

Halton Workforce Development Partnership Project



Final Report

October 2010



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Halton Workforce Development Partnership Project

EXECUTIVE SUMMARY

Small business is the backbone of the Canadian economy. Small and medium enterprises (SMEs), defined by Industry Canada as firms with less than 500 employees and revenue of less than \$25 million, represent 99% of Canadian companies, employ 70% of our private sector working population, and generate 45% of Canadian gross domestic product (GDP).¹ As the economic recovery takes hold, it will be SMEs taking a lead role in employment and business growth. However, SMEs continue to face challenges in their ability to invest in and expand the capacity of their workforce in order to address skills shortages and foster innovation and growth.

The issue of a vibrant and competitive SME sector is of particular interest to Halton where 99% of the Region's 37,501 businesses have less than 100 employees². In 2009, Halton Region Employment and Social Services partnered with the Ministry of Training, Colleges and Universities on a project to engage local SMEs in documenting hiring and training practices, identifying skills gaps, and improving the local workforce development system.

The project involved three methods of employer outreach:

- Surveys – 437 completed between October 2009 and March 2010
- Site visits - 87 completed by May 2010
- Focus Groups – 6 focus groups completed by May 2010

All 20 industry sectors identified on the survey were represented by respondents, with the highest responses coming from Manufacturing; Retail Trade; Other Services; Health Care and Social Assistance; Professional, Scientific and Technical Services; Construction; Wholesale Trade; and Accommodation and Food Services. Regarding number of employees, 20% of respondents had between 2–4 employees; 37% of respondents had between 5–19 employees; 32% had between 20–99 employees; and 12% had 100+ employees.

SME Perspectives on the Local Labour Market

Key Findings

- Results revealed 60% of employers indicated they anticipated adding new staff in the next 12 months. However, when asked about their experience in securing qualified candidates for job openings, 59% of respondents indicated qualified candidates were hard or very hard to find. Only 8% of employers indicated they had no difficulty in finding qualified employees.
- From a sector perspective, 70% of Professional, Scientific and Technical Services firms, 65% of Wholesale Trade, 65% of Construction, and 60% of Accommodation and Food Services firms indicated candidates were hard or very hard to find.
- Smaller firms had the most difficulty in finding staff, while larger companies indicated less difficulty. Larger companies were also more likely to be hiring in the next 12 months.

¹ Canadian Federation of Independent Business. Small Business Facts 2009.

² Statistics Canada, Canadian Business Patterns, December 2009

Feedback from SMEs included:

- Employers indicated wage differences between Halton and surrounding municipalities/regions are having an impact on their ability to secure talent.
- The high cost of living in Halton, combined with the proximity to other large urban centres are having an impact on local employer's abilities to secure candidates for job vacancies at all levels of the pay scale.
- Employers saw inadequate public transportation as an issue for SMEs in recruiting and retaining employees.
- Many employers indicated that in their experience, many young workers entering the workforce had unrealistic salary expectations and a 'questionable' work ethic.

Occupation Specific Challenges and Current Skills Gaps

Key Findings

- SMEs indicated that the largest gaps were related to employer/industry specific skills.
- From a sector perspective, all but one of the industry sectors indicated that intermediate level positions were the most difficult in terms of hiring.
- While smaller firms had relatively similar results in terms of difficulties securing intermediate level candidates for jobs, companies with 100+ staff indicated less difficulty.
- While employers of all size indicated that their required skills were increasing, the data suggests that for the most part, skill level requirements and investments increase with company size.

Feedback from SMEs included:

- Employers make significant investments in helping employees progress to intermediate-level positions, which are very specialized and based on firm-specific practices, but concurrently face challenges of losing intermediate level staff to large companies.
- SMEs recognize the importance of investing in the skills of their workforce — 56% of respondents indicated that the skills required within their companies had increased over the last three years; and 51% of respondents indicated they had increased investments in employee training over the same period.

SMEs and Workforce Development

Key Findings

- Employers indicated the top three most desired outcomes from their investment in training to be (1) increased productivity, (2) increased sales, and (3) maintaining industry and/or product knowledge.
- The top three barriers to increased investments in employee training were (1) cost, (2) staff turnover, and (3) suitability of training available.
- 98% of SMEs used informal training methods, such as on the job training by supervisors or co-workers.

- The primary method used by SMEs to find potential candidates was through word of mouth or personal contacts, and the primary training resource used were consultants and/or private trainers.

Feedback from SMEs included:

- Flexibility and multi-skilling is crucial to SMEs – employers hire for attitude, or some specific skills, with the intention of providing additional, occupation/firm-specific skills through informal training methods on the job.
- SMEs believe there is a “disconnect” between themselves and the workforce development system — they found the “system” confusing, fragmented and often difficult to navigate through.
- Informal training is not only more cost-effective, but is often the only available option for providing required skills training.
- Informal training methods have significant costs — assigning existing productive staff to mentor new staff on the job results in diminished productivity from the mentor and restricts the training process to a limited number of new staff at any given time.
- There is lack of awareness among SMEs of the organizations, supports and resources available to assist them with workforce development.

Summary of Recommendations

Over the duration of this research initiative, project staff had the opportunity to engage with hundreds of businesses across Halton. The overall response and participation of SMEs was tremendous. The project revealed exceptional levels of energy, innovation and resiliency within Halton’s small and medium businesses, and also both the diversity and challenges faced by firms of different industry sectors and sizes. Throughout the project, it was clear that workforce development was an important issue to Halton companies, and that a skilled and available workforce was crucial to their continued growth and success. Based on project findings, this report includes a number of recommendations to improve the local workforce development system and increase support to Halton SMEs. These include:

- Pursue immediate opportunities to develop sector specific training programs;
- Improve the understanding of the workforce development needs of SMEs;
- Promote career opportunities and change perceptions within sectors;
- Expand opportunities for hands-on experience;
- Facilitate collaboration and innovation among SMEs;
- Establish a Halton-specific approach to workforce development.

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INTRODUCTION

Small business is the backbone of the Canadian economy. Small and medium enterprises (SMEs), defined by Industry Canada as firms with less than 500 employees and revenue of less than \$25 million, represent 99% of Canadian companies, employ 70% of our private sector working population and generate 45% of Canadian gross domestic product (GDP).³ As the economic recovery takes hold, it will be SMEs taking a lead role in employment and business growth.

However, while the SME sector has proven resilient in the face of the recent economic downturn, it continues to face significant challenges as globalization, the transition to a knowledge-based economy, and technological change have increased competition for talent, specialization of occupations and rapidly evolving skills requirements within individual firms and broader labour markets.

These factors increasingly highlight the importance of attracting, developing, promoting and retaining talent. A recent report from the Conference Board of Canada states “the skills, knowledge, and abilities of Canadian workers are critical drivers of future productivity, innovation, and competitiveness, which underpin our sustainable prosperity.”⁴

Some researchers have stated Canadian firms have not kept pace with competitors in the areas of economic performance and innovation.⁵ In addition, SMEs continue to face challenges in their ability to invest in and expand the capacity of their workforce in order to address skills shortages and foster innovation and growth. Reasons often provided for these challenges include⁶:

- The tight financial margins within which they operate, and the small number of employees makes it difficult for SMEs to release people to attend off-the-job and/or resource training. Time constraints as well as location and a lack of relevant courses are some of the main barriers to training action.
- The fact that management personnel in small firms have multiple responsibilities makes it difficult for them to attend lengthy off-the-job training courses.
- SMEs often lack the capacity both to define their real training needs in the context of company modernization and to plan and organise their own training and assess its effectiveness.
- Small companies are less likely to have training departments or qualified trainers than large companies.
- Decisions on training fall to management who often find it difficult to assess the merits of training courses on offer and have difficulties in communicating their needs to training providers.

Recent studies have questioned as to whether SMEs undertake skills development less or just differently⁷. Research has also shown that smaller companies use different approaches to training than large firms. Specifically, informal, on-the-job training is utilized much more than formal training

³ Canadian Federation of Independent Business. Small Business Facts 2009.

⁴ The Conference Board of Canada. Learning and Development Outlook 2009. p.1

⁵ The Conference Board of Canada. How Canada Performs: Economy

⁶ Irish Business and Employers Confederation. Building People Capacity in SMEs. 2008

⁷ See The Conference Board of Canada Workplace Learning in Small and Medium Enterprises and Canadian Federation of Independent Business. Canada's Training Ground: SMEs \$18 Billion Investment on the Nation's Workforce.

by SMEs.⁸ However, this informal learning is difficult to evaluate beyond rudimentary levels. Research into this approach indicates “not only are there few widely accepted measures of the inputs, impact and outcomes of informal learning, but also many organizations simply do not have the capacity to track such measures. As a result, Canadian organizations struggle to evaluate the return on their investments in informal learning.”⁹

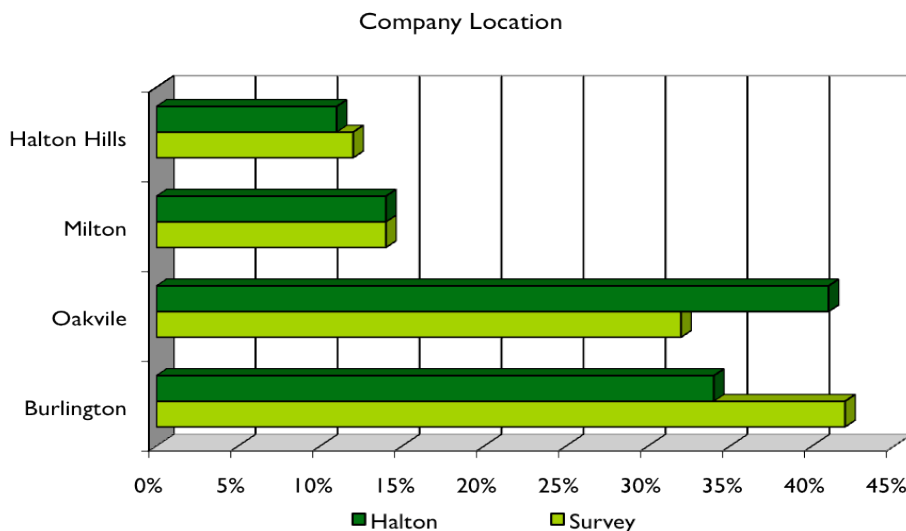
This combination of rapidly evolving skills requirements, specialization of occupations and the increasing use of informal training has posed serious challenges to some SMEs, while others have responded with highly innovative approaches to develop the knowledge skills and experience of their employees. These factors have also challenged existing workforce development systems to keep pace with the changing needs of small and medium enterprises.

Halton Context

The retention and expansion of SMEs are of significant interest to Halton Region. With 99% of the region’s 37,501 businesses having less than 100 employees, Halton’s economy depends on the vitality of small and medium-sized firms.¹⁰

Comprised of the municipalities of Burlington, Oakville, Milton and Halton Hills, Halton Region is home to over 440,000 residents and is one of the fastest growing regions in Canada. Halton benefits from an affluent and highly educated population, and enjoys an unemployment rate below the provincial average. The close proximity to other large urban centres such as Toronto, Mississauga, Hamilton and Kitchener-Waterloo results in more than half of Halton residents commuting out of the region for work.

