

# 2011



## **Applicability of the Local Labour Market Development Approach in Newfoundland and Labrador: A Case Study of the Avalon Gateway Region (Economic Zone 18)**



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***Acknowledgements:***

We would like to take this opportunity to thank local job seekers, business owners and representatives of the local organizations who participated in this research. We are also very grateful to Glenda Doucey (Career and Information Resource Center, Placentia), Kelly Foote (Career and Work Center, Dunville) and Kim Jackson (Dept. of Human Resources Labour and Employment, Carbonear) for their advice and help in administration of the survey; to Clara McCue (College of the North Atlantic) and Michael Mooney (Avalon Gateway Regional Development Inc.) for their help with interviewing businesses. We would like to thank Argentia Area Chamber of Commerce and Chris Newhook, the Town of Mount Carmel and Kimberly Mercer for their assistance in organization of the focus groups with local businesses. Once again, we would like to thank the members of the project's Steering Committee for their guidance, local knowledge and provision of support for the project, with the special acknowledgement of Michelle Yetman for taking care of organizational responsibilities, and for her help and advice throughout the project. We would also like to thank Rural Secretariat, Government of Newfoundland and Labrador for financial support for the project, which made it possible.

***Abbreviations used in this report:***

AACC: Argentia Area Chamber of Commerce

ABE: Adult Basic Education

AGWREDI: Avalon Gateway Regional Development Inc.

ALMP: Active Labour Market Programs

CIRC: Career and Information Resource Center, Placentia

CPA: Canadian Paraplegic Association

CWC: Career and Work Center, Dunville

CNA: College of the North Atlantic

HRLE: Department of Human Resources, Labour and Employment

INTRD: Department of Innovation, Trade and Rural Development

JCP: Job Creation Program

OECD: Organization for Economic Cooperation and Development

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## EXECUTIVE SUMMARY

This project has been lead by the Memorial University research team in conjunction with the Rural Secretariat, Government of Newfoundland and Labrador and a local Steering Committee consisting of representatives from local employment, training, economic development and business organizations. The project was completed from September 2010 to May 2011. The geographical scope of the project was chosen in part due to the development of a nickel processing plant by the international mining giant Vale in Long Harbour, Avalon Gateway region and the associated increase in labour demand. This project has been undertaken to explore labour market development approaches that can assist local job seekers such as unemployed<sup>1</sup> and Income Support recipients to get the most from the growing number of employment opportunities. Particularly, the study has examined how theories related to local approaches to Active Labour Market Policies and Programs (ALMP) and local coordination of workforce and economic development are implemented to address high unemployment in rural regions such as Avalon Gateway. Finally, we explored the potential for a learning communities approach to enhance local effects of ALMP.

The outputs of this project include two documents: Labour Market Profile of the Avalon Gateway Region (Economic Zone 18) and Applicability of the Local Labour Market Development Approach in Newfoundland and Labrador: A Case Study of the Avalon Gateway Region. The Profile presents a comprehensive analysis of local labour market data, comparing the Avalon Gateway Region and its three sub-regions with provincial and national averages. This report, the second project output, contributes to an understanding of the barriers impeding adjustment of the local labour market in Avalon Gateway region in particular and in rural Newfoundland and Labrador in general based on case study research, and explores the potential of establishing a local partnership to design and implement a local labour market development strategy and bridge local workforce and economic development.

To better understand the local labour market and factors impeding its adjustment, data have been collected from three main groups of local labour market actors: 1) current and potential job seekers; 2) employers; and 3) local organizations responsible for workforce and economic development of the Placentia-Cape Shore region. Potential job seekers are considered in this study to include the unemployed and Income Support recipients. Data from potential job seekers has been collected through questionnaires distributed among the clients of the Career Information and Resource Center in Placentia and Career and Work Center in Dunville, as well as Income Support recipients who responded to an invitation to participate in the study which was distributed in Placentia and Cape Shore areas. Data from employers was collected through in

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<sup>1</sup> In this document the following individuals are referred to as “unemployed”: those who are in the labour force and at the same time are temporarily on layoff and expecting a recall and available for work; without work but available and looking for work; or recently obtained but have not yet started a job and are available for work.. This definition is based on the Statistics Canada definition from: <http://www.statcan.gc.ca/pub/71-543-g/2010001/part-partie2-eng.htm>.

person interviews, focus group and questionnaires. The total number of participants in the study includes twenty job seekers and nine businesses. Information from the local organizations responsible for economic and workforce development was collected through in person interviews and focus groups. In total ten organizations participated, representing the majority of relevant government and non-government organizations operating in the study region.

This research has found that despite a surplus of potential job seekers in the Avalon Gateway region, there is also evidence of unfilled labour demand. The demand for skilled labour, including demand for the operational phase of the Long Harbour Processing Plant, is difficult to fill largely due to an overall low level of education and a lack of appropriate training among the local job seekers. In contrast, demand for positions appropriate for low-skilled/low educated job seekers is often unmet because these jobs typically fall into the category of jobs least attractive to these potential workers - positions that provide limited or no financial incentives compared to welfare benefits, impose a threat of in-work poverty and/or offer limited opportunities for moving up the job ladder. There is, therefore, a mismatch between available job opportunities and job seekers in the region. A previous study of the region's labour market (AACC, 2009) also pointed to the mismatch between supply and demand sides challenging local economic growth.

The research has highlighted a number of barriers to work facing local job seekers. These barriers are imposed not only by their education/skills level, but also by a number of personal barriers, job search strategies, advertising and recruitment practices of local employers as well as external factors, such as the overall health of the local economy, recruitment practices of other jurisdictions and welfare benefits levels. Thus, the finding of this research stress that low levels of education are not the sole impediment for adjustment of the local labour market in the Avalon Gateway region. Elimination of the mismatch between labour supply and demand requires a comprehensive strategy based on the coordination of workforce and economic development. The results of this research suggest that measures solely focused on workforce development will likely fail in addressing skills gap between employers' demand and existing labor supply.

We suggest that the efforts made to address the needs of local employers in the region be strengthened. Particularly, we recommend following up with the Vale's initiative to establish a training program for process operators to ensure this program is implemented in a timely manner and preferably within the region. Furthermore, current employment measures aimed to upgrade the skills and educational level of local job seekers are likely to yield a much better result if accompanied by measures stimulating demand for these skills among local employers. Increasing the employment opportunities that offer wages above the minimum and/or low-wage level can address the financial disincentives issue and contribute to retaining young workers. Interest in training among the local job seekers, identified by this study, can yield fruitful results if coordinated with local demand for skills and linked to local employment opportunities. Moreover, establishment of community-based learning practices has been found to be particularly important for engaging the individuals most disconnected from the labour market, such as long-term Income Support recipients, in learning and skills development.

This report further recommends building a local partnership around the core formed by already existing local employment services providers, economic development organizations, employers' organizations and training institutions. We suggest the level of Placentia-Cape Shore sub-regions as a good scale for such a partnership in the case of the Avalon Gateway region. However, building a local partnership requires decentralization of decision-making power and provision of adequate capacity to local actors to enable such a partnership to be active, productive and responsive to local needs.

## INTRODUCTION

Most of the labour market of the Avalon Gateway region lies beyond daily commuting distance to or from urban centers like St. John's and Carbonear/Bay Roberts and, therefore, to a large extent relies on employment and job seekers available locally. It features labour market characteristics typical for much of rural Newfoundland and Labrador: a high level of unemployment, high seasonality, low level of education, aging and shrinking workforce. However, what makes the region's labour market different from other rural regions in the province are the employment opportunities arising from its proximity to the industrial cluster being developed around Placentia Bay, and particularly the Vale Long Harbour Processing Plant, which is currently under construction within the region's boundaries.

Despite the growing labour demand, unemployment in the region remains higher than the provincial average – 30% of the labour force versus 18% provincially in 2006 (Community Accounts<sup>2</sup>). This continuing unemployment together with evidence of unmet labour demand indicates a mismatch between available local job seekers and vacancies. This research was undertaken to understand the reasons behind this mismatch and the ways to address it. The project explores labour market development approaches that can better assist local job seekers to get the most from the growing number of employment opportunities associated with developments such as the Long Harbour Processing Plant and its spinoffs. Particularly, the study has examined how theories related to local approaches to Active Labour Market Policies (ALMP) and local coordination of workforce development with economic development are implemented to address pockets of unemployment in rural areas. Finally, we explored the potential for a learning communities approach to enhance local effects of ALMP.

This research pursues two objectives: 1) to enhance understanding of the impediments to adjustment of local labour market supply to emerging economic development opportunities in Avalon Gateway region in particular and in rural Newfoundland and Labrador in general; 2) to explore the potential of developing local partnerships to facilitate the creation and implementation of a local labour market development strategy within a rural Newfoundland and Labrador region, particularly the Avalon Gateway region, to bridge local workforce and economic development.

The structure of this report is the following. Section I discusses the methodology of the research. Section II provides an overview of the literature related to reasons for mismatches between job seekers and vacancies, and why local partnership for co-ordination of workforce development and economic development is important for resolving these mismatches. In this section the role that community-based learning can play in local workforce development is also considered. Section III provides an analysis of the region's labour market based on the statistical information from the Labour Market Profile, enriched with qualitative data from local

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<sup>2</sup> Community Accounts, Employment and Working Conditions, Tables: "Labour Market Profile" for Zone 18 and for Newfoundland and Labrador, 2006.

job seekers and employers. It presents a summary of the responses from these groups and seeks to determine employability barriers of EI and Income Support recipients, constituting the region's potential local labour supply. It also analyses the nature of the mismatch between supply and demand sides of the Avalon Gateway regional labour market and the extent to which external factors affect its functioning. This section also discusses training needs of current and potential job seekers and local employers. In this section current activities in the region assisting potential job seekers to obtain employment are reviewed as well as the level of communication and collaboration between local organizations involved in economic and labour force development in the region. Finally, Section IV presents conclusions and policy recommendations.

Additional information is presented in the appendices to this report. Appendix A contains detailed analysis of the data gathered from the samples of local job seekers (A1) and employers (A2). Examples of the questionnaires can be found in Appendixes B (B1 – for job seekers and B2 - for employers). A separate document “Labour Market Profile Avalon Gateway Region (Economic Zone 18)”, 2011 is also a product of this research.

## METHODOLOGY

In order to more fully understand the nature of the mismatch between potential workers and available vacancies in the Avalon Gateway region, this project collected data from various groups of: potential job seekers; employers, including Vale; organizations providing employment services (providers); economic development organizations in Placentia and Cape Shore sub-regions; and the College of North Atlantic (CNA) campus in Placentia. St. Mary's Bay North area has been excluded from this portion of the study for two reasons. First, this area lies beyond the administrative borders of the employment service providers serving Cape Shore and Placentia areas. Second, initial attempts by the research team to contact providers and employers in this sub-region suggested there was little interest in participating in the study at this time.

Data from job seekers have been gathered through a questionnaire targeted to potential job seekers residing in various communities within Placentia and Cape Shore sub-regions. Questionnaires were distributed through the Career and Information Resource Center (CIRC), in Placentia and Career and Work Center (CWC) in Dunville. A minimum target of 20 responses was sought with age and gender diversity among the respondents. While it was recognized that 20 is a small sample and not intended to be representative, given the nature of the respondents and the resources available it was determined by the research team that 20 responses would provide a good basis for suggesting potential issues in the region and making some initial recommendations based on these issues. The research team collected 20 responses: ten questionnaires were completed by Employment Insurance (EI) recipients maintaining contacts with CIRC, Placentia. Another eight questionnaires came from Income Support recipients maintaining contacts with CWC and another two from Income Support recipients who are not in

contact with any identified provider<sup>3</sup>. These two participants replied to the letter of invitation distributed by the regional HRLE office in Carbonear to all Income Support Recipients residing in Placentia and Cape Shore sub-regions, requested questionnaires and returned them to the research team. It should be noted that respondents to the questionnaire were concentrated in the Placentia sub-region and have a higher level of education on average than the total population of unemployed and Income Support recipients in the region<sup>4</sup>.

Information from local employers has been gathered through a focus group in Placentia area, structured interviews in both sub-regions, a questionnaire distributed by mail and e-mail and an interview with one major employer (Vale). Unfortunately, the response rate from local businesses was extremely low and did not reach the targeted number of 15-20 responses. A total of six respondents participated in the study representing eight businesses (two respondents represented two businesses each). Three of these businesses are located in Cape Shore and five in Placentia area. Approximately 100 businesses in the region were invited to participate in an interview or focus group; ten of them that demonstrated interest in the study but did not participate in focus groups were sent questionnaires through regular mail with a return, postage stamped envelope. Additionally, businesses were approached by the project's Steering Committee members and finally, about 30 businesses members of the Argentia Area Chamber of Commerce (AACC) were sent the questionnaire by e-mail from the AACC<sup>5</sup>.

