



UNDERSTANDING LABOUR MARKET

DYNAMICS IN ONTARIO

*An assessment of employer survey and skill shed
analysis tools and processes*

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Introduction

This report outlines the results of an analysis of existing research tools used in Ontario to assess local labour market dynamics, including employer surveys, business counts, and skills shed assessments. The purpose of this analysis was to:

1. Complete an environmental scan to identify current tools used to assess labour market dynamics at the local level in Ontario, with a focus on those tools used by local workforce planning boards.
2. Assess these tools and their associated reports to understand their efficacy, applicability, relevance and scalability for potential cross community implementation.
3. Provide recommendations for future implementation of these tools, or variations on them, to help assess local labour market dynamics across communities in Ontario.

This project builds on a previous review of the literature on community based skill shed and labour market analysis, commissioned by the Durham Workforce Authority and undertaken by researchers at the University of Ontario Institute of Technology¹.

Terms and Definitions

As a starting point, this study adopted several terms and definitions to help guide the environmental scan and analysis process. Although the terms outlined here may have various meanings to those involved in the assessment and understanding of local labour markets and economies, the definitions used here were adopted after an initial assessment of common uses in Ontario. Therefore, it is useful to outline these definitions at the outset of this report.

- **Workforce Planning Boards** are local organizations that gather intelligence about the supply of labour and the demand side of the local labour market by working with employers to identify and meet their current and emerging skills needs. The primary role of Workforce Planning Boards is to help improve understanding of and coordinate community responses to labour market issues and needs
- **Labour Market Dynamics** was employed to describe the conditions and changes of local labour markets. This includes an understanding of both the **Labour Market Supply**, which includes available employees, skills and training programs, and **Labour Market Demand**, which includes employer and economic development needs and demands.
- **Employer Survey's** are surveys of local employers that are designed to assess employer needs and demands, with a focus on the education, training, and skills required by employers in a given jurisdiction. They generally also include an assessment of employer recruitment, retention and training processes. Some Employer Surveys in Ontario have also included an assessment of factors that may drive business decisions, such as the possible impact of demographic and policy changes on business planning.
- **Business Counts** act as a census of businesses in a defined jurisdiction. They are generally limited to collecting information on the overall nature of businesses, including the number of active businesses and changes to this count, number of businesses by sector, number of employees/jobs by jurisdiction and sector, business infrastructure (e.g. floor space occupied by active businesses), size of business (by employee count and/or revenue), and type and legal status of businesses.
- **Skillshed Analysis** is an assessment of the skills, education, and experience of the workforce in a defined geographic area². This is tied closely to a **Labourshed Analysis**, which is a review of the area or region from

¹ Scott, H. & Kotlyar, I., 2013, *Skillshed Analysis: Getting good data at a local level that community partners can use*. Oshawa: Durham Workforce Authority.

² Iowa Workforce Development, 2010. *Skillshed Analysis: Guide to Identifying Your Workforce Skills*.

which an employment centre draws its commuting workers³. These tools are designed to provide a nuanced and detailed assessment of local labour market conditions, with a focus on both employer demands and the available labour market supply.

Methodology

In order to assess the current tools used to analyze and understand local Labour Market Dynamics in Ontario, this project employed the following processes:

1. Implementation of an **Environmental Scan** to identify and collect relevant examples of Employer Surveys, Business Counts, and Skillshed Analysis surveys currently employed in jurisdictions across Ontario.

The *purpose* of the Environmental Scan was to allow the researchers to develop an understanding of the scope and breadth of use of tools used to assess Labour Market Dynamics in Ontario.

The *parameters* of the Environmental Scan were to identify current examples (i.e. published in 2014 and after) of Employer Survey, Business Count, and Skillshed tools and their associated reports used in jurisdictions across the province of Ontario.

2. Completion of a **Content Analysis** of the identified assessment tools.

The *purpose* of the Content Analysis was to assess the goals, methodologies, and outcomes of relevant Employment Surveys, Business Counts, and Skillshed Analysis surveys currently employed in Jurisdictions across Ontario.