As noted earlier, Halton is dominated by small and medium enterprises, with virtually all businesses employing less than 500 employees. The majority (58%) of Halton businesses have no employees, while 24% have 1–4 employees, 13% had 5–19 employees, 4% had 20–99 employees and 1% of firms had 100 or more employees. Regarding business locations within local municipalities, 34% of Halton firms are located in Burlington, 41% in Oakville, 14% in Milton, and Halton Hills is home to 11% of companies in the region.¹¹



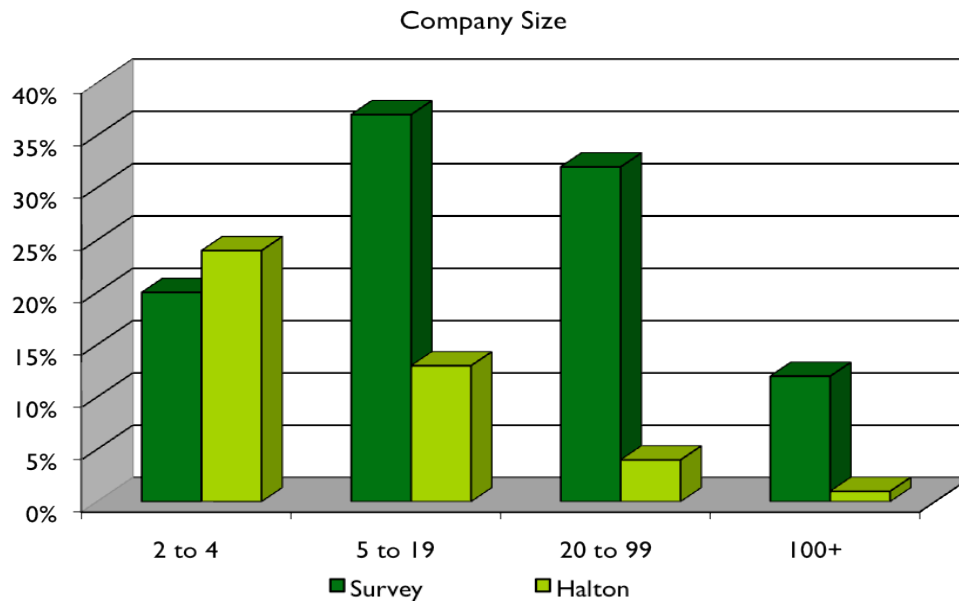
⁸ Canadian Federation of Independent Business. Canada's Training Ground: SMEs \$18 Billion Investment on the Nation's Workforce. May 2009. p.29

⁹ The Conference Board of Canada. Learning and Development Outlook 2009. p.5.

¹⁰ Statistics Canada, Canadian Business Patterns, December 2009

¹¹ Ibid

As for distribution of businesses by sector or industry, 95% of Halton firms belong to one of the following 15 sectors: Professional Services (21%); Construction (10%); Real Estate (9%); Other Services (8%); Retail Trade (8%); Finance and Insurance (6%); Wholesale Trade (6%); Management of Companies (5%); Administrative and Support (5%); Health Care and Social Assistance (5%); Transportation and Warehousing (4%); Manufacturing (4%); and Accommodation and Food Services (3%).¹² Research data reveal that nearly all sectors, with the exception of manufacturing, have enjoyed considerable growth in Halton over the last decade.



Halton Region Employment and Social Services department provides a range of services to both employers and job seekers and has recently been involved in various initiatives to enhance the local workforce development system. Unlike other forms of training or education, workforce development has an explicit focus on economic development; applications involve multiple actors and collaborative, integrated approaches. Through these strategies “regions can better align publicly-supported systems and programs to build a knowledge-economy workforce customized to the needs of local labour markets.”¹³

Halton has a well-established roster of organizations involved in workforce and economic development, including employers and economic development agencies, government, community organizations, and academic and training institutions. However, project results and feedback from employers indicate there is a need to better understand the workforce development needs of local companies, and improve the connections between employers and the local workforce development system. The Halton Workforce Development Partnership Project was designed to engage SMEs in a discussion around workforce development activities and issues to identify opportunities to assist in meeting the needs of local employers.

The project was developed around the following questions:

- What are the current practices used by Halton SMEs in seeking, retaining and promoting employees and what are the current skill gaps experienced by Halton SMEs?
- Do the skill gaps vary across industry sectors? Do they vary by company size?

¹² Ibid

¹³ Jenkins, David, Career Pathways: Aligning Public resources to Support Individual and Regional Advancement in the Knowledge Economy, Workforce Strategy Centre 2006. p.6

- What innovative approaches are being used to address local/regional workforce development issues?
- What is the relationship between Halton SMEs and local/regional workforce development stakeholders?
- How can the local/regional workforce development system be improved to better meet the needs of Halton SMEs?

Methodology

The project utilized surveys, employer site visits and focus groups to engage Halton employers. The employer survey was developed with Quorum Communications following a review of surveys used in similar initiatives in other jurisdictions. Draft versions of the survey were then distributed to Halton Economic Development, Policy and Planning Departments, local economic development agencies and selected employers for review, comments and approval. Upon completion of this process, the final draft contained 21 questions allowing both quantitative and qualitative responses. Some questions allowed respondents to check all answers that applied to them and as a result, percentages may not add to 100 percent. The Employer survey can be found in Appendix A.

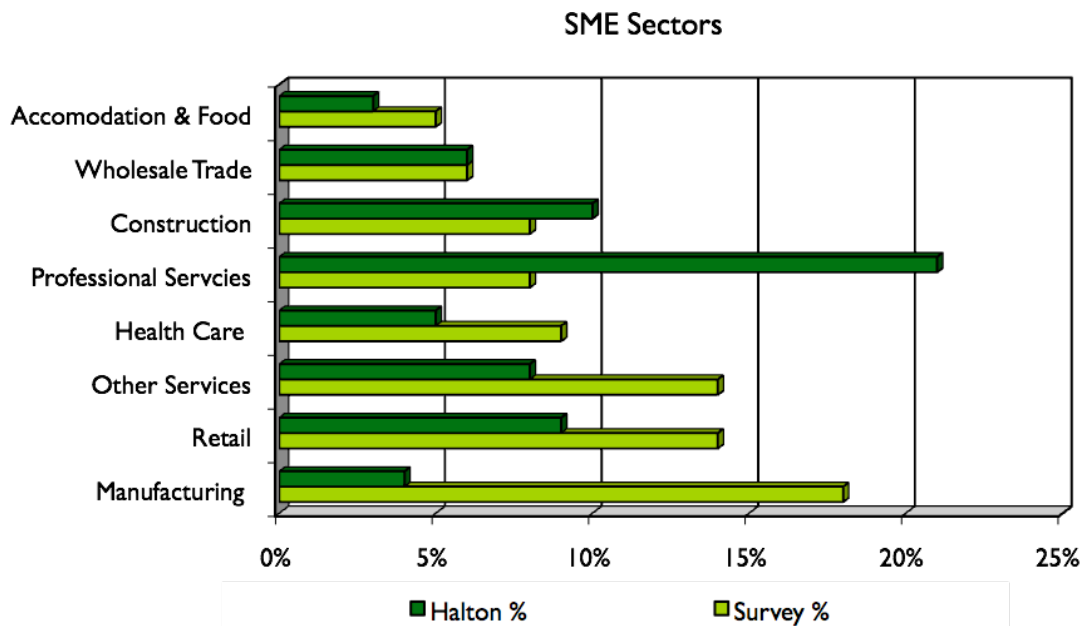
The survey was developed in both electronic and hard copy formats. Electronic versions were distributed to employers using links from partner organization websites, including local chambers of commerce and Oakville Economic Development. Survey distribution began on October 7, 2009, with the release of the electronic versions. Local business directories were used to identify appropriate contacts within companies, and starting in November 2009, project staff completed hard copy versions of the surveys through telephone outreach and site visits to Halton SMEs, with the final surveys completed in March 2010. It is important to note that this employer engagement occurred under poor economic conditions. In total, 437 surveys were completed. Quorum Communications completed survey data compilation and analysis.

Data was also collected through site visits to local SMEs. Following completion of the survey, project staff contacted these employers to further explain the project and to arrange short visits. During these visits, Halton staff expanded upon the survey responses and learned more about how individual employers viewed the local workforce development system and how they were addressing workforce development issues. Between December 2009 and May 2010 Halton staff completed 87 employer site visits.

The final phase of the project included the collection of data through SME focus groups. A total of 34 employers participated in one of six focus groups organized by industry sector. The focus groups were held in Milton and Oakville from April 22 to May 14, 2010. Focus group presentation questions can be found in Appendix B.

SURVEY RESULTS – RESPONDENT PROFILE

Over 400 Halton businesses (437) responded to the survey and the first six questions provide us with some core information about SME respondents. Complete Survey data is included in Appendix C. A total of 429 survey respondents identified their company belonged to one of the industry sectors identified in the survey, which were taken from the North American Industry Classification system. All of the 20 industry sectors available on the survey were represented by respondents, with the highest representation coming from Manufacturing (18%); Retail Trade (14%); Other Services (14%)¹⁴; Health Care and Social Assistance (9%); Professional, Scientific and Technical Services (8%); Construction (8%); Wholesale Trade (6%); and Accommodation and Food Services (5%). In exploring the question of possible similarities and differences across industry sectors, we will examine responses of the industries noted above, in comparison to the overall survey results.



The majority of respondents were located in Burlington (42%), followed by Oakville (32%), Milton (14%) and Halton Hills (12%). Regarding number of employees, 20% of respondents had 2–4 employees, while 37% of respondents had 5–19 employees, 32% of respondents had 20–99 employees and 12% of respondents had 100+ employees.

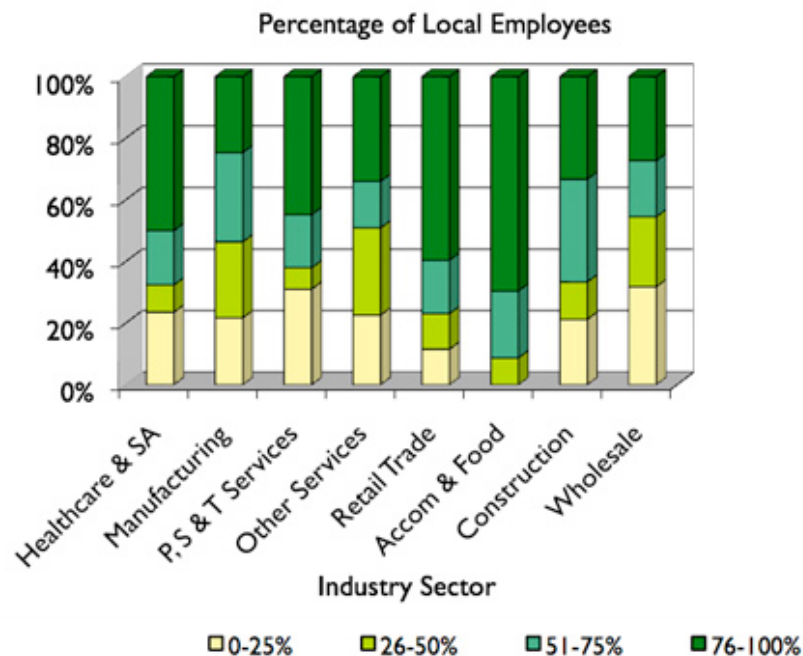
Survey respondents were relatively well-established in the region with more than 65% having operated in Halton for 10 years or more. An additional 33% had been in operation between one and five years, while 2% indicated they had been in operation for less than one year. Data also indicate that most respondents were single location businesses (34%) followed by corporate head offices (21%); branch locations (20%); sole proprietorships (18%); and franchises (7%). When asked what percentage of their staff lived in Halton Region, 40% indicated between 76% and 100% of their employees lived in Halton, while 21% of employers reported 51% to 75% of their employees were Halton residents. However, 16% of respondents stated between 26% and 50% of their employees lived in Halton and 19% of employers indicated that only 25% or less of their employees lived in the region.

¹⁴ This sector comprises establishments, not classified to any other sector, primarily engaged in repairing, or performing general or routine maintenance, on motor vehicles, machinery, equipment and other products to ensure that they work efficiently; providing personal care services, funeral services, laundry services and other services to individuals, such as pet care services and photo finishing services; organizing and promoting religious activities; supporting various causes through grant-making, advocating (promoting) various social and political causes, and promoting and defending the interests of their members. Private households are also included.

A comparison of survey respondents shows that the respondent profile was similar to the distribution and composition of SME businesses in Halton as a whole. Some sectors and firm sizes are over-represented in the survey. This is due partially to the fact that project staff targeted outreach to some employer groups to capture adequate sample size of responses.

Looking at the percentage of their employees living in Halton Region, the data shows some variances along industry lines. The overall survey results indicated that 40% of employers draw between 76% and 100% of their employees from Halton. However, the Accommodation and Food Services, and Retail Trade sectors draw significantly more staff locally – 70% and 57% respectively. Comparatively, lower wages and the prevalence of part-time hours in these sectors may make occupations less appealing to workers outside of Halton. Site visits and focus group feedback also indicated that the non-traditional hours of operation in these sectors, combined with challenges of public transportation in the Region may also contribute to this occurrence.

