

TRAINING MATTERS

**WHY TODAY'S WORKFORCE
NEEDS TOMORROW'S SKILLS**

**ARE WE READY FOR
THE NEW ECONOMY?**

A LEADING ECONOMIST WEIGHS IN

CRITICAL CONDITION

HEALTH CARE'S SKILLS SHORTAGE

**THE PAYOFF FOR
INVESTING IN
EMPLOYEES**



*Craig Alexander,
VP and Deputy Chief
Economist for TD Bank
Financial Group.*

THE BRIDGE TO CONTINUOUS LEARNING

WORKPLACE LITERACY

We can see the future, but can we read it?

Gathering support for literacy training can be a tricky task when few believe there's a problem, even in the face of damning statistics and obvious dislocation between unemployment and a rampant skills shortage.

"I prefer to tackle it indirectly," says Craig Alexander, vice-president and deputy chief economist with TD Bank Financial Group. "I go to talk about the long-term economic outlook and Canada's record of productivity and innovation. I can fit literacy into that discussion very easily."

In fact, he can tie it to most of the pressing public policy issues of the day. Poverty and income levels? Deeply linked to literacy levels. Skills shortage? Literacy is overshadowing immigrants' work records and valid credentials from other countries, which also links literacy to the growing income gap between immigrants and born-in-Canada Canadians. The environment and climate change? Understanding solutions depends on raising literacy levels.

The reasons why literacy is such a hard issue to broach are two fold. First, it is at odds with Canada's status as an inclusive, well-educated, affluent society. Second, there's a misconception that it's just people who can't read and write who have literacy deficiencies.

But check the statistics. The most recent mass survey – the 2003 *International Adult Literacy and Skills Survey (IALSS)* published by Statistics Canada – found that 48% of adult Canadians don't have the necessary literacy skills to achieve their full potential at work, at home and in the community. That shocking statistic rises to six in 10 for new Canadians. Regionally, Quebec residents came up below average and those from New Brunswick and Newfoundland scored well below average. Aboriginals also came up short, and only 18% of seniors age 65 and up revealed an adequate level of prose literacy.

Now, faced with layoffs and the pressure to find new jobs, workers themselves are finally admitting it's true. A 2009 Ipsos Reid poll found that 72% – almost three-quarters of adults for whom English or French is a first language – believe that adult literacy is a problem in Canada, and only 79% were fully confident they had sufficient literacy skills to get another job if they were to lose their current one.

THE REAL LITERACY PROBLEM

It's at this level – the ability of workers to train for new jobs, advance their careers and, indeed, to understand the manuals, emails and communications of the workplace – that the real literacy problem lies.

"It's only a tiny proportion that cannot read or write at all," says Alan Middleton, executive director of the Schulich Executive Education



Craig Alexander, VP and Deputy Chief Economist for TD Bank Financial Group, knows Canada's global and economic success relies on the skills of our workers.

Low literacy levels cost businesses \$2.5 billion annually in lost productivity.

Literacy Alberta, 2007

wage, low-literacy jobs in heavy industry and manufacturing. CEOs and managers should be aware that knowledge-based jobs will carry their industries and companies in the future. And these jobs require higher levels of understanding, writing and communicating documents such as manuals, governmental regulations and internal communications with colleagues and superiors. For workers to gain employment and advance in their jobs, they need literacy skills that many of them do not have."

The phenomenon will get worse as the population ages and industry relies more on immigration for its new skills. As Craig Alexander puts it: "Within a few years, 100% of population growth will come from immigration. If six in 10 immigrants do not have adequate literacy skills, our workplaces will be in trouble."

FUNDAMENTAL IMPACT

There is logical, anecdotal and statistical evidence that raising literacy levels brings substantial economic benefits. Steel manufacturer ArcelorMittal Dofasco has established an essential skills training program that is free to employees, who are also paid for half their time in the classroom. They enrol in spring or fall sessions consisting of 12 classes where they are taught literacy, basic computing, keyboarding and business writing by professional teachers.

"This program has helped [Dofasco] to establish good employee relationships and generate incredible loyalty," says Middleton, "but especially it has allowed them to move people around to the jobs where they need them, giving them flexibility in workplace restructuring."