All five providers of employment services in the Avalon region participated in a focus group. These include CIRC, CWC, HRLE, Genesis and a Community Liaison officer. The area served by these organizations varies from Placentia area only to Placentia and Cape Shore areas. None of the participating providers serves the population of St. Mary's Bay North area. This sub-region is served by providers located in the Irish Loop economic zone and St. John's.

On the economic development side, four local organizations were interviewed, including: Avalon Gateway Economic Development Inc., Long Harbour/Mount Arlington Heights Development Association, Argentia Area Chamber of Commerce and Department of Innovation, Trade and Rural Development. Additionally representatives of the local campus of the CNA were interviewed.

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<sup>3</sup> Please see Appendix A1 for the full results of the survey analysis and Appendix B1 for the questionnaire form.

<sup>4</sup> This higher level of education is confirmed for Income Support recipients but not for the unemployed. The education levels of unemployed residents is not available. However, levels of education among the respondent group were higher than the average for the entire population of the region and therefore are assumed to also be higher than the overall unemployed population.

<sup>5</sup> Please see Appendix A2 for the full results of responses from local businesses and Appendix B2 for the questionnaire form.

## LITERATURE REVIEW

### ***What causes mismatch?***

This project attempts to analyze the gap between the Avalon Gateway region's potential labour supply and unmet labour demand. The academic literature suggests, that the inability of local job seekers to fill available vacancies is caused by a 'mismatch' between the skills level of unemployed in the local area and the skills required by local employers (McQuaid, 2006; Devins and Hogarth, 2005; McQuaid and Lindsay, 2002). Such mismatch occurs due to the imperfection of both sides of the labour market – supply (available workers) and demand (local employers, their employment practices and expectations), as well as factors external to job seeker-employer relations, such as the overall local economic situation or benefits levels (Devins and Hogarth, 2005).

However, the idea that supply-side imperfections are the main driving factors of this mismatch and, consequently, of the underutilization of labour became dominant in academic research and policy responses in the 1990s (Lindsay and Seranno Pascual, 2009; Baum et al, 2008; Devins and Hogarth, 2005). Supply side issues such as an inflexible, low-skilled and immobile labour force have been viewed as constraints for both economic growth and individuals' ability to obtain employment (McQuaid and Lindsay, 2002; Adams et al., 2000). It has been suggested by McQuaid and Lindsay (2002), Adams et al. (2000) and others that these issues can be solved through long-term investment in human capital, particularly in training and education (McQuaid and Lindsay, 2002; Adams et al., 2000).

Active Labour Market Programs (ALMP) became a popular policy instrument addressing these imperfections in many OECD countries during the period of the persistently high long-term unemployment rates that challenged these countries in the late 1980s. ALMP are designed to address unemployment and improve labour market functioning and efficiency by adjusting labour force skill sets and expectations to better coincide with the changed environment (Kraft, 1998; Gaele, 1999; Freshwater, 2008). ALMP offer three major categories of measures: job matching, training programs, and measures aiming to stimulate demand for labour, including wage subsidies and self-employment assistance (Gaele, 1999; Freshwater, 2008).

The employability concept has become a central component of ALMP in many countries (McQuaid, 2006; McQuaid and Lindsay, 2002). Employability refers to a person's probability of getting a new job and/or moving up the job ladder (McQuaid, 2006). Employability is described as the ability of an individual to obtain initial employment, move between roles within the same organization, change employment and ideally secure a suitable and sufficiently fulfilling work (McQuaid and Lindsay, 2002). This ability is based on the interaction of four key components of employability: an individual's 'employability assets', which include personal skills and attributes; presentation of these assets to potential employers; efficient utilization of these assets, based on the individual's ability to act in a timely fashion (strategically) in pursuing opportunities; and "context factors", which include an individual's social and family

circumstances, conditions of local labour markets and employers' attitudes and recruitment practices (McQuaid and Lindsay, 2002).

### ***Why look broader?***

A holistic approach to factors impacting individual's 'employability' recognizes that mismatches occur due to the imperfections of both sides of the labour market – supply (available workers) and demand (local employers, their employment practices and attitudes) as well as factors exogenous to job seeker-employer relations (Lindsay and Seranno Pascual, 2009; McQuaid and Lindsay, 2002; Devins and Hogarth, 2005). McQuaid and Lindsay (2002, p. 617) argue that employability “should and must be understood as being derived from, and affected by, individual characteristics and circumstances and broader, external (social, institutional, and economic) factors”. Specifics of local and regional labour demand, such as geographical match/mismatch between location of labour force and labour demand, employers' recruitment practices and vacancies specifications, level of unemployment benefits and local wages, and overall conditions of the local economy all affect an individual's ability to obtain employment (Baum et al, 2008; McQuaid, 2006; Devins and Hogarth, 2005).

Despite the need for a more holistic approach, most ALMP emphasize the development of the supply-side of the labour market and fail to account for demand-side/external factors (Lindsay and Seranno Pascual, 2009; Baum et al, 2008; Devins and Hogarth, 2005; McQuaid and Lindsay, 2002; Adams et al., 2000). According to the employability concept, an appropriate, locally relevant policy response should capture the interaction of various employability barriers faced by job seekers. A full understanding of these barriers is only achievable when employers' attitudes and practices and external factors, such as level of unemployment benefits and local wages, and the overall conditions of the local economy are all taken into account (McQuaid, 2006; McQuaid and Lindsay, 2002).

### ***Why locally?***

To avoid a potential over-focus on supply-side factors and to be more responsive to local labour market conditions, ALMP require a level of local autonomy in their design and implementation. Moreover, many authors (e.g. Freshwater, 2008; Harper-Anderson, 2008; Giguere, 2005) stress the positive role that locally oriented ALMP can play when integrated with traditional regional development policies and programs due to their ability to respond to specific local labour market conditions, such as pockets of high unemployment or local labour demand for specific occupations. Cultural, historical, economical, and geographical aspects of everyday life together shape the problems (and opportunities) that are specific to particular localities. Thus, comprehensive local development planning based on coordination of workforce development with economic development, is believed to bring more sustainable outcomes (Freshwater, 2008; Harper-Anderson, 2008). The local level is seen within an ALMP framework not only as a level of service delivery, but as a scale where labour market policies can be adapted

to the needs of both unemployed and local businesses, thus fostering local economic development (Giguere, 2005; Freshwater, 2008). The role of the demand side and especially the input that local businesses can contribute to reducing the mismatch between supply and demand is getting more and more recognition among policy makers. However, engagement of employers in publicly funded interventions aiming to address local unemployment remains challenging (Devins and Hogarth, 2005).

The idea of decentralization has resulted in the formation of a whole new division within OECD – Local Economic and Employment Development (LEED), arguing for the establishment of area-based partnerships and new forms of governance, setting up local initiatives for improving the skill level of low skilled job seekers, integrating immigrants, co-ordination of workforce and economic development policies and designing integrated skills development strategies locally. It argues for more flexibility of employment policy to spread further down to local and sub-regional levels (Froy and Giguere, 2009). In Canada decentralization of employment policy has increased significantly at the provincial level (through the devolution of Labour Market Development Agreements (LMDA)), however, Mosley (2009) suggests it has not yet reached lower levels (e.g. sub-provincial regions).

Freshwater (2008) suggests the level of functional regions, which combine borders of local labour markets and various administrative boundaries of local governments, community organizations and other key actors, as an optimum scale for program design. Skills development and employment strategies at this level can be coordinated with economic development strategies, as this is often a scale where the latter are designed (Froy and Giguere, 2009). This level allows for a focus on particular industry sectors and clusters, encouraging prioritization and better targeting of programs. This is also the level where local employers can determine common needs and where local labour market authorities can have direct contact with local employers, organizations responsible for local economic development and job seekers, while also having knowledge of the local social issues and challenges of various vulnerable groups (Froy and Giguere, 2009).

Giguere and Froy (2009) suggest a degree of local flexibility to allow for establishment of an effective collaboration between employment services, training institutions, economic development organizations, local authorities, employer organizations, trade unions and community based organizations. It is suggested that the strongest integration be formed between employment services, economic development agencies and training institutions at this level to ensure co-ordination of different strategic objectives of human resources development (Giguere and Froy, 2009). An insufficient level of local decision making power, required to agree on priorities, negotiate trade-offs and synergies, may result in the inability of local actors to pursue joint strategies, or even in conflict between them (Froy, 2009).

### ***Why it is relevant?***

Despite the trend towards a greater recognition of the importance of workforce development for the success of economic development, organizations responsible for economic development are primarily interested in highly skilled and educated workers, while workforce

development organizations mainly deal with the opposite cohort – less educated and less skilled workers and, thus are often stigmatized as social workers (Harper-Anderson, 2008). However, co-ordination of economic and workforce development can be particularly effective when implemented in local labour markets where demand for lower-skilled and/or less educated workers is high, as in the case of the Cape Shore-Placentia sub-regions, where 43% of workers had an education level no higher than high school in 2006 (Community Accounts<sup>6</sup>).

Abundance of low-skilled vacancies may indicate a low level of innovation in local firms, reduce the attractiveness of this locality for educated workers and trigger out-migration of the educated work force. Lack of educated workers may also reduce the attractiveness of the local economy for dynamic firms and its capacity for entrepreneurial activity. At the same time, easy access to low-skilled workers may reduce efforts of local employers to modernize their businesses and increase productivity, and thus negatively affect local long-term social and economic prospects (Giguere and Froy, 2009). Although no data on the level of innovation among the firms in the Cape Shore-Placentia sub-regions was collected as part of this study, the Business Retention and Expansion (BR&E) Report (P.J. Gardiner Institute, 2004) pointed to a low level of sophistication in technology and management systems among local firms and made recommendations for improvement in these areas. For example, the study found a surprisingly low number of local businesses (50%) using the internet, with a corporate website (23%) or a marketing plan (30%), as well as a resistance among employees and, to a lesser extent, employers to change from traditional business models to new technologies. The BR&E Report also reported the low cost of local labour to be one of the top advantages of the region for local firms. Data collected by the current study similarly suggest a dominance of low wage job opportunities, with limited employment opportunities for educated job seekers but also high difficulties with recruitment of skilled workers.

In order to avoid a situation when firms in a locality are trapped in low productivity and offering low-paid jobs (considered a low-skills equilibrium) investments in the supply side should be accompanied by strategies stimulating local demand for skilled labour (see Figure 1). Giguere and Froy (2009) suggest that local public agencies need to develop an efficient strategy to work with local enterprises to analyze their production process and potential for productivity improvement. Boosting the competitiveness of local firms through measures such as investments in technology upgrades or management training could stimulate the demand for better qualified workers among the local pool of job seekers. Better-quality jobs will raise prosperity and the skills profile of the area, leading to a high-skills equilibrium (Giguere and Froy, 2009).

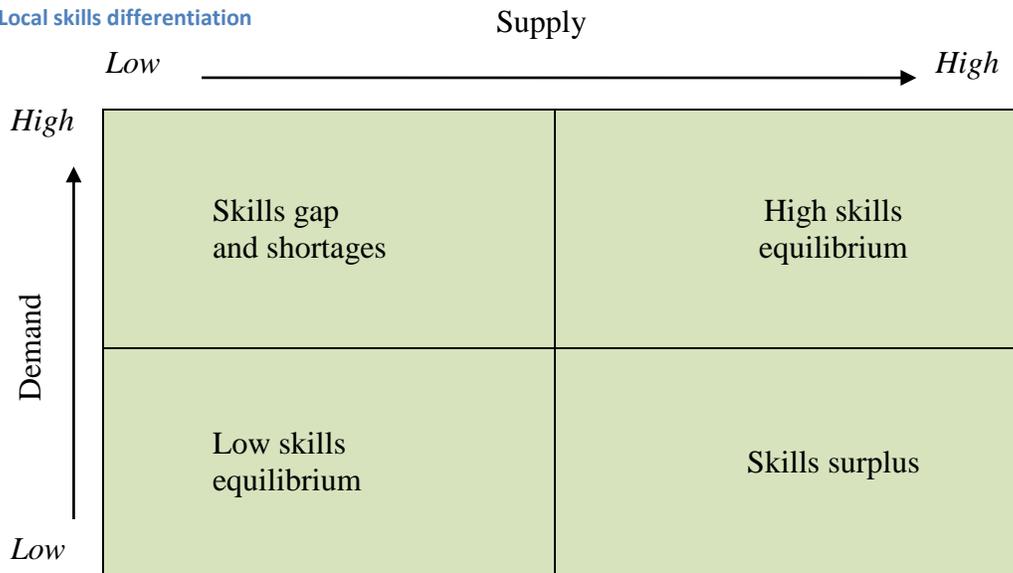
It is economic necessity that often catalyzes more interaction between the supply and demand sides of the labour market. Workforce development seeks to link job seekers to local jobs and to ensure these jobs, intended to benefit local residents, will not “leak” to those living outside the area. Some studies suggest that often only 20% of the local jobs created by economic development efforts benefit local residents in the long run, while 80% are occupied by those

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<sup>6</sup> Calculated by the primary author from the Community Accounts, Employment and Working Conditions, Table: “Education by Occupation”, for Zone 18, year 2006.

from outside the area. Co-ordination of economic and workforce development, through training and better matching, allows more local residents to access these jobs (Harper-Anderson, 2008).

