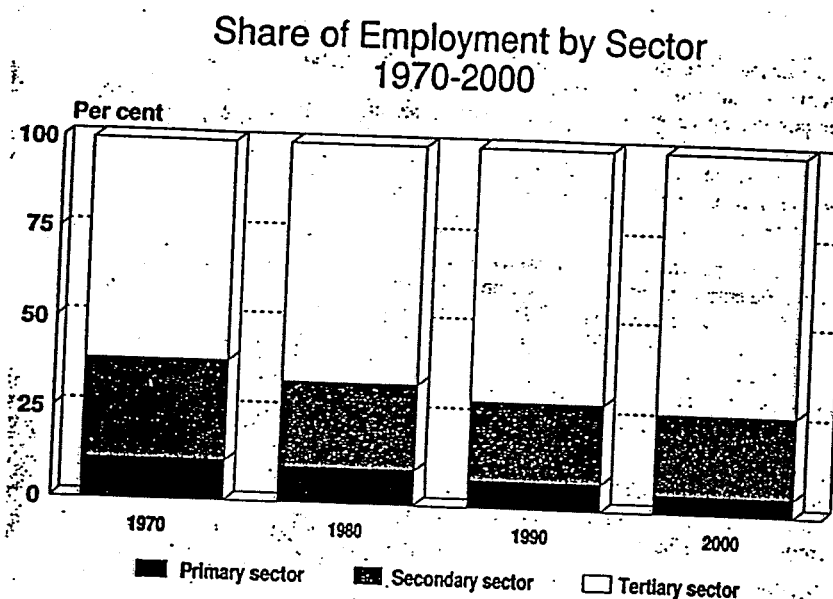
For many years, Canada's wealth in natural resources and the demand for these resources on world markets supported its high standard of living. With the entry of other countries as suppliers, prices have become more competitive and Canada is experiencing a global shift from a resource-based to a knowledge-based economy. The Canadian labour market is characterized by an increased demand for different and higher skills.

New technologies and skills in international markets have already changed the kinds of jobs available to Canadians, and they will continue to do so. . . .

In fact, in many areas where jobs generally require less than a high school education - such as forestry, fishing and hunting, and transportation - jobs will be lost. At the same time the demand for highly skilled workers, especially in managerial and administrative occupations, will rise dramatically (Canadian Labour Market and Productivity Centre, 1992 , 5-6).

Due to these various factors, Canada sees itself faced with a shift in its employment base. Over seventy percent of the Canadian work force is now employed in the service industries, while in the fifties, forty percent of the workers were active in the service industries (Figure 1).

Figure 1



Sources: Statistics Canada, The Labour Force, Catalogue 71-001, and Informetrica Ltd., Post II-90 Reference Forecast, November 1990.

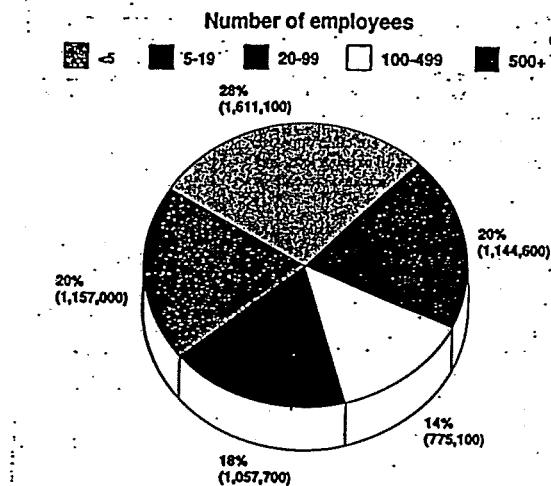
Source: Employment and Immigration Canada, "PEAD - Planning Environment Assessment Document Trends and Prospectives", Strategic Policy and Planning, February 1991, Minister of Supply and Services, page 7.

As mentioned in Government of Canada (1991d, 5), all these movements in the service sector of eventually replacing, upgrading, reskilling or deskilling due high technology development create an additional element of uncertainty. These movements make it less than straightforward to train and educate the people in the service sector. This field will need to be looked at more closely.

2.1.2 Small Business Growth

Throughout the years we have seen the small business sector growing at a greater rate than the other sectors. Employment in this sector is very volatile and fickle. It can create new jobs, but does not have the means to invest in people as do the larger companies. As shown in Figure 2, between 1978 and 1988, firms employing less than twenty persons accounted for 2.8 million new jobs - forty-eight percent of the new jobs in Canada. This suggests that there is a need for government to carry out more programs to help small businesses in their training of employees.

Figure 2
Total New Jobs Created by Firm Size
1978-88



Source: Statistics Canada, Small Business and Special Surveys, June 1989.

Source: Employment and Immigration Canada, "PEAD - Planning Environment Assessment Document Trends and Perspectives", Strategic Policy and Planning, February 1991, Minister of Supply and Services, page 9.

2.1.3 Shifts in the Characteristics of the Work Force

The characteristics of the Canadian work force have changed through the years. More Canadians are of working age and the average age of Canadian workers is higher.

This means that older workers will require greater flexibility. In the past, younger workers were available to fill new jobs, such as the demand for computer programmers in the 1970s. They won't be so readily available in the future, and older workers will require frequent retraining to fill the gap.

In short, our work force is becoming less adaptable to change, at a time when change is demanding new and higher skills, and a broader range of skills, in all sectors of our economy (Canadian Labour Market and Productivity Centre, 1992, 8).

Also, more women are entering the work force. The participation rate for women has gone from fifty percent in the sixties to approximately seventy percent in the nineties. Thus, the total number of job seekers has increased through the years, which is creating a greater demand for federal government training programs.

The illiteracy problem stated in Canadian Labour Market and Productivity Centre (1992, 10) is serious. Twenty-five percent of adult Canadians lack basic language and arithmetic skills that are essential for most jobs today. This deficiency is costing Canadian businesses billions of dollars every year.

Twenty percent (Gilbert, Sid et al., 1993, 14) of Canada's twenty-year-old youth have not completed high school. Almost half the new jobs created by year 2000 will require more than five years of education and training beyond high school (Canadian Labour Market and Productivity Centre, 1992, 10).

The mismatch between the skills people have and the skills required are a cause of unemployment. One study done in 1991, observed that while almost one million Canadians were unemployed; 300,000 job vacancies were left unfilled (Canadian Labour Market and Productivity Centre, 1992, 10).

2.1.4 Rapid Technological Innovation

Much of the pressure for industrial restructuring in Canada comes from a rapidly changing world environment characterized by increasing internal integration and pervasive technological change. These trends have induced tangible stress on the labour market that has created an urgent need for the streamlining of certain programs and new innovative approaches to federal government programs.

A higher demand for sophisticated skill requirements for a significant segment of the labour force is created by these injections of more complex technologies. With these rapid changes occurring comes a constant need to train or retrain existing workers of the Canadian labour force.

Due to these brisk turnovers in technological changes, many workers will not stay with the same firm throughout their working career but will work for several firms and industries. Canadian workers will need to find transferable skills to allow them the mobility to find a new job more easily when layoffs occur. In addition, we are seeing a preponderance of new jobs in the professional and managerial occupations.