At the other end of the spectrum, while total survey results indicate that 19% of respondents had 25% or less of their staff living in Halton, there were industry sectors whose staff were largely non-Halton residents. Wholesale Trade, and Professional, Scientific and Technical Services sectors both indicated higher percentages of non-Halton staff. A total of 31% of Wholesale Trade respondents indicated less than a quarter of their staff were local, and 29% of Professional, Scientific and Technical Services had less than 25% Halton residents on their payroll. Given Halton's highly educated population, it is interesting that a significant number of Professional, Scientific and Technical Services firms located in Halton draw little local talent.



SME PERSPECTIVES ON LOCAL LABOUR MARKET

The survey results provide insight into SME perspectives on the state of the labour market and business climate in Halton. When asked about hiring projections, 60% of employers indicated they anticipated adding new staff in the next 12 months. However, when asked about their experience in securing qualified candidates for job openings, 59% indicated qualified candidates were hard or very hard to find. Only 8% of employers indicated they had no difficulty in finding qualified staff.

Sector Perspectives

Regarding the ability to secure qualified candidates for job openings, some sectors indicated significantly more difficulty in finding talent. While 70% of Professional, Scientific and Technical Services firms indicated significant difficulty, it may not seem surprising given the rapid and ongoing changes in technology. Other sectors indicated similar difficulty, including Wholesale Trade (65%); Construction (65%); and Accommodation and Food Services (61%).

Sector variances are also visible in anticipated hiring over the next twelve months. Overall, 60% of SMEs indicated they planned to take on more employees in the coming year. However, some sectors such as Accommodation and Food Services (100%), and Healthcare and Social Assistance (67%) were above the average. Sectors such as Other Services (45%), Professional, Scientific and Technical Services (50%), and Construction (53%) indicated significantly less intentions of hiring in the coming year.

Company Size

Survey results suggest that the ability to find qualified candidates seems to differ with company size. Smaller firms seem to have the most difficulty in finding employees, with 61% of companies with 2–4 employees indicating that candidates are hard or very hard to find, and 66% of companies with 5–19 employees having the same experience. However, 60% of firms with 20 – 99 employees indicated candidates were hard or very hard to find, only 37% of firms with 100+ employees had difficulty finding qualified candidates for job vacancies. Firms with 100+ employees were also more likely to be hiring in the next 12 months with 79% indicating they would be taking on new staff, compared to 65% of firms with 20–99 employees, 57% of companies with 2–19 employees, and 64% of companies with 2–4 employees.

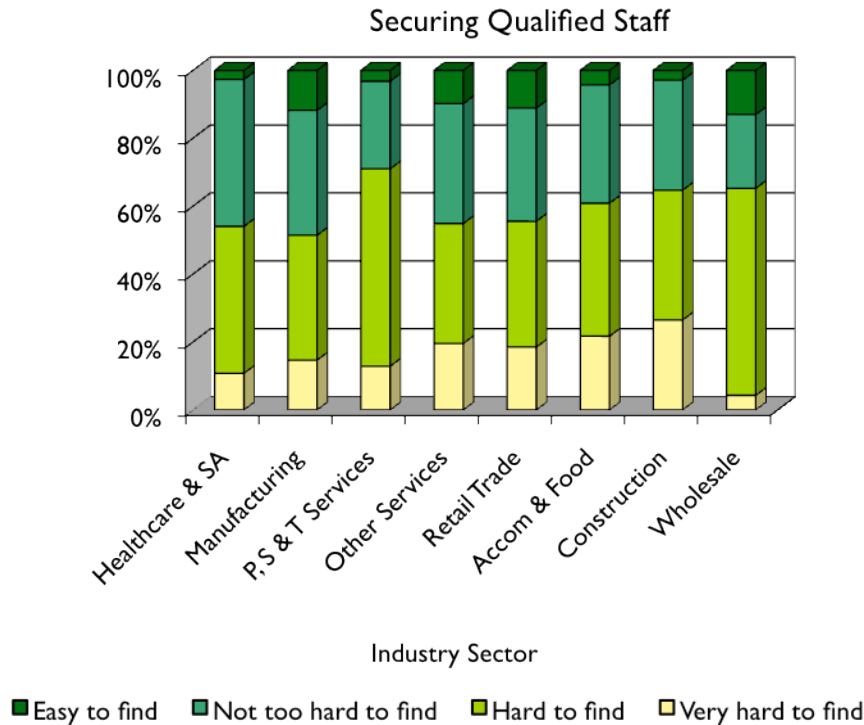
SME Feedback

In discussing the Halton labour market, site visit and focus group SMEs identified a number of structural and geographic factors. Employers indicated wage differences in Halton compared to surrounding areas had an impact on their ability to secure talent. A Milton manufacturing company stated it was prepared to offer \$40,000 for an inventory control position, but candidates were expecting between \$60,000 and \$70,000. Another employer in the hotel business noted that many room attendants in Toronto are unionized and are paid \$15 to \$16 per hour, where as in Halton they are paid just over \$12 per hour.

Firms also identified the high cost of living in Halton as a significant barrier to finding local candidates for job opportunities and as a result, indicated they hire employees from surrounding areas – Mississauga, Brampton and Hamilton. For example, an Oakville research firm that moved to Oakville from Toronto experienced a significant impact on its ability to recruit qualified call centre staff. The high cost of living in Halton, combined with the proximity to other large urban centres are having an impact on local employers' abilities to secure candidates for job vacancies at all levels of the pay scale. Finally, employers saw inadequate public transportation an issue for SMEs in recruiting and retaining employees. This is especially true with employers who have evening and night shifts or operate on weekends; employees cannot work these shifts without access to a vehicle.

Some Healthcare sector firms indicated they were pursuing a bus shuttle service at their own expense in order to improve their employees access to locations.

Two consistent but unexpected themes that came out of the site visits and focus groups were the issues of work ethic and expectations of younger workers in Halton. It is important to note that many SMEs recognize the importance of attracting and retaining younger workers and some have developed successful strategies to engage and retain young staff. For example, one employer has started to engage youth in grades 10, 11 and 12 with part-time and seasonal positions, and to build young worker's interest and experience in the organization.



Other companies have implemented comprehensive strategies involving career ladders and ongoing training and progression opportunities to successfully attract and retain young talent in a competitive retail environment. However, a significant percentage of SMEs of various sizes and sectors indicated they had challenges with young employees. Many indicated that in their experience, many young workers entering the workforce had unrealistic salary expectations and a questionable work ethic. Some SMEs felt that many youth regarded working as more of a hobby than a job. There was a range of possible explanations provided including generational differences and the fact that Halton is an affluent community.

Given the timing of the site visits and focus groups in late 2009 and early 2010, employers were asked about the impact of the economic downturn on their business, and on their ability to find qualified candidates. While some firms indicated their business had suffered significantly due to the recession, most indicated little or no impact and some indicated their business had actually improved during the recession.

Results were also mixed regarding the availability of talent. While some SMEs have indicated the downturn has made it easier to find qualified candidates; many others indicated that larger numbers of individuals looking for work has not translated into more suitable candidates.

For example, an employer involved in horticulture had posted a head grower position through international channels and received only six qualified applicants — two from Canada, two from the United States, one from Mexico and one from India. At the time of the site visit, this employer was interviewing candidates and looking into the immigration process. Another employer noted that they posted a job and had 150 resumes the next day, but questioned whether many applicants had the skills the firm was looking for, stating “it’s not hard to find people, it’s hard to find the right people.”

When asked about the impact of difficulties in finding qualified staff, employers agreed they were significant. One SME observed: “There is a cost to having vacancies open for long periods of time, as staff think they are indispensable and start to take liberties they didn’t before.” Others noted that the difficulties in finding and retaining qualified staff have resulted in ongoing recruiting efforts that are designed to address shortages over the long-term. One firm stated they are “constantly recruiting, even when we don’t have job openings”, while another company stated “We are constantly hiring as we need the bodies – it’s a six month recruiting process”. Another focus group participant commented they are starting to recruit for positions that will be vacated five years from now, explaining “You can’t replace a thirty-year employee without someone trained and there’s nobody in the industry to steal.”

SME PROFILE

Tech-Con Automation Inc.



Tech-Con Automation Inc. is a Burlington-based company specializing in manufacturing and refurbishing within the automation-robotics industry. Over the last 15 years Tech-Con Automation has become a leader in industrial automation solutions specializing in robotic systems, pallet-based assembly lines, material handling and robotic waterjet cutting cells for a variety of industries in North America.

The company has a business model based on the integration of a range of services focused on customer needs and remarkable flexibility. From machining, fabrication, mechanical and electrical services to project management and engineering, Tech-Con Automation Inc. is a one-stop source for complete automation solutions.

This flexibility has allowed the company to weather the current economic downturn, quickly shifting their core business from building new production and shipping equipment, to refurbishing existing conveyor lines, as clients chose to repair, rather than replace equipment. The refurbishing process can be done at the customer’s location, or the entire line is moved to Tech-Con’s facility where production workers machine and replace the old parts with new components. The company also employs service workers who travel to customer locations to breakdown and re-install the conveyor systems.

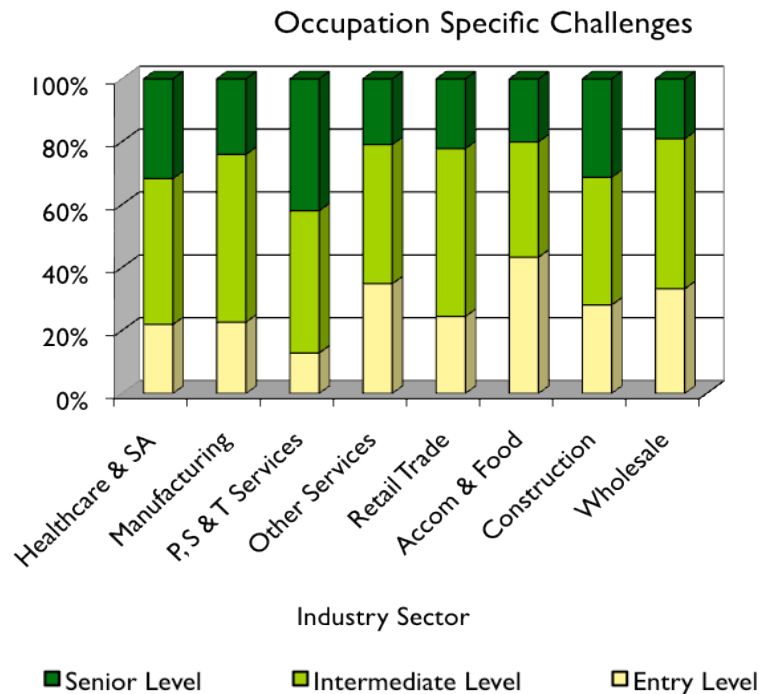
As can be expected, this highly specialized and integrated process requires employees with a wide range of skills and the flexibility to adapt quickly to specific project requirements. Production supervisor, Steve Pascu, notes that Tech-Con requires employees to be “jack-of-all-trades” rather than specialized in just one. Previously, the company employed specific trade disciplines but found that this was now too specific to their business. Required skills for current employees include millwright, electrician, machinists, PLC and Robot Programmers. They need to be knowledgeable in all aspects of robotics. As part of the production team, service workers require the same skills, as well as good customer service and communication skills to properly represent the company.

Technical background is supported through on-the-job training to ensure employees have the skills the company requires. In addition, Tech-Con Automation leverages relationships with similar companies in the area to identify and recruit talent in various disciplines.

OCCUPATION SPECIFIC CHALLENGES AND CURRENT SKILLS GAPS FOR SMEs

When asked what occupation levels were most difficult when seeking qualified applicants, nearly half (48%) of respondents who had experienced difficulty indicated that intermediate level positions were the most difficult to fill. Intermediate positions were defined as experienced sales, project management, skilled production workers with post-secondary education, two years on the job training or occupation-specific training and entry-level management positions.

Overall, employers indicated that entry level occupations (e.g., clerical, customer service, unskilled production workers, as well as inexperienced skilled workers, sales and operations persons) were just slightly more difficult to fill than senior level occupations (e.g., experienced management, professionals with designations/accreditation) with responses of 27% and 26% respectively.