Figure 1. Local skills differentiation



Source: Giguere and Froy, 2009, p. 22.

On the other hand, a focus on supplying skills alone may lead to skills surplus, tight competition among workers and outmigration of skilled workers, adding little to local sustainability and development. It is recommended that investment in skills upgrading be accompanied by stimulation of local demand for these skills, by encouraging local enterprises to increase their productivity and raise competitiveness. Giguere and Froy (2009) suggest public agencies work with local enterprises to analyze their production processes and identify room for productivity improvements. They argue that investments in technology, optimization of forms of work organization and more management training will increase firms' competitiveness and thus local demand for skilled labour. Such a comprehensive approach opens up the possibility for a region to move towards a situation with high demand for skilled labour balanced by an adequate labour supply, i.e. the so-called high skills equilibrium (Giguere and Froy, 2009). Examples of programs such as Giguere and Froy suggest are underway in the province, including the Workplace Skills Enhancement Program offered by the Department of Innovation, Trade and Rural Development. However, use of these programs in the region is limited. Current supply and demand side measures in Newfoundland and Labrador and the Placentia region are discussed further below.

### *The role of community-based learning*

The concept of learning communities, or community-based learning has become a central component of community economic development. If all of the community's socioeconomic groups were engaged in upgrading their skills and knowledge, it could increase their self-reliance, allow them to contribute to local economy and free up additional financial resources previously devoted to welfare benefits that can then be used for economic development initiatives (OECD, 2001; Faris and Peterson, 2000).

Community-based learning plays an important role in the development of the local workforce, although it is often underestimated due to difficulties in measuring the results. There are many examples when community-based learning became an integral part of the employability approach, aiming at long-term sustainable employment outcomes. Promotion of sustainability of employment through engaging in learning and skills upgrading helps to reduce incidents of in-work poverty, assist workers to move up the job ladder and reduce their vulnerability to economic slowdowns (Tier and McGregor, 2011, OECD, 2001). Community-based learning not only provides an infrastructure for local skills upgrading, but what is also important is that it engages local residents, particularly the most disconnected from the labour market, in this process (Tier and McGregor, 2011).

Engaging this category of potential job seekers and putting them in contact with employment services can be very challenging as these individuals have often given up looking for a job. It is suggested that at this initial stage community-based learning might be in a better position and have a higher likelihood of engaging individuals disconnected from labour market in non-formal learning activities (Tier and McGregor, 2011; Thinesse-Demel, 2010). A study on community-based learning in Britain found that social assistance recipients whose family and friends are not engaged with employment service providers and formal learning services feel a pressure to do the same. Thus, community-based learning has an obvious advantage over the formal learning system and even the most disconnected (from the labour market) individuals tend to feel comfortable attending its programs. Moreover, family, friends or neighbors may be attending, which helps to break the social barrier to learning. In some localities for example, local housing associations organize regular meetings with tenants to discuss their learning interests, barriers and preferable forms of learning. Local visibility of community-based learning, local learning champions, and learner ceremonies encouraging family and friends to attend all help to popularize this form of learning (Tier and McGregor, 2011).

The positive role of community-based learning in assisting with transition from passive benefits to work is not limited to engaging individuals in the learning process. Through developing basic skills and a regular routine, building confidence, improving health and wellbeing learners can increase their employability. In this process the exact content of courses is less important than the skills and attributes participants can develop. In the often comfortable and friendly environment of non-formal community-based learning, professional instructors can determine individuals' employability barriers and guide learners' choices of future courses (Tier and McGregor, 2011).

Community-based learning can also extend to assisting participants with individual learning plans or work preparation. Some instructors use CV, job application forms and job search activities as practical examples in literacy and numeracy skills development or engage learners in voluntary activities such as a teaching or childcare assistance, etc. (Tier and McGregor, 2011). Furthermore, community-based learning is well placed to help individuals who have found work to sustain it by addressing their emerging learning needs locally and in a flexible manner.

An example of a community-level facility that can help to support the learning process is a local library (Tier and McGregor, 2011). It is also suggested that community-based learning is better positioned to establish co-operation with local businesses, particularly with SMEs, than major education and training providers. This form of learning is more flexible and thus able to adapt to SMEs' difficulties, such as time and cost (Thinesse-Demel, 2010; OECD, 2001).

## UNDERSTANDING THE AVALON GATEWAY SUPPLY/DEMAND MISMATCH

### ***Labour demand***

The demand for labour in the Avalon Gateway region is largely seasonal. About 40% of the region's labour force is employed in primarily seasonal jobs in fishery, farming, fish processing, tourism and other sales and service sectors. The majority of businesses and, therefore, the demand for labour are concentrated in Placentia sub-region including the construction site of the Long Harbour Processing Plant. Furthermore, Placentia area is a regional hub with a variety of government services, non-governmental organizations, a college and a hospital. The combination of these factors makes employment demand in this sub-region more diverse and less seasonal than other sub-regions. It also offers more opportunities for skilled and educated job seekers. In contrast, Cape Shore sub-region accounts for only about 10% of the region's businesses, mainly fishing and tourism enterprises, farms, and small convenience stores. Thus, labour demand in this sub-region is less diverse, less skilled and more seasonal.

According to the findings of this research, 75% (six) of the sample of eight local businesses had increased the number of their employees or employees' hours in the past two to five years, mainly due to an increased demand for their products/services. This demand is expected to continue to grow and for many of the respondents this is associated with development of the Long Harbour Processing Plant. Sixty percent of the respondents indicated that they will need to increase their number of employees in the next five years. However, according to the Cape Shore area respondents, the effect from the Long Harbour Plant development is expected to be less significant there.

Despite the high rate of unemployment and social assistance in the region (see below), 50% of responding employers find recruiting difficult. This challenge was found to be more severe in Cape Shore sub-region, where recruitment is the biggest business challenge for two of the three responding businesses. In Placentia sub-region, 60% of the responding businesses reported no difficulties with hiring. Nevertheless, some stressed that hiring and retaining of the

employees can be their largest business expense. Although, in general, hiring was not perceived as a problem in Placentia area, recruitment of younger workers and skilled/educated workers was somewhat challenging as these categories of workers tend to leave the region. Particular difficulty with hiring of these groups of workers was also mentioned by the Cape Shore respondents. Local business respondents were in general positive about hiring unemployed, long-term unemployed or Income Support recipients.

According to the businesses that participated in this study, in the next five years recruitment is expected to get even more difficult in Cape Shore sub-region (for two of the three responding businesses), while in Placentia the expectation is the opposite: only 20% (one of five) expect it to worsen. In Cape Shore area the respondents explained this trend by referring to the aging of their community's population and lack of skilled labour. In Placentia, however, one respondent expects an improvement in the pool of skilled/educated labour as people starting to return to the region due to the upcoming employment opportunities associated with the operational phase of the Long Harbour Processing Plant.

At the Long Harbour Processing Plant itself, no major challenges with hiring are expected when most of the hiring for the operational phase will start in the late 2012/early 2013. During the operational phase, the Plant is expected to provide approximately 450 full-time jobs in a typical year (Vale, 2008). Preference will be given to residents of the communities surrounding the Plant according to Vale company representatives. There is no formal definition of the surrounding communities; however Vale recognizes the importance of a reasonable commuting distance for the sustainability of employment at the Plant. According to the Vale estimates, the town of Placentia alone has a potential to supply 32% of the Plant's workers, followed by Long Harbour-Mount Arlington and Fox Harbour with 3% each (Vale, 2008). However, in the absence of sufficient local supply positions will be filled with other qualified applicants (with preference next to provincial residents). The company also reports a commitment to ensure gender diversity of its employees and, thus, promotes employment opportunities for women. The labour demand generated by the Long Harbour Processing Plant in the operations phase will be focused on skilled workers, with process operator being one of the most common occupations.

Only 40% of responding businesses indicated that they invest in employee training. Only one respondent expressed dissatisfaction with the existing availability of local training opportunities. The region's largest employer – Vale – has established a number of scholarships for CNA and Memorial University students to stimulate interest among provincial residents to acquire skills and education relevant to the Long Harbour Processing Plant requirements. Some of these scholarships are designed specifically for women. Wherever it is possible, Vale aims to provide the scholarships to educational facilities on the Avalon Peninsula to improve the access for residents of the areas surrounding the Plant. To target the Avalon Gateway region's residents specifically, Vale established a scholarship for local high school graduates wanting to pursue a relevant education. Since 2006, Vale awards about 28 such scholarships annually. Vale also participates in various local career fairs and regularly meets with local high school students to

promote employment opportunities at the Long Harbour Processing Plant. Additionally, Vale has proposed an initiative to CNA and the Department of Education to develop a training program to develop skills necessary for employment at the Processing Plant (particularly for process operators). However, it has been stressed that the scope of this program should be kept general enough to allow its graduates to seek employment opportunities with other similar employers as well rather than relying only on future employment with Vale. This initiative, now under development for approximately two years, represents a good example of the involvement of a local business in workforce development. If this training program is implemented in the Avalon Gateway region in time for the hiring for the operational phase of the Plant, it will provide an excellent opportunity for the local residents to obtain employment there. The presence of such a training opportunity related to meaningful and stable local employment can also motivate local unemployed, underemployed and Income Support recipients to pursue this opportunity.

### ***Labour supply***

The potential labour supply to fill the demand for labour in the region is comprised primarily of unemployed and Income Support recipients. In absolute numbers<sup>7</sup> there were 1,590 unemployed (Employment Insurance eligible) individuals in the Placentia and Cape Shore sub-regions in 2009. Unemployment rates in the sub-regions in 2006 were very close – about 31%, which is significantly higher than the provincial average of 19% in the same year. The proportion of the working age population (15 years and older) in employment in the sub-regions was slightly higher in Placentia (39% employment rate) than in Cape Shore (36%) but still much lower than the provincial average (59%).

In addition to the approximately 1,590 EI eligible unemployed (as of 2006), there are 175 Income Support beneficiaries in these two sub-regions reporting themselves as employed or available for employment. The percentage of Income Support recipients in the Avalon Gateway region is slightly lower than the provincial average (9% versus 10% in 2008<sup>8</sup>). While the unemployed are almost equally split between the two sub-regions, most of these 175 Income Support recipients reside in Placentia area, with only 10% living in Cape Shore area. In terms of age, 63% of unemployed and 60% of available for employment Income Support recipients in these two sub-regions are in the prime labour force age (25-54 years old). Thus, the potential aggregate supply of workers in the prime labour force age in the Avalon Gateway Region can be roughly estimated as 1,106 individuals.

Using the employability concept outlined in the Section II, this study attempts to analyze the employability barriers of potential local job seekers. This analysis is based on the qualitative data collected from a questionnaire completed by a sample of local unemployed and Income Support recipients, and a focus group with local providers of employment services.

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<sup>7</sup> Data in this and the next paragraphs is based on the Community Accounts, Employment and Working Conditions, Table: "Employment Insurance" for Zone 18 and Labour Market Profile Avalon Gateway Region (Lysenko, 2011).

<sup>8</sup> Community Accounts, Employment and Working Conditions, Table: "Income Support Assistance", for Zone 18 and the province.

Consistent with the findings from the Labour Market Profile, questionnaire responses indicate a gap in employability assets between the unemployed and Income Support respondents, as the latter were found to be less educated. Overall in the region, the low level of education is recognized as an employment barrier by providers. Particularly, adult school drop-outs (both Income Support and unemployed) with a low level of education and formal training, was determined to be the group with the highest employability barriers. According to providers, these individuals often have negative associations with school, lack of essential skills (i.e. reading and writing) and often are reluctant to continue education. However, the level of education of unemployed survey respondents was found to be high, not only compared to the region's average for the population 15 years old and over but even when compared to the national average. For example, 60% had college or trades certificates versus 33% in the Avalon Gateway region and 28% of the Canadian population (15 years old and over); 30% had completed high school versus the region's average of 20% and 25% national average. A higher level of education among the unemployed respondents might be explained by a higher interest in this study among better educated people, as well as a more active job search of higher educated unemployed and, thus, a higher representation of these individuals among the CIRC clients. Although this high level of education may not be representative of the unemployed population as a whole, their responses and continued unemployment do indicate that the overall low level of education of the population in this region is not the sole barrier to work.