2.1.5 Lack of Participation of Employers in Formal Training

In 1990, a survey (Canadian Labour Market and Productivity Centre, 1990b) questioned both business and labour leaders and indicated that the top priority for improving our international competitiveness should be training and education. Most of the respondents felt that employers and union should play a direct and active role in the training of the workers. Most of the respondents thought that employers should be both primarily responsible for improving employee retraining and funding it. Many leaders have concerns about the inadequacies of existing training institutions, especially in the area of work place training.

The respondents thought that the following obstacles needed to be looked into to improve work place training:

- (i) lack of training facilities;
- (ii) low interest in training by many employers; and
- (iii) inter-firm poaching of trained workers.

There are increasing complaints from business about inadequate skills of its work force. But only 25 per cent of Canadian firms provide formal training for their employees. The Japanese spend five times what Canadian business and industry spends on training (Canadian Labour Market and Productivity Centre, 1992, 11).

2.2 Conclusion

The Federal Government decided to try to rectify these problems by equipping the Canadian work force more adequately. Again, this was only one of the available components to the solution. Canada should create a "Learning Society." This avenue towards training was also supported by educators, labour unions and some workers.

The fact is, training and skills are fast becoming the only ticket to getting a job, to running a competitive business, to maintaining our competitive position as a country. And the fact is, we are putting our future at risk if we don't start now to create a new training culture in Canada.

It is also becoming more and more obvious that learning does not stop once we leave school. We need to develop a much deeper commitment to lifelong learning-before school, during school, on the job and through many jobs and career changes that every Canadian will surely face (Canadian Labour Market and Productivity Centre, 1992, 11).

3. THE FEDERAL GOVERNMENT TRAINING PROGRAMS IN CANADA

3.1 Introduction

Since the early 1900s, employment policies and programs have been part of the Federal Government's mandate that was geared towards Canadian's labour market needs of the day. In the late fifties and early sixties, the focus was to ensure high employment. As mentioned in Ostry and Zaidi (1979), manpower policy was born in the sixties. The scope and involvement of these policies in the labour market were increased with the creation of the Department of Manpower and Immigration in 1966. Another factor that warrants this departmental expansion was the unemployment rate increases.

During the seventies and eighties, policy makers were faced with a range of economic and demographic problems that were dealt in different ways. How did the Federal Government decide to attack this crisis?

3.2 The Labour Force Development Strategy (LFDS)

To start with, the Labour Force Development Strategy (LFDS) was first announced in the following document Success in the Works on April, 1989 (EIC, 1991c). The Canadian Government wanted to encourage the private sector to take a greater role in training

programs. LFDS focused on a more active answer to the needs of the unemployed. This was achieved through reinforcement of private sector training and initiatives to help unemployed.

3.3 The Canadian Labour Force Development Board (CLFDB)

Also, as part of the LFDS, the Federal Government initiated an intensive consultation with labour, business, training providers, and education on proposed new labour market programs. The Canadian Labour Market and Productivity Centre (CLMPC) organized these consultations on the government's behalf and established seven task forces. These task forces were established in April 1989 to examine key aspects of federal training programs. These groups worked independently from government and consisted of non-government sector representatives. The task forces concluded their work in March 1990 with a series of reports. Consensus on the importance of training and on ways to increase and improve Canada's training efforts were demonstrated in these reports. It was also demonstrated that a non-governmental sector involvement in the national training effort should be created (EIC, 1991b, 1-2).

According to EIC (1991b), in response to the task forces' recommendations, the Minister of Employment and Immigration and the Canadian Labour Market and Productivity Centre requested that further consultations be done, which resulted in a detailed

proposal in July 1990, and the Phase II report, called: "A Framework for a National Training Board." The role of the National Training Board is summarized in the report as an establisher of the broad standard of access to training and ensurer of the quality of the programs available. Local/sectoral training boards were established to ensure that national guidelines were reflected by the communities' programs. The mandate of this national board was divided into three major categories - advocacy and promotion, advising, and recommending. The board is to play a key role in the development of a Canadian training culture.

The Canadian Labour Force Development Board (CLFDB) was appointed the role of developing a strong training culture. CLFDB gives advise on employment and training policies and programs. It evaluates the workplace training requirements in terms of the quantity and quality. The Board develops standards which should ensure portability and establishes funding levels for training and adjustment under the UI program. Human Resources Development Canada approves the expenditure plans.

3.4 What Are the LFDS's Employment Programming Principles?

The Department of Employment and Immigration Canada developed seven principles which characterize all Employment Policy Development, Program Design and Delivery (EIC, 1990, 11-14). The focus of these principles was to assist in solving the labour force

unbalance and the economic climate mentioned in Section 2 by utilizing them in the development of federal training programs.

Partnerships with all other labour market participants in both the private and public sector such as businesses, unions, educators and other levels of government was the first principle. The second principle was to improve community-based participation - to tailor activities and programming approaches towards local labour market situations. The third principle was to use a client-centered approach, with the objective of meeting the real needs of clients. The purpose of the third principle was to ensure that the client plays an active role in the selection of appropriate interventions for stimulating the development of labour market self-sufficiency. In other words, clients do matter. The fourth principle was to ensure accessibility of information and help to clients - job seekers and employers. The fifth principle was client self-service and participation. The sixth principle was that government undertake to provide comprehensive client assistance structured to address client needs in the major skill areas. These were: work or technical, life management, interpersonal and effectiveness skills. This principle was important, since these were the skills clients needed and what the employers wanted. The last principle was equity in the work force. Its goal was to ensure fairness in the conditions of the disadvantaged in employment - women, aboriginal people, persons with disabilities and visible minorities. Thus, these groups would have an equal chance of getting a job.

In the early nineties, Labour Force Development Agreements replaced Federal/Provincial training agreements. They also arranged joint planning and coordinating between the federal and provincial labour market programs and policies.

3.5 1990s Training Programs

There are four areas (EIC, 1991d) designed to help Canadian clients and Employment and Immigration Canada's partners. Areas and client/partner targets are:

PROGRAMS	UNIVERSE SERVED
1) Information and Research	All labour market participants
2) Employability Improvement	Workers
3) Labour Market Adjustment	Employers
4) Community Development	Communities

3.5.1 Information and Research

The first area, Information and Research, is a service for all labour market participants which consisted of four components:

- (i) Labour Market Information (LMI) supplies all partners with information on various recent labour force information;
- (ii) Labour Exchange on Job Information;

(iii) Needs Determination which enables the accurate identification of worker/client employment needs and referral to appropriate interventions; and

(iv) Research which aims to stimulate and support innovative labour market initiatives.

3.5.2 Employability Improvement

The second area, employability improvement, upgrades the employability of selected individuals who are experiencing labour market barriers, and eases their integration into employment. The characteristics attached to these individuals are: low educational attainment, low skilled levels, low previous wages, in particular within groups such as Unemployment Insurance Claimants, Older Displaced Workers, Unskilled Youth, SARS, the Designated Groups (Women, Aboriginal, Visible Minorities and persons with disabilities), immigrants in need of language training and others. This program is delivered through employment counselling, Training/Work experience and other mechanisms. It includes eight components:

- (i) employment counselling;
- (ii) an integrated combination of classroom and workplace based training;
- (iii) a wage subsidy;
- (iv) the purchase of training arranged by EIC or external partners an/or income support given through Unemployment Insurance

(UI) Benefits or training allowances;

(v) assistance through job finding clubs, job search strategies, groups employment counselling, diagnostic assessment and outreach;

(vi) an approach to help youth through cooperative education, school-break employment for students, stay-in-school and work orientation for potential and recent early school leavers;

(vii) a location allowance for workers to find and move to employment in another geographic location; and

(viii) assistance to external experts in the delivery of another/other component(s) of the program.