Centre at York University and past chair of ABC CANADA Literacy Foundation, a national non-profit that raises public awareness of literacy issues in Canada. "The challenge area is the 22% of the population that have difficulty coping beyond the Grade 7 or 8 level. And at a Grade 10 level, 42% of the population is challenged."

This shortfall stands in the way of Canada's successful recovery from the recession and its ultimate economic restructuring, says Margaret Eaton, president of ABC CANADA. "We have reached the end of many of the high-

More broadly, StatsCan's IALSS study suggests that personal income is directly linked to literacy. It found that adults with poor literacy skills earn just \$20,000 annually on average across the country, while those with weak, adequate or strong skills earn \$29,000, \$37,000 and \$42,000, respectively. "From an economic point of view," says TD economist Alexander, "you can't find another factor with such fundamental impact."

In fact, IALSS analysis suggests that a 1% increase in national literacy scores lifts output per worker by 2.5%, which would boost national income by \$32 billion. Raising "weak" individuals by one level to "adequate" would alone bring an economic benefit of \$80 billion.



Alan Middleton, Executive Director of the Schulich Executive Education Centre at York University, has been a long-time literacy advocate.

NEXT-GENERATION LITERACY TRAINING

Literacy programs are abound in every province and major city, but anticipated demand is overwhelming – or should be. A March 2009 report entitled *Ready or Not: Perspectives on Literacy and Essential Skills in the Economic Downturn*, published by the Movement for Canadian Literacy in Ottawa, cites a municipality which, after three major plant closings, found that 40% of the laid-off employees did not have a Grade 12 diploma. Another city estimated that 200,000 people among its population had literacy deficiencies, but only 5% to 10% were accessing programs. Some literacy programs are responding by "rebranding" as training or skill-building, says the report, to overcome the perceived stigma of illiteracy.

They must also adapt to the needs of their new clients, such as working parents who need training to be available when they have the time, concentration and energy to learn. Literacy programs of the future, therefore, may well draw on in-workplace models such as Dofasco's.

"In the ideal workplace of the future, certainly literacy and essential skills training will be available," forecasts Eaton. "Provincial governments will pay for assessments of their workforce to find out what the skills gaps are, and help design programs to bridge those gaps. But you'll also see employers engaged in creating the workforce they need. And they'll see it as within their interests to fund general

skills – not just for how to run a drill press, but how to read and understand, how to write and communicate, and how to do more than basic adding and subtracting."

She also predicts more mentoring programs, especially to transfer knowledge to younger workers from older workers before they retire.

But the impediment will be Canadian companies' historical reluctance to invest in training. "There is much less spent in Canada,"

Approximately 72% of Canadians that score below the desired literacy level are employed.

International Survey of Reading Skills (ISRS), 2005

says Eaton, "so it has to be a top-of-mind issue. Also, there has to be a realization that literacy is a business issue, that people are not able to implement policies when they cannot understand them or the reasoning behind them."

Time is now of the essence, she emphasizes. "The knowledge-based economy of the future is upon us."



For the video interview with Craig Alexander, visit the Workplace Literacy section at www.abc-canada.org.



ONTARIO GOVERNMENT PROVIDES WORKPLACE LITERACY FUNDING

In March, the Ontario Ministry of Training, Colleges and Universities announced \$90 million in new funding for literacy and basic skills programs in the province. This funding, to be provided over a two-year period, will give Ontarians a greater opportunity to train and upgrade their skills and education, and meet the demands of the new knowledge economy.

In addition to enhancing support for ongoing basic and literacy skills programming, the Ontario initiative includes \$10 million for workplace literacy. This announcement marks the first time in more than 10 years that workplace literacy has received funding in Ontario.

Provincial governments are increasingly taking notice of the importance of literacy in the workplace, providing funding and support for organizations implementing workplace literacy programs. Provinces such as Manitoba and Nova Scotia have been pioneers in supporting workplace literacy and, more recently, Saskatchewan invested more than \$500,000 into the Workplace Essential Skills Saskatchewan Initiative.

BUILDING A LEARNING CULTURE

The past year has thrown Canadian manufacturing into a crisis. A rollercoaster ride for the Canadian dollar and reduced demand from recession-battered export markets have resulted in a drastic contraction in the sector. How can it survive in this tough global environment? Veteran workplace trainer Norm Nopper has advice that is as succinct as it is blunt: "Without your employees, you're not going to get out of the difficulties you're in. Unless your employees are looking after quality, and your customers, you're not going to get out of difficulties."