Personal barriers that reduce employability and are common for both groups of respondents include a lack of recent work experience (which was often not recognized as a barrier by participating job seekers but is important to employers) as well as the costs associated with starting work. Additionally, half of the unemployed respondents cited the need to care for small children as a barrier to work. Local providers of employment services and other local stakeholders also indicated that the lack of affordable child care facilities is one of the main barriers to work (AACC, 2009). Income Support respondents also named health or disability related barriers (6 out of 10), loss of benefits associated with starting a job (mentioned by one third of IS respondents) and the need to care for a sick or disabled family member (2 out of 10). The study also suggests that a lack of informally learned skills (through previous work or volunteer experience) among the Income Support respondents may also indicate a lack of "soft skills" such as team work, leadership, communication and sociability, and thus reduce employability of this category of job seekers. Absence of access to private transportation was also found to be a barrier in the majority of responses from the Income Support group. Providers pointed to this barrier as well, stressing that it significantly reduces the employability of Income Support job seekers. According to a 2007 Youth Employment Needs Survey, transportation also creates an employment barrier for 25% of youth (P4, 2007).

Although the labour demand has increased in the region and is expected to increase even further as the Long Harbour Processing Plant development proceeds, lack of employment opportunities in the region was named by employment service providers as one of the main barriers to work; 45% of the surveyed potential job seekers shared this opinion. The lack of

employment opportunities was particularly noted for youth and for older people, even those with education (for example, school teachers) that are not ready to retire yet. Youth are generally looking for gainful employment but about 30% of the local youth were found to be unaware of local employment opportunities in the Youth Employment Needs Survey (P4, 2007).

At the same time, the results of this study stress the important effect of the individual's job search strategies and wage criteria on their employability. The results suggest that unemployed job seekers might be reluctant to accept low-paid employment opportunities, particularly those paying less than \$12 per hour such as minimum wage positions often offered for occupations such as cashier. Thus, they tend to narrow their job search strategies and exclude a range of lower level positions that otherwise would be relatively achievable. Such selectivity of job search strategies may act as a serious barrier to work.

Selectivity of the job strategies to a large extent can be explained by financial disincentives of low-paid jobs for welfare beneficiaries. The providers suggest that this factor can be particularly strong in the case of single parents and older Income Support recipients. In the first case, the child care expenses incurred when a single parent begins employment would significantly reduce the net income, while welfare benefits for single parents are quite high. In the second case, chances of getting a meaningful employment income for low educated, older individuals with little or no work experience are considered to be low and thus success in gaining employment from job search activities is seen as unrealistic. In addition, there is a general fear that in case of losing a job, they might not get the same level of benefits or it will take a long time to re-apply for them.

Some of the recruiting practices of local employers were also found to have a strong negative influence on the employability of local job seekers. These practices include searching for employees through family members or people employers know, paying more attention to rumours than a person's skills and experience, or discrimination of job seekers for being disconnected from the labour market or other reasons. The above practices were mentioned by both providers and surveyed job seekers. Another barrier, stressed by the providers, is a tendency among the local employers to unreasonably raise educational requirements for entry level positions. One participant asked, for example, does a gas station attendant have to complete high school? High school completion is a common requirement of these jobs in the region. This significantly reduces the pool of job applicants, as on average 36% of the local working age population do not meet this requirement. This percentage is even higher among the Income Support recipients. At the same time, high school graduates will most likely take these jobs temporarily until proceeding with their education or better paid jobs outside the Avalon Gateway Region, thus creating a retention problem for employers.

Employability of youth, particularly trades apprentices and persons with disabilities was found to be visibly reduced by a reluctance of some local employers to hire them. In case of the apprentices, this means that they have to search for their hours in other jurisdictions. In fact, most of the CNA Placentia campus students obtain their apprenticeship hours outside the local area. The most popular destinations are St. John's, Alberta or Ontario. The issue with the lack of

local opportunities for apprentices to obtain their hours has been stressed not only by local providers but other local stakeholders as well (AACC, 2009). Local representatives explain that the requirement for supervision of apprentices by a licensed journeyman is an investment many firms are not willing to make. Additionally, many local labour market actors cited construction union membership policies and regulations guiding recruitment of the construction workers for the construction of the Long Harbour Processing Plant as a significant barrier impeding employment of the local residents. An additional challenge in the construction industry is that despite their specific skills requirements employers often require workers only on a short-term basis.

Although the number of respondents in this study does not allow for drawing a firm conclusion, a slight discrepancy appears to exist between the sources of job search information the respondents are using and where employers are advertising vacancies. The most popular source of information among the job seekers was the internet (used by 80% - 16/20 job seekers), followed by 50% (10/20) who indicated they use local media. Among employers, however, local media (newspapers or radio) was used slightly more frequently than internet (4/8 versus 3/8 respondents respectively). As mentioned above, the overall level of internet usage among local employers was found by the P.J. Gardiner Institute (2004) to be quite low, which was linked to a preference to maintain current business models. At the same time, word of mouth was found to be quite popular among both employers and job seekers. The word of mouth method of relaying employment information has been found to be particularly popular among youth (P4, 2007) and Income Support job seekers. This study also suggests that the Income Support job seekers may be less aware of the full range of available job search resources.

Interest in continuing education was found to be quite high among the survey respondents. In fact, the majority of the respondents (both unemployed and Income Support), believe that continuing education can increase their chances to find employment. Such a high interest in continuing education or taking training among Income Support respondents (8/10 respondents) contradicts the providers' observation stated above that this group of clients tend to have negative associations with schooling. This discrepancy may relate to the particular characteristics of survey respondents but these results indicate there is interest within the respondent groups in training opportunities. In this situation, community-based learning with its individualized approach is seen as a way to further explore and assist in pursuing these individuals' training and education interests. Most of the respondents indicated that training would need to be provided locally, which is understandable taking into account the number of barriers participants are facing, such as lack of transportation, dependent children and family members they are caring for, and/or health related issues. The respondents also indicated that they cannot afford training and related costs and would require financial assistance to participate.

### ***Current measures***

A wide number of ALMP are offered in the region to address the employment barriers of job seekers. These measures include job search assistance and career counseling, training, wage

subsidy, Job Creation Partnership, Linkages<sup>9</sup>, student summer employment programs and others. Individuals looking for work and requiring assistance with job search, resume writing, interview preparation or seeking to apply for training or wage subsidy can contact one of the local providers of employment services, depending on their Employment Insurance eligibility status. Unemployed and Income Support job seekers are served by the two different providers, which might contribute to a stigmatizing of the Career and Work Center (CWC) (provider serving the latter group) for assisting the most disadvantaged due to their social exclusion and of the CWC clients themselves. Furthermore, with this system, it is not the individual's needs that determine the suitable program, but his/her EI-eligibility status.

The region's two main providers – Career Information and Resource Center (CIRC) and CWC – consider the following programs to be the most effective: training/skills development, development of a career plan and Linkages program. The local portion of training is delivered through the local college campus. For the school drop-out CNA Placentia campus offers an Adult Basic Education (ABE) program to upgrade their education to a high school certificate and Comprehensive Arts and Science program, which helps to enhance the high school background to the level required for college or university admission. The campus itself is specializing in industry trades courses. On average, job seekers funded through training programs, like Skills Development, constitute 20-30% of the college enrollment. Motivation was found to be an important driving force for these students that helps them successfully complete their access programs (ABE) in a timely manner and proceed with a post-secondary education. However, those interested in education other than trades must obtain it outside the region. A similar situation faces local employers seeking to upgrade their employees' skills. The CNA Placentia campus offers flexible solutions for contract training and actively communicates with local employers regarding their training needs, but its opportunities are limited to the campus focus on trades. Thus, the local campus is not always able to meet demand of local employers, who then have to seek training outside of the Avalon Gateway region. The necessity to send employees for training outside of the region can impose serious challenges for local businesses, which usually have a small number of employees.

Job matching was also found by the providers to be effective, but it is currently offered from the regional HRLE office in Carbonear, has limited capacity and is available only to Income Support job seekers that have successfully completed individual employment plans (i.e. list of required activities) and are ready for employment. Job matching is not available to EI-eligible job seekers. In contrast, another local provider (Genesis, which serves job seekers with disabilities) successfully employs job matching and actively promotes its programs to local employers.

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<sup>9</sup> Linkages is an employment program for youth ages 18 to 30 who completed a minimum Level II high school, but have not completed post-secondary education and have not made a successful transition to the labour force and are non-EI eligible. It is a wage subsidy program, which also provides regular career planning workshops and a completion bonus towards costs of future post-secondary education. From: <http://www.hrle.gov.nl.ca/hrle/students/linkages.html>.

Another popular program – Job Creation Partnership (JCP) – was mentioned by the local economic development organizations. At the same time, providers suggest that participation in the wage subsidy program is relatively low (compared to training) despite its apparent success among the local employers.

Awareness of the ALMP offered by CIRC was found to be quite strong among the surveyed unemployed, which is understandable as the participants were chosen through this organization. Awareness of employment programs offered by CWC and Genesis was significantly lower for both unemployed and Income Support respondents. The level of participation in employment programs was found to be higher among the unemployed respondents. The respondents had participated in the wage subsidy, Linkages, JCP and training programs and found them helpful. In contrast, participation in the so-called “make-work” projects has not yielded any long-term sustainable results.

Awareness of the local businesses that participated in this study of the local providers or similar organizations on a provincial or regional level was found to be slightly lower than awareness among the unemployed. The following organizations were named by businesses as providers of employment-related services: Service Canada, CIRC, INTRD, HRLE, CWC, Genesis, and Association for New Canadians. While businesses were aware of these providers, only one respondent reported that they had made a request for assistance with human resource needs. This assistance was found to be unsatisfactory and not timely, particularly in a search for skilled labour. One respondent expressed a perception that local providers of employment services serve only job seekers from the Placentia sub-region and, thus, cannot be helpful for the Cape Shore employers as job seekers from Placentia would be reluctant to commute to Cape Shore, particularly for low wage jobs.

Most of the business respondents indicated that there is no shortage of information about the employment programs, but they have some trouble adapting available information to their own needs. A one-on-one explanation was suggested as being more productive and helpful than on line tools like the HR management tool kit. Although only one business indicated receiving assistance with human resource needs, the level of participation in employment programs among the responding business was relatively high, especially for the wage subsidy. Employers found this program very effective and useful. In most cases employers did not seek out these subsidy programs but rather unemployed individuals approached them about the subsidy opportunity (or they themselves approached providers as unemployed individuals wanting to start their own business through Self-Employment Assistance). Of those businesses that had taken advantage of a wage subsidy program, 80% of them still employ the employees they hired through the wage subsidy. Wage subsidy was suggested as being particularly helpful for small businesses during the start up period, when financial challenges facing these businesses are especially strong. The program also allows for extending employees’ hours to full time or full year, which otherwise would be impossible. The Self Employment Assistance program was also found to be helpful with business start up, although it was suggested that the program’s duration be extended to ensure sustainability of new businesses. Closer follow up and consultations/support were also

recommended for this program. Additionally, INTRD delivers some programs, directly assisting businesses with business development needs, i.e. provides mentoring, assisting with capacity development and development of an export strategy. These programs also cover a portion of training expenses for employees. However, due to programs' eligibility restrictions only a very small number of local businesses have actually participated in them.

Overall, the popularity of training programs in the region is linked to the necessity to improve the low educational level of local residents. However, low participation in wage subsidy and job matching relative to training programs appears to reflect the general tendency in the province to focus on the supply-side measures. It also points to a gap in efforts taken to address local demand-side needs. As we outlined in the Section II, many scholars warn about such an imbalance within ALMP portfolios.

Apart from the measures assisting unemployed and Income Support recipients to re-connect with the labour market, local providers stressed the importance of preventive measures targeted to high school students and graduates. The Fatima Academy in St. Bride's (Cape Shore) was particularly mentioned as an excellent example of active engagement of students in the development of a career path. However, many students from other schools, and especially school drop-outs, leave their schools with little idea about their future career. The career exploration school program, which helps students make decisions about future field of study and/or career options, often is not supported with sufficient resources (AACC, 2009). It was also stressed by employment service providers that engaging of school graduates and school drop-outs in labour market or training activities is often problematic, as this group is difficult to reach. Under the current system of employment services provision providers can work only with those clients who approach the providers themselves. Thus, providers and other local stakeholders (AACC, 2009) suggest expanding career orientation efforts in schools beginning in the earlier school years, establishing a Career Resource Corporation<sup>10</sup> in every school and expanding the resources committed to existing programs. Overall they suggest strengthening career planning and school to work transition among local students.

The Government of Newfoundland and Labrador's multi-departmental Poverty Reduction Strategy includes over 80 ongoing initiatives aimed to meet the needs of groups most vulnerable to poverty<sup>11</sup>. Many of these initiatives help to address the issue of financial disincentives for welfare benefits recipients associated with accepting low-paid employment. These initiatives include a program assisting low income residents with medical expenses and reduction of income tax for low income earners, assistance with expenses associated with transition from Income Support to work, and initiatives supporting persons with disabilities looking for employment or education. Despite these current initiatives, however, the findings of this research suggest that problem of financial disincentives persists. The reasons for this

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<sup>10</sup>Career Resource Corporation assists individuals with disabilities in exploration of career options, obtaining and maintain suitable employment (from: <http://www.crc-mass.org/employment/>).