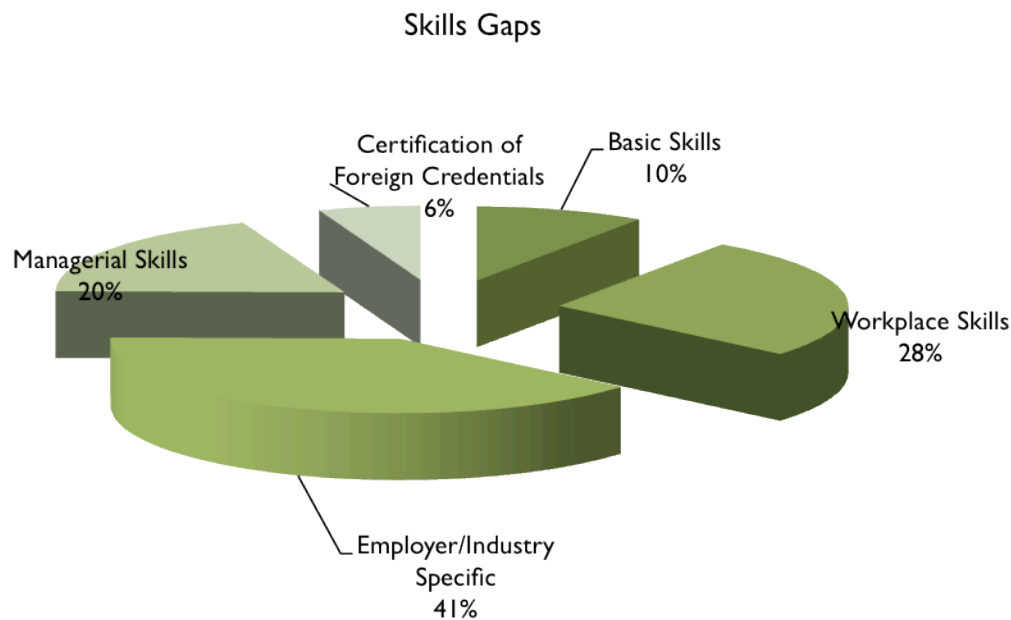
The survey also asked employers to identify any skills gaps they were currently facing in their companies. The highest response was employer/industry specific skills (41%). These were defined as skills specific to an industry or organization, including computer skills, technical knowledge and certifications, and skilled workers or trades people. The next highest were workplace skills (28%), which included teamwork, interpersonal and organizational skills; positive work habits and attitudes; and the ability to accept supervision. This was followed by managerial skills (20%) defined as supervisory and decision-making skills; basic skills (9.8%) such as reading, writing, math and/or English proficiency; and recognized industry certification for foreign-trained professionals (6%).

Sector Perspectives

From a sector perspective, all but one of the industry sectors indicated that intermediate level positions were the most difficult to fill. The exception was Accommodation and Food services firms, which indicated more difficulty securing entry level staff (57% as opposed to 27% of overall survey results). In addition, while all other sectors indicated the most difficulty in securing intermediate level applicants, some indicated senior staff were significantly more difficult to find than entry level help. Those that ranked senior staff behind intermediate in difficulty included Professional, Scientific and Technical Services; Health Care and Social Assistance; and Construction.

Differences again appear among sectors regarding skills gaps. Nearly all sectors identified employer/industry specific skills as the largest gaps. The Construction sector was highest with 64% of respondents highlighting this area. The exceptions were Accommodation and Food Services, and Wholesale Trade, both indicating that the largest gaps for their sectors were in workplace skills. The importance of customer service and interpersonal skills in many of the occupations in these sectors were identified in site visits and focus group feedback, and may help explain these results.

Accommodation and Food Services sector employers also indicated a higher need for management skills when compared to other sectors (33% vs. 20% overall). Finally, while recognized industry certification for foreign-trained professionals represented only 6% of total results, this gap was identified by 13% of Professional, Scientific and Technical Services respondents, 11% of Healthcare and Social Services respondents, and 9% of Wholesale Trade respondents.



Company Size

Again, the survey data suggested differences according to firm size. While smaller firms had relatively similar results regarding difficulties securing intermediate-level candidates, companies with 100+ employees indicated less difficulty (42% for firms with 100+ employees vs. 54% for firms with 20–99 employees, and 46% for firms with 5–19 employees). Understandably, the larger employers also indicated more difficulty in finding senior level positions as these firms would have significantly more of these positions to fill due to their size.

Firms of all sizes ranked employer/industry-specific skills as the largest gaps. Results were generally consistent regarding workplace skills, with firms of 5–19 employees indicating more difficulty in this area. Companies with 100+ employees were more likely than smaller firms to identify gaps in basic skills and managerial skills.

SME Feedback

When discussing occupation-specific challenges and skills gaps during site visit and focus groups, employers provided insight into the reasons intermediate-level occupations and industry-specific skills are so difficult to find. A consistent message at site visits and focus groups was the blending of required skills sets and blurring of lines between occupations among SMEs. Employers indicated that many industries were undergoing profound changes and jobs in their firms involved a range of activities and required employees to be flexible and have a diverse range of skills.

These changes, combined with SME preference for informal training methods, resulted in significant investment in progressing staff from entry level to the intermediate level positions, which are very specialized based on firm-specific practices.

Employers articulated the significant work involved in identifying, training and promoting staff from entry to intermediate level. A retail sector employer indicated that for every 100 entry-level employees they hire, they find one quality staff they can promote to intermediate level. Many employers indicated suspicion at intermediate-level candidates that were looking for work with such high demand in the labour market, “why are they looking for a job.” There was a fear of having to “un-train” bad habits picked up from past employment. One employer commented: “It’s easier to take someone off the floor and train them as a billing clerk, than hire an experienced billing clerk because the person off the floor already knows our product and our company.”

Employers also expressed the challenges that they face in losing intermediate level staff to large companies. SMEs indicated they had difficulty competing with wages paid by large employers, and often invest considerable resources into training and promoting staff, only to lose them to large companies when the training is completed. Feedback indicated staff left not only for wages and benefits, but also for expanded career opportunities. An employer stated “Small business supports entry level staff and will train them, and then they leave to go to a larger company.” Another observed “part of the struggles that SMEs face is that employees can only climb the corporate ladder so high. Growth potential may be higher in larger companies.” In some sectors, particularly retail, SMEs felt that the business model of many large retailers has damaged the perception of careers in the sector as a whole. One employer commented: “The biggest problem with potential candidates is they view it as a job not a career.” Another retail employer agreed, stating “most people who make a career in retail fall into it by accident.”

SME PROFILE

Langtry Blast Technologies



Langtry Blast Technologies designs, manufactures and installs machines that use a process called shot peening to strengthen metal. Since opening in 2002, this Burlington company has expanded its product line to include shot peening and blast cleaning equipment for a range of applications and industries.

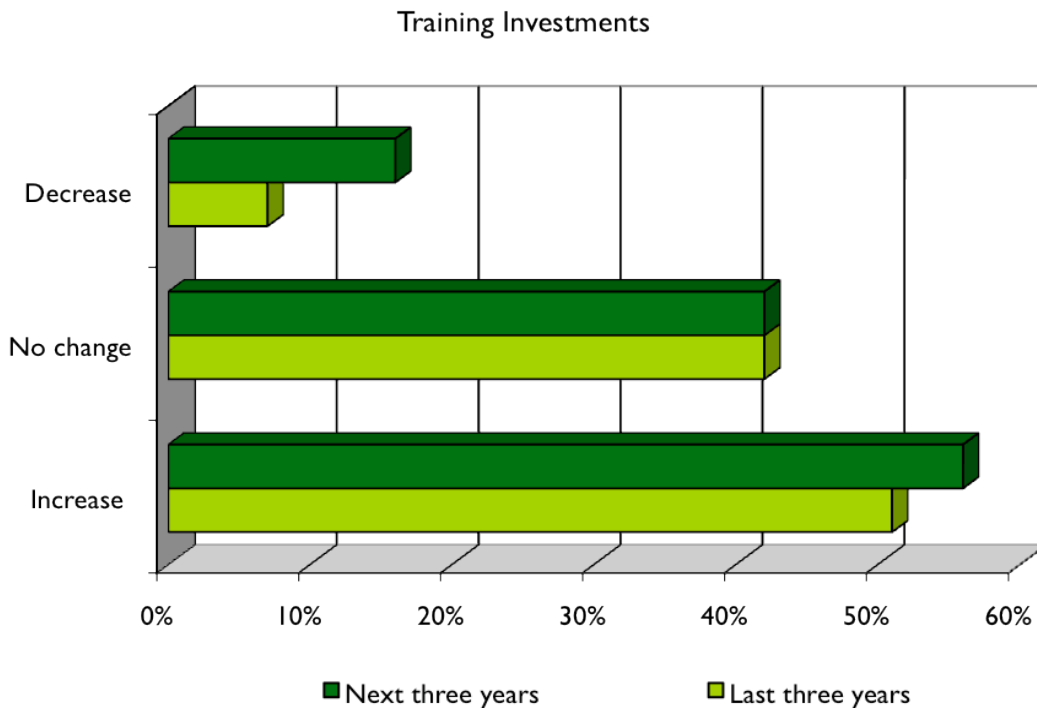
Machines and replacement components are custom built based on customer requirements; employees are also required to install and service equipment at customer locations. The specialized nature of the work requires all company technicians to be proficient in all the required manufacturing and service skills, and also able to collaborate in teams in a project-based environment. Unlike traditional manufacturing, this customized and rapidly-changing process allows everyday to be different, but also requires considerable collaboration and teamwork. The entire production team meets every Monday to ensure everybody is aware of their responsibilities for that particular week. When recruiting employees, the company looks for people with a background in fabrication, sandblasting, welding or people with PLC electrical experience and mechanical aptitude that they train on the job from there. Explaining the use of informal learning, production manager Steve Claffey states: “Part of the problem is because of the rate of change of new skills and technology, the only way to learn the job is through on-the-job learning.” There are very limited opportunities available for other forms of training. The only external training available to employees is attending a shot peening workshop throughout the U.S. every year.

Although shot peening and blast cleaning is a very specialized process, there are many companies involved in the industry, and like Langtry Blast Technologies, they recognize that their competitive advantage means continuously improving the technology. As a result, Langtry Blast Technologies collaborates with competitors on an ongoing basis.

SMEs AND WORKFORCE DEVELOPMENT

The final group of survey questions was designed to obtain SME perspectives and practices of workforce development. These questions included the skills required by employees within their companies, investments in training, training methods and anticipated results, barriers to training investments, and choice of workforce development resources.

In total, 56% of respondents indicated that the skills required within their companies had increased over the last three years, while 42% indicated they had stayed the same and only 2% indicated the required skills had decreased.



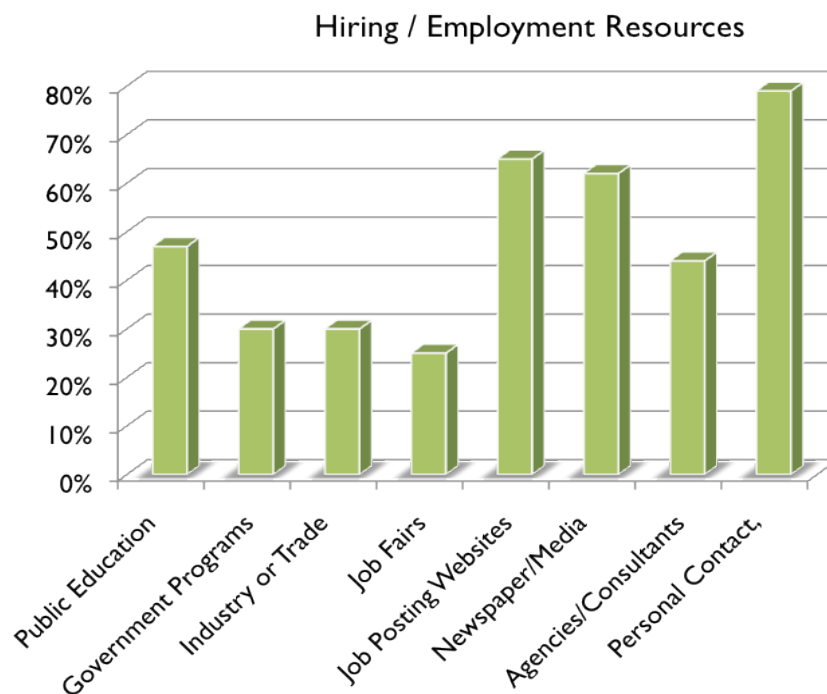
Regarding investments in training for employees, 51% of SMEs indicated they had increased investments in employee training over the last three years while, 42% indicated their investments had not changed over the same period, and 7% had decreased their investments. Also, 56% of SMEs indicated they anticipated that their training investments would increase over the next three years, while 42% felt investments would remain the same, and 2% believed their training investments would decrease.