Easier said than done. Many companies look with envy upon Japanese auto manufacturers renowned for their quality culture and wonder what it takes to create their own. Nopper says such cultures have to be learned by the entire organization, from the executive corner offices all the way down to the shop floor. Quality is every single employee's business. But crucially, that sense of responsibility must be learned – and someone has to teach it.

Too often, businesses think of training as a one-off event. Get a new piece of equipment, then put your staff through a module. But training experts advise building a continuing learning culture. Joe Brown of the Nova

An extra year of schooling can raise productivity by up to 8.5% in the manufacturing sector, and up to 12.7% in the services sector.

Canadian Council on Learning, 2007

Scotia Department of Labour and Workforce Development offers a stark example. "I worked with a company that spent \$100,000 on ISO 9000 training. Employees had four days of expensive training and they said they didn't get it. They weren't used to it." Brown says that those workers needed "Velcro skills" – essential learning skills that would have allowed the new material to stick.

"Every company is going to say, 'How much is it going to cost me?'" Nopper says. "It costs less than you think. We're talking about two hours every two weeks over a year; that's two per cent of payroll. Can you afford that? If not, try one per cent then. Over twenty years, that's a lot of training. You've got to have a five, ten or twenty year vision. Take a little step, do it every day, do it forever."

Always remember that, in creating a learning culture, you must treat people with respect. This is a universally recognized approach being used by Canada's competitors around the world. Linda Sturgess, who teaches workplace training in New Zealand, advises avoiding embarrassing names for such courses, such as "literacy" or "remedial reading". Focus on ambition-related titles, such as "Reaching for the Stars" or "Moving Up". In other words, says Sturgess, "Use language with positive affirmation."

A learning culture isn't easy to implement, nor is it an overnight fix for recession-challenged companies. And many companies still resist training. "A lot of it comes back to focusing on fundamentals," Nopper says. "We [in business] have a laser-like focus on financials. We don't see the human element." Thus, for those companies that want to survive the next downturn, whenever it comes, creating a continuous learning culture could prove a strategic competitive advantage.

Adult literacy levels affect GDP by as much as 55%.

International Survey of Reading Skills (ISRS), 2005



For the video interview with Norm Nopper, visit the Workplace Literacy section at www.abc-canada.org.



Literacy supporters discuss the importance of workplace literacy programs at a Canadian Manufacturers & Exporters conference in Toronto. From Left to right: John Milloy, Minister of Training Colleges and Universities and Minister of Research and Innovation; Ian Howcroft, Vice President, Ontario Division, Canadian Manufacturers & Exporters; Margaret Eaton, President, ABC CANADA Literacy Foundation; Norm Nopper, Founder and Director, Varanor International.



DOES YOUR WORKFORCE STRUGGLE WITH READING AND WRITING?

Use this checklist to identify signs of issues regarding literacy and essential skills, and their impact on operations in your workplace. This checklist is intended only as the first step in determining issues that may be affecting your organization. The purpose of the checklist is to invite further investigation and understanding, if there are issues.

These questions are just a few from an extensive list compiled by Canadian Manufacturers & Exporters in *Business Results Through Essential Skills and Literacy*. For the full document, visit www.cme-mec.ca.

1. Are there employees who avoid training sessions or who do not participate well?
Yes No
2. Do you have employees who make excuses when faced with written material (e.g., "I left my glasses in my locker")?
Yes No
3. Do you have turnover problems because people cannot do the job?
Yes No
4. Do you have excellent employees who continually turn down opportunities for promotion?
Yes No
5. Is management unwilling to introduce change because of concerns about employees being able to respond to the new needs?
Yes No

If you answered "Yes" to any of these questions, your company may have literacy issues requiring attention.

"Our competitors aren't doing this. We're a year and a half into the process. The longer my competitors don't do this, the further we get ahead."



Alco Ventures Inc., an aluminum products company based in B.C., conducts the Training Within Industry program to improve productivity levels and employee interpersonal skills.