Employability Improvement has three components that are oriented towards the working partners/clients:

(i) Improved Services to UI Claimants is a Claimant Re-Employment Strategy (CRS) where clients have their needs identified early and are immediately referred to the appropriate intervention. Assistance ranges from provision of Labour Market and Job Information to job referrals, to specific counselling interventions and skills training in response to individual claimant needs.

(ii) Improved Services to Older Workers focuses on skills upgrading, literacy and high school equivalency, training in job search techniques, etc. These services can also include components in the previous area.

(iii) Improved Services to Youth allows students to get developmental work-study experience as an integral part of their

school program - the Co-operative Program. Another element is the "Stay-in-School Initiative" that is geared towards helping our future/new workers to get an education. In support of the Government's Stay-In-School Initiative, a branch in Human Resources Development Canada develops career-information products, called CHOICES. This computer-assisted counselling program is designed to help people with their career decisions. The Branch also co-sponsors the annual National Consultation on Vocational Counselling. It provides documentation on entry conditions or professional requirements for various occupations in Canada.

3.5.3 Labour Market Adjustment Programs

Labour Market Adjustment Programs are geared towards employed workers in the work place. Under these programs, the government helps employers to assume primary responsibility for planning and implementing measures to meet effectively the changing skill needs of their employees. The components are:

- (i) Human Resource Planning Studies (local, sectorial, etc.);
- (ii) helping employers/employees to plan jointly for and carrying out action plans related to their adjustment on labour market situations; and
- (iii) Work-Sharing Program that provides income support to workers voluntarily working a temporarily reduced work-week to avert lay-offs.

3.5.4 Community Development Programs

The fourth area is Community Development. It offers support to local development to the labour market problems of rural and remote areas (Community Futures), to Aboriginal Communities and other areas of high unemployment. Objectives are achieved through Community Futures Committee Support, Business Development Centres (BDCs), Community Initiatives Fund, and grants/UI funds to help individuals set up their own small business and Job Development Projects.

3.6 Summary

In April 1989, the Federal Government disclosed a Labour Force Development Strategy to encourage and involve the private sector in training programs. Consultations were established and carried by seven tasks from all sectors involved in labour market policies. The consultations resulted in a detailed proposal for a framework for a National Training Board and the creation of the CLFDB. Seven LFDS principles were developed and used by EIC to develop their new 1990s federal training programs.

These programs fell in four areas:

- (i) Information and Research;
- (ii) Employability Improvement Programs for UI claimants, youth, and older workers;

- (iii) Labour Market Adjustment Programs geared towards workers in the work place through assistance to employers; and
- (iv) Community Development Programs to meet local needs.

For the Youth, the Stay-in-School and the Co-Operative programs are in place to educate our adolescence on the importance of an education. Under the Co-Operative program, the youth new entrants are assisted in their school-work transition. Also partnerships are established to develop an educational system that meets more the needs of youths today. A lot of efforts is put in combating illiteracy. The Canadian labour market needs to be able to read and write! Other services given at the individual levels are: Employment Counselling, Job Search Assistance, training for the selected candidates (classroom and/or on-the-job) and Labour Force Information (LMI).

Since the Federal Government is indirectly working for Canadians who are quite concerned personally and economically about the Canadian labour market situation, the Federal Government must play an active and pronounced role in the coordination and involvement of finding solutions. Its role is that of a partner and not a dictator. The government must therefore, provide more counselling inside and outside the government sector.

4. PERCEPTION OF THE VARIOUS TRAINING PROGRAMS AND THEIR FUNDING

4.1 Introduction

Are Canadian Training Programs helping Canadian employers find matches for their vacant positions? Are they meeting the objectives for which they were designed? The following quote is one answer to these questions:

Training has long been the quick answer to getting people back to work and to filling new jobs. Workers in many industries have been promised retraining when they were laid off. But, matching the jobless with jobs isn't as simple as it sounds (Orwen, 1993, D1).

Due to the lack of empirical findings, this section will be based on different labour market participants' perceptions on the various training programs. In Section 4.2, the Labour Market Information Programs are examined. This will be then followed by the Apprenticeship and Co-operative Programs in Section 4.3. Section 4.4 will present the results of a survey done on College Teachers' opinion of the Canadian Jobs Strategy (CJS) by Davidson (1991). Section 4.5 will present how well the Canadian business sector is participating in the training mandate. It will also present the results of a study done by Canadian Labour Market and Productivity Centre (1990b) on the business and labour leaders point-of-view on the training institutions. Examples of various sectors where partnerships are successful is presented in Section

4.6. Section 4.7 presents Canadians point-of-views on the Federal Training Programs. Lastly, a summary is presented in Section 4.8.

4.2 Labour Market Information Programs

Canada's unemployment rate is high by international standard - especially since the 1990s (STC, 1993b, 236). Thus, Canadian federally funded training programs are not meeting their objectives. The privileged job seekers who are selected to get the training are not so fortunate in finding a job. Labour Force information is not being delivered to Canadian workers and employers efficiently. The Labour Market Information (LMI) provided by Canadian Employment Centres (CECs) is dated, aggregated and of limited use to the private sector (Tandan, 1988, 34).

Employers and job seekers use the LMI but express reservations about the services provided by the CECs. Tandan (1988, 31-34) confirmed that Canada's initiative in LMI is a pioneering effort in the area. Two studies ("The Longitudinal Study of Unemployed Worker Clients", and "Cross-Sectional Survey of Employers and New Hires") were looked at in this report and it was concluded that a vast majority of the respondents used LMI and found its use contributed to some success in finding jobs (Tandan, 1988, 31).

Another information source offered by HRDC is the Jobs Future

information that needs to be conveyed to Canadians more effectively. HRDC does distribute these Jobs Future packages on "demand occupations" to various educational institutions. They also meet with students during career week. Since Canada's youth have problems entering the labour market, these efforts do not seem to be doing the job. The unemployment rate for Canadian's aged 15-24 was 17.8 percent in 1992 compared to 15.1 percent in 1986 (STC, 1993b, 237). Consequently, these techniques appear not to function adequately. Are they failing at the delivery or at the receiving end?

4.3 Apprenticeship and Co-operative Programs

Businesses are constantly faced with trying to fill vacancies and not being able to find qualified candidates. Since one of the objectives of the Apprenticeship and/or the Co-operative Programs is to get the labour force - especially the youth - ready for the workplace, this deficit in skills should be fixed under these programs that combine work and school experience. As stated in Focus 2000 (1989b, 2), only two percent of the labour force enters an apprenticeship program. Of these chosen ones, only thirty percent complete their apprenticeships.

Canada does not have a well developed system to teach skills during the school-to-work transition period -- school and work are effectively divorced.

Declining enrolments in trade and vocational programs have worsened the problem. Further, our apprenticeship programs have been unable to respond to employers' new and changing training needs. Course curricula have not kept pace

with modern technologies that are becoming commonplace tools in traditional trades (Government of Canada, 1991b, 10-11).