The *parameters* of the Content Analysis were as follows:

- Identify the stated goals and objectives of the identified tool and/or associated report;
- Identify the methodology of the identified tools, or those outlined in the associated report;
- Identify the stated outcomes of the implementation of the identified tool in the associated report;
- Assess the congruence of stated goals and objectives with methodology and questions employed;
- Assess the congruence of stated goals and objectives with reported outcomes;
- Assess the scalability and generalizability of the identified tools questions and methodology.

3. Completion of a **Qualitative Research** process with local and provincial experts on labour market dynamics, economic development, and business planning.

The *purpose* of the qualitative research process was to engage those who use, or could use, local data on Labour Market Dynamics, in order to understand how these tools and processes are perceived and employed in local labour market and economic development planning.

The *parameters* of the qualitative research process were as follows:

- Implementation of 2 focus groups (1 in Durham Region, and 1 in Simcoe County) with local labour market, economic development and business leaders.

³ Colorado State University # Colorado Department of Local Affairs, 2008. *Final Report: Northeastern Colorado Labour Force Study*.

- Implementation of a focus discussion with labour market and workforce planning leaders from across Ontario.
- Completion of one-on-one follow up interviews with selected key stakeholders to round out information gathered through the focus groups and discussion.

The general questions employed in each of these discussion groups are provided in Appendix A.

Outcomes

The following outcomes were achieved in this project:

1. Environmental Scan:

The Environmental Scan identified the following examples of tools used in Ontario to assess Labour Market Dynamics⁴:

- Employer surveys and their associated reports used in 17 jurisdictions in Ontario, of which 15 workforce planning boards⁵ employed a standardized tool, the Employer One Survey, and 2 workforce planning boards⁶ employed locally developed employer survey tools.
- 2 Business Count surveys/reports, including the York Region Employment and Industry Report (2014)⁷, and the Region of Durham Business Count (2015)⁸.
- 1 local Skillshed Analysis, that includes a Public Survey, an Employer Survey, a Durham Under 30 Survey, and a Youth Survey.

2. Content Analysis:

For the purpose of the Content Analysis, the identified tools and their associated reports (where available) were grouped as follows:

- *Employer One Surveys* – 12 surveys and associated reports in use by 12 workforce planning boards. Although there is slight variation in reporting, the Employer One Survey is a standardized tool.
- *Employer Surveys* – 2 community employer surveys and associated reports in use by 2 workforce planning boards.
- *Business Counts* – 2 community business counts in implemented by 2 Regional Government Economic Development Departments.
- *Skillshed Analysis* – 1 Skillshed analysis being undertaken by 1 workforce planning board. This process currently uses multiple data collection tools, including an employer survey, a public (employee) survey, a youth survey, and an workforce under 30 survey.

Each grouping was analyzed according to the parameters outlined above (p. 4-5). The outcomes of this analysis are outlined in Table 1 below.

⁴ Note, the scan was not intended to provide a comprehensive list of all tools currently in use in Ontario, but rather a representative sample of the most relevant and recent examples of such tools.

⁵ This includes: Four County Labour Market Planning Board, Eastern Ontario Training Board, Elgin, Middlesex and Oxford Workforce Planning and Development Board, Far Northeast Training Board, Niagara Workforce Planning Board, North-Superior Workforce Planning Board, Northern Ontario Workforce Planning, Sarnia Lambton Workforce Development Board, Sudbury Manitoulin Workforce Planning, Workforce Planning Board of Grand Erie, and Workforce Windsor-Essex.

⁶ This includes: Workforce Planning Hamilton, and Peel-Halton Workforce Development Group.

⁷ <https://www.york.ca/wps/wcm/connect/yorkpublic/f189420f-e7d5-4909-a983-37cb04192006/mar+5+employment+ex.pdf?MOD=AJPERES>

⁸ <http://www.durham.ca/departments/planed/planning/businesscount/2015BusinessCountHighlights.pdf>