Employers were also asked to identify the results they anticipated from their investments in employee training, and were provided a range of outcomes to rank from most to least important. Respondents viewed the most important outcomes from training to be increased productivity (34%), increased sales (27%), followed by maintaining industry and/or product knowledge (24%), staff retention (18%), and finally innovation (6%). Improved staff retention and staff morale were also identified through employer comments.

When asked about barriers to increased investments in employee training, cost was the most common barrier reported by 69% of respondents – followed by staff turnover at 28%, suitability of training available at 29%, evaluating return on investment at 21%, and indentifying training needs at 18%.

Following the theme of employee training, SMEs were asked about the methods used to provide training for employees. As for “formal” training methods, 58% indicated they had used workshops, 52% used classroom training and professional instructors, 50% had used seminars, and 36% had used conferences. By comparison, 99% of SMEs used informal training methods, such as on the job training by supervisors or co-workers.

SMEs were asked to identify the methods and institutions they used for their workforce development needs. The primary method used by 79% of respondents to find potential candidates was through word of mouth or personal contacts. Next were job posting websites (65%), followed by newspaper/media postings (62%); public education institutions (47%); employment agencies and consultants (44%); government employment programs (31%); industry/trade associations (30%); and job fairs (25%). As for the training resources used by SMEs, 57% identified consultants/private trainers; 55% used industry associations/apprenticeships/unions; 42% used public education institutions; and 16% used community-based trainers/private career colleges.

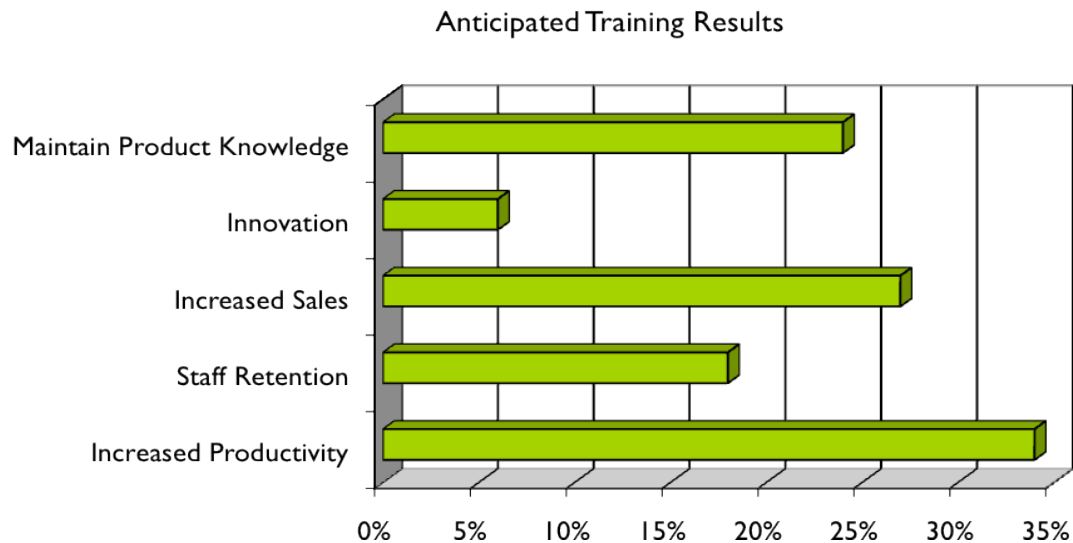


Sector Perspectives

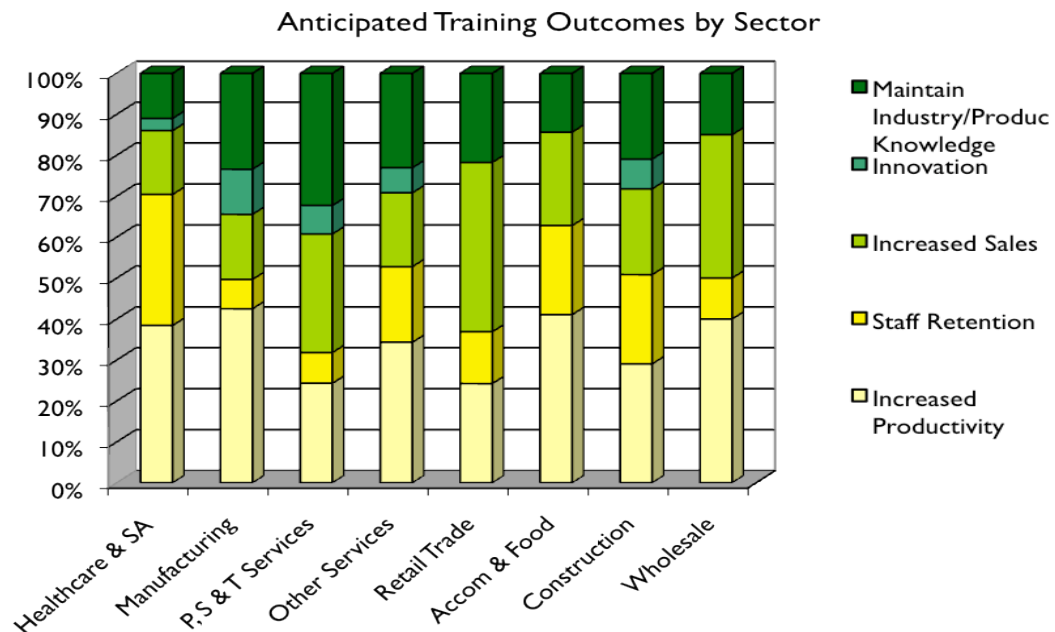
Within the specific industries, companies within Construction (72%), Other Services (67%), and Professional, Scientific and Technical Services (61%) were most likely to indicate an increase in required skills. Again, the Accommodation and Food Services sector was the anomaly, with only 27% of these firms indicating an increase in skills, while 73% indicated required skills stayed the same. Finally, while the overall results show only 2% of SMEs indicating a decrease in required skills, the Manufacturing and Wholesale Trade sectors were above average in this area with 6% of firms indicating a decrease in required skills over the last three years.

An examination of individual sectors revealed that Construction firms were the most likely to have increased their training investments over the last three years (57% vs. 51% overall). Other sectors such as Professional, Scientific and Technical Services (55%); Manufacturing (55%); Health Care and Social Assistance (54%); and Other Services (54%) also had above average increases in training investments. Manufacturing sector firms were much more likely to have reduced their training investments over the last three years, with 12% of firms indicating a decrease compared to overall

survey results of 7%. This may have much to do with the timing of the survey, as the Manufacturing sector was hit particularly hard during the economic downturn. As for projected investments over the next three years, only Other Services (61%) and Healthcare (61%) projected future investments significantly above the overall total of 56%.



As for anticipated results of training, while there were some minor variations on the ranking of outcomes, the results were mostly consistent across sectors. Increased productivity was the top objective for all but two of the sectors. Professional, Scientific and Technical Services ranked increased productivity third behind maintaining industry/product knowledge and increased sales, while Retail sector firms ranked increased productivity second to increased sales. Sectors were also consistent with results regarding staff retention and innovation. Only Health Care and Social Assistance, and Construction ranked staff retention in the top half of anticipated results of training. As for innovation, no sector ranked it higher than fourth of the five options and all but two sectors ranked it last.



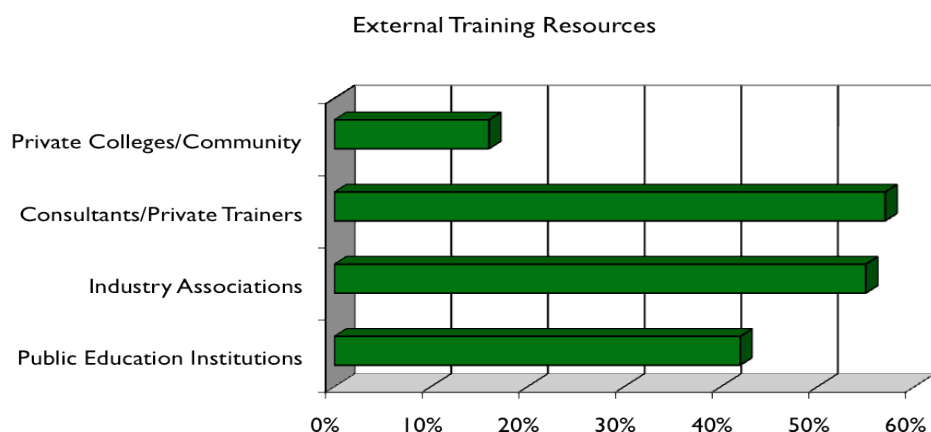
Sector perspectives on barriers to training investments were also consistent across sectors. Cost was identified by all industries as the primary barrier. Staff turnover was ranked second by the majority of sectors, with the exception of Manufacturing, Retail and the Wholesale Trade sectors. It is also interesting to note that suitability of training available was ranked second or third by all sectors except Accommodation and Food Services, which ranked fourth.

Sector-specific data related to formal training indicates that workshops and classroom training were the most preferred training methods. Workshops were favoured by Healthcare and Social Assistance (71%); Professional, Scientific and Technical Services (68%); Other Services (60%); Retail Trade (55%); and Accommodation and Food Services (47%). However, classroom training was preferred by Manufacturing (60%), Construction (70%), and Wholesale Trade (77%).

When looking for candidates, nearly all sectors relied primarily on personal contacts and word-of-mouth referrals. This method was preferred by Manufacturing (73%); Professional, Scientific and Technical Services (83%); Other Services (81%); Retail Trade (90%); Accommodation and Food Services (86%); and Construction (86%). The exceptions were Healthcare and Social Assistance, and Wholesale Trade, which primarily used job posting websites (86% and 81% respectively). Public education institutions were not widely used, with the exception of the Professional, Scientific and Technical Services sector, which ranked them second. Government employment programs were not ranked higher than fifth of the eight options by any of the sectors.

Among the other options however, there were significant variations among sectors. While many sectors were close to the overall average of 47% for public education institutions, Retail Trade (26%) and Construction were (38%), significantly lower, while the Accommodation and Food Services sector (62%) was higher. Responses for government programs were far below average for both Healthcare and Social Assistance (14%) and Retail Trade (15%), while Accommodation and Food Services (48%), and Wholesale Trade (48%) were far above overall average of 31%. The overall average for agencies and consultants was 44%; Manufacturing (73%) and Wholesale Trade (76%) were far above the average, while Retail Trade (18%), and Healthcare and Social Assistance (19%) were far below average.

Wide variations were also apparent among different sectors for training resources. Overall, 42% of SMEs utilized public education institutions – Healthcare and Social Assistance (56%); Manufacturing (51%); and Professional, Scientific and Technical Services (55%) were considerably higher. Other Services (31%), Retail Trade (15%), and Construction (32%) were significantly below the average. Survey data reveals similar results for consultants/private trainers, with respondents from Manufacturing (80%) and Wholesale Trade (84%) identifying these options as their first choice. However, Retail Trade (40%), and Accommodation and Food Services (35%) were well below the average of 57%.