Costs of changing the curriculum for programs and to train innovative technological courses are quite high. The following questions are asked: Should program curricula be more flexible and should they be changed when needed? Is the return to investment greater than the cost? To change programs' curricula when needed is not feasible. But, to have instructors adjust these curricula to reflect the existing technology is a must. The students need to be informed on the latest innovations in their field of study. A solution to these mismatches of skills availability and requirements might be to have the business sector and the educational sector work together to ensure that all needs are met. A good example is stated in Government of Canada (1991b, 17) where four Canadian Universities - Waterloo, Victoria, Simon Fraser and Sherbrooke - have joined forces in a three-year pilot program to place senior Canadian science and engineering co-operative students in Japanese companies. The objective of this program is to develop a pool of young Canadian engineers and scientists with practical experience on Japanese industrial engineering practices and research related to Canadian industrial needs.

4.4 Canadian Jobs Strategy (CJS)

An example of the use of the CJS funds is the Manitoba chapter of the National Energy Conservation Association that used the CJS to help train unemployed workers in an area of skill shortages. The training consisted of a combination of classroom and on-the-job training. This program was beneficial to both the industry in question and the trainees. All eight graduates found employment and the industry benefited from an increase of scarce skilled personnel.

Colleges and technical institutes were large contributors to training the Canadian Jobs Strategy (CJS) recipients. They have been criticized a lot for not adequately preparing Canadians for future employment. As pointed out in Davidson's (1991) article on CJS, the deficit reduction and privatization of training have meant a reduction of public education institutions funding. It is stated in this article that the federal training expenditures to institutions were reduced from 201.6 million in 1985 to \$133.3 million by end of 1988 (Davidson, 1991, 1). These reductions have obstructed the ability of the community colleges to provide good quality, federally sponsored training programs.

The reduction in funding to public institutions has caused many experts to suggest that Canada needs to re-examine the role of the educational system in relation to the training and shared needs of the labour market.⁴ Ample evidence suggests that reliance on the private sector to provide training is not sufficient to meet labour market needs.⁵ There are persistent skill shortages in the Canadian economy

and in many occupational areas that cannot be met by the private sector alone.⁶ Diverse voices in the business community, the labour movement, government, and other segments of the public policy field have suggested that publicly funded institutions should have more responsibility for implementing and providing training (Davidson, 1991, 1).

In Davidson's (1991, 2) report, it is recognized that problems exist in the program development and the delivery of training at community colleges and technical institutes which must be analyzed, evaluated and resolved to better the system.

This shift to the private sector as the provider of training has had financial consequences on community colleges. Community colleges were major providers of CJS training programs in the past and they received federal government funding for training programs. Thus, with the shift to private sector, these institutes were faced with operational cut-backs such as the layoff of staff, cut-backs in the programs offered, less research, etc. Thus, the educational system must maintain the same quality with less capital and human resources. However, this is not realistic! Cut-backs cause deficits, and thereby, limiting the resources devoted to training Canadians. This privatization of CJS training programs caused concerns regarding training standards and training quality, especially when there were no concrete guidelines on who should offer training and there was no monitoring system based on minimum standards.

The study's findings which asked community college teachers

questions on various aspects of CJS are summarized in Davidson (1991) under three major themes:

- (i) respondents were frustrated by the lack of funding for training programs;
- (ii) respondents were concerned about the effects of cutbacks on students enrolled in current CJS programs; and
- (iii) the current lack of monitoring and evaluation information necessary to develop quality training.

It was felt that the current system of delivering training under the CJS set of programs was not working effectively - not meeting the needs of Canadian workers or the increasing demand for skilled labour in the Canadian economy. CJS does not deal adequately with the problem of adjustment.

It is all very well to say that governments, businesses and educators should be working together to ensure a qualified labour force. However, one must go deeper than this and look at the root of the problem - that young people lack the basic skills such as reading, writing, analytical, and interpersonal skills. The other obstacles mentioned in Focus 2000 (1989a) are that youths are unable to draw together thoughts from a body of material, have insufficient developed work skills, and have insufficient information about work opportunities and related educational requirements. There is also an improper emphasis on academic courses versus vocational courses, and the use of out-dated equipment in conducting vocational courses.

Surveys conducted by the Canadian Federation of Independent Business indicate that almost 70 percent of its members are dissatisfied with how the high school system prepares students for work (Focus 2000, 1989a, 15).

To meet these objectives and preparing students for work, one needs to be familiar with the student population being served, aware of the skill needs of businesses and their job opportunities, and work in partnership with the educational community. A few examples of how some institutes are working to better the situation are:

- (i) a high school in Belleville developed programs for high school drop outs and adult education; and
- (ii) Ontario Home Builders Association and Ontario Construction Association, with the Ministry of Skills Development, held a 'Construction Expo' to promote the industry as a career option for students (Focus 2000 ,1989a, 42-44).

4.5 Participation of the Business Sector

Is the business sector doing its share in creating a better, more efficient, and competitive labour force? As stated and illustrated in Towers Perrin and the Hudson Institute Canada (1991), most companies do not seem to be spending much on training.

4.5.1 Business Sector's Involvement in the Training Process

In Betcherman's (1982, 66) Canadian study, the following conclusions were made on the business sector's involvement in the training process:

- (i) Although many firms do carry out some training, the Human Resources Survey (1978) results implied that the development of critically required high-level skills were not well distributed within industry;
- (ii) The long-term training was mostly reported by large enterprises, particularly within the construction, manufacturing, and mining sectors;
- (iii) Over half the training reported in this document involved the following groups: the product fabricating and repair, clerical, sales and managerial;
- (iv) The incidence of training was significantly higher among the respondents who have shortages of skills than those without them; and
- (v) The establishments that reported hiring difficulties, training programs, and forecasting capabilities, exhibited extensive employee search practices. In particular, these companies reported a significantly higher-than-average reliance on community colleges, vocational secondary schools, private training institutions, and extended recruiting (both within and outside Canada) to meet their needs for skilled labour.

It seems reasonable to believe that Canadian industry was underestimating the development of its human resources as stated in Betcherman's more recent article in 1992. The following points were presented in Betcherman's (1992, 26-27) article: between one quarter and one third of Canadian firms seem to provide formal training; and most of the formal training is carried out by large firms. Incidence rates show that the larger the firm, the higher the probability of offering formal education. Most workers do not have access to employer-sponsored training. Employees who already possess high levels of human capital have a greater chance of getting training. Estimates of training incidence are considerably higher when one recognizes informal education. Thus, the workers who are in need of training are not receiving it.

As stated in Focus 2000 (1989a), governments are commonly secondary players when it comes to employee training and/or retraining needs. The exception to this is formal education.

After receiving assistance, previously marginal workers frequently enter the mainstream workforce as fully productive and skilled employees. Federal training programs appear to yield good returns; post-training wages are 23 percent higher, on average, than pre-training wages (Focus 2000, 1989a, 53).

Why are Canadian companies hesitant to invest in training? The answer to this question is probably because the rate of return for capital investment is unknown to them. Information on the benefits is not well conveyed by the Federal Government, which is trying to encourage them to become more active.