Table 1: Content Analysis Outcomes

Tool	Goals/Objectives	Methodology	Congruence	Scalability
Employer One	To engage employers and gather information from them on local workforce demographics, current and projected human resource vacancies, recruitment strategies and challenges, required employee skills, education and training, and primary competencies required to work in their business/sector.	Selected sampling ⁹ via a voluntary survey generally distributed through established networks.	Generally, reported outcomes do line up with the stated goals of the surveys, and reports provide detailed labour market information from the employer perspective. However, there are significant limitations that appear to be consistent across cases. These are, (1) lower than expected response rates, (2) concerns regarding the length of the survey, the time and information required to complete it, and thus the ability for various employers, with differing capacities, to provide consistent responses (3) concerns raised over the generalizability and comprehensibility of questions being asked, and (4) concerns regarding the applicability of the survey across employer types.	There appear to be challenges with scalability even at the local level. This primarily results from concerns regarding the tools attempt to engage all employers in a given jurisdiction with a consistent approach/tool. This approach does not account for the varying capacities of employers, or the varying degrees of information required to complete the survey depending on the size of the business.
Employer Surveys	To engage employers and gather information from them on local workforce demographics, recruitment and retention strategies and challenges, required employee skills, education and training, primary competencies required to work in their business/sector, and factors driving hiring/business decisions.	Selected sampling via a voluntary survey generally distributed through established networks.	Generally, reported outcomes do line up with the stated goals of the surveys, and reports provide detailed labour market information from the employer perspective. The primary limitation of these surveys is the skewed response profile, with certain industries and types of businesses responding more consistently than others. This impacts on the local generalizability of findings. Questions and processes appear to be well established and understood by respondents, the result of these tools being used year over year for a significant period.	These tools find their strength from the fact that they are generally embedded in local context. This may limit their scalability for use in other communities. However, the general approach provides useful insights for other jurisdictions who want to implement employer surveys.
Business Counts	To provide a general profile of business and employment at the local level, including data on business number, size, growth, and local footprint.	Census approach, with each business engaged directly by the research team.	Generally, reported outcomes do line up with the stated goals of the surveys, and reports provide detailed employer profile information. Given the nature of the Business Count, as a Census style survey, the number and type of questions asked are limited, so the available data is not as robust as what may be optimally provided by other tools.	In its basic form, the Business Count is very scalable as it asks simple profile questions about local business.
Skilled Analysis	To identify the current skills that are possessed by workers in a given	Selected and Passive ¹⁰ sampling via a series of voluntary surveys	Limited information at this time as the analysis is ongoing. An	Given that skilled analysis is contextually driven, the basic

⁹ Selected sampling involves the targeted recruitment of participants through established networks and connections.

¹⁰ Passive sampling involves making survey tools generally available to the target population, for example, through a website link or via social media, with no targeted attempt to entice respondents.

	jurisdiction (supply), as well as the knowledge and skills required by employers in this jurisdiction (demand), and complete a comparison to determine any gaps that exist between the labourshed's supply and demand.	targeting various groups: for example, employers, employees (the public), youth, and other targeted demographic groups (e.g. those under 30 year old who make up a prime working population).	earlier pilot survey ¹¹ demonstrated that reported outcomes support stated goals. May provide detailed labour market information from multiple perspectives.	approach should be very scalable to other jurisdictions. This may preclude specific tools and/or questions developed for a given skilled area.
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3. Qualitative Research:

There were 2 Focus Groups Conducted as part of this study:

- A Durham Focus Group was conducted with 5 participants who represented local economic development, employment planning and services, and business interested groups. The focus group lasted 1.25 hours.
- A Simcoe Focus Group was conducted with 5 participants who represented local economic development, labour market planning, and business interest groups. The focus group lasted 1 hour.

There was one Focus Discussion conducted as part of this study, which include 14 Executive Directors from workforce planning board across Ontario. The focus discussion later 1.25 hours.

There were 2 follow up one-on-one interviews conducted in Durham with representatives from local economic development and business interest groups. Each interview lasted approximately 0.75 hours.

Findings

The findings presented here are summative, having been drawn from all three stages of this research project, the Environmental Scan, the Content Analysis, and the Qualitative Research process. General findings are presented first, and then specific findings relating to strengths and weaknesses of each of the identified tool/report types, as defined in the Content Analysis (i.e. Employer One surveys, Employer Surveys, Business Counts, and Skillshed Analysis).