Company Size

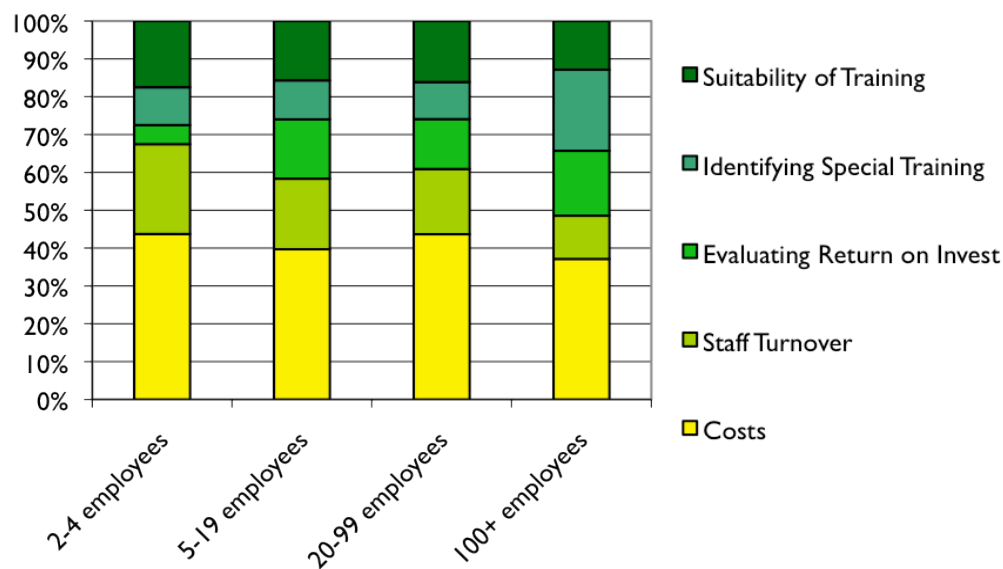
While employers of all sizes indicated that their required skills were increasing, the survey data suggests that for the most part, skill level requirements increase with company size. Of respondents with 2–4 employees, 58% indicated increasing skills requirements. The percentage dropped to 48% for companies with 5–19 employees and then increased to 62% of companies with 20–99 employees, and 62% of companies with 100+ employees. Responses indicating decreasing skill requirements were constant across company size – all below 3%.

As was the case in required skills, investments in employee training over the last three years tended to increase with company size. Respondents with 2–4 employees (52%) indicated they had increased their training investments, while the percentage was 45% for respondents with 5–19 staff; 56% for respondents with 20–99 employees, and 67% for firms with 100+ employees. In terms of anticipated investments over the next three years, survey data indicates similar results with 53% of respondents with 2–4 employees anticipating increased investments, 54% of respondents with 5–19 employees, 64% of respondents with 20–99 employees, and 62% of respondents with 100+ employees.

Regarding expected results of training, nearly all size companies ranked increased productivity as the most desired result. The exception was firms with 2–4 employees, which ranked increased sales as the top outcome. Maintaining industry/product knowledge was also important to respondents with 20–99 and 100 or more employees — this outcome was ranked second most anticipated outcome. Firms with 19 or less employees were more interested in increased sales and ranked this outcome first (2–4 employees) or second (5–19 employees). Innovation was ranked last by respondents regardless of size.

Data regarding barriers to training indicates that costs remain the primary barrier to training for SMEs, regardless of company size. However, costs were less prohibitive for larger and very small firms, with 66.7% of respondents with 100+ employees identifying cost as a barrier, while 75% of respondents with 50 – 99 employees, 69% of respondents with 5–19 employees, and 55% of respondents with 2–4 employees identifying costs as a barrier to training investments. The survey results suggests that staff turnover was also a concern, particularly with smaller firms — 30% of firms with 2–4 employees and 32% of firms with 5–19 employees identified this barrier compared to 29% of firms with 50–99 employees and 21% of companies with 100+ employees.

Barriers to Training by Company Size



When examining “formal” training from the perspective of firm size, the data suggests that firms with 100+ and 20–99 employees were far more likely than smaller companies to use any of the “formal” training options. As for the methods and institutions used for employment needs, nearly all respondents identified personal contacts as their primary method of locating and hiring new staff.

The exception was companies with 100+ staff, which identified job posting websites as their primary method of recruiting. The data also show that aside from personal contacts, the likelihood of companies accessing outside supports to assist with employment needs increased with company size. Also of note is that government employment programs were not well utilized by any employer regardless of size — ranking them 5th of eight options by respondents with 2–4 employees, 6th by respondents with 5–99 employees, and last by respondents with 100+ employees. Public education institutions were not ranked above 4th by any of the survey respondents.

Results were similar regarding training resources. Regardless of company size, the preferred option for training resources were consultants and private trainers, followed by industry associations. Public education institutions and private colleges/community-based trainers were ranked third and last respectively by all companies, regardless of size.

SME Feedback

The theme of specialization was common throughout the site visits and focus groups, and the majority of employers indicated that they recognized this as their source of competitive advantage. This specialization has driven innovative combinations of skills and occupations that are often firm specific, and require different approaches to recruiting and training staff. Site visits and focus groups indicated that many SMEs hire for attitude, or some specific skills, with the intention of providing additional occupation/firm specific skills through informal training on the job. Employers continually emphasized the need for employees to be cross-trained. One employer noted they recently hired CNC machinists and are in the process of training them to be fitters, while another company commented that their electricians have become salespeople. Customer service and interpersonal skills are becoming increasingly crucial across all sectors and occupations. The phrase “jack-of-all trades” was used consistently by SMEs across different sectors and different sized firms. As one employer commented: “We are not interested in anyone who is not flexible.”

Employers provided considerable feedback on the local workforce development “system” – the institutions and stakeholders providing employment and training services in Halton. There were employers who identified positive experiences with certain providers and programs, most of which involved in industry-specific initiatives. However, the overall consensus was that SMEs felt there was a disconnect between the small and medium employers and the workforce development system. Feedback from employers indicated that they found the system confusing, fragmented and often difficult to navigate through. Regarding training programs, a common theme was that graduates received too much theory and lack “real world” knowledge and hands-on experience — an issue that SMEs felt required improved partnerships between business and workforce development institutions. An employer described the objective of these partnerships as “a well-balanced training curriculum with a mix of theory and application.”

There was also considerable feedback from employers regarding apprenticeship programs. While there was recognition that apprenticeship was crucial to addressing current and looming skills shortages in the trades, there was frustration with the regulations and guidelines governing programs. One SME described them as “long and painful,” noting that a truck mechanic apprenticeship can take five years to complete, while students require thousands of dollars in tools before they start. However, the largest issue identified by employers was the requirement for three licensed trades people for each apprentice. Employers noted many SMEs don’t have three licensed trades people on staff. The result is many employers are approached by training providers for apprenticeship opportunities, but SMEs don’t have enough licensed staff to comply with the program guidelines.

As noted earlier, some SMEs had identified positive relationships and outcomes with training and educational organizations, particularly post-secondary institutions. Firms in heavily regulated sectors such as Health Care and Social Assistance, indicated more formal training opportunities available to them and there appeared to be greater standardization in occupations within these sectors. Firms in other sectors still valued post-secondary education, but employers indicated that a post-secondary degree or diploma was often recognized not for the skills or knowledge obtained but for personal characteristics and work ethic. One employer stated: “The biggest advantage of post-secondary training is that the potential employee completed a set goal.”

Lack of local training opportunities were identified by employers as having a significant impact on their ability to find qualified staff. SMEs from the Healthcare and Social Assistance, and Accommodation and Food Services sectors felt particularly affected. Some institutions indicated they are drawing registered nurses out of retirement to fill gaps in local healthcare services. Food services firms stated they consistently invest in informal training for kitchen staff, but when staff have to pursue post-secondary training in culinary arts outside of Halton, they often stay in those communities after graduating. Some firms were addressing the lack of appropriate training in their sectors by offering their own training programs to others in the industry. One employer had registered as a private career college and was offering training to heavy equipment operators. Another employer had developed a training centre at its location to assist contractors in becoming familiar with how to quote and operate their equipment. While establishing an on-site training centre represented a significant cost, the employer stated: “It’s a future investment for our company to train these contractors.”

Feedback demonstrated that the lack of local training opportunities resulted in Halton SMEs either pursuing training elsewhere at significant cost or choosing to train internally. One employer had recently sent staff to a three-day training session in St. Louis, while another stated the only provider for certification for their industry is located in Florida. Lack of appropriate training available locally was identified as a primary reason for the use of informal, on-the-job training. An employer describing the lack of training available for his sector explained: “There is one place in North America for training and the cost is \$15,000 for eight months of training – the whole industry trains in-house.”

When asked about the preference for informal, on-the-job training as opposed to more formal methods using workshops or external instructors, employers indicated cost was a primary concern, but also expanded on other reasons. The rapidly evolving nature of many industries, combined with the need for SMEs to find innovative applications of their workforce to remain competitive, makes informal training not only more cost effective, but is often the only available option for providing required skills. Of recent training graduates, a focus group employer commented: “It’s not that they’re not qualified, it’s that there not qualified in what we do.”

Informal training had the advantage of being flexible and allowing SMEs to provide training while minimizing business disruptions. A number of SMEs indicated the benefits of the train-the-trainer approach (having one staff complete a training program and then train additional staff in-house), as opposed to sending a large number of staff away for training at one time. Smaller firms with limited training budgets and coverage for staff said traditional group sessions in classrooms were not realistic or particularly effective.

Employers also felt that “formal” training of large numbers of staff was not effective, in that this method was too generic and did not address the specific needs of individual staff. They felt training should be proactive and able to build on existing assets, as opposed to reactive and addressing under-performance. One employer stated: “The problem with formal training is we blanket everybody the same. With training we need to clearly define everybody’s role. Through asking these questions we can clearly define what the person needs to learn and ensure they learn it.”

SMEs also acknowledged the significant cost of informal training methods, pointing out that the practice of assigning existing, productive staff to mentor new staff on the job resulted in diminished productivity from the mentor and restricted the training process to a limited number of new staff at any one time. Comments from employers included “It takes us 12–18 months to get a person up to speed and you’re down by two people – one new person and one mentor and they’re both not producing at this time.”

The timeframes identified by employers that are required to complete informal training are significant. One company stated it takes pipe installers three to five years to attain competency, while another company invests approximately 1,500 hours in informal training for new staff during the first year and approximately 1,000 hours for the next two to three years.

Finally, discussions revealed a lack of awareness among SMEs of the organizations and supports available to assist with workforce development. During the focus groups, employers were asked to identify training or employment service providers they had used or were aware of — many groups had significant difficulty naming any. In addition, while many employers belonged to associations, very few indicated that these assisted in workforce development issues. Most found the benefits of membership were maintaining industry networks and connecting with potential customers. It was interesting to note that while government employment and training programs receive significant funding and promotion through a large number of providers in Halton, they are ranked near the bottom of available options by SMEs. One employer stated: “It has never crossed my mind to go to the government for support.”

SME PROFILE

Benjamin Moore | The Paint and Paper Place



Benjamin Moore is a well-recognized interior design, décor and paint retailer. While each is independent, they can take advantage of Benjamin Moore’s advertising, branding and website. John Fracassi, GM for three Benjamin Moore stores in Oakville, notes that like many other retailers, Benjamin Moore has lost some market share to big box stores over the past few years. However, John’s stores have been able to maintain a niche set of clientele; he attributes this to investments in the product knowledge and customer service skills of his staff.

While it is common for employers in the sector to express difficulties in finding and retaining young staff who are interested in careers in retail, Benjamin Moore has very little difficulty finding qualified candidates. The reason is their success in positioning the company as a bridge to a career in interior design or painting. The company draws talent locally from graduates of the Sheridan College School of Visual Arts and Design or other interior design programs. As a result about three-quarters of staff are under the age of 25, and turnover is very low. John attributes this to the fact that they pay above minimum wage and the employees see the job as an opportunity to start a career.

Most new employees often have some interior design or retail experience. Benjamin Moore uses a variety of training methods to specialize its in-house training to build around existing knowledge and to ensure employees have all the required skills and opportunities for ongoing learning. The bulk of training is on-the-job training, and is administered by John and his staff. Each new recruit is partnered with an existing employee who acts as a mentor and assists with completing a training checklist, which outlines specific areas of knowledge and timelines for completion. Some external training is provided by suppliers, including Benjamin Moore, around specific products. John is also in the process of developing a training manual similar to what is used in large, big box stores, as Benjamin Moore does not currently have corporate manual for training.

Finally, John ensures that employees have the opportunity to move from part-time to full time and have the opportunity for career progression within Benjamin Moore stores. He explains: “Continuous training is critical as things are always changing or improving. We need to be in step with new technologies, fashion trends and environment requirements to give our customers accurate information and to help be recognized above our competitors.”

CONCLUSIONS

Over the duration of the research initiative, project staff had the opportunity to engage with hundreds of businesses across Halton, and the response and participation of SMEs was tremendous. The project revealed the energy, innovation and resiliency within small and medium businesses, and also the diversity and challenges faced by firms of different industry sectors and sizes. Throughout the duration of this research initiative, it was clear that workforce development was an important issue to Halton companies in all sectors, and that a skilled and available workforce was crucial to their continued growth and success.