An Investment in Employees TRAINING THE TRAINERS:

Standardization is important to Ben Hume, president of Alco Ventures Inc., a Langley, B.C. manufacturer of specialty aluminum products for the construction industry. He knows that doing repetitive tasks uniformly in the manufacturing process ensures consistently high quality products. To achieve this, Alco has invested in on-the-job training for its front-line supervisors. It's paying quantifiable dividends now and will continue to do so, as Alco's learning culture deepens. "This is investing in an asset," Hume says. "As it builds and becomes part of your culture, you build equity."

The asset in question is Alco's employees. To improve standardization, Hume and operations manager Hugh Alley turned to a Vancouver learning agency headed by Tracy Defoe. She is president of The Learning Factor and she's helped Alco build foundational skills among front-line supervisors. "We taught people how to run a crew meeting, how to draw people in, what not to do in front of people, how to consider facts and people's feelings, how to share information and goals, how to make a plan and implement it."

Defoe used a training protocol more than six decades old. Created by the U.S. government during the Second World War, "Training Within Industry" or TWI is suddenly hot again, with growing numbers of companies using its clear, concise guidelines for training staff and communicating business goals. TWI was created at a time when the men who usually worked in factories were called away to war, leaving industry in the hands of previously excluded visible women and minorities. TWI quickly taught factory supervisors how to train these new employees. "We talk about continuous improvement today," says workplace trainer Norm Nopper, "but we

had it before it was called that. All the tools we need to improve productivity go back to the Second World War."

TWI helped Defoe and Alco bring consistency and stability to the shop floor. Says Alley: "We had one team lead who was short-fused. Whenever he saw an employee doing something wrong, he was ready to charge across the floor and chew him up." But after picking up people skills, the hot-tempered lead began to take a moment to analyze the situation, ask himself what his goals were in speaking to a worker and how he could turn the incident to the benefit of shop-floor processes. This more systematic, rational approach paid immediate dividends, Alley says. "If you have an arbitrary boss who's unpredictable, you don't know what to do. People stop trying to do anything," Hume adds: "Imagine your boss throwing a hissy fit. You may do what he asks, but you spend the next 20 minutes fuming. In those 20 minutes, productivity is down, odds of errors are up."

Using TWI, the company has a consistent approach to how people get treated and how incidents are resolved. The key has been to focus on training shop supervisors. Says Alley: "The single greatest impact on productivity is the quality of the first-line supervisors. No question."

But will it pay off for Alco? Hume sees it as a definite competitive advantage. "Our competitors aren't doing this. We're a year and a half into the process. The longer my competitors don't do this, the further we get ahead." And, as Alley puts it: "Industry treats employees like machine cogs, or a necessary evil. If you're a business owner with that mindset, you're not investing in people." And well trained people are your best asset.

THE CASE FOR IMPROVING SKILLS IN HEALTH CARE

WORKING TOWARDS A CURE

When the public thinks of a skills shortage in the health care sector, people tend to think of a shortage of doctors or nurses. The reality is that there is a growing demand in all positions, including support staff.

Between 2001 and 2006, the health care and social-assistance sector in Canada added 199,900 jobs, growing at 2.9%, well above the national average amongst all sectors. Traditionally, most of the new positions, such as housekeeping, have required few skills. But that is changing, with increasing requirements not just for more skills but also certification. Where will these workers come from?

Many of them are already working in hospitals, clinics, long-term care and other facilities. But they urgently need skills upgrades. Says Randy Lindsay, executive director of Nova Scotia's FutureWorx Society: "There's an explosion of new beds and new facilities. Health care in Nova Scotia is open to essential skills training. They see the need in a most visceral way."

FutureWorx connects with employers facing staffing shortages to find properly trained employees. Lindsay and other training experts will tell you that it's far more cost-efficient to retrain existing workers than to recruit new ones, but retraining often requires upgrades to basic types of skills.

Eilene Gan, a nursing unit clerk at the British Columbia Women's Hospital and Health Centre in Vancouver, and a local literacy advocate for the Canadian Union of Public Employees (CUPE), has experienced the need for basic skills in a constantly evolving health care workplace. "Health care restructures its workforce all the time," she says. "Every time they restructure, they change everyone's job." With change comes uncertainty: new scheduling programs to learn and new software to master. "Some of our licensed practical nurses [LPNs] now have to have email access to read memos and meeting notices," Gan says. "But they have no skills in email. A lot of these people are in their late 40s and 50s, so it's difficult."