4.5.2 Business and Labour Leaders' Point-of-View on Existing Training Institutions

A survey conducted by Canadian Labour Market and Productivity Centre of business and labour leaders, showed that many leaders have concerns about the adequacy of the existing training institutions, particularly in the workplace training. Here are highlights of the findings of this survey according to stated in Canadian Labour Market and Productivity Centre (1990b):

- (i) Forty percent of business leaders felt that the available training programs in their industry or existing training programs in their industry or businesses were inadequate. Eighty six percent of the labour leaders reported inadequacies in employer-sponsored training programs for their members;
- (ii) Labour leaders felt the most important obstacle to improving the training and retraining of Canadian workers was the lack of interest among employers. This point was the second most cited obstacle for the business leaders. Other relevant obstacles were: lack of training facilities, stealing of trained workers among firms and preference to recruit from outside than train own employees;
- (iii) Three out of four business leaders felt that employees were primarily responsible for improving employee training and retraining, while forty percent of the labour leaders did;
- (iv) Both sector leaders agreed that the apprenticeship program should remain under provincial jurisdiction, even if they

were not satisfied with the current system where the provinces set their own standards and educational requirements for certification;

(v) A large majority (eighty nine percent) of Business leaders were in favour of the usage of UI funds to improve training, while a minority of the labour leaders were in favour (sixteen percent);

(vi) Most of the leaders felt that businesses and unions should play an active role in training. Businesses should not just be consultants; and

(vii) The inter-firm poaching appeared to be principally disturbing for Canada.

Some Canadian businesses are not convinced that if they invest in human resources, they are enhancing their productivity. Investment in human capital is as important as the investment in machinery. Human resource development is a major component for Canadian companies to be competitive internationally.

4.6 The Various Sectors where Partnerships are Successful

In this section, various examples are stated on how the Canadian Labour Market and Productivity Centre (1993a, 20) actively promotes joint business-labour sectoral initiatives. The Canadian Labour Market and Productivity Centre, the Canadian Steel Trade and the Employment Congress have been working together since 1990 to develop training programs that meet the new resource requirements

of the steel industry for the next decade. The training programs were developed through consultations by local sectoral committees with the workers and focus groups. This partnership initiative is a good example of the practical value of joint business-labour approaches to problem solving at the workplace level.

A similar partnership was formed in the construction sector where Canadian Labour Market and Productivity Centre continues to work with business and labour members of this sector addressing together human resources issues affecting the industry. These issues are: (i) high levels of unemployment; (ii) needs to upgrade the skills of its workers; (iii) high dropout rate in apprenticeship programs, and (iv) under-representation of equity groups and post-secondary graduates in the construction sector (Canadian Labour Market and Productivity Centre, 1993a, 20).

How is this being done in the forestry sector where stakeholders work together? The Forest Ministry in Canada sponsored development of many materials that were to be included in the forestry and environmental education. Secondary school co-operative programs on forestry combine work experience with technical training. These activities created a greater awareness to forestry and environment. As mentioned by Shingadia and Burlington (1992, 4), many students enter the forestry field of study:

In nearly all the provinces, community and some agriculture colleges provide technical training, including courses in all aspects of forest management, technology and engineering. Some 600 students graduate annually as forest technologists or

technicians from these community colleges.

As stated in Shingadia and Burlington (1992, 4), a recent agreement initiative is the "Canada/Newfoundland Youth Training Program" that was aimed in training 325 persons under 24 years of age. Another program referred in Shingadia and Burlington (1992, 4) is training for instructors on silviculture. A company from Sweden was hired to train workers with the latest silviculture techniques. The National Strategy Initiative (Shingadia and Burlington, 1992, 6) was set up to work with forest sector stakeholders to train and re-train the forestry workforce. The objective of this is to keep them hopefully in tap with today competitive market demands and any future needs.

Another partnership was formed with the Canadian mining industry. A study was released in August, 1993 (Government of Canada, 1993c, 2-3) enumerating the need to upgrade basic skills of the sectors' workers in literacy, numeracy, science and computer technologies to adjust to the new technology. The study also suggests that the industry will require more environmental occupations, instrumentation and metallurgical technicians, geologists and geophysicists.

4.7 Canadians' Point-of-Views on the Federal Training Programs

In a survey conducted by DECIMA in 1990, it was found that

Canadians were divided on whether the Unemployment Insurance Program was working well. They appreciated the idea that the Canadian labour force should be well trained and considered training to be a good idea.

Given this, 66 percent of the population supports the government's plan to shift resources from UI benefits to job training (Canadian Labour Market and Productivity Centre, 1989, 11).

Respondents feel that priority in receiving federally-funded training should be given to the youth and to those who lived in economically-depressed regions. Canadians feel that the funds should be geared to the unemployed first; then the remainder of the funds available should go to those who were about to get laid off.

Canadians feel that job training programs should be flexible in order for regions to be able to respond to their local needs by moving funds across programs and within programs. As pointed out in the study, past government programs have failed to differentiate between regional and industrial development. Because of this, regional targeted objectives funds were spent in the developed regions and not where they were targeted.

For example, The Neilson Task Force found that in 1985 Ontario received 48 percent of program expenditures under the Industrial and Regional Development Program (IRDP). The Atlantic Provinces Economic Council estimates that in the same year, the Atlantic Provinces received just 18 per cent of IRDP funds. Regional development funds are often used to support declining industries which can, at best, maintain existing levels of employment than serve as sources of future regional growth (Decima Research, 1990, 1).

When asked who should be responsible for training programs, six out of ten Canadians feel that training programs could be shifted to provinces. The reason for this shift was not that they feel the Federal Government was not doing a good job but that it would be best dealt with by groups or individuals that were closer to the work situation.

The public felt that post-secondary institutions such as colleges and universities, and employers should offer the training courses. When it came to funding, Canadians surveyed feel that employers (twenty nine percent), the Federal Government (twenty eight percent), and the provincial governments were more appropriate sources of funding. Thus, post-secondary institutions and employers should be the agents offering training courses; while, federal and provincial governments, and employers should provide the funds.

4.8 Summary

The LMI service was found to be of limited use and might not reflect the actual conditions of the labour market. These programs need to be publicized more widely across Canada. Thus, with Canadians depending more heavily on social programs - like Unemployment Insurance Benefits and Social Assistance Benefits due to their lack of finding a job - the availability of this

information is very important.

In regards to Canadian apprenticeship programs, employers feel they are not meeting their needs since many participants of these programs do not follow through to the finish. Why is this occurring? Are the programs not meeting the objectives set up by the labour market? Are the curricula not up-to-date? Should the key players of the labour market be more involved in apprenticeship programs? Should they be working closer together? Apprenticeship is one of the important components of the school-work transition. To function in the workplace, students need to be aware of the latest innovations in their field of studies.

Under the Canadian Jobs Strategy (CJS), there has been a shift towards the purchase of training courses from the private sector. In the past, Community Colleges offered these courses. Is this shift one of the reasons why potential Canadian workers are not finding jobs and why Canadian firms can not fill their vacant jobs? Has this shift caused a problem vis-a-vis standards and quality of the courses? To be able to answer this, further empirical studies need to be done on the students in the CJS programs offered by colleges and those under the private sector.