General

1. The primary goal of all tools, reports and processes reviewed here is to collect current, local data on labour market dynamics and to support the establishment of Baseline Data that may be used to set targets for planning and development.
 - a. However, although these tools may provide us with a foundation for understanding current local labour market conditions, they are generally not linked to local labour market and economic development planning or strategy. This limits their contribution to planning efforts as they may, or may not, be collecting data and information relevant to assessing local progress and outcome.
 - b. With the above in mind, standardized tools, such as Employer One, are less able to adapt to local planning needs, and therefore their use, while potentially important (in terms of the data provided), may be limited. This was revealed in reporting from some communities on Employer One questions not reflecting their experiences accurately, thus raising concerns about data quality.
2. Across all tools assessed, the overall approach taken is employer focused. That is, they are geared toward gathering input from one side of the labour market dynamic (the demand side). This primacy of the employer may act to skew understandings of local labour market dynamics.
 - a. Data from employers is a vital component contributing to our understanding of local labour market conditions and needs, and may act to inform local recruitment and training programs. However, the

¹¹ Scott, H., 2014 *Report on the Skillshed pilot study data collected in the Region of Durham in cooperation with the Durham Workforce Authority.*

primary focus on the demand side of the labour market may actually act to limit local understandings of potential supply driven opportunities for economic development.

- b. Although some reports do allude to data on the supply side, generally derived from training institutions and employment service providers, there is a distinct lack of integration of this data into the presented assessments of local labour markets, economic development, and business planning. Although this information may be presented elsewhere in the work of the organizations involved in the assessed surveys, this disjointed presentation of information may act to limit local understandings of labour market dynamics.
 - c. The exception to this appears to be the Skillshed Analysis, where the goal is to collect, assess, and present data and information from multiple sources and perspectives related to the local labour market in a comprehensive format. However, given that the sole Skillshed Analysis presented here is in its early stages, there is significant room for increased dialogue on the integration of data from both the supply and demand sides of the local labour market.
3. Generally, all of the employer survey tools analyzed are designed as a one-size-fits-all approach to assessment, which ignores the dynamic nature of employers across a given community.
 - a. This was particularly apparent with the Employer One survey, where businesses of all sizes were expected to provide data at the same level of sophistication and relevance. In several reports, it appears that businesses at opposite ends of the spectrum each reported struggles in competing the survey. Small businesses lacked the time, resources and data sophistication required to accurately respond to the survey, while large businesses were forced to pour through and report large amounts of data, taking significant employee time and effort. These kinds of conditions contribute to survey fatigue, inaccuracy in responses, and overall reductions in response rates.
 - b. This was also reflected in some communities where there was the additional concern of response rates being higher for specific industries and sectors over others, thus raising concerns about skewed findings that may not accurately reflect the overall labour market.
 4. Response rates to the survey tools analyzed are generally low across jurisdictions, thus raising concerns about data quality and accuracy.
 - a. There were a few exceptions to this, where some communities were able to achieve significant response rates to their surveys. This appears to be the result of highly integrated and collaborative efforts to collect data and have employers complete the survey.
 5. Although the tools assessed are designed to assess skills and education gaps, responses appear to more accurately reflect an assessment of occupation specific gaps in local labour markets. That is, employers tend to respond by speaking of specific jobs that they require, or struggle to fill, rather than skill sets that they are lacking in their workforce. This may be the result of a lack of common understanding of labour market assessment terminology and thinking.

Employer One Surveys

1. The strengths of Employer One Surveys are:
 - a. It is a standardized tool, designed for use across jurisdictions, which allows for cross provincial assessment and comparison of labour market dynamics. The tools are thus scalable, and result potentially generalizable.

- b. It is a relatively comprehensive survey that collects basic foundation data on the demand side of local labour markets.
 - c. It is accessible and relatively easy to implement.
2. The weaknesses of Employer One are:
- a. It is not easily adapted to local context, thus limiting its relevance for local labour market planning overall.
 - b. There is some concern over the nature of the questions and their replicability across jurisdictions with distinct labour market conditions.
 - c. Provides a one-size-fits-all approach to employer labour market data collection.
 - d. As with all employer surveys, Employer One is focused solely on the demand side of the local labour market.