<sup>11</sup>From: <http://www.hrle.gov.nl.ca/hrle/poverty/index.html>.

apparent discrepancy between available programs and remaining disincentives, whether real or perceived, warrant further investigation.

Local providers also suggested several initiatives for increasing employability of local job seekers. These include correction of the employers' recruitment practices regarding high school requirements when this is not needed for the job and increasing awareness of the value and benefits of hiring job seekers with disabilities through improved communication with employers and one-on-one visits to educate them about these issues and at the same time discuss their employment needs. Providers also suggested broader implementation of job matching. Based on the apparent success of the Linkages program they also suggest extending the age of participants to include job seekers between 30 to 55 years old, as this age category was found to be struggling with making an attachment to labour market. Providers also suggested unifying provision of employment services regardless of eligibility for Employment Insurance and increasing the outreach activities targeted to job seekers outside the Placentia municipality. They also identified the need to establish greater communication and information exchange with local employers regarding their skills requirements and feedback on the employment programs, for example.

The study found well established collaboration and information exchange between the local providers of employment services and between providers and the college. There is also a certain level of communication between the providers, college and local economic development organizations. The College, INTRD and REDB (Avalon Gateway Development Inc.) also reported communication with local employers and AACC. A particularly strong case of collaboration between the economic development organization and local businesses was found in Long Harbour/Mount Arlington. The Long Harbour/Mount Arlington Development Association actively and successfully collaborates with the new businesses setting up in the community to serve the Long Harbour Processing Plant to maximize employment opportunities for the local residents. There is also a fairly well established information exchange with Vale through the Community Liaison Committee, which meets quarterly and represents most of the local labour market players. A previous similar example of collaboration between the local labour stakeholders was the AACC Skills Development Committee, which has been expanded to include other local stakeholders such as provincial and federal government, non-government associations, local municipalities, the College of North Atlantic, school districts representatives, local businesses and Vale (AACC, 2009). This Committee held regular meetings from 2008 to 2009 to identify local labour market challenges and develop a regional labour market plan. Its participants reported a positive experience and information gains from these meetings. The Committee developed a set of local labour market development recommendations grouped in the four categories: employer awareness, workforce communications, recognition of the need for upgrading/training/coaching, and improvements to infrastructure/lifestyle components. These recommendations were presented in the Human Resources Development Planning Final Report (AACC, 2009).

The recommendations made by the providers and Human Resources Development Planning Final Report (AACC, 2009) outlined above are relevant to the local labour market challenges identified in this study and to the theoretical findings outlined in the Section II of this Report. However, we also identified a lack of ALMP measures targeted to stimulating the demand for labour and, particularly, the development of higher paid jobs. The findings of this study also indicate that human resource challenges of the local employers may not be sufficiently addressed by existing support services.

## CONCLUSIONS AND RECOMMENDATIONS

While there is a surplus of potential job seekers in the region, there is also evidence of unfilled labour demand. In this study the reasons behind this mismatch are examined. The overall low level of education among local job seekers restricts them from filling the demand for skilled labor, including positions generated by the Long Harbour Processing Plant. In contrast, the demand for low-skilled/low educated workers is often for positions that fall into the least attractive category for these potential workers - positions that provide limited or no financial incentives compared to welfare benefits, impose a threat of in-work poverty and provide limited opportunities for moving up the job ladder.

At the same time, simple skills upgrading will not solve the problem. Factors such as aggressive recruitment from outside the region, for example from St. John's, Alberta or Ontario, or the need to leave the region to access a greater variety of training options and in particular to obtain apprenticeship hours, are likely to stimulate an out-migration of training participants from the region. This might reduce the number of unemployed in the region, but will not address local demand for labour, thus causing local jobs to "leak" to people from other localities in the best scenario. In a worse case, it would do nothing to address human resource challenges of local businesses and slow down further growth of local demand for skilled labour. This could lead to a stagnation of local economic development if labour demands cannot be met in the local labour market. At the same time, skilled or educated individuals looking for work in the region can be constrained by demand-side concerns such as limited employment opportunities or the skills that these workers have may not match those that employers need.

As was pointed out in Section II, labour market adjustment efforts solely focused on workforce development will likely fail in addressing the gap between employers' demands and existing labor supply. The results of this study suggest a strengthening of efforts to address the labour force needs of local employers. Particularly, we recommend following up with the initiative to establish a training program for a process operators, proposed by Vale, to ensure its development in a timely manner and preferably to offer this program within the region (AACC, 2009).

Furthermore, upgrading the skills/educational level of local job seekers is likely to yield a much better result if accompanied by measures stimulating local demand for these skills. The strategy aimed at the so-called high skills equilibrium offers a promising approach. It is therefore

recommended that measures to optimize innovation and productivity within SMEs in the region be encouraged. We also suggest considering expansion of current programs to help businesses develop their capacity and increasing the number of assisted businesses through initiatives such as the Business Retention and Expansion program. Targeting economic development efforts that will increase the employment opportunities with wages above the minimum and low-pay (considered to be \$12) level can also help address the financial disincentives issue and contribute to retaining of young workers.

Extending skills/education upgrading beyond the traditional formal education and establishing a community-based learning program have the potential to improve employability of the local job seekers and address training needs of local employers. Community-based learning is likely to be particularly important for engaging local school drop-outs, who constitute the hardest to employ group of job seekers in Placentia-Cape Shore area. It can also address the identified potential lack of informally learned skills among Income Support recipients and develop valuable soft skills. In some cases, learning-related activities can substitute for the lack of recent work experience, which was identified as a common employability barrier among the Income Support respondents. Furthermore, once employed community-based learning can assist with achieving sustainability of employment and moving up the job ladder and/or into further formal education, thus reducing the likelihood of in-work poverty. Programs to facilitate and encourage knowledge or skills enhancement outside of the formal education system should, however, also be accompanied by efforts to increase recognition among both job seekers and employers of the importance of learning through work and life experience. Thus we recommend implementation of the community-based learning pilot currently being discussed in the region.

Interest in training, identified by this study among the local job seekers, can provide fruitful results if coordinated with local demand for skills and linked to local employment opportunities. However, such coordination would require active engagement of local employers as part of community-based learning and local labour market development planning. It is important to remember, that most of the job seekers expressed this interest but indicated a need for financial assistance and that training/education would have to be provided locally. We recommend to reduce or eliminate EI-eligibility restriction affecting access to ALMP measures for EI-eligible and Income Support job seekers to ensure optimal choice of employment measures and avoid potential stigmatization of the Income Support participants. We also recommend that employment service providers be authorized to initiate contacts with unemployed and Income Support recipients in order to encourage engagement of those not in contact with providers in employment related activities such as posting a resume or career planning activities. This can address the identified issue of youth graduating without a clear career path, for example, and assist local employers in their recruiting needs.

Based on the analysis of the variety of information sources used by employers and job seekers, we also suggest additional efforts to optimize the information exchange between employers and job seekers. Development of a local website where both job seekers and employers can post their information is a good example of such optimization. However, it is

important to encourage not only employers to post their vacancies there, but job seekers to post their resumes as well to ensure this website serves the needs of both.

We also recommend further investigation of the issues raised by the respondents in this study regarding existing programs such as Self-Employment Assistance program, Linkages, initiatives under the Poverty Reduction Strategy to reduce financial disincentives to work, Career Resource Corporation and other programs aimed to prepare students for school to work transition. Collection of feedback on the local effects of these and other existing employment programs can enable policy makers or other responsible authorities to make informed decisions regarding their effectiveness, identify room for possible improvements and changes in the ALMP portfolio (i.e. balance between elements such as training and wage subsidies).

Finally, this study recommends building a local partnership to locally co-ordinate workforce development with local economic development. Development of such partnership can provide an effective framework to co-ordinate and prioritize goals of various government (provincial and federal) departments and non-government organizations represented locally, thus focusing limited resources towards these goals; support information exchange between local businesses and providers of employment services, develop and implement solutions to overcome employability barriers of local job seekers, such as those identified in this study and the Human Resources Development Planning Final Report (AACC, 2009).

This partnership can be built around the core formed by local employment services providers, economic development organizations, employers' organizations and training institutions. We suggest the level of the combined Placentia-Cape Shore sub-regions is a good scale for such a local partnership, while also recognizing the need to link to larger regional labour markets. Most of these communities in Cape Shore sub-region are situated within daily commuting proximity to the regional hub – Town of Placentia. These two sub-regions are also included in the service area of both major providers of employment services: CWC and CIRC, the region's economic development and business organizations: AGREDEI, AACC, INTRD, CBDC, ACOA and others, and have a training facility: CNA Placentia campus. Inclusion of the smaller scale economic development organizations, such as RDAs (Placentia Area Development Association and Long Harbour/Mount Arlington Development Association) can improve representation of local businesses interests, and awareness of local economic and workforce development issues. Involvement of businesses in such a partnership in general is found to be challenging. However, feasibility of the partnership, its actions and success can stimulate employers' interest in participation. Involvement of local business associations such as the AACC as well as mechanisms such as the Community Liaison Committee that ensure dialogue with the Long Harbour Processing Plant officials are a critical starting point.

There are many examples of the co-ordination of workforce development with economic development: in Europe, the United States, Canada and Newfoundland and Labrador to turn to for lessons and ideas when developing a local labour market development partnership. Neighboring to the region, the Irish Loop REDB has developed and successfully implemented "Youth mentoring" and a "Youth Employment Enhancement Initiative". These comprehensive

initiatives enhanced existing workforce development programs and addressed the needs of local organizations and businesses, in the second case. An important aspect of these initiatives was that an evaluation component was built into the budget, which allowed for measuring the programs outcomes and collecting feedback. Another example is the Bridging the Gap program developed by the Random North Development Association. This program links the training and human resource needs of local employers with local job seekers. It has been found to be successful and the number of participants in this program is growing (Lysenko, 2011). The Workforce Planning Board of Grand Erie, Ontario<sup>12</sup> leads the development of local labour market strategies through community partnership. The Board provides labour market information and analysis, targets workforce opportunities, initiates development strategies, work with community partners and assists local employers with human resource needs. In British Columbia, the North Island Employment Foundations Society is using a workforce development strategy to coordinate employment and career services, education and training, and address employer human resource needs.<sup>13</sup>

Table 1 Summary of key recommendations

SUMMARY OF KEY RECOMMENDATIONS
<ul style="list-style-type: none"> <li>• Implement process operator training, ideally within the region and in a timely manner</li> <li>• Strengthen efforts to address the needs of local employers through job matching and referrals</li> <li>• Stimulate labour demand for quality jobs (i.e. skilled, above low-wage level, year round) through support for business enhancement and innovation</li> <li>• Implement a community-based learning pilot in the region</li> <li>• Continue to collect and provide feedback to relevant authorities on local effects of current ALMP measures with a view to making them even more effective</li> <li>• Consider elimination of EI-eligibility criteria for ALMP measures and proactive engagement of potential job seekers in employment-related activities</li> <li>• Coordinate workforce and economic development in the region through building a local partnership with adequate capacity and authority to implement ALMP initiatives</li> </ul>

As noted in the Section II, building a local partnership requires delegation of a sufficient level of decision-making power and capacity to local actors to enable such partnership to be active, productive and responsive to local needs. Otherwise, such collaboration risks being

<sup>12</sup> From: <http://www.workforceplanningboard.org/en/home>

<sup>13</sup>

From: <http://www.bcruralnetwork.ca/files/Work%20Force%20Strategies%20for%20rural%20and%20remote%20BC%20-%20Neil%20Smith%20&%20Kerry%20Jothen.pdf>

limited to the information exchange only. This will require support at provincial and federal levels for local labour market development approaches.

Finally, given the limitations of this study, including low numbers of respondents relative to the total populations of target groups, it will be important to seek further verification of these findings and support for these recommendations within the region through continued dialogue among all local labour market players.

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## Appendix A: Data Analysis



## Appendix A1

### Analysis of job seekers responses Placentia sub-region

In this study we analyzed the main employability barriers facing the two main categories of job seekers in the Avalon Gateway region – unemployed and Income Support recipients. The analytical framework for this analysis is modified from a similar study by McQuaid and Lindsay (2002). It considers the following employability components: job seekers employability assets, personal and external factors, and actors (job seekers themselves, employers and third parties) affecting development of job search strategies, and implementation of these strategies.