A study by Davidson (1991) on this matter was conducted where the results of a survey of College Teachers were discussed. The following concerns were pointed out: lack of funds, decrease in CJS

enrolments and the lack of monitoring. The third concern is one that should be looked at more closely. We need to monitor these training packages in order to ensure standards are universal and the quality is there. It was felt that CJS falls short of what is needed. The real training dollar has decreased through time. But, looking at these results, one must keep mind that there is a certain level of bias here. The educators surveyed are fighting for their jobs/existence. The partnership between Manitoba Chapter of the National Energy Conservation Association and their local employment centre is a CJS program which ended with all the participants' needs being met. They utilized CJS funds to train eight persons and all of them found jobs. Therefore, demand and supply side of the equation was satisfied. The firms got employees who have skills that are scarce and the employees got jobs.

It was pointed out that too much emphasis is on academic courses rather than vocational courses. Vocational courses are assigned a negative stigma. Thus, to take vocational courses is considered as an admission that one can not make it in the academic courses. This is not necessarily true. Those conducting the vocational courses are utilizing out-dated machinery in most cases. Seventy percent of the companies survey by Canadian Federation of Independent Business were not satisfied with high school students' preparation for the workplace (Focus 2000, 1989a).

Some general observations on the business training situation are: (i) it is mostly offered by large firms, and (ii) employees with higher school attainment are more apt to get training. This makes sense - since larger businesses have a larger cash base to work with and the organization is larger - more room for advancement. In regards to the higher educated employees getting the training, well, this also seems logical. These employees in general are more open minded to learning. They are more apt to buy into this learning society. But, workers in need of training are not getting it, since most of them fall in the lower school attainment category.

Betcherman (1982) observed that training was industry oriented - Construction, Mining and Manufacturing. From a Business Survey done by Canadian Labour Market and Productivity Centre, businesses felt that training programs were inadequate, lacked employee interest, lacked training facilities and encouraged poaching. Example of joint business-labour sectoral initiatives were cited for various sectors. For the steel industries and construction all participants found it to be beneficial.

When Canadians were surveyed, it was felt that the provinces should be involved. Especially, since the educational system is under their jurisdiction. The educational standards should be more universal within the province, as well as within Canada.

5. ECONOMIC EVALUATION OF TRAINING PROGRAMS IN THE UNITED STATES

5.1 Introduction

Like Canada, the educational system and job training programs in the United States are causing concerns to its policy makers. As mentioned in Howell and Wolf (1992, 127), before one can start designing better programs, one needs to forecast the future demands for skills in the workplace. Predictions of future demand for skills in the workplace need to be known, in order for policy makers to be able to develop training programs which are relevant to the needs. Also, in the process one must not presume that educational attainment is equivalent to skill requirements in the workplace.

5.2 The History of United States Employment and Training Programs

Since the programs studied were initiated in the sixties, this section begins in 1962 which is when the **Manpower Development and Training Act (MDTA)** was introduced in the U.S. to assist the unemployed. A well known and still existing component of MDTA was the Job Corps program. Under the Job Corps programs counselling, training, work experience and health care services were provided in centres outside participants' neighbourhoods.

In 1967, Congress established the **Work Incentive Program (WIN)**. This program was introduced to help and find regular employment for the Aid to Families with Dependent Children (AFDC) recipients. The **Family Support Act** in 1988 replaced WIN with a more intense program called: **Job Opportunities and Basic Skills Program (JOBS)**.

An important change of the seventies was the replacement of the MDTA in 1972 by the **Comprehensive Employment Act and Training Act (CETA)** that decentralized the administration and operation of Federal programs to the States and Local levels. **Job Training Partnership Act (JTPA)** replaced CETA in 1982 and refocused employment and training effort towards the 'difficult-to-employ' Americans. Assistance to JTPA's participants was provided under four categories:

- (i) Job Search Assistance (JSA);
- (ii) Classroom Instruction (CT);
- (iii) On-the-Job training (OJT); and
- (iv) Work Experience (WE) Program.

Another target group of JTPA was the displaced workers. The characteristics of this group are different to the former target groups. They are more likely to be white male Unemployment Insurance Recipients. Some sites offered primarily JSA and some OJT opportunities. Some locations did not offer any training.

The Omnibus Trade and Competitiveness Act of 1988 made major changes in the training policy regarding displaced workers. Training activities were to play a key role, and in order to obtain the benefits Trade Adjustment Assistance recipients had to participate in training. Training activities could involve on-the-job training, vocational training or remedial education.

5.3 What are the U.S. Findings?

As cited in Leigh (1990), the main effect of CETA training was to ease labour market entry. Therefore, women who are considered to have the highest probability of lacking work experience were more likely to gain from this program. While, men who generally have labour market experience are less likely to gain from it.

Most of the studies done on the effectiveness of training programs in the United States programs are on the effects of the recipients' earnings outcomes. What happens to trainees' earnings after participating in a training program? Is the effect the same for all demographic groups? Another aspect looked at is the employee's tenure with the firm. The tenure issues are discussed in Section 5.3.2.

5.3.1 Studies on Earnings Outcomes after Training

In LaLonde (1992, 2-3), the following general findings were stated on public sector sponsored employment and training programs:

- (1) Evaluations of the effect of training on earnings vary even for the same or similar programs.
- (2) When training raises the earnings of the economically disadvantaged, the gains are modest in size. Therefore, does not reduce poverty rates.
- (3) The programs were generally more effective for women than for men.
- (4) The estimated impacts for economically disadvantaged men are sometimes nil or negative.
- (5) The expensive training strategies for youth caused modest gains.
- (6) Job Search Assistance Programs are cost effective for both economically disadvantaged persons and displaced workers.
- (7) Except job search assistance, other training schemes have not proven effective for displaced workers.
- (8) Short-term public sector employment opportunities for cyclically unemployed workers or economically disadvantaged persons are neither more nor less effective than other training services.
- (9) Commonly used performance standards provide a misleading picture of training programs' effectiveness.
- (10) Given this evidence on effectiveness of training and the current levels of funding, it is unlikely that government-sponsored training services will contribute significantly to the improvement in workforce skills.

5.3.1.1 Impacts of the MDTA and CETA Programs

MDTA and CETA programs were found to be generally more effective for women than for men. The effects of training were estimated to be negative sometimes when compared to outcomes of the reference group who had no training intervention. The majority of the studies found that training programs were cost effective for women.

Not surprisingly, one group of evaluators concluded that

(a) though these evaluations have all been based on the same data sets, they have produced an extremely wide range of estimated program impacts. In fact, depending on the particular study chosen, one could conclude that CETA programs were quite effective in improving the post-program earnings of participants or alternatively, that CETA programs reduced the post-program earnings of participants relative to comparable nonparticipants. (LaLonde, 1992, 14-15)

As summarized by LaLonde (1992, 15-16), Ashenfelter's study (1978) of the 1964 MDTA cohort observed that their earnings raised by \$520 for minority males and \$1,540 for minority females. With a training cost of \$7,600 (\$1990), it was estimated that the rate of return of training would be seven percent per year for men and be twenty percent per year for women. It was also concluded by Ashenfelter (1978) that even if an increase in male's earnings is experienced, the growth may not be sufficient to rationalize the program's costs.

In Kiefer (1979, 181), it was concluded that the effects of training vary by program, sex, and race. A large growth of earnings for female trainees was experienced under the MDTA and JOBS programs. The effects of these training programs on quarterly observed earnings varied between \$180 per quarter and \$410 per quarter; annual earnings gains during the three years following training were between about \$130 per year and \$900 per year.