Health care faces the challenge of retraining veteran employees or losing them at a time of growing need. Gan herself has benefited

from a medical technology course and a typing course. She went from being an aide in the maternity ward to a higher-skilled technical clerk. Thanks to programs agreed upon by the hospital and the union, many workers have not only upgraded their skills but also gained promotions. "We had a couple of people," says Gan, "who had been housekeepers and became registered nurses."

Bonnie Kay-Griffin, administrator at Halifax's Glades Lodge, a long-term care facility, also extols the need for upgrading existing workers' skills. "Lifelong learning is one of our values," she says. "We're always looking at ways and means to educate our people, and there's not a lot of money in our budget." Glades forged a relationship with the Nova Scotia Department of Labour and Workforce Development, forming funding partnerships. "We provide time off for workers [to take training] and they don't lose wages," Kay-Graham says. The process is employee driven, with Glades' management teaming up with CUPE, the Nova Scotia nurses' union, and the department of labour.

She catalogues but a few of the courses Glades has offered. "We provide physical-assessment skills for LPNs, and nurses today are expected to provide leadership, so we've customized courses to include some leadership skills." And there are cultural-sensitivity courses to help staff work harmoniously with their growing ranks of immigrant nurses, and computer skills such as emailing and documentation. Other courses include team-building classes to break down the us-and-them barriers in the workplace, and courses on how to resolve conflict and how to communicate effectively.



Thanks to a skills training program, Eilene Gan has been promoted to a technical clerk at a B.C. hospital.

A more literate workforce boosts productivity. The C. D. Howe Institute reports that a 1% rise in a country's literacy level, relative to the international average, is associated with an eventual 2.5% rise in labour productivity and a 1.5% rise in the per-capita Gross Domestic Product (GDP).

This 1% increase in literacy rates would boost the national income by as much as \$32 billion.

Public Investment in Skills: Are Canadian Governments Doing Enough?, Serge Coulombe and Jean-François Tremblay, C.D. Howe Institute, 2005 and Canadian Labour Congress, 2007

According to the Canadian Apprenticeship Forum, on average, a one-dollar investment in training returns a benefit to the employer of \$1.38

Kay-Graham and Gan both point to the growing need for skills certification in the health care workplace, even for some lower-echelon jobs. For example, continuing-care assistants often have been in the workforce so long that they got their jobs before certain skills and certification became mandatory. For others, new certification rules put them into situations where they cannot be rehired if they leave their positions or if positions change. When a B.C. long-term care facility closed, workers needed mandatory provincial certification to get the same jobs at other facilities. With CUPE's help they got the training they needed so they could be rehired elsewhere.

Another important facet to skills upgrading in health care involves making better use of new Canadians, many of whom fill the lowest-skilled jobs. They benefit from language training to improve their English or French. Gan recalls two women of East Indian origin who worked as food-services workers in Surrey, B.C. They upgraded their English and later took their high-school equivalency. They eventually went to college and now have good jobs in central processing, a department that sterilizes hospital equipment.

Such programs benefit everyone. "It's certainly a retention tool," Kay-Graham says, "and we have a lot of long-term employees." That's important in a growing health care sector and, fortunately, employers are getting the message. "In the past," says Brown, "employers would have said, 'if you don't like the job, I have five other people who want it. Why would I invest in training?' But now, we're more of a knowledge-based society, so we need those levels of training."

To better understand the needs of on-the-job training, ABC CANADA Literacy Foundation has undertaken a study of literacy and essential skills (L/ES) among entry-level health care workers. Workers with low literacy skills face significant challenges in their workplace performance. This project will help the sector to mobilize and create strategies to address skills needs.

With ballooning demand for more and more skilled workers in health care, the need is becoming urgent. The key questions now are: will employers recognize the need for essential-skills training and can they take the action needed to retain their most valuable assets – their existing employees? That recognition is now imperative.



FutureWorx in Nova Scotia helps companies retrain workers when there is a staffing shortage. To date, FutureWorx has trained more than 750 workers with an approximate 90% graduation rate.