The survey, employer site visits and focus groups allowed employers to share their experiences and insight. The project findings have resulted in the following conclusions and recommendations:

Difficulties in securing qualified staff has significant costs for SMEs and the Halton economy.

The majority of SMEs have not only weathered the economic downturn, but are looking to expand their businesses and take on new employees. However, the majority of these businesses had experienced difficulty in finding qualified staff. Project results show the challenges of finding training and retaining talent has resulted in positions going unfilled for extended periods. Firms are drawing staff from other municipalities, sending staff abroad for development opportunities and implementing lengthy informal training approaches in order to meet their growing skills requirements. All of these represent additional costs for firms and are restricting the growth of local companies.

Skills specialization and workforce innovation are a competitive advantage for SMEs.

Project results show that Halton SMEs are innovative and successful businesses that demand ongoing learning from flexible employees with multiple skill sets. With the majority of training occurring at the firm level with entry level staff progressing upwards, this puts intermediate level occupations with industry-specific skills at a premium. However, this also raises concerns of staff retention, succession planning and transferability of skills.

Workforce development experiences vary according to firm size and sector.

Findings show that workforce development assets and challenges and resources vary considerably by firm size and industry sector. Larger employers had different experiences in a number of areas, including ability to find qualified staff, intermediate-level talent scarcity, skill requirements, investments in training and barriers to training. Results show that firms of similar size, in many ways, have more in common than firms of the same sector. It is important that workforce development stakeholders consider these factors and avoid “one-size-fits-all” approaches to training and employment services.

SMEs recognize and are addressing workforce development challenges.

It is clear Halton SMEs recognize the importance of a skilled workforce. The majority of firms indicated growing skill requirements within their businesses and increased training investments in their staff, with the primary goal of increasing productivity. While formal workshops or classroom instruction is used, the vast majority of SMEs prefer informal, on-the-job training. Despite recognizing the significant costs of this approach, it is regarded as the only method to provide the required skills to staff. Some firms have developed their own training institutions to meet the need of their sector, or have collaborated with other companies to leverage capacity and address workforce issues. It is also apparent that SMEs view training investments differently – some as a cost of compliance to regulations and others as an investment in their only source of competitive advantage.

There is need for a stronger connection between the local workforce development system and Halton SMEs.

Project results indicate that the current workforce development system can be better aligned with the specialized and evolving workforce development needs of SMEs. While there are examples of successful partnerships and initiatives, many SMEs do not find that existing services are adequate. In addition, many companies are unaware of, or don't fully understand the services and supports available to them. In order to ensure that Halton SMEs have ready access local staff with relevant skills, partnerships between local business and workforce development players must be expanded from individual programs to ongoing dialogue that keeps pace with the changing requirements of companies. To be successful, SMEs themselves must take responsibility to engage other stakeholders and actively participate in improving the local workforce development system.

RECOMMENDATIONS

Over the duration of this research initiative, project staff had the opportunity to engage with hundreds of businesses across Halton. The overall response and participation of SMEs was tremendous. The project revealed exceptional levels of energy, innovation and resiliency within Halton's small and medium businesses, and also both the diversity and challenges faced by firms of different industry sectors and sizes. Throughout the project, it was clear that workforce development was an important issue to Halton companies, and that a skilled and available workforce was crucial to their continued growth and success. Based on project data and employer feedback, the following actions are recommended to enhance the workforce development system in Halton and assist SMEs with their employment and training needs.

Pursue immediate opportunities to develop sector specific training programs.

The project revealed a number of industries that would benefit from occupation-specific training made available locally. Collaboration between sector employers and training institutions could help to launch these programs quickly.

Improve the understanding of the workforce development needs of SMEs.

While there are a number of agencies, organizations and associations that represent and serve Halton businesses, there is no co-ordinated approach to collecting and sharing relevant information across the workforce development system. Developing a common integrated system of collecting and sharing data would enable stakeholders to better understand and serve local employers.

Promote career opportunities and change perceptions within sectors.

Employers, educators and other workforce development stakeholders can develop strategies to improve awareness of career opportunities, and address stigmas related to employment in particular industry sectors, thus improving their ability to attract and retain talent.

Expand opportunities for hands-on experience.

Increased co-op and placement opportunities of high school, post-secondary and adult training programs will supplement classroom learning with practical experience and better align the expectations of graduates with workforce realities. There is also a need for governments, trade unions and industry associations to address apprenticeship guidelines that restrict the ability of SMEs to participate.

Facilitate collaboration and innovation among SMEs.

The project revealed examples of how SMEs used collaborative approaches to leverage resources and address shared workforce issues and challenges. Continuing the sector-specific research and expanding the sector roundtables of this project can provide the information and the opportunity to explore other collaborative approaches, and also improve awareness of workforce development services available to Halton SMEs.

Establish a Halton-specific approach to workforce development.

Employers noted the workforce development system was fragmented, confusing and not well aligned with the rapidly changing needs of local SMEs. In order to ensure a proactive approach to addressing workforce development issues, Halton would benefit from a planning group consisting of representatives from business, government, community and academic institutions who will take a leadership role in developing local-regional strategies for workforce development based on the current needs and future goals of Halton businesses.

Next Steps

Halton Region Employment and Social Services is very appreciative to have been a part of this initiative, and is committed to continuing to support local workforce development efforts. Following completion of the project in June 2010, discussions have been underway between Halton Region Employment and Social Services and the Ministry of Training, Colleges and Universities (MTCU) regarding next steps.

A second phase has been proposed that will involve regional government, local SMEs and other workforce development stakeholders partnering to implement the recommendations noted in this report. Through this proposal, Halton Region's Employment and Social Services and project partners will contribute both monetary and in-kind contributions to leverage MTCU funding and build demand-driven solutions to the workforce development needs of Halton employers.

ACKNOWLEDGEMENTS

Ontario Labour Market Partnerships

The Halton Workforce Development Partnership Project was supported by the Government of Ontario through the Ontario Labour Market Partnerships. The Ontario Labour Market Partnerships are administered by the Ministry of Training Colleges and Universities (MTCU) and support collaborations between businesses, industry associations and community organizations.

The program is intended to help partners:

- Promote the creation of broad industry/community partnerships necessary to address labour market issues;
- Assist local communities with the development of innovative strategies to prepare for future skills requirements and prevent skills shortages within new and emerging industries and organizations;
- Plan for effective utilization of local human resources;
- Develop and promote labour market intelligence and its use in labour market development.

Halton Region expresses our sincere appreciation to the Ministry of Training, Colleges and Universities for its support of this important economic and community initiative. Halton Region also acknowledges the support of Quorum Communications for its work in data collection, data analysis and production of the final report.

Halton Workforce Development Partnership Project Staff

- Lise Infante
- Scot Luren
- Joe Valvasori



We would like to thank the following employers who participated in the project site visits:

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Aluminum Surface Technologies	Aqua-Tech Sales and Marketing Inc	Artista Dental Centre
Barbecues Galore	Benjamin Moore Paints	Best Pack Packaging Co. Ltd.
Bolt Family Florist AKA Brant Florists	Bos Lift Truck Service Limited	Burlington Taxi
Burloak Long Term Care - Revera Living	Cama Woodlands Nursing Home	Caravan Logistics Inc
Case-Tech Leather Inc.	Clarion Canada Inc.	Classic Care Pharmacy Corporation
Clyde Union Pumps Canada Limited	Comcare (Canada) Limited	Creative Memorials Ltd.
Customized Global Logistics	Deker Electric Ltd	Diesel Doctors Ltd.
Eurostyle Flower Market	Evergreen Crematorium	Fairview Dental
Fraser Direct Distribution	GEM Health Care Services	Genieye Systems Inc
Gerrie Electric Wholesale Ltd.	Glenn Graydon Wright LLP	Granite Ridge Golf Club
H & S Autoshot Mfg. Co. Ltd.	Halton Family Health Centre	Halton Turf & Tractors
Hanson Heidelberg Cement Group	Hayward Gordon Limited	Home Hardware
Hyundai of Oakville	Jerdan Door & Frame Ltd.	Julia's Ristorante Inc
Kinshofer Liftall Inc.	Kopriva Taylor Community Funeral Home	KPM Industries Ltd
Lakeshore Place Limited Partnership	Landmark Ontario Ltd	Langtry Blast Technologies Inc.
Light Solar Wind Mfg. Ltd.	Marvals Jewellery Boutique	Mikeski Truck Service
Mold Masters Limited	Mottlab Inc.	MTB Truck & Bus Collision Inc.
Multi-Tech Systems Int'l Inc.	Newalta Corporation	Northridge Long Term Care
Nova Services Group Inc.	Oakville Rehab	Oakville Truck and Trailer Repairs
OK Tire Services	Olon Industries Inc.	Ontario Concrete Products Inc (Concast Pipe)
Open Minds Research Solutions	Oxford Learning Centre	Park Avenue Manor Inc
PMA Canada Ltd.	Pollard Windows Inc	Power Quest Electric Ltd
Purity Life Health Products	R&B Construction Services Inc	Reunion Island Coffee Limited
Rochester Midland Limited	ROMAC Inc.	S & M Enterprises Inc.
Seasons In Oakville Inc.	Sheridan Nurseries Limited	Silver Cross
Tech-Con Automation Inc.	The Beaudry Group/Kehoe & Associates	The Kensington
The Weather Network	Tresses Hair Studio	Twin Oak Credit Union Ltd
White Hat Inc	Xiris Automation Inc.	Zimmark Inc.

We would like to thank the following employers who participated in the project focus groups:

Aqua-Tech Sales and Marketing Inc.	Barbecues Galore	Benjamin Moore Paints
Burlington Hydro Inc	Burrows Clothiers	Cama Woodlands Nursing Home
Comcare (Canada) Limited	Comfort Keepers	Connect Conveyor Belting
Crossroads Refrigeration Limited	Cucci/Firehall Restaurant	Customized Global Logistics
Emma's Backporch/Waterstreet Cooker	Endress + Hauser Canada Ltd	GEM Health Care Services
Halton Turf & Tractors	Hayward Gordon Limited	Holiday Inn & Suites/Staybridge Suites
ISPA Woodworking Limited	Julia's Ristorante Inc	Lakeshore Place Limited Partnership
Langtry Blast Technologies Inc	MTB Truck & Bus Collision Inc	Olon Industries Inc.
Power Quest Electric Ltd.	Reunion Island Coffee Limited	Sheridan Nurseries Limited
Steamatic Of Halton and Brampton	Strone Inc.	Tech-Con Automation Inc.
The Beaudry Group/Kehoe & Associates	The Cycle Path	The Kensington
Versatile Millwrights Inc.		

APPENDICES

A. Halton Workforce Development Partnership Project Survey

B. Focus Group Questions | Presentation

C. Total Survey Results – Comparison



Halton Workforce Development Survey

The Region of Halton needs your input on improving employment and training resources for local employers. We would appreciate if you would take a few minutes to complete this short survey.

Your survey responses will remain confidential and will only be used for purposes of this project.

Contact Name: _____ Title: _____

Contact Email: _____ Contact Number: _____

Company Name _____

1. Industry/Sector:

- | | |
|---|---|
| ☐ Accommodation and Food Services | ☐ Manufacturing |
| ☐ Administrative and Support, Waste Management and Remediation | ☐ Mining, quarrying, and Oil and Gas Extraction |
| ☐ Agriculture, Forestry, Fishing and Hunting | ☐ Other Services (except Public administration) |
| ☐ Arts, Entertainment and Recreation | ☐ Professional Scientific and Technical Services |
| ☐ Construction | ☐ Public Administration |
| ☐ Educational Services | ☐ Real Estate and Rental and Leasing |
| ☐ Finance and Insurance | ☐ Retail Trade |
| ☐ Health Care and Social Assistance | ☐ Transportation and Warehousing |
| ☐ Information and Cultural Industries | ☐ Utilities |
| ☐ Management of Companies and Enterprises | ☐ Wholesale Trade |

2. Years in operation in Halton: _____

3. Company located in: ☐ Burlington ☐ Oakville ☐ Milton ☐ Halton Hills

4. Is your company a: ☐ Branch location ☐ Franchisee ☐ Single location
☐ Sole proprietorship ☐ Corporate head office

5. Number of Employees (at your location): _____ Full-time: _____ Part-time: _____

NOTE: For the purposes of this survey, please consider all owners and management staff as part of the total number of employees.