The analysis is based on the results of a questionnaire distributed to job seekers in two groups: unemployed<sup>14</sup> and Income Support recipients. Unemployed recipients were selected on a voluntary basis among all those who had contacted an employment service provider during the study period (Career, Information and Resource Center (CIRC)) but targeted to ensure a mix of age, gender and place of residence. The number of unemployed respondents is ten: 40% in the age group between 18-30, 40% 31-45 years old and 20% 46-64. Income Support recipient respondents included eight maintaining contact with employment service provider (Career and Work Center (CWC)) and two having no contact with CWC. The eight Income Support recipients were selected on the same basis as the unemployed (i.e. asked to volunteer by a provider, with respondents targeted to ensure a mix of age, gender and place of residence). Another two participants replied to the letter of invitation distributed by the regional HRLE office in Carbonear to all Income Support Recipients residing in Placentia and Cape Shore sub-regions and then requested the questionnaire from the research team. The Income Support respondents are slightly older than the first group, with 40% being between 46-64 years old at the time of this study, 20% - 18-30 and another 20% - 31-45 years old. Males and females are evenly represented in the both groups.

Despite the efforts to ensure geographical representation of the study, the respondents from the both groups all live within Placentia area. Among the first group, 60% of the respondents were long-term unemployed<sup>15</sup>, 25% were unemployed for two months or less and one (12%) was an underemployed person (i.e. involuntary employed part-time). In the second group the disconnection from labour market is more pronounced with only 40% having been employed for any period in the past five years.

Assessing employability of the job seekers in Avalon Gateway region we looked at their level of education, qualifications and skills learned informally. The level of education among the

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<sup>14</sup> In this document the following individuals are referred to as “unemployed”: those who are in the labour force but are temporary on layoff, expecting a recall and available for work; without work but available and looking for work; or recently obtained but have not yet started a job and are available for work. This definition is based on the Statistics Canada definition from: <http://www.statcan.gc.ca/pub/71-543-g/2010001/part-partie2-eng.htm>.

<sup>15</sup> Long-term Unemployed definition: Proportion of the labour force aged 15 or older who did not have a job any time during the current or previous year, from: <http://www.statcan.gc.ca/pub/82-221-x/4060874-eng.htm>

unemployed job seekers that participated in this study was found higher than the overall for the region's population of 15 years old and over. Among the respondents, 60% had college or trades certificates (versus the average for the region 33%) and 30% had completed high school (versus the average 20%). Only one respondent (10% of the sample) had less than a high school, which is also much lower than the corresponding 37% for the whole region. However, the level of education was lower for the Income Support recipients' sample: 40% had not completed high school, 30% had completed it, 20% had college or trades certificate and another 20% had bachelor or higher degree. The level of education among the respondents is higher than the average for all Income Support recipients in the region: only 25% had completed high school and less than 15% had some or complete post-secondary education.

Despite the relatively high level of education among the participating unemployed respondents, 60% of them were previously employed in low-skilled or unskilled positions, such as cashier, clerk or labourer, and 20% indicated previous occupations in both the fishery and construction. Income support respondents who indicated employment in the past five years had also been employed in low-skilled occupations.

Apart from their formal education respondents had learned a number of skills informally that can contribute to their careers: 70% of the unemployed and 40% of Income Support respondents had learned a wide range of skills through their life experiences or previous occupations. Table 2 below shows some examples of skills learned informally (outside of the formal education system):

Table 2 Skills learned informally

<ul style="list-style-type: none"><li>• working with others/communication skills</li><li>• problem solving</li><li>• fishery related skills</li><li>• constructions related skills</li><li>• computer skills</li><li>• cooking skills</li><li>• homecare skills</li></ul>
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The number of Income Support respondents who indicated skills learned informally was just over half the number among the unemployed. This may be because of lack of skills learned through a work experience. However, skills can be learned through the life experience as well. Thus, this gap may also indicate lack of confidence and/or underestimation of these skills in the job search process among the Income Support recipients. A fuller understanding of the value of soft skills for obtaining an employment among job seekers can stimulate their interest in recognition and development of such skills, can contribute to a person's self-esteem and

eventually raise employability assets. It can be beneficial to provide concrete examples of how such skills can be applied in a work environment in training and job support programs for job seekers. Consultations with local employers regarding soft skills they value the most can also help to focus efforts in developing soft skills among the local job seekers and motivate them.

Overall, the employability assets are clearly better for unemployed respondents than for Income Support ones. What is perhaps more important (although likely skewed by those agreeing to respond), this study did not find the employability assets of the unemployed respondents to be lower than the average characteristics of the region’s population: they have a relatively high level of education and a wide range of soft skills.

The next step in the exploration of employability of the local job seekers was an analysis of how respondents developed their jobs search strategies and what kind of jobs they are looking for. In this section we determined the geographical area where respondents were looking for a job, their access to private transportation, types of jobs the respondents are looking for and the types they would not accept or consider the least attractive, as well as other factors influencing their job strategies.

Quite a high number of the respondents from the both groups expressed a willingness to travel on the daily basis in order to obtain employment. In fact, respondents from the Income Support group were willing to travel further, compared to the unemployed ones: 40% of the respondents from the first and 50% from the second group were ready to travel one hour or more on a daily basis, while 50% of the unemployed and 40% of the Income Support respondents indicated a limit of no longer than 20-30 minutes daily commute (Table 3). Overall, more than 50% were willing to travel one hour or more for employment.

**Table 3 Willingness to travel to work**

<i>Acceptable traveling time</i>	<i>Number of responses</i>
<15 minutes	2
15-30 minutes	6
1 hour	7
2 hour	2
<i>Total # of responses</i>	<i>17</i>

Despite this willingness, the ability of the Income Support respondents to commute is very limited: only 30% of them have access to a private transportation. For unemployed respondents this is not an issue – 90% of them had a car. Access to a private transportation is a significant asset in the job search process as it is the only mean of transportation in this region.

The analysis of job search strategies found that unemployed respondents do not tend to limit their job search to previous occupations, although 60% did look for a related job (mostly low skilled). Three Income Support respondents were looking for jobs similar to their previous

experience (for example: homecare worker or store clerk) or simply “any job”, while another three were more particular about what they want – e.g. capability to move up the job ladder. The most frequent job characteristic sought among both groups was a full-time job (50%). A good wage was another job criterion for 20% of the unemployed respondents. Wage level was one of the dominant factors in responses of the unemployed regarding the least attractive jobs: 40% indicated minimum wage jobs as the least attractive and another 40% – low-paid occupations in service sector, such as cashier, store clerk or cook were named by another 40%. Low pay was considered to be \$12 per hour and less. The respondents from the second group (Income Support recipients) were less specific in this question: 20% consider part-time or seasonal jobs as least attractive, 20% named particular low-paid service jobs and another 20% would not accept jobs interfering with their health conditions or disability.

Lack of local job opportunities is a key factor external to the job seeker that can reduce employability. Lack of employment opportunities was cited as a barrier by 60% of the unemployed. In contrast, 70% of the Income Support respondents expressed the opposite opinion. Among the possible job opportunities they named cleaning or cafeteria jobs. However, many of the Income Support respondents also had concerns similar to the unemployed who think that while there are opportunities in the area, their chances to get these jobs are very low. Among these concerns respondents indicated that jobs are often distributed among family members or those that employers know, jobs are not advertised, or are part-time or seasonal. Those unemployed who think that there are local employment opportunities for them indicated that local jobs require higher qualifications or more experience than they have. One respondent indicated lack of employment opportunities adequate for educated retired people.

Income Support respondents mentioned also that being out of labour force, having a disability and/or health problems reduces their employability; 50% of Income Support respondents indicated felt that they had been discriminated against in looking for a job, 30% for health related/disability reasons, 20% because of disconnection from labour force and one (10%) due to old age. Some respondents felt they have been discriminated against for a combination of reasons. Among the unemployed respondents, however, discrimination was mentioned only once – due to rumors. In fact, the focus group with local providers of employment services revealed that this is a common reason for discrimination – in small communities rumors are distributed fast and can easily damage one’s reputation.

If we look at the respondents’ job search strategies, we can see a tendency to exclude minimum wage and, often, low-paid service sector occupations from their job search strategy. Part-time and seasonal jobs also fall in the least attractive category. By discarding these occupations, job seekers significantly reduce their employment opportunities as the reality in the region in particular and in the province in general is that these jobs constitute a significant portion of employment. In Avalon Gateway region employment in sales and service combined with primary sector and manufacturing (sectors providing entry level, low-paid and mostly seasonal jobs) constituted approximately 40% of the total employment. Moreover, only 29% of workers in the region had year round jobs. However, during the focus group discussion, local

providers of employment services stressed the absence of financial incentives for welfare beneficiaries to take a low-paid employment opportunity.

When asked about personal and circumstantial barriers the respondents were facing, almost 50% of the whole sample (unemployed and Income Support) named costs associated with starting work (see Table 4). However, some differences were found between the responses from the unemployed and Income Support groups: 50% of the unemployed respondents have small children to care for, which was considered a barrier to employment but lack of day care facilities were mentioned as a barrier only by one respondent (12%). This may indicate that while facilities are available, the costs of daycare relative to the benefits of working are a barrier, or that there is a preference for a parent to stay home and provide parental child care (details were not provided by respondents). For 40% of unemployed respondents general costs related to starting work, such as clothing, transportation, and day care facilities were noted as a barrier to work. Only one unemployed respondent (12%) specifically mentioned problems associated with losing benefits. Among Income Support respondents, however, work-related costs were considered as a barrier by 50% of the respondents, followed by “losing benefits” – 30%. Absence of private transportation was considered as a problem only by 20% of the respondents, despite the fact that most stated they did not have access to it. According to the providers of employment services that participated in this study, persons with disabilities are facing particular challenges with transportation when starting to work. Barriers such as health related problems or disabilities (60%) and responsibilities to care for a sick or disabled family member were also quite important in this group (20% each).

Table 4 Personal and circumstantial barriers

<i>Barriers</i>	<i>Number of responses</i>
Costs related to starting work	8
Health or disability related barriers	7
The need to care for small children	4
Absence of private transportation	4
Problems associated with losing benefits	4
The need to care for a sick or disabled family member	2
Lack of day care facilities	1
<i>Total # of responses</i>	<i>17</i>

Costs related to starting a job apparently remain one of the major concerns for the responding job seekers despite the financial assistance provided by HRLE through Employment Development Support for eligible Income Support recipients. Expenses, such as child care, transportation and in some cases housing (e.g. loss of low income housing benefits) often place low-paid workers in a worse situation than while on welfare benefits. Financial disincentives for

persons with disabilities are even worse, as their expenses tend to be even higher, while earned income could be minimum and not sustainable. There is also a fear that in case of losing job, they might not get the same level of benefits or it will take long time to re-apply for them. This explains why the respondents were seeking mostly full-time above minimum wage jobs, seasonal or part-time jobs and listed minimum wage and low-paid jobs as the least attractive. Taking into account current measures undertaken under the Poverty Reduction Strategy aimed to reduce financial disincentives for welfare recipients, it would appear practical to carry out an evaluation of these measures to identify a room for further improvement.

The respondents were also asked to evaluate their education/skills level and work experience relative to the local labour market requirements. Unemployed job seekers demonstrated a lower confidence compared to the Income Support ones when considering education and skill levels, with 55% of the first group and 70% of the second considering they have enough skills or education to find work locally. Taking into account work experience, however, 78% of unemployed respondents felt that they have enough work experience while among the second group, 70% felt confident in their experience. However, 60% of the first group (unemployed) and 100% of the second (Income Support) are long-term unemployed, i.e. did not have a job any time during the current or previous year. Moreover, 50% of the unemployed and 60% of the Income Support had been working for less than a year at their previous jobs. These job candidates are lacking a recent and relevant work experience, which is considered to be highly important for employers, particularly those hiring for entry level or low-skilled positions (McQuaid and Lindsay, 2002). This indicates a common presence of an unacknowledged barrier to work – absence of recent work experience.

Job search success to a large extent depends on how an individual's employment assets are deployed, including how well job seekers can present themselves to employers and how they implement their job search strategies. Although in this study we did not specifically ask about resume, CV or interview skills, 60% of the unemployed respondents indicated they received support from CIRC with resume preparation and/or interview skills. Overall unemployed respondents were found to have more support in their job search compared to the Income Support ones; 90% from the first group indicated they had a support with job search versus 50% from the Income Support group. CIRC was mentioned by 90% of the first group of respondents as sources of job search support, followed by family and friends – 30%. Respondents from the Income Support recipients group received assistance from friends (two respondents), the Canadian Paraplegic Association (CPA), CWC and Town Council (one each). Most of the respondents from both groups (90%) were satisfied with the help they had received. CIRC was found to be helpful with job search by 75% of unemployed respondents. Assistance from family and/or friends was primarily focused on helping with job search/career choice and actually getting a job. One respondent from the second group was able to find a job he enjoys through the Linkages program<sup>16</sup>.