IPSOS REID STUDY:

LITERACY AND SKILLS UPGRADING A HIGH PRIORITY

Recent research shows that the majority of working Canadians believe that there is a literacy problem, and some admit that they do not have the necessary literacy skills to change jobs. In addition, most managers said they would be unable to help their employees out with their literacy challenges if asked.

The study, conducted by North American market research firm Ipsos Reid and commissioned by ABC CANADA Literacy Foundation, polled over 1,000 working Canadians and over 300 managers and executives working in the private sector. The study found other insightful perceptions on literacy related to the current recession and the workplace.

FINDINGS:

- 72% of working Canadians believe that the current level of adult literacy – that is reading, writing and mathematics skills among adults for whom English or French is their first language – is a 'problem'.
- 21% of working Canadians do not 'strongly agree' that 'if they were to lose their job today, they possess the necessary literacy skills to secure a new job'.
- Four in 10 (40%) managers 'disagree' that 'if one of their employees told them they had challenges with reading, writing or math skills, their company could quickly get them the help they need'.
- Workers in Atlantic Canada (81%) are most inclined to believe that the levels of literacy in Canada are a problem, followed by those living in Quebec (75%), Alberta (75%), Ontario (72%), British Columbia (68%) and Saskatchewan and Manitoba (63%).
- Atlantic Canadians (86%) and Quebecers (85%) are most likely to 'strongly agree' that they possess the necessary literacy skills to secure a new job if they had to, while lesser proportions in Ontario (77%), Saskatchewan and Manitoba (77%), Alberta (77%) and British Columbia (75%) strongly agree.



Visit the Workplace Literacy section at www.abc-canada.org to check out the webcast of the Ipsos Reid announcement.

TRAINING SOLUTIONS

Low literacy has far-reaching implications for Canada's businesses and economy. The ability of businesses to advance their operations, and Canada's readiness to compete on the world stage are both jeopardized if adult workers lack the requisite literacy and numeracy skills.

PLANNING YOUR PROGRAM

Implementing a workplace literacy program can sometimes feel challenging, but there are tried and true processes that have led to successful results. Here is a simple five-step process and some useful resources to get started on implementing a program.

1. **GET SUPPORT FROM YOUR STAKEHOLDERS.**
Develop a business case for why a workplace training program is needed in your workplace and make the case to key stakeholders – senior management and union representatives (if there is a union).
2. **DEVELOP A PLANNING COMMITTEE.**
Form a planning committee of individuals with diverse interests to begin planning the program, including budget, communication, assessment, etc.
3. **CONDUCT A NEEDS ASSESSMENT.**
Consult with employees at all levels, through a workplace needs assessment, to determine training needs. This can be done internally, through an external consultant, or a combination of both.
4. **IMPLEMENT WORKPLACE TRAINING PROGRAM(S).**
Develop a training program or hire a training consultant to implement one. You will need an employee participation plan, program logistics, instructors and an evaluation strategy.
5. **CONDUCT PROGRAM EVALUATION.**
Determine results against your program goals and the original needs identified in your workplace needs assessment. Identify any new needs and determine the next steps.



LEARN MORE

FOR RESOURCES, AND MORE INFORMATION ABOUT WORKPLACE LITERACY, PLEASE VISIT:

ABC CANADA Literacy Foundation:
www.abc-canada.org

**Human Resources and Skills
Development Canada:**
www.hrsdc.gc.ca

Canadian Manufacturers and Exporters:
www.cme-mec.ca

Conference Board of Canada:
www.conferenceboard.ca

Nald @ Work:
www.naldatwork.ca

Canadian Labour Congress:
www.clc-ctc.ca

Essential Skills for the Changing Workplace:
www.essentialskillsthatwork.com/home.html



ABOUT ABC CANADA LITERACY FOUNDATION

ABC CANADA Literacy Foundation is Canada's private-sector voice championing adult literacy. Launched in 1990 – International Literacy Year – by a group of business, labour and education leaders concerned about the social and economic effects of widespread literacy challenges among Canadian adults, this national charity raises public awareness of literacy issues. Working with influential Canadians from a cross-section of disciplines and business sectors, ABC CANADA works toward an environment where all adults have access to opportunities that increase their literacy skills and prepare them to realize their full potential at work, at home and in the community.

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