6. Approximately what percentage of your employees live in Halton Region (Burlington, Milton, Oakville, Halton Hills)?

☐ 0-25% ☐ 26-50% ☐ 51-75% ☐ 76-100% ☐ Don't Know/Unsure

7. When trying to secure qualified applicants for job openings in your company, do you find them:

☐ Very hard to find ☐ Hard to find ☐ Not too hard to find ☐ Easy to find

8. Do you anticipate hiring new employees in the next 12 months? ☐ Yes ☐ No ☐ Don't know

9. Please indicate if you have experienced difficulty in securing qualified applicants for any of the following occupation levels? (Check all that apply)

- ☐ Entry Level (includes clerical, customer service, unskilled production workers; as well as inexperienced skilled workers, sales and operations persons)
- ☐ Intermediate Level (includes experienced sales, project management, skilled production workers with post secondary education, two years on the job training or occupation specific training and entry-level management)
- ☐ Senior Level (experienced management, professionals with designations/accreditation)
- ☐ None of the above

10. Which of the following skill gaps exist in your company? (Check all that apply)

- ☐ Basic Skills (includes, reading, writing, math, and/or English proficiency)
- ☐ Workplace Skills (includes teamwork, interpersonal and organizational skills; positive work habits and attitudes; ability to accept supervision)
- ☐ Employer/Industry Specific Skills (skills specific to your industry or organization, including computer skills, technical knowledge / certifications and skilled workers or trades people)
- ☐ Managerial Skills (includes supervisory and decision-making skills; ability to adapt to changes in duties and responsibilities)
- ☐ Recognized industry certification for foreign-trained professionals
- ☐ All of the above
- ☐ None of the above
- ☐ Other (please specify) _____

11. In the last three years, have the skills required by your company:

- ☐ Increased ☐ Remained the same ☐ Decreased

12. In the last three years, has your company's investment in employee training:

- ☐ Increased ☐ Remained the same ☐ Decreased

13. What types of training do you provide to your employees?

- Formal training* ☐ Seminars ☐ Workshops ☐ Classroom training by professional instructors
- ☐ Conferences ☐ Other

14. Informal training ☐ On-the-job training by supervisors or co-workers

- ☐ Other (please describe) _____

15. Over the next three years, do you anticipate that your investment in employee training will:

- ☐ Increase ☐ Remain the Same ☐ Decrease

16. What results do you expect or anticipate from your investment in employee training? (rank in order)

1-most important, 2-second most important, 3-third most important, 4-fourth most important, 5-fifth most important

- ☐ Increased productivity ☐ Staff retention ☐ Increased sales ☐ Innovation
- ☐ Maintain industry and/or product knowledge

17. Are there any other results you expect from your investment in training?

18. What barriers to increased investments in employee training exist in your company? (check all that apply)

- ☐ Costs ☐ Staff turnover ☐ Evaluating return on investment
☐ Identifying specific training needs ☐ Suitability of training available ☐ Other _____

19. Which of the following hiring/employment strategies has your company used in the past? (Check all that apply)

- ☐ Public education institutions (College, University, Secondary School)
☐ Government employment programs
☐ Industry or Trade Associations
☐ Job Fairs
☐ Job Posting Web Sites
☐ Newspaper / Media postings
☐ Employment agencies / Consultants
☐ Personal contact / referral or word of mouth
☐ Other _____

20. Which of the following training resources has your company used? (Check all that apply)

- ☐ Public education institutions (College, University, Secondary School)
☐ Industry Associations / Apprenticeship programs / Union
☐ Consultants/Private Trainers
☐ Private Career Colleges / Community-based training organizations
☐ Other _____

21. In your opinion, what changes could be made to the employment and training options in Halton that would improve service to your business? Please specify.

22. The goal of this survey is to increase understanding and develop strategies to assist local employers in meeting their training and hiring needs. To maximize the effectiveness of the survey, and distribute project results, we request permission to follow up with you for clarification or further explanation of responses where needed, and to provide project results upon completion?

☐ Yes ☐ No

23. If you answered yes, please provide your contact information below. A representative from Halton Region's Employment and Social Services Division will contact you.

Name: _____

Address: _____

Halton Labour Market Partnership Program

Employer Focus Group



Goals of Today's Discussion

- Provide update regarding Halton Labour Market Partnership Project
- Gain sector-specific perspectives on local workforce development issues
- Explore next steps for project



2

Halton LMP Project – Background and Rationale

- Funded through Ministry of Training, Colleges and Universities
- Majority of Halton employers are small to medium enterprises (SMEs less than 500 employees)
- Many firms indicate skills shortages, yet they lack resources to invest in training and development
- Initiative will engage Halton SMEs through surveys, site visits and focus groups to identify and document formal and informal hiring, training and development processes, and areas to improve local workforce development efforts



3

Progress to Date

Surveys (started October 2009)

- Project Target – 250
- Actual surveys completed to date – 437

Site Visits (started November 2009)

- Project Target – 50
- Actual site visits completed to date – 87

Workforce Development

- Halton Workforce development efforts grounded in:
 - Dual customer approach (demand and supply)
 - Collaboration / partnership-based
 - Integration within “system”
 - Responsive to local needs and opportunities and based on local data

State of Halton Workforce Pool

- While 60% of SMEs indicated they anticipate hiring in the next 12 months, 59% indicate they have difficulty securing qualified applicants for job postings.
 - What is the state of the Halton workforce pool for your sector?
 - What challenges does your sector face in recruiting qualified staff?
 - What strategies have you implemented to address these challenges?

Intermediate Level Talent Scarcity

- The majority of SMEs indicated that they have experienced the most difficulty in securing qualified staff for intermediate level positions, as opposed to entry or senior level positions.
 - Why do you feel these positions in particular are so difficult to recruit for?
 - How does this challenge affect your recruitment and training strategies?

Skills Specialization

- Consistent feedback from the site visits is the growing importance and utilization of flexible, multi-discipline staff.
 - Is specialization / combination of skills a requirement in your sector?
 - How has this specialization of skills affected hiring and training practices?
 - How do you evaluate your training investments?

Skills Gaps / Growth Occupations

- When asked about skills gaps, the majority of respondents indicated Employer / Industry Specific skills (specific to your industry or organizations including computer skills, technical knowledge / certifications and skilled workers or trades people).
 - Is your sector facing a skills shortage?
 - What are the growth occupations of the future in your sector and what are the key hard and soft skills required?
 - How have these evolved?

Formal vs. Informal Training

- The majority of respondents indicated that informal training was used much more than formal learning
 - What do you feel is the reason for the preference for informal learning?
 - Are there formal training programs that match your workforce development needs?
 - Does the existence / absence of these affect the training investment and strategies?
 - What training strategies do you find most effective?

Perspectives on Workforce Development

- *"Canada's long-term position will depend on how successfully Canadian organizations manage to improve organization-level productivity and innovation as they navigate in an increasingly integrated global economy."*
The Conference Board of Canada – Learning and Development Outlook 2009
 - Does your sector see training as an investment to improve business outcomes or a cost of compliance to regulations?
 - Do you have training budgets? learning plans? Human Resources staff?

Workforce Development System

- There are a range of business supports and workforce development stakeholders with a mandate to support local businesses (academic institutions, industry associations, community organizations, private colleges and government programs).
 - To what level do you feel these groups adequately understand and address the workforce development needs of your sector?
 - What is working? What is not?

Future Direction of Project

- The premise of this project is to work with Halton SMEs to identify and address skills gaps, explore opportunities for collaboration and strengthen the local workforce development system.
 - What do you feel is the role for this project going forward?
 - Is this an initiative that you feel is necessary?
 - Would you be willing to continue your involvement?

Next Steps

- Complete focus groups
- Produce final report – June 2010
- Introduce second stage of project

Questions and Contact Information

Thank you for your participation

Joe Valvasori
Supervisor – Employment Services
905.825.6000 extension 2742
Joe.Valvasori@halton.ca

Halton Workforce Development Partnership Project Survey Results

QUESTION	Overall Results										Employee Count				
	Healthcare & SA	Manufacturing	P, S & T Services	Other Services	Retail Trade	Accom & Food	Construction	Wholesale	2-4 employees	5-19 employees	20-99 employees	100+ employees			
Question #6															
0-25%	19	22	21	29	23	11	0	21	30	19	15	23	21		
26-50%	16	8	24	7	28	11	9	12	22	11	16	22	23		
51-75%	21	16	29	16	15	17	22	33	17	12	21	26	28		
76-100%	40	46	24	42	34	57	70	33	26	58	43	24	26		
Don't Know	3.7	8.1	1.4	6.5	0	3.7	0	0	4.3	0	4.6	5.5	2.3		
Question #7															
Very hard to find	15	11	15	13	20	19	22	27	4	21	25	8	5		
Hard to find	43	43	37	58	35	37	39	38	61	40	42	51	33		
Not too hard to find	34	43	37	26	35	33	35	32	22	33	30	30	58		
Easy to find	8	3	12	3	10	11	4	3	13	6	4	11	5		
Question #8															
Yes	60	67	55	50	45	63	100	53	61	64	57	65	79		
No	20	11	25	25	32	20	0	12	17	15	26	18	2		
Don't Know	19	22	20	25	23	17	0	35	22	21	18	17	19		
Question #9															
Entry Level	27	24	24	13	29	21	57	29	30	26	32	25	33		
Intermediate Level	48	51	57	47	37	46	48	42	44	51	46	54	42		
Senior Level	26	35	26	43	18	19	26	32	17	18	25	31	37		
None of the Above	29	22	27	27	35	35	13	29	35	29	26	25	30		
Question #10															
Basic Skills	10	8	16	3	10	6	14	9	4	10	10	9	21		
Workplace Skills	28	38	26	16	29	17	50	36	44	21	37	26	33		
Employer/Industry Specific	41	41	42	32	37	31	46	64	39	41	43	41	44		
Managerial Skills	20	22	25	23	17	29	32	15	9	19	17	21	35		
Certification Foreign	6	11	3	13	4	4	0	6	9	4	6	7	7		
All of the Above	2	0	3	3	2	0	0	9	0	1	2	3	0		
None of the Above	32	35	23	39	35	42	32	24	35	37	30	30	21		
Other	9	8	6	7	15	6	14	6	0	10	11	6	16		

QUESTION	Overall Results										Employee Size				
	Healthcare & SA	Manufacturing	P, S & T Services	Other Services	Retail Trade	Accom & Food	Construction	Wholesale	2-4 employees	5-19 employees	20-99 employees	100+ employees			
Question 18															
Costs	69	68	76	75	50	85	71	81	55	69	75	67			
Staff Turnover	28	10	24	28	27	65	36	24	30	32	29	21			
Evaluating Return on Invest	21	15	21	13	16	35	32	33	6	27	23	31			
Identifying Special Training	18	21	10	21	16	10	32	19	13	18	17	39			
Suitability of Training	26	31	21	26	39	20	36	29	22	27	28	23			
Other	18	23	21	28	11	10	0	19	27	19	17	13			
Question 19															
Public Education institutions	47	56	51	50	26	62	38	48	39	40	60	71			
Government Programs	31	14	37	39	16	48	28	48	20	31	37	50			
Industry or Trade Associations	30	33	32	30	22	10	41	33	19	26	35	60			
Job Fairs	25	42	14	22	28	24	14	19	20	15	30	52			
Job Posting Websites	65	86	68	61	47	86	45	81	45	61	80	91			
Newspaper/Media Postings	62	75	63	48	61	76	52	71	46	61	70	83			
Agencies/Consultants	44	19	73	30	18	43	45	76	19	49	58	71			
Personal Contact Referral	79	69	73	80	90	86	86	67	83	72	81	83			
Other	11	9	14	22	10	19	3	10	20	12	9	7			
Question 20															
Public Education Institutions	42	52	59	50	16	41	32	63	22	38	62	45			
Industry Associations	55	39	61	50	29	53	64	53	33	50	71	63			
Consultants/Private Trainers	57	58	80	61	40	35	50	84	39	54	66	85			
Private Colleges/Community	16	27	11	21	16	6	4	16	12	13	20	18			
Other	26	21	19	21	32	47	21	11	35	23	22	23			