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<sup>16</sup> Linkages is an employment program for youth ages 18 to 30 who have completed a minimum Level II high school but have not completed post-secondary education, have not made a successful transition to the labour force and

Job seekers in our sample indicated a variety of sources they use to search for work (see Table 5). Internet was found to be the most popular job search instrument among the unemployed respondents (used by 100%), while among Income Support respondents this number was slightly lower – 70%. About 80% of both groups utilize word of mouth to find information about job opportunities. In fact, among participating Income Support recipients, word of mouth was the most popular job search instrument. Following word of mouth, 80% of the unemployed and 50% of Income Support respondents look at the job postings in employment centers. About a half of both groups visit or call employers and search for jobs through local newspapers.

**Table 5 Sources of vacancies information utilized by job seekers**

<i>Sources of vacancies information</i>	<i>Number of responses</i>
Internet	16
Word of mouth	15
Job posting in employment centers	12
Local newspapers	10
Visits or calls to employers	9
Bulletin boards	1
Job bank	1
<i>Total # of responses</i>	<i>18</i>

This study found that job seekers on average utilize three different sources of information in their job search. However, the Income Support respondents demonstrated a poorer awareness of the range of possible sources: 40% of the respondents from this group chose the information sources they used because they were unaware of any other. In contrast, all except for one of the unemployed respondents use their information instruments because they consider them the most effective. This finding points to a possible gap in the variety of the job search resources utilized by Income Support recipients. However, increasing awareness as a solution can be complicated by the fact that providers of employment services are not allowed to proactively engage Income Support in employment-related activities. In this case, promotion of the various job search channels through local media, preferably supported by successful examples might be the only way to reach out this category of the job seekers. Closer coordination between local providers of employment services and local employers regarding their job advertising practices may also help improve job search and job matching activities.

ALMP are an important instrument assisting job seekers to obtain employment. This research sought to determine the level of awareness of ALMP among local job seekers, their

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are non-EI eligible. It is a wage subsidy program, which also provides regular career planning workshops and a completion bonus towards costs of future post-secondary education. (From: <http://www.hrle.gov.nl.ca/hrle/students/linkages.html>).

effectiveness and how they are perceived by participants. The majority (90%) of the unemployed were aware of the employment programs offered by CIRC. This is understandable as they were chosen through this organization. Additionally, half of them knew about employment programs offered through CWC and Genesis. In the second group 50% were aware of the employment programs. Two respondents (20%) indicated awareness of programs offered by all four listed organizations: CIRC, CWC, Genesis and Canadian Paraplegic Association (CPA), and additionally listed one more organization each. Another two respondents listed CIRC and CWC (20%) and CPA (10%). When asked to specify which of the programs offered by these providers that they were aware of, 30% of the unemployed respondents named job search assistance, 20% referred to access to computers internet, fax etc., and 20% mentioned training. Wage subsidy and employment assistance for people with disabilities from Genesis, were mentioned by one respondent (10%) each. The respondents from the second group (Income Support recipients) were not specific about the programs offered by employment services providers, again indicating a lower level of awareness within this group.

When asked about their participation in these programs, 40% of the respondents from the first group and 30% from the second indicated that they had participated in an employment program. In one case this was a so-called “make work project”. The respondents from the first group (the unemployed) had participated in a wage subsidy, JCP, training and Job Development (one in each program). All four that had participated in programs indicated that the experience was helpful for them. The respondents that participated in wage subsidy and Job Development found a job, participants in JCP and training obtained useful skills, and JCP helped one participant to enhance their job search. This study suggests that Income Support job seekers may know less of a variety of the job search information resources and ALMP programs. The rate of participation in ALMP and level of satisfaction with them were also found to be slightly lower among this group of the respondents. Only two of these participants replied positively that they found employment through an employment program: one through Linkages program and another one did not specify. The ‘make-work’ program was described as not helpful because it has not provided long-term results.

It is evident that the level of participation in ALMP among the second group is lower. Taking into account their lack of recent employment experience and lack of the soft skills learned informally identified in this study, it might be useful to engage job seekers from this category into training, wage subsidy or JCP. Although Income Support recipients are not eligible for the JCP, analysis of international experiences suggest that this type of program is most effective for the most disadvantaged and disconnected from labour market rather than for unemployed. In general it yields a very low positive effect on employment take up among unemployed but allows for learning both specific and generic skills and for gaining an important, recent work experience for those that have been removed from the labour market (Kluve, 2006).

Interest in continuing education was found to be quite high among the respondents. 80% of the whole sample indicated such interest. The percentage was equally high among both groups despite the initial gap in the education level between these two groups. In fact, 80% of the whole

sample thinks that training or education would increase their chances for employment. However, 80% also indicated that training needs to be provided locally, which is quite understandable taking into account the number of barrier participants are facing, including: lack of transportation, dependent children and family members they are caring for and health related issues some of the respondents are facing. All respondents in both groups also specify that they would require financial assistance to start training. Such an interest in training could provide a fruitful results if coordinated with local demand for skills and linked to local employment opportunities. However, such coordination would require active employer engagement. Lifelong learning can be another way to improve employability of the local job seekers, especially the most disadvantaged and in particular those who lack of informally obtained skills and might not be ready for formal training.

This study found a gap in employability assets between unemployed and Income Support respondents. The second group is found to be less skilled and has less education compared to the unemployed. In fact the level of education among participating unemployed respondents was higher than the average in the region. Most of the respondents from the both groups have been disconnected from the labour market for more than a year and a half, however, which inevitably reduces their employability.

This study also points to the importance influence of the individual's job search strategies on their employability. Based on the above analysis we suggest that unemployed job seekers might be reluctant to accept low-paid employment opportunities. As a result they tend to narrow their job search strategies, excluding a range of entry level positions which otherwise would be relatively achievable. Such selectivity of job search strategies may act as a serious barrier to work. This barrier to a large extent is caused by financial disincentives of low-paid jobs, which are also relevant for welfare beneficiaries and act in this situation as an external barrier. We also suggest that there are other external barriers, which may result from the recruiting practices of employers who search for employees through family members or people they know, pay more attention to rumors rather than a person's skills and experience, or discriminate against job seekers for being disconnected from labour market or other reasons.

Among the personal barriers reducing employability of the job seekers we identified were: the lack of recent work experience in both groups, potential lack of informally obtained skills in the second group and the need to care for small children in the first group. These barriers can be dealt with relatively easily. Other personal barriers, which unfortunately were listed quite often in the second group, such as health/disability related reasons or the need to care for sick or disabled family members are more difficult to address. Absence of the access to private transportation also reduces the employability of Income Support job seekers.

## **Appendix A2**

### **Analysis of the business responses Placentia and Cape Shore sub-regions**

This analysis is based on a sample of responses from local businesses operating in the Avalon Gateway region (excluding Vale, which is discussed separately in the above report). The qualitative data collected through this research, is aimed to complement available local statistics and understand local labour demand trend. The data has been collected through one focus group in the Placentia sub-region, in-person structured interviews and mailing out of questionnaires (please see the Methodology Section for more information). The total number of responses was six. However, two of the respondents represented two businesses each, thus increasing the total number of responding businesses to eight. Five of the responding businesses operate in Placentia sub-region and three in the Cape Shore. These businesses represent a mix of small businesses typical for the sub-regions, including enterprises in tourism, agriculture, manufacturing and sales and service sectors. Due to a very low business response rate, this data cannot be considered statistically representative. However, it provides some initial indicators of the labour demand in these areas.

The majority of responding businesses had increased the number of their employees in the past two to five years, which were mainly caused by an increased demand for their products/services. Although, one of those respondents, who indicated no increase, had it due to hiring challenges. The respondents are expecting the demand for their products/services continue to grow and for many of them this growth is associated with development of the Long Harbour Processing Plant. Most (five) respondents indicated that they will need to increase the number of their employees as a result. However, according to the respondents, the effect from the Plant development is expected to be much less significant in the Cape Shore area. The types of new jobs to be created include mostly low skilled occupations in agriculture and sales and service sectors.

For half of these employers increasing the number of employees has been challenging, although this varied by sub-region. While most of the responding businesses in Placentia area did not indicate that they have troubles with recruitment of employees, some of them stressed that for small businesses hiring and retaining of employees can be one of their biggest financial challenges (i.e. a large portion of their total costs). Although, in general, hiring was not perceived as a problem by the majority of the respondents in Placentia area, recruitment of the younger workers and skilled/educated workers was described as somewhat challenging as these categories of workers tend to leave the region. One respondent noted that more youth are filling the enterprise vacancies but are using these jobs as transition before continuing with higher education, thus creating retention problems.

In contrast, for 70% of the responding employers in Cape Shore area, the biggest and growing business challenge in the past two to five years was the recruitment of employees, which was even more severe for skilled workers. One of the respondents also indicated a change

in the age composition of employees. Positions that used to be filled with adult people are now getting filled by youth due to a decreased interest among adults in the offered jobs. This trend is expected to worsen as community population is aging. However, according to another respondent, recruitment of young workers with skills is more challenging than hiring unskilled workers in general (regardless of age).

In terms of future expectations, hiring is ultimately expected to get harder in the next five years in Cape Shore area due to the population aging, while in Placentia area opinions were diverse. In Placentia area some felt that hiring may get easier as people with the right skills might move into the region, while other believe it will remain the same or that there will be increased difficulty with recruiting younger workers and filling low-paid jobs.

Respondents use different methods for advertizing their vacancies. The most common tools for jobs advertising were local media (radio or newspaper), then websites such as “Applicants stack”<sup>17</sup>, “JobsinNL”, Human Resource and Skills Development Canada (HRSDC) and word of mouth. Also it was noted that advertising through local newspaper became quite costly, especially if it takes a long time to fill the vacancy. Hiring family members was among other local practices for filling jobs. One respondent communicates with the local school/college regarding employment opportunities for students/graduates, while the others said they have no such need: students either come themselves or the employers prefer adult workers and therefore use the other avenues discussed above to seek employees.

Most of the respondents demonstrated a strong awareness of organizations locally or on the provincial/regional level assisting businesses with the human resource needs. The following organizations were named: Service Canada, Career Information and Resource Center (CIRC), Department of Innovations, Trade and Rural Development (INTRD), Department of Human Resources, Labour and Employment (HRLE), Career and Work Center (CWC), Genesis, and Association for New Canadians. However, the respondents from Cape Shore area have found assistance of these organizations to be ineffective, particularly in assisting them in their search for skilled labour. One respondent indicated that only HRLE had followed up their request, although not in a timely manner. Another from Cape Shore area pointed out that it makes no sense to contact employment service providers in Placentia, as job seekers from Placentia will not be interested in driving to Cape Shore for the minimum wage jobs. Overall, most of the respondents indicate no shortage of information on employment programs, but some troubles adapting available information and programs to their own needs. A one-on-one meeting between providers and businesses was suggested as being more productive and helpful in avoiding mistakes, than internet tools like the HR management tool kit. Respondents named the following local economic development organizations they collaborate with in some way (not necessarily related to human resources): CBDC, Rural Secretariat, ACOA, Avalon Gateway REDB, INTRD,

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<sup>17</sup> <http://www.applicantstack.com/>

Avalon West Development organization. CBDC was considered very helpful and Rural Secretariat was mentioned as creating a good awareness of what it does.

Five responding businesses indicated that they had participated in employment programs. The most popular was the Wage Subsidy program<sup>18</sup> for Employment Insurance eligible job seekers. This program provides a financial assistance to employer to cover the cost of wage of the participant. Employers were very satisfied with it and four of them still have the employees they hired through this program. Wage subsidy was found to be very helpful for small businesses, especially during the start up period when businesses are facing many financial challenges. The program also allows employers to extend the employment offered to full time and/or a full year, which employers suggested would have been impossible for them without the subsidy. Only one of the employers had contacted an employment service provider to request a wage subsidy candidate. In other cases, job seekers applied to advertised jobs themselves.

Two respondents had also participated in the Self Employment Assistance program and are still running their businesses. Both interviewees agree that this program was helpful with business start up, although the program's duration was not considered to be long enough to ensure sustainability of a new business. They suggested extension of the program beyond the one year term. Closer follow up and consultations support were also recommended.

Overall, no discrimination of employees on the basis of unemployment or long-term unemployment was noted among the responded businesses. All but one respondent indicated that they had experience with hiring unemployed, long-term unemployed or Income Support recipients. Employers found this experience positive and would consider hiring job seekers from these categories again.

Only two out of eight businesses indicated a need for improvement of skills or educational level of their current employees. Three respondents indicated that they do invest in training, with one being satisfied with the access to training programs, while two were not. Among those not satisfied, one respondent said that the required training is available only in St. John's, which makes it costly and time consuming. Both of these factors (time and cost) are crucial for small businesses. Another indicated a lack of opportunities for required training.