According to Kiefer's study the effect of training on males' earnings was not as clear. Males trained in MDTA did not reach the

earnings plateau they had before they entered the training program. It is difficult to say if they would have been worse off with no training. Also, it was observed that black males in the jobs program have enjoyed an increase in earnings, and nonblack males were not affected by the jobs training. The overall estimates for the effects of these programs were about an increase of \$100-150 per year for black males, and no effect for MDTA or Jobs training recipients for the other (male) groups.

In Bartel's (1992) paper on the effect of training programs on earnings using longitudinal data (i.e., from personnel records of a large manufacturing firm) her main finding was that formal training does increase wages. This is probably partly due to an increase in job performance. She showed that training had a positive and significant effect on wage growth which translates into a company rate of return of at least 13 percent.

In LaLonde (1992, 16), considerable variation in the training effects for youth (aged 14-22) were cited. He refers to Mallar's (1978) study which observed that Job Corps raised 1977 participants' earnings by \$2,000 annually. While, Dickinson et al. (1986) observed that CETA participation lowered males' earnings and only slightly increased the earnings of females. Westat, referred to in LaLonde (1992, 16), estimated that subsidized work experience under CETA had essentially no effect on 1976 participants' earnings, but greatly affected the 1977 participants' earnings.

These findings of Westat make it very difficult to decide the programs' effectiveness on youth's earnings.

As result the interim findings from JOBSTART offer little evidence that existing training schemes for youths significantly improve their labour market prospects (LaLonde, 1992, 29).

Levitan and Gallo (1988, 129), state that most CETA and JTPA research showed that the programs did improve the skills, earnings, and employment rates of participants. But, studies of CETA observed that participants higher level of income was probably due to increased working time than higher hourly wage rates. The positive impact was not linked to occupational-specific training since within two years most of the trainees no longer worked in the same field of training. This observation leads Levitan and Gallo (1988) to believe that the training offered was of a portable nature. It was transferable to other occupational duties.

5.3.1.2 Work-Welfare Programs

Under this section, two Work-Welfare programs will be presented followed by the observations of various researchers. First, the Arkansas Work Program is discussed, followed by the San Diego-I Employment Preparation Program/Experimental Work Experience Program. Both these programs were operated in the same manner presented under the Arkansas Work Program.

The Arkansas Work Program tested the work-welfare transition process by compelling a randomly selected group of Aid to Families with Dependent Children recipients who had children three years and over to attend a two-week group job search assistance session. This was then followed by sixty days of individual job search. If individuals had not found employment, they were then assigned to unpaid work experience for twenty to thirty hours per week for up to twelve weeks. The main objective of this program was to test the impact of mandatory job search assistance. This program was found cost-effective. It was also concluded that the program resulted in long-term earning gains for the Aid to Families with Dependent Children participants. Thus, the fact that the recipients had to participate had a positive effect on their earnings and labour participation (LaLonde, 1992, 19-20).

As stated by LaLonde (1992, 22), different results for the San Diego-I Employment Preparation Program/Experimental Work Experience Program were observed among the various demographic groups and among early and late applicants. It appeared that job search assistance raised women's earning in the short run, but, there was no effect in the long run. Since most women in the study group had poor labour market experience, it was observed that women gained the most from work experience.

For those participants who entered the program at the beginning, the job search assistance component of the program had

a long-term effect on their earnings, and work experience had little effect on it. For late entrants in the program, the work experience component of the program led to an increase in their earnings. Job search assistance can only have short-term effects on earnings. In the long term, these participants' earnings were less than those of the controlled groups (LaLonde, 1992, 22-23).

5.3.1.3 Displaced Workers' Programs

The Downriver Program (LaLonde, 1992, 30-32) was introduced to provide employment and training services to former employees of a BASF auto parts plant in Detroit. Depending on the comparison plant chosen, one could conclude different outcomes. As stated in LaLonde (1992, 31-32), the earnings impact varied from \$2,980 to \$7,510 (\$1990) for workers displaced from BASF plants and the following conclusions were made by the evaluators:

- impacts resulted from the job search assistance;
- there was little added value from classroom instruction;
- and
- Displaced workers from the Ford Motor Casting Company had no apparent benefits. There was no effect on workers' earnings for this group.

The Buffalo Dislocated Worker Demonstration Program had remarkable return from training for some program participants. As stated in LaLonde's report:

The evaluation indicated that the program's services raised earnings during the first six months after the Demonstration

by \$3,761 (\$1990) for those displaced from the motor vehicle and steel plants and by \$3,210 for those displaced from the 300 area establishments.⁴⁴ Access to classroom instruction or on-the-job training did not raise the earnings of workers displaced from the motor vehicle and steel plants. However, among the group of displaced workers from the 300 area establishments, on-the-job training appears to have raised their earnings during the first six months after the demonstration \$4,570. By contrast, job search assistance had little impact on participants' subsequent earnings.⁴⁵ Yet despite these varied gains the Buffalo program appears to have been cost effective. The per-participant cost of the job search assistance component was \$1,070, the classroom instruction component was \$3,990 and on-the-job training component was \$4,130 (LaLonde, 1992, 33-34).

Under the New Jersey UI Reemployment Demonstration the impact of employment and training service on displaced workers was not clear. The problem in making concrete observations is that the proportion of displaced workers as participants to these services and training is low. Again, it was observed that job search assistance was the most cost-effective way of increasing their incomes. It might even be more effective for this group than for female welfare applicants and recipients. Since displaced workers are more employable than the latter group, they need mostly assistance in job search. Lastly, there was little evidence that the more expensive programs such as class training or on-the-job-training were cost effective (LaLonde, 1992, 35-37).

Leigh (1990), concludes that JSA services were the most cost effective for the following demonstration projects: the Buffalo, Texas WAD, and New Jersey projects. This service influenced the earnings, the placements and employment rates, and the number of UI

Recipients. For all four demonstrations studied, Classroom Training (CT) affected trainees' earnings and employment opportunities more than JSA. It was concluded by Leigh (1990) that these benefits from CT could not compensate for the cost of giving this service.

As stated by Leigh (1990), of the four demonstrations, the Downriver program planners paid the most attention to the problem of providing retraining in occupations expected to be in high demand. Yet, the skill training programs, provided by this demonstration, show no significant incremental effects on improving the individuals chance of finding employment than the JSA-only recipients. The WAD project findings also emphasize that one reason for low program take-up rates and moderate net impact estimates was that classroom training curricula may not have matched the backgrounds and perceived needs of client workers.

5.3.1.4 State Retraining Programs

As stated by Leigh (1990), state-funded retraining initiatives operate in almost every state. There are few quantitative evaluations of these programs. These programs are tailored to meet individual employers' needs rather than the federal programs' initiatives. The employers are encouraged to submit their proposals on individual retraining projects for ETP funding. If a project is approved and a contract is negotiated, the employer

selects trainees according to its own specification, sets standards for successful program completion, and approves the training curriculum when an outside training provider is used.

Allowing employers to participate in the process does contribute to a strong program performance in job placement, and earnings effect. But, since training providers are selecting the persons to be trained, these recipients may not be the groups the state has targeted.

5.3.2 Studies on the Duration Issue

As mentioned in the section on Canada's experience about firms' investment in training; companies are reluctant to train their employees. Firms are more apt to invest in non-portable skill training, as they fear that the workers might take advantage of the training and move on to another firm. They do not want to invest in human capital that might benefit one of their competitors. Thus, they are reluctant to invest in portable skills.