Employer Surveys

1. The strengths of community Employer Surveys are:
- a. They are locally developed survey tools with the potential for application across jurisdictions.
 - b. They are relatively comprehensive survey tools, with established track records in the communities in which they are applied. This allows for more long-term analysis of local labour markets.
 - c. They have the potential for adaptability and change year over year, and thus could become more sophisticated and relevant if properly managed.
2. The weaknesses of community Employer Surveys are:
- a. They require significant local planning and support to be properly designed and implemented.
 - b. They tend to be a one-size-fits-all approach to employer labour market data collection.
 - c. They rely on significant response rates in order to produce reliable data.
 - d. As with all employer surveys, they are focused solely on the demand side of the local labour market.

Business Counts

1. The strengths of Business Counts are:
- a. They provide a simple and straightforward Census of local business data,
 - b. They are more accurate and reliable than survey tools that are primarily voluntary,
 - c. They provide a sound baseline for local employer and business data.
2. The weaknesses of Business Counts are:
- a. They provide limited data on employers and local business.
 - b. They are focused on the demand side of the local labour market.
 - c. They are costly and time consuming to design and implement.

Skillshed Analysis

1. The strengths of Skillshed Analysis are:

- a. Provides a process for comprehensive assessment of labour market dynamics, integrating data from both the supply and demand side.
- b. The process is locally driven and relevant, connecting local labour market planning to data collection and assessment processes.
- c. Potential to utilize both qualitative and quantitative data in the assessment of local labour market dynamics.

2. The weaknesses of Skillshed Analysis are:

- a. Needs significant planning and resources to design and implement, requiring detailed expertise on research methodology and data integration.
- b. Although the process is generalizable, the specifics may not be, as they are locally driven.

Recommendations

Based on the findings of this assessment, the following recommendations for next steps are proposed:

1. In order to more effectively assess and understand local labour market dynamics, we need to move beyond the implementation of isolated tools and move toward more comprehensive and integrated data collection processes. These processes should include the collection of both quantitative and qualitative data, and should be integrated both the supply and demand sides of the local labour market. In this way a more accurate and detailed assessment of local labour market dynamics may be achieved.
 - a. This may be achieved through the development of local advisory and community based planning bodies, made up of relevant stakeholders, who contribute to the assessment process from the design stage, through to the assessment and reporting stages. This would help to ensure that locally relevant questions are being posed, and that data collected from standardized tools (such as employer surveys) is assessed through the local lens.
2. The implementation of tools and processes to assess local labour market dynamics should be contextually driven. That is, they should be designed and managed locally, with input from as many relevant stakeholders as possible. This should apply not only to broad assessment processes, but also to the design and implementation of individual tools, such as employer surveys.
3. Attention needs to be paid to the development of tools and processes to collect and assess data on the supply side of the labour market, thus addressing the primacy of the employer in current assessment processes.
4. The integration of the concepts and ideas around Skillsheds and Laboursheds provide an important and valuable baseline for future assessment and planning of local labour market. Therefore, they should be integrated into local thinking about labour market assessment and planning.
5. Assessment of local labour market dynamics represents a significant local planning issue. Therefore, as much as is possible, labour market assessment and research should be aligned with, informed by, and inform, local labour market and economic development planning. In this way, these assessments can contribute to the development and monitoring of local labour market development plans.

6. To truly assess local labour markets, workforce planning boards, and their partners, need to ensure that they are accessing reliable expertise to guide them through the research and reporting stages. This advice can help communities to more accurately assess and understand local labour market data.

Appendix A: Focus Group/Discussion Question Guide

1. What is your experience with Labour Market Assessment tool and processes, such as employer surveys, business counts, and/or Skillshed analysis?
2. In your opinion, what is the goal/purpose of employer surveys/business counts? (What should they be capturing/analyzing?).
3. From your experience with these tools, how well do you feel that they work in helping communities understand labour market dynamics? (What are their strengths and weaknesses?).
4. If you have been involved in the implementation of employer surveys, business counts, and/or skillshed analysis, how have the findings been received and validated in your communities?
5. What recommendations do you have, if any, for improving our ability to assess and understand local labour market dynamics in Ontario?