Analysis of the business responses suggests that recruitment of workers is, in general, more challenging in Cape Shore sub-region than in Placentia. However, in both areas, recruiting of skilled workers is harder than non-skilled. Overall, the demand for labour is expected to grow. However, the unfilled positions constitute a significant problem impeding business sustainability for many respondents.

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<sup>18</sup> [http://www.hrle.gov.nl.ca/hrle/lmda/wage\\_subsidies.html](http://www.hrle.gov.nl.ca/hrle/lmda/wage_subsidies.html)

## Appendix B: Data Collection Forms



**Appendix B1**  
**Questionnaire (job seekers)**

**Section A**

1. How old are you?  
18-30 years old \_\_\_\_\_  
31-45 years old \_\_\_\_\_  
46-64 years old \_\_\_\_\_
  
2. Gender:  
Female \_\_\_\_\_  
Male \_\_\_\_\_
  
3. What is your highest level of education?  
Less than Grade 9 \_\_\_\_\_  
Grade 9 \_\_\_\_\_  
Some high school \_\_\_\_\_  
Completed high school \_\_\_\_\_  
Trades certificate/diploma \_\_\_\_\_  
College or other non-university certificate or diploma \_\_\_\_\_  
Some University \_\_\_\_\_  
Completed Bachelor's degree or higher \_\_\_\_\_  
Other \_\_\_\_\_  
\_\_\_\_\_

4. Do you have skills learned informally (through life, volunteer work or work experience without attending formal classroom education)? Yes \_\_\_\_ No \_\_\_\_
  - If you answered "yes", please list all the skills that you have learn informally  
\_\_\_\_\_  
\_\_\_\_\_
  - If "yes", please describe how and where did you obtain these skills? \_\_\_\_\_  
\_\_\_\_\_

If you answered "No" to Q4 please go on to Q5.

5. Have you been employed within the past five years? Yes \_\_\_\_ No \_\_\_\_
  - If yes, what types of jobs have you had over the past five years?  
\_\_\_\_\_  
\_\_\_\_\_
  - What skills did you use in these jobs?  
\_\_\_\_\_

If you answered "No" to Q5 please go on to Q6.

6. What community do you live in?

\_\_\_\_\_

7. How far are you willing to travel for work every day (please indicate in kilometers or minutes/ hours)?

\_\_\_\_\_

8. Do you have access to private transportation (such as a car)? Yes \_\_\_\_\_ No \_\_\_\_\_

### Section B

1. Do you think you have the education or skills (formal and informal) you need to find work locally? Yes \_\_\_\_\_ No \_\_\_\_\_

Do you have comments related for this question? If yes, please provide them below:

\_\_\_\_\_

2. Do you think you have enough work experience to find work locally?

Yes \_\_\_\_\_ No \_\_\_\_\_

Do you have comments related to this question? If yes, please provide them below:

\_\_\_\_\_

### Section C

1. What sources of information do you use to search for a job? (Please check all that apply.)

Word of mouth \_\_\_\_\_

Visits or calls to employers \_\_\_\_\_

Newspaper advertisements \_\_\_\_\_

Advertisements in employment centers \_\_\_\_\_

Advertisements on the internet \_\_\_\_\_

Other (please list other sources) \_\_\_\_\_

2. Do you use these sources of information to search for a job because (check all answers that apply):

You consider them the most effective \_\_\_\_\_

You are not aware of other sources \_\_\_\_\_

For other reasons (please list other reasons) \_\_\_\_\_

3. Have you ever had help or advice when searching for a job? Yes \_\_\_\_\_  
No \_\_\_\_\_

If your answer is "yes" to Q. 3,

o Please list who (organizations or others) has helped you with job search

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o Were you satisfied with this help? Yes \_\_\_\_\_ No \_\_\_\_\_

Please explain why you were satisfied or not satisfied with the help you received:

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4. Do you know about the employment programs offered by the following organizations?

Career Information Resource Center (CIRC) Yes \_\_\_\_\_ No \_\_\_\_\_

Career and Work Center (CWC) Yes \_\_\_\_\_ No \_\_\_\_\_

Genesis Yes \_\_\_\_\_ No \_\_\_\_\_

Canadian Paraplegic Association Yes \_\_\_\_\_ No \_\_\_\_\_

Other relevant organizations (if yes please list them)?

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o If your answer was yes to any of the above please list the programs you know for each organization:

Career Information Resource Center (CIRC)

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Career and Work Center

(CWC) \_\_\_\_\_

Genesis

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Canadian Paraplegic Association

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Other relevant organizations?

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5. Have you ever participated in employment programs? Yes \_\_\_\_\_ No \_\_\_\_\_

Please, list the programs you have participated for each organization:

Career Information Resource Center (CIRC) \_\_\_\_\_

Career and Work Center (CWC) \_\_\_\_\_

Genesis \_\_\_\_\_

Canadian Paraplegic Association \_\_\_\_\_

Other relevant organizations? \_\_\_\_\_

- If you answered “yes” to Q.5, did you find employment programs that you participated helpful? Yes\_\_\_\_\_ No\_\_\_\_\_

Please explain your answer:

Helpful, because

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Not helpful,

because

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6. What type of job are you looking for now (in terms of occupation, salary, full/part time, etc.)?

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7. What type of job you would not take (in terms of occupation, salary, full/part time, etc.)?

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8. How long have you been unemployed?

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9. How long did you work at your last job?

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10. Was this job through an employment program (such as JCP, wage subsidy or other)?

Yes\_\_\_\_\_ No\_\_\_\_\_

- If yes, please name the program

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11. Had you been unemployed before your last job?

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- If “yes” to Q. 10, how many times have you been unemployed in the past 5 years?

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- If “yes”, how long on average were you unemployed (for example, usually for 4-5 months or 1 year)

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**Section D**

1. Do you feel there are jobs available for you locally? Yes\_\_\_\_\_ No\_\_\_\_\_

Please, explain\_\_\_\_\_

2. What things upset, disappoint or discourage you when you search for a job?

\_\_\_\_\_

3. Have you ever been discriminated in your search for a job due to being unemployed for a long time; being an older worker; or lone mother; having disability or health problems; for other reasons?

Yes\_\_\_\_\_ (if yes please circle the type of discrimination in the list above) No\_\_\_\_\_

Please add any other comments you want to make related to this question?

\_\_\_\_\_

4. Do you have any of the following personal barriers to employment (please check the relevant barrier(s))?

Disability \_\_\_\_\_

Health related\_\_\_\_\_

Small children you care for\_\_\_\_\_

Lack of daycare facilities \_\_\_\_\_

Sick family members you care for\_\_\_\_\_

Problems associated with losing benefits if you take a job\_\_\_\_\_

Absence of private transportation\_\_\_\_\_

Costs associated with starting to work (clothing, childcare, transportation, etc.)\_\_\_\_\_

Other\_\_\_\_\_

Please add any other comments you want to make related to this question? \_\_\_\_\_

\_\_\_\_\_

5. Would you be interested to continue your education or learn new skills? Yes\_\_\_\_\_ No\_\_\_\_\_

o If yes, would the training or education have to be offered locally for you to participate?

Yes\_\_\_\_\_ No\_\_\_\_\_

o Would financial support for your training or education be required? Yes\_\_\_\_\_ No\_\_\_\_\_

Please add any other comments you want to make related to this question? \_\_\_\_\_

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6. Do you think more education or new skills would help you to find a better job?

Yes \_\_\_\_\_. No \_\_\_\_\_.

If “no”, please indicate the relevant reason (s):

You have done enough learning in your life \_\_\_\_\_

You are not sure you will succeed in learning \_\_\_\_\_

You cannot afford it (transport, books, childcare, etc.) \_\_\_\_\_

Lack of time \_\_\_\_\_

Lack of information \_\_\_\_\_

Lack of relevant educational or training opportunities locally \_\_\_\_\_

Restrictions of your existing benefits (such as EI or social assistance) \_\_\_\_\_

Other \_\_\_\_\_

Please feel free to add any other comments you would like to make:

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**Thank you very much for your participation!**

**Appendix B1**  
**Questionnaire (local businesses)**

**I. Effect of the economic development in Avalon Gateway region on your employment needs**

1. How would you describe in general the changes in the number of your employees in the past 2-5 years?

Stable \_\_\_\_\_ Increased \_\_\_\_\_ Decreased \_\_\_\_\_

2. What reasons influenced this change (or why it did not change)?

\_\_\_\_\_  
\_\_\_\_\_

3. Did you noticed any changes in the composition of your employees in terms of:

Age \_\_\_\_\_

Gender \_\_\_\_\_

Education/skills \_\_\_\_\_

No changes \_\_\_\_\_

Other \_\_\_\_\_

4. How would you explain these changes?

\_\_\_\_\_

5. Are you expecting that the development of the Vale Processing Plant in Long Harbour will somehow affect your employment needs?

You will need more employees \_\_\_\_\_

You will have to compete for workers \_\_\_\_\_

Other \_\_\_\_\_

No effect \_\_\_\_\_

Please, add additional comments if you have \_\_\_\_\_

\_\_\_\_\_

6. Are you planning to increase the number of employees?

Yes \_\_\_\_\_ No \_\_\_\_\_

If "no", please explain why:

Have enough staff \_\_\_\_\_

For financial reasons \_\_\_\_\_

Hard to find additional staff \_\_\_\_\_

Other \_\_\_\_\_

**II. Assistance with human resources needs**

1. In your opinion, hiring of employees in the past 2-5 years became:

Easier \_\_\_\_\_ Harder \_\_\_\_\_ No changes \_\_\_\_\_

2. What categories of workers are harder to recruit (if applicable)?  
 Youth\_\_\_\_\_
   
Adults\_\_\_\_\_
   
Women\_\_\_\_\_
   
Men\_\_\_\_\_
   
Low skilled\_\_\_\_\_
   
Skilled/educated\_\_\_\_\_
   
Other\_\_\_\_\_
  
3. How would you explain it?  
 \_\_\_\_\_  
 \_\_\_\_\_
  
4. Are you expecting in the next 5 years the recruitment of your employees will be:  
 Easier\_\_\_\_\_ Harder\_\_\_\_\_ No changes \_\_\_\_\_  
 Please, explain why\_\_\_\_\_
  
5. How would you rank the recruitment difficulties (if you have them) compared to your other business challenges?  
 Recruitment is:  
 The most important\_\_\_\_\_
   
Mid important\_\_\_\_\_
   
Not very important\_\_\_\_\_
  
6. How do you usually search for employees/advertise vacancies?  
 Word of mouth\_\_\_\_\_
   
Bulletin boards\_\_\_\_\_
   
Local media (radio, newspapers)\_\_\_\_\_
   
Websites\_\_\_\_\_
   
Local organizations\_\_\_\_\_
   
Other\_\_\_\_\_
  
7. Are you aware of any organizations (locally, or on the provincial/region level) assisting businesses with the human resource needs?  
 Yes\_\_\_\_\_ No\_\_\_\_\_
   
If "yes", please, list those you know\_\_\_\_\_
  
8. Do you consider assistance of these organizations:  
 Effective\_\_\_\_\_ Ineffective\_\_\_\_\_ Do not know\_\_\_\_\_
   
Please, explain your answer \_\_\_\_\_

9. Have you/ your employee ever participate in any employment programs (wage subsidy, training, Job Creation Partnership)?

Yes\_\_\_\_\_ No\_\_\_\_\_ Not aware of these programs\_\_\_\_\_

10. Do you consider these programs:

Effective \_\_\_\_\_ Ineffective\_\_\_\_\_

Please, explain your answer\_\_\_\_\_

11. Does your enterprise communicate with local schools/colleges in terms of employment opportunities for students/graduates\_\_\_\_\_

12. Have you ever hired:

EI recipients\_\_\_\_\_

Long-term unemployed or Income Support (social assistance) recipients?\_\_\_\_

13. Was this experience:

Positive\_\_\_\_\_ Negative\_\_\_\_\_

14. Would you consider hiring them again?

Yes\_\_\_\_\_ No\_\_\_\_\_

Please explain\_\_\_\_\_

15. Overall, do you think you can manage your recruitment needs on your own?

Yes\_\_\_\_\_ No\_\_\_\_\_

If "no", what organization(s) you would expect to assist you?\_\_\_\_\_

### **III. Training/educational needs**

1. Do you feel a need to improve the skills/educational level of your employees?

Yes\_\_\_\_\_ No\_\_\_\_\_

2. Do you invest in your employees training?

Yes\_\_\_\_\_ No\_\_\_\_\_ No needs\_\_\_\_\_

3. Are you aware of any programs assisting employers to cover their employees training expenses?

Yes\_\_\_\_\_ No\_\_\_\_\_ Do not need them\_\_\_\_\_

4. Are you satisfied with access to training/ educational programs?  
Yes\_\_\_\_\_ No\_\_\_\_\_ Do not use them\_\_\_\_\_

**Thank you for your participation!**

Please, feel free to provide any additional comments:

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