In Lynch's (1989) study, it was observed that investment in off-the-job training was lower for the male youth and for those who were on the job longer. On-the-job training was concentrated towards the white married unionized males with greater work experience. Finally, it was concluded that tenure on the job had

no effect on the probability of having some training or even a negative effect on the probability of receiving on-the-job training.

In the same author's 1991 study on the different role of the various types of training and the probability of leaving an employer, the same conclusion was made for on-the-job training. Training was quite firm-specific and therefore non-portable from one employer to another. A firm's provisions of training raised the employee's wages in their present job but did not affect the future. But while, off-the-job training given by "for profit" institutions did not affect current employment, it increased the employee's expectation for future employment.

Company training in the United States is firm-specific, even for young workers in their first job. Young workers entering the labour market can receive both good and bad draws from the labour market. There are some workers who get a bad draw who appear to move to better employment by investing in off-the-job training. Those in good jobs are more likely to obtain on-the-job training that results in higher wages and a lower probability of leaving the firm (Lynch, 1991, 155).

While, on the other hand, Mincer's 1989 study which uses information on timing and duration of job training among Panel Study of Income Dynamics (PSID) for men states that the more firms invest in their employees the less chance of them leaving or being laid-off. This is found to be correct especially for the company who provided the training. Off-the-job training increases the

incidence of departing from the current employment.

The size of the firm is an important element in the decision of offering training or not. For smaller firms, the average cost of employee training might be higher than the average cost of a larger firm. Also smaller businesses cannot offer the same type of advancement as larger businesses. Smaller firms are therefore more susceptible to employee poaching. These observations are similar to Canadian experiences.

Another factor is the businesses' philosophy towards training. Krafcik found that the average auto industry worker in Japan or in a Japanese-owned plant in the United States spent twice to three times as much time in training as did a worker of the United States (Lynch, 1993, 17).

This phenomenon of businesses in the United States not investing in their employees training is gradually changing now. The Employment & Training Reporter (1992) states that half the 402 companies who responded to a survey said they had increased their training budgets. According to the Olsten Corporation in New York, a temporary service agency, the highest increase was in the insurance (seventy percent) and manufacturing (sixty percent) industries.

5.4 Summary

From the literature reviewed on the United States training programs, we have learned that our neighbours in the south are also concerned about the adequacy of their educational system and their job training programs.

The United States have been developing training programs for the last thirty years. The MDTA act was introduced in 1962 and was focused on the unemployed. The Economic Opportunity Act was legislated in 1964 to broaden the scope to welfare recipients (i.e. youth and persons living in depressed areas). Through the years, various acts were legislated to assist the disadvantaged Americans. Lastly JTPA was introduced. This act consisted of four components:

- (i) the Job Search Assistance (JSA)
- (ii) Classroom Training (CT)
- (iii) On-the-Job Training (OJT)
- (iv) the Work Experience Program (WE).

Various studies were done on these programs. Most of the analysis was on earning comparison of program participants with other isolated groups. The findings of these studies varied. On the average, it was found that women benefited the most from these programs. Men have a zero to negative gain in earnings. Minority groups have some gains compared to the white recipients. In Bartel's (1992) study, it was concluded that formal educational training did increase the participants earnings' - since he/she had

a higher level of job performance due to the training. Under the Work-Welfare Programs, Job Search Assistance was the most cost-effective component of JTPA. Classroom Training caused a gain in earnings but due to it's higher cost it was not as feasible. Work Experience had the highest wage gain, but since it is the most costly, this program's rate of return was not good.

It was also observed that firms were reluctant to invest in training. The exception to this was Japanese-plants located in the United States. Businesses were more apt to invest in non-portable training. The incidence of training was higher for larger firms than for smaller ones. This phenomena is the same as what was observed in Canada.

Another issue was the employee turnover due to training. If employees received on-the-job training, it was observed that they were less apt to leave. While for off-the-job training, there was an higher turnover. Off-the-job training gives more transferable skills to the worker, so he/she might find a better match. But, under Mincer (1989) analysis, he points out that the more businesses invest in training the less chance of the employee leaving. Thus, the overall training programs do not integrate its participants into the mainstream.

6. CONCLUSION

How well have the Canadian Federal Government Policies on employment programs functioned to help match Canadian job seekers with job vacancies? Have the employment programs adequately prepared the potential and actual labour force for the workplace and have they met the local labour force requirements?

The Canadian Information and Research area of the training programs did not meet the needs of HRDC's participants. The LMI information was found to be outdated. Employers also found that the Apprenticeship Programs did not meet their needs and participants in the programs did not follow through to the finish. This leads us to believe that the participants find these programs not relevant to the workforce experience required to enter it. CJS's funds, shifted to the private sector, seemed to have been perceived as short changing the participants. The educators surveyed in Davidson (1992) felt no standards were outlaid and no monitoring system existed. Businesses are starting to buy into the Learning Society philosophy. Training is mostly offered from large firms and to employees with high school attainment. Thus, employees in need are not getting the training required. In regards to sectorial initiatives, no concrete conclusions may be made, since no results have been published.

Due to the lack of empirical findings, no concrete conclusion can be made on how well these training programs have met their goals. The overall perception is that further work needs to be continued, since training programs do not meet the needs of the Canadian labour market.

What have we learned from the United States' studies? As stated in LaLonde (1992), the evidence shows that employment and training programs can increase the earnings of female AFDC recipients. But, earning gains are usually modest in size, persist for several years, arise from a variety of treatments and often are achieved at remarkably little expense. However, one must keep in mind that different results are observed for the same United States' training programs. It is, therefore, not clear if training is a good investment or not! Job search assistance was found the most effective but on-the-job training and work experience resulted in larger earnings at a higher cost.

As mentioned in Batt and Osterman (1993), there are problems related to developing public policies for training the 'mainstream' or incumbent work force in North America. The two major reasons behind this statement are that most of the federal efforts were geared towards specific target groups - youth, unemployed, and displaced workers. Therefore, federal agencies have little experience in the new area of training for competitiveness - creating a better atmosphere of partnership among federal

government and businesses and encouraging them to get more involved. Future policy needs to be focused towards the disadvantaged as well as to those in the workforce who are:

- (i) workers in low skilled and low paying occupations;
- (ii) female gendered occupations; and
- (iii) non favourable conditions.

In other words, we must have a policy that is workplace-oriented.

Should the Federal Government play a key role in the policy making? Should it be the Federal institution getting the players to work together? Should it be done at a lower level - provinces? Maybe, provinces should be the leaders since education is under their jurisdiction.

The Canadian accreditation system is not recognized from one province to another. For example, a lawyer/medical doctor must write exams to be able to practice in the province of his/her choice. But, if he/she decides that he/she wants to practice in another province, he/she must pass this other province's exam for accreditation. We need to stop these provincial barriers. And the Federal Government must actively ensure that no barriers exist and that we have an universal system (i.e. a portability agreement across Canada).

A solution to the mis-matches between the job seekers and the job searchers, might be to ensure that the approved programs reflect the firms needs. There must exist better communication between program developers and the firms whose needs are to be met. Up-to-now the Canadian Federal Government Policies on employment programs have not yet met the needs of their participants. Development of these programs are an on-going process